Products User Guide

Oracle FLEXCUBE Universal Banking

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Products User Guide
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1. Preface

1.1 Introduction

This manual is essentially designed to help you set up products in Oracle FLEXCUBE. It takes you through the various steps involved in creating a product. Further, you can obtain information specific to a particular field by placing the cursor on the relevant field and striking <F1> on the keyboard.

1.2 Audience

This manual is intended for the following User/User Roles:

Role	Function
Back office clerk	Input functions for contracts
Back office managers/officers	Authorization functions
Product Managers	Product definition and authorization
End of day operators	Processing during end of day/ beginning of day
Financial Controller/Product Managers	Generation of reports

1.3 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.

1.4 Critical Patches

Oracle advices customers to get all their security and vulnerability information from the Oracle Critical Patch Update Advisory, which is available at Critical Patches, Security Alerts and Bulletins. All critical patches should be applied in a timely manner to ensure effective security, as strongly recommended by Oracle Software Security Assurance.

1.5 Organization

This manual is organized as follows:

Chapter	Description
Chapter 1	*About this Manual* gives information on the intended audience. It also lists the various chapters covered in this User Manual.
Chapter 2	*Product Definition* explain about what a product means Oracle FLEXCUBE and the process of defining the same.
Chapter 3	*Function ID Glossary* has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.6 Glossary of Icons

This User Manual may refer to all or some of the following icons:

Icons	Function
	Exit
	Add row
	Delete row
	Option List

1.7 Related Documents

For further information on procedures discussed in the manual, refer to the Oracle FLEXCUBE manuals on:

- Common Procedures
- Building Interest Components
- Building Commission Components
- Building Charge Components
- Handling Brokerage
- Building Tax Components
- The Settlements Service

2. Product Definition

2.1 Introduction

You will encounter the word ‘product’ frequently in the Oracle FLEXCUBE user manuals. A ‘product’ is a *specific* service that you offer your customers.

For example, you may offer an ‘overnight borrowing’ facility to your customers. By defining a specific overnight borrowing facility as a money market product - with certain attributes - you can group together, or categorize, all overnight borrowings that share the attributes defined for the product.

This chapter contains the following sections:

- Section 2.2, "The Advantages of Defining a Product"
- Section 2.3, "Product Definition"
- Section 2.4, "Transaction Limits"

2.2 The Advantages of Defining a Product

The attributes that you define for a product apply on all contracts that are processed under the product. By creating a product, you construct a broad framework within which you can process contracts. This helps minimize the details you have to capture when processing a contract.

The advantage of defining a product is that it simplifies the task of entering into contracts. The following example further illustrates the concept of products.

For example, a money market deal could be of any of the following types:

- Overnight Placement
- Overnight Borrowing
- Weekly Placement
- Weekly Borrowing
- Monthly Placement
- Monthly Borrowing

You can define any number of Overnight Placement products, Weekly Placement products, Monthly Borrowings, etc., having varying rates of interest. You may choose to allow or deny rollovers, apply or waive tax, specify different accrual frequencies, and so on. Each of these types of placement/borrowing definitions, with their specific set of attributes, constitutes a product.

You could allot Product Codes for each of these products as follows:

- MWP1 – Weekly Placement 1
- MOB2 – Overnight Borrowing 2

Attributes of MWP1:

- Rate of interest - 16% fixed interest
- Maximum tenor - 1 week
- Minimum tenor - 1 day
- Daily repayment schedules

- Rollover allowed

Attributes of MOB1:

- Rate of interest - Floating rate of the day applied automatically
- Maximum tenor – 1 day
- Repayment at Maturity
- No rollover

Note

In this example, only a few attributes have been defined. You can define many more attributes for a product.

All deals involving MWP1 are overnight placements, which inherit the attributes of MOB1.

MWP1 and MOB1 are examples of products.

A product is set up at the Head Office of your bank. This means that the Product Definition facility also serves as a central control mechanism — you can ensure that a service your bank provides is offered uniformly across branches.

2.3 Product Definition

This section contains the following topics:

- Section 2.3.1, "Invoking the Product Definition Screen"
- Section 2.3.2, "Defining the Other Attributes of a Product"
- Section 2.3.3, "Interest Button"
- Section 2.3.4, "Charges Button"
- Section 2.3.5, "Tax Button"
- Section 2.3.6, "Accounting Roles Button"
- Section 2.3.7, "Events Button"
- Section 2.3.8, "Advices Button"
- Section 2.3.9, "Preferences Button"
- Section 2.3.10, "MIS Button"
- Section 2.3.11, "User Defined Fields Button "
- Section 2.3.12, "Status Button "
- Section 2.3.13, "Indicating Automatic Status Change"
- Section 2.3.14, "Generating Advices for a Status Change"
- Section 2.3.15, "Specifying Status Control Details"
- Section 2.3.16, "Capturing Movement Details"

2.3.1 Invoking the Product Definition Screen

In the Product Definition screen of every module, you can enter basic information about a product such as the Product Code, the Description, etc.

The Product Definition screens of the various modules of Oracle FLEXCUBE are invoked from the Application Browser.

Note

Product Definition screen is specific to a module. To create an CL product, for instance, invoke the ‘Product’ screen from the Application Browser. Similarly, to create an CD product, invoke the ‘ Corporate Deposits Product Definition’ screen from the Application Browser.



In a Product Definition screen, you should specify the following details for the products you create:

- A code unique to the product
- A brief description of the product
- The product type
- The product group
- A slogan for the product
- The life span of the product
- Your remarks

Product Code and Description

A product code identifies a product throughout Oracle FLEXCUBE. This code should be four characters in length.

When defining a new product, you should enter a code that is unique across the different modules of Oracle FLEXCUBE. For instance, if you have used CDP3 for a product in the Corporate Deposits module, you cannot use it as a product code in any other module.

It may be difficult to recognize a product just by its code. In the Description field, therefore, suitably describe the product code so that it can be easily identified. This description will be displayed along with the code throughout Oracle FLEXCUBE.

Product Type

Product categories are referred to as ‘product types.’ When you create a product, you must specify the ‘type’ to which it belongs. For instance, you should specify the money market product type as ‘Placement’ if you are defining a placement product, and ‘Borrowing’ if you are defining a borrowing product. Similarly, in the Teller module, if you are setting up a Cash product, choose the ‘Cash’ option in the Product Type field. If you are setting up a product to process Traveller’s Checks, choose the ‘Others’ option in the Product Type field.

Product Group

Products can be categorized into groups based on the common elements that they share. You must associate a product with a group. This would facilitate retrieval of information of a *class* of products at one stroke.

For example, you can group all products involving travelers' checks into a product group. You can group all products involving deposits into a product group.

Slogan

You can enter a marketing punch line for every product you create. This slogan will be printed on all advices that are sent to customers who avail of the product.

For example, if you set up a borrowings product called Money Multiplier, you could enter the slogan 'Watch your money grow with Money Multiplier.'

Start Date and End Date

A product can be defined to be active over a specific period. When you create a product, you can specify a 'Start Date' and 'End Date' for it. The product can only be used within the specified period (i.e. within the Start Date and End Date).

If you do not specify the Start Date, the branch date will be displayed as the Start Date.

If you do not specify an End Date for a product, it can be used for an indefinite period.

The start and end dates of a product come in handy when you are defining a product that you would like to offer over a specific period.

For example, you have a promotional scheme for three months – 'Special Interest Rate for Savings Bank Accounts' – wherein you would like to pay higher interest on monthly minimum credit balances that exceed USD 20,000. This scheme is open between 1 October 1998 and 31 December 1998, and the rate of interest that you would like to pay on the balance is 5% – more than what you normally pay, that is, 2.5%.

Since the scheme ends on 31 December 1998, all those who have maintained monthly minimum credit balances exceeding USD 20,000 (for the period between 1 October 1998 and 31 December 1998) would be eligible for the higher rate of interest.

Note

If you do not specify an End Date, the product can be used till it is closed.

Remarks

When creating a product, you can enter information about the product intended for your bank's internal reference. This information will *not* be printed on any correspondence with the customer.

2.3.2 Defining the Other Attributes of a Product

Once you have specified the basic details of a product, you can define the other attributes for it. From the Product Definition Main screen, you can move to the screen of your choice to define an attribute by clicking on the appropriate icon.

The other product attributes that you can define include:

- The interest, commissions, charges and fees that you would like to levy on contracts involving the product
- The taxes that apply on the contracts involving the product

- The type of accounts and the GL/SLs to which the accounting entries generated by contracts involving the product have to be posted
- The advices to be generated at different points in the life cycle of contracts involving the product
- A list of allowed or a list of disallowed branches (of your bank) that can use a product
- A list of currencies that are allowed or disallowed for a product
- Certain 'preferences', specific to a product
- Aging analysis related details

NoteManagement Information System (MIS) details

The product attributes that you can define would depend on the module in which you are creating the product. For instance, the attributes that you define for a product in the Retail Lending (CL) module would vary significantly from the product attributes that you define in the Corporate Deposits (CD) module. For products you create in the CL module, you would define Notices and Statements, Credit Score, and Minimum Amount Due Method, whereas, these attributes would not apply to products you create in the CD module.

Note

There are some fields in the product definition screens in which a value must be entered. If you try to save a product without entering details in these fields, the product will not be saved. You will be prompted to enter all mandatory details before attempting to save the product.

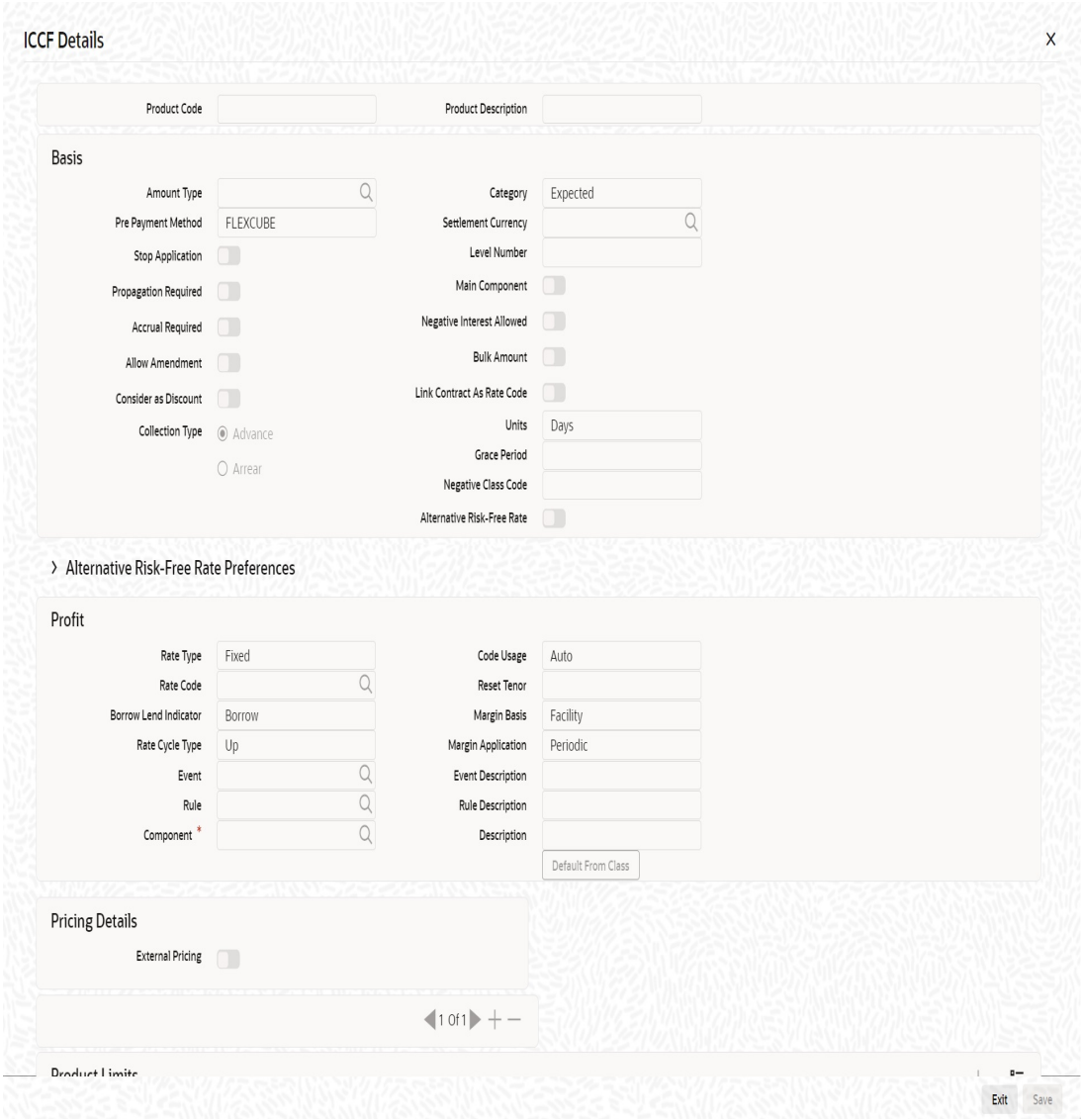
2.3.3 Interest Button

In Oracle FLEXCUBE, the interest that applies on a contract is referred to as the interest component of the contract. Calculating the interest component for a contract is achieved by:

- Creating interest rules
- Building interest classes (specifically, for the Securities module)
- Associating a product with an interest rule (or an interest class in case of the Securities module). This rule applies on all contracts processed under the product.
- Amending, if required, certain interest details that a contract acquires from the product under which it is processed

For details relating to interest, refer the Interest User Manual.

Click ‘Interest’ button in the ‘Product Definition’ screen to invoke the ‘Interest Details’ screen.



In this screen, you can associate the product you are creating with an Interest Rule. The attributes defined for the interest rule or class that you link to a product default to all contracts processed under the product.

Note

For products created in certain modules of Oracle FLEXCUBE, you may have to specify additional interest details. These details have to be specified in the Product Preferences screen of the module.

Refer the Products chapter of the respective user manuals for details.

Link Contract as Rate Code

A floating rate component defined for a product can be linked to either a rate code, or to a contract with a fixed rate main component. This is applicable only for products in the following modules:

- Deposits (a fixed rate loan can be linked)

In the Product ICCF screen, when you specify the details for a floating rate component for the product, you can indicate that contracts using the product can be linked to a contract, instead of a rate code, as described above.

If so linked, the fixed rate specified for the main component of the linked contract, is applicable to the main contract. This would work in a similar fashion to linking a rate code. The spread and customer margin is applied on the linked contract rate to arrive at the effective interest rate for the main contract.

The Code Usage can be set to Auto or Periodic, only for the FLOAT Rate Type.

Note

If the selected linked fixed rate contract involves a different customer than that of the main contract, an override is sought, which can be accepted to proceed with saving the main contract.

Whenever the fixed rate in the linked contract changes, the EOD process propagates the change to all contracts linked to it, also marking the rate revision for the contracts.

When the fixed rate in the linked contract is amended with a back value date, the effective date on which the changed rate is applied to any contracts it is linked to, is either the last liquidation date for the fixed rate contract, or the effective date of rate change for the contract it is linked to, whichever is later.

2.3.3.1 Levying Commitment Fee on Commitment Account

You have a provision for charging commitment fee on the entire balance of the commitment. The system calculates the commitment fee based on the category of the ICCF component.

When you define a product, in the Product ICCF screen, select from the following values for the ICCF component of a commitment product:

- **Normal** – Indicates that the commitment fee will be charged on the contract amount (Principal)
- **Outstanding** - Indicates that the commitment fee will be charged on the outstanding basis amount (Principal)

Note

When a value dated amendment is done, or in case of a commitment reduction schedule, the contract amount will change and hence any commission will be computed on the modified contract amount.

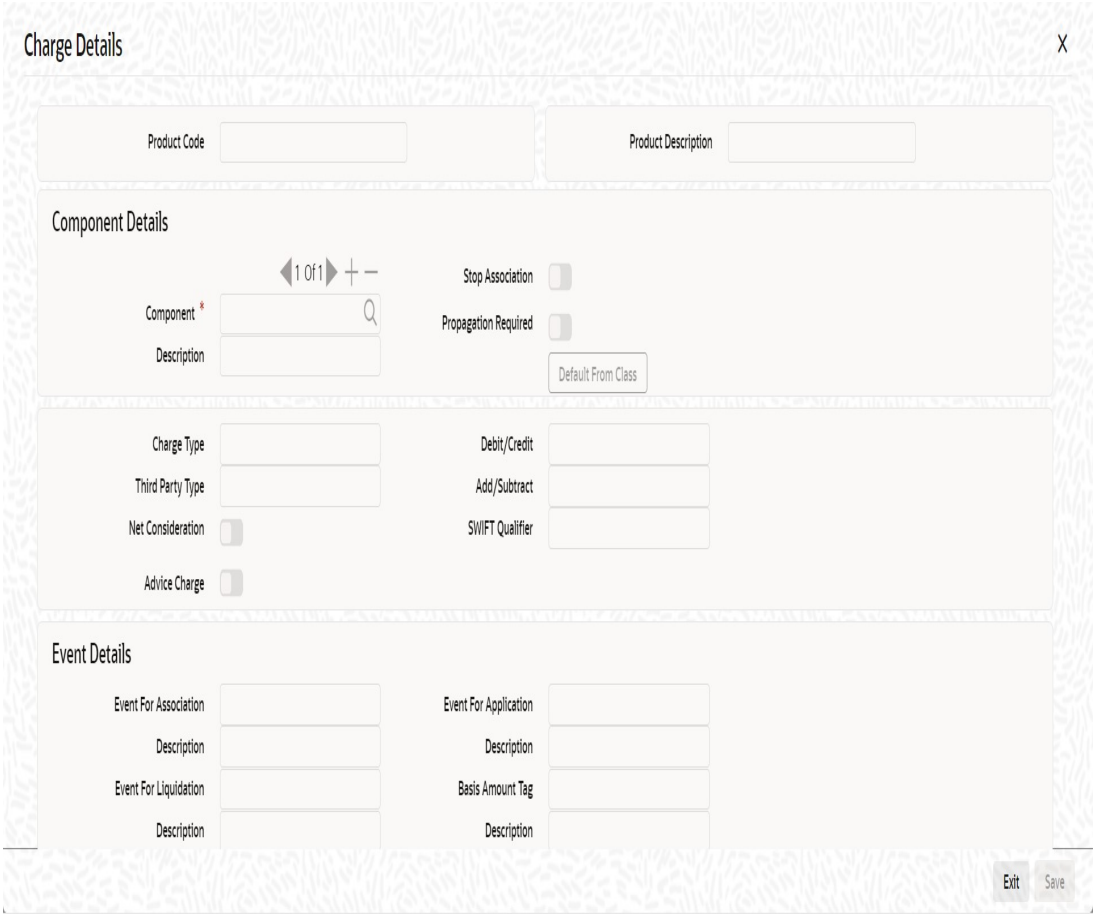
2.3.4 Charges Button

On the transactions and contracts you enter in Oracle FLEXCUBE, you may opt to levy charges or fees. You can calculate charges and fees for a contract in the following manner:

- Define a Charge/Fee Rule
- Build a Charge Class and associate it with a rule
- Associate a product with charge classes. These classes apply on all contracts processed under the product

- Amend, if required, certain charge details that a contract acquires from the product under which it is processed

You can identify the charge component for a product in the ‘Charge Details’ screen. Click ‘Charges’ button from the Product Definition screen of any module to invoke this screen.



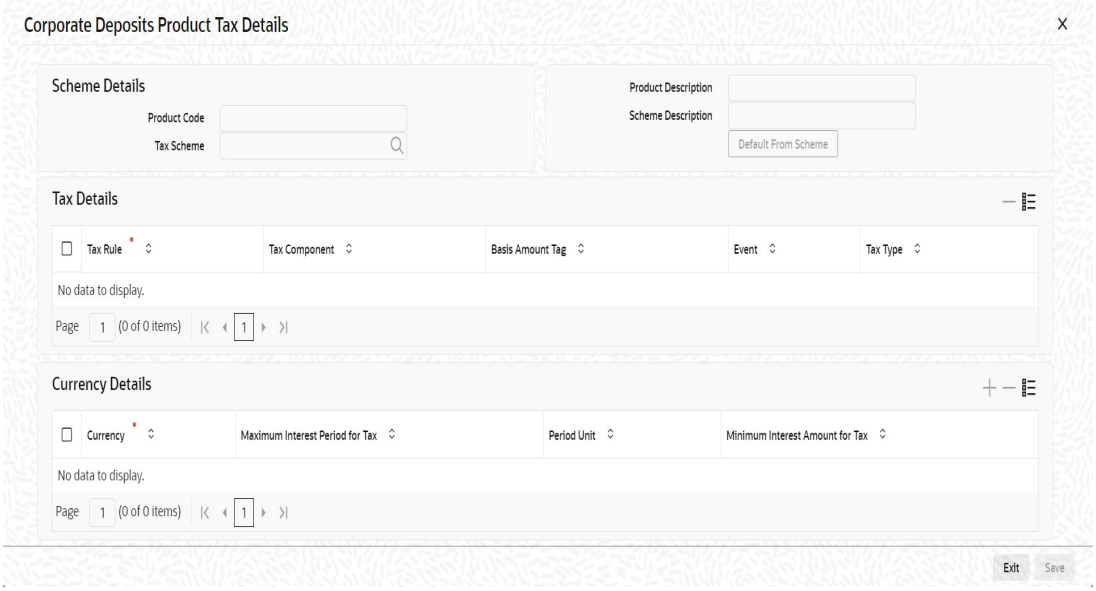
The steps involved in processing charges for a contract, i.e. defining charge rules, defining charge classes, associating charge classes with a product, and amending charge details to suit a contract are explained in the Charges and Fees User Manual.

2.3.5 Tax Button

In Oracle FLEXCUBE, you can compute the tax that applies on a contract or deal by:

- Setting up a tax rule
- Linking tax rules to create a tax scheme
- Associating a product with a tax scheme. The rules that are part of the scheme will apply on all contracts processed under the product
- Amending, if required, certain tax details that a contract acquires from the product under which it is processed

You can identify the tax components for a product in the ‘Product Tax Details’ screen. Click ‘Tax’ button in the ‘Product Definition’ screen of any module to invoke this screen.



The steps involved in processing tax for a contract is explained in the Tax User Manual.

2.3.6 Accounting Roles Button

In Oracle FLEXCUBE, accounting—simplistically, posting accounting entries to the appropriate ledgers maintained in your Chart of Accounts—is automated. This is achieved by defining an intricate accounting structure that includes the Chart of Accounts, Transaction Codes and Amount Tags, and by identifying accounting roles, heads and amount tags for the products you create at your bank. As a result, the accounting entries that are generated at the various events in the life cycle of contracts are *automatically* posted to the ledgers specified for the product.

In this section, we shall discuss setting up of accounting details for a product.

Before we proceed with setting up accounting details for a product, we shall discuss a few terms that you will frequently encounter in this section.

- Accounting Head - In Oracle FLEXCUBE, the different General Ledgers (GLs) and Sub-Ledgers (SLs) maintained in your Chart of Accounts are referred to as accounting heads, or, simply, account heads.
- GL Types - The GL/SLs that you have maintained in your bank can be categorized into different GL Types: Asset, Liability, Income, Expense, Contingent Asset, Contingent Liability, Position GL, Position Equivalent GL, etc. When maintaining a GL in the Chart of Accounts, you have to identify its type.
- Amount Tag - A contract would typically consist of several components. For instance, a contract would consist of the principal, interest, charges, tax, etc. These amounts are referred to as the ‘components’ of a contract. In Oracle FLEXCUBE, a unique tag called the Amount Tag identifies each component.

Accounting Roles - Accounting Roles are tags that identify the *type* of accounting entry that is posted to an accounting head. Based on your accounting set up in a module, accounting roles are automatically generated for the other components of a contract.

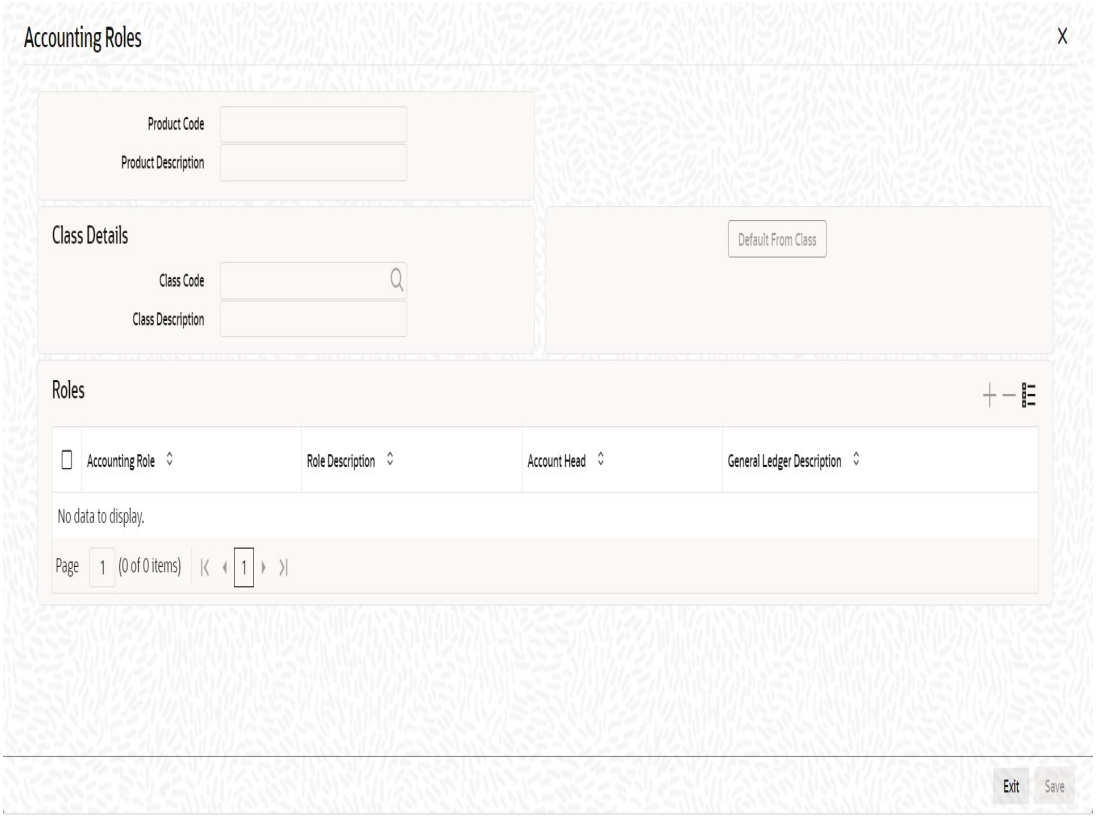
You can maintain the accounting details for a product in two screens:

- The Product Accounting Roles to Head Mapping Definition screen
- The Product Events Accounting Entries and Advices Maintenance screen

Before you define the accounting details for a product, you should define the various components of the contracts involving the product such as interest, charges, tax, etc.

In the Product Accounting Role to Head Mapping Definition screen, a list of accounting roles will automatically be generated based on the components you define for the product. You should map all the accounting roles that are available with the appropriate accounting heads.

You can invoke the 'Accounting Roles' screen by clicking 'Accounting Roles' button in the Product Definition screen.



Enter the following details:

Product Code and Description

In this field, briefly describe the product that you are maintaining. The description that you enter here will help you identify the product all through the module.

Adopting either of the following procedures, you can specify the accounting roles and heads for a product:

- Associating the product with an Accounting Role to Head Mapping Class. (This is possible only if you have maintained classes of Accounting Roles and Heads specifically for the module.)
- Mapping accounting roles and heads specifically for the product

2.3.6.1 Indicating Class Details

Enter the following details:

Class Code and Description

You can opt to associate an Accounting Role to Head Mapping Definition Class (that you have maintained) with the portfolio product that you are creating. By opting to associate a class with a product, you save the effort of defining the accounting roles and heads for a product, all over

again. The roles and heads defined for the class will automatically default to the portfolio product. You can change these defaults to suit the product you are defining.

Click 'Default From Class' button in the Product Accounting Role to Head Mapping Definition screen to associate the product you are maintaining with a class of mapped roles and heads. A list of the classes that you have defined specifically for the module will be displayed. Choose a class with the requisite accounting heads and roles mapped.

The procedure for setting up an Accounting Role to Head Mapping class is similar to mapping accounting roles and accounting heads specifically for a product. This is discussed below.

2.3.6.2 Specifying Roles

Enter the following details:

Accounting Role

If you do not use a class to define accounting role and heads for a product, in this screen, you can define them specifically for the product you are creating.

In the Accounting Roles column, select an Accounting Role from the adjoining option list. You can choose a role by double clicking on it. Next, in the Account Head column, select an accounting head from the adjoining option list. Click add icon to map the role with the corresponding head in the Accounting Head column. If you would like to delete a role to head mapping, click delete icon.

Account Head

If you choose not to associate the product with a class, you have to specify the account heads for the product, in this field. You can invoke a list of the accounting heads that you have maintained from the option list positioned next to this field. Choose a head by double clicking on it.

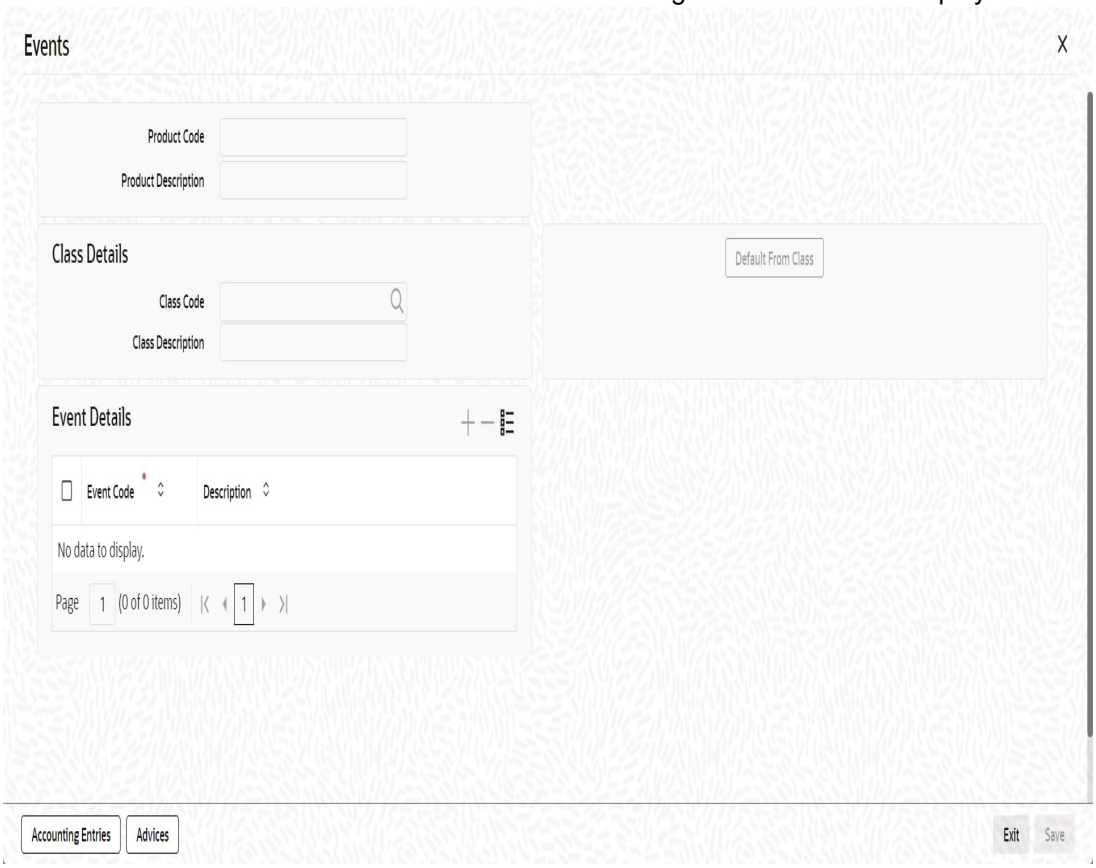
Description

A brief description of each accounting head that you choose will be provided in the Description field.

2.3.7 Events Button

At an event, typically, you would want to post the accounting entries to the appropriate account heads and generate the required advices. When setting up a product, you can define the accounting entries that have to be posted and the advices that have to be generated at

the various events, once the products are authorized. To do this, click ‘Events’ button in the Product Definition screen. The ‘Product Event Accounting Entries’ screen is displayed.



Specify the following details:

Event

A contract goes through different stages in its life cycle. In Oracle FLEXCUBE, the different stages a contract passes through in its life cycle are referred to as ‘events’.

For example, some of the stages in the lifecycle of a security are:

- Deal Booking
- Money Settlement of Securities Deal
- Settlement of Securities Deal
- Reversal of Securities Deal
- Cancellation of Securities Deal

Each stage is referred to as an Event in Oracle FLEXCUBE.

You can define the accounting entries and advices for events using either of the following methods:

- Associating a product with an Events Class. This is possible only if you have maintained Events classes specifically for the module
- By defining event details specifically for the product

Click ‘Default From Class’ button in this screen to associate the product you are maintaining with an Events class. A list of the Events classes that you have defined specifically for the module will be displayed. Choose a class with the requisite events and accounting details maintained. The product acquires the accounting entries and advices defined for the Events class you choose.

The procedure for setting up an Events class is similar to defining events and accounting details for a product. Refer the following sub-head for details.

2.3.7.1 Defining Events and Accounting Details Specifically for a Product

If you do not use an events class, you should define event details specifically for the product. In this case, select an event from the adjoining option list that displays a list of events pertaining to the module.

For every event you select, you should specify the accounting entries that should be passed and the advices that should be generated.

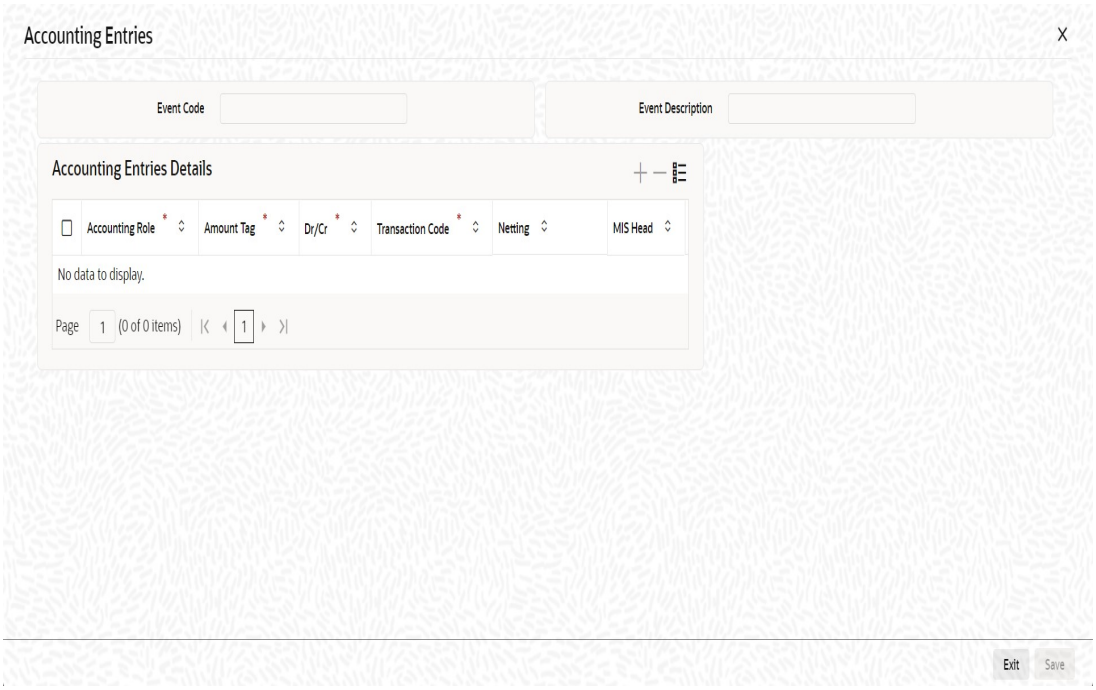
Click 'Accounting Entries' button in the Events Definition screen to specify the accounting applicable to the event.

Receiver Bank Charges

This option enables the bank to collect Receiver Bank's Charges for an outgoing FT contract with charge option as OUR.

The accounting entry definition is as follows:

Accounting Entry	Event
Dr. Remitter	AMT_EQUIV
Cr. Beneficiary	TFR_AMT
Dr. Custchargeacc	CHARGES (Own)
Cr. Charge Inc	CHARGES (Own)
Dr. Custchargeacc	FT_RVR_CHGS
Cr. Beneficiary	RVR_CHGS



For an each event, you have to maintain accounting information, as follows.

Accounting Role

Specify the accounting role that should be used at the event. The option list displays all the accounting roles specified for the product in the Accounting Role Definition screen.

Amount Tag

Specify the tag which identifies the component that has to be posted to the account head.

Dr/Cr

Indicate whether the accounting role you specified is for the debit or credit leg of the contract event.

Txn Code

Every accounting entry in Oracle FLEXCUBE is associated with a Transaction Code that describes the nature of the entry. Specify the transaction code that should be used to post the accounting entry to the account head.

Netting

Specify whether accounting entries should be netted at an event. You can net the accounting entries that are generated at an event if the set of entries satisfy the following criteria:

- The entries belong to the same Account and Branch
- The entries to be netted are in the same currency
- The entries have the same value date
- The exchange rate to be picked up for the entries is the same

You should define details for both the legs of an accounting entry. For each accounting entry, you should specify the details of the debit and the credit leg. Thus, the first two specifications will be for one entry, the next two for another, and so on. The Transaction Code for the entry should be specified for both legs of the entries.

Note

If netting is indicated for Income/Expense GLs marked for accounting entry-based revaluation of FCY entries, an override is displayed. If the override is accepted, the offset is not identifiable and the entry is revalued as a single entry. For more information on accounting entry-based revaluation of FCY entries for an Income/Expense GL, refer the General Ledger (GL) user manual.

Adjustments are to be Made for Holidays

This parameter is available only for securities portfolio product definition in the Securities module.

For coupon events falling on holidays, you have the option of shifting the event date forward / backward or leaving it unchanged. You can maintain your specifications at the Product level to be inherited by each individual security that you define under that product, with the option of changing them for a particular security.

However, irrespective of the holiday treatment specified by you, the system will not perform any holiday adjustment for coupon events if, in the Product Event Accounting Entries Maintenance, you select ‘No’ as the Holiday Treatment parameter.

If you wish to apply holiday treatment for coupon events as specified by you either as part of product preferences or at the contract level, select ‘Yes’ in the Holiday Treatment field for accounting entries for coupon receipts or payments.

Rate Type Indicator

Select the rate type indicator used for revaluation purpose from the drop-down list. Following are the options available in the drop-down list:

- Mid
- Buy
- Sale

2.3.8 Advices Button

At an event, you can opt to generate an advice if the accounting entry involves a customer account. Click 'Advices' button in the Events Definition screen to define the advices that should be generated for a specified event.



Event Code

Code of the specified event is defaulted from the Event level.

Description

Description of the specified event is defaulted from the Event level.

Advices Details

The following advice details can be maintained here:

Advice Name

Specify the advices that you would like to generate. The adjoining option list displays all advices that can be generated at an event. You can choose the appropriate one.

Description

Description of the specified advice is defaulted here.

Generation Time

Authorization is defaulted as the generation time for all advices which need to be generated for a specified Event.

Suppress

Select 'Y' or 'N' from the adjoining drop-down list to either suppress or allow the generation of some advices.

Priority

Select the importance of the advice generation from the adjoining drop-down list. This list displays the following values:

- High
- Medium
- Low

Charges

Check this box if you want to collect charges for advice generation.

2.3.9 Preferences Button

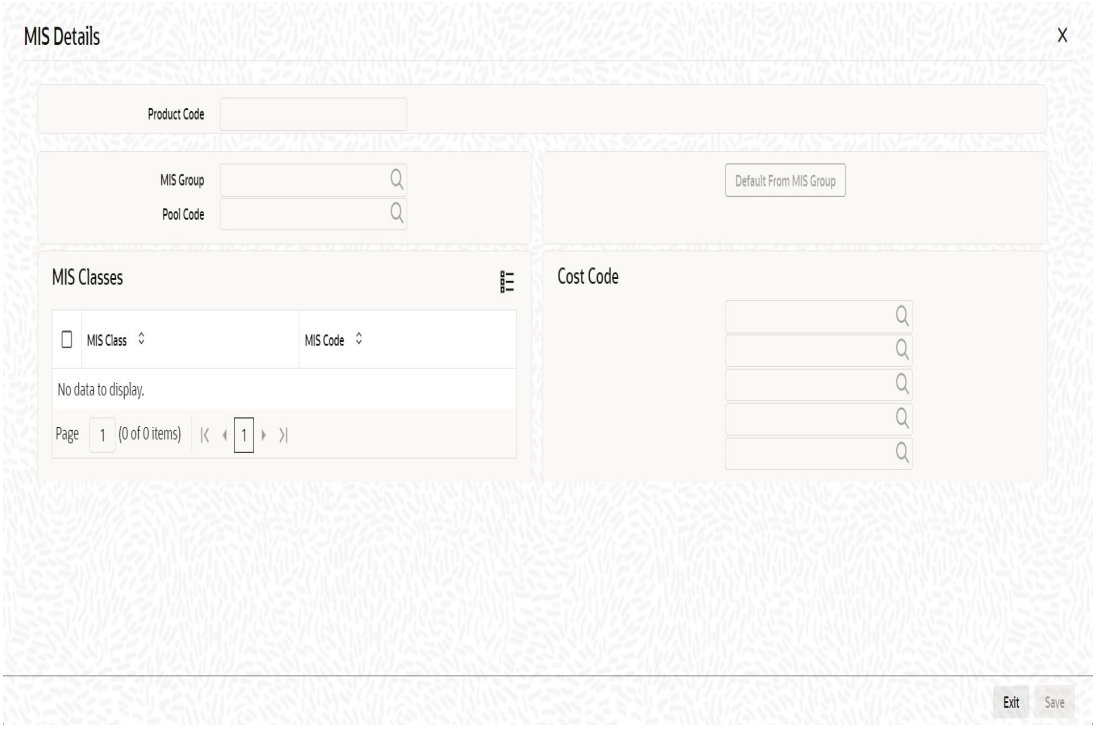
'Preferences' are options that you can choose to give shape to a product. You can specify your preferences for the products you create in the Product Preferences screens of the respective modules. Click 'Preferences' button in the Product Definition screen to invoke the Product Preferences screen.

Product Preferences are specific to a module. Refer to the Products Chapter of the respective user manuals for details.

2.3.10 MIS Button

You can retrieve MIS related information for a product by linking it to a Warehouse Code. Linking a product to a warehouse code ensures that all contracts processed under the product are automatically tracked under the specified Warehouse Code.

Click 'MIS' button in the Product Definition Screen to define the MIS details for the product you are creating.



In this screen, you should capture the following MIS details for a product.

MIS Group

You should link a product to an MIS group. By doing so, you indicate the MIS group under which all transactions linked to the product should be tracked. (If you do not want to link a product to an MIS Group, you can define the individual entities under which the product should be reviewed). If you link the product to an MIS Group, the entities defined for the group will be displayed; you can change these entities. For a product, only the transaction type of MIS Class applies. The specific MIS entity (in the form of an MIS Code) will be picked up, by default, only if you have defined them for the group. If not, you have to indicate the appropriate MIS code for each applicable MIS class.

If you choose to link the product with the group, any change made to the group will be automatically applied to all transactions associated with the product. If you do not select this option, the changes made to the MIS group after the linking will not affect the transactions to which the product is associated.

Pool Code

On linking the product to an MIS group, you should also indicate the Pool code from the product will borrow and lend.

Cost Code

Similarly, if you have linked an MIS Group to the product, the cost codes defined for the group will be displayed. You have the option to change them. If you have not linked an MIS Group with the product, you can indicate the applicable cost codes.

Fund Code

For **Fund** products that you create, you can indicate the fund MIS codes to which the product should report.

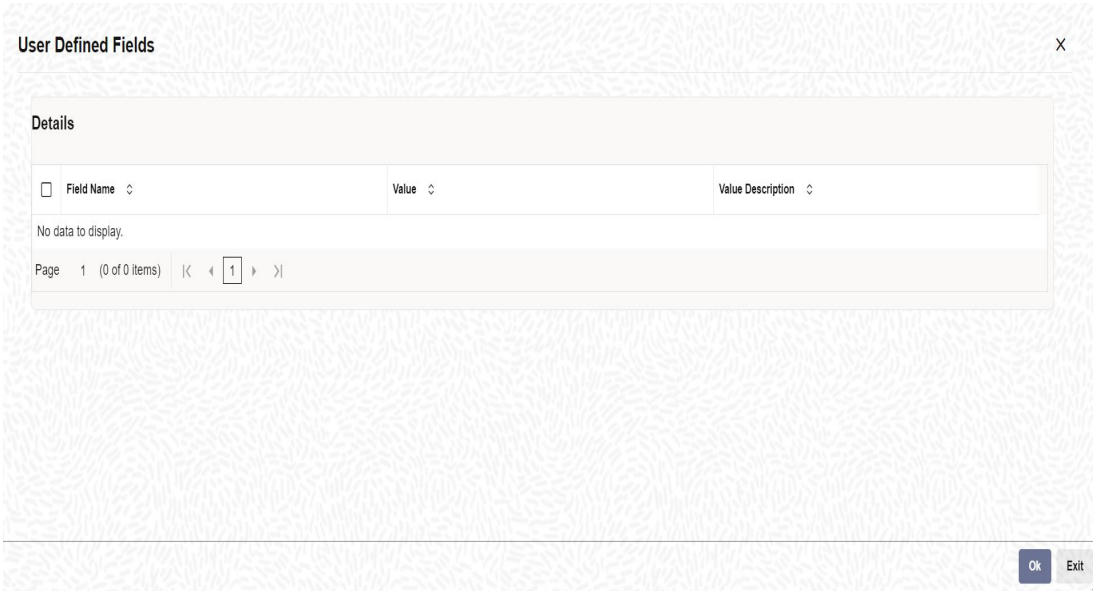
You will not have an option to change the defaulted list of Fund MIS codes for specific funds to which the product is associated.

After you make the specifications, click ‘Ok’ button to store them. Click ‘Exit’ or ‘Cancel’ button to delete your specifications.

Please refer to the MIS User Manual for more details.

2.3.11 User Defined Fields Button

Fields defined in the User Defined Fields screen can be made applicable to the products that you create for the front-end modules of Oracle FLEXCUBE. At the time of creating a product, click ‘Fields’ button from the Product Definition screen.



From the list of all the fields that you created, you can choose specific fields and make them applicable to the product. Besides, you can also specify the values that should be defaulted for the field.

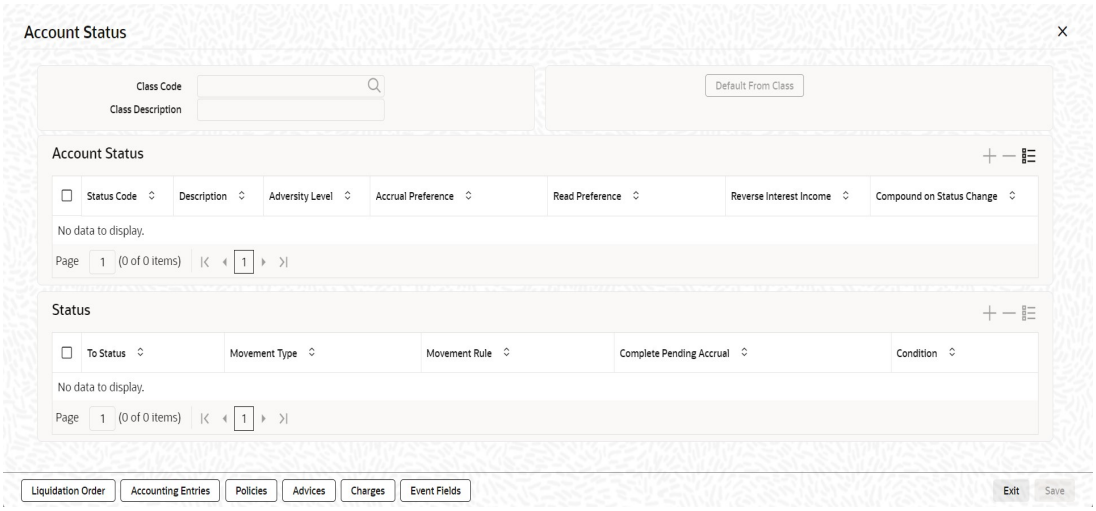
The list of fields and the default values that you select for a product will be apply to all transactions associated with the product.

Refer to the User Manual ‘Creating User Defined Fields’ for details.

2.3.12 Status Button

A contract that is yet to reach its repayment date or on which repayments are being made on schedule may be considered as being in a ‘Normal’ status. When a payment is not made on its due date, you may want to do an aging analysis for the contract. You can do an aging analysis by changing the status of a contract on which payment is defaulted.

At any time during the life cycle of a contract, you can generate reports, which detail the status of aging contracts. This will help you follow-up on payments due. Click ‘Status’ button and invoke the following screen.



Apart from the Normal status that is automatically allotted to a contract on its initiation, a contract on which payment has not been made on the due date can pass through several other status. You can define attributes for each status through this screen. These attributes are:

- the number of days in which a contract should stay in a particular status after its repayment date has been reached
- whether the GL under which it is reported should be changed when there is a status change; and, if so
- the new GL under which it should be reported

Status

Ideally, when setting up a product, you should identify all possible status that contracts involving the product would move into. You should also indicate the sequence of status changes for contracts. Further, in this screen, you can specify the number of days after which a status change must automatically be carried out on components that remain due.

For example, you define the following status for the product, ‘Export Bills Discounted - 45 days’:

- Past Due Obligation (PDO)
- Non-accrual basis (NAB)
- Write-off (WO)

You want a bill under this product to move from one status to another in the order in which they are listed above. For such a condition, the status sequence has to be defined as follows:

- PDO -- 1
- NAB -- 2
- WO -- 3

Based on the default number of days defined for each component, a bill will first be moved from ‘Normal’ status to ‘PDO’, then to ‘NAB’, and, lastly, to ‘WO’ status.

Transaction

When the GL under which a component is reported is changed along with the status of a contract, an accounting entry is passed. A Transaction Code is associated with every accounting entry in Oracle FLEXCUBE. You should indicate the Transaction Code to be used for the GL transfer entries involved in the status change.

Specifying Accrual Preferences for the Status

You can indicate how accruals should be handled when the contract moves into the status you are defining.

Stop Accrual

You can indicate that accruals (on all accruable components of the contract) should be stopped when the contract moves to the status being defined. By doing so, you can ensure that your Receivable accounts for interest and other components are not updated for a contract on which repayment has been defaulted.

In our example of 'Export Bills Discounted - 45 days', the following status codes are involved:

- Past Due Obligation (PDO)
- Non-accrual basis (NAB)
- Write-off (WO)

For this product, you can specify that when the bill moves to PDO status, accruals can continue while accruals have to stop when the bill moves to NAB status.

If you choose to stop accrual entries from being passed for the contract, the date up to which accrual entries for the contract should be passed is determined by the preferences specified for the product to which the contract is associated.

Complete Accrual

If you select this option, accrual for all accruable components will continue when a contract moves into the status you are defining. Depending on the movement of the component (upward or downward) accrual entries will be passed to the new GL.

Reverse Accruals

You can indicate that the outstanding accruals (where a component has been accrued but not paid) on the contract should be reversed when it moves to the status that you are defining. If you specify so, the accrual entries passed on the contract, will be reversed when the status change is carried out.

Note

Future accruals should necessarily be stopped if, the accruals done till the date of status change have to be reversed.

In our example of the product for 'Export Bills Discounted - 45 days', the following statuses are involved:

- Past Due Obligation (PDO)
- Non-accrual basis (NAB)
- Write-off (WO)

Accruals on a bill should be stopped when it moves to NAB. We can specify that, besides stopping accruals, the accruals done so far have to be reversed. In such a case, the accruals done on the bill (for all accruable components), on which a payment has not been made, will be reversed out.

Suppose a bill under this product was initiated on 01 June '99, with the following details:

- Value (Initiation) Date -- 01 June '99
- Maturity Date – 14 July '00
- Interest Rate – 20%

- Repayment – Payment of principal and interest, on the maturity date.

In this case, there is a default on the repayment. The bill moves to PDO status on 1 March '99 (15 days after the maturity date) and to NAB status on 16 March '99 (30 days from the maturity date). Since the product has been defined for reversal of accruals along with status movement to NAB, the accruals for the 30 days of default will be reversed out.

2.3.13 Indicating Automatic Status Change

Check one of the following options:

Forward

A 'forward' status change is one in which the status changes from one to the next, in the sequence you have defined. In our example, the movement from Normal to PDO, PDO to NAB, and NAB to Write-Off are all forward changes.

Reverse

A 'reverse' status change is one in which the status changes from one to the previous. Such a situation arises when a payment is made on a contract with a status other than Normal.

If you specify that forward changes have to be carried out automatically, the status of the contract will be changed after the specified number of days. If not, you have to change the status of a contract through the contract processing function.

Even if you have specified automatic status change for a product and, therefore, a contract involving it, you can manually change the status of a contract before the automatic change is due. You can do it through the Contract On-line Details screen.

However, if a product has been specified with manual status change, you cannot specify automatic status change for a contract involving the product.

If you specify that reverse changes have to be carried out automatically, the status will be changed when a payment is made on a contract with a status other than Normal. If you specify that reverse changes should not be automatic, the status remains unchanged even if a repayment is made on the contract. You have to change the status, manually, through the Contract Processing function.

A reverse change may also become necessary when the number of days of default is increased for a product.

If you specify that forward changes or reverse changes have to be carried out automatically, the status changes will be carried out by the Automatic Contract Update function when it is executed at the Beginning of Day on the day the change falls due. If the due date for the forward or reverse status change happens to be a holiday, then, the processing would depend on your specifications in the Branch Parameters screen.

If you have not specified that the forward or reverse changes should be carried out automatically, the status remains unchanged till you specifically change it for a contract through the Contract Processing function.

2.3.14 Generating Advices for a Status Change

You can generate advices, when the components of the contract move forward from one status to the next, to notify the customer of the status change. These messages or advices are maintained in the Messaging System of Oracle FLEXCUBE.

2.3.15 Specifying Status Control Details

The number of days after which a component should be moved to a particular status can vary for each of the components of the contract.

The number of days is always counted as calendar days from the maturity date specified for the contract. The following example illustrates this concept:

In the example of 'Export Bills Discounted - 45 days', the following status are involved:

- Past Due Obligation (PDO)
- Non-accrual basis (NAB)
- Write-off (WO)

For PDO status, the number of days that should result in a status change for different components is defined as follows:

Component	No. of Days
Interest	15 days
Principal	30 days
Charges and Fees	45 days

You enter a bill involving the product. The customer defaults on the repayment. The status of the bill moves to 'PDO' status after 15 days of default in interest payment.

A bill involving this product is moved to 'PDO' status after 15 days of default in interest payment. The report on the bills with 'PDO' status will indicate that for this bill only the interest component is in 'PDO' status.

The principal of the bill will be reported to be in 'PDO' for both interest and principal 30 days after the maturity date; so also for interest and fees.

If the customer pays back only the interest and keeps the principal outstanding, the bill will be moved to PDO only after 30 days of default in principal repayment.

If the number of days you have specified for a status change varies for each component of a contract, the components will be in a different status at any given time. This again, is left to your discretion. You may tend to be more lenient with the repayment of the principal (since the principal earns interest) and specify a greater number of days for the principal to move from Normal to PDO, than you would for the main interest component. You may specify 15 days for the principal to move from Normal status to PDO while you specify just 5 days for the interest to move from Normal to PDO.

2.3.16 Capturing Movement Details

You may have a GL structure under which contracts in Normal status are reported, while those with defaulted payments are reported under different GLs, depending on their status.

For example, the GL structure for 'Discounted bills for 45 days' could be as follows:

Status	GL
Normal	1001ASSF

PDO	1001ASSF
NAB	1110ASSC
WO	1111ASSE

For each component, you should indicate the GLs from and to which accounting entries should be passed when the contract moves from one status to another.

Accounting Role and Upward Movement From GL Account Head

In this section, you need to indicate the Accounting Roles and GLs from and to which accounting entries need to be passed when contracts involving the product move forward from the current status to another.

For example, at the time when the contract moves from Normal to NPA status, the following accounting entries would need to be passed:

- To move, the Outstanding Contract Amount from Normal asset GL to the NPA asset GL.
- To square off interest from Normal INEC GL to the (NPA) INEC GL.
- To move the interest reversed GL (expense) to the suspense GL (liability).

Select the appropriate GLs from the option list. The description of the GL is also displayed. Click add icon to add to the list of From and To GLs for the product. Click delete icon to remove a set of GLs from the list.

Accounting Role and Downward Movement From GL Account Head

In this section of the screen, you need to indicate the Accounting Roles and GLs from and to which accounting entries need to be passed when contracts involving the product move backward from the current status to another.

For example, when a contract moves from the NPA status to Normal status, the following accounting entries would be passed:

- To move the outstanding contract amount from the NPA asset GL to Normal Asset GL.
- To square off interest from the (NPA) INEC GL to Normal INEC GL.
- To move the outstanding interest amount from the IIS GL (expense) to the interest recovered GL.

Select the appropriate GLs from the option list. The description of the GL is also displayed. Click add icon to add to the list of From and To GLs for the product. Click delete icon to remove a set of GLs from the list.

2.4 Transaction Limits

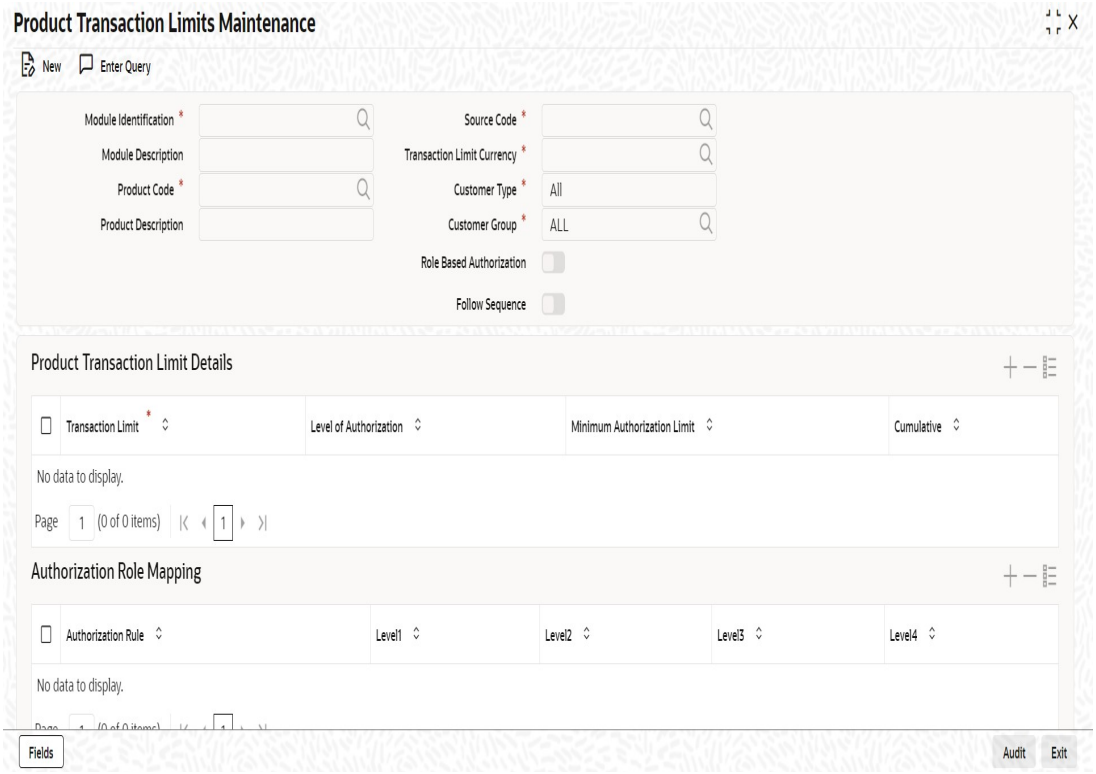
This section contains the following topics:

- Section 2.4.1, "Maintaining Transaction Limits"

2.4.1 Maintaining Transaction Limits

Every time a transaction entered in Oracle FLEXCUBE exceeds a certain limit in a specified currency, an override is automatically generated. This feature is referred to as the Currency-wise Transaction Limits facility. Only a user with dual authorization rights (a user other than the one who authorized the transaction which led to this override) will be allowed to authorize the override.

You can maintain currency-wise transactional limits for a module and product combination through the ‘Product Transaction Limits Maintenance’ screen. You can invoke this screen by typing ‘CSDPLMNT’ in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



To maintain details of a new currency-wise transaction limit for a specific module and product combination, click the ‘New’ button on the Application toolbar. The Product Transaction Limit screen will be displayed without any details.

Every record that you create will be processed in Oracle FLEXCUBE only after it is authorized. A user bearing a different Login ID can authorize the record that you have created.

Module and Product

Every module in Oracle FLEXCUBE is identified by a code. First, you have to identify the module for which the currency-wise transaction limit is to be maintained. A list of all the modules of Oracle FLEXCUBE operational at your bank will be displayed in the available list. Choose the appropriate module code. The description associated with the module will be defaulted in the adjacent field.

Each module contains a number of products within it. After you identify the module, indicate the product within the module for which you would like to maintain a currency-wise transactional limit.

Note

Since, we do not define products for Journal Entry transactions, if you are maintaining currency-wise transaction limits for the Journal Entry transactions, your entries in the respective fields should be as follows:

Item	Code
Module	DE/AL

Product Code	ZJRN/ZALP

Transaction Amount Limit and the Limit Currency

The transaction limit currency is the currency for which you would like to maintain the amount limit. Every time you process a transaction in the specified Module-Product Code-Currency combination, the system checks whether the transaction exceeds the defined amount limit.

If a transaction exceeds the amount limit, the system displays an override message while saving the transaction. Since overrides and transactions are authorized separately, authorization has to be handled by a user with dual authorization rights.

3. Function ID Glossary

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CSDPLMNT 2-24