

# A guide to Discovery Bank's **credit application process**

*We've outlined the Discovery Bank credit application process to help you become familiar with the process, and assist you with any queries that you or your clients may have when you assist them in joining Discovery Bank.*

Applying for credit on the Discovery Bank Financial Adviser Platform is a quick and seamless process. However, sometimes you or your client may not know what to do next. That's why we have compiled an outline of the different phases in the credit application process, with information on what you can expect to see, and the documentation clients need to have ready to proceed, so that you can help them along the journey.

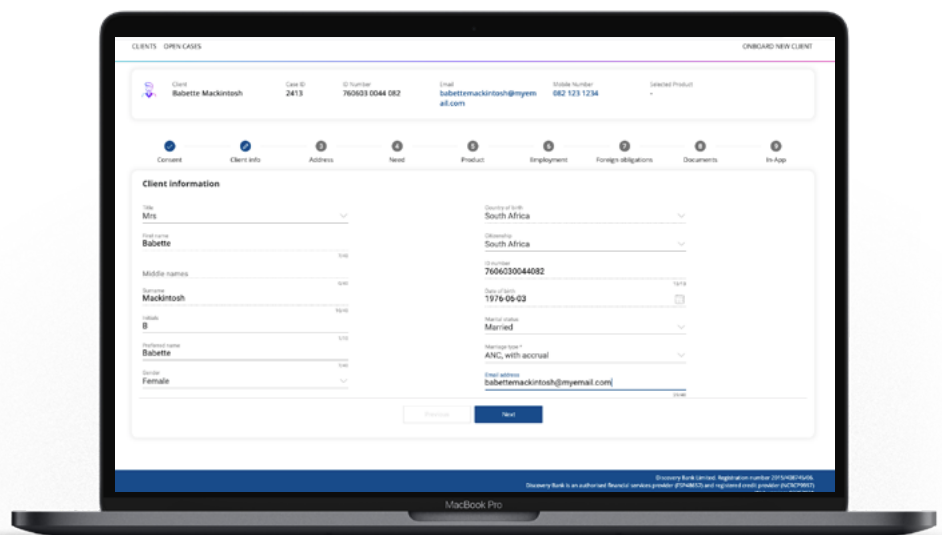
There are **five distinct phases** in the credit application process:

Phase 1:

## **Application and product selection**

**During this phase:**

- You will need to provide Discovery Bank with your client's information so that a relevant collection of products can be recommended
- Discovery Bank will ask you whether you have gained consent from the client to use bureau data as the basis for the credit application
- Discovery Bank needs this consent to assess your client's full financial portfolio and provide a suitable offer
- You will select the most suitable product for your client based on their needs and the advice you gave them.



The screenshot shows a web interface for a 'NEW CLIENT' on the 'CLIENTS' page. The client's name is Babette Mackintosh. The form fields are as follows:

Field	Value
Title	Mrs
Country of birth	South Africa
Client name	Babette
Country	South Africa
Middle names	
Client ID	760630044082
Surname	Mackintosh
Date of birth	1976-05-03
Initials	B
Marital status	Married
Residence name	Babette
Residence type	ANC, with accrual
Gender	Female
Work email	babette@mackintosh@myemail.com

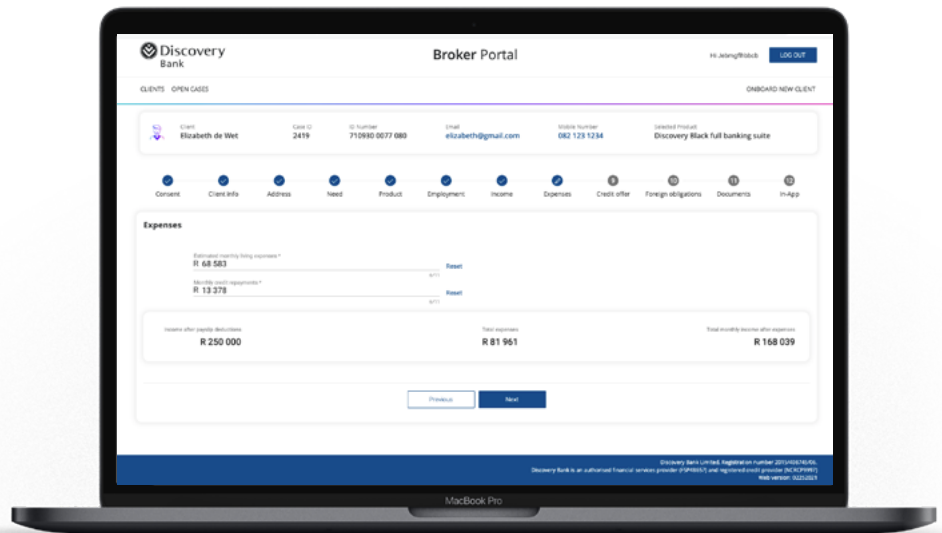
Navigation buttons: Previous, Next

## Phase 2:

# Credit assessment

### During this phase:

- You input important client information to calculate their disposable income. For example, their monthly income, deductions and living expenses
- If applicable, you will also need to provide information on any secondary income sources
- This information is reviewed, and the application is assessed based on your client's willingness and ability to pay
  - **Willingness to pay** is measured by looking at a client's risk profile and using credit bureau information to understand how they have conducted themselves in the past on other credit agreements. Based on this information, we calculate the client's credit score to determine if the client will successfully manage and repay the loan instalments. These checks also include eligibility rules that look at high-risk indicators, rules to identify clients with very little or no credit history on the Bureau, as well as rules to identify potential fraud
  - **Ability to pay**, or affordability, is assessed by calculating a client's monthly disposable income and determining if your client can service the new credit that Discovery Bank is able to offer them.



### Important to note:

- You'll be asked to submit specific income documents based on your client's declared source(s) of income
- If your client earns a fixed monthly income from an employer, select 'Salary/Wages'. However, if your client's income varies month-to-month, select 'Commission'
- Capture your client's income and expenses information as accurately as possible to avoid a change in the outcome of their application when we verify their documents.

Simply put, this is calculated as:

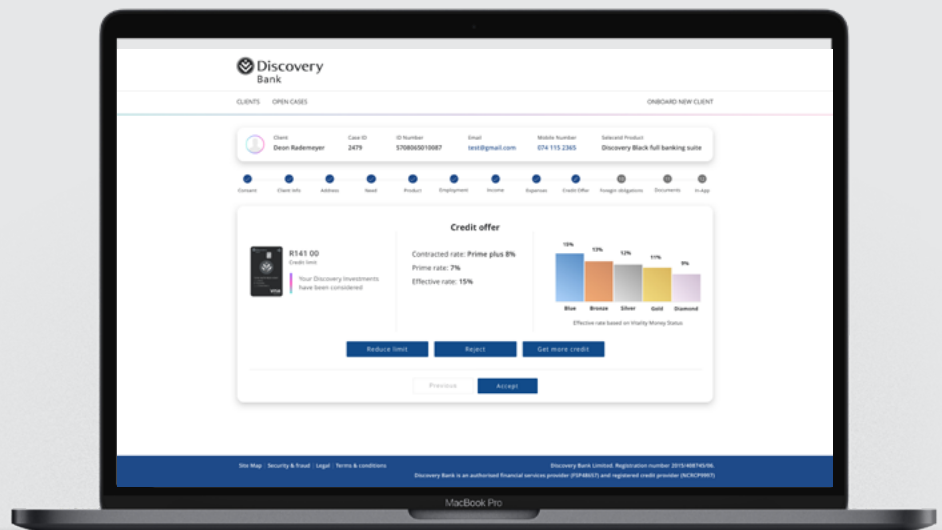
**Monthly disposable income = monthly net income -  
monthly living expenses - monthly credit commitments**

## Phase 3:

# Credit offer

### During this phase:

- If your client is preliminarily approved, Discovery Bank will offer your client a credit limit and personalised interest rate based on the information provided. This is subject to verification of their income documents.
- You can dispute the decision and ask for a higher limit or different offer by selecting "Get more credit"
- If Discovery Bank is unable to make a decision based on the provided information, you'll be asked to submit income documents for referral to the Credit Operations team to make an informed decision.



Phase 3:

## Credit offer (continued)

### Understanding credit decline letters

If your client is declined for credit, Discovery Bank will provide you with a Declined Credit Letter, which will outline the decision, and the reasons why the decision was made. Clients can be declined credit due to their risk profile, or affordability, or both. You can download this letter, and it will also be emailed to your client.

Amongst other reasons, risk related decisions as to why a client may be declined include previous credit product misuse or mismanagement, low credit scores, or over exposure based on existing credit products. Alongside each reason, we'll provide steps clients could take to improve their risk metrics to improve their chances of future credit approval.

Letters also include an **affordability statement**. The affordability statement provides a view of the information you provided during the client's application against our minimum requirements, as well as against the information we were able to verify using the client's supporting documents and credit bureau data during income verification.

The affordability statement provides a breakdown of a client's provided and verified income, living expenses, and credit commitments. We use this information to determine the client's disposable income (we require this to be more than R500), and their debt service ratio (which we require to be less than 66%).

Declined credit letters also include all of a client's accounts as listed on the credit bureau. This can be very useful for you and your clients in identifying any problematic accounts with missing payments or high credit utilisation, as well as give you sight of the credit repayment value Discovery Bank uses in the affordability calculation.





Phase 4:

## Documentation and verification

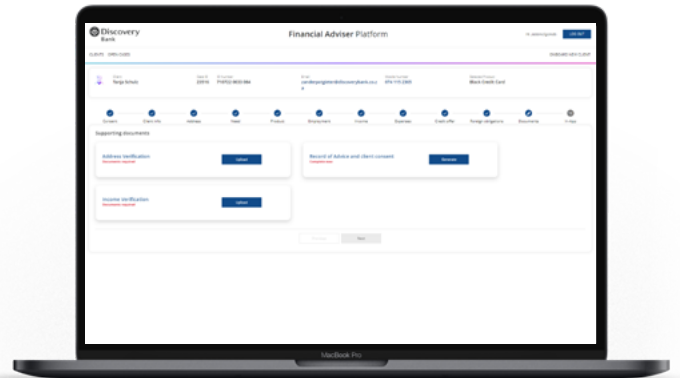
### During this phase:

- You will need to assist your client in providing the relevant documents to verify the income and expenses information you've entered on their behalf
- You need to collect these documents from your client and submit them by uploading it to the Discovery Bank Financial Adviser Platform.

### Important to note:

When submitting proof of income documents, the following requirements must be met else the documents will be rejected:

- ☑ Documents must be in the client's personal name, and not in the name of a spouse or company
- ☑ Income values must be visible on the documents and must match what was declared during the application process
- ☑ Documents must be for the most recent three consecutive months, with the last document's period date less than 30 days from the application date.



Note: The National Credit Regulator requires all documents to be submitted and verified within 21 days of the credit offer. If this deadline is not met, the credit offer expires, and you will need to reapply.

# Documentation required for credit applications

Selected source of income	Required document set
Salary/Wages	Most recent 3 months' personal bank statements
Salary/Wages <i>recently employed (&lt;3 months)</i>	Letter of Appointment/work contract AND most recent 3 months' personal bank statements
Commission	Most recent 3 months' personal bank statements AND most recent 3 months' payslips
Commission <i>recently employed (&lt;3 months)</i>	Letter of Appointment/work contract AND most recent 3 months' personal bank statements
Rental income	Lease agreement AND most recent 3 months' personal bank statements
Investments	Most recent investment statement AND most recent 3 months' personal bank statements
Retirement Annuity	Most recent 3 months' personal bank statements
Grants	Most recent 3 months' personal bank statements
Maintenance	Most recent 3 months' personal bank statements
Pension	Most recent 3 months' personal bank statements
Allowance	Most recent 3 months' personal bank statements
Owner Draws	Most recent 3 months' personal bank statements
Bonus/Incentive	Most recent 3 months' payslips
Trust	Most recent 3 months' personal bank statements AND letter from Trust Executor/Trustee
Other	Most recent 3 months' personal bank statements
Salary + Rental	Lease agreement AND most recent 3 months' personal bank statements
Salary + Other	Most recent 3 months' personal bank statements
Salary + Commission	Most recent 3 months' payslips AND most recent 3 months' personal bank statements
Salary + Owner Draws	Most recent 3 months' personal bank statements
Salary + Maintenance	Most recent 3 months' personal bank statements AND maintenance order
Salary + Investments	Most recent 3 months' personal bank statements AND investment statements
Owner Draws + Rental	Lease agreement AND most recent 3 months' personal bank statements
Salary + Trust	Most recent 3 months' personal bank statements AND letter from Trust Executor/Trustees
Salary + Rental + Other	Lease Agreement AND most recent 3 months' personal bank statements

Phase 5:

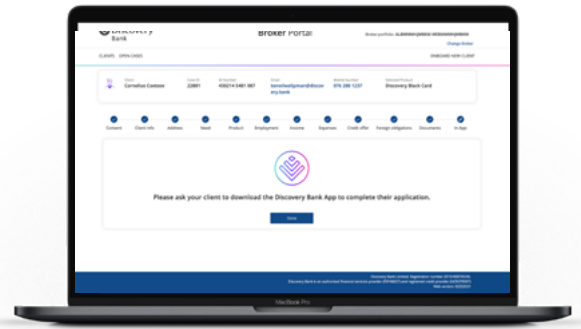
## Client acceptance

### During this phase:

- Your client must download the Discovery Bank app, register and finalise the account opening process using the app
- Discovery Bank opens the agreed account and the credit facility
- The relevant cards are created, and the card delivery process is initiated.

### Important to note:

For applications where preliminary approval was given, the Credit Operations team will only verify a client's supporting documents once the client has completed the in-app registration process. If clients are delayed in completing this step, the already submitted documents risk becoming outdated and new documents will have to be submitted.



## Common questions

### What can I do if **my client's application is declined?**

If clients don't agree with a decline outcome, you can challenge this decision on behalf of your client on the Financial Adviser Platform. You will be asked to supply additional documents for income verification, as well as any other documents relating to the reason for the decline.

All documents uploaded in this challenge process will be routed to the Discovery Bank Credit Operations team directly.



### What can I do if my client wants **more credit than they were offered?**

You can dispute a credit application on the Financial Adviser Platform and request a higher limit.

You will be asked to supply additional documents for income verification as part of the dispute process.

All documents uploaded in this challenge process will be routed to the Discovery Bank Credit Operations team directly.

If your client wishes to apply for a larger credit limit and would like to use their Discovery Invest investments as security for a securitised credit facility, you can click on "Secured credit (Invest)" and follow the Invest-backed credit application process.

### My client **received large credit limits from their current bank.** Why won't Discovery Bank do the same?

Your client only has a limited amount of disposable income that they can spend on servicing debt every month. If this amount is used up no credit provider can responsibly lend them any more money, else this would be considered reckless lending.

If your client already has existing large credit facilities (that they are utilising), Discovery Bank may only be able to offer them a relatively smaller facility. If your client's disposable income increases, they could potentially qualify to increase their limit in the future.

# How to access and use the **Discovery Bank Financial Adviser Platform**

You can access the Financial Adviser Platform from the Financial Adviser Zone or by clicking [here](#).

For further information on how to navigate the Financial Adviser Platform, please refer to the user guide that you can view or download [here](#).

## How can I get **further assistance** with the credit application process **as a financial adviser?**

You can contact the Discovery Bank relationship bankers by calling 011 324 4885/6/7 or emailing [distributionsupport@discovery.bank](mailto:distributionsupport@discovery.bank).

Further information on commission linked to Discovery Bank savings accounts and the new business process is available on the Financial Adviser Zone.



Discovery Bank Limited. Registration number 2015/408745/06. An authorised financial services and registered credit provider. FSP number 48657. NCR registration number NCRCP9997.

