Accelerator Pack

FCUBS 14.4.0.0.0 - Commitment

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Agenda

- Introduction

- Products Features

- Product parameters

- Branch Transfer for Commitment Accounts

- Events Covered

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Commitment

Introduction

- The facility to create a loan commitment contract is available. Banks can make funds available for customers who might need money in the future.

- On each disbursal of a commitment, the bank simultaneously creates a contingent asset and a contingent liability in its book of accounts.

- Interest can be earned from both utilized and unutilized amount of commitment , which contribute to the income of the bank.

Commitment

Introduction

- Charges can also be imposed on the Commitment contracts.

- The commitments are linked to loan accounts. When the loan is disbursed, the commitment gets utilized just like a line of credit.

- Multiple loans can be drawn against a commitment and vice-versa.

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Products Features

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Commitment- Product Features

Product Features

- Commitment can be booked as revolving or non- revolving.
- Commitment can be booked with different charges/fees/penalty component.
- Various amendments allowed in commitment .
- Different levels of status change.

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Collection- Product Features

Product Features

- Different types of UDEs within Minimum and maximum UDE values.
- Range of values can be given as a variance for exchange rate.
- System builds the schedules based on the holiday check option.
- Verify funds option to check the balance in the settlement account.

Product Parameters

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Commitment – Product Parameters

- Disbursement Mode: The following modes of disbursement are supported
  - Auto
  - Manual
- Liquidation Mode: The following modes of Liquidation are supported
  - Auto
  - Manual

Commitment – Product Parameters

- Tenor / Frequency for Disbursement/Liquidation
- The following types of settlement frequency are supported :
  - Daily
  - Weekly
  - Monthly
  - Quarterly
  - Half-yearly
  - Yearly
  - Bullet

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Commitment – Product Parameters

- Value Dating

  The following types of value dating is supported for various activities on loan accounts like disbursement, payment etc:

  - Current Date

  - Back Date

  - Future Date

- Excess Payment

  The following types of excess payment are supported

  - Advance payment:

    Future schedules settled through a current dated payment.

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Commitment – Product Parameters

- Preferences for settlement of components
  - Each component across schedules
  - All components for each schedule

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Commitment – Product Parameters

- Component Types

   Various types of components are supported in Loan products apart from   the Principal and Interest. The typical component types are:

   – Charge component

   – Utilization Fees component

   – Charge components

   – Adhoc Charge component

   – Penalty component

- Grace Days

   User can define grace days for the repayment Principal and Interest   components. No penalty will be charged during this period

Commitment – Product Parameters

▪ Interest Rate

The interest rate can be of two types:-

– Fixed rate

– Floating Rate

The revision of interest rate in case of a floating rate can be done   through the   following   methods:

-Automatic Rate Revision

-Periodic Rate Revision (user defined schedules)

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Commitment – Product Parameters

- Amendment Options

The following operations are supported for loan account amendment:

- – Interest Rate amendment

- – Changing maturity date

- – Schedule amendment

- – Non-financial details

- – Principal Increase

- – Repayment amount

- – Loan settlement Notice

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Commitment – Product Parameters

- Automatic creation of commitment contract

  - If a bank needs to have accounting for a credit line or collateral, they can have it through commitment linkage.

  - By Linking a commitment product to a credit line, the system automatically creates a commitment contract for the financed amount equal to lendable limit of the line or collateral during EOD. On each disbursement of the loan, the credit line or collateral is utilized and simultaneously the commitment also gets utilized during EOD.

Branch Transfer for Commitment Accounts

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Commitment – Product Parameters

- Transfer Categories:
  - Single Transfer:
    - A Commitment contract could be transferred from source branch to any target branch. If the commitment is not linked to any loan contract, the commitment alone can be transferred. Else both the loan and the commitment must be transferred together.

- Product Transfer:
  - All the commitments belonging to a particular product are transferred from source branch to any target branch.

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Commitment – Product Parameters

- Customer Portfolio Transfer :
  - All the Commitment contracts belonging to a particular customer are moved from source branch to target branch.

- Branch Merger:
  - The source branch will get merged to the target branch by moving all its accounts (CASA and TD) and contracts belonging to CI,CL,MO.

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Events Covered

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Events Covered

Following events are supported

Events	Description
BOOK	Booking of contract
INIT	Contract Initiation
DSBR	Disbursement
ACCR	Accrual
MLIQ	Manual Liquidation
ALIQ	Automatic Liquidation
LINK	Linkage of commitment

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Events Covered

Following events are supported

Events	Description
DLNK	De-linkage of commitment
VAMB	Value Dated Amendment Booking
VAMI	Value Dated Amendment Initiation
RACR	Reversal Accrual
CLOC	Closure of commitment
TRFR	Branch Transfer

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