

Loan Processor interview questions

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What to expect

Interviews for Loan Processor roles focus on your ability to handle documentation accurately, apply lending policy and compliance rules, and communicate with brokers and applicants. Employers want to know you can manage deadlines without cutting corners on verification.

- **Process:** Questions that ask you to walk through how you handle a loan file from receipt to submission, testing your understanding of the workflow.
- **Behavioural:** Questions about past situations where you caught an error, managed a deadline or dealt with a difficult request, using STAR to structure your answer.
- **Scenario:** Hypothetical situations that test your judgement under pressure, such as inconsistent applicant information or missing documents.
- **Technical and compliance:** Questions on responsible lending, anti-money-laundering obligations and the tools you use, such as loan origination systems.
- **Client-facing:** Questions about how you communicate with brokers, applicants and solicitors, especially when requesting extra information or explaining delays.

The interview usually starts with an introduction and an overview of the role. Then the interviewer moves through a mix of behavioural questions about accuracy and deadline management, technical questions on lending policy and compliance, and scenario-based questions to test your judgement. You may be asked to describe your experience with specific loan origination systems. The interview typically ends with an opportunity for you to ask questions about the team and the lending products.

1. Walk me through how you process a loan application from receipt to submission to underwriting.

Why they ask

This tests your understanding of the end-to-end loan processing workflow and your ability to follow a structured process without missing compliance steps.

How to structure your answer

Use a step-by-step walk-through: start with receiving the application, then document collection and verification, data entry, compliance checks, communication with brokers or applicants, and finally preparation for underwriting. Mention the tools you use and how you ensure nothing is missed.

Example answer

"When I receive a loan application, I first log it into our loan origination system and check that all required documents are attached. I verify payslips, tax returns and bank statements against the application details, and I run the anti-money-laundering and identity checks through our compliance databases. If anything is missing or inconsistent, I contact the broker or applicant directly to request the information. Once everything is complete, I cross-check the data entry and prepare the file for underwriting. I use a checklist to make sure I have covered every step, including responsible lending checks, before I submit it. Throughout, I keep notes in the system so the underwriter can see what has been verified."

2. Tell me about a time you identified a discrepancy in a borrower's documents. What did you do?

Why they ask

This behavioural question probes your attention to detail and your ability to act on problems before they reach underwriting.

How to structure your answer

Use STAR: Situation, Task, Action, Result. Set the scene briefly, explain what you found, describe the steps you took to investigate and resolve it, and finish with the outcome.

Example answer

"In my last role, I was processing an application where the applicant's declared income did not match the payslips provided. The payslips showed a lower base salary than the application stated. I flagged the discrepancy immediately and contacted the broker to clarify. It turned out the applicant had included a bonus that was not guaranteed. I asked for the most recent two years of tax returns to confirm the average income. I updated the file with the correct figures and a note explaining the difference. The underwriter was able to assess the application with accurate information, and the loan settled without any compliance issues. This helped avoid a potential responsible lending breach."

3. An applicant provides inconsistent information about their income and expenses. How would you handle this?

Why they ask

This scenario tests your judgement under pressure and your understanding of responsible lending obligations.

How to structure your answer

Use a judgement-under-pressure structure: stay calm, identify the inconsistency, decide on the next steps, prioritise compliance over speed, and communicate clearly with the relevant parties.

Example answer

"First, I would not ignore the inconsistency. I would review the application against the supporting documents to pinpoint exactly what does not match. For example, if the stated living expenses are much lower than what the bank statements show, I would make a note of it. I would then contact the applicant or broker to ask for an explanation and any additional documentation. If the explanation is reasonable and supported by evidence, I would update the file and proceed. If not, I would escalate to my supervisor or the underwriter because responsible lending requires us to be satisfied that the borrower can repay without substantial hardship. I would keep a clear record of the conversation and the resolution in the loan file."

4. What do you know about responsible lending and anti-money-laundering obligations in Australia?

Why they ask

This technical question checks your knowledge of the regulatory framework that loan processors work within every day.

How to structure your answer

Explain the key concepts in plain terms: the National Consumer Credit Protection Act and responsible lending obligations, then AUSTRAC and AML/CTF requirements. Give an example of how you apply them in practice.

Example answer

"Responsible lending under the National Consumer Credit Protection Act means we must take reasonable steps to verify a borrower's financial situation and ensure any loan is not unsuitable. That involves checking income, expenses, debts and objectives. For anti-money-laundering, AUSTRAC requires us to verify identity, monitor transactions and report suspicious activity. In practice, I run identity checks through our compliance systems, compare bank statements against declared expenses, and follow internal policy if something looks unusual. I also keep up to date with changes because these rules are updated from time to time. I know that a loan processor's role is to make sure the file is complete and compliant before it reaches the underwriter."

5. How do you prioritise your work when multiple loan applications have tight settlement deadlines?

Why they ask

This process question tests your time management and ability to stay organised under pressure.

How to structure your answer

Use a prioritisation framework: assess deadlines, identify which files are closest to settlement, check what is missing, and communicate proactively. Explain how you avoid bottlenecks.

Example answer

"I start by reviewing all my active files and noting their settlement dates. I prioritise the ones with the nearest settlement and those that are waiting on a single outstanding document, because a quick follow-up can unblock them. I also check whether any file has a compliance issue that needs escalation. I block out time in the morning for document verification and data entry, and I make calls to brokers or applicants in the afternoon. If I see a deadline is at risk, I let my supervisor know early and ask for help if needed. I keep a running checklist so nothing slips through. This approach helped me manage a pipeline of around 20 applications a week without missing settlement targets."

6. Describe a time you had to communicate a delay or request additional documents to a broker or applicant.

Why they ask

This client-facing behavioural question looks at your written and verbal communication skills and how you handle potentially difficult conversations.

How to structure your answer

Use STAR to describe the situation, the task, the action you took to communicate clearly, and the result. Highlight your tone and empathy.

Example answer

"I had a broker whose client was buying at auction and needed a quick turnaround. The bank statements we received were missing two pages, and I could not proceed without them. I called the broker straight away rather than sending an email, because I knew time was tight. I explained exactly which pages were missing and why they were needed for the compliance check. I also offered to accept a screenshot from the applicant's banking app as an interim measure so we could start verifying. The broker sent the documents within the hour, and we still met the settlement date. The broker appreciated the direct call and the practical solution, and we continued to work well together on later deals."