WE CLAIM:

1. A method of determining a social loan quotient (SLQ) for a plurality of customers, by a system (**300**) comprising a central server (**304**) comprising one or more processing units and a memory unit, a first financial module (**308**) and a second financial module (**310**) communicably connected to the central server (**304**), the method comprises the steps of:

   collecting an information of a customer from a plurality of channels, wherein the customer has a remote handheld device (**302**) with an embedded application enabling financial transactions and communicably connected to the central server (**304**), wherein the information of the customer comprises a plurality of parameters comprising: (i) an information from a database of the application for each customer profile, (ii) data collected from the remote handheld device, (iii) social media profile of the customer, (iv) geographic information of the customer, and (v) at least one of bank statement parameters and Loan history based attributes;

   generating a distance array for every pair of customers, wherein the distance array has a distance between every pair of customers;

   representing each customer as a point on an attribute space;

   dividing the collected information of the customer from the plurality of channels into a multiple set of variables comprising categorical variables and continuous or numerical variables;

   determining a dissimilarity score for each set of variables using the distance between the set of variables;

   combining the dissimilarity score for each set of variables to obtain a distance matrix for each customer;

   characterized by creating at least one cluster of closest customers for every focal customer from a sorted distance array, wherein the at least one cluster of each customer is formed by taking the nearest customers with similar loan history, credit behaviour to the focal customer;

determining a cluster center and determining a value of distance of each customer from the cluster center, wherein the cluster center is the average of all points in each cluster;

determining a predictor confidence score (PCS) for every known customer by taking a cross-validation approach of using behaviours of previous customers to determine predictions for other known customers;

generating a composite score of each customer in the cluster using past borrowing behaviour of the customer; and

determining the social loan quotient (SLQ) of each customer using past behaviour of focal customer and the distance of each customer from the cluster center;

scaling the social loan quotient (SLQ) obtained via a sigmoid function to determine a final SLQ score for each customer;

the method further comprises:

verifying a plurality of information retrieved from the at least one remote handheld device;

assigning a weightage and a plurality of numerical values to a plurality of sets of information automatically mapped to the plurality of parameters;

notifying an approval for a loan of a customer on the remote handheld device (**302**) based on the final SLQ score and cumulative weightage being summation of weightage of plurality of sets of information and the plurality of numerical values.

2. The method as claimed in claim 1, wherein the information from the database of the application for each customer profile comprises age, educational qualification, residence type, address, monthly income, company of employment, address of the company and his designation.
3. The method as claimed in claim 1, wherein data collected from the remote handheld device comprises login type, application data, number of logins, and application install/uninstall parameters.
4. The method as claimed in claim 1, wherein social media profile of the customer comprises number of social connections and number of contacts.

5. The method as claimed in claim 1, wherein bank statement parameters comprise spending and lifestyle patterns of the customer, salary credits and account balances.
6. The method as claimed in claim 1, wherein loan history based attributes comprise number of loans, loan amount, number of defaulted loans, number of paid on time loans and defaulted or on time loan amount.
7. The method as claimed in claim 1, wherein the dissimilarity score for continuous variables is determined as Euclidean distance between the set of variables.
8. The method as claimed in claim 1, wherein the dissimilarity score for categorical variables is determined as Hamming distance between the set of variables.
9. The method as claimed in claim 1, wherein the composite score for each customer at the cluster center is generated using the current and previous loan history of the customer.
10. A system (**300**) for determining a social loan quotient (SLQ) of a plurality of customers, the system is configured to implement the method as claimed in claim 1, the system comprising:

    at least one remote handheld device (**302**) having an application embedded into the at least one remote handheld device (**302**), enabling financial transactions;

    a central server (**304**) placed remotely and communicably connected to the at least one remote handheld device over a communication gateway (**306**);

    a first financial module (**308**) communicably connected to the central server through the communication gateway (**306**);

    a second financial module (**310**) communicably connected to the at least one remote handheld device (**302**) and the central server (**304**), wherein the second financial module (**310**) is associated with a profile of the at least one remote handheld device (**302**);

a first communication gateway configured (**312**) to verify the at least one remote handheld device, and communicably connected to the central server (**304**); and

a credit check module (**314**) embedded in the central server (**304**);

wherein the central server (**304**) comprises one or more processing units and a memory unit, the central server determines a social loan quotient (SLQ) for a plurality of customers using an information of each customer from a plurality of channels and the current and previous loan history of the customer.

11. The system of claim 10, wherein the credit check module (**314**) further comprises a weightage module (**316**) configured to assign a weight to a plurality of sets of information mapped to a plurality of parameters.
12. The system of claim 10, wherein the credit check module (**314**) is further configured to verify a plurality of information retrieved from the at least one remote handheld device.
13. The system of claim 10, wherein the credit check module (**314**) is further configured to determine a second value based on the assigned weightage and a numerical value assigned to a predefined parameters.
14. The system of claim 13, wherein the numerical value is assigned to the plurality of parameters is computed using a machine learning process.
15. The system of claim 10, wherein the system further comprises a bank module (**318**), wherein the bank module enables a communication between the first financial module (**308**) and the second financial module (**310**).