Retail Lending
Oracle FLEXCUBE Universal Banking
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FINANCIAL SERVICES

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1. About this Manual

1.1 Introduction

This manual is designed to help acquaint you with the Retail/Consumer Lending module of Oracle FLEXCUBE.

It provides an overview of the module and guides you, through the various steps involved in granting loans to the customers of your bank.

You can obtain information about to a particular field by placing the cursor on the relevant field and striking the <F1> key on the keyboard.

1.2 Audience

This manual is intended for the following User/User Roles:

Role	Function
Back office data entry clerk	Input functions for contracts
Back office managers/officers	Authorization functions
Product Managers	Product definition and authorization
End of Day operators	Processing during End of Day/ Beginning of Day
Financial Controller / Product Managers	Generation of reports

1.3 Organization

This manual is organized into the following chapters:

Chapter 1	*About this Manual* – gives information on the intended audience. It also lists the various chapters covered in this User Manual.
Chapter 2	*Retail Lending – an Overview* is a snapshot of the features that the module provides.
Chapter 3	*Maintenances and Operations* – discusses the procedure to maintain details of the account which are necessary for disbursing the loan.
Chapter 4	*Defining Product* – Categories and Products talks about defining the attributes specific to setting up a loan product.
Chapter 5	*Account Creation* – talks about creating customer accounts.
Chapter 6	*Capturing Additional Details for a Loan* – talks about the additional details that you can capture for a Loan account.

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Chapter 7	*Making Manual Disbursements* – describes the procedure to make a loan disbursement using the 'Manual' mode.
Chapter 8	*Operations* – deals with the payments details and changes that you can effect on a loan.
Chapter 9	*Batch Processes* – deals with processing the batch operations.
Chapter 10	*Annexure A: Accounting Entries and Advices* – explains the types of accounting entries and advices generated at each stage in the lifecycle of a loan.
Chapter 11	*Reports* – lists the possible reports that can be generated for the Module.
Chapter 12	*Glossary* – lists the important terms and its definition

1.4 <u>Conventions Used in this Manual</u>

Important information is preceded with the symbol.

1.5 <u>Related Documents</u>

You may need to refer to any or all of the User Manuals while working on the Retail/Consumer Lending module:

- Core
- Settlements
- Interest
- User Defined

1.6 <u>Glossary of Icons</u>

This User Manual may refer to all or some of the following icons.

Icons	Function
	Exit
	Add row
	Delete row
	Option List

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2. Retail Lending – An Overview

2.1 <u>Introduction</u>

The primary function of banks is to accept deposits and use it to dispense loans. Every time a bank sanctions a loan it is creating an asset in its books. The interest a bank earns from lending contributes substantially to its bottom line. Lending itself stimulates business activity in the economy. Loan products offered by banks can be of various tenors, rates of interest, repayment schedules and complexity. Thus, you can have short or long term loans; loans at fixed or floating rates or a combination of the two; loans disbursed and repaid as a bullet or in installments and so on.

A loan passes through various stages or events from the moment it is given till the time it is repaid. The process begins with a loan application form in which the borrower is asked to furnish their details and the kind of facility requested. The bank's loans or credit department appraises the application and takes a decision whether the applicant is eligible for the loan asked and whether loan can be extended to that customer. The bank will apply its own parameters in arriving at this decision. The factors which will go into this include the standing, character, track record and the collaterals (securities) offered to secure the loan. Assuming that the loan is sanctioned the bank gives a commitment and stipulates terms and conditions governing the same. The bank may levy a processing charge at this stage. The loan amount is then disbursed and credited to the settlement account of the borrower who draws the amount, uses it for the purpose for which it was taken. Interest accrues on the account which has to be serviced by the borrower besides repaying the principal amount as per the repayment schedule. If the loan is not repaid or there is a delay the loan asset's status is changed to reflect its deterioration. The bank may also charge penal interest or interest on interest in such a scenario. Moreover then bank may have to make provisions from its profits for such sub-standard loans. On the other hand if the loan account is conducted well it will close on the date the last installment is due and paid. On closure, the bank will return or lift the collaterals which it had taken. The loan cycle is now complete.

The CL module in Oracle FLEXCUBE captures and maintains the parameters with respect to the life cycle of the loan outlined above and this is detailed in the subsequent sections.

The Consumer Lending (CL) Module of Oracle FLEXCUBE is designed to cater to the lending needs of banks and other financial institutions. It comprises of a two-step process namely,

- Loan Origination or Application Processing
- Loan Account Processing

The CL Module is also capacitated to interface with the Core Module of Oracle FLEXCUBE for Accounting, Messaging and MIS related operations.

A brief explanation about the two stages and the various sub-stages are given below:

2.1.1 <u>Loan Origination or Application Processing</u>

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This stage consists of the following two sub-stages:

2.1.1.1 Application Entry

During the application entry stage, the loan application is received from the applicant (s)/customers. The following information of the customers is captured as part of application processing:

- Personal and Professional details

- Details of Residence

- Financial position

- Asset Information

- Details of loan being availed

The applications will be identified by a unique application number and based on the details furnished in the application and verifications performed thereafter; the loan may be approved or rejected.

2.1.1.2 Loan Account Processing

The application moves to an account processing stage when the applicant becomes a customer of your bank. The customer's record will now be available in the bank's customer database. A Loan account is created which will be used to service the customer. Loan account creation involves capturing the details of the final loan application into the features of the Loan. Loan Accounts in Oracle FLEXCUBE will be created under Account Templates called 'Products'. The system resolves the product category and product on the basis of the application details.

The Loan Account thus created, reports to the Asset GL of the bank. Disbursements will debit the loan account and hence a loan with outstanding balances will be in debit. Payments are credited to the loan account. At the end of complete re-payment, the account becomes zero balanced and is closed.

Product Categories are a logical grouping of certain products such as Vehicle Loans, Home Loans etc. The banks/ FIs can setup different products based on services they offer.

When a customer loan is sanctioned, a loan account will be created under a specific loan account product. Hence, its' features would default from the account product. The Loan account so created will be used for further Loan servicing such as disbursements. The loan account balance will represent the outstanding Principal that was advanced to the Customer. Interests will be calculated on this balance based on the schedule and pricing setup. The Account processing stage involves the following:

- Loan Account Creation

- Loan Initiation & Schedule setup

- Payments of Schedules

- Collections and Delinquency Management

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- Loan Status Change Processing

- Amendments to Loans

- Disbursements

2.1.2 Interface with other Modules

The CL Module interfaces with the following sub-systems/Modules of Oracle FLEXCUBE

- Security Management System (SMS)

- Core Services like Currency, General Ledger, End of Day, Accounting

- Central Liability (Limits)

3. Maintenances and Operations

3.1 <u>Introduction</u>

Before you begin using the Consumer Lending module, you must maintain the following information in the system:

Bank Parameters

These are parameters that you need to specify at the bank level. These will include the following:

- Interest calculation parameters
- Amount blocks on inactive accounts
- Splitting of accounting entries for the offset leg
- Site specific maintenances

Branch Parameters

These are parameters that you need to specify at the branch level. These will determine the following:

- Batch processing during holidays
- Netting of accounting entries for accrual, liquidation and status change
- Default Settlement Accounts
- Format/Mask for generation of Account numbers etc
- The structure of the schedule
- Schedule gap treatment

In addition, you also have to maintain the following:

UDE (User Data Elements) Rules

UDEs are used to build formulae to calculate the amount of interest applicable. These include entities like Interest Rate, Amount Slab etc. that will hold values you provide. The UDEs themselves are defined at the product level but you can use these UDEs to build rules with different conditions based on which the UDE value should be arrived at.

You can maintain the UDE values at Product and Account level. You can also maintain Fixed amount UDEs in other currencies.

Repayment holiday periods

For a calendar year, you can define holiday periods for customers during which they can avail a repayment holidays.

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Check Lists

For different events, you can maintain check lists. The check lists that you maintain here will be validated during the execution of that event while processing the loan.

System Data Elements (SDEs)

Information that is constantly updated by the system, for instance, the balance in an account, number of transactions processed etc. is referred to as SDEs. This information is readily available for computation of penalties, Interest or charges. You need to identify the SDEs applicable for this module.

Floating Rate maintenance

You can maintain floating rates for a Rate Code, Currency, Amount Slab and Effective Date combination

User Defined Policies

These are validation and operations that are performed during the life cycle of a loan

Promotions

Promotions are special offers whereby you can offer special incentives/ concessions to customers. You can link loans to one or more promotions

The above maintenances are discussed in detail in this chapter

3.2 <u>Maintaining Bank Parameters</u>

You can maintain the bank parameters in the 'Retail Lending – Bank Parameters' screen. You can invoke this screen by typing 'CLDBKPMT' in the field at the top right corner of the Application toolbar and clicking on the adjoining arrow button.

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Here you can capture the following details:

Bank Code

Specify the code that represents your bank

Limiting the number of records fetched

This specifies the number of rows displayed when query is done in Online screens

Include To date for Interest Calc

If you check this option, then accrual entries will be passed from the value date + 1 till the maturity date. However, if this box is not checked, then accrual entries will be passed from the value date till the maturity date - 1.

Amount Blocking for inactive account

Indicate whether an amount block needs to be imposed on an inactive account or not

Split Offset Leg

Check this box if you wish to have split accounting entries for the offset leg of a transaction. For example, if a certain transaction debits a particular GL and credits two different GLs (as in off balance sheet entries), the system will pass two debit entries for the first GL to be in sync with the credit entries to the other GLs. If this option is not checked the accounting entries will be as under:

Dr/Cr	Account	Amount

Dr/Cr	Account	Amount
Dr	00000001	50
Cr	00000011	20
Cr	00000022	30

If this option is checked the accounting entries will be as under:

Dr/Cr	Account	Amount
Dr	00000001	20
Cr	00000011	20
Dr	00000001	30
Cr	00000022	30

Achieve Processed Records from events diary

The parameter Reference Date, Frequency, Unit will be used to archive the processed records in Event Diary

The archival will be done in EOD by batch function. If this parameter is not set then no archive will be done.

Purge Inactive Loans

Specify the tenor in units of days, months and year, for which you want to keep the inactive loans for purging.

Cut off Transactions

Select the Cutoff GL from the option list. Transactions after 2:00 pm on a day will be considered on the next working day. The accounting entries for such transactions will be passed into the Cutoff GL and not the Settlement GL.

3.3 Maintaining Branch Parameters

You can maintain the branch parameters in the 'Consumer Lending – Branch Parameters' screen. You can invoke this screen by typing 'CLDBRPMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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Branch parameters include the following:

Branch Code

You have to indicate the code of the branch for which the parameters have to be maintained. The codes of the various branches of your bank are available in the option list provided.

When you select the code, the branch name is also displayed alongside.

Process Till Next Working Day – 1

This specification will determine the day on which automatic events such accrual, liquidation etc. falling due on a holiday, should be processed. If you select this option, events scheduled for a holiday will be processed on the last working day before the holiday.

Example

Assume that the current system date is 15th May '05. Further, 16th and 17th are holidays. If you select 'Process Till Next Working Day – 1', when you execute the batch program during EOD of 15th May, the events due on 16th and 17th will also be processed.

If you do not select this option, processing will be done upto the system date i.e. the current date. The automatic events due on a holiday will be processed as part of the batch program run at BOD on the next working day after the holiday.

Consider the example discussed above, if you do not check this option, the events due on 16th and 17th will be processed as part of BOD operations on 18th May '05, which the next working day after the holidays.

Netting

Here, you need to indicate the netting preference for posting entries during accrual, liquidation and status change.

If you opt to net, the system will post a single consolidated entry for a GL and Currency combination. If you do not select this option, entries are posted individually for each account.

The GL netting status change option can also be used to indicate installment level status change.

The Netting of Notices across Accounts can be used to indicate that for or all accounts for which the payments falls due on a particular date, the requests for invoice generation should be consolidated.

The loan accounts for which the reminder or demand note should be sent is tracked based on the status of the account. The SDE 'Next Schedule Date' is set up to arrive at how many no. of days in advance the payment notice should be generated. Based on the status of the loan account the corresponding payment invoice format is set up.

The Auto allocate part payment option can be used if you want to do a partial payment through auto allocation. For accounts which are marked for manual allocation of partial amount the payment can be done in bulk using the 'Consumer Lending – Bulk Payments' screen.

For more details on Bulk payments refer section 'Bulk Payments' in the 'Operations' chapter of Retail lending module.

Settlement

The settlement accounts for processing lending transactions have to be specified here. You have to specify the Bridge GL/Account to be used for the settlement of the debit and credit legs of transactions that would be processed at your branch. You can select the accounts from the option lists provided for the same.

Account Auto Generated

You can select this option for automatic generation of account numbers. The system generates the account numbers automatically when you create customer accounts through the 'Account Details' screen. If this option is not checked, you have to capture the account number yourself.

For details on creating an account, refer the 'Account Creation' chapter of this User Manual.

Accounting Mask Required and Account Mask

To maintain uniformity in the account numbers generated/captured across a branch, you can specify a format/mask for account numbers. If you specify that account numbers should conform to a specific format, you have to specify the mask in the 'Account Mask' field.

Example

You may want the account numbers of your branch to be a combination of:

- Branch Code (3 Characters)
- Product (4 Characters)
- Currency (3 Character currency code)
- 5 digit running sequence number

The account mask in this case would be: @ (BRN)@(PROD)@(CCY)@(SEQ:5)

An example of an account number conforming to the above mask would be DOC3ROLUSD60021.

If you opt for auto generation of account numbers but do not specify a mask, the generated number will, by default, conform to the following format:

- 3 character Branch Code
- 4 character Product Code
- Date in Julian format (YYDDD)
- 4 digit running sequence number

An example of an account conforming to the above format is 'DOCVSIM040960021' where:

- 'DOC' is the Branch Code
- 'VSIM' is the Product Code
- '04096' is the date equivalent to 5th April 2004 (04 – Year and 096 is the number of days that have elapsed in the year).
- '0021' is the running sequence number.

Also, if you maintain an account mask but do not opt to auto generate the account numbers, then, during account capture you have to conform to the account mask maintained for the branch. If the account is not as per the mask, the following error message is displayed:

Account number entered is not conforming to the account mask.

User Reference Number in Messages

Check this box to indicate that the User Reference Number provided in the account screen has to be used in Tag 20 of MT103 and Tag 21 of MT202. If the box is unchecked, the loan account number will be used instead of the User Ref no.

Auto Gen User ref

Check this box to indicate that system should auto generate user ref no during account creation.

IRR Processing

Check this option to trigger the YACR (Yield Accrual) event for the branch batch.

Schedule Structure

This option is used to indicate if the schedule definitions should honor the end dates or honor the frequencies when the two contradict. The options are:

- Frequency Based

- Non-Frequency Based (the end dates contradict each other)

Example

For a product, you can define payment schedules based on the value date of the loan and/or based on the calendar date. Assume that you have a housing loan product 'HOME' with the following payment schedule details:

- Unit – Monthly

- Frequency – 1

- Schedule Basis – Value Date

- Tenor – 12 months

Case 1: Schedule structure is frequency based

A housing loan is initiated on 4th April 2004. As per the above details, the following schedule dates are defaulted:

- First Due Date: 4th May 2004 (one month after the disbursement date)

- End Date: 4th Mar 2005 (in between schedules being 4th June, 4th July and so on for 11 months)

- The last schedule is always a 'Bullet' schedule.

Note that the schedule dates are driven by the value date of the loan. At the account level, you can, however, change the defaulted schedules. But the end dates should not contradict for the schedules.

For instance, you cannot define schedules with the following details:

First Due Date	No of Schedules	Frequency	End Date
04-MAY-2004	5	Monthly	04-SEPT-2004
01-OCT-2004	5	Monthly	01-FEB-2005
04-APR-2005	1	Bullet	04-APR-2005

Note that for the first and second schedules, the end dates are contradicting (4th Sep and 1st Feb respectively). This is not allowed if the schedule structure is 'Frequency Based'. The following error message is displayed:

Input for component is not as per schedule frequency.

Case 2: Schedule structure is non-frequency based

If the schedule structure is non-frequency based, you can define schedules with contradicting end dates (refer the schedule structure given in **Case 1** above).

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First Payment Schedule Gap Treatment

Here, you have to specify the manner in which you would like to treat the period/gap between the loan disbursement date and the first payment. The options are:

- Treat as Payment

- Treat as Moratorium

Example

Assume that you make a disbursement on 1st January and the first payment is due on 1st March. This means that there is a gap of two months between the disbursement and the first payment schedule. You can treat this gap either as a 'Payment' schedule or a 'Moratorium' schedule. If you opt to treat it as a 'Payment' schedule, then, during product creation, you should define the payment schedule with the 'Schedule Flag' being 'Normal'. You should also specify a separate formula for this schedule. This is also done at the product level.

Similarly, if the gap is treated as a 'Moratorium', you should define a schedule with type 'Moratorium' and also define a moratorium formula for the schedule.

Intermediate Schedule Gap Treatment

Here, you have to specify the manner in which the system should handle gaps between two schedules. The available options are:

- Create New Schedule

- Advance current schedule

- Extend previous schedule

Example

Assume that the following are the two payment schedules for a loan:

- 1st May to 25th May

- 5th June to 25th June

Therefore, the gap between the two schedules is 10 i.e. from 26th May to 4th June. To handle this gap, you can instruct the system to do any one of the following:

- Create a new schedule in which case a new schedule is defined for the gap period i.e. 10 days.

- Advance the current schedule, wherein the second schedule will start from 26th May instead of 5th June and go upto 25th June.

- Extend the previous schedule in which case the first schedule goes upto the 4th of June instead of 25th May.

Pre-Payment Penalty Year

Indicate the type of pre-payment penalty year. You can select one of the following options:

- Loan Year

- Financial Year

- Calendar Year

Computation of prepaid amount in a year depends upon the selection of the above option. Based on the option selected, the date range is interpreted by the system for considering the ceiling of prepaid amount in a year. You can not change this option after the first authorization of the CL branch parameters.

Loan Year ranges between value date of the loan and completion of that particular year. Financial Year ranges between start date of the financial year and the end date of the financial year. Calendar Year ranges between the start date of the calendar year and end date of the calendar year.

Example

Let us assume the following:

Value Date: 05-JAN-2000

Maturity Date: 05-JAN-2020

Loan Year

Year wise penalty free computation is considered like 05-JAN-2000 to 04-JAN-2001, 05-JAN-2001 to 04-JAN-2002, 05-JAN-2002 to 04-JAN-2003 and so on.

Financial Year

If financial year is maintained from April to March, in such a scenario, year wise Penalty free computation will be considered like 01-APR-2000 to 31-MAR-2001, 01-APR-2001 to 31-MAR-2002, 01-APR-2002 to 31-MAR-2003 and so on.

Calendar Year

Year-wise penalty free computation is considered like 05-JAN-2000 to 31-DEC-2000, 01-JAN-2001 to 31-DEC-2001, 01-JAN-2002 to 31-DEC-2002 and so on.

The amount prepaid is stored in a data store year-wise. This data store is value date based. This table is updated at the time of save of payment. Also during deletion and reversal operations this table is updated correctly. The impact of prepaid amount is cancelled from the table during deletion/reversal. The pre-payment penalty amount collected is also stored in the same data store.

At the product level you have to maintain a UDE for handling maximum prepayment amount in a financial year. Let us assume that the UDE is maintained as MAX_PREPAID_PCT. You can maintain the default value of the above UDE from the product. System validates that the extent of pre-paid amount doesn't exceed the percentage maintained at product level at the time of pre-payment.

Example

Assume the following:

Principal: 1000000 USD

Pre-payment penalty

Free percentage: 5% (This will be taken from UDE value: MAX_PREPAID_PCT.)

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5 % of 100000 = 50000

Hence, every year up to 50000 USD can be paid as an early repayment without any penalty.

Value date: 01-JUN-2000

Maturity date: 01-JUN-2020

Schedules: 240 monthly

During liquidation, value date of the payment is compared with the start date of the year,

i.e. Value date of payment: 01-OCT-2008

If the borrower is doing pre-payment (prepaid amount = amount paid – (amount due + amount overdue) then system will validate this against allowed prepaid amount.

EMI: 9744.85 USD

Amount paid: 40000 USD

Prepaid amount: 40000 – (9744.85 + 0) = 30255.15 USD

This 30255.15 USD is validated against 50000 USD and from the data store of prepaid amount between 01-OCT-2008 and 01-JUN-2008. Since this is under allowed prepayment amount no penalty is applied against this pre-payment.

If already some prepayment has happened for the contract in the same year of 20000 USD, system will fetch the same from the data store of prepaid amount and add it to the current prepaid amount i.e. 20000 + 30255.15 = 50255.15 USD. It is more than the allowed pre paid amount. Hence penalty is applicable and penalty is calculated for the amount 255.15 (50255.15 – 50000) USD.

After setting up the branch parameters, you have to save the details. Click Save icon to save the details in the system. However, the parameters take effect only after your supervisor authorizes the same.

3.4   Defining UDE Rules

User Defined Elements (UDEs) refer to entities like Interest Rates, Amount/Tier Slabs whose value you can specify and at the same time maintain different values with different effective dates. For instance, you can indicate that interest should be calculated at five percent on a certain date and specify a higher rate effective at a later date.

The UDEs, per say, are defined at the product level and the actual values are provided for a combination of Product, Currency, UDE Rule, and Effective Date in the 'UDE Values' screen. This will be defaulted at the account level and you can override the same with account specific values.

You can define UDE Rules based on which the UDE Values will be picked up at the account level. UDE Rules are conditional expressions built using the SDEs like Loan Amount, Tenor, Rate, Customer Category etc. These rules can be created independently and later attached at the time of maintaining UDE Values. You can associate multiple rules and specify UDE values for each rule. You can maintain the rules in the 'UDE Rules' screen. You can invoke this screen by typing 'CLDUDRMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The following information should be captured to create a UDE Rule:

Rule Code

You have to specify a unique code consisting of a maximum of four alphanumeric characters, to identify the rule in Oracle FLEXCUBE. This is mandatory to save the record.

Condition

You can build multiple conditions for a rule. To do this, click on 'Condition' in the screen above. The following screen is displayed:

You can create conditions using the following:

- Fields: The SDEs that are factory shipped or maintained in the 'System Data Elements' screen are available in this list.

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- Operators: This list includes the mathematical operators:
    - Equal To
    - Greater Than
    - Greater Than or Equal To
    - Less Than
    - Less Than or Equal To
    - Like
    - Not Like
    - Not Equal To
- Logical Operators:
    - And: Use 'And'
    - Or: Use 'OR"
- Value: The value of the SDE selected to define the condition should be entered here. The value may be numeric or alphanumeric, as required for the condition.

After building the condition, click 'Accept' to accept the same. To remove a condition, click 'Clear' in the screen.

After you build the condition(s), click 'Ok' in the screen. You will return to the 'UDE Rules' screen. The condition defined is displayed in this screen.

Example

Assume that you want to charge interest at 12% for home loans (Product Code - HOME) where the loan amount is greater than or equal to 100, 000 and an interest rate of 10% on loans less than 100,000. You can build these conditions in the form of UDE Rules.

Rule ID	Condition
UDE1	AMOUNT_FINANCED >=100000
UDE2	AMOUNT_FINANCED<100000

At the time of assigning values for the UDE 'INTEREST' (assuming that this is the UDE defined for the product in the 'UDE Values' screen(discussed below), you can associate the above rules and for a product, currency, rule and effective date combination, you can specify the value as 12 and 10 respectively. Depending on the condition that the loan satisfies (whether >= 100000 OR less than 100000), the appropriate rate is picked up for interest calculation.

Refer the section titled 'Specifying product Main details' in the 'Defining Product Categories and Products' chapter of this User Manual for details on defining UDEs.

3.5 Providing UDE Values

The actual values for the UDEs defined during product creation (in the 'Main' tab of the 'Consumer Lending Product' screen) is maintained in the 'UDE Values' screen. You can invoke this screen by typing 'CLDUDVMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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In this screen, you can maintain values for a 'Product Code+ Description+Currency Code + UDE Rules + UDE Dates+ UDE Values' combination. The following details have to be captured here.

Product Code

You have to select the product for which the UDE values have to be maintained. The products offered at your bank are available for selection in the option list provided.

Description

After selecting the product the system will automatically generate a description for the product.

Currency Code

For the product selected, specify the relevant currency. This becomes the UDE currency and the values you capture for the UDE is expressed in this currency. The option list will include the currencies maintained in the 'Currency Definition' screen. You can select a relevant code from this list.

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For details on 'Currency Definition' screen, refer the 'Currency Maintenance' chapter of the Core Services User Manual.

UDE Rules

Here, you have to associate the relevant UDE Rule(s). The rules maintained in the 'UDE Rules' screen are available in the option list. For each associated rule, you can specify UDE values with different effective dates and depending on the rule that the loan satisfies, the corresponding UDE values become applicable to the loan and same are picked for Interest, Charge, Tax, Commission and Fee computation.

🛑 The UDE Rule is mandatory to save the record. The system will automatically link the default rule if you do not associate a rule.

Effective Date

You have to specify the effective dates for the UDE values. This is the date on which the UDE value becomes applicable in the system. The date should be in MM-DD-YYYY format. For a rule, you can maintain UDE values with different effective dates.

UDE ID

The UDEs defined for the selected product is automatically displayed here.

UDE Value

For each UDE displayed for the selected product, enter the UDE value**.** As mentioned, you can maintain values with different effective dates. Note that the UDE values should fall within the minimum and maximum limit specified for the UDEs linked to the product.

Rate Code

If you want the UDE to have a floating interest rate, select the applicable rate code from the option list. Depending on the rate code selected, the rates are picked up from the 'Floating Rate Code Definition' screen. In this case, the value captured for the UDE becomes the spread against the rate code.

For instance, assume that the rate code is 'MIBOR' and the UDE value is 2 (positive spread). If the rate picked up as per the rate code (taking into consideration the effective date, amount slab and tenor) is 5%, then the actual interest applicable would be 7% (5 + 2). Similarly, if it were a negative spread, the interest would be 3% (5 – 2).

🛑 You can choose tiered interest rate codes only for UDE of type 'tier rate'.

For details on maintaining floating rate codes, refer the section titled 'Maintaining Floating Interest Rates' in this chapter.

UDE Currency

The Currency of the UDE for UDE of Amount type will be captured

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Code Usage

This is applicable only if you associate a 'Rate Code' with the UDE. It indicates the frequency at which you want to refresh the floating rates. The options are:

- Automatic: This implies that the rates will be automatically refreshed every time a rate change occurs. Therefore, rates are reapplied to the loans as and when there is a rate change.

- Periodic: This means that the rates will be refreshed based on the Rate Revision Schedule maintained at the component level (in the 'Components' tab of the 'Consumer Lending Product' screen).

It is mandatory to specify the Rate Code usage if the rate code is maintained.

Cascade

You can change the UDE values even after creating accounts under the product. The cascade feature is used to determine the manner in which the change should be handled. If you choose to cascade (select 'YES'), the change becomes applicable to all the existing accounts under the product. However, if you do not cascade the changes, the new UDE values become applicable only to accounts created subsequent to the change.

3.5.1 Maintaining Fixed Amount UDEs in other Currency

To maintain UDEs in a currency different from the loan currency, you have to maintain the values separately for each currency. At the time of loan creation, the values defined for the UDE Currency is picked up and is displayed (in the 'Ude Value' field of the 'Account Details' screen) after conversion into the loan currency equivalent.

Example

Assume that at the product level (Product Code: HOME), you define three UDEs (of type 'Amount'), each in a different currency.

- UDE1 in CLP (loan currency)

- UDE2 in USD

- UDE3 in GBP

At the time of capturing the values for these UDEs in the 'UDE Values' screen, you have to maintain UDE values for the following three combinations:

- HOME + CLP + Default UDE Rule + Effective Date + UDE1

- HOME + USD + Default UDE Rule + Effective Date + UDE2

- HOME + GBP + Default UDE Rule + Effective Date + UDE3

At the account level, the value corresponding to the UDE currency (as specified at the product level) is picked up. For UDE1, the value corresponding to the first combination is picked up, likewise for UDE2 and UDE3 the values corresponding to the 2nd and 3rd combinations resp. are picked up.

The values, however, are displayed after conversion into the loan currency equivalent.

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3.6 Applying the UDE Cascade Function

You also have the feature to change the value of a UDE for all the existing accounts under a product. However, the change will be applicable only to the existing accounts. UDE values for new accounts created under the product will be picked as per your specifications in the 'UDE Values' screen.

You can define new UDE values for existing accounts in the 'UDE Cascade' screen. To invoke this screen type 'CLDUDCMT' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The code of the login branch is displayed here. The following information is captured in this screen:

Reference

After saving the UDE cascade function, Reference will be generated by system itself

Branch code

Input the branch code in which the relevant data is maintained

CCY Code

Select a currency maintained for the product from the option list provided. The UDE value is applied in the currency selected here

Product Code

Select a product for which you have to change the UDE value. The change becomes applicable to all the existing accounts under the product

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UDE Effective Date

The date on which the new UDE value is brought into effect is captured here. The date format should be 'MM-DD-YYYY'

After you specify the effective date, the system automatically generates a unique 'Reference' Number

UDE Id

The option list will display the UDEs defined for the selected product. Select the UDE that requires a change in value. When you select the UDE, the 'Old Ude Value' is also displayed in the next field.

New UDE Value

Provide the new value for the selected UDE

3.7   Maintaining Adhoc Charge Types

In order to maintain the various ad hoc charge types invoke the 'Adhoc Charges Type' screen. This screen allows you to capture and store ad hoc charge types such as legal fees, notary fees, and administration fees etc. which are applicable at the collection stage of the loan. You can invoke this screen by typing 'CLDADCMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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Charge Type

Specify the charge type that can be levied on a loan in case of any delayed repayments. The valid values are of the type Admin Fee, Legal Fee, etc

Charge Desc

Specify a detailed description of the Charge Type.

3.8 Maintaining Adhoc Charges

You can maintain adhoc charges in the system using the 'Adhoc Charges' screen. You can invoke this screen by typing 'CLDADCHG' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You need to enter the following details in the screen above:

Branch

Select the branch code of the bank that is servicing the loan.

Account Number

Select the account number on which the charges are to be levied from the option list.

Internal Ref No

A unique identifier for the specific ad hoc charge is displayed here. This is system generated.

Component Name

Select the component that is to be used to track the ad hoc charge from the option list.

Credit Account

Specify the account (GL) to which the ad hoc charges collected are to be credited from the option list. This in most cases is the account of the Collection Agency.

Charge Type

Select the charge type to be levied on a loan from the option list. The values in the option list are the charge types maintained using the Adhoc Charge Type maintenance.

Charge Incurred date

Specify the date on which the charge is to be levied on the customer. This date should always be a future date. Also, it should pass the accounting for ad hoc charges with a back date.

Reason

Specify the reason for which the charge is being levied on the account.

Currency

Select the currency for the adhoc charge.

Amount

Specify the amount of the ad hoc charge to be levied on the customer account.

Exch Rate

Specify the exchange rate of the currency.

Component Currency Equivalent

Specify the currency equivalent of the component.

Due on next Schedule Date

Check this box if you need to generate the adhoc charges on the account's next schedule date. If you check this box, then the 'Charge Incurred Date' would be defaulted with the account's next schedule date.

You can reverse the adhoc charges entered in the system. The Reversal button is enabled for all authorized adhoc charges entered in the system. The contract status for the adhoc charge will have the value as 'PAID' or 'REVERSED'. Post reversal of the adhoc charge, the contract status is displayed as 'REVERSED'.

At the time of Authorizing of reversal of Adhoc Charges, re-computation of IRR is done by the system if IRR is applicable for the product. The unauthorized reversals can be deleted and authorized. The delete and Authorize buttons will be enabled for unauthorized reversals.

The event code used for reversal of adhoc charge is RADC (Reversal of Adhoc Charge).

Adhoc charge reversal is not allowed if any event happens after the adhoc charge event. In such case, the event needs to be reversed first and then only adhoc charge can be reversed. The possible events are ALIQ/MLIQ, VAMI, DSBR, REVN.

You can process adhoc insurance charges, which are overdue and have to be computed, by selecting 'Formula Type' as 'User-defined'. You can then define the formula with the basis element as 'PRINCIPAL_EXP_AND_ODUE' + MAIN_INT_COMPODUE + <PAIS_COMP_NAME>_OVERDUE> + <RKBY_COMP_NAME>_OVERDUE>'.

For Agriculture Loan products the following adhoc charge components are available which have to be operated manually by specifying the Insurance premium amount, collected as a charge from the customer:

- PAIS–The insurance premium amount will be collected every year. It is processed as an adhoc charge upload with next schedule date as future date, so that it is due for customer on that date.

- RKYB– The insurance premium amount will be collected on the month-end during disbursement. It is processed as an adhoc charge upload with next schedule date as future date.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

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While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

3.9 Maintaining Holiday Periods

You can identify certain periods in the calendar as holiday periods when customers would have other expenses and would like to avail a repayment holiday. This would typically be during Christmas/New Year or for anniversary celebrations. Although, Interest computation continues for this period, repayments are not scheduled.

You can define repayment holiday periods in the 'Holiday Period' screen.

You can invoke this screen by typing 'CLDHOLMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The following information is captured to define a holiday period:

Period Code

You have to capture a unique code to identify the period in the system. The code can comprise of 30 alphanumeric characters.

Date From and Date To

For the period code specified, capture the holiday period i.e. the start date and end date for the holidays. The date format should be 'MM-DD-YYYY'. It is mandatory to specify the date range to save the holiday period.

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Anniversary Period

This option is used to define an anniversary period. If you check this option, the holidays will be repeated every year for the given range of dates. By default, the system checks this option.

Principal Repayment Holiday

If you check this option, the system will apply the holiday period to the principal component alone. The simple interest formula defined at the product level will not be affected. By default, this option is unchecked. However, you may modify it.

While defining a loan contract, you may apply the holiday period codes maintained using this screen.

Example

Suppose that a product has dual formula for the MAIN_INT component as shown:

Formula Name	Formula Type
FRM_MAIN_INT	Amortized
FRM_MAIN_INT_1	Non-amortized

A holiday period 'PRINHOL' is maintained as shown below:

Field	Value
Period Code	PRINHOL
From Date	1-Oct-00
To Date	1-Nov-00
Anniversary Period	Y
Principal Repayment Holiday	Y

Contract details are shown in the following table:

Value Date	01-Jan-2000
Maturity Date	31-Dec-2000

Once 'PRINHOL' has been linked as holiday period linkage, the system will generate Comp SCH as shown in the following table:

Formula	First Due Date	No. of Schedules	Frequency	Schedule Type
FRM_MAIN_INT	01-Feb-2000	8	1	Monthly
FRM_MAIN_INT_1	01-Oct-2000	1	1	Monthly

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Formula	First Due Date	No. of Schedules	Frequency	Schedule Type
FRM_MAIN_INT	01-Nov-2000	8	1	Monthly
FRM_MAIN_INT	01-Dec-2000	8	1	Bullet

3.10 Maintaining Check Lists

You can maintain check list for different events using the 'Check List Maintenance' screen. The check lists that you maintain here will be validated during the execution of that event while processing the loan. For E.g.- A checklist of documents required for loan processing can be maintained like ID proof, Bank statements, Income etc.

You can invoke this screen by typing 'CLDHOLMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The following details have to be captured here:

Event Code

Select the event code for which check list items have to be maintained from the drop down list.

Check List Item

Specify the check list item name that you want to maintain for the selected event. The check list items that you maintain here will be validated by the system during that event, while processing the loan.

3.11 Maintaining System Data Elements

The balance in the account for which the interest has to be calculated depends on the activities that take place in the customer account over a period of time. This information is constantly updated in the system and is readily available for computation of interest or charges. Data elements of this sort are called 'System Data Elements' (SDEs) because the values for the SDEs are necessarily picked up by the system while applying interest. You cannot input the values for these elements.

You can capture the various SDEs in the 'System Data Elements' screen. You can invoke this screen by typing 'CLDSDEMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You have to maintain the following to define a SDE:

Element ID

Capture an id to uniquely identify the SDE in the system. You can devise an Id comprising a maximum of 30 alphanumeric characters.

Function Name

Here, you have to associate the Oracle function which would calculate the SDE value internally. The values available in the option list are factory shipped. The system picks up the value computed by the function for use in interest calculation.

Data Type

This indicates the nature of the data the SDE represents. The options are:

- Character

- Number

- Date

Language Code and Language Text

Select a language for the SDE being defined. You can select a code from the option list provided. The system automatically displays the corresponding text in the language selected for the SDE.

Language Description

Here, you have to provide the description of the SDE being defined, in the language selected. The description should not exceed 30 alphanumeric characters.

System Data elements can be balances like PRINCIPAL_EXPECTED, PRINCIPAL_OVERDUE etc. Some Oracle FLEXCUBE entities required for formula generation/rule set up will be factory shipped.

The list of standard SDEs available for use are given below:

Name	Description
TENOR	Duration for which the loan is applied for in days
CUSTOMER_CATEGORY	Category of the customer of the loan which is maintained at the customer information file level
BRANCH_CODE	Code of the branch where the loan account is opened
ACCOUNT_CCY	Loan account's currency
LOAN_STATUS	Status of the loan account
CUSTOMER_ID	Primary customer's id for a loan account
NO_OF_RPMNT_SCHS	Number of repayment schedules excluding the moratorium ones
INCREASED_PRINCIPAL	Increase in the principal
DAYS	Days in a month
YEAR	Days in a year
RISK_CLASSIFICATION	Risk classification at line level which can be used at status change
PREPAID_AMOUNT	Amount that has been prepaid
MORA_OUTSTANDING	Total moratorium outstanding amount
TOTAL_MORA_AMOUNT	Total moratorium amount
INDEX_CCY	Index currency
NEXT_WORKDAY	Next working day of the branch
LAST_WORK_DAY	Last working day of the branch
TODAY	Today's branch date

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Name	Description
TOTAL_PRINCIPAL	Amount for which the loan is applied for
AMOUNT_FINANCED	Amount for which the loan is applied for
PRINCIPAL	Amount disbursed
INT_SUSPENSION_DATE	Interest suspension date based on risk classification. If classification is C, then the suspension date is one year from today's date. If classification is D, then the suspension is immediate.
COMPOUND_VALUE	Amount compounded within a schedule and is used internally
RESIDUAL_DAYS	Tenor of the loan
WORST_SCH	Worst Instalment Status
APPLICATION_DATE	Application date in loan origination
APPLICATION_SCORE	Application score in loan origination
APPLICATION_TENOR	Application tenor in loan origination
APPLICATION_PRINCIPAL	Application principal amount in loan origination
_OVR_DAYS	<Component> overdue days
_EXPECTED	<Component> expected amount
_OUTSTAND	<Component> outstanding amount
_CCY	<Component> currency
_OVERDUE	<Component> overdue amount
_INS_OVR_DAYS	<Component> number of days between the schedule due date and the maturity date
_FN_NO_REPAY_SCH	<Component> number of schedules for a component if periodic
_NET_PRINCIPAL	<Component> amount financed
_SCHODUE	<Component> schedule amount due less amount settled
EMI_AMOUNT	The EMI amount for amortized loan contracts, in the current schedule for rental cash flow type of Loans
TOTAL_SCHODUE	Amount overdue for the schedule.

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3.12 <u>Maintaining Floating Interest Rates</u>

You can apply interest either as 'Fixed' rate or as 'Floating' rate. A Floating Rate corresponds to the market rates for the day. These rates are maintained and updated daily (or whenever they change,) in the 'Floating Rate Maintenance' screen.

You can invoke this screen by typing 'CFDFLTRT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The floating interest rates are defined through this screen. A Rate Code identifies a set of rates defined for a combination of Currency, Amount Slab (optional) and Effective Date. Also, for each such combination, you can maintain rates that can differ by each tenor.

The following details have to be captured here:

Rate Code and Description

You can maintain new rate codes and also provide values for existing ones (like MIBOR, LIBOR etc). For a new code, you need to capture a unique id. The id can include a maximum 10 alphanumeric characters.

Currency

You have to associate each Rate Code with a currency. You can define rates for the same Rate Code in different currencies. Select a currency from the option list provided.

Effective Date

Each rate that you define for a Rate Code and Currency combination should have an Effective Date associated with it. This is the date on which the rate comes into effect. Once a rate comes into effect, it will be applicable till a rate with another Effective Date is given for the same Rate Code and Currency combination.

__Example__

Rate Code   -   TERMDEP45

Currency   -   U S Dollar

Effective Date	Interest Rate
01 January 2005	12.5%
14 January 2005	12.0%
31 January 2005	13.0%

These rates will be applicable as follows:

Period	Interest Rate
1st January to 13 January 2005	12.5%
14th January to 30 January 2005	12.0%
31st January to one day before the next date	13.0%

🛑 The rates will be applied to a contract depending on whether it has been defined with 'Automatic' Rate Code Usage or 'Periodic' Rate Code Usage. You can specify this in the 'UDE Values' screen.

Amount Slab

For a specific Rate Code and Currency combination, you can define an amount slab. However, this is not mandatory. A rate that has been defined for an Effective Date - Amount Slab combination will be applicable to an amount less than or equal to the specified amount.

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Example

Let us extend the example we discussed for Rates and Effective Dates to include amount limits.

Amount (USD)	Effective Date	Interest Rate
10,000	01 January '05	12.5%
50,000	01 January '05	13.0%
999.9 million	01 January '05	14.0%

If the rates have to be applied on 1st Jan '05, they will be picked up as follows:

- For a loan with an amount less than or equal to USD10, 000 the rate will be 12.5%.

- For a loan with an amount greater than USD 10,000 and less than or equal to 50,000 the rate will be 13%.

- For a loan with an amount greater than USD 50,000 and less than or equal to USD 999.9 million, the rate applied will be 14%.

A huge amount (999.9 million) has been given as the last amount limit. This denotes that after 50,000 there is no upper limit in the slab

Borrow/Lend Indicator

For every Amount Slab - Effective Date combination, you should define the rate to be applied as a borrow rate, a lend rate or a mid rate. Borrow rates are applied for loans taken by the bank and lend rates applied on loans disbursed.

Tenor and Interest Rates

The rates that will be applied for a given combination of Amount Slab – Effective date – Lend/Borrow Indicator can be tenor based. In this screen, you can also define interest rates for different tenors.

For instance, for an amount slab you can maintain rates for the Rate Code LIBOR for tenors 1 - 30 Days, 30 – 90 Days and so on. If you do not maintain tenor wise interest rates, you have to maintain the tenor as '0' and then specify the rate. This is mandatory to save the details.

3.13 <u>Maintaining User Defined Policies</u>

User defined Policies are special validations and operations to be performed before or after a life cycle event of a loan. You can maintain policies in the 'User Policy' screen.

You can invoke this screen by typing 'CLDPOLMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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Specify the following details to maintain a policy:

Policy Code and Policy Description

A policy code identifies a policy uniquely in the system. The code is used to link the policy to a product/account. You can devise a code consisting of a maximum of 20-alphanumeic characters.

Also, for the code captured, provide a brief description in not more than 35 alphanumeric characters. The description is used for information purposes only.

Policy Category

Select the category to which the policy should belong. This implies if the Policy is to be linked to an Application (Origination and API or Product setup). The two options are:

- Origination
- Servicing

Specifying Policy Details

Expression Line

You can maintain multiple expressions for a policy and each expression is identified by a unique serial number. The serial number can consist of a maximum 6 digits.

Policy Expression

Here, you have to specify the expression for the policy which when satisfied by the loan, will trigger the corresponding action. You can maintain multiple expressions and action codes under a policy. Depending on the expression that is evaluated successfully, appropriate 'Action Id' is triggered. However, an expression is not mandatory to define a policy.

Action Id

You have to select the action that is to be triggered when the corresponding expression becomes valid for the loan. This refers to the wrapper name that is mapped to the actual PL/SQL code that executes the policy. Select the action id from the option list provided. The values available in the list are factory shipped.

The policies defined through 'User Policy' screen become available for association at the 'Product Category' level.

For more details, refer the section titled 'Maintaining Product Categories' in the 'Defining Product Categories and Products' chapter of this User Manual.

3.14 <u>Maintaining Standard Policies</u>

You can also categorize the policies defined through the 'User Policy' screen as 'Standard Policies' in the 'Policy Maintenance' screen.

You can invoke this screen by typing 'CLDSTDPL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

To maintain a standard policy, you have to specify the following in the screen:

Module

A standard policy is defined for a Module and Event combination. You have to select the module for which the policy should be applied. The option list will display the list of valid Oracle FLEXCUBE modules.

Event Code

The events defined for the selected Module are displayed in the option list provided. You may select an event from this list.

Policy Code

The policies maintained in the 'User Policy' screen are available in the option list provided. Select the appropriate policy for the selected Module and Event combination.

3.15 Maintaining Bulk Payment Preferences

If indicated at the Loans/Commitments level that bulk payments need to be maintained for an account, then preferences for the bulk payments are maintained at the Bulk Payment Preferences screen. Under a Loan/Commitment a customer can make multiple disbursements under that Loan/Commitment account. These multiple payments are treated as separate transactions with separate products and interest components. On payment of the Principal amount of any of the loans the Loan/Commitment is restored to the customer. As these multiple disbursals are treated as individual transactions, hence the Bulk Payment option provides the customer to make a single payment across for multiple payments. This payment can be configured to be split automatically among the different disbursals made based on a defined rule.

The Bulk Payment Preferences screen can be used for maintaining the priority for auto as well as manual liquidation of bulk payments. Invoke this screen by typing 'CLDBPPRF' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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The following details need to be specified for maintaining the bulk payment preferences for multiple disbursals made under a single line/commitment:

Branch

The branch where the bulk payments preferences are maintained for a CL account is displayed here. The maintenance is done at this branch. The preferences maintained for each loan/commitment are only for this branch.

Bulk Entity

Select the bulk entity applicable for these payments from the option list provided. You can select the following values

- Limit Line – This option displays all the valid limit lines in the current branch which have been attached to any of the loan accounts; when the bulk payment option has been selected for the same.

- Commitment – The valid commitment reference numbers attached to any of the loan accounts in the current branch are displayed on selecting this option; when the bulk payment option has been selected for the same.

Bulk Entity Reference

Specify the bulk entity reference number associated with the relevant loan account. The bulk entity reference lists values as 'ALL' indicating that the rule is common for all references attached to a branch and not a specific reference maintained for that particular branch. On selecting a bulk entity reference number the customer loan ID is populated in the liability ID section. In case of limits the liability ID for the line linked is populated in the corresponding Liability ID section.

Liability ID

Select the liability identification number based on the bulk entity type selected, from the option list. For bulk entity type limit line the liability IDs for which limit line is linked to CL account are listed. For Commitment bulk entity type the commitment IDs linked to the CL account are listed.

Allow Partial Liquidation

Check this box to indicate that the partial payment is allowed for the individual loan amounts. If the payment amount is sufficient to liquidate only partially as against the total due amount then if the partial liquidation option is allowed then a partial amount is allocated against the total due amount.

Partial allocation is allowed for dues for all priority options. For all prioritization options, if the total payment amount provided for bulk payment only partially satisfies liquidation, then partial amount is allocated against the amount due, only if the Partial allocation box is checked otherwise the schedule is skipped from liquidation.

3.15.1.1 Selecting Prioritization options

Select the appropriate prioritization option. You can select the following options:

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- Earliest Due First

- Highest Due First

- Component Prioritization

On selecting Component Prioritization the 'Component Prioritization' details are enabled for entry. However on selecting the same Account level and Schedule Level are disabled for entry.

The following Priority combinations can be selected:

- Earliest Due first /Account level/partial allocation allowed.

- Earliest Due first /Account level/partial allocation not allowed.

- Earliest Due first /Schedule level/partial allocation allowed.

- Earliest Due first /Schedule level/partial allocation not allowed.

- Highest Due first / Account level/partial allocation allowed.

- Highest Due first /Account level/partial allocation not allowed.

- Component Prioritization/ partial allocation allowed.

- Component Prioritization/ partial allocation not allowed.

Earliest due first date

When you make this selection you can only specify the account level option. When the available amount is allocated while indicating account level or schedule level, amongst the due amounts belonging to the eligible accounts, then the account priority is applied in case of multiple accounts. The schedules with earliest due date are considered first and liquidation amount is allocated based on the due date at schedules level. In case of conflict arisen, the earliest value date and highest due is considered for resolution. If the value dates and highest due are the same then the resolution is carried out on the basis of the account number, that is, the earlier account number is considered first.

Highest Due First

When you make this selection you can also specify the account level. On allocating the bulk amount while indicating account level, the highest due amount across the accounts is determined and all components due in this account are marked for payment followed by the next highest due account available among the rest. In a conflict the earliest valued date is considered. If the value dates are same then the accounts are prioritized based on the account numbers. Schedule level is not applicable for this option.

Component Prioritization

Check this box to define the order for liquidation for components across products. When you make this selection you must also select the option N/A. The liquidation order defined here overrides the product liquidation order. If Component prioritization option is chosen then the fields under component prioritization options frame will be enabled.

According to the priority defined allocation of the bulk amount is done for all accounts. Similar to the cases described above the value date and highest due is considered for allocation, in cases of conflict due to value date and highest due the resolution is brought about by account number.

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Component Prioritization Options

The component details related to prioritization are enabled for entry once the 'Component Prioritization' is enabled

Product Code

Specify the component product code for which liquidation prioritization details are maintained.

🛑 Products not listed in prioritization will be taken as lowest priority. These are allocated using the liquidation order defined in the product.

Component

Specify the component for which prioritization is maintained

Priority

Specify the priority for the component. The priority is a unique numeric character input by a user. The lower the number value the higher is the priority applied to the component.

3.15.2 Viewing Summary Records

You can view and amend details of a particular record by using the 'Summary' screen. You can invoke this screen by typing 'CLSBPPRF' the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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To view a particular record double click on the desired record displayed in the list of records. The required record is enabled for action.

3.16 Maintaining Interest Subvention

You can maintain the interest subvention parameters in the 'Interest Subvention Maintenance' screen. You can invoke this screen by typing 'CLDSBVNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You can maintain the following parameters here:

Reference No

Reference number of the interest subvention report will be defaulted here when you create a new interest subvention report for the loan account.

Branch Code

Current branch code will be defaulted here.

Eligible From Date

Select starting date of the eligibility period for the interest subvention from the adjoining Calendar icon.

Eligible To Date

Select end date of the eligibility period for the interest subvention from the adjoining Calendar icon.

🛑 'Eligibility To Date' should not be greater than the current branch date.

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If 'Interest Subvention' check box is checked at the product level, then during eligibility period the system identifies loan accounts and their disbursements which are eligible for interest subvention calculation.

Subvention From Date

Select starting date of the subvention period for the interest subvention from the adjoining Calendar icon.

Note the following:

- 'Subvention From Date' should not be less than 'Eligibility From Date'.
- New 'Subvention From Date' should be greater than the 'Subvention To Date' of the existing subvention.

Subvention To Date

Select starting date of the subvention period for the interest subvention from the adjoining Calendar icon

Note the following:

- 'Subvention To Date' should not be greater than the current branch date.
- 'Subvention To Date' should be equal to 'Eligibility To Date'.

During subvention period the system calculates the interest subvention amount on the eligible disbursement amount of the loan accounts.

Subvention period should be unique for a branch. System validates for the non-overlapping of the maintenance for the subvention periods.

Currency

Currency of the loan account will be defaulted here. The currency value is INR.

Slab Amount

Specify the slab amount for the total eligible disbursed amount to the customer of the loan account.

Interest Subvention Rate

Specify the interest rate used to calculate the interest subvention amount on eligible amount for subvention.

Interest subvention rate does not contain paises. If contains, then it is rounded-off to the nearest rupee.

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Recomputation Reqd

Check this box if you need a recomputation for interest subvention of the loan account.

Generated

Check box will be checked by default when the report is generated for interest subvention of the loan account.

3.17 <u>Viewing Interest Subvention Report</u>

You can generate interest subvention report for a processed subvention by selecting any of the maintenance from the summary screen. You can invoke the 'Interest Subvention Report' summary screen by typing 'CLSSBVNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can view records based on any or all of the following criteria:

Authorization Status

You can view records based on the authorization status of the interest subvention report by selecting an option from the adjoining drop-down list. This list provides the following options:

- Authorised–Select this option if the interest subvention report is authorised.

- Unauthorised–Select this option if the interest subvention report is unauthorised.

Reference No

Specify a valid reference number from the adjoining option list, if you need to view records based on the reference number.

Record Status

You can view records based on the record status of the interest subvention report by selecting an option from the adjoining drop-down list. This list provides the following options:

- Open–Select this option if the interest subvention report is not effective.

- Closed–Select this option if the interest subvention report is effective.

Eligible From date

Select a valid date from the adjoining calendar, if you need to view records based on the eligible from date of the interest subvention report.

Eligible To date

Select a valid date from the adjoining calendar, if you need to view records based on the eligible to date of the interest subvention report

Subvention From Date

Select a valid date from the adjoining calendar, if you need to view records based on the subvention from date of the interest subvention report.

Subvention To Date

Select a valid date from the adjoining calendar, if you need to view records based on the subvention to date of the interest subvention report.

Generate

Check this box if you need to view reports which are generated.

Recomputation Reqd

Check this box if you need to view reports which required recomputation.

Click 'Search' button. The system identifies all records satisfying the specified criteria and displays the following details for each one of them:

- Authorization Status

- Record Status

- Reference No

- Generated

- Eligible From Date

- Eligible To Date

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- Subvention From Date

- Subvention To Date

- Recomputation Reqd

- Slab Amount

- Interest Subvention Rate

The format of interest subvention reports are maintained in 'Interest Subvention Report' screen. For more details refer Interest Subvention Report section in Reports Chapter of Generic Interface User Manual.

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4. Defining Product Categories and Products

4.1 Introduction

You may offer your customers a variety of financial services such as Vehicle Loans, Home Loans, Personal Loans, and so on. The different types of loans can be different 'Product Categories'. A product category is used to distinguish between the various loan services offered by the bank. Each of these loans are totally different and hence the need to categorize them.

Under a product category, you may have loans that may vary in features such as pricing, tenor, amount etc. Each variation of these services can, therefore, be considered as 'Products'.

At the time of capturing a loan application, you would specify details such as Loan Amount, Tenor, and Asset Class etc. The system automatically resolves the Product Category and Product applicable based on the application details. Hence, the Loan Account is created under the appropriate product.

The CL Module will have an inheritance hierarchy as follows:

```
┌─────────────────────┐
│  Product Category   │
└─────────────────────┘
           │
           ▼
┌─────────────────────┐
│      Products       │
└─────────────────────┘
           │
           ▼
┌─────────────────────┐
│       Account       │
└─────────────────────┘
```
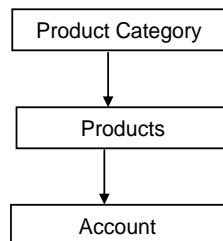
This chapter explains the procedure for setting up product categories and products.

4.2 Maintaining Product Categories

You can define the attributes for a Product Category in the 'Product Category Maintenance' screen.

You can invoke this screen by typing 'CLDPRCMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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The following details have to be captured in this screen:

Product Category

You have to specify the name of the loan service which will identify the category uniquely in the system. For example: Home Loan, Vehicle Loan etc. The category name can consist of a maximum of 20 alphanumeric characters. The categories maintained through this screen become available for creating products under it (in the 'Consumer Lending Product' screen).

Product category is mandatory to save the record in the system.

Policy Code and Event Code

To the category being defined, you have to associate a policy code. The policies maintained in the 'User Policy' screen are available in the option-list provided.

You have to associate an event code to each policy selected. Whenever the event is triggered, the associated policy gets executed.

4.2.1 Mapping Function Id with Policy Code

You can maintain a mapping of the various stages of the loan origination workflow with the policies to be used for validating the details in each stage. At each stage, validation of the details specified is carried out by executing the policy associated with that stage.

Function

Select the loan origination function for which you want to specify the validation policy, from the option list provided.

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Policy Code

Select the validation policy to be attached to the function selected

For more details on loan origination, refer the Loan Origination process manual

For details on maintaining policy details, refer the section titled 'Maintaining User Defined Policies' in the 'Maintenances and Operations' chapter of this User Manual

4.2.2 Setting up a CL Product

As mentioned at the beginning of this chapter, within a category you may have loans that differ in amount, tenor or other preferences.

These may be categorized into products. The loan product is derived from the product category based on the product rule that it satisfies.

Product Categories and Products are created at the Head Office (HOB) and you can create accounts under the products at branch level.

The branches that can offer the products are further determined by the branch restrictions defined for the products.

You can capture product details in the 'Product Maintenance' screen.

You can invoke this screen by typing 'CLDPRMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

In this screen, you can enter basic information about a product such as the Product Code, the Description, etc. Information related to specific attributes of a product such as accrual details, tenor, account roles and heads, the events etc. have to be defined in the respective sub-screens. By default, the 'Main' tab is displayed.

4.2.3 Specifying Basic Product Details

Basic details include the following:

Product Code and Description

The code you enter for a product identifies it throughout the module. You can follow your own conventions for devising the code. However, it must have a minimum of four characters.

When defining a new product, you should enter a code. This code is unique across the CL modules of Oracle FLEXCUBE. For instance, if you have used VA01 for a product in this module, you cannot use it as a product code in any other module.

You should also enter a brief description of the product. This description will be associated with the product for information retrieval.

Product Type

Select the type of consumer Lending product that you are creating. The options available are:

- Loan – Select this option if you want to create a loan product
- Commitment – Select this option if you want to create a commitment product

Product Category

Products can be categorized into groups, based on the common elements that they share. For example Vehicle Loans, Personal Loans, Home Loans, and so on. You must associate a product with a category to facilitate retrieval of information for a specific category.

The categories defined through the 'Product Category Maintenance' are available in the option-list provided.

Product End Date

A product can be defined to be active for a specific period. When you create a product, you specify an End Date for it. The product can only be used within the specified period i.e. within the Start Date (the date on which the product is created) and End Date.

If you do not specify an end date for a product, it can be used for an indefinite period and the product becomes open-ended in nature.

Agriculture Loan

Check this box if the product is an agriculture loan product.

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Refer 'Annexure 1' provided at the end of this chapter for details on default product creation.

You can, however, change the default values for a new product.

4.2.4 Defining Other Attributes for a Product

After specifying the basic details of a product, you can define the other finer attributes for a product in the appropriate sub-screens provided. From the 'Consumer Lending Product' screen, you can move to the sub-screen of your choice to define these details. Click on the tabs provided at the bottom of the screen for this purpose.

Each tab is explained briefly in the table below:

Tab Name	Description
Main	To define the UDEs and Components relating to the product
Preferences	To indicate your preferences specific to the product
Components	To specify the component details, schedule definition and formulae for the product
Notices & Statements	To specify details of account statements and notices to be issued to customers. These have to be generated for different events in the life cycle of a loan
Role to Head	To specify accounting roles and account heads for the product. (The concept of accounting roles and heads is explained later)
Account Status	To indicate the status preferences for the product
Events	To specify events
Branch Ccy Rest	To define the branch and currency restrictions for the product
Cust Cat Rest	To Define the Customer Category Restrictions and Customer Access Restrictions for the Product
UDF	To associate User Define Fields(UDFs) i.e. Character Fields, Number Fields and Date Fields, with the product

There are some fields in the product definition screens, to which input is mandatory. If you try to save a product without entering details in these fields, the product will not be saved.

When you save a product that you have created, your user-id will be displayed in the 'Input By' field and the date and time at which you saved the product in the 'Date/Time' field. The Status of the product will be updated as 'Unauthorized'. A product is available for use only after it has been authorized by another user.

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4.2.5 Main Tab

The main details are defined in the 'Main' tab of the screen. When you invoke the screen, it is the 'Main' tab that is displayed. The header section of the screen is used to define the basis details of a product.

The main details include the definition of 'Used Data Elements and Components

To define a User Data Element (UDE), you have to specify the following details:

Ude ID and Description

Data elements like the rate at which interest has to be applied, the tier structure based on which interest needs to be computed etc. are called **User Data Elements (UDEs)**. These are, in effect, elements for which you can capture the values. You have to specify a unique ID to identify the UDE in the system. For instance, you can have a UDE 'SUBSIDY_RATE' to indicate the rate to be used for calculating the subsidy interest amount. The UDE maintained here will be available for defining product rules.

You can also provide a brief description of the UDE being defined.

UDE Type

UDE Type will describe the nature of the UDE. An UDE can fall into one the following types:

- Amount
- Number
- Rate
- Rate Code
- Tier Rate

UDE Ccy

If the UDE type is 'Amount', you should specify the currency of the UDE. The currencies maintained in the 'Currency Definition' screen are available in the option-list provided. You can select a currency from this list.

Spread Type

Select the type of spread to be applied for the rates being used. The options are:

- Normal
- Tiered

The spread type can be selected as Tiered only if the UDE type 'Rate' is selected. For all other UDE types only Normal spread type is applicable.

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Minimum UDE Value

You need to specify the floor limit for the UDE value. This means that the actual UDE value cannot be less than the rate specified here. Note that this amount has to be less than the maximum UDE value. The system will throw an error message if the minimum UDE value is greater than the maximum UDE value.

Maximum UDE Value

You need to specify the ceiling limit for the UDE value. This means that the actual UDE value cannot be greater than the rate specified here. Note that this amount has to be greater than the minimum UDE value. The system will throw an error message if this value is less than the minimum UDE value.

The UDE names alone are captured here. To capture the values for the UDEs defined for a product, you have to use the 'UDE Values' screen.

Refer the section titled 'Providing UDE Values' in the 'Maintenances and Operations' chapter of this User Manual for more details.

Rate Change Restricted

On checking this option, the system validates if the changes done to the UDE is done during rate plan change window. If this field is unchecked, then the system will not put any restriction on the amendment of the UDE based on rate plan change window.

![STOP] System will validate that either all the parameters for rate plan change is input or every parameter is null at the time of product input/amendment.

In the 'Component' section, you need to specify the following details:

Component Name

Define the names of the components applicable for the product. For e.g. 'PRINCIPAL', 'INTEREST', 'PENALTY' 'PROV' etc. Subsequently, you have to define the parameters for these components in the 'Components' tab of the screen. This is explained under the heading 'Specifying Component Details' in this chapter.

Description

You can add a brief description for the component that you specify for the product

Calculation Type

You can specify the method of Calculation type for the Component you added.

The Calculation Type can fall into one the following types:

- Formula With Schedule
- Formula without Schedule
- Penal Interest

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- Prepayment penalty

- Discount

- Schedule without Formula

- No Schedule No Formula

- Penalty Charge

- Savings

The component 'Savings' is used for interest calculation on the value dated balance of the savings account. This component needs to be defined as simple interest component with its basis element as 'CUSTAC_BAL', and rate to use as 'INTEREST_RATE'. Formula for this component is as shown:

@SIMPLE (CUSTAC_BAL, (INTEREST_RATE), DAYS, YEAR, COMPOUND_VALUE)

4.2.6 Preferences Tab

Preferences are the options that are available to you for defining the attributes of a loan account product. These could be:

- The manner in which the system should handle schedules falling due on holidays

- Whether rollover should be automatic or with user intervention (manual)

- The tenor details for the loan

- Whether receivables should be tracked for the loan account etc.

The options you choose, ultimately, shape the product. These details are used for loan account processing.

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Click 'Preferences' tab in the 'Product Definition' screen to move to this section of the screen.

You should maintain the following preferences for the loan product:

Rate Preferences

The exchange rate preferences include the following:

Rate

You have to indicate the exchange rate applicable for the product you are maintaining. The available options are:

- Mid Rate
- Buy/Sell Rate

By default, the Buy/Sell Rate is used.

Rate Type

You have to select the code that should be used for the product from the option list provided. The 'Rate' and 'Rate Type' are used in combination to determine the actual rate applicable for currency conversion.

The default value for Rate Code is 'STANDARD'. This means that, if you choose 'Mid Rate', the mid rate maintained for the STANDARD code is used for the loans created under the product.

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Maximum Variance

When creating a product, you can capture the maximum limit for rate variance. This is expressed in percentage. The variance between the exchange rate (specified for the product) and the rate captured for a loan (at the account level) should not be greater than the value specified here. If the exchange rate exceeds the maximum variance that you have defined for the product, the system will not allow you to save the loan. The transaction is rejected.

This value should be greater the value for 'Normal Variance'.

Normal Variance

You also need to specify the minimum/normal variance allowed for the rate. If the exchange rate variance between the exchange rate (specified for the product) and the rate captured for a loan exceeds the value specified here, the system will display an override message before proceeding to apply the exchange rate. The normal variance should be less than the maximum variance.

For back valued transactions, the system applies the rate on the basis of the exchange rate history. The variance will be based on the rate prevailing at that time.

Account Preferences

As part of specifying the account preferences, you can indicate the following:

Amend Past Paid Schedule Allowed

Check this box if you need to perform value dated amendments to interest rate, installment amount etc with effective date beyond the last paid schedule. In such a case, the increase/decrease in the interest amount, as a result of the amendment, will be adjusted against the next available schedule after the current system date (date on which the amendment was performed) even if unpaid (overdue) schedules are present for the loan. Note that this option is applicable only to term loans.

🛑 Uncheck this box for Agriculture Loan products and Revolving Type loans.

Back Period Entry Allowed

This option facilitates back valued transactions. If you select this option, you will be allowed to process transactions with a value date less than the current system date.

Interest Statement

You have to select this option to facilitate interest statement generation for the account.

Liquidate Back Valued Schedules

If you select this option, on initiation of a back value dated loan, all the schedules with a due date less than the system date will be liquidated.

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Special Interest Accrual

If you check this box, accrual of interest is done on the basis of the formula specified for a component. Otherwise, interest accrual will be done based on the number of days in the schedule.

LCY Advance

Check this box to link an Export or Import Bill for LCY Advance.

CL Against Bill

Check this box if you want this CL product to be used for loans against an export bill. By default this is not checked.

Uncheck this box for Agriculture Loan Products.

For more information on BC-CL linkage refer chapter 'Processing Bills' under 'Bills and Collections' User Manual

You are allowed to link multiple loans against one bill.

Product for Limit

Check this box to indicate that the product is for limits. If you check this option, the product will be available for limits linkage during line creation.

Packing Credit Product

Check this box to indicate the possibility of linking CL Accounts to BC under this product.

For more details on the Packing Credit Sub System and Pre-Shipment Finance refer section 'Specifying Purchase Details' in chapter 'Processing Bills' of the 'Bills and Collections' manual.

Rate Plan Change Frequency

You can change the rate plan frequency of a loan account in the 'Preferences' tab of the Product screen.

Tenor

Specify the amount of time to be given to the customer for rate change plan option..

Unit

Select the unit for the specified tenor from the drop-down list. The following options are available for selection:

- Monthly
- Yearly

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Rate Plan Window

Tenor

Specify the amount of time that the customer can take to decide on the 'rate plan' and intimate the bank about the decision.

Unit

Select the unit for the rate plan tenor from the drop-down list. The following options are available for selection:

- Monthly
- Yearly

Liquidation Preferences

Liquidation preferences include the following:

Liquidation Mode

You can specify the mode of liquidation to be either Auto Liquidation or Manual Liquidation.

Liquidate Interest Only

Check the box to indicate the liquidation of interest component alone during auto liquidation. The system enables this field only if Liquidation Mode is 'Auto'.

The system performs the following changes in the auto liquidation process:

- The system liquidates the Interest component alone, if both the 'Auto Liquidation' and the 'Liquidate Interest Only' flag are checked. Thereby skipping the liquidation of principal component.
- If the 'Auto Liquidation' flag is set and 'Liquidate Interest Only' flag is not set, then the system liquidates both the components (interest and principal).

Partial Liquidation

In case of insufficient funds in the account, you can instruct the system to perform partial auto liquidation to the extent of funds available in the account. However, if this option is not selected, the schedule amount due will not be liquidated if sufficient funds are not available in the account.

Reset Retry Count for Reversed Auto Liquidation

If you have maintained a limit on the number of retries for auto liquidation, this option will reset the retries count to zero during reversal of auto liquidation. This will be applicable from the date of reversal of payment. Hence, the system will once again attempt auto liquidation till the number of retries allowed. The system will update the status of the reversed payment to 'Unprocessed' after which it again attempts auto liquidation.

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Retries Auto Liq Days

Capture the number of working days for which the system should attempt auto liquidation. The number of retries per day will depend on the configuration maintained for the 'Liquidation Batch Process' - during BOD, EOD or both. For instance, if the batch is configured for both EOD and BOD, and the number of retry days is '1', then, auto liquidation is attempted twice on the same day i.e. once during BOD and another retry at EOD.

Crystallisation Product

Specify a valid crystallization product. This adjoining option list displays all valid crystallization product maintained in the system. You can choose the appropriate one.

Here, valid crystallization product refers to all active and authorised CL Products that are of Auto DSBR Type and not of commitment type.

This product is used to create the LCY loan contract. If crystallization product is not attached to the product then the crystallization will not happen.

An error message is displayed on save of a CL product if the crystallization product is not specified and accounting entries have been maintained with crystallization amount tags.

Holiday Treatment preferences

The value date, schedule date, revision date or the maturity date of a contract might fall on a local holiday defined for your branch or on a holiday specified for the currency involved in the contract.

You need to specify the following holiday parameters, which has to be considered for holiday handling:

Adhoc Treatment Required

Check this option to allow the movement of due dates of the schedules that fall on the newly declared holidays. This option is enabled only if the options, Ignore Holidays parameter and the Cascade Schedules parameter are not checked at the product level.

Ignore Holidays

If you check this option, the schedule dates will be fixed without taking the holidays into account. In such a case, if a schedule date falls on a holiday, the automatic processing of such a schedule is determined by your holiday handling specifications for automatic processes, as defined in the 'Branch Parameters' screen.

Cascade Schedules

If you check this option, when a particular schedule falls due on a holiday and hence is moved to the next or previous working day (based on the 'Branch Parameters'), the movement cascades to other schedules too. If not selected, only the affected schedule will be moved to the previous or next working day, as the case may be, and other schedules will remain unaffected.

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Example

Assume that you have opted to move holiday schedules to the next working day and a schedule falling due on 29th April is moved to 30th April, 29th being a holiday.

The schedule date for May depends on whether you have chosen to cascade schedules. If you have, chosen to cascade schedules, the schedule date for May will be set as 30th May, since the frequency has been specified as monthly. All subsequent schedules will be moved forward by a day.

If you have not specified that schedules have to be cascaded, the date originally specified will be the date for drawing up the remaining schedules. Even if you move the April schedule from 29th to 30th, the next schedule will remain on 29th May.

However, when you cascade schedules, the last schedule (at maturity) will be liquidated on the original date itself and will not be changed like the interim schedules. Hence, for this particular schedule, the interest days may vary from that of the previous schedules.

Move Across Month

If you have chosen to move the schedule date of a loan falling due on a holiday, either to the next or previous working day and the movement crosses over into a different month, then this option will determine whether the movement should be allowed or not.

Move across Month – Forward /Backward

If you opt to move the schedule date falling due on a holiday across months, you need to specify whether the schedule date should move forward to the next working day in the following month or move backward to the previous working day of the current schedule month itself.

However, if you opt to ignore the holidays and do not select the 'Move Across Months' option, the system Ignores the holidays and the due will be scheduled on the holiday itself.

Rollover Preferences

The rollover specifications for a loan account will apply to all loan accounts except Agriculture Loan accounts, opened under the product.

Rollover By

This is applicable if you have opted for automatic rollover. You have to specify the unit based on which Rollover will be triggered. The options are:

- Days

- Months

- Quarters

- Semi Annuals

- Years

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UDE Type

Here, you need to specify whether UDE Values for the new (rolled over) loan should be defaulted from the product or from the original loan account/contract that is being rolled over.

Auto/Manual Rollover

You have the option to rollover the loan manually or instruct the system to do an automatic rollover. If you choose the do an auto rollover, then upon maturity of the loan the system will automatically rollover the account.

The rollover will happen as part of the Rollover Batch executed at BOD or EOD, depending on your requirement.

Rollover Type

The following options are available:

- Custom: This determines if the Rolled over amount will include the unpaid components of the product. The option list provided will display the components relevant to the product from which you can choose the components that are to be rolled over.

- Special: Choose this option to indicate that a special amount is to be rolled over. The amount is captured at the account level when the actual rollover is initiated.

Allow Rollover

Select to required option to allow or disallow rollover. The following values are available for selection:

- Yes – Select this option to allow rollover.

- No – Select this option to disallow rollover.

Rollover is not allowed for Agriculture Loans.

Schedule Basis

You should also specify the schedule basis for the rolled over loan. The new loan can inherit the schedules from the loan product or you can apply the schedules maintained for the original loan itself.

Prepayment preferences for amortized loans

The following are the preferences based on which prepayment of amortized loan should be processed:

Recomputation Basis

Recomputation of amortized loans as a result of a prepayment can be based on one of the following:

- Recalculate Installment Amount: In this case the tenor remains constant.

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- Recalculate Tenor: Here, the tenor is recomputed while the installment remains constant.

🛑 Since Agriculture Loan Products are of bearing type, recomputation of amortized loans is not applicable.

Prepayment Installment Calculation Type

For Prepayment of amortized loans, if you have chosen to recompute the Installment Amount keeping the tenor constant, then the Installment calculation can be one of the following types based on future rates:

- Single Installment: A single installment is computed using the future rates.

- Multiple Installments: Multiple EMIs are defined if a future rate change is known upfront.

While giving the UDE values, effective dates can be given based on which the UDE values will become applicable.

Let us say a loan is sanctioned on 1.1.2008. The rate of interest is as follows:
- ➤ UDE value Effective date is 01.11.2007   - 10%
- ➤ UDE Value effective date is 01.04.2008   - 11%

If the option chosen is 'Multiple installment' then based on the UDE values, EMI will be calculated depicting a higher EMI from 1.4.2008 at the new rate of interest. So, when ever a prepayment happens it will take into effect the two rates and calculate two different EMIs for these periods.

Prepayment Effective From

You can choose the date on which the prepayment should become effective. The prepayment can come into effect from the value date of the current installment (the day on which the payment is made) or the Next Installment.

Minimum EMI Amount

You can enter the minimum amount that has to be paid as EMI after recomputing the EMI. The recalculated EMI after prepayment should be greater than this amount.

Minimum EMI Ccy

You can enter the currency of the EMI amount to be paid.

Notary Confirmation Required

You can check this box to indicate that the product is a mortgage product that requires confirmation from the notary for disbursing the loan.

Interest Only Period

Specify (in numbers) the duration for which the customer needs to repay only the interest component. This period thereby indicates a holiday period for principal repayment.

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Unit

Select the unit of period to be considered for the interest holiday, from the adjoining drop-down list. This list displays the following values:

- Days

- Weeks

- Months

- Years

Note that in Oracle FLEXCUBE, one month is equal to 30 days.

Disbursement Mode preferences

The following options are available to make a disbursement:

- **Auto** – Choose this option to instruct the system for automatic disbursal of loan. In this case, disbursement happens based on the disbursement schedule maintained for the product. This is defined in the 'Components' tab. By default, the system does an auto disbursal. Auto disbursement is not applicable for revolving type loans.

- **Manual** – Choose this option to manually disburse the loan. Here, disbursement happens on demand. In this case, disbursement schedules need not be maintained for the PRINCIPAL component.

  The 'Manual Disbursement' screen is used for this purpose.

For details, refer the 'Making Manual Disbursements' chapter of this User Manual.

Tenor Preferences

You can set the minimum and maximum tenor limits for a product. You can also specify a standard or a default tenor.

Minimum Tenor

You can fix the minimum tenor of a product. The tenor of the loan account that involves the product should be greater than or equal to the Minimum tenor that you specify.

Maximum Tenor

Likewise, you can also specify the maximum tenor for a product. The tenor of the loan accounts that involve the product should be less than or equal to the Maximum tenor that you specify.

Default Tenor

The 'default tenor' is the tenor that is associated with a loan account involving this product. The value captured here should be greater than the minimum tenor and less than the maximum tenor. You can change the default tenor applied on a loan account during loan processing. However, the new tenor should be within the minimum and maximum tenors maintained for the product.

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Units

The tenor details that you specify for a product can be expressed in one of the following units:

- Days

- Months

- Year

Recomputation of Amortization Loan at Amendments

You have to indicate whether the tenor of the loan should be reduced or the installment should be recalculated whenever a maturity date, principal change or a rate change is made against an amortized loan.

Recomputation basis for amendments

The possible amendments and the recomputation basis are given below:

- For amendment of maturity date of an amortized loan: You can opt to change the tenor, keeping the installment constant..

- For amendment of principal amount: You can affect it either as a Balloon additional amount in the last schedule or apportion it across the installments

- For interest rate change: You can change the tenor keeping the installment constant or vary the EMI and keep the tenor same.

VAMI Installment Calculation Type

For amendments, if the recomputation basis is 'Change Installment', then the Instalment calculation can be:

- Single Installment

- Multiple Installment based on multiple future rates

Account Opening Installment Calculation Type

The Account Opening Installment Calculation Type based on future rates can be:

- Single Installment: A single installment is computed using the future rates.

- Multiple Installments: Multiple EMIs are defined as per the future rates.

🛑 Account Opening Installment is not applicable for Agriculture Loan products

Auto Liquidation

Check this box if you want the system to track receivables for auto liquidation. This value gets defaulted at the account level. If this box is unchecked at the account level, and the account is used for settlement, then receivable tracking is not done for the settlement account.

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Readjustment Entry Preferences

You have to specify the manner in which adjustment entries passed due to back dated adjustments should be handled. The options are:

- Settlement: This means that the adjustment is settled directly

- Adjust: In this case, the entries are tracked as a receivable (Cr) or a payable (Dr), to be settled later

🛑 Readjustment Entry Preferences is not applicable for Agriculture Loan products.

Interest Preferences

You can maintain the following interest details here:

Interest Only Period

Specify (in numbers) the duration for which the customer needs to repay only the interest component. This period thereby indicates a holiday period for principal repayment.

Unit

Select the unit of period to be considered for the interest holiday, from the adjoining drop-down list. This list displays the following values:

- Days

- Weeks

- Months

- Years

🛑 In Oracle FLEXCUBE, one month is equal to 30 days.

Interest Subvention Allowed

Check this if you need to consider a loan account for interest subvention.

Revolving Details

You can maintain the following revolving details here:

Revolving Type

Check this box if you need a revolving feature for loans.

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Note the following:

- Auto disbursement is not allowed for revolving type of loans. If selected, then the system displays an error message.

- The formula type of main interest component is 'Simple', for revolving type loans.

Revolving Frequency

Select the revolving frequency you need for the loan product from the adjoining drop-down list. This list displays the following values:

- Immediate (I) – Select if the available limit is replenished immediately after the payment against the Principal and Main Interest.

- Schedule (S) – Select if the available limit is replenished on a schedule frequency basis.

If the revolving frequency is immediate and 'Include Interest Posting' check box is checked, then on every payment the system increases the amount utilized by the amount paid against PRINCIPAL and CND amount of Main Interest component.

Include Interest Posting

Check this box if you need to include the CND amount of the Main Interest component in loan amount utilization calculation.

4.2.6.1 <u>Prepayment Penalty Component</u>

An SDE, 'CUR_PREPAID_AMOUNT' defines the formula of the prepayment penalty component. This indicates the prepaid amount for the current year. This SDE picks its value from CLTB_LIQ_PREPAID table. 'CUR_PNLTY_COLLECTED' is an SDE that indicates the prepayment penalty already collected for financial year. 'CUR_PRINCIPAL_OUTSTND' is an SDE that defines the formula of the prepayment penalty component. This indicates the principal outstanding amount at the beginning of the current year.

You can use the following formula to base the ceiling percentage on original disbursement amount:

CUR_PREPAID_AMOUNT>(MAX_PREPAID_PCT*AMOUNT_DISBURSED/100)

You can use the following formula to base the ceiling percentage on the opening principal outstanding amount for the current year:

CUR_PREPAID_AMOUNT>(MAX_PREPAID_PCT*CUR_PRIN_OUTSTND/100)

The result of the above formulae is as follows:

(CUR_PREPAID_AMOUNT-
(MAX_PREPAID_PCT*AMOUNT_DISBURSED/100))*(PREPAY_RATE/100)-
(CUR_PNLTY_COLLECTED)

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After the collection of pre-payment penalty, if there is any additional disbursement to the customer which leads to the increase in limit of the prepaid amount, system will not pass on the benefits back to the customer. However, for subsequent calculations the disbursed amount and the pre-payment penalty paid till date for the financial year is considered based on the formula defined. If SDE 'CUR_PRINCIPAL_OUTSTND' is the basis for calculation, the additional disbursement will not be considered in calculation for current year. It is used for calculation only from next year onwards.

4.2.6.2 Calculating NPV Difference

In case of early repayment of loans (partial or full), the following method is followed for penalty calculation:

Let us assume that, X% of the total loan amount can be paid in one year. Penalty is applicable on anything above X%. This penalty is the difference between the NPV of existing cash flows of the loan being paid and the NPV of the cash flows post-prepayment application. Both the NPVs are based on current yield curve i.e. yield rate supplied. This penalty can also be based on percentage of amount being overpaid.

A UDE, 'YIELD_RATE' is used for the calculation of penalty based on NPV of current cash flows of loan and NPV of new cash flows post-prepayment.

An SDE, XNPV computes the NPV value based on the current cash flows and future cash flows (i.e. post-prepayment application) respectively.

The formula for calculating NPV is as follows:

PREPAID_AMOUNT > 0

The result of the formula is as follows:

@XNPVDIFF (XNPV, YIELD_RATE)

Result of the formula can be some percentage of the difference of the NPV as shown below:

@XNPVDIFF (XNPV, YIELD_RATE) * 0.05

The computation of pre-payment penalty is done by the system at the time of allocate. Internally system applies the pre-payment and gets the future schedules. Subsequently, based on the formula defined for XNPVDIFF, system finds the difference between the NPV based on the yield rate and populates the same against the pre-payment penalty component.

🛑 Penalty based on NPV is supported by the system only when product is amortized.

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4.2.6.3 Compounding Main Interest on Non-payment

If a product is an Agriculture Loan, then the main interest is compounded on overdue/outstanding principal by default. Hence, compounding is processed on the interest computed till CND of the Agriculture Loan based on the CND schedule maintained at the Product Component Level for the main interest.

The formula for compounding main interest component with formula type 'Simple' uses the SDE 'PRINCIPAL_ODUE', 'MAIN_INT_COMPDUE and 'PRINCIPAL_EXPECTED' and is as follows:

@SIMPLE (PRINCIPAL_EXPECTED + PRINCIPAL_ODUE + MAIN_INT_COMPODUE, INTEREST_RATE, DAYS, YEAR, COMPOUND_VALUE)

The 'MAIN_INT_COMPODUE' SDE generates the amount of interest computed for the schedule.

If 'Compound on Overdue' is checked for a non- Agriculture Loan product's main interest and CND schedule is not defined, then compounding is processed on interest accrued till the date and 'MAIN_INT_COMPODUE' SDE of formula will be replaced by 'MAIN_INT_SCHODUE' SDE.

If interest component has a penalty post maturity of a loan, then the penalty component would have 'PRINCIPAL_ODUE_POST_MAT' and 'MAIN_INT_ODUE_POST_MAT' SDE with an overdue interest as value for the principal and main interest components respectively.

For special interest components the 'MAIN_INT_COMPODUE' and 'MAIN_INT_ODUE_POST_MAT' SDE will be 'COMPONENTNAME_COMPODUE' and 'COMPONENTNAME_ODUE_POST_MAT' if CND schedule is defined for that component. The compounding for special interest components will be processed on overdue principal and will stop on maturity date of the loan. Hence, the 'COMP_INT_ODUE' will be 0 post maturity.

If a Moratorium period is defined for product component with CND schedule, then there would be no CND computation/due till the moratorium period. The first CND date for an account would be after the moratorium period. 'Liquidate Moratorium To Installment' check box will be unchecked in the moratorium formula for the component with CND schedule, because the moratorium interest would become due on the first installment/due date. The moratorium liquidation formula is 'MORA_OUTSTANDING'
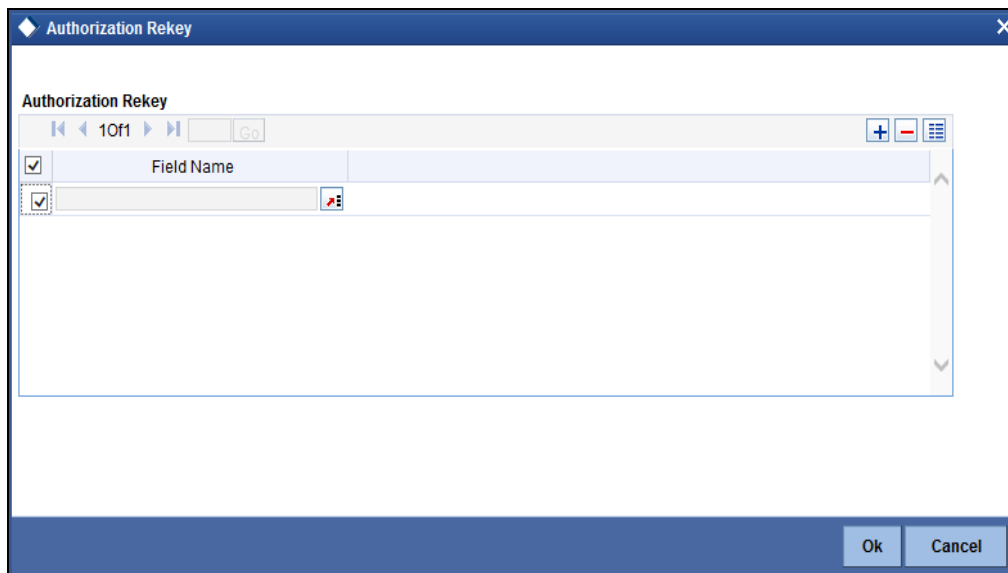
🛑 Note the following:

- Formula Type is 'Simple' for Agriculture Loans products and Revolving Type loans.

- SDE can be used in a user-defined formula also.

- If penalty has to be triggered after maturity, then the penalty SDEs have to be used for the penalty component manually.

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4.2.6.4 Re-key Preferences

As a cross-checking mechanism to ensure that you are invoking the right loan for authorization, you can specify that the values of certain fields should be entered, before the other details are displayed. The complete details of the loan will be displayed only after the values to these fields are entered. This is called the re-key option. The fields for which the values have to be given are called the re-key fields.

You can specify the values of a loan that the authorizer is supposed to key-in before authorizing the same. This is done in the 'Authorization Rekey Fields' screen. Click 'Authorization Rekey' button in the 'Preferences' screen to access this screen.

In the screen above, you can select the fields from the option list provided. If no re-key fields have been defined, the details of the loan will be displayed immediately once the authorizer calls the loan for authorization.

The re-key option also serves as a means of ensuring the accuracy of the data captured.

4.2.6.5 IRR Accrual Preferences

If IRR computation is applicable for the product that you are defining, you need to specify the accrual preference for the same. You can do this through the Accrual Preference part of the preferences screen.

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Here you can specify the following details:

Accrual Frequency

Specify the frequency at which IRR accrual should be performed. This can be either Daily or Monthly. Choose the appropriate option from the adjoining drop-down list.

Handling of foreclosure

Specify how foreclosures in respect of the loan contracts under the product, must be handled. You can opt for complete accruals or refund. Choose the appropriate option from the adjoining drop-down list.

🛑 In case of pre-closure of the loan (prepayment of the total outstanding amount), the fund interest will also get liquidated and thus the accrual entries will get reversed.

Acquisition Type

Specify the acquisition type for the product. You can specify any of the following options:

- Par

- Par/Discount

- Par/Premium

- Par/Discount/Premium

Refer the section titled 'Processing of IRR application on loans' in this chapter to understand the IRR processing for this module.

4.2.6.6 Specifying Credit Rule

You need to maintain the rules for calculating the credit score of a customer. You can do this in the 'Credit Score' screen which can be invoked by clicking 'Credit Scoring' in the 'Main tab of Retail Lending 'Product Maintenance' screen.

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You can maintain the following details in this screen:

Rule Name

Specify a suitable name for the credit scoring rule.

Default Rule

Check this box if you want to select this rule as the default rule, which gets defaulted to the account.
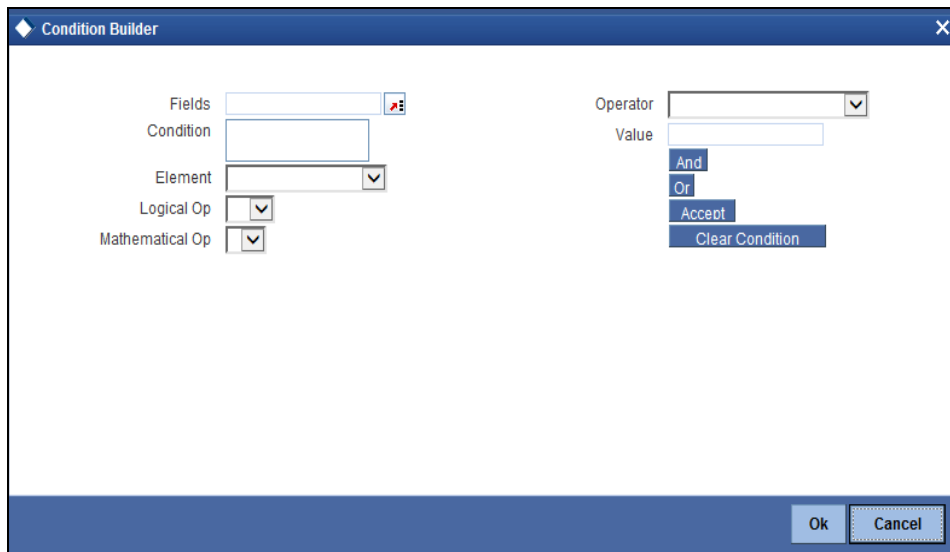
🛑 You can maintain only one rule as the default rule.

Line

Specify a sequence number, to keep track of the number of expressions maintained for that rule name.

Condition

You need to specify the condition to be satisfied for the rule by clicking the 'Condition' button. You can specify the condition in the 'Condition Builder' screen, which gets invoked.

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To specify the condition, you need to select the field name, operator and the value and click 'Accept'.

Result

Specify the expected result of the condition to be satisfied.

4.2.7 Components Tab

You have already maintained the components of the product in the 'Main' tab of the 'Consumer Lending Product' screen. The features of the components are defined in the 'Components' tab of the screen.

Note that the components defined in the 'Main' tab are displayed in the form of a list in the screen above. From the component list, highlight a component and then go on to define the features for the selected component e.g, highlighting the 'Fund Interest' component will treat the component as 'Funding Interest component'.

The relevant accounting entries will be maintained for ACCR and MLIQ/ALIQ events. With this maintenance, the system will pass accounting entries for accrual.

Component Details

The basic information for a component is specified here. This includes the following:

Component

The Components which are defined in Main Tab are available in Component list.

The Component which is selected in the list appears in Component field. For e.g. 'PRINCIPAL', 'INTEREST', 'PENALTY' 'PROV' etc. Subsequently, you have to define the parameters for these components in the 'Component' tab of the screen.

For Commitment products, the MAIN_INT component is used for defining periodic fees on the unutilized commitment amount.

Currency

Associate the component with a currency. The component is expressed in the currency selected here. You can select the currency of your choice from the option list provided.

Calculation Type

Specify the manner in which the component should be calculated and liquidated. You can choose one of the following options (the applicable 'Component Type' is also provided):

- Formula with schedule (Component Type - Interest)

- Formula without schedule (Charge)

- Penal Interest

- Prepayment Penalty

- Discount

- Schedule without formula (Principal)

- No schedule No formula (Ad Hoc Charges)

- Penalty Charges

- Savings

Note the following:

- 'Penalty Charges' are calculated only once for a 'Penal Basis' schedule. 'Penal Basis' is explained later in this user manual.

- The component 'Savings' is used for interest calculation on the value dated balance of the savings account. This component needs to be defined as simple interest component with its basis element as 'CUSTAC_BAL', and rate to use as 'INTEREST_RATE'. Formula for this component is as shown:

  @SIMPLE (CUSTAC_BAL, (INTEREST_RATE), DAYS, YEAR, COMPOUND_VALUE)

Include in EMI

Check this box to indicate that the selected component should be included in EMI calculation.

Main Component

This option is used to designate a component as the 'Main' Interest component. If you enable the 'Main Component' option for a particular component, the system treats this component as the main component. Also, you are allowed to define the amortization schedules only for this component.

'Principal' is an implicit component that is automatically created for the product

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Capitalization

You can indicate whether capitalization is required for all the schedules for various component of the loan. At anytime, the outstanding interest will be capitalized on the schedule date at the rate prevalent on that day. You can opt for capitalization at the component level or opt for capitalization/non capitalization for a particular schedule at the 'Schedule' level.

You could have more than one type of schedules applicable on a product. In such a case, you can designate one as the capitalized and the other as un-capitalized schedule.

Description

The Description of the component which is defined in Main tab for the component will appear in this field once you select the component in component list.

Component Type

Indicate the nature of the component. This is also known as the 'Reporting Type'. It defines the manner in which the component should be classified for reporting/accounting purposes. A component can be of one of the following types:

- Reimbursement: these are components which have both Dr and Cr mapped to settlement accounts

- Off-Balance Sheet (OBS): An OBS Component will have balances but these need not be zero when an account is closed

- Fund Interest: This indicates the funding component

- Ad hoc Charges

- Charge

- Tax

- Insurance

- Interest

- Provisioning

- Deposit

🛑 The fund interest component gets liquidated on schedule even if the customer does not pay the other components.

During EOD, provisioning event is triggered for all loan accounts linked to a customer whenever you modify the credit rating of a customer at the customer level. Provisioning amount is calculated based on the formula maintained for the Provisioning Component at the Product level. During EOD batch, PROV event is picked and processed for all the loan accounts for which PROV event is to be triggered. As a part of end of day batch accounting entries are passed for the calculated provision amount.

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Even though the credit rating changes at customer level, the Provision event will not be triggered for accounts belonging to that CL product level, if the following maintenances are not done:

- Provisioning component maintenance at product level
- Provisioning event (PROV) maintenance at product level
- If Accrual frequency is daily at product level

Propagation is required

Check this option to indicate that the interest amount collected from the borrower should be passed on to participants.

Compound on Overdue

Check this box if you require compounding for the selected component. This box is checked for the Main Interest components of Agriculture Loan Products, by default.

If CND arrears are not paid on the schedule date and this box is checked, then the overdue CND arrears will be compounded and the interest for the next period would be computed on this compounded value.

🛑 Overdue interest is computed based on basis element 'PRIN_EXP_AND_ODUE' for main interest and special interest components of Agriculture Loan products, if 'Compound on Overdue' box is checked.

<u>Component Attributes</u>

The component attributes include the following:

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Periodicity

The periodicity of the component can be either:

- Daily

- Periodic

If you choose the periodicity as 'Daily', any changes to UDE and SDE values will result in recalculation of the component. The recalculation happens as and when a change in value occurs. If maintained as 'Periodic', the values and calculations of the elements will be refreshed on the last day of the period.

In case of a product having main and subsidy interest components, the schedule periodicity needs to be identical for both components.

Special Component

You can define a component as a 'Special Interest Component'. You can override such components at the account level. You may need to apply a special interest component as a result of customer negotiations. A special interest component is specified as an amount.

Formula Type

You can specify the type of formula to be used for calculating the component. This formula is applied for the component across all its' schedules. It can be one of the following:

- User Defined: This can also include a combination of standard formulae for different schedules of the component or can have a completely user defined formula.

- Standard
  - ➢ Simple
  - ➢ Amortized Rule of 78
  - ➢ Discounted
  - ➢ Amortized Reducing
  - ➢ True Discounted
  - ➢ Rate Only

You can choose the option 'Amortized Reducing' for subsidy component.

Note the following:

- This is not applicable for the 'PRINCIPAL' component

- For a commitment product, the formula type cannot be 'Amortized', 'Discounted' or 'Simple'

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Penal Basis

You may want to allot the penalty to the recovery of certain components. Once a component is overdue, an appropriate penalty is applied. Therefore, you need to identify the component, which on becoming overdue will trigger the penalty computation. However, the system will calculate the penalty on the component you select in the 'Basis Element' field.

🛑 For commitment products 'PRINCIPAL' is not used for penal basis and for basis amount. In case of EMI products, instalment amount is used for calculating the penalty.

Balance Type

Identify the nature of the balance that the component would hold. This can be represented through this field. For instance, for a loan product, the 'Principal' component is expected to have a 'Debit' balance.

Basis Element

If you select the 'Standard' formula type, you have to specify the component upon which calculation should be performed. The component is denoted by an SDE (e.g. PRICIPAL_EXPECTED) and you can select it from the option list provided. For an overdue/penalty component, this is the element on which penalty is applied.

'PRIN_EXP_AND_ODUE' is the basis element for the main interest and special interest component of Agriculture Loans. If this base element is selected for a component then the overdue interest is computed on the outstanding principal and not on the expected principal.

This is not applicable if 'Formula Type' is 'User Defined'

Rate to Use

Here, you need to select the UDE which will define the rate to be used for computing the component. The value of the selected UDE is picked up as per the maintenance in the 'UDE Values' screen. For instance, you need to choose the option 'SUBSIDY_RATE' for a subsidy interest component.

This is applicable only for components defined with 'Standard' Formula Type

🛑 The 'Basis Element' for computing fund interest will always be 'Principal Outstanding' and the 'Formula Type' will be 'Simple', independent of the main interest component. The liquidation mode for funding component will always be 'Auto', independent of the Product / Account Liquidation mode.

By default a UDE called, 'INTEREST_RATE' is added with type as rate. It is attached to MAIN_INT component. If you want to select tiered interest rate for MAIN_INT, you have to select the type of the INTEREST_RATE UDE as TIER RATE. For PENALTY component, you have to select the UDE of type 'TIER RATE' to bind tiered interest rate.

System validates the following during save operation:

- If the Tier rate type UDE can be selected only for main and penalty/overdue components

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- If the Tier rate type UDE can be selected for main interest component only if the formula type is discounted or with single Bullet schedule only

- If the Tier rate type UDE can be linked to a Penalty component only if the Penal Basis component is defined with single bullet schedule

Moratorium Preferences

The following parameters have to be specified:

Moratorium Period and Period Units

If you wish to provide a moratorium on a loan, you need to mention the moratorium period and moratorium unit for each component. This refers to a repayment holiday at the beginning of the loan.

When you input a loan in Oracle FLEXCUBE, the repayment start date of each component will be defaulted based on your specifications here. The moratorium unit should be in terms of:

- Days

- Months

- Years

Interest Computation Methods

For computing interest, you have to specify the following:

Days in Year

You can specify the number of days to be considered for a year during computation of a particular component. This could be:

- 360: This means that only 360 days will be considered irrespective of the actual number of calendar days

- 365: In this case, leap and non leap year will be 365

- Actual: In this case, leap year will be 366 and non leap year will be 365

This value corresponds to the denominator part of the interest method

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Days in Month

Here, you have to specify the number of days to be considered in a month for component computation. The options available are:

- Actual: This implies that the actual number of days is considered for calculation. For instance, 31 days in January, 28 days in February (for a non-leap year), 29 days in February (for a leap year) and so on

- 30 (EURO): In this case, 30 days is considered for all months including February, irrespective of leap or non-leap year

- 30 (US): This means that only 30 days is to be considered for interest calculation for all months except February where the actual number of days is considered i.e. 28 or 29 depending on leap or non-leap year

The value selected here corresponds to the Numerator part of the Interest method

Interest Method Default from Currency Definition

You also have the option to use the interest method defined for the currency of the component. In this case, the interest method defined in the 'Currency Definition' screen (for the component currency) will become applicable to the loan. By default, this option is checked.

Accruals/Provisioning

To perform accrual of the components, you have to capture the following details:

Accrual Required

You can use this option to indicate that the component has to be accrued and provisioning is applicable. For the components that have been marked for accrual, you need to specify the accrual frequency, start month and start date in the respective fields.

🛑 If the 'Calculation Type' is 'Penalty Charges' for a component, the 'Accrual Required' option is disabled.

Accrual Frequency

If you have opted for accrual and provisioning for the components, you have to specify the frequency for the same. The frequency can be one of the following:

- Daily

- Monthly

- Quarterly

- Half yearly

- Yearly

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Accrual Start Month

If you set the accrual/provisioning frequency as quarterly, half yearly or yearly, you have to specify the **month** in which the *first* accrual has to begin, besides the date.

Accrual Start Date

In the case of monthly, quarterly, half yearly or yearly frequencies, you should specify the date on which the accrual/provisioning has to be done. For example, if you specify the date as '30', accruals will be carried out on the 30th of the month, according to the frequency that you have defined.

Prepayment Threshold

This includes the threshold amount and currency, explained below:

Amount

Here, you can maintain the minimum limit for allowing prepayment of schedules. If the residual amount after prepayment against a schedule is less than the threshold amount you specify here, the system will disallow the prepayment.

Currency

If you specify the threshold amount, you also have to indicate the currency in which the amount should be expressed. You can select the currency from the option-list provided.

Other Preferences

In addition to the component attributes maintained above, you can also specify the following:

Grace Days

Grace days can either have a fixed number of days or can be extended till the next schedule. If the grace period is fixed number of days, then the amount that is computed as on the CND date will be due on the next payment date, however the penalty and compounding would start after these grace days.

If grace days extended till the next schedule date, then the interest computed till the CND date will due on the payment schedule date that immediately follows the CND date, however compounding/penalty would not be triggered till the next payment schedule date.

The grace days refer to the period after the repayment date, within which the penalty interest (if one has been defined for the product) will not be applied, even if the repayment is made after the due date. This period is defined as a specific number of days and will begin from the date the repayment becomes due. However, if the customer fails to repay even within the grace period, penalty will be applied and calculated from the repayment due date.

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However, in case a penalty charge is defined for a penal basis component under a retail lending product, the 'Grace Days' is defined as part of itself. The schedule due date for the penalty charge is then computed by adding the 'Grace Days' to the corresponding schedule due date of the penal basis component.

Grace till Next Schedule

Check this box if you need to provide grace period till the next schedule date.

If this box checked, then the grace days for compounding or penalty are scheduled such that they can be enhanced till the next schedule and the interest computed till the CND date would be due on the principal schedule date that immediately follows the CND date.

🛑 If post-maturity penalty component is defined and 'Grace till Next Schedule' is checked for a component, then it is mandatory to specify Grace Days, which would be used only for post-maturity penalty component.

IRR Applicable

Check this box to indicate that the chosen component needs to be considered for Internal Rate of Return (IRR) calculation. This option is applicable to interest, charge, adhoc charge, prepayment penalty, penalty and upfront fee components.

🛑 Note the following:

- Check this box for Commitment products

- Uncheck this box for Agriculture Loans

If a charge component is to be considered for IRR, the charge will be accrued using the FACR (Upfront Fee Accrual) batch.

The following components cannot be considered for IRR calculation:

- Off-balance sheet component

- Provision component

If you check this option, then you have to check the 'Accrual Required' option.

For bearing type of component formula, you can check this option only if the 'Accrual Required' option is checked.

For discounted or true discounted types of component formula, this option will be enabled irrespective of the whether the 'Accrual Required' option is checked or not. If this option is checked and 'Accrual Required' is not, the discounted component will be considered as a part of the total discount to be accrued for Net Present Value (NPV) computation. If both 'Accrual Required' and 'IRR Applicable' are checked, then discounted interest will be considered for IRR computation.

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Verify Funds

You can indicate whether the system should verify the availability of sufficient funds in the customer account before doing auto liquidation of the component.

Schedule Same as

Select schedule frequency of interest computation you need to follow for the component from the adjoining drop-down list, if you have checked Agriculture Loan at Product level. This list displays the following options:

- Principal
- X days after CND

🛑 Note the following:

- If schedule is maintained as CND for special interest components, then the schedule can be based on Principal or CND.

- The main interest schedule will be defaulted based on the option selected for loan product account. If the option differs from the option selected at product level, then the system displays an error message while saving the loan account.

- If the schedule is maintained as CND, then the systems validates and maintains 'X days after CND' less than the CND frequency (< 30 days if CND frequency is monthly, <90 days if CND frequency is quarterly, < 180 if CND frequency is half-yearly, < 360 if CND frequency is yearly).

Number of days after CND

Specify number of days after CND date to schedule frequency of interest computation, if you have selected 'X days after CND' for 'Schedule Same as'. You can specify values greater than '0'.

4.2.7.1 <u>Intermediate Formula</u>

Intermediate Formulae are used as building blocks for more complex formulae. An intermediate formula is used to create a Booked/Moratorium formula as an intermediate step. It will not be associated directly to any schedule.

To define an intermediate formula, click **'**Intermediate' in the 'Components' tab of the screen. The 'Intermediate Formula - Expression Builder' screen is displayed.

Formula Name

Specify a suitable name to identify the formula that you are defining. After you specify the name you can define the characteristics of the formula in the subsequent fields. You have to use the name captured here to associate a formula with a schedule. The name can comprise of a maximum of 27 alphanumeric characters.

Round Up To

If you want to round off the results of an intermediate formula, you can indicate the number of digits upto which the results should be rounded-off to. Compound Days/Months/Years

If you want to compound the result obtained for the intermediate formula, you have to specify the frequency for compounding the calculated interest.

The frequency can be in terms of:

- Days

- Months

- Years

If you do not specify the compound days, months or years, it means that compounding is not applicable

Rounding Factor

Specify the precision value if the number is to be rounded

It is mandatory for you to specify the precision value if you have maintained the rounding parameter.

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Compound Days

If you want to compound the result obtained for the intermediate formula, you have to specify the frequency for compounding the calculated interest. The frequency can be in terms of days.
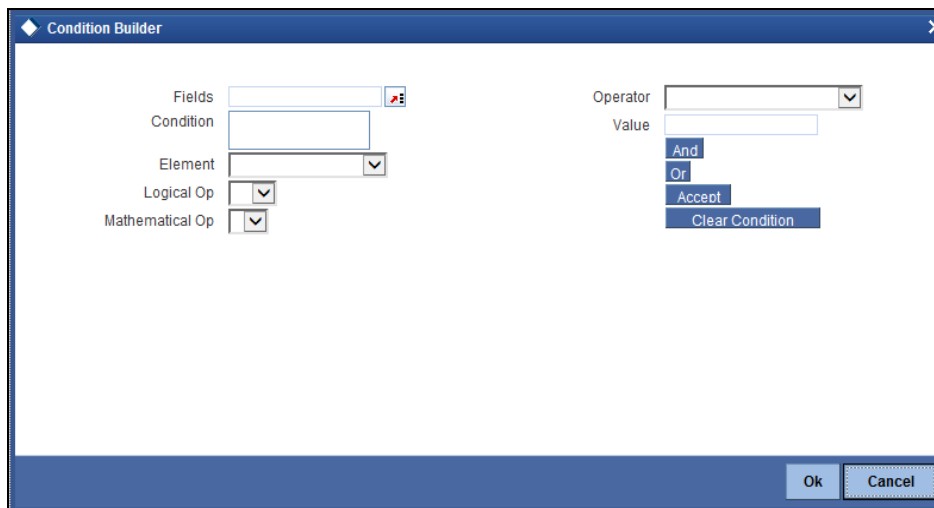
Compound Months

If you want to compound the result obtained for an intermediate formula, you have to specify the frequency for compounding the calculated interest. The frequency can be in terms of months.

Compound Years

If you want to compound the result obtained for an intermediate formula, you have to specify the frequency for compounding the calculated interest. The frequency can be in terms of years.

Condition and Result

A formula or calcualtion logic is built in the form of expressions where each expression consists of a 'Condition' (optional) and a 'Result'. There is no limit to the number of expressions in a formula. For each condition, assign a unique sequence number/formula number. The conditions are evaluated based on this number. To define a condition, click on 'Condition' in the screen above. The following screen is displayed:

In this screen, you can use the elements, operators, and logical operators to build a condition.

Although you can define multiple expressions for a component, if a given condition is satisfied, subsequent conditions are not evaluated. Thus, depending on the condition of the expression that is satisfied, the corresponding formula result is picked up for component value computation. Therefore, you have the flexibility to define a computation logic for each component of the product.

The result of the formula may be used as an intermediate step in other formulae.

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4.2.7.2 Using Intermediate Formulae for Amortized Loans

You can use intermediate formula in the interest components of amortized mortgage loans. To enable this, you need to select the UDE 'Z_INTRMDT_RATE' against the field 'Rate to Use'.

Further, you can set an intermediate formula with a combination of multiple UDEs in the 'Result' field. For example, you may specify the following formula:

INTEREST_RATE + MARGIN_RATE

This implies that the result is the sum of two user defined elements viz. 'INTEREST_RATE' and 'MARGIN_RATE'. You may also define different formulae based on the conditions set. Intermediate formulae support the following mathematical functions:

- Plus (+)

- Minus (-)

- Multiplication (*)

- Division (/)

Based on requirements, you may define and set various formulae using the above mathematical functions.

The system calculates the value of the UDE 'Z_INTRMDT_RATE' based on the intermediate formula defined. This calculation is handled in the system generated package. Apart from 'Z_INTRMDT_RATE', the system will not allow you to define a UDE that starts with 'Z_'.

Oracle FLEXCUBE uses the following formats to display the derived interest rate:

Formats
CL_AMD_ADV
CL_LOAN_DETAIL
CL_CONTR_STMT
CL_UDE_ADVC
CL_RTCH_ADV

4.2.7.3 Booked Formula

Booked Formula refers to the formula used to compute a component value for a particular schedule. You can use intermediate formulae to create a 'Booked' formula. To create the formula, click 'Book' in the 'Component' tab of the screen. The following screen is displayed:

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The SDEs available will be shown in the Condition Builder. You can use the relevant ones to build the formula. For instance, you need to use the SDE 'TOTAL_SCHODUE' in the formula to compute schedule amount for subsidy loan products. The Booked formula so created will be linked to a schedule.

These are some of the examples of the formulae generated by the system on its own by choosing the formula type and the basis elements.

- Simple -
  @SIMPLE(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR,COMPOUND_VALUE)

- Amortized Reducing -
  @AMORT_RED(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR)

- Discounting -
  @DISCOUNTED(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR)

- Amortised Rule 78 -
  @AMORT_78(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR)

- True Discounted -
  @TRUE_DISC(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR)

The parameters required to create a 'Booked' formula are similar to the ones explained for an Intermediate formula.

The formula for calculation of 'Provision Amount' is defined based on the following conditions:

Line	Condition	Result
1	CUSTOMER_CREDIT_RATING="AAA"	PRINCIPAL_OUTSTAND*0.0015

2	CUSTOMER_CREDIT_RATING="AA+"	PRINCIPAL_OUTSTAND*0.0025
3	CUSTOMER_CREDIT_RATING="AA"	PRINCIPAL_OUTSTAND*0.0035
4	CUSTOMER_CREDIT_RATING="A+"	PRINCIPAL_OUTSTAND*0.0045
5	CUSTOMER_CREDIT_RATING="A"	PRINCIPAL_OUTSTAND*0.0055
6	CUSTOMER_CREDIT_RATING="BBB"	PRINCIPAL_OUTSTAND*0.0065
7	CUSTOMER_CREDIT_RATING="BB+"	PRINCIPAL_OUTSTAND*0.0075
8	CUSTOMER_CREDIT_RATING="BB"	PRINCIPAL_OUTSTAND*0.0085

Amortized

Select this option to specify that the schedules of the component should be amortized

For Commitment products do not select this option

Amortization Basis

If you opt to Amortize the schedules of the component, you have to identify the element based on which the component is amortized. For example, if it is deposit interest, the amortization basis would be 'Principal'. The components are available in the option list provided.

In case of a subsidy loan, amortization is done with both the main interest and the subsidy component. For instance, if the interest rate is x% and the subsidy rate is y%, amortization will be done using net interest rate as x+y%, in the aforesaid scenario. The interest component will be calculated for the main interest and the subsidy component based on the principal expected and the individual rates for the components.

4.2.7.4 Moratorium Formula

Moratorium refers to the repayment holiday given during the period between the value date of the loan and the first repayment date. While no repayment will happen during this period, computation will continue. However, you can also have a principal moratorium wherein no principal repayment happens in a certain period; only interest component is repaid. This moratorium may be applied at any stage of the repayment cycle of the loan. In case of a principal moratorium, you need to ensure that the tenor given in the formula does not exceed the principal moratorium period. The Moratorium formula is used for the computation of interest for the moratorium period.

To define the formula, click 'Moratorium' in the 'Component' tab of the screen. The 'Moratorium Formula – Expression Builder' screen is displayed:

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The procedure for defining the Moratorium formula is as explained for Intermediate and Booked formulae. The following additional fields are also applicable for a moratorium formula:

Formula Name

Here, you specify a suitable name to identify the formula that you are defining. After you specify the name, you can define the characteristics of the formula in the subsequent fields. You have to use the name captured here to associate a formula with a schedule. The name can comprise of a maximum of 27 alphanumeric characters.

Moratorium Liquidation Formula

The formula used for computation of interest for the moratorium period is called 'Moratorium Formula'. The Interest calculated using the moratorium formula should be liquidated for the lifetime of the loan by apportioning it across all the installments. Therefore, you need to maintain a formula for liquidating the moratorium interest.

Check this option to indicate that the formula you have maintained is for Moratorium liquidation.

Liquidate Moratorium to Installment

🛑 This option is applicable only if you are defining a 'Moratorium Liquidation Formula'

If you check this option, the moratorium interest amount is added to the first installment amount and collected along with the schedule on the day the schedule falls due.

If you do not check this option, the moratorium amount is allocated from the Installment due. The principal component of the EMI is liquidated towards the moratorium. Therefore, Principal repayment does not begin until complete settlement of the moratorium amount.

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Default Moratorium Formula

If you want to create a default moratorium formula, check this option. By default, the system will attach this formula to a moratorium schedule. You can, however, change it to a different moratorium formula.

4.2.7.5 <u>Installment Level Status</u>

For a component, you can maintain Schedule/Installment level status change parameters. You can also specify the account Heads and Roles to be used whenever an installment changes from one status to the other.

To define the installment level status change details, click 'Installment Status' in the 'Components' tab of the screen - the 'Installment Status' screen is displayed:

The following details have to be captured here:

Sequence Number

The number you capture here is used to identify the adversity level of an installment. It should not overlap with that of an account status, expect for the first factory shipped status 'NORM' (Normal).

Status Code

The status that an installment will go through is specified here. The sequence number determines the order when the installment would attain this status. The status codes defined in the 'Status Codes Maintenance' screen are available in the option-list provided.

Status Rule

The rule defined here will determine the movement of the installment to the selected status (in the 'Status' field). You can build multiple conditions for a rule.

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To do this, click on 'Condition' in the screen above. The 'Condition Builder' is displayed.

You can build the conditions using the elements (SDEs), operators and logical operators available in the screen above.

Examples of Status Movement Rules are given below:

- NORM TO PDO1 PRINCIPAL_OVR_DAYS > 30 OR MAIN_INT_OVR_DAYS > 30

- NORM TO DOUB PRINCIPAL_OVR_DAYS > 60 OR MAIN_INT_OVR_DAYS > 60

- PDO1 TO NORM PRINCIPAL_OVR_DAYS < 31 AND MAIN_INT_OVR_DAYS < 31

- PDO1 TO DOUB PRINCIPAL_OVR_DAYS > 60 OR MAIN_INT_OVR_DAYS > 60

- DOUB TO PDO1 (PRINCIPAL_OVR_DAYS > 30 AND PRINCIPAL_OVR_DAYS < 61) AND (MAIN_INT_OVR_DAYS > 30 AND MAIN_INT_OVR_DAYS < 61)

- DOUB TO NORM PRINCIPAL_OVR_DAYS < 31 AND MAIN_INT_OVR_DAYS < 31

For details on building a condition using the options available in the screen, refer the section titled 'Defining UDE Rules' in the 'Maintenances and Operations' chapter of this User Manual.

The installment will move to the status selected if the associated status rule is satisfied.

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Complete Pending Accruals

Check this box to indicate if the pending interest accruals need to be completed before the Installment status changes. This is applicable only if Accrual Frequency is any one of the following:

- Monthly

- Quarterly

- Half yearly

- Yearly

This check box will not be enabled if Accrual Frequency in the 'Consumer Lending Product' screen is 'Daily'.

Accounting Entries

For each status of the installment, you can specify the accounting entry preferences. Whenever an installment attains a status, the entries are passed as per the setup maintained for that status. Therefore, the entries will be moved from the active GLs to the status specific GLs. However, when the actual payment occurs, the system will automatically resolve the appropriate GLs.

Instalment Status Change is not applicable for Agriculture Loan products.

For more details on setting up accounting entry preferences, refer the section titled 'Maintaining Event details' in this chapter.

4.2.7.6 Specifying Policy preferences

You can associate policies at an installment level. Policies are user defined validations that are fired when an event is triggered. To link a policy, click 'Policies' in the 'Component Installment Status' screen – the following screen is displayed:

Specify the following in this screen:

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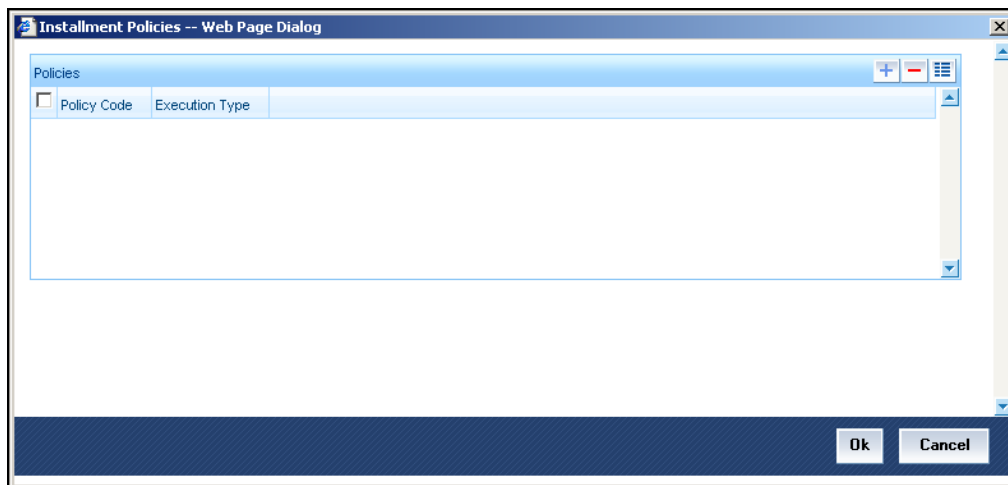
Policy Code

The Standard Policies (defined through the 'Policy Maintenance' screen) and the Policies associated with the product category are available in the option list provided. Policies are used to handle special validations and operations on a loan.

Execution Type

You can associate a policy at one of the following points in time in a loan -event lifecycle:

- Before Event

- After Event

- Both

The policy is executed appropriately.

For details on maintaining policy details, refer the section titled 'Maintaining User Defined Policies' in the 'Maintenances and Operations' chapter of this User Manual.

Schedule Preferences

In the 'Component' section of the screen, you need to maintain the applicable schedule details for each component:

Sequence Number

You can define more than one schedule for a component. The sequence number determines the order in which the individual schedule should be applied on a component. For instance, you can define a schedule structure consisting of a moratorium schedule and a normal schedule. The moratorium schedule, if defined for a component, should necessarily be the first schedule. You cannot have moratorium schedules in between normal schedules.

Schedule Type

Select schedule type for a component from the adjoining drop-down list. This list displays the following values:

- CND – Select if you need to compute interest on CND date, which is different from the payment schedule date, for the main interest component of an Agricultural loan.

  If this option is selected for a component, then you need to provide the start date, the month, and the frequency for computation of interest. 31st March as start date and start month and half-yearly as frequency would be defaulted for interest computation; however, these can be modified if needed.

- Revolving – Select if you have checked 'Revolving Type' and Revolving Frequency' as 'Schedule' at preference level. This Schedule Type is applicable only for Principal. If selected, then the system resets the available loan amount based on the following frequencies defined:

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- ➢ Monthly
- ➢ Quarterly
- ➢ Half yearly
- ➢ Yearly

- Payment – This is used to define a repayment schedule. You can capitalize a payment schedule. If the 'Capitalized' option (under Component Definition) is checked, the 'Capitalized' option at the schedule level will also be checked for payment schedules. You can, however, uncheck/check this option for a schedule. For agriculture loan products, the payment schedule for the main interest component will either be the principal payment schedule or few days after the CND schedule, which will be validated by the system.

- Disbursement – You can maintain a disbursement schedule for loan disbursal if the 'Disbursement Mode' is automatic (this is maintained on the 'Preferences' tab). For auto disbursement, you have to maintain at least one disbursement schedule.

- Rate Revision schedules – This will capture the schedule at which the rates applicable to the component should be revised.

Note the following:

- You must specify CND schedule for main interest component of the Agricultural loan products.

- If you need to specify CND schedule for special interest components, then the amount due should be as of the interest computed till a different date/CND date. The schedule can be either principal or CND.

- You can not specify CND schedule for penalty and other components which do not have a due date.

- The payment schedule for main interest of agriculture OD scheme is 'X' days after CND.

- This field is not applicable only for main interest and special interest components.

Start Reference

This is used to capture the reference to arrive at the due date of the schedule. The options are:

- Calendar: If you select this option, you should also specify the 'Start Date' for the schedule. For example, if an account is created on 15th Sept with a 'Monthly' schedule frequency and the Start Date is 1st, then the schedule due dates would be 1st Oct, 1st Nov and so on.

- Value Date: If you select value date, the schedule due dates will be based on the Value Date of the account. For instance, if an account is created on 15th Sept and the schedule frequency is 'Monthly', then the schedule due date would be 15th October, 15th Nov and so on.

For a component, you can define schedules based on both value date and calendar date.

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Frequency Unit

Select the frequency at which the interest should be computed from the adjoining drop-down list. This list displays the following values:

- Daily

- Weekly

- Monthly

- Quarterly

- Half Yearly

- Yearly

If the schedule unit is 'Weekly', you should also capture the 'Start Day'. Similarly, for units 'Quarterly', 'Half Yearly' and 'Yearly', you should also specify the 'Start Month'.

Frequency

This is used in combination with 'Unit' explained above, to define non-standard frequencies. For instance, a 'Monthly' unit and frequency 2 implies that the schedule is bi-monthly (occurring every two months).

Start Day

If the schedule unit is 'Weekly', you should specify the start day to initiate the schedule. The drop-down box lists the days of the week

Start Month

Select the month from when you need to start interest computation from the adjoining drop-down list. This list displays names of months in a year. This option is applicable if you have selected frequency unit as one of the following:

- Quarterly

- Half Yearly

- Yearly

Start Date

Here, you can specify a value between 1 and 31. This is applicable if the schedule unit is 'Monthly'

Due Date On

Specify the date till which interest has to be computed and posted. You can use this to define a schedule on a particular date of the month. A value between 1 and 31 can be used for this purpose. If you specify a value here, the system will build the schedules based on this date even if you have indicated the 'Start Date' for the schedule.

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Formula

You have to select the formula applicable for component value calculation. The Booked and Intermediate formulae defined for the component are available in the option list. With a user-defined formula maintained through the rule builder, you can define a schedule with multiple formulae.

Flag

You can define a non-repayment schedule or a repayment schedule. This field is used to identify the schedule type:

- Normal: This refers to a repayment schedule. Repayment happens as and when the schedule falls due

- Moratorium: This refers to a non-repayment schedule or a repayment holiday during the repayment cycle of a loan

Number of schedules

The value captured here determines the number of times a schedule frequency should recur. For example, a 12 monthly schedule would have a 'Monthly' unit and number of schedules as 12.

Capitalized

Check this option to specify capitalization of the component for a particular schedule. If the 'Capitalized' option (under Component Definition) is checked, the 'Capitalized' option at the schedule level will also be checked for payment schedules. You can, however, uncheck this option for a schedule.

Uncheck this box for Agriculture Loan products.

4.2.7.7 Processing at Instalment Level

At the installment level, if there is a change in the installment status, Oracle FLEXCUBE will first check if accrual is required for the installment components. When the accrual frequency for a component is not 'Daily', Oracle FLEXCUBE will validate if the installment status changes before accrual execution date. If it changes, Oracle FLEXCUBE will trigger catchup accrual for the component till the installment status change date. Subsequent to this, Oracle FLEXCUBE will process the installment status change.

The following example will explain the Complete Pending Accrual functionality. This is applicable for both Installment Level as well as Account Level Status change.

Example

Let us assume an accrual frequency for a component MAIN_INT. The schedules for this component are as follows:

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- Value Date – 05-Jan-06

- Schedule Dates:
  - 05-Jan-06,
  - 05-Feb-06
  - 05-Mar-06

- Accrual Execution Dates:
  - 31-Jan-06
  - 28-Feb-06

If the installment status or account status changes on 15-Jan-06, Oracle FLEXCUBE will trigger catch up accrual if 'Complete Pending accrual' is checked.

Note the following:

- An installment status change will not change the next execution date of unprocessed ACCR events.

- A status change is applicable for both manual and automatic installment status.

- If you delete an Installment level status change, it will delete the catch up accrual accounting entries also.

- You can reverse an installment level status change by inputting another installment level status change. For example, if installment status changes from NORM to OVD1, reversal of the same can be done by doing installment status change from OVD1 to NORM. In this case no processing will be done.

4.2.8 <u>Notices and Statement Tab</u>

Just as you define components that should become a part of the product, so also you can associate Notices and Statements with a product.

The actual communication/correspondence, however, is handled by the Messaging Module of Oracle FLEXCUBE. Click 'Notices & Statements' tab in the 'Product Maintenance' screen.

In this screen, you need to maintain the preferences for Billing Notices, Delinquency Notices, Rate Revision Notice, Direct Debit Notice and Statements. Also, you can associate multiple formats for the generation of notices and statements. The selection of a particular format is based on the condition.

Rule No/Condition No

You can assign a unique number for each rule/condition that is being maintained for notice and statement generation.

Condition

Define the conditions/rules for notice and statement generation. The system will evaluate the conditions and based on the one that is satisfied, the corresponding advice format is selected for notice/statement generation.

To maintain a condition, click 'Condition' button in the screen above. The 'Condition Builder' is displayed.

For details on building a condition using the options available in the screen, refer the section titled 'Defining UDE Rules' in the 'Maintenances and Operations' chapter of this User Manual.

Number Days

The Number of days indicates the period before the due date, when the system starts sending the Billing/Delinquency notices to customers.

This period is defined as a specific number of days and will begin before the date the repayment becomes due.

Format

For the condition defined, select the format in which the advice should be generated. The system will select the specific format of the message type when the condition maintained evaluates favorably. Frequency Days

Specify the frequency (in days) for generation of Delinquency Notices. The first notice is sent on the basis of the 'Num Days' maintained. For instance, if the 'Num Days' is four and the payment due date is 4th April 2004, the first notice will be sent on 31st March '04 (4 days before due date). Subsequent generation of the same notice is based on the frequency days maintained. If the 'Frequency Days' is '2', the second notice will be sent on 2nd April '04 i.e. the notice is sent once in two days only.

The following information is applicable to Statement generation:

Frequency

Indicate the frequency in which the Statements have to be generated. The available options:

- Daily

- Monthly

- Quarterly

- Half Yearly

- Yearly

Frequency Days

The frequency captured here is used to get the next date for statement generation subsequent to the first statement. This will be used in combination with the 'Frequency' explained above.

Start Date

The date entered here is used as a reference to start generation of the statement

The following example illustrates the manner in which the 'Frequency', 'Frequency Days' and 'Start Date' are used together:

Assume that you have maintained the following preferences for Statement generation:

Frequency: Monthly

Frequency Days: 2

Start Date: 1st Jan 2005

You open a loan account on 15th Jan 2005. The first statement for this loan will be generated on 1st February 2005 (Based on the Start Date and at a Monthly frequency). The second statement will be generated on 1st April 2005 (once in two months – based on the frequency days).

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Message Type

Specify the type of Statement that should be generated. Statements are of the following types:

- Interest Statements
- Loan Statements

Generic Notice

Notice

Select the notice type of the rate plan from the list of options.

Rule Number

Specify the unique number for the rule maintained for notice. It is a running number starting from 1.

Condition

Specify the condition for notice generation. The system will evaluate the conditions and based on the one that is satisfied, the corresponding advice format is selected for notice.

Click 'Condition' button to maintain a condition in 'Product' screen. The 'Condition Builder' is displayed.

Format

Select the format of the advice to be generated from the list of options.

Number of Days

Specify the number of days required to intimate the customer in advance about the UDE rate change period.

Frequency

Select the frequency at which the notice has to be generated from the adjoining drop-down list. This list displays the following values:

- Daily
- Monthly
- Quarterly
- Half Yearly
- Yearly

Tenor

Specify the tenor at which the notice has to be generated.

Start Date

Specify the date on which the notice has to be generated.

Transaction Code

Specify the identifier code of the transaction.

Interest Rate Revision within the Rate Revision Period

The Rate Revision Notice section allows you to maintain the number of days for the generation of the advice, prior to the scheduled date of rate revision. During End of Day if the notification date is less than or equal to schedule date, a Rate Revision Advice is generated.

The four different conditions for the rate revision will be handled in Oracle FLEXCUBE as follows:

- Condition 1–Once the interest revision date is reached, the system continues to use the same interest rate code, till the next revision date.

- Condition 2–If the request for change in interest rate is received a few days before the scheduled revision date, the interest rate code of the loan account is changed by value dated amendment, with the effective date as the scheduled interest revision date. On the effective date, the system changes the rate code and picks up the new interest rate.

- Condition 3–If the request is for a future dated prepayment of the loan account there is no change in the interest rate, the principal is changed depending on the prepaid amount and once the payment is available in the settlement account, you can liquidate the loan manually with the requested effective date.

  An outstanding component breakup of prepayment penalty charges if applicable is sent to the customer.

- Condition 4–If the request for interest rate revision is made much before the scheduled revision date, you can change the interest rate code of the loan account by value dated amendment with effective date as requested.

The rate revision will be applicable on the total principal outstanding amount.

4.2.9 Role to Head Tab

You can define the accounting roles for a product in the 'Role to Head' tab of the 'Consumer Lending Product' screen. A list of accounting roles that are applicable to the product being maintained is provided.

This is a pre-defined list and you can add roles to it too.

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The following details are captured in this screen:

Map Type

The mapping between an accounting role and account head can be of the following types:

- Static: If the map type is static, you can link an accounting role to only one accounting/GL head (one to one mapping).

- User Defined: For a user defined map type, you can maintain multiple linkages under different conditions using a case-result rule structure (one to many accounting).

Accounting Role and Description

Accounting role is used to denote the accounting function of a GL or Account. To map an accounting role to an account head, select a valid accounting role from the option list provided. This list will display the roles available for the product being maintained. You can also associate user defined accounting role to the product.

Once you choose the accounting role, the description maintained for the role is also displayed in the adjacent field.

If you do not want to select a role from the option list, you can also create an accounting role for a product and specify a brief description for the same.

 The GLs (Account Heads) for the Dr/Cr Settlement Bridge Role will default as per your selection in the 'Branch Parameters' screen.

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Account Head and Description

The account head identifies the GL or Account to which the accounting entries would be posted. Based on the type of accounting role you select (Asset, Liability etc.), the list of Account Heads (General Ledger heads) that are of the same type as that of the accounting role, becomes available in the option list provided. You can select an accounting head from this list and thus, create a role to head mapping. On selection of the Account Head, the description is also displayed in the adjacent field.

Click Add icon to create subsequent mappings for the product. If you would like to delete a role to head mapping, click Delete icon.

Rule

If the 'Map Type' is 'User Defined', you can create a case-result rule structure based on which the entries are posted to the appropriate account head. To create a rule, click 'Rule' in the 'Role to Head' tab of the product screen.

You can define multiple conditions and for each condition you can specify the resultant 'Account Head'. This way you can maintain one to many mappings between an accounting role and an account head. Depending on the condition that is evaluated favorably, the corresponding account head is used for posting the entries.

To build a condition, click on 'Condition' in the screen above. The 'Condition Builder' is displayed.

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You can build the conditions using the elements (SDEs), operators and logical operators available in the screen above.

For details on building a condition using the options available in the screen, refer the section titled 'Defining UDE Rules' in the 'Maintenances and Operations' chapter of this User Manual.

🛑 The system ensures that all accounting roles that are applicable for the Product and which have been used in the definition of the accounting entries are necessarily linked to an account head. If the mapping is not complete, an error message is displayed when you attempt to save the product.

4.2.9.1 Dynamic Creation of Accounting Roles for a Component

For each component you define for a product in the 'Main' tab, six accounting roles are dynamically created by the system. For example, if you have defined a component 'MAIN_INT', the following accounting roles are created:

- MAIN_INTINC   -   Component Income
- MAIN_INTEXP   -   Component Expense
- MAIN_INTRIA   -   Component Received in Advance
- MAIN_INTPAY   -   Component Payable
- MAIN_INTREC   -   Component Receivable
- MAIN_INTPIA   -   Component Paid in Advance

For a detailed list of Events, Advices, Accounting Roles and Amount Tags, refer 'Annexure 1' of this User Manual.

4.2.10 Account Status Tab

Ideally, when setting up a product, you should identify all possible status that loans involving the product would move into.

A status can apply either to a loan installment or the entire loan account. Installment level status change preferences are maintained in the 'Component' tab of the screen.

For more details, refer the section titled 'Specifying Component Details' in this chapter

You can maintain account level status movement preferences the 'Account Status' tab of the screen.

In this screen, you can specify the following:

- Define a status derivation rule to resolve a status

- Define accounting entries, advices etc. which need to be fired for a status

- Specify the liquidation order for a status

- Associate charges, if applicable, for a status

- Policies to be triggered for a status change

Status

When setting up a product, you should identify all possible statuses that loans involving the product would move into. By default, the 'NORM' (Normal) status is defined for the product. You can select the relevant status codes from the option list provided. The status codes defined through the 'Status Codes Maintenance' screen with 'Status Type' as 'Account' is available in this list.

When you select a status, the associated description is also displayed in the adjacent field.

Adversity Level

This signifies the adversity level of the status. The Status 'NORM' has an adversity level of '1' and is the most favorable. This is the default status for a loan.

Accrual Preference

For a status, you have to indicate the manner in which accounting entries should be posted when the loan moves to the status. The options are:

- Stop Accrual – accruals are frozen

- Reverse Accrual – accruals till date are reversed by transferring them to an expense GL

- Continue Accrual – accruals continue as in the previous status as per the Role to Head maintained for the status and as per the accounting entries defined

After you specify the status codes applicable for the product, you need to specify the manner in which the status movement should occur.

🛑 Accrual Preference is not applicable for Agriculture Loan products.

From Status and To Status

When you highlight a status from the list of status codes maintained for the product, the selected status becomes the 'From Status'

In the option list provided for the 'To Status', the status codes applicable for the product is displayed. Select the relevant status into which a loan should move from the 'From Status'.

Movement Type

You have to indicate the type of movement of a loan from the current status (From Status) to the next status (To Status). The movement can be:

- Automatic

- Manual

- Both

Movement Rule

You have to define the status derivation rule which will determine the movement of a loan from one status to the other. This is the condition based on which the status movement occurs. If a loan satisfies all the rules defined due to which it can move to several statuses at a time, it will identify the most adverse status and move to that status.

To define a derivation rule, click 'Condition' button in the screen above. The 'Condition Builder' is displayed.

You can build the conditions using the elements (SDEs), operators and logical operators provided in the screen above.

For details on building a condition using the options available in the screen, refer the section titled 'Defining UDE Rules' in the 'Maintenances and Operations' chapter of this User Manual.

Example

Assume that the current status of a loan is 'ACTIVE' and you want the loan to move to the 'OVERDUE' status if the overdue months exceeds zero. To meet this requirement, you can define the following parameters:

- From Status: Active

- To Status: Overdue

- Movement Type: Automatic

- Rule: If LOAN_STATUS = 'ACTIVE' AND OVERDUE_MONTHS > 0

If the loan satisfies the rule, it automatically moves to the 'Overdue' Status.

Complete Pending Accruals

Check this box to indicate if the pending interest accruals need to be completed before the Account status changes. This is applicable only if Accrual Frequency is any one of the following:

- Monthly

- Quarterly

- Half yearly

- Yearly

This check box will not be enabled if Accrual Frequency in the 'Consumer Lending Product' screen is 'Daily'.

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4.2.10.1 Specifying Liquidation Order

You can prioritize the liquidation of the various loan components at a status level. To maintain liquidation order of components, click 'Liquidation Order' in the 'Account Status' tab of the screen – the following screen is displayed.

When a loan attains an adverse status, you may want to allot priority to the recovery of certain components. For example, you may want to recover the Principal first and then the Interest type of components.

The components maintained for the product are available in the option list provided. Select a component and then specify the order of liquidation for the component.

Click on Add icon to maintain the liquidation order for the next component

4.2.10.2 Specifying Accounting Preferences

You can specify accounting preferences at a status level. You may have a GL structure under which loans in 'Normal' status should report. You can maintain a different structure for loans in other status. To do this, click 'Accounting Entries' in the 'Account Status' tab – the following screen is displayed:

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Also, for a status, you may not want to change accounting roles but change only the accounts/GLs. The accounting roles will be the same. To achieve this, you can create a rule based 'Role to Head' mapping. The SDEs like 'Account Status' can be used to create the rule and if a loan satisfies the rule i.e. moves to the status maintained in the rule, the Account Head selected for the rule is used for posting the entries.

For a commitment product, the following amount tags are used for passing accounting entries:
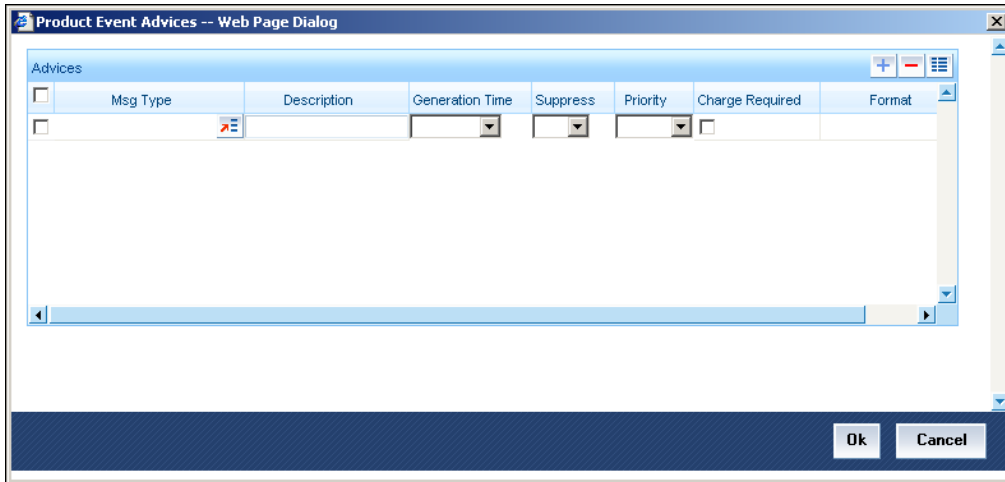
SI No	Amount Tag	Description
1	COMMUTIL_INCR	Commitment Amount Utilized
2	COMMUTIL_DECR	Commitment Amount Reinstated
3	COMM_UNUTIL	Commitment Amount unutilized

Refer the section titled 'Maintaining Role to Head mapping preferences' for details on creating a 'Role to Head' mapping.

4.2.10.3 Specifying Advices

You can also specify the advices that should be generated when a status change occurs. For instance, when a loan moves from an 'ACTIVE' status to an 'OVERDUE' status, you can choose to send an advice to inform the customer of the status change and request for payment.

The advices can be maintained in the 'Product Event Advices Maintenance' screen - click 'Advices' in the 'Account Status' tab to invoke it.

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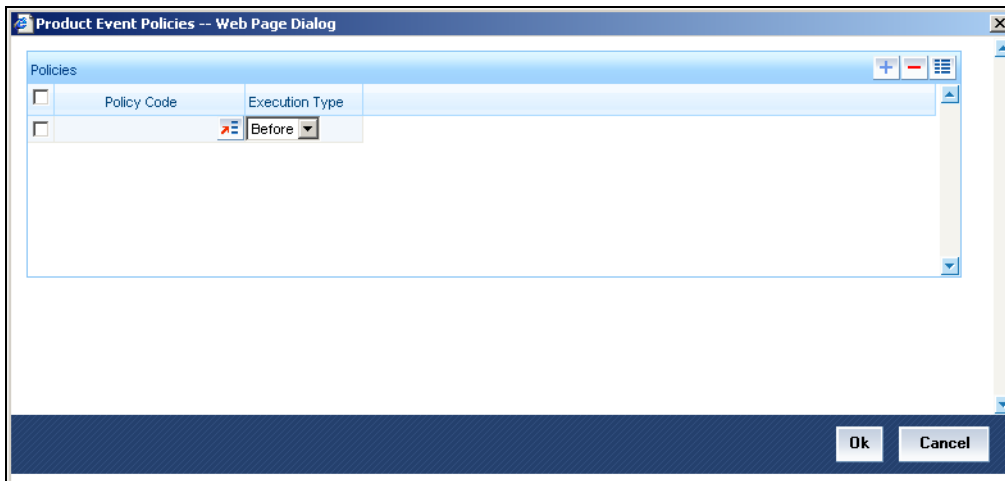
You can associate advices at an event level also.

For more details on maintaining advice preferences, refer the 'Maintaining Event details' section of this User Manual.

4.2.10.4 <u>Specifying Policy Preferences</u>

Just as you associate policies at an installment level, you can also associate policies for a loan account status. To do this, click 'Policies' in the 'Account Status' tab of the product screen – the following screen is displayed:

Specify the following in this screen:

Policy Code

The policies defined in the 'User Policy' screen are available in the option list provided. Policies are used to handle special validations and operations on a loan.

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Execution Type

You can associate a policy at one of the following points in time in a loan-event lifecycle:

- Before Event

- After Event

- Both

The policy gets executed appropriately

4.2.10.5   Associating Charges

Whenever a loan undergoes a status change, you can apply charge on the loan. You need to associate charge components at a status level. To do this, click 'Charges' in the 'Account Status' tab of the screen – the following screen is displayed:
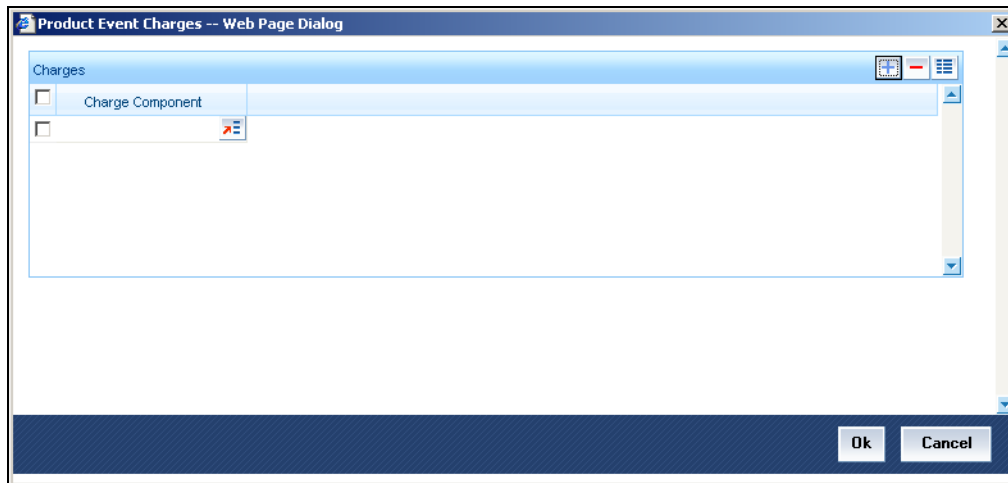
The charge type of components defined for the product (in the 'Components' tab of the screen) are displayed in the option list. Select the component you wish to associate with the loan. The charge is applied when the loan moves to the status and is debited to the customer account.

4.2.10.6   Processing at Account Level

At the account level, when there is a change in the status, Oracle FLEXCUBE will first check if accrual is required for the components. When the accrual frequency for a component is not 'Daily', Oracle FLEXCUBE will validate if the installment status or the account status changes before accrual execution date. If it changes, Oracle FLEXCUBE will trigger catchup accrual for the component till the installment status and the account status change date. Subsequent to this, Oracle FLEXCUBE will process the installment status change and account status change.

Note the following:

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- An installment status change will not change the next execution date of unprocessed ACCR events

- A status change is applicable for both manual and automatic account status

- If you delete an account level status change, it will delete the catch up accrual accounting entries also

- If you reverse an account level status change, it will reverse the catch up accrual accounting entries as well

4.2.10.7 Maintaining Ad Hoc Charge Components

A component of the type Ad hoc can be set up using 'Components' tab in the 'Consumer Lending Product' screen since ad hoc charges cannot be computed upfront or scheduled. Select the option in 'Calculation Type' as 'No Schedule No Formula'.

4.2.11 Events Tab

A contract goes through different stages in its life cycle. In Oracle FLEXCUBE, the different stages a contract passes through in its life cycle are referred to as 'Events'.

At an event, typically, you would want to post the accounting entries to the appropriate account heads and generate the required advices. When setting up a product, you can define the accounting entries that have to be posted and the advices that have to be generated at the various events in the life cycle of loans involving the product.

Therefore, for the required events you have to specify the Accounting entries, Charges, Policies and Advices. To do this, click 'Events' tab in the 'Product Maintenance' screen – the following screen is displayed.

Specify the following details:

Event Code and Event Description

These are the events for which the accounting entries, advices, policies and charges will be maintained, individually. The event codes applicable for the module are available in the option list provided. Select the relevant events for the product from this list. You can also associate user defined events to the product.

The description for the event chosen is also displayed

For a commitment product the following events are used:

- LINK

- DLNK

- CLOC

The following events should not be maintained for a commitment product:

- BADJ

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- CLOS

- REOP

- RNOG

- ROLL

- SROL

- YACR

- NOVA

- REVV

- REVL

- PWOFF

An event PWOF (Partial Write Off) is used when a loan is partially written off by the Bank.

For more information on this topic refer section 'Partial Write- Off of Loans' in this manual.

4.2.11.1   Defining Accounting Entries

To define accounting entries for an event, click 'Accounting Entries' in the 'Events' tab – the 'Accounting Entries' screen is displayed.

With the Rule definition builder, you can maintain different set of accounting entries for different conditions.

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Rule Number

Every rule/condition you define for a product should be assigned a unique number. The rule number can consist of a maximum of 5 digits

Case

You can use the 'Condition Builder' to define a rule. Click on 'Condition' in the above screen to invoke it

You can define a rule using the SDEs like Tenor, Customer Risk Category and other UDFs.

If you do no specify a rule/condition, the accounting entries become applicable to all conditions.

For details on building a condition using the options available in the screen, refer the section titled 'Defining UDE Rules' in the 'Maintenances and Operations' chapter of this User Manual.

Accounting Role

Select the accounting role that should be used at the event. The option list displays all the accounting roles specified for the product in the 'Role To Head' tab of the 'Consumer Lending Product' screen. Select the role appropriate for the event.

Amount Tag

Specify the amount tag applicable for the Accounting Role. An amount tag identifies the amount/value that is actually due for a component. Depending on the components defined for the product, the system dynamically creates a set of amount tags. For instance, if the component is 'MAIN_INT', the following amount tags are automatically created:

- MAIN_INT _RESD   -   Component Amount Residual

- MAIN_INT_ADJ   -   Component Amount Adjustment

- MAIN_INT_LIQD   -   Component Amount Liquidated

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- MAIN_INT_ROLL   -   Component Amount Rolled over

- MAIN_INT_CAP   -   Component Amount Capitalized

- MAIN_INT_ACCR   -   Component Amount Accrued

- MAIN_INT_DLIQ   -   Component Amount Paid against Due Schedules/future
  not-due schedules

- MAIN_INT_OLIQ   -   Component Amount Paid against Overdue Schedules

The '_DLIQ' and '_OLIQ' tags will be generated only for the events LIQD and ROLL.

Select the appropriate amount tag from this list

You can also define and use a user defined amount tag.

Debit or Credit

Here, you have to specify the type of accounting entry to be posted – the entry can be a debit entry or a credit entry.

Transaction Code

Every accounting entry in Oracle FLEXCUBE is associated with a Transaction Code that describes the nature of the entry. Specify the transaction code that should be used to post the accounting entry to the account head. You can group all similar transactions under a common transaction code. The transaction codes maintained in the 'Transaction Code Maintenance' screen are available in the option list provided.

Netting

Specify whether accounting entries should be netted at an event. You can net the accounting entries that are generated at an event by selecting 'Yes' from the drop down list. The system will then net the entries and show the resultant value in account statements. If you do not net, the entries will be shown separately in the statements.

MIS Head

An MIS Head indicates the manner in which the type of entry should be considered for profitability reporting purposes. This classification indicates the method in which the accounting entry will be reported in the profitability report. It could be one of the following:

- Balance

- Contingent Balance

- Income

- Expense

You can also link a product to an MIS Group if you do not want to define individual entities for the product.

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Refer the section titled 'Associating an MIS Group with the product' in this chapter for more details.

Revaluation Required

Online Revaluation refers to revaluation done on transaction amounts during transaction posting, and not as part of an end-of-day process. The Revaluation profit /loss are booked to the Online 'Profit GL' or Online 'Loss GL' that you maintain for the GL being revalued.

You can opt for online revaluation by selecting the 'Reval Reqd' option.

Profit GL and Loss GL

If you have opted for online revaluation and the result of revaluation is a profit, the profit amount is credited to the Profit GL you select here. Similarly, if the result of revaluation is a loss, the loss amount is credited to the Loss GL you specify here.

Reval Txn Code

If you opt for online revaluation, you need to associate the transaction code to be used for booking revaluation entries. The system will use this transaction code to track the revaluation entries.

Holiday Treatment

Specify whether holiday treatment is applicable for processing accounting entries falling due on holidays. Select one of the following:

- Yes
- No

Holiday treatment is 'Ignore Holidays' for CND.

GAAP

Indicate the GAAP indicators for which the accounting entry is required for reporting under multi GAAP accounting. The adjoining option list shows all the GAAP indicators maintained in the system. Choose the appropriate one.

The system will then post entries into the specified books (GAAP indicators) during the different events that occur in the lifecycle of the loan. You can retrieve the balance for a certain component in an account in a specific status, for a given GAAP indicator, in a certain branch, reporting to a certain GL. The system will show the real and contingent balances accordingly.

Split Balance

Specify whether you need the balances to be split or not. If you check this option, the system will store the balance break-up for the specified GAAP indicators. You can then retrieve the balances separately for the different GAAP indicators to which accounting entries are posted for the loan.

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If you need to move the balances from multiple/Single GLs, where the balances are currently lying, check this box. In such case the credit leg will be governed by the GLs from where component balances need to move, and not the GL maintained at the product level for the event.

For partial write off (PWOF event) you need to check this box to split balance for all the credit legs of PWOF event.

For example:

For ALIQ event, the maintenance is as follows:

Dr/Cr	Role	Settlement Reqd	Amount Tag	Spilt Balance
Dr.	DR_SETTL_BRIDGE	Y	MAIN_INT_LIQD	N
Cr.	INTEREST RECEIVABLE (say GL-000	N	MAIN_INT_LIQD	Y

However, the balance for interest is lying like this: 500 (GL-001) and 200 (GL-002) Lets say we are liquidating 700 against MAIN_INT component.

In this scenario, finally system will pass the following entries:

- Dr Customer A/c   700
- Cr GL-001   500
- Cr GL-002   200

In case Split balance is set to NO for Cr leg the entry would have been:

- Dr Customer A/c   700
- Cr GL-000   700

When you are building new balances into GLs, you need to uncheck this option for the credit leg also. In such cases accounting will go by the maintenance of the GLs/account done for the event.

For Example:

If you want to move ACCRUED_AMOUNT from one GL into another GL, and also build one parallel entry for the same in OFF BALANCE sheet, then in such case for the movement pair, you will maintain split balance as Y for the credit leg. For the new balance into OFF BALANCE sheet, you will maintain the split balance as N for both the legs.

When you need to reverse the contingents, for both the credit and debit leg, the GLs will be governed by the GLs where the balances are currently lying then you need to set it to CONTRA.

This means that if the accounting entry setup is like this:

Dr/Cr	Role	Settlement Reqd	Amount Tag	Spilt Balance
Dr.	CONT-001	N	MAIN_INT_OVD1_REAL	N
Cr.	CONT-002	N	MAIN_INT_OVD1_REAL	Y

And if balances (say 50 for the component) for MAIN_INT_OVD1_REAL are lying in CONT-003 AND CONT-004 GLs. (This kind of setup means while doing status movement, you are building one parallel set of entry into contingents)

With this setup, system will pass the entry like this

- Dr CONT-003   50
- Cr CONT-004   50

If for both the legs, split is set to NO, then system will pass the following entries instead:

- Dr CONT-001   50
- Cr CONT-002   50

Balance Check in Batch

Indicate whether the balance check is required for the batch operations/online processing.

The options available are:

- Reject – The transaction is rejected if there is insufficient fund to process the transaction.

- Delinquency Tracking – The transaction is processed. If you have specified delinquency tracking for the accounting entries, the tracking is done according to the parameters you have defined for the Delinquency Product.

- Force Debit – The transaction is processed. However, no delinquency tracking is done even if the account goes into overdraft.

- Partial Liquidation – The transaction is processed. If you have specified partial delinquency, the system liquidates upto the available amount and the delinquency tracking is done on the remaining amount only.

Delinquency Product

In case you have specified delinquency tracking for balance check type, you need to specify the delinquency product under which the entry is tracked. The option list displays all the delinquency product codes maintained in the Oracle FLEXCUBE. Select the appropriate from the option list.

Settlement

This field used to settle the amount. If it set as yes, while doing settlement system uses the Account used during amount settlement. If it is no it will use default account, which is mapped in role to head.

If you have selected the 'Accounting Role' as DR_SETTL_BRIDGE or CR_SETTL_BRIDGE in and if 'Settlement' box is checked then system looks at the default settlement accounts maintained in the Debit settlement Mode and Credit settlement mode. If 'Settlement' box is not checked then the system tries to arrive at the GL through Role to Head Mapping.

4.2.11.2 Specifying Advices for an Event

You can select the advices that should be triggered for various events. These advices can be simple Debit /Credit advices when any payment or disbursement is made, Rate Revision advices, Loan advices etc.

🛑 Only credit or / debit advice can be attached for the user defined events.

To specify the advices for an event, click 'Advices' in the 'Events' tab of the 'Product Maintenance' screen – the following screen is displayed.

The following advice details have to be maintained in the screen:

Message Type

Select an advice from the option list provided. The advices applicable for the module are available in this list. When you select an advice, the description is displayed in the adjacent field.

Generation Time

The 'Trigger' indicates the appropriate time at which the advice is to be generated. You can indicate whether the advices specified for the product should be generated when the event takes place (Input) or at authorization.

Suppress

This option may be used if you want to suppress the generation of some advices

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Priority

You can indicate the importance of the advice generation. The priority may be:

- High

- Medium

- Low

Charges

You may check this option to collect charges for advice generation.

You can specify a definite format for advice generation. The formats maintained through the 'Format File Maintenance' are available in the option list. Select the appropriate format from this list.

For a detailed list of Events, Advices, Accounting Roles and Amount Tags, refer 'Annexure 1' of this User Manual.

4.2.11.3   Defining User Defined Policies

Policies are user defined validations that will be fired when any event is triggered. These can even be policies which govern the firing of an event under certain conditions.

For example, if an operation called payment is being done and the customer is paying an amount greater than his current overdue and one additional installment, you can associate a policy to disallow the payment. Therefore, you have to associate policies to an event.

Click on 'Policies' in the 'Events' tab of the screen to define the policies that should be executed for an event.
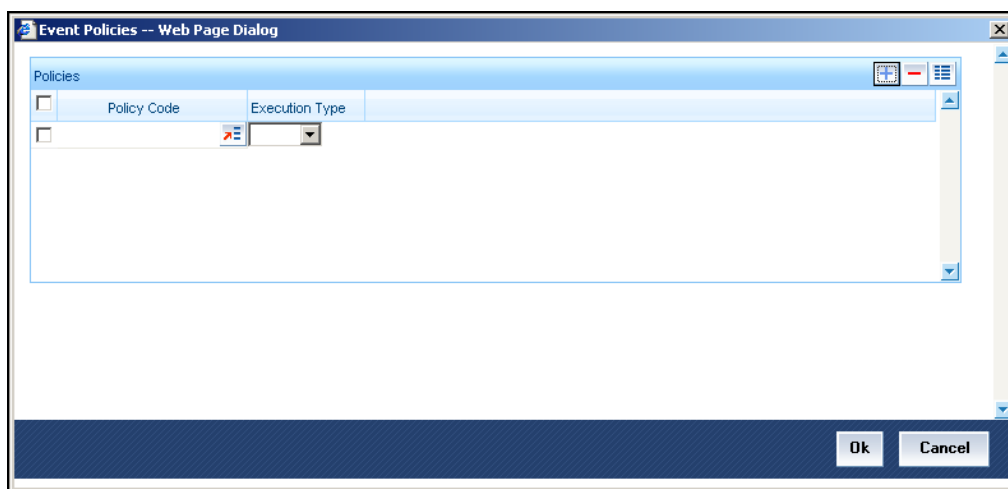
You can select the appropriate policy from the option list provided. The policies defined in the 'User Policy' screen are available in this list. You should also specify the instance when the policy should be triggered for the event. The options are:

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- Before Event

- After Event

- Both

4.2.11.4 Associating Charges

You can associate charges to an event. Linking a charge to an event implies calculating the value of the charge.

To associate charges, click 'Charges' in the 'Event' tab of the screen
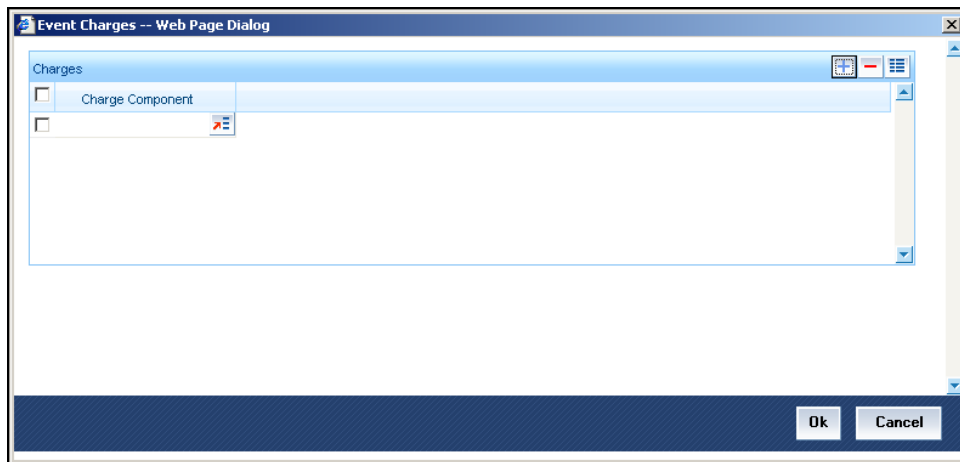
The charge type of components defined for the product (in the 'Components' tab of the screen) are displayed in the option list. Select the component you wish to associate with the event.

4.2.12 Branch CCY Restriction Tab

The loan products created in the Head Office Bank (HOB) are available across all the branches subject to the branch restrictions maintained for the product. Likewise, you also restrict the products to select currencies. To achieve this, you can maintain a list of allowed/disallowed branches and currencies

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Click on the 'Branch CCY Restriction' tab in the product screen.

The following details are captured here:

Branch and Currency Restriction

Under Branch and Currency Restrictions respectively, two columns are displayed.

- Allowed List
- Disallowed List

The allowed or disallowed column that is displayed would depend on the list type that you choose to maintain. For instance, if you choose to maintain an allowed list of branches, the column would display the branches that you can opt to allow.

In the Branch Restriction and Currency Restriction Section, click on the adjoining option list to invoke a list of bank codes and currencies codes respectively that you have maintained in your bank. Select an appropriate code.

Using the Add or Delete icons, you can add/delete a branch or currency from the corresponding allowed/disallowed column that you have maintained.

🛑 When you create a product, it is, by default, available to all the branches of your bank, in all currencies, and for all customers unless restrictions are explicitly specified for the product.

Minimum Amount

Specify the minimum amount for all the allowed currency maintained at the product level.

Maximum Amount

Specify the maximum amount for all the allowed currency maintained at the product level.

🛑 System checks the following:

- At the product level, if the minimum amount is less than the maximum amount

- At the Loan Contract screen, if the amount financed falls in the range of minimum and maximum amount derived from product for the currency same as the loan currency

Currency Balance Details

You can maintain the following currency balance details:

Currency

You can specify the transaction limit for a currency while defining currency restrictions for a product. Choose the currency code from the option list.

Residual amount

Here, you have to capture the minimum amount by which, if a component of a schedule becomes overdue, the system will consider it as paid.

Neg Residue Amount

If the difference between the amount paid (COMPONENT_EXPECTED) and the amount due is less than the residue amount specified here, then the difference is treated as an income otherwise the transaction is rejected.

In the case of an income, the installment schedule is marked as completely settled/paid and the income is posted to the residual suspense GL. This triggers the event called 'RESD' (Residual) and the following entries are passed:

Accounting Role	Amount Tag	Dr/Cr
Loan Account	RESIDUAL_AMOUNT	Cr
Residual Suspense	RESIDUAL_AMOUNT	Dr

ATM Cash limit

Here, you can enter the maximum non- Cash transaction amount for the currency that you have defined. The ATM transaction amount cannot exceed the value given here.

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Rounding Factor (EMI)

Specify the rounding factor if the EMI is to be rounded.

It is mandatory for you to specify the rounding factor if you have maintained the rounding parameter.

Emi Round Up Down

Indicate whether the EMI should be rounded up or down.

- Choose 'UP' in case you want to round the number to the next decimal value.

- Choose 'DOWN' if you want to truncate the number to the previous decimal value

The principal component of the EMI is adjusted based on the rounded EMI amount.

Numerator Method

Specify the day count method for the numerator for each currency applicable to the product. The following options are available in the drop-down list:

- Actual

- 30 Euro

- 30 US

Choose the appropriate one. This value will be used for calculation of the Net Present Value (NPV).

Denominator Method

Specify the day count method for the denominator for each currency applicable to the product. The following options are available in the drop-down list:

- 360

- 365

Choose the appropriate one. This value will be used for calculation of the Net Present Value (NPV).

4.2.13 Customer Category Restriction Tab

Just as you can maintain a list of allowed/disallowed branches and currencies for a product, you can maintain a list of allowed/disallowed customer categories.

You can maintain several restrictions for each customer category.

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You can restrict customers from availing a product by maintaining an 'allowed' list or a 'disallowed' list of customer categories.

Only customer categories that are a part of an allowed list maintained for a product *can* avail the product. Likewise, customer categories that are part of a disallowed list *cannot* avail the product or service.

The allowed or disallowed column that you view depends on the list type that you choose to maintain. For instance, if you choose to maintain an allowed list, the column would display those customer categories that you choose to allow.

You can move a category to the allowed/disallowed column, using the Add or Delete icons.

4.2.13.1   Allowing Access to Special Customers

Depending on the customer restriction you specify – allowed or disallowed, you can further maintain a list of customers who are allowed (for a 'Disallowed' list) or specific customers who are not allowed to use the product (in the case of an 'Allowed' list). For example, you may disallow the customer category 'CORPORATES' from availing a certain loan product. However, you may want to allow 'Cavillieri and Barrett' (belonging to the category 'CORPORATES') to avail the product.

Select the name of the customer from the option list provided. The 'Customer Name' is displayed after you select the customer id.

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If the selected customer belongs to a category which is 'Disallowed' for the product but you want to allow the customer, check the 'Allowed' option. Similarly, if the customer belongs to a category that is 'Allowed' but you want to disallow the customer, do not check the 'Allowed' option.

4.2.14 Fields Tab

Field are additional fields that are available for use depending on the bank's requirement. You can define Fileds in the 'User Defined Fields' screen.

In the 'Fileds' tab of the screen, you can associate these custom fields with the product.

The UDFs are segregated based on the 'Field Type', into the following:

- Character Fields

- Number Fields

- Date Fields

When you select an UDF from the option list, the description is also displayed in the adjacent field.

4.2.14.1   Associating an MIS Group with the Product

You can associate MIS details with a product in the 'MIS' screen. Click 'MIS' button in the 'Consumer Lending Product' screen to invoke it.

In this screen, you can associate an 'MIS Group' to which the product should be linked (if it is applicable; if not, you can define the individual entities under which the product should be reviewed).

To associate a group, check the 'Link Group' option. If a group is linked, the entities defined for the group will be displayed. Only the Transaction MIS Code will be applicable to a product. The specific MIS entity (in the form of an MIS Code) will be picked up by default only if you have defined them for the group. If not, you have to indicate the appropriate MIS code for each applicable MIS class.

4.3 Processing of IRR Application on Loans

The internal rate of return (IRR) is the interest rate received for an investment consisting of payments (negative values) and income (positive values) that occur at regular periods. It is computed for a series of cash flows represented by the numbers in values. These cash flows may not be even, as they would be for an annuity. IRR is computed only when the cash flows occur at regular intervals, such as monthly or annually.

IRR is closely related to NPV - Net Present Value. The rate of return calculated by IRR is the interest rate corresponding to a 0 (zero) NPV. NPV measures the additional market value that the management expects the project to create (or destroy) if it is undertaken. It is computed using a discount rate and a series of future payments (negative values) and income (positive values).

IRR for loan accounts (where applicable) is calculated when the YACR event is triggered and the corresponding batch is run. You need to set up certain specific accounting entries for this event.

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Refer the chapter titled 'Annexure A: Accounting Entries and Advices' in this User Manual for the details of the accounting entries.

The system identifies the acquisition type of the product during account creation. For the account, it derives the acquisition type based on the following parameters:

For asset accounts (loans), if:

- Inflow>Outflow, then Acquisition type will be 'Discount'

- Inflow=Outflow, then Acquisition type will be 'Par'

- Inflow<Outflow Acquisition type will be 'Premium'

It calculates the constant yield or IRR during the initial disbursement of account using the following formula:

$$
\left[\sum_{i=1}^{N} \frac{CF_i}{(1 + IRR)^{(\frac{d_i - d_1}{D})}} \right] = 0
$$

Where:

- **N** - Number of cashflows including the net cash flow on the contract value date (Initial disbursement record)

- **CF$_i$** - ith Cashflow

- **IRR** - Internal Rate of Return for the contract

- **d$_i$** - Date of ith Cashflow

- **d$_1$** - Date of 1st Cashflow (the first disbursement date)

- **d$_i$-d$_1$** - Number of Days based on the Numerator Daycount Method

- **D** - Denominator Daycount Method

The IRR is computed in an iterative method by taking the contract interest rate as the initial guess. In case of loan amendment and prepayment, the cash flows are re-computed and used for IRR calculation post amendment/prepayment. The formula used for recomputation is the same as that used for the initial computation.

For subsidy loan, the IRR is computed based on the overall percentage of both the interest and subsidy component, if and only if the 'IRR is Applicable' field is checked in the both components. Else the component in which the "IRR is Applicable' field is checked, will be considered for IRR computation.

4.3.1 Recalculation of IRR with new effective date

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In case of Bearing and Amortized accounts, IRR recalculation will be done using a new effective date, during the following events:

- Manual disbursement
- Value Dated Amendment with schedule redefinition
- Prepayment
- Floating Rate Revision
- Value Dated Increase of Principal
- Value Dated Maturity Date Change
- Value Dated Rate Revision
- Rollover
- Version reversal
- Up-front fee Amendment

For such accounts, s new charge is levied on the following events:

- Value Dated Amendment Initiation (VAMI)
- Rollover (ROLL)
- Partial prepayment(MLIQ)
- Account status change (STCH)
- Installment status change (STSH)

In case of Discounted accounts, IRR will be re-calculated using a new effective date, during the following events:

- Rollover
- Up-front fee Amendment

 For such accounts, a new charge is levied on the following events:

- Value Dated Amendment Initiation (VAMI)
- Rollover (ROLL)
- Partial prepayment(MLIQ)

During the event 'Value Dated Amendment with Schedule Re-definition', IRR is recalculated with the currently active IRR effective date.

IRR re-calculation has to be done during reversal of partial and full prepayment, if the prepayment triggered recalculation of IRR.

In case of partial prepayment, if the payment value date is less than or equal to an existing IRR effective date, then IRR will be recalculated as of the earliest IRR effective date and all future dated IRR will be deleted.

IRR re-calculation does not happen in following cases:

- Regular Payment

- Overdue Payment

- Reversal of Regular Payment

- Reversal of Overdue Payment

🛑 Note the following:

- Catch-up of discount accrual during various events like amendment leads to recalculation (i.e. principal change/maturity date change/rate change/schedule redefinition), rate revision, liquidation, rollover, reversal of prepayment, etc. This is similar to the catch-up of interest liquidation in this module.

- During full repayment, outstanding accruals are passed unconditionally with the YACR event.

- During full prepayment, if there is a charge associated for the LIQD liquidation event, the charge amount will be populated with %LIQD amount tags.

- During foreclosure of the account the same processing as that of discount is followed for premium. This means that either complete pending accrual or refund happens based on the preference specified at the product level in the 'IRR Accrual Preference' screen. This implies that either the unaccrued discount for the entire tenor of the account will get accrued (in case of 'Complete Accrual' preference) or the refund happens to the customer for the unaccrued amount (in case of 'Refund' preference).

- In case of 'Par' acquisition type, there is no refund. Only the pending accruals are completed.

4.3.1.1 Processing during Account Status Change

During status change the system:

- Makes all discount accrual accounting roles available for transfer

- Identifies the balances to be transferred as 'Premium TBA – Premium Accrued' and 'Discount TBA – Discount Accrued'

- Stops the discount accrual and ensures that the YACR event doesn't pass any entries when the option 'Stop Accrual' is checked for a contract

- Reverses the balances for 'Premium Accrued' and 'Discount Accrued' when the 'Reverse Accruals' option is checked for a contract

- Cash flow for charge components being liquidated while booking of the loan (BOOK) or initiation of the loan (INIT) are populated with due date equal to first disbursement date

- For charge components wherein the charge currency is different from the contract currency, the charges are calculated in the specified charge currency at the product component level. These charges are liquidated during the BOOK or INIT events. The charge amount in the account currency is then arrived at based on the exchange rate as of account booking date.

- In case the charge currency not the same as the account currency, but the account currency is the same as the settlement account currency, the exchange rate input in the 'Settlements' screen will be used to convert the amount to account currency.

- IRR calculation is done during booking of the account (the BOOK event) instead of value date of the account (the INIT event) for future dated accounts.

4.4 <u>Product Defaulting</u>

Whenever you create new product, the system will create a default product for the 'Product Code' and 'Product Category' entered. The preferences of the default product are provided in this section.

4.4.1 <u>Product Creation</u>

The values in the product screens along with the corresponding screen snapshot are provided for reference.

4.4.2 <u>Main Tab</u>

After you select the **Product Code**, **Description**, and **Product Category** and click 'D' button, the screen appears as follows:

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Default UDE

- INTEREST_RATE

Default Components

- PRINCIPAL

- MAIN_INT

4.4.3 Preferences Tab

You can change the default preferences.

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4.4.4 Components Tab

The component 'MAIN_INT' will have the following details:

- Schedule Type: Payment which indicates interest payment

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- Formula Type: Simple

- Basis Element: PRINCIPAL_EXPECTED

- Booked Formula:
  @SIMPLE(PRINCIPAL_EXPECTED,(INTEREST_RATE),DAYS,YEAR,COMPOUND_VALUE)

The component 'PRINCIPAL' will have default schedule types 'Disbursement' and 'Payment' and relevant details for these schedules.

4.4.5 Notices and Statements Tab

No defaults.

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4.4.6 Role To Head Tab

The Bridge GLs default from the Branch Parameters.

- Accounting Roles: The following roles are defaulted:
  - ➢ LOAN_ACCOUNT
  - ➢ DR_SETTL_BRIDGE
  - ➢ CR_SETTL_BRIDGE
  - ➢ MAIN_INTREC
  - ➢ MAIN_INTINC
  - ➢ MAIN_INTEXP
  - ➢ PRINCIPALEXP
  - ➢ SROL_SUSPENSE
- Map Type: Static

4.4.7 Account Status Tab

The default status is 'NORM' which indicates the normal status. You can change the defaulted value and enter new status.

Liquidation order is in the order as displayed in the screen below:

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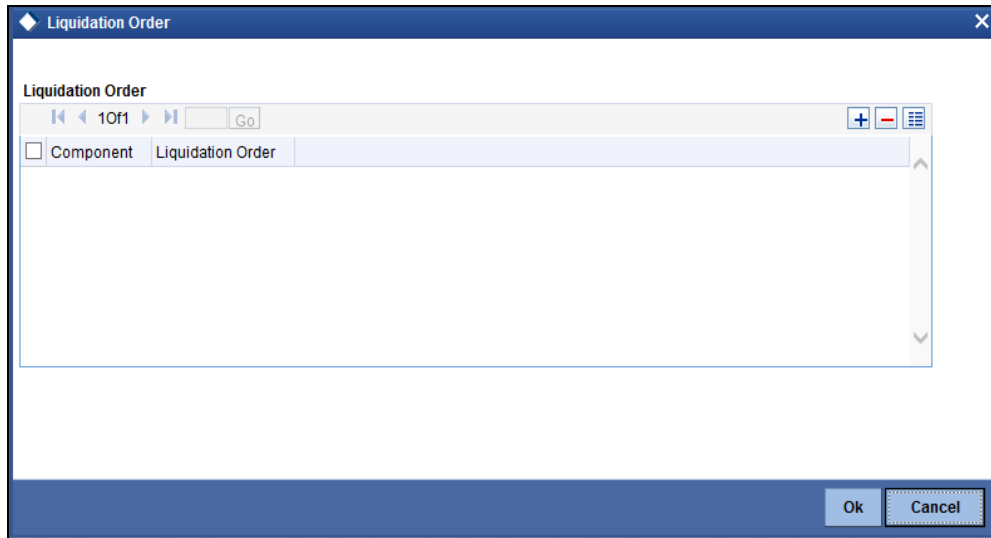
Thus, the Interest will be liquidated first and the Principal next. If funds in the repayment account are not enough to liquidate the Principal, it will be left as outstanding. You can change the default order.

For new components, you should define the liquidation order explicitly

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4.4.8 Events Tab

The default events and the corresponding accounting entries are given below:

Event: BOOK (Booking of Contract/Account)

No default accounting entries for this event

Event: INIT (Account/Contract Initiation)

No default accounting entries for this event

Event: DSBR (Disbursement)

The default entries are:

Account Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	PRINCIPAL	Debit
CR_SETTL_BRIDGE	PRINCIPAL	Credit

Event: ACCR (Accrual)

The default accounting entries for this event are:

Account Role	Amount Tag	Dr/Cr
MAIN_INTREC	MAIN_INT_ACCR	Debit
MAIN_INTINC	MAIN_INT_ACCR	Credit

Event: ALIQ & MLIQ (Auto/Manual Liquidation)

These events will be fired where the default accounting entries would be:

Account Role	Amount Tag	Dr/Cr
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	Debit
LOAN_ACCOUNT	PRINCIPAL_LIQD	Credit
DR_SETTL_BRIDGE	MAIN_INT_LIQD	Debit
MAIN_INTREC	MAIN_INT_LIQD	Credit
DR_SETTL_BRIDGE	MAIN_INT_ADJ	Debit
MAIN_INTINC	MAIN_INT_ADJ	Credit
PRINCIPALEXP	PRINCIPAL_WAVD	Debit
LOAN ACCOUNT	PRINCIPAL_WAVD	Credit
User To Fill	PRINCIPAL_CLIQ	Debit
User To Fill	PRINCIPAL_CLIQ	Credit
User To Fill	MAIN_INT_LIQD	Debit
User To Fill	MAIN_INT_LIQD	Credit
BRIDGE GL	PRINCIPAL_LIQD	Debit
ASSET GL	PRINCIPAL_LIQD	Credit
BRIDGE GL	<INTEREST>_LIQD	Debit
INTERESTREC	<INTEREST>_LIQD	Credit

A snapshot of the screen is displayed:

Event: VAMB (Value Dated Amendment Booking)

No default accounting entries for this event.

Event: VAMI (Value Dated Amendment Initiation)

The Default Accounting Entries for this event:

Account Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	PRINCIPAL_INCR	Debit
CR_SETTL_BRIDGE	PRINCIPAL_INCR	Credit

Event: ROLL (Rollover of Contract/Account)

The default Accounting Entries for a Rollover are:

Account Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	PRINCIPAL_ROLL	Debit
CR_SETTL_BRIDGE	PRINCIPAL_ROLL	Credit
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	Debit

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Account Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	PRINCIPAL_LIQD	Credit
DR_SETTL_BRIDGE	MAIN_INT_LIQD	Debit
MAIN_INTREC	MAIN_INT_LIQD	Credit

Event: BADJ (Back Dated Adjustment)

The default Accounting Entries for this event are:

Account Role	Amount Tag	Dr/Cr
PRINCIPALREC	PRINCIPAL_DRAJ	Debit
PRINCIPALINC	PRINCIPAL_DRAJ	Credit
MAIN_INTREC	MAIN_INT_DRAJ	Debit
MAIN_INTINC	MAIN_INT_DRAJ	Credit
DR_SETTL_BRIDGE	PRINCIPAL_DRLQ	Debit
PRINCIPALINC	PRINCIPAL_DRLQ	Credit
DR_SETTL_BRIDGE	MAIN_INT_DRLQ	Debit
MAIN_INTINC	MAIN_INT_DRLQ	Credit
PRINCIPALINC	PRINCIPAL_CRAJ	Debit
PRINCIPALREC	PRINCIPAL_CRAJ	Credit
MAIN_INTINC	MAIN_INT_CRAJ	Debit
MAIN_INTREC	MAIN_INT_CRAJ	Credit
PRINCIPALINC	PRINCIPAL_CRLQ	Debit
CR_SETTL_BRIDGE	PRINCIPAL_CRLQ	Credit
MAIN_INTINC	MAIN_INT_CRLQ	Debit
CR_SETTL_BRIDGE	MAIN_INT_CRLQ	Credit

Event: ROLB (Rollover Booking)

The accounting entries are:

Account Role	Amount Tag	Dr/Cr

Account Role	Amount Tag	Dr/Cr
DR_SETTL_BRIDGE	SETTLE_AMOUNT_LIQD	Debit
ROLB_SUSPENSE	SETTLE_AMOUNT_LIQD	Credit
ROLB_SUSPENSE	SETTLE_AMOUNT_INCR	Debit
CR_SETTL_BRIDGE	SETTLE_AMOUNT_INCR	Credit

Event: SROL (Special Rollover)

The default accounting entries are:

Account Role	Amount Tag	Dr/Cr
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	Debit
LOAN_ACCOUNT	PRINCIPAL_LIQD	Credit
DR_SETTL_BRIDGE	MAIN_INT_LIQD	Debit
MAIN_INT_REC	MAIN_INT_LIQD	Credit
SROL_SUSPENSE	PRINCIPAL_SROL	Debit
LOAN_ACCOUNT	PRINCIPAL_SROL	Credit
SROL_SUSPENSE	MAIN_INT_SROL	Debit
MAIN_INT_REC	MAIN_INT_SROL	Credit

Event: REOP (Reopen of a Loan Account)

The default accounting entries for REOP are:

Account Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	PRINCIPAL	Debit
SROL_SUSPENSE	PRINCIPAL	Credit
LOAN_ACCOUNT	PRINCIPAL_INCR	Debit
CR_SETTL_BRIDGE	PRINCIPAL_INCR	Credit

Event: RNOG (Renegotiation)

The default accounting entries for REOP are:

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Account Role	Amount Tag	Dr/Cr
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	Debit
LOAN_ACCOUNT	PRINCIPAL_LIQD	Credit
DR_SETTL_BRIDGE	MAIN_INT_LIQD	Debit
MAIN_INTREC	MAIN_INT_LIQD	Credit
SROL_SUSPENSE	PRINCIPAL_RNOG	Debit
LOAN_ACCOUNT	PRINCIPAL_RNOG	Credit
SROL_SUSPENSE	MAIN_INT_ RNOG	Debit
MAIN_INTREC	MAIN_INT_ RNOG	Credit

Event: NOVA (Novation)

The default accounting entries are:

Account Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	OUTSTANDING_BAL	Debit
LOAN_ACCOUNT	OUTSTANDING_BAL	Credit

Event: PWOF (Partial Write Off)

The default accounting entries are:

Account Role	Amount Tag	Dr/Cr
PRINCIPAL_EXP_D	PRINCIPAL_PWOF	Debit
LOAN_AC_DOUB	PRINCIPAL_PWOF	Credit
CONT_W_DOUB	MAIN_INT_PWOF_CONT	Debit
CONT_SUBS	MAIN_INT_PWOF_CONT	Credit
MAIN_INTEXP_DOUB	MAIN_INT_PWOF	Debit
MAIN_INTREC_DOUB	MAIN_INT_PWOF	Credit

Event: USGT (Un-Secured GL Transfer)

No default accounting entries for this event.

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🛑 For all accounting entries defaulted, you have to select the appropriate Transaction Codes

4.4.9 Branch CCY Rest Tab

No defaults

4.4.10 Cust Cat Rest Tab

No defaults

4.4.11 UDF Tab

No defaults

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5. Account Creation

5.1 Introduction

Loan Accounts in the Retail Lending module represent the receivable accounts that you create while disbursing a loan. These accounts derive their feature from the Loan Product. Loan Accounts are mapped to the Asset GL through the accounting Role LOAN_ACCOUNT. This role has to be mapped to the respective Asset GL of the Bank. You can override some product features at the account level.

The system allows you to do the following actions on the Loan accounts:

- Account Main Details Maintenance/Light Loans

- Liability details and UDE Values Maintenance

- Account Preferences/Defaults

- Account Component schedules

- Charges Maintenance and Settlement details

- Linkages Information

- Events, Events Due and Events Overdue

5.2 Creating a Loan Account

The account screen accepts the Customer, Currency and Amount Financed and creates a Light Loan. This is a default Loan that takes all other details from the defaults the product provides. For creating simple accounts in the CL module, you can follow this simple process. These Loans are called Light Loans in the CL module. You can create a loan account using the 'Account Details' screen. You can invoke this screen by typing 'CLDACCNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Click new button on the application toolbar.

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You can specify the following generic details in the Account Details screen:

Branch

The system displays the Branch Code of the branch into which the user has logged in, for which the UDE values are maintained.

Account Number

Based on the parameters that setup at the branch level, the account number would be either auto generated or would have to be captured in this field.

🛑 You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

Product Code

Click the option list to select a Product Code from the list of values. Double click on a Product Code to select a particular code. The product codes are maintained in the Product Definition screen.

Click 'P' button to populate the Product Category, Value Date, Maturity Date based on the Product Code selected, the main screen will display all these values.

Product Category

The system displays the product category in this field

Application Number

The system displays the Application Number in this field

🛑 This is applicable only if the origination of the loan is in Oracle FLEXCUBE or is interfaced

Version Number

The system displays the current Version Number of the account. A new version number is created when changes like Roll over, Amendment are made to a loan. This is displayed in the top right corner of the 'Account Details' screen.

Alt Acc No

Specify the alternate account number in this field. It can be an account number in the existing system from which the account has migrated to Oracle FLEXCUBE.

User Defined Status

After you enter the account number, the system displays the status of the account in this field. This is based on the products status maintenance rules.

If you have opted for status processing at the 'Group/CIF' level as part of your branch preferences, the system defaults the value of CIF status as available in the 'Customer Maintenance' screen. This status is the worst status among all the loans, savings accounts and current accounts for the customer within the current branch.

Derived Status

The system defaults the status of the individual loan account here. This is derived from the status maintenance rules of the product, during end of day operations.

User Reference Number

A 16-digit User Reference Number is autogenerated and displayed here if the 'Auto Generate User Ref No' option is checked in the Branch Parameters. The format of the user reference number is BranchCode + ProductCode + Sequence number. You are allowed to modify the auto-generated User Ref No.

If the 'Auto Generate User Ref No' in Branch Parameters is not checked then the User Ref No will be blank by default and you have to specify it manually. Validations are done by the system not to save the account if an unsuppressed payment message is present which has the User Ref No as blank.

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5.2.1 Main Tab

You can capture the main details of the loan account in this tab

The following details regarding the loan account are captured here:

Account Details

The following details are captured here:

Customer ID

To select a customer ID, click the option list. A screen called 'Find Customer Details' is displayed. You can enter search criteria in this screen. For example, you can enter the customer name or number and click on the 'Search' button. The system then fetches you all the details corresponding to the Customer name or account. Once you find all the details, double-click on the record to return to the account details screen.

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In order to search the values in the option list, you need to enter the minimum number of characters required by the system for search. That is, to search with the customer number, you need to enter at least the first four characters of the customer number that you need to search. Similarly, while searching with customer short name, you need to enter at least the first three characters.

If you click 'Fetch' button without entering the minimum characters, the system will prompt you to enter the minimum value for at least one of the indexed field.

Amount Financed

Specify the total loan amount of the loan in this field.

If Calculate Gross Principle is checked, then the amount financed is the gross principal.

Currency

To select a currency, click the LOV button. A list of currencies is displayed. Double click to select a currency.

Net Principal

The Net Principal is the actual principal amount financed. It is system calculated and excludes any other funded components.

Customer Name

Specify the customer name here.

Value Date

Select the Value date of the loan in this field using the date button.

Customer Name

On selecting the customer ID, the system displays the customer name.

Currency

To select a currency, click the adjoining option list. A list of currencies is displayed. Double click to select a currency.

Click 'Product Default' button after entering product code, customer ID, currency and amount financed. The system defaults other details maintained for the selected product. The system also defaults the schedule definitions from the product and computes the detailed schedules. After clicking the 'Product Default' button, you cannot change the product code. Also, the system prompts you to click the 'Product Default' button once again if you change 'Customer ID', 'Currency' or 'Amount Financed' fields.

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Note: For a loan with multiple linkages with multiple customers, enter other applicants details in other applicant subsystem along with customer ID, currency and amount financed in main screen before click on product default.

Amount Financed

Specify the total loan amount of the loan in this field.

On saving the account, the system validates the value of the amount financed against the following:

- Product transaction limit
- User Input limit

If the transaction currency and the limit currency are different, then the system converts the amount financed to limit currency and checks if the same is in excess of the product transaction limit and user input limit. If this holds true, the system indicates the same with below override/error messages:

- Number of levels required for authorizing the transaction
- Transaction amount is in excess of the input limit of the user

Book Date

In this field, the current date when the loan details were entered is defaulted and cannot be modified.

Value Date

Select the Value date of the loan in this field using the date button.

Total Principal Outstanding

Total Principal Outstanding inclusive of the compounded interest or penalty is defaulted here.

No of Installments

Specify the number of installments for the loan account.

Unit

Select the unit of frequency at which the EMI of the customer will change, from the adjoining drop-down list. This list displays the following values:

- Monthly
- Quarterly
- Half-yearly
- Annually

The system derives the first change date by adding the Frequency unit to the value date.

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Frequency

Specify the frequency in which the EMI of the customer will change.

Installment Start Date

Specify the installment start date for the loan account. Alternatively, you can select the date from the adjoining calendar button.

EMI Amount

Specify the EMI amount here.

Due Date On

This option may be used to schedule an installment on a particular date of the month.

Maturity Type

Select the Fixed or Call option to specify the type of loan maturity.

🛑 The system by default selects the option Fixed. For the Call option, the maturity date will not be computed upfront.

If you choose the 'Call' option, IRR processing will not be applicable to the account.

Maturity Date

Select the maturity date in this field using the date button.

If you are not sure of the maturity date, enter the tenor of the loan in either days or months or years as say 3M for 3 Months etc. The system automatically calculates the date on tabbing-out of the tenor.

Tenor

Specify the tenor of the loan.

Net Principal

The Net Principal is the actual principal amount financed. It is system calculated and excludes any other funded components.

Loan to Value

Specify the loan to value here.

Index Exchange Rate

Specify the exchange rate for index currency here

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Subsidy Customer ID

Specify the unique identifier of the agency or the third party included in the subsidy loan contract.

Calculate Gross Principle

Check this box if you want the system to calculate the gross principal for the loan. If you have checked this box and have entered the amount financed then system takes the amount financed as the gross principal.

5.2.1.1 Enrich

After product defaulting, you can change the contract details which impact the schedule computation. You should enrich these changed details. Click the 'Enrich' button. The system displays appropriate overrides and re-computes schedules and other details depending on the changed values.

For the rate code, if an active term deposit reference number is selected from the option list, then on clicking 'Enrich', system defaults linkage details as below:

- Linkage Type as 'Term Deposit'

- Linked Reference as the term deposit account selected in 'Rate Code' of the main interest UDE

- Linkage Amount as the 'Amount Financed' of the loan account

- Link % as 100%

- Customer Id as the loan account customer Id

- Linkage Branch as the branch of the term deposit account

- Linked Currency as the term deposit account currency

- Block reference number as blank

5.2.1.2 EMI Details

Frequency Unit

Select the unit of frequency at which the EMI of the customer will change, from the adjoining drop-down list. This list displays the following values:

- Monthly

- Quarterly

- Half-yearly

- Annually

The system derives the first change date by adding the Frequency unit to the value date.

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EMI Frequency

Specify the frequency in which the EMI of the customer will change.

Minimum EMI

Specify the minimum EMI amount for the customer. If the result of the derived EMI is below the 'Minimum EMI' specified here, the system sets the EMI for the customer to the Minimum EMI amount.

Maximum EMI

Specify the maximum EMI amount for the customer. If the result of the derived EMI is above the 'Maximum EMI' specified here, the system sets the EMI for the customer to the Maximum EMI amount.

Note: The Minimum EMI and Maximum EMI are optional inputs.

End Date

Specify the date beyond which the EMI Change (EMIC) will not be processed. Alternatively, you can also select the date from the calendar button.

5.2.1.3 <u>Effective Date</u>

You can specify the following detail here:

Effective Date

The effective date is used to pick the UDE value. The system displays this date from the General UDE maintenance screen.

For a product + currency combination, if the UDE values are not maintained for the effective date, then the system defaults "0" which the user can then edit.

5.2.1.4 <u>User Defined Element Values</u>

The UDE values for each Account are maintained here. After clicking the 'Product Default' button, the UDE values default from the UDE values maintenance for the Product, Currency, effective dates combination. The system disables this section. These can be overridden by providing account level UDE values. For this, you need to click the 'Edit UDE Details' button. After changing the details, the system re-computes the schedules. On saving the contract, the system prompts the changed details.

However the UDE are only those defined at the product level. No New UDEs can be introduced at the account level.

The system checks whether the UDE values fall within the minimum and maximum limits specified for the UDEs linked to the product. If a UDE value falls outside the permissible limits, the system will throw an error message,

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If there are no product level UDE values maintained, the system will default the UDE value to Zero. However, at the time of saving, if UDE values are zero or any invalid value, then an override will be raised with an appropriate error message. If required this can be configured as an error message. In case of an ERROR, you will have to give a valid value. While if it is an OVERRIDE, you can overlook the message and continue and if it is for an ONLINE AUTHORIZATION the parameter should be authorized appropriately.

You can specify the following details for the UDE values:

User Defined Element ID

To select a UDE Id, click the option list. A list of UDE Ids is displayed. Double click to select a UDE Id.

User Defined Element Values

Specify the Actual Value for the UDE based on the effective Date in this field. The value specified here should fall within the minimum and maximum limits maintained for the UDE linked to the underlying product.

Note: Mandatory if a UDE is maintained.

Rate Code

Select the code for the Floating Rates if any and provide the spread in UDE value field. from the adjoining option list. The system also lists the active and open term deposit account as part of rate code option list.

Code Usage

Select the Code usage which can be periodic or automatic in this field

Rate Basis

The system displays the rate basis from maintenance or product level. You can select and modify the value from the drop down list. The list displays the following values:

- Null

- Per Annum

- Per Month

- Quote Basis

Resolved Value

This denotes the final value of a UDE. Resolved value = Rate code value taken from Floating Rate Maintenance + the spread [UDE Value]

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5.2.1.5   Account EMI Change

In addition to specifying the change in EMI in terms of frequency, you can also input the change in terms of amount and percentage. Specify the following details related to the change in EMI amount of the customer:

Amount Change in EMI

Specify the fixed amount by which the current EMI amount of the customer is either increased or decreased. This can either be a positive or negative value.

Percentage Change in EMI

Specify the EMI percentage by which the current EMI amount of the customer is either increased or decreased. This can either be a positive or negative value.

Effective Date

Specify the date from which the new EMI amount is effective for the customer. Alternatively, you can also select the date from the calendar button. The Effective Date for Account EMI Change should always be greater than the value date of the contract.

During value dated amendments, it is possible to change the EMI amount of the customer from the new 'Effective Date'. However, the 'Effective Date' should be greater than the VAMI effective date.

5.2.2 Preferences Tab

The defaults are maintained by the bank. Depending upon the combination of various preferences, the bank can have various account preferences. The defaults primarily are based on product definition and can be overridden.

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You can specify the following details here:

Cheque Book Facility

Check this box to indicate that the cheque book facility should be allowed to loan account.

Passbook Facility

Check this box to indicate that the pass book facility should be allowed to loan account.

ATM/Debit Card

Check this box to indicate that the ATM/Debit card should be provided to the account holder.

Liquidate Back Values Schedules

Check this box to liquidate back valued schedules of a loan.

If this flag is turned on, during initiation, when a loan is input back dated and if there are any installment dues, then all those schedules with a due date less than the system date will be liquidated on initiation .

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Allow Bulk Payment

Check this box to indicate whether the accounts under a commitment should be considered for bulk processing. Various disbursements are allowed for a corporate customer and these are treated as loans with separate products and EMI schedules. Assigning individual payments as Bulk payments provides the facility of viewing multiple loans under a single commitment.

Amend Past Paid Schedules

This preference determines if you can modify any feature such as interest rate, installment amount which affects already paid schedules. If you select this option then the paid schedules are recalculated and liquidations on them are recognized as pending as appropriate. Note that this option is applicable only to term loans.

Stop Disbursement

Check this box to indicate that the disbursement should be stopped.

Recalculate Annuity On Disbursement

Check this box to indicate that the annuity on disbursement should be recalculated.

Packing Credit

Check this box to indicate the possibility of linking CL Accounts to BC under this product.

For more details on the Packing Credit Sub System and Pre-Shipment Finance refer section 'Specifying Purchase Details' in chapter 'Processing Bills' of the 'Bills and Collections' manual.

Notary Pre Confirmed

Check this box to indicate that you have already got confirmation from the notary, before creation of the loan.

If the value date of the account is on or before the application date, then 'NCON' will trigger INIT and DSBR event for auto disbursement product, else user will need to trigger manual disbursement post the notary confirmation. .

If the value date of the loan is beyond the application date, the system will trigger the NCON event online, once the value date is reached the INIT and DSBR events gets fired, if the loan is under an auto disbursement product.

You can also save a loan account with this option unchecked. Once you receive the confirmation, you can trigger the 'NCON' event manually using the 'Manual Notary Confirmation' screen.

Refer the section 'Manual Confirmation by Notary' in this chapter to see the steps required for getting confirmation from Notary.

5.2.2.1   Bill Details

Trade Reference

Specify the reference number of the bill. The adjoining option list displays all valid reference numbers maintained in the system. You can choose the appropriate one.

Bill Due Amount

Specify the due amount of the bill.

Amount Available

Specify the available amount.

5.2.2.2   Liquidation Details

You can maintain the following liquidation preferences:

Liquidation Mode

The system defaults the mode of liquidation from the product level. However you can modify the same to indicate the mode of liquidation that you are maintaining. You can select one of the following options:

- Manual

- Auto

- Component

When a loan is securitized, the system performs following actions during Payments and Charges liquidation:

The system transfers all future payments (including Principal Payments, Charges, Interest, Prepayment of Loan and Pre-payment Charges) to SPV account (since the ownership of the loan Asset is changed to SPV). The system posts the consolidated payments to SPV account during the EOD cycle.

If the sale/buyback happened in the middle of logical accrual period, system performs force accrual on sale/buyback date and passes the accounting entries accordingly. During EOD cycle, the system generates consolidated credit advice message at securitization contract level.

Reset Retry Count For Reversed Auto Liquidation

If auto liquidation has been reversed in an account, it will be retried depending upon the status of this field. If this option is selected, then the auto liquidation is retried.

Partial Liquidation

If you select this option, system will perform partial auto liquidation

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Retries Auto Liquidation Days

When auto liquidation option is chosen and funds are not available, the number of times the system can retry auto liquidation is determined by this field

If blank, the number of retries is infinite.

Liquidate Interest Only

Check this box if only Interest is to be liquidated.

Auto Close Collateral

Check this box if you need to close the collateral on full payment during auto liquidation. This is applicable only for Linkage Type 'New Collateral".

5.2.2.3   Track Receivable

If Track receivable option is checked for an account, it tracks the amount to be liquidated as a receivable if funds are not available. So upon any subsequent credit, the receivables are blocked and allocated to the pending liquidation.

Auto Liquidation

Select this option to indicate that the Track receivable option is for Auto Liquidations. You can modify this during VAMI/rollover/renegotiation.

On schedule liquidation if there are insufficient funds in the settlement account to satisfy the liquidation and if both the product and the account are marked for receivable tracking then system initiates tracking of receivable.

If the account is marked for Partial liquidation, then liquidation happens to the extent of available funds, and the remaining amount is tracked.

If the account is not marked for partial liquidation, and the amount available in the settlement account is less than the due amount, then system won't do any liquidation and starts tracking the full due amount.

Oracle FLEXCUBE facilitates considering and generating guarantor account details maintained under 'Component' tab of 'Account Details' screen, if the main borrower defaults the payment of the due amount. Based on the value defined for missed installments, system considers guarantor account for repayment. If fund verification and track receivable are enabled, then the system facilitates track receivable facility for both main borrower and guarantor accounts

5.2.2.4   Intermediary Details

You can capture the Intermediary Details at the loan account level to keep track of the accounts created through Intermediaries. You can link multiple intermediaries to a single loan through CL account details screen. In case of multiple intermediaries, you need to maintain the applicable intermediary percentage against each intermediary for the loan.

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Intermediary Initiated

Check this box to indicate that the loan has been initiated by an intermediary.

Intermediary Code

If you have checked the box 'Intermediary Initiated', you need to specify the code of the intermediary who has initiated the loan. The adjoining option list displays all valid and active intermediary codes maintained in the system. You can select the appropriate one. Using this option you can link multiple intermediaries along with the respective percentage for the individual intermediary against the loan amount.

5.2.2.5 Holiday Periods

After product default, the system disables the 'Holiday Periods' section. You can click on the 'Edit Holiday Periods' button to edit the holiday periods. After changing the details, the system re-computes the schedules. On saving the contract, the system prompts the changed details.

You can specify the following detail here:

Period

Select the period for which repayment holiday is to be given to the customer. The holiday periods maintained in the system are displayed in the adjoining option list. If the selected repayment holiday period exceeds 'Interest Only Period' field in the 'Product' screen, the system will display an appropriate error message.

For details on repayment holidays for amortized loans, please refer to the section 'Repayment Holiday for Amortized Loans' in this chapter.

5.2.2.6 UDE Rate Plan

Start Date

The start date from which the rate plan change can be done is displayed here. However, you can modify this value at loan account level.

End Date

The end date till which the rate plan change can be done is displayed here. However, you can modify this value at loan account level.

5.2.3 Components Tab

Clicking against the 'Components' tab in the 'Account Details' screen invokes the following screen:

You can specify the following details for the components:

Component Name

Specify the name of the component.

Calculation Type

To specify the manner in which the component should be calculated and liquidated. You can choose one of the following options:

Formula with schedule (Component Type - Interest)

- Formula without schedule (Charge)

- Penal Interest

- Prepayment Penalty

- Discount

- Schedule without formula (Principal)

- No schedule No formula (Ad Hoc Charges)

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- Penalty Charges

Component Currency

The system displays the currency associated with the component in this field. The value is defined at Product level.

Special Interest Amt

Specify the amount for the special interest in this field.

Waive

Select this option to waive the component for the account.

Main Component

Check this box to indicate that the specified component should be main component.

Verify Fund

You can indicate whether the system should verify the availability of sufficient funds in the customer account before doing auto liquidation of the component

Capitalized

Select this option if the scheduled amounts are to be capitalized.

Penal Basis Component

The system displays the Penal basis for calculating penalty component in this field.

Service Branch

Click the option list to select the branch that services the customer account

Double click on a value to select it.

Service Account

Click the option list to select the account in the service branch.

Double click on a value to select it. All modes except CASA needs service account. Adjustments etc. will be settled through this account.

Settlement Currency

Select the settlement currency for the option list. Click the adjoining option list to choose a settlement currency from the list of currencies. Double click on a value to select it.

In case of a subsidy loan, the system displays the settlement currency based on the subsidy customer ID specified in the 'Main' tab. However you can change it. The settlement currency is maintained as a default for both Credits and Debits.

5.2.3.1   Maintaining Schedule Definition

The following details are captured here:

Type

Select the type of schedule from the option list. Schedule can be a payment, a disbursement or a rate revision schedule.

Sch Flag

Select the option for the Schedule flag from the option list.

The options are Normal or Moratorium.

Select the option Moratorium if there are no scheduled repayments for the component for the Moratorium period. However the component is accrued for a certain Moratorium period.

Formula

Enter the formula used to compute the component for that schedule.

First Due Date

Enter the first due date for the schedule for the component. The first due date can be defined based on the value date for the loan or a calendar date.

Number

Enter the number of times the schedule is repeated for a chosen frequency for the schedule. If the Frequency is Monthly and Number is 1, it implies once a month.

Frequency

This implies the number of times the schedule will repeat for a Unit. If it is 2 and the Unit is Monthly, it implies twice a month.

Unit

Enter the installment unit for the component for the schedule. The units of frequency definition can be Daily, Weekly, Bullet, Monthly, Quarterly, Half Yearly or Yearly.

Select the unit of the schedule from the option list.

Due Dates On

This option may be used to schedule an installment on a particular date of the month.

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End Date

End date for the component for the schedule will be computed from the start date, frequency, unit and number for the schedule.

Amount

The amount of payment done (whether disbursement or repayment) is displayed in this field.

Capitalize

Select this option if the schedule amounts are to be capitalized.

Waive

Select this option to specify if you need to allow a waiver of the component payments for the schedule

🛑 The system by default does not select this option

A schedule can be either applicable or capitalized or waived

5.2.3.2   Payment Mode Details Button

You can specify the details of payment mode in the 'Settlement Mode' screen. To invoke the screen, click 'Payment Mode Details' button under 'Components' tab in the 'Account Details' screen.

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5.2.3.3   <u>Schedule Details</u>

Click 'Explode' button to view the following Schedule details:

Schedule Number

The system generates and displays a sequential schedule number for installments

Due Date

The system displays the due date of the payments and disbursements in this field

Amount Settled

The system displays the settlement amount   for the schedule in this field

Amount Due

The system displays the amount due for the schedule in this field

EMI Amount

 The EMI that should be repaid in this schedule is displayed in this field

Amort Prin Details

The system displays the principal that has to be amortized in this field. This field will be relevant for the Interest component that is being amortized.

Accrued Amount

In this field, the system displays   the amount accrued for the component for the schedule

Capitalize

 The flag is used to display that the schedule installment is capitalized

Waive

Select this option to indicate if this particular amount which is due will be waived or not

5.2.3.4   <u>Editing Default Schedule</u>

Click 'Edit' to make any change to the scheduling and after you have made changes, click 'Explode' to see the changes made

If you select any component and click 'Edit' you can make changes to the schedules which are defaulted from the product to the account.

If you select the 'Explode' button, other components will get adjusted according to change made to any of the attribute.

Select the Principal Component. Click 'Disbursals' to see the Disbursal schedule. This gives the list of Schedules for the disbursements and their corresponding Disbursement amounts.
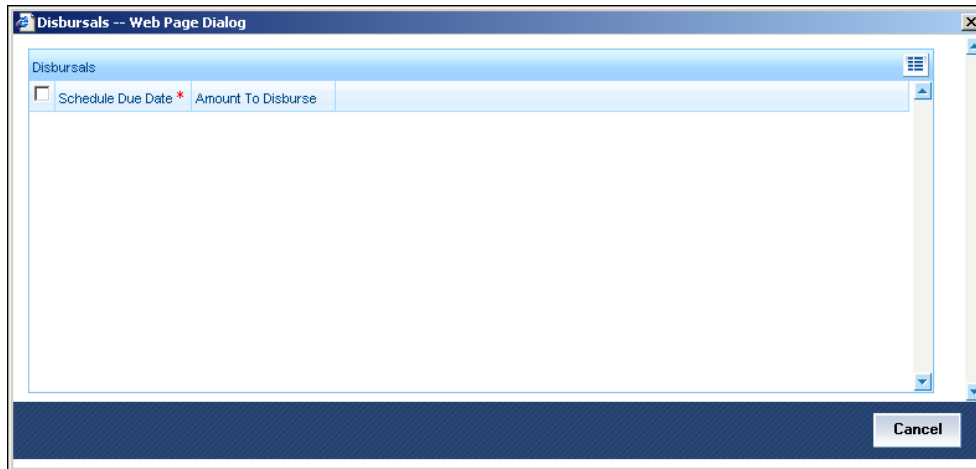
You can check the details of the due date of the schedule and the Amount to be disbursed from the Sch Due date field and the Amount To Dsbr field respectively.

If any disbursal results in a status change for the account, the system will update the current status for the account in the 'Derived Status' field. During end-of-day batch processing, it will update the 'User Defined Status' for the account with the worst status that is available for all accounts and loans for this CIF and post the required accounting entries for the change.

5.2.3.5   Revision Details

Select a component which has rate revision defined. To view the details of the Rate revision schedule, click the 'Revisions' button. This lists the details of the revisions done on the Components.

This lists the revision date against the component name. This also has an application option which displays if the revision was applied or not

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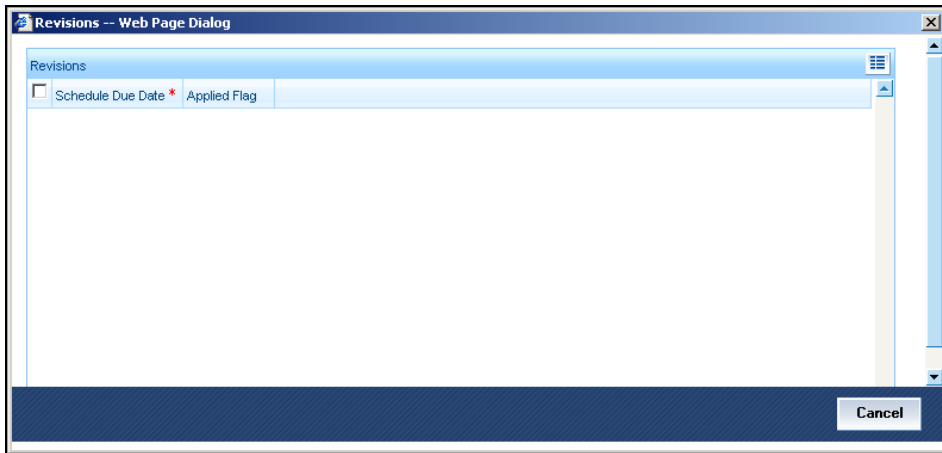
You can check the details of the name of the component that is revised and the date when it has been revised from the field Component name and Revision date respectively.

5.2.4 Account Details Tab

The Account details include the book date, the value date, the maturity date, and down payment amount of the Loan account. In case of Rolled over loans, the original start date is also stored. The details of the liability parties to the account are maintained. The Main Customer and description are displayed. Also other applicants of a loan such as Co-signers, Guarantors etc can be captured. These details of the co applicants, their responsibility as a Cosigner, guarantor etc, and the contribution of the co applicants to the Loan are provided here.

The UDE values for each Account are maintained here. The UDE values default from the UDE values maintenance for the Product, Currency, effective dates combination. These can be overridden by providing account level UDE values. However the UDE are only those defined at the product level.

The system checks whether the UDE values fall within the minimum and maximum limits specified for the UDEs linked to the product. If a UDE value falls outside the permissible limits, the system will throw an error message,

If there are no product level UDE values maintained, the system will default the UDE value to Zero. However, at the time of saving, if UDE values are zero or any invalid value, then an override will be raised with an appropriate error message. If required this can be configured as an error message. In case of an ERROR, you will have to give a valid value. While if it is an OVERRIDE, you can overlook the message and continue and if it is for an ONLINE AUTHORIZATION the parameter should be authorized appropriately.

You can specify the following details:

Amount Financed

The Amount to be financed will default from the Main screen. If it needs to be changed, enter the new amount that is financed for the loan in this field.

Value Date

The Loan value date from the main screen will be defaulted. To change this, enter the Value date of the loan in this field i.e., enter the Loan initiation date.

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Maturity Date

The Loan maturity date from the main screen will be defaulted. To change it, enter the scheduled Maturity date of the loan. The tenor can also be entered to compute the Loan Maturity Date.

No of Days from Shipment

Specify the number of days that has elapsed from the shipment to the disbursement.

Example

Assume the rate code maintained at the account is TIER_RATE1 with the following details. The tenor details stored will be cumulative.

Effective Date – 01-Jan-2000

Tenor from	Tenor to	Rate
0	30	10
31	90	12
91	9999	14

Assume that the Main and the Penal Interest components are MAIN_INT and PENAL_INTEREST. Tiered Tenor is linked to loan accounts with Bullet schedule only. This is because it is linked to loan accounts whose main Interest component is discounted and there are no schedules defined for discounted type of Interest. Also, the Tiered Tenor can be linked to bearing type of loan accounts with Bullet Schedule.

Let an account be linked to this tiered rate with the following details:

Value date - 05-Jan-2000

Maturity Date 05 - Mar-2000

Bill Amount USD - 1,000,000.00

No of shipment days - 2 days

The following details will be the details of Interest calculation for MAIN_INT.

Effective Date	Rate	From Date	To Date	No of Days
05-Jan-00	10	05-Jan-00	02-Feb-00	28
02-Feb-00	12	02-Feb-00	05-Mar-00	32

Say the amount Calculated based on the above details is AMOUNT1.

Case 1:

If there is an effective date change, say on the 15th Jan 2000, and the following is the rate change:

Tenor from	Tenor to	Rate
0	30	12

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31	90	14
91	9999	16

The following would be the Interest Calculation details for the same.

Effective Date	Rate	From Date	To Date	No of Days
05-Jan-00	10	05-Jan-00	15-Jan-00	10
15-Jan-00	12	15-Jan-00	02-Feb-00	18
02-Feb-00	12	02-Feb-00	05-Mar-00	32

Assume that the interest calculated through these details is AMOUNT2.

🛑 You have to specify the number of days from Shipment, while linking the rate code.

Book Date

In this field, the current date when the loan details were entered is defaulted and cannot be modified

Down Payment amount

In this field, enter the loan amount paid by the customer upfront– Owners contribution. This is an information capture field only and there is no processing impact.

Original St Date

Enter the original start date of the loan in this field. This will be defaulted to the Loan Value date at the time of Loan creation

🛑 For rolled over contract, the system populates the new start date in the Value Date field and this field remains unchanged and will hold the original start date

Currency

The Loan Currency defaults from the Main screen. If you want to change it, select the currency by clicking the option list. A list of currencies is displayed. Click on a value to select it

Net Principal

The Net Principal is the actual principal amount financed. It is system calculated and excludes any other funded components. Maintaining the Applicant information

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PCL Overdraft Account

Select the branch where the packing credit overdraft account is maintained from the option list provided. It lists all Customer Accounts of Account Class 'ODACCL' for the selected Customer in Loan Branch and in Loan Currency. This account is used to track the drawing power of the credit line.

All valid and active accounts in the selected branch belonging to the 'ODACCL' account class are made available here for selection. Recall here that the 'Interest Charges' option (in the 'Account Class Maintenance' screen for this account class) is selected for this account class, meaning that the interest and charges (IC) module calculates the interest and charges computation for accounts belonging to this class. Specifications pertaining to this account class are factory shipped for your bank. The value dated balances of all the running PCLs are tracked against this overdraft account. You can also generate a report of the same and you can view the value dated balances of all Running PC against counterparty in 'Running PC' screen.

For more details refer section 'Viewing Value Dates Balances of Running PC' in this Chapter.

PCL Overdraft Offset Account

Select the relevant offset account for the packing credit overdraft account selected from the options provided. It lists all Customer Accounts of Account Class 'ODOFAC' for the selected Customer in Loan Branch and in Loan Currency.

Include Charges

Check this box to include Charge Entries in PCL Overdraft Account Balance.

Include Interest

Check this box to include Interest Entries (Main Interest Component) in PCL Overdraft Account Balance.

Note the following:

- You cannot change the PCL Overdraft and PCL Overdraft Offset Account after authorization of the CL Account.

- You can provide PCL Overdraft and PCL Overdraft Offset Account only for PCL Loans.

- If you provide PCL Overdraft Account then it is mandatory to provide PCL Overdraft Offset Account and vice versa.

Example

Accounting Entries – Principal

CL_OD and CL_OD_OFS GLs are Contingent GLs. You need to post the following additional entries for CL for the PCL Overdraft Account and PCL Overdraft Offset Account.

Disbursement

Dr/ Cr	Account role code	Amount tag	LCY (INR) Amount	Date

Dr/ Cr	Account role code	Amount tag	LCY (INR) Amount	Date
Dr	CL_OD	PRINCIPAL	10000	30-JUN-08
Cr	CL_OD_OFS	PRINCIPAL	10000	30-JUN-08

MLIQ and ALIQ

Dr/ Cr	Account role code	Amount tag	LCY (INR) Amount	Date
Dr	CL_OD_OFS	PRINCIPAL_LIQD	10000	30-DEC-08
Cr	CL_OD	PRINCIPAL_LIQD	10000	30-DEC-08

VAMI: On Principal Amount Increase

Dr/ Cr	Account role code	Amount tag	LCY (INR) Amount	Date
Dr	CL_OD	PRINCIPAL_INCR	10000	30-JUN-08
Cr	CL_OD_OFS	PRINCIPAL_INCR	10000	30-JUN-08

Accounting Entries – Interest

On Liquidation, Only Main Interest Component is considered.

Dr/ Cr	Account role code	Amount tag	LCY (INR) Amount	Date
Dr	CL_OD	MAIN_INT_LIQD	500	30-JUN-08
Cr	CL_OD_OFS	MAIN_INT_LIQD	500	30-JUN-08

Accounting Entries – Charges

On Liquidation, Charge Component is considered.

Dr/ Cr	Account role code	Amount tag	LCY (INR) Amount	Date
Dr	CL_OD	<CHARGE_COMPONENT>_LIQD	200	30-DEC-08
Cr	CL_OD_OFS	<CHARGE_COMPONENT>_LIQD	200	30-DEC-08

Note the following:

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- The system deletes the Contingent Overdraft Entries on CL Account Deletion.

- You can view the PCL Balances using Account Statement Report.

Amount Utilized

The total amount utilized from the available loan amount is defaulted here.

Available Loan Amount

The available loan amount for the loan product is defaulted here.

Review Date

Specify a date you need to review the specified account number. It is mandatory to specify the review date for a revolving loan.

Note the following:

- If there is a disbursement or VAMI on the selected loan account after the review date, then the system will display the following override message:

<p style="text-align:center; color:red;">Review is pending for the account</p>

Stop Disbursement

Check this box if you do not want to allow further principal disbursement on the loan account.

Note the following:

- This check box is available for modification even at 'Value Dated Amendment' level.

- If you have linked loan account to CASA account for sweep, then you can not check this box at 'Value Dated Amendment Simulation' level.

5.2.4.1 EMI Change Parameters

Frequency Unit

Select the frequency unit from the drop down list to indicate the frequency at which EMI shall change. The possible values are:

- Monthly

- Quarterly

- Half-Yearly

- Annually

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EMI Frequency

Specify the EMI frequency to indicate the frequency at which EMI shall change. The system derives the first change date by adding the frequency to the value date. If the EMI frequency is Monthly and Frequency Unit is 2, then every 2 months the change of EMI amount will be added on current EMI amount.

🛑 You can set the EMI frequency to either equal or greater than the payment schedule frequency. If the payment frequency is Quarterly then the EMI frequency should be either quarterly or greater than the payment schedule.

Minimum EMI

Specify the minimum EMI. If the resultant EMI derived goes below minimum EMI maintained, the system will set the EMI to Minimum EMI amount.

Maximum EMI

Specify the maximum EMI. If the resultant EMI derived goes above maximum EMI maintained, the system will set the EMI to Maximum EMI amount.

End Date

Specify the end date beyond which EMIC will not be processed. Therefore the change of EMI amount is not increased further.

5.2.4.2 Maintaining Applicant Information

You can maintain the following applicant information here

Primary Applicant

You can maintain the following details of the Primary applicants:

Customer ID

This detail is defaulted from the main screen. Enter the Customer ID of the primary applicant in this field

Customer Name

After you enter the Customer ID, the system displays the Name of the primary applicant in this field

Other Applicants

The details of the liability parties to the account are maintained in this field. Other Applicants of a loan include Co-signers and Guarantors.

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You can specify the following details of the Co-applicants:

Customer ID

To select the customer ID of the co-applicant, click the option list. A list of customer IDs is displayed. Double click to select the customer ID of the co-applicant.

Customer Name

After you enter the name of the Customer, the system displays the name of the customer in this field.

Responsibility

Select the details of the co-applicants and their responsibility as a Co-signer or as a guarantor from the option list. You can enter the details like the guarantor, co-signer, main addressee, advice notice receiver, and borrower etc., who is relevant to a joint account relationship. During initiation of the account, the primary customer is defaulted to 'Borrower' with 100% Liability and value date as the effective date. You are allowed to maintain multiple applicants (customer id) for a loan with the same responsibility (Borrower).

🛑 While there is no processing impact, the difference will become important when the original debtor is absconding and the loan is unpaid etc.

Liabilities%

Specify the contribution of the co-applicants to the Loan. You can specify the Liability of the co-applicant if any, in case of a Loan default. You can also specify the percentage of interest split among different co-applicants. It is not made mandatory to maintain 'Liability %' for the responsibility 'Borrower'. There could be borrowers with 0% liability.

🛑 The sum of 'Liability %' for all the customers of a loan to be equal to 100%

Liability Amount

The system calculates and displays the upper limit of the liability in terms of the amount in this field. You may override the computed value.

Effective Date

This field is used to capture the date from which the % interest split among co-applicants of the loan will be taken into consideration. During the initiation of the loan, the value date of the loan will be defaulted as the effective date. During VAMI, the same effective date will be retained, you can however edit it.

🛑 The effective date can not be a date prior to the loan initiation date. It is also necessary that there is one record for the initiation date. The effective date for all the applicants is the same.

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Holiday Periods

You can specify the following detail here:

Period

Select the period for which repayment holiday is to be given to the customer. The holiday periods maintained in the system are displayed in the adjoining option list. If the selected repayment holiday period exceeds 'Interest Only Period' field in the 'Product' screen, the system will display an appropriate error message.

For details on repayment holidays for amortized loans, please refer to the section 'Repayment Holiday for Amortized Loans' in this chapter.

Effective Date

You can specify the following detail here:

Effective Date

The effective date is used to pick the UDE value. The system displays this date from the General UDE maintenance screen.

For a product + currency combination, if the UDE values are not maintained for the effective date, then the system defaults "0" which the user can then edit.

UDE Values

The system displays the UDE values from that of the UDE values maintenance screen. These values can be overridden by providing account level UDE values. However, the value can be maintained only for those UDEs defined at the product level. No New UDEs can be introduced at the account level.

You can specify the following details for the UDE values:

UDE ID

To select a UDE Id, click the option list. A list of UDE Ids is displayed. Double click to select a UDE Id.

User Data Elements

Specify the Actual Value for the UDE based on the effective Date in this field. The value specified here should fall within the minimum and maximum limits maintained for the UDE linked to the underlying product.

If the rate type for UDE is selected as 'Rate' and the spread type for UDE is selected as 'Tiered', the user data element displays the maintained product spread. The product spread of UDE for each effective date can be changed by the user.

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🛑 Mandatory if a UDE is maintained.

Rate Code

Select the code for the Floating Rates if any and the spread on it applicable in this field by clicking the option list. The rate code is selected for the main interest component, from the list of values displayed. Double click on a value to select it.

🛑 If 'Rate' is selected as the rate type of UDE at the product level, the rate remains the same during the tenor of the loan.

If 'Tiered' is selected as the spread type of UDE, the customer product spreads are applied to the base rate.

You can choose tiered interest rate codes only for UDE of type 'tier rate'. Resolved value for tier rate UDE shows the first tier tenor rate. It continues to list the existing floating rate codes for the UDEs of type 'Rate Code'.

Any modifications done in the accounts online screen will be reflected in the following screens:

- Manual Rollover (CLDMROLL)
- Renegotiation (CLDRENOG)
- Account Simulation (CLDSIMDT)
- Inactive Accounts (CLDINADT)

Code Usage

Select the Code usage which can be periodic or automatic in this field

Customer Spread

The system displays the Customer Spread for Branch, all Customers, Currency, Amount Slab and Borrow-Lend Indicator combinations defaulted from the Customer Spread Maintenance screen. The customer spread of UDE for each effective date can be changed by the user.

Resolved Value

This denotes the final value of a UDE. Resolved value = Rate code value taken from Floating Rate Maintenance + the spread [UDE Value]

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5.2.4.3 Account EMI Change Details

You can capture the Account EMI Change Details here.

The following details needs to be captured:

Change EMI Amount

Specify a fixed amount by which the current EMI amount should be either increased or decreased. It can be either positive or negative.

Change EMI Percent

Specify the EMI percentage by which the current EMI amount should be either increased or decreased. It can be either positive or negative.

Effective Date

Specify the date from which the new EMI amount is effective.

The Effective Date for Account EMI Change should always be greater than the value date of the contract.

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During save, if the first Change of resultant EMI is less than the current schedule interest amount then system will display an override. And during value dated amendment, you can change the EMI amount of the customer from a new effective date. This effective date should be greater than the VAMI effective date.

For more information on 'Batch Processing' on EMI change, refer topic 'EMI Change' under 'Batch Processes' chapter in this User Manual.

5.2.5 Capturing Asset Details

You can capture the details corresponding to the collateral being provided for the current loan in the 'Assets' screen. To invoke this screen, click 'Assets' button in 'Account Details' tab of the 'Account Details' screen.

Valuations Tab

You can capture valuation details of the asset in this tab

Here, you can specify the following details related to your assets like vehicle, home, etc.

Assets

Select the type of asset from the drop-down list. The following values are provided for selection:

- Valuations
- Vehicle
- Home
- Others
- Mortgages

Valuation Dt

Specify the valuation date for the selected asset, or select the date by clicking the 'Calendar' button.

Source

Specify the source associated with the asset selected

Supplement

Specify the supplement of the valuation source used for the valuation

Edition

Specify edition of the valuation source used for the valuation

Wholesale

Specify the wholesale rate associated with the asset selected

Retail

Specify the retail rate associated with the asset selected

Usage

Specify usage level at the time of the valuation

Usage Value +

Specify the initial usage value

Total

Specify the total usage of the asset

<u>Vehicle Tab</u>

You can capture details regarding the asset of type 'vehicle' in this tab

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You can specify the following common details associated with asset of type vehicle:

Class

Select the class associated with the asset selected, from the option list. The following options are provided:

- New
- Used

Status

Select the status of the asset selected, from the option list. The following options are provided:

- Active
- Inactive
- Inventory
- Undefined

Type

Specify the type of the selected asset here

Sub Type

Specify the subtype associated with the asset, if any

Asset Year

Specify the year of association with the selected asset

Asset Make

Specify the make of the selected asset. For vehicle, you can specify the manufacturing company name and for home you can specify the name of the builder or developer.

Asset Model

Specify the model of the selected asset

Address

Specify the address associated with the asset

You need to specify the following details additional related to vehicle type of asset:

Asset Body

Specify the body number associated with the vehicle

Id Number

Specify the unique identification number associated with the vehicle

Reg. Number

Specify the registration number of the vehicle

<u>Home Tab</u>

You can capture details regarding the asset of type Home in this tab

You can specify the following additional details for home type of asset:

Occupancy

Specify the number of people occupying the house

Width

Specify the width associated with the selected asset

Length

Specify the length associated with the selected asset

PO #

Specify the post office number of the location of the property

GEO

Specify the property GEO code (Geospatial Entity Object Code) for the asset

BNA

Specify the census tract/BNA code (Block Numbering Area) for the asset

MSA

Specify the metropolitan statistical area (MSA) code for the asset

Click 'Ok' to save the details.

Other Tab

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Class

Select the class associated with the asset selected, from the option list. The following options are provided:

- New
- Used

Status

Select the status of the asset selected, from the option list. The following options are provided:

- Active
- Inactive
- Inventory
- Undefined

Type

Specify the type of the selected asset here

Sub Type

Specify the subtype associated with the asset, if any

Click 'Ok' to save the details.

Mortgage Tab

Property Name

Specify the property name.

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Collateral Category

Specify the collateral category.

Co-Owner

Specify the Co-owner

Property age

Specify the Property age

Valuation currency

Specify the Valuation currency.

5.2.6 Capturing Financial Details

You can capture the income or liability details of the customer in the 'Financials' screen. To invoke this screen, click 'Financials' in 'Account Details' tab of the Account Details screen.

Financials Tab

You can specify the following details related to the customer's income here:

The following details are captured here:

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Type

Select the type of the income from the option list provided

Source

Specify the source of the income

Currency

Select the currency associated with the income, from the option list provided

Amount

Specify the amount associated with the income

Comment

Specify any remarks or comments for the income

Liability Tab

Here you can specify the following details related to the customer's liability:

The following details are captured here:

Type

Select the type of the liability from the option list provided

Account Type

Specify the account type associated with the liability

Currency

Select the currency associated with the liability, from the option list provided

Amount

Specify the amount associated with the liability

Frequency

Select the frequency at which payments are made towards the liability. The following options are possible:

- Daily
- Weekly
- Monthly
- Quarterly
- Half Yearly
- Yearly

Balance

Specify the current amount outstanding

Comment

Specify any remarks or comments to be associated with the liability

Other Income Tab

You can also capture the details related to other sources of income, if exists

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The following details are captured here:

Seq No

Specify the sequence number here

Type

Specify the type of income here. You can also select the income type from the adjoining option list

Currency

Specify the currency of the income here. You can also select the currency from the adjoining option list

Amount

Specify the amount of income here

Frequency

Select the frequency of the income here from the drop-down list

Click Ok to save the details

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5.2.7 Default Tab

The defaults are maintained by the bank. Depending upon the combination of various preferences, the bank can have various account preferences. The defaults primarily are based on product definition and can be overridden.

You can specify the following details here:

Amend Past Paid Schedule Allowed

This preference determines if you can modify any feature such as interest rate, installment amount which affects already paid schedules. If you select this option then the paid schedules are recalculated and liquidations on them are recognized as pending as appropriate. Note that this option is applicable only to term loans.

🛑 This box is unchecked for Agriculture Loan Products.

Liquidate Back Valued Schedules

If this flag is turned on, during initiation, when a loan is input back dated and if there are any installment dues, then all those schedules with a due date less than the system date will be liquidated on initiation

Auto Status Change

By default the Auto status Change flag at CL account level is unchecked (N).

The auto status change for CL account is resulted based on the movement type maintained at the product level for each status and the new Auto status change flag in account level together as follow:

Product Status Movement type	Contract level auto status change Flag	Result
Auto	Y	Auto
Manual	Y	Manual
Both	Y	Both
Auto	N	Manual
Manual	N	Manual
Both	N	Manual

If you use the auto status change function, the system overwrites the customer level status with the status as per the system-calculated status (as per ageing) for the individual contract. Else, it disabled in the EOD Batch setup.

For more information on customer status change refer topic 'Maintaining Customer Level Status Change' in the Core Entity User Manual.

Notary Pre Confirmed

Check this box to indicate that you have already got confirmation from the notary, before creation of the loan.

If the value date of the account is on or before the application date, then 'NCON' will trigger INIT and DSBR event for auto disbursement product, else user will need to trigger manual disbursement post the notary confirmation. .

If the value date of the loan is beyond the application date, the system will trigger the NCON event online, once the value date is reached the INIT and DSBR events gets fired, if the loan is under an auto disbursement product.

You can also save a loan account with this option unchecked. Once you receive the confirmation, you can trigger the 'NCON' event manually using the 'Manual Notary Confirmation' screen.

Refer the section 'Manual Confirmation by Notary' in this chapter to see the steps required for getting confirmation from Notary.

<u>**Liquidation**</u>

You can maintain the following liquidation preferences:

Auto Liquidation

If you select this option, system will support auto liquidation

🛑 By default, the system selects this option

Auto Liqd Reversed Pmt

If auto liquidation has been reversed in an account, it will be retried depending upon the status of this field. If this option is selected, then the auto liquidation is retried.

Partial Liquidation

If you select this option, system will perform partial auto liquidation

Retries for Auto liquidation

When auto liquidation option is chosen and funds are not available, the number of times the system can retry auto liquidation is determined by this field

If blank, the number of retries is infinite

Liquidate Interest Only

Check the box to indicate the liquidation of interest component alone during auto liquidation. The system defaults it from the product level, however you are allowed to change it at account level. It can also be changed during amendment of the account.

Track Receivable

If Track receivable option is checked for an account, it tracks the amount to be liquidated as a receivable if funds are not available. So upon any subsequent credit, the receivables are blocked and allocated to the pending liquidation.

Auto Liquidation

Select this option to indicate that the Track receivable option is for Auto Liquidations. You can modify this during VAMI/rollover/renegotiation.

🛑 This is defaulted from the product level

On schedule liquidation if there are insufficient funds in the settlement account to satisfy the liquidation and if both the product and the account are marked for receivable tracking then system initiates tracking of receivable.

If the account is marked for Partial liquidation, then liquidation happens to the extent of available funds, and the remaining amount is tracked.

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If the account is not marked for partial liquidation, and the amount available in the settlement account is less than the due amount, then system won't do any liquidation and starts tracking the full due amount.

Whenever there is a credit to an account, the tracking process checks if the account has any receivable against it and if it does then the relevant amount is blocked as a receivable and the corresponding amount is marked to be used for settlement during subsequent ALIQ for the account. This process happens till the amount needed for liquidation is fully available.

The decision of allocating this credit will be based on the preference order of products that has been specified at an account class level. On the following EOD/BOD, batch liquidation tries to liquidate the schedule. The amount receivable is made available for the liquidation, and liquidation happens to the extent of receivable amount.

Manual Liquidation

Select this option to indicate that the Track receivable option is for Manual Liquidations.

By default, the system selects this option

UDE Rate Plan Dates

Start Date

The start date from which the rate plan change can be done is displayed here. However, you can modify this value at loan account level.

End Date

The end date till which the rate plan change can be done is displayed here. However, you can modify this value at loan account level.

Based on the product maintenance, the 'Rate Plan Change' details are defaulted to the loan account and this can be modified.

Intermediary Details

You can capture the Intermediary Details at the loan account level to keep track of the accounts created through Intermediaries.

Intermediary Initiated

Check this box to indicate that the loan has been initiated by an intermediary.

Intermediary Code

If you have checked the box 'Intermediary Initiated', you need to specify the code of the intermediary who has initiated the loan. The adjoining option list displays all valid intermediary codes maintained in the system. You can select the appropriate one..

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🛑 Both the fields are disabled after the first authorization of the loan. They field cannot be modified during value-dated amendment and rollover operation.

Note that adjustment of commission and charge computed for the intermediary (in the past cycle) should be done manually in case of a reversal of any transaction done by the intermediary post the computation.

5.2.7.1 <u>Rollover</u>

You can maintain the following details here:

Allow Rollover

Select the required option to indicate if rollover should be allowed for the loan or not. The options are:

- Yes – Select this option to allow rollover.

- No – Select this option to disallow rollover.

🛑 Rollover is not allowed for Agriculture Loans.

Rollover

This option is used to determine if the Rollover is system driven or not .You can select either of the following options:

- Auto - If you select the option Auto Rollover, then upon maturity, the Account will be rolled over automatically by the system Rollover batch run in BOD.

- Manual - If you select the option Manual roll over, then the system does not perform the auto rollover and you can perform a manual rollover.

🛑 By default, the system selects the 'Auto' option

Rollover Type

Select either of the following options:

- Special Amount: If your rollover is a special amount, select this option and capture the amount that has to be rolled over

- Custom: If the rollover type is 'Custom', then select the 'Component Names' that have to be rolled over

UDE Rollover

Select the required option to determine if at the time of rollover the UDE value would be defaulted from the product or from the account /Contract

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🛑 The system by default does not select the option Contract

Schedule Basis

This flag will determine if at the time of rollover the schedule would be defaulted from the product or from the account/Contract

🛑 The system by default does not select the option Contract

Roll By

Specify the basis for rollover. It could be any of the following:

- Days

- Months

- Years

Rollover Components

You can maintain the following detail here:

Component

This option is applicable when Rollover Type is Custom. The option list provided will display the components relevant to the account from which you can choose the components that are to be rolled over.

5.2.8 Check List Tab

The Check lists are maintained in the 'Check List Maintenance' screen and are linked to different events of the contract. The checklist maintained for the BOOK event is available in the Checklist tab at the time of account creation.

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Check List

The following details are captured here:

Description

The description of the check list maintained for the BOOK event is displayed here

Verified

Check this box to indicate that the check list item has been verified

Remarks

Specify any additional remarks about the check list or the account in this free format text field

5.2.9 UDF Tab

The User Defined Fields are defined at the Product level. These fields are available in the UDF tab at the time of account creation.

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The following details are displayed/captured here:

UDF Description

The UDF descriptions defaulted from the Product screen are displayed. The system displays all the UDF descriptions defined at the Product level

UDF Value

Specify the UDF value in this field. This is applicable only if the user input or list of values is defined at the time of creation of the UDF

🛑 For R-Return maintenance, you can specify the value of the UDF 'Purpose Code' here.

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5.2.9.1 <u>Viewing Interest Breakup for a Loan</u>

Oracle FLEXCUBE displays the breakup of Schedules for Interest Components selected. For example if the Interest Rate Type is tiered for an interest component, then the schedule display the breakup of the interest computed for the various tiers based on the interest rate maintained for each of the tier.

To view this sub screen, click the 'Interest Breakup Details' button available under the 'Components' tab of the CL Account Details screen.

You cannot modify the breakup here as is the case for all defaulted information on this screen. This information is available on the screen as soon as the Schedule is calculated by the system. Interest calculation Details screen will have the following fields

- From Date

- To Date

- Basis Amt

- Effective Rate

- Days

- Calculated Amt

- Daily Average amt

Let us consider the example below for further clarity.

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Example:

Assume the rate code maintained at the account is TIER_RATE1 with the following details.

Effective Date – 01-Jan-2010

Tenor Trom	Tenor To	Rate
0	30	10
31	90	12
91	9999	14

Assume the following be the Customer Margin Maintenance involved:

Customer	Currency	Amount Slab	Borrow/Lend Indicator	Spread
C1	USD	10000	L	-0.2
C1	USD	25000	L	-0.4
C1	USD	50000	L	-0.5

Now assume a CL account with the following details exists:

Value date	-	05-Jan-2010
Maturity Date	-	05-Mar-2010
Bill Amount	-	USD 10001
Customer	-	C1

Assuming the MAIN_INT component is linked to TIER_RATE1.

Then the following details would be the Interest Calculation Details for MAIN_INT where the Customer Margin taken is -0.2.

From Date	To Date	Basis Amt	Effective Rate	Days	Calculated Amount	Daily Average Amount
05-Jan-10	03-Feb-10	10001.00	9.8	30	80.55	2.66
04-Feb-10	05-Mar-10	10001.00	11.8	30	96.99	3.23

This feature is also available in the schedule details block for each schedule in the following CL screens (with Function IDs) mentioned below:

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- Account Details (CLDACCDT)
- Amendment (CLDVDAMD)
- Manual Rollover (CLDMROLL)
- Renegotiation (CLDRENOG)
- Reassignment (CLDNOVDT)
- Inactive Accounts (CLDINADT)
- Account Simulation (CLDSIMDT)
- Value Dated Amendment Simulation (CLDSIMVD)
- Commitment (CLDCOMIT)
- Commitment Simulation (CLDSCOMT)

🛑 This 'Interest Breakup Details' button is available only if the option' Interest Statement' is checked under CL Product Level Preferences.

5.2.10 Charges Tab

This module is used for calculating and applying charges on an account. To calculate the charges that we would like to levy on an account, we have to specify the basis on which we would like to apply charges. For example, we may want to apply charges on the basis of the debit turnover in an account. When we define a Charge product, we have to specify the Charge basis.

When we apply the charge product on an account or an account class, charges for the account will be calculated on this basis.

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The following details are captured:

Description

Here, you can add a brief description for the component that you specify for a product

Component Type

To specify the manner in which the component should be calculated and liquidated. You can choose one of the following options:

Formula with schedule (Component Type - Interest)

- Formula without schedule (Charge)

- Penal Interest

- Prepayment Penalty

- Discount

- Schedule without formula (Principal)

- No schedule No formula (Ad Hoc Charges)

- Penalty Charges

Component Currency

The system displays the currency associated with the component. The component currency is defaulted from the Product level

Settlement Currency

Click the option list to choose the details of the currency in which the payments are to be made in this field. A list of currencies is displayed. Double click on a value to select it.

Dr Payment Mode

Click the option list to choose the details of the mode of payment (For debit payments) in this field. A list of values includes CASA, Cash/Teller, Instrument, External Account, Electronic Pay Order, Internal Check, Clearing, Debit Card and Credit Card.

Dr Prod Ac

Enter the Product / Account to be used for Debit payments in this field

Dr Acc Brn

Click the option list to choose the details of the branch where the Dr account resides. A list of values is displayed. Double click on a value to select it

Cr Payment Mode

Click on list item to choose the mode of payment by which the account is credited. The list of values includes a list of values which includes CASA, Cash/Teller, Instrument, External Account, and Clearing.

Cr Prod Ac

Enter the details of the Product/Account to be used for Credit payments in this field

Cr Acc Brn

Click the option list to choose the details of the branch where the Cr account resides. A list of values is displayed. Double click on a value to select it.

Charge Appl Date

Enter the details of the date from which the charge is applicable in this field

Service Branch

The branch that services the account - Any Valid, Open Branch

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Service Account

Denotes the account in the service branch. A valid open account in the service branch . The service account is needed for all modes apart from CASA. The adjustments etc will be settled through this account.

Due Date

The date on which the charge was applied

Amount Due

Enter the details of the amount due for repayment in this field

Funded during INIT

Select this option if the component can be funded during loan initiation

Funded during Rollover

Select this option if the component can be funded during the rollover process

For each component, the following details are displayed:

- Event Code

- Component Name: A component will be of type 'Charge'

- Amount Due: The amount due for repayment in this field

- Amount Settled: The settled amount in this field

- Schedule Due Date: The scheduled date for repayment in this field

- Waive: If this option is checked, the charge defined for event is waived off

Waiver Flag

Select this option to waive off the charges

5.2.11 Linkages Tab

At the time of Loan account capture, the Linkages to securities backing the loan is captured. They include:

- The reference number of the Line or Commitment linked

- The amount which is attributed to the particular reference number is also captured

- The account input screen captures the Linkages as shown below

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Collateral Linkages

Linkage Type

Select the linkage type from dropdown list. The list displays the following values:

- New Collateral
- Collateral
- Collateral Pool
- Facility

Customer ID

Specify the customer of the selected linked reference no.

Linkage Branch

Specify the branch associated to the linked reference no.

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Linkage Currency

Specify the currency associated to the linked reference no.

Linked Reference

This field displays the list collaterals, collateral pool and facility pertaining to the primary and other applicant.

Utilization Order

Specify the utilization order according to which the system will utilize the linkages in the ascending order.

Description

This field will display the description of the linked reference number.

Collateral Category

Specify the collateral category of the selected collateral.

Overall amount

Specify the overall value of the linkage selected.

Hair Cut

Specify the haircut percentage of the selected collateral..

Limit Amount

This field will display the available/ Un utilized amount of the linkage selected.

Linked Amount

Specify the value of loan amount linked to the linkage.

Linked Percent

Specify the value of percentile of loan amount linked from this linkage to the loan.

Util Amount

This field displays the amount utilized by the loan from the linkage.

Linkage Details

You can specify the following Linkage details:

Linkage Sequence Number

Enter the sequence number for the linkage that you are specifying

Linkage Type

Click on the list item to choose the details of the linkage type. A list of values is displayed. Double click on a value to select it.

The valid values are Line, and Commitment.

You can view the customer details in Linkage of Commitment in a loan. The customer details differ with the linkage type you choose, they are:

- If you choose the linkage type as 'Commitment', the system displays the Linked Reference Number option list for commitment as follows:
  - Account Number
  - Branch
  - User Reference Number
  - Counter Party
  - Short Name

🛑 The selected account number is returned to the Linked Reference number field.

Linkage Branch

Select the branch of the linkage type

Customer ID

Click on 'C' button to choose the ID of the customer to be used for corresponding linkage type. A list of values is displayed. Double click on a value to select it.

A customer can either be the primary applicant or any of the other applicants for which the linkage type has been maintained.

Linkage Ref No

Click on 'L' button to choose linkage reference number be used for corresponding field.

🛑 The system displays the additional details in the Linked Reference No option list along with Credit Line, they are:

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- Available Amount

- Limit Amount

- Utilization

- Credit Line Currency

5.2.11.1 <u>Creating Loans by Crystallization</u>

You can transfer the liability from the bill to the loan so that the utilization on the BC Contract comes down and the utilization on the loan goes up. However the utilization does not reduce end-to-end.

When crystallization of a bill happens, the credit line attached to the party also gets copied to the loan from the bill based on the type of the bill and the party type as follows:

- If it is an import bill, then if the party type is 'DRAWEE', the credit line attached to that party gets copied to the loan.

- If it is an export bill, then if the party type is 'DRAWER', the credit line attached to that party gets copied to the loan.

System performs the following checks on the credit line that gets defaulted from the Bill to the loan:

- Customer Restrictions (for DRAWEE)

- Product Restrictions (Import Bills Product)

- Branch Restrictions (Current Branch)

- Currency Restrictions (Bill Currency)

- Credit Line is Open, Available and Not Expired

If any of the above conditions is not satisfied, then the credit line defaulted from Bill will not be linked to the Loan.

When the bill gets crystallized, the credit line attached to it gets unutilized to the extent of the crystallized amount. The credit line also gets utilized to the extent of the loan amount. This happens in the following sequence:

1. At first, the CRYL event on the bill is fired so that the amount is first un-utilized on the bills contract

2. Then the utilization on the CL contract is fired

Linkage Amount

Enter the linkage amount in this field

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Secured Portion

Enter the part of the principal that is backed by some asset in this field

5.2.12 Advices Tab

Advices that may be generated whenever the account level status changes or whenever a particular event is fired can be linked at the Product level. Priorities of the advice can be changed and also a particular advice for an event can be suppressed.

Generation of an advice across the life of the account can also be suppressed.

You can specify the following Advice details:

Message Type

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The system displays all the advices for all the events for the account. The list will include all the advices that are defined at the product level

Suppress

This field allows the user to suppress the generation of the advice for a particular event. The options are Yes or No

Priority

Click the option list to select the priority of generation. A list of values is displayed. Double click on a value to select it.

The options are High, Medium or Low

5.2.12.1 Suppress Advices across the Account

The generation of an advice across the life of the account can be suppressed.

Message Type

Click the option list to select the type of advice, the generation of which can be suppressed across the account. A list of values is displayed. Double click on a value to select it.

The list includes advices defined at the product level

You can suppress the Payment Message defaulted in case you do not need a credit through swift message.

The message is automatically suppressed if the Principal Credit Settlement account is changed to a GL or if the receiver in 'Swift Msg Details' screen is not valid to receive the message i.e, if the Customer Type of the Receiver party is not a Bank.

Also, if the settlement mode for PRINCIPAL component is anything other than CASA, the swift message is automatically suppressed.

If the Transfer Type is chosen as blank i.e, neither Customer Transfer nor Bank Transfer, then PAYMENT_MESSAGE will become CREDIT_ADVICE by Swift(MT910) if the Receiver is a bank and the credit settlement account is a current account.

5.2.13 Credit Score Tab

Click 'Credit Score' tab to specify the details for calculating the credit score.

You need to specify the following details here:

Rule Name

The rule associated with the loan product gets defaulted here. You can modify this, if required.

User Input Score

Specify the credit score associated with the customer

Automated Score

The credit score calculated by the system based on the rules maintained at the product level gets displayed here

Agency Code

Select the code of the external agency, to be approached for calculating the score

External Credit Score

The score as calculated by the external agency is displayed here

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Click 'Score' to auto-generate the credit score for the customer. Click 'External Score' to auto-generate the credit score for the Bureau.

5.2.14 Linking a Loan Account with FX Transaction

You can link an FX transaction to the loan account using the 'FX Linkage' screen. To invoke the 'FX Linkage' screen, click 'FX Linkage' button in the 'Account Details' screen.

You can maintain the following details:

Account Number

The CL account number for which the linkage is being maintained is displayed here.

From Module

Here, the module code is displayed as 'CL'.

Sequence Number

Specify the sequence in which the FX transactions will be auto liquidated in case of liquidation of loan contract.

To Mod ID

The module code is defaulted as 'FX'.

To Reference No

Specify the reference number of the FX contract. This adjoining option list displays all valid reference number maintained in the system. You can choose the appropriate one.

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Currency

Here, the buy or sell currency of the FX transaction is defaulted on selection of the FX contract. In case of CL- Sell option, the bought currency is LCY and sold currency is FCY.

Outstanding Amount

This value is defaulted by the system. This amount is derived as the difference between FX transaction outstanding amount and the amount already linked to any other LC/BC/CL contract.

Linked Amount

Specify the FX transaction amount linked to the CL contract.

Liquidated Amount

Amount liquidated for the contract linkage gets displayed.

Rate

Here, the exchange rate is defaulted from FX transaction linked.

Swap Rate

Specify the swap rate. This is the rate applicable for the early cancellation or liquidation of FX transactions from a loan contract.

You are allowed to specify positive or negative number inclusive of zero. Positive Swap rate signifies credit to the customer and negative value indicates debit to the customer.

Total amount

The total FX transaction amount linked to the CL contract is displayed here.

You can select the following FX transactions:

- Active Forward FX transactions authorized not marked for auto liquidation

- Counterparty of the FX contract is the CIF ID of the CL contract.

- Contract currency is the SOLD currency for a loan contract. Other leg of the FX transaction is in local currency.

- FX transaction has BOT and sold value dates as same.

- CL contract maturity date is greater than or equal to option date (if null the contract is available for selection) of FX transaction and is less than or equal to the value date (BOT/SOLD)

- Outstanding Amount of the FX contract is greater than Zero.

The FX Linkage is also possible during the amendment of the loan details.

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Example

Disbursement

Assume that during Initiation of the contract the following details are linked:

All FX contracts that can be linked has the bought currency as LCY & sold Currency as FCY(SELL OPTION).The LCY is assumed to be INR.

FX Linkage details:

FX1

Linked amount   - USD 100

Maturity date   - 31-Mar-2002

Rate   - 47

FX2

Linked amount   - USD 100

Maturity date   - 30-Apr-2002

Rate   - 48

FX3

Linked amount   - USD 200

Maturity date   - 31-Mar-2002

Rate   - 49

FX4

Linked amount   - USD 100

Maturity date   - 10-Feb-2002

Rate   - 50

FX5

Linked Amount   - USD 500

Maturity date   - 20-Jun-2002

Rate   - 51

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The following is the accounting entries passed.

Dr/ Cr	A/c Head	Account role code	Amount tag	FCY Amount	Exch. Rate	LCY (INR) Amount	Date
Dr	LOAN_ACCOUNT	LOAN_ACCOUNT	PRINCIPAL	1000 USD	48	48000	01-Jan-02
Cr	Customer	CUSTOMER	PRINCIPAL	1000 USD	48	48000	01-Jan-02

- The entries are passed at the default rate here.
- LOAN_ACCOUNT in Loans has to be definitely revalued.
- Linking of FX contract at Schedule levels is ruled out.
- If accrual is required, the Interest/Discount Receivable/Received in Advance in Loans has to be revalued.
- If accrual were done for Loans it will be done only at the Spot mid rate.

Liquidation:

Let us consider some cases:

Loan amount   – USD 1000

Booking date   - 01-Jan-2002

Maturity date   - 30-Apr-2002

First Schedule Liquidation:

Amount   -   USD 100

Schedule Date   -   31-Jan-02

- Loan contract is liquidated for USD 100 at the rate of 47 (This is the Forward contract booking rate).
- FX1, which is the first contract linked is partially liquidated for USD 100.

Following accounting entries are passed:

Dr/ Cr	A/c Head	Account role code	Amount tag	FCY Amount	Exch. Rate	LCY (INR) Amount	Date
Dr	Customer	DR_SETTL_BRIDGE	PRINCIPAL_LIQD	100 USD	47	4700	31-Jan-02
Cr	LOAN_ACCOUNT	LOAN_ACCOUNT	PRINCIPAL_LIQD	100 USD	47	4700	31-Jan-

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							02

Note: Interest Liquidation happens at the FX rate. The interest tags MAIN_INT_LIQD and MAIN_INT_DADJ take the FX rates.

Second Schedule Liquidation:

Amount - USD 200

Date   - 28-Feb-2002

- The loan contract is liquidated for USD 200. The LCY amount is calculated at a rate that isthe weighted average of FX2 and FX3, which is 48.5 ([(100*48) + (100*49)] / 200).

- FX2 is liquidated for USD 100 and FX3 is liquidated for USD 100.

Following accounting entries will be passed in the Loan:

Dr/ Cr	A/c Head	Account role code	Amount tag	FCY Amount	Exch. Rate	LCY (INR) Amount	Date
Dr	Customer	DR_SETTL _BRIDGE	PRINCIPA L_LIQD	200 USD	48.5	9700	28-Feb-02
Cr	LOAN_ACC OUNT	LOAN_AC COUNT	PRINCIPA L_LIQD	200 USD	48.5	9700	28-Feb-02

Note: Interest Liquidation happens at the FX rate. The interest tags MAIN_INT_LIQD and MAIN_INT_DADJ take the FX rates.

Third Schedule Liquidation:

Amount - USD50

Date   - 31-Mar-2002

- The loan is liquidated for USD 50 @ 49.

- FX3 is liquidated for USD 50.

Following accounting entries will be passed in the Loan:

Dr/ Cr	A/c Head	Account role code	Amount tag	FCY Amount	Exch. Rate	LCY (INR) Amount	Date
Dr	Customer	DR_SETTL _BRIDGE	PRINCIPA L_LIQD	50 USD	49	2450	31-Mar-02
Cr	LOAN_A CCOUNT	LOAN_AC COUNT	PRINCIPA L_LIQD	50 USD	49	2450	31-Mar-02

Last Schedule Liquidation:

Amount - USD 650

Date   - 30-Apr-2002

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The order in which the FX contract is linked is given below.

- FX3 is Liquidated for USD 50
- FX4 is Liquidated for USD 100
- FX5 is liquidated for USD 500
- The linked portion that has been cancelled or any Unlinked portion take the default rate
- The Loan is liquidated for USD 650 at 50.92 ([(50*49) + (500*51) + (100*50)] / 650)

Following accounting entries will be passed in the Loan:

Dr/ Cr	A/c Head	Account role code	Amount tag	FCY Amount	Exch. Rate	LCY (INR) Amount	Date
Dr	Customer	DR_SETTL _BRIDGE	PRINCIPA L_LIQD	650 USD	50.92	33098	30-Apr-02
Cr	LOAN_ACC OUNT	LOAN_AC COUNT	PRINCIPA L_LIQD	650 USD	50.92	33098	30-Apr-02

5.2.15 Repayment Holiday for Amortized Loans

A loan has two formulae for the slots of simple and the amortized. Simple and amortized formulae can occupy any position in schedules definition.

During principal repayment holiday period, interest is calculated on the simple interest formula specified. The customer needs to repay only the interest component. Principal is amortized for the remaining period or tenor of the loan. Principal schedule will not be present during repayment holiday period.

The system treats instances of overdue and default as per the liquidation order maintained.

Example

Consider the following details:

Loan Amount	24000
Tenor of Loan	24 months
Rate of Interest	20%
Simple Calculation Period	06
Amortized Calculation Period	18
Loan start Date	01-Sep-2008
Loan End Date	01-Sep-2010
Interest Calculation Amortized	From 01-Sep-2008 to 01-Sep-2009

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Interest Calculation Simple	From 01-Sep-2009 to 01-Mar-2010
Interest Calculation Amortized	From 01-Mar-2010 to 01-Sep-2010

SI No	Instalment Schedule Date	Loan Outstanding Amount	Instalment Amount	Repayment	
				Principal	Interest
1	10/1/2008	9482.13	601.2	*517.87*	*83.33*
2	11/1/2008	8962.58	601.2	*519.55*	*81.65*
3	12/1/2008	8436.07	601.2	*526.51*	*74.69*
4	1/1/2009	7907.51	601.2	*528.56*	*72.64*
5	2/1/2009	7374.4	601.2	*533.11*	*68.09*
6	3/1/2009	6830.56	601.2	*543.84*	*57.36*
7	4/1/2009	6288.18	601.2	*542.38*	*58.82*
8	5/1/2009	5739.38	601.2	*548.8*	*52.4*
9	6/1/2009	5187.6	601.2	*551.78*	*49.42*
10	7/1/2009	4629.63	601.2	*557.97*	*43.23*
11	8/1/2009	4068.3	601.2	*561.33*	*39.87*
12	9/1/2009	3502.13	601.2	*566.17*	*35.03*
13	10/1/2009	3502.13	29.18		29.18
14	11/1/2009	3502.13	30.16		30.16
15	12/1/2009	3502.13	29.18		29.18
16	1/1/2010	3502.13	30.16		30.16
17	2/1/2010	3502.13	30.16		30.16
18	3/1/2010	3502.13	27.24		27.24
19	4/1/2010	2931.09	601.2	*571.04*	*30.16*
20	5/1/2010	2354.32	601.2	*576.77*	*24.43*
21	6/1/2010	1773.39	601.2	*580.93*	*20.27*
22	7/1/2010	1186.97	601.2	*586.42*	*14.78*

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SI No	Instalment Schedule Date	Loan Outstanding Amount	Instalment Amount	Repayment	
				Principal	Interest
23	8/1/2010	595.99	601.2	*590.98*	*10.22*
24	9/1/2010	0	601.12	*595.99*	*5.13*

Repayment amounts marked in '*italics*' are derived using amortized formula. The remaining amounts are derived using simple formula.

Simple interest formula cannot be used for the last payment row. The bullet schedule for interest cannot be based on the simple interest formula. Hence the gap between the principal schedules – 01-Sep-2009 and 01-Apr-2010 – in the above example.

Now, in case of principal moratorium for a simple loan, there may be no principal schedules present for a given period of Interest. The system calculates simple interest during principal moratorium based on the principal outstanding amount at that time.

Example

Consider the following details:

Loan Amount	24000
Tenor of Loan	24 months
Rate of Interest	20%
Loan Start Date	01-Sep-2008
Loan End Date	01-Sep-2010
Principal Moratorium Period	From 01-Sep-2009 to 01-Apr-2010

SI No.	Instalment Schedule Date	Loan Outstanding Amount	Instalment Amount	Repayment	
				Principal	Interest
1	10/1/2008	22666.67	1733.33	1333.33	400
2	11/1/2008	21333.34	1723.7	1333.33	390.37
3	12/1/2008	20000.01	1688.89	1333.33	355.56
4	1/1/2009	18666.68	1677.77	1333.33	344.44
5	2/1/2009	17333.35	1654.81	1333.33	321.48
6	3/1/2009	16000.02	1602.96	1333.33	269.63

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SI No.	Instalment Schedule Date	Loan Outstanding Amount	Instalment Amount	Repayment Principal	Interest
7	4/1/2009	14666.69	1608.89	1333.33	275.56
8	5/1/2009	13333.36	1577.77	1333.33	244.44
9	6/1/2009	12000.03	1562.96	1333.33	229.63
10	7/1/2009	10666.7	1533.33	1333.33	200
11	8/1/2009	9333.37	1517.03	1333.33	183.7
12	9/1/2009	8000.04	1494.07	1333.33	160.74
13	10/1/2009	8000.04	133.33	0	133.33
14	11/1/2009	8000.04	137.78	0	137.78
15	12/1/2009	8000.04	133.33	0	133.33
16	1/1/2010	8000.04	137.78	0	137.78
17	2/1/2010	8000.04	137.78	0	137.78
18	3/1/2010	8000.04	124.45	0	124.45
19	4/1/2010	6666.7	1471.12	1333.34	137.78
20	5/1/2010	5333.36	1444.45	1333.34	111.11
21	6/1/2010	4000.02	1425.19	1333.34	91.85
22	7/1/2010	2666.68	1400.01	1333.34	66.67
23	8/1/2010	1333.34	1379.27	1333.34	45.93
24	9/1/2010	0	1356.3	1333.34	22.96

For further details on holiday period maintenance, please refer to the section 'Maintaining Holiday Periods' in chapter 'Maintenances and Operations' of this user manual.

5.2.16 Maintaining Agriculture Loan Details

You can view and modify the additional information related to agricultural loans through the 'Agri-Loan Details' screen. Click 'Agri-Loan Details' button in the 'Account Details' screen. The 'Agri-Loan Details' screen is displayed as follows:

You can maintain the following details here:

Branch Code

Current Branch code of the loan account is defaulted here from the main screen.

Account Number

Account number of the loan account is defaulted here from the main screen.

Loan Type

Select a valid type of loan from the adjoining drop-down list. This list displays the following values:

- Crop Loan – Select if the loan type availed is crop.

- Non-Crop Loan – Select if the loan type availed is non-crop.

Type of Corp

Specify a type of crop on which the loan is availed, if you have selected the 'Loan Type' as 'Crop Loan'.

Season

Select a valid season of the crop from the adjoining option list, if you have selected the 'Loan Type' as 'Crop Loan'. This list displays the following values:

- Kharif – Select if the crop season is Kharif.

- Rabi – Select if the crop season is Rabi.

- Others – Select if the crop season is neither Kharif nor Rabi.

Other Season

Specify season of the crop if you have selected 'Season' as 'Others'.

Village

Specify village of the property for which agriculture loan is availed.

Block

Specify block in which a specified village is located.

District

Specify district in which a specified block is located.

State

Specify state in which a specified district is located.

Notified Area

Specify notified area of the property for which agriculture loan is availed.

Nodal Branch Code

Specify branch code of the nodal bank from which agriculture loan is availed.

Nodal Branch Name

Specify branch name of the nodal bank from which agriculture loan is availed.

Farmer Category

Specify category of the customer who has availed agriculture loan.

Areas of the Farm (In Hectares)

Specify area of the farm in hectares for which agriculture loan is availed.

Insurance Details

You can maintain the following insurance details here:

RKBY Applicable

Check this box to allow Rashtriya Krishi Bima Yojana insurance on specified loan account.

Normal RKBY Premium Rate

Specify normal premium rate you need to apply for the crop loan.

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Premium on Threshold Yield

Check this box to calculate premium on the threshold amount in an incremental manner.

Threshold Yield

Specify value of the yield in terms of rupees for a specified loan account.

RKBY Premium Rate for Threshold Yield

Specify premium rate for threshold yield amount for a specified loan account.

PAIS Applicable

Check this box to allow Personal Accident Insurance Scheme insurance on specified loan account.

PAIS Amount to be Recovered

Specify PAIS amount you need to recover from the customer.

Banks Contribution for PAIS Insurance

Specify contribution of the back towards PAIS insurance for a specified loan account.

Transfer Account Details

You can maintain the following transfer account details here:

Last CND Date

Specify last CND date of the transferred loan account.

Last PAIS Date

Specify last PAIS date of the transferred loan account

Last Accrual Date

Specify last accrual date of the transferred loan account

Last Payment Date

Specify last payment date of the transferred loan account

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5.3 Creating a Commitment Account

A 'commitment' is an agreement by a bank to make available a specified amount of fund to the borrower for a certain period of time. It is a 'line of credit' that is made available by the bank to a borrower. The entire commitment amount may be disbursed in full at the time of authorization or disbursed partially on predefined scheduled dates.

You can link a commitment to more than one loan, provided funds are available, and the loan(s) given against the commitment amount may or may not be in the same currency. When a loan is disbursed against a commitment, there is no movement of funds involved but only a setting aside of funds. Hence there is no disbursement or credit to the borrower's account.

You can create a commitment contract using the 'Commitment Account Details' screen. You can invoke this screen by typing 'CLDCOMIT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'Commitment Account Details' screen.

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You can enter details of the commitment account in the above screen. This screen is similar to the 'Account Details' screen.

STOP You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

On query of a Commitment Contract attached to a Limit Facility, either manually or while launching from 'Facility Maintenance'screen, the LINE ID will be displayed in the form of a concatenated string.

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You can specify the default values for the commitment account by 'Default' tab.

Allow Bulk Payment

Check this box to indicate whether the accounts under a commitment should be considered for bulk processing. Various disbursements are allowed for a corporate customer and these are treated as loans with separate products and EMI schedules. Assigning individual payments as Bulk payments provides the facility of viewing multiple loans under a single commitment.

For field explanations on all tabs except Commitment tab refer section 'Creating a Loan Account' in this chapter.

5.3.1 Commitment Tab

To view the utilization details of the commitment contract click 'Commitment' tab.

You can capture the following details on this screen:

Disallow further Disbursement

If you check this option, the system will not allow further disbursements on this commitment account. If you do not check it, the system allows further disbursements on this commitment account. By default, the system displays the status of this box as checked. However, you can modify this.

Mortgage Group

A mortgage in Oracle FLEXCUBE may have different repayment styles, rate conditions and maturity conditions. By checking this option, you can use this commitment for such mortgages with multiple repayment formula.

Last Available Date

Enter the last available date. This is the final date as of which all disbursements under this commitment should be completed. Beyond this date, the system will not allow disbursements on this commitment.

Loan Maturity Date

Enter the loan maturity date. All disbursements under this commitment should be matured as of this date. For this commitment, the system will not allow disbursements with a maturity date beyond the loan maturity date.

The following utilization details of all commitments linked against a loan account are displayed in the above screen:

- Commit Sequence Number

- Commitment Event

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- Linkage Branch Code

- Linkage Reference Number

- Linkage Date

- Linkage Event

- Linkage Event Sequence Number

- Linkage Currency

- Linkage Currency Amount

- Commit Amount

- Increase Decrease Flag

- Commit Balance

5.3.2 Applying Different Repayment Styles for a Commitment

You can have different repayment styles, rate conditions and maturity conditions for the same mortgage account maintained in Oracle FLEXCUBE. For this, repayment of principal amount needs to be divided into multiple disbursement slabs. You can use the following fields on the 'Commitments' tab to enable this feature:

- Disallow further Disbursement

- Mortgage Group

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- Last Available Date

- Loan Maturity Date

Please lookup the above section 'Commitments Tab' for details on inputs for these fields.

Example

Consider a mortgage of 500,000 against a specific property. Based on the terms agreed upon by the bank and the customer, you can split the mortgage principal into multiple disbursements as shown below:

Disbursement	Conditions
Disbursement of first 200,000	Interest only, variable rate, 20 years with balloon principal repayment
Disbursement of second 200,000	Annuity (EMI type), 10 year fixed rate
Disbursement of final 100,000	Interest only, fixed rate, 5 year, balloon repayment via insurance policy

In this case, interest repayment may be started at any point of time. However, repayment of the principal amount can begin only after the disbursement of entire 500,000.

You can initiate closure of such mortgages only after closing all disbursements with various conditions, i.e. after liquidation of all loan contracts. Further to closure of such mortgages, you need to complete two housekeeping activities viz. notification to notary and release of collateral.

5.3.3 Charging Fee on Commitments

A fee is charged by the bank at the time of entering into a commitment agreement. This fee is repayable at predefined schedules. Also there can be another fee component charged on the amount of commitment that is utilized and un-utilized. The following SDEs are used to define fees on utilized/un-utilized commitment amount:

- COMMITMENT_UTILIZED

- COMMITMENT_UNUTILIZED

For more details on maintaining SDEs refer section 'Maintaining System Data Elements' in the Chapter 'Maintenances and Operations' of this User Manual.

5.3.4 Processing Events for a Commitment

The following events are triggered by the system during the different stages of a commitment contract:

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- **DSBR Event** – DSBR event is triggered when a loan is disbursed against a commitment. There is no movement of funds involved but only a setting aside of funds. Only such disbursed amount is available for linking to a CL Loan account. Entire commitment amount may be disbursed in full at the time of authorization or disbursed partially on scheduled dates as defined. You can choose to have an automatic disbursement or manual disbursement for the commitment contract. System validates any physical transfer of funds when DSBR event is triggered. Reversal of DSBR Event in Commitment Contract is not permitted if the commitment available amount falls below the utilized amount.

- **ACCR Event -** ACCR event is triggered when you define an INTEREST component for collecting fees on the un-utilized commitment on a periodic basis. The fees may be collected automatically or manually as defined in the product.

- **LINK Event –** LINK event is triggered when a Loan Account is linked to a Commitment contract. This results in increasing the utilization of the commitment amount and availability of the same comes down. Contingent entries which are passed when the commitment contract is initiated are reversed when this event is triggered up to the extent of the linked amount.

- **DLNK Event –** DLINK event is triggered when payment is made for a loan account which is linked to a Commitment contract of revolving type. This happens only if the payment is done before the validity period of the commitment contract. Once the commitment contract is liquidated, payment does not result in triggering of DLNK event. This results in decreasing of utilization of the commitment amount and availability of the same is increased. Contingent entries are passed when a DLNK event is fired, upto the extent of the delinked amount.

- **CLOC Event -** CLOC event is triggered when the contingent entries are reversed upto the extent of unutilized commitment amount and the contract is marked as liquidated, on the maturity date of a commitment contract. The Commitment contract will not be liquidated if there is any outstanding fee. This happens during end of day batch processing. All the commitment contracts with maturity date as of today are marked as liquidated during End of Day processing. Contingent entries for the un-utilized commitment funds are reversed.

- **VAMI –** VAMI event is triggered when an amendment is done on the loan account

- **ROLL –** ROLL event is triggered if a rollover is done. You can choose to liquidate the principal component and then system triggers the DLNK event fire in the commitment contract. You can also choose to increase the principal, in such case the LINK event is triggered in the commitment contract. You can also choose to increase the linkage amount or add a new commitment. LINK event is triggered for the newly linked commitment. DLNK event is triggered for the Old De- linked commitment.

- **NOVA –** NOVA event is triggered when you change the customer during reassignment. In such a case the linked commitment is delinked manually and you can choose to select a new commitment. In this case DLNK event is triggered for the previous commitment contract and LINK event is triggered for the new commitment contract.

- **RNOG –** RNOG event is triggered when principal liquidation and principal increase is done. The LINK event is triggered when principal is increased and DLNK event is triggered when Principal liquidation is done.

After entering the loan/commitment account details click 'Save' icon to save the account details. To authorize the account, click 'Authorize' icon on the Application toolbar. The 'Account Authorization' screen is displayed.

The loan account number and the branch details are defaulted here.

The following detail needs to be selected, as required:

Generate Message

This check box is automatically selectedby the system which instructs the system to generate swift messages either for a customer transfer or a bank transfer along with a cover. The generated message can be viewed in the messages browser. Even if the box is left unchecked you can go to messages browser at a later point of time and generate the message.

If the message generation fails for some reason, the account is authorized and you have to go to the browser to manually generate the swift message.

All other advices related to BOOK/INIT/DSBR events are not generated at this point and you need to go to the message browser to do the same.

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5.4 Viewing Commitment Summary Details

You can view the summary details of Commitment in 'Commitment Summary' screen. You can invoke the screen by typing 'CLSCOMIT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can query based on any combination of the following fields:

- Account Number

- Customer Identification

- Value Date

- Amount Financed

- User Defined Status

- Account Status

- Outstanding Balance

- Branch

- Product code

- Maturity Date

- Currency

- Alt Account Number

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- Authorization Status

After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.

You can list the other branch transactions by clicking the 'Advanced Search' button for Branch code. The 'Advanced Search' screen is displayed.

Here you have to select the branch in the advanced filter option to list the other branch transactions. And select the transaction from the summary screen to launch the detail screen. You can perform the appropriate operations after opening the detail screen from the summary screen.

5.5 Capturing Current Account Recovery Details

If a customer availing pre-shipment credit fails to submit the export bill, then the principal amount is recovered from the customer's current account. The current account recovery is done at a rate called currency recovery rate – calculated from the disbursement date to the current account recovery date. You can capture the current account recovery details in 'Current Account Recovery' screen.

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To invoke this screen, choose **Retail Lending** from the Application Browser. Thereafter, choose **Current Account Recovery** and **Detailed** under it. You can also invoke this screen by typing '**CLDCREC**' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.

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Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the following details in this screen:

Account Number

Specify the account number in which you want to perform recovery from the current account. You can also select the appropriate account from the adjoining option list.

On selecting the Account Number, the details of Branch Code, CREC Date, Event Seq No, Customer ID, Currency, and Outstanding Amt are displayed.

CREC Rate

Specify the rate at which the interest on the CREC amount has to be calculated.

CREC Amount

Specify the amount that is to be recovered from the customer's current account. This amount should not exceed the outstanding amount.

Click the 'Populate Due' button to fetch all components that are due till date along with the CREC interest amount. During CREC it is mandatory to pay all the amounts that are due till date and MLIQ event is fired along with CREC. Click the 'Event Fields' button to view the user defined field details.

🛑 You need to maintain the CREC Event in the Product level and no accounting entries must be maintained for this event.

<u>Payment Details</u>

Payment Mode

Select the mode of loan payment from the drop-down list. The list displays the following values:

- ACC
- TLR
- CLG

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- INS

- EPO

- CCD

- DCD

- EAC

- ICK

Settlement Currency

Specify the currency used for the specific payment mode. This adjoining option list displays all the currencies maintained in the system. You can choose the appropriate one.

Amount Settled

Specify the amount paid through the specified mode of payment in terms of the settlement currency.

Local Currency Equivalent

The system displays the amount settled in terms of the local currency in this option.

Exchange Rate

Specify the exchange rate to be used between the loan currency and settlement currency.

Set Component

The system displays the component name in this field.

Settlement Branch

Specify the branch code to which the settlement has to be made. The adjoining option list displays the list of branches maintained and you can also choose the appropriate one.

Settlement Account

Specify the settlement account in which the amount is to be settled.

Settlement Product

Specify the settlement product code. The adjoining option list displays the list of products that are maintained and you can also choose the appropriate one.

Instrument No

Enter the number of the instrument presented for clearing in this field.

End Point

This option displays the end point maintained in the clearing system.

Card No

Specify the card number details of credit card or the debit card details based on the selection.

External Account No

Specify the external account number.

External Account Name

Specify the name of the external account.

Clearing Bank

Specify the clearing bank code. The adjoining option list displays the list of banks that are maintained and you can also choose the appropriate one.

Clearing Branch

Specify the clearing branch code. The adjoining option list displays the list of clearing branch that are maintained and you can also choose the appropriate one.

Upload Source

Specify the source of upload. The adjoining option list displays the list of values that are maintained and you can also choose the appropriate one.

Sector Code

Specify the clearing sector code. The adjoining option list displays the list of categories of products that are maintained and you can also choose the appropriate one.

Routing No

Enter the routing number of the branch selected for clearing in this option.

Click 'Events' button to view the 'Events Diary' screen. In this screen, you can view the details of the events that are processed in the system.

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5.5.1 Viewing CL Current Account Recovery Summary Details

In 'CL Current Acc Recovery' screen, you can view the summary details of CL current account recovery. To invoke this screen, choose **Retail Lending** from the Application Browser. Thereafter, choose **Current Account Recovery** and **Summary** under it. You can also invoke this screen by typing '**CLSCREC**' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can query based on any combination of the following fields:

- Account Number

- Authorization Status

- Branch Code

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After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.

Summary screen provides a list of the other branch transactions. You can query the other branch transactions from the summary screen only.

5.6 Capturing the Current Account Realization Details

The excess amount recovered during the realization process is refunded to the customer's current account. You can specify the current account realization details in 'Current Account Realization' screen.

To invoke this screen, choose **Retail Lending** from the Application Browser. Thereafter, choose **Current Account Realization** and **Detailed** under it. You can also invoke this screen by typing **'CLDCRLQ'** in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the following details in this screen

In this screen, you can specify the following details:

Account Number

Specify the account number in which you want to refund the customer's current account with the excess amount recovered during current account recovery. You can also select the appropriate account from the adjoining option list.

On selecting the Account Number, the details of Branch Code, CRLQ Date, Event Seq No, Customer ID, Currency, and Outstanding Amt are displayed.

CRLQ Realization Amount

Specify the amount which is to be realized (principal).

CREC Amount

System displays the amount recovered from the customer's current account. You cannot modify this value.

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Settlement Details

Settle Mode

You can make refund / disbursements either through a single mode or by using multiple modes of settlement, depending on the customer's requirement.

The settlement details that need to be captured depend on the mode you select. The list of modes and the applicable settlement details are given below:

- CASA
  - Settlement Branch
  - Settlement Account
- Clearing
  - Upload Source
  - Instrument Number
  - Clearing Product
  - End Point
  - Routing Number
  - Clearing Bank
  - Clearing Branch
  - Sector Code
- External Account
  - Upload Source
  - Product Category
  - Clearing Bank Code
  - Clearing Branch Code
  - External Account Name
  - External Account Number
- Instrument
  - Instrument Number
  - Settlement Branch
  - Settlement Account
- Cash/Teller
  - Upload Source
  - Settlement Product

🛑 Atleast one mode is mandatory to make a disbursement.

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Settle CCY

After specifying the settlement mode for the disbursement, select the currency in which the disbursement is to be made. The currencies allowed for the branch are available in the option list provided.

Amount Settled

Specify the disbursement amount that is to be settled through the selected mode in the selected currency.

The 'Total Amount' gets incremented by the amount settled and displays the sum total of the amount disbursed across the various settlement modes.

Exch Rate

This information is applicable if the Mode Currency is different from the Loan Currency. The exchange rate that is defaulted from the Standard Exchange Rate Maintenance is used to convert the disbursement amount to the Loan Currency equivalent.

Settle CCY Eqv

If the Mode Currency and Loan Currency are different, the settlement currency equivalent is calculated using the exchange rate applicable for the currency pair.

Settle Branch

Specify the branch code to which the settlement has to be made. The adjoining option list displays the list of branches maintained and you can also choose the appropriate one.

Settle Account

Specify the settlement account in which the amount is to be settled.

Ext Account Name

Specify the name of the external account.

Ext Account No

Specify the external account number.

CLG Bank

Specify the clearing bank code. The adjoining option list displays the list of banks that are maintained and you can also choose the appropriate one.

CLG Branch

Specify the clearing branch code. The adjoining option list displays the list of clearing branch that are maintained and you can also choose the appropriate one.

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CLG Product Code

Specify the clearing product code. The adjoining option list displays the list of clearing products that are maintained and you can also choose the appropriate one.

Settlement Product

Specify the settlement product code. The adjoining option list displays the list of products that are maintained and you can also choose the appropriate one.

Product Category

Specify the settlement product category. The adjoining option list displays the list of categories of products that are maintained and you can also choose the appropriate one.

Sector Code

Specify the clearing sector code. The adjoining option list displays the list of categories of products that are maintained and you can also choose the appropriate one.

End Point

This option displays the end point maintained in the clearing system.

Routing No

Enter the routing number of the branch selected for clearing in this option.

Instrument No

Enter the number of the instrument presented for clearing in this field.

Upload Source

Specify the source of upload. The adjoining option list displays the list of values that are maintained and you can also choose the appropriate one.

Click 'Events' in the 'Current Account Realization' screen to view the 'Events Diary' screen. In this screen, you can view the details of the events that are processed in the system.

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5.6.1 Viewing CL Current Account Realization Summary Details

In 'CL Current Acc Realization' screen, you can view the summary details of CL current account realization. To invoke this screen, choose **Retail Lending** from the Application Browser. Thereafter, choose **Current Account Realization** and **Summary** under it. You can also invoke this screen by typing '**CLSCRLQ**' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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In this screen, you can query based on any combination of the following fields:

- Account Number
- Authorization Status
- Branch

After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.

Summary screen provides a list of the other branch transactions. You can query the other branch transactions from the summary screen only.

5.6.2 Capturing the Advice Related Details

You can view the advices defaulted which also includes the Payment Message in the 'Advices' screen. To invoke this screen, click 'Advices' button on the 'Current Account Realization' screen. You can also choose to suppress the messages as required .

You can opt to suppress the Payment Message defaulted in case you do not need a credit through swift message.

The deafulted details can be overriden at this stage and if the settlement mode is changed to anything other than CASA, the swift message is automatically suppressed.

System automatically supresses the payment message under the following conditions:

- If the Principal Credit Settlement account is changed to a GL or if the receiver in Swift Msg Details tab is not valid to receive the message i.e, if the Customer Type of the Receiver party is not a Bank

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- If the settlement mode for PRINCIPAL component is changed to anything other than CASA

If the Transfer Type is chosen as blank i.e, neither Customer Transfer nor Bank Transfer and if the Receiver is a bank and the credit settlement account is a current account then the PAYMENT_MESSAGE becomes CREDIT_ADVICE by Swift(MT910).

5.7 <u>Viewing Account Summary Details</u>

You can view the details summary details of the account in the 'Account Summary' screen. To invoke this screen, choose Retail Lending from the Application Browser. Thereafter, choose Account and Loan Summary under it. You can also invoke this screen by typing 'CLSACCDT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can query based on any combination of the following fields:

- Account Number

- Branch

- Customer Identification

- Product Code

- Value Date

- Maturity Date

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- Amount Financed

- Currency

- User Defined Status

- Alternate Account Number

- Account Status

- Authorization Status

- Outstanding Balance

After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.

You can list the other branch transactions by clicking the 'Advanced Search' button for Branch code. The 'Advanced Search' screen is displayed.

Here you have to select the branch in the advanced filter option to list the other branch transactions. And select the transaction from the summary screen to launch the detail screen. You can perform the appropriate operations after opening the detail screen from the summary screen.

5.8 Manual Status Change of Customer Account

Oracle FLEXCUBE facilitates you to downgrade the account of the customer from normal to sub-standard or loss assets prior to the system defined status change. You can downgrade the account of the customer from normal to sub-standard or loss assets only if you feel that you cannot recover the dues from the customer due to his deteriorating financial position or insolvency or any other reason. This can be done on any day before due date and accordingly the account is treated on the basis of new grade i.e. sub-standard or loss assets.

You are allowed to change the status 'Worse Off' or 'Not Better Off' only if you possess proper authorization rights or restrictions in the system.

Whenever a manual status change is triggered for a CL or a BC contract, if the contract is moved from a worse status to a better status, then the system displays a configurable override (which can be configured as an error or an override by the bank).

You can change the status using the 'Manual Status Change' screen. You can invoke this screen by typing 'CLDMSTCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You need to capture the following details here:

Branch

Specify the appropriate branch.

Effective Date

Select the effective date on which the account status should be changed.

Account Number

Select the customer account for which the current status is not normal (or a worse one).

Current Status

On selection of the account number, the system displays the current status of the account.

New Status

Specify the new status of the account. You can select the appropriate status from this list.

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5.9 Viewing Details of CL Accounts Linked to L/C

You can query CL accounts linked to the L/C in the 'Commitment/Limits Summary' screen. You can invoke this screen by typing 'CLSENTTY' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can query a record using the following options:

- Base Entity Type

- Commitment Limit Number

- Customer Identification

- User Defined Status

- Account Status

- Branch

- Product Code

- Maturity Date

- Currency

- Alternate Account Number

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- Authorization Status

The following details get displayed:

- Account Number

- Branch

- Customer Identification

- Product Code

- Value Date

- Maturity Date

- Amount Financed

- Currency

- User Defined Status

- Account Status

- Alternate Account Number

- Authorization Status

In this screen, click a child record to invoke 'Account Details' screen.

5.10 <u>Manual Confirmation by Notary</u>

Usually a notary confirms the collaterals (linked to the loan) before loan account creation. In case, the confirmation from notary is not received before loan account creation, you can initiate confirmation manually using the 'Manual Notary Confirmation' screen. You can invoke this screen by typing 'CLDNOCON' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You need to specify the following details here:

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Branch Code

Specify the unique identifier of the branch where the loan account (for which notary confirmation needs to be updated) is created. The adjoining option list displays all branches maintained in the system. You can select the appropriate one.

Account Number

Specify the loan account number / commitment account number for which notary confirmation needs to be updated. The adjoining option list displays all loan accounts/commitment accounts (for which the "Notary Confirmation Required" check box is checked at the product level,and "Notary Pre Confirmed" check box is unchecked at the account level) maintained in the system. You can select the appropriate one.

Notary Confirmation Date

The system displays the current system date as the date of confirmation.

Notary Status

Select the notary status from the adjoining drop-down list. This list displays the following values:

- Confirmed
- Reject

If the notary status is 'Confirmed', then the system will trigger NCON event during authorization. If the notary status is 'Reject', the system will trigger NREJ event which in turn triggers the reversal of the contract during authorization.

Remarks

Enter the remarks for confirming or rejecting the collateral details.

5.10.1 Viewing accounts Linked to Loans/Commitments

Retail lending accounts linked to a loan or commitment can be queried for by using the Limit/Commitment summary screen.

To invoke this screen type in 'CLSENTTY' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

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You can select a particular record to view based on the limit/commitment parameters fed in the screen and the base entity type.

To view a particluar record from the list click on the desired record from the list displayed. Only the detailed records of the accounts for teh current branch are available for view.

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6. Capturing Additional Details for a Loan

6.1 Introduction

The buttons on the 'Account Details' screen enable you to invoke a number of functions vital to the processing of a Loan account.

These buttons have been briefly described below.

Buttons	Description
MIS	Click this button to define MIS details for the Loan.
GL Balance	Click this button to view the GL balances for the various components that are defined for an account.
IRR Details	Click this button to view the IRR value for the chosen component for different effective dates.
Events	Click this button to view the details of the events and accounting entries that a contract involves.
Installment	Click this button to view the installment details for the Loan.
Swift Msg Details	Click this button to view the swift message details pertaining to any transaction on the account
FX Linkage	Click this button to link an FX transaction to the loan.

Buttons	Description
BC Linkage	Click this button to view the CL-BC linkages details.

Enter valid inputs into all the mandatory fields or you will not be able to save the loan contract. After making the mandatory entries for the Loan account, save the account details by either clicking save icon in the toolbar or selecting Save from the Actions menu.

A contract that you have entered should be authorized by a user bearing a different Login ID, before the EOD is run.

🛑 You have the option to amend all the unauthorized entries made for a Loan. However, after authorization, certain fields cannot be amended.

Click 'Exit' or 'Cancel' to go back to the Application Browser.

6.2   Viewing MIS Details of the Loan

Click 'MIS' button to view the MIS details screen. This is a view only screen, which provides a MIS details for an account.

For more details on this screen refer section 'Defining MIS details for an account or contract' in the chapter 'Defining MIS Details for a Customer, Account Class, Account, Product, and Contract' in the 'Management Information System' User Manual.

6.3 Viewing Account GL Balance

Click 'GL Balance' button to view the GL details screen. This is a view only screen, which provides a single snapshot of the latest GL balances for the various components that are defined for an account.

The information displayed includes:

Account Details

- Branch Code: The branch code of the account maintained in the valid tables of consumer lending.

- Account No: Applicant's account number, which is auto generated if it is so maintained under the branch parameter.

- Alt Account No: Alternate account number of the applicant.

- Customer Id: Applicant's customer Id

- Product Code: Product code of the product associated with the account, defaulted from Product definition.

- Product Category: The product category availed by the customer.

- Amount Financed: The total loan amount

- Currency: Currency in which the transaction will be conducted for the account.

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- Value Date: value date for the account.

- Maturity Date: Maturity date for the loan account.

Components

- Component Name: Name of the component defined for the product to which the account is linked.

- Description: Component description as defined at the Product level.

GL Details

- GL Code: This is the account head to which the component will be dr / cr. This is defined at the product level.

- Type: GL category as defined in the GL chart of accounts

- Status: GL type as defined in the GL chart of accounts

- Balance: GL balance in terms of the account currency

- Lcy Balance: GL balance in terms of the local currency

6.4 Viewing Internal Rate of Return (IRR) Details

Click the 'IRR Details' button and invoke the 'IRR Details' screen. This screen displays the IRR value for the chosen component for different effective dates. The values are displayed in the descending order of the dates.
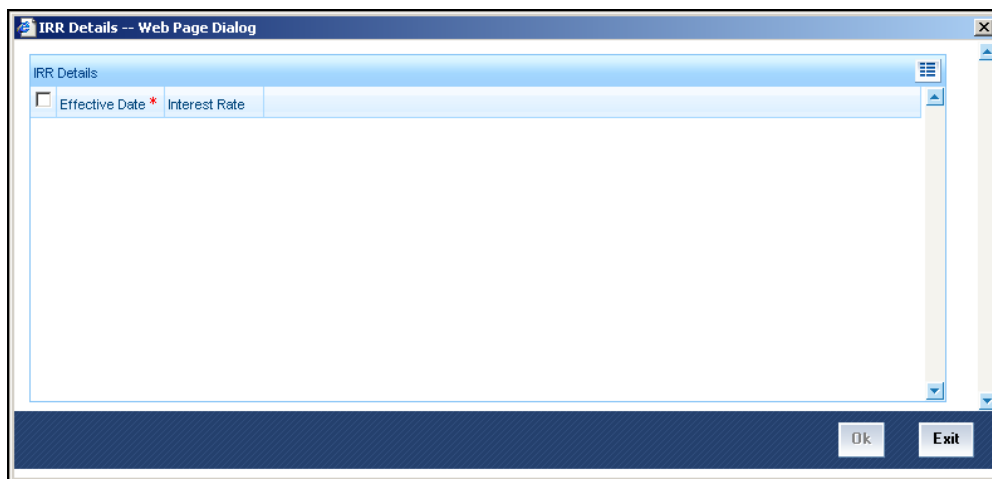
The following details are displayed here:

- Effective Date of the interest rate

- The interest rate

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6.5 <u>Capturing Swift Message Details</u>

You can view the swift message details pertaining to any transaction on the account in the 'Swift Msg Details' button.

The following swift message related details can be viewed in the above screen:

- Branch Code
- Account Number
- Benficiary Institution
- Sender to Receiver Info
- Message Details
- Payment Details
- Charge Details
- Ordering Institution
- Ordering customer
- Intermediary Reim Institution
- Ultimate Beneficiary
- Beneficiary Institution for Cover
- Receiver Correspondence
- Ace with Institution

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- Intermediary

Swift messages are not generated in the following situations:

- Settlement Instructions are not maintained

- Settlement Instructions are maintained but 'Payment By' for 'Pay leg' is not 'Message'.

- Settlement Instructions are maintained but the Receiver is not a Bank at the time of saving the account/manual disbursement.

- Settlement Details are changed during manual disbursement to have settlement mode other than CASA.

- The credit settlement account is a GL

- The message is manually suppressed

6.6 Viewing Installment Details

Click 'Installment' button to access the Installment query screen. The installment query screen displays the details of the installments for the account. The information displayed includes the account details, installment details and the installment summary.

You can invoke the 'Installment Query' screen by typing 'CLDINSQY' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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The following installment details are displayed:

Account Details

The following account details are displayed:

- Branch Code: The branch code of the account maintained in the valid tables of consumer lending.

- Customer Id: Applicant's customer Id as maintained in the valid table.

- Account No: Applicant's account number, which is auto generated if it is so maintained under the branch parameter.

- Alt Account No: Alternate account number of the applicant.

- Application No: The application number of the customer.

- Amount Financed: The total loan amount as maintained in the valid table.

- Currency: Currency in which the transaction will be conducted for the account.

- Product Code: Product code of the product associated with the account, defaulted from Product definition.

- Maturity Date: Maturity date for the loan account.

- Value Date: value date for the account.

- User Defined Status: the user defined status for the account.

Installment Summary

The following installment summary details are displayed:

- Schedule No: Schedule number of the installment.

- Due Date: Installment due date.

- Currency: currency for the installment.

- Total Amount Due: Total amount due for the installment.

Installment Detail

The following installment details are displayed:

- Component Name: Names of all the components that make up a particular installment.

- Amount Due: Amounts due for each of the components of a particular installment.

- Status: Installment status based on the status maintained at the installment level in the product.

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6.7 <u>Viewing Events Diary Details</u>

An 'event' may be defined as any action starting from application entry to collections. This module captures the details of events applicable to the account. The screen displays both processed and unprocessed events.

The following details are displayed here:

- Branch Code: The branch code of the account maintained in the valid tables of consumer lending.

- Account No: Applicant's account number, which is auto generated if it is so maintained under the branch parameter.

- Alt Account No: Alternate account number of the applicant.

- Application Number: The application number captured at the time of loan initiation.

- Customer Id: Applicant's customer Id.

- Product Code: Product code of the product associated with the account, defaulted from Product definition.

- Product Category: The product category availed by the customer.

- Amount Financed: The total loan amount.

- Currency: Currency in which the transaction will be conducted for the account.

- Down Payment Amount: The amount paid by the customer upfront. This is used for information only.

- Maturity Date: Maturity date for the loan account.

- Value Date: value date for the account.

- User defined status: The user defined status for the account.

6.7.1 Processed Tab

The processed events are all the events which have already taken place. This displays the details like the sequence number of the event. The date on which the event was processed, the value date, the event code, the cutoff status, and a brief description of the event. The screen also displays the details of the events according to the events selected.

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The following details are displayed here:

Events

- Sequence No: The sequence number for the account.

- Processed Date: The date on which the event takes place. It is the same as system date.

- Value Date: The value date of the events as maintained in the valid table that is captured during application entry.

- Code: Event code.

- Description: Description for the event occurred.

Advices

- DCN: System generated number for reference.

- Message Type: Type of advice generated for the event. This is applicable only if maintained at the product level for the particular event.

Entries

- Dr/Cr: This field indicates if the event occurring is a Debit or Credit event.

- Branch: The branch in which the event occurred. This is defaulted from the Consumer Lending module.

- Account: The number of the account affected by the event as maintained in the valid table.

- Account /GL Description: The description of the Account/GL hit at each leg of each accounting entry.

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- Ccy: The currency involved in the event

- Event Fcy Amt: Foreign currency amount involved with the event, if any

- Exch Rate: Exchange rate associated with the account

- Event Lcy Amt: Local currency amount involved with the event, if any. These events are maintained in the Event entries table.

- Value Date: Value date for the event as maintained in the valid date captured during the application entry.

- Trn Date: Event transaction date. It is same as the system date.

- Entry Fcy Amt: Netted entry log for the foreign currency amount. These values are stored in the daily logs.

- Entry Lcy Amt: Netted entry log for the local currency amount. These values are stored in the daily logs.

- Trn Code: Transaction code

- Amount Tag: Amount tag for the transacted amount

- Event Seq Number: Event sequence number

- Event: Event name and identifier

- GAAP indicator: Generally Accepted Accounting Principles (GAAP) applicable for the accounting entry

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6.7.1.1 Viewing Event Checklist

Event checklist is a list of items that pops up when an online function is triggered.

6.7.1.2 Archiving Processed Events

You can archive processed records from the events diary using the 'Retail Lending - Bank Parameters' screen.

In this screen, you can specify the following parameters to archive processed events:

Reference Date

This is the first date on which the archival will be initiated. If this date is NULL, no archival will be done.

Frequency

This is the frequency for archival. The options in the drop down list are:

- Daily

- Monthly

- Yearly

Unit

This is a numeric value. Let us suppose you select the frequency as Daily and Unit as 5. In this case archival will be done every 5th day.

A batch process will execute the archival by end of day. However, if you do not specify the parameters, archival will not be executed.

A batch process will execute the archival by end of day. However, if you do not specify the above parameters, archival will not be executed.

6.7.2 Unprocessed Tab

The Unprocessed event screen has all the details of the overdue and the Due events for the account.

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The following details are displayed:

Overdue Events

An event which has crossed the due date becomes an overdue event. The number of days after the due date is used by the bank to calculate penalty for the event.

The following Overdue event details are displayed:

Overdue Events
- Code: Unique event code
- Date: Date on which event occurred
- Description: Brief event description

Components

Component name: Name of the component affected by the event.

Due Events

The date on which the event is supposed to take place is the due date of the event. In case of repayments, the customer is informed by the bank regarding the due date.

The following details are displayed:

Due Events
- Code: Unique event code.
- Date: Date on which event occurred.
- Description: Brief event description.

Components

Component name: Name of the component affected by the event.

6.7.3 Querying Account Details

Oracle FLEXCUBE allows you to query the following account related details:

- A particular or all accounts of a customer – This is done using the 'Customer Summary Query' screen. The records are displayed product wise, module wise, accounting class wise and also based on external account types. You can narrow down the query by double clicking on a record and navigating to its account details.

- Accounting entries for a loan account – This is done using the 'Customer Account Transaction Query' screen.

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- The liability details of a customer or an account or the details of a transaction involving a particular limit line – This is done using the 'Liability Query' screen.

6.8 <u>Viewing CL-BC Linkages details</u>

You can preview the details of the loan (CL Account) linked to the Bills Contract by clicking 'BC Linkages' button in the 'Accounts Details' screen.

The following details are displayed here:

- The BC Reference Number which are linked to bill

- The currency of the Bill Contract

- The outstanding Bill amount

The system validates the following details:

- Loan (CL Account) maturity date cannot be greater than the bill maturity date.

- Loan (CL Account) amount cannot be greater than the bill amount.

🛑 You cannot purchase or discount the bills linked to loans (CL Account).

The liquidation for bills linked to loan (CL Account) contracts triggers the liquidation for the corresponding loan contract to which the bill is linked. In case of Loan CCY is LCY, the system converts the bill amount liquidated to its Loan CCY equivalent using the Effective exchange rate, or the standard mid rate. The loan (CL Account) amount outstanding (principal + interest) is liquidated to the value of the bill-liquidated amount.

In case of part liquidation of the bill contract, yielding amount equivalent to the loan (CL Account) amount or less than that of the loan amount, then the system utilizes the entire amount towards the liquidation of the loan contract.

In case the bill liquidation yields an amount in excess of the loan (CL Account) amount, the system liquidates the loan (CL Account) in total and the excess amount is credited back to the customer account (after due conversion in the bill currency).

🛑 The outstanding principal or interest after the bill settlement is settled from the CL Payment Screen.

Example:

Bill details:

- Bill amount - USD 1000

CL Account details:

- Loan Outstanding - INR 19000

- Interest Outstanding - INR 1000

- Collection LCY Exchange rate – 50

On payment of USD 500 for the bill the loan is fully liquidated for INR 20000

The system passes the following accounting entries in the Bill:

Liquidation date (LIQD) - 30-JUN-2008.

Dr/ Cr	Acc-role	Amount tag	FCY	Exch Rate	LCY	Date
Dr	NOSTRO ACCOUNT	LOAN_LIQD_AMT	400	50	20000	30-JUN-08
Cr	BRIDGE GL	LOAN_LIQD_AMT	400	50	20000	30-JUN-08
Dr	NOSTRO	COLL_LIQ_AMT	100	50	5000	30-JUN-08
Cr	CUSTOMER	COLL_LIQ_AMTEQ	100	50	5000	30-JUN-08

Therefore the Bill outstanding is USD 500 and Amount liquidated is USD 500.

The system passes the following accounting entries as part of MLIQ event:

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CL MLIQ: Automatically fired from the BC contract

Dr/ Cr	Acc-role	Amount tag	LCY	Date
Dr	BRIDGE GL	PRINCIPAL_LIQD	60000	30-JUN-08
Cr	ASSET GL	PRINCIPAL_LIQD	60000	30-JUN-08
Dr	BRIDGE GL	<INTEREST>_LIQD	600	30-JUN-08
Cr	INTERESTREC	<INTEREST>_LIQD	600	30-JUN-08

You are also allowed to link the LCY Advanced Import Bills or Packing Credit Foreign Currency (PCFC) Import Bills. If the loan fully liquidates the bill, then the disbursement of the loan would automatically settle the bill, but in case if the loan advanced for the bill cannot settle the bill, then the disbursement of the loan would not settle the bill and it has to be manually handled. The bill should be liquidated manually.

6.9 Inactive Loans

During Loan processing, it is required to capture loan details and not initiate till verification of documents, etc. This module creates a loan account in an inactive state. Inactive loans are input by a separate screen similar to the Accounts screen or by Uploads. After manual verification the account is entered as an inactive account. The account is activated once the requisite documents are received.

You can invoke this screen by typing 'CLDINADT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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The system captures the following details and generates an inactive account:

- Loan Reference Number
- Schedule Dates
- Charges
- Installment Amounts

Modifications are allowed on inactive loans even after authorisation and there are no restrictions on inactive loans modifications. Loan details are handed off to other systems. Messages such as Loan advice or Promissory Notes can also be generated.

Specify the following details:

No of Days from Shipment

Specify the number of days that has elapsed from the shipment to the disbursement.

Rate Code

Select the Code for the Floating Rate or Tier Rate (depending on the UDE Rate Type maintained at the Product Level), if any and the spread on it applicable in this field by clicking the option list. A list of values is displayed. Double click on a value to select it.

6.9.1 Operations on Inactive Loans

It is possible to modify an inactive loan and save it even after authorisation. When the account is activated it will be an unauthorized account and behaves like an account directly created /uploaded into the system. It is possible to delete the same too. The user can change all loan account properties.

Click 'Active Account' button to activate the loan. This changes the funded status of the loan. Once activated, the account cannot be deleted after authorisation and cannot be unlocked after one save.

Accounting entries and limit updates are not called when the loan is inactive. Accounts queries do not display inactive accounts and Inactive accounts views do not show active accounts.

If an account is created after its value date, it behaves as a Back valued loan entry. If it is created after its maturity date, it behaves like an overdue account.

Inactive loans are created with a sequence that is different from the account mask maintained. Upon activation, the account mask is used to create a new account. Hence the account number of an activated account differs from its inactive version.

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6.9.1.1 Activating Loans and Limit Earmarking

Inactive loans are activated by clicking on Activate Account button or through an upload. Upon loan activation, Limits Utilizations are updated. Accounting entries are passed for disbursement and for any upfront changes as defined in the product.

The earmarked amount field shows the total earmarking and an earmarking reference number is captured. Upon the actual loan initiation, utilization is made on the line and real entries passed.

6.9.1.2 Deleting Inactive Loan

Inactive loans can be deleted even after the authorisation of Inactive loan account. In Bank Parameters, Site specific parameters are provided to control the automatic deletion of Inactive loans. An Inactive Loan processing supports this deletion.

6.10 Loan Simulation

You can simulate loans to answer customer queries especially for new loans and pre-paid loans. The payment schedules of any type of Loan Products can be generated while negotiating with clients during the Presale stage.

6.10.1 Simulating a Loan

You can use the 'Account Simulation' screen to simulate a loan. This screen is similar to the Account Details screen. You can invoke this screen by typing 'CLDSIMDT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

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While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'Account Simulation' screen.

Simulation will function in exactly the same way as a regular loan input. All warnings and overrides associated with an actual contract save will come in a simulation. For e.g., if the loan results in the overdrawing of the customers loan line, then an Override is thrown up. However, no data will be stored in Oracle FLEXCUBE.

Click 'Create Active Account' button to create a loan directly from the simulator. Only users with rights to invoke Oracle FLEXCUBE loan creation function will be allowed to create loans from the simulation function. The sequence of the Loan account thus created is based on the branch level account mask maintained.

Similarly, click 'Create Active Account' button to actually create an inactive account based on the simulated data.

A separate Sequence number is provided to create reference numbers for Simulations. These are one time reference numbers for simulation purposes only and are not used for final loan. The User Defined Reference Number facility of Oracle FLEXCUBE is used to create Loan Simulation Sequences.

🛑 You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

If the simulator is launched from Oracle FLEXCUBE, simulations can be run several times to examine the impact of different parameters on the loan. If the simulator is invoked from a channel, all parameters should be specified afresh for each invocation.

Loan advices can be printed from the screen based on the loan account simulated. This is allowed for loan accounts created in the system prior to their being initiated. Subsequently, advices configured through the events screen will be triggered.

Specify the following details:

No of Days from Shipment

Specify the number of days that has elapsed from the shipment to the disbursement.

Rate Code

Select the Code for the Floating Rate or Tier Rate (depending on the UDE Rate Type maintained at the Product Level), if any and the spread on it applicable in this field by clicking the option list. A list of values is displayed. Double click on a value to select it.

6.10.2 <u>Simulating a Commitment</u>

You can use the 'Commitment Simulation' screen to simulate a Commitment. You can invoke this screen by typing 'CLDSCOMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

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Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch. The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'Commitment Account Simulation' screen.

Note the following:

- Create Active account and Create Inactive account buttons are disabled for commitment simulation.

- You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

Commitment Account Simulation	— ×

Save

Branch * 000
Account Number *
Product Code P

Product Category
Application Number
Alternate Account Number
Derived Status

User Defined Status
User Reference Number

Main Account Details Default Check List Fields Components Charges Advices Credit Score

Account Details

Index Exchange Rate
Payment Mode
Default

Create Active Account
Active Account

Customer Id
Customer Name R

☐ Calculate Gross Principal

Create Inactive Account

Currency
Amount Financed
Net Principal
Loan to Value

Bill Reference Number
Bill Outstanding

Generate Advice
View Advice
Asset
Financials

Value Date P Q
Subsidy Customer Id

Amount Available
Commitment Type ⦿ Revolving
                ◯ Non Revolving

Maturity Date

Maturity Type
⦿ Fixed
◯ Call

Promotions

☐ | Promotion Type | Promotion Id | P | Beneficiary | Priority

Account Statistics

☐ | Component Name | Expected | Overdue | Outstanding | Advance | Currency

MIS GL Balance IRR Details Events Installment SWIFT Message Details FX Linkage BC Linkage Agri-Loan Details

Input By SHARIANA001
Date Time

Authorized By
Date Time

Contract Status

☐ Authorized

Cancel

For field explanations on all tabs except Commitment tab refer section 'Creating a Loan Account' in this chapter.

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For Commitment tab details refer section 'Viewing Commitment Details' in the 'Account Creation' chapter.

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7. Making Manual Disbursements

7.1 <u>Introduction</u>

The Consumer Lending Module of Oracle FLEXCUBE supports the following modes for loan disbursements:

- Auto
- Manual

If you select the mode 'Auto', the system will automatically disburse the loans based on the disbursement schedule defined for the product.

In the manual mode, disbursement happens on demand. In this case, disbursement schedules need not be maintained for the 'PRINCIPAL' component. Also, you can collect any applicable charges related to the disbursement at the time of making the disbursement. These charges are defined at the product level.

You have to specify the disbursement mode as a preference at the time of setting up a Consumer Lending product in the system.

🛑 If you have selected the 'Group/CIF' status processing option at the branch parameters level and a manual disbursal results in a status change for the account, then the status change processing will be done only during the end-of-day batch processing. The process will work as follows:
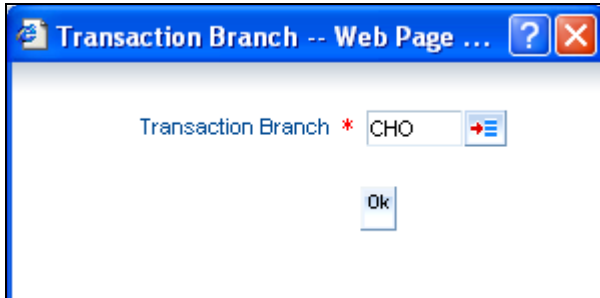
- The current status for the account is updated in the 'Derived Status' field
- The 'User Defined Status' for the account is updated with the worst status that is available for all accounts and loans for this CIF within the branch
- The required accounting entries for the status change are posted

Refer the section titled 'Disbursement Mode preferences' in the 'Defining Product Categories and Products' chapter of this User Manual for details.

7.2 <u>Disbursing Loan through the 'Manual' Mode</u>

You can initiate a manual disbursement through the 'Manual disbursement' screen You can invoke this screen by typing 'CLDMDSBR' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'Manual Disbursement' screen.

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To begin the disbursement, click on the New icon in the toolbar of the screen or select 'New' from the Actions Menu. The following information gets defaulted to the screen:

Branch Code

The code of the login/sign-on branch is displayed here. However, you can select a different branch from the option list provided. It is the branch where the loan account of the customer resides.

Account Number

Select the Loan Account of the customer to which the disbursement is made. All valid accounts are available in the option list. Select the appropriate one from this list.

🛑 You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

Value Date

This is the date when the credit entry (for the disbursement amount) is posted to the Cr Settlement Bridge. The current system date is displayed here.

Execution Date

This is the date on which the disbursement is booked in the system. The current system date is displayed here. You may change the date to a date in the future before the maturity date of the loan.

Event Sequence Number

Component Name

All disbursements are made towards the PRINCIPAL component. You cannot change the component.

Reference Number

This is auto generated and used as a reference to identify the transaction in the system.

Capture the following details in the screen:

Remarks

Capture any additional information about the disbursements, if required.

Total Amount

This displays the sum total of the amount disbursed across the various settlement modes. It gets incremented by the amount settled.

The following disbursement details have to be captured in the 'Disbursement Details' section of the screen:

Reversed

When you reverse a manual disbursement, the system automatically checks this option to denote that the particular settlement mode has been reversed.

For reversing a disbursal, a different event, REVD (Reverse Disbursement) is triggered.

Settle Mode

You can make disbursements either through a single mode or by using multiple modes of settlement, depending on the customer's requirement.

The settlement details that need to be captured depend on the mode you select. The list of modes and the applicable settlement details are given below:

- CASA
  - Settlement Branch
  - Settlement Account
- Clearing

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- ➢ Upload Source
- ➢ Instrument Number
- ➢ Clearing Product
- ➢ End Point
- ➢ Routing Number
- ➢ Clearing Bank
- ➢ Clearing Branch
- ➢ Sector Code
- External Account
  - ➢ Upload Source
  - ➢ Product Category
  - ➢ Clearing Bank Code
  - ➢ Clearing Branch Code
  - ➢ External Account Name
  - ➢ External Account Number
- Instrument
  - ➢ Instrument Number
  - ➢ Settlement Branch
  - ➢ Settlement Account
- Cash/Teller
  - ➢ Upload Source
  - ➢ Settlement Product

Atleast one mode is mandatory to make a disbursement.

Settle Ccy

After specifying the settlement mode for the disbursement, select the currency in which the disbursement is to be made. The currencies allowed for the branch are available in the option list provided.

Amount Settled

Here, you have to capture the disbursement amount that is to be settled through the selected mode in the selected currency.

The 'Total Amount' gets incremented by the amount settled and displays the sum total of the amount disbursed across the various settlement modes.

Note the following:

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- The amount utilized will increase by the disbursed amount on every successful disbursement.

- For non-revolving loans, if the sum of the amount disbursed and amount to be disbursed is greater than the amount financed, then the system displays an error message.

Exch Rate

This information is applicable if the Mode Currency is different from the Loan Currency. The exchange rate that is defaulted from the Standard Exchange Rate Maintenance is used to convert the disbursement amount to the Loan Currency equivalent.

You can change the defaulted rate provided the change is within the variance level maintained for the underlying product.

Refer the section titled 'Exchange Rate Preferences' in the 'Defining Product Categories and Products' chapter of this User Manual for details.

Loan Ccy Equiv

As mentioned above, if the Mode Currency and Loan Currency are different, the system calculates the Loan Currency equivalent using the exchange rate applicable for the currency pair.

7.2.1 <u>Verifying Check List Items</u>

To every online event, you can associate check list items through the 'Event Checklist' screen. To view the check list items associated with the 'Disbursement' event (DSBR), click on the 'Check List & Remarks' button.
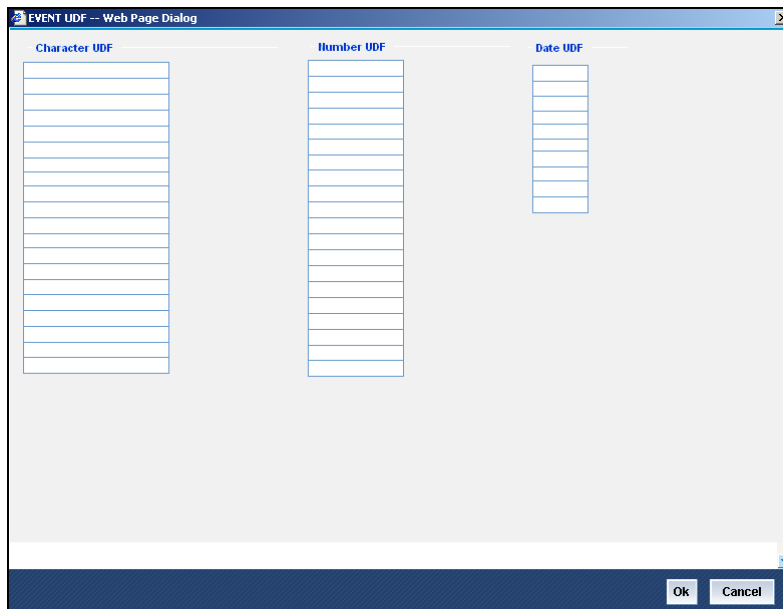

This screen displays the check list items for DSBR. All check list items have to be verified for successful disbursal of the loan. To do this, check the 'Verified' box against each check list item.

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You may also capture any additional information/remarks, if required.

Click 'OK' button to Save and return to the 'Manual disbursement' screen.

7.2.2 Capturing Values for event level UDFs

You can enter values for the UDFs that you have associated with the DSBR event in the 'Account Event UDF' screen. To invoke this screen, click 'Event Fields' button in the 'Manual Disbursement' screen.

The system allows you to enter different values for the same UDF for events that gets repeated for the same loan account. For instance, if you have multiple disbursements for a Loan Account, you can capture different values for UDFs for different disbursements.

Click Exit button to exit and return to the 'Manual disbursement' screen.

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7.2.3 Viewing Default Details

The defaults are maintained by the bank for the account can be viewed by clicking the 'Default' button. The defaults primarily are based on product definition and the account but it can be overridden.

If the Payment By is 'Message' then the settlement mode is defaulted to CASA and the settlement account , branch and currency are defaulted from the Settlement Instructions maintenance.

7.2.4 Viewing Charge details associated with Event

When making a manual disbursement, you can apply the charges applicable for the event. To do this, click 'Charges' button and invoke the 'Manual disbursement – Charges' screen.

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Specify the following details in this screen:

Component Name

Select the charge component from the option list provided. This list displays the components of type 'Charge' that were associated with the event at the time of defining the product.

Settle Mode

You can use multiple modes of settlement for charge settlement also. The list of modes applicable is same as the one allowed for loan disbursal.

Settle Ccy

After specifying the settlement mode, select the currency in which the charge is to be collected. The currencies allowed for the branch are available in the option list provided.

Amount Settled

If a formula is maintained for charge calculation at the product level, the system calculates the charge on the amount being disbursed using the formula. The same is then displayed in the here.

Exch Rate and Loan Ccy Equiv

This information is applicable if the Mode Currency is different from the Loan Currency. The exchange rate that is defaulted from the Standard Exchange Rate Maintenance is used to convert the charge amount to the Loan Currency equivalent.

7.2.5 Capturing the Advice related Details

You can view the advices defaulted which also includes the Payment Message in the 'Advices' screen. To invoke this screen, click 'Advices' button on the 'Manual Disbursement' screen. You can also choose to suppress the messages as required .

You can opt to suppress the Payment Message defaulted in case you do not need a credit through swift message   .

The deafulted details can be overriden at this stage and if the settlement mode is changed to anything other than CASA, the swift message is automatically suppressed.

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System automatically supresses the payment message under the following conditions:

- If the Principal Credit Settlement account is changed to a GL or if the receiver in Swift Msg Details tab is not valid to receive the message i.e, if the Customer Type of the Receiver party is not a Bank

- If the settlement mode for PRINCIPAL component is changed to anything other than CASA

If the Transfer Type is chosen as blank i.e, neither Customer Transfer nor Bank Transfer and if the Receiver is a bank and the credit settlement account is a current account then the PAYMENT_MESSAGE becomes CREDIT_ADVICE by Swift(MT910).

7.2.6 Viewing the Swift Message Details

The swift message details are picked up from the Settlement Instructions maintenance and are displayed in the 'Swift' screen. To invoke this screen, click 'Swift' button on the 'Manual Disbursement' screen..

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For more details on Swift message related details refer section 'Capturing Swift Message Details' in the chapter 'Capturing Additional Details for a Loan' in this User Manual.

7.3 Authorizing a Manual Disbursement

After entering the details for manual disbursement in the 'Manual Disbursement Input' screen click Save icon to save the details. To authorize the manual disbursement, click Authorize icon on the Application toolbar. The account authorization screen is displayed.

The Branch and Account number is defaulted and the Xref number is generated by the system. The following detail needs to be selected as required:

Message Generation

Check this box if you want swift messages to be generatedt either for the customer transfer or the bank transfer along with a cover. The generated message can be biewed in the messages browser. Even if the box is left unchecked you can go to messages browser at a later point of time and generate the message.

If the message generation fails for some reason, the account is authorized and you have to go to the browser to manually generate the swift message.

All other advices related to DSBR event are not generated at this point and you need to go to the message browser to do the same.

After the swift message has been generated, if the loan account or the manual disbursement is reversed, no message is sent from CL.

7.3.1 Accounting Entries

During the disbursement event, the Loan Account is debited while the credit entry will depend on the settlement mode(s) selected for disbursal.

The entries will appear as follows:

Accounting Role	Amount Tag	Cr/Dr
LOAN_ACCOUNT	PRINCIPAL	Dr
CR_SETTL_BRIDGE	PRINCIPAL	Cr

7.4 Viewing Manual Disbursement Summary Details

You can view the summary details of Manual Disbursement in 'Manual Disbursement Summary' screen. You can also invoke this screen by typing 'CLSMDSBR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.
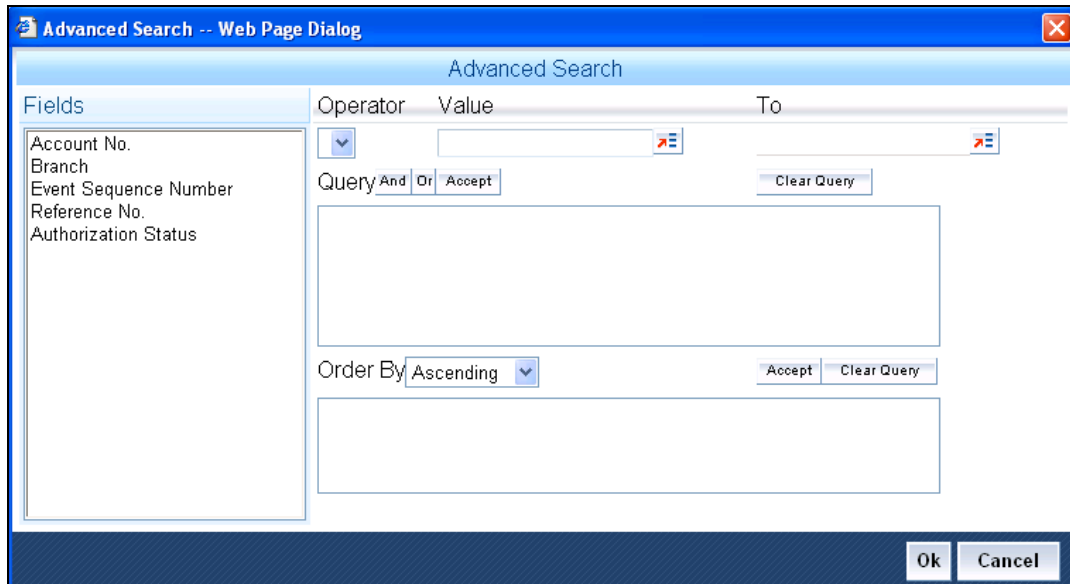
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In this screen, you can query based on any combination of the following fields:

- Account Number

- Event Sequence Number

- Authorization Status

- Branch

- Reference Number

After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.

You can list the other branch transactions by clicking the 'Advanced Search' button for Branch code. The 'Advanced Search' screen is displayed.

Here you have to select the branch in the advanced filter option to list the other branch transactions. And select the transaction from the summary screen to launch the detail screen. You can perform the appropriate operations after opening the detail screen from the summary screen.

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8. Operations

8.1 Introduction

This chapter explains the various operations that can be performed on a loan account; the most prominent being payments and amendments, funding, status change, simulation of payments, rollover etc.

8.2 Loan Payments

The 'CL Payment' screen allows you to make payments towards a loan. CL module supports Multi Mode settlements. The various payment modes allowed are Cash/Teller, CASA, Clearing, Electronic Pay Order, Credit Card, Debit Card, External Account, Internal Check and Instrument. Multi mode settlement mechanism facilitates payment of loan installment.

Payment can be against any or all or a combination of the components due. Prepayments will attract a pre-payment penalty to be charged. The payment computed by the system can be overridden by the amount negotiated by the customer and a subsidy is captured as amount waived. The amount accepted is either waived or capitalized. Depending on the mode selected, additional payment details such as clearing house details, settlement products to be used if the settlement is through another product of Oracle FLEXCUBE, etc are captured.

However, for components which are enabled for CND schedule, the due amount during payment is the interest computed up to,

- last CND
- sum of interest up to last CND date
- 0

depending on the schedule and CND frequency and is not the interest computed till schedule date. Also, override is processed on CND arrears and not on the interest accrued till date.

Hence, when you click 'Populate Due' in 'CL Payment' screen interest amount computed is generated as the amount due and not the interest accrued till date. Also, during ALIQ, interest computed is liquidated as the due amount. However, if the customer wishes to pre-close the loan, then the total outstanding interest amount is generated as due and collected.

Penalties on Payment

Prepayment as well as delayed payment of loan can attract penalties.

- Prepayment Penalty - The customer can choose to prepay the loan amount, either partly or as a whole before the due date. This may attract a Prepayment Penalty.

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- Penalty on delayed payment - In case a customer defaults in paying back the loan amount in time, then the amount becomes an over due and a penalty may be applicable. However, the customer is allowed to negotiate with the bank in order to subsidize the amounts due. Once the bank and the customer decide upon a mutually agreeable amount, the actual payable amount is replaced by this new amount and will be used in lieu of the original amount due.

If a loan payment results in a status change for the account, the system will update the current status for the account in the 'Derived Status' field. During end-of-day batch processing, it will update the 'User Defined Status' for the account with the worst status that is available for all accounts and loans for this CIF and post the required accounting entries for the change.

The 'CL Payment' screen captures payment details such as Payment Mode, Amount Settled, Settlement Currency and Exchange Rate. The payment is against any of the loan components such as principal, interest, late fee etc.

You can invoke the 'CL Payment' screen by typing 'CLDPYMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar.

The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'CL Payment' screen.

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To make a payment capture 'Account Number', 'Value Date' and 'Execution Date'. Click 'Populate Due' button to view the dues against the account. After this, you can enter the payment details. Click 'Allocate' button to allocate the settlement amounts across the various components based on the 'Schedule Order' and 'Liquidation Order'.

Click 'Penalty Rates' to view the UDEs related to Prepayment penalties. The negotiated rates can be overridden. In case of Penal components, you can select the relevant UDEs and modify them. Click View icon to view a list of lending rate codes and their values in the ascending order of rate value.

Account Details

The following details are captured here:

Branch Code

Select the branch code of the account towards which the payment is made, from the adjoining option list. A list of branch codes is displayed. Click on a value to select it.

Account Number

Select the customer's account number by clicking the adjoining option list. A list of values is displayed. Click on a value to select it.

You can select the branch in the payment screen and select the other branch account for payment. Also you can input other branch accounts and do the payment for the same.

Event Sequence Number

The system displays the event sequence number of the payment in the account's life history.

8.2.1 Payment Details Tab

Click on Payment Details tab to enter the details of payment.

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You can enter the following details here:

Customer ID

The system displays ID of the customer holding the specified account number.

Value date

Enter the date on which the payment affects the account balance in this field.

🛑 The value date can be a back valued or current date. However, it cannot be a date in the future.

Execution Date

This is the application date on which the payment is entered into the system. If the Execution date is in the future, the payment is tanked and released on the Future Value date of the payment; else, it is applied immediately as of the value date of the payment.

🛑 By default it is the current system date, but can be modified.

Collection Agent Identification

The collection agent assigned to the loan gets defaulted here during liquidation. If the collection agent eligible for the fees is different, you can change the agent name here.

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The collection agent assigned through the Assignment screen is still valid and the collection agent assigned here is effective only for this particular liquidation. After Authorization the details of the liquidation is passed into Collections module routines for the calculation of Collection Agent Fee.

Customer No

The system displays the Customer No of the account in this field.

Main Int. Rate

The rate value for the rate code maintained against the main interest UDE chosen is displayed here.

Limit Date

Select the limit date from the available schedules that can be included as amount due by clicking the adjoining option list. A list of schedule due dates for the account is displayed. Click on a value to select it.

This option is allowed only if the installment option is selected.

Prepayment of Amortized Loan

The following details are captured here:

Recomputation Basis

You can choose the recomputation basis for prepayment of amortized loan. The options available are Recalculated Tenor or Change EMI. Choose the relevant basis from the list for recomputation basis.

Recomputation Effective From

You can choose the date on which the prepayment becomes effective. You can start the prepayment on the Value Date or Next Installment.

Crystallization Details

The following details are maintained here:

CRYL Rate

Specify the rate at which LCY loan should take place. The new loan is created for the amount converted to LCY using this rate.

CRYL Reference Number

Contract reference number of the devolved loan is displayed here. This reference number will be updated during the MLIQ event of the contract.

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Payment Details

The following details are captured here:

Reversed

This option indicates that the settlement is reversed.

🛑 This option is disabled in the new payment mode.

Payment Mode

Specify the mode of loan payment by clicking the adjoining option list. A list of payment modes is displayed. Click on a value to select it.

The payment modes are CASA, Cash/Teller, Instrument, External Account, Electronic Pay Order, Internal Cheque, Clearing, Debit Card, and Credit Card.

Settlement Currency

Select the currency used for the specific payment mode by clicking the adjoining option list. A list of currencies is displayed. Click on a value to select it.

Amount Settled

Specify the amount paid through the specified mode of payment in terms of the settlement currency in this field.

🛑 The amount should be a valid amount and should not exceed the total amounts due; else it is treated as a prepayment.

Loan Currency Equivalent

The system displays the amount settled in terms of the local currency in this field.

Exchange Rate

Specify the exchange rate to be used between the loan currency and settlement currency in this field.

🛑 The exchange rate is defaulted but can be overridden. The final value should be within the exchange rate variances maintained in the account preference.

Settlement Order

Each settlement is apportioned against a component due based on the Liquidation order. The order in which the settlements are picked is ordinal as entered in the screen. Click 'Set Component' button to view/change the component settlement details in the 'Component Details' screen.

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For more details on the 'Component Details' screen refer section titled 'Viewing Component Settlement Details' in this chapter.

During payments, based on the Witholding tax percent specified in the 'Withholding Tax Pct' in the 'Customer Maintenance' screen, system internally calculates the applicable tax portion based on the Settlement Amount and passes the accounting entries for the tax.

For more details on setting up Witholding tax percentage refer 'Maintaining Customer Basic Record' section of 'Maintaining Customer Information Files' chapter of Core Entity User Manual

During MLIQ event, you need to input the Settlement Amount after discounting the tax amount and the system allocates the amount to Interest component after adding the tax amount. In addition, system also tops up the Settlement Amount by the total tax amount applicable.

During ALIQ event, the amount available in the customer's settlement account is taken up as the basis for allocation. In case the settlement account does not have full funds, the amount present is taken up as customer portion and the relevant tax portion is added up on top of that.

The amount tag which is used to pass accounting entries corresponding to the tax portion for MLIQ and ALIQ events is <Component name>_WHLD. For eg. MAIN_INT_WHLD

Settlement Branch

Specify a valid settlement branch. The adjoining option list displays all the valid settlement branch maintained in the system. You can choose the appropriate one.

Settlement Account

Specify a valid settlement account. The adjoining option list displays all the valid settlement account maintained in the system. You can choose the appropriate one.

Settlement Product

Specify the settlement product.

Instrument Number

Specify the instrument number.

End Point

Specify a valid end point. This adjoining option list displays all the valid end point maintained in the system. You can choose appropriate one.

Card Number

Specify the card number

External Account Number

Specify the external account number.

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External Account Name

Specify the external account name.

Clearing Bank

Specify a valid clearing bank. This adjoining option list displays all valid clearing banks maintained in the system. You can choose the appropriate one.

Clearing Branch

Specify the clearing branch.

Upload Source

Specify a valid upload source. This adjoining option list displays all the upload source maintained in the system. You can choose the appropriate one.

Sector Code

Specify a valid sector code. This adjoining option list displays all the valid sector code maintained in the system. You can choose the appropriate one.

Routing Number

Specify the routing number.

Settlement Reference Number

Specify the settlement reference number

Component Details

The following details are captured here:

Component Name

The system displays the component name in this field.

Currency

The system displays the currency of the component based on Loan currency and the account in this field. If the component is based on a flat amount UDE then the UDE currency is displayed.

Amount due

The system displays the amount due for the component in this field. It is generated based on the account and component.

Adjustment Due

Adjustment due happens when there is a revaluation or when there is rate revision, according to increase or decrease of rates.

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Amount overdue

Here, the system displays the amount overdue for the component. It is generated based on the account and component.

Amount not due

For the principal amount, Amount not due is the rest of principal that is due after the value date. Hence any payment towards this constitutes a prepayment. This value is system generated based on account and component.

Amount Paid

The system displays the actual amount paid against the component dues in this field.

When payments are allocated across dues, payment details are defaulted from the liquidation order. But these details can be modified as per your preferences.

Amount Waived

Enter the amount waived by the bank after negotiations with the customer in this field.

Amount Capitalized

Enter the amount capitalized in this field.

CRYL Required

Check this box to indicate that crystallization is required at the component level. If the crystallization product is not maintained, then this check-box will be cleared on saving the record.

8.2.2 Penalty Rates Tab

Click on penalty rates tab to maintain penalty details of the product.

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8.2.3 Fields Tab

Click on fields tab to maintain user defined fields for the product. You can enter the details of character fields, number fields and date fields.

8.2.4 Checklist Tab

Click on the checklist tab to maintain the check lists and remarks for the product.

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8.2.5 Linkage Details Tab

Click on the linkage details tab to maintain the linkage details and remarks for the product.

Settlement Details

Depending upon the mode of payment the following settlement details are captured:

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For 'CASA':
- Settlement Branch
- Settlement Account

For 'Credit Card' and 'Debit Card'
- Card No.

For 'Clearing'
- Upload Source
- Instrument Number
- Clearing Product
- End Point
- Routing Number
- Clearing Bank
- Clearing Branch
- Sector Code

For 'External Account'
- Upload Source
- PC Category
- Clearing Bank
- Clearing Branch
- External Account Name
- External Account Number

For 'Electronic Pay Order'
- Upload Source
- PC Category
- Clearing Bank
- Clearing Branch
- External Account Name
- External Account Number

For 'Internal Check'
- Instrument Number
- Settlement Branch
- Settlement Account

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For 'Instrument'

- Instrument Number

- Settlement Branch

- Settlement Account

For 'Cash/Teller'

- Upload Source

- Settlement Product

On saving a manual payment towards a loan component (s), the online liquidation against each such component follows the order of liquidation as specified through the 'Component Liquidation Order' screen.

You can specify Swap rate (in %) in the 'FX linkages' screen while linking the FX in the 'CL Payment' screen.

Swap cost in % is used to calculate the swap charges or early delivery charges. Swap charges are credited or debited from the customer account depending on the sign of the swap cost in % specified.

The swap cost in % can be either negative or positive or Zero. A positive swap cost in % signifies that the swap charges will be credited to the customer account and debited from the bank's expense GL. A negative swap cost in % signifies that the swap charges will be debited from the customer's account and credited to the bank's income GL. If no charge is to be collected you can specify the rate as Zero.

For more details on the Swap percentage, refer section 'The Liquidation and Cancellation function' in the 'Contract Processing' chapter of the 'Foreign Exchange' User Manual.

8.2.6 Crystallization of Foreign Currency Term Loan (FCTL)

Crystallization is the liquidation of the outstanding amount and creating a new loan in LCY at the specified rate. A component can be either liquidated or crystallized. Crystallization can be done only for overdue amounts or components. Crystallization is not allowed if the loan is amortized loan. The amount to be crystallized is calculated by summing up the checked amounts.

Once CRYL is done, liquidation on that Parent Loan is not possible unless the devolved loan is liquidated. However, you can carry out crystallization of the parent loan.

The new loan contract is created with value date as the value date of the payment. You can not perform crystallization if the payment is made at a future-date. The new loan created can not be deleted and authorized independently. This loan contract is considered as a call loan.

Authorization of the FCTL authorizes the devolved loan. After authorization, you can independently process the devolved loan. Reversal of the payment of the loan does not reverse the devolved loan. However, an override is displayed.

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Payment deletion does not delete the devolved loan. An override is displayed to inform that the devolved loan exists for the payment. You can not liquidate the loan until the devolved loan is fully liquidated. On auto liquidation of the loan, system checks the same and raises an exception.

If the crystallization is done for more than one schedule, then the devolved loan will be amended for the new Principal amount.

If the crystallization is fired at back value date and the value date is beyond the schedule date / last payment date / VAMI date (whichever is the maximum) of the devolved loan, then the system will not allow crystallization of that loan. The crystallized component is considered as paid.

If there are any FX linkages in the loan the processing is done as follows:

- Crystallization in Loans

Example

Assume a loan with the following details:

Loan outstanding amount – USD 1000

Interest outstanding   - USD 200

Penalty outstanding   - USD 100

CRYL rate   - 50

Principal Crystallization – USD 1000

Interest and Penalty components are being liquidated

> Linkages

Example

FX 1   - USD 700@ 51

FX 2   - USD 200@ 53

Entries for both, crystallization and liquidation will be done as part of the MLIQ event.

> Crystallization

Crystallization liquidates the FX contracts FX 1 and FX 2 for USD 700 and USD 200 respectively as the Crystallization covers the entire FX portion. The rate at which crystallization happens is (weighted average of 700@51 + 200@52 + 100@50 = 51.1). The unlinked portion takes the CRYL rate. So, a loan is booked for INR 51,100.

> Liquidation

No FX is available at this stage. So, the Interest and Penalty is liquidated at the STANDARD mid rate.

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The amount tag used for Principal Liquidation is PRINCIPAL_CRYL. If the interest component is liquidated then the entries are posted into an amount tag <component>_CRYL. The rate used is the CRYL rate. An account role called CRYL SUSPENSE is used to debit the suspense during crystallization of the loan. In the devolved loan, the CRYL SUSPENSE is credited. The devolved loan uses the tag PRINCIPAL_CRYL to create the loan instead of PRINCIPAL. So, when a loan is uploaded through crystallization, the tag PRINCIPAL_CRYL is populated instead of PRINCIPAL.

Example

Consider the example USD 12,000 (Loan1) disbursed on 01-Jan-02 with interest payable on quarterly basis @ LIBOR rate and repayment of USD 1000 happening on the 1st of every month beginning 01-Feb-02. If a particular principal repayment schedule, say, USD 1000 due on 01-feb-02, is not liquidated, the same has to be converted into LCY (INR) through CRYL on 02-feb-02. Interest outstanding is USD 100. Suppose, only the Principal part is crystallized. Interest part is liquidated. Assume the CRYL rate is 50.

Accounting entries passed in the FCTL in its MLIQ event will be as follows:

Acc. Role Code	Amount tag	FCY Amount	LCY (INR) Amount	Exch. Rate	Date
CRYL SUSPENSE	PRINCIPAL_CRYL	1000 USD	50000	50	30-APR-00
LOAN_ACCOUNT	PRINCIPAL_CRYL	1000 USD	50000	50	30-APR-00
Customer	MAIN_INT_LIQD	100 USD	4800	48	30-APR-00
INTERESTREC	MAIN_INT_LIQD	100 USD	4800	48	30-APR-00

Accounting entries passed in the devolved loan in its INIT/VAMI event will be as follows:

Acc. Role Code	Amount tag	LCY (INR) Amount	Date
LOAN_ACCOUNT	PRINCIPAL_CRYL	50000	30-APR-00
CRYL SUSPENSE	PRINCIPAL_CRYL	50000	30-APR-00

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8.2.7 Interest Refund processing during Advance Liquidation of a Discounted Loan

When a Discounted loan is liquidated in advance (before the maturity date), then there has to be a facility to pay back/collect the Interest.

Note the following:

- If the Loan is fully liquidated in advance, the interest from the liquidated date to the maturity date are paid back to the Customer.

- If the Loan is partially liquidated in advance, the interest for the liquidated amount from the Liquidated date to the maturity date are paid back to the Customer.

Example:-

Assume that the name of the Interest component is MAIN_INT.

The following accounting entries are maintained in the BADJ event:

Dr/Cr	Accounting role	Amount tag
DR	MAIN_INT_INTRIA	MAIN_INT_CRLQ
CR	CR_SETTL_BRIDGE	MAIN_INT_CRLQ
CR	MAIN_INT_INTRIA	MAIN_INT_DRLQ
DR	DR_SETTL_BRIDGE	MAIN_INT_DRLQ

Assume that an amount AMOUNT1 was calculated during Initiation of a loan and the same was collected from the customer.

Assume the following are the details of the account

Value date	-	01-JAN-2001
Maturity Date	-	30-APR-2001
Loan Amount	-	USD 1,000,000.00
Rate	-	20 %

Case 1

When a loan is fully liquidated before the maturity date say on the 31st of March, then the amount calculated between 31st of March and 30th APR would be returned back to the customer.

Case 2

If a loan were partially liquidated then the Interest amount for the amount that was liquidated, collected from the date of liquidation to the maturity date will be given back to the customer.

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The Interest amount from the Liquidation date to maturity date for the liquidated amount will be calculated and the amount will be assigned to the amount tag MAIN_INT_CRLQ.

8.2.8 Linking an FX transaction to a contract

You can link an FX transaction to a contract to the extent of the contract amount using the FX Linkage screen. To invoke the 'FX Linkage' screen, click 'FX Linkage' button in the 'CL Payment' screen.

For more details on the FX Linkage screen, refer the section 'Linking a Loan Account with FX Transaction' in the 'Account Creation' chapter in this User Manual.

8.2.8.1 Viewing Component Settlement Details

Each settlement is apportioned against a component due based on the Liquidation order. The order in which the settlements are picked is ordinal as entered in the screen. Click 'Set Comp' button to view/change the component settlement details in the 'Component Details' screen.

8.2.9 Partial Payment

Partial payment is required to parameterize partial liquidation during auto liquidation process.

In the 'CL Product Preferences' screen you can indicate whether partial liquidation is allowed during auto liquidation of the loan or not. This preference set at the product level gets defaulted at the account creation level also. But this option is allowed only if 'Verify Funds' option is selected. Auto Liquidation will check this option before carrying out partial liquidation viz. before liquidating to the extent of availability during Verify Funds check.

If selected, the function proceeds with liquidation, else it is marked as unpaid.

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Refer the section titled 'Specifying Product Preferences' in the 'Defining Product Categories and Products' chapter of this User Manual for more details.

8.2.10 Payments Simulation

Loan payment simulation calculation function is used to arrive at an agreement with the client. The 'Payment Simulation' screen displays the effect of making payments across components across schedules. You can invoke this screen by typing 'CLDSIMPT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. The results are used to arrive at a negotiated amount that can be used to settle outstanding loss.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.

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Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'Payment Simulation' screen.

For more details on the field explanation refer section 'Loan Payment' in this chapter.

You can change specific UDE values to simulate the effect of changing prepayment penalty rates.

Payments can be saved from the simulator. Once the payment simulation is saved, if you enter simulation account number in the payments screen and click on the 'Populate Due' button then the system displays all the details entered in the payment simulation screen.

🛑 Only users with rights to input payments are allowed to save payments from the simulator.

You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

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Click 'Simulate' button to view the account details after the current payment. An account screen is launched to view the updated account after the payment. You can also print an advice from the simulation screen.

8.2.11 Back Dated Payments

Oracle FLEXCUBE supports back value dating only upto the last payment date. Only those back dated payments whose value date is before the last payment date are allowed.

If the product preference allows for Allow back valued entries, then the following functionalities are relevant:

- Oracle FLEXCUBE supports back dated payments till the Loan Initiation / Value date.

- Whenever a back valued event such as Principal Increase, Rate Change or Payment Reversal is made, the system recalculates Interest based on the new conditions and passes the difference as back valued adjustments.

- Back valued Adjustments (accruals and Liquidations) are passed on the same day.

- Entries passed will be as follows:

  ➢ Accrual Adjustments (for a Component COMP)

Case 1: Favorable Adjustment (Income earned)

Dr Back valued Interest Adjustment GL	**COMP**_BVADJ_INC
Cr Accrual Adjustment Income	**COMP**_BVRADJ_INC

Case 2: Unfavorable Adjustment (Expense)

Dr Accrual Adjustment Expense	**COMP**_BVRADJ_EXP
Cr Back valued Interest Adjustment GL	**COMP**_BVRADJ_EXP
Liquidation Adjustments	
Dr Settlement AC	**COMP**_BVADJ_INC
Cr Back valued Interest Adjustment GL	**COMP**_BVADJ_INC
Dr Back valued Interest Adjustment GL	**COMP**_BVADJ_EXP
Cr Settlement Account	**COMP**_BVRADJ_INC

Back valued Adjustments are passed to the loan servicing account maintained at the loan level.

Note the following:

- Since 'Amend Past Paid Schedules' is unchecked for Agriculture Loans back dated rate change will not be effective after the last payment of the loan account. Thus, resulting in re-computation of the interest accrued and the interest computed till the CND dates.

- Reversal of payment and disbursement should be on the same day for agriculture loans.

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- Reassignment, renegotiation, and reversal of VAMI of Agricultural Loans are not possible. However, back-dated VAMI is possible only for rate change.

8.2.12 Viewing CL Payments Summary Details

You can view the summary details of CL payment in 'CL Payments Summary' screen. You can invoke the screen by typing 'CLSPMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can query based on any combination of the following fields:

- Account Number

- Authorise Status

- Branch

After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.

You can list the other branch transactions by clicking the 'Advanced Search' button for Branch code. The 'Advanced Search' screen is displayed.

Here you have to select the branch in the advanced filter option to list the other branch transactions. And select the transaction from the summary screen to launch the detail screen. You can perform the appropriate operations after opening the detail screen from the summary screen.

8.2.13 Making Bulk Payments against Loan or Commitment

The 'BulkPayments' screen is provided to create bulk payments against a limit or commitment for a loan account. The loan/commitment linked to the loan account for which the prioritization rules are maintained, is considered for bulk payment.

Bulk payment is done for the loan accounts linked to an L/C for which the bulk payment option is checked. The bulk payment is always done for the current branch. The Bulk payment is done only for the CL accounts belonging to the current branch from where bulk payments are made. Bulk payment amount is allocated to the accounts linked to a loan/commitment account. This allocation is done based on the Prioritization rules maintained for the L/C selected. If a specific rule is not available for L/C reference for the branch, the ALL option is considered. The payment is triggered based on the amount allocated per the prioritization rules.

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To make the bulk payments for the accounts associated under an L/C allocated, invoke the 'BulkPayments' screen by typing 'CLDBLKPT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The following details are specified for making the bulk payments under a loan/commitment account:

Branch Code

This displays a valid branch code for making bulk payments. All the accounts associated to a loan/commitment are marked for bulk payments in this branch.

Bulk Payment Reference

Specify the bulk payment refernce number for the particular bulk payment made. This is generated once you click the 'Populate Due' button.

Total Payment Amount

Specify the total payment amount available to be allocated across the due components/accounts under a loan/commitment.

Currency

Specify a valid currency to be maitained as part of the bulk payment made. The adjoining option list displays all the valid currency maintained in the system. You can choose the appropriate one.

Limit Date

Specify the date the limit line is attached to the loan/commitment.

Bulk Entity Type

Select the Bulk Entity type from the adjoining drop-down list. This list displays the following values:

- Limit Line
- Commitment

Specify the type of entity for which bulk payments are made. If the bulk entity type is chosen as limit line, you can then choose the credit line against which the payment needs to be made in the field Bulk Entity. The liability ID linked to this limit is defaulted. Only valid limit lines linked to the loan accounts in the current branch are displayed in the option list.

For the bulk entity type 'Commitment' the Commitment reference number is chosen from the option list for the "Bulk Entity". The customer id of the commitment is populated as the liability ID, and the commitment branch is populated as the branch code. The bulk entity option list displays only the commitments defined under the current branch.

Liability ID

Select the liability ID from the list of values provided. If the Bulk entity type is limit line then the liability for which a limit line is linked to the CL account, is displayed in the list of values.If Bulk entity type is commitment then the liability for which commitment is linked to the CL account, is displayed.

Bulk Entity Reference

The bulk entity reference is displayed based on the bulk entity type and liability ID. However you can also specify a distinct value. If you have chosen the 'Bulk Entity Type' as 'Commitment' the customer id of the commitment is populated as the liability ID.

After specifying the Bulk Entity details and value date, click the 'Populate Due' button. Payment Details and Component Details options are enabled to list all active loan accounts (linked to the L/C selected) and the component wise amount due respectively.

After providing the bulk payment amount, click 'Allocate' button to display the payment details and component wise details with all the applicable accounts including the total amount due and total amount allocated against each as per the bulk payment preference maintenance.

Payment Details

Specify the following details:

Reversed

You can reverse a payment done for single account involved in bulk payment. Check this box to indicate that this payment should be reversed.

An override message gets displayed.

Account Number

Specify the account number. The applicable loan accounts under payment details with total amount due and amount allocated against under bulk payment preference are displayed.

Payment Mode

Select the payment mode from the drop-down list. This list displays the following values:

- CASA
- Cash Teller
- Clearing
- Instrument
- External Pay Order
- Credit Card
- Debit Card
- External Account Details
- Internal Cheque

Settlement Currency

Specify a valid settlement currency in which payment is to be made. This adjoining options list contains all the valid settlement currencies maintained in the system. You can choose the appropriate one.

Amount Settled

Specify the amount settled. The total amount due and allocated against each loan account is displayed based on the clicking of the 'Allocate' button; these can be however changed.

Loan Currency Equivalent

Specify the loan currency equivalent for the payment.

Settlement Branch

Specify the branch at which the settlement takes place. You can also select a preferred value from the option list provided.

Exchange Rate

Specify the exchange rate applicable.

The amount allocated is available for modification, after application of the automatic allocation action.

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Check list

This contains a check list screen for the bulk payment made. You need to specify the description or any remarks if any. To invoke this screen click 'Check List'. This check list is provided with respect to each account. The user needs to navigate to these details for each contract before saving the payment. The check list details are populated on clicking Check list button. You can verify all options the check list for the payment using this screen.

Checked

Check this box to indicate if the check list details are to be maintained for the bulk payment made

Description

Specify a description of the check list item, which the bulk payment is checked against.

Remark 1

Specify remarks for the check list, if any.

Remark 2

Specify remarks for the check list, if any.

Remark 3

Specify remarks for the check list, if any.

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Remark 4

Specify remarks for the check list, if any.

Remark 5

Specify remarks for the check list, if any.

Remark 6

Specify remarks for the check list, if any.

Remark 7

Specify remarks for the check list, if any.

Remark 8

Specify remarks for the check list, if any.

Remark 9

Specify remarks for the check list, if any.

Remark 10

Specify remarks for the check list, if any.

Settlement Branch

Specify a valid settlement branch. The adjoining option list displays all the valid settlement branch maintained in the system. You can choose the appropriate one.

Settlement Account

Specify a valid settlement account. The adjoining option list displays all the valid settlement account maintained in the system. You can choose the appropriate one.

Settlement Product

Specify the settlement product.

Instrument Number

Specify the instrument number.

End Point

Specify a valid end point. This adjoining option list displays all the valid end point maintained in the system. You can choose appropriate one.

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Card Number

Specify the card number

External Account Number

Specify the external account number.

External Account Name

Specify the external account name.

Clearing Bank

Specify a valid clearing bank. This adjoining option list displays all valid clearing banks maintained in the system. You can choose the appropriate one.

Clearing Branch

Specify the clearing branch.

Upload Source

Specify a valid upload source. This adjoining option list displays all the upload source maintained in the system. You can choose the appropriate one.

Sector Code

Specify a valid sector code. This adjoining option list displays all the valid sector code maintained in the system. You can choose the appropriate one.

Routing Number

Specify the routing number.

Settlement Reference Number

Specify the settlement reference number.

Component Details

Specify the following details:

Account Number

Specify the account number.

Component Name

Specify the name of the component.

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Component Currency

Specify the component currency.

Amount Due

Specify the amount to be paid.

Amount Paid (Component Currency)

Specify the amount that is paid.

Amount Overdue

Specify the overdue amount.

Amount Waived

Specify the amount that is waived. You can choose the amount to be waived here.

You can perform the following operations in this screen:

- Save
- Delete
- Authorize

Against each account populated, settlement fields are enabled to capture the details required for the particular settlement mode that has been chosen against the account. The different modes of payment applicable in the manual loan payment screen are made available here as well. Multiple modes of settlement for the same account are not supported.

You can change the allocated amount after the automatic allocation. System validates the data on saving to compare the total payment amount and the sum of amount settled against each component with respect to limit currency. Additionally reversal of payment done for a single account involved in bulk payment is permitted with an override from the manual payment screen.

8.2.13.1 Viewing Summary Records

You can view and amend details of a particular record by using the 'Summary' screen. You can invoke this screen by typing 'CLSBLKPT' the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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To view a particular record double click on the desired record displayed in the list of records. The required record is enabled for action.

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8.3 <u>Loan Amendments</u>

Once a Loan is entered and authorized, financial changes to the Loans can be done through the 'Value Dated Amendments' screen. These amendments are based on an effective date and hence are called Value Dated Amendments (VAM). You can invoke this screen by typing 'CLDACCVM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Booking an amendment is called VAMB and Initiating is called VAMI. These are considered as events in the life cycle of the Loan.

Value Dated Amendments supports the following functions:

- Modification of currency between UF and CLP. The UF conversion on any date uses the effective date UF rate.

- When the above change in interest rate is completed, the accrual is recomputed. The difference in accruals is accounted for in the current period on the booking date of the change.

If these changes are required to be effective on a particular date, not maintained previously, a fresh set of rates for that day is required to be maintained.

You can pick any active account from the Value Dated Amendments screen and apply the amendments for that account. You can also view or modify the amendments that are not yet applied for that account.

If the amendments result in a status change for the account, the system will update the current status for the account in the 'Derived Status' field. During end-of-day batch processing, it will update the 'User Defined Status' for the account with the worst status available for all accounts and loans for this CIF and post the required accounting entries for the change.

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The system displays the following details:

- Branch

- Account Number

- Product Code

- Product Category

- Application Number

- Alternate Account Number

- Derived Status

- User Defined Status

- User Reference Number

- Authorization Status

You are allowed to query the other branch transaction and proceed with amendment of the same. You can enter the branch and query the other branch transactions.

For more details on the field explanation refer section 'Creating a Loan Account' in 'Account Creation' chapter of this User Manual.

8.3.1 Amendments Tab

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The following detail is displayed here:

Effective Date

The effective date of the various amendments done to the Loan account is displayed here.

8.3.1.1 Viewing and Modifying Existing Amendments

In order to view or modify existing amendments, query for the required account number.

Select the corresponding effective dates of the amendment and click the 'View/Modify' button. The Account Details tab is displayed where you can view/modify the existing amendments.

You can specify Swap rate (in %) in the 'FX linkages' screen while linking the FX in the 'Amendments' screen.

For more details on the Swap percentage, refer section 'The Liquidation and Cancellation function' in the 'Contract Processing' chapter of the 'Foreign Exchange' User Manual.

8.3.1.2 Amending Loan accounts

Specify the account number for which the amendment needs to be done and then 'Unlock' the record. In the New Amendment frame specify the Effective Date. Click the 'Create New Amendment' button in order to make new amendments to loans. The Account Details tab is displayed where you can create the new amendment.

From this screen, you can modify the amount financed, which specifies the increase in amount, Rate or Principal effective a value date, and also the maturity date. Once you specify the amendments, the relative changes with regard to the same can be viewed in the other tabs of the Screen.

You can also select the re-computation basis for amendments from this screen. For example, if the re-computation basis is Change Installment, the amendments are applied by changing the Equated Monthly Installments keeping the tenor constant. If re-computation basis is Change Tenor, then the tenor is varied by keeping Installment constant.

Following are the amendments to the Value date effective loans accounts that you can perform through this screen:

- Value Date based changes to the Principal

- Value Date based changes to the Rates

- Value Date based changes to the Tenor of the Loan

- Changes to other parameters

The value date can be a back valued or current date. However, it cannot be a date in the future.

You can change the Loan Tenor, Rate or Principal effective a Value Date from these screens. It also displays the schedules of the account.

The following information is captured:

No. of Days from shipment

The number of days that has elapsed from the shipment to the disbursement defaults here. This option is enabled only for the future value dated accounts.

Effective Date

This is the date as of which the changed values should be applicable.

If the loan account is extended, rate is picked again from the effective date of amendment and the interest is calculated for the extended period from the new effective date.

The system allows the extension of the loan before the maturity date.

Main Int Rate

The rate value for the rate code maintained against the main interest UDE chosen is displayed here.

Amount Waived

Specify the amount which can be provided as the discount to the customer. This will be waived from the charge computed. This amount can not be greater than the charge amount.

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Click view icon to view a list of lending rate codes and their values in the ascending order of rate value.

Review Date

Specify a date you need to review the specified account number. It is mandatory to specify the review date for a revolving loan.

🛑 Note the following:

- If there is a disbursement or VAMI on the selected loan account after the review date, then the system will display the following override message:

<p style="text-align:center; color:red;">Review is pending for the account</p>

Stop Disbursement

Check this box if you do not want to allow further principal disbursement on the loan account.

🛑 If you want to check this box, then you need to uncheck 'Sweep Instruction' check box maintained at the Loan Account level.

UDE Values

Rate Code

Specify a valid rate code. This adjoining option list displays all valid rate code maintained in the system. You can choose the appropriate one.

You can choose tiered interest rate codes only for UDEs of type 'tier rate'. Rate change is not allowed from tiered rate to floating or fixed rate and vice versa. However, you can change the rate from floating to fixed and fixed to floating.

Customer Spread

Customer Spread is defined for the corresponding Customer, Currency, Amount Slab and Borrow-Lend indicator. It is also defaulted from the 'Customer Margin Maintenance' screen, for Branch, Loan Customer, Loan Currency and the Amount Slab into which the Loan Amount falls along with as 'Lend' as the indicator. If there is no Spread Maintenance available for a particular customer, the system also checks the Spread Maintained for all customers along with the corresponding Currency, Amount Slab and Borrow-Lend indicators. The following points then are noteworthy for appropriate Loan Amounts (Amount Financed):

- If the Amount Financed falls within an already maintained amount slab then that spread is taken.

- If the Amount Financed is greater than the current maximum amount slab maintained, then the spread maintained for the maximum amount slab is taken.

- If the Amount Financed is lesser than the current minimum amount slab maintained, then the spread maintained for the minimum amount slab is taken.

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🛑 You can edit the customer spread or product spread during the maturity extension in VAMI.

8.3.1.3 <u>Maintaining Customer Spreads</u>

If you do not maintain a Spread or Margin for one or all Customers, Branch, and Currency combinations then no spread is applied. This is defaulted when you click 'Default' in the CL Account 'Account Details' after entering Customer, Amount Financed and Currency information.

Finally the Rate for the Interest Component is the 'Resolved Value', based on whether the Interest Type is Fixed, Floating or Tier based in addition to the Customer Margin applied. Let us consider some examples based on the table for Customer Margin Maintenance:

Customer	Currency	Amount Slab	Borrow/Lend Indicator	Spread
C1	USD	10000	L	-0.1
C1	USD	25000	L	-0.2
C1	USD	50000	L	-0.3
C2	USD	100000	L	-0.2
C2	USD	250000	L	-0.4
C2	USD	500000	L	-0.5
C2	GBP	10000	L	-0.1
C2	GBP	20000	L	-0.2
C2	GBP	50000	L	-0.3
C3	USD	10000	L	+0.3
C3	USD	25000	L	+0.2
C3	USD	50000	L	+0.1

Example 1:

Assume the loan amount to be 25000 USD, the interest type a Fixed Rate for Customer C1 and the UDE rate as 10. Therefore the Margin would then be -0.2 with the Resolved Value being 10 – 0.2 = 9.8.

Example 2:

Assume the loan amount to be 50000 USD, the interest type a Fixed Rate for Customer C2 and the UDE rate as 10. Therefore the Margin would then be -0.2 with the Resolved Value being 9.8.

Example 3:

Assume the loan amount to be 60000 GBP, the interest type a Fixed Rate for Customer C2 and the UDE rate as 8. Therefore the Margin would then be -0.3 with the Resolved Value being 8 - 0.3 = 7.7

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Example 4:

Assume the loan amount to be 30000 USD, the interest type a Floating Rate for customer C2 and a Floating Rate Code FLOAT1 be defined with the following details.

Effective Date - 01-Jan-2010
CCY - USD
Branch – CHO

For a Tenor from 0- 9999 the Rate given is – 10

UDE Value - 2

Therefore the Margin would then be -0.2 with the Resolved Value being 10 + 2 - .2 = 11.8

Example 5:

Assume that a tier rate TIER_RATE1, is maintained with the following details.

Effective Date – 01-Jan-2010

Tenor From	Tenor To	Rate
0	30	10
31	90	12
91	9999	14

Now assume a CL account follows the below details:

Value date	-	05-Jan-2010
Maturity Date	-	05-Mar-2010
Loan Amount	-	USD 10000
Customer	-	C1

Assume the MAIN_INT component to be linked to TIER_RATE1

So the margin would be -0.1

The Final Interest Rate details would therefore be the following:

From Date	To Date	Basis Amt	Margin Amount	Effective Rate	Days
05-Jan-10	03-Feb-10	10000.00	-.1	9.9	30
04-Feb-10	05-Mar-10	10000.00	-.1	11.9	30

Example 6:

Assume the loan amount to be 20000 USD, the interest type a Floating Rate for Customer C3 and a Floating Rate Code FLOAT1 being defined with the following details:

Effective date - 01-Jan-2010
CCY - USD
Branch - CHO
For a Tenor from 0- 9999 the Rate is – 10

UDE Value - 2
Therefore the Margin would then be 0.2 with the Resolved Value being 10 + 2 + 0.2 = 12.2.

Now these would be the rates in the above examples applicable leading to the Final Amount as per the Amortization schedule. These Customer Spreads are applicable to the UDE (Rate) maintained for Interest Components.

If the same UDE (Rate) is maintained for other components, the Spread is applied to that also. This must be operationally controlled so that the UDE used for Interest Component Rates is not used for other Components like Charge or Non Interest. The same is applicable to all the Interest Components including the Penalty Interest Component with basis elements like Principle or Main Interest overdue. Also for all Interest Components including Penalty and Amount Financed, the CL Account is used as the basis amount for comparing Amount Slabs and to be pick corresponding and applicable Customer Spreads.

The Customer Spread feature is also available in the following CL Screens:

- Account

- VAMI

- Rollover

- Re-Negotiation

- Commitment

- Simulation of Account

- Simulation of VAMI

- Simulation of Commitment

- In-Active Account

For more details on Customer Spread for CL Accounts refer chapter 'Currency Maintenance' under section 'Maintaining Customer Spread Details' in the 'Core Services'

8.3.1.4 Processing Rate Revision Change

When there is a change in tiered interest rates, the underlying accounts are fetched and the rate revision log for the same is updated in the rate revision processing table.

During REVN event, system picks up the details from the rate revision processing table and applies the rate revision for the accounts.

During rate revision process the following event takes place:

- If the loan account is discounted, interest refund or payback will be done through the BADJ event

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- If the loan account is not discounted (bearing), then the schedules will be recalculated

Interest recalculation will be done effective from the revision date.

8.3.1.5 Processing Interest Refund during Rate Change of a discounted loan

When floating rate change or tiered interest rate change is fired for the rate code, the rate change function triggers a recalculation of the interest and passes the entries accordingly.

BADJ Event are triggered to do the refund or payback of Interest. Accounting entries have to be setup for the BADJ event for posting the adjustments. Interest refund or payback is done for discounted loan accounts with tiered interest rate only.

8.3.2 Defaults Tab

The defaults are maintained by the bank. Depending upon the combination of various preferences, the bank can have various account preferences. The defaults primarily are based on product definition and can be overridden.

For more on 'Default Tab' details on the refer section 'Creating a Loan Account' in 'Account Creation' chapter of this User Manual.

Liquidate Interest Only

The system defaults it from the account level during amendment of the account, however you are allowed to change it. This change will be effective for the future liquidations only.

8.3.3 Charges Tab

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In order to calculate the charges that we would like to levy on an account, we have to specify the basis on which we would like to apply charges.

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The Charges tab is displayed where you can view/modify the charges to be levied on the account.

You can capture the following details in this screen:

Amt. Waived

The amount displayed here is the amount that needs to be waived as the discount offered to the customer.

For more details on the field explanation of each tab refer section 'Creating a Loan Account' in 'Account Creation' chapter of this User Manual.

8.3.4 Linking an FX transaction to a contract

You can link an FX transaction to a contract to the extent of the contract amount using the FX Linkage screen. To invoke the 'FX Linkage' screen, click 'FX Linkage' button in the 'Amendments' screen.

For more details on the FX Linkage screen, refer the section 'Linking a Loan Account with FX Transaction' in the 'Account Creation' chapter in this User Manual.

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8.3.5 Amending Commitments

Once a Commitment is entered and authorized, changes to the Commitment account can be done through the 'Commitment Amendments' screen. These amendments are based on an effective date and hence are called Value Dated Amendments (VAM). You can invoke this screen by typing 'CLDCOMVD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

For more details on the field explanation of each tab refer section 'Creating a Commitment Account' in the 'Account Creation' chapter of this User Manual.

8.3.6 Viewing VAMI Summary Details

You can view the summary details of VAMI in 'VAMI Summary' screen. You can invoke the screen by typing 'CLSVDAMD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen, you can query based on any combination of the following fields:

- Account Number

- Customer Identification

- Value Date

- Amount Financed

- User Defined Status

- Account Status

- Branch

- Product Code

- Maturity Date

- Currency

- Alternate Account Number

- Authorization Status

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After specifying the parameters for the query, click 'Search'. The system displays all the records matching the parameters specified.
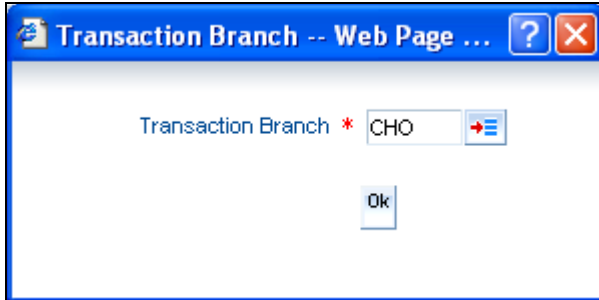
You can list the other branch transactions by clicking the 'Advanced Search' button for Branch code. The 'Advanced Search' screen is displayed.

Here you have to select the branch in the advanced filter option to list the other branch transactions. And select the transaction from the summary screen to launch the detail screen. You can perform the appropriate operations after opening the detail screen from the summary screen.

8.3.7 VAMI Simulation

Value Dated Amendment simulation calculation function is used to get the details of the VAMI charge before applying the same. You can invoke this screen by typing 'CLDSIMVD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

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Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch by default as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.
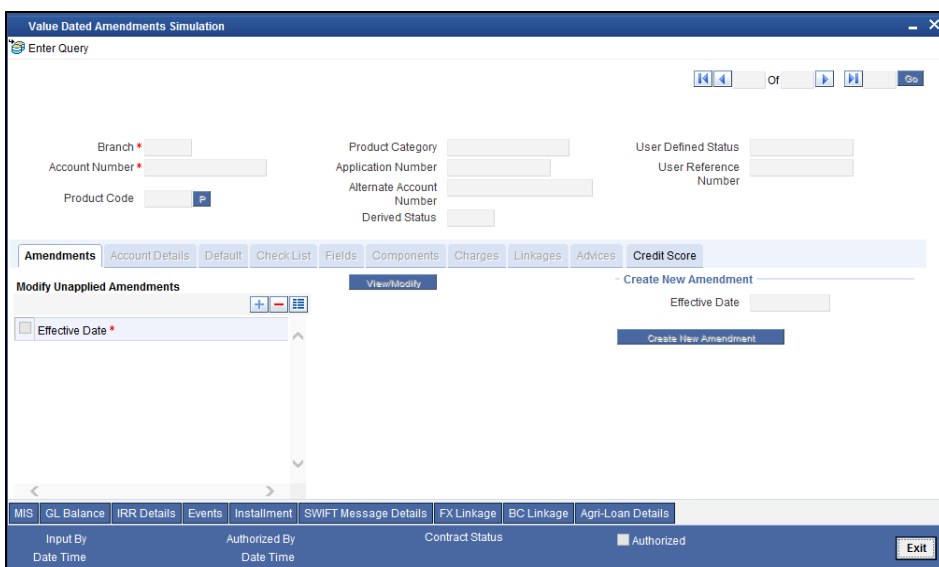
Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

After selecting the Transaction Branch, you can enter the remaining details in the 'Value Dated Amendments Simulation' screen.

The Value Dated Amendment Simulation screen is similar to 'Amendments' screen.

🛑 You can fetch the transactions of all branches and query the other branch transaction and proceed with authorization of the same. The system displays the branch in the query fields of the option list.

For more details on the field explanation refer section 'Creating a Loan Account' in 'Account Creation' chapter of this User Manual. Also refer 'Loan Amendments' section in this chapter.

8.3.7.1 Maturity Date Change

The Amendment of the Loan account maturity date, effective on a certain date can be performed through this function. Future schedules are affected based on the effective date. This assists in providing schedules as per the customer's choice. Hence, even if an extension is sought, the interest increase in the installment can be postponed till a certain period to facilitate customer's liquidity situation.

8.3.7.2 Version Creation

Version numbers are created for a loan account during any one of the following three instances:

- When amendments made to the Account parameters – Principal, Rate and Tenor

- Rollover of the Loan product

8.4   Viewing Account Version History and Reversal

Multiple versions created for a loan account can be viewed through the 'Account–View History' screen. Reversal of operations to previous version is supported for Rollovers and Amendments that create a new version. You can invoke this screen by typing 'CLDACHST' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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The CL module has the following features:

- Oracle FLEXCUBE CL module Loan accounts have in-built versioning features.

- Contract parameters and hence the loan behavior are modified based on operations such as Value dated amendments, Contract amendments, Rollovers etc, thus creating a new version.

- Any version of the loan can be backtracked sequentially to a previous configuration by saving the versions in history and by changing the events diary appropriately.

- This can be viewed by scrolling to the appropriate version number.

- Oracle FLEXCUBE supports an incremental reversal of contract version. While reversing, all the events will be reversed and the balances are appropriately affected.

- When you click Reversal icon in the toolbar, the options presented are Entire Contract and Current Version.

- For a single step reversal, all authorized entries and maintenances are reversed through this operation. A new version is created and a new event REVV – Reverse Version is triggered.

- It is also possible to forward track the same changes after back tracking

- If the entire contract is to be reversed, REVC fires when the version to be reversed is the First version.

- Derived status:

- Agri-loan Details:

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Refer the 'General Maintenance' Chapter of this User Manual for further information on the 'Account Details Screen' and 'Version Control'.

8.5   Manual Status Change

The status change can also be triggered manually. The status change can also be done with a value date which can even be in the past. Manual status changes cannot be done for customers who have set 'Auto NPA'. The system displays an error message in such cases.

For customers where 'Auto NPA' is setup, the status change happens automatically when the Consumer Lending and Trade EOD batches are run. You can invoke the 'Manual Installment Status Change' screen by typing 'CLDMSTCH' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The following details are captured here:

Branch Code

Enter the branch code of the account for which the status will be manually changed in this field.

Account Number

Select the account number of the account which needs a status change in this field by clicking the adjoining option list. A list of values is displayed. Double click on a value to select it.

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Current Status

The system displays the current status of the Account in this field.

New Status

Select the new status of the account by clicking the adjoining option list. A list of values appears. Double click on a value to select it.

The valid values are active, dormant, closed and so on.

🛑 This is a mandatory input.

Effective Date

Enter the date of the new status for the account comes into effect in this field. This is a mandatory input.

🛑 When a change in status is done manually for an account, the system will post the required accounting entries for the change immediately.

8.6 <u>Partial Write Off</u>

The bank considers writing off a loan when a customer is in arrears for a very long time. It then moves the status of such loan to 'Write Off' which is the worst status for a Loan. Oracle FLEXCUBE system follows the normal liquidation order for write offs.

The CL module in Oracle FLEXCUBE allows for writing off a loan partially. You can then at any point of time irrespective of the contract status write off a partial amount of the loan.

The following points are noteworthy in a Partial Write Off scenario:

- During a Partial Write Off a transaction triggers the movement of Principal and Income Receivables.

- A customer is liable to pay the complete outstanding amount against a loan even though a partial amount if written off. The bank just uses the Partial Write Off for moving balances from one GL to another.

- A Manual Write Off allows you to choose the amount to be written off.

🛑 A Partial Write Off does not necessarily change the status of a loan but that of the ledger to the extent of partial write off amount.

Whenever a partial write off is done on a loan account, the PWOF event is triggered. Based on the accounting entries maintained for PWOF event at the Product level accounting entries will be booked. For all Credit Legs maintained for the PWOF event you should choose to split balances. Split Balances maintained for the Credit Legs of the PWOF Event are always 'YES'.

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Amount Tag <COMPONENT_NAME>_PWOF is made available for framing accounting entries towards Real GLs movement while Amount Tag <COMPONENT_NAME>_PWOF_CONT is made available towards framing accounting entries for Contingent GL Movement.

Some sample amount tags and accounting roles available for framing accounting entries for the PWOF event are as shown below:

Accounting Role	Amount Tag
MAIN_INTEXP_NORM	MAIN_INT_PWOF
MAIN_INTREC_NORM	MAIN_INT_PWOF
LOAN_ACCOUNT_OVD1	PRINCIPAL_PWOF
PRINCIPALEXP_OVD1	PRINCIPAL_PWOF
PRE_PENEXP_NORM	PRE_PEN_PWOF
PRE_PENREC_NORM	PRE_PEN_PWOF
CONT_W_DOUB	MAIN_INT_PWOF_CONT
CONT_SUBS	MAIN_INT_PWOF_CONT

For more details on maintaining events and accounting entries at Product level refer section titled 'Events Tab' and 'Defining Accounting Entries' respectively in the chapter titled 'Defining Product Categories and Products' in this User Manual.

8.6.1.1 Manual Partial Write Off

A partial write off on a loan account is possible at any time during the life cycle of a CL contract irrespective of its status. You can manually initiate a partial write off for a loan account using the 'Partial Write Off' screen. You can invoke the 'Partial Write Off' screen by typing 'CLDPWOFF' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The following details are captured here:

Branch Name

The current branch code is defaulted here. You can initiate a Partial Write Off only from the current branch.

Account Number

Select the appropriate account number from the option list provided. The option list displays all the accounts belonging to the current branch.

Effective Date

This is the date from which the partial write off on the loan account should become effective. The current application date is defaulted here.

Current Status

The current status of the selected loan account is displayed here.

Write Off Percentage

Specify the percentage of loan amount that has to be partially written off and click 'Calculate' to allow the system to determine the write off amount basis the total outstanding amount. This is optional.

Partial Write Off Amount

Specify the loan amount to be partially written off. If you have already specified the write off percentage then system will calculate the write off amount calculated based on the percentage provided on total outstanding.

Saving the write off transaction triggers the PWOF event and system passes accounting entries based on the accounting entries maintained at the product level in accordance with the account status. If the CL account currency and component currency are different, accounting entries are always passed in the component currency.

Upon executing a write off, the amount specified is split across components based on the liquidation order. The account entry is then passed for components with the latest severity respectively, so that such balance is picked up first if subsequent payment happens. For subsequent payments after a write off, system first considers the previously written off balance and then the written off amount for balancing.

🛑 The write off amount is split across components and not schedules.

In the scenario of a status change after write off, balance movement happens in the Normal Asset GL and the Partial Write Off GL. If a Contingent GL accrual precedes a write off then the Contingent GL balance is moved to a Contingent Write Off GL as defined in the PWOF accounting entry definition. The real balances are in turn moved to the Real Write Off GL.

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8.7 Rollover Operations

The rollover preferences and rollover type for a loan account are specified at the time of setting up a product. In the product screen, you have the option to rollover the account manually or instruct the system to do an automatic rollover. You can also specify the type of rollover; the options available are custom and special. When a loan is rolled over, a schedule is defaulted depending upon the UDE type and the schedule basis specified in the product screen.

Refer to the Products Chapter for more details on rollover specifications for loan accounts.

The rollover preferences specified at the product level are defaulted in the accounts screen at the time of loan account creation.

Refer to the Account Creation chapter for more details on rollover specifications for loan accounts.

CL module has a special operations screen to support manual Rollover of accounts. This screen provides facility to pay off dues on the loan and also options to rollover the unpaid amounts for a new tenor with new loan terms.

If the Rollover is a simple maturity extension with or without components (Outstanding Principal, Interest etc) capitalized, then the ROLL event is fired. However, if the Rollover is a result of Renegotiation and Restructuring of the loan then the respective events are fired.

Special Rollovers involve a change in the Loan currency, reassignment of the Loan customer, creation of a new loan with same reference number as the original loan and waiver of outstanding loan. These are supported by events that fire the respective accounting entries.

The special Rollover Event is SROL and Renegotiation of a loan is RNOG. The event entries to be maintained are displayed in the product defaulting.

8.7.1 Capturing Manual Rollover Details

You can invoke the 'Manual Rollover' screen by typing 'CLDMROLL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Query for the account number that needs to be rolled over and then click New icon in the toolbar. Then, click on the 'Populate Outstanding' button. The system will display the outstanding against each component for the account. You can then specify the rollover details such as 'Liquidation Amount', 'Settlement Details' etc. Then, click 'Allocate' button to actually allocate the settlements against the components involved.

8.7.1.1 Rollover Renegotiation Tab

You can specify the following details in the Manual Rollover screen:

Exec Date

Select the transaction date of the rollover in this field.

Value Date

Select the value date of the rollover in this field.

Product code

Select the new product of the account due to Special Rollover, from the adjoining option list. Double click on a value to select it.

Currency

Select the new currency of the account due to Special Rollover from the adjoining option list. Double click on a value to select it.

Customer ID

Select the customer Id from the list of values provided. Double click on a value to select it.

Component Details

The following details are captured here:

Component Name

The system displays the name of the component that is being rolled over / paid in this field.

Outstanding

The system displays the outstanding portion of the component in this field.

Liquidation Amount

Enter the amount that is paid as part of the Rollover in this field.

Principal INCR Amt

Enter the amount that is rolled over for the component in this field.

Waive Amount

Enter the amount that is waived for the component as part of the rollover in this field.

Settlement Details

The following details are captured here:

Mode

Select the mode in which the settlement will be done from the list of options provided.

For Dr Settlements, the various modes are CASA, Credit Card, Clearing, Debit Card, External Account, Electronic Pay Order, Internal Check, Instrument and Cash/Teller.

For Cr Settlements, the various modes are CASA, Clearing, External Account, Instrument, and Cash/Teller

Settlement Mode Ccy

Select the currency in which a particular settlement is to be made from the adjoining option list. Double click on a value to select it.

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The options include list of currencies allowed for the product, branch and category.

Amount Settled

Enter the amount to be disbursed in this mode as a part of the disbursement.

🛑 The amount should be less than the difference between Disbursement amount and the amount settled through other modes. The amount should be in terms of the mode currency.

Loan Ccy Equiv

The system displays the amount in terms of the loan currency in this field.

Exch Rate

The Exchange rate is defaulted from the standard maintenance. But it can be overridden within allowed variance levels.

For Dr Settlement, the following details can be captured depending on the settlement mode:

For 'CASA'
- Settlement Branch
- Settlement Account

For 'Credit Card' and 'Debit Card'
- Card No.

For 'Clearing'
- Upload Source
- Instrument Number
- Clearing Product
- End Point
- Routing Number
- Clearing Bank
- Clearing Branch
- Sector Code
- Clearing House

For 'External Account'
- Upload Source
- PC Category
- Clearing Bank
- Clearing Branch

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- External Account Name

- External Account Number

- Clearing House

For 'Electronic Pay Order'
- Instrument Number

For 'Internal Check'
- Instrument Number

- Settlement Branch

- Settlement Account

For 'Instrument'
- Instrument Number

- Routing Number

- End Point

For 'Cash/Teller'
- Upload Source

For Cr Settlement, the following details can be captured depending on the settlement mode:

For 'CASA'
- Settlement Branch

- Settlement Account

For 'Clearing'
- Upload Source

- Instrument Number

- Clearing Product

- End Point

- Routing Number

- Clearing Bank

- Clearing Branch

- Sector Code

- Clearing House

For 'External Account'
- Upload Source

- PC Category

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- Clearing Bank

- Clearing Branch

- External Account Name

- External Account Number

- Clearing House

For 'Instrument'

- Instrument Number

- Routing Number

- End Point

For 'Cash/Teller'

- Upload Source

The CL Module supports the following rollover functions:

Special Rollover

Only manual product and/or currency modifications are allowed during rollover. This is termed as Special rollover.

Following are the two events for special rollover:

SROL – Special Rollover Liquidation

This event has normal liquidation entries as well as the entries to liquidate the amount to be rolled over into suspense.

Amount Tag

<component_name>_SROL

Accounting Role

SROL_SUSPENSE

The entries defined are:

Dr/Cr	Role	Amount Tag
Dr	DR_SETTLE_BRIDGE	PRINCIPAL_LIQD
Cr	LOAN_ACCOUNT	PRINCIPAL_LIQD
Dr	DR_SETTLE_BRIDGE	MAIN_INT_LIQD

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Dr/Cr	Role	Amount Tag
Cr	MAIN_INTREC	MAIN_INT_LIQD
Dr	SROL_SUSPENSE	PRINCIPAL_SROL
Cr	LOAN_ACCOUNT	PRINCIPAL_SROL
Dr	SROL_SUSPENSE	MAIN_INT_SROL
Cr	MAIN_INTREC	MAIN_INT_SROL

REOP – Re-Opening of Loan Account with new product and/or currency

This event has entries to Dr Loan Account and Cr the Dr Settlement suspense. The PRINCIPAL amount tag is used for these entries.

The entries defined are:

Dr/Cr	Role	Amount Tag
Dr	LOAN_ACCOUNT	PRINCIPAL
Cr	SROL_SUSPENSE	PRINCIPAL
Dr	LOAN_ACCOUNT	PRINCIPAL_INCR
Cr	CR_SETTLE_BRIDGE	PRINCIPAL_INCR

The above two events are triggered whenever Product and/or currency is changed during manual rollover.

The manual rollover screen is used to carry out special rollover. The current product code and currency are shown on the manual rollover tab. If any of this were modified then SROL event is triggered, which in turn triggers REOP, else, a normal ROLL event is triggered.

In case of Product Change, SROL event of the previous product is triggered and REOP event of the new product is fired. Hence the SROL_SUSPENSE maintained should be same across all products.

Pre Mature Rollover

During manual rollover a Rollover Value Date is captured, which is a date prior to the maturity date to pre maturely rollover the loan. The interest is calculated up to the rollover value date. You can choose to liquidate or roll any component. Special Rollover is also allowed.

Back Value dated Rollover

The rollover value date may be used to input back valued rollovers.

Rollover Booking

The ROLB (Rollover Book) event facilitates processing of future dated rollover instructions. A manual rollover, to be executed in the future can be created by giving a future execution date. For such rollover instructions, the ROLB event is fired. The rollover instructions are applied on the execution date. All the settlement entries are passed on the execution date with the rollover value date.

Rollover Tenor

Select any of the following values:

- Days – The Tenor for the Rolled Contract would be taken in terms of days.

Example: Value Date: 01-Jan-2005; Maturity Date: 01-Apr-2005; Tenor: 90 days

> New Rolled Maturity Date: 30-Jun-2005

- Months – In Terms of Months

Example: Value Date: 01-Jan-2005; Maturity Date: 01-Apr-2005; Tenor: 3 Months

> New Rolled Maturity Date: 01-Jul-2005

- Quarters – In Terms of Quarters

Example: Value Date: 01-Jan-2005; Maturity Date: 01-Apr-2005; Tenor: 3 Months (1 Quarter)

> New Rolled Maturity Date: 01-Jul-2005

- Semiannual – In Terms of Semi Annuals

Example: Value Date: 01-Jan-2005; Maturity Date: 01-Apr-2005; Tenor: 6 Months (Semi Annual)

> New Rolled Maturity Date: 01-Oct-2005

- Year – In Terms of Years

Example: Value Date: 01-Jan-2005; Maturity Date: 01-Apr-2005; Tenor: 12 Months (Year)

> New Rolled Maturity Date: 01-Apr-2006

The same field is available on the Account screen and the values are defaulted from product. The defaulted values can be amended.

During rollover of an auto-disbursed loan, swift message is sent if the Principal increase through credit settlement happens. If the credit settlement mode is chosen as CASA, the settlement account, currency and branch along with the Swift message details are defaulted from the account.

In case you change the customer, currency or the product during rollover, system picks up the settlement details again from Settlement Instruction maintenance corresponding to the new parameters. The swift message, if applicable, is generated during authorization similar to manual disbursement.

You can specify Swap rate (in %) in the 'FX linkages' screen while linking the FX in the 'Manual Rollover' screen.

For more details on the Swap percentage, refer the section 'The Liquidation and Cancellation function' in the 'Contract Processing' chapter of the 'Foreign Exchange' User Manual.

8.7.1.2 Account Details Tab

Clicking against the 'Account Details' tab in the 'Manual Rollover' screen invokes the following screen:

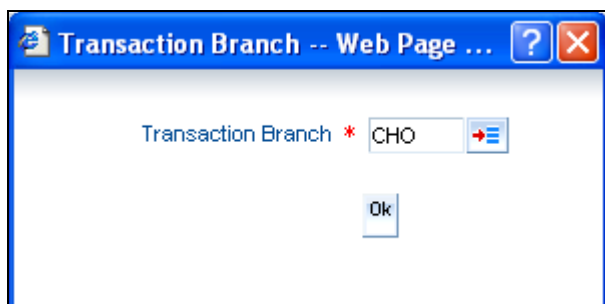Specify the following details:

Rate Code

Select the code for the Floating Rates if any and the spread on it applicable in this field by clicking the option list. A list of values is displayed. Double click on a value to select it.

🛑 You can choose tiered interest rate codes only for UDE of type 'tier rate'.

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For more details on this screen, refer the section 'Creating a Loan Account' in the 'Account Creation' chapter of this User Manual.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

8.7.2 Linking an FX transaction to a contract

You can link an FX transaction to a contract to the extent of the contract amount using the FX Linkage screen. To invoke the 'FX Linkage' screen, click 'FX Linkage' button in the 'Manual Rollover' screen.

For more details on the FX Linkage screen, refer the section 'Linking a Loan Account with FX Transaction' in the 'Account Creation' chapter in this User Manual.

8.7.3 Capturing Split Rollover Details

You can create multiple draw down contracts out of the original draw down contract using the Split rollover method. For each rolled over contract, the system generates a split number. You must indicate preferences for these rolled over contracts in the 'Split Rollover' screen.

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You can invoke this screen by typing 'CLDSROLL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You need to specify the following details here:

Split Ref No

A unique Split Transaction Reference number is generated by the system to identify the transaction uniquely whenever a new split preference is displayed here.

Account Number

Select a valid loan account for which the split rollover has to be done. All valid loan accounts created using the 'Account Details' screen will be available for selection in the option list.

Value Date

Select the value date for the split rollover operation.

Value Date cannot be less than the date of 'ALIQ','MLIQ','REVN', 'VAMI', 'DSBR' events. However, the value date cannot be a date in the future.

Branch Code

The branch code of the loan account for which the split rollover preference is maintained is displayed here.

UDE Basis

Select the UDE basis for the split loan accounts from the drop down list. The UDE for the split loans can be defaulted from the product, parent account or user defined maintenance.

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🛑 If you select user defined maintenance, then you need to specify the UDE details.

Effective Date

Select the effective date for UDE maintenance.

UDE Values

The following details are captured here:

UDE ID

Specify the UDE id here.

UDE Value

Specify the UDE rates here.

Rate Code

Select the rate code to be used for the UDE.

Rate Usage

Select whether the rate code should be periodic or automatic. If you select the rate code usage as periodic, the rate revision schedules will be defaulted from parent loan account. In case rate revision schedule is not maintained at the parent account, then rate revision schedules will be same as the payment schedules.

Split Details

The following details are captured here:

Sequence No

Specify a unique sequence number for each split record.

Split Account No

The split account no which is generated when split rollover operation is done is displayed here. This is generated by the system.

Max Roll Amount

Specify the maximum rollover amount applicable for a split loan account. Among all the splits, the last split sequence no. will have the max roll amount as Null, which is later considered as the remaining principal + interest of the parent loan.

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Schedule Basis

Select whether the schedules of the new loan account should be defaulted from the product or the loan account.

Maturity date

Select the maturity date of the split loan account. You can calculate the maturity date using the 'Q' button.

On saving a split rollover the status of the rollover is marked as 'U'- unprocessed. This split operation is performed during authorization of split rollover or during CL batch.

In the parent account a new version is created and the account status is marked as Liquidated. For each of the split detail record, a new CL Loan account is created with the amount as the max rollover amount. The new account will have UDE values, Schedules and Maturity date as per the given preferences for each detail record. For the last split detail record, a new CL Loan account is created with the balance rollover amount.

In some cases due to some prepayment done in the parent account the total amount during rollover is exhausted before the last split account is created. In such a case the new loan account is created only for the available rollover amount. All the newly created Split loan accounts will be made active by the system. The new account numbers generated is updated and displayed in the 'Split Account No' field.

The following events are fired during the different stages:

- ROBK event is fired in all the split accounts

- ROLL event is fired in the parent account to trigger the LIQD and ROLL accounting entries.

- ROSL (Rollover Split) event is fired in the parent loan at split rollover

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8.7.4 Capturing Consolidated Rollover Details

You can consolidate several loan accounts into a single loan account as part of the rollover operation using the 'Consolidated Rollover' screen. You can invoke this screen by typing 'CLDCROLL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You need to specify the following details here:

Branch

The branch code of the loan account for which the consolidated rollover preference is maintained is displayed here.

Value Date

Select the value date for the consolidation operation.

MIS Basis

Select the option from the drop-down list to indicate from where the MIS details of the consolidated account should be defaulted. The MIS details can be defaulted from the account or user defined maintenance.

🛑 If you select user defined maintenance, then you need to specify the MIS details by clicking the 'MIS' button.

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UDF basis

Select the option from the drop-down list to indicate from where the user defined fields of the consolidated account should be defaulted. The UDF can be defaulted from the product, account or user defined maintenance.

🛑 If you select user defined maintenance, then you need to specify the UDF details by clicking the 'UDF' button.

Settlement Basis

Select the option from the drop-down list to indicate from where the settlement details of the consolidated account should be defaulted. The Settlement details can be defaulted from the account or user defined maintenance.

🛑 If you select user defined maintenance, then you need to specify the settlement details by clicking the 'Settlement Details' button.

Consol Txn Ref No

A unique system-generated consolidated Txn Reference number to identify the transaction is displayed here.

Consol Roll Acc

A system generated consolidated loan account number is displayed here after the rollover operation is done.

UDE Basis

Select the option from the drop-down list to indicate from where the UDE details of the consolidated account should be defaulted. The UDE details can be defaulted from the product, account or user defined maintenance.

🛑 If you select user defined maintenance, then you need to specify the UDE details.

Schedule Basis

Select the option from the drop-down list to indicate from where the schedule details of the consolidated account should be defaulted. The schedule details can be defaulted from the product, account or user defined maintenance.

🛑 If you select user defined maintenance, then you need to specify the schedule details.

Customer

Select the customer name whose multiple CL or LS loan accounts have to be consolidated from the option list.

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Currency

Select a currency code for the consolidation operation from the option list. All participating loans should belong to the same currency.

Product Code

Select a valid CL or LS module product code from the option list. All the loan accounts that are chosen for rollover consolidation should belong to this product.

Rollover Amt

Specify the additional amount which would be added to the consolidated loan.

Maturity Date

Select the maturity date of the consolidated loan account. You can calculate the maturity date using the 'Q' button.

Effective Date

Select the effective date for UDE maintenance.

UDE Id

Specify the UDE ID here.

UDE Value

Specify the UDE rates here.

Rate Code

Specify the rate code to be used for the UDE.

Rate Usage

Select the rate code usage from the drop-down list. The rate code usage can be either periodic or automatic. If the rate code usage is periodic, the rate revision schedules will be defaulted from the driver loan account. In case the rate revision schedule is not maintained at the driver loan account, then rate revision schedules will be same as the payment schedules.

Account Number

Select the loan account no for consolidation from the option list.

Rollover Amount Type

Select the amount which has to be rolled over from the drop-down list. You can choose to rollover the Principal or Principal + other components. If the rollover amount type is specified as the Principal, then all other components would be liquidated during the consolidation in respective loan accounts.

Driver Contract

Select 'Yes' from the drop-down to indicate that the selected account is a driver account. The details for the consolidated loan are defaulted from this driver account. There can be only one driver contract.

On saving a consolidated rollover the status of the rollover is marked as 'U'- Unprocessed.

This consolidation operation is performed during authorization of split rollover or during CL batch.

In the participant accounts a new version would be created and the account status of each loan would be marked as liquidated 'L'.

A new consolidated loan account is created by consolidating all the amount preferences specified for individual participant loans. The new account will have UDE values, settlement details and MIS basis as per the given preferences.

The newly created consolidated loan account will be active. The status of consolidated rollover record would then be marked as 'P' – Processed and the generated consolidated loan account number is updated in the consolidated 'Consol Roll Acc' field.

The following events are fired at different stages:

- ROLL event is fired in all the participant loan accounts to fire LIQD and ROLL accounting entries.

- ROCL event is fired in all the participant loan accounts which are selected for consolidation.

- ROBK event is fired in the consolidated account

- DSBR event is fired in the consolidated account if any special rollover amount is specified.

8.7.5 Capturing Inactive Rollover Details

This function is provided to save Inactive rollover instructions. Click on the 'Activate' button on the Inactive Rollover screen to activate the inactive rollover instructions.

When an Inactive instruction is saved, no events are processed. And when activated, all the applicable events are fired.

This screen captures payment details such as Value date of the payment, Amount Settled, Payment Mode, Related Payment Products and Settlement Account. The payment is against any of the loan components such as principal, interest etc.

You can invoke this screen by typing 'CLDIMROL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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The procedure to create an Inactive Rollover is similar to the Manual Rollover process. However, you have the additional facility to activate the rollover by clicking on the 'Activate Rollover' button.

The 'Inactive Rollover' screen is identical to the 'Manual Rollover' screen.

For more details on the field explanations refer section 'Capturing Manual Rollover Details 'in this chapter.

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8.8 Re-Negotiation Operation

You can re-negotiate a loan in the 'Re-Negotiation' screen. You can invoke this screen by typing 'CLDRENOG' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You can specify Swap rate (in %) in the 'FX linkages' screen while linking the FX in the 'Re-Negotiation' screen.

For more details on the Swap percentage, refer section 'The Liquidation and Cancellation function' in the 'Contract Processing' chapter of the 'Foreign Exchange' User Manual.

This screen is identical to the 'Manual Rollover' screen.

For more details on the field explanations refer section 'Capturing Manual Rollover Details 'in this chapter.

8.8.1.1 Account Details Tab

Clicking against the 'Account Details' tab in the 'Re-Negotiation' screen invokes the following screen:

Specify the following details:

Rate Code

Select the code for the Floating Rates if any and the spread on it applicable in this field by clicking the option list. A list of values is displayed. Double click on a value to select it.

🛑 You can choose tiered interest rate codes only for UDE of type 'tier rate'.

For more details on this screen, refer the section 'Creating a Loan Account' in the 'Account Creation' chapter of this User Manual.

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar. The system will display 'Transaction Branch' screen. Here you can select the transaction branch.

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Here you are allowed to book other branch transactions from the logged in branch. Also, you can query other branch transactions from the logged in branch. The system defaults the logged-in branch as the transaction branch.

🛑 The query for transactions in other branches can be done only from the summary screens and not from the detail screens.

Transaction Branch

Select the appropriate branch from the list of branches available in the option list.

While clicking 'Ok' button, the system validates the access rights of the selected branch and function for the user. If you don't have appropriate rights on the selected branch and function, the system would raise an error message. If you select a valid branch, the system updates the same as transaction branch and the transaction would be posted for this branch.

🛑 The system performs the action level access rights validation only on 'Save' operation.

8.8.2 Linking an FX transaction to a contract

You can link an FX transaction to a contract to the extent of the contract amount using the FX Linkage screen. To invoke the 'FX Linkage' screen, click 'FX Linkage' button in the 'Re-Negotiation' screen.

For more details on the FX Linkage screen, refer the section 'Linking a Loan Account with FX Transaction' in the 'Account Creation' chapter in this User Manual.

8.9 Reassignment Operation

You can reassign a loan in the 'Reassignment' screen. You can invoke this screen by typing 'CLDNOVDT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

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You can specify Swap rate (in %) in the 'FX linkages' screen while linking the FX in the 'Reassignment' screen.

For more details on the Swap percentage, refer section 'The Liquidation and Cancellation function' in the 'Contract Processing' chapter of the 'Foreign Exchange' User Manual.

The 'Reassignment' screen is identical to the 'Account Details' screen.

For further information on the 'Reassignment' screen refer the section 'Creating a Loan Account' 'in the 'Account Creation' chapter of this User Manual.'

8.9.1 Linking an FX transaction to a contract

You can link an FX transaction to a contract to the extent of the contract amount using the FX Linkage screen. To invoke the 'FX Linkage' screen, click 'FX Linkage' button in the 'Reassignment' screen.

For more details on the FX Linkage screen, refer the section 'Linking a Loan Account with FX Transaction' in the 'Account Creation' chapter in this User Manual.
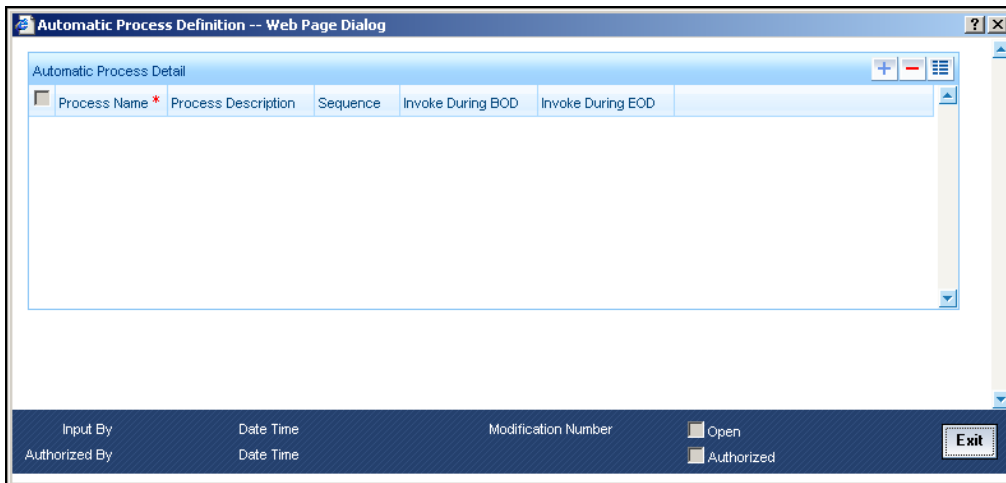
9. Batch Processes

9.1 Introduction

The events that are to take place automatically are triggered off during what is called the Batch Process. The batch process is an automatic function that is run as a mandatory Beginning of Day (BOD) and/or End of Day (EOD) process. During EOD, the batch process should be run after end-of-transaction-input (EOTI) has been marked for the day, and before end-of-financial-input (EOFI) has been marked for the day.

9.2 Configuring the CL Batch Processes

You have the facility to configure the batch processes to be executed either at EOD or BOD or both, as per the bank's requirement. This is achieved through the 'Automatic Process Definition' screen. You can invoke this screen by typing 'CLDTPROC' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

In this screen, you can amend the order of the various operations in the CL batch and choose to trigger them at EOD or BOD or both.

The default configuration is given below:

Batch Operation	BOD/EOD
Forward Init of Loan Accounts	BOD
Calculation	EOD/BOD
Accruals	EOD/BOD
Auto Liquidations	EOD/BOD

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Batch Operation	BOD/EOD
Auto Disbursements	BOD
Rate Revisions	BOD
UDE Cascade	EOD
Maturity processing – Rollovers , Auto Closures	BOD/EOD
Automatic Status Change Processing	BOD
FEES	BOD
INTP (Interest Posting)	BOD
Billing & Payment Notices	BOD
Statements generation	EOD
Penalty Computation	BOD
Forward VAMIs	BOD
Revaluation	EOD
Readjustment	EOD

These batch processes are factory shipped for your bank.

9.2.1 Defining Batch Processes

The CL batch processes are explained briefly:

Forward Init of Loan Accounts

Loan accounts maintained in the system are classified into two types:

- Active
- Inactive

When loan accounts become Active, the BOOK event is triggered for the Loan and you can specify a Value Date for the loan during this event.

This batch identifies all the accounts that are due for initiation on that day, at BOD and the INIT event is triggered for these accounts. The current system date will be taken as the value date for these accounts.

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Re-Calculation

Loan parameter alterations directly affect the computation of accruals. This batch identifies such changes made to loan accounts, both at BOD and EOD. Further, it recalculates the accruals based on the altered loan components.

Accruals

This batch passes all the recalculated accrual changes required for the components. It is triggered, both at BOD and EOD.

Auto Liquidations

This batch processes the payments that are configured as auto payments and is triggered both at BOD and EOD.

Auto Disbursements

Disbursement schedules are maintained for products. As part of BOD process, the DSBR events for the accounts will be triggered.

This batch processes these schedules at BOD, which enables the DSBR events of the accounts to be initiated.

Rate Revision

As part of BOD program, this batch processes the Floating Rate revision schedules for products.

UDE Cascade

This batch is triggered at EOD in case of UDE value changes. The changes in UDE values are applied to all the affected accounts.

In case, a single account requires a UDE Change/Cascade, it can be performed online for that account alone. Such accounts are then excluded from this batch.

Maturity Processing

Maturity processing of loans is performed if the maturity date falls at BOD of a particular day. This results in either Auto Closure or Rollover of loans.

- Auto Closure: Loans that are liquidated on maturity are subject to Auto Closure, during maturity processing.

- Rollover: Loans that have auto rollover maintained are rolled over during maturity processing.

Status Change Processing

Certain accounts have automatic status changes, wherein the SDEs required for status change are evaluated. In such cases, this batch detects status changes at BOD. Once this is done, appropriate status change activities are triggered.

If you have selected the CIF/Group level status processing option (as part of the preferences for your branch), the status change batch picks up the worst status among all the loans and accounts (savings and current accounts) for a customer within the branch and updates this in all the customer's loans (in the 'User Defined Status' field).

If there is a change in the status based on the CND arrears, then you need to manually initiate the system to use 'COMPONENTNAME_COMPODUE' SDE instead of accrued interest.

Notice Generation – Billing, Payments

For each loan, the number of days prior to which a Notice is to be generated is evaluated. In case of loans that carry dues, the Notice is generated as specified in the notice days maintained for the product. This batch is processed at BOD.

Statement Generation

At EOD, the statement is generated depending on the statement frequency and other statement based maintenance actions specified.

Forward VAMI

At BOD, this batch processes all value dated amendments that are booked with the date as Value Date.

Penalty

Penalty computations are evaluated at BOD by this batch. Any grace period maintained will have to be considered during this calculation. On completion of the grace period, the penalty components are computed from the due date till the current date.

Revaluation

At EOD, revaluation of assets and liabilities to the LCY are carried out.

Readjustment

This batch is processed at EOD. It is triggered in the presence of Index currencies that are not treated as a part of revaluation. It handles readjustments based on new index rates.

9.2.2 Initiating the Batch Process

If you have opted to trigger the CL batch programs at EOD, the same will be executed as part of the 'End of Cycle Operations' after marking the 'EOTI' for the day. If the trigger is maintained as 'BOD', the programs will be executed before the start of 'Transaction Input'. However, the programs will be triggered both at EOD and BOD if you opt to trigger it at both the instances.

You also have the option to execute the batch programs through the 'CL Batch' screen. You can also invoke this screen by typing 'CLDBATCH' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.
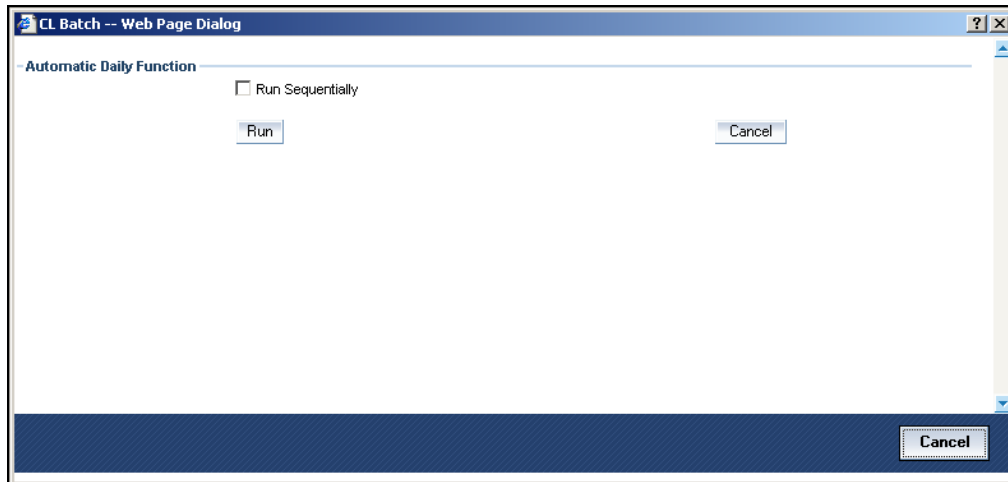
Run Sequentially

Check this box to opt to execute the processes as per the sequence maintained in the 'Automatic Process Definition' screen.

Click 'Run' button to run the batch process. Click 'Cancel' button to cancel the batch execution.

9.2.3 Multi-threading of Batch Processes

The CL Batch process handles multi threading. The number of parallel processes and the interval between processes is maintained as part of 'CL Branch Parameters'.

Refer the section titled 'Maintaining Branch Parameters' in the 'Maintenances and Operations' chapter of this User Manual for details.

The accounts are split into multiple groups which can be processed in parallel for a particular sub process. Hence, all non conflicting parallel groups will complete the sub process after which the next sub process is taken up and so on. There is also an option to run it purely sequentially as shown above.

9.2.4 Excess Amount Allocation Batch

The Excess Amount Allocation batch is run to allocate the transfer amount available for each member against the outstanding balance in the corresponding loan accounts.

A member account is owned by a single member, but a loan account can be co-owned by several members in a certain ratio. Each member could be a borrower in multiple loans. For these reasons the amount allocations are necessitated.

The allocation process considers the following important parameters:

- % liability of each member in each loan where he is the borrower

- Transfer amount available per member

- Amount due (based on % liability) per member

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To enable this fund allocation the rebate batch is run at the bank level. Common Settlement Account maintained in 'Rebate Account Preferences' screen is used as the 'Common Bridge Account'. This will have the combined balance of all the member accounts, which can be utilized for loan re-payment. The Rebate account processing batch will provide the details like the member account number (CASA account), the member (CIF number) and the excess amount for the member. This data will act as the input for this batch program.

The batch does the following operations:

- It will get the due details for the next schedule of each loan, along with the Liability Split %. This will include the overdue amount, if any.

- Allocate the excess amount of each member to his loans, with the earliest unpaid schedule first.

- The due date of the schedule will be considered by the allocation batch for allocating the payments. The batch will ensure that the available amount is used to make advance payment for the immediate next component due before considering the next.

- While allocating the amount for the next schedule, the available amount will be available amount minus the amount already allocated against the previous schedule.

- With this info, CL payment will be triggered for each loan account. This will be an advance payment (not Pre payment) for an aggregate amount and will be initiated according to the liquidation order maintained for the components.

- On successful payment, process status will be changed to 'P' for all the records with this Loan account number.

- Status will be changed to 'E', in case of any error during the payment. As per the current functionality, the error details will be available in the exception table.

- After correcting the errors, you can re-initiate the process which will exclude the already processed loan accounts.

- Further generation of Payment advice will derive the amount after considering the amount paid through this batch process.

9.2.5 Interest Posting (INTP Event)

You need to make a provision to post an income into a separate GL. This income is the interest which you pay to the customer who has a loan account. On the interest posting date, a transaction occurs to move the receivable and the income from one GL to another. This transaction distinguishes between receivables from the income which is due and not due. Also, this interest posting is applicable for the main interest component only.

The INTP event runs at the BOD for a loan product against which it has been defined.

The following points are noteworthy:

- You can pick the INTP event during the loan product definition and maintain the accounting entries against this event. To recall, you need to click on the 'Events' tab in the 'Consumer Lending Product' screen where you specify the various events which need to be run.

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- At the time of loan account creation, Oracle FLEXCUBE populates the events diary with one record of the INTP event for each schedule due date. This has the status as 'Unprocessed'. This is done for the main interest component schedule only.

- The system also creates a record for the end of each calendar quarter during the moratorium period in the case of amortized loan products.

- Any rebuilding of repayment schedules results in the rebuilding of records in the events diary.

- The batch process picks up all the unprocessed INTP records from the events diary having the execution date on or before the current application date. The process is limited to the active accounts belonging to the current branch.

- INTP triggers on the CND date defined at CND schedule for main interest component instead of the schedule dates and the posting amount would be the interest computed as on the CND date, so that CND arrears would be moved to a different GL with appropriate accounting entries on that date. While authorizing the loan account, the system populates the events diary for INTP to trigger on the CND date.

- The system triggers catch-up INTP whenever there is a change in the CND amount that is posted in the following cases:

  ➢ Back-dated Disbursement, Payment or VAMI

  ➢ Pre-Closure

- The catch-up INTP will be triggered on EOD of the back-dated disbursement, payment or VAMI, to post the adjustment amount due to change in the CND amount. If it is a pre-closure, then the posting would be immediately on payment and not during EOD.

- The accounting entries get passed on the schedule due date or the calendar quarter end, as defined for the event INTP through the 'Consumer Lending Product' screen under the 'Events' tab pertaining to a loan product maintenance.

- For term loans, the transaction posting date is the same as schedule due date of the main interest component. The same is followed for amortized loans also.

- For an amortized loan with a moratorium period, the transaction posting date is the end of the calendar quarter and the end of the moratorium period. If the moratorium period is different from the end of the calendar quarter, the entries passed will not tally with the actual amount due. This difference gets passed on the schedule due date of the moratorium period.

- There are no changes in the INTP event execution behaviour in case of a partial pre-payment.

- If a loan is getting pre-closed with a complete settlement, the system does not wait till the schedule due date or calendar quarter end for passing the INTP entries. It posts the interest accrued till the current date on the date of the pre-closure.

- In case of any failures during the INTP batch process, the system logs the error details for the account and processes the subsequent accounts.

🛑 'Interest Posting Required' check box must be checked for the main interest component of the Agriculture loan products.

9.2.6 EMI Change (EMIC Event)

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Oracle FLEXCUBE allows you to increase the EMI annually depending upon the increase in the customer salaries. The system automatically increases or decreases the EMI at a pre-defined frequency and depending upon the EMI change parameters maintained. It triggers an event EMIC (EMI Change) to process the changes on the scheduled date. Based on the EMI change parameters specified earlier, this event derives the new EMI amount which is compared with the Minimum and Maximum EMI amounts maintained and if it is beyond either limit, the system sets it to the limit amount.

The new EMI comes into effect only from the next schedule and the current schedule will be unaffected by the change. With effective from the next schedule, the system sets the EMI amount to the new one derived and re-calculates the future schedules.

Note the following:

- If interest is greater than the EMI, then the system sets the EMI to Interest and Principal will be zero.

- If the loan account is fully paid before the maturity date due to the increase in EMI, then the system marks the account status as 'Liquidated'.

- The system logs the Old and New EMI into a table.

Example:

Case 1:

- Initial EMI - 1000

- Payment Frequency - Monthly

- Value Date - 01-Nov-2009

- Maturity Date - 01-Jan-2015

EMI Change Parameters:

- EMI Frequency - Yearly

- End Date - 01-Feb-2013

First EMI change:

- Change of EMI amount - 200

- Change of EMI Effective Date - 01-Jan-2010

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Second EMI change:

- Change of EMI amount - 100

- Change of EMI Effective Date - 01-Jan-2011

Sl. No	Schedule Date	EMI Amount
1	01-Dec-2009	1000
2	01-Jan-2010	1000
3	01-Feb-2010	1000
4	01-Mar-2010	1000
5	01-Apr-2010	1000
6	01-May-2010	1000
	---	1000
	---	1000

14	01-Jan-2011(Yearly is added with effective date)	1200
15	01-Feb-2011	1200
16	01-Mar-2011	1200

26	01-Jan-2012(next change of EMI)	1100
27	01-Feb-2012	1100

38	01-Jan-2013(Since EMI end date is over same EMI 1100 will continue)	1100
39	01-Feb-2013	1100

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Sl. No	Schedule Date	EMI Amount

Case 2:

Example for End Date

- Initial EMI - 1000
- Payment Frequency - Monthly
- Value Date - 01-Nov-2009
- Maturity Date - 01-Jan-2015

EMI Change Parameters

- EMI Frequency - Yearly
- End Date - 01-Feb-2013 (after this date EMI amount will not be increased further and whatever the current EMI(not initial EMI 1000) that will be continued for the remaining schedules)

First EMI change:

- Change of EMI amount - 200
- Change of EMI Effective Date - 01-Jan-2010

Sl. No	Schedule Date	EMI Amount
1	01-Dec-2009	1000
2	01-Jan-2010	1000
3	01-Feb-2010	1000
4	01-Mar-2010	1000
5	01-Apr-2010	1000
6	01-May-2010	1000
	---	1000
	---	1000

14	01-Jan-2011(Yearly is added with effective date)	1200
15	01-Feb-2011	1200
16	01-Mar-2011	1200

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Sl. No	Schedule Date	EMI Amount

26	01-Jan-2012(another 200 is added)	1400
27	01-Feb-2012	1400

38	01-Jan-2013(another 200 is added)	1600
39	01-Feb-2013	1600

50	01-Jan-2014(Same EMI will continue since the End Date 01-Feb-2013 is over)	1600
51	01-Feb-2014	1600
52	01-Mar-2014	1600

9.2.7 Processing the CL Batch

When prioritization rule is maintained for a L/C linked to the loan account, then bulk liquidation takes a different route during CL batch processing. Liquidation is triggered based on the preference rule defined for L/C. Preference with respect to 'ALL' is considered if a specific preference is not maintained for the corresponding L/C. This is treated as a normal payment once the respective component, schedule of the loan is identified for the payment. During the batch process prioritization for account liquidation takes place.

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The batch process for liquidation takes place as follows

- Sub-process named as 'BLIQ' is used for Bulk Payment which runs before the 'ALIQ' Process. Event code used for this Prioritized liquidation is ALIQ.

- Accounts linked with L/C are grouped and liquidation process is done on the group.

- For the L/C linked to the loan account, if a prioritization rule is set, the same is considered for Bulk Payment. If prioritization rule is not maintained, the liquidation happens as part of 'ALIQ'.

- When the bulk payment happens as part of batch, the prioritization rule determines which account is to be liquidated first. The account is attempted like any other ALIQ except for the component prioritization.

- Liquidation order is as per the prioritization rules defined for L/C.

- Verify funds facility is used as applied as part of loan processing.

- Missed or skipped schedules/accounts during Bulk liquidation due to specified preferences are picked up during ALIQ process and are allowed to succeed individually.

- Accounting entry netting is not available as part of Bulk Payment. There are multiple debits to the customer account for different CL account involved in the Bulk Payment.

- If the main interest/special interest is overdue, then the re-computation of main interest/special interest component would be triggered to compound the overdue interest amount.

- An intraday batch 'CLADCUPD' uploads the records from the upload table and creates adhoc charge with the next schedule date, so that the charge amount is due on that schedule date.

- RVOL Event will process the revolving account with revolving frequency as 'Schedule' and resets the available loan amount of the loan account on revolving schedule.

- An intraday batch 'CLINTSUB' will process the interest subvention for all the interest subventions for which the report is yet to be processed/generated or 'Recomputation Required' check box is checked. The interest subvention is calculated using Actual/365 interest method using formula (Eligible Amount * No of Days * Subvention Rate)/365. After the completion of this batch you can generate the interest subvention report for the current processed subvention period.

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10. Annexure A

10.1 Accounting entries for Consumer Lending

This section contains details of the suggested accounting entries that can be set up, for the Consumer Lending module of Oracle FLEXCUBE. The details of the suggested accounting entries are given event-wise.

10.2 Events

The following is an exhaustive list of events that can take place during the lifecycle of a consumer lending contract. In the subsequent paragraphs we shall examine the accounting entries and advices for each of the events listed below.

Event Code	Event Description
ACCR	Accrual
ADCH	ADHOC charge application
ALIQ	Auto liquidation
ARVN	Automatic Rate Revision
BADJ	Back Dated Adjustment
BNTC	Billing Notice Event
BOOK	Booking Of Contract
CAMD	Contract Amendment
CLOS	Closure for off balance sheet comp
CLOC	Closure of Commitment
DLINK	Payment made against a loan linked to a revolving commitment contract
DNTC	Delinquency Notice Event
DSBR	Disbursement
INIT	Contract Initiation
ISTM	Interest Statement Event
LCYP	LCY update processing

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Event Code	Event Description
LIQB	Liquidation Tanking
LSTM	Loan Statement Event
LINK	Linking a Commitment to a loan account
MLIQ	Manual Liquidation
NOVA	Novation
PROV	Provisioning
READ	Readjustment Processing
REOP	Reopen of loan account
REVC	Reversal Of Contract
REVD	Reversal Of Disbursement
REVN	Rate Revision
REVP	Reversal Of Payment
RNOG	Re-Negotiation
ROLB	Roll Over Booking
ROLL	Roll Over Of Contract
REVL	Reversal of Linked Loan Account
SROL	Special Roll over
STSH	Installment Status Change
TAXC	Specific Tax Calculation
UDCN	UDE Cascade Change
USGR	Un-Secured GL Transfer Reversal
USGT	Unsecured GL Transfer
VAMB	Value Dated Amendment Booking

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Event Code	Event Description
VAMI	Value Dated Amendment Initiation
YACR	Yield to Maturity based Discount Accrual
INLQ	Intermediary Liquidation
IMST	Intermediary Statement
PWOF	Partial Write Off

10.3 <u>Accounting Roles</u>

In this section we have provided a list of sample accounting roles.

Accounting Role	Description
ASSETGL	The Customer GL to which the Loan Account movements are reported.
PRINCIPAL_LIQD	Principal Liquidated
PRINCIPAL_INCR	Principal Increased
COMPONENT _INC	Component Income
COMPONENT EXP	Component Expense
COMPONENT RIA	Component Received in Advance
COMPONENT PAY	Component Payable
COMPONENT REC	Component Receivable
COMPONENT PIA	Component Paid in Advance
BRIDGE GL	Intersystem Bridge GL
SETTLEMENT ACCOUNT	Customer Account Settled From / To
FEES_REC	Fees Receivable
CHARGES_REC	Adhoc Charges Receivable
IN_INTER_STMT	Intermediary Statement
PRINCIPAL_EXP_D	Principal Expense Doubt

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Accounting Role	Description
LOAN_AC_DOUB	Loan Account Doubt
CONT_W_DOUB	Contingent Write Off Doubt
CONT_SUBS	Contingent Substandard
MAIN_INTEXP_DOUB	Maintenance Interest Expense Doubt
MAIN_INTREC_DOUB	Maintenance Interest Receivable Doubt

Accounting Roles for the YACR Event

SI No	Accounting Role	Acquisition Type	Role Type
1.	EIMDISCRIA	Discount	Asset
2.	EIMDISCINC	Discount	Asset
3.	EIMPREMPIA	Premium	Asset
4.	EIMPREMEXP	Premium	Asset
5.	EIMINTADJREC	Par	Asset
6.	EIMINTADJINC	Par	Asset

10.4 Event-wise Advices

In this section we will discuss the suggested events and advices that should be generated for that particular event in the life cycle of Consumer Lending.

BOOK

The system uses this event to enter details of a loan account. However, at this stage the account is not initialized thus there will not be a change in the balance but you can perform other activities (processing fee etc) for the loan account. The accounting entries passed will be either Contingent Entries for disbursement or component liquidations entries.

Advice Name	Description	Format Name
CL_CONT_ADV	Contract Advice	CL_CONTR_STMT

On BOOK event of a commitment contract the following accounting entries are passed:

Accounting Role	Amount Tag	Dr./Cr. Indicator
CONTGL	PRINCIPAL_FWD	Debit

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Accounting Role	Amount Tag	Dr./Cr. Indicator
CONTOFF	PRINCIPAL_FWD	Credit

INIT

The system uses this event to initiate a loan with a value date as the date of initiation. However, you can not disburse the loan under this event.

Advice Name	Description	Format Name
CL_INIT_ADV	Initiation Advice	CL_INIT_ADV
CL_CAP	Capitalization Advice	CL_CAP_ADV
CL_CONT_ADV	Contract Advice	CL_CONTR_STMT
CLST_SUMMARY	Loan Summary Statement Advice	CL_LOAN_SUMMARY
COUPON	Coupon Advice	ADV_COUPON

DSBR

This event is marked by the disbursement of the loan amount. The disbursement may be done manually or can be triggered by a disbursement schedule. The loan account will have debit balances after total disbursement.

Advice Name	Description	Format Name
CR_ADV	Credit Advice	CL_CR_ADV
CLST_DETAILS	Loan Detailed Statement Advice	CL_LOAN_DETAIL
CLST_SUMMARY	Loan Summary Statement Advice	CL_LOAN_SUMMARY
TAX_ADVICE	Tax Advice	CL_TAX_ADVICE

The entries passed are:

Accounting Role	Amount Tag	Dr /Cr
LOAN_AC	PRINCIPAL	Dr
CR_SETTLEMENT_BRG	PRINCIPAL	Cr

Note the following:

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- The loan account of the customer reports to an internal GL of the bank, determined by the Role to Head mapping done at the product level.

- A settlement bridge account is used since there is a probability of the customer account being present in another system which is capable of interfacing with Oracle FLEXCUBE. During the reconciliation process, the appropriate customer account in the relevant system is credited with the loan amount.

ACCR

The accrual of the various components will be triggered based on the accrual parameters you maintain at the product level.

The following accounting entries are passed for this event:

For Interest Accrual

Accounting Role	Amount Tag	Dr /Cr
INT_REC	INT_ACCR	Dr
INT_INC	INT_ACCR	Cr

For Penalty Interest Accrual

Accounting Role	Amount Tag	Dr /Cr
PENAL_INT_REC	PENAL_INT_ACCR	Dr
PENAL_INT_INC	PENAL_INT_ACCR	Cr

BADJ

The accounting entries for this event will be as follows:

Dr/Cr	Accounting role	Amount tag
DR	MAIN_INT_INTRIA	MAIN_INT_CRLQ
CR	CR_SETTL_BRIDGE	MAIN_INT_CRLQ
CR	MAIN_INT_INTRIA	MAIN_INT_DRLQ
DR	DR_SETTL_BRIDGE	MAIN_INT_DRLQ

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INLQ

This event is triggered as a batch process for the Intermediary Liquidation based on the product event advice maintenance. It provides basic information about the Intermediary and the corresponding commission settlement.

Advice Name	Description	Format Name
'IN_INTER_CR	Intermediary Credit	INTER_CR_ADV

INCH

This event is triggered as a batch process for the Intermediary Liquidation based on the product event class maintenance. It provides basic information about the Intermediary and charge collected because of pre-payment and late payment by the customer.

Advice Name	Description	Format Name
IN_INTER_DR	Intermediary Debit	INTER_DR_ADV

IMST

This event is triggered as per the statement frequency maintained at the Intermediary Level. It provides basic information about the Intermediary and the corresponding commission/charge settlements.

Advice Name	Description	Format Name
IN_INTER_STMT	Intermediary Statement	IN_INTER_STMT

ALIQ and MLIQ

Depending on the mode of liquidation opted for, whether automatic or manual, the appropriate event is triggered. A batch process will be triggered at EOD for payments that are marked for auto liquidation.

ALIQ

Advice Name	Description	Format Name
DR_ADV	Debit Advice	CL_DR_ADV
DELINQYADV	Delinquency Advice	CL_DELQ_ADV

MLIQ

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Advice Name	Description	Format Name
BILNOTC	Billing Advice	CL_BILL_ADVC
DELINQYADV	Delinquency Advice	CL_DELQ_ADV
PAYMENT_ADVICE	Payment Advice	CL_PMT_ADV

The accounting entries maintained for collecting the penalty interest are as given below:

Dr/Cr	Accounting role	Amount tag
CR	PENALINTREC	PENALINT_LIQD
DR	DR_SETTL_BRIDGE	PENALINT_LIQD

The accounting entries for these events will be as follows:

Principal Repayment

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	PRINCIPAL_LIQD	Dr
LOAN_AC	PRINCIPAL_LIQD	Cr
DR_STTL_BRIDGE	PRINCIPAL_NRES	Dr
SERVICE_ACCOUNT	PRINCIPAL_NRES	Cr

Interest Repayment

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	INT_LIQD	Dr
INT_REC	INT_LIQD	Cr
INTERNAL_GL	MAIN_INT_WHLD	Dr
MAIN_INTREC	MAIN_INT_WHLD	Cr

Penalty Interest Repayment

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	PENAL_INT_LIQD	Dr
PENAL_INT_REC	PENAL_INT_LIQD	Cr

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Following are the accounting entries passed for the manual repayment of loan by cash:

Accounting Role	Amount Tag	Dr /Cr
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	DR
LOAN_ACCOUNT	PRINCIPAL_LIQD	CR
DR_SETTL_BRIDGE	MAIN_INT_LIQD	DR
MAIN_INT_REC	MAIN_INT_LIQD	DR

Excess amount available after payment will be populated to the amount tag PRINCIPAL_NRES and the accounting entries are as follows:

Accounting Role	Amount Tag	Dr /Cr
DR_STTL_BRIDGE	PRINCIPAL_NRES	Dr
SERVICE_ACCOUNT	PRINCIPAL_NRES	Cr

LINK

This event is triggered when a commitment is linked to a consumer lending loan account. LINK event increases the utilization of the commitment amount and the contingent entries passed at the time of INIT is reversed upto the extent of linked amount.

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	COMMUTIL_INCR	Credit
ASSETOFF	COMMUTIL_INCR	Debit

DLNK (Delink)

This event is triggered when payment is made against a loan, which is linked to a revolving commitment contract, Delink decreases the utilization of commitment amount.

Accounting Role	Amount Tag	Dr./Cr. Indicator
ASSETGL	COMMUTIL_DECR	Debit
ASSETOFF	COMMUTIL_DECR	Credit

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STCH

This event is triggered when a status change occurs. It could be a Forward Status Change (FSTC) where the loan moves from one adverse status to another or a Backward Status Change (BSTC) wherein, on repayment of overdue installments, a reversal of status takes place. The status derivation rule is used to resolve the status. The change may occur due to a status rule being activated. If the number of days by which a component becomes overdue, exceeds the allowed number of days (may be referred to as the grace period), the component can undergo a status change if a status rule is defined with such a criteria. A status change is triggered if any condition defined for the rule is satisfied.

The accounting entries, if maintained for the events (FSTC and BSTC) will be triggered. The accounting role provided will be the same for all the changes. However, the Role to Head mapping rules will resolve the entries to the appropriate accounts for each status.

Interest accrual for status 'ACTIVE'

Accounting Role	Amount Tag	Dr /Cr
INT_REC (Mapped to a Real Asset)	INT_ACCR	Dr
INT_INC (Mapped to a Real Income GL)	INT_ACCR	Cr

Interest accrual for status 'PAST DUE'

Accounting Role	Amount Tag	Dr /Cr
INT_REC (Mapped to a Contingent Asset)	INT_ACCR	Dr
INT_INC (Mapped to a Contingent Liability)	INT_ACCR	Cr

CAMD, VAMB and VAMI

These statuses are triggered as a result of making amendments to a loan.

CAMD (Account Amendment)

Any amendment to the parameters of the account will create a new version of the loan. These changes will not have any implications on the financial attributes of the loan.

Advice Name	Description	Format Name
CLAMDADV	Amendment Advice	CL_AMD_ADV

VAMB (Booking of a Value Dated Amendment)

This event is triggered when you book a value dated amendment.

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You can book for an amendment of the following:

- Maturity date

- Principal Increase

- Rate change

The batch program will identify the changes booked and the same is triggered appropriately on the value date by the VAMI event.

Advice Name	Description	Format Name
CLAMDADV	Amendment Advice	CL_AMD_ADV

VAMI (Initiation of a Value Dated Amendment)

This event will pick up the future dated VAMBs and on the value date, initiate the same.

The accounting entries for an increase in principal will be as follows:

Accounting Role	Amount Tag	Dr /Cr
LOAN_AC	PRINCIPAL_INCREASED	Dr
CR_SETTLEMENT_BRG	PRINCIPAL_INCREASED	Cr

Any change to Rate and Tenor (Maturity Date) will alter the original loan schedules.

ROLL

This event is triggered when a loan is renewed with new terms. Rollover will have either a combination of liquidation and rollover of Principal. It can also have liquidation of Interest and penalty Interest.

Advice Name	Description	Format Name
CLAMDADV	Amendment Advice	CL_AMD_ADV
CL_ROLL_ADV	Rollover Advice	CL_ROLL_ADV
PAYMENT_ADVICE	Payment Advice	CL_PMT_ADV

The entries passed for rollover of the Principal are as follows:

Accounting Role	Amount Tag	Dr /Cr
CR_SETTLEMENT_BRG	PRINCIPAL_ROLL	Cr

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Accounting Role	Amount Tag	Dr /Cr
LOAN_AC	PRINCIPAL_ROLL	Dr

For liquidation of Principal, the following entries are passed:

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	PRINCIPAL_LIQD	Dr
LOAN_AC	PRINCIPAL_LIQD	Cr

For liquidation of Interest and Penalty Interest, the entries are:

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	LIQD_AMT	Dr
INT_REC	INT_LIQD	Cr
PENAL_INT_REC	PENAL_INT_LIQD	Cr
INTERNAL_GL	MAIN_INT_WHLD	Dr
MAIN_INTREC	MAIN_INT_WHLD	Cr

You may encounter the following cases:

Case 1: Rollover only Principal Outstanding; Pay Interest & Penalty Outstanding

In this case, both 'PRINCIPAL_LIQD' and 'PRINCIPAL_ROLL' will be zero and hence the 'LOAN ACCOUNT' balance is not affected.

The Outstanding Interest and Principal will be liquidated. Referring to the accounting entries above,

- INT_LIQD = Interest Outstanding

- PENAL_INT_LIQD = Penalty Interest Outstanding

- LIQD_AMT = INT_LIQD + PENAL_INT_LIQD (If Netting is 'ON' and both have the same Settlement Account).

Case 2: Rollover Principal + Interest Outstanding; Pay Penalty Outstanding

In this case,

- PRINCIPAL_LIQD = 0,

- PRINCIPAL_ROLL = INT_ROLL (which is the Interest Rolled over as Principal);

- PENAL_INT_LIQD = Penalty Interest Outstanding
- LIQD_AMT = PENAL_INT_LIQD (If Netting is on and both have the same Settlement Account).

Case 3: Rollover Principal + Interest + Penalty Outstanding

PRINCIPAL_ROLL = INT_ROLL + PENAL_INT_ROLL

LIQD_AMT = 0

Case 4 - a: Rollover Special Amount, Amount > Principal Outstanding

This is in effect a disbursement. Therefore,

PRINCIPAL_ROLL = SPECIAL_AMOUNT – PRINCIPAL_OUTSTANDING

Since the rolled over amount is greater than the outstanding principal, it will be positive and hence an increase in the loan amount is registered.

Case 4 – b: Rollover Special Amount, Amount < Principal Outstanding

This results in a decrease in Principal and hence

PRINCIPAL_ROLL = SPECIAL_AMOUNT – PRINCIPAL_OUTSTANDING will lead to a negative amount which will reduce the Dr Balance on the Loan Account.

SROL – Special Roll-over

This event is triggered when a roll-over is done and it involves a change in the currency, product and customer.

Advice Name	Description	Format Name
CLAMDADV	Amendment Advice	CL_AMD_ADV
CL_ROLL_ADV	Roll-over Advice	CL_ROLL_ADV

RNOG – Re-negotiation

This event is triggered when a customer is not being able to honor the terms and conditions of the credit. In such a situation, the client re-negotiates the terms and conditions of the credit before maturity date.

Advice Name	Description	Format Name

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Advice Name	Description	Format Name
CLAMDADV	Amendment Advice	CL_AMD_ADV
PAYMENT_ADVICE	Payment Advice	CL_PMT_ADV

NOVA – Novation

This event is triggered when a primary customer is changed.

Advice Name	Description	Format Name
CLAMDADV	Amendment Advice	CL_AMD_ADV

REVC – Loan Reversal

This event is triggered when a loan is withdrawn. This will pass the DSBR entries with a reversal of signs (-ve) for the amounts, as follows:

Accounting Role	Amount Tag	Dr /Cr
LOAN_AC	- PRINCIPAL	Dr
CR_SETTLEMENT_BRG	- PRINCIPAL	Cr

REVP - Payment Reversal

The latest payment made, both auto and manual, will be reversed during this event. This will pass the ALIQ or MLIQ event selected with a reversal of signs for the amounts.

Reversal of Principal Repayment

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	- PRINCIPAL_LIQD	Dr
LOAN_AC	- PRINCIPAL_LIQD	Cr

Reversal of Interest Repayment

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	- INT_LIQD	Dr
INT_REC	- INT_LIQD	Cr

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Reversal of Penalty Interest Repayment

Accounting Role	Amount Tag	Dr /Cr
DR_SETTLEMENT_BRG	- PENAL_INT_LIQD	Dr
PENAL_INT_REC	- PENAL_INT_LIQD	Cr

REVN – Periodic Rate Revision

This will change the Floating Interest Rates based on the periodicity that you maintain.

Advice Name	Description	Format Name
CL_INT_STMT	Interest Statement Advice	CL_INT_STMT
RATECH_ADV	Rate Change Advice	CL_RTCH_ADV

ARVN – Automatic Rate Revision

This will change the Floating Rate as and when the rate changes.

Advice Name	Description	Format Name
CL_INT_STMT	Interest Statement Advice	CL_INT_STMT
RATECH_ADV	Rate Change Advice	CL_RTCH_ADV

UDCH – User Defined Element Value Changes

This event will be triggered whenever there is a change in the UDE values. This will be required to have Rate revision advices sent to the customers.

YACR – Yield to Maturity Discount Accrual

This event will be triggered for the computation of IRR. The following accounting entries will be passed:

Accounting Role	Amount Tag	Dr /Cr
EIMDISCRIA	EIM_ACCR	Dr
EIMDISCINC	EIM_ACCR	Cr
EIMPREMEXP	EIM_ACCR	Dr
EIMPREMPIA	EIM_ACCR	Cr

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If refunding needs to be done as part of with complete pre-payment, the following entries should be passed in addition to the ones specified above:

Accounting Role	Amount Tag	Dr /Cr
<Charge Comp>_RIA	EIM_ADJ	Dr
CR_SETTL_BRIDGE	EIM_ADJ	Cr
DR_SETTL_BRIDGE	EIM_ADJ	Dr
<Charge Comp>_PIA	EIM_ADJ	Cr

CLIQ – Charge Liquidation

This event triggers the liquidation of charges applicable to the loan accounts. You need to set up the following entries for this event:

Accounting Role	Amount Tag	Dr /Cr
DR_SETTL_BRIDGE	<Charge Comp>_LIQD	Dr
<Charge Comp>_RIA	<Charge Comp>_LIQD	Cr
CR_SETTL_BRIDGE	<Charge Comp>_LIQD	Dr
<Charge Comp>_PIA	<Charge Comp>_LIQD	Cr

CLOC Event

Accounting Role	Amount Tag	Dr./Cr. Indicator
CONTGL	COMM_UNUTIL	Credit
CONTOFF	COMM_UNUTIL	Debit

CREC – Current Account Recovery and CRLQ - Current Account Realization

You need to set up the following accounting entries for these events:

Amount Tags	Description
CREC_INT_AMT_INCR	CREC Interest Increase (To Recover)
CREC_INT_AMT_DECR	CREC Interest Decrease (To Refund)
CRLQ_INT_AMT_INCR	CRLQ Interest Increase (To Refund)
CRLQ_INT_AMT_DECR	CRLQ Interest Decrease (To Recover)

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Event: MLIQ – Manual Liquidation

MILQ event triggers the processing of manual liquidation of loans. You need to set up the following accounting entries for this event:

Accounting Role	Amount Tag	Dr/Cr Indicator
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	Dr
LOAN_ACCOUNT	PRINCIPAL_LIQD	Cr
DR_SETTL_BRIDGE	INTEREST_LIQD	Dr
MAIN_INTREC	INTEREST_LIQD	Cr
DR_SETTL_BRIDGE	PENAL_LIQD	Dr
PEN_INTREC	PENAL_LIQD	Cr
DR_SETTL_BRIDGE	CREC_INT_AMT_INCR	Dr
INT.INC	CREC_INT_AMT_INCR	Cr
INT.INC	CREC_INT_AMT_DECR	Dr
CR_SETTL_BRIDGE	CREC_INT_AMT_DECR	Cr

Event: CRLQ - Current Account Realization

CRLQ event triggers the processing of refunding of excess amount recovered. For this, you need to set up the following accounting entries for this event.

Accounting Role	Amount Tag	Dr/Cr Indicator
DR_SETTL_BRIDGE	CRLQ_INT_AMT_DECR	Dr
MAIN_INTINC	CRLQ_INT_AMT_DECR	Cr
MAIN_INTINC	CRLQ_INT_AMT_INCR	Dr
CR_SETTL_BRIDGE	CRLQ_INT_AMT_INCR	Cr

CRYL of FCTL: Crystallization of Foreign Currency Term Loan

In case of crystallization, the amount tag used for Principal Liquidation is PRINCIPAL_CRYL. If the interest component is liquidated then the entries are posted into an amount tag <component>_CRYL. The rate used is the CRYL rate.

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Amount Tag

The following amount tags are involved:

Amount tag	Description
MAIN_INT_CRYL	Crystallization of Loan Interest
PRINCIPAL_CRYL	Principal amount due to CRYL

Accounting Role

The accounting role is as follows:

Accounting Role	Description	Role Type
CRYL_SUSPENSE	Suspense GL on CRYL of loan	Liability

Accounting Entries

When a loan is uploaded through crystallization, the accounting entries passed for the devolved loan are as follows:

Event code	Amount Tag	Accounting Role	Dr / Cr
MLIQ	PRINCIPAL_CRYL	CRYL SUSPENSE	Dr
MLIQ	PRINCIPAL_CRYL	LOAN_ACCOUNT	Cr
MLIQ	MAIN_INT_CRYL	CRYL SUSPENSE	Dr
MLIQ	MAIN_INT_CRYL	Interest receivable	Cr

The Following accounting entries are passed:

Event code	Amount Tag	Accounting Role	Dr / Cr
DSBR/VAMI	PRINCIPAL_CRYL	LOAN_ACCOUNT	Dr
DSBR/VAMI	PRINCIPAL_CRYL	CRYL_SUSPENSE	Cr

Accounting Entries for RML – Reverse Mortgage Loan

DSBR Event

Accounting Role	Amount Tag	Dr/Cr
LOAN_ACCOUNT	PRINCIPAL	Dr

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Accounting Role	Amount Tag	Dr/Cr
CR_SETTL_BRIDGE	PRINCIPAL	Cr

ACCR Event

Accounting Role	Amount Tag	Dr/Cr
MAIN_INTREC	MAIN_INT_ACCR	Dr
MAIN_INTINC	MAIN_INT_ACCR	Cr

MLIQ/ALIQ Event

Accounting Role	Amount Tag	Dr/Cr
DR_SETTL_BRIDGE	PRINCIPAL_LIQD	Dr
LOAN_ACCOUNT	PRINCIPAL_LIQD	Cr
DR_SETTL_BRIDGE	PRINCIPAL_EXCESS	Dr
PRINCIPALPAY	PRINCIPAL_EXCESS	Cr
PRINCIPALEXP	PRINCIPAL_WAVD	Dr
LOAN_ACCOUNT	PRINCIPAL_WAVD	Cr
DR_SETTL_BRIDGE	MAIN_INT_LIQD	Dr
MAIN_INTREC	MAIN_INT_LIQD	Cr
MAIN_INTEXP	MAIN_INT_WAVD	DR
MAIN_INTREC	MAIN_INT_WAVD	CR

PWOF-Partial Write Off

This event triggers the Partial Write Off in CL. You need to set up the following entries for this event:

Account Role	Amount Tag	Dr/Cr
PRINCIPAL_EXP_D	PRINCIPAL_PWOF	Debit
LOAN_AC_DOUB	PRINCIPAL_PWOF	Credit

CONT_W_DOUB	MAIN_INT_PWOF_CONT	Debit
CONT_SUBS	MAIN_INT_PWOF_CONT	Credit
MAIN_INTEXP_DOUB	MAIN_INT_PWOF	Debit
MAIN_INTREC_DOUB	MAIN_INT_PWOF	Credit

INTP and ACCR

The following accounting entries are maintained for INTP and ACCR events for interest posting on CND dates:

INTP

Accounting Role	Amount Tag	Dr/Cr
MAIN_INTREC	MAIN_INT_INTP	Debit
MAIN_INT_POST	MAIN_INT_INTP	Credit

ACCR

Accounting Role	Amount tag	Dr/Cr
MAIN_INTINC	MAIN_INT_ACCR	Credit
MAIN_INT_POST	MAIN_INT_ACCR	Debit

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11. Reports

11.1 <u>Introduction</u>

During the day, or at the end of the day, you may want to retrieve information on any of the several operations that were performed during the day in your bank. You can generate this information in the form of reports in Oracle FLEXCUBE.

For every module you can generate reports, which give you data about the various events in the life of a specific contract, or across contracts, at a specific point in time. You can have analysis reports, daily reports, exception reports (reports on events that ought to have taken place on the contract but have not, due to various reasons), history reports and so on. A set of report formats is pre-defined for every module.

11.1.1 <u>Generating Reports</u>

From the Application Browser, select the Reports option. A list of all the modules to which you have access rights are displayed in the screen. When you click on a module, all the reports for which you have access rights under the selected module are displayed. Click on the report you want to generate. You will be given a selection Criteria based on which the report would be generated.

In the screen where Selection Criteria is displayed , few more display options are displayed. They are as below:

Report Format	PDF	Printer At	Client
Report Output	Print	Printer	

		Ok	Cancel

In this screen, you can indicate the following preferences for printing the report.

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Format

Select the format in which you want the report to be generated from the options provided in the drop-down list. The following options are available:

- HTML
- RTF
- PDF
- Excel

Output

Select the output for the report from the options provided. The following options are available:

- Print – select this option if you wish to print the report
- View – select this option if you wish to view the contents of the report
- Spool – select this option if you wish to spool the report for further use

Printer

Specify the name of the printer or select it from the option list provided. All the configured printers are displayed in the list.

This is applicable only if you have specified the output as 'Print'.

11.1.2 Contents of the report

The contents of the report are discussed under the following heads:

Header

The Header section of the report carries the title of the Report, information on the User who generated the report, the branch code, the date and time, branch date and the page number of the report.

Body of the report

The actual contents of the report are displayed in this section. It is detailed for each report, in the subsequent sections of this document.

11.2 Accrual Control List

The accrual control journal gives the details of accruals done on loan contracts, as of a specific date.
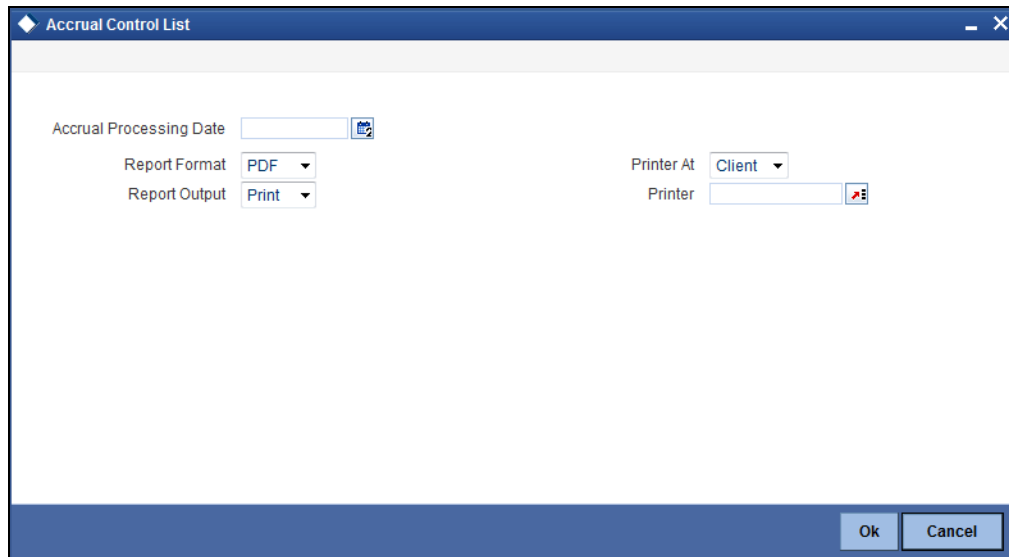
This report shows the Events and Component details for each account and will be generated for a specific combination of the Account Number, Event Date and Branch Name.

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The Component and Item details will be displayed based on Events and Account Number.

You can invoke this report screen by typing 'CLRPACCR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually, the report will list the accounts whose Accrual Processing Date is equal to the date that you specify in the screen CL Accrual Control List.

Specify the following details:

Accrual Processing Date

Specify the accrual processing date to be considered for the report.

Contents of the Report

The options that you have specified while generating the report are printed at the beginning of the report. Apart from the header the following information is provided for each contract:

Body of the Report

Account Number	The account number of the contract
Status	The status of the loan contract
Component	This is the component of the loan against which accrual entries are passed
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed

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Value Date	The Value Date of the contract
Current Accrual	This is the amount for which accrual entries are passed for the current month

11.2.1 Accrual Control List Summary

The Accrual Control List Summary report summarizes the details of accruals product wise.

Contents of the Report

Apart from the header the following information is provided for each contract:

Body of the Report

Product	This is the product for which the summary report is being generated
Status	The status of the loan contract under the product
Component	This is the component of the loan against which accrual entries are passed, for the contract under the product
Ccy	This is the component currency. If not specified at the Component level, the loan currency is displayed
Current Accrual	This is the amount for which accrual entries are passed for the current month
Value Date	The Value Date of the contract under this product

11.3 Adverse Status Report

The Adverse status report gives details of loan contracts that have moved into a status other than active and liquidated.

The amounts outstanding for the various components are reported in this report.

You can invoke this report screen by typing 'CLRPSTAT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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You can specify the following preferences for the report:

Product Type

You can generate the Adverse Status report for a specific Product Category or for all categories. Select a Product Category from the option list provided.

Product Code

You can generate a product-wise report. Select the Product Code from the option list which contains all valid products under the category you have selected.

Currency

Under specific Product(s), you can choose to generate reports in a specific currency(s).

Customer

You can generate this report for specific customer(s).

Status

Specify a valid status of the account from the adjoining option list.

From Value Date

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

To Value Date

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

Report Format

Select the format in which you need to generate the report from the adjoining drop-down list. This list displays the following values:

- HTML – Select to generate report in HTML format.
- RTF – Select to generate report in RTF format.
- PDF – Select to generate report in PDF format.
- EXCEL – Select to generate report in EXCEL format.

Report Output

Select the output in which you need to generate the report from the adjoining drop-down list. This list displays the following values:

- Print – Select to print the report.
- View – Select to print the report.
- Spool – Select to spool the report to a specified folder so that you can print it later.

Printer At

Select location where you wish to print the report from the adjoining drop-down list. This list displays the following values:

- Client – Select if you need to print at the client location.
- Server – Select if you need to print at the server location

Printer

Select printer using which you wish to print the report from the adjoining option list.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Apart from the header the following information is provided for each contract:

Body of the Report

Product Code	This is the product for which the report is generated
Status	This is the current status of the component that is in a status other than Active or Liquidated. The status codes are defined for a product and applied to contracts involving the product
Customer	This is the CIF ID of the customer involved in the loan.
Customer Name	The name of the customer

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Account Number	This is the account number of the loan account being reported
Component	The component whose status details the report reflects
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Maturity	This is the Maturity Date of the loan
Maximum Overdue Days	If more than one account is overdue under the product, this field will reflect the number of overdue days of the account with the highest number of overdue days
Overdue Amount	This is the total amount that is overdue for the component as of the date of report generation
Date of Last Disbursement	Date of Last Disbursement
Date of Last Payment	Date of Last Payment

Adverse Status Summary Report

The Adverse Status Summary report summarizes the details of each contract.

Contents of the Report

Apart from the header the following information is provided for each contract:

Body of the Report

Product Code	This is the product for which the report is generated
Status	This is the current status of the contract for which details are being reported
Component	This is the component of the loan against which the payment due is being reported. If more than one component falls due on the same day they will be reported one by one
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Earliest Duedate	For all the loans reported, this is the earliest date on which a repayment is due
Latest Duedate	For all the loans reported, this is the latest date on which a

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	repayment is due
Cumulative Overdueamt	This is the total amount that is overdue for the component(s) as of the date of report generation

11.4 <u>Amortization Report</u>

The Amortization Report gives the amortization details of loan contracts.

You can invoke this report screen by typing 'CLRPAMSC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

<u>Selection Options</u>

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

You can specify the following preferences for the report:

Loan Account

Enter the Account Number for which amortization details should be displayed in the report. If you do not enter an account number here, the report will be generated for all accounts.

<u>Contents of the Report</u>

The report options that you selected while generating this report are printed at the beginning of the report.

Apart from the header the following information is provided for each contract:

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Body of the Report

Account Number	This is the reference number of the loan being reported
Principal	The principal amount of the loan being reported
Tenor	The tenor of the loan being reported
Customer	This is the CIF ID of the customer involved in the loan
Product	This is the product for which the report is generated
Year	This is the year for which the amortization details are being displayed in the report
Due date	The due date of an installment of the loan
Currency	The currency of the account
Installment	This is the installment amount of the loan
Interest Due	The interest amount due
Principal Due	The principal amount due
Total Amount Due	The total principal amount due on the loan

11.5 <u>Contract Retrieval Report</u>

The Contract Retrieval report gives you comprehensive information about a loan contract. Information about loan contracts that are active, liquidated and reversed can be retrieved through this report. You can generate the report for a variety of reasons.

You can invoke this report screen by typing 'CLRPRETR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

<u>Selection Options</u>

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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You can specify the following preferences for the report:

Product Type

You can generate the Contract Retrieval Report for a specific product type or for all categories. Select a product type from the option list provided.

Product Code

You can generate a product-wise report. Select the Product Code from the option list which contains all valid products under the category you have selected.

Currency

Under specific Product(s), you can choose to generate reports in a specific currency(s).

Customer

You can generate this report for specific customer(s).

Maturity Type

You can generate the report only for a particular Maturity Type. The Maturity type of a loan can be

- Fixed - this type of a loan has a fixed maturity date

- Call - If the maturity date is not fixed the loan can be liquidated any time

You can generate the report either for fixed maturity loans or call loans.

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Account Status

You can generate the report based on the status of the loan contract. The report can be generated for loans with the following statuses only:

- Active

- Hold

- Reversed

- Liquidated

- Initiated

All the loans with the specified status for the specific period will be reported.

Auth Status

You can generate the report for loan contracts either with an authorized or unauthorized status.

From (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

To (Value Date)

Enter the Value Date of the contracts. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

From (Maturity Date)

Specify the Maturity Date of the loan. The report will be generated for all contracts whose Maturity Date is equal to, or greater than the date you have specified here.

To (Maturity Date)

Specify the Maturity Date of the loan. The report will be generated for all contracts whose Maturity Date is equal to, or less than the date you have specified here.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Account Number	The account number for which the report is being generated
Account Status	This is the current status of the account
Outstanding	This is the total outstanding amount that the customer has to repay. This

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Amount	amount also includes amounts belonging to earlier schedules that are yet to be paid. In case the customer has made pre-payments the outstanding amount can be less than the due amount
Product Category	This is the product category to which the generated report belongs
Product Code	This is the product for which the report is generated
Product Description	This is the description of the product
User Reference	This is the reference number of the loan being reported
Customer	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Related Reference Number	This is the alternate account number
Account Currency	The currency of the account
Financed Amount	The loan amount financed
Original Start Date	This is the original start date of the loan
Booking Date	The Booking Date of the contract
Value Date	The Value Date of the contract
Maturity Type	This is the Maturity Type of the contract
Maturity Date	The Maturity Date of the contract
Tenor (In days)	The tenor of the loan
User Defined Status	The status of the loan
Auth Status	The authorization status of the contract
EUR Currency	This is the EUR currency
Liquidation Mode	The liquidation mode of the contract
Rollover Type	The rollover mode

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Rollover Count	The rollover count
Component	The components of the loan are listed here
Currency	This is the currency of the component
Rate Type	This is the rate type
Rate Code	This is the rate code
Resolved Value	This is the effective rate
Special Amount	This is the special amount for the component

11.6 Event Report

Contract events are events that have taken place during the tenor of a loan contract.

Contract Events report gives a list of all the events that have taken place during the tenor of a loan contract. The events are listed by their Value Date.

You can invoke this report screen by typing 'CLRPEVNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

You can specify the following preferences for the report:

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Single Account Number

Select this option to indicate the report should be generated for a single account number or for a range.

All

Select this option to indicate the report should be generated for all accounts.

Range

Select this option to indicate the report should be generated for a range.

From (Event Date)

Enter the date from which event details should be generated in the report for accounts.

To (Event Date)

Enter the date upto which event details should be generated in the report for accounts.

🛑 You have the option of not specifying the 'From' and 'To' dates, but if you specify the 'From Event Date', it will be mandatory for you to specify the 'To Event Date'.

Include Accrual Events also

Check this box to indicate accrual related events should be included.

Account Number (Single Account Number)

Select the account number. System displays event details of the selected account number.

From (Account Number)

Select the starting account number. System displays event details of all accounts from this account number.

To (Account Number)

Select the ending account number. System displays event details of all accounts upto this account number.

🛑 If you select all option, the system will display the event details of all accounts.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

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Body of the Report

Account Number	The account number of the contract
Account Currency	The currency of the account
Customer ID	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Event Description	This is the code of the event for which details are being reported
Event Date	This indicates the date on which the event took place.
Component Name	The component for which details are displayed in the report
Component Amount Tag	The amount tag
Component Value	The value of the amount tag
Component Currency	The currency of the component

11.7 Lending Forward Contract Report

A forward contract is a loan with a future value date. The value date is the date on which the loan takes effect. The tenor of the loan contract will begin on this date. All accounting entries for the loan contract, all calculations for interest and all the other components based on the tenor will be made from this date onwards.

The forward contract report gives details of all the loan contracts with a future value date. Only contracts that take effect on a date later than or same as the specified date are included in the report.

You can invoke this report screen by typing 'CLRPFRWD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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You can specify the following preferences for the report:

From (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

To (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

🛑 It is not mandatory for you to enter the 'From' and 'To' dates.

Product Category

You can generate the Forward Contract Report for a specific Product Category or for all categories. Select a Product Category from the option list provided.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Product Category	This is the product category to which the generated report belongs
Account Number	The account number of the contract for which the report is generated
Customer ID	This is the CIF ID of the customer involved in the loan

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Customer Name	The name of the customer
Amount	This is the principal amount involved in the loan
Currency	This is the currency in which the amount is displayed
Euro Equivalent	The Euro equivalent of the loan amount
Value Date	This is the date on which the loan takes effect
Maturity Type	This is the maturity type of the loan. It could be fixed or call.
Maturity Date	This is the date on which the loan matures. The maturity date is generated in the report only in case of fixed maturity loans.

CHARGE DETAILS	
Component	The component on which a charge is being applied
Amount	The charge amount
Currency	The currency in which the amount is displayed
Euro Equivalent	The Euro equivalent of the charge
Waiver	Whether or not the charge has been waived
INTEREST DETAILS	
Component	The interest component
Amount	The interest amount
Currency	The currency in which the amount is displayed
Euro Equivalent	The Euro equivalent
Rate	The interest rate being applied
Effective Rate	The effective interest rate
Waiver	Whether the interest has been waived

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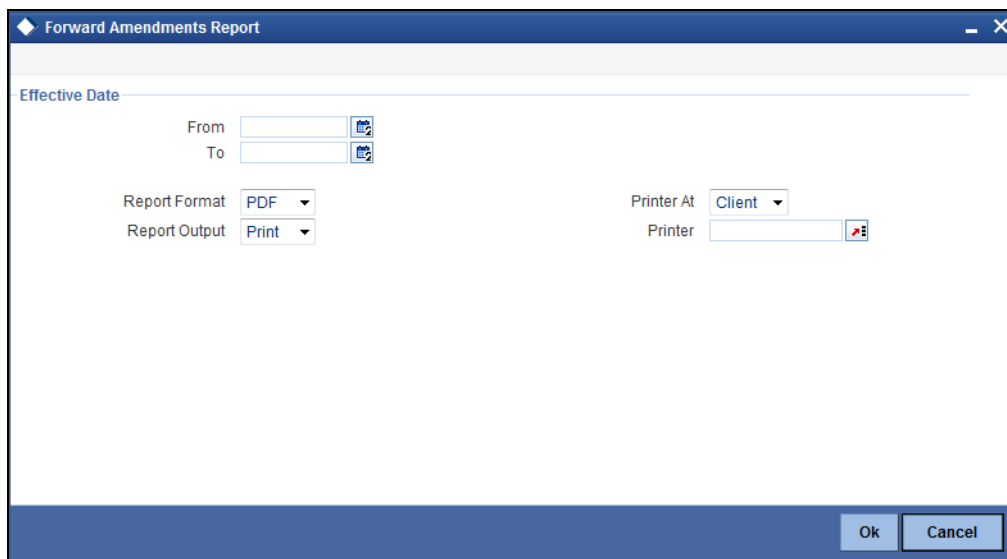
11.8 Forward Amendments Details Changes Report

The Forward Amendments Details Changes Report gives a list of all the amendments made to contracts with a future value date.

You can invoke this report screen by typing 'CLRPFWCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually, the report will list the accounts whose Effective Date is between the dates that you specify in the screen Forward Amendments Report screen.

You can specify the following preferences for the report:

From (Effective Date)

Enter the date from which the report should include amendment details.

To (Effective Date)

Enter the date upto which the report should include amendment details.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

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Body of the Report

Account Number	The account number of the contract for which the report is being generated
Maturity Date	The Maturity Date of the contract
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Customer ID	This is the CIF ID of the customer involved in the loan
Value Date	The Value Date of the contract
Customer Name	The name of the customer
Loan Amount	The principal loan amount of the contract
Transaction Date	The date of the transaction
Amendment Date	The date of amendment
New Maturity Date	The Maturity Date after amendment
Differential Amount	This is the difference between the original financed amount and the new financed amount. If there is no change in the loan value, this field will be zero.
Latest ESN	The latest Event Sequence Number
Component Name	The component that has been amended
New Rate	The new rate that has been applied to the component
Old Rate	The original rate
New Rate Code	The new rate code
Old Rate Code	The original rate code

11.9 <u>Interest Calculation Analysis Report</u>
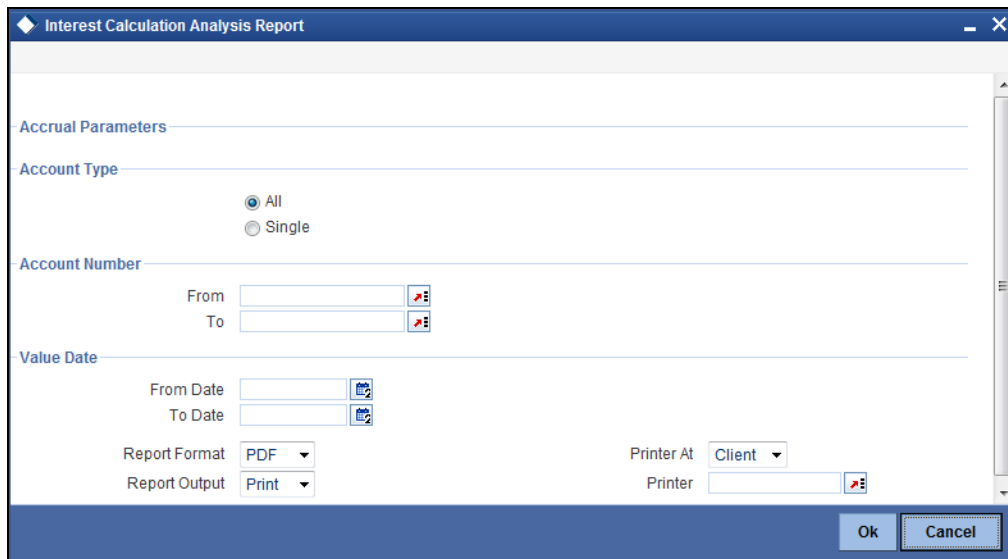
The Interest Calculation Analysis Report is generated for the accounts required between the given Value Date ranges.

The report will be generated for a specific combination of Branch, Account Number and Value Date range.

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You can invoke this report screen by typing 'CLRPCALC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

You can specify the following preferences for the report:

Single/Range (Account Type)

Select this option to indicate you are either specifying a range of account numbers or a specific one whose report is to be generated.

All (Account Type)

Select this option to indicate the report should be generated for all accounts.

From (Account Number)

Select the starting account number. The system will display details of all accounts from this account number.

To (Account Number)

Select the ending account number. The system will display details of all accounts upto this account number.

From (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

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To (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Account Number	The account number of the contract for which the report is being generated
Value Date	The Value Date of the contract
Maturity Date	The Maturity Date of the loan contract
Customer Id	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Component	The component for which details are being displayed in the report
Interest Method	The method if interest calculation
Currency	The account currency
Start Date	Reflects the start date of change of interest rate
End Date	Reflects the end date of change of interest rate
Basic Amount	The basic amount on which the interest is calculated
Rate	The interest rate applicable to a certain period
Number of Days	The number of days for which the rate is applicable
Interest Amount	The is the interest amount
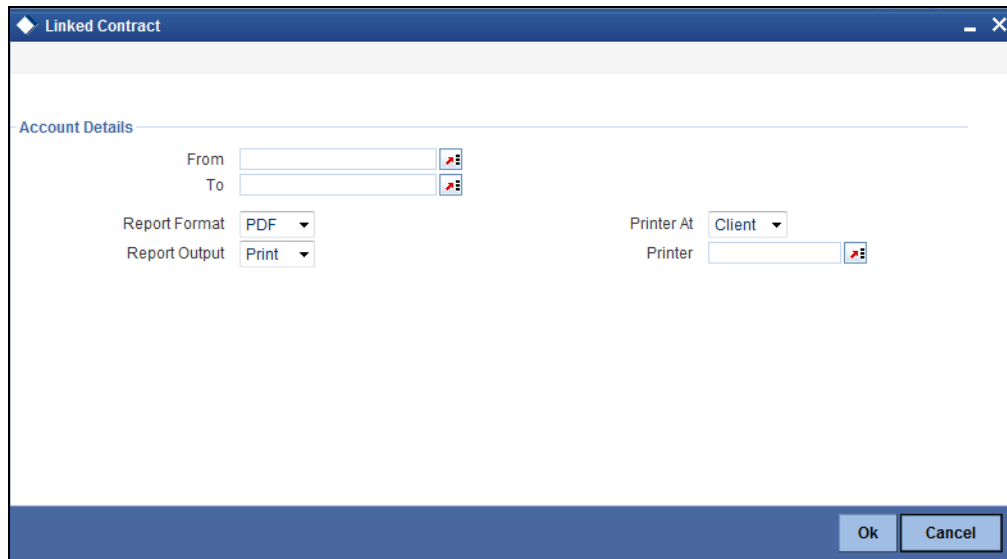
11.10 Linked Contracts Utilization Report

This report will include the details of the accounts, lines or collaterals that have been linked to an account, based on the selection criteria. Linkage Account details and the Amount Financed will be shown for each Account in this report.

You can invoke this report screen by typing 'CLRPLICU' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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Selection Options

If you generate the report manually, the report will list the accounts that you have specified in the Linked Contract Utilization screen.

You can specify the following preferences for the report:

From (Account Number)

Select the starting account number. The system will display event details of all accounts from this account number.

🛑 If you enter an account number in this field, you will have to enter an account number in the field 'To'.

To (Account Number)

Select the ending account number. The system will display event details of all accounts upto this account number.

🛑 If you do not enter an account number in the above two fields, the system will display the event details of all accounts.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Account Number	The account number of the contract

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Amount Financed	The loan amount
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Value Date	The Value Date of the contract
Maturity Date	The Maturity Date of the loan contract
Linkage Type	This is the linkage type
Linked Reference Number	The reference number of the linkage type
Customer ID	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Linkage Amount	The amount linked
Secured Portion	This is the secured portion of the loan

11.11 <u>Maturity Report</u>

The maturity report gives information about a contract that is:

- Maturing during the period that you specify
- Have schedules falling due during that period

You can invoke this report screen by typing 'CLRPMATR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

<u>Selection Options</u>

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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You can specify the following preferences for the report:

Product Category

You can generate the Contract Retrieval Report for a specific Product Category or for all categories. Select a Product Category from the option list provided.

Product Code

You can generate a product-wise report. Select the Product Code from the option list which contains all valid products under the category you have selected.

Contract Currency

Under specific Product(s), you can choose to generate reports in a specific currency(s).

Customer

You can generate this report for specific customer(s).

Maturity Type

You can generate the report only for a particular Maturity Type. The Maturity type of a loan can be

- Fixed - this type of a loan has a fixed maturity date.

- Call - If the maturity date is not fixed the loan can be liquidated any time.

You can generate the report either for fixed maturity loan or call loans.

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Liquidation Mode

Components of a loan can be liquidated automatically or manually. In auto liquidation a schedule will be automatically liquidated on the day it falls due. In manual liquidation a schedule amount has to be liquidated manually.

You can generate the report based on the liquidation mode that you have specified. The report can be generated only for loans with auto liquidation or you can generate the report for loans that have to be manually liquidated.

From Date (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

To Date (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

From Date (Schedule Date)

Specify the Starting Date of the schedule.

To Date (Schedule Date)

Specify the Ending Date of the schedule.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Call Contracts	
Customer ID	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Account Number	The account number for which the report is being generated
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Financed Amount	The loan amount
Outstanding Amount	This is the total outstanding amount that the customer has to repay. This amount also includes amounts belonging to earlier schedules that are yet to

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	be paid. In case the customer has made pre-payments the outstanding amount can be less than the due amount.
Fixed Contracts	
Due Date	This is the due date for the due amount
Customer ID	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Account Number	The account number for which the report is being generated
Maturity Date	Maturity Date of the loan
Component	Component which is due
Currency	Currency of the component
Due Amount	The amount which is due
Outstanding Amount	This is the due amount minus the amount paid

11.12 Overdue Schedules Details

Repayment schedules can be defined for various components of a product like principal, interest, commission and fees. These schedules will apply to all the loans involving the product unless you redefine them at the time of processing the loan.

The Overdue Schedules report gives details of all repayment schedules of a loan that are overdue (i.e., are not paid even when they are beyond their scheduled repayment dates.

You can invoke this report screen by typing 'CLRPOSCH' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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Product Type

You can generate the Overdue Schedules Report for a specific product type or for all categories. Select a product type from the option list provided.

Product Code

You can generate a product-wise report. Select the Product Code from the option list which contains all valid products under the category you have selected.

Currency

Under specific Product(s), you can choose to generate reports in a specific currency(s).

Customer

You can generate this report for specific customer(s).

From Date (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

To Date (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

From Date (Schedule Date)

Specify the Starting Date of the schedule.

To Date (Schedule Date)

Specify the Ending Date of the schedule.

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The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Due Date	The due date of the component which is overdue
Overdue Days	The number of days by which the component is overdue
Customer	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Account Number	The account number of the customer for whom the report is being generated
Status	The status of the component which is overdue
Component	The component which is overdue
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Overdue Amount	This is the component amount that is overdue
Overdue Schedules Summary	
Product Code	Indicates the product code.
Status	Indicates the status.
Due Date	Indicates the due date.
Component	Indicates the component.
Component Currency	Indicates the component currency.
Cumulative Overdue Amount	Indicates the cumulative overdue amount.

11.13 Periodic Rate Revision

The Periodic Rate Revision Report lists the details of a customer, the rate revision date and the effective rate.

The report will be generated for a specific combination of Revision Date, Customer, Account Number and Rate Code.

You can invoke this report screen by typing 'CLRPREVN' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

You can specify the following preferences for the report:

Product Category

You can generate a product-wise report. Select the Product Code from the option list which contains all valid products under the category you have selected.

Product Code

Select the Product Code from the option list which contains all valid products under the category you have selected.

Currency

Under specific Product(s), you can choose to generate reports in a specific currency(s).

Customer

You can generate this report for specific customer(s).

Maturity Type

You can generate the report only for a particular Maturity Type. The Maturity type of a loan can be

- Fixed - this type of a loan has a fixed maturity date.

- Call - If the maturity date is not fixed the loan can be liquidated any time.

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You can generate the report either for fixed maturity loan or call loans.

From Date (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date greater than the date you enter here.

To Date (Value Date)

Enter the Value Date of the contract. The system will generate a report for the contracts that have a Value Date lesser than the date you enter here.

From Date (Revision Date)

Enter the Revision Date from which the report has to be generated.

To Date (Revision Date)

Enter the Revision Date upto which the report has to be generated.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Revision Date	The rate revision date
Rate Code	The rate code
Customer	This is the CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Account Number	This is the account number of the loan account being reported
Currency	This is the component currency. If not specified at the Component level, the loan currency is displayed
Amount Financed	The total amount financed
Component	The component that has undergone a rate revision
Formula Name	The name of the formula
Component Currency	The currency of the component
User Defined Element ID	The User Defined Element

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Resolved Rate	The rate applicable

11.14 Loan Payoff Calculator Report (Account)

The Loan Payoff Calculator Report lists the payoff values for the loan account and component-wise charges and fees details for the loan.

You can invoke this report screen by typing 'CLRPAYAC' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

You can specify the following preferences for the report:

Account No

Select the loan account number for which you need to generate the report.

Payoff Date

Enter the Payoff date up to which the report has to be generated.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

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Body of the Report

Principal (Amount Due)	The principal amount that is due
Interest (Amount Due)	The interest amount that is due
Net Payoff	The net payoff amount for the loan
Prepayment Fees	The prepayment fee associated with the loan
Component-wise Fees/Charges Details	
Component Name	Name of the component
Accessed & Unpaid(Fees/Charges)	The fee or charge that is accessed and unpaid
Scheduled(Fees/Charges)	The fee or charge that is scheduled
Total	The total fees/charges
Component-wise Per Diem /Projected Interest Due	
Component Name	The name of the component
Per-diem	Per-diem
Projected Due	The projected interest due
Total	The total fees/charges

11.15 Loan Payoff Calculator Report (Line)

The Loan Payoff Calculator Report lists the payoff values for the line Id and component-wise charges and fees details for the loan.

You can invoke this report screen by typing 'CLRPAYLM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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You can specify the following preferences for the report:

Line Code

Select the line Id for which you need to generate report.

Payoff Date

Enter the Payoff date up to which the report has to be generated.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Principal (Amount Due)	The principal amount that is due
Interest (Amount Due)	The interest amount that is due
Net Payoff	The net payoff amount for the loan
Prepayment Fees	The prepayment fee associated with the loan
Unused Line Fee	This is the unused line fee
Currency	The currency in which the amount is displayed
Component-wise Fees/Charges Details	
Component Name	Name of the component

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Accessed & Unpaid(Fees/Charges)	The fee or charge that is accessed and unpaid
Scheduled(Fees/Charges)	The fee or charge that is scheduled
Currency(Fees/Charges)	The currency in which the fee and charge amounts are displayed
Total	The total fees/charges
Component-wise Per Diem /Projected Interest Due	
Component Name	The name of the component
Per-diem	Per-diem
Projected Due	The projected interest due
Currency	The currency in which the amount is displayed
Total	The total fees/charges

11.16 Loan History Report

The Loan History Report lists the event-wise history details for a loan account. It shows all event details for different operations on account.

You can invoke this report screen by typing 'CLRPLNHT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Selection Options

If you generate the report manually (from the reports Browser) you can specify preferences for the generation of the report. The contents of the report are determined by the preferences that you specify.

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You can specify the following preferences for the report:

Account Number

Select the loan account number for which you need to generate the history report.

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

Body of the Report

Account Number	The loan account number
Account Currency	The currency of the loan account
Customer Id	The customer Id of the borrower
Customer Name	The name of the borrowing customer
Event	The name of the event during the loan cycle
Event Description	Description for the event
Event Date	The date on which the event occurred
Event Sequence Number	The sequence number of the event
Component Name	The name of the component associated with the loan
Item Value	The value associated with the component

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11.17 Automatic Loan Payment Exception

The Automatic Loan Payment Exception report lists the details of the loan payment exceptions.

You can invoke this report screen by typing 'CLRPALPE' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Contents of the Report

The details of the loan payment exceptions like the customer number, amount due, settlement account etc. are displayed in the report.

Body of the Report

Customer Loan Number	The CIF ID of the customer involved in the loan
Customer Name	The name of the customer
Dept Code	The code of the department involved in the loan
Due Date	The date on which the loan payment was due
Amount Due	The repayment amount that is due
Settlement Account	The settlement account associated with the loan
Account Type	The type of the settlement account
Auto Liquidation Retries	The number of retries for auto liquidation
Reason	The reason for loan payment exception

11.18 Loan Past Due Notice

The Loan Past Due Notice report displays all notices for Past Due loans.

You can invoke this report screen by typing 'CLRPLNPD' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Contents of the Report

The details of all notices for 'Past Due' loans are displayed in the report.
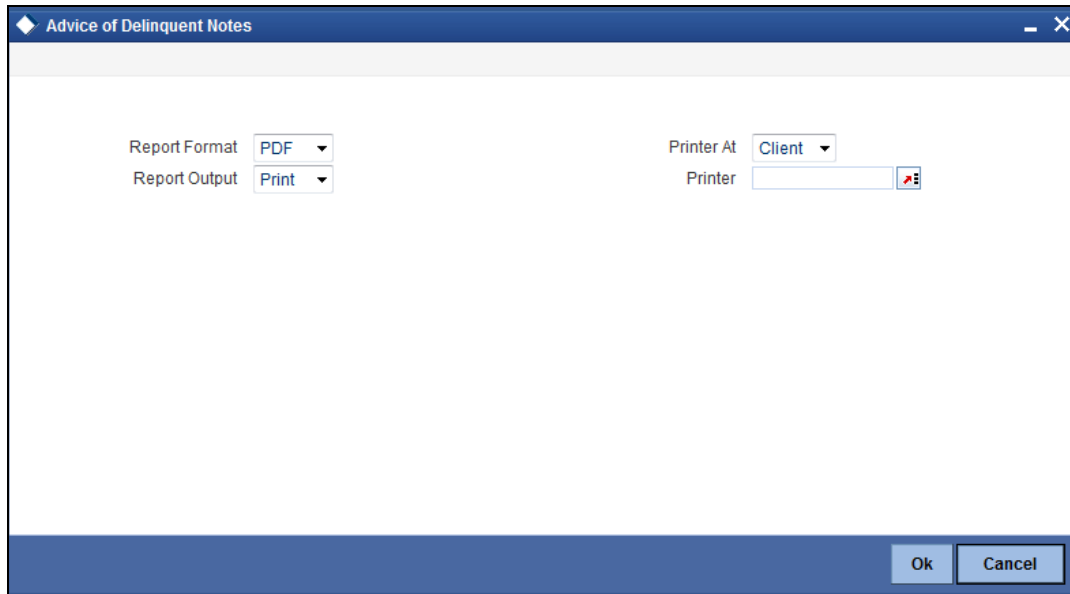
Body of the Report

Account Number	The loan account number
Payment Due Date	The due date for payment
Amount of Payment	The amount that is due for payment
Currency	The currency in which the amount is displayed
Notice Message	The message text that is sent to the customer
Customer Address	The address of the borrowing customer
Principal	The principal amount
Interest	The interest amount
Total Past Due	Total amount that is past due for payment

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11.19 Past Due and Nonperforming Loan Month End Projections Report

The Past Due and Nonperforming Loan Month End Projections report lists the monthly projection details of past due and non-performing loans.

You can invoke this report screen by typing 'CLRPDLIN' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Contents of the Report

The details of the past due and non-performing loans are displayed in the report.

Body of the Report

Department Code	Indicates department code
Past Due Category	The past due category of the loan
Product Code	The name of the loan product
Account Number	The account number associated with the loan
Borrower	The borrower of the loan
Credit Risk Rating	The credit risk rating associated with the loan
Collateral Code	The collateral code associated with the loan
Net Balance	The principal outstanding

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Interest Past Due	The interest amount that is past due
No of Days Currently Past Due	The number of days the loan is currently past due
No of Days Projected Past Due	The projected number of days the loan remains past due
Last Interest Payment Date	The date when the last interest payment was done
Maturity Date	The maturity date of the loan
Maturity Status	The maturity status of the loan
Department Name	The name of the department which initiated the loan
Niche Code	The niche code associated with the loan
Loans Total	Indicates loans total

11.20 Ledger Verification Report

The Ledger Verification Report lists the details of the ledger balances.

You can invoke this report screen by typing 'CLRPLGBL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Specify the report print options and click 'OK' button to generate the report.

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Contents of the Report

The details of the ledger balances like the GL account title, transaction amount, ledger balance etc. are displayed in this report.

Body of the Report

Account	The customer account number
Branch	The branch where the account is located
Product Type	The type of product
Product Description	The description of the product
Amount	The transaction amount
GL Account Title	The title of the GL account
Balance	The current GL balance
Difference	The difference in GL balance

11.21 New Loans Report

The New Loans Report lists the details of all the new loans that have been booked.

You can invoke this report screen by typing 'CLRPNWLN' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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Contents of the Report

The details of the new loans are displayed in this report.

Body of the Report

Account Number	The customer account number
Account Status	The branch where the account is located
Product Code	The code of the retail lending product
Product Category	The product category of the retail lending product
Customer	The identification of the borrowing customer
Customer Name	The name of the borrowing customer
Account Currency	The currency associated with the loan account
Financed Amount	The total amount that has been financed
Original Start Date	The original start date of the loan
Booking Date	The booking date of the loan
Value Date	The value date of the loan
Maturity Type	The type of maturity
Maturity Date	The date of loan maturity
Tenor	The tenor of the loan
Auth Status	The authorization status of the loan
User Defined Status	The user defined status of the loan account
Liquidation Mode	The mode of liquidating the loan
Rollover Mode	The rollover mode of the loan
Rate Type	The type of rate
Rate %	The percentage of rate

11.22 Loan Rollover Monitoring Report

The Loan Rollover Monitoring Report lists the rollover details of all the loans.

You can invoke this report screen by typing 'CLRPRLVR' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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Contents of the Report

The details of the loans including the type of rollover and date are displayed in this report.

Body of the Report

Branch	The customer account number
Customer	The branch where the account is located
Loan Number	The number of the loan
Currency	The currency associated with the loan
Principal Amount	The principal amount associated with the loan
Interest at Maturity	The interest amount at loan maturity
Total Due	Total amount that is due
Product	The product code of the retail lending product
Product Description	The product description
Rollover Type	The type of rollover, whether manual or automatic
Value Date	The value date of the loan
Maturity Date	The maturity date of the loan

11.23 Loan Register/Trial Balance Report

The Loan Register/Trial Balance Report lists the loan register / trial balance details.

You can invoke this report screen by typing 'CLRPTRBL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

◆ Loan Register/Trial Balance			_ ×	
Report Format	PDF ▼	Printer At	Client ▼	
Report Output	Print ▼	Printer		⬚
			Ok	Cancel

Contents of the Report

The loan register / trial balance details are displayed in this report.

Body of the Report

Account Number	The unique identification number of the account
Short Name	The short name of the customer
Codes	The product code and the type of the product
Product Category	The category to which the product belongs
Interest Rate	The interest rate associated with the loan
Principal Interest Payment Data	The Principal Interest Payment Data
Face Amount	The face amount associated with the loan
Net Payoff	The net payoff amount for the loan
Perdiem	The amount financed
Available Amount	The amount available

Revolving Amount	The revolving amount
Payment Amount	Total amount (principal + interest) that has been repaid
Interest Balance	The balance interest payment amount
Interest Payment	The interest amount that has been repaid
Late Fee Due	The total outstanding penalty
Principal Balance	The balance principal amount associated with the loan
Principal Payment	The principal amount that has been repaid
Maturity Balance	The maturity balance
Note Date	The date of the note
Payment Due Date	The due date for loan repayment
Maturity	The maturity date of the loan

11.24 Loan Rollover Notice

The Loan Past Due Notice report displays the notice details that are sent to customers in case of loan rollovers.

You can invoke this report screen by typing 'CLRPRLNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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Contents of the Report

The details of all notices related to loan rollovers are displayed in the report.

Body of the Report

Date of Notice	The date on which the notice was generated
Facility	The facility details of the loan
Loan Reference	The loan reference number
Principal Amount	The principal amount associated with the loan
Interest at Maturity	The interest amount due at maturity
Maturity Date	The date of maturity of the loan
Notice Message	The message text that is sent to the customer

11.25 Loan Account Review Report

You can generate report to display a list of loan accounts which have to be reviewed on specified days. You can invoke this report screen by typing 'CLRRVIEW' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

You can maintain the following parameters here:

Days

Specify the number of days to generate a report, which displays a list of loan accounts that have to be reviewed on these specified days. This report lists the loan accounts with current branch and Account Review Date < (Review Days + Branch Date)

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Contents of the Report

Loan account review report displays the following details:

Field Name	Description
Loan Account No.	Loan account number
Value Date	Loan account value date
Maturity Date	Loan account maturity date
Amount Financed	Loan amount
Review Date	Loan account review date
Customer Name	Name of the customer

Accounts list of the report will be ordered based on the customer name and review date.

11.26 Interest Subvention Report

You can generate report to display a list of loan accounts which have to be reviewed on specified days. You can invoke this report screen by typing 'CLSSBVNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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In the Interest Subvention Summary Screen (CLSSBVNT),search for a record, select the record and click 'Reports' button and it displays the following report screen "Interest Subvention Report Screen (CLRSBVNT)":

You can maintain the following parameters here:

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Format

Select report format you need from the adjoining drop-down list. This list displays the following values:

- HTML – Select if you need an HTML format.
- RTF – Select if you need an RTF format
- PDF – Select if you need an PDF format
- EXCEL – Select if you need an EXCEL format

Out Put

You can maintain the following parameters here:

Output

Select output for the report from the options provided. The following options are available for selection:

- Print – Select if you need to print the report.
- View – Select if you need to view the contents of the report.
- Spool – Select if you need to spool the report for further use.

Print At

Select a print location if you have selected Print for the Output type from the options provided. The following options are available for selection:

- Client – Select if you need to print at the client location.
- Server – Select if you need to print at the client location.

Printer

Select the printer to print the report from the adjoining option list.

Contents of the Report

Interest Subvention report displays both summary (Annexure I) and detailed (Annexure II) details.

Annexure I

Interest Subvention report displays the following Annexure I details:

Field Name	Description
No.of Accounts	Total Number of loan accounts for both loan amount less than 50000 and above 50000

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Field Name	Description
Eligible Amount	Total eligible disbursed amount for both loan amount less than 50000 and above 50000
Subvention Amount	Total subvention amount for both loan amount less than 50000 and above 50000

Annexure II

Interest Subvention report displays the following Annexure II details:

Field Name	Description
Customer Name	Name of the Borrower
Loan Account Number	Loan Account Number
Amount Financed	Loan Amount
Eligible Amount	Eligible disbursed amount for interest subvention
No.of Subvention Days	Number of subvention days for eligible amount
Subvention Amount	Subvention amount

11.27 Generating Adhoc Loan Statements

Oracle FLEXCUBE can generate Loan Statements on an Adhoc basis. The following Bill Details are available in the Loan Statement Format:

- Bill Ref No
- Linked Bill Amount
- Currency
- Branch

A column namely balance is available under Event Details in the Loan Statement which specifies the Total Loan Amount due as on the Event Value Date. These Event Details also display the Accrual Details.

You can capture the Loan 'Account Number' for the statement to be generated along with the 'Date Range', 'Message Type' and the 'Sent to Customer' option from the 'Loan Statement' screen. You can invoke this screen by typing 'CLDLSTMT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

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Account Number

Specify the appropriate Loan Account Number. This field is Mandatory.

From Date

Specify the appropriate start date from the adjoining calendar provided. This field is Optional.

To Date

Specify the appropriate end date from the adjoining calendar provided. This field is Optional.

If you do not specify a 'From Date', the system considers the CL Account Book Date instead. Similarly if you do not specify a 'To Date' the system considers the Current Date as such date. The 'From Date' if input must be less than or equal to the 'To Date'.

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Message Type

Select the appropriate Message Type from the drop down list provided. The available options are:

- Detailed
- Summary

The Summary Statement includes only Header information whereas the Detailed Statement mentions Events and Interest details. The system selects 'Detailed' by default.

Sent to Customer

Deselect this box to stop sending generated Adhoc Loan Statement messages automatically to the Customer. This box is selected by default.

Before sending, the message is available in the Outgoing Browser and you see a success status message. In case message generation fails an error is thrown but the Loan Statement generates nevertheless.

Click 'Reports' to generate an Adhoc Loan Statement based on the above Inputs.
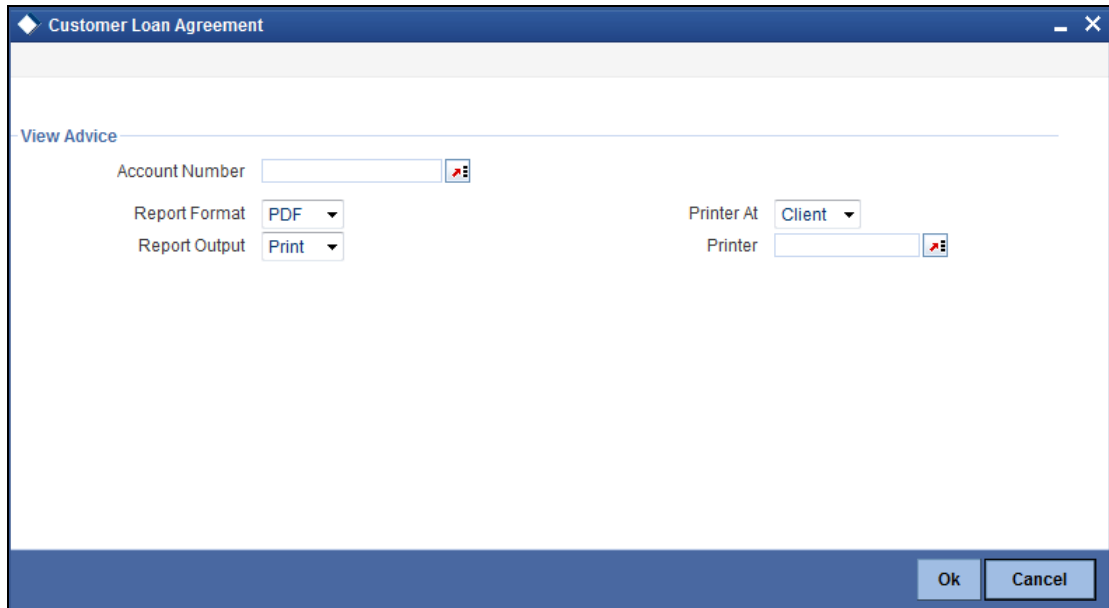
Sample

A sample Adhoc Loan Statement is displayed below in Text format:

```
                            BANK FUTURA

                      LOAN DETAILED STATEMENT
                      STATEMENT DATE : 01-SEP-08


CUSTOMER NAME      : JOEPC1
CUSTOMER ADDRESS   : JOEPC1


OUR REFERENCE      : JOEPCF9USD00021
YOUR REFERENCE     : JOEPCF9USD00021
INSTALLMENT PERIOD : 31-AUG-08   To   15-SEP-08
CUSTOMER ID        : JOE00001                          AMT SANCTIONED(USD)   :          500.00
ACCOUNT NUMBER     : JOEPCF9USD00021                   AMT DISBURSED(USD)    :          500.00
BRANCH             : BRANCH ONE                         INSTALLMENT PAID(USD) :          299.98
PRODUCT            : PACKING CREDIT IN FOREIGN CURRENCY PRINCIPAL PAID(USD)   :          297.64
APPLICATION NUMBER : 0                                 INTEREST PAID(USD)    :            2.36
BOOK DATE          : 01-SEP-08                          STATUS                : NORM
SANCTION DATE      : 15-AUG-08                  |       NO OF INSTALLMENTS    : 2
MATURITY DATE      : 15-SEP-08                          FREQUENCY             : 0
TENOR( IN DAYS)    : 31                                 ACCOUNT STATUS        : Active


CO APPLICANT NAME
 JOEPC1

 RATES :
-----------------------------------------------------------------------------------------------
RATENAME                   RATE TYPE    RATE CODE        SPREAD      RATE VALUE      EFFECTIVE DATE
-----------------------------------------------------------------------------------------------
INTEREST_RATE              FIXED        ---              10.00       10.00           15-AUG-08
-----------------------------------------------------------------------------------------------


-----------------------------------------------------------------------------------------------
S.NO. DESCRIPTION          REFERENCE        VALUE DT    DEBIT AMOUNT CREDIT AMOUNT    BALANCE     SETTLEMENT MODE
-----------------------------------------------------------------------------------------------
 1    Disbursement                          15-AUG-08  500.00         .00            500.00         CASA
      Paid From/To :       111121

 2    Accrual                               31-AUG-08    2.36         .00            502.36
 3    Manual Liquidation   JOEZSTL082450009 01-SEP-08    .00        297.64          204.72          CASA
      Paid From/To :       111121
.

 4    Manual Liquidation   JOEZSTL082450009 01-SEP-08    .00          2.36          202.36          CASA
      Paid From/To :       111121


-----------------------------------------------------------------------------------------------


                      PRINCIPAL OUTSTANDING :          202.36

             ********************END OF STATEMENT********************


                  THIS IS A SYSTEM GENERATED ADVICE AND DOES NOT REQUIRE
                            AN AUTHORIZED SIGNATURE
```

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11.28 Customer Loan Agreement

You can invoke the 'Customer Loan Agreement' screen by typing the code 'CLRPADVC' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Account Number

Specify the account number from the adjoining option list.

11.28.1 Contents of the Report

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the Report is as follows:

Header

The Header carries the title of the Report, information on the branch code, branch date, the date and time of report generation, the user-ID of the user generating the report, module, page and the event date.

Body of the Report

The following details are displayed as body of the generated report:

Field Name	Field Description
Date	Indicates the date
Application Number	Indicates the application number

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Field Name	Field Description
Account Number	Indicates the account number
Currency	Indicates the currency
Amount Disbursed	Indicates the amount disbursed
Booking Date	Indicates the booking date
Revolving Amount	Indicates the revolving amount
Loan Product	Indicates the loan product
Customer ID	Indicates the customer ID
Value Date	Value date of the contract
Interest Rate	Indicates the rate of interest
Product Category	Indicates the product category
Amount Financed	Indicates the financed amount
Maturity Date	Maturity date of the contract
Tenor	Indicates the tenor
Component	Indicates the component
Debit Settlement Mode	Indicates the debit settlement mode
Credit Settlement Mode	Indicates the credit settlement mode
Debit Mode Details	Indicates the debit mode details
Branch	Indicates the branch
Account	Indicates the account
Product	Indicates the product
Card Number	Indicates the card number
Clearing Bank	Indicates the clearing bank
Clearing Branch	Indicates the clearing branch
External A/C	Indicates the external A/C
External A/C Name	Indicates the external A/C name

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Field Name	Field Description
Product Category	Indicates the product category
Instrument Number	Indicates the instrument number
Routing Number	Indicates the routing number
Clearing Product	Indicates the clearing product
Sector Code	Indicates the sector code
End Point	Indicates the end point
Credit Mode Details	Indicates the credit mode details
Due Date	Indicates the due date
Amount Due	Indicates the amount due

11.29 Loan Rejection Report

You can invoke the 'Loan Rejection Report' screen by typing the code 'CLRPRJCN' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

Account Number

Specify the account number from the adjoining option list.

11.29.1   Contents of the Report

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The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the Report is as follows:

Header

The Header carries the title of the Report, information on the branch code, branch date, the date and time of report generation, the user-ID of the user generating the report, module, page and the event date.

Body of the Report

The following details are displayed as body of the generated report:

Field Name	Field Description
Customer	Indicates the customer name.
Account Number	Indicates the account number
Currency	Indicates the currency
Amount Financed	Indicates the financed amount
Value Date	Indicates the value date
Maturity Date	Maturity date of the contract
Credit Score	Indicates the credit score

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12. Glossary

12.1 <u>Important Terms</u>

Product

An identifier, in FLEXCUBE, for any type of service that a bank offers to its customers. A set of attributes and preferences are maintained for the product, which will apply to the processing of any contracts, transactions or deals involving the product (service).

Product Group

A group under which a product is logically classified, under which logically similar products are placed together.

Product Remarks

Descriptive text about a product.

Product Slogan

Text or phrase that could be used as a declaration or an announcement of the product, to customers.

Accounting Head

The specific GL created in any module of the FLEXCUBE system into which the accounting entry would be posted.

Accounting Role

The general ledgers and sub-ledgers maintained as a chart of accounts in FLEXCUBE may be classified logically under different categories, each of which is called an accounting role.

Amount Item

The amount entry that is passed into a general ledger / sub ledger in the chart of accounts for each transaction.

Netting

Summing of two or more accounting entries passed to an account for the same event, so as to arrive at a net figure for posting.

Trigger

The occurrence or process that initiates the generation of an advice during the processing of a contract in FLEXCUBE.

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Transaction Code

An identifier for each accounting entry that is used to track the transaction.

Rekey Options

The fields that are to be keyed in by an authorizer of a transaction, for the purpose of cross-checking, when the transaction is being authorized. Complete details of the transaction will only be displayed when the authorizer 'rekeys' the values for these fields.

Payment Method

The manner in which the main interest payable on a loan contract is reckoned. The methods could be Bearing, Discounted or True Discounted.

Schedule Type

The kind of repayment schedule defined for a loan contract. It could be amortized, normal or capitalized.

Schedule Frequency

The frequency at which the repayment of the loan amount will be amortized in equated installments over the tenor of the contract.

Accrual Frequency

The frequency at which components of a loan contract such as interest, charges or commissions must be accrued over the tenor of the contract.

Tenor

The default period during which a contract is effective. The default Maturity Date of a contract is calculated from tenor.

Rate Variance

The difference between the default value and the changed value of an exchange rate employed for currency conversion. Permissible limit can be set for the variance.

Amortization Type

The method according to which amortization is applied on a loan contract for which the type of schedule defined is amortization. It could be any of two types, Reducing Balance or Rule 78.

Cascading Schedules

A schedule falling due on a holiday can be moved backward or forward, based on the Mover Forward or Move Backward preference. By cascading, the subsequent schedules are also moved forward or backward accordingly. If schedules are not cascaded the frequency will be reckoned from the schedule due date of the previous month before moving forward or backward.

Maturity Type

The manner in which the maturity of a loan contract is reckoned. There are three possible types – Fixed, Call or Notice Days.

Commitment Type

An attribute of a commitment contract, which determines whether the amount of the contract is reinstated when a loan linked to the contract, is paid. If the commitment is revolving, the contract amount is reinstated, and if it is non-revolving, the contract amount is not reinstated.

Verify Funds

The check for availability of funds in a customer account before it is debited for the purpose of liquidation of any of the components of a loan contract. If not specified for a contract, this check is not performed in the system.

Cluster ID

A unique identifier for a cluster defined for a deposit product. A cluster deposit is a deposit contract involving a deposit product for which a cluster has been defined.

Reducing Balance

A method of calculation of interest component for amortized type of repayment. The interest is calculated on the outstanding principal for the current period.

Rule 78

A method of calculation of interest component for amortized type of repayment. The interest is calculated on the outstanding principal based on remaining tenor divided by total tenor.

Holiday Currency

The currency of a loan contract, for which the holiday table of the currency must be checked, before the payment schedule is drawn up. By default, the currency that is checked is the loan currency. If any other currency is specified, then both are checked.

Liquidation Type

For a loan, the liquidation type indicates whether the loan is liquidated manually or automatically on maturity.

Mode of Liquidation

The manner in which the payable components of a loan contract are to be settled in FLEXCUBE. The modes available are automatic and manual.

Interest Rate Revision Schedule

The schedule defined for the refreshing of interest rates from the Floating Rates table, for floating rates applicable on a loan contract.

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Interest Rate Revision Frequency

The frequency specified for the rate revision schedule defined for floating rates applicable on a loan contract.

Pre-Payment

Repayment of principal (whole or part) of a loan contract before the repayment schedule falls due. Prepayment involves a re-computation of subsequent interest schedule amounts.

Main Interest

When more than one interest component is applicable on a contract involving a product, one of the components may be designated as the main interest component for the contract. It helps identify and differentiate the different interest components applicable for the component.

Interest Application Method

The basis upon which interest on a loan contract is applied. Interest on a contract could be applied as an amount, or a fixed rate, or floating rate.

Interest Collection Method

The manner in which the main interest payable on a loan contract is collected or liquidated. The methods could be Bearing, Discounted or True Discounted.

Repayment Type

The kind of repayment schedule defined for a loan contract. It could be amortized, normal or capitalized.

Mode of Rollover

The manner in which a loan contract is renewed or rolled over. IT could be automatic or manual.

Residual Amount

A limit placed on the residual payables on any pending component that has not been liquidated, of a loan for which the principal is to be liquidated. A check is made that the residual pending payables for any component other than the principal, must be individually less than or equal to the residual amount specified. The loan is liquidated only if this check is successful.

Billing Advice

The reminder sent to the customer of a loan contract a stipulated number of days before the repayment date of a schedule, intimating that a payment is due.

Delinquency Notice

The intimation to the customer of a loan contract that a payment in the repayment schedule is overdue.

Automatic Renewal

Rolling over a loan automatically, on maturity. The old loan is automatically liquidated and a new one initiated.

Cluster Deposit

A cluster deposit involves the input of a deposit as a multiple of specific units of a certain currency. All operations concerning the principal, like drawing up payment schedules for the principal, change in principal, etc., must be in multiples of the cluster size specified for the deposit.

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Retail Lending
[May] [2017]
Version 11.7.0.0.0

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