Oracle FLEXCUBE Core Banking

Release Notes
Release 5.1.0.0.0

Part No. E57304-01

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Intended Audience

This Release Note is intended for the following audience:
- Development Managers
- QA team
- Product management Group

Documentation Accessibility

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Access to OFSS Support

https://support.us.oracle.com/

Related Information Sources

For more information on Oracle FLEXCUBE Core Banking 5.1.0.0.0,please refer to the following documents:

- Oracle FLEXCUBE Core Banking 5.1.0.0.0 User Manuals
- Oracle FLEXCUBE Core Banking 5.1.0.0.0 Installation Manuals

Background

This document highlights the features that are being developed, qualified and released with Oracle FLEXCUBE Core Banking 5.1.0.0.0 release. The base version for this release is Oracle FLEXCUBE Core Banking 5.0.0.0.0

The document provides specific details on the environmental software used for the Integration Testing. The details covered in this document are –key release highlights & external deliverables (s/w components and accompanying documents).

Environment Details

The hardware/software environment / configuration used during the system testing of Oracle FLEXCUBE Core Banking 5.1.0.0.0 release is as follows:

Environment Qualified on:

- ❖ Branch Server Windows 2008 R2 Enterprise Edition 64 Bit
- ❖ Branch and Host Database Oracle 12c Enterprise Edition (12.1.0.1.0)

Host:
- ❖ Application server – Weblogic Enterprise (12c : 12.1.2.0.0) 64 bit
  - ➢ Oracle Enterprise Linux 6.4
  - ➢ JAVA jdk1.7.0_45
- ❖ Host Database Oracle 12c Enterprise Edition (12.1.0.1.0)
  - ➢ Oracle Enterprise Linux 6.4

Branch:
- ❖ Branch Server Windows 2008 R2 Enterprise Edition 64 Bit
- ❖ Microsoft IIS 7.0
- ❖ Branch Database Oracle 12c Enterprise Edition (12.1.0.1.0)
  - ➢ Oracle Enterprise Linux 6.4
- ❖ Oracle Client 11.2.0.2.0 (32 Bit)
- ❖ MS debug Viewer 4.71
- ❖ Microsoft MSXML version 4.0 SP 3

Browsers
- ❖ Internet Explorer 8.0 / Internet Explorer 9.0/Internet Explorer 10.0
- ❖ Mozilla Firefox 17.0.2
- ❖ Apple Safari 5.1.7
- ❖ Google Chrome 36.0.1985.143

This release has been qualified on Weblogic Enterprise 12c: 12.1.2.0.0, however for Production, Weblogic Enterprise 12c:12.1.3.0.0 should be used. For this, a patchset will be released shortly.

Third Party Software

Appropriate Approvals have been obtained for third party software used and details for the same are available in the RME tool.

Release Highlights

Following are the key items included in the scope of this release

Intermediary Business

Agency business refers to banks accepting an entrustment from the customer for dealing with customer's specified economic affairs and providing financial services. This requirement enables banks to offer 'Collections and Payment Agency 'services to its customers such as Bill Payment, Payroll services. In bill payment, the bank acts as an intermediary between the customer and service provider. The bank can provide its customers the ability to allow collection of fees from them and pay the same to the service provider at a desired interval automatically. Also such fees can be paid by the customer over the counter. In payroll service, the bank is granted the authority to pay the salary of company staff directly in their designated accounts on a certain date. Banks will be able to perform such salary credit operation in bulk. Banks will be able to charge fees/commission for offering such services.

TIL Operations

This requirement is related to TIL operations. It allows defining separate TIL templates based on TIL type i.e. Teller, Vault and ATM. Creation of a TIL under a specific template will inherit the features of the TIL template. Uniqueness of the TIL will be based on the TIL ID. It will also be possible to define various TIL templates having lower and upper cash retention limits for each currency of the TIL. New TIL statuses viz. In transfer, Submitted and Suspended will be supported. 'In transfer' status is required when the TIL is to be transferred to another teller. 'Submitted' status is required when the TIL is to be deposited back to the vault by the teller. The TIL is suspended after taking out all cash and inventory balance from the TIL which indicates that the TIL will no longer be available for linking. The supervisor can assign a new TIL to the teller and transfer of TIL by the supervisor is also allowed. Other operations supported include TIL balancing and booking overage/shortage by the supervisor. Cash transactions will be allowed for non cash teller if TIL is linked to it.

SI Execution

This requirement caters to the actions to be supported in case of insufficient funds during SI Execution. Following actions are to be supported in case of insufficient funds for SI viz. Partial, Full, Ignore, Await further instructions, Force Debit. The account status will also be checked at the time of placing hold in the case of partial execution of SI. In case of 'Await further instructions', user will be able to specify the next action that should be taken. Hold will be placed in case of partial execution of SI and there will not be any expiry dates for such holds. Retry will be done when the hold is placed and on successful execution, the hold will be removed. New hold type will be provided for identifying such holds.

CASA Debit Interest Adjustment

Increasing or decreasing the debit interest amount charged on an Asset CASA account is required by the bank due to various reasons. When there are interest arrears due on an account, it is required to adjust the debit interest with credit type (DR/CR Flag as 'C').The interest amount thus adjusted will not exceed the total debit interest charged on the account. If debit interest capitalization has not been done on an account, debit interest adjustment of credit type (CR/CR flag as 'C') will not be allowed on the account.

Loan Account Drawdown on Corporate Holiday

If the maturity date of the loan account for a corporate customer falls on a corporate holiday, then the drawdown for the same should be executed on the loan account maturity date as long as the same is maintained as a working day in the bank calendar. It wont be postponed to the next working day in Corporate Calendar. Regular interest will be given for the outstanding principal and the principal settled after the contracted maturity date. This interest will be raised in BOD of next working day in Corporate Calendar. This functionality is not applicable for retail loan accounts.

Priority for Multiple Drawdowns

The processing of priority for Multiple Drawdowns will avoid some issues on quality statistics for loan assets of the bank. If the same CASA account has been used as a drawdown account for multiple loan accounts, then the drawdown process should start from the loan account which has the longest arrear due date. If in case, the loan accounts have the same arrear due date, then the account with the earliest disbursement date will be processed for the drawdown first and so on, so forth.

Percentage type of Interest Variance

Percentage type of interest variance is required to be supported in Relationship Pricing module so that the bank can provide either absolute value or percentage value for interest variance to its customers. Changes have been done to the 'Interest Variance Package Maintenance' screen to setup percentage based variance. Negative value of percentage variance will also be supported at RP level for all types of interest viz. CASA, OD, RD.

TD interest rounding difference

In case of LC/BG, if no maturity instruction is set up for the term deposit, then multiple partial redemptions can be done once the term deposit matures. When we do the redemption for the last time i.e. during TD closure, the total interest payout will be different with payable interest. A small rounding difference will occur. Rounding difference will now be accounted for in the last redemption.

Branch Merge

Before closing a branch, the accounts, customers and balances need to be moved to another branch. No account or customer will be opened under the closed branch. As part of bulk transfer, the home branch of MCA will be updated as the destination branch and all the CASA, TD, RD, Loan accounts will be transferred to the destination branch. System will move the balances of all GL's to the destination branch. All transaction history for the accounts which are getting transferred to the new branch will be available for enquiry post the account transfer. History records won't be updated, so the transaction branch of history records will not be changed in case of branch merge.

Rate Chart Code Change

At the time of restructuring the loan account, if the option of not capitalizing due arrears is checked, the

arrears will not be added to the principal. This means the arrears will still be pending. The accrued interest and accrued penalty till current date will be capitalized on the first charge date of the new schedule instead of on the restructure date. Rate chart code, Margin code and Discount code can be changed and the new schedule drawn will be based on the new rate selected.

Change of Borrower

Change of borrower is required for transferring the housing loans to a new borrower without closing the existing loan account. This is required when there is a change in the ownership of the house and the remaining loan is to be paid by the new owner. A new UI has been provided to bring about the change in borrower subject to a set of business validations.

Dual Interest Payout Frequency

The present FCR version supported only one payout frequency for normal TD interest payout.
In this release, a new transaction has been added to support dual interest payout frequency setting. Once the instruction is setup, it will get executed regularly in the batch process. When there are two payout frequencies set, the next payout date will be calculated separately based on the last payout date, frequency, anniversary date and anniversary start month. The latest date will be picked up from the next two payout dates and so on.

Spend Analysis

This involves tracking the debit transactions of the customer performed through various channels and categorizing them into generic spend classes. This will help the customer to easily check their expenses for a specific time period. Rules will be defined for creating and changing the categorization. This involves defining spend classes, enabling spend analysis at customer level and CASA account level, defining rules for spend analysis and assigning rule priority, re-categorization of debit transactions by customer, categorizing reversal entries and performing spend analysis inquiry.

CASA Interest capitalization

Corporate CASA accounts need flexibility in capitalization of interest, based on the customer agreement. This would be applicable for credit, debit, TOD, OD and OL interest. This involves defining the product at account level without any pre-defined interest capitalization date and frequency. The credit interest and debit interest capitalization frequency would be set as 'None /Adhoc'. On any day, as required by the customer agreement or on demand, user would be able to capitalize the interest in CASA account. Interest adjustments of accrued and capitalized interest would be supported along with the flexibility of interest capitalization. Same day reversal of Adhoc interest capitalization will be supported.

User Defined Interest Schedule

When defining a user defined schedule for a loan account, interest schedule can be also defined by the user. User can define the repayment terms and repayment date for the interest. Each term for the interest will be calculated by the system automatically based on the actual outstanding principal balance and actual interest days. The interest repayment date of the last term will be the same as the maturity date of the loan account. After the interest schedule is generated, it can be modified.

Collection of SC in installments

Banks will now be able to charge fees from the customers as part of the installment amount for the services being offered. The fee amount can be spread over the loan term instead of collecting it at once from the customer. The service charge amount will be shown as part of the loan schedule and it can be modified by the user while generating the schedule. The service charge will be included in the installment amount to be drawdown from the customer's CASA account .The SC can also be waived during installment or advance payments over the counter. The above functionality will be applicable only for EPI, IPI and bullet loans which have regular installments.

Multiple PPF transactions

Multiple partial payoff transactions can now be done on a loan account on the same day.
The loan account schedule can be immediately rescheduled after each PPF transaction on a real time basis. The user will also be able to inquire the new schedule immediately after the PPF transaction.
The reschedule parameters viz. Reschedule Term and Reschedule Installment will be supported for loan schedules which are not user defined. Loan account will be rescheduled immediately based on the reschedule parameter with which the PPF transaction is done. For Loan accounts which follow user defined schedules, once the PPF is done on the loan account, immediate manual reschedule will be allowed.

Different Compounding interest rates for loan accounts

Banks will now be able to specify different compounding interest rates in regular stage and PMI stage of loan accounts. In the regular stage, the compounding interest rate can be set as net regular interest rate or net penalty interest rate or rate plan. In the PMI stage, the compounding interest rate can be set as net regular interest rate or net penalty interest rate or rate plan.

Corporate OD and Microloans

For supporting corporate OD, instead of opening multiple loan accounts in the PMI stage, a single active loan account will be opened in the regular stage. The active OD's will be tracked by the single loan account which has IPI type of schedule with principal to be paid on maturity. Banks will also be able to cater to customers who wish to open a micro loan account. Customer applies for loan account and is sanctioned a loan amount. The customer gets an operational CASA account and also a CASA OD account is opened to service the disbursement. The customer can avail the loan amount disbursed using the debit card linked to the CASA account.

CASA Dormancy Processing Validation

This requirement caters to a specific validation for CASA dormancy processing. If a CASA account is linked to an unclosed loan account as its auto drawdown account, then the CASA account will not be transformed to dormancy even if it meets the dormancy criteria.

Advance Payment for Bill Funding

One TD margin account can be linked for multiple bank bills. These bills have the same term and the same expiry date. Hence partial redemption for TD margin account will be supported. A hold for the desired amount will be maintained against the TD margin account. During BOD, system will release the hold and will transfer the hold amount to TT payable account. If the hold amount is greater than the bill face amount, the excess amount including the redemption interest will be transferred to the settlement account. The CASA TT payable account will not be created once for every bill, instead it will be pre-created under each customer. Once the bill's entire funds are transferred to the CASA TT payable account, the TT payable account must be earmarked and the earmarked amount must be equal to the bill's entire funds. The hold information will be provided when the CASA TT payable account is debited against the bill.

CASA online FCY position squaring

Earlier FC Core handled FCY position squaring in EOD with specific exchange rate. Banks require handling FCY position squaring using the latest exchange rate during the FCY transaction.FCY position squaring will now be handled in the online mode along with the Forex transaction. The position squaring entries will now be generated online along with the FX transaction and the same exchange rate will be applied. After the online position squaring, the FCY position of the branch will be transferred to the HO branch. No FX profit/loss will be created due to the same exchange rate being applied.

Red Ink GL entries for Credit type of Interest Adjustment

When credit type of interest adjustment is done on loan accounts, there will be a provision to allow the GL entries to be passed with a negative sign instead of debiting the income GL. Thus banks can opt for passing red ink GL entries when a credit type of interest adjustment is done on a loan account.

Fixed Issues

2 rounds of IT were conducted for Oracle FLEXCUBE Core Banking 5.1.0.0.0 and all issues observed were fixed as per the exit criteria.

Issues with Third Party Software

NA

Product Documentation

The documentation for this release primarily includes the following

User Manuals
Installation Manuals

The OTN link for the same is as given below
http://www.oracle.com/technetwork/indexes/documentation/fsgbu-1364781.html

Release Contents

This release has the media pack for Oracle FLEXCUBE Core Banking 5.1.0.0.0.

Operating System mentioned in the Environment details reflects the OS used as part of testing.

Other OS supported is as given below

Linux x86-64
Microsoft Windows x64 (64-bit)
HP-UX Itanium
IBM AIX on POWER systems (64-bit)
Oracle Solaris on SPARC(64-bit)

Glossary

Abbreviation	Expansion
FC Core	Oracle FLEXCUBE Core Banking
OD	Overdraft
OL	Overline
TOD	Temporary Overdraft
SI	Standing Instructions
DR	Debit
CR	Credit
TT	Telex Transfer
FCY	Foreign Currency
FX	Foreign Exchange
SC	Service Charge
LC	Letter of Credit
BG	Bank Guarantee
GL	General Ledger
UI	User Interface
PMI	Post Maturity Interest
IPI	Interest Periodic Installment
EPI	Equated Periodic Installment
MOR	Moratorium
OTN	Oracle Technology Network
EOD	End of Day
BOD	Beginning of Day

PPF	Partial Payoff
CASA	Current and Savings Account
ST	System Testing
IT	Integration Testing
UT	Unit Testing
MQ	Message Queue
OS	Operating System
JDBC	Java Database Connectivity