ORACLE FLEXCUBE

Accelerator Pack 12.2 – Product Catalogue

Islamic Integrated liquidity management

ORACLE
FINANCIAL SERVICES

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Overview & Objectives

Liquidity Management refers to the services the bank provides to its corporate customers thereby allowing them to optimize profit on their checking / current accounts and pool funds from different accounts.

- The Islamic Integrated Liquidity Management (II) module in Oracle FLEXCUBE supports multibranch, multi-currency liquidity management structure using architecture of 'System Accounts'. This enables the system to keep track of balances in accounts in the structure,calculate profit on the accounts in the structure as well as track the history of the sweep / pool structure.

- Islamic liquidity management services are broadly classified as under
  - Sweeping - where physical funds are moved in account structure from child to parent or parent to child.
  - Pooling - where funds are not physically moved in and out of accounts. Instead, the account balances are notionally consolidated and 'profit computations' carried out such notional balances

- Options available to automate periodic processes such as :
  - Accrual of accounts
  - Liquidation of deposits on liquidation frequency defined.

Product Catalogue

1. ILM deposit with header benefit

This offering has all basic features that are needed for a corporate customer to open an account which could participate in the account structure. Moreover, it contributes its balance maintained in each account to a FUND in order to get the profit.

1.1. Business Scenario

The Header account of an account structure will consolidate the whole balance for an ILM group. The profit for this account would be calculated for the balance accumulated through account structure.

Target audience / Beneficiaries: Corporate who wants to participate in liquidity management.

1.2. Synopsis

- o Weekly detailed statement
- o FUND ID linked to the account Class
- o Integrated liquidated management option is enabled

1.3. Detailed Coverage

- o Deposits can be opened in GBP currency under this account class
- o Daily profit accruals for pool or sweep balances.
- o Liquidation at monthly ends
- o Back value dated profit adjustments for accruals and liquidations
- o Defer liquidation days as 6
- o Facility to calculate profit based on pool header profit product
- o ATM transaction is allowed

1.4. Account class - IILMHA

Account Class –> Details	
Account Type	Current
Account statement format	ACST_DETAILED

Account Class –> Preferences	
Limit check	Yes
Overdraft	Yes
Track receivable	Yes
Account statistics	Yes
Exclude Same Day Reversal Transactions from Statement	Yes
Back period entry allowed	Yes
Profit charges	Yes
Track accrued profit	Yes
Debit credit advices	Yes
Posting allowed	Yes
ATM	Yes

Profit statement	Yes
Available balance check required	Yes
Integrated liquidity management	Yes
Profit calculation balance basis	Monthly average balance
Mudarabah fund id	IAFD10005
Cash reserve ratio	5

1.5. Rule definition - IPHR

IC Rule Features	
SDE'S	DAYS,ILVD_ULT_CR_BAL,YEAR
UDE	MUDARABAH_RATE

Rule Definition				
Formula No	*Accrual*	*Type*	*Condition*	*Result*
1	Yes	Book	ILVD_ULT_CR_BAL>0	(ILVD_ULT_CR_BAL*MUDARABAH_RATE*DAYS) / (YEAR*100)

1.6. Product -IPHR

Product Features	
Product Code	IPHR
Description	Profit for Liquidity Management Header Account
Product Type	Profit
Product Group	IP
Product group description	Profit and Charges
Booking account type	Profit
IC Rule	IPHR
IC Rule description	Profit for liquidity management header account

Product Preference	
Product Level	No
Accrual Frequency	Daily
Payment Method	Bearing
Liquidation cycle	1 month
Defer Liquidation	Yes
Defer liquidation days	6
Liquidation at Month ends	Yes
Back Value Recalculation Flag	Yes
Start from account Opening	No
ILM product	Yes
ILM type	Profit lead

Account Classes Mapping

Account class	Currency	Special condition only	Rate change at Liquidation	Rate change on Rollover	Continue Variance on rollover
IILMHA	GBP	Yes	No	No	No

1.7. Additional information

- o ILM event code ILMTEST is maintained and attached to II branch parameter
- o Fund id is maintained and attached to account class
- o Weight maintenance is done for fund id and account clas combination

2. ILM deposit with normal profit

This offering has all basic features that are needed for a corporate customer to open an account which could participate in the account structure either as a Parent or Child.

2.1. Business Scenario

As per the balance available and account structure definition, the accounts will move fund from one to other, also the profit liquidation for this accounts would be based on its contribution to the account structure.

2.2. Synopsis

- o Booking of deposit with sweep facility
- o Integrated liquidated management option is enabled
- o Overdraft facility

2.3. Detailed Coverage

- o Deposits can be opened in GBP currency under this account class
- o Daily profit accruals for pool or sweep balances.
- o Liquidation at monthly ends
- o Back value dated profit adjustments for accruals and liquidations
- o Defer liquidation days as 6
- o Facility to calculate profit based on pool header profit product
- o ATM transaction is allowed

2.4. Account class –IILMCH

Account Class –> Details	
Account Type	Current
Account statement format	ACST_DETAILED

Account Class –> Preferences	
Limit check	Yes
Overdraft	Yes
Track receivable	Yes
Account statistics	Yes
Exclude Same Day Reversal Transactions from Statement	Yes
Back period entry allowed	Yes
Profit charges	Yes
Track accrued profit	Yes
Debit credit advices	Yes
Posting allowed	Yes
ATM	Yes
Profit statement	Yes
Available balance check required	Yes
Integrated liquidity management	Yes
Profit calculation balance basis	Monthly average balance
Mudarabah fund id	Yes

Cash reserve ratio	5

2.5. Rule definition

IC Rule Features - IPRC	
SDE's	ILVD_CP_CR_CONT, ILVD_NCP_CR_CONT,DAYS, YEAR
UDE	MUDARABAH_RATE

Rule Definition - IPRC				
Formula No	*Accrual*	*Type*	*Condition*	*Result*
1	Yes	Book	(ILVD_CP_CR_CONT + ILVD_NCP_CR_CONT) > 0	(((ILVD_CP_CR_CONT + ILVD_NCP_CR_CONT) *MUDARABAH_RATE * DAYS) / (YEAR*100)

IC Rule Features - NPRO	
SDE's	DAYS, DLY_CR_BAL_M, YEAR
UDE	MUDARABAH_RATE

Rule Definition - NPRO				
Formula No	*Accrual*	*Type*	*Condition*	*Result*
1	Yes	Book	DLY_CR_BAL_M>0	(DLY_CR_BAL_M*MUDARABAH_RATE*DAYS)/ (YEAR *100)

2.6. Product

Product Features - IPRC	
Product Code	IPRC
Description	Profit for Liquidity Management Parent and Child Account
Product Type	Profit
Product Group	IP
Product group description	Profit and Charges
Booking account type	Profit
IC Rule	IPRC
IC Rule description	Profit for Liquidity Management Parent and Child Account

Product Preference - IPRC	
Product Level	No
Accrual Frequency	Daily
Payment Method	Bearing

Liquidation cycle	1 month
Defer Liquidation	No
Defer liquidation days	6
Liquidation at Month ends	Yes
Back Value Recalculation Flag	Yes
Start from account Opening	No
ILM product	Yes
ILM type	Pool reallocation

Account Classes Mapping - IPRC					
Account class	*Currency*	*Special condition only*	*Rate change at Liquidation*	*Rate change on Rollover*	*Continue Variance on rollover*
IILMCH	GBP	Yes	No	No	No

Product Features - NPRO	
Product Code	NPRO
Description	Normal Profit product
Product Type	Profit
Product Group	IP
Product group description	Profit and Charges
Booking account type	Profit
IC Rule	NPRO
IC Rule description	Normal profit rule

Product Preference - NPRO	
Product Level	No
Accrual Frequency	Daily
Payment Method	Bearing
Liquidation cycle	1 month
Defer Liquidation	No
Defer liquidation days	6
Liquidation at Month ends	Yes
Back Value Recalculation Flag	Yes
Start from account Opening	No
ILM product	No

Account Classes Mapping- NPRO					
Account class	*Currency*	*Special condition only*	*Rate change at Liquidation*	*Rate change on Rollover*	*Continue Variance on rollover*
IILMCH	GBP	Yes	No	No	No

2.7.   Additional information

o   Fund id is maintained and attached to account class

3. Integrated liquidity management – Other maintenances

Various maintenances to be done for ILM are listed in this section.

3.1. Event class code maintenance

Event class needs to be maintained for IL module with events as SWBK & RVSW to facilitate sweeps.

Event code ILMTEST is maintained and the below events have been maintained,

Events	Accounting role	Amount tag
SWBK	CHILD	CR_CONT
SWBK	CHILD	DR_CONT
SWBK	PARENT	CR_CONT
SWBK	PARENT	DR_CONT
RVSW	CHILD	CR_CONT
RVSW	CHILD	DR_CONT
RVSW	PARENT	CR_CONT
RVSW	PARENT	DR_CONT

3.2. Group code maintenance

Group code needs to be maintained with different parameters. Below group codes have been maintained in 005 branch,

Group code	Pool benefit	Sweep basis	Intraday sweep	Back value	Back value unit	Back value duration	Reverse sweep
ISLGRBV	Yes	Value date	No	Yes	Monthly	1	Yes
ISLGRP	Yes	Value date	No	No		-	No
ISLGRSW	Yes	Value date	No	No		-	Yes

3.3   Islamic weight maintenance

Islamic weights need to be maintained to apply profit rate on the entire investment to fund id based on weightage. Weightage is defined for amount, tenor and profit payout frequency combination. On profit distribution on defer liquidation days, weights are applied on investment and individual profit is arrived. Following is the weight maintenance done for account classes IILMCH & IILMHA and fund id IAFD10005 combination,

Value Category		Tenor Category		PPO category			
Amount slab	Weight	Tenor	Saving / current account	Days	Months	Years	Weight
10000	50	99	70	0	1	0	50
25000	55			0	3	0	60
50000	60			0	6	0	55
100000	65			0	12	0	66
350000	75						
99999999	85						