

Delinquency
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1. About this Manual

1.1 Introduction

This manual is designed to help you get acquainted with the manner in which delinquency processing is handled in Oracle FLEXCUBE.

It takes you through the various steps involved in processing a delinquent account.

Besides this User Manual, you can find answers to specific features and procedures in the Online Help, which can be invoked, by choosing 'Help Contents' from the *Help* Menu of the software. You can further obtain information specific to a particular field by placing the cursor on the relevant field and striking <F1> on the keyboard.

1.1.1 Audience

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

Role	Function
Back office 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.

1.1.2 Organization

This manual contains a single chapter **Delinquency Processing**, which details the procedure to set up delinquency details by defining delinquency product. It explains the procedure for processing delinquency in case any account has outstanding amount.

1.1.3 Conventions Used in this Manual

Important information is preceded with the  symbol.

1.1.4 Related Documents

For further information on procedures discussed in the manual, refer to the Oracle FLEXCUBE manuals on:

- Common Procedures
- Products

2. Delinquency Processing

2.1 Introduction

Delinquency Processing (DQ) allows your bank to manage accounts, which are delinquent.

Through this module, Oracle FLEXCUBE provides you with the following features:

- Generating Amount Blocks on the Customer Account for the Delinquency Amounts
- Track receivables for Accounts which are in Delinquent Status
- Prioritize Receivables Tracking
- Update Account status to "No Debit"
- Track and Change Status of Delinquent Amounts
- Charge Penalty on the Delinquent Amounts

Delinquency Processing is applied in Oracle FLEXCUBE for the following modules:

- Funds Transfer
- Data Entry (Journal and Teller)
- Loans and Deposits
- Interest and Charges
- Local Payments
- Deferred Charges (ICCF)
- Standing Instructions (for Charges)

In case any account has an outstanding overdue overdraft (i.e., if the account is delinquent), you have the option to restrict any debit transactions from all accounts of the customer till the customer pays back the overdraft.

2.2 Delinquency Processing in Oracle FLEXCUBE

When debit transaction is posted on an account, the system conducts a check on the available balance (inclusive of the auto-deposit balance). If the funds are not sufficient to cover the transaction amount, the system will process the account as specified in the accounting entry definition. It can be:

- Force Debit - Force Debit the Account
- Reject - Reject the Transaction
- Delinquency Tracking- Initiate Delinquency Tracking

If Delinquency Tracking is initiated, the following process will be performed depending on the specification maintained

- Receivable Tracking or
- Amount Block or
- No Debit Status update

All the three are mutually exclusive functions.

2.3 Maintenance required for Delinquency Processing

To offer the DQ facility to your customers, you have to maintain the following parameters in Oracle FLEXCUBE.

- Creating a delinquency product
- Maintaining preferences for the delinquency product
- Delinquency tracking parameters for your Branch
- Maintaining Event accounting entry definition for DQ products
- Product accounting entries defined for delinquency product
- Transaction Code maintenance

2.4 Maintaining the Branch Parameters

You need to maintain the delinquency tracking preference through the Branch parameter maintenance screen.

The screenshot shows the 'Preferences' window in Oracle FLEXCUBE, which is divided into several sections for maintaining branch parameters:

- Netting Suspense GL:** 100000001
- Walk In Customer:** 8888990000
- Weekly Holiday 1:** Saturday
- Weekly Holiday 2:** Sunday
- Limit Tracking Override Threshold:**
 - Facility Risk Rating: [Empty]
 - Classification: [Empty]
- Position Accounting:**
 - ☒ Allow FCY Position
 - Position Holding Branch: 001
- P&L Revaluation:**
 - Revaluation Currency: [Empty]
- STP Limit Ccy:** [Empty]
- STP Limit Amount:** [Empty]
- I/F File Retention days:** 10
- No. Of Open days:** 0
- No Open Past Periods:** 0
- ☐ Use Small FX
- Small FX Ccy:** [Empty]
- Small FX Limit Amount:** [Empty]
- Small FX Suspense GL:** [Empty]
- Small FX Trn Code:** [Empty]
- ☐ External Exchange Rate
- External Exch Rate System:** [Empty]
- Bank Operation Code:** CRED
- EOD Wash GL:** [Empty]
- Limit Rate Type:** [Empty]
- Deferred Cheq Trn Code:** [Empty]
- Stop Cheque Deferred GL:** [Empty]
- Messaging Parameters:**
 - ☐ Apply Hold Release Criteria
 - ☐ Multiple Channels
 - Default Channel:** C
- Global Interdict:**
 - ☐ Interdict Validation Required
 - ☐ GI Check for Messages Req
 - Interdict Timeout Interval:** [Empty]
- Reversal at Current Exchange rate:**
 - ☐ Reversal at Current Exchange rate
 - Reversal Flag Reset Date:** [Empty]
- PL Split Required:**
 - ☐ PL Split Required
- EOD Related CIF:** CCUSTR001
- EOD MIS Group:** 1000
- EOD Trn code:** [Empty]
- Treasury CIF:** [Empty]
- Treasury MIS Group:** [Empty]
- Trading CIF:** [Empty]
- Trading MIS Group:** [Empty]
- Operations CIF:** [Empty]
- Online CIF:** [Empty]
- Online MIS Group:** [Empty]
- ☐ Unit Level Balances
- ☐ Contract Level Revaluation
- ☐ Refinance Unit Balances
- ☐ Pool Revaluation Required
- ☐ BV Pool Required
- Account BV Pool Periods (In Days):** [Empty]
- GL BV Pool Periods (In Days):** [Empty]
- Cheque Preferences:**
 - ☐ Auto-Generate Check Nos
 - Start Check No:** [Empty]
 - ☐ Clearing Acno Auto Gen
 - Clearing AcNo Mask:** [Empty]
- Ofac Preferences:**
 - ☐ OFAC Validation Required
 - Time Out:** [Empty] Sec.
- ☐ Delete Unauthorised
- ☐ Track Unutilized Line
- ☐ RTGS Payment
- ☐ MIS Tracking For IC
- ☐ Delinquency Tracking Required
- ☐ Inter Co Entity Check Required
- ☐ Post Year end entries in LCY
- ☐ Clearing Code for USD Payments
- ☐ Ignore Account Status Validation For A/c to A/c Transfer
- ☐ Automatic EOD Balancing
- ☐ Reset Statement No
- ☐ FX Manual Liquidation
- ☐ Default Related Customer
- ☐ Overdue Debit Tracking
- ☒ Online Update During Batch
- ☐ Online GL Update
- ☐ Defer EOD Process

Delinquency Tracking Required

You can specify whether delinquency tracking should be done for a branch. This option has to be enabled in both Accounting Entry Definition screen as well as Preference screen for the system to track the delinquent at the branch level.

Ignore Account Status validation for Account-to-Account Transfer

You can choose to ignore the status validation performed by the system during account to account transfer of funds for the account for which you have already specified No Debit and Blocked status. If you check this box the system books transfers for all the accounts of the customer over riding the status check specified for the account.

The system performs the No debit and Blocked status validation in case this check box is left unchecked.

For detailed explanation of the other features of the Preferences screen, refer to the Core user manual.

2.5 Specifying auto liquidation of delinquent contracts

You can specify auto liquidation of delinquent contracts through 'Loans and Deposits (LD) Branch Parameters' screen. Click on **Loans and Deposits** under **Branch Parameters** in the Application Browser to invoke the screen.

Loans and Deposit - Branch Parameters

Branch Code

Cross Reference Basis

☐ Contract Reference ☒ Custom Reference

Reference Number - Preference

☒ External Custom Reference No.

Process Till

☒ System Date ☐ Next Working Day - 1

Tax Basis

☒ Schedule Amount ☐ Liquidation Amount

Accrual Level

☐ Product ☒ Contract

Fee Accrual Level

☐ Product ☒ Contract

Residual Amt Residual TXN Cd ☐ Confirmation Auto Auth

LS Parameters

Reporting Ccy

Reporting Rate Type

Rounding Participant

☐ Posting into Deferred Accounts

☐ Track Delinquency

☐ Auto Liqd of Delinquent Contracts

☐ Re-classify PY/CY Income

☐ Reference No. Suffix in Field 20

☐ Common Reference in Field 21

☐ Field 83 Mandatory

Rates Required

☐ Eff. Customer Loan Rate

☐ Eff. Loan Rate

Tracer Required

☐ Tracer Reqd.

No. Of Days

☐ Eff. Rate Eff Denom. Basis

☐ Withholding Tax Applicable ☐ Tax Payment at Year End

Input By: TONY2 Date Time: 31/10/2003 18:55:31 Auth By: TONY1 Date Time: 31/10/2003 18:56:01 Mod No: Status: ☒ Authorised ☒ Open

Auto Liquidation of Delinquent Contracts

For the loans that have been defined for auto liquidation, you can specify whether the system should liquidate delinquent contracts also.

If you specify auto liquidation for delinquent contracts, the system generates delinquency records for overdue schedules.

However, if you do not opt for auto liquidation of delinquent contracts, the system does not liquidate such contracts.

For detailed explanation of the other features of the Branch Parameters screen, refer to the section 'Specifying Branch parameters' in Loans user manual.

2.6 **Creating a delinquency product**

For the Delinquency Processing sub-system to function effectively, firstly you need to set up Delinquency Products in Oracle FLEXCUBE. Delinquency products basically provide the infrastructure for the maintenance of the various events, accounting entries and advices.

You can capture information pertaining to a delinquency product through the 'Delinquency Product Definition' screen. You can invoke this screen from the Application Browser.

The screenshot shows the 'DQ Product Definition' window. It contains several input fields and a status bar. The fields are organized into two main sections. The left section contains: Product Code (DQ01), Product Module (DQ), Product Type (Standard), Description (DQ), Product Slogan, Product Group (DQ), Start Date (31-DEC-2001), End Date, Ref No Format, and Remarks. The right section contains: Exchange Rate Variance (in %) with Override Limit (3.00000) and Stop Limit (100.00000). The status bar at the bottom shows: Input By (SIVAMIS), Input Date Time (31-DEC-2001 16:35:47), Auth By, Auth Date Time, Mod No (13), and checkboxes for Open and Authorised.

In this screen, you can enter the basic details of the product. They are:

- Product code and module
- Description of the product
- Product type
- Slogan for the product
- Group to which the product belongs
- Start Date of the product
- End Date of the product
- Remarks, if any

Identifying a delinquency product

You can identify a product that you maintain with a unique Product Code, and a brief description.

In the Product Code field, you must assign the product a unique code (which is unique across all the modules of Oracle FLEXCUBE). This code helps in identifying the product. You can briefly describe a product that you create in the Description field.

Entering a Slogan

You can enter a slogan for the product that you are creating. In the Slogan field enter a slogan describing the product type you are maintaining.

Classifying the product under a Product Type

Grouping products according to the common features they share helps you organize information relating to the services you provide. This helps you retrieve information easily.

You can invoke a list of all the product types that you have maintained in your bank. Choose the product type to which the product you are creating belongs.

Specifying the life span of the product

When you create a product, you must also specify a date from which it can be offered. You may also specify the date upto, which you would like to offer the product. Enter these dates in the Start Date and End Date fields.



You cannot offer a product beyond the specified end date. If you do not specify an end date for a product, you can offer it for an indefinite period.

Indicating the reference number format

Select the format in which the external reference number for the transaction would be generated, by the external system from which the transaction has been received.

The reference number format you specify here is used to identify the transaction against the internal Reference Number generated by Oracle FLEXCUBE.

Entering remarks

If you want to enter any remarks regarding the product, do so in the Remarks field.

Indicating the Exchange Rate Variance

You can define the market price variance that you would like to allow for a delinquency product. This variance is expressed in terms of a percentage.

For a special customer or in special cases, you may want to use an exchange rate (a special rate) that is greater than the exchange rate maintained for a currency pair. The variance is referred to as the Exchange Rate Variance.


When creating a product, you can express an Exchange Rate Variance Limit in terms of a percentage. This variance limit would apply to all portfolios associated with the portfolio product.

The Override Limit: If the variance between the default rate and the rate input varies by a percentage that is between the Override Limit and the Rate Stop Limit, you can save the transaction (involving the portfolio) by providing an override.

The Rate Stop Limit: If the variance between the default rate and the rate input varies by a percentage greater than or equal to the Rate Stop Limit, you cannot save the transaction involving the portfolio.

2.6.1 Specifying preferences for a product

The attributes specific to a delinquency product are defined in the 'Delinquency Product Preferences' screen. You can invoke this screen from the DQ Product Definition screen by

clicking on the  icon.

Product Preferences	
Product Code	DQ05
Product Description	Delinquency testing Batch
Status details <input checked="" type="checkbox"/> Status Change Required	
Liquidation details <input checked="" type="checkbox"/> Partial Liquidation Minimum Amount <input type="text" value="1"/> Min Amt Ccy <input type="text" value="GBP"/>	
Amount block details <input checked="" type="checkbox"/> Amount Block Required	
No debit details <input checked="" type="checkbox"/> No Debit Update Required No Debit Update Time <input type="text" value="Online"/> No Debit Update Level <input type="text" value="Customer Level"/>	
Receivables Detail <input checked="" type="checkbox"/> Receivable Tracking Txn Code <input type="text" value="002"/>	
Penalty Interest <input checked="" type="checkbox"/> Interest Required Grace Days <input type="text" value="1"/> <input checked="" type="checkbox"/> Accrual Required Accrual Frequency <input type="text" value="Daily"/>	Penalty Charge <input type="checkbox"/> Charge Required Grace Days <input type="text"/> Liquidation Frequency <input type="text"/> Liquidation Day <input type="text"/> Liquidation Value Day <input type="text"/>
<div style="text-align: right;"> <input checked="" type="checkbox"/> <input type="checkbox"/> </div>	

For a delinquency product you can define the following **preferences**:

Opting to track status

You can opt to track status on a delinquency entry processed under the product for which you are defining preferences.

Choose the 'Status Change Tracking Required' option to track status for the delinquent entries under the product.

Your specification here will default to all the entries under the product.

Indicating whether Amount Block is required

When defining the preferences for a product, you have to specify whether an amount block is to be generated, when there is insufficient balance to process the transaction.

Check the box 'Amount Block Required' to indicate generation of an amount block. Leave it unchecked when no amount blocks are required for the account.

2.6.1.1 Specifying liquidation details

Indicating partial liquidation

Here you can indicate whether the partial liquidation is allowed for the product.

Choosing this option indicates that the system should liquidate upto the available amount. If you leave the box unchecked, the delinquency record is liquidated only when the account has sufficient balance for the entire transaction amount.

Indicating the minimum amount for partial liquidation

You can specify the minimum amount that is requisite for initiating partial liquidation. During partial liquidation, the system will liquidate the transaction only if the available amount is more than the amount you specify here.

Indicating the currency for partial liquidation

In case the delinquency amount currency is different from the minimum amount currency, the system converts the delinquency amount to the minimum amount currency specified here using the standard mid rate.



The above two fields are enable only if you have opted for partial liquidation.

2.6.1.2 Specifying No Debit details for a product

Indicating No Debit Update

In case, the account is over drawn due to the transaction, you can indicate whether the account should be activated with 'No debit' status during delinquency processing.

Check against this field, to mark no debit for the account. Leave it unchecked to indicate that the transaction should be considered.

Indicating No Debit Update Time

You have to specify whether the 'no debit' should be updated online or during batch. You can choose the appropriate time for updating No debit option for a delinquent product.

Indicating No Debit Update Level

No debit update can be made at customer level or at account level. In the Product Preferences screen, you can indicate whether you want to activate 'no debit' status only on the related account or on all the accounts belonging to the customer.

If the level specified is customer, all accounts linked to the customer number of the account that is overdrawn will be marked for No debit status.

If the level specified is account, only the account that is going into debit is marked for No debit status.

2.6.1.3 Specifying preferences for receivables

Indicating Receivable Tracking

Receivable tracking can be specified for the delinquency product you are maintaining. Check the box to indicate that the system has to track the receivables for the product.

The system posts the customer leg of entry to a Receivable GL and liquidates it to the customer account whenever the funds are available.

Defining a Receivable Transaction Code

The system posts the customer leg of entry to a Receivable GL and liquidates it to the customer account whenever the funds are available. While liquidating the receivables, the system posts the credit entry with this transaction code.

Specify the transaction code for passing the accounting entries to the customer's account. Choose the transaction code from the option list, which lists all the valid transaction codes.

2.6.1.4 Specifying preferences for penalty interest

Penalty Interest Required

For the delinquency product you are defining, you can indicate whether you want to calculate the penalty interest for the blocked amount.



The interest is calculated for blocked amount only if you have enabled the 'Amount Block Required' option.

If you opt for penalty interest then you need to mention the following details:

Grace Days

This is the grace days before the penalty is computed for the outstanding balance. Enter the number of days after which the penalty is computed. Penalty will not be applicable if the delinquency is liquidated within the grace period. Penalty Interest is calculated on the amount from the due date, which have crossed the grace period.

Accrual Required

For the delinquency product you are defining, you can indicate whether you want to accrue penalty interest for the blocked amount.

Check the box to indicate that the system has to accrue penalty interest for the delinquency product.

Leave the box unchecked to indicate no accrual is required for the delinquency product.

Accrual Frequency

You can indicate the frequency for the accruing penalty interest in terms of daily or monthly. The system accrues the penalty interest in the specified frequency. To indicate the frequency choose

- Daily (D) or
- Monthly (M)

from the option list.

2.6.1.5 Specifying preferences for penalty charge

Charge Required

For the delinquency product you are defining, you can indicate whether you want to calculate the penalty charge for the blocked amount.



The charge is calculated only on the liquidation day of penalty.

Grace Days

This is the grace days before the penalty is computed for the outstanding balance. Enter the number of days after which the penalty is computed.

Liquidation Frequency

You can indicate the frequency for the liquidation of the penalty in terms of daily or monthly. The system does not accrue the penalty charges and the penalty amount is calculated at the end of the period specified and liquidated subsequently.

To indicate the frequency choose

- Daily (D) or
- Monthly (M)

from the option list.

Liquidation Day

Mention the liquidation day for the penalty charges. The options available are:

- **Last working day** – the charge liquidation happens on the last working day of the charge period.
- **Next working day** – the charge liquidation happens on the BOD of the first working day of the new charge period.


Liquidation Value Day

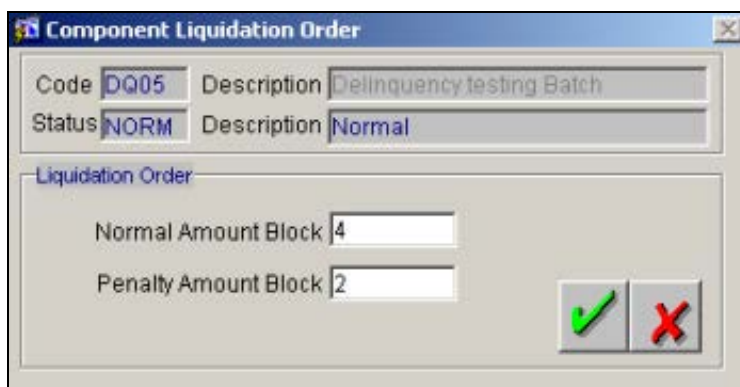
Mention the value date of the penalty liquidation cycle for the new period. The available options are:

- **First Calendar Day** – the system takes the first day of the next period as the value date of liquidation cycle.
- **First Working Day** - the system takes the first working day of the next period as the value date of liquidation cycle.

2.6.2 Prioritizing the Liquidation of Components

Oracle FLEXCUBE allows you to define the order of liquidation for the various delinquency components. You can invoke the Component Liquidation Order screen from the Delinquency

Product Preferences screen by clicking on  button.



You may want to allot different priorities for the delinquency record (only NORM status). Using this screen you can indicate the priority for both normal and penalty amount blocks.

Normal Amount Block

You can indicate the priority for each of the delinquency product you are maintaining i.e. if you indicate 1 in the field, the priority will be the highest and is processed first, 2 will be second in line of priority and so on.

Penalty Amount Block

The priority you specify here will be applicable for penalty amount or delinquency.

2.7 Maintaining Delinquency Status Change

In the Delinquency – ‘Status Maintenance’ screen, you can specify whether the status change should be in the forward or reverse direction.

A status change is one in which the status of a delinquency entry changes from one to the next.

If you specify that status changes have to be carried out automatically, the status of the delinquency entry will be changed after the specified number of days. If not, you have to change the status of an entry, through the delinquency processing function.

Other details related to the status change can also be specified here.

- **Transfer Days** – indicate the number of overdue days for delinquency record that is to be moved to the next status.
- **Stop Accruals** – if you opt for this feature, the system performs differently for interest and charge penalty:
 - In case of Interest penalty, the system does not increment the penalty for the amount block associated to the record.
 - In case of charge penalty, the system calculates the penalty till the date on which the delinquency record moved in to the current status.
- **Reverse Accruals** – if you opt for this feature, the system performs in the following manner:

- In case of interest penalty, the system reverses all the accrued interest, which are not liquidated.
- In case of charge penalty, the system does not apply any charge for the delinquency record.

Even if automatic status change has been specified for a product and therefore an entry involving it, you can manually change the status of a record, before the automatic change is due.

If a product has been specified with manual status change, you cannot specify automatic status change, for a delinquency record involving the product.



You will be allowed to specify whether automatic status change should be in the forward or reverse direction in the status maintenance screen only if you specify that automatic status change is allowed for the product.

2.7.1.1 Indicating priority for all status

The Component Liquidation Order screen can also be invoked from the Status Maintenance screen. Here the allocation of priority for the delinquent records can be done for each individual status. You can invoke the Component Liquidation Order screen from the Status Maintenance screen by clicking on button.

You can specify the liquidation order for individual status of the delinquency records.

2.8 Associating a DQ product to an amount block

You can invoke the 'Amount Block maintenance' screen from the Application Browser.

Input By	Date/Time	Auth By	Date/Time	Mod No.	Authorised	Open
SANDYAU	31/10/2003 12:58:28	SANDYA	31/10/2003 12:58:02	2	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Amount Block Type

This field displays whether the amount block has been created manually or by to delinquency processing.

Delinquency Product

All the delinquency products, for which you have enabled the Amount Block Required option, are displayed in the option list. Linking a delinquency product to the manual amount block allows you to prioritize the manual amount blocks. The blocks are cleared manually before/after the posting of actual debit entry.

Priority

This field displays the priority assigned to the amount block. However, priority is not given for manual blocks that are not linked to a delinquency product. Such amount blocks must be liquidated manually.

Refer to the section on Maintaining Amount Blocks in the CASA User Manual for maintaining all amount block details enforced for a customer account.

2.9 Associating penalty rates with a delinquency product

After you build a delinquency product, you need to define appropriate penalty rates for the product. You can define a penalty rate for each Branch, Delinquency product, Currency and Effective date combination through the 'Penalty Rate Maintenance' screen. Invoke this screen under **Delinquency** from the Application Browser.

Effective Date	Rate
01-JAN-2002	5.00000

Specifying the Branch Code

Select the branch code for which you want to maintain the penalty rates. All the valid branch codes maintained in Oracle FLEXCUBE are displayed in the option list.

Indicating the Delinquency Product

Choose the delinquency product for which you are maintaining the penalty rates.

Specifying the Currency Code

Indicate the currency for which you are maintaining the rates.

The Calculation Method

The system uses this method to determine the basis days for penalty calculation. The calculation method is defaulted from the currency maintenance and you are not allowed to modify this value.

Indicating the Effective Date

Enter the date from which the rate will be effective.

Specifying the Penalty Rate

For each Branch, Delinquency product, Currency and Effective date combination, you can define a penalty rate. The system picks the latest rate that is available for the day for penalty calculation.

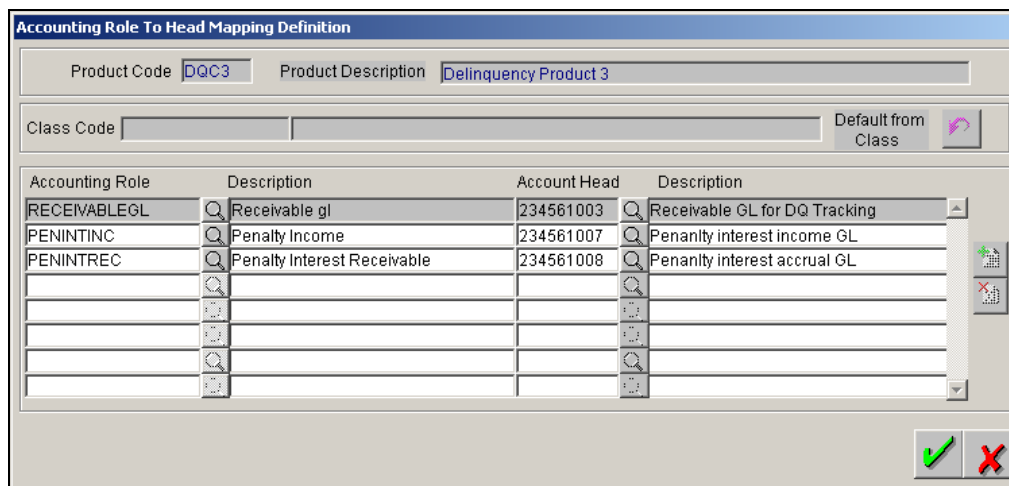
Penalty fees are chargeable for blocks (for the duration of the block). Penalty liquidation will be performed according to the maintenance. If an account is closed within the month, all penalty fees becomes payable immediately.

Penalty fees is calculated based on the formula:

Penalty Fees =	$\text{Blocked Amount} * \text{Block Days} * \text{Interest applicable for block type}$
	$\text{No. of days in the year (currency based)} * 100$

2.10 Identifying Accounting Roles and Heads for a Product

You can invoke the 'Role to Head Mapping Definition' screen by clicking on  in the Delinquency Product Definition screen.



Accounting Role	Description	Account Head	Description
RECEIVABLEGL	Receivable gl	234561003	Receivable GL for DQ Tracking
PENINTINC	Penalty Income	234561007	Penalty interest income GL
PENINTREC	Penalty Interest Receivable	234561008	Penalty interest accrual GL

For the delinquency product, the following accounting roles are available:

Accounting Role	Role Description
-----------------	------------------

Accounting Role	Role Description
PENINTINC	Penalty Interest Income
PENINTREC	Penalty Interest receivable
PENINTRIN	Penalty Interest Realized Income
PENCHGINC	Penalty Charge Income
RECEIVABLEGL	Receivable GL
INCOMEGL	Income GL
REALIZEDINCGL	Realized income

Refer to the chapter on 'Setting up a product in Oracle FLEXCUBE' for further details on 'Account Role to Head Mapping'.

2.11 Defining Events and Accounting Details

You can identify a list of events pertaining to the delinquency product. Click on [Accounting Entries](#) in the Events Definition screen to specify the accounting applicable to the event.

Product Event Accounting Entries Maintenance

Product Code: Product Description:
Event Code: Event Description:

Accounting Entries

Dr / Cr	Accounting Role	GAAP Indicator	Amount Tag	Balance Check	Delinquency
				In Online	In Batch
DEBIT	CUSTOMER		LDCHG_U9D	Delinquency Tra	Delinquency Tra
CREDIT	LDCHG_INC		LDCHG_U9D		
DEBIT	ASSETGL		PRINCIPAL		
CREDIT	CUSTOMER		PRINCIPAL		

FT Transaction Type Details

Trn Type	Description	Trn Code

Indicating the balance check in batch/online

For the customer leg of the accounting entry (Debit), you can indicate whether the balance check is required for the batch operations/online processing.

The options available are:

- Reject (R) – the transaction is rejected.

- Delinquency Tracking (D) – 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 (F) – 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.

Specifying the 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.

For maintaining accounting entry definition for products, refer to the section 'Specifying Events and Accounting Entries' in the Products user manual.



Similar setup can be maintained through the Product Event Accounting Entries Maintenance screen.

2.12 Maintaining transaction codes specific to delinquency

When maintaining the transaction codes in Oracle FLEXCUBE, you can specify the delinquency tracking details that is used while posting journal entries.

Input By	Datetime	Auth By	Datetime	Mod No	Authorised	Open
JAMBOAU	31-DEC-2001 11:38:35	COMBAU	31-DEC-2001 11:39:28		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Specifying the Delinquency Product

In case you have specified delinquency tracking for balance check type, you need to specify the delinquency product for which the entry is to be tracked incase the account is overdrawn. This delinquency product is applicable for Journal entry transactions only.

The option list displays all the delinquency product codes maintained in the Oracle FLEXCUBE. Select the appropriate from the option list.

Indicating the balance check in batch/online

The options available are:

- Reject (R) – the transaction is rejected.
- Delinquency Tracking (D) – 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 (F) – 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.

For more details on maintaining the transaction code for the delinquency product, refer to the section 'Transaction Code Maintenance' in Core Services user manual.

2.13 Viewing amount block details for an account

You can view all the delinquency records for the account. Also, you can view any amount block that was created for each transaction. For this invoke the Customer Accounts Maintenance screen from the Application Browser and click on the Amounts and Dates tab.

Customer Accounts Maintenance

Account No Version No

Alternate AC No Customer

Bank Code Account Class

AC Open Date Account Currency

Charge Group

Basic Account Details **Amounts and Dates**

Opening	.00				.00	
Daily Turnover	11,500.00	DR			7,580.63	DR
	.00	CR			.00	CR
Unposted						
Debits	.00				.00	DR
Credits	.00				.00	CR
Uncollected	.00					
Current	-11,500.00				-7,580.63	
Uncollected	.00					
Blocked	.00					
Dq Amount Block	0					
Available Bal	-11,500.00					
A/c Link Deposit	0					
DQ amount						

Previous Dates

Debit

Credit

DR Activity

CR Activity

Unauthorized

Debits	11,500.00	DR	Unposted	.00	DR
Credits	.00	CR	Unposted	.00	CR
Uncollected	.00	CR	Unposted	.00	

Status

Input By Date Time Auth By Date Time Mod No

☒ Authorised ☐ Disallow Changes

☒ Open ☐ View Last Authorized

Delinquency Amount Block

The total amount blocked due to the amount block created for Delinquency Tracking is displayed. This amount can be a part of the existing blocked amount also.

Delinquency Amount

This is the total delinquency amount that is tracked using the receivable tracking option.

For rest of the functions in the Customer Account Maintenance screen, refer to the section Viewing Balance and Turnover details in the Core Entities user manual.

2.13.1.1 Viewing the delinquency amounts

To view the delinquency records for the account, click on button. The Customer Accounts – Delinquency Records screen is displayed.

Delinquency Details

Customer Account: CCB INTAC001

DQ Product	Due Date	Amount Due	Amount Settled	Contract Ref No
DQ04	02-JAN-2002	100		CCB0143020020005

Green checkmark button and Red X button.

The delinquency query details screen displays the details of the delinquency amounts for the record and also the amount block, if any.

In case of an account closure the system checks for any outstanding penalties/overdue and liquidates it before the account closure process starts.

2.13.1.2 Viewing the summary screen

Choose the Summary option under Amount block screen in the Delinquency module. From the Summary screen, double-click a record of your choice to open it.

Delinquency Details Summary

Auth Stat	A/c Brn	Account no	Product	Delinquency Ref no	Type	Status	Priority

Auth Stat
A - Authorised
U - Unauthorised

Q button and Window icon button.

In this screen, you can view all the delinquency records that are active as well as closed.

You can double click on the Summary record to invoke the Delinquency Detail – Detailed screen where you can modify/delete the record that are not authorized.

2.13.1.3 Specifying manual change of status

During the end of day (EOD) batch processes, the system initiates automatic status change for delinquency records depending on your specifications. In addition to this you can change the status of any record manually.

To change the status of the delinquency record, invoke the 'Delinquency Details Detailed' screen under **Delinquency Details** from the Application Browser.

The screenshot shows a software window titled "Delinquency Details Detailed". It contains the following fields and sections:

- Reference No:** CIPZDLQ013650009
- Delinquency Type:** Normal
- Product:** DQ06
- Status:** NORM
- Priority:** 1
- Block Details:**
 - CustAc No:** 1112121212
 - Ac Ccy:** GBP
 - Cont Ref No:** (empty)
 - Amount Tag:** (empty)
 - Due Date:** 31-DEC-2001
 - Amount Due:** 500 GBP
 - Amount Settl:** GBP
- Current Values:**
 - Priority:** (empty)
 - Status:** (empty)
- New Values:**
 - Priority:** (empty)
 - Status:** (empty)
- Bottom Section:**
 - Input By:** (empty)
 - Date/Time:** (empty)
 - Auth By:** (empty)
 - Date/Time:** (empty)
 - Mod no:** (empty)
 - Open:** ☒
 - Authorised:** ☐

The screen displays the details of the delinquency record with the current priority and status. You can choose to change the status of the record or delete the record in case the record is not authorized as yet.

In addition to specifying new status for the record, you can also change the priority of the delinquency record.

Once you specify new values for the delinquency record, you also can authorize these records through this screen.

2.14 Processing Delinquency

As part of accounting, the system checks for available balance to post the debit transaction. If the customer account does not have sufficient funds in the account to cover the transaction and you have specified for 'Delinquency Tracking' in the accounting entry definition, the system will mark the transaction for delinquency tracking. A balance check is done on the available balance in the customer account inclusive of limits, if any. The available balance includes the balance due to Auto-Deposit also.

The processing of the delinquency tracking as part of the accounting involves the following features:

- The delinquency tracking is done before netting of the transaction in accounting. Accounting of delinquency product for each module is done individually.

- The transaction is rejected if have chosen Reject option for Balance Check and there is insufficient fund to process the transaction. The transaction is rejected even if the other legs are marked for Delinquency Tracking.
- If tracking is specified tracking receivables for the Delinquency product, the accounting entries are posted to the receivable GL instead of customer account.
- In case an amount block is specified for the account, the system creates an amount block for the overdue amount also. However, no accounting entries are posted (either to the customer account or to the account in the offset leg) for the amount block. The amount blocks defined through Delinquency tracking option are stored separately. The sum total of all the amount blocks are also be stored in the customer account. Subsequently, this amount is subtracted from the available balance.
- If amount block is specified for the account, the actual accounting entries will be processed separately during Delinquency liquidation.
- In case you have specified receivable tracking and amount block as well, the system posts the receivable GL and also creates an amount block. All offset entries are posted to actual GL. For example, if an entry is made for charge, the income is credited instantly. Consequently the amount block reduces the available balance of the customer account.
- If you have specified that No Debit is mandatory in the customer account, it is taken up as part of the delinquency processing. For online transaction, this option is updated when you save the transaction. For EOD transactions, this option is updated during the Delinquency batch process.

2.14.1 Online Processing

In case the customer account is overdrawn, the delinquency tracking is performed:

- If you have specified delinquency tracking at the branch level.
- For customer accounts delinquency tracking will be ignored for all GLs.
- In case there is a credit for the account, the amount is added to the available balance for processing the contract status.
- During balance check online or batch, the entries posted are as follows:
 - Force debit –the entry is posted and no tracking is done.
 - Reject – the transaction is rejected.
 - Delinquency – delinquency processing is performed.

Batch liquidation of delinquency

During the batch liquidation of delinquency, the system performs the following functions:

- The liquidation batch is run at EOD as well as BOD.
- All the entries are passed with DLIQ event.
- The liquidation of receivables is done based on the product sequence defined in the account class in case of receivable tracking.
- The liquidation is done based on the priority defined in the delinquency product definition in case of amount blocks.
- Processing is done account-by-account during liquidation and the order of processing will be done in the following order for all accounts:

- Amount Block Priority (Highest Priority First)
- Ascending order of delinquency booking date
- Descending order of delinquency Amount
- The available balance for the Delinquency batch balance check is the actual available balance in customer account plus the balance due to the block of the current transaction. If this available balance is > 0 (or the limit), then the liquidation is processed.
- During liquidation (in cases where amount block was created initially) the actual accounting entries are picked up for processing.
- A new event (DLIQ) is created for the contract on Delinquency liquidation.

2.14.2 Loans and Deposits (LD)

Delinquency processing of LD transactions during online is similar to DQ processing done in any other module. DQ processing during batch is initiated on the following conditions:

- Branch is marked for Delinquency tracking required.
- Verify funds option is marked for LD product.

In case delinquency tracking is done, the system does not allow partial liquidation of the LD schedule.

When the contract is processed, the system checks for the partial liquidation maintained at the LD product level and -

- If partial liquidation is not specified for the product and delinquency tracking is to be done, the system retains the entire amount of the schedule into delinquency.
- If partial liquidation is specified for the product, the system will liquidate upto the available amount and keep only the remaining overdue amount into delinquency.

If a contract is marked as overdue thus making it a part of delinquency processing, the schedule is disabled so that the LD does not pick the schedule for further processing. This ensures that the amount block priority in the delinquency product is not circumvented.

If auto liquidation is not specified for the delinquent contract, the system will not process the contract during auto liquidation batch process. During the delinquency process, the system calculates the penalty and also performs status tracking for the contract. While liquidating all the delinquency transactions involving the LD batch category, the system uploads a payment transaction for the component.

If you specify auto liquidation for the delinquent contracts at branch level, the system performs automatic liquidation irrespective of the contract delinquency status.

In case a LD penalty is overdue, a zero-based update of the penalty amount is done in the delinquency record

Auto liquidation of delinquency contracts option	Penalty type in delinquency product	Processing
No	Interest	The system creates a penalty delinquency record for the original transaction and applies the penalty amount computed by loans module (on the basis amount that has gone into delinquency) as part of every day batch process. Penalty is not computed automatically for

Auto liquidation of delinquency contracts option	Penalty type in delinquency product	Processing
		such transactions in the DQ.
No	Charge	On penalty charge liquidation date, the system identifies the penalty amount computed by loans module and liquidates the same.
Yes	Interest	Penalty interest processing is not done in delinquency module. It will be done only as part of loans processing.
Yes	Charge	Penalty charge processing is not done in delinquency module.

If a payment transaction is reversed, then the system does any of the following:

- If the payment transactions resulted in any (online) delinquency transactions, the system will reverse all the events related to those delinquency transactions. These include DLIQ, PLIQ as well as PACR.
- If the payment itself is a result of (batch) delinquency transaction liquidation, the system will mark the delinquency transaction as reversed.

When the status of the loan is changed, for all batch delinquency transactions of the contract, the system propagates the status change and also changes the priority of the relevant delinquency transactions.

2.14.3 **Account Closure**

You can liquidate the overdue for an account using online delinquency liquidation functionality.

2.14.4 **Archival/Purge**

If you have enabled delinquency-processing option for FT, DE and PC products, the system will not perform purge/archive transactions for the contracts that have initiated Delinquency processing and are yet to be liquidated.

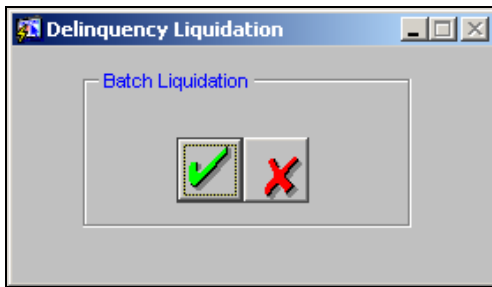
2.15 **Triggering the delinquency penalty processing**

For penalty calculation on overdue amounts, you will have to run a separate batch process.

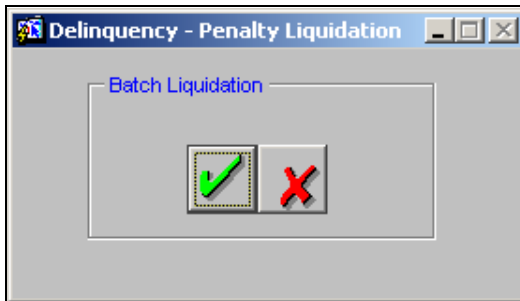
You have to trigger the Delinquency Penalty Liquidation batch process so that the relevant penalty liquidation entries get booked.

Invoke the following screens to trigger the Delinquency batch process:

For Delinquency Liquidation:



For Penalty Liquidation:



During the batch process, the system:

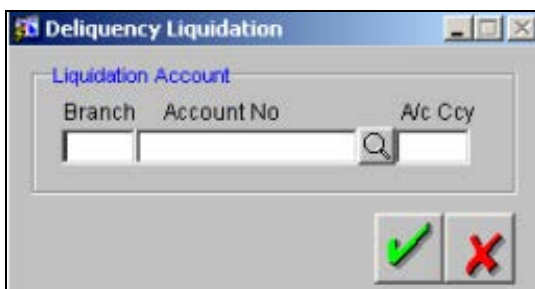
- Calculates and liquidates the penalty depending on the penalty processing date.
- Creates a block for penalty amount in case there are no funds in the customer account. Consequently this record is marked for delinquency tracking.
- Books the penalty with the MIS details of the original transaction.

2.16 Online liquidation of Delinquency Penalty

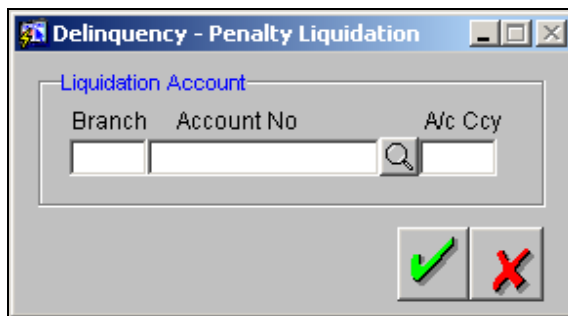
Liquidation of penalty for overdue amount can be performed prior to the liquidation period. This is necessary for closure of the account.

Invoke the Delinquency – Penalty Liquidation screen to trigger the online liquidation process from the Application Browser.

For Delinquency Liquidation:



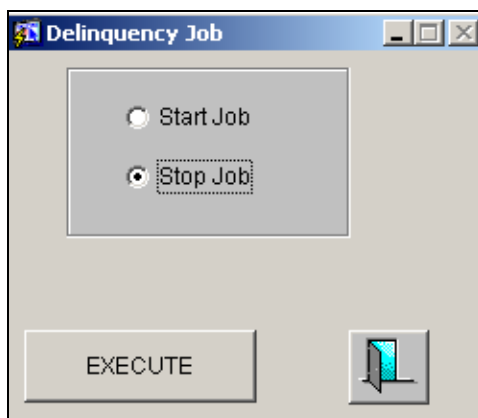
For Penalty Liquidation:



2.17 Invoking the delinquency job processes

Processing of Delinquency records can be initiated when the system is in the transaction input mode. You can start the jobs for delinquency records across all branches, by selecting the appropriate option and clicking the EXECUTE button.

To stop a job that has been started, select the Stop Job radio button.



2.18 Accounting entries for Delinquency Product

This section contains details of the suggested accounting entries that can be set up, for the DQ module of Oracle FLEXCUBE. The details of the suggested accounting entries are listed event-wise.

2.18.1 Penalty Interest

For penalty interest, the system allows the following two events:

PACR

In case you choose penalty interest with accruals, the following accounting entries need to be maintained:

Event Code	Dr/Cr Indicator	Amount Tag	Accounting Role
PACR	Dr	PENINT_ACCR	PENINTREC

Event Code	Dr/Cr Indicator	Amount Tag	Accounting Role
PACR	Cr	PENINT_ACCR	PENINTINC
PLIQ	Dr	PENINT_LIQD	CUSTOMER
PLIQ	Cr	PENINT_LIQD	PENINTREC
PLIQ	Dr	PENINT_LIQD	PENINTINC
PLIQ	Cr	PENINT_LIQD	PENINTRIN

PLIQ

In case you choose penalty interest without accruals, the following accounting entries need to be maintained:

Event Code	Dr/Cr Indicator	Amount Tag	Accounting Role
PLIQ	Cr	PENINT_LIQD	PENINTINC
PLIQ	Dr	PENINT_LIQD	CUSTOMER

2.18.2 Penalty Charge

For penalty charge type of products, the system allows only PLIQ event.

PLIQ

Event	Dr/Cr	Amount Tag	Accounting Role
PLIQ	Dr	PENCHG_LIQD	CUSTOMER
PLIQ	Cr	PENCHG_LIQD	PENCHGINC