Collateral Creation User Guide

Oracle FLEXCUBE Enterprise Limits and Collateral Management

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May 2019
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1. Preface

1.1 Introduction

This manual is designed to help you create a collateral, maintain, and evaluate the collateral details in Oracle FLEXCUBE. It also assists you in handling all the necessary activities in the life cycle of a collateral once it is created. This includes the collateral creation initiation, internal and external check, risk valuation, approval, customer agreement, and so on.

1.2 Audience

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

Role	Function
Back office data entry clerk	Input functions for funds
Back office managers/ officers	Authorization functions
Product Managers	Product definition and authorization
End of day operators	Processing during end of day/ beginning of day

1.3 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.

1.4 Acronyms and Abbreviations

The following are some of the acronyms and abbreviations you are likely to find in the manual:

ELCM	Enterprise Limits and Collateral Management
FCUBS	Oracle FLEXCUBE Universal Banking Solution
UI	User Interface
BPEL	Business Process Execution Language
BPMN	Business Process Model and Notation
TD	Term Deposit
CAM	Credit Appraisal Management
RM	Relationship Manager

1.5 Organization

This manual is organized as follows:

Chapter 1	*Preface g*ives information on the intended audience. It also lists the various chapters covered in this User Manual
Chapter 2	*Collateral Creation* describes about the available options and stages involved in collateral creation.
Chapter 3	*Function ID Glossary* has alphabetical listing of Function/Screen IDs used in the module with page references for quick navigation.

1.6 Related Documents

- The Procedures User Manual
- The Enterprise Limits and Collateral Management User Manual
- The Credit Appraisal Management User Manual
- The Products User Manual

1.7 Glossary of Icons

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

Icons	**Function**
	Exit
	Add row
	Delete row
	Option List

2. Collateral Creation

This chapter contains the following sections:

2.1 Introduction

Oracle FLEXCUBE facilitates collateral creation from different sources. This manual assist you through the available options, stages involved in the collateral creation workflow. In the first section, the chapter briefs on the stages involved. The next section talks about the steps involved in detail.

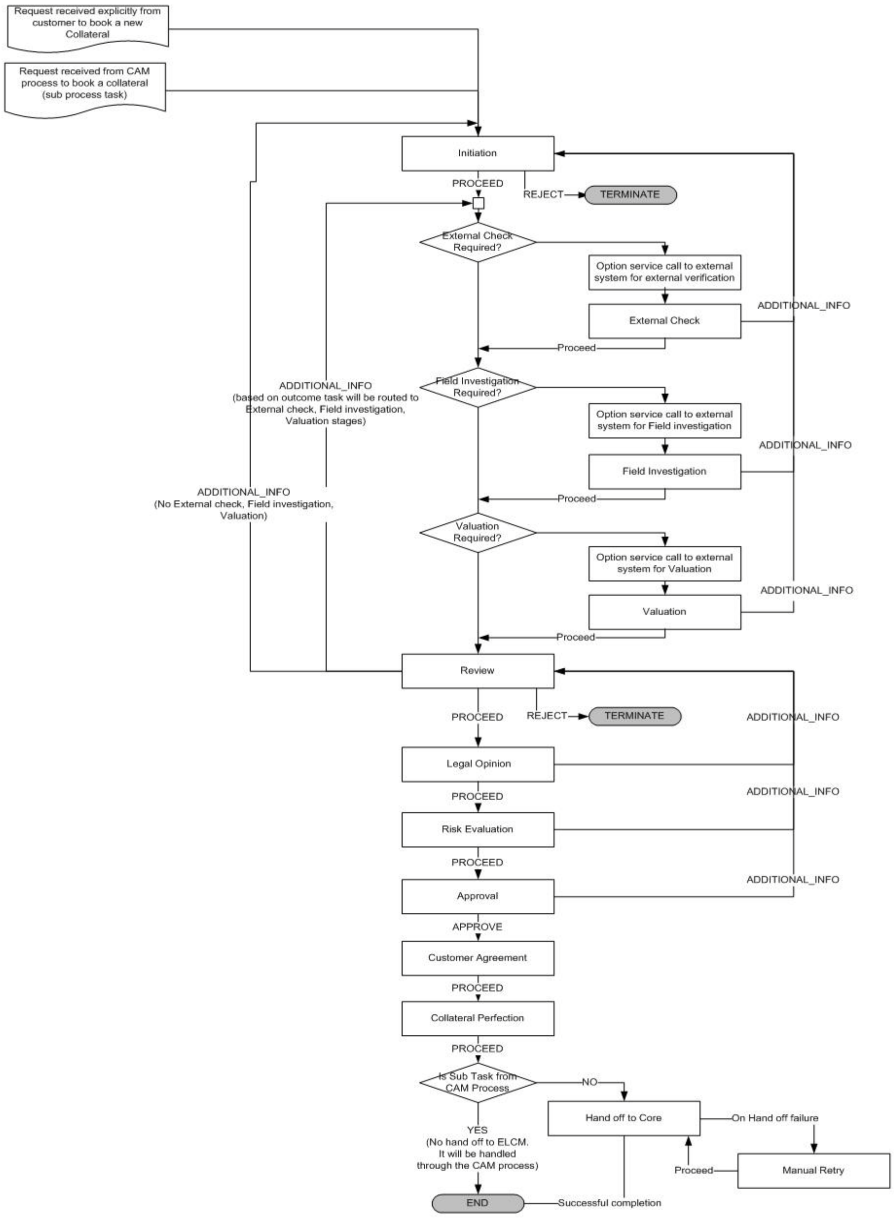
2.2 Stages in Collateral Creation

The process of creating a collateral involves the following stages:

- Initiation - The user initiates collateral creation process and captures all the collateral details.
- External Check - At this stage you can check if there is an existing charge on the collateral submitted by the customer. The results of external check are maintained in External Check sub-screen of the Collateral Investigation screen.
- Field Investigation - You can investigate on the collateral to prevent any fraud and misrepresentation of facts by the customer. These details can be captured in Collateral investigation sub-screen.
- Valuation - The user initiates valuation of the collateral and updates the results in Valuation Details screen.
- Review - At this stage all the investigation done on the collateral are reviewed to decide if the same can be accepted.
- Legal Opinion - The legal opinion on the collateral are sought and updated in legal opinion screen.
- Risk Evaluation - The risk management team evaluates whether the credit risk is mitigated by the proposed collateral.
- Approval - The approval authority approves or rejects the collateral creation.
- Customer Agreement - Once approved, collateral agreement is generated by the system and sent to customer for signature.
- Collateral Perfection - The bank registers the collateral with relevant registration authorities.
- Collateral Creation Hand off to ELCM Module - Once the collateral perfection stage is successfully completed, the collateral record details are passed on to ELCM module for collateral creation. This stage is automated.
- Handoff Retry Stage - If any failure occurs during the handoff, the system moves the task to handoff retry stage for manual completion to create the Collateral in ELCM.

2.3 Process Flow Diagram

The process flow diagram given below illustrates the activities carried out during various stages of a collateral creation.



2.4 Process Matrix

The process matrix given below lists out the different stages, condition to move to next stage, target stage, and remarks for each condition.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
1	Initiation	ORDCOINT/ ORDCOINP	PROCEED External Check Required = True	External Check	If the outcome of this stage is PROCEED and 'External Check Required' check box is enabled, then the task is saved and moved to 'External Check' stage.
			PROCEED Field Investigation Required = True	Field Investigation	If the outcome of this stage is PROCEED and 'Field Investigation Required' check box is enabled, then the task is saved and moved to 'Field Investigation' stage.
			PROCEED Valuation Required = True	Valuation	If the outcome of this stage is PROCEED and 'Valuation Required' check box is enabled, then the task is saved and moved to 'Valuation' stage.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			REJECT	Termination	If the outcome of this stage is REJECT then the process gets terminated.
			PROCEED External Check Required = False Field Investigation Required = False Valuation Required = False	Review	If the outcome of the stage is PROCEED and 'External Check Required', 'Field Investigation Required' and 'Valuation Required' check box is disabled then the system moves the saved task to 'Review' stage.
2	External Check	ORDCOEXC	PROCEED Field Investigation Required = True	Field Investigation	If the outcome of this stage is PROCEED and 'Field Investigation Required' check box is enabled, then the task is saved and moved to 'Field Investigation' stage.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			PROCEED Valuation Required = True	Valuation	If the outcome of this stage is PROCEED and 'Valuation Required' check box is enabled, then the task is saved and moved to 'Valuation' stage.
			ADDITIONAL INFO	Initiation	If the outcome of this stage is ADDITIONAL INFO then the task is saved and moved to 'Initiation' stage.
			PROCEED Field Investigation Required = False Valuation Required = False	Review	If the outcome of the stage is PROCEED and 'Field Investigation Required' and 'Valuation Required' check box are disabled then the system moves the task to 'Review' stage.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
3	Field Investigation	ORDCOFIG	PROCEED Valuation Required = True	Valuation	If the outcome of this stage is PROCEED and ‘Valuation Required’ check box is enabled, then the task is saved and moved to ‘Valuation’ stage.
			ADDITIONAL INFO	Initiation	If the outcome of this stage is ADDITIONAL INFO then the task is saved and moved to ‘Initiation’ stage.
			PROCEED Valuation Required = False	Review	If the outcome of this stage is PROCEED and ‘Valuation Required’ check box is disabled, then the task is saved and moved to ‘Review’ stage.
4	Valuation	ORDCOVAL	PROCEED	Review	If the outcome of this stage is PROCEED then the task is saved and moved to ‘Review’ stage.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			ADDITIONAL INFO	Initiation	If the outcome of this stage is ADDITIONAL INFO then the task is saved and moved to 'Initiation' stage.
5	Review	ORDCOREV	PROCEED	Legal Opinion	If the outcome of this stage is PROCEED then the task is moved to 'Legal Opinion' stage once all the mandatory fields are specified in the screen.
			REJECT	Terminate	If the outcome of this stage is REJECT then the process gets terminated.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			ADDITIONAL INFO External Check Required = False Field Investigation Required = False Valuation Required = False	Initiation	If the outcome of the stage is ADDITIONAL INFO and 'External Check Required', 'Field Investigation Required' and 'Valuation Required' check box are disabled then the system moves the task to 'Initiation' stage.
			ADDITIONAL INFO External Check Required = True	External Check	If the outcome of the stage is ADDITIONAL INFO and 'External Check Required' check box is enabled then the system moves the task to 'External Check' service call.

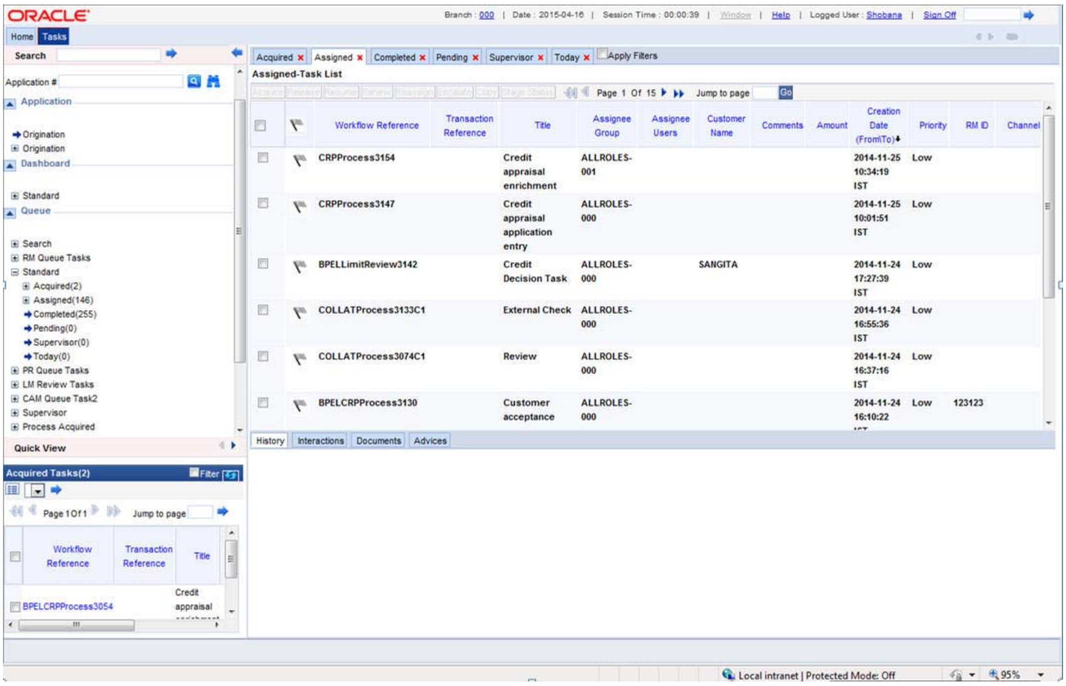
Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			ADDITIONAL INFO Field Investigation Required = True	Field Investigation	If the outcome of the stage is ADDITIONAL INFO and ‘Field Investigation Required’ check box is enabled then the system moves the task to ‘Field Investigation’ service call.
			ADDITIONAL INFO Valuation Required = True	Valuation	If the outcome of the stage is ADDITIONAL INFO and ‘Valuation Required’ check box is enabled then the system moves the task to ‘Valuation Required’ service call.
6	Legal Opinion	ORDCOLGO	PROCEED	Risk Evaluation	If the outcome of the stage is PROCEED then the task is saved and moved to ‘Risk Evaluation’ stage.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			ADDITIONAL INFO	Review	If the outcome of the stage is ADDITIONAL INFO, then the task is saved and moved to 'Review' stage.
7	Risk Evaluation	ORDCORSK	PROCEED	Approval	If the outcome of the stage is PROCEED then the task is saved and moved to 'Approval' stage.
			ADDITIONAL INFO	Review	If the outcome of the stage is ADDITIONAL INFO then the task is saved and moved to 'Review' stage.
8	Approval	ORDCOAPR	APPROVE	Customer Agreement	If the outcome of the stage is APPROVE, then the task is saved and moved to 'Customer Agreement' stage.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			ADDITIONAL INFO	Review	If the outcome of the stage is ADDITIONAL INFO, then the task is saved and moved to 'Review' stage.
9	Customer Agreement	ORDCOCAG	PROCEED	Collateral Perfection	If the outcome of the stage is PROCEED after the customer agreement is signed and received by the bank, then the task is saved and moved to 'Collateral Perfection' stage.
10	Collateral Perfection	ORDCOPER	PROCEED CAM_PROCESS_REF is NULL	Handoff to ELCM Module	If the outcome of the stage is PROCEED and the task is saved, then system triggers DB hand off to ELCM.

Sl.No.	Source Stage	Function ID	Outcome	Target Stage	Remarks
			PROCEED CAM_PROCESS_REF is NOT NULL	COMPLETED	If the outcome of the stage is PROCEED and the task is saved, then the collateral process are completed and the response is received by CAM process. Collaterals are handed off from CAM Process.
11	Handoff to ELCM System		Successful handoff completion	COMPLETED	Successful completion of Collateral creation process.
			Exceptions like unavailability of ELCM services or error while handing off to ELCM.	Handoff Retry	In case of any exceptions like, unavailability of ELCM services, error while handing off to FCUBS, the task is moved to Manual retry stage.
12	Handoff Retry	ORDCOMRT	PROCEED Retry Again = True	Handoff to ELCM System	The system invokes DB adapter calls to handoff collateral details to ELCM.
			PROCEED Retry Again = False	COMPLETED	

To acquire the next stage, you need to go to the ‘Task’ menu and select ‘Assigned’ under ‘Standard’ option.



All tasks that have been successfully completed are listed in the right-side of the screen. Select the check box against your ‘Workflow Ref No’ and click ‘Acquire’ button at the top of the screen to acquire the next stage of the task.

The system displays the message as ‘Acquire Successful’ on successful acquisition of the task.

Click ‘Ok’ to proceed to the next stage. To select the acquired task for the next stage, select ‘Acquired’ under ‘Standard’ option in the ‘Task’ menu. All the tasks that have been successfully acquired are displayed in the right side of the screen. Search for your workflow reference number and click the ‘Workflow Ref No’ to open the required screen.

2.5 Processing Collateral Creation

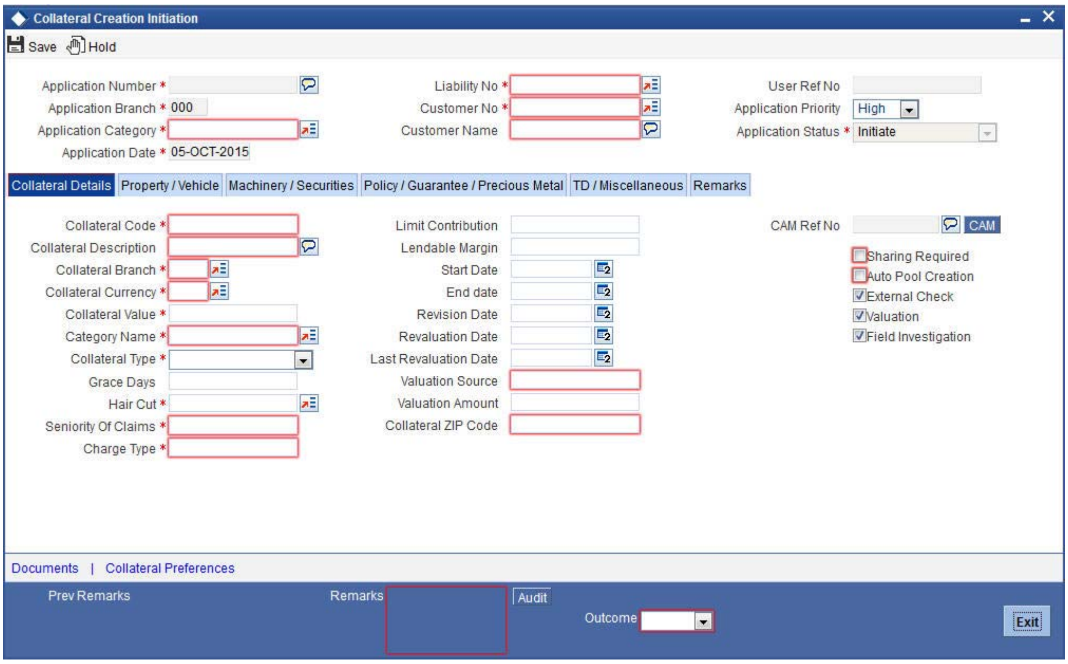
Step 1.Initiation

This section contains the following topics:

- Section 2.5.1, "Collateral Details Tab"
- Section 2.5.2, "Property and Vehicle Tab"
- Section 2.5.3, "Machinery and Marketable Securities Tab"
- Section 2.5.4, "Policy/Guarantee/Precious Metal Tab"
- Section 2.5.5, "TD/Miscellaneous Tab"
- Section 2.5.6, "Remarks Tab"
- Section 2.5.7, "Maintaining Document Details"
- Section 2.5.8, "Maintaining Collateral Preferences"

You can maintain collateral details in ‘Collateral Creation’ screen, if you have the required access rights. You can invoke this screen by typing ‘ORDCOINT or ORDCOINP in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. In

'Collateral Creation Process' you can specify the necessary details for creating the collateral data.



Specify the following in this screen:

Application Number

The system displays the application reference number on initiating a process. This number is unique throughout the process.

Application Branch

The system displays the branch where application is captured.

Application Date

The system defaults the application initiation date.

Application Category

Select the application category from the adjoining option list. The category is used for populating the documents, advices, and checklist mapped in Document sub-screen.

Channel

Select the channel which initiated the application from the adjoining option list.

Channel Reference No

Specify the channel reference number.

External Source

Specify the external source.

Source Reference No

Specify the reference number of the external source.

Application Priority

Select application priority from the adjoining drop-down list.The options available are:

- High
- Low
- Medium

User Reference No

Specify the user reference number.

Application Status

The system defaults the application status based on the current stage of the process.

2.5.1 Collateral Details Tab

Liability No

Select the liability number from the adjoining option list.

Customer No

Select the customer number from the adjoining option list.

Customer Name

The system displays the name of the customer.

Collateral Code

Specify the code of the collateral.

Collateral Description

Give a brief description on the collateral.

CAM Process Reference No

The system displays the CAM process reference number which triggered collateral creation.

CAM

Click CAM to view CAM process flow details.

Collateral Branch

Select the branch where collateral is created from the adjoining option list.

Collateral CCY

Select the currency of the collateral from the adjoining option list.

Collateral Amount

Specify the collateral amount.

Collateral Category

Select the collateral category under which the collateral should be created. You can select the appropriate category from the adjoining option list.

Collateral Type

Select the type of collateral from the adjoining drop-down list. The options available are:

- Property
- Vehicle
- Marketable Securities
- Plant and Machinery
- Term Deposit
- Precious Metal
- Guarantee
- Miscellaneous
- Policy

Based on the collateral type selected in the Collateral Details tab, system forces the user to complete corresponding tabs.

Start Date

Specify the start date from when the collateral is submitted.

End Date

Specify the collateral expiry date.

Revision Date

Specify the collateral revision date.

Revaluation Date

Specify the collateral revaluation date.

Grace Days

Specify the grace days.

Last Valuation Date

Specify the last valuation date.

Valuation Source

Select the source of valuation.

Valuation Amount

Specify the valuation amount.

Collateral ZIP Code

Specify the pin code of the collateral location.

External Check Required

'External Check Required' is selected by default. However, you can disable this check box if you want to skip the external check.

Valuation Required

'Valuation Required' is selected by default. However, you can disable this check box if you want to skip the valuation of the collaterals.

FI Required

'FI Required' is selected by default. However you can disable this check box if you want to skip the field investigation.

Charge Type

Select the collateral charge type.

Haircut%

Select the haircut percentage from the adjoining option list.

Seniority of Claims

Specify the seniority of bank's claim on the property.

Limit Contribution

Specify the limit contribution amount.

Sharing Required

If this check box is selected, the collateral can be shared by the liabilities given in the Sharing details section in Collateral Preference sub-screen.

Auto Pool Creation

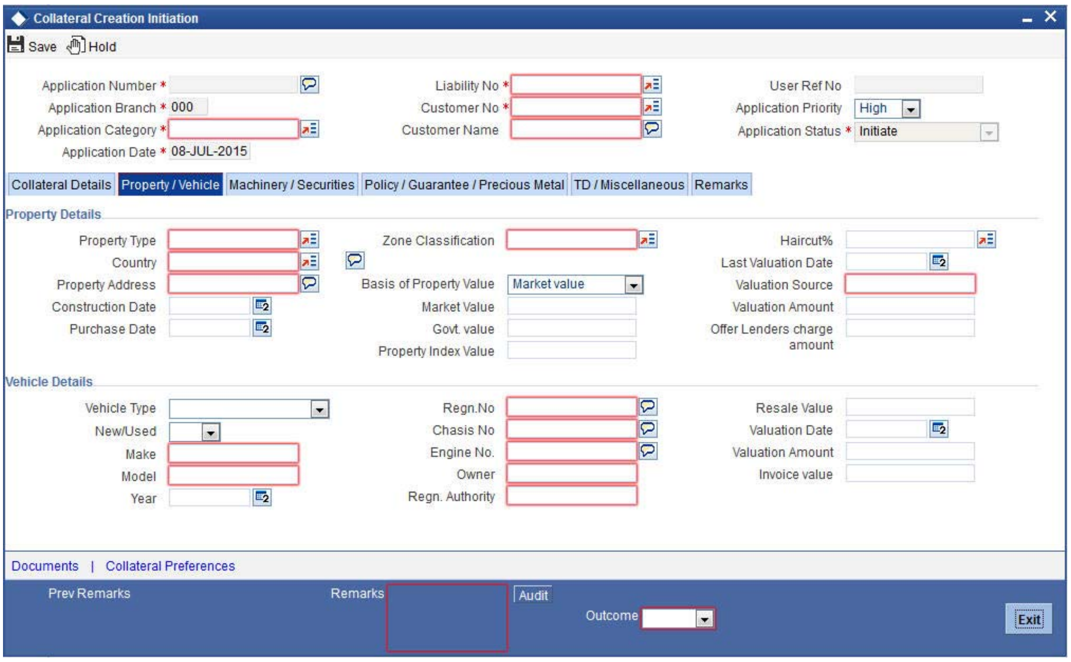
Select this check box if auto pool creation is required.

Lendable Margin

Specify the lendable margin.

2.5.2 Property and Vehicle Tab

Click ‘Property/Vehicle’ tab to provide details on property and vehicle.



Property Type

Select the type of property from the adjoining option list.

Country

Select the country of the location of collateral from the adjoining option list.

Property Address

Specify the property address.

Construction Date

Specify the property construction date.

Purchase Date

Specify the property purchase date.

Zone Classification

Select the zone of the property from the adjoining option list.

Basis of Property Value

Select the basis of property value from the adjoining drop-down list. The options available are:

- Market Value
- Property Index Value
- Govt. Value

Market Value

Specify the market value of the property.

Govt. Value

Specify the government value of the property.

Property Index Value

Specify the index value of the property.

Haircut %

Select the haircut percentage from the adjoining option list.

Last Valuation Date

Specify the last valuation date from the customer submitted valuation report.

Valuation Source

Specify the source of valuation from the valuation report.

Valuation Amount

Specify the valuation amount.

Other Lenders Charge Amount

Specify the combined charge amount of other lenders if the property is already mortgaged to other lenders.

Vehicle Type

Select the type of vehicle from the adjoining drop-down list.

New/Used

Indicate whether the vehicle is new or used.

Make

Specify the make of the vehicle.

Model

Specify the model of the vehicle.

Year

Specify the year of manufacturing of the vehicle.

Regn No.

Specify the vehicle registration number.

Chasis No

Specify the vehicle chasis number.

Engine No

Specify the engine number of the vehicle.

Owner

Specify the owner details of the vehicle.

Regn. Authority

Specify the registration authority of the vehicle.

Resale Value

Specify the resale value of the vehicle.

Valuation Date

Specify the valuation date of the vehicle. This is applicable for used cars only.

Valuation Amount

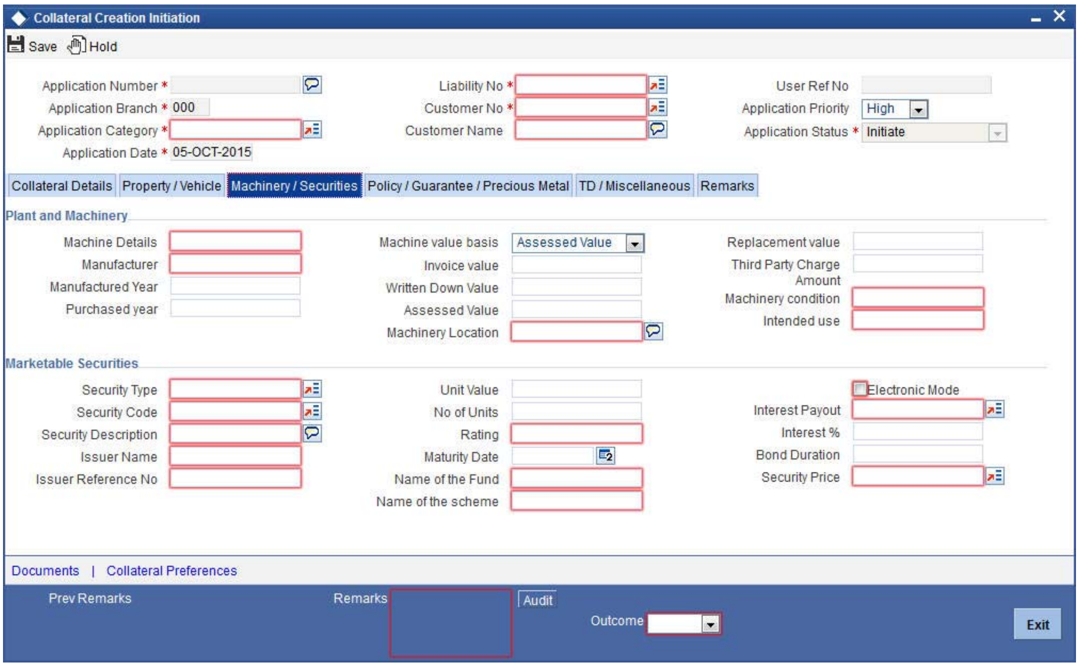
Specify the valuation amount of the vehicle. This is applicable for used cars only.

Invoice Value

Specify the invoice value of the vehicle.

2.5.3 Machinery and Marketable Securities Tab

Click ‘Machinery/Securities’ tab to provide details on machinery and marketable securities.



Plant and Machinery

Machine Details

Specify the machine number of the collateral. The system displays an error message if any duplicates exists for this machine number.

Manufacturer

Specify the manufacturer details.

Manufactured Year

Specify the year of manufacturing.

Purchased Year

Specify the year of purchase.

Machine Value Basis

Select the basis of machine value from the adjoining drop-down list. The options available are:

- Assessed Value
- Written Down Value
- Invoice Value

Invoice Value

Specify the invoice value of the machinery.

Written Down Value

Specify the written down value of the machinery after depreciation.

Assessed Value

Specify the assessed value of the machinery.

Machinery Location

Specify the location of the machinery.

Replacement Value

Specify the replacement value of the machinery.

Third Party Charge Amount

Specify the charge amount of other lenders, if any.

Machinery Condition

Specify the condition of the machinery.

Intended Use

Specify the intended usage of the machinery.

Marketable Securities

Security Type

Select the type of marketable security from the adjoining option list.

Security Code

Select the security code from the adjoining option list.

Description

The system displays security code description.

Issuer Name

The system displays the issuer name from Issuer Maintenance (GEDISSUR) screen.

Issuer Ref No.

The system defaults the issuer reference number from Securities (GEDSECTY) screen.

Unit Value

The system displays the face value captured in Securities screen as unit value.

No. of Units

Enter the number of units submitted by the customer.

Rating

Specify the rating of the securities.

Maturity Date

The system displays the expiry date captured in Securities screen as maturity date.

Name of the Fund

Specify the name of the mutual fund.

Name of the Scheme

Specify the scheme name of the mutual fund.

Electronic Mode

Select this check box if securities are in electronic mode.

Interest Payout

Select the interest payment frequency from the adjoining option list.

Interest %

Specify the interest percentage on bonds.

Bond Duration

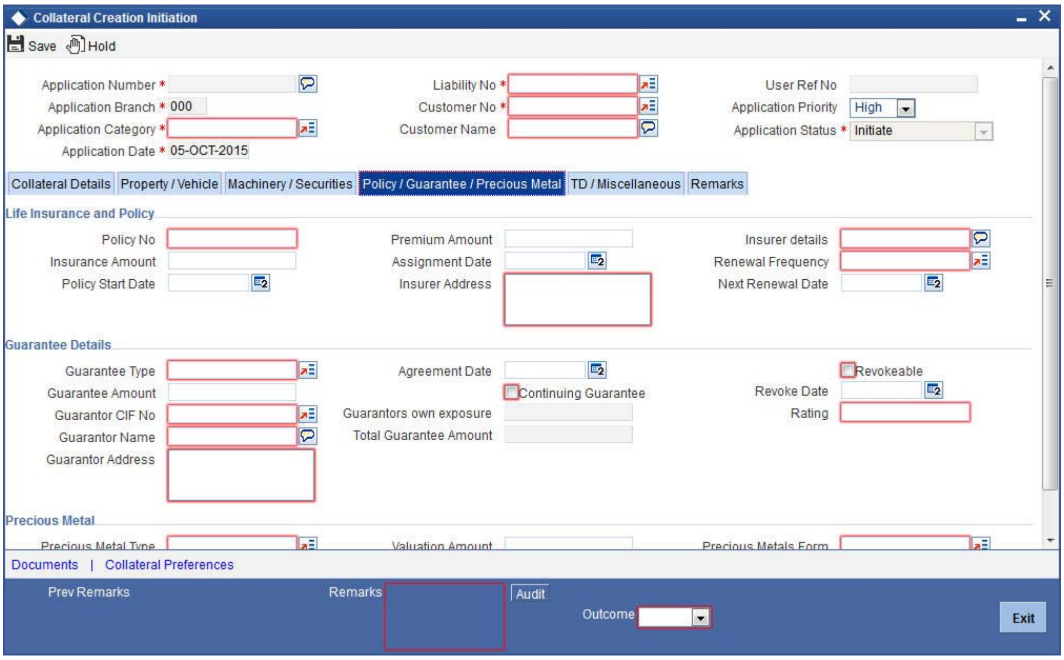
Specify the duration of the bonds.

Security Price

Specify the market value of the security.

2.5.4 Policy/Guarantee/Precious Metal Tab

Click ‘Policy/Guarantee/Precious Metal’ tab to provide details on LIC policy, guarantee, and precious metal.



Life Insurance Policy

Policy No.

Specify the life insurance policy number.

Insurance Amount

Specify the sum assured amount.

Policy Start Date

Enter the start date of the policy.

Premium Amount

Specify the premium amount.

Assignment Date

Enter the date of assigning the policy to the bank.

Insurer Address

Specify the address of the insurance company.

Insurer Details

Specify the details of insurance like the nature of the policy, term of the policy etc.

Renewal Frequency

Select the renewal frequency of the policy from the adjoining option list.

Next Renewal Date

Enter the next renewal date.

Guarantee

Guarantee Type

Select the type of guarantee from the adjoining option list.

Guarantee Amount

Specify the guarantee amount.

Guarantor CIF No.

Select the guarantor CIF number from the adjoining option list.

Guarantor Name

Specify the name of the guarantor. The system displays the name of the guarantor if the guarantor CIF number is entered.

Guarantor Address

Specify the address of the guarantor.

Agreement Date

Specify the guarantee agreement date.

Continuing Guarantee

Select this check box if it is a continuing guarantee.

Guarantor's Own Exposure

The system displays the total exposure of the guarantor.

Total Guarantee Amount

The system displays the combined guarantee amount of guarantor.

Revokeable

Select this check box to revoke or withdraw the guarantee provided.

Revoke Date

Indicate the date when the Guarantor revokes the guarantee. This field is enabled only when the Revoke check box is selected.

Rating

You can assign a credit rating to each Guarantor. Here specify the rating assigned to the Guarantor.

Precious Metal

Precious Metal Type

Specify the type of precious metal from the adjoining option list.

Weight in Gms

Specify the weight of the precious metal in grams.

Valuation Amount

Specify the valuation amount.

Unit Rate

Specify the unit rate of the precious metal.

Precious Metal Form

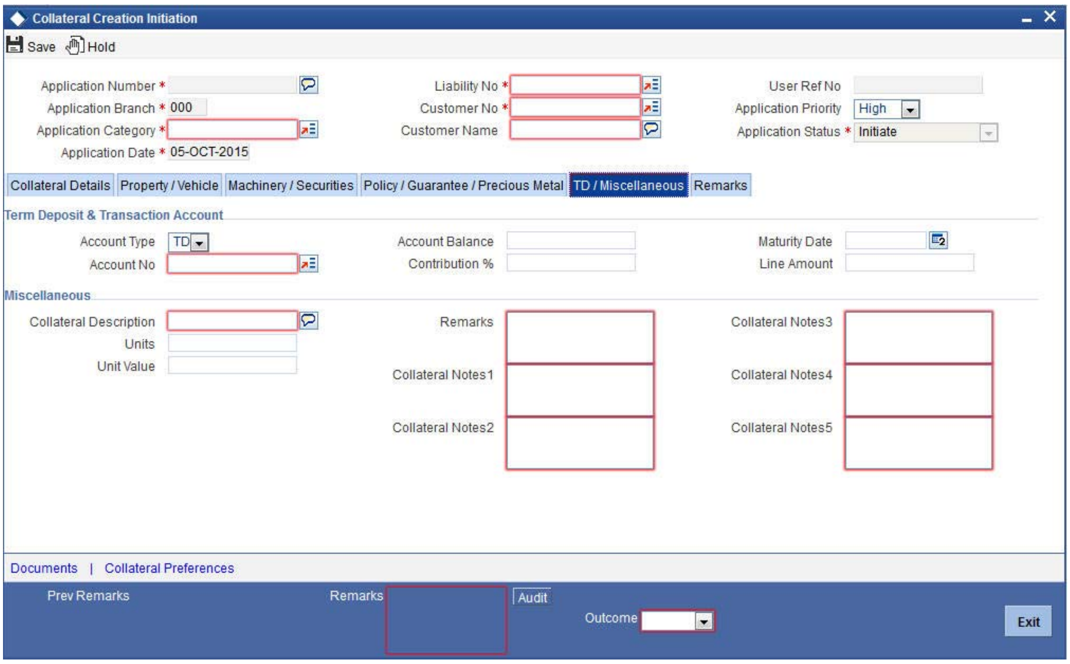
Select the form of the metal from the adjoining option list.

Notes

Specify the notes related to collateral.

2.5.5 TD/Miscellaneous Tab

Click 'TD/Miscellaneous' tab to provide details on term deposit and other miscellaneous details.



Term Deposit and Transaction Account

Account Type

Select the type of account from the adjoining option list.

Account No.

Select the transaction account number from the adjoining option list.

Account Balance

The system displays the account balance.

Contribution %

Specify the percentage of account balance that needs to be used as collateral.

Maturity Date

Enter the maturity date of the TD.

Lien Amount

The system displays the lien amount, if any.

Miscellaneous

Collateral Desc.

Give a brief description on those collateral which does not belong to the standard collateral type.

Units

Specify the number of collaterals submitted.

Unit Value

Specify the value of each unit.

Remarks

Specify remarks, if any.

Collateral Notes 1

Specify additional details on collateral, if any.

Collateral Notes 2

Specify additional details on collateral, if any.

Collateral Notes 3

Specify additional details on collateral, if any.

Collateral Notes 4

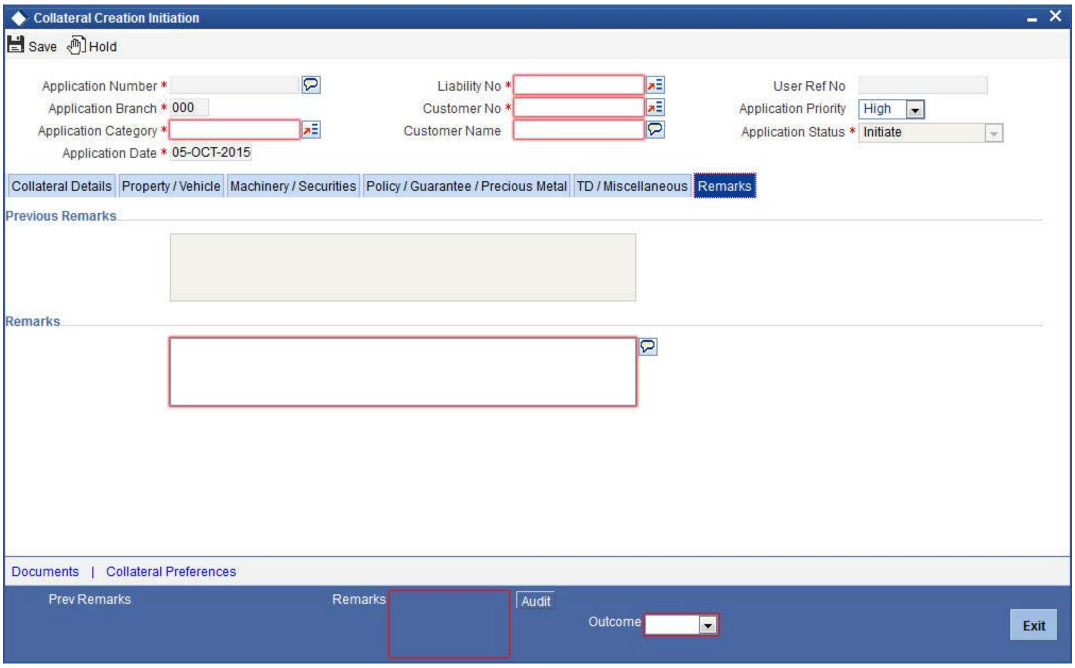
Specify additional details on collateral, if any.

Collateral Notes 5

Specify additional details on collateral, if any.

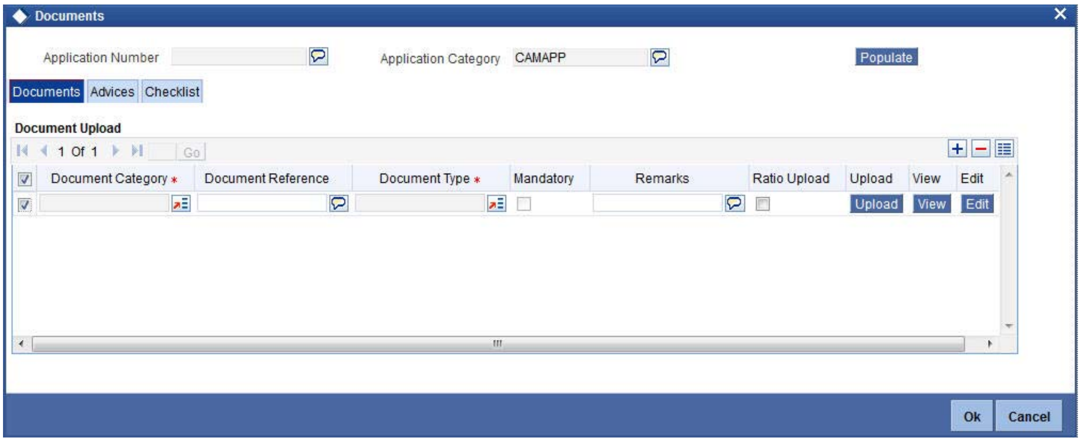
2.5.6 Remarks Tab

Click ‘Remarks’ tab to update remarks, if any. Remarks specified in the previous stage gets defaulted in the ‘Previous Remarks’ field.



2.5.7 Maintaining Document Details

You can maintain the collateral related documents details through the ‘Documents’ screen. Click ‘Documents’ button from ‘Collateral Creation’ screen to invoke this screen.



Application Number

The system displays the application number.

Application Category

The system displays the application category.

Documents

Document Category

Select the document category from the adjoining option list.

Document Reference

Specify the document reference number.

Document Type

Select the type of document.The adjoining option list displays all the document types maintained in the system. Select the appropriate one.

Mandatory

Select this check box to indicate whether the document is mandatory.

Remarks

Specify remarks, if any.

Ratio Upload

Select this check box if you require ratio upload.

Upload

Click 'Upload' button to open the 'Document Upload' sub-screen. The 'Document Upload' sub-screen is displayed below:

In the 'Document Upload' sub-screen, specify the corresponding document path and click the 'Submit' button. Once the document is uploaded through the upload button, the system displays the document reference number.

View

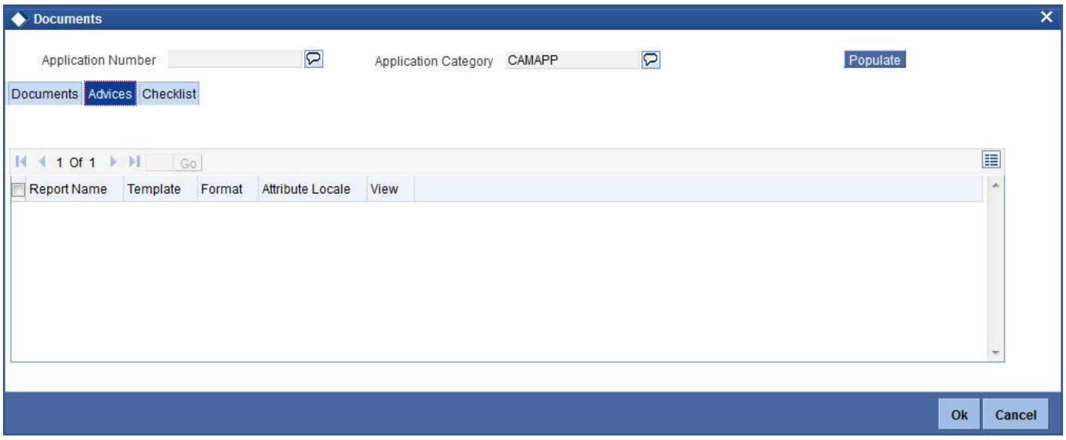
Click 'View' to view the document uploaded.

Edit

Click 'Edit' to edit the uploaded documents.

Advices

Click ‘Advices’ tab in Documents screen to view advice details.



Report Name

The system displays the report name.

Template

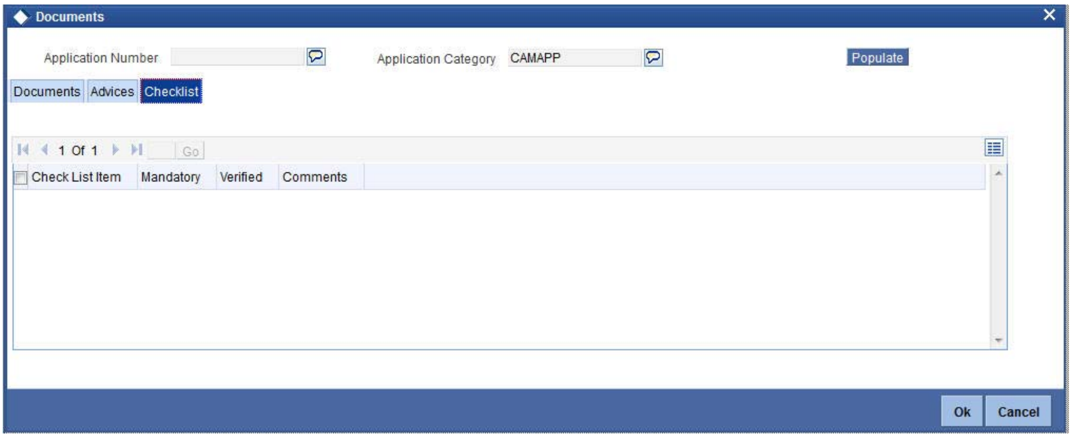
The system displays the template.

View

Click ‘View’ to view the uploaded document.

Checklist

Click ‘Checklist’ tab in Documents screen to view checklist details.



Checklist Item

The system displays the checklist details.

Mandatory

This field is updated based on the maintenances in Documents sub screen.

Verified

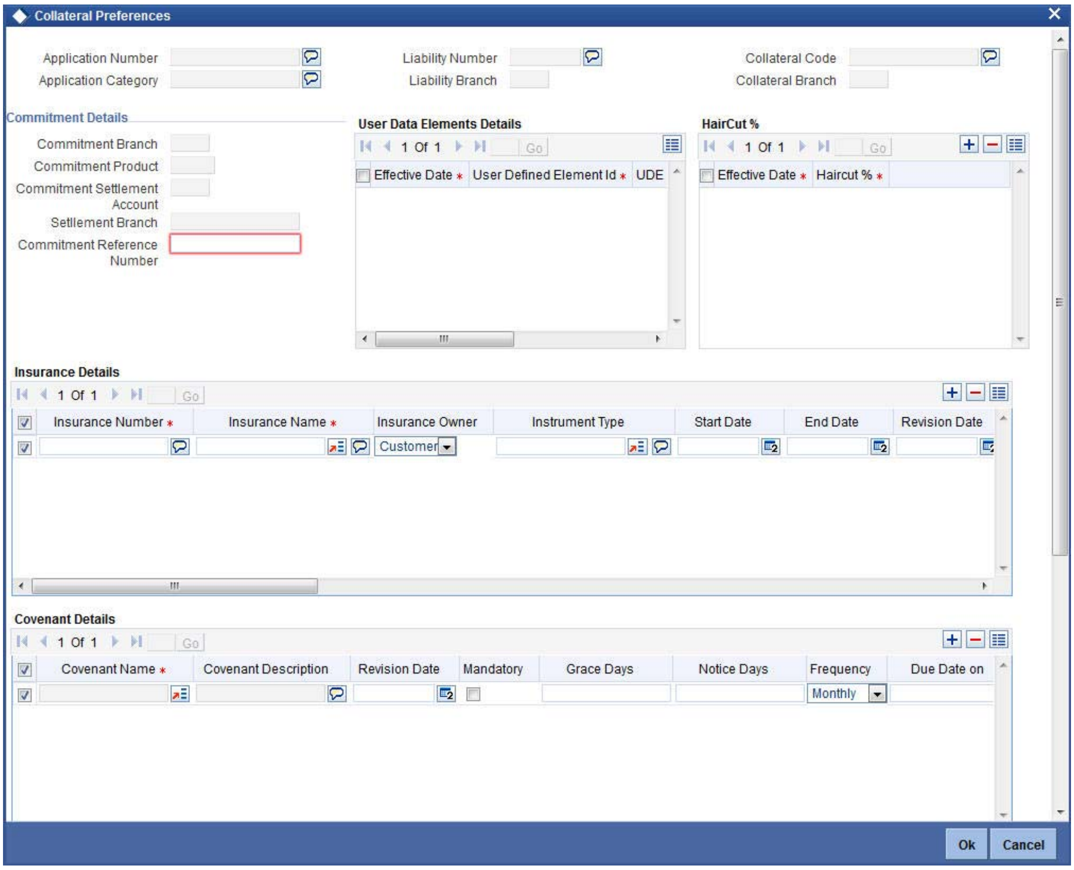
Select this check box to confirm that the corresponding checklist is verified.

Comments

Specify comments, if any.

2.5.8 Maintaining Collateral Preferences

Click ‘Collateral Preferences’ in the Collateral Creation screen to maintain collateral preferences details. You can also invoke this screen by typing ‘ORCCOLPF’ in the field at the top right corner of the application toolbar and click the adjoining arrow button



The system displays the following in the Collateral Preference screen:

- Application Number
- Application Category
- Liability Number
- Liability Branch
- Collateral Branch
- Collateral Code

Commitment Details

Commitment Reference Number

Specify the commitment reference number.

Haircut %

Effective Date

Specify the date on which the Haircut % becomes effective from the adjoining option list.

Haircut %

Specify the Hair cut% of the Collateral. You can enter values between 1 to 100.

Insurance Details

Insurance Number

Specify the insurance number under which that insurance has been issued.

Insurance Name

Specify the name of the Insurance/Insurance Company associated with the collateral. The option list displays all valid insurance company names maintained in the system. Select the appropriate one.

Insurance Owner

Select the owner of the insurance policy from the adjoining drop-down list. This list displays the following values:

- Bank
- Customer

Instrument Type

Specify the type of the insurance that is associated with that collateral. The option list displays all valid insurance types maintained in the system. Select the appropriate one.

Start Date

Specify the start date for that insurance.

End Date

Specify the end date for that insurance.

Revision Date

Specify the date of revision of the insurance.

Notice Days

On choosing a covenant name, system defaults the Notice Days details, that is, the number of days prior to next revision date of the covenant. You can modify this value. The period during the notice days will be the notice period.

Periodicity

Select the premium periodicity of the insurance. The list displays the following values:

- Daily
- Weekly
- Monthly
- Quarterly
- Half Yearly
- Yearly

Premium Status

Specify the insurance premium payment status. You can select one of the following premium payment statuses from the drop-down list.

- Paid
- Unpaid

Premium End Date

Specify the end date of the premium payment.

Insurance Currency

Specify the insurance currency of the policy.

Insurance Amount

Specify the insured amount of the policy.

Cover Date

Specify the date from which the insurance policy is valid. The insurance cover date cannot be greater than the collateral expiry date.

Text Code

Specify the text code for the insurance.

Premium Currency

Specify the currency of the premium to be paid.

Premium Amount

Specify the amount of the premium to be paid.

Remarks

Specify the remarks about the insurance details.

Policy Assigned to Bank

Specify whether the insurance policy has been assigned to the bank or not. You can select one of the following options.

- Yes
- No

Coverage

Specify the coverage details of the insurance.

Covenant Details

Covenant Name

Select the covenant name from the list available here. The list displays the covenant names maintained in Covenant Maintenance screen.

Covenant Description

Description of the specified covenant is displayed here based on the details maintained at ‘Covenant Maintenance’ level.

Revision Date

System defaults the Revision Date for the covenant, on save of the collateral category record, based on the Frequency and Due Date of the covenant, maintained in the 'Covenant Maintenance' screen

Mandatory

Mandatory/Non-mandatory details are shown on choosing a covenant name. You may change this.

Grace Days

You can change the Grace Days details which are displayed here on choosing a covenant name.

Notice Days

Once you select the covenant name, system defaults the Notice Days details, that is, the number of days prior to next revision date of the covenant. You can modify the value. The period during the notice days are the notice period.

Frequency

You may change the frequency shown here on choosing a covenant name.

Due Date On

Due date of the specified covenant is defaulted here based on the details maintained at ‘Covenant Maintenance’ level.

Start Month

Starting month of the specified covenant is defaulted here based on the details maintained at ‘Covenant Maintenance’ level

Remarks

Remarks if any specified for the covenant at the ‘Covenant Maintenance’ level are defaulted here.

Source Restrictions

Restriction Type

Choose the ‘Allowed’ option to maintain an allowed list of liability restrictions. Choose the ‘Disallowed’ option to maintain a disallowed list of liability restrictions.

Default value of this field will be’ Disallowed’. If you select restriction type as ‘allowed’, then you need to input at least one record.

Source Code

Specify the source from the adjoining option list.

Source Description

Give a brief description on the source.

Sharing Details

Liability Number

Specify the liability number of the liability that is sharing the collateral. Each liability mapped here cannot be more than 100% of the total collateral value.

Shared Percentage

Specify the percentage share of the liability in the collateral.

Contract Details

Contract Reference

You can link the Term Deposit Account Number or Contract Reference Number as collateral for a Liability by specifying the ‘Contract Reference No’ here. The adjoining list of options in this field displays all contract types other than Contract Type ‘AC’.

Note

- The Term Deposit contract needed for Collateral Linkage must be maintained in Netting Maintenance with any contract type other than ‘AC’
- Once the contract is linked as collateral, then its collateral value cannot exceed its contract amount as maintained in the Account Netting screen.
- The start date of the collateral should be later than the value date of the respective contract netting maintenance. Likewise, the expiry date of the collateral should be earlier than the expiry date of the respective contract netting maintenance.

– The system blocks/marks Lien on the linked Term Deposit contract.

Contract Branch

Specify the branch of the contract.

Contract Contribution

Specify here the amount being contributed from the contract as a collateral for the liability.

On saving the above maintenance, the system computes the sum of all the collateral values (specified under 'Contract Contribution') and updates the same after final hand-off to the ELCM in the 'Collateral Value' field of the 'Collaterals Maintenance' screen.

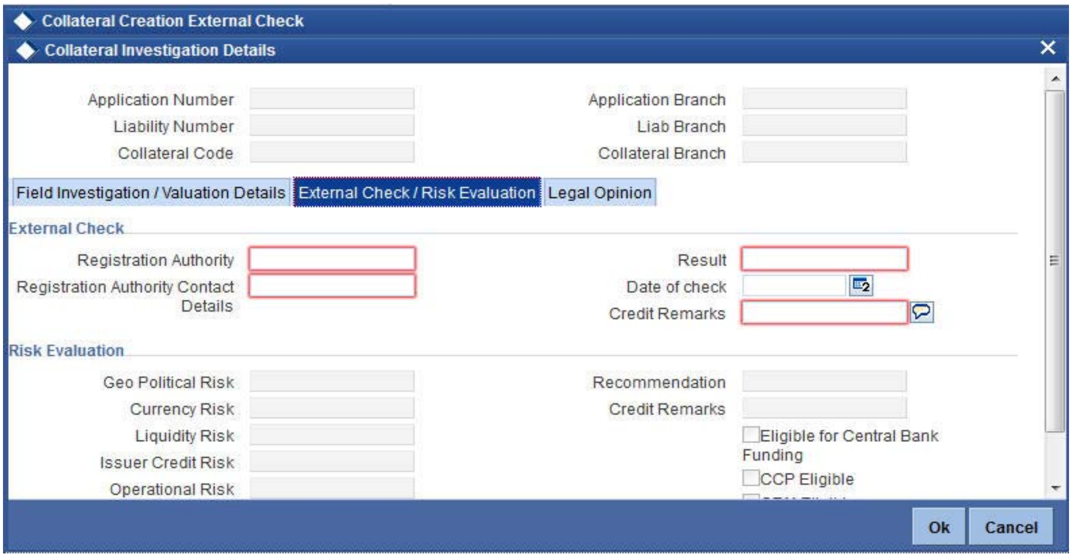
Step 2. External Check

At this stage, you can select if there is an existing charge on the collateral submitted by the customer. These details are captured in the ‘External Check’ section. The function ID of this stage is ‘ORDCOEXC’.

Go to the ‘Assigned’ task list and acquire the task by clicking the corresponding the ‘Acquire’ button. The task is moved to the ‘Acquired’ task list.

External Check/Risk Valuation

You can capture the external check details during ‘External Check’ stage. Click ‘External Check/Risk Valuation’ tab in ‘Collateral Investigation Details’ screen. The following screen is displayed:



External Check

Registration Authority

Specify the registration authority details.

Registration Authority Contact Details

Specify the registration authority contract details.

Result

Specify the result of the external check.

Date of Check

Specify the date when the external check was started.

Credit Remarks

Specify credit remarks, if any.

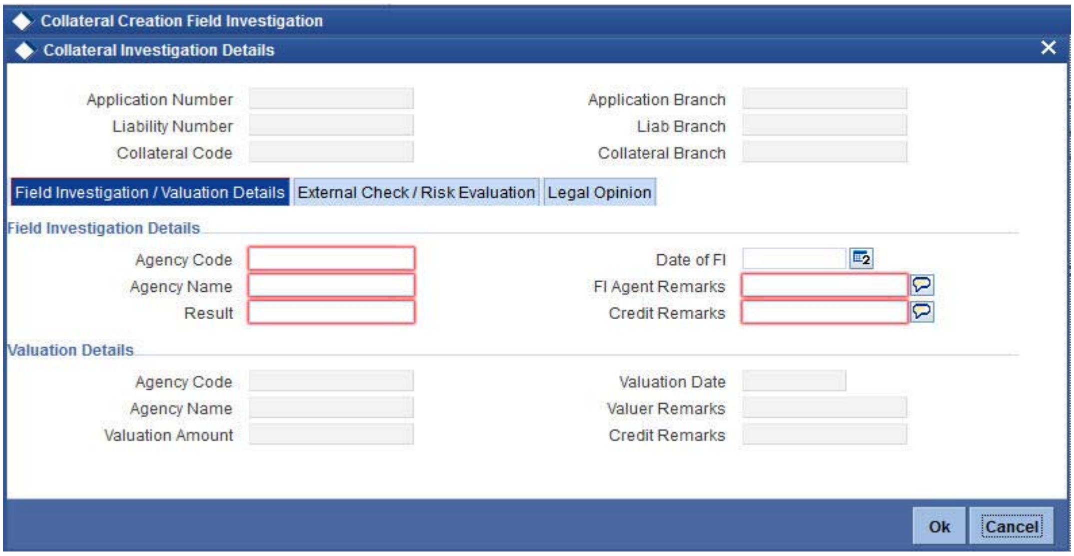
Step 3. Field Investigation

The information captured in the previous stage is enriched in the collateral investigation stage.

The proposal is enriched by capturing additional information like field investigation agency code, result, field investigation agent remarks, credit remarks, and so on.

At this stage, you can interface with a third party field investigation agency system and trigger field investigation request electronically or can capture the field investigation details internally in this screen.

You can maintain details on collateral investigation in the ‘Collateral Investigation Details’ screen during the ‘Field Investigation’ stage (ORDCOFIG). Click ‘Collateral Investigation Details’ in Collateral Creation screen to invoke this screen.



Field Investigation Details

Agency Code

The system defaults the agency code.

Agency Name

The system displays the field investigation agency name.

Result

Specify the result of the field investigation.

Date of FI

Enter the date of field investigation.

FI Agent Remarks

Specify the remarks by the field investigation agent.

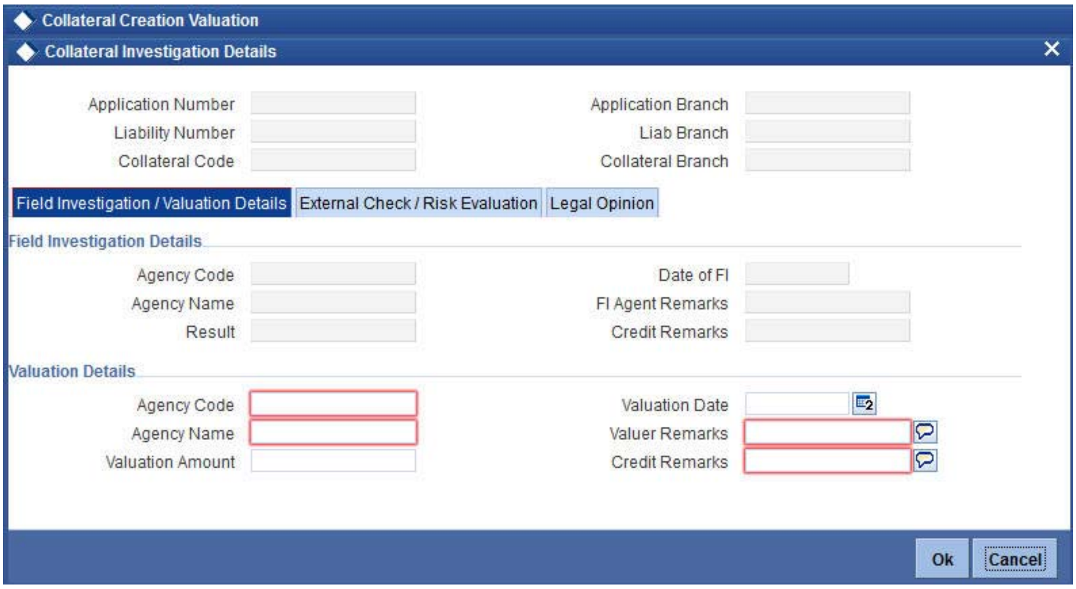
Credit Remarks

Specify the remarks by credit team.

Step 4. Valuation

Go to your ‘Assigned’ task list and acquire the task by clicking the corresponding the ‘Acquire’ button. The task will then be moved to the ‘Acquired’ task list.

The collateral is evaluated either internally or by an external valuation agency. The valuation details are captured during the Valuation stage (ORDCOVAL).



Valuation Details

Agency Code

Specify the valuation agency code.

Agency Name

The system displays the valuation agency name.

Valuation Amount

Specify the valuation amount.

Valuation Date

Enter the date of valuation.

Valuer Remarks

Specify the remarks by valuation agent.

Credit Remarks

Specify the remarks by credit team.

Once the valuation details are captured, select the action ‘PROCEED’ in the text box adjoining the ‘Audit’ button in this screen and save the record by clicking the save icon in the tool bar.

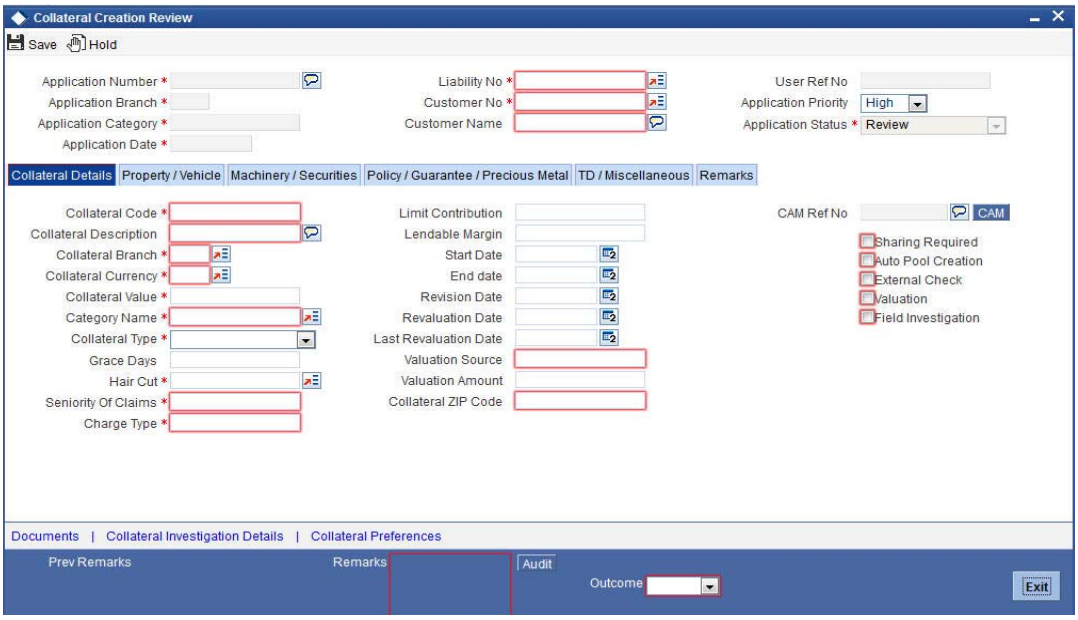
The system creates a task ‘Risk Evaluation’ in the ‘Assigned’ task list.

Step 5. Reviewing Field Investigation, External Check and Valuation Details

At this stage the user reviews the field investigation, valuation and external check details of the collateral and decides if the collateral can be accepted. Select the action 'PROCEED' in the text box adjoining the 'Audit' button in this screen and save the record by clicking the save icon in the tool bar.

Go to the pending list in the system. The system displays all the pending activities. Click 'Acquire' button adjoining the 'Input Details' task to acquire it. The system displays the information message as "The task was successfully Acquired!".

During Credit Review stage, the system checks for collateral creation process flow completion and displays necessary message to the reviewer. If 'Override Collateral Task Completion' flag in Credit Appraisal Enrichment stage is checked, this validation is skipped by the system and limit origination process flow can proceed to next task. The function ID of the collateral creation review stage is 'ORDCOREV.

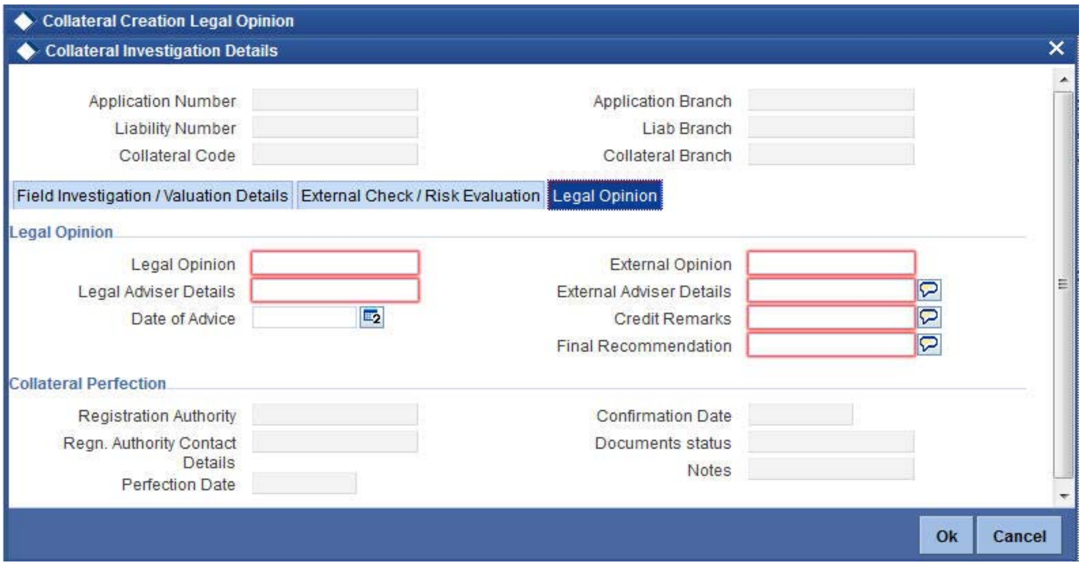


Step 6. Legal Opinion on the Collateral

You can go to your 'Assigned' task list and acquire the task by clicking the corresponding 'Acquire' button. Go to the 'Acquired' task list and double click on the record to invoke 'Legal Opinion' ('ORDCOLGO) screen.

Legal Option

Click ‘Legal Opinion’ tab in ‘Collateral Investigation Details’ screen. The following screen is displayed:



Legal Opinion

Legal Opinion

Specify the legal opinion on the acceptability of the proposed collateral.

Legal Adviser Details

Specify the legal adviser details.

Date of Advice

Specify the date when the advice was received from legal team.

External Opinion

Specify the external legal opinion.

External Adviser Details

Specify the external legal adviser details.

Credit Remarks

Specify remarks of the credit team, if any.

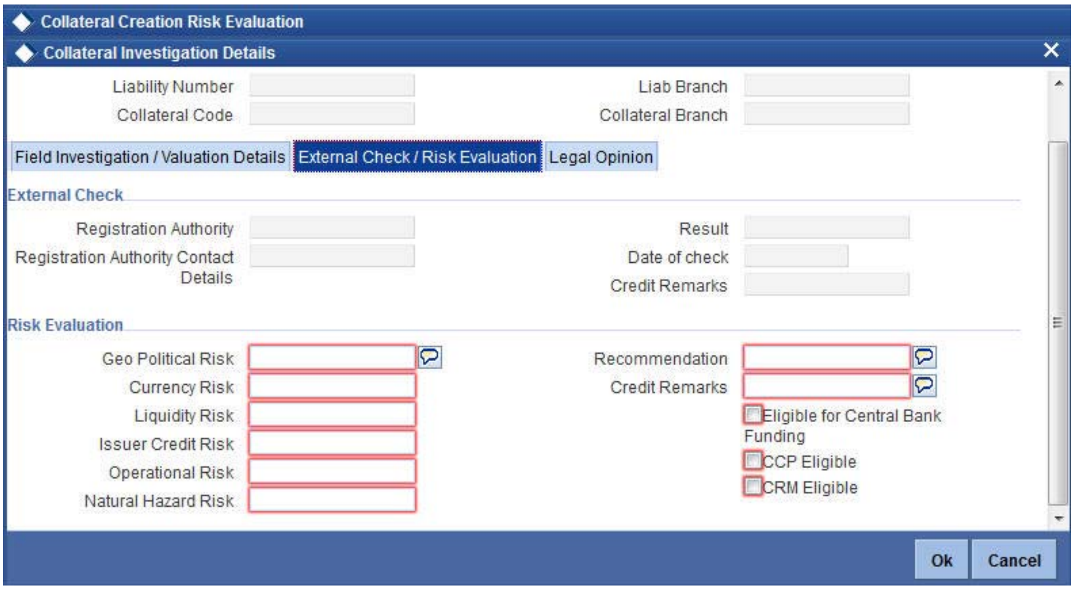
Final Recommendation

Specify the final opinion based on the internal and external legal opinion.

Step 7. Risk Evaluation of the Collateral

At this stage, the risk management team evaluates the credit risk of the proposed collateral. You can capture the risk evaluation details during this stage (‘ORDCORSK).

You can acquire this task by clicking ‘Assigned’ in the task list and click the adjoining ‘Acquire’ button.



Risk Evaluation

Eligible for Central Bank Funding

Select this check box if the collateral is eligible for central bank funding.

CCP Eligible

Select this check box if the collateral is part of the eligible collaterals accepted by Central Clearing Party

CRM Eligible

Select this check box if the collateral is recognized as credit risk mitigant for basel capital calculations.

Geo Political Risk

Specify geographical political risk involved in the collateral. For example: Oil assets situated in certain countries like Iraq.

Currency Risk

Specify if the collateral currency posses any currency risk.

Liquidity Risk

Specify the liquidity risk of the collateral.

Issuer Credit Risk

Specify the credit risk of the collateral issuer.

Operational Risk

Specify the operational risk involved in managing the collaterals like ship, aeroplane, or a warehouse with goods.

Natural Hazard Risk

Specify if the location of the collateral is prone to natural hazards like floods, earthquake, and so on.

Recommendation

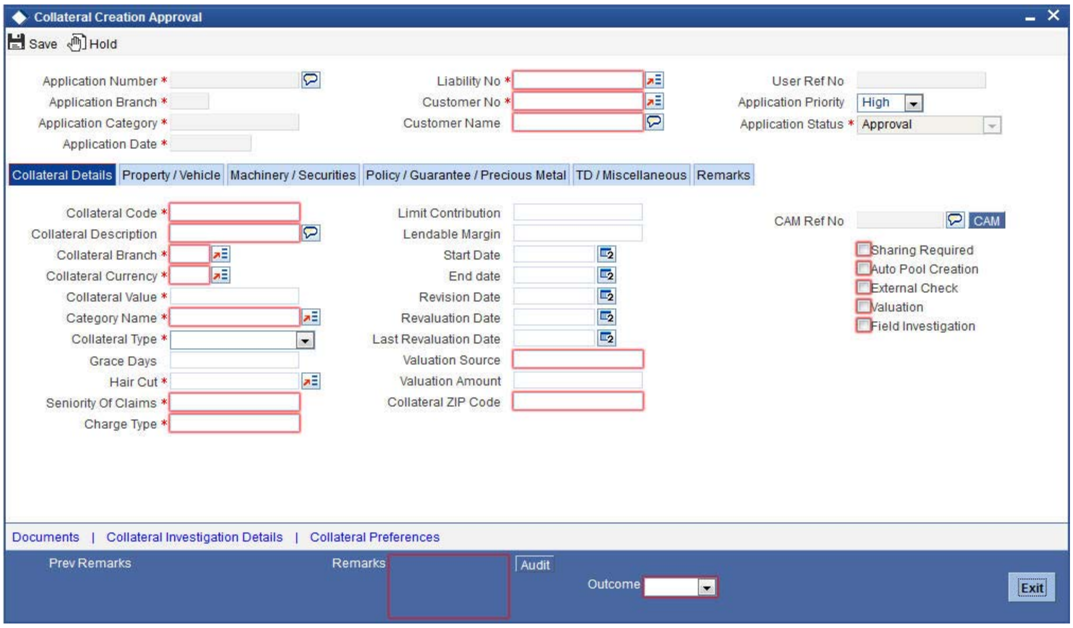
Specify the final recommendation after risk evaluation.

Credit Remarks

Specify credit remarks, if any.

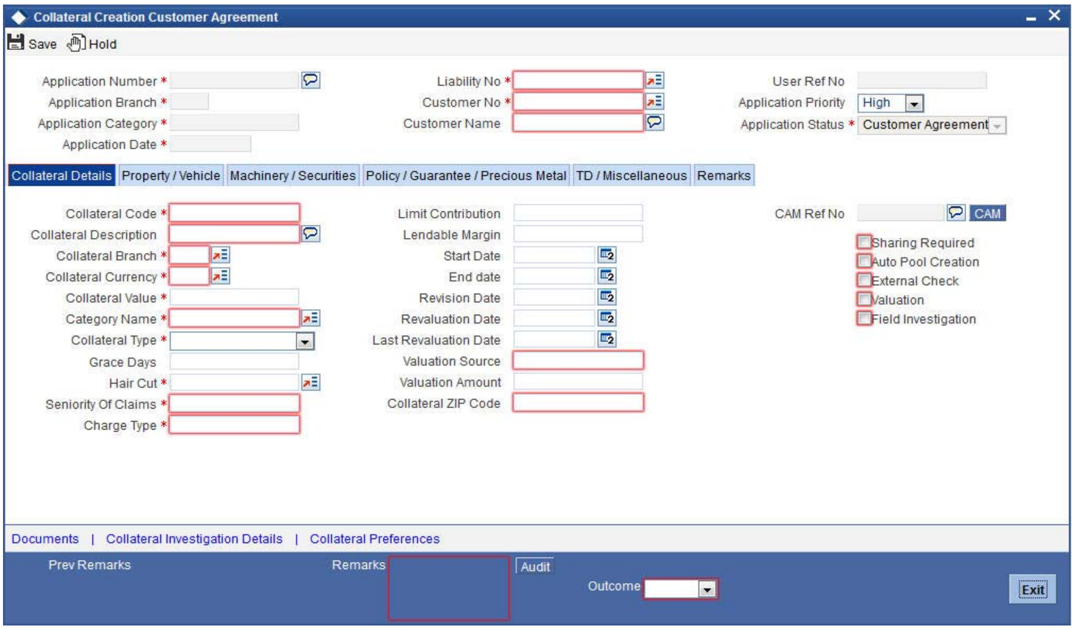
Step 8. Collateral Approval

In this stage, the created collateral is approved or rejected by the approval authority based on the legal opinion, risk evaluation, and own assessment. The approver can approve, disapprove, or send back the task for more clarifications (‘ORDCOAPR).



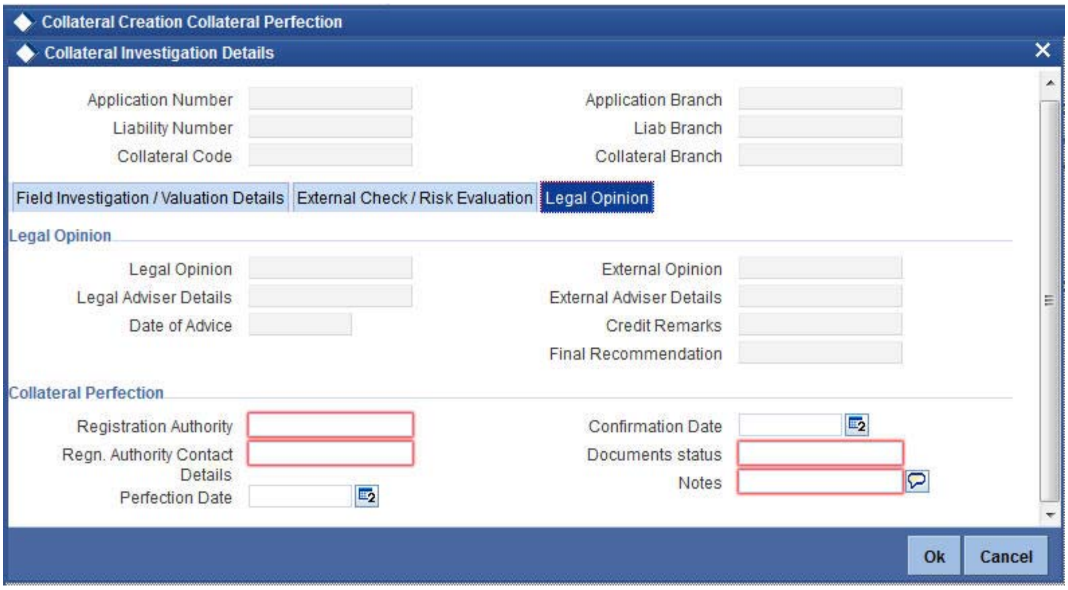
Step 9. Customer Agreement

Once the proposed collateral is approved, the system generates a collateral agreement which is sent to the customer for their signature. If the customer accepts the agreement, then you can move the task to next stage (ORDCOCAG).



Step 10.Collateral Perfection

You can register the collateral details either internally or through an external agency. On acquiring, the task moves to the ‘Acquired’ list. Fetch the record from the ‘Acquired’ list. In this stage you can capture the collateral registration details (‘ORDCOPER).



Collateral Perfection

Registration Authority

Specify the registration authority with which collateral is perfected.

Regn. Authority Contact Details

Specify the contact details of registration authority.

Perfection Date

Specify the date on which bank’s charge has been registered.

Confirmation Date

Specify the date on which you received confirmation of perfection.

Documents Status

Specify if the perfection documents are received from registration authority.

Notes

Specify notes, if any.

Step 11.Manual Retry

After successfully completing the collateral perfection stage, the details can be handed off to ELCM module for collateral creation. At this stage, if any exceptions like, unavailability of ELCM services, error while handing off to FCUBS occurs, then you can manually try the process again.

2.6 Capturing Collateral Details through ELCM and CAM Process

You can capture the collateral details in Collateral Maintenance (GEDCOLLT) screen of ELCM. The details captured in this screen gets displayed Collateral Creation screen.

For more information on Collateral Maintenance screen, refer section Collateral Maintenance in 'Enterprise Limits and Collateral Management' user manual.

For each new collateral, the CAM process initiates one collateral creation process. After successfully creating the collateral, all the collateral data gets saved in ELCM table which can be queried from Collateral Maintenance (GEDCOLLT) screen of ELCM.

For more information on CAM process flow, refer Credit Appraisal Management user manual.

3. Function ID Glossary