Covenant Tracking User Guide

Oracle Banking Credit Facilities Process Management

Release 14.1.0.1.0

Part No. F13287-01

Dec 2018

Oracle Banking Credit Facilities Process Management User Guide

Oracle Financial Services Software Limited
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai, Maharashtra 400 063
India
Worldwide Inquiries:
Phone: +91 22 6718 3000
Fax: +91 22 6718 3001
www.oracle.com/financialservices/

Contents

1. Welcome to Oracle Banking Credit Facilities Process Management

Welcome to the Oracle Banking Credit Facilities Process Management (OBCFPM) User Manual.
This manual provides an overview on the OBCFPM application and guides you through the various steps involved in creating and processing collaterals and credit facilities transactions.
If you need any information, look out for the help icon.
This document is intended for helping you to conveniently create and process collaterals and credit facilities transactions in OBCFPM

Overview of OBCFPM

OBCFPM is a collateral and credit facilities middle office platform which enables your bank to streamline the Collateral and Credit facilities operations.
.

Benefits

OBCFPM application provides service for the customers and financial institutions. This service helps the financial institutions to manage the Collaterals and Credit Facilities of the corporate clients.
OBCFPM allows you to:

- Handle Collateral Evaluation, Collateral Perfection, Collateral Review and Collateral Release process
- Handle Credit Proposal with Customer on-boarding
- Financial Document Upload of the corporate clients.
- Quantitative and Qualitative analysis of the corporate clients
- Handle Credit Exceptions

Key Features

- Stand-alone system agnostic to back office application
- Requires very little change to bank's existing core systems
- Faster time to market
- Highly configurable based on corporate specific needs
- Flexibility in modifying processes
- Roll Based Dashboards

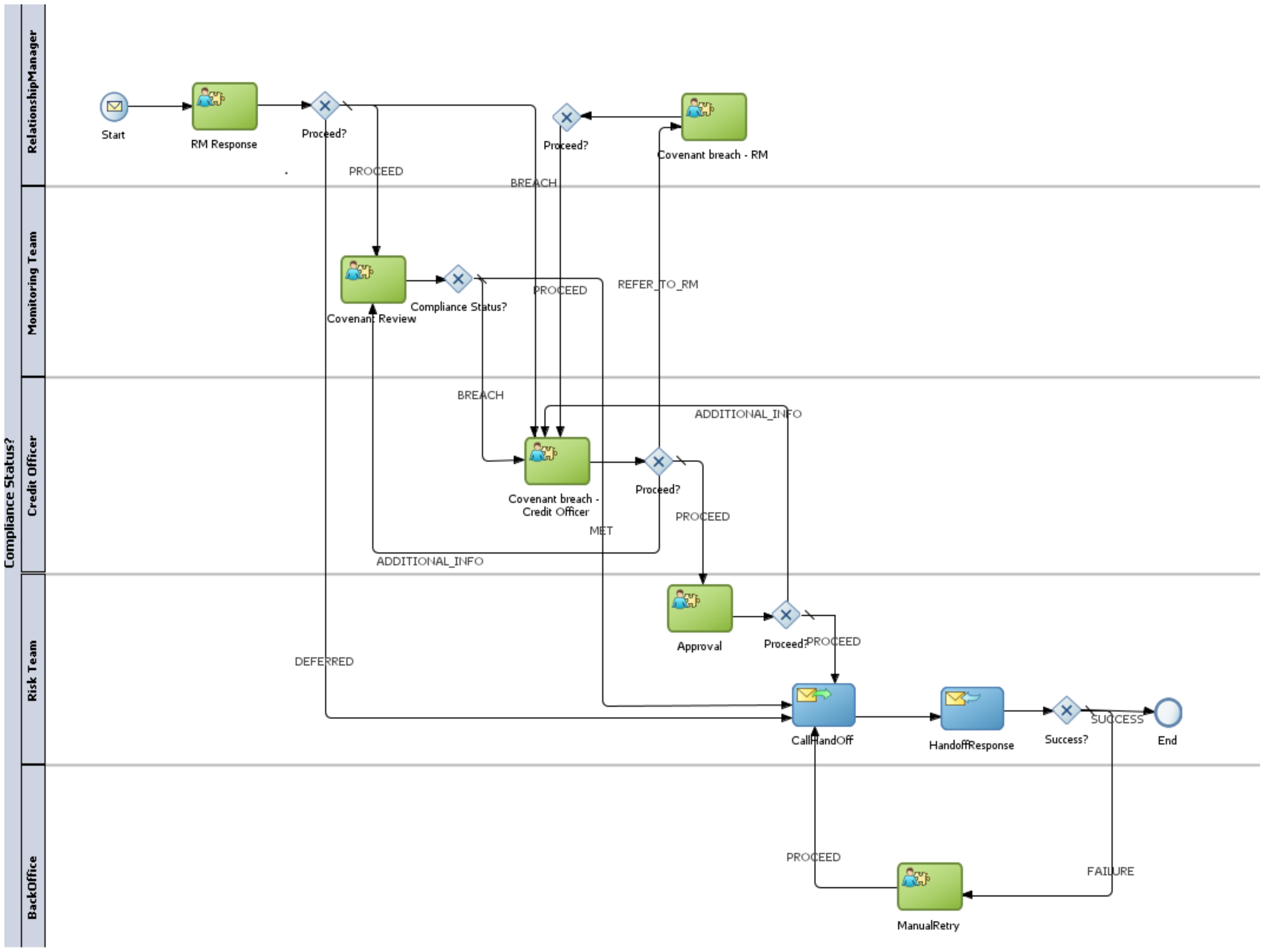
2. Covenant Tracking

A new batch program is introduced and this batch program will trigger the covenant tracking task on the covenant tracking days, The tracking tasks will be initiated this many days prior to the due date of the covenant.

The Batch program will group the covenants based on their due dates and the monitoring information and trigger a single covenant tracking task for the group of covenants.

The Covenant Tracking task will have the following stages

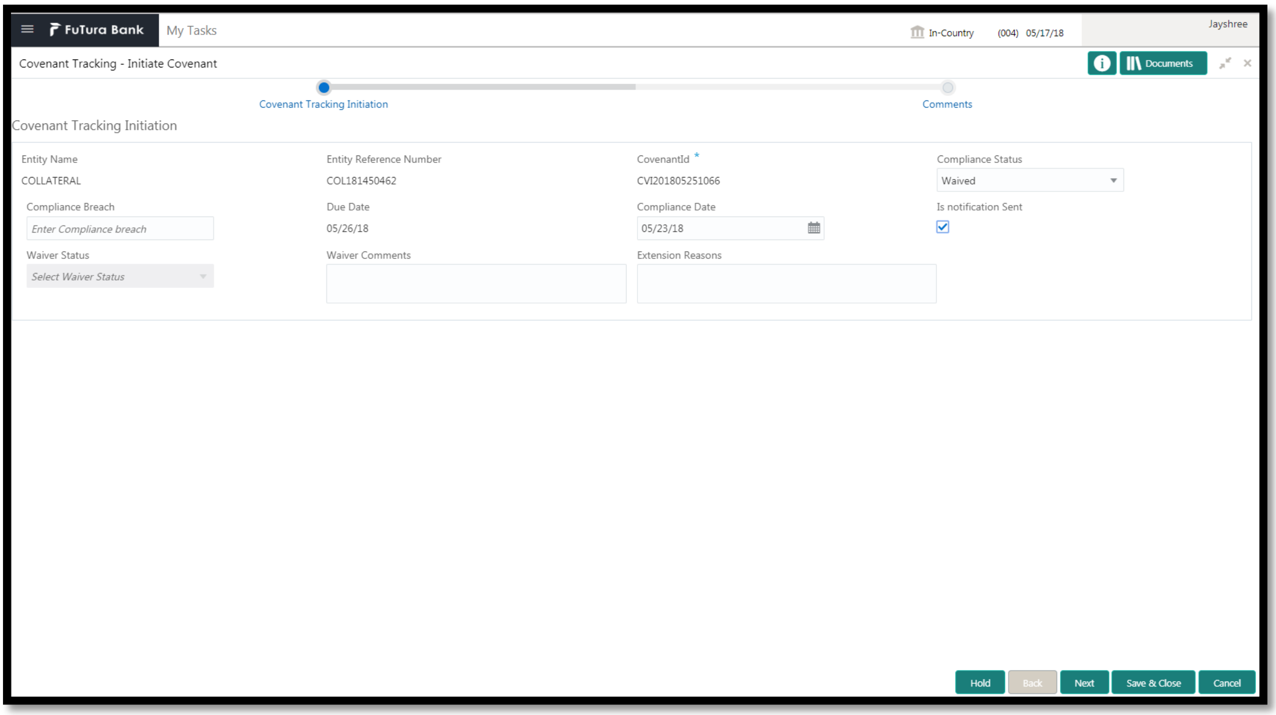
2.1 Covenant Tracking - Process Flow Diagram



2.2 RM Response

System will automatically create the covenant tracking task with the covenant details and move it to the RM Response stage and mail notification will be sent to the RM of the Customer and to the Customer. RM will interact with the customer and update the covenant details along with the required documents.

If all the required details are collected then the user will move the task to Review Stage. If multiple covenants are part of the covenant tracking task then all those covenant details will be displayed and RM can update the status and remarks for each of the covenants. After collecting the information from the customer, if the RM decides that the Covenants have breached, then the task will be sent to the Covenant Breach - Credit Officer Stage.



<u>Action Buttons on the footer</u>

a. **Save & Close –** On click of Save & Close, the details of the captured will be saved.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

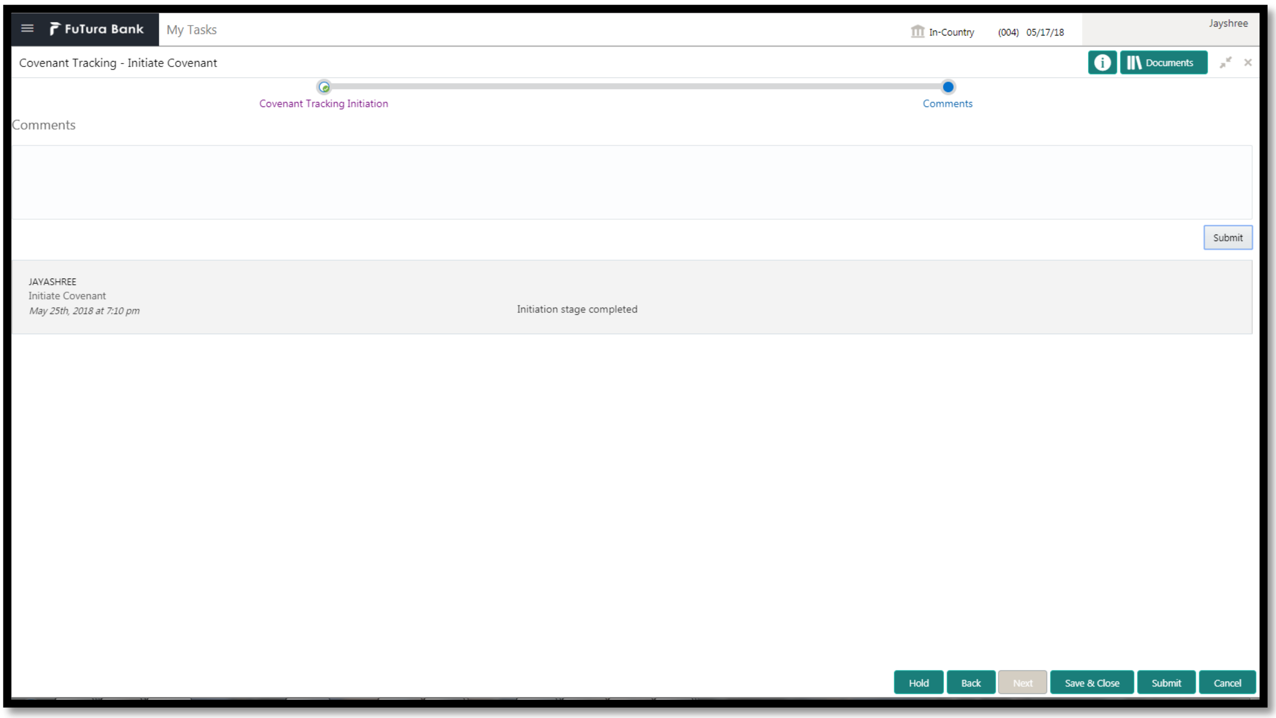
b. **Hold –** On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c. Cancel – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.

d. Next – On click of Next, the details of the captured will be saved and then system will move to the Next Screen.

    b. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

2.2.1 Comments



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Comments	Specify the comments for the stage. This will be visible in all the stages	Input	Free Text	600	Mandatory	

Action Buttons

After providing required data, you will be able to perform one of the below actions –

a) **Submit –** On Submit, the checklists applicable for the stage will be defaulted based on the application category. On Verifying all the checklist and on selection of the Outcome of the task the task will be submitted.

b) **Save & Close** – On click of Save & Close, the details of the captured will be saved.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

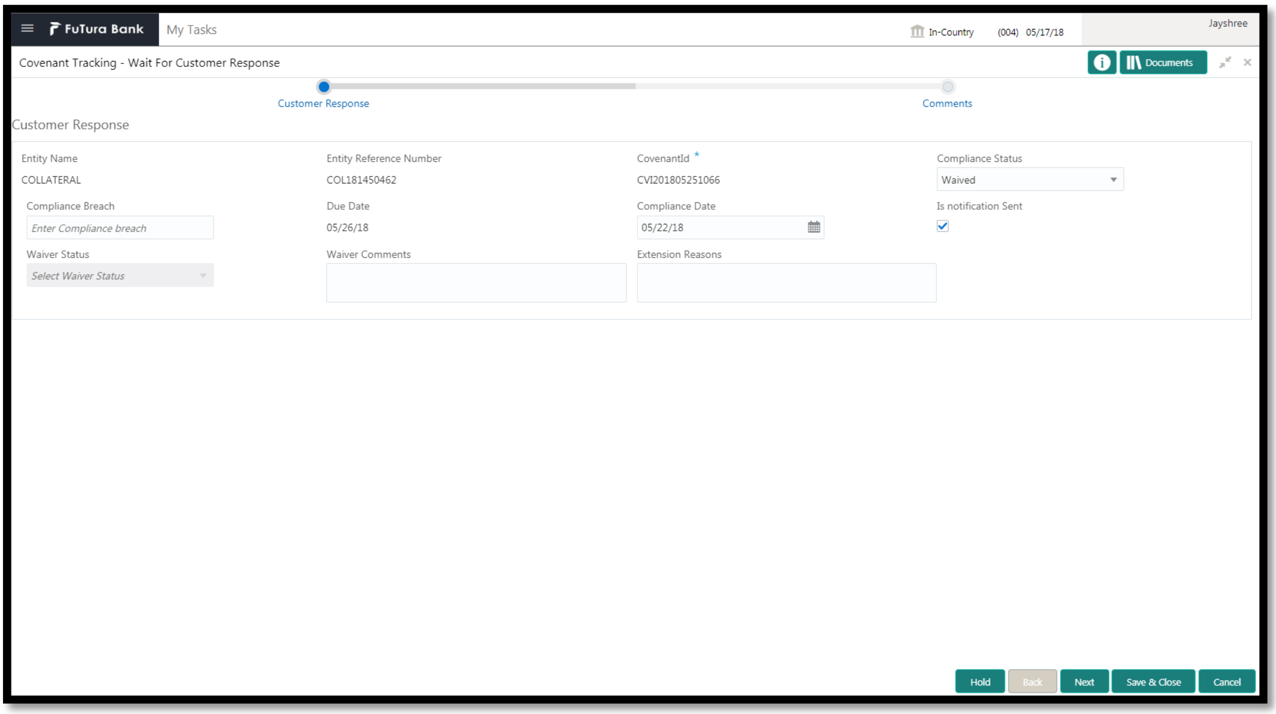
c) **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

d) **Cancel –** On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.
e) **Back –** On Click of Back, the previous screen will be opened.

2.3 Review

The credit or the monitoring team calculates the covenant formula from the Document/MIS/Financial Information and checks if the borrower has either met or breached the covenant. System will calculate the formula and derive the compliance status automatically for the covenants whose monitoring information is from the Balance Sheet, P & L or the cash flow statement.

For all other covenants the monitoring team calculates the formulae based on the documents uploaded. If the Covenants have Met the Compliance Status then the task will be sent to Risk Approval Stage and if not Met then the task will be sent to Covenant Breach - Credit Officer Stage.



Field Name	Description	Attribute Type	Object Type	Size	Mandatory?	Field Validation	Default Value
Process Ref No	Unique Reference number for the covenant tracking task	Display	Text Box	22	NA		
Branch	Branch code	Display	Text Box	4	NA		
Initiation date	Covenant task initiation date	Display	Text Box		NA		
Priority	Priority of the task	Input	Drop down	1	Mandatory		
Customer No	Customer from whom the covenant will be	Display	Text Box		NA		

	received						
Customer Name	System will display Customer Name of the selected customer	Display	Text Box				
Covenant Code	System displays the Covenant Code	Display	Text Box	22	NA		
Covenant Name	Name of the Covenant	Display	LOV	22	NA		
Covenant type	Type of the Covenant	Display	Drop down	1	NA		
Linked code	Collateral code to which the covenant belongs to or facility id of the Covenant or the Customer No of the Covenant	Display	Text Box	22	NA		
Description	Description of the Linked code	Display	Text Box	105	NA		
Next Revision date	Next revision date	Display	Date		Mandatory		
Waiver Status	Select one of the Following waiver status 1. Waive 2. Waive All	Input	Drop down	1	Optional		
Covenant Due date	Due date for the covenant	Display	Date		Mandatory		
Remarks	Capture the customer in-	Input	Text Box	2000	Mandatory		

	teractions details						
Deferred Days	Specify the Deferred Days	Input	Text Box	2		if the Deferred Status is selected then deferred days must be captured. Every RM will have a maximum Deferred days. System will validate the deferred days against the maximum allowed deferred days of the RM.	
Compliance Status	The Compliance Status of the Covenant Possible values are Met Breached Deferred	Input	Drop down		Optional	If the last check result is Breach then the RM cannot defer it. RM cannot mark it as Met. If the customer is not able to provide the necessary documents then RM can mark it as Breach.	

Action Buttons on the footer

a. **Save & Close –** On click of Save & Close, the details of the captured will be saved.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

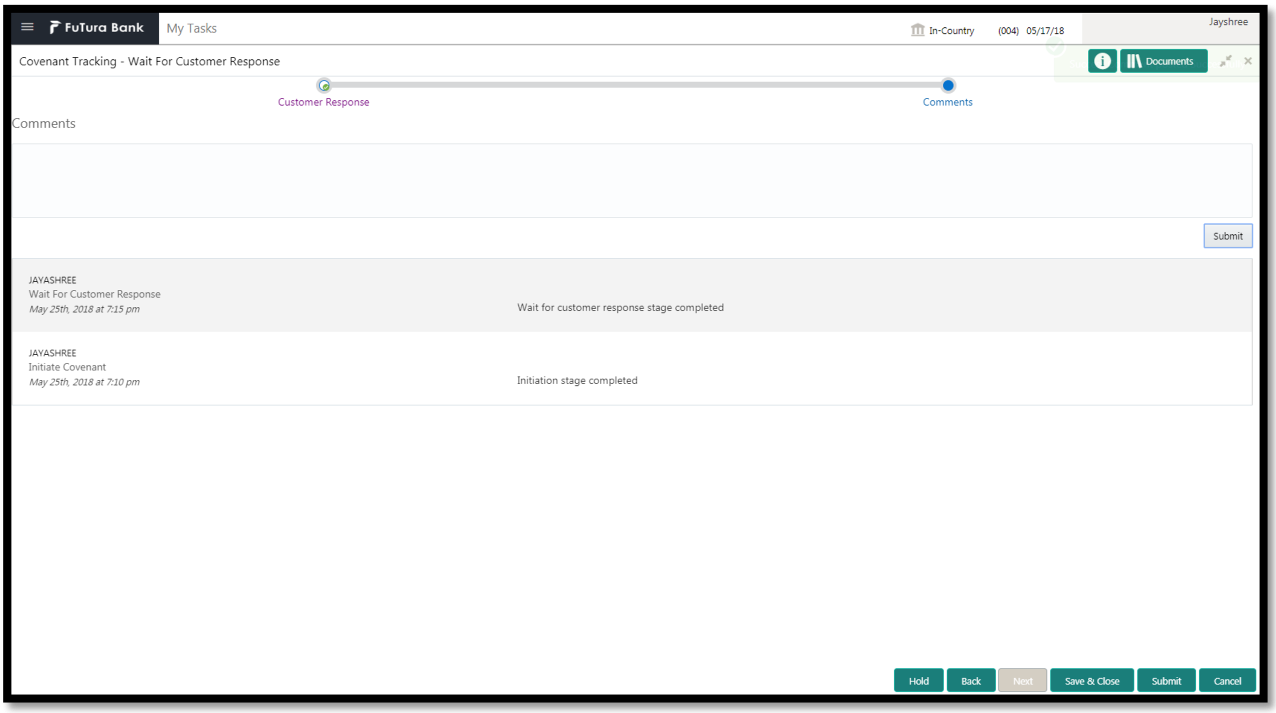
b. **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c. Cancel – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.

d. Next – On click of Next, the details of the captured will be saved and then system will move to the Next Screen.

b. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

2.3.1 Comments



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Comments	Specify the comments for the stage. This will be visible in all the stages	Input	Free Text	600	Mandatory	

Action Buttons

After providing required data, you will be able to perform one of the below actions –

a) **Submit –** On Submit, the checklists applicable for the stage will be defaulted based on the application category. On Verifying all the checklist and on selection of the Outcome of the task the task will be submitted.

b) **Save & Close** – On click of Save & Close, the details of the captured will be saved.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

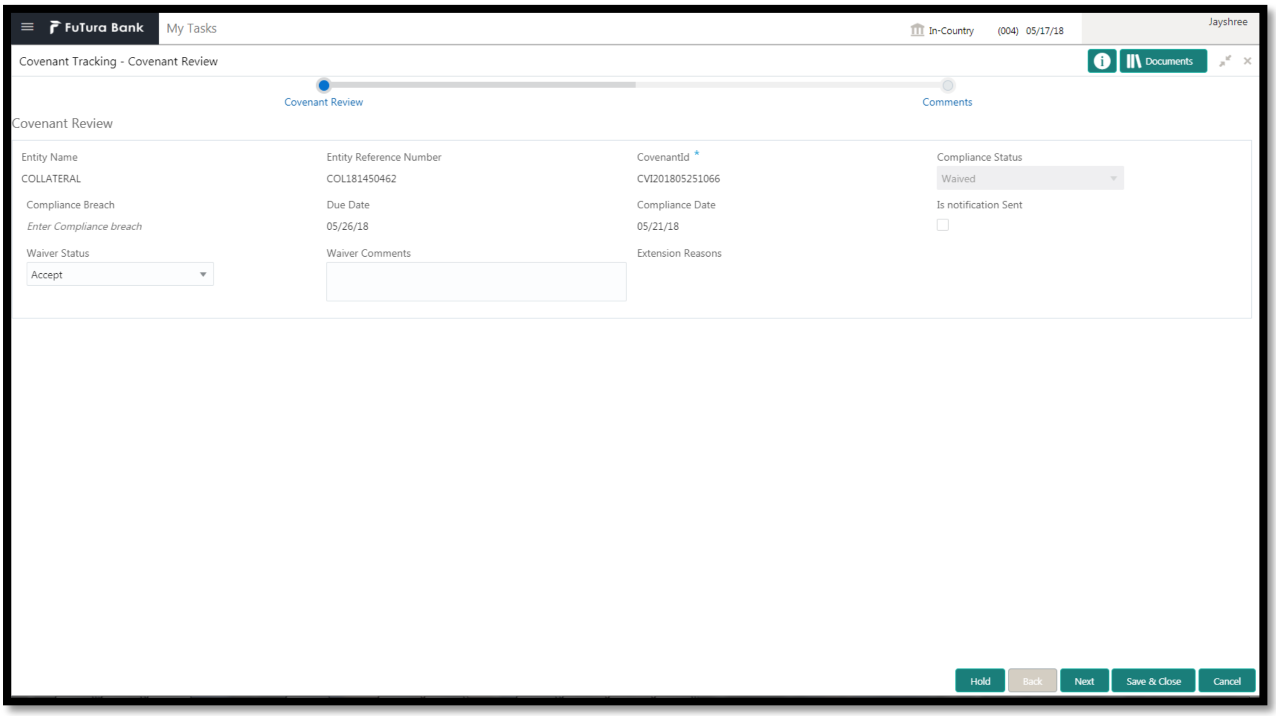
c) **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

d) **Cancel** – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.
e) **Back** – On Click of Back, the previous screen will be opened.

2.4 Covenant Breach – Credit Officer

On receiving the covenant breach notice the Credit Officer is then required to check with the client the reason and also understand if the breach is only for this particular period or will continue in the future. If the borrower says that this breach is just for this period then the Credit Officer requests for a waiver on covenant check for this particular period from the Risk team.   In case the borrower mentions that the breach will continue in future as well then the Credit Officer can request Risk for a complete removal of covenant/taking some remedial action/withdrawing the facility/or any other corrective action. Credit Officer will prepare a detailed report and update the remarks with the report.

The Credit Officer will have option to view the entire details of the linked transaction (Customer, Facility, Collateral, the linked loans/lc along with the status). If the Credit Officer requires any additional Information then he will Refer the Task to the RM.   If the Credit Officer requires any additional information from the Review (Monitoring Team) then the task will be sent to the Review Stage.



Field Name	**Description**	**Attrib-ute Type**	**Object Type**	**Siz e**	**Manda-tory?**	**Field Vali-dation**	**Default Value**
Process Ref No	Unique Ref-erence num-ber for the covenant tracking task	Display	Text Box	22	NA		
Branch	Branch code	Display	Text Box	4	NA		
Initiation date	Covenant task initiation date	Display	Text Box		NA		
Priority	Priority of the task	Input	Drop down	1	Mandato-ry		
Customer No	Customer from whom the covenant will be re-	Display	Text Box		NA		

	ceived						
Customer Name	System will display Customer Name of the selected customer	Display	Text Box				
Covenant Code	System displays the Covenant Code	Display	Text Box	22	NA		
Covenant Name	Name of the Covenant	Display	LOV	22	NA		
Covenant type	Type of the Covenant	Display	Drop down	1	NA		
Linked code	Collateral code to which the covenant belongs to or facility id of the Covenant or the Customer No of the Covenant	Display	Text Box	22	NA		
Description	Description of the Linked code	Display	Text Box	105	NA		
Next Revision date	Next revision date	Display	Date		Mandatory		
Waiver Status	Select one of the Following waiver status 1. Waive 2. Waive All	Input	Drop down	1	Optional		
Covenant Due date	Due date for the covenant	Display	Date		Mandatory		
Remarks	Capture the customer interactions details	Input	Text Box	2000	Mandatory		

Deferred Days	Specify the Deferred Days	Input	Text Box	2		if the Deferred Status is selected then deferred days must be captured. Every RM will have a maximum Deferred days. System will validate the deferred days against the maximum allowed deferred days of the RM.	
Compliance Status	The Compliance Status of the Covenant Possible values are Met Breached Deferred	Input	Drop down		Optional	If the last check result is Breach then the RM cannot defer it. RM cannot mark it as Met. If the customer is not able to provide the necessary documents then RM can mark it as Breach.	

<u>Action Buttons on the footer</u>

a. **Save & Close** – On click of Save & Close, the details of the captured will be saved.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

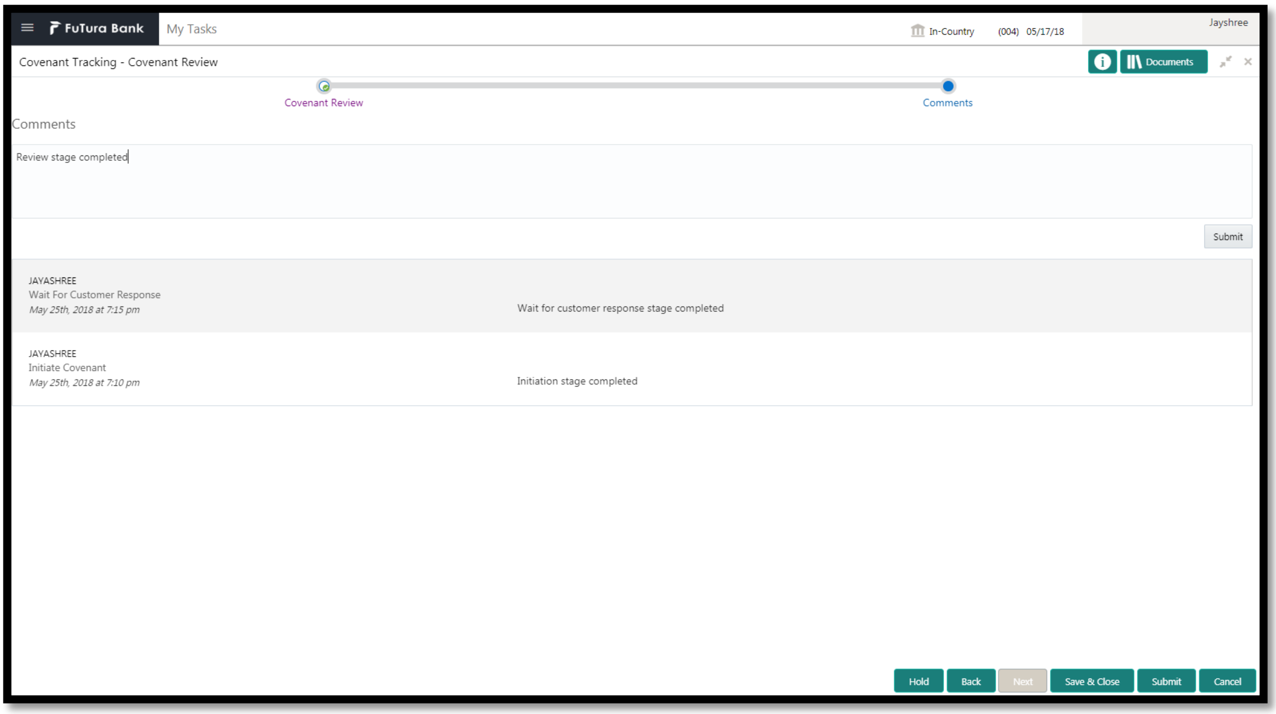
b. **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c. Cancel – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.

d. Next – On click of Next, the details of the captured will be saved and then system will move to the Next Screen.

b. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

2.4.1 Comments



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Comments	Specify the comments for the stage. This will be visible in all the stages	Input	Free Text	600	Mandatory	

Action Buttons

After providing required data, you will be able to perform one of the below actions –

a) **Submit –** On Submit, the checklists applicable for the stage will be defaulted based on the application category. On Verifying all the checklist and on selection of the Outcome of the task the task will be submitted.

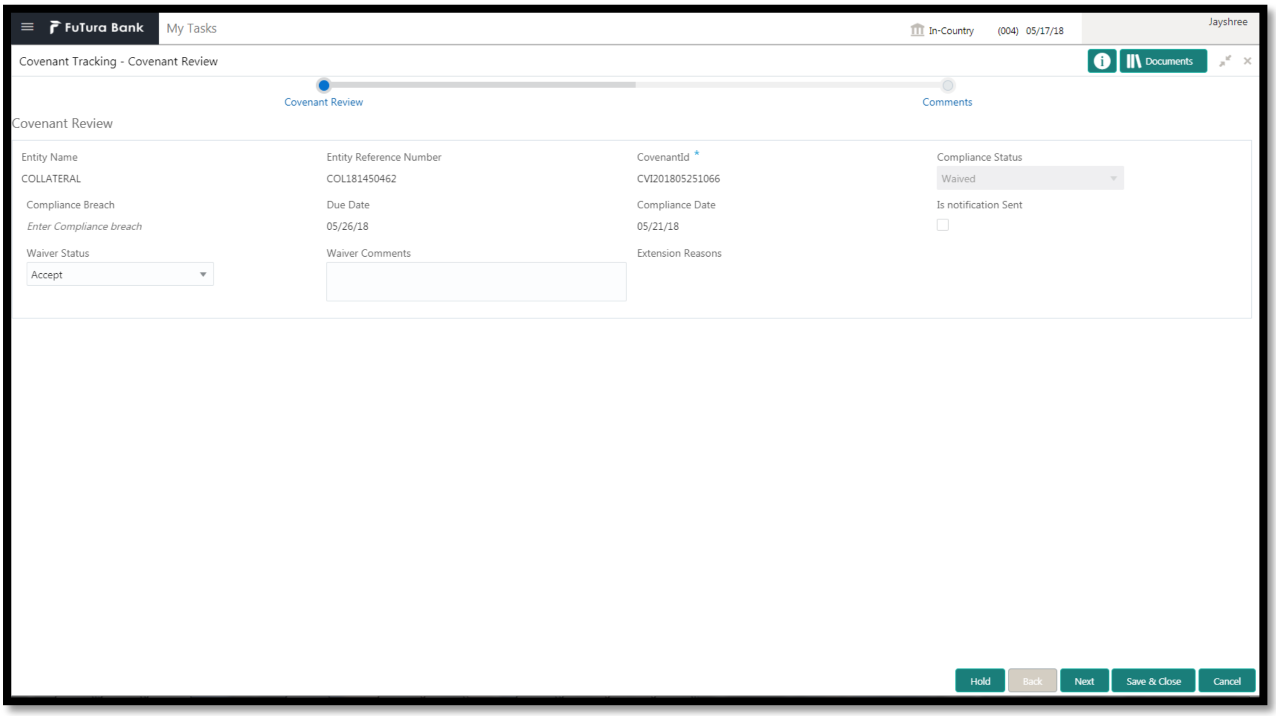
b) **Save & Close** – On click of Save & Close, the details of the captured will be saved.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c) **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

d) **Cancel** – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.
e) **Back** – On Click of Back, the previous screen will be opened.

2.5 Covenant Breach – RM

On receiving the covenant breach notice the RM is then required to check with the client the reason and also understand if the breach is only for this particular period or will continue in the future. If the borrower says that this breach is just for this period then the RM requests for a waiver on covenant check for this particular period from the Risk team. In case the borrower mentions that the breach will continue in future as well then the RM can request Risk for a complete removal of covenant/taking some remedial action/withdrawing the facility/or any other corrective action.



Field Name	Description	Attribute Type	Object Type	Size	Mandatory?	Field Validation	Default Value
Process Ref No	Unique Reference number for the covenant tracking task	Display	Text Box	22	NA		
Branch	Branch code	Display	Text Box	4	NA		
Initiation date	Covenant task initiation date	Display	Text Box		NA		
Priority	Priority of the task	Input	Drop down	1	Mandatory		
Customer No	Customer from whom the covenant will be received	Display	Text Box		NA		
Customer Name	System will dis-	Display	Text Box				

	play Customer Name of the selected customer						
Covenant Code	System displays the Covenant Code	Display	Text Box	22	NA		
Covenant Name	Name of the Covenant	Display	LOV	22	NA		
Covenant type	Type of the Covenant	Display	Drop down	1	NA		
Linked code	Collateral code to which the covenant belongs to or facility id of the Covenant or the Customer No of the Covenant	Display	Text Box	22	NA		
Description	Description of the Linked code	Display	Text Box	105	NA		
Next Revision date	Next revision date	Display	Date		Mandatory		
Waiver Status	Select one of the Following waiver status 1. Waive 2. Waive All	Input	Drop down	1	Optional		
Covenant Due date	Due date for the covenant	Display	Date		Mandatory		
Remarks	Capture the customer interactions details	Input	Text Box	2000	Mandatory		

Deferred Days	Specify the Deferred Days	Input	Text Box	2		if the Deferred Status is selected then deferred days must be captured. Every RM will have a maximum Deferred days. System will validate the deferred days against the maximum allowed deferred days of the RM.	
Compliance Status	The Compliance Status of the Covenant Possible values are Met Breached Deferred	Input	Drop down		Optional	If the last check result is Breach then the RM cannot defer it. RM cannot mark it as Met. If the customer is not able to provide the necessary documents then RM can mark it as Breach.	

Action Buttons on the footer

a. **Save & Close –** On click of Save & Close, the details of the captured will be saved.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

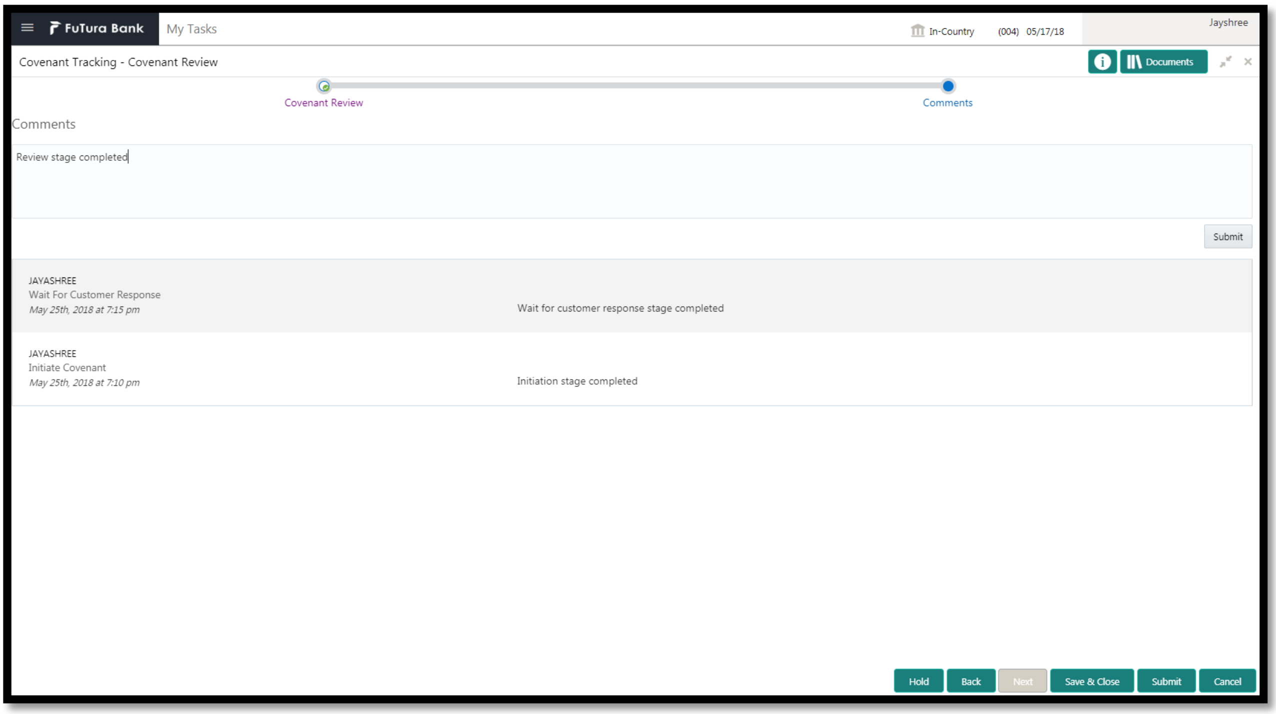
b. **Hold –** On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c. Cancel – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.

d. Next – On click of Next, the details of the captured will be saved and then system will move to the Next Screen.

b. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

2.5.1 Comments



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Comments	Specify the comments for the stage. This will be visible in all the stages	Input	Free Text	600	Mandatory	

Action Buttons

After providing required data, you will be able to perform one of the below actions –

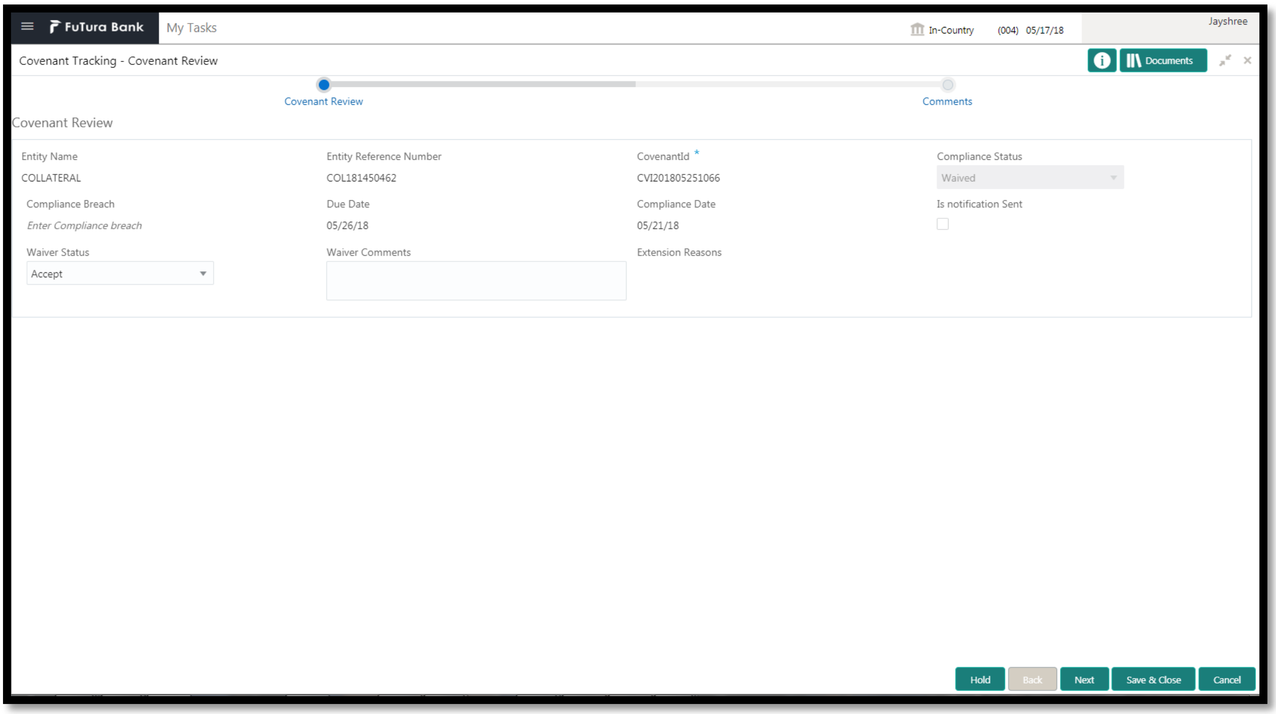
f) **Submit –** On Submit, the checklists applicable for the stage will be defaulted based on the application category. On Verifying all the checklist and on selection of the Outcome of the task the task will be submitted.

g) **Save & Close** – On click of Save & Close, the details of the captured will be saved.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

h) **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

i) **Cancel –** On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.
j) **Back –** On Click of Back, the previous screen will be opened.

The Risk Approver will have option to view the entire details of the linked transaction (Customer, Facility, Collateral, the linked loans/lc along with the status). Risk team specifies its own recommendation and if required they will set the Next Review Date for the customer and will initiate the review task along the reason for review and a target review completion date.
Stage.



Field Name	Descrip-tion	Attribute Type	Object Type	Siz e	Manda-tory?	Field Valida-tion	Default Value
Process Ref No	Unique Refer-ence number for the covenant tracking task	Display	Text Box	22	NA		
Branch	Branch code	Display	Text Box	4	NA		
Initiation date	Covenant task initi-ation date	Display	Text Box		NA		
Priority	Priority of the task	Input	Drop down	1	Mandato-ry		
Customer No	Custom-er from whom the covenant will be received	Display	Text Box		NA		
Customer Name	System will dis-play	Display	Text Box				

	Customer Name of the selected customer						
Covenant Code	System displays the Covenant Code	Display	Text Box	22	NA		
Covenant Name	Name of the Covenant	Display	LOV	22	NA		
Covenant type	Type of the Covenant	Display	Drop down	1	NA		
Linked code	Collateral code to which the covenant belongs to or facility id of the Covenant or the Customer No of the Covenant	Display	Text Box	22	NA		
Description	Description of the Linked code	Display	Text Box	105	NA		
Next Revision date	Next revision date	Display	Date		Mandatory		
Waiver Status	Select one of the Following waiver status 1. Waive 2. Waive All	Input	Drop down	1	Optional		
Covenant Due date	Due date for the covenant	Display	Date		Mandatory		
Remarks	Capture the customer interactions details	Input	Text Box	2000	Mandatory		

Deferred Days	Specify the Deferred Days	Input	Text Box	2		if the Deferred Status is selected then deferred days must be captured. Every RM will have a maximum Deferred days. System will validate the deferred days against the maximum allowed deferred days of the RM.	
Compliance Status	The Compliance Status of the Covenant Possible values are Met Breached Deferred	Input	Drop down		Optional	If the last check result is Breach then the RM cannot defer it. RM cannot mark it as Met. If the customer is not able to provide the necessary documents then RM can mark it as Breach.	

<u>Action Buttons on the footer</u>

a. **Save & Close –** On click of Save & Close, the details of the captured will be saved.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

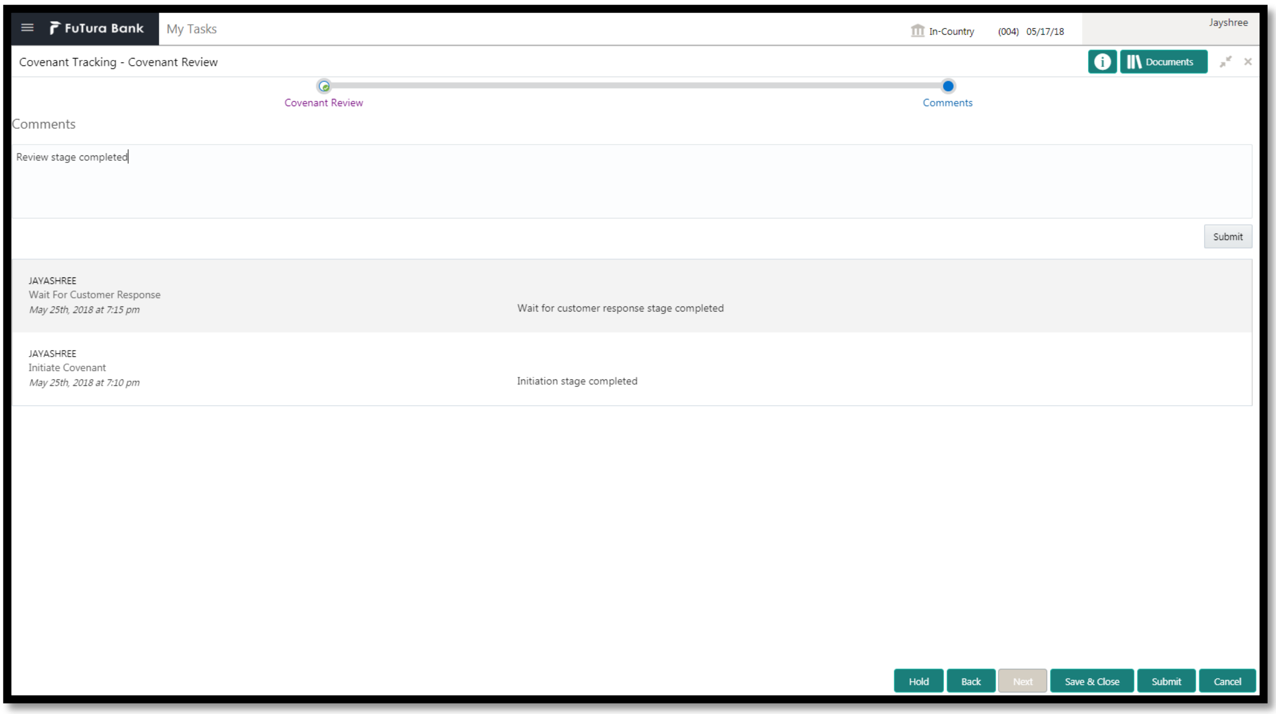
b. **Hold –** On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
    a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c. Cancel – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.

d. Next – On click of Next, the details of the captured will be saved and then system will move to the Next Screen.

a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

2.5.2 Comments



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Comments	Specify the comments for the stage. This will be visible in all the stages	Input	Free Text	600	Mandatory	

Action Buttons

After providing required data, you will be able to perform one of the below actions –

a) **Submit –** On Submit, the checklists applicable for the stage will be defaulted based on the application category. On Verifying all the checklist and on selection of the Outcome of the task the task will be submitted.

b) **Save & Close** – On click of Save & Close, the details of the captured will be saved.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

c) **Hold** – On Click of Hold the task status will be suspended and the task will be available in the Hold queue.
   a. If mandatory fields have not been captured, system will display error until the mandatory fields have been captured.

d) **Cancel** – On Click the system will ask for confirmation and on confirming the task will be closed without saving the data.
e) **Back** – On Click of Back, the previous screen will be opened.

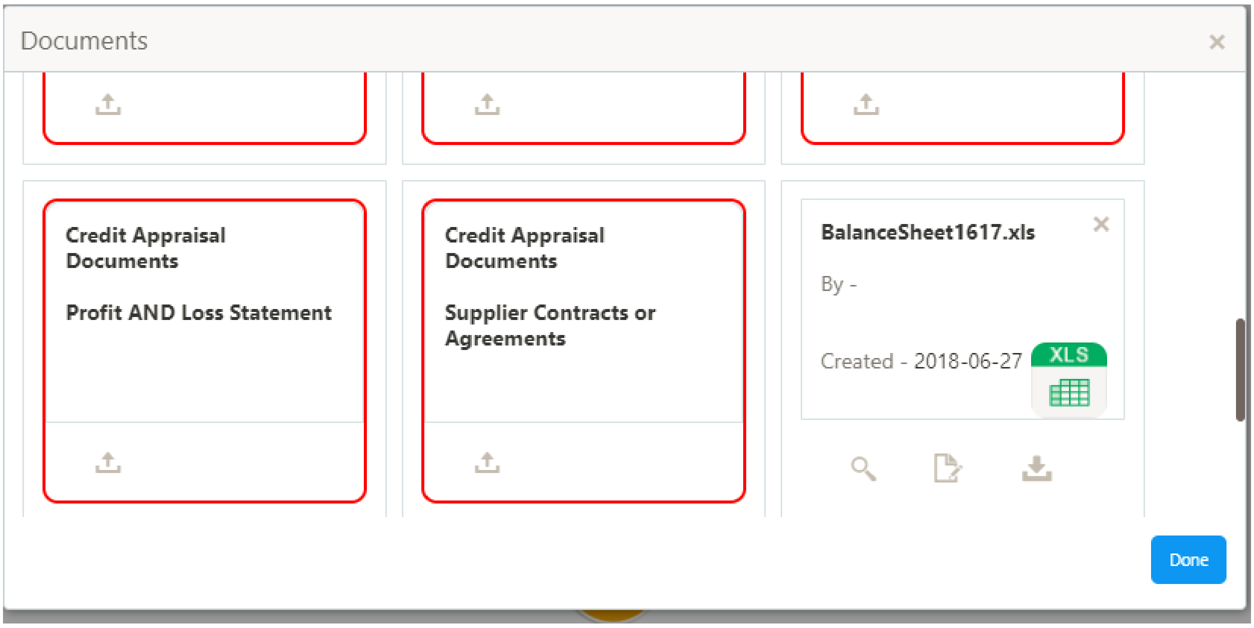
2.6 Hand off to Back office System

Once covenant has been successfully approved the covenant details will be handed off to the back office system. Hand off to back office system which is an automated stage where covenant details would be passed on to back office system for covenant details modification. If for any reason the handoff fails then the task will be moved to the Manual Retry Stage.

3. Document Upload and Checklist

3.1 Document Upload

Documents to be uploaded and the checklist of verified for each stage of the process can be maintained. Click on the Documents button to view /upload the documents that has to be uploaded for the stage or to view/ upload the documents which are uploaded for the task.

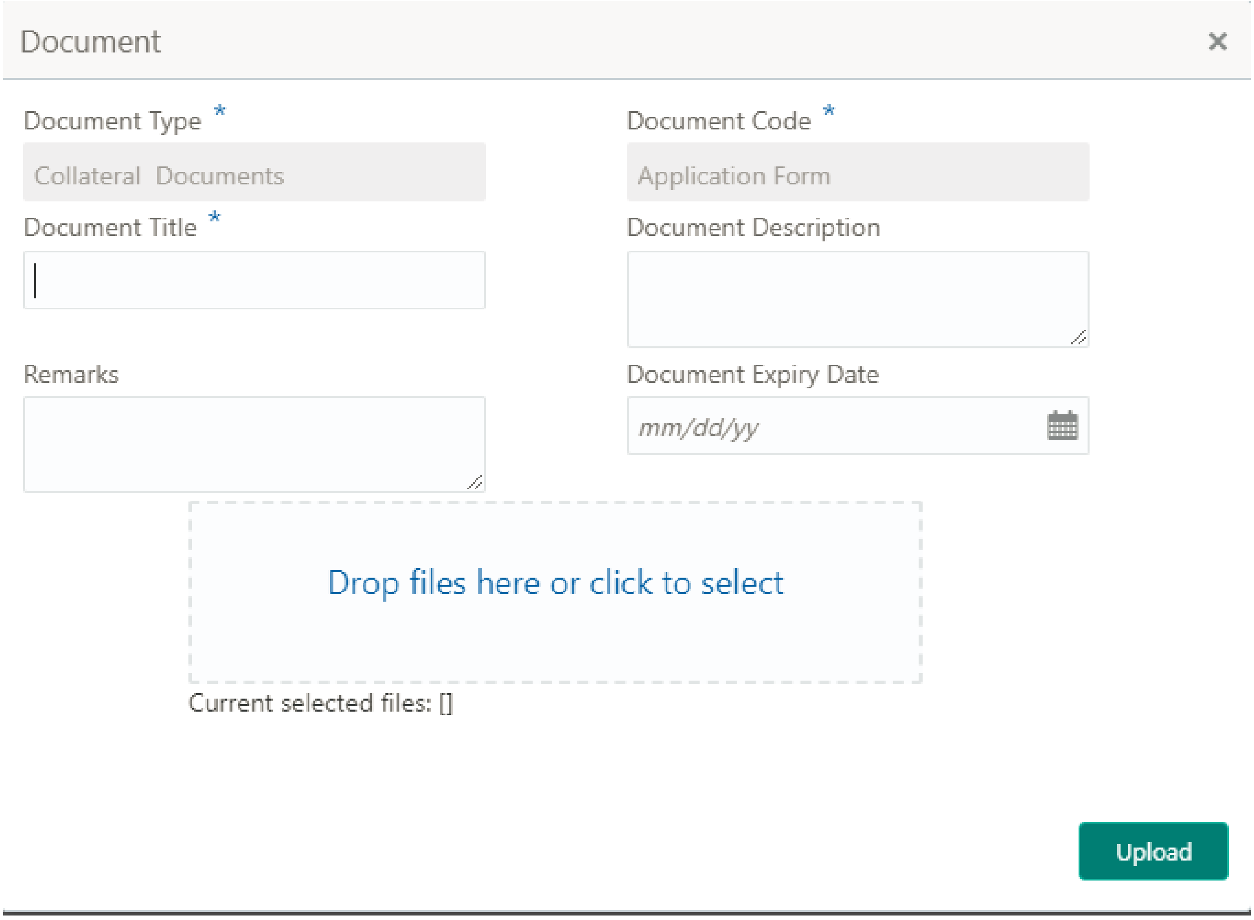


Action Buttons

After providing required data, you will be able to perform one of the below actions –

a) **Upload –** On click of Upload, the Document upload screen will be opened and the user can specify the document title, description, remarks, expiry date and select the document to be uploaded. This button will be visible only for the documents which are not yet uploaded.
b) **View** – On click of View button the document will be either downloaded or opened based on the browser capability. This button will be visible only for the documents which are already uploaded.
c) **Edit** – On Click of Edit the Document upload screen will be opened and the user can specify the document title, description, remarks, expiry date and select the document to be re-uploaded. This button will be visible only for the documents which are already uploaded.
d) **Download** – On Click of Download the document will be downloaded. This button will be visible only for the documents which are already uploaded.
e) **Delete** – This button will be visible only for the documents which are already uploaded. Click on the X button to delete the uploaded document.

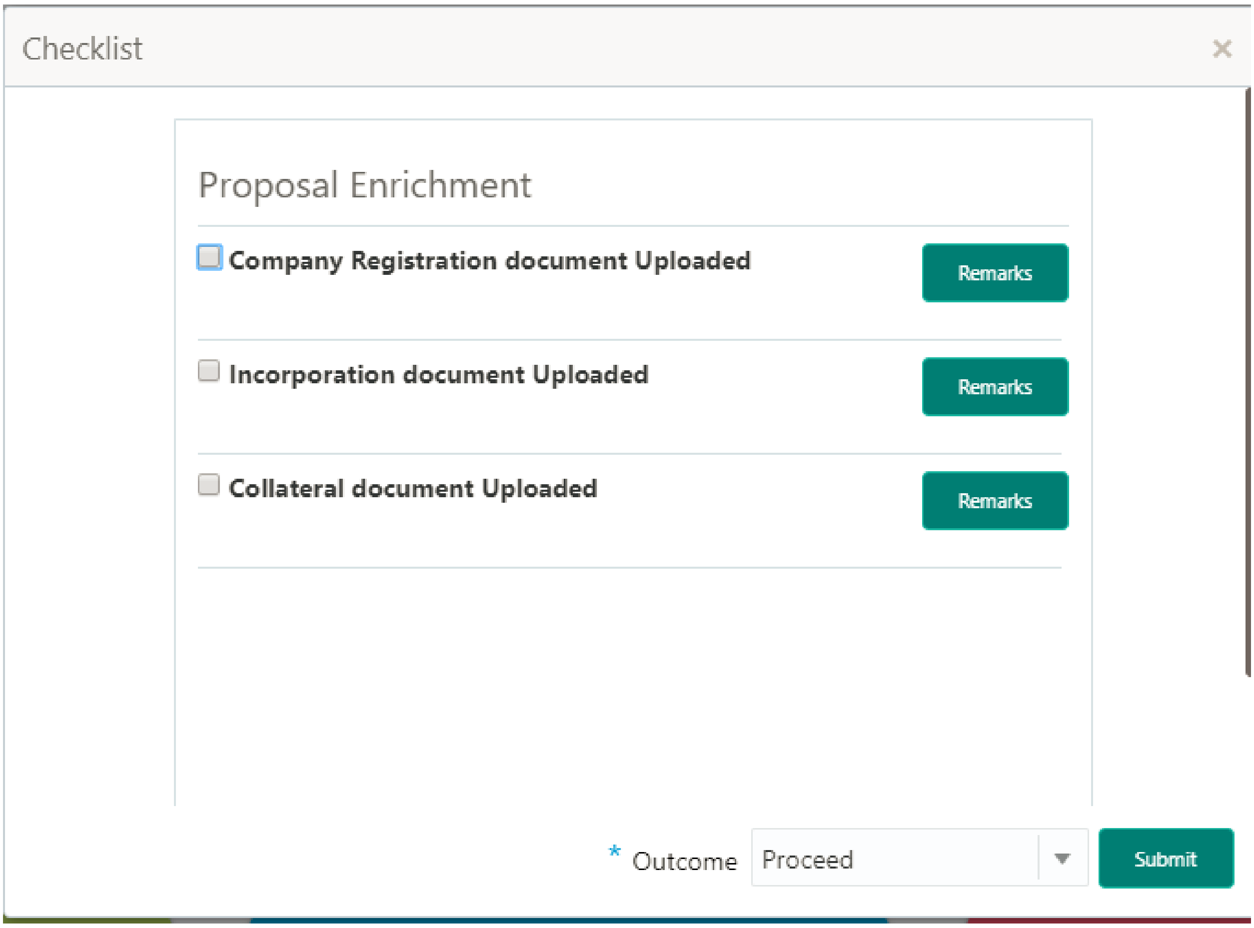
User can click on the upload button to upload the documents



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Document Type	System displays the document type	Display	Free Text		NA	
Document Code	System displays the document Code	Display	Free Text		NA	
Document Title	Specify the Document Title	Input	Free Text	30	Mandatory	
Document Description	Specify the short description of the document	Input	Free Text	150		
Remarks	Specify the remarks if any	Input	Free Text	150		
Document Expiry	Specify the Document Expiry Date	Input	Date			
Document Upload	Drag and Drop or click to select the file to be uploaded	Input	Document Upload			

3.2 Checklist

On click of the submit button the checklist for the stage of the process will be displayed. User can confirm each of the check list by clicking on the checkbox and can capture the remarks by clicking on the remarks button.



Field Name	Description	Attribute Type	Object Type	Size	Mandatory/Optional	Field Validation
Checklist Description	System displays the checklists maintained for the stage	Display	Free Text		Mandatory	Verify the entire checklist before clicking the submit button.
Remarks	Specify the remarks	Input	Button/Text		NA	

4. Reference and Feedback

4.1 References

For more information on any related features, you can refer to the following documents:

- Oracle Banking Getting Started User Guide
- Security Management System User Guide
- Common Core User Guide
- Process Maintenance Worklist User Guide
- Oracle Banking Credit Facilities Process Management Installation Guides

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

4.2 Feedback and Support

Oracle welcomes customers' comments and suggestions on the quality and usefulness of the document. Your feedback is important to us. If you have a query that is not covered in this user guide or if you still need assistance, please contact documentation team.