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Accelerator Pack 14.4.0.0.0

Term Deposits



Accelerator Pack – Term Deposits

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Accelerator Pack – Term Deposits

Introduction

This document describes the sample TD products that are offered off-the-shelf

- Term Deposit module of FLEXCUBE supports processing of products like,
 - Normal term Deposits
 - Recurring Deposits
 - Discounted Deposits
 - Denominated Deposits
 - Auto Deposits

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Introduction.... contd

- Options available to automate periodic processes such as :
 - Accrual on term deposits
 - Liquidation of interest
 - Generation of advices
 - Maturity processing and transfer of proceeds
- Different types of interest products are supported like, Fixed, Floating and Cumulative interest rates. Top-up facility on existing deposit is also supported - – during the tenor or during rollover
- When a cross currency TD is booked, exchange rate would be picked up with rate types/codes as Buy/Sell or Mid as per the maintenance in account class

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Product 1 – Term deposit with fixed rate

- This Fixed Rate TD supports all basic features that are needed for a retail customer on a term deposit. It provides fixed interest rate, deducts tax on the interest paid and deducts penalty on pre-mature withdrawal
- Features of Account class – TDFIXD
 - Booking of term deposit with fixed deposit amount at a fixed rate for a certain tenor
 - Term Deposit Certificate generation in denominations is supported
 - Booking of deposits in cluster is supported
 - Month end maturity date is supported
 - Maturity date, if falls on a holiday will be automatically adjusted to previous working day based on the holiday treatment maintained

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Product 1 – Term deposit with fixed rate

Account class parameters	
Rollover	No
Close On Maturity	Yes
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Denominated Deposits	Yes
Holiday Calendar	Branch holiday
Holiday Movement	Previous working day
Movement across months	Previous / next working day of same month
Month end maturity deposit	Yes
Maturity notice period	2
Adhoc holiday	No action
Applicable deposit tenor	Original tenor

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Product 1 - Term deposit with fixed rate

- Features of Rule – TDFX
 - Fixed interest rate of 10%
 - Penalty of 2%
 - Tax rate of 5%
 - FATCA rate of 30%
 - Option available to waive current accrued interest, during pre-closure
 - Option available to add a new debit formula for negative interest
- Features of Product – TDFX
 - Accrual frequency as monthly
 - Product level accrual
 - Liquidation frequency as 3 months
 - Payment method as bearing

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Product 2 – Term deposit with float rate

- The floating rate deposit provides fluctuating interest based on money market rates. The rates are maintained based on amount slab, effective date, tenor and currency of the deposit. Whenever a partial redemption or rollover or any rate pick up event happens on a TD, the current prevailing interest rate, from LDMM maintenance, is picked up and applied on the deposit.
- Features of Account class – TDFLOT
 - Term Deposit Certificate generation as instrument is supported
 - Maturity date will be adjusted to next working day automatically based on the holiday treatment defined
 - Cumulative interest rates are supported

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Product 2 – Term deposit with float rate

Account class parameters	
Rollover	Yes
Close On Maturity	No
Rate Chart Allowed	Yes
Rate chart tenor	Days
Interest rate based on cumulative amount	Yes
Repick account class tenor on rollover	Yes
Tenor modification	Yes
Holiday Calendar	Both branch & Currency holidays
Holiday movement	Next working day
Movement across months	Allowed
Adhoc holiday change	Change and generate advice
Applicable deposit tenor	Deposit tenor
Allow Top-up of deposit	Yes
Interest rate for top-up	Top-up date
Block duration after opening date	1 month
Block duration before maturity date	15 days
Pre-Closure Factor ID	PREFACT1
Pre-Closure Factor Based On	Latest Effective date
Rate for redemption amount	As on Redemption date
Rate for remaining amount	As on Revision events

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Product 2 – Term deposit with float rate

- Features of Rule – TDFL
 - Floating interest rate based on LDMM float rate maintenance
 - Interest adjustment based on Penalty rate factor
 - Penalty of 2%
 - Tax rate of 5%
- Features of Product – TDFL
 - Accrual frequency as monthly
 - Product level accrual
 - Liquidation frequency as monthly
 - Payment method as bearing

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Product 3 – Term deposit with compounding rate

- This deposit provides customers compounding interest. The interest amount gets compounded to the principal monthly, based on the interest compounding frequency and the customer enjoys better interest compared to simple interest. It provides fixed interest rate, deducts tax on the interest paid.
- Features of Account class – TDCOMP
 - Term Deposit Certificate generation as instrument is supported
 - Maturity date will be not be adjusted if falling on holiday, since holiday treatment is ignore

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Product 3 – Term deposit with compounding rate

Account class parameters	
Rollover	Yes
Close On Maturity	No
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Tenor modification	No
Repick account class tenor on rollover	No
Rate Chart Allowed	No
Holiday Calendar	Ignore
Holiday movement	No change
Movement across months	No change
Adhoc holiday	No action
Applicable deposit tenor	Original tenor

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Product 3 – Term deposit with compounding rate

- Features of Rule – TDCP
 - Fixed interest rate of 10%
 - Compounding frequency as 30
 - Tax rate of 5%
- Features of Product – TDCP
 - Accrual frequency as monthly
 - Product level accrual
 - Liquidation frequency as 3 months
 - Payment method as bearing

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Product 4 – Recurring deposit

- The Recurring deposit provides a retail customer all basic features needed on a recurring deposit. The customer, who likes to open a recurring deposit, pays a fixed amount as monthly installment. It provides fixed interest and deducts tax on the interest paid and deducts penalty on unpaid installments on due date.
- Features of Account class – RDACCT
 - Term Deposit Certificate generation as instrument is supported
 - Account to be opened with minimum installment amount of 500 in account currency
 - Account will get closed on maturity

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Product 4 – Recurring deposit

Account class parameters	
Rollover	No
Close On Maturity	Yes
Allow Partial Liquidation	No
Allow Partial Liquidation with Amount Block	No
Rate Chart allowed	No
Holiday calendar	Ignore
Holiday movement	No change
Movement across months	No change
Adhoc holiday	No action
Recurring Deposit	Yes
Move funds on overdraft	Yes
Minimum Schedule days	10
Maximum Schedule days	100
Minimum installment amount	500
Installment frequency	1 month

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Product 4 – Recurring deposit

- Features of Rule – RDAC
 - Fixed interest rate of 10%
 - Overdue penalty of 2%
 - Tax rate of 5%
- Features of Product – RDAC
 - Accrual frequency as monthly
 - Product level accrual
 - Liquidation frequency as 3 months
 - Payment method as bearing

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Product 5 – Auto deposit

- The Auto deposit facilitates customers to book and break deposits in case the savings account balance exceeds / falls below the minimum amount specified. If the savings account has more balance than the expected minimum balance defined, then the same would be swept out to book a deposit account for a fixed period of time based on the deposit instructions / tenor at account class. .
- Features of Account class – TDAUTO
 - Auto deposit instructions have to be maintained
 - Sweep parameters sweep-in and reverse sweep-in are enabled
 - Linked to SAVCA & SAVCAR saving account classes

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Product 5 – Auto deposit

Account class parameters	
Rollover	No
Close On Maturity	Yes
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Holiday calendar	Branch
Holiday movement	Next working day
Movement across months	No change
Adhoc holiday	No action
Rate Chart Allowed	No
Allow top up of deposit	No

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Product 5 – Auto deposit

- Features of Rule – TDFX
 - Fixed interest rate of 10%
 - Penalty of 2%
 - Tax rate of 5%
 - FATCA rate of 30%
 - Option available to waive current accrued interest, during pre-closure
- Features of Product – TDFX
 - Accrual frequency as monthly
 - Product level accrual
 - Liquidation frequency as 3 months
 - Payment method as bearing

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Product 6 – Discounted deposit

- The Discounted deposits pay interest to the customers upfront for the defined tenor. Amount block placed on the advance interest paid, to avoid withdrawal. In case of premature redemption (full / partial), the excess interest paid is recovered from the customer. Penalty is charged on premature withdrawal. Tax is collected upfront on the interest paid.
- Features of Account class – TDDISC
 - Depositors get interest at the time of booking
 - Rollover with different tenor is supported
 - Maturity date will be adjusted to next working day based on the holiday treatment defined

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Product 6 – Discounted deposit

Account class parameters	
Rollover	Yes
Close On Maturity	No
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Repick account class tenor on rollover	Yes
Month end maturing deposit	No
Denominated deposit	No
Holiday Calendar	Branch holiday
Holiday movement	Next working day
Movement across months	Allowed
Adhoc holiday	Generate advice

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Product 6 – Discounted deposit

- Features of Rule – TDDC
 - Fixed interest rate of 10%
 - Penalty of 2%
 - Tax rate of 5%

- Features of Product – TDDC
 - Accrual frequency as daily
 - Product level accrual
 - Payment method as discounted
 - Amount block placed on interest paid upfront
 - Option available to continue variance on rollover

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