

## **There was a necessity to tailor loan repayments to accommodate the money movement patterns for the debtor.**

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Migrated over from MifosForge – final edit on September 15, 2015.

### **Overview**

- This particular feature enables a person to

### **Background and strategic fit**

This is especially valid of items like agricultural loans where consumers money flows could be very volatile. Consequently returns such sectors are seasonal, unpredictable and frequently less than those associated with regular commercial enterprises for which MFIs disburse loans. This necessitates the necessity for finance institutions to modify loans products, which enable more freedom utilizing the installment routine.

The adjustable Installment Loans function of Mifos X accommodates this flexibility by indicating:

For the loan item:

Minimal and maximum gap that should always be current between installments (minimum is mandatory, but maximum is optional)

An optional minimum installment quantity

Allow installment dates that are due be modified

Allow installment amounts to be modified (either total installment or major part is modified)

Include extra installments

Validate the routine and calculations after making these modifications

### **Requirements/User Stories**

#### **Business Rules**

Adjustable Installment might be specified for loans which have either flat interest calculation or diminishing stability based interest calculation

For a provided loan routine, individual may either alter principal or amount that is installment and never both)

Consumer could make these adjustments only ahead of loan account approval.

Consumer may alter the date of all of the installments.

Consumer might not alter the quantities when it comes to installment that is last.

Then the other will be automatically calculated by Mifos if the user enters an amount for either principal or



installment amount.

The consumer may specify adjustable installments in 3 situations:

- 1) Flat Interest Rate
- 2) Interest predicated on Diminishing Balance
- 3) Interest predicated on Diminishing Balance with Interest Recalculation

Situation 1: Flat Interest speed: Mifos will likely not recompute interest for every installment. And also the total interest will stay just like it had been if the initial schedule had been created.

Consumer alters times: Date may not be before past installment date or following the next installment date. The brand new date is accepted. No other modification.

Consumer alters amount that is principal This quantity is zero. The quantity is accepted. The installment quantity is determined by Mifos as „Installment Interest“ + the amount that is principal. The distinction in quantity (between newly specified principal and initial principal for the installment) will undoubtedly be equally distributed among other installments principal which were maybe maybe maybe not modified.

User alters installment amount: Amount could be zero too. In the event that quantity specified is higher [check n go payday loans colorado](#) than the attention, then a principal amount is determined by Mifos as installment amount specified without the „Installment Interest“. In the event that quantity specified is lower than the attention quantity for the installment, then your interest is scheduled to the value. The distinction in major quantity or interest quantity (between newly specified quantity and amount that is original the installment for both interest and principal) may be similarly distributed among other installments (principal and interest) which were not modified.

Scenario 2 and 3: Interest centered on Diminishing balance (without or with interest recalculation)

Consumer modifies times: Date may not be before past installment date or following the next installment date. The brand new date is accepted. The attention regarding the installments that follow the modified installment will be recalculated predicated on major outstanding and wide range of days of each installment.

Consumer modifies amount that is principal This quantity could be zero. The total amount is accepted. The huge difference in major quantity (between newly specified quantity and amount that is original the installment) will likely be similarly distributed among other installments' principals which were not modified. The interest regarding the installments that follow the modified installment will likely to be recalculated centered on major outstanding and wide range of times of each installment.

Consumer alters installment amount: Amount may be zero too. If the quantity specified is higher than the attention, then your principal amount is determined by Mifos as installment amount specified without the „Installment Interest“. Then the interest is set to this value and the difference in interest is either added to the next installment (if compounding is turned off) or added to principal if compounded is turned on for this loan product if the amount specified is less than the interest amount for the installment. The attention on the installments that follow the modified installment will be recalculated according to major outstanding and amount of times of each installment.

The attention recalculation may be in line with the configuration that is relevant of loan item as specified at: adjustable Installment Loans

## Characteristics

For Loan Products

Attribute

Description

records



Can configure installments that are variable denoting whether this loan item help variable installments real or False. Blank w. Ould suggest False.

Minimal space between installments Integer value that denotes the minimal amount of days that have to be current between any two installments because of this loan item.

Open this space mandatory if above flag is true Integer value that denotes the most amount of times that have to be

Ex. 12 – ensures that at minimum 12 times exist between two adjacent loan installments. If not as much as 12, then the „validate“ switch would put an error because of this loan item.

Ex. 60+ installments per year is permitted between 2 loans that are adjacent. If significantly more than 60, then the „validate“ switch would put a mistake. minimum installment quantity.

Ex. 300 – implies that the installment amount cannot fall below 300. Then the „validate“ button would throw an error if less than 300.

This validation will never be applicable when it comes to installment that is final last installment will soon be auto-computed.

For Loan Installments

## Protection and Permissions

A permission that is new allows a individual to „Edit Installment Amount and Dates“.

## Mifos Functionality Improvements

### Brand Brand New Displays

A brand new display that will show the loan routine and can allow installment dates and installment quantities become modified. This display screen may be invoked via a switch „Edit Installments“ which will be exhibited from the Repayment information screen for a loan account that is new.

The display screen could have the next characteristics (exhibited in a tabular type).

# (Installment Quantity), Times, Date, Principal, Interest, Charges, Installment Amount

Simply clicking the Date, Principal, Installment Amount areas enables these areas become modified.

Industries which were modified is likely to be shown in a color that is different or you will see an artistic indicator for similar).

The display screen could have the buttons that are following

Validate, Save, Cancel (Save will likely be enabled just after Validate has came back success)

## Modifications to Existing Displays

A button that is new Installments“ will be added within the „Repayment Info“ display screen within the „new loan account“ creation movement.

This key will be presented only when the individual gets the permissions to „Edit Installment Amount and Dates“.