

Product Catalogue – Islamic Term Deposits

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Product Catalogue – Islamic Term Deposits

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1 Overview and Objective

Islamic Deposit is based on the Shariah contract of Mudarabah. In Mudarabah, interest is not paid. Instead, profits will be shared. This is similar to how venture capitalists invest in companies. They take a percentage stake of the company in return for capital. All management resides with the startup/Mudarib. It provides higher profit rate compared to normal saving account.

- Islamic Term deposit module of FLEXCUBE supports processing of products like:
 - Normal term Deposits
 - Mudarabah Deposits
- Options available to automate periodic processes such as:
 - Accrual of term deposits
 - Liquidation of term deposits on liquidation frequency defined
 - Profit rate update to accounts after PDM
 - Generation of advices
 - Maturity processing and transfer of proceeds
- Different types of profit products are supported like, Fixed and Floating rates.

2 Product Catalogue – Islamic Term Deposits

This chapter describes the various products of Islamic Term Deposits. The products are described in the following sections:

- [2.1 Mudarabah Term Deposit](#)
- [2.2 Mudarabah Term Deposit with Sweep](#)
- [2.3 Islamic Term Deposit – with rate chart allowed](#)
- [2.4 Islamic Term Deposit – Other maintenances](#)

2.1 Mudarabah Term Deposit

This Mudarabah deposit has all the basic features that are needed for a retail customer to open a deposit account. Each account, which is a part of this offering, contributes its balance maintained to a Fund in order to get the profit.

2.1.1 Business Scenario

It allows opening Investment deposits accounts for a fixed period of time or term and is governed by the Mudarabah contract with the bank.

Target audience/Beneficiaries: Individuals who wants to open an investment deposit account.

2.1.2 Synopsis

- Booking of deposit with fixed amount for fixed period
- Withdrawal is allowed before the end of the deposit term
- Profit sharing weightages are assigned based on the tenors, deposited amount and profit payout period
- Cash reserve ratio is allowed

2.1.3 Detailed Coverage

- Accounts can be opened in GBP & KWD currency's, as configured at IC product
- Deposits opened under this account class will, by default, have:
 - Tenor as 5 months
 - Mudarabah profit rate of 10%
 - Maximum tenor of 5 years
 - Cash reserve ratio of 20%
 - Defer liquidation of 6 days
- Fund ID maintained for profit distribution
- Account will get closed on maturity
- Month end deposit is supported

- Maturity date will be adjusted to previous working day based on holiday treatment
- Deposits contribute in profit and profit will be paid out on defer liquidation days

2.1.4 Account class – IATDFX

Account Class → Preferences	
Account Type	Deposits
Profit Charges	Yes
Track Accrued Profit	Yes
Posting Allowed	Yes
Profit Calculation Balance Basis	Monthly average balance
Mudarabah Fund Id	IAFD50042
Exclude from Distribution	No
Cash Reserve Ratio	20

Account Class → Deposits Account Details	
Rollover	No
Close On Maturity	Yes
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Move Profit To Unclaimed	No

Account Class → Deposits Account Details	
Move Principal to Unclaimed	No
Repick account class tenor on rollover	No
Holiday Calendar	Branch holiday
Holiday Movement	Previous working day
Movement across months	Previous/next working day of same month
Month-end Maturity deposit	Yes
Adhoc holiday	Generate advice
Applicable deposit tenor	Original tenor
Profit sharing	Yes
Minimum tenor	3 months
Default tenor	5 months
Maximum tenor	5 years

Account Class → Deposits amount currency wise limits		
<i>Currency</i>	<i>Min amount</i>	<i>Max amount</i>
GBP	5000	50000000
KWD	1000	70000000

2.1.5 Rule Coverage – IPTD

IC Rule Features	
SDE's	DEPOSIT_AMOUNT, DAYS, YEAR
UDE	MUDARABAH_RATE

Rule Definition				
<i>Formula No</i>	<i>Accrual</i>	<i>Type</i>	<i>Condition</i>	<i>Result</i>
1	Yes	Book	DEPOSIT_AMOUNT>0	(DEPOSIT_AMOUNT*DAYS*MUDARABAH_RATE)/(YEAR*100)

2.1.6 Product – IPTD

Product Features	
Product Code	IPTD
Description	Fixed rate TD
Product Type	Profit
Product Group	IP
Product group description	Profit and Charges
Deposit	Y
Booking account type	Profit

Product Features	
IC Rule	IPTD
IC Rule description	Deposit simple interest

Product Preference	
Product Level	Yes
Accrual Frequency	Monthly
Payment Method	Bearing
Liquidation cycle	3 months
Defer Liquidation	Yes
Defer liquidation days	6
Liquidation at Month ends	Yes
Back Value Recalculation Flag	No
Start from account Opening	No

Account Classes Mapping					
<i>Account class</i>	<i>Currency</i>	<i>Special condition only</i>	<i>Rate change on profit Liquidation</i>	<i>Rate change on Rollover</i>	<i>Continue Variance on rollover</i>
IATDFX	GBP	Yes	No	No	No
IATDFX	KWD	Yes	No	No	No

2.1.7 Additional Information

- Weight maintenance is done for Mudarabah fund id and Mudarib fee of 10% is maintained
- Profit GL's are maintained for the fund id

2.2 Mudarabah Term Deposit with Sweep

This Mudarabah deposit has all the basic features that are needed for a retail customer to open a deposit account. Each account which is a part of this offering contributes its balance maintained to a Fund in order to get the profit. The Sweep parameters when enabled facilitates customer to use the TD account as Cover account for CASA account and if the balance available in the linked CASA account is less than the debit amount, then it breaks the deposits booked and sweeps in money to savings account.

2.2.1 Business Scenario

It allows opening Investment deposits accounts for a fixed period of time or term and is governed by the Mudarabah contract with the bank.

Target audience/Beneficiaries: Individuals who wants to open an investment deposit account.

2.2.2 Synopsis

- Booking of deposit with fixed amount for fixed period
- Withdrawal is allowed before the end of the deposit term
- Sweep parameters sweep-in and reverse sweep-in are enabled at account class

- Profit sharing weightages are assigned based on the tenors, deposited amount and profit payout period
- Cash reserve ratio is allowed

2.2.3 Detailed Coverage

- Accounts can be opened in GBP & KWD currency's, as configured at IC product
- Deposits opened under this account class will, by default, have:
 - Tenor as 5 months
 - Mudarabah profit rate of 10%
 - Maximum tenor of 5 years
 - Cash reserve ratio of 20%
 - Defer liquidation of 6 days
- Fund ID maintained for profit distribution
- Account will get closed on maturity
- Month end deposit is supported
- Maturity date will be adjusted to previous working day based on holiday treatment
- Deposits contribute in profit and profit will be paid out on defer liquidation days

2.2.4 Account Class – ISWPTD

Account Class → Preferences	
Account Type	Deposits
Profit Charges	Yes
Track Accrued Profit	Yes
Posting Allowed	Yes
Profit Calculation Balance Basis	Monthly average balance
Mudarabah Fund Id	IAFD10042
Exclude from Distribution	No
Cash Reserve Ratio	20

Account Class → Deposits Account Details	
Rollover	No
Close On Maturity	Yes
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Move Profit To Unclaimed	No
Move Principal to Unclaimed	No

Account Class → Deposits Account Details	
Month-end Maturity deposit	Yes
Repick account class tenor on rollover	No
Holiday Calendar	Branch holiday
Holiday Movement	Previous working day
Movement across months	Previous/next working day of same month
Month end deposit	Yes
Sweep Functionality	Yes
Adhoc holiday	Generate advice
Applicable deposit tenor	Original tenor
Profit sharing	Yes
Minimum tenor	3 months
Default tenor	5 months
Maximum tenor	5 years

Account Class → Deposits amount currency wise limits		
<i>Currency</i>	<i>Min amount</i>	<i>Max amount</i>
GBP	5000	50000000
KWD	1000	70000000

2.2.5 Rule Coverage – IPTD

IC Rule Features	
SDE's	DEPOSIT_AMOUNT, DAYS, YEAR
UDE	MUDARABAH_RATE

Rule Definition				
<i>Formula No</i>	<i>Accrual</i>	<i>Type</i>	<i>Condition</i>	<i>Result</i>
1	Yes	Book	DEPOSIT_AMOUNT>0	(DEPOSIT_AMOUNT*DAYS*MUDARABAH_RATE)/(YEAR*100)

2.2.6 Product – IPTD

Product Features	
Product Code	IPTD
Description	Fixed rate TD
Product Type	Profit
Product Group	IP

Product Features	
Product group description	Profit and Charges
Deposit	Y
Booking account type	Profit
IC Rule	IPTD
IC Rule description	Deposit simple interest

Product Preference	
Product Level	Yes
Accrual Frequency	Monthly
Payment Method	Bearing
Liquidation cycle	3 months
Defer Liquidation	Yes
Defer liquidation days	6
Liquidation at Month ends	Yes
Back Value Recalculation Flag	No
Start from account Opening	No

Account Classes Mapping					
<i>Account class</i>	<i>Currency</i>	<i>Special condition only</i>	<i>Rate change on profit Liquidation</i>	<i>Rate change on Rollover</i>	<i>Continue Variance on rollover</i>
ISWPTD	GBP	Yes	No	No	No
ISWPTD	KWD	Yes	No	No	No

2.2.7 Additional Information

- Weight maintenance is done for Mudarabah fund id and Mudarib fee of 10% is maintained
- Profit GL's are maintained for the fund id
- Sweep in is enabled at ISWPIN account class

2.3 Islamic Term Deposit – with Rate Chart Allowed

This floating rate deposit has all the basic features that are needed for a retail customer to open a deposit account. Profit rate is applied to deposits based on LDMM rate chart defined. Deposits under this offering don't contribute to profit sharing. Profits are paid to depositors based on the rate chart defined based on account class, currency and tenor combination.

2.3.1 Business Scenario

- Depositors would enjoy variable profit rates for fixed period of time.
- Target audience/Beneficiaries: Individuals or corporate who wants to open deposit account.

2.3.2 Synopsis

- Withdrawal is allowed before the end of the deposit term
- Depositors will get returns on their investments
- Rollover with different tenor is supported
- Month end deposit is supported
- Profit applicability based on LDMM rate chart

2.3.3 Detailed Coverage

- Deposit can be opened in GBP, KWD and EUR currencies, as configured at IC product
- Deposits opened under this account class will, by default, have:
 - Tenor as 3 months
 - Rolled over on maturity date
 - Profit sharing as No
 - Rate chart allowed as Yes
- Account can be rolled over on maturity date with principal amount or principal + profit based on user instructions
- Term Deposit Certificate generation as instrument is supported
- Maturity date will be adjusted to next working day automatically based on the holiday treatment defined
- Continue variance on rollover is allowed
- TD rate codes – ISTDPFTGBP, ISTDPFTEUR and ISTDPFTKWD are maintained and attached to profit rate UDE, MUDARABAH_RATE
- Profit will be applied to deposits based on the rate chart tenor in months, as configured at account class

2.3.4 Account Class – IATDFL

Account Class → Preferences	
Account Type	Deposits
Profit Charges	Yes
Track Accrued Profit	Yes
Posting Allowed	Yes
Profit Statement	Yes

Account Class → Preferences	
Profit Calculation Balance Basis	Monthly Average Balance
Mudarabah Fund Id	No
Exclude from Distribution	No

Account Class → Deposits Account Details	
Rollover	Yes
Close On Maturity	No
Allow Partial Liquidation	Yes
Allow Partial Liquidation with Amount Block	Yes
Move Profit to Unclaimed	No
Move Principal to Unclaimed	No
Repick account class tenor on rollover	Yes
Month-end Maturity deposit	Yes
Rate chart tenor	Months
Holiday Calendar	Both branch and currency holiday
Holiday Movement	Next working day
Movement across months	Allowed

Account Class → Deposits Account Details	
Adhoc holiday	Change Maturity Date and Generate advice
Applicable deposit tenor	Deposit tenor
Profit sharing	No
Minimum tenor	1 month
Default tenor	3 months
Maximum tenor	10 years

Account Class → Deposits amount currency wise limits		
<i>Currency</i>	<i>Min amount</i>	<i>Max amount</i>
GBP	5000	50000000
EUR	1000	95000000
KWD	500	70000000

2.3.5 Rule coverage – IPFL

IC Rule Features	
SDE's	DEPOSIT_AMOUNT, DAYS, YEAR
UDE	MUDARABAH_RATE(UDE type – Rate code as rate)

Rule Definition				
<i>Formula No</i>	<i>Accrual</i>	<i>Type</i>	<i>Condition</i>	<i>Result</i>
1	Yes	Book	DEPOSIT_AMOUNT>0	(DEPOSIT_AMOUNT*DAYS*MU DARABAH_RATE)/(YEAR*100)

2.3.6 Product – IPFL

Product Features	
Product Code	IPFL
Description	Rate chart allowed deposit
Product Type	Profit
Product Group	IP
Product group description	Profit and Charges
Deposit	Y
Booking account type	Profit
IC Rule	IPFL
IC Rule description	Rate chart allowed deposit

Product Preference	
Product Level	Yes
Accrual Frequency	Daily
Payment Method	Bearing
Liquidation cycle	1 month
Defer Liquidation	Yes
Defer liquidation days	6
Liquidation at Month ends	Yes
Back Value Recalculation Flag	No
Defer Liquidation	Yes
Start from account Opening	No

Account Classes Mapping					
<i>Account class</i>	<i>Currency</i>	<i>Special condition only</i>	<i>Rate change on profit Liquidation</i>	<i>Rate change on Rollover</i>	<i>Continue Variance on rollover</i>
IATDFL	GBP	Yes	No	Yes	Yes
IATDFL ITDFR	KWD	Yes	No	Yes	Yes
IATDFL ITDFR	EUR	Yes	No	Yes	No

2.3.7 Additional Information

- Issuer code TDDP is maintained and attached to stock catalog code
- Stock Catalog code TDCERT is maintained

2.4 Islamic Term Deposit – Other Maintenances

Various maintenances to be done for TD are listed in this section.

2.4.1 Pay-in Parameter Maintenance

In case of pay-in through GL or Cash, the general ledger code needs to be maintained in pay-in parameters screen. It is mandatory in case pay-in to term deposits is done through GL or cash.

The following pay-in types have been maintained:

Branch Code	GL Code	Pay-in option
001	261300005	General ledger
001	261300004	Cash

2.4.2 Close Mode for TD

Close mode needs to be maintained, in case premature redemption of deposit accounts. In case of premature redemption through modes like account, GL, the product maintained at the close mode is used for processing the redemption. Following are the close modes maintained:

Close mode	Product
FT	FTRQ
GL	TDRG

2.4.3 UDF Maintenance

UDF's – ISTDUDF1 and ISTDUDF2 are attached to TD account creation screen.

2.4.4 Islamic Weight Maintenance

Islamic weights need to be maintained to apply profit rate on the entire investment to fund id based on weightage. Weightage is defined for amount, tenor and profit payout frequency combination. On profit distribution on defer liquidation days, weights are applied on investment and individual profit is arrived. Following is the weight maintenance done for term deposit account classes IATDFX & ISWPTD and fund id IAFD10042 combination:

Value Category		Tenor Category		PPO category			
<i>Amount slab</i>	<i>Weight</i>	<i>Tenor</i>	<i>TD Weight</i>	<i>Days</i>	<i>Months</i>	<i>Years</i>	<i>Weight</i>
10000	50	1	60	0	1	0	50
25000	55	2	65	0	3	0	55
50000	60	3	70	0	2	0	60
100000	65	5	75	0	4	0	66
350000	75	6	80	0	5	0	67

Value Category		Tenor Category		PPO category			
<i>Amount slab</i>	<i>Weight</i>	<i>Tenor</i>	<i>TD Weight</i>	<i>Days</i>	<i>Months</i>	<i>Years</i>	<i>Weight</i>
99999999	85	9	85	0	6	0	70
		99	95	0	12	0	75

2.4.5 MIS Class Code Maintenance

MIS class code needs to be maintained and captured during funding the profit GL. MIS class code, FUND Id is maintained and the fund ID, is attached to the class code.