Oracle® Banking Term Deposits

Functional Overview

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Contents

Preface

Oracle Banking is a one-stop solution for a bank for its core banking operations, across retail and business banking operations. It is designed to help banks respond strategically to today's business challenges, while also transforming their business models and processes to reduce operating costs and improve productivity across both front and back offices.

Oracle Banking provides a unified yet scalable IT solution for a bank to manage its data and end-to-end business operations with an enriched user experience. It is a composed set of different modules wherein each of the modules is serviced by a set of services and other subsystems.

This preface contains the following topics:

- Audience
- Documentation Accessibility
- Related Documents
- Conventions

Audience

This guide is intended for the users of Oracle Banking Term Deposits.

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.

Access to Oracle Support

Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info or visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs if you are hearing impaired.

Related Documents

For more information, see the following documentation:

- For installation and configuration information, see the Oracle Banking Platform Localization Installation Guide - Silent Installation guide.

- For a comprehensive overview of security, see the Oracle Banking Security Guide.

- For the complete list of licensed products and the third-party licenses included with the license, see the Oracle Banking Licensing Guide.

- For information related to setting up a bank or a branch, and other operational and administrative functions, see the Oracle Banking Administrator Guide.

- For information related to customization and extension, see the Oracle Banking Extensibility Guides for HOST, SOA, and UI.

Conventions

The following text conventions are used in this document:

Convention	Meaning
boldface	Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary.
italic	Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values.
`monospace`	Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter.

1 Overview

Oracle Banking Term Deposits supports end-to-end life cycle processing of time deposits. Time deposits of interest rate variants such as fixed, floating, step-up rates and also customized rates can be set up. Life cycle events of account opening, funding, modification of contracts, application of interest rates, periodic accrual and capitalization of interest, payout of interest and principal, pre-mature redemption, closure of deposits and periodic generation of advices and alerts for all applicable events are supported.

In addition, the module also handles the application and collection of charges and fees as part of premature redemption of the deposit.

Banks can design a variety of products for Term Deposits to cater to the needs of the various segments of customers. Product configuration is supported by Product Manufacturing Unit of Oracle Banking Base. The versatility of Product Manufacturing Unit will enable banks to deliver tailor-made products and also to modify the product parameters whenever required without any customization.

Additionally, details like reporting lines for an account, branch restrictions, currencies in which Term Deposit can be maintained and so on can also be defined in the Product Manufacturing Unit to offer flexibility.

Integration with Oracle Banking Relationship Pricing (licensed separately) offers a very efficient, powerful and user-friendly framework that supports diverse interest, fee and charge set-up.

2 Key Features

This chapter describes the key features of Oracle Banking Term Deposits.

2.1 Term Deposit Account Opening

The Term Deposit account opening functionality ensures capture of all necessary details and fulfils compliance to rules and practices internationally followed. For example, operating instructions, nominee details, account administrators. The information thus captured is validated. Some important parameters that are validated before opening of an account are as follows:

- Party Status or Restrictions
- Minor Major check
- Party KYC Status
- Permissible number of accounts for a Party under the product
- Product Code (Status - active or expired)
- Rate type
- Interest start date

2.2 Restrictions

Validations are done at the time of account opening to check:

- whether selected product is allowed under the branch
- whether account currency is amongst the permitted currencies, as defined in Enterprise Product Manufacturing

Account opening is prevented, if these conditions are not met.

2.3 Funding Term Deposit

The application supports creation of multiple deposits under an existing term deposit account. Funding a Term Deposit is supported through the following modes:

- Cash Deposit
- Transfer from Current Accounts and Savings Accounts (CASA)
- Transfer from General Ledger (GL)
- Cheque Collection
- Cards (Debit/Credit)
- Through External Account (Account of depositor with other banks can be used as settlement mode)

2.4 Print or Re-print Term Deposit Certificate

Oracle Banking Term Deposits supports printing of the Term Deposit Certificate or Receipt. Re-printing of the Term Deposit certificate can also be done.

2.5 Interest and Fees

By integrating with Oracle Banking Relationship Pricing (licensed separately), Interest and fee rules are defined for all Term Deposits through the Price Policy Chart.

Following are some of the salient features:

- Tiered-tenor based interest rates can be defined.
- Tiered-amount based interest rates can be defined.
- Combination of tenor and amount slabs can be used to define interest rates.
- User has the option of modifying any of the interest or fee parameters.
- Periodic step-up of interest rate can be defined.
- Customized rate (fixed rate) can be offered agnostic of the index rates.
- Variable (floating) rates can be defined with interest refresh defined as:
  - Periodic across all accounts under an offer
    OR
  - Anniversary date of the deposit (across durations)

Additional margins can be negotiated at deposit level over and above the interest rates configured. The net interest rate is derived based on the base rate and the margins negotiated.

2.6 Tax Deduction at Source

Oracle Banking Term Deposits supports collection of Tax at events like Interest Accrual, Interest Payout, Interest compounding. Rules can be defined for arriving at the amount of Tax to be deducted.

2.7 Renewal of Term Deposits

Oracle Banking Term Deposits supports manual as well as automatic renewal facility. Rollover of deposits is supported for all types of term deposit products that is, fixed, floating, step-up, and customized rate type of deposits.

Matured Term Deposits are renewed automatically based on payout instructions for a deposit or the default payout setting at the product level.

A Product marked for auto renewal (excluding cases where the new deposit could fall under customized index) will result in rollover of the outstanding principal of the deposit along with or without the outstanding interest.

However, in case of manual renewal, the user has the option of changing the tenor of the deposit.

If there is no maturity instruction specified for a Term Deposit, then status of that deposit is changed to Matured. Such deposits can be renewed by the bank user as per the customer's request. Bank can define Grace Days for allowing renewal after maturity.

If a deposit is renewed after the maturity within the grace days defined at product level, the renewal can be effective from the date of maturity of the deposit. If such renewal is performed after the grace days, the renewal is effective from the current process date.

2.8 Modification of Term Deposit Contracts

Banks can define a window period, during which a customer can request for modification of the deposit term or deposit amount or both, that is:

- Increase or decrease deposit term and/or
- Deposit amount and/or
- Interest payout frequency

The application will perform compounding and capitalization of interest irrespective of the window period. However, the application will not permit pay out of the interest amount during window period.

The application fetches the new applicable Interest rate based on the remaining term or amount or both (from Pricing).

Decrease of deposit amount during window period, which requires notice for withdrawal, is allowed even without a notice for withdrawal.

Further, the term deposit contract can be modified outside the window period and the modifications allowed include:

- Increase deposit principal amount and/or
- Adhoc increase of interest rate (only for fixed rate type of deposits)

2.9 Term Deposit Payout Instructions

Instructions can be given for payout of Principal, Interest and Maturity Proceeds of Term Deposits. Payout Instructions can be specified at any time after deposit placement, but before the maturity date. The interest and maturity payment instructions defined for the deposit can also be modified.

The payout options which can be set for a Term Deposit account are as follows:

- Principal Amount
- Interest
- Premature Redemption (Future Dated redemption)
- Maturity Proceeds (Principal + Interest)

The application gives the flexibility of choosing the payout amount and the mode in which the proceeds would be paid out.

Multiple modes can also be used for payout of the amount.

2.10 Notice for withdrawal

A notice instruction can be given for premature withdrawal (partial or full) of deposit, if the offer definition is configured for minimum notice days. Payout date could be more than the minimum notice days. Notice Instructions can be specified at any time after deposit placement and the amount is settled on the payout date as per the definition.

The application gives the flexibility to fetch penalties at the time of notice capture and supports waiver or negotiation of the penalties.

The application gives the flexibility of choosing the mode in which the proceeds would be paid out. Multiple modes can also be used for pay out of the amount. In case the notice does not include a settlement mode, the amount can be manually withdrawn on the payout date.

2.11 Redemption of Term Deposit

The application supports redemption of matured Term Deposits. The various modes available to the customer for redemption of term deposit are as follows:

- Cash (available only for online redemption)
- Bank Draft
- Transfer to CASA
- Transfer to External Account (Account of depositor with other bank can be used as settlement mode)
- Transfer to GL
- Reinvest to Existing Term Deposit Account
- Reinvest to New Term Deposit Account

The bank user specifies the redemption mode and related details. The net redemption proceeds are remitted, credited or paid out as per the redemption mode specified by the bank user.

If a deposit matures on a holiday, and is auto renewed or force renewed on the immediate next working day, the interest for the holiday will be calculated and paid subject to the setup at the product level.

For a deposit which is not renewed on maturity, interest for the holiday along with Post Maturity interest (if applicable) is paid to the customer.

2.12 Pre-mature Redemption

The application supports pre-mature redemption of a deposit. A premature redemption can be done for a part or full deposit amount, if permitted at the product level. If the customer does not keep a deposit in the bank for a complete term, a penalty may be charged to the customer. Penalties include economic cost and administration fees. Such penalties can be negotiated or waived as per the configuration.

The application does not allow partial or premature redemption on a deposit, if lien is marked on the full amount. If a part of the deposit is marked for lien, redemption is allowed only on the remaining amount.

The application supports premature redemption of a deposit without a notice for withdrawal (in case the offer requires one) for hardship or predicament reasons with or without penalties based on configuration.

2.13 Marking Lien

The application supports marking of lien on Term Deposit both manually and automatically.

Marking Lien Automatically: Internal Lien

In this case, the Lien is marked automatically by the Term Deposit Module on the deposit, when the Deposit is linked to collateral (including collateral for issuing a credit card). Term Deposit Module initiated Lien marking is done automatically and cannot be modified or deleted by the user. This is also true for a sweep in based lien.

Marking Lien Manually: External Lien Maintenance

Lien may be marked manually due to various reasons such as request from a competent authority (For example, court order) or due to bank's decision. Manual Lien marking can be modified or deleted by an operations executive with the required access rights.

A deposit marked for lien will be force renewed on the maturity date irrespective of the maturity instructions.

The user can view different liens which are marked against an individual deposit along with details like the Placement Date and expiry date of the lien, the lien amount, type of lien, reason for the lien and the Collateral reference number to which the Term Deposit is linked.

The application validates the amount available for lien after excluding the amounts on which a notice for withdrawal is placed.

2.14 Manage Garnishment Orders

The application supports management of garnishment orders at a party level. This functionality meets various regulatory and statutory norms to freeze the funds, garnish and attach accounts.

The process of garnishing accounts and balance is integrated for TD accounts.

The application supports parameterization to classify product types that can be garnished and party to account relationship for accounts that are liable to be garnished.

Garnishment order management includes the following:

- Listing of customer accounts (based on the product type and relationship parameters)
- Selection of all the accounts and funds or specific account and/or specific amounts for garnishment
- Collection fee for garnishment order processing
- Capture of counterparty details for settlement (either at the time of capturing the order or at a later date)
- Modification and cancellation of the orders
- Execution of garnishment order and settling of the funds as per the order

2.15 Block or Unblock Term Deposits

A Term Deposit account can either be blocked or unblocked manually by the user or automatically by the application.

The bank user can mark a block on a Term Deposit account or deposit and capture reason thereof. Interest accrual and compounding will continue as usual. Interest will be withheld and not paid out to the customer. The withheld interest will be available for payout once deposit is unblocked.

The application supports automatic blocking based on the business requirements. Automatic blocking can be used for following conditions:

- Non-compliance to KYC
- Party Black listed
- Party Deceased

While permitting any transactions for a deposit, Term Deposit module will check the block at both account and deposit level. If there is a block on either account or deposit, the block restrictions will apply.

A Term Deposit account or deposit can be unblocked automatically only after all the block reasons are removed.

A manually blocked account or deposit can be unblocked manually along with the reason for the removal of the block.

2.16 Term Deposit Calculators

The Term Deposit calculator helps in calculating the returns (interest) a customer is likely to earn by investing in a specific Term Deposit product or offering.

In the Term Deposit Calculator, the user can simulate the initial or maturity amount of the term deposit by inputting parameters like Initial Amount, tenure of the deposit or Maturity Date, and Interest payout frequency. This allows the bank to help its customers to choose in selecting a suitable Term Deposit product to invest in.

There is also a premature redemption calculator which helps in simulating the redemption amount on a given date.

2.17 Term Deposit Inquiry

Oracle Banking Term Deposits offers the following inquiries related to Term Deposits:

- Term Deposit Balances
- Interest Details
- Interest and Principal payout History
- Term Deposit Certificate Details
- Transactions of a Term Deposit (with transaction codes)
- Interest Rate History

Further, investment plan details such as investment plan and the accounts held under the plan can be inquired using the Investment Plan Details Inquiry (Fast Path: IA003) screen.

2.18 Term Deposit Sweep-in

Oracle Banking Term Deposits supports Sweep-in process to fund a CASA account which has debit transaction without sufficient funds. Through setting up Sweep instructions, CASA account can be funded from other CASA accounts or TD accounts.

The application places a lien on the deposit and subsequently redeems the deposit to the tune of short fall (deposit is identified based on the Auto Redemption Sequence specified at the product level) in the linked CASA to complete the transaction.

2.19 Unclaimed Deposit Processing

The application provides for configuring the time period after which a matured term deposit has to be treated as Unclaimed. The frequency at which processing for Unclaimed deposits can also be defined at a product level. Bank can consider allowing the renewal of unclaimed term deposit also through product parameterization. Configuration of moving the accounts to unclaimed status at the end of expiry period is also supported. The application also supports configuration and collection of fees for processing the unclaimed accounts.

2.20 Transfer of Term Deposit Account from One Branch to Another Branch

The application supports transfer of any Term Deposit account of a customer from one branch to another branch without changing the account number or any of the account parameters.

2.21 Memo

Memos can be maintained with high, medium or low severity, depending on the need to either display information or seek authorization.

2.22 Account Address Linkage

The capability to link any of the Party level addresses to the account for account based communication is facilitated.

2.23 Backdated Account Opening

The application supports creation of TD Account with back value date within Backdated Account Opening Allowed period mentioned at offer level. Back dated TD Account Opening is supported till tax occurrence event such as Interest Accrual, Interest Capitalization.

2.24 Account Opening Sourced By Agents

The application supports Account opening sourced by Agents such as brokers. The agent details are stored at account level.

2.25 Capture of Transacting Party Details

The application supports capture of Transacting Party details which are required for Anti Money Laundering tracking. When a transaction is done through cash mode and the transaction amount breaches the threshold limit maintained at the bank level, it is mandatory to capture Transacting Party Details. These details are persisted in the application. Hence, there is no need to capture the details again.

2.26 Account Statements, Advices, and Reports

Oracle Banking Term Deposits supports configuration of customer account statements, customer advices, and reports. The bank can determine the frequency for generating different types of periodic statements and reports.

The flexibility to define the type of statements, frequency, format and mode of delivery to the customer is supported.

Inquiry of an account statement based on date range and other filters such as Transaction Type. Statement data can be extracted for printing, reporting, and other purposes.

2.27 Top Up

The term or amount or both can either be increased or decreased. The new applicable interest rate is derived on the basis of new amount and/or new deposit term and /or new interest payout frequency.

On change of interest payout frequency, interest is computed on the next interest cap date accordingly.

Top up can be done within the window period and also outside the window period.

If the customer is not eligible for modification of account or term deposit as per the business rules set up for the account, the application displays a message that, contract modification is not allowed since the window period is over.

The above functionality is addressed using the TD Contract Modification (Fast Path: TD009) screen.

2.28 Step Up

For Step Up deposit, the interest rate on the deposit increases at predetermined interval. Maturity amount is computed at the applicable base rate along with the incremental rate and applicable margins, if any.

Example:

- For the period Jan 1st to Jul 31st, applicable base interest rate is 6%
- Step Up rate is 0.25% per quarter

If deposit is opened on Jul 5th (posting date) with deposit opening date (value date) as 10-Jan, then these interest rate transitions are posted on the account

Hence for the period, Jan 10th to Apr 10th, interest rate applicable for the account is 6%. For the period Apr 11th to Jul 10th, interest rate applicable for the account is 6.25%. From Jul 11th onwards, interest rate applicable for the account is 6.50%.

3 Australia Localization Features

This chapter describes the key features of Oracle Banking Term Deposits for Australia localization.

3.1 Supports Farm Management Deposit Accounts (FMDA)

Oracle Banking Term Deposits supports Farm Management Deposit Accounts (FMDA) as part of Australia localization.

The key features of FMDA Term Deposit accounts are as follows:

- The ability to support single user initiated deposit in FMDA Term Deposit.

- The ability to validate maximum deposit amount and minimum deposit amount parameters, maintained at the Term Deposit offer for any user initiated credits in the FMDA Term Deposit.

- The ability to validate minimum deposit amount and incremental amount maintained at the Term Deposit offer.

- The ability to support capture of FMDA specific ANZSIC codes while originating FMDA Term Deposit Account. The modification of ANZSIC codes is supported through Term Deposit Account Preferences screen.

- The ability to support capture of original start date and origin of deposited funds for FMDA Term Deposit account as part of origination of account. The modification of these fields is supported through Deposit Attributes screen.

- The ability to support capture of FMDA principal amount that is getting transferred to Internal FMDA Account, External FMDA Account and Non FMDA Account as part of Term Deposit redemption transaction. If the Tax File Number (TFN) is not provided, then system supports withholding amount of principal that is getting transferred to Non FMDA Account.

3.2 Withholding Tax

Oracle Banking Term Deposits supports Australian Tax rules for computation of Withholding Tax as part of Australia localization.

The key features are as follows:

- The ability to support capture of Australia specific exemption codes while capturing party details.

- The ability to support evaluation of tax eligibility and rates based on TFN/ABN/Exemption Codes of designated account owners in the account.

- The ability to support addition and modification of tax beneficiaries in the account. If tax beneficiaries are present in the account, system supports evaluation of tax rules considering tax beneficiaries instead of account owners.

- The ability to support refund of the tax deducted in the previous tax year till the first 21 days in the current tax year.

- The ability to support refund of tax either from posting date or value date on which the tax is deducted from the account.

3.3 SMSF Trust Account Opening

Oracle Banking Term Deposits supports onboarding of trusts including SMSF trusts as part of account opening.

4 US Localization Features

This chapter describes the key features of Oracle Banking Term Deposit accounts for US localization.

4.1 Investment Accounts

Opening of the following Individual Retirement Accounts (IRA) are supported as part of the US localization:

1. Traditional IRA

2. Roth IRA

3. SEP (Simplified Employee Pension) IRA

4. SIMPLE (Savings Incentive Match Plan for Employees of Small Employers) IRA

5. KEOGH IRA

6. ESA (Educational Savings Account)

7. HSA (Health Savings Account)

   System provides the facility to configure and capture the Plan Preferences, specific to each of the seven IRA plans.

   While capturing Pay-in instruction, for TD accounts under Investment Plans, the contribution codes are captured.

4.2 Account Origination

The origination of accounts for the following type of products is supported as part of US localization:

- UTMA Account
- Investment Accounts

4.3 Compliance of Electronic Funds Transfer Act

The ability to support generation of periodic statements for each monthly cycle in which an Electronic Funds Transfer has occurred in the account.

4.4 Compliance of the Uniform Transfers to Minors Act (UTMA)

For any minor account opened under account type UTMA, system supports automatic generation of account title as required by regulation.

System supports changing the ownership of account to custodian when the account holder is a minor as per state laws and converting it back to customer once the customer attains adult age.

4.5 Garnishment of Accounts

The ability to support excluding funds from garnishment that are classified as protected amounts within a pre-defined period (called as look back period).

4.6 Compute and Display of APYe

The ability to support calculation and display of APY earned (APYe) in the statements at each capitalization cycle.

4.7 Withholding Tax

Oracle Banking supports US Tax rules for computation of Withholding Tax as part of US localization.

The key features are as follows:

- Identification of the account holder who is responsible for tax reporting.
- Computation of withholding tax in following three cases:
  - Account holder responsible for Tax Reporting has Tax ID which is not verified.
  - Account holder responsible for Tax Reporting has a verified Tax ID but opts for voluntary backup withholding.
  - Account holder responsible for Tax Reporting has received notice from IRS, and effective date (a date till which customer is supposed to provide valid Tax ID) is breached.