Oracle® Banking Credit Facilities Process Management

Policy Definition User Guide

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Oracle Banking Credit Facilities Process Management Policy Definition User Guide, Release 14.8.1.0.0

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Preface

- About this guide
- Intended Audience
- Conventions Used
- Common Icons in OBCFPM

1.1 About this guide

This guide provides the user with all the information necessary to define a policy for credit processes in **OBCFPM**.

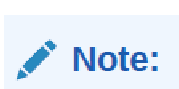
1.2 Intended Audience

This document is intended for the banking personnel's responsible for defining and approving policies associated with credit processes.

1.3 Conventions Used

The following table lists the conventions that are used in this document.

Table 1-1 Conventions Used

Convention	Description
Bold	Bold indicates: • Field Name • Screen Name • Drop-down Options • Other UX labels
Figure 1-1 Note 	This icon indicates a Note.

1.4 Common Icons in OBCFPM

The following table describes the icons that are commonly used in **OBCFPM**:

Table 1-2 Common Icons

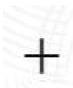
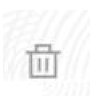
Icons	Purpose
Figure 1-2 Add 	To add new record.
Figure 1-3 Edit 	To modify existing record.
Figure 1-4 Delete 	To delete a record.
Figure 1-5 Calendar 	To select start or end date.
Figure 1-6 Upload 	To upload a record.

Table 1-2 (Cont.) Common Icons

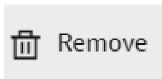
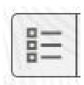
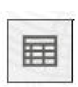
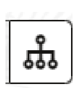
Icons	Purpose
Figure 1-7 Remove 	To remove the record.
Figure 1-8 List View 	To change the screen layout to list view.
Figure 1-9 Table View 	To change the screen layout to table view.
Figure 1-10 Tree View 	To change the screen layout to tree view.
Figure 1-11 Action Button 	To view, edit, and delete a record

Table 1-2 (Cont.) Common Icons

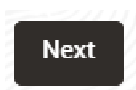
Icons	Purpose
Figure 1-12 Hold  	To hold the process.
Figure 1-13 Back  	To go back to the previous screen.
Figure 1-14 Next  	To go to the next data segment.
Figure 1-15 Save and Close  	To save the captured information and exit the process window.
Figure 1-16 Submit  	To submit the task to next stage.

Table 1-2 (Cont.) Common Icons

Icons	Purpose
Figure 1-17 Cancel 	To exit the window without saving the captured information.

2 Policy Definition Overview

Policy Definition is the process followed by Policy Analysts in the financial institutions to define Credit Policy for various Financial products and services based on the guidelines from the regulatory bodies. Credit Policies defined in **OBCFPM** acts as the tool to validate business transaction and mitigate the overall risk. The fields validated in credit processes are listed separately in the document.

The following are the stages involved in **Policy Definition**:

- Policy Initiation
- Sector Evaluation
- Headroom Definition
- Policy Definition
- Business Recommendation
- Approval from Legal Head
- Approval from Policy Team
- Approval from Credit Team
- Risk Recommendations
- Compliance Recommendations
- Policy Approval

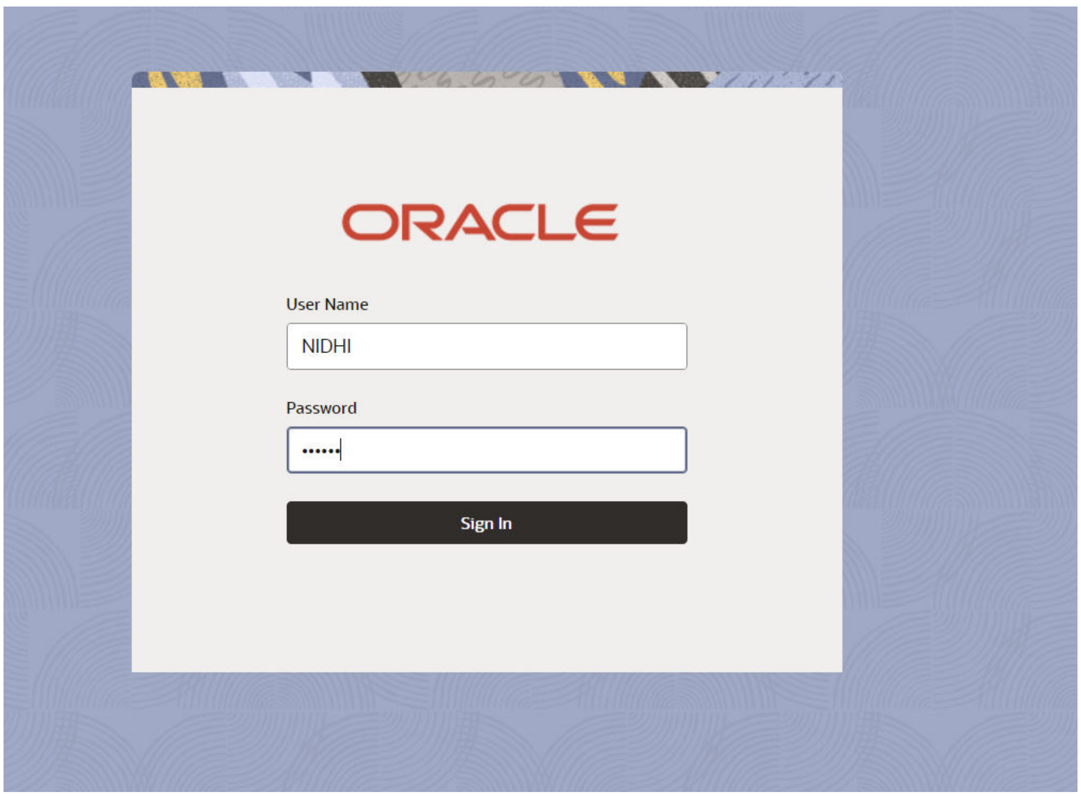
3 Policy Initiation

Policy initiation is the first stage in policy definition process. In this stage, actual policy is defined by the Policy Analyst and sent for multiple approvals. The policy defined in **OBCFPM** is used to validate the data captured throughout the credit processes to facilitate the overall process performed in bank.

Steps to define policy

1. Login to **OBCFPM**. Enter your **User Name**, **Password** and click **Sign In**.

   Figure 3-1 Login Screen

2. Navigate to **Policy > Policy Definition**. Select **Sector** from drop-down list and Click **Initiate Policy**. **Policy Initiation** page is displayed.

Figure 3-2 Policy Initiation

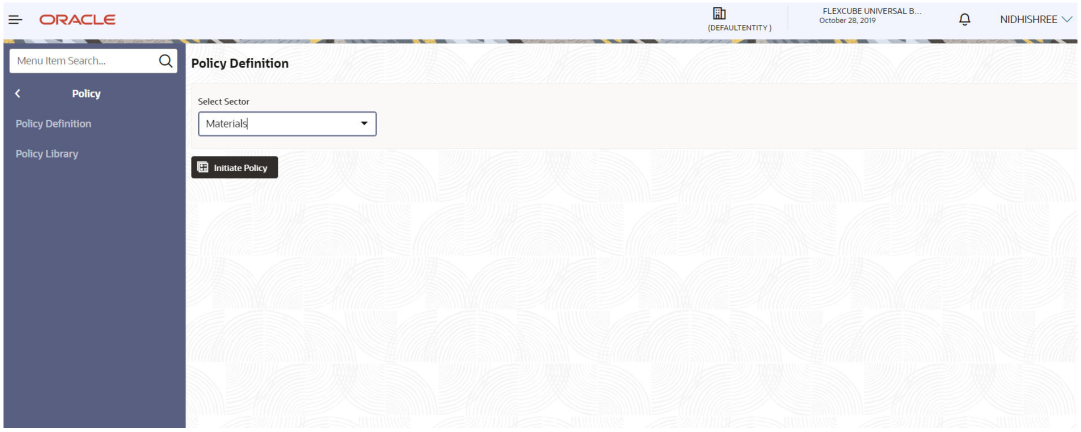
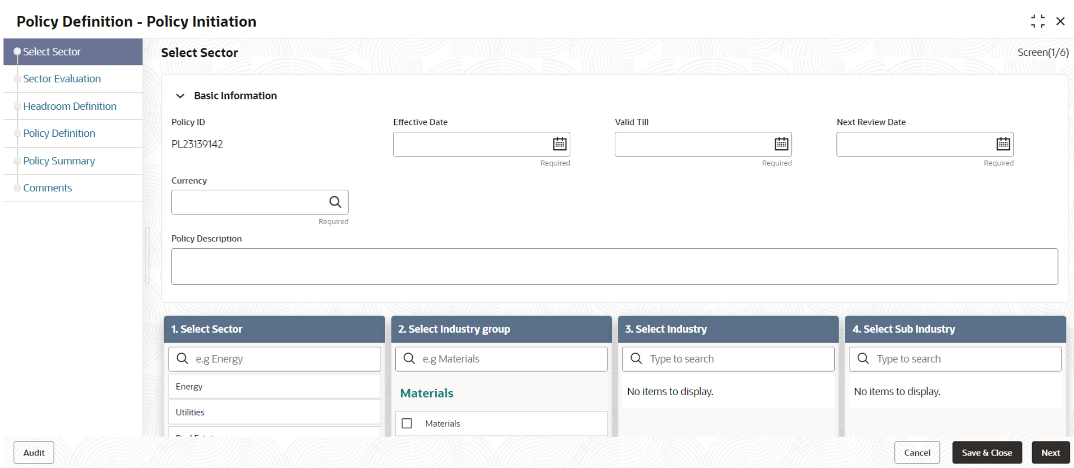


Figure 3-3 Policy Initiation



- Policy Initiation
- Sector Evaluation
- Headroom Definition
- Policy Definition
- Policy Summary
- Comments

3.1 Policy Initiation

In **OBCFPM**, the Policy Analysts can set the policy for the sector and its associated industry group, industry and sub-industry while defining the policy.

Figure 3-4 Policy Initiation

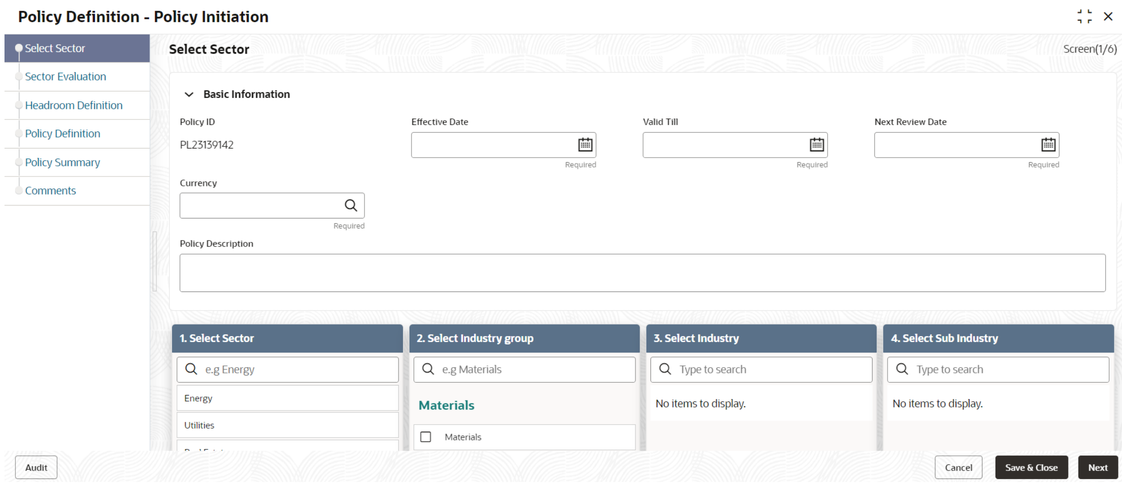
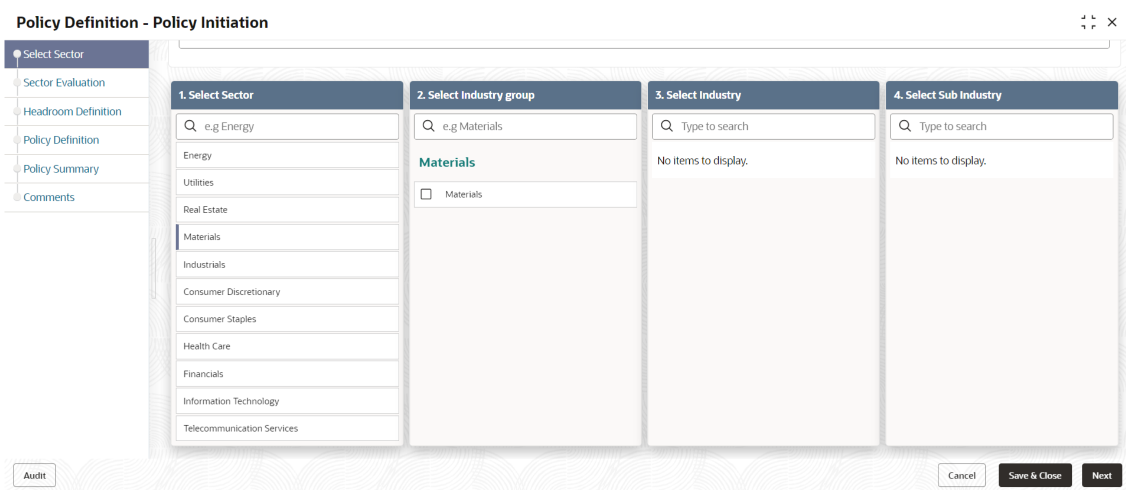


Figure 3-5 Policy Initiation



Select Sector screen:

For information on Select Sector, refer the below table.

Table 3-1 Select Sector

Fields/Icons	Description
Effective Date	Select **Effective Date** for the policy by clicking **Calendar** icon. The **Effective Date** should be in future.
Valid Till	Select **Valid Till** date for the policy by clicking **Calendar** icon. The **Valid Till** date should be in future and more than the effective date.
Next Review Date	Select **Next Review Date** date for the policy by clicking **Calendar** icon. The **Next Review Date** should be in future and more than the effective date.
Currency	Search and fetch **Currency** for the policy.
Policy Description	Enter the description for the policy in **Policy Description** field.

Table 3-1 (Cont.) Select Sector

Fields/Icons	Description
Select Sector	**Select Sector** for which policy needs to be defined.

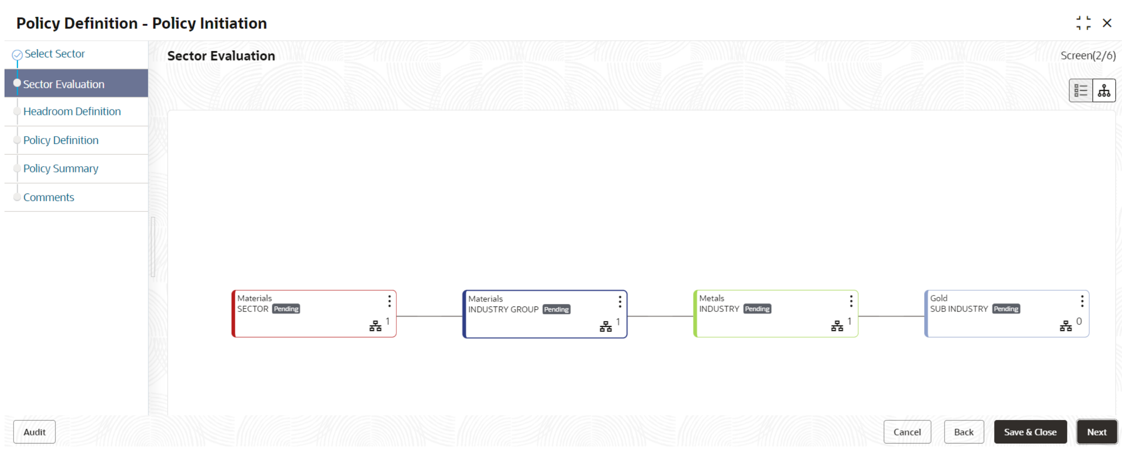
1. In Select **Industry Group** section, select the required group.
2. In Select **Industry** and **Sub - Industry** section:

   Select required **Industry** and **Sub - Industry**.
3. Click **Next**. **Sector Evaluation** page is displayed.

3.2 Sector Evaluation

OBCFPM allows the Policy Analysts to evaluate the sector, industry group, industry and sub - industry selected and view the score for each evaluation instantly.

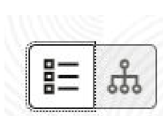
Figure 3-6 Sector Evaluation



In **Sector Evaluation** page:

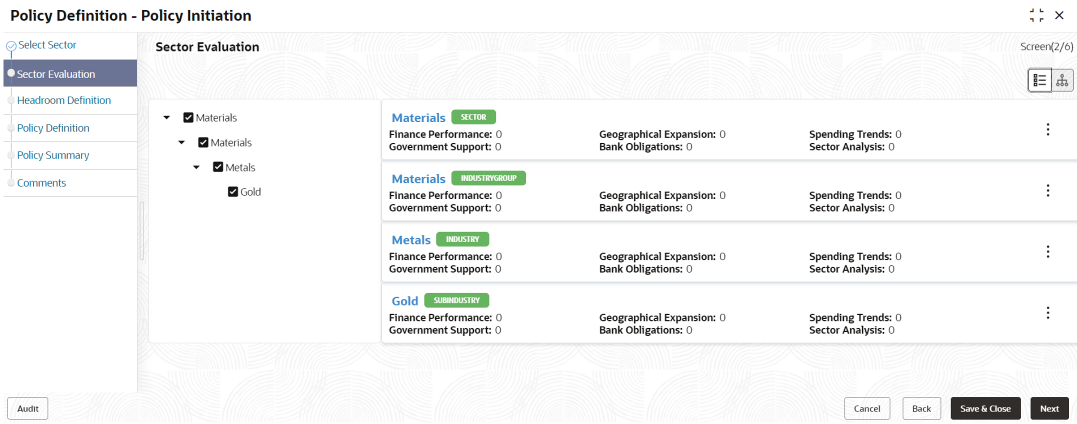
1. To change the layout of the tree view, click the configuration icon at the top right corner. The layout options are displayed as shown below:

   Figure 3-7 Layout

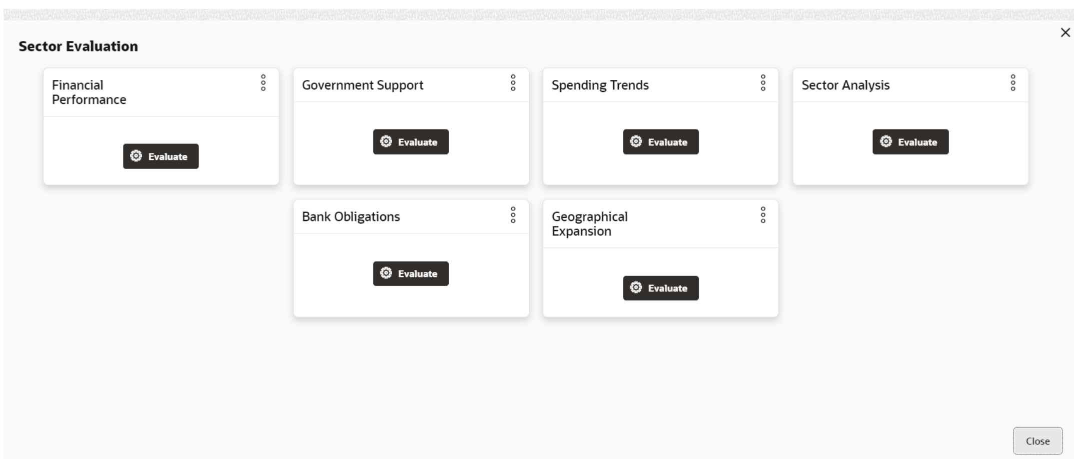
2. To change the tree view to list view, click the list icon at the top left corner. **Sector Evaluation** page view is changed as shown below:

Figure 3-8 Sector Evaluation



3. To evaluate the sector, click **Evaluate Now** button in list view or right click sector icon in tree view. **Sector Evaluation** window is displayed.

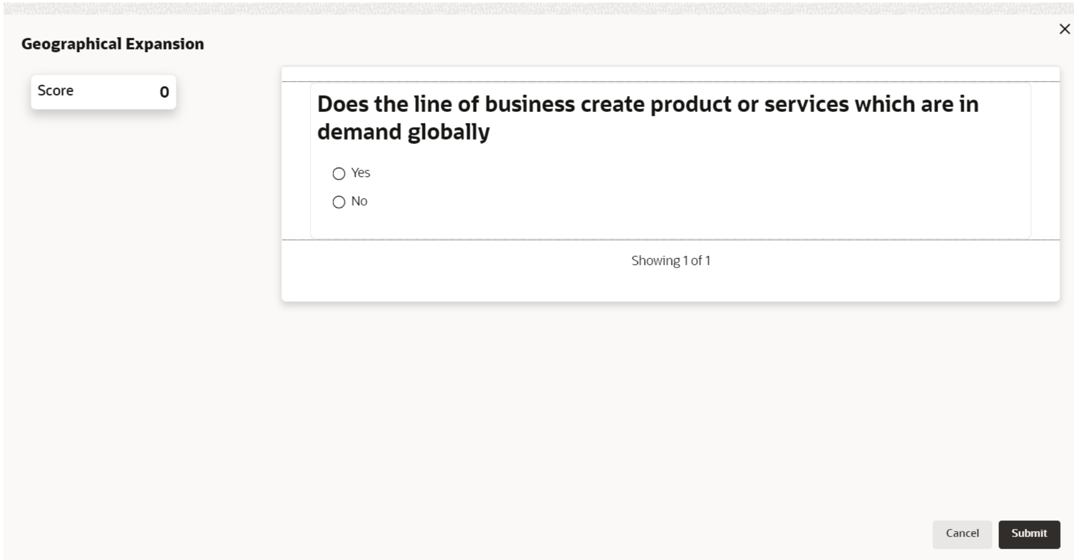
Figure 3-9 Sector Evaluation



4. Click **Evaluate** button and evaluate the following elements:
   - Financial Performance
   - Government Support
   - Spending Trends
   - Sector Analysis
   - Bank Obligations
   - Geographical Expansion

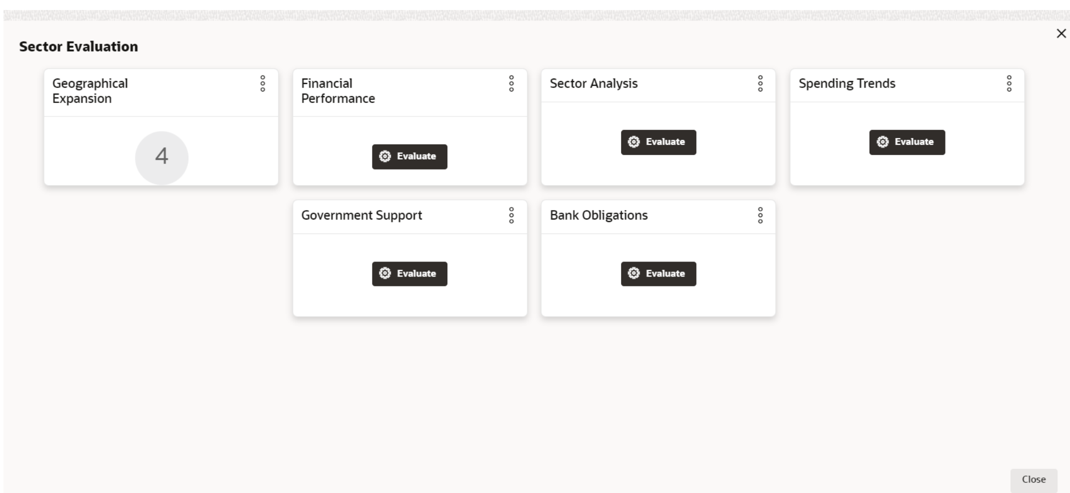
   Click **Evaluate** button, questions related to the evaluation appears:

Figure 3-10 Geographical Expansion



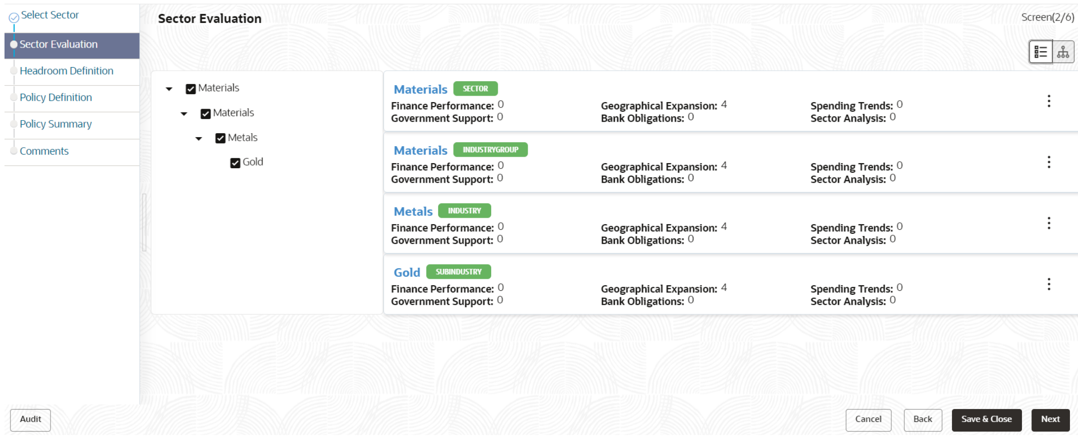
5. Select the answer for the displayed question. Score is displayed for the evaluation based on the selected answer.
6. Click right arrow to view the next question.
7. Answer all the questions and click **Submit**. Overall score is displayed for the evaluated element as shown below:

Figure 3-11 Sector Evaluation



8. Click **Submit**. **Sector Evaluation** page is updated with the evaluation scores as shown below:

Figure 3-12 Sector Evaluation

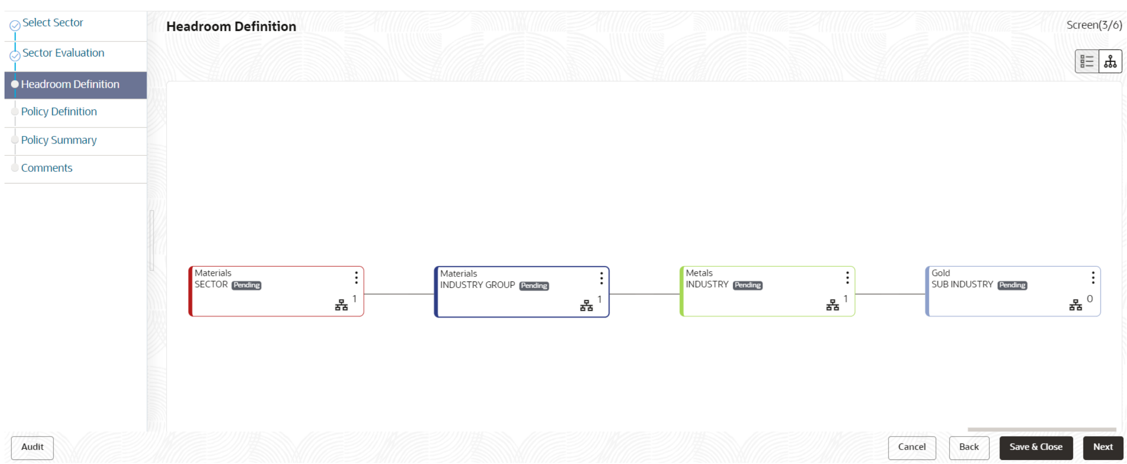


9. Evaluate **Industry Group**, **Industry** and all the **Sub - Industry**.
10. Click **Next**.

3.3 Headroom Definition

In this data segment, the Policy Analysts can define headroom for the selected sector, industry group, industry and sub -industry based on the capital available in the Bank.

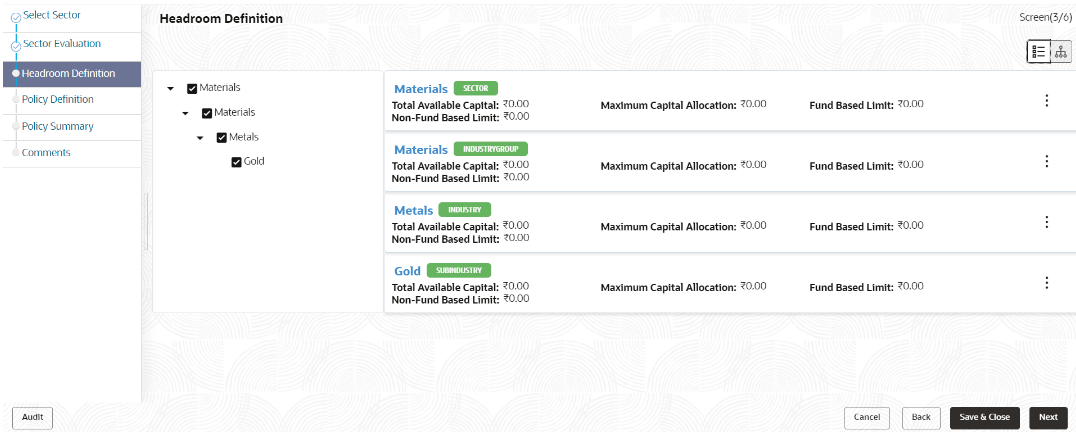
Figure 3-13 Headroom Definition



Refer **Sector Evaluation** section for information on changing the layout of the tree view.

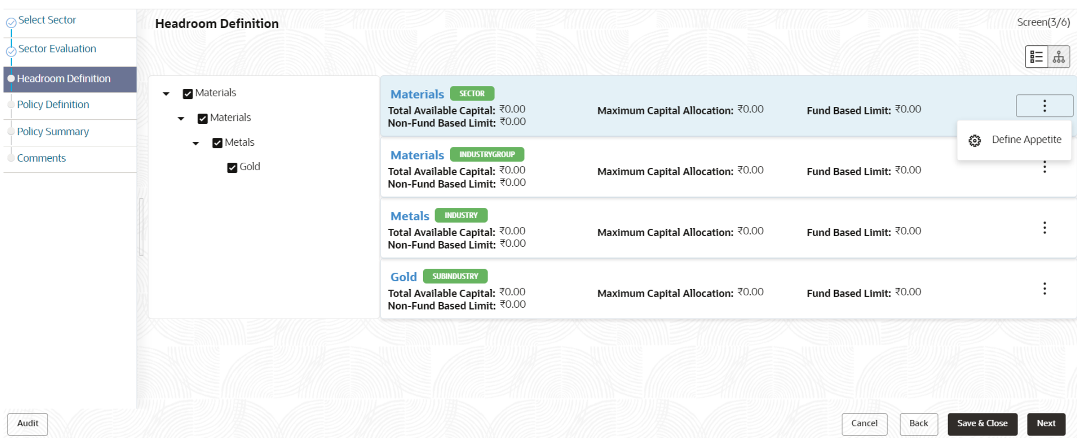
1. To change the tree view to list view, click the list icon at the top left corner. **Headroom Definition** page view is changed as shown below:

Figure 3-14 Headroom Definition



2. To define appetite for the sector, click **Define Appetite** button in list view or right click the sector icon in tree view.

Figure 3-15 Define Appetite



The **Appetite Setting** window appears:

Figure 3-16 Appetite Setting

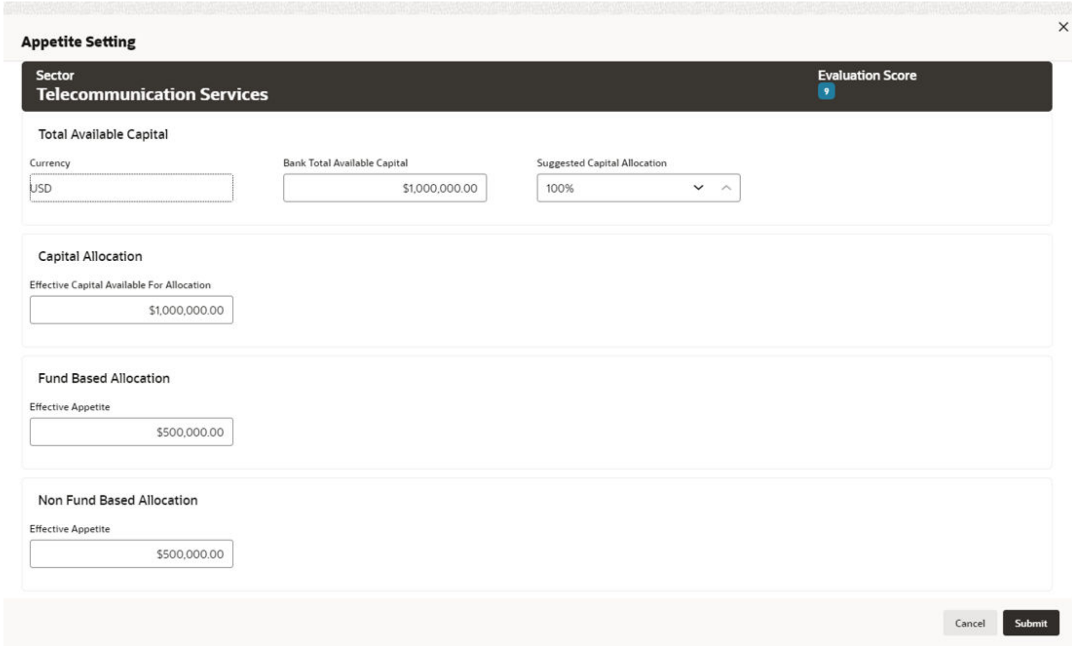
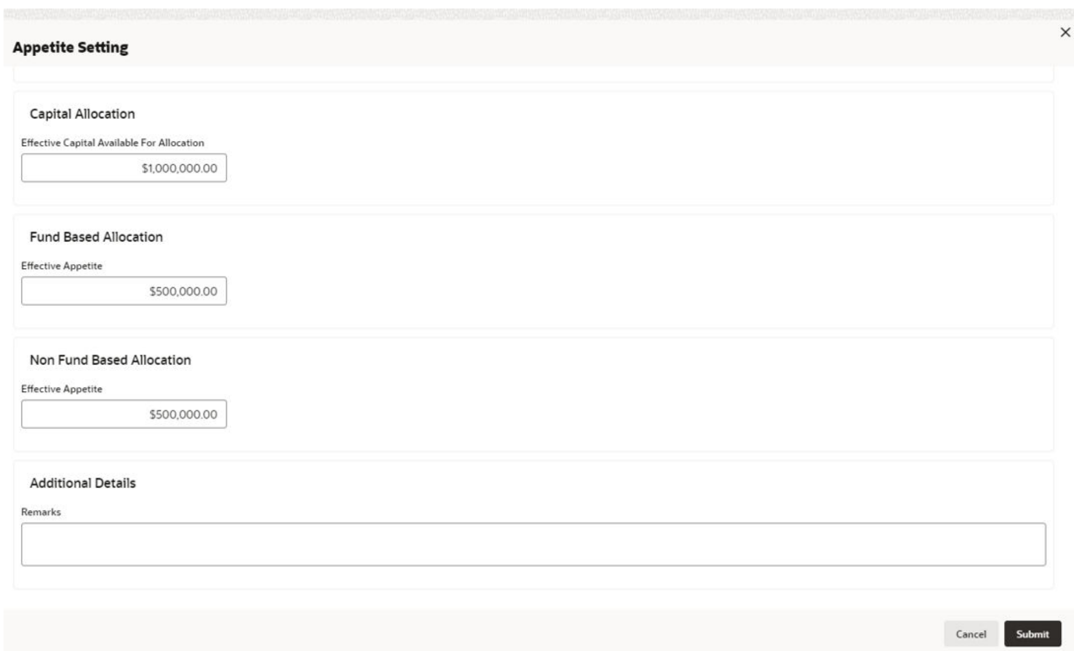


Figure 3-17 Appetite Setting



Note:

In **Appetite Setting** page, all the amount specified will be considered in Currency selected in the **Policy Initiation** page.

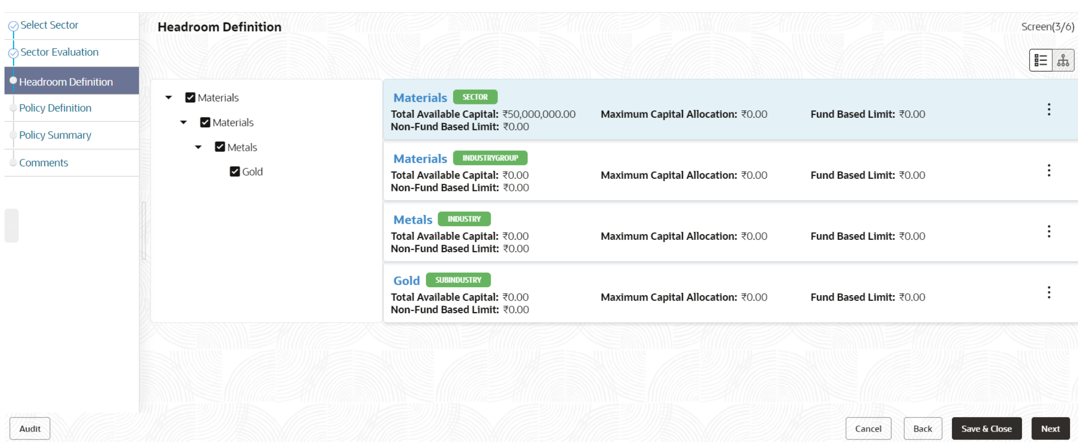
For information on fields in the Appetite Setting screen, refer the below table.

Table 3-2 Appetite Setting

Fields/Icons	Description
Total Available Capital	Enter fields given in **Total Available Capital**. The **Currency** is displayed by default.
Bank Total Available Capital	Specify **Bank Total Available Capital**.
Suggested Capital Allocation	Specify percentage to be allocated for the selected sector in **Suggested Capital Allocation** field. **Note:** Suggested Capital Allocation can be specified either by directly entering the percentage or selecting the increment/decrement option on the right. Decrement option will be enabled, if the value entered in Suggested Capital Allocation field is greater than zero. Use Decrement option to reduce the percentage.
Capital Allocation	Enter **Effective Capital Available For Allocation** field for **Capital Allocation**.
Fund Based Allocation	Enter **Effective Appetite** field for **Fund Based Allocation**.
Non Fund Based Allocation	Enter **Effective Appetite** field for **Non Fund Based Allocation**
Additional Details	Enter **Remarks** fields for **Additional Details**.

3. Click **Submit**. Allocated amount is displayed in **Appetite Setting** page as shown below:

Figure 3-18 Appetite Setting

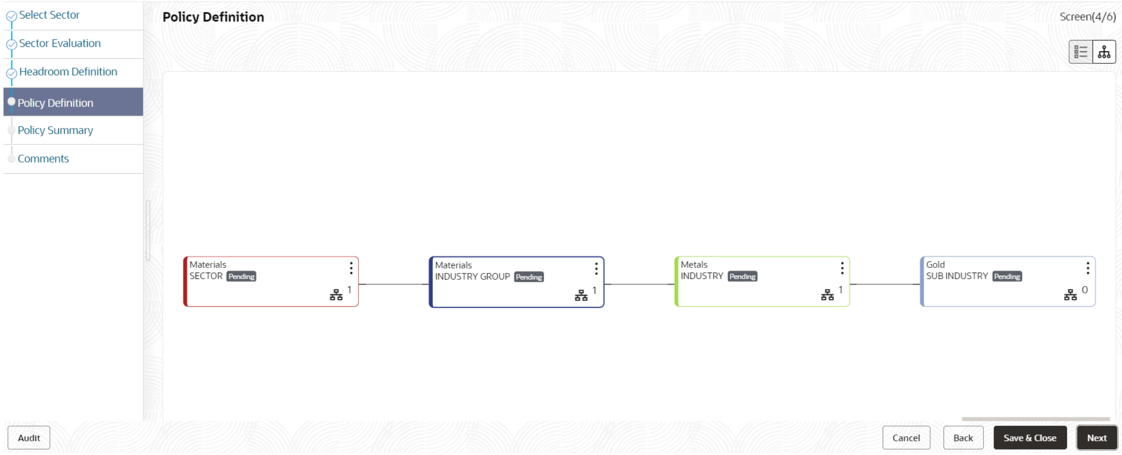


4. **Define Appetite** for the Industry Group, Industry and all the Sub - Industry.
5. Click **Next**.

3.4 Policy Definition

In **Policy Definition** data segment, you will set the rules and regulations of lending.

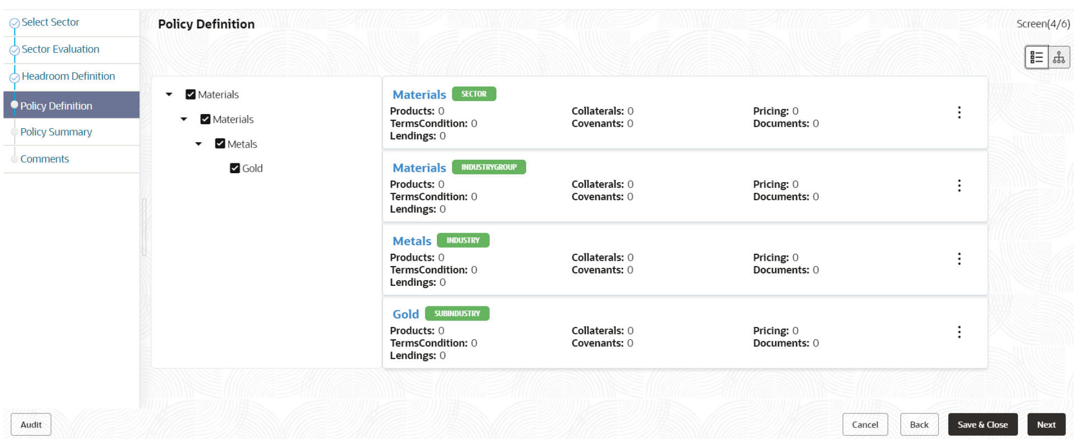
Figure 3-19 Policy Definition



> **Note:**
>
> Refer **Sector Evaluation** section for information on changing the layout of the tree view.

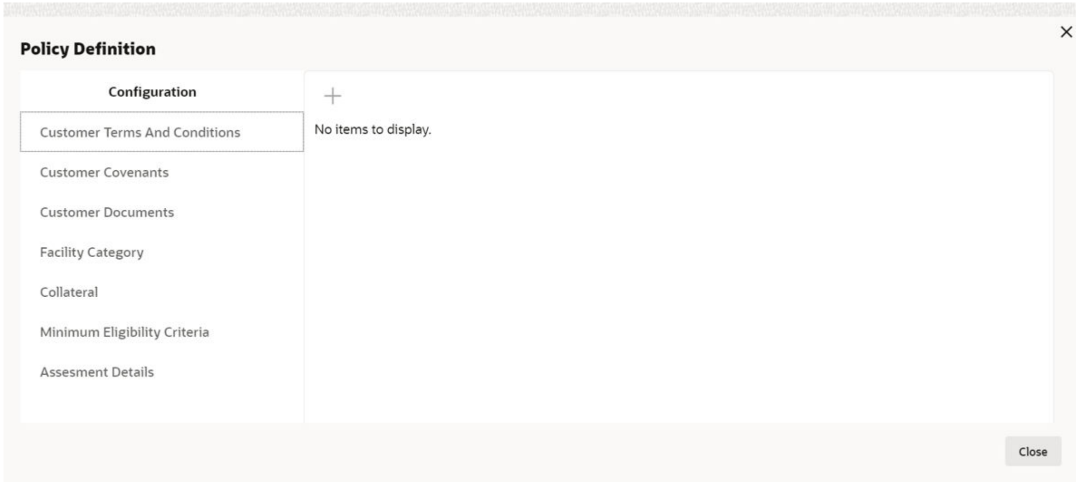
1. To change the tree view to list view, click the list icon at the top left corner. **Policy Definition** page view is changed as shown below:

   Figure 3-20 Policy Definition

2. To define policy for the sector, click the **Define Policy** button in list view or right click the sector icon in tree view. **Configuration window** is displayed.

Figure 3-21   Configuration window



Configuring window

3. In **Configuration** window, policy can be defined for the following dimensions:
    - Customer Terms And Conditions
    - Customer Covenants
    - Customer Documents
    - Facility Category
    - Collateral
    - Minimum Eligibility Criteria
    - Assessment Details

- Configuring Customer Terms and Conditions
- Configuring Customer Covenants
- Configuring Customer Documents
- Configuring Facility Category
- Configuring Collateral
- Configuring Minimum Eligibility Criteria
- Configuring Assessment Details

3.4.1 Configuring Customer Terms and Conditions

Configuring Customer Terms and Conditions

1. To add terms and conditions, click **Customer Terms And Conditions** from the menu and click **+** icon. **Terms And Conditions** window is displayed:

Figure 3-22 Terms And Conditions

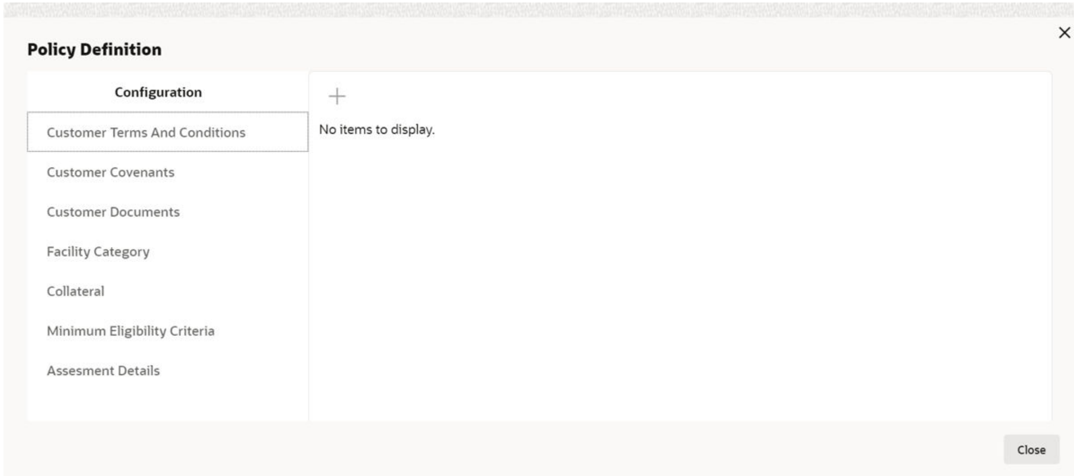
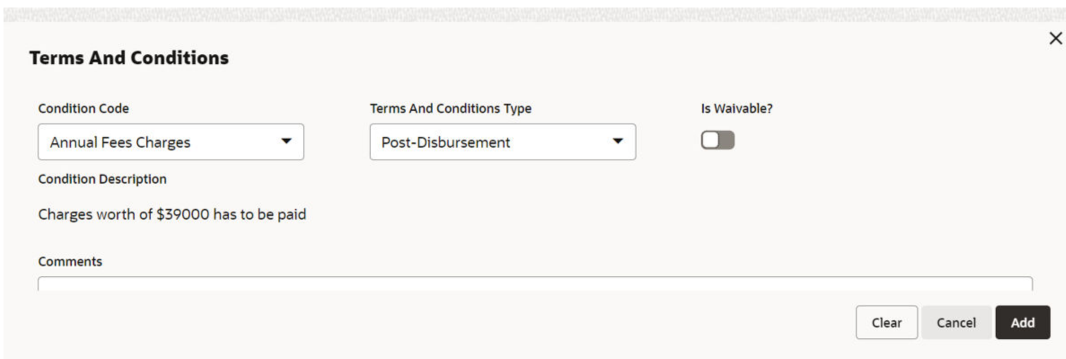


Figure 3-23 Terms And Conditions



For information on fields in the **Terms and Conditions** screen, refer the below table.

Table 3-3 Terms and Conditions

Fields/Icons	Description
Condition Code	Select **Condition Code** from the drop-down list.
Customer Terms And Conditions Type	Select **Customer Terms And Conditions Type** from the drop-down list. The options available are: • Pre-Disbursement • Post-Disbursement
Is Waivable?	Enable **Is Waivable?** check box, if waive off option is allowed for the terms and conditions.
Condition Description and Comments	Enter **Condition Description** and **Comments** to help Approvers in making quick decision.
Add	Click **Add**. Terms and conditions are added and displayed in the Terms And Conditions window.
Edit	To modify the added terms and conditions, click **Edit** icon.
Delete	To delete the terms and conditions, click **Delete** icon.
View	To view the added terms and condition, click **View** icon.

2. **Default and Validation**
   The following fields will get defaulted from **Policy Definition** to the **OBCFPM** processes which are linked to policy definition and policy validation.
   - Code
   - Type
   - Is Waivable?

   The following fields will get validated against policy definition and the compliance will be reported in **Policy Exception**
   - Code
   - Type
   - Is Waivable?

3.4.2 Configuring Customer Covenants

Configuring Customer Covenants

1. To add a customer covenants, click **Customer Covenants** from the left menu and then click **+** icon. **Covenant Details** window is displayed:

Figure 3-24 Customer Covenants

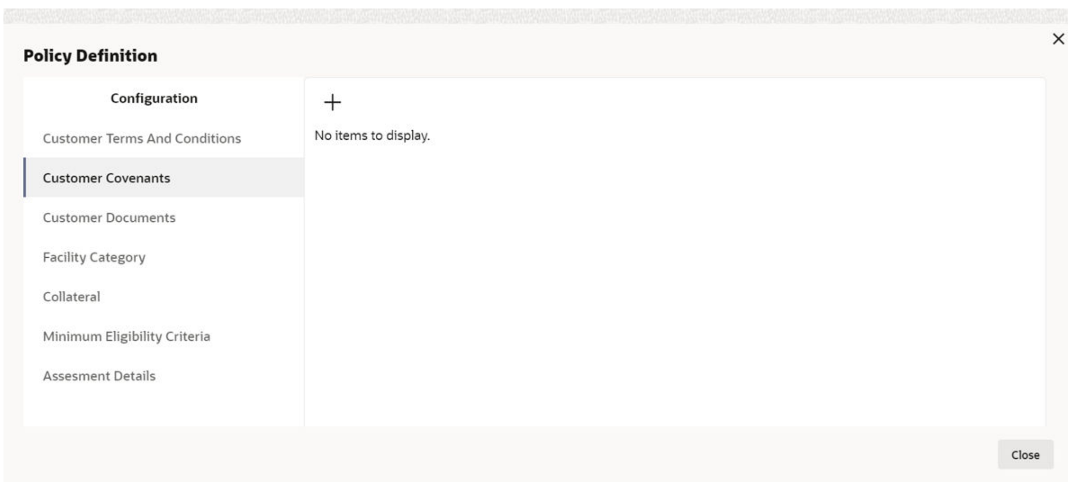


Figure 3-25 Covenant Details

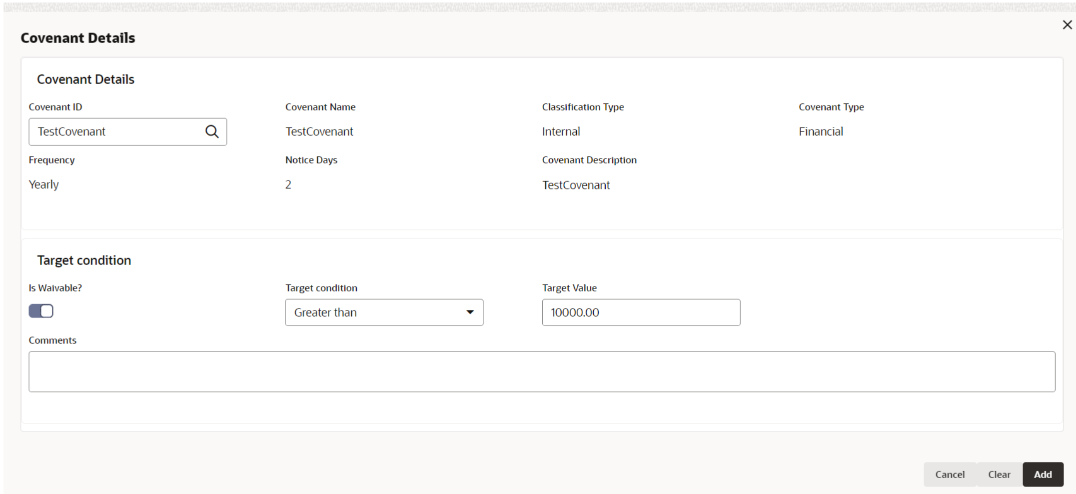
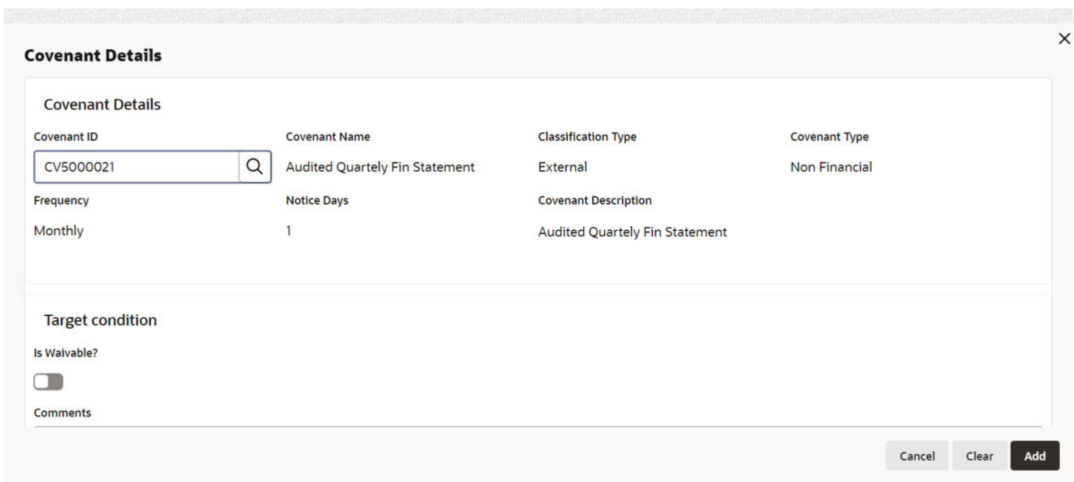


Figure 3-26 Covenant Details



For information on fields in the **Covenant Details** screen, refer the below table.

Table 3-4 Covenant Details

Fields/Icons	Description
Covenant ID	Search and select **Covenant ID** from the list of already created and maintained customer covenants. Details associated with the customer covenants are automatically fetched and displayed in the Covenant Details window.
Is Waivable?	Enable **Is Waivable?** check box, if waive off option is allowed for the customer covenant.

Table 3-4 (Cont.) Covenant Details

Fields/Icons	Description
Target Condition	Select **Target Condition** from drop-down list. The following options are available: • Between • Equal to • Greater than • Greater than or equal to • Less than • Less than or equal to **Note:** If you have selected **Covenant Type** as **Financial**, then this field is displayed. For **Covenant Type** selected as **Non-financial** this field is not available.
Target Value	Enter **Target Value**. **Note:** If you have selected **Covenant Type** as **Financial**, then this field is displayed. For **Covenant Type** selected as **Non-financial** this field is not available.
Comments	Enter **Comments** to help Approvers in making quick decision.
Add	Click **Add**. **Covenant Details** are added and displayed in **Customer Covenants** window.
Edit	To modify the added customer covenant, click **Edit** icon.
Delete	To delete the added customer covenant, click **Delete** icon.
View	To view the added customer covenant, click **View** icon.

2. **Default and Validation**
   The following fields will get defaulted from **Policy Definition** to the **OBCFPM** processes which are linked to policy definition and policy validation.
   - Code
   - Is Waivable?
   - Target Condition
   - Target Value

The following fields will get validated against policy definition and the compliance will be reported in **Policy Exception**.

- Code
- Is Waivable?
- Target Condition
- Target Value

3.4.3 Configuring Customer Documents

Configuring Customer Documents

1. To add the document related policy, click **Customer Documents** from the left menu and then click **+** icon. **Document Details** window is displayed:

Figure 3-27 Customer Documents

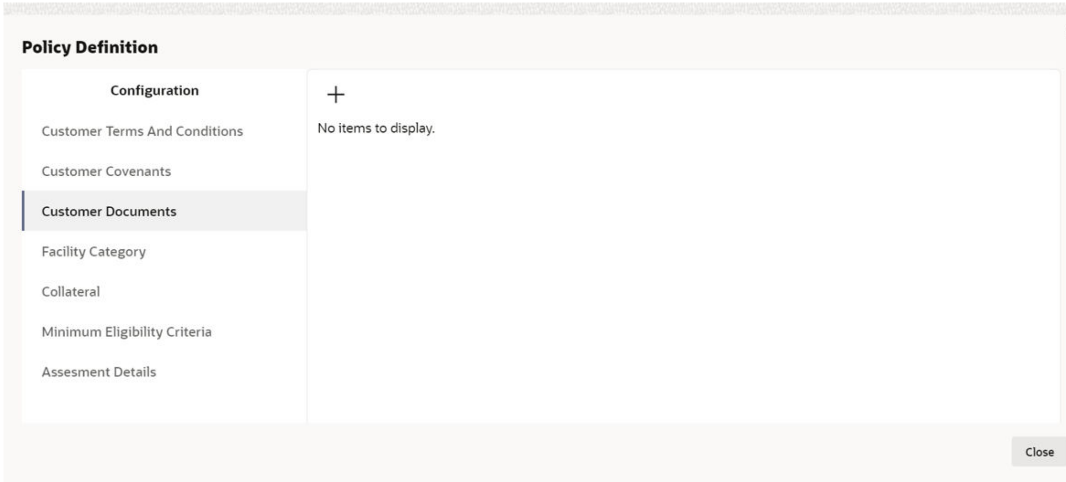
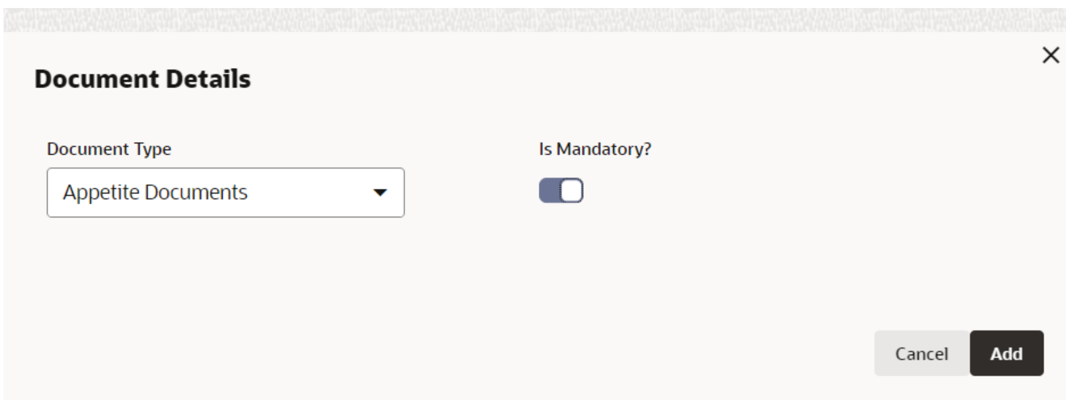


Figure 3-28 Documents Details



For information on fields in the **Document Details** screen, refer the below table.

Table 3-5 Document Details

Fields/Icons	Description
Document Details	Select **Document Details** from the drop-down list.
Is Mandatory?	Enable **Is Mandatory?** check box.
Add	Click **Add**. **Document Details** are added and displayed in **Customer Documents** window.
Edit	To modify the document details, click **Edit** icon.
Delete	To delete the document details, click **Delete** icon.
View	To view the added document details, click **View** icon.

2. **Default and Validation**
   The following fields will get defaulted from **Policy Definition** to the **OBCFPM** processes which are linked to policy definition and policy validation.
   - Document Type

The following fields will get validated against policy definition and the compliance will be reported in **Policy Exception**.

- Document Type

3.4.4 Configuring Facility Category

Configuring Facility Category:

1. To add Facility Category related policy, click **Facility Category** from the left menu and then click **+** icon. **Facility Category** window is displayed:

Figure 3-29 Facility Category

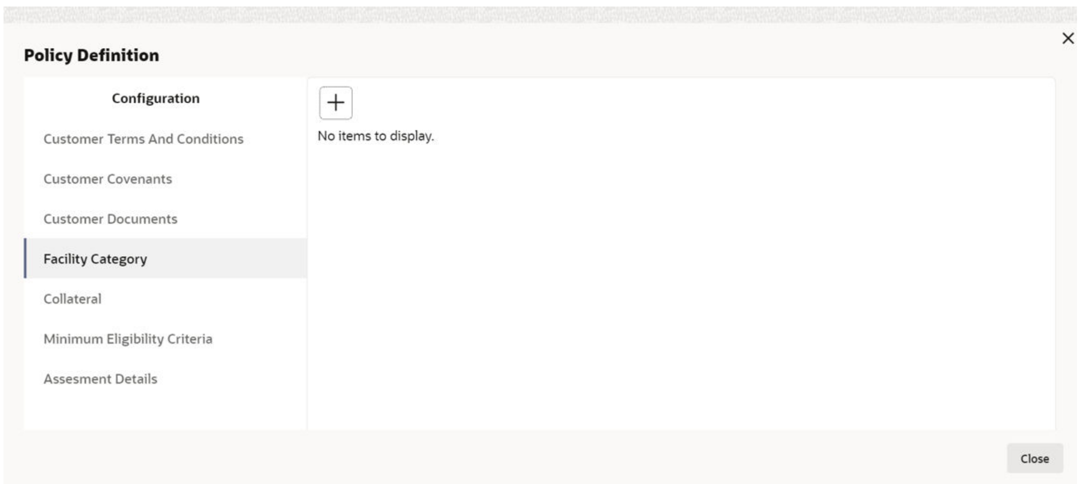
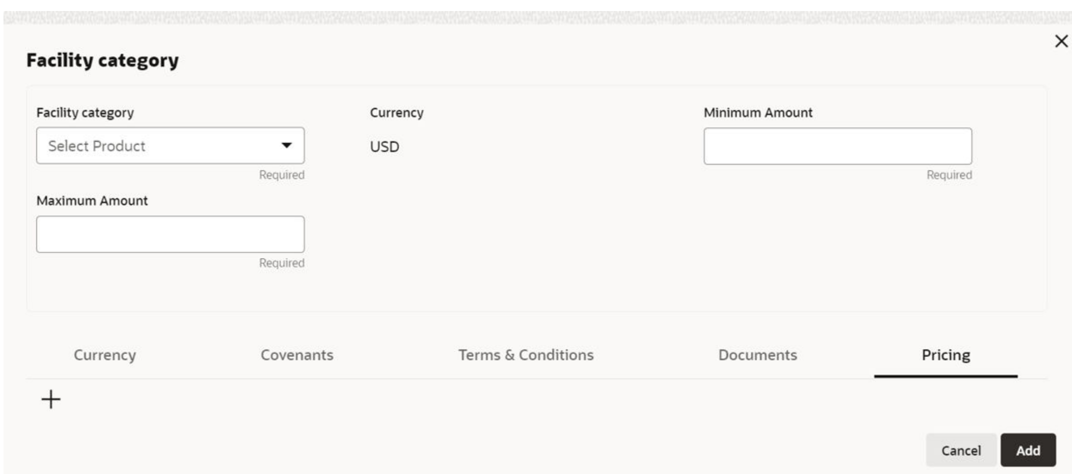


Figure 3-30 Facility Category



For information on fields in the **Facility Category** screen, refer the below table.

Table 3-6 Facility Category

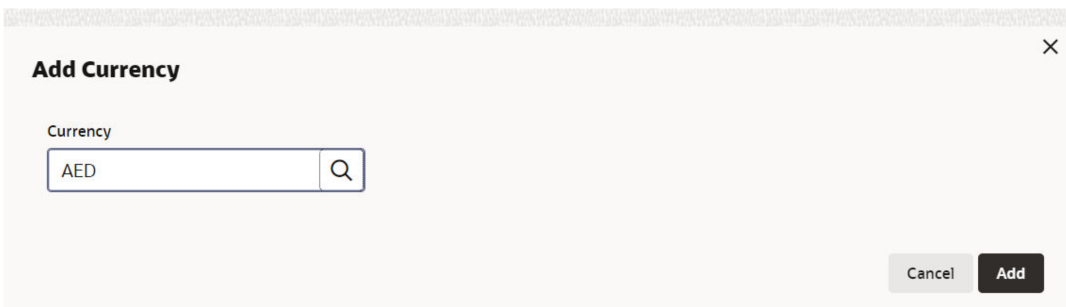
Fields/ Icons	Description
Facility Category	Select **Facility Category** from the drop-down list.
Currency	Search and select **Currency** in which the facility can be utilized.
Minimum Amount and **Maximum Amount**	Specify **Minimum Amount** and **Maximum Amount** for the selected Facility Category.

In the **Facility Category** window, the following dimensions can be defined for a Facility Category:

- Currency
- Covenants
- Terms & Conditions
- Documents
- Pricing

2. To add **Currency** in which the Facility Category can be offered, click **+** icon. **Add Currency** window is displayed.

Figure 3-31 Add Currency



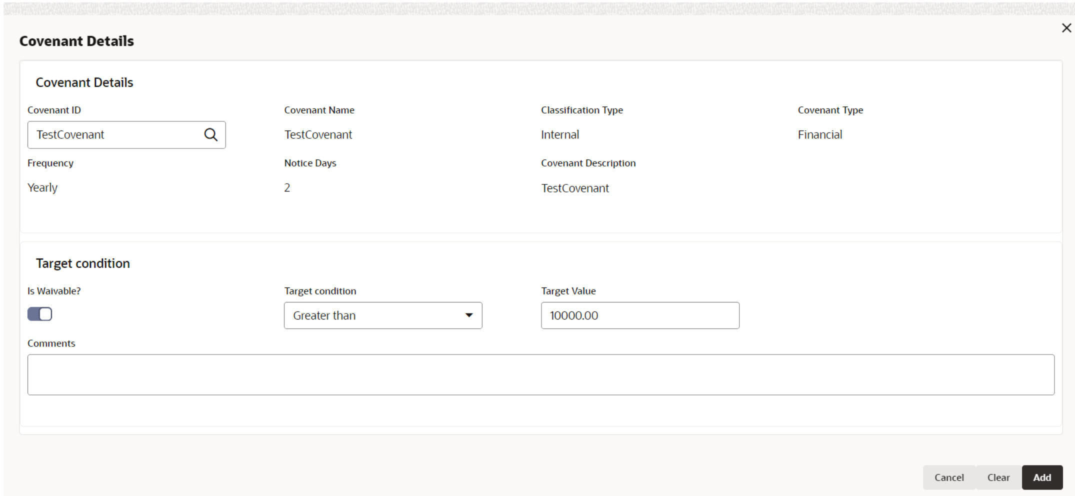
For information on fields in the **Add Currency** screen, refer the below table.

Table 3-7 Add Currency

Fields/ Icons	Description
Currency	Search and select **Currency**.
Save	Click **Save**. Currency is added and listed in **Facility Category** window.

3. To capture covenant details for the Facility Category, click the Covenants tab in **Facility Category** window and then click **+** icon. **Covenant Details** window is displayed to add covenant.

Figure 3-32   Covenant Details



For information on fields in the **Add Covenant** screen, refer the below table.

Table 3-8   Add Covenant

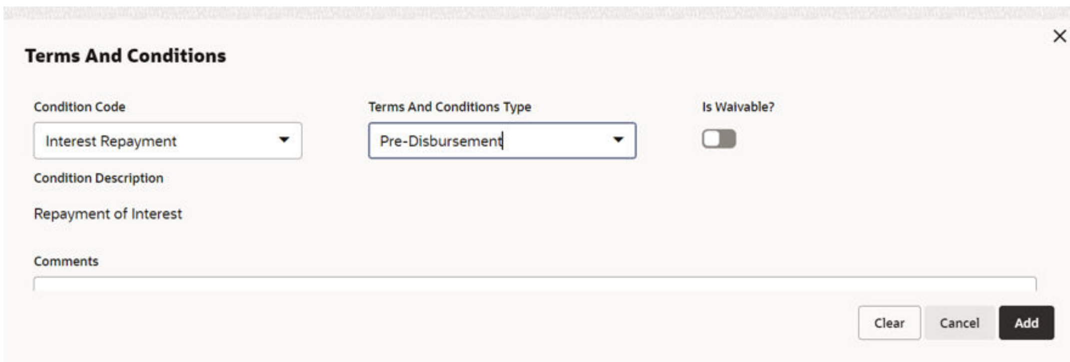
Fields/ Icons	Description
Covenant Details	Search and Select **Covenant Details** from the list of already created and maintained covenants. The following details associated with the covenants are automatically fetched and displayed in the Covenant Details window. • Covenant Name • Classification Type • Covenant Type • Frequency • Notice Days • Covenant Description
Is Waivable?	Enable **Is Waivable?** check box, if waive off option is allowed for the covenant.
Target Condition	Select **Target Condition** from drop-down list. The following options are available: • Between • Equal to • Greater than • Greater than or equal to • Less than • Less than or equal to **Note:** This field is available only for **Covenant Type** selected as **Financial**. For **Covenant Type**, selected as **Non-Financial** it is not available. For more information refer **Configuring Customer Covenants** Section.
Target Value	Enter **Target Value**. **Note:** This field is available only for **Covenant Type** selected as **Financial**. For **Covenant Type**, selected as **Non-Financial**it is not available. For more information refer **Configuring Customer Covenants** Section.
Comments	Enter **Comments** to help Approvers in making quick decision.

Table 3-8 (Cont.) Add Covenant

Fields/ Icons	Description
Add	Click **Add**. **Covenant Details** are added and displayed in **Facility Category** window.

4. To add the terms and conditions for Facility Category, click **Terms & Conditions** tab in **Facility Category** window and then click **+** icon. **Terms & Conditions** window is displayed.

Figure 3-33 Terms and Conditions



For information on fields in the **Add Terms & Conditions** screen, refer the below table.

Table 3-9 Add Terms & Conditions

Fields/ Icons	Description
Condition Code	Select **Condition Code** from the drop-down list. **Condition Description** is displayed based on the selected condition code. The options available in **Condition Code** are: • Interest Repayment • Annual Fees Charges • Others
Terms And Conditions Type	Select **Terms And Conditions Type** from the drop-down list. The options available are: • Pre-Disbursement • Post-Disbursement.
Is Waivable?	Enable **Is Waivable?** check box, if waive off option is allowed for the terms and conditions.
Comments	Enter **Comments** to help Approvers in making quick decision.
Save	Click **Save**. **Terms and conditions** are added and displayed in the **Facility Category** window.

5. To add document details, click the **Documents** tab in the **Facility Category** window and then click **+** icon. **Document Details** screen is displayed.

Figure 3-34   Document Details

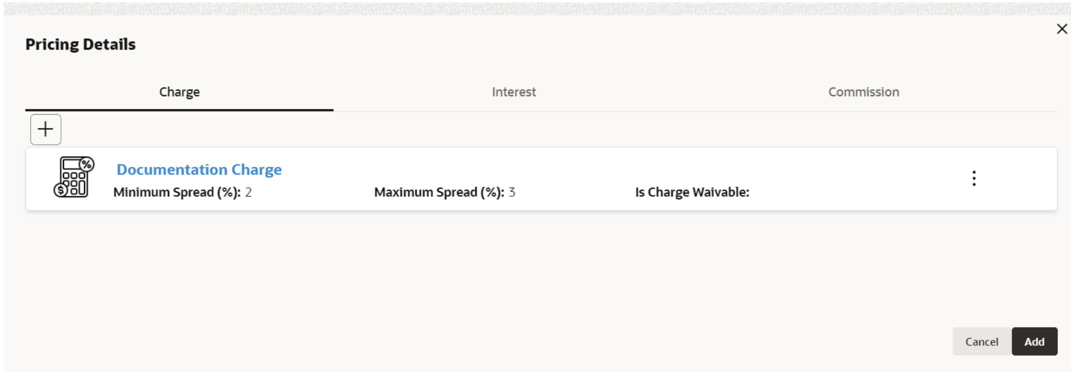
For information on fields in the **Document Details** screen, refer the below table.

Table 3-10   Documents

Fields/ Icons	Description
Document Details	Select **Document Details** from the drop-down list. The options available are: • Appetite Documents • Application Form • Legal Agreement Document • Collateral De-Registration Acknowledgment • Collateral De-Registration Form • Collateral Particulars • Collateral Documents • Collateral Release Document • Collateral External Check Documents • Collateral Evaluation Documents • External Legal Opinion Document • Collateral Field Investigation Documents • Collateral Hypothecation Documents • Collateral Invoice Documents
Is Mandatory?	Enable **Is Mandatory?** check box, if required.
Add	Click **Add**. **Document Details** are added and displayed in **Facility Category** window.

6. To add pricing details for the Facility Category, click **Pricing** tab in **Facility Category** window and then click **+** icon. **Pricing Details** is displayed.

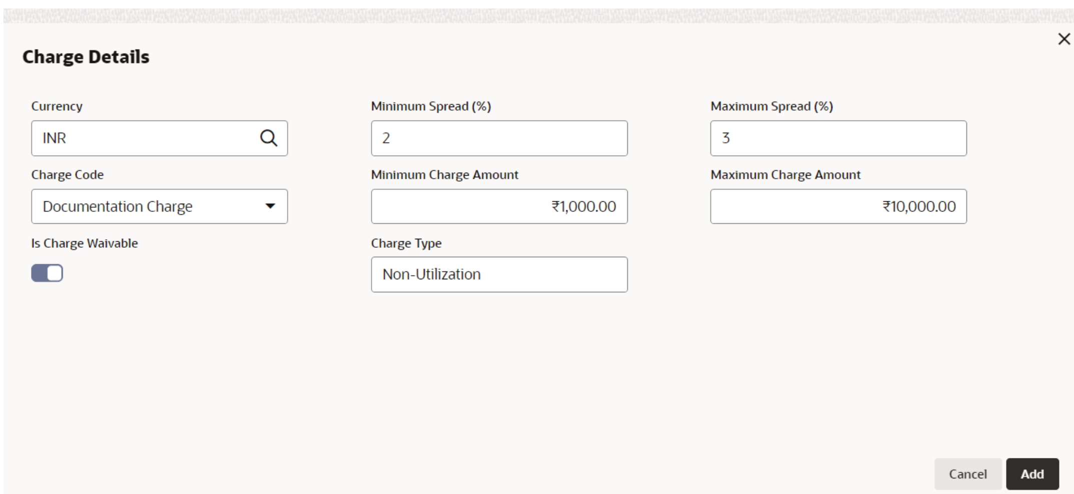
Figure 3-35 Pricing Details



In **Pricing Details** window, policy related to Charge, Interest, and Commission can be defined for any **Currency, Charge Code** and **Charge Type**.

7. To add **Charge** related policy, click **Add** icon. **Charge Details** window is displayed.

Figure 3-36 Charge Details



For information on fields in the **Charge Details** screen, refer the below table.

Table 3-11 Charge Details

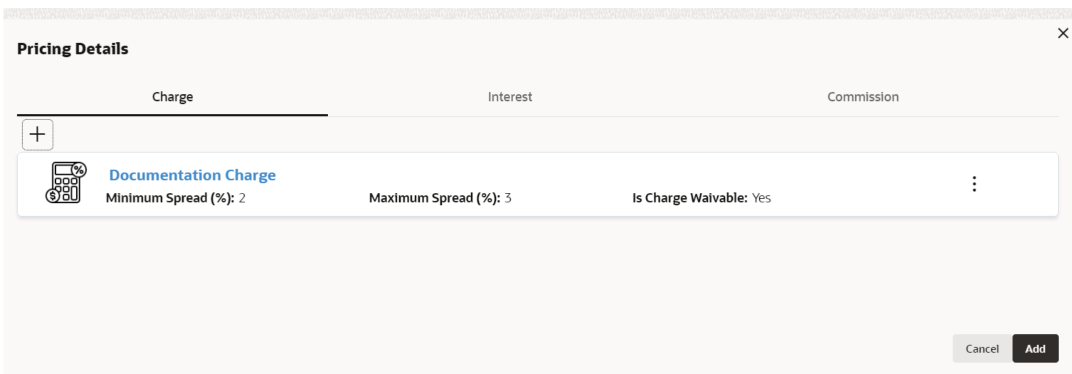
Fields/Icons	Description
Currency	Search and fetch **Currency** for associating the Charge Details.
Minimum Spread (%) and **Maximum Spread (%)**	Specify **Minimum Spread (%)** and **Maximum Spread (%)**. The spread mentioned while adding charge in any credit process will be validated with respect to this Minimum Spread and Maximum Spread.

Table 3-11 (Cont.) Charge Details

Fields/Icons	Description
Charge Code	Select **Charge Code** from the drop-down list. The following charge code are available: • Documentation Charge • Legal Charge • Non-Utilization Charge • Risk Charge
Minimum Charge Amount and **Maximum Charge Amount**	Specify **Minimum Charge Amount** and **Maximum Charge Amount**.
Is Charge Waivable	Enable **Is Charge Waivable** check box, if waver can be availed according to this policy.
Charge Type	Enter **Charge Type**.

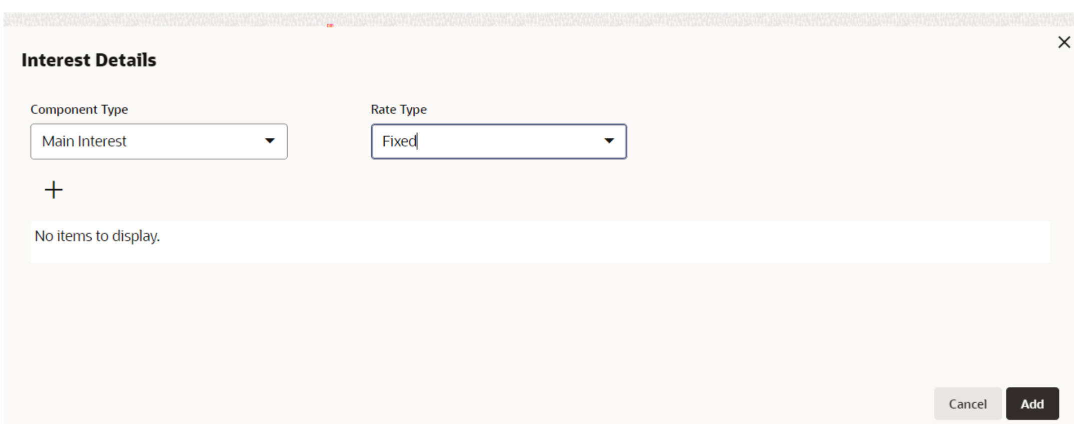
8. Click **Add**. Charge is added and listed as shown below:

Figure 3-37 Pricing Details



9. To add **Interest** related policy, click **Interest** tab and then click **Add** icon. **Interest Details** window is displayed.

Figure 3-38 Interest Details



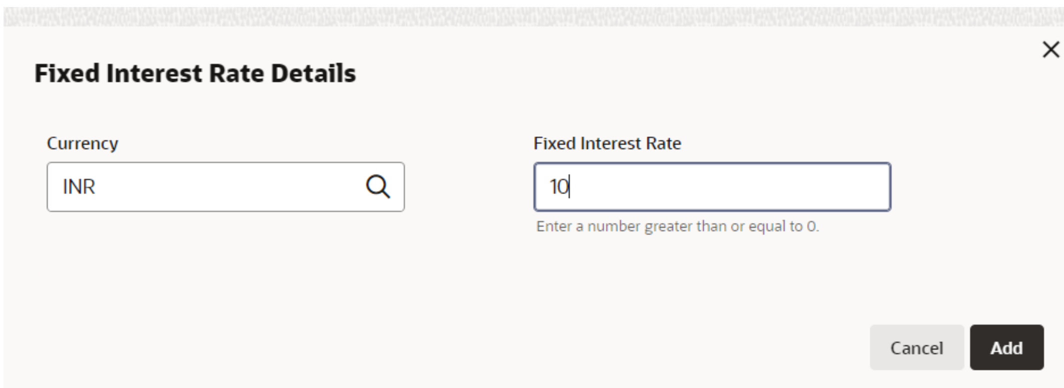
For field level information Interest Details screen, refer the below table.

Table 3-12 Interest Details

Fields/Icons	Description
Component Type	Select **Component Type** and **Rate Type** from the drop- down list. The following component type are available: • Main Interest • Penalty Interest • Prepayment The following rate type are available: • Fixed • Floating • Special Amount
Rate Type	If **Rate Type** is selected as Fixed, then **Fixed Interest Rate Details** must be added.

10. Click **Add** icon. **Fixed Interest Rate Details** window is displayed.

Figure 3-39 Fixed Interest Rate Details



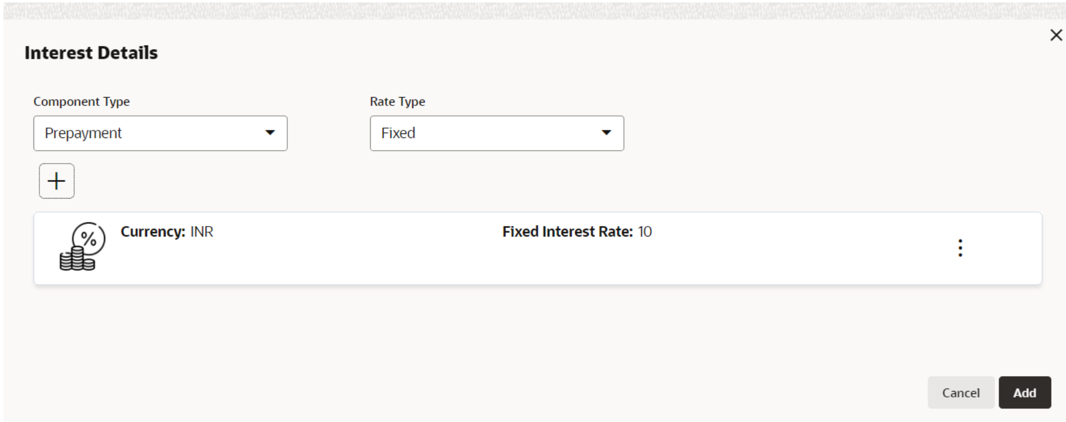
For field level information Fixed Interest Rate Details screen, refer the below table.

Table 3-13 Fixed Interest Rate Details

Fields/Icons	Description
Currency	Search and fetch **Currency** for the interest.
Fixed Interest Rate	Specify **Fixed Interest Rate**.

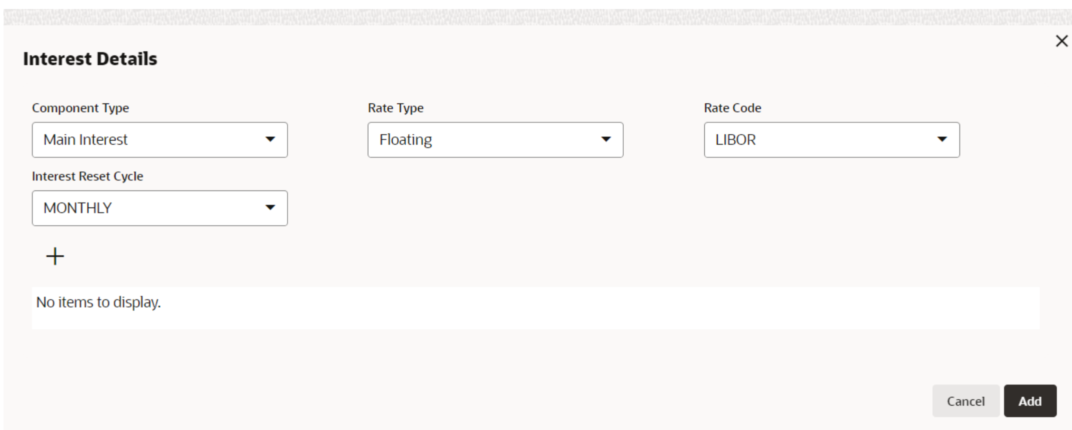
11. Click **Add**. Fixed Interest Rate Details are added and displayed as shown below:

Figure 3-40 Interest Details



If **Rate Type** is selected as **Floating**, then **Interest Details** window is displayed as shown below:

Figure 3-41 Interest Details



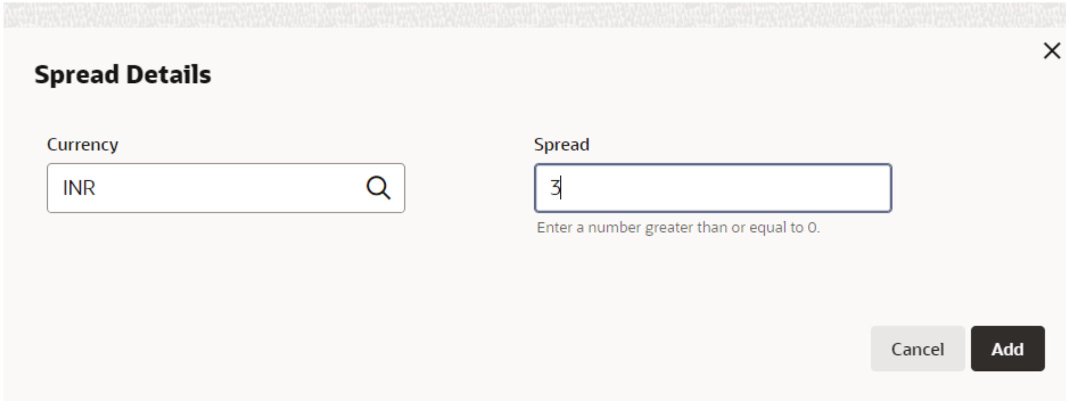
For field level information Interest Details screen, refer the below table.

Table 3-14 Interest Details

Fields/Icons	Description
Rate Code	Select **Rate Code**. The options available are: • LIBOR • SIBOR
Interest Rest Cycle	Select **Interest Rest Cycle**. The options available are: • Auto • Half-Yearly • Monthly • Quarterly

12. Click **+** icon. **Spread Details** window displayed.

Figure 3-42 Spread Details



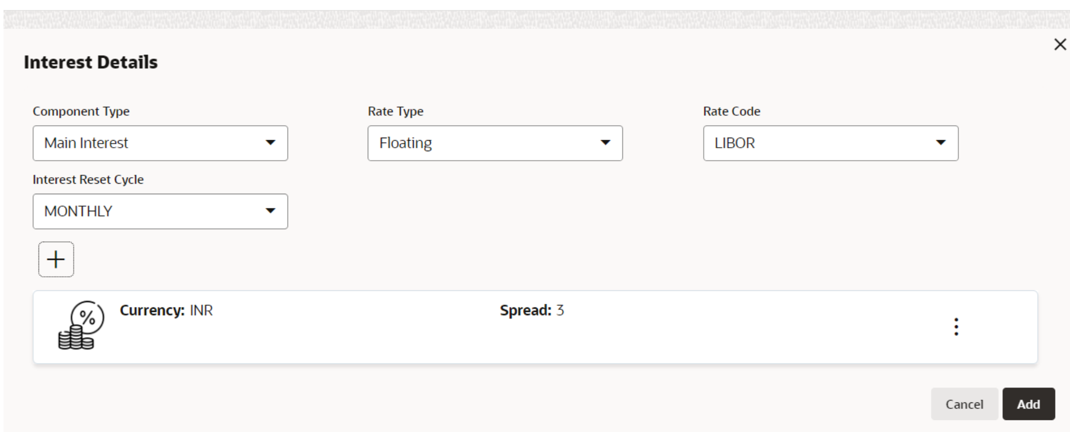
For field level information Spread Details screen, refer the below table.

Table 3-15 Spread Details

Fields/Icons	Description
Currency	Search and fetch **Currency** for the **Spread**.
Spread	Specify **Spread**.

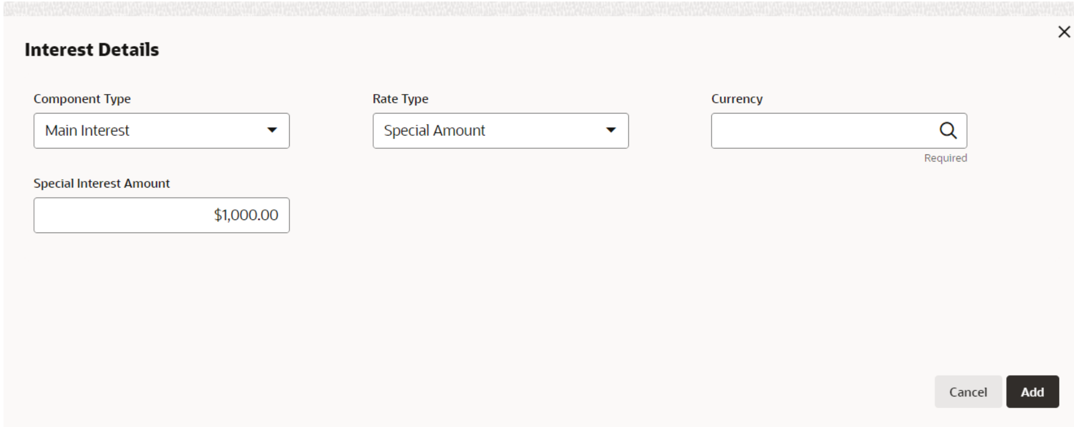
13. Click **Add**. Spread details are added and displayed as shown below:

Figure 3-43 Interest Details



If **Rate Type** is selected as **Special Amount**, then **Interest Details** window displayed as shown below:

Figure 3-44 Interest Details



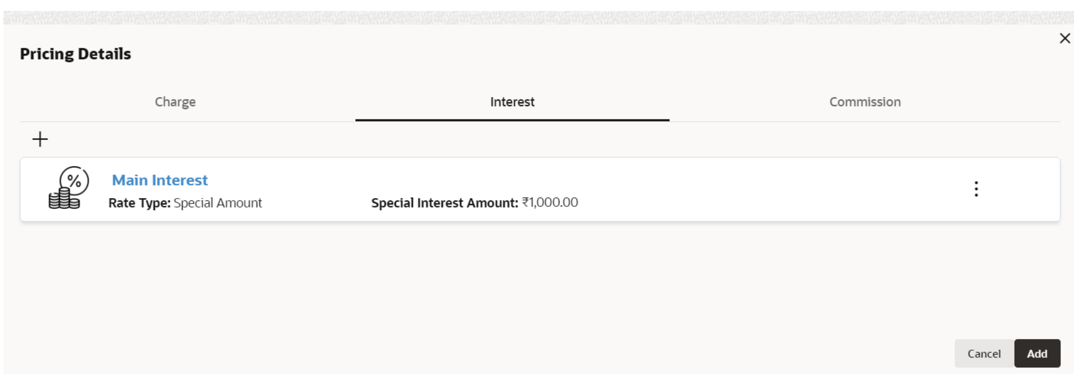
For field level information Interest Details screen, refer the below table.

Table 3-16 Interest Details

Fields/Icons	Description
Currency	Search and fetch **Currency** for the **Special Interest Amount**.
Special Interest Amount	Specify **Special Interest Amount**.

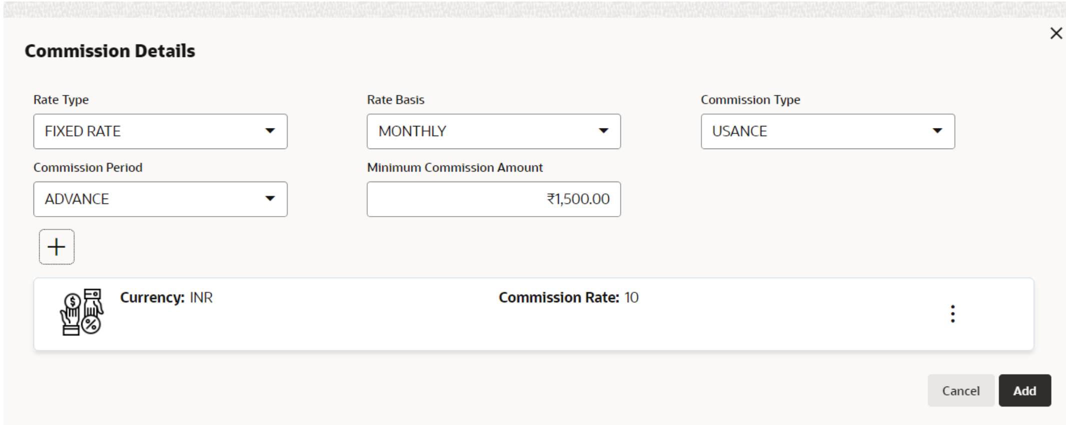
Click **Add**. Interest Details are added and displayed in **Pricing Details** window as shown below:

Figure 3-45 Pricing Details



14. To add commission related policy, click **Commission** tab. **Commission Details** window is displayed.

Figure 3-46 Commission Details



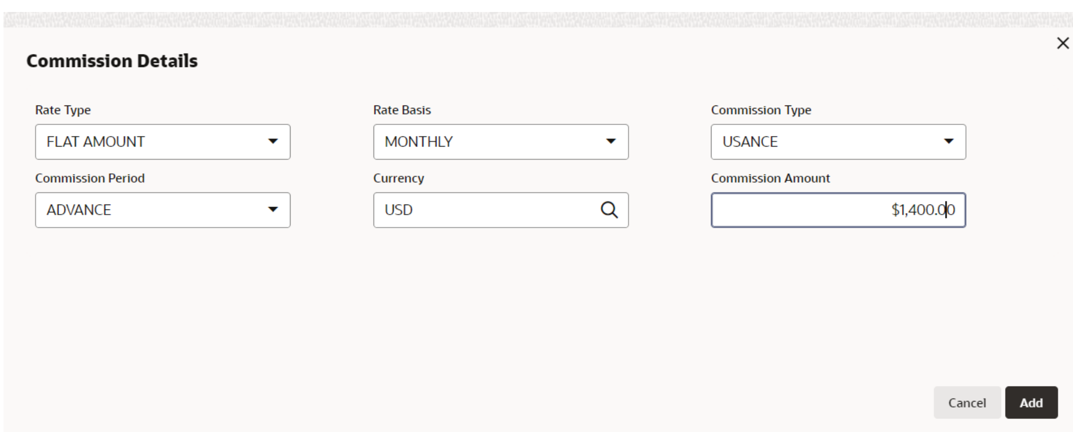
For field level information Commission Details screen, refer the below table.

Table 3-17 Commission Details

Fields/Icons	Description
Commission Details	Select details for the following fields from the drop-down list: • Rate Type • Rate Basis • Commission Type • Commission Period
Rate Type	If **Rate Type** is selected as **FIXED RATE**, specify **Minimum Commission Amount** and then click **Add** icon to capture **Commission Rate**.

15. If **Rate Type** is selected as **FLAT AMOUNT**, **Commission Details** window displayed as shown below:

Figure 3-47 Commission Details



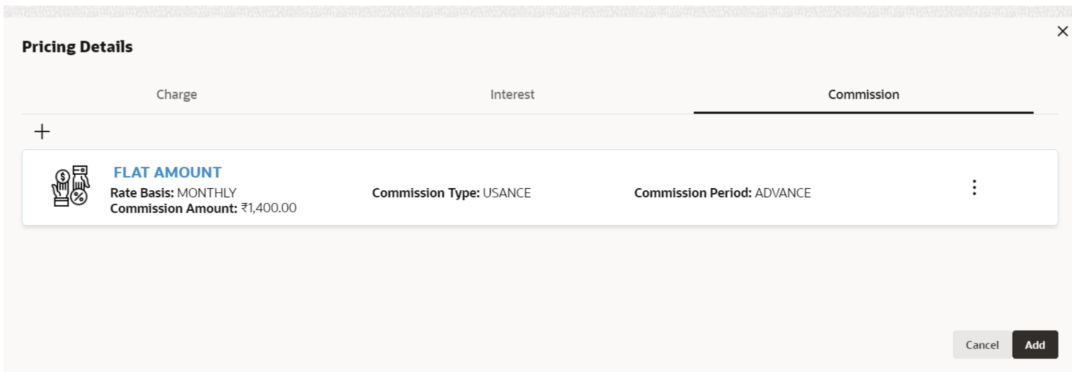
For information on fields in the **Commission Details** screen, refer the below table.

Table 3-18 Commission Details

Fields/ Icons	Description
Currency	Search and select **Currency** for the **Commission Amount**.
Commission Amount	Specify **Commission Amount**.
Delete	To delete the pricing detail, select the pricing and click **Delete** icon.

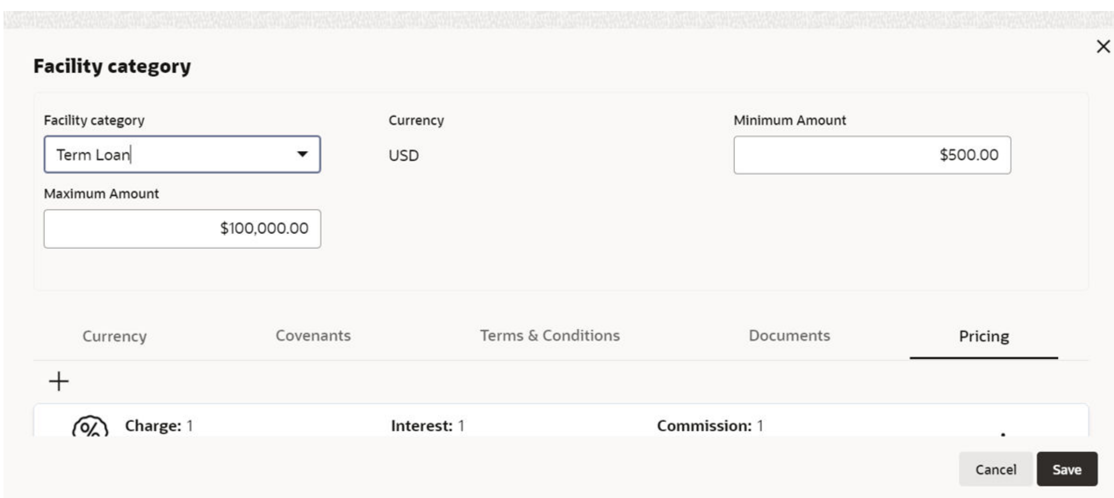
16. Click **Add**. Commission Details are added and displayed in **Pricing Details** window as shown below:

Figure 3-48 Pricing Details



17. Click **Add**. Pricing Details are added and displayed in **Facility Category** window as shown below:

Figure 3-49 Facility Category



18. **Default and Validation**

The following fields will get defaulted from **Policy Definition** to the **OBCFPM** processes which are linked to policy definition and policy validation.

- Facility Category (under Facility Category - Covenants will get defaulted)
- Covenants (under Covenants - Code, Target Condition, and Target Value will get defaulted)
- T & C (under T & C - Code, Type, and Is Waivable? (Y/N) will get defaulted)

- Document will get defaulted
- Pricing (under Pricing - Interest, Charges, and Commission will get defaulted)

The following fields will get validated against policy definition and the compliance will be reported in **Policy Exception**.

- Facility Category (under Facility Category - Type, Currency, Minimum Amount, and Maximum Amount will get validated)
- Currency will get validated
- Covenants (under Covenants- Is Waivable?, Code, Target Condition, and Target Value will get validated)
- T & C (under T & C - Code, Type, and Is Waivable (Y/N) will get defaulted)
- Document will get validated
- Pricing (under Pricing - Interest, Charges, and Commission will get validated)

3.4.5 Configuring Collateral

Configuring Collateral

1. To add collateral related policy, click **Collateral** from the left menu and then click **+** icon.
   Collateral Details window is displayed.

Figure 3-50 Collateral Details

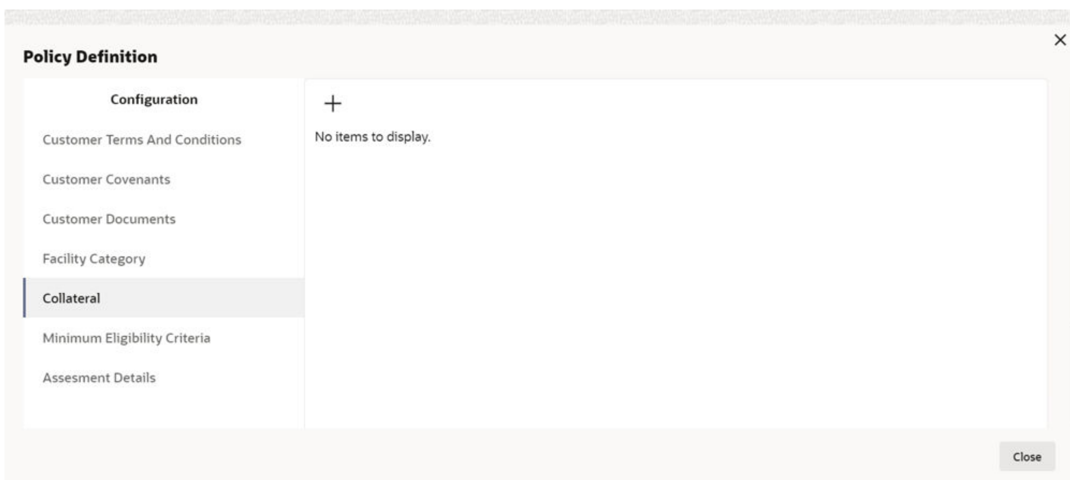
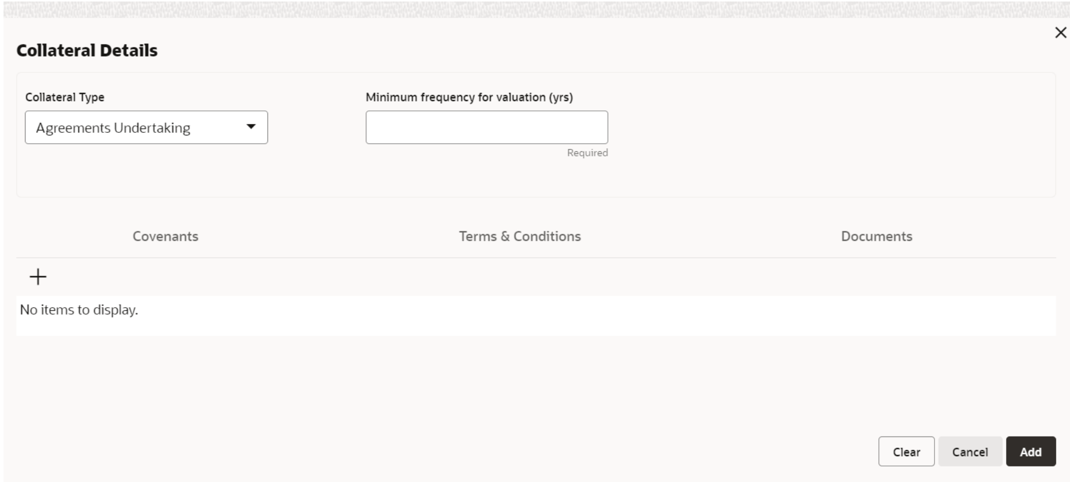


Figure 3-51   Collateral Details



For information on fields in the **Collateral Details** screen, refer the below table.

Table 3-19   Collateral Details

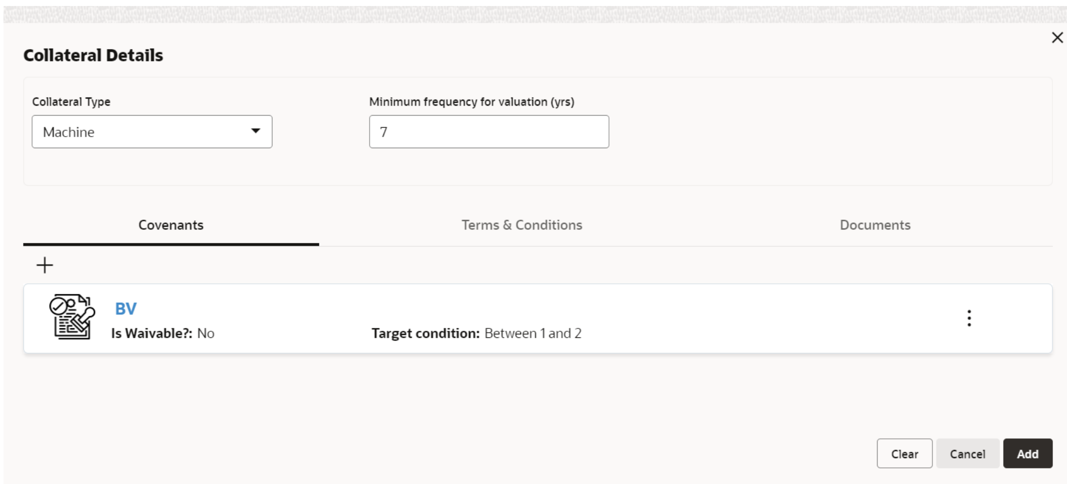
Fields/ Icons	Description
Collateral Type	Select **Collateral Type** from the drop-down list. The options available are: • Machine • Deposits • Bond • Stock • Fund • Vehicle • Guarantee • Property • Aircraft • Insurance • Precious Metals • Ship • Account Receivables • Cash Collaterals • Inventory • Accounts Contracts • Crop • Commercial Paper • Perishable • Commodity • PDC • Bill Of Exchange • Promissory Note • Miscellaneous • Corporate Deposits • Livestock • Intangible Assets • Agreements Undertaking

Table 3-19 (Cont.) Collateral Details

Fields/ Icons	Description
Minimum frequency for valuation (yrs)	Specify the frequency for evaluating the collateral in **Minimum frequency for valuation (yrs)** field.

2. Add **Covenant**, **Terms & Conditions**, and **Documents** details for the collateral.
   Refer **Configuring Covenants**, **Configuring Terms & Conditions**, and **Configuring Documents**, for information on adding Covenants, Terms & Conditions, and Documents.
3. Click **Add** in Collateral Details window.
   The added details are displayed in the **Policy Definition** window:

Figure 3-52 Collateral Details



Default and Validation

The following fields will get defaulted from **Policy Definition** to the **OBCFPM** processes which are linked to policy definition and policy validation.

- Minimum frequency of validation will get defaulted
- Covenants (under Covenants - is Waviable?, Target Condition, and Target Value will get defaulted)
- T & C will get defaulted
- Document will get defaulted

The following fields will get validated against policy definition and the compliance will be reported in **Policy Exception**.

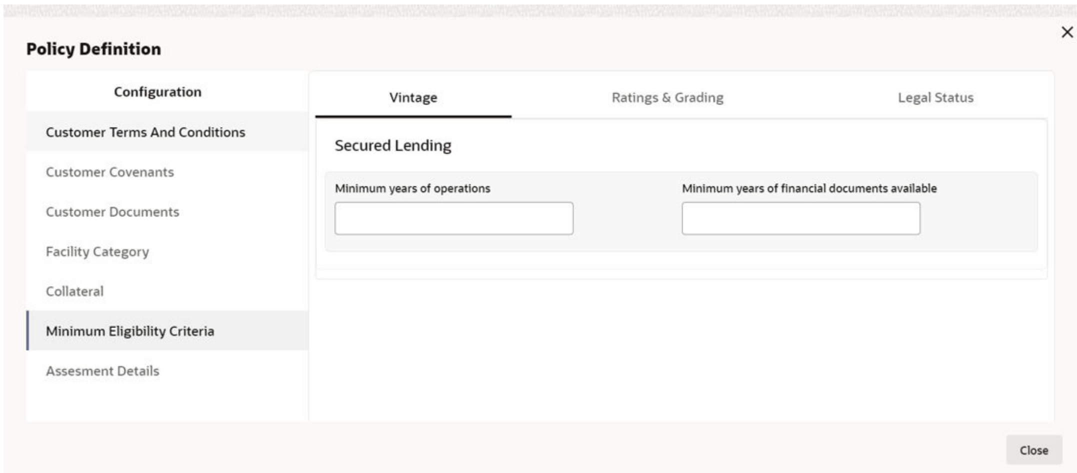
- Type will get validated
- Minimum frequency of validation will get validated
- Covenants (under Covenants - is Waviable?, Target Condition, and Target Value will get validated)
- T & C will get validated
- Document will get validated

3.4.6 Configuring Minimum Eligibility Criteria

Configuring Minimum Eligibility Criteria:

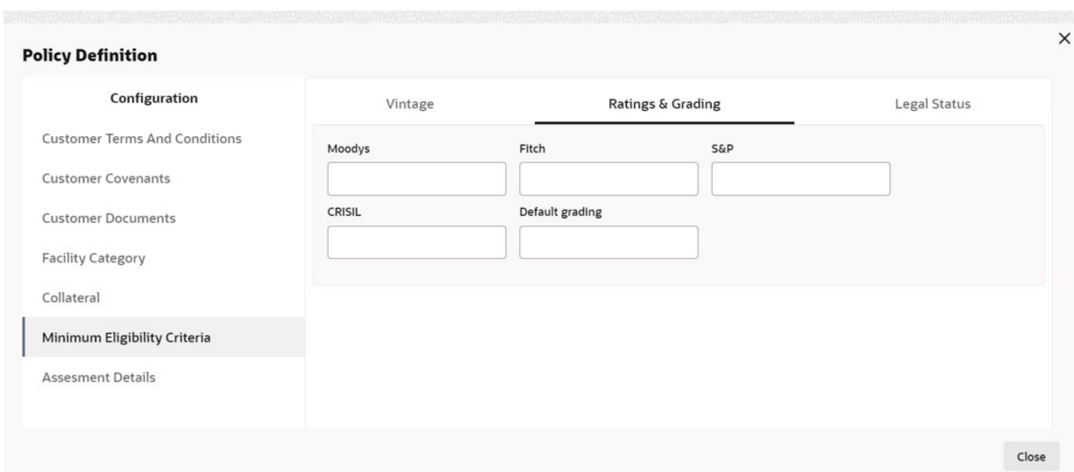
1. Click **Minimum Eligibility Criteria** from the left menu. **Vintage** window is displayed.

Figure 3-53 Policy Definition - Vintage



2. Specify **Minimum years of operations** and **Minimum years of financial documents available** requirement for the following elements:
   - Secured Lending
3. To capture **Ratings & Grading** requirement, click **Ratings & Grading** next to **Vintage**. **Ratings & Grading** window is displayed.

Figure 3-54 Ratings and Grading

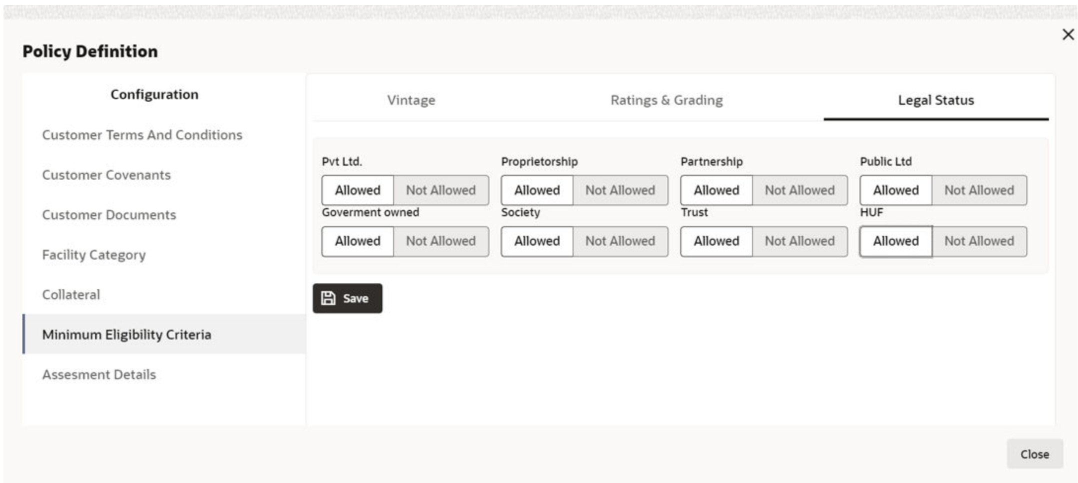


4. Capture **Ratings & Gradings** requirement from the following agencies:
   - Moodys
   - Fitch

- S&P
- CRISIL
- Default Grading

5. Specify **Default Grading** requirement and click **Legal Status** next to **Rating & Grading**. **Legal Status** window is displayed.

Figure 3-55 Legal Status



For information on adding Legal Status fields screen, refer the below table.

Table 3-20 Legal Status

Fields/Icons	Description
Legal Status	Capture **Legal Status** requirement by selecting **Allowed** or **Not Allowed** for the following fields: • Pvt Ltd • Proprietorship • Partnership • Public Ltd • Government Owned • Society • Trust • HUF
Save	Click **Save**.

6. **Validation**

The following fields will get validated against policy definition and the compliance will be reported in **Policy Exception**

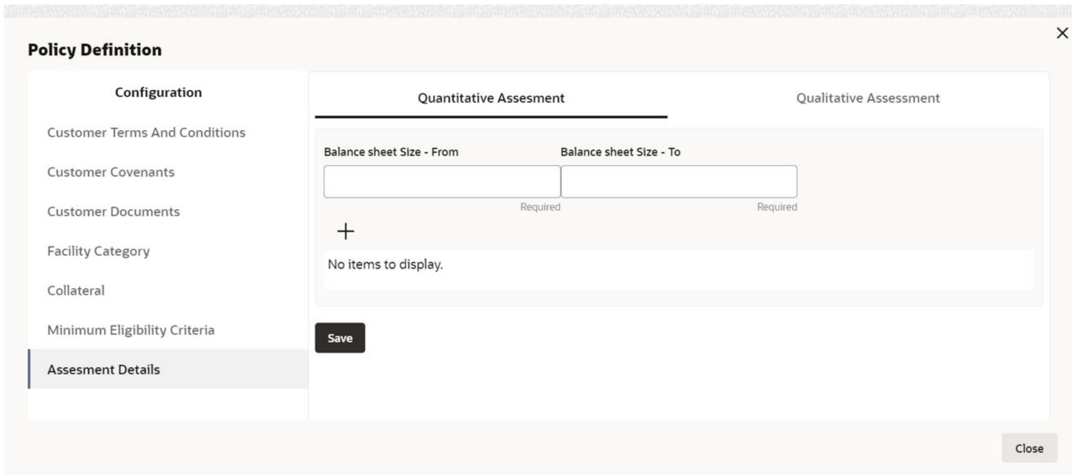
- Vintage (under Vintage- Minimum years of operation will get validated)
- Ratings & Grading will get validated
- Legal Status will get validated

3.4.7 Configuring Assessment Details

Configuring Assessment Details:

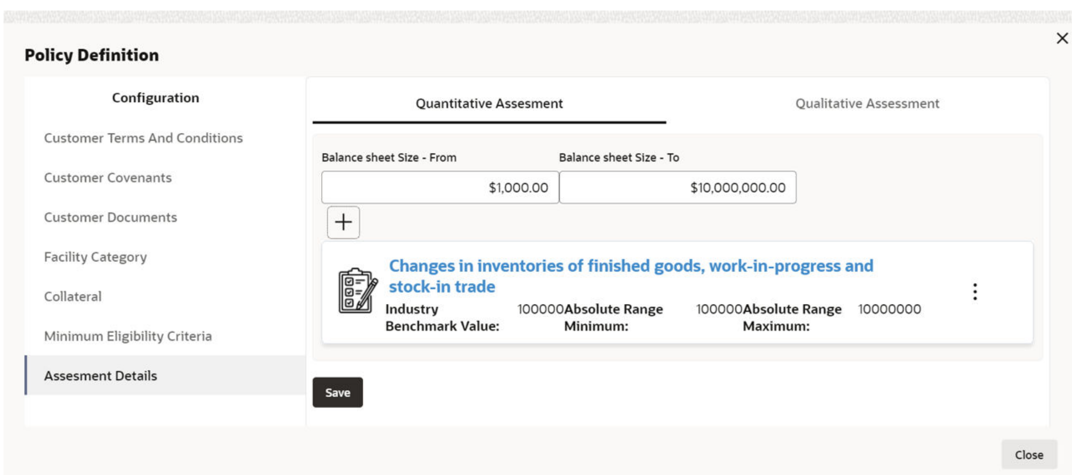
1. Click **Assessment Details** from the left menu. **Assessment** window is displayed.

Figure 3-56 Assessment Details



2. Click **Quantitative Assessment** tab.

Figure 3-57 Quantitative Assessment



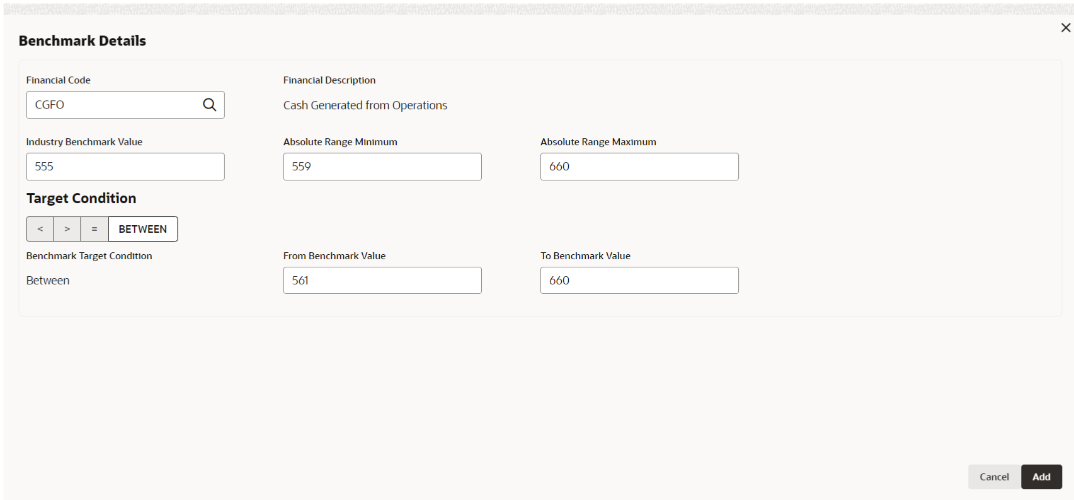
For information on adding Quantitative Assessment fields screen, refer the below table

Table 3-21 Quantitative Assessment

Fields/Icons	Description
Balance sheet Size - From and **Balance sheet Size - To**	Specify the balance sheet size requirement in **Balance sheet Size - From** and **Balance sheet Size - To** fields, respectively.

3. To capture **Benchmark Details**, click **+** icon. **Benchmark Details** window is displayed.

Figure 3-58 Benchmark Details



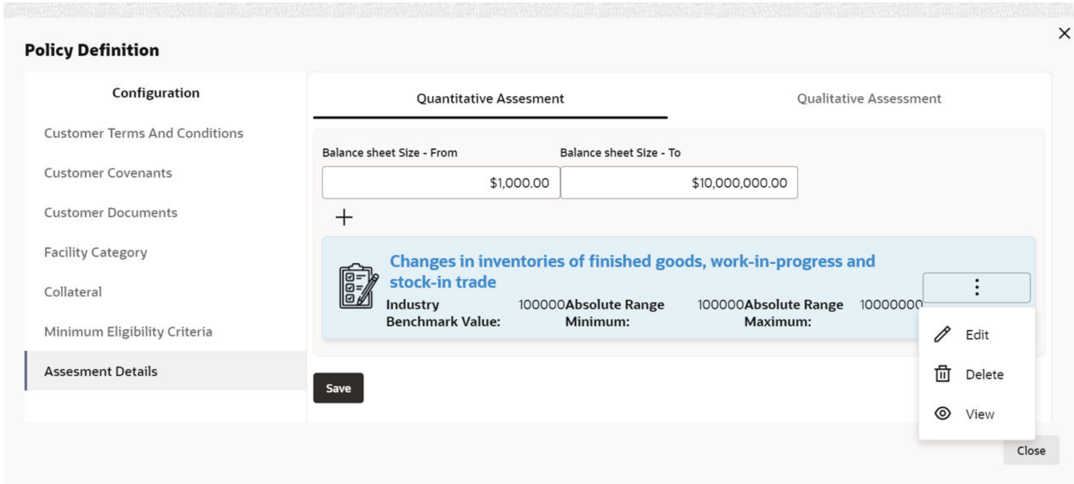
For information on fields in the **Benchmark Details** screen, refer the below table.

Table 3-22 Benchmark Details

Fields/ Icons	Description
Financial Code	Search and select **Financial Code**. **Financial Description** details is displayed based on the selected financial code. The list of financial codes will be displayed on basis of financial code maintenance done in **OBCFPM**.
Industry Benchmark Value	Specify **Industry Benchmark Value**.
Absolute Range Minimum and Absolute Range Maximum	Specify the allowed Benchmark range in **Absolute Range Minimum** and **Absolute Range Maximum** fields.
Target Condition	Specify **Benchmark Target Condition** by selecting options available in **Target Condition**. The available options are: • < • > • = • Between **Note:** If **Between** is selected as **Target Condition**, **From Benchmark Value** and **To Benchmark Value** will be displayed instead of **Bank Benchmark Value**. Enter the details.

Click **Add**. **Quantitative Assessment** details are displayed as shown below:

Figure 3-59 Quantitative Assessment



For information on adding Questionnaire Linkage Details fields screen, refer the below table.

Table 3-23 Quantitative Assessment Details

Fields/Icons	Description
Benchmark Details	To add another **Benchmark Details**, click **+** icon again and perform the necessary steps.
Edit	Click **Edit**, to modify the entered details.
Delete	Click **Delete**, to delete the entered details.
View	Click **View**, to delete the entered details.

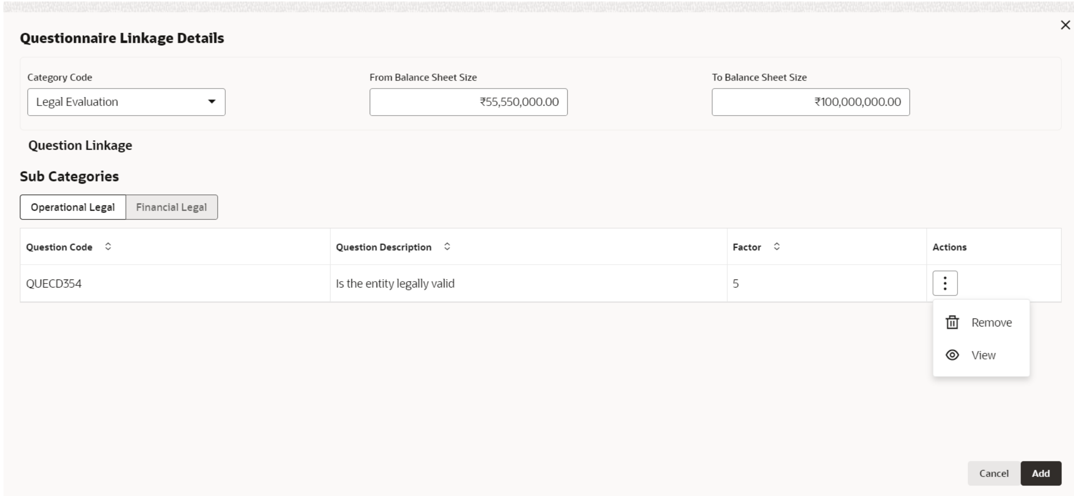
Note:

In Quantitative Analysis of CP applications the ratio will be populated for only those Financial codes which meet the below three requirements:

a. Financial code Maintained as part of Financial Code Maintenance.
b. Financial Code added as part of table *CFPM_TM_FINANCIAL_RATIO* with formula defined. Factory shipped 14 financial codes are included in this table. Any new financial code which needs to be considered for scoring should be added into this table.
c. Financial code added as part of Policy definition quantitative assessment details.

4. Click **Qualitative Assessment** tab. **Questionnaire Linkage Details** window is displayed.

Figure 3-60 Questionnaire Linkage Details



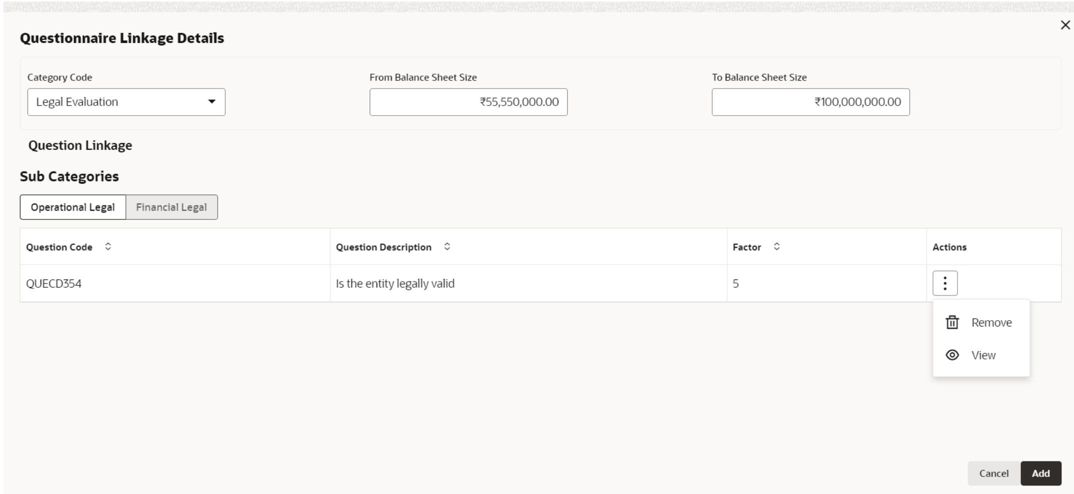
For information on adding **Questionnaire Linkage Details** fields screen, refer the below table.

Table 3-24 Questionnaire Linkage Details

Fields/Icons	Description
Category Code	Select the **Category Code** from the drop-down list. The available options are: • Other Analysis • Shareholder Analysis • Guarantor Analysis • Banker Analysis • Currency Analysis • Country Analysis • Advisors Analysis • Insurance Analysis • Management Team Analysis • Directors Analysis • Supplier Analysis • Legal Evaluation • Risk Evaluation • Economic Conduct • Economic domestic Conduct • Geographic Expansion • Financial Performance • Speeding Trends • Government Support • Bank Obligations • Industrial Performance • Qualitative Analysis • Sector Analysis • Creditor Analysis • Qualitative Analysis • Debtor Analysis • Customer Analysis • Contractor Analysis • KYC • Loan Account Analysis • Trading Operations Analysis • Rating Analysis • Market Share Analysis • External Credit Scoring Analysis • Peer Analysis This list will be populated based on the Questionnaire maintained as part of **OBCFPM**.
From Balance Sheet Size and **To Balance Sheet Size**	Specify the balance sheet size requirement in **From Balance Sheet Size** and **To Balance Sheet Size** fields.

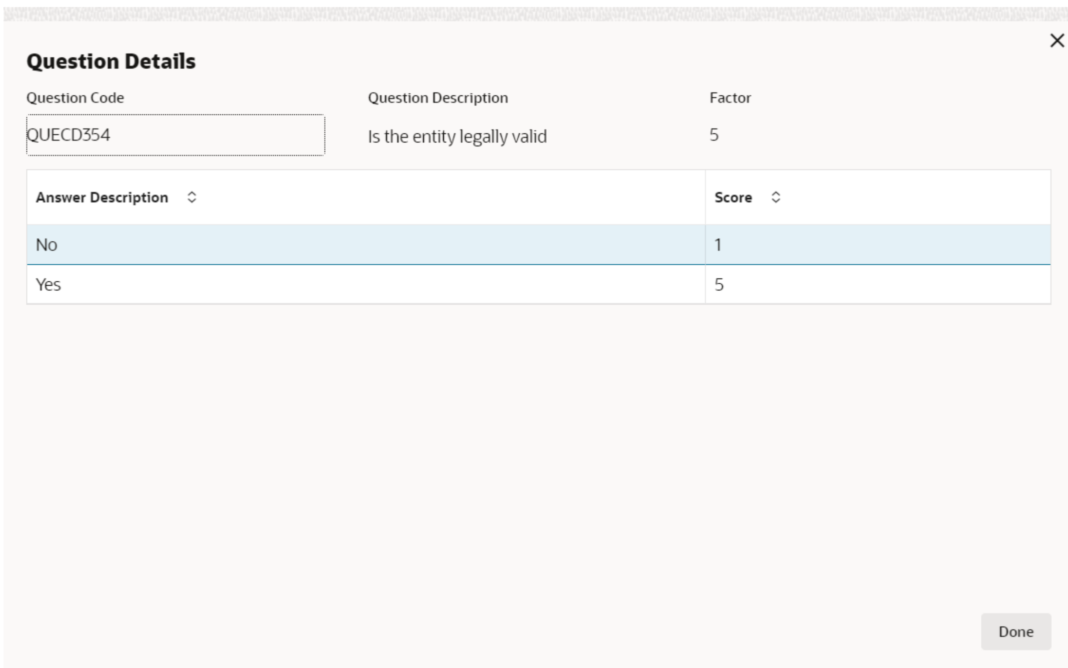
In **Question Linkage** sections, already maintained question details are listed.

Figure 3-61 Questionnaire Linkage Details



5. Click **View** icon in **Actions** column. **Question Details** window is displayed.

Figure 3-62 Question Details



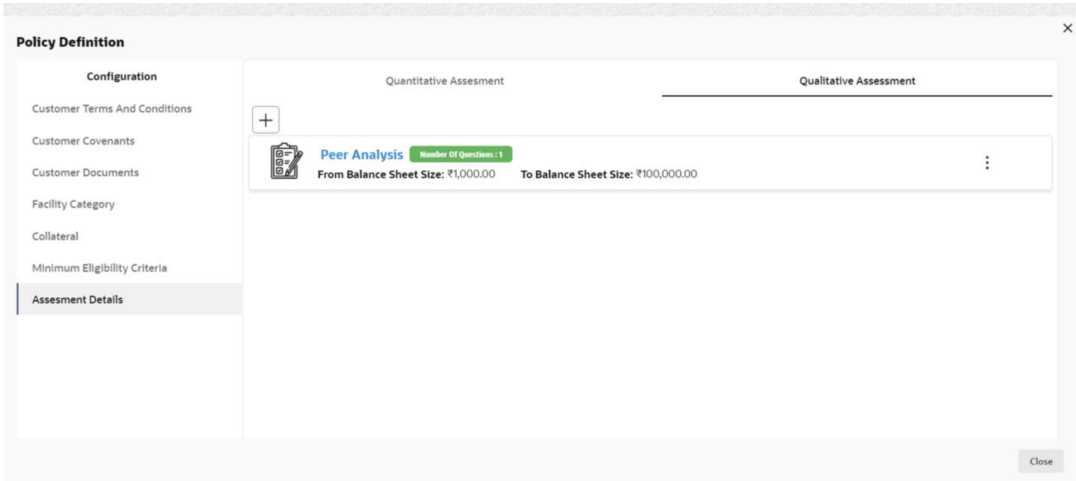
For information on adding Question Details fields screen, refer the below table.

Table 3-25 Question Details

Fields/Icons	Description
Done	View the details and click **Done**.
Remove	To remove the question, click **Remove** icon in the **Action** column.

6. Click **Add**. Assessment details are added as shown below:

Figure 3-63 Assessment Details



For information on adding Assessment details screen, refer the below table.

Table 3-26 Assessment details

Fields/Icons	Description
Save	To save the overall configuration details, click **Save**. **Policy Definition** page is displayed.
Next	Define policy for the sub sector and all the sub industries, and then click **Next**. **Policy Summary** page is displayed.

Default Fields

The Questionnaire set as part of **Qualitative Assessment** section will get defaulted in the CP processes and the Financial codes defined for **Quantitative Assessment** will get defaulted in the CP transactions.

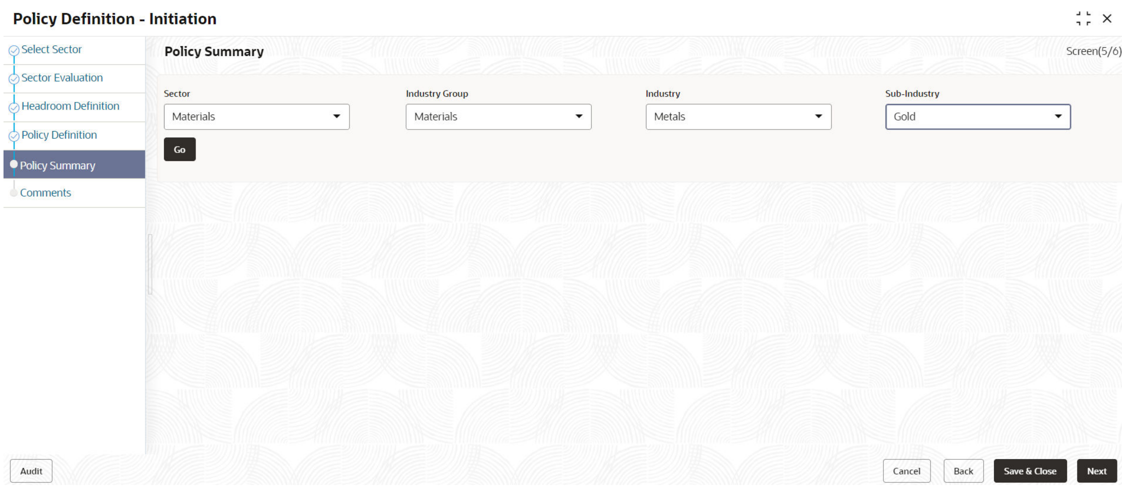
- under Assessment Details under Qualitative Assessment **Questionnaire** will get defaulted in **Credit** application
- under Assessment Details under Quantitative Assessment **Financial Codes** will get defaulted in **Credit** application

3.5 Policy Summary

The summary page provides a holistic view of all the dimensions configured in this policy definition initiation stage.

Select **Sector**, **Industry Group**, **Industry**, and **Sub-Industry** in **Policy Summary** window and Click **Go**.

Figure 3-64 Policy Summary



Policy Summary window is displayed with all details.

Figure 3-65 Policy Summary

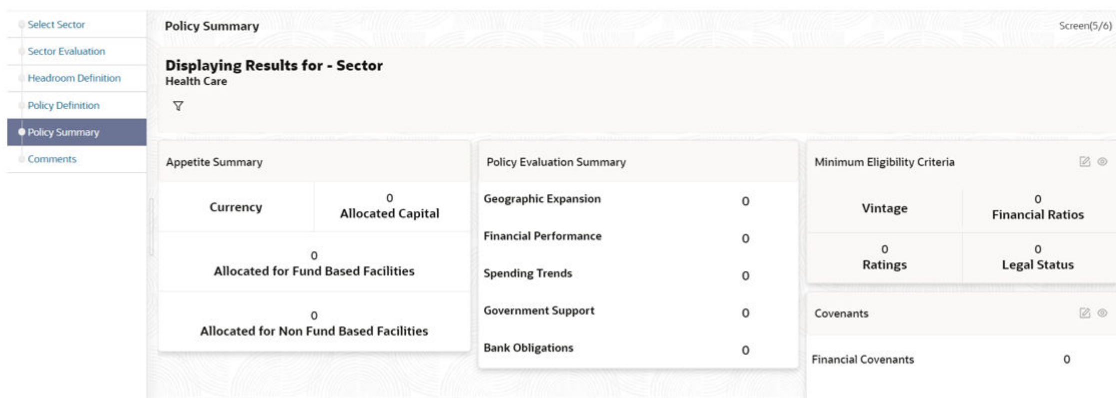
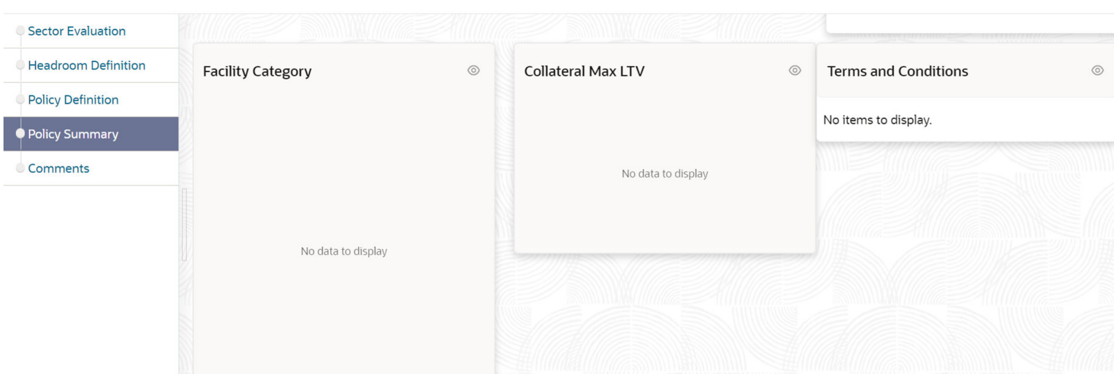


Figure 3-66 Policy Summary



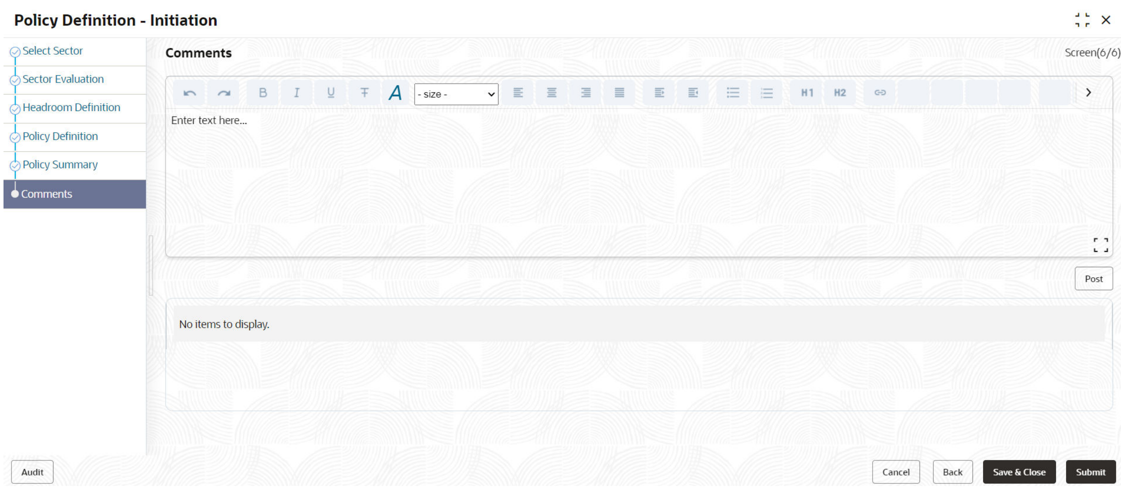
1. To modify the necessary details, click **Back** button.
2. To cancel the policy definition process, click **Cancel** button.
3. To save the entered details and close the process, click **Save & Close**.
4. View the **Policy Summary** and click **Next** after verifying all the details.

3.6 Comments

In this page, the overall comments for the policy definition initiation stage are captured. The comments captured in this page are used by the Approvers to make quick decisions.

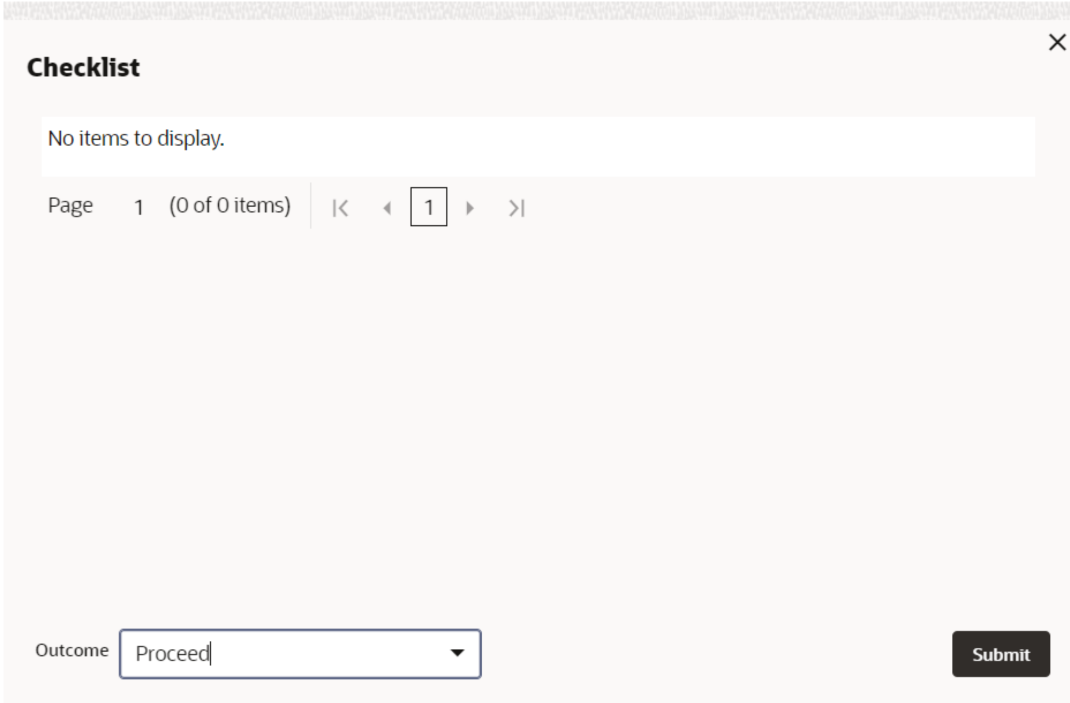
Click **Next** in **Policy Summary** page, **Comments** page is displayed.

Figure 3-67 Comments



1. **Post** the **Comments** for this stage. Posted comments appear at the bottom of the **Comments** box.
2. Click **Submit**. **Checklist** related to the policy definition process is displayed.

Figure 3-68 Checklist



3. Select the **Outcome** as **Proceed** and then click **Submit**. The policy is moved to **Business Recommendation** stage.

4

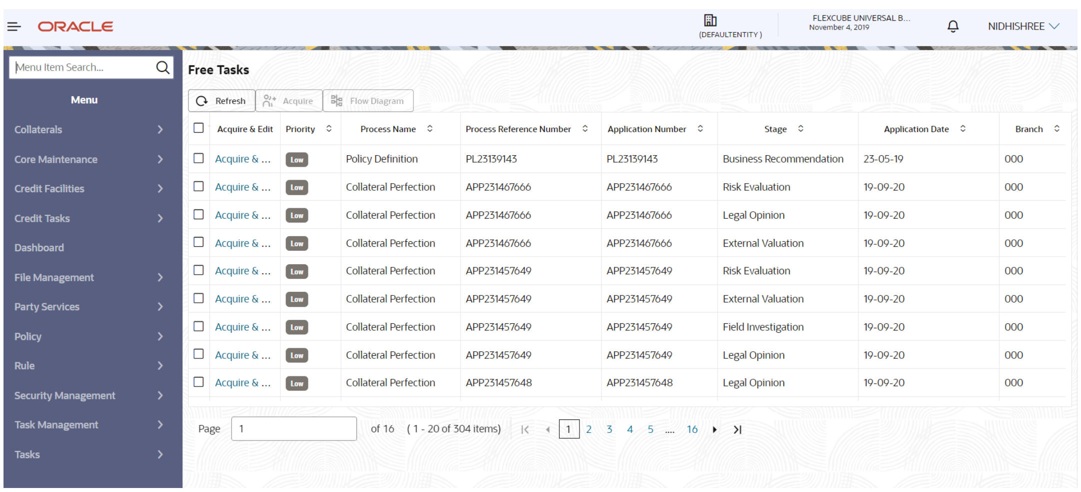
Business Recommendation

In this stage, Business Head in the bank verifies the policy details defined by the Policy Analysts and recommends the necessary changes.

> **Note:**
>
> In this Chapter, only the actions that must be performed by the Business Head are explained. Refer **Initiating Policy Definition** chapter for field level explanations.

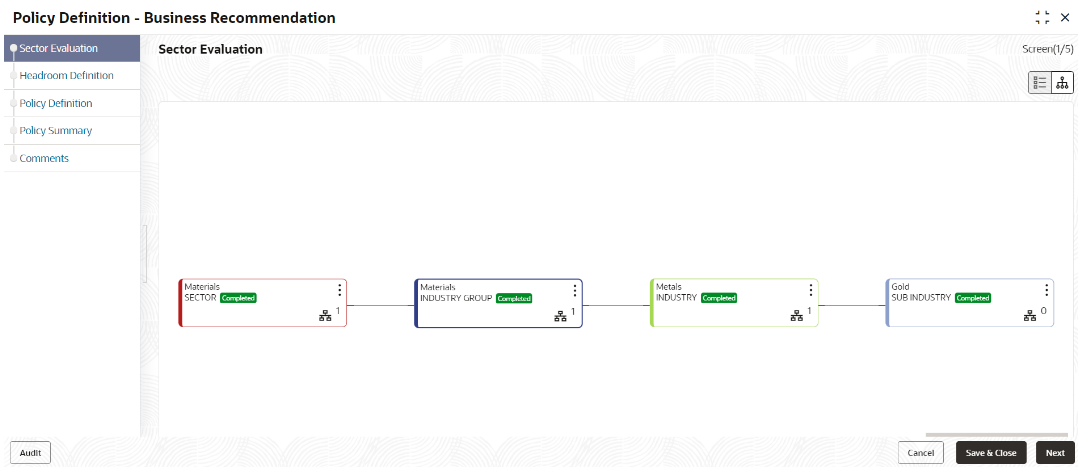
1. To acquire the Business Recommendation task, navigate to **Tasks > Free Tasks** from the **Navigation Menu**.

Figure 4-1 Free Tasks



2. Click **Acquire and Edit** and acquire the required task. **Sector Evaluation** page is displayed.

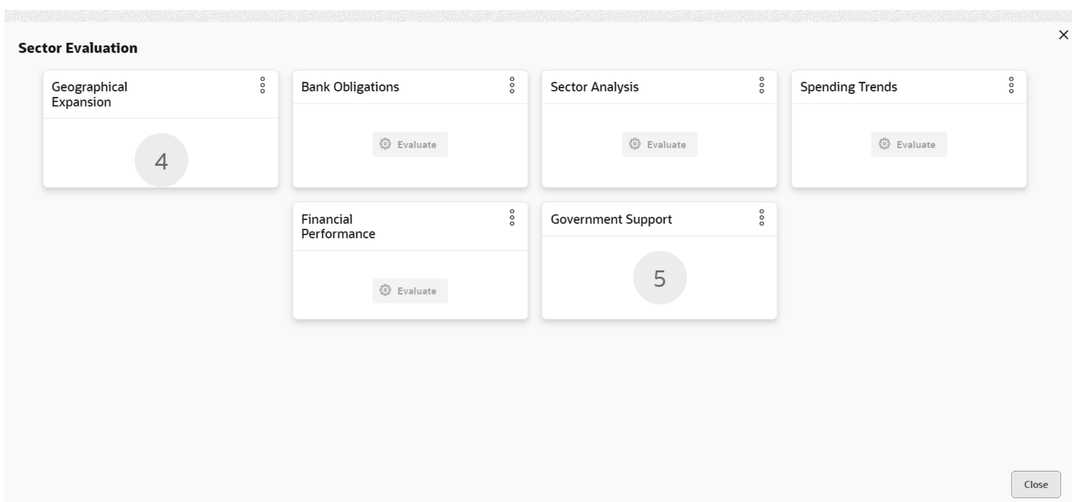
Figure 4-2 Sector Evaluation



In **Sector Evaluation** page, business head can perform re-evaluation and capture comments for the evaluation.

3. Right click the sector, industry group, industry and sub - industry and then click **Evaluate Now**. **Sector Evaluation** window is displayed.

Figure 4-3 Sector Evaluation



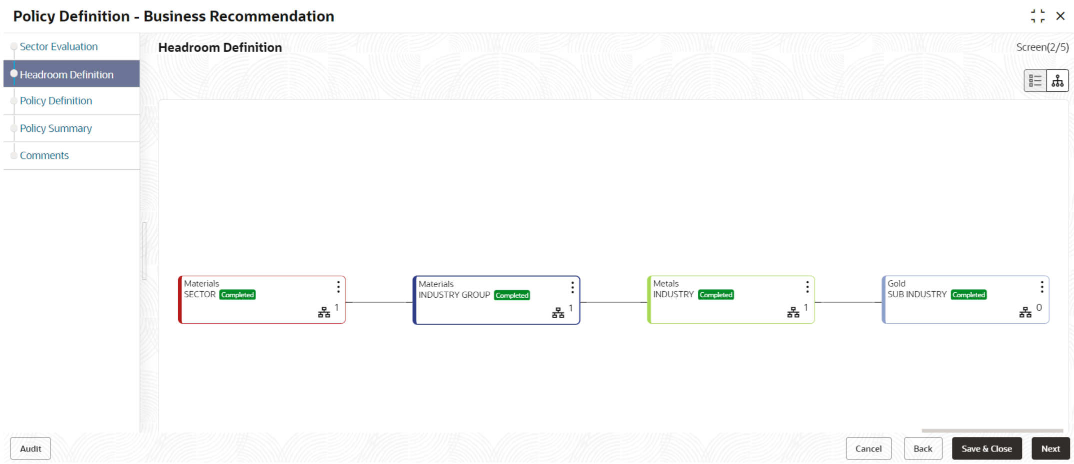
For information on fields in the Sector Evaluation screen, refer the below table.

Table 4-1 Sector Evaluation

Fields/Icons	Description
Edit	To perform re-evaluation, click **Edit**.
Comments	To capture comments for the evaluation, click **Comments**.
Close	Click **Close** to close the window.

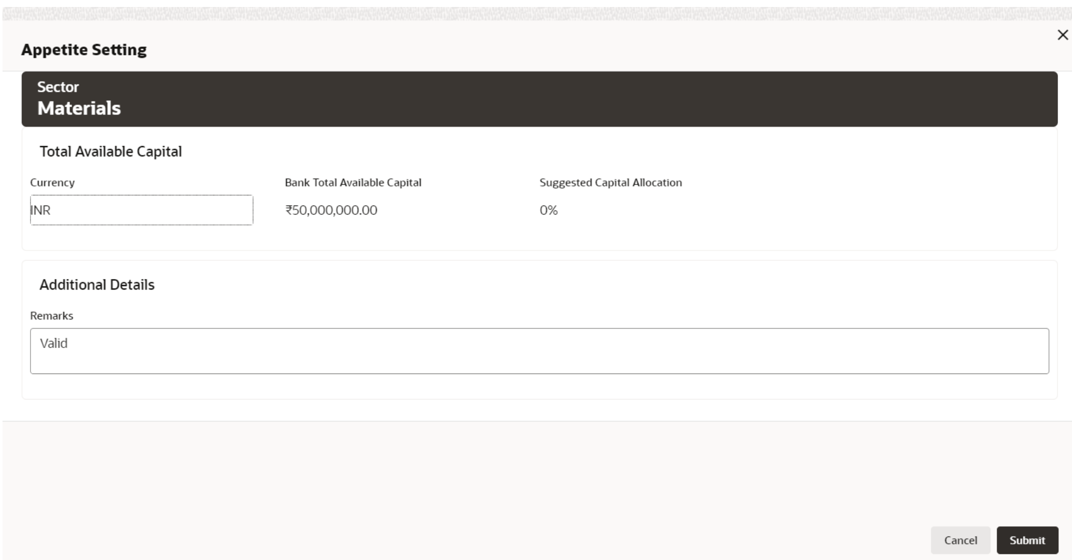
4. In **Section Evaluation** page, click **Next**. **Headroom Definition** page is displayed.

Figure 4-4 Headroom Definition



5. Right click the sector, industry group, industry and sub - industry and then click **Define Appetite**. **Appetite Setting** window is displayed.

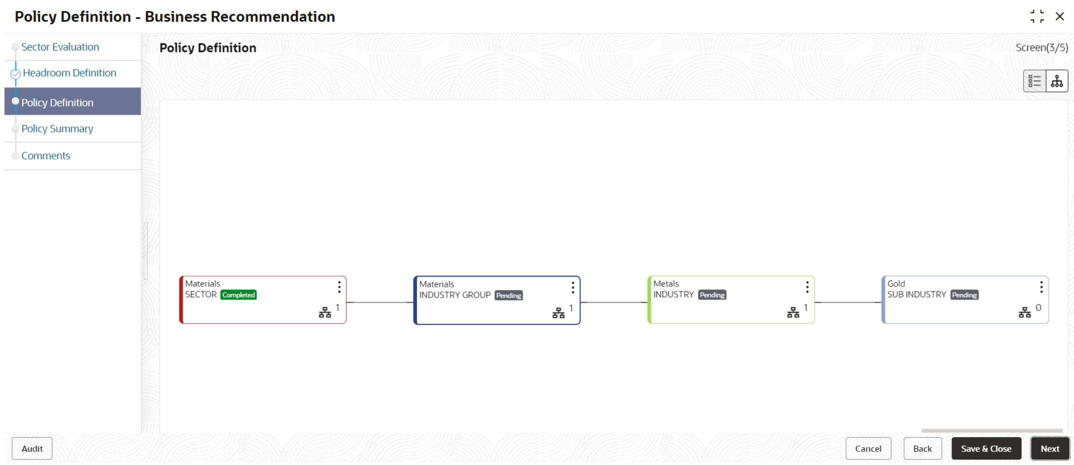
Figure 4-5 Appetite Setting



In **Appetite Setting** window, the values cannot be modified.

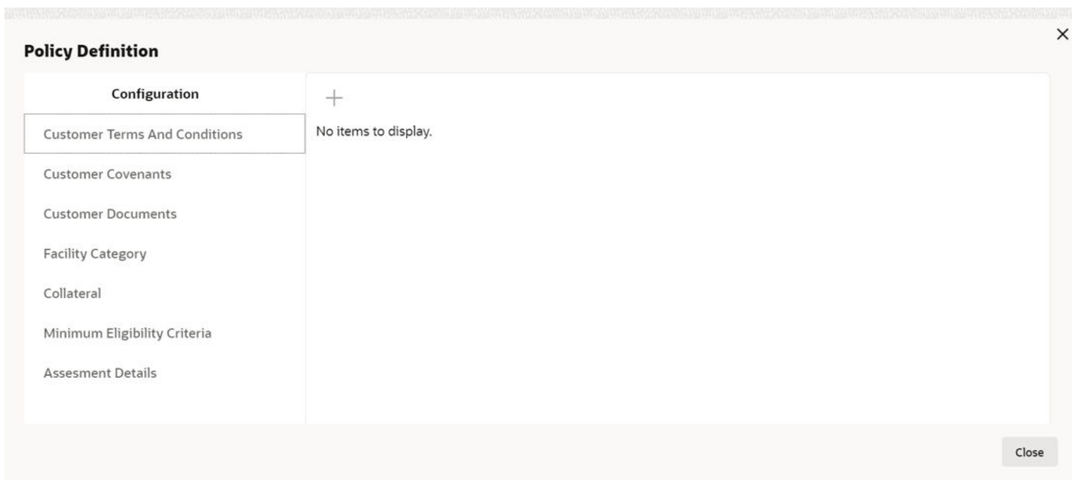
6. View the necessary details and click **Submit**.
7. In the **Headroom Definition** page, click **Next**. **Policy Definition** page is displayed.

Figure 4-6 Policy Definition



8. Right click the sector, industry group, industry and sub - industry and then click **Configure**. **Policy Definition Configuration** window is displayed.

Figure 4-7 Policy Definition Configuration

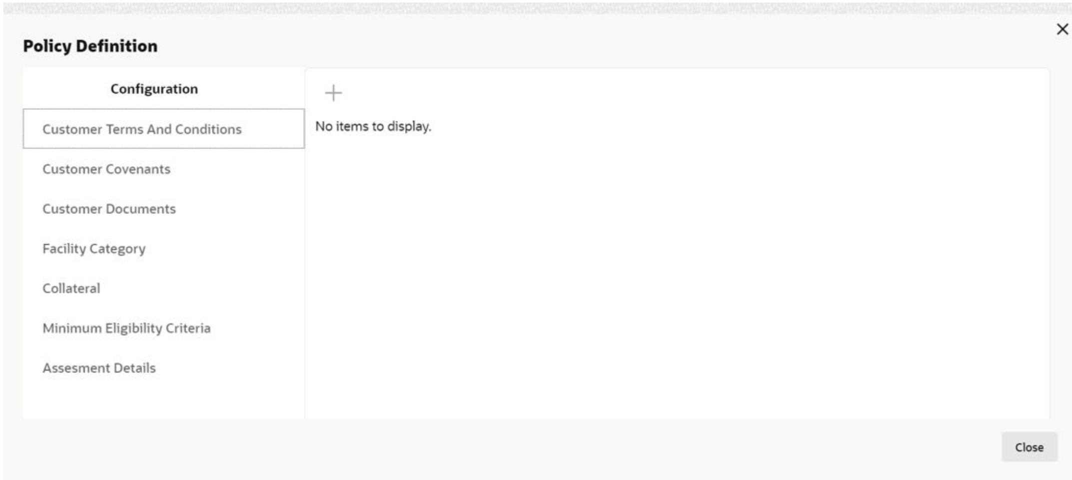


- Policy Definition Configuration

4.1 Policy Definition Configuration

1. **Terms And Conditions**
2. To capture business recommendations for the terms and conditions, click **Terms And Conditions** from the left menu.

Figure 4-8 Terms And Conditions



3. Select the required terms and conditions and then click **Edit** icon. **Terms And Conditions** window is displayed.

Figure 4-9 Terms And Conditions

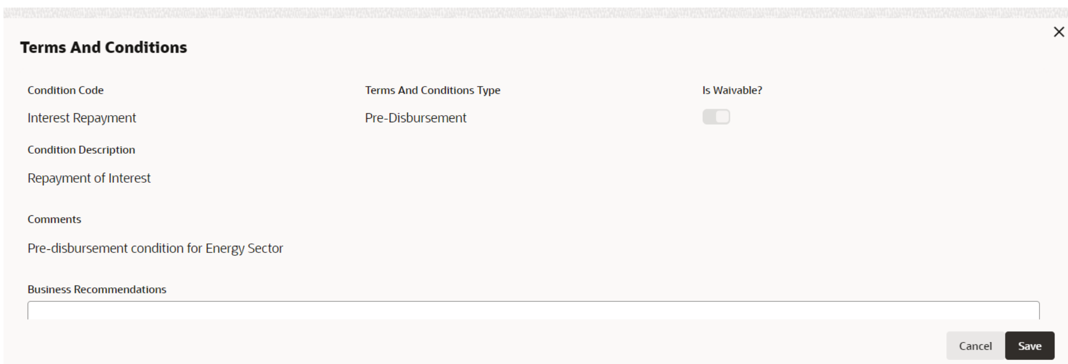
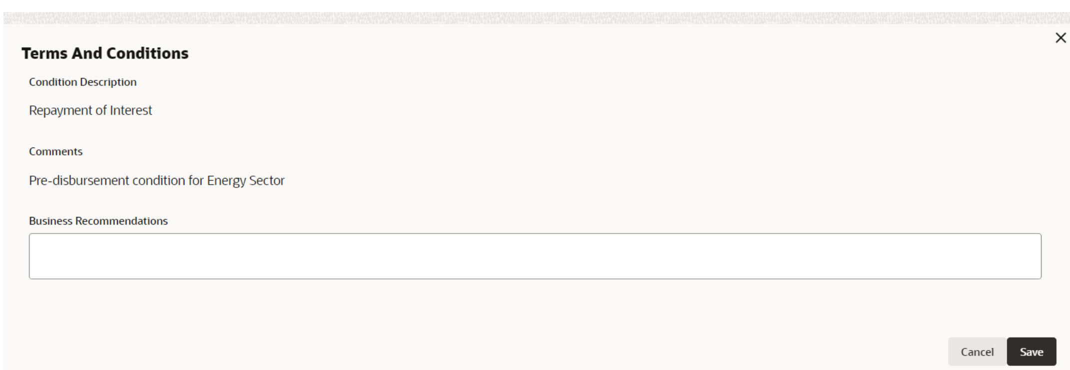


Figure 4-10 Terms And Conditions



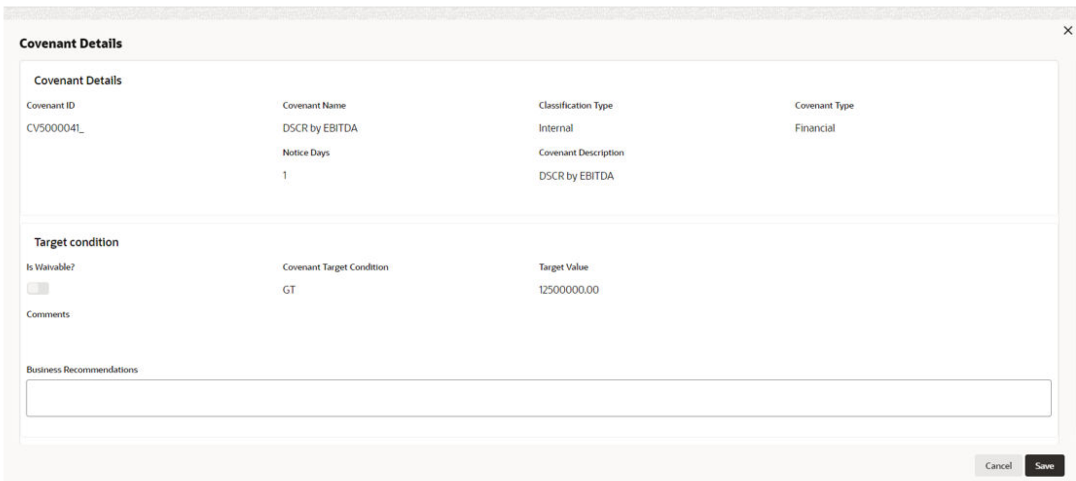
For information on fields in the Terms And Conditions screen, refer the below table.

Table 4-2 Terms And Conditions

Fields/Icons	Description
Business Recommendations	View the details and enter **Business Recommendations**.
Save	Click **Save**, to save the details.
Customer Covenants	To capture business recommendations for **Customer Covenants**, click **Customer Covenants** from the left menu.

4. Select the required customer covenant and then click **Edit** icon. **Covenant Details** window is displayed.

Figure 4-11 Covenant Details



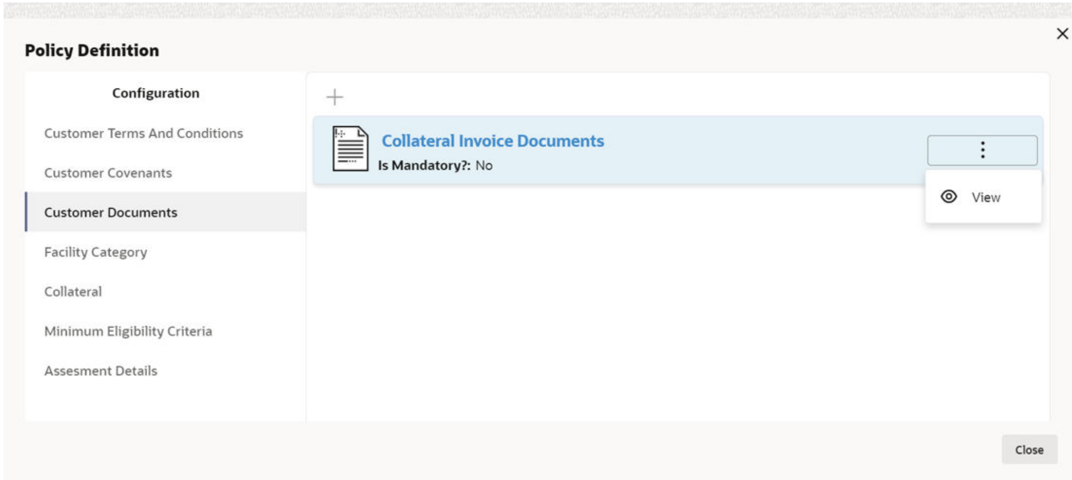
For information on fields in the Covenant Details screen, refer the below table.

Table 4-3 Covenant Details

Fields/Icons	Description
Business Recommendations	View the details and enter **Business Recommendations**.
Save	Click **Save**, to save the details.

5. Click **Customer Documents** from the left menu.

Figure 4-12 Customer Documents



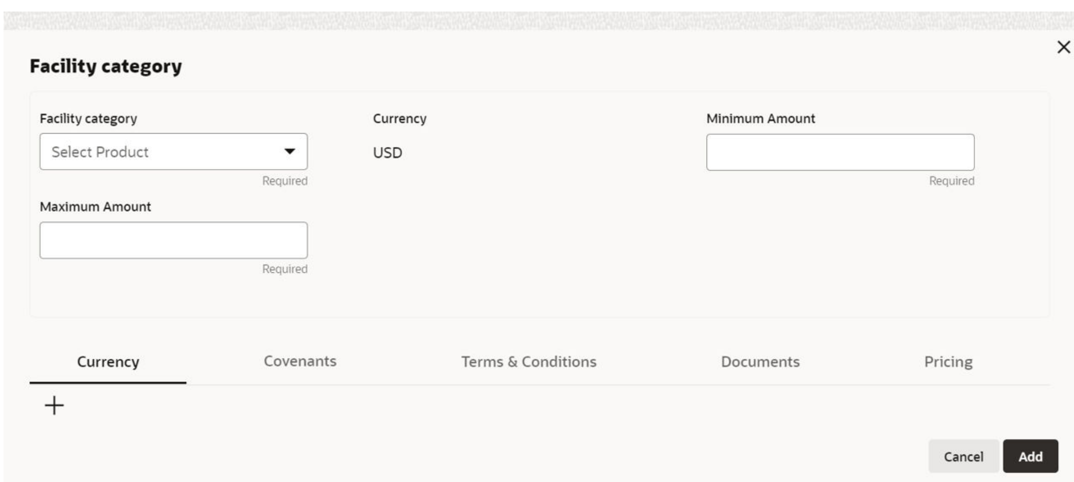
In **Customer Documents** window, either new customer document details can be added or the already added customer document details can be viewed.
For information on fields in the Customer Documents screen, refer the below table.

Table 4-4 Customer Documents

Fields/Icons	Description
Add	To add new document details, click **+** icon.
View	To View the document details, select the detail and then click **View** icon.
Facility Category	To capture business recommendation for the **Facility Category**, click **Facility Category** from the left menu.

6. Select the **Facility Category** and then click **Edit** icon. **Facility Category** window is displayed.

Figure 4-13 Facility Category



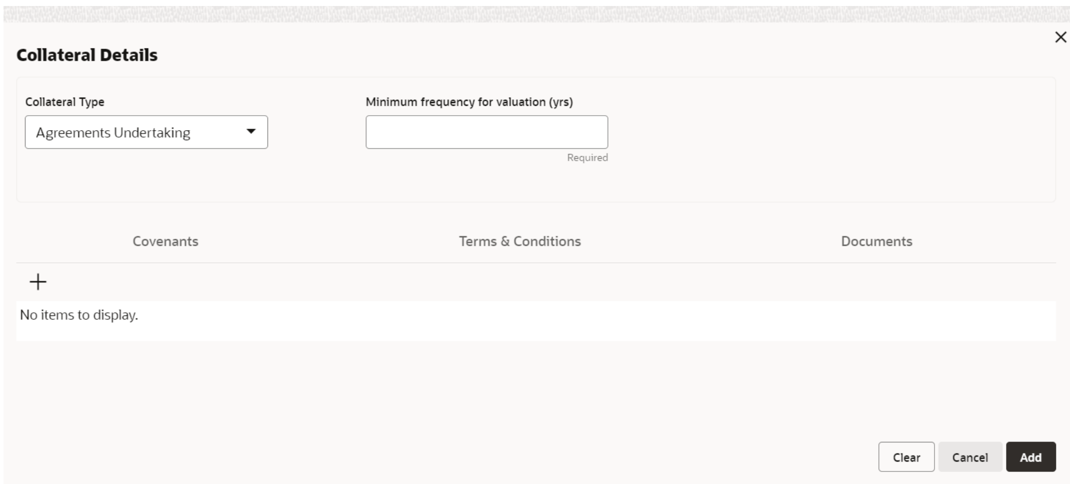
For information on fields in the Facility Category screen, refer the below table.

Table 4-5 Facility Category

Fields/Icons	Description
Business Recommendations	View the details and enter **Business Recommendations**.
Save	Click **Save**, to save the details.
Collateral	To capture business recommendations for the collateral, click **Collateral** from the left menu.

7. Select the required collateral details and then click the **Edit** icon. **Collateral Details** window is displayed.

Figure 4-14 Collateral Details



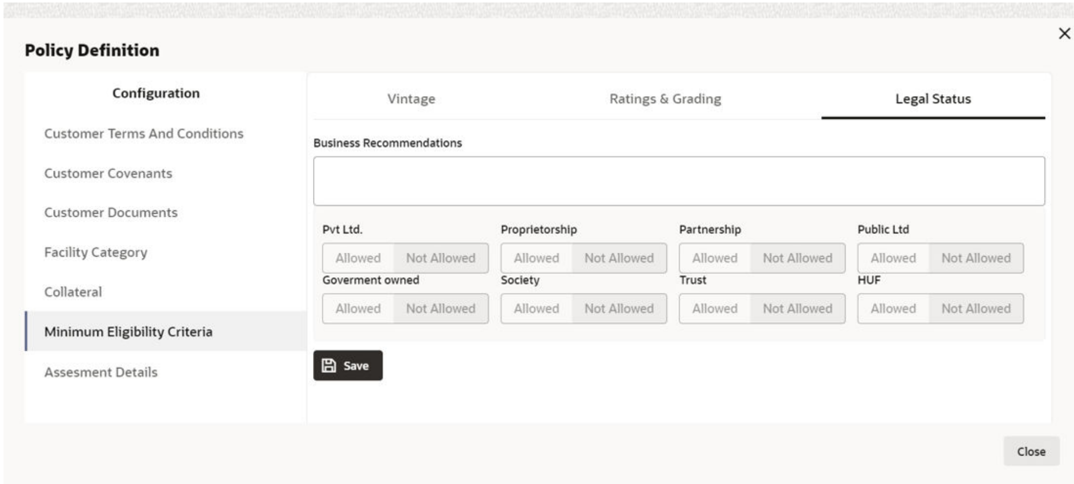
For information on fields in the Collateral Details screen, refer the below table.

Table 4-6 Collateral Details

Fields/Icons	Description
Business Recommendations	View the details and enter **Business Recommendations**.
Save	Click **Save**.

8. To capture business recommendations for the minimum eligibility criteria, click **Minimum Eligibility Criteria** from the left menu. **Vintage** window is displayed.

Figure 4-15 Vintage

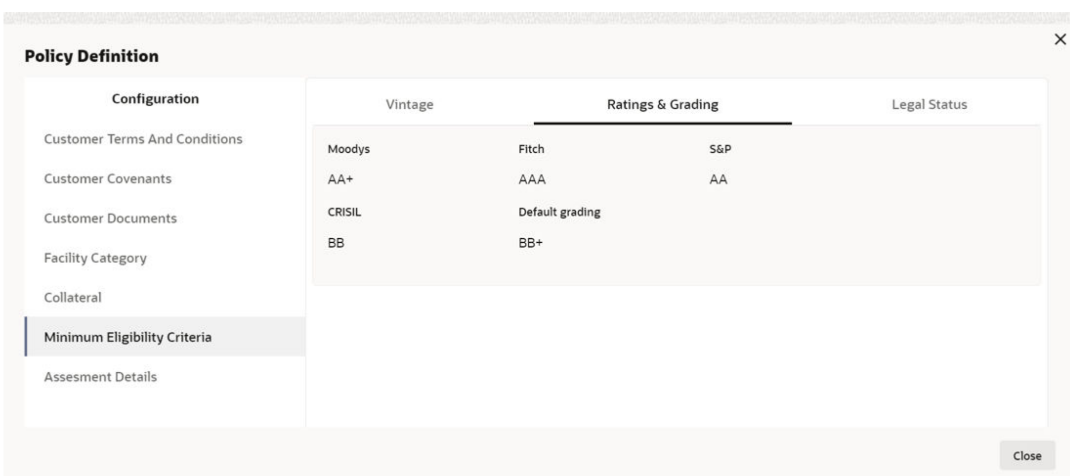


For information on fields in the Minimum Eligibility Criteria screen, refer the below table.

Table 4-7 Minimum Eligibility Criteria

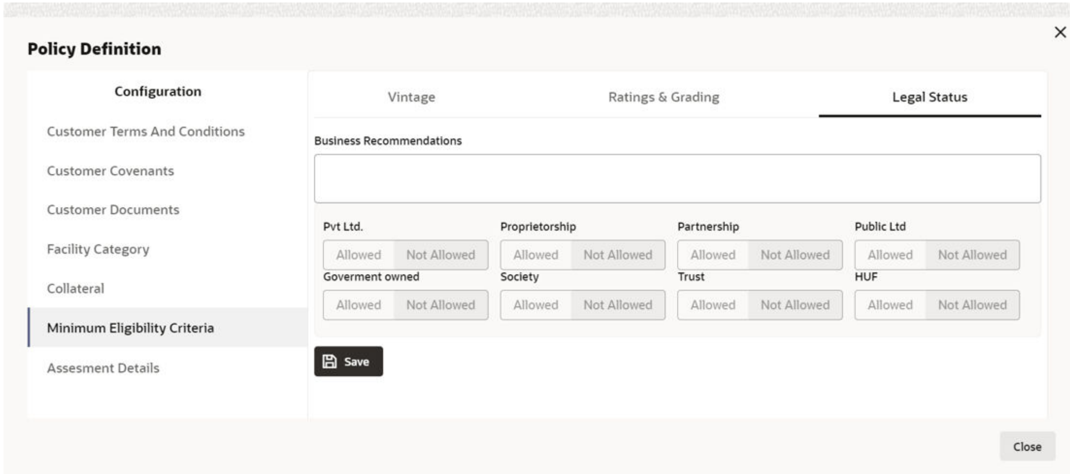
Fields/Icons	Description
Business Recommendations	View the details and enter **Business Recommendations**.
Save	Click **Save** and then click **Submit**.
Ratings & Gradings	To capture business recommendations for **Ratings & Gradings**, click right arrow at the top right corner. **Ratings & Grading** window is displayed.

Figure 4-16 Ratings and Grading



9. View the details in **Ratings & Grading**.
10. To view **Legal Status**, click right arrow at the top right corner. **Legal Status** window is displayed.

Figure 4-17 Legal Status



Note: Business Recommendation remark is captured only in **Legal Status** screen and in Vintage and Rating & Grading screens remarks cannot be captured you can only view the screens.

11. To view **Policy Summary**, click **Next** in **Policy Definition** page.

Figure 4-18 Policy Summary

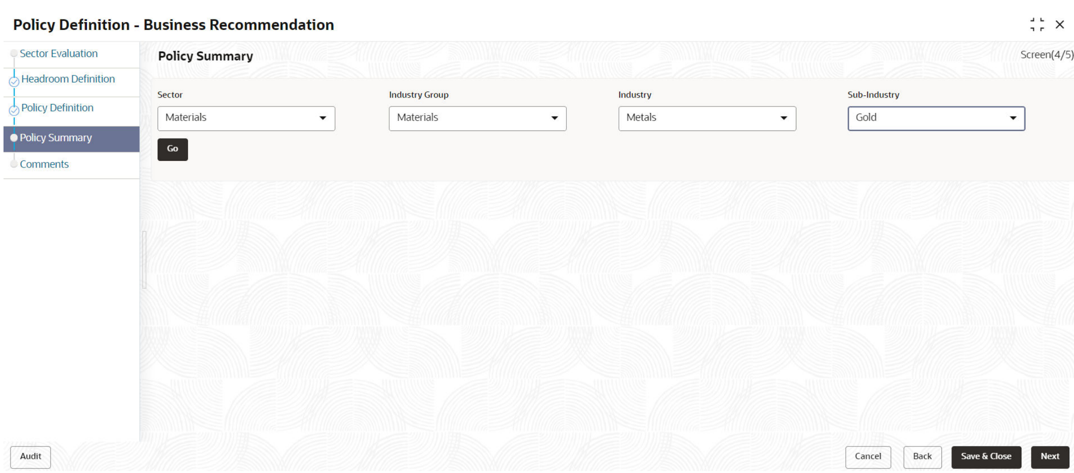


Figure 4-19 Policy Summary

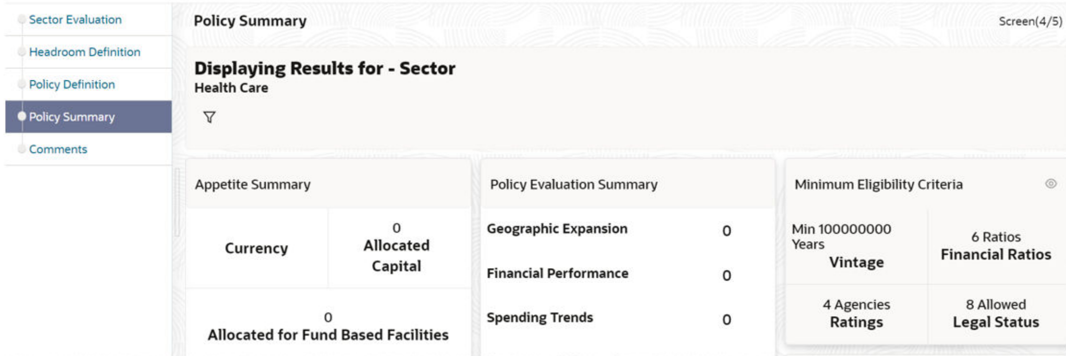


Figure 4-20 Policy Summary

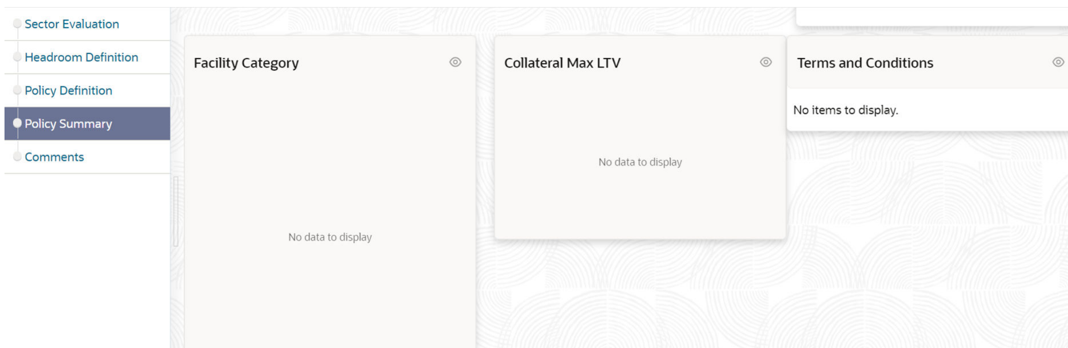
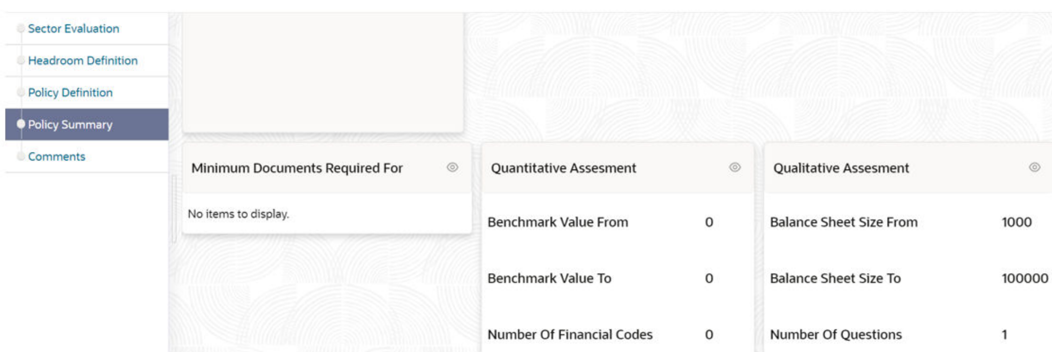


Figure 4-21 Policy Summary



For information on fields in the Policy Definition screen, refer the below table.

Table 4-8 Policy Definition

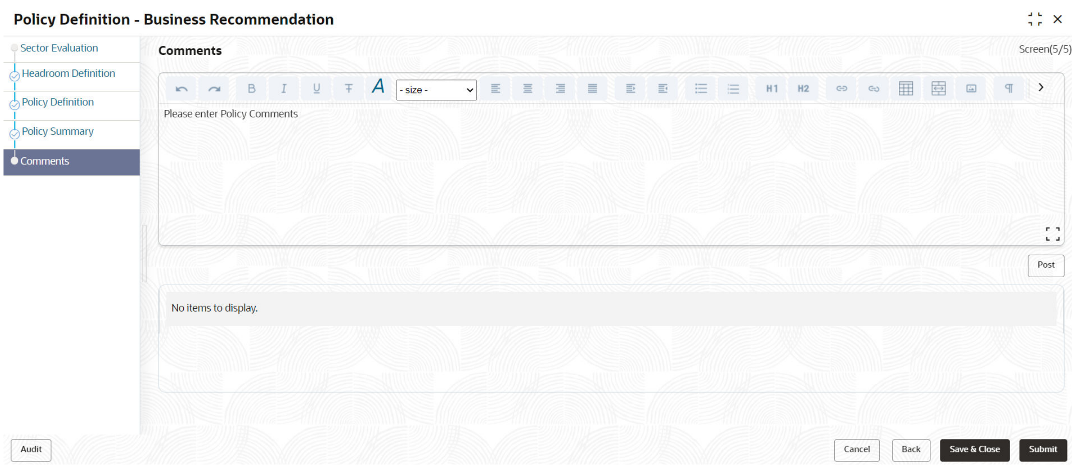
Fields/Icons	Description
Go	Select the sector, industry group, industry and sub - industry and then click **Go**. **Policy Summary** is displayed.

Table 4-8 (Cont.) Policy Definition

Fields/Icons	Description
Policy Summary	View the **Policy Summary** and click **Next** after verifying all the details.
Back	To modify the necessary details, click **Back**.
Cancel	To cancel the policy definition process, click **Cancel**.
Save & Close	To save the entered details and close the process, click **Save & Close**.

Click **Next** button in **Policy Summary** page, **Comments** page is displayed.

Figure 4-22 Comments

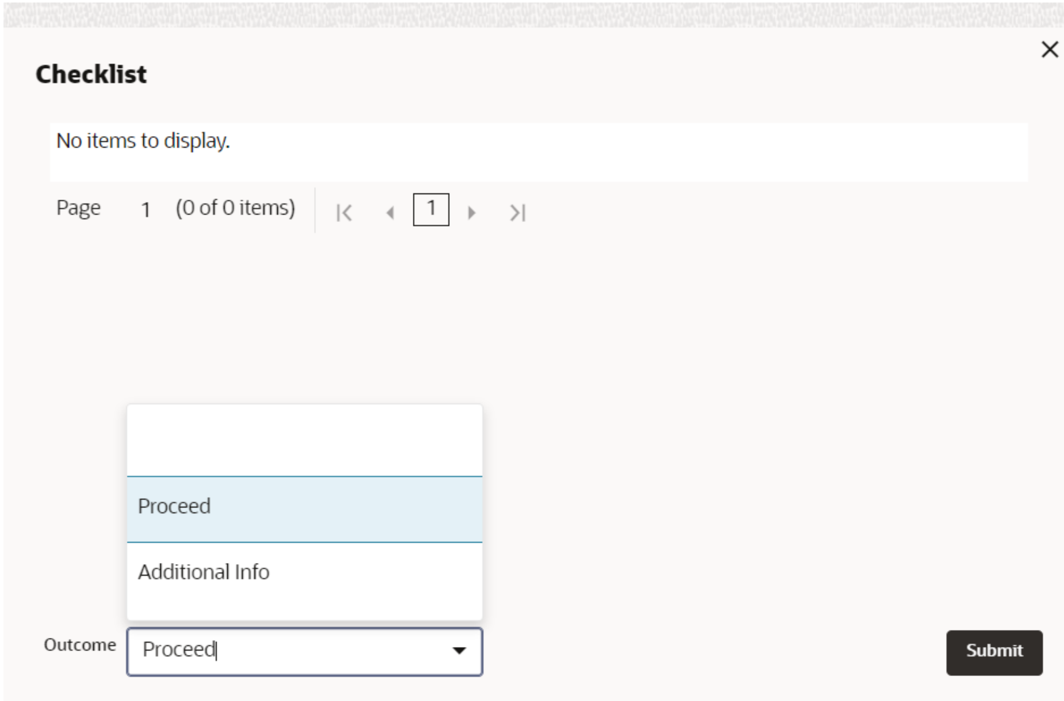


For information on fields in the Comments screen, refer the below table.

Table 4-9 Comments

Fields/Icons	Description
Post	**Post** the **Comments** for this stage. Posted comments appear at the bottom of the **Comments** box.
Submit	Click **Submit**. **Checklist** related to the policy definition process is displayed.

Figure 4-23 Checklist



For information on fields in the Checklist screen, refer the below table.

Table 4-10 Checklist

Fields/Icons	Description
Outcome	Select the **Outcome**. The options available are: • Proceed • Additional Info If **Proceed** is selected as **Outcome**, the policy is moved to the **Credit Approval** stage. If **Additional Info** is selected as **Outcome**, the policy is moved back to the **Policy Initiation** stage. The Policy Manager has to modify the policy details and submit it again for **Business Recommendation** stage.

5

Approval from Legal Head

In this stage, the Legal Head in the legal team can capture their comments after viewing the policy details. If the information provided in the **Policy Initiation** Stage is insufficient, then the additional information can be requested.

> **Note:**
>
> **Legal Head Approval** stage is similar to the **Business Recommendation** stage. Refer **Business Recommendation** chapter for information on capturing **Legal Comments**.

6 Approval from Policy Team

In **Policy Approval** stage, the policy team in the bank can capture their comments after viewing the policy details. If the information provided in the **Policy Initiation** Stage is insufficient, then the additional information can be requested.

> **Note:**
>
> **Policy Approval** stage is similar to the **Business Recommendation** stage. Refer **Business Recommendation** chapter for information on capturing **Policy Approver Comments**.

7 Approval from Credit Team

The policy submitted in the **Business Recommendation** stage is moved to multiple parallel stages for approval. In **Credit Approval** stage, the Credit Approver in the bank can capture their comments after viewing the policy details. If the information provided in the **Policy Initiation** Stage is insufficient, then the additional information can be requested.

> **Note:**
>
> **Credit Approval** stage is similar to the **Business Recommendation** stage. Refer **Business Recommendation** chapter for information on capturing Credit Approver Comments.

8 Risk Recommendations

Recommendations from the risk team is necessary for the final policy approver in taking better decision. In this stage, the risk team in the bank can capture their comments after viewing the policy details. If the information provided in the **Policy Initiation** Stage is insufficient, then the additional information can be requested.

> **Note:**
>
> **Risk Recommendations** stage is similar to the **Business Recommendation** stage. Refer **Business Recommendation** chapter for information on capturing **Risk Approver Comments**.

9 Compliance Recommendations

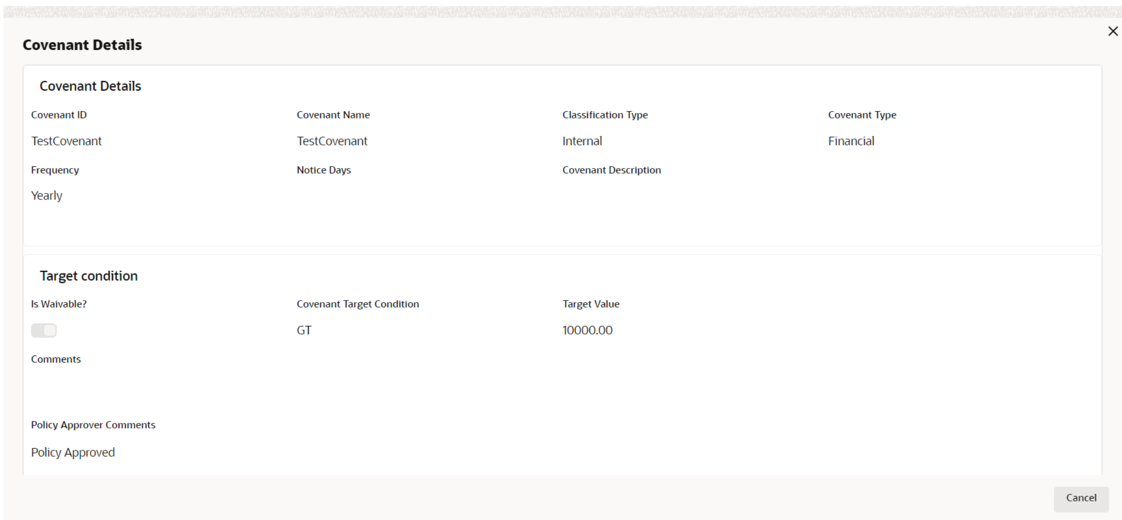
Compliance recommendations from the compliance team plays a vital role in eliminating non-compliance related penalties. In this stage, the compliance team in the bank can capture their comments after viewing the policy details. If the information provided in the **Policy Initiation** Stage is insufficient, then the additional information can be requested.

> **Note:**
>
> **Compliance Recommendations** stage is similar to the **Business Recommendation** stage. Refer **Business Recommendation** chapter for information on capturing **Compliance Head Comments**.

10
Policy Approval

After the multiple stages of approval and recommendation, the policy head finalizes the policy in this stage.

Figure 10-1 Covenant Details



For all the dimensions in **Policy Definition** data segment, view the policy details and the previous comments and then capture **Approver Comments**.

If the Outcome is selected as **Approve** in this stage, the policy is approved.

If the Outcome is selected as **Reject** the policy definition process is terminated.

11

Reference and Feedback

References

For more information on any related features, you can refer to the following documents:

- Oracle Banking Procedure User Guide
- Oracle Banking SMS User Guide
- Oracle Banking Common Core
- Oracle Banking Credit Facilities Process Management Installation Guides

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