Nostro Reconciliation User Guide

Oracle FLEXCUBE Universal Banking

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Nostro Reconciliation User Guide
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1. Preface

1.1 Introduction

The Reconciliation Manual of Oracle FLEXCUBE is designed to guide you through the reconciliation process. To help you further understand the reconciliation process, as followed in our system, we have given ample examples to illustrate some of the complex features of the module.

1.2 Audience

This manual is intended for the Customer Service Representatives (CSRs) and staff in charge of setting up new products in your bank.

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	*Reconciliation an Overview* familiarizes you with the features of reconciliation by highlighting the major features of this module.
Chapter 3	*Defining Matching Rules* explains the standard rules that need to be defined and maintained while matching nostro entries. It also details the parameters based on which these rules need to be devised.
Chapter 4	*Defining a Reconciliation Class* explains the advantages of defining reconciliation classes. In addition it also talks about the types of reconciliation classes and the manner in which a class can be made applicable to an accounting entity.
Chapter 5	*Defining External Accounts* describes the procedure to define an external entity or account.
Chapter 6	*Manually Entering an External Statement* explains how to capture the details of statements that come in through media other than SWIFT.

Chapter 7	*Uploading an External Statement* enumerates the steps for uploading messages that come into your bank through the media types that you have maintained for your bank in the Messaging sub-system.
Chapter 8	*Matching Internal and External Statements* helps you understand how external statements can be matched with corresponding internal entries either manually or automatically.
Chapter 9	*Function ID Glossary* has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.6 Related Documents

- Procedures

1.7 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

2. Reconciliation an Overview

2.1 Introduction

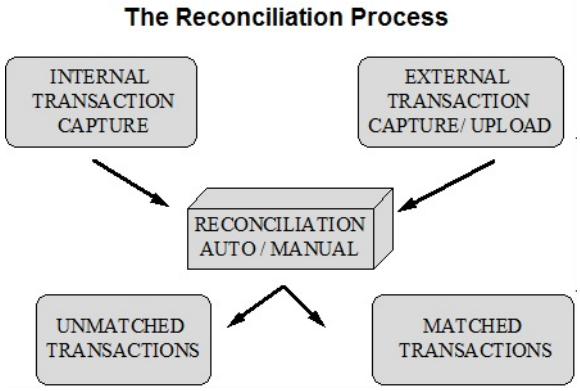
The Reconciliation Module of Oracle FLEXCUBE deals with the reconciliation of the entries of an external statement with that of the corresponding entries of an internal account.

The main objective in automating account reconciliation is to:

- Maximize interest revenue from external accounts
- Minimize financial exposure
- Control financial exposure to critical accounts

In Oracle FLEXCUBE, these objectives are realized through the automatic capture of external and internal statements and the automatic matching and reconciliation of these entries.

The reconciliation process involves several steps, which have been diagrammatically represented below.



2.2 Features

Oracle FLEXCUBE provides you with the following features through the reconciliation module:

Flexible Definition of Matching Rules

You can define the parameters based on which external entries can be matched with their corresponding internal entries. The match rules that you define can be based on a variety of criteria like:

- Amount
- Value date exact or with a tolerance that you can define
- Transaction reference number (internal or external)
- Simple amount or bunched amounts

While matching entries, you have the option to change the sequence in which the rules should be applied.

You can define reconciliation classes that consist of several match rules. You can further define the sequence in which the matching rules should be applied to specific accounts.

Automatic Capture of Data

The data that is handled by this module pertains to the information captured through the other modules of Oracle FLEXCUBE, data generated internally by the system, data captured through S.W.I.F.T. and data that you enter manually into the system.

In Oracle FLEXCUBE both internal and external data can be captured electronically. This eliminates manual capturing of entries.

Automatic Reconciliation

Oracle FLEXCUBE has incorporated a unique feature wherein you can automatically match the entries of an external account with those of an internal account. You can generate a report that gives you details of the exceptions that occurred while auto matching you can also view details of the entries that could not be matched automatically.

Another unique feature that has been incorporated is that you can actually match one internal with several external entries and several external entries with one internal entry.

Information Services for Managerial and Statistical Reporting

To assist your bank in the important function of reconciling entries, the module enables you to generate various reports that can be viewed on the screen or printed. The reports that you can generate include:

- The Unmatched Items Report
- Matched Items Report
- The Reconciliation Class Definition Report
- Capture Exception Report
- External Account Definition Report
- Manual Matching Report
- Match Exception Report
- Match Items Report
- Rule Definition Report
- Statement Input Report
- Upload Exception Report

3. Defining a Reconciliation Class

3.1 Introduction

To recall, you have defined Match Rules in the Matching Rule Definition screen. Several rules constitute a reconciliation class. You can define a reconciliation class in the Reconciliation Class Definition Screen.

You can indicate the match rules that should constitute a class and the sequence in which the rules should be made applicable to an external accounting entity during automatic matching. A significant attribute of an account class is whether the transactions that are to be matched are mirrored or replicated.

The advantage of maintaining reconciliation classes is that at the time of automatically reconciling and matching external entity entries, you need to just indicate the code assigned to the class. All the details maintained for the class will be automatically picked up and made applicable to an external entity account.

3.2 Reconciliation Class Definition screen

This section contains the following topics:

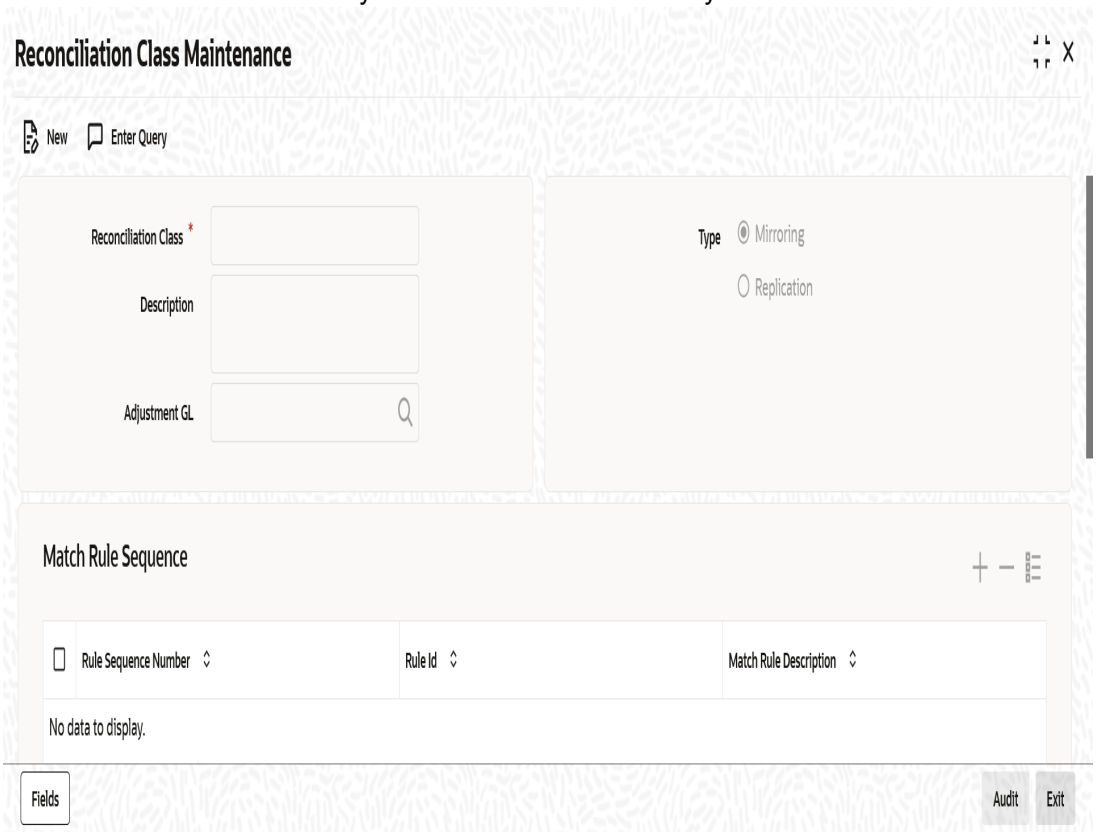
- Section 3.2.1, "Invoking the 'Reconciliation Class Maintenance screen"
- Section 3.2.2, "Assigning Reconciliation Class a Code"
- Section 3.2.3, "Description"
- Section 3.2.4, "Specifying the Adjustment GL"
- Section 3.2.5, "Indicating the Reconciliation Class Type"
- Section 3.2.6, "Indicating the Sequence in which Match Rules should be made Applicable"
- Section 3.2.7, "Assigning Rule Sequence Number"
- Section 3.2.8, "Specifying Parameters for the Manual Matching of Reconciled Entries"

3.2.1 Invoking the 'Reconciliation Class Maintenance screen

You can invoke the 'Reconciliation Class Maintenance' screen by typing 'REDXCLAS' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

If you are maintaining the details of a new class, click the new button on the Application toolbar. The 'Reconciliation Class Maintenance' screen is displayed without any details.

If you are calling a Reconciliation Class Definition record that has already been defined, double-click a class record of your choice from the summary screen.



3.2.2 Assigning Reconciliation Class a Code

In Oracle FLEXCUBE, each reconciliation class that you define is identified by a four character code called a Class Code. You can follow your own convention for devising this code.

The code that you assign to a class should be unique as it is used to identify the class across the branches of your bank. When you need to make the class applicable to an accounting entity, you need to just specify the code assigned to the class. The details that you defined for the class will automatically be made applicable to the accounting entity.

After you assign a reconciliation class a code, you can specify the preferences based on which internal and external transactions should be matched, if the reconciliation class is made applicable to it.

The attributes that you can define for a reconciliation class are:

- The reconciliation class type.
- The sequence in which matching rules should be used for the automatic matching of transactions.

You can define several classes using various combinations of the above parameters.

3.2.3 Description

You have to enter the Description of Recon Class Code in this field

3.2.4 Specifying the Adjustment GL

When maintaining a Reconciliation Class, you can identify an Adjustment GL to which unreconciled entries involving the Reconciliation Class should be posted. All unreconciled entries, involving the Class, will automatically be posted to this GL.

3.2.5 Indicating the Reconciliation Class Type

Mirroring

A Mirror reconciliation class type is one, which when applied during automatic matching, will check that the debit or credit indicator of the external statement should mirror that of the internal transaction. This means that a debit in your books will have a corresponding credit entry in their books and vice-versa.

Consider the following example.

Friendly Neighborhood Bank has placed US $100,000 with Greenville Global Banking, Bangalore.

The entries passed at FNB:

Account	Debit / Credit
GGB	Cr
Internal GL	Dr

When GGB makes a repayment for the placement, the entries that are passed are:

Account	Debit / Credit
GGB	Dr
Internal GL	Cr

If you have indicated mirror matching for the class, these entries will be matched as the external entries mirror the internal ones.

Replication

A Replication reconciliation class type is one, which when applied during automatic matching, will check that the debit or credit indicator of the external statement replicates the internal transaction.

Note

Initially, one reconciliation class will be pre-shipped. The account class is called - NOST (Nostro Reconciliation). This reconciliation class is needed when you want the external accounts that have come in through SWIFT to be automatically uploaded. The MT950/ CAMT053 has been hard coded for the reconciliation class NOST.

3.2.6 Indicating the Sequence in which Match Rules should be made Applicable

An account class is made up of several match rules. You can not only indicate the rules that constitute the class but you can also indicate the sequence in which the rules should be made applicable during automatic matching of entries.

3.2.7 Assigning Rule Sequence Number

The system assigns Rule sequence Number for the rules attached to Recon Class Definition.

To make a rule, a component of a reconciliation class, select the rule from the adjoining option list that is displayed. The description of the rule is displayed. Thereafter, click add icon. To delete a rule from the list, select the rule and click delete icon button.

3.2.8 Specifying Parameters for the Manual Matching of Reconciled Entries

The reconciliation module provides the option of defining amount tolerance limits for the manual matching of reconciled entries. Using this option you can choose to reconcile entries with differences within the manual matching limits.

You will be allowed to match reconciled entries manually when there is no difference between the net amount of the external and internal entries. However, you will need to maintain a limit per currency in order to be able to manually match amount differences up to the limit. You can do this through the Reconciliation Class Definition screen.

You have to maintain manual matching limits in currencies for which you would like to allow manual matching. Usually, these are currencies in which you have maintained nostro accounts. The manual matching specifications will be made applicable for all nostro accounts linked to the reconciliation class.

As a result of maintaining manual matching limits, you will not be allowed to manually match entries whose differences are not within the limits defined.

Note

You have to maintain limits for all currencies in which you have maintained the nostro accounts in the system.

4. Defining Matching Rules

4.1 Introduction

There are certain standard rules that you can apply while matching nostro entries. As match rules are maintained at the bank level and are common to all the branches of your bank, you need not specify the details of a rule each time you need to use it. Instead, you can maintain its details in the Match Rule Definition screen.

The advantage of maintaining match rules is that at the time of automatically reconciling and matching external entries, you need to just specify the code assigned to the rule. All the details maintained for the rule will be automatically picked up and made applicable to the Nostro entries. This reduces your effort as you do not need to enter the parameters of a rule each time you need to use it.

Each match rule that you define for reconciling Nostro entries can be devised using the following parameters:

- Value date of the transaction
- Internal reference number
- External reference number
- The aggregation of internal or external entries

You can specify several rules using various combinations of the above parameters.

This chapter contains the following sections:

- Section 4.2, "Maintaining Reconciliation Rule"
- Section 4.3, "Features of the Reconciliation Rule Definition Screen"

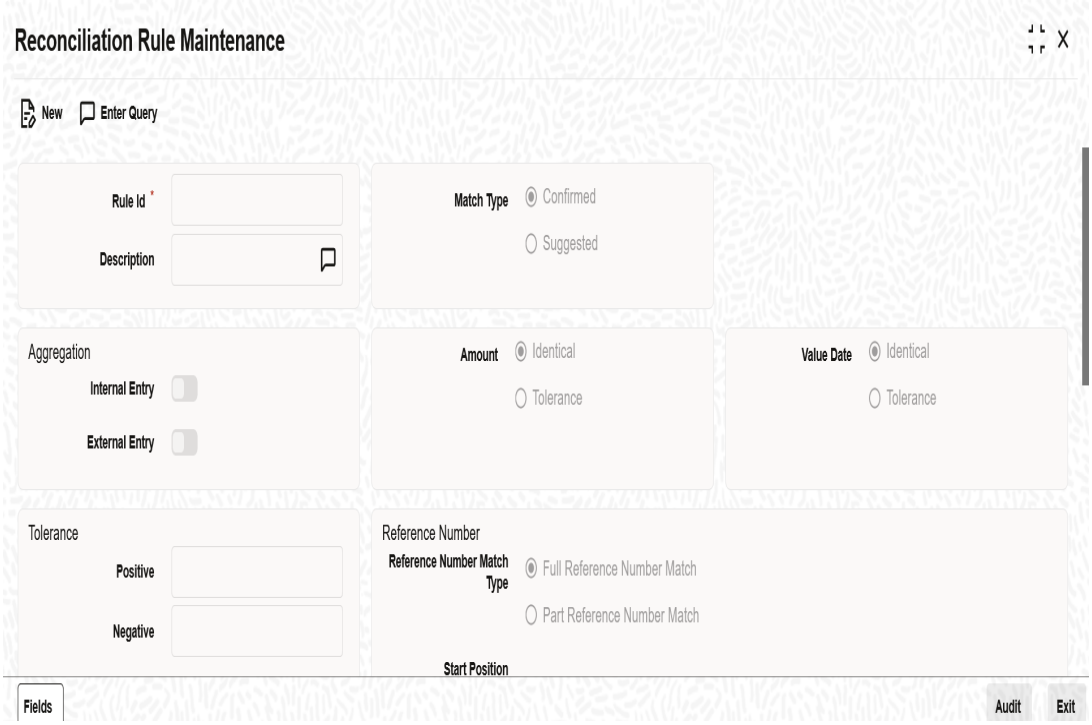
4.2 Maintaining Reconciliation Rule

You can invoke the ‘Reconciliation Rule Maintenance’ screen by typing ‘REDRULDF’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

If you are maintaining details of a new rule, click the new button on the Application toolbar.

The ‘Reconciliation Rule Maintenance’ screen is displayed without any details.

If you are calling a Rule Definition record that has already been defined, double-click a rule of your choice from the summary screen.



4.3 Features of the Reconciliation Rule Definition Screen

Assigning the Reconciliation Rule a Code

In Oracle FLEXCUBE, each matching rule that you define is identified by a fifteen-character code called a Rule Code. You can follow your own convention for devising this code.

The code that you assign to a rule should be unique as it is used to identify the rule across the branches of your bank. When you need to make the rule applicable while reconciling nostro entries, you need to just specify the code assigned to the rule. The attributes of the rule will automatically become applicable for matching transactions.

After you assign a matching rule a code, you can specify the parameters based on which internal and external transactions should be matched when the rule is used. The parameters that you can use to define a rule are the:

- The Aggregation of internal or external entries
- Value Date of the transaction
- Internal Reference Number
- External Reference Number

You can specify several rules using various combinations of the above parameters.

Determining Match Type

You can decide whether the Automatic matching process should perform a confirmed match or suggested match.

- **Confirmed Match (Confirmed)**: The automatic matching process will mark the match status as ‘Open’ and the matched entries will be in an authorized state
- **Suggested Match (Suggested)**: The automatic matching process will mark the match status as ‘Suggested’ and the matched entries will be in an authorized state. The matched entries need to be manually confirmed using manual matching in order to complete the full matching process.

You can choose to either confirm or reject suggested matches. On confirmation the match status will be changed from ‘Suggested’ to ‘Open’. If confirmed, system will pass adjustment entries.

Indicating that Entries should be Aggregated

An internal entry is one that was passed by one of the modules of Oracle FLEXCUBE. An external entry is one passed by a correspondent bank in response to the entries originating from your side.

Internal transactions which match certain criterion can be aggregated before they are matched and reconciled by the automatic matching process. The criterion for aggregation is as follows:

- Identical value date
- Identical internal or external reference number, as the case may be

For a match rule that you define, you can indicate either of the following:

- The internal entries should be aggregated and then matched
- External entries should be aggregated and then matched
- That both the internal and external entries under a transaction should be aggregated and then matched

This would facilitate the matching of one or many internal transactions with one or many external transactions.

Consider the following example.

Friendly Neighborhood Bank (FNB) has placed US $100,000 with Greenville Global Banking (GGB), Bangalore.

The various components of the placement are:

Component	Amount
Principal	US $100,000
Charges	US $1000
Interest	US $2500

The entries passed at FNB:

Component - Principal

Debit / Credit	Account
Dr	Loan GL
Cr	GGB

Component - Interest

Debit / Credit	Account
Dr	GGB
Cr	INT_INC

Component - Charges

Debit / Credit	Account
Dr	GGB
Cr	CHG_INC

At GGB, the following entries are passed:

All the components of the transaction will be contained in the external statement. Oracle FLEXCUBE will check for the aggregation criteria and then aggregates the external entry and matches them.

The components of the external entry when aggregated amounts to US $103500.

Component - Principal

Debit / Credit	Account
Dr	FNB
Cr	INT_GL

Component - Interest

Debit / Credit	Account
Dr	INTERNAL GL
Cr	FNB

Component - Charges

Debit / Credit	Account
Dr	INTERNAL GL
Cr	FNB

Using the Value Date as a Matching Rule Parameter

While defining a rule, you can indicate preferences for the matching criterion - Value Date. You have either of the option to indicate whether:

- The value date of the internal and external transaction should be identical
- You can define a positive and negative tolerance within which the value date of a transaction should fall

Indicating Identical Value Dates

Choose this option to indicate that the automatic matching process should match an external transaction with an internal transaction, only if the value date of the internal transaction is identical with the value date of the external transaction.

Indicating a Tolerance Range

You also have the option to specify that the automatic matching process should match an external transaction with an internal transaction, if the value date of an external transaction is within a permissible tolerance range.

If you choose this option you should also specify the upper (positive) and a lower (negative) limit of the tolerance range.

The positive and negative tolerance is taken into consideration while the automatic matching process is run. This process will match those external transactions with a value date greater than or lesser than the value date of the internal transaction within the tolerance range that you indicate.

Using Reference Number as a Matching Rule Parameter

You can use the reference number assigned to the transaction as a parameter for matching and reconciling Nostro entries. You have the option to use either the internal or external reference number as a matching criterion or you could use both.

In Oracle FLEXCUBE, you can indicate whether the full reference number or a part of it should be used for matching entries.

Using the Full Reference Number for Matching

If you indicate that full numbers need to be matched, you need to indicate whether the internal or external reference number should be matched. Your internal reference is the other entity's external reference and their internal reference is your external reference.

Consider the following example.

Friendly Neighborhood Bank (FNB) has placed US $100,000 with Greenville Global Banking (GGB), Bangalore.

FNB which uses Oracle FLEXCUBE has assigned the placement the following reference number:

FNB s internal reference - 000MP01973640001

This is FNB s internal reference for the transaction. When the placement is recorded at GGB it is assigned the following reference:

GGB s internal reference - 2980631000

FNB s internal reference is GGB s external reference and GGB s internal reference is FNB s external reference.

Using Partial Reference Numbers for Matching

If you indicate partial matching, you can indicate the portion of the reference number that needs to be matched. In the case of partial matching you need to indicate the:

- Starting position in the reference number.
- Length of the matching portion.

This will apply to both internal as well as external reference numbers.

Consider the following example.

The reference numbers generated in Oracle FLEXCUBE is a combination of a three-digit branch code, a four-character product code, a five-digit Julian Date and a four-digit serial number. A typical reference number would look like:

000MP01973640001

The bank with which you are matching entries generates ten digit reference numbers. Therefore the reference numbers generated by the other bank can records only the first ten digits of your reference number.

You have selected partial matching of reference numbers and indicated the following preferences:

- Start position - 1
- Length of matching position - 10

When the transaction returns for matching Oracle FLEXCUBE will automatically check only the first ten characters of the reference number and match the entries.

Using Your Internal Reference Number as a Matching Parameter

As a matching rule criterion you can indicate that the internal reference number you assigned to the transaction should be identical with the external reference number of the transaction.

Using the External Reference Number as a Matching Parameter

As a matching rule criterion you can indicate that your external reference number should match with the internal reference number assigned to the transaction assigned by the other entity.

Using Amount as a Matching Parameter

The two options are:

- **Identical**: During auto matching of entries, the internal and external entries will be matched only if amount of the entries are identical
- **Tolerance**: During auto matching of entries, the internal entry will be matched to an external entry if the amount of external entry is within tolerance range, calculated based on the internal amount and tolerance parameters.

You can further detail Amount Tolerance as:

- **Amount:** The tolerance can be defined as a flat amount.
- **Percentage**: The tolerance can be defined as a Percentage value.

These parameters can be defined for each currency. When a currency amount is not defined, tolerance amount will be considered to be zero by default.

Currency

All valid currencies in the system will be available for selection here. The tolerance limits can be different for different currencies.

Positive Percentage Tolerance

You can capture the percentage of positive deviation from a possible match. This will be allowed if the rule definition allows a tolerance for the amount and tolerance type is defined as percentage.

Negative Percentage Tolerance

You can capture the percentage of negative deviation from a possible match. This will be allowed if the rule definition allows a tolerance for the amount and tolerance type is defined as percentage.

Positive Amount Tolerance

You can use this to capture the positive deviation in amount for a possible match. This will be allowed if the rule definition allows a tolerance for the amount and tolerance type is defined as Amount.

Negative Amount Tolerance

You can use this to capture the negative deviation in amount for a possible match. This will be allowed if the rule definition allows a tolerance for the amount and tolerance type is defined as Amount.

Consider the following example.

Suppose the following are the internal entries passed by Flex cube for nostro accounts.

Dr/Cr	Account	Currency	Amount	Reference
Cr	Nostro	USD	10000	R1
Cr	Nostro	USD	10000	R2
Cr	Nostro	USD	10000	R3
Cr	Nostro	USD	500	R4
Cr	Nostro	USD	20000	R5
Cr	Nostro	USD	30000	R6

The following are the sequence of rules to be applied for Auto Matching.

Rule	Match type	Internal ref	External ref	Value date	Amount type	Tolerance
R1	Confirmed	Identical	Identical	Identical	Identical	None
R2	Confirmed	Identical	Identical	Identical	Tolerance	-100 and +100
R3	Suggested	Identical	Identical	Identical	Tolerance	-5% and +5%

The following are external entries sent by another bank.

Dr/cr	Account	Currency	Amount	Reference
Dr	External A/c	USD	10000	R1
Dr	External A/c	USD	10000	R2
Dr	External A/c	USD	9900	R3
Dr	External A/c	USD	600	R4
Dr	External A/c	USD	21000	R5
Dr	External A/c	USD	29000	R6

Matching Details using the above set of factors are as follows:

Rule R1 Matching Details – Matched based on Identical Amount.

Rule	Match reference	Internal entry	External entry	Match Status	Adjustment entry

Rule1	M1	R1	R1	OPEN	None
Rule1	M2	R2	R2	OPEN	None

Rule R2 Matching Details – Matched based on Amount Tolerance.

Rule	Match reference	Internal entry	External entry	Match Status	Adjustment entry
Rule2	M3	R3	R3	OPEN	100
Rule 2	M4	R4	R4	OPEN	100

Since R2 is a confirmed match, adjustment entries are posted during automatic matching.

Rule R3 Matching Details – Matched based on Amount Tolerance

Rule	Match reference	Internal entry	External entry	Match Status	Adjustment entry
Rule3	M5	R5	R5	SUGGESTED	None
Rule3	M6	R6	R6	SUGGESTED	None

Since R3 is a suggested match, adjustment entries are not posted during automatic matching. Rather they are posted only after the user confirms the entries during manual matching. If the entries matched during auto matching are rejected by the user, the entries become available for re matching.

Validations

- Suggested Match type is allowed only if the amount matching is set as Tolerance. This validation will be done during save operation of the rule definition. If the amount matching set is identical and the match type is Suggested, the system will display an error message as 'For Suggested Match Type, Amount Type Cannot be Identical'.
- The tolerance type list item will be error disabled if the amount defined is 'identical'. It will be enabled only if amount matching type is 'Tolerance'
- The currency and Tolerance related parameters will be enabled only if amount matching is 'Tolerance'
- If tolerance type is percentage then only percentage related fields in amount tolerance details will be enabled
- If the tolerance type is amount then only amount related fields will be enabled in amount tolerance details
- During automatic matching using suggested rule, the negative and positive tolerance range will be calculated based on the internal amount and the system fetches all the external entries whose amount is in between Negative tolerance and positive tolerance range. If a record is found in this range then the system matches the internal and external entry. If multiple external records are fetched then the system will not match the entries
- If Internal entry aggregation is set in the rule definition, the system calculates the sum of all the internal entry amounts whose internal reference, external reference and value date is identical. The Negative and positive tolerance range is calculated on the aggregated internal amount. If external entry aggregation is set then the aggregated

external entry will be picked whose amount is a median between Negative tolerance and positive tolerance range. If external aggregation is not set ,then the individual entries will be fetched whose amount is a median Negative tolerance and Positive tolerance range

- The suggested matching will be processed as authorized record during automatic matching. During this matching the match indicator will be ‘Y’, authorization status will be ‘authorized’ and Match status will be ‘Suggested’. If the suggested match is to be approved, then it has to be approved using ‘confirm action’ in the manual reconciliation screen
- In case of confirmed match type with amount tolerance, the system will pass the adjustment entries during automatic matching

5. Defining External Accounts

5.1 Introduction

Nostro reconciliation deals with the matching and reconciliation of external accounts with the internal ones of your bank. Therefore it is necessary for you to:

- Define an external entity.
- Indicate the accounts that the external entity maintains with your bank.
- Indicate the internal accounts to which the external account can be matched.
- Indicate the reconciliation class that should be used whenever the external account is involved in a transaction.

You can define these details in the External Account Definition screen.

This chapter contains the following sections:

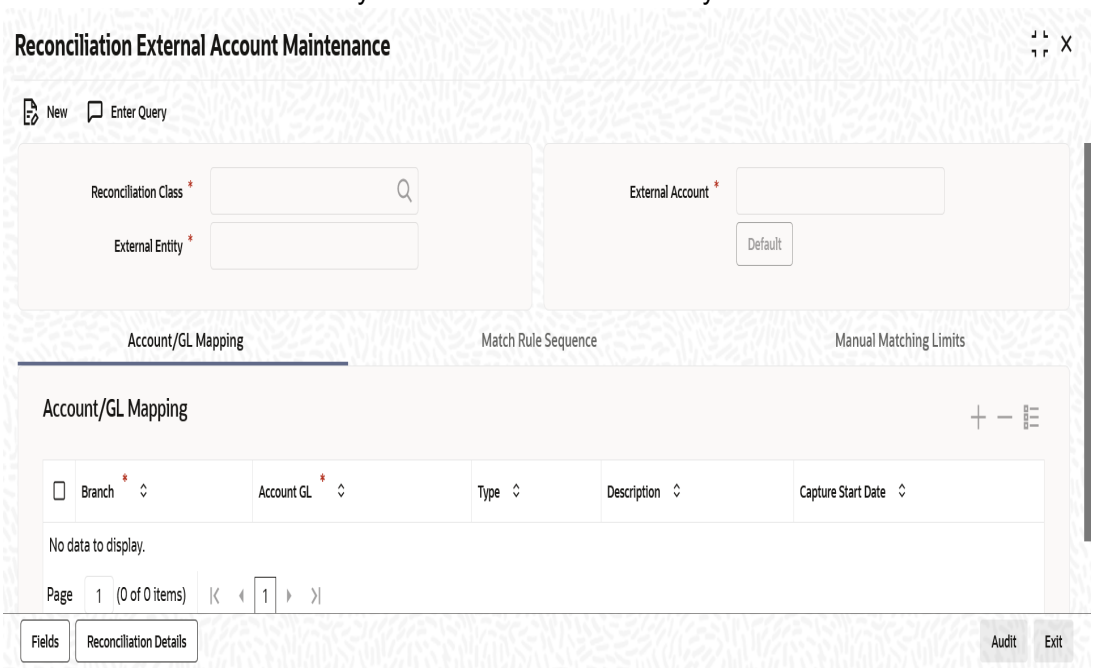
- Section 5.2, "Reconciliation External Account Definition Screen"
- Section 5.3, "Features of the External Account Definition Screen"

5.2 Reconciliation External Account Definition Screen

You can invoke the 'Reconciliation External Account Maintenance' screen by typing 'REDXTACC' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

If you are maintaining details for a new account, click the new button on the Application toolbar. The 'Reconciliation External Account Maintenance' screen is displayed without any details.

If you are calling a Reconciliation Class Definition record that has already been defined, double-click a class record of your choice from the summary screen.



5.3 Features of the External Account Definition Screen

Defining an External Entity

In Oracle FLEXCUBE, a bank that is external to your bank is called an external entity. Each external entity that you define is identified by an eight character code called an External Entity Code. You can follow your own convention for devising this code.

Note

The code that you assign to an external entity should be unique as it is used to identify the entity across the branches of your bank.

Indicating the External Account

An external entity can have several accounts under it. You should specify details for each of the accounts that the external entity maintains with your bank.

Consider the following example.

Kuber s Saving Bank has the following accounts with your bank:

- Kuber1USD.
- Kuber2AUD.
- Kuber3INR.
- Kuber4GBP.
- Kuber5YEN.

This leads to a two level hierarchy, wherein Kuber's bank is the External Entity and the accounts that Kuber's bank has with you are the external accounts under it.

Note

If the external entity has several accounts with your bank, you will have to maintain a new external account record for each of the accounts, under the same external entity.

Indicating the Reconciliation Class to be Used

Having defined an external account, you should map the external account to a reconciliation class. The Reconciliation Class and External Account combination should be unique across the branches of your bank. You can choose a Reconciliation Class Code from the option list available.

The attributes that you have defined for the reconciliation class are displayed in the match rule sequence section of the screen.

The following details of the reconciliation class are displayed:

- The match rules that constitute the reconciliation class.
- The sequence in which the rules that constitute the class will be applied to the class.

Subsequently, you can rearrange the sequence in which the matching rules defined for the class should be used while matching transactions belonging to the external entity. You also have the option to delete from or add to the list of rules defined for the reconciliation class. To add a rule to a reconciliation class, select the code that identifies the rule and click add icon. If you do not want to make one or more rules defined for the reconciliation class applicable to the external entity, select the rule and click delete icon.

Note

The reconciliation class + External account combination should be unique across the branches of your bank.

Mapping an External Account to an Internal GL or Account(s)

Having mapped an external entity with a reconciliation class, you should map the reconciliation class + external account combination to one or many internal GLs or accounts (belonging to your branch) with which the external account should be matched and reconciled.

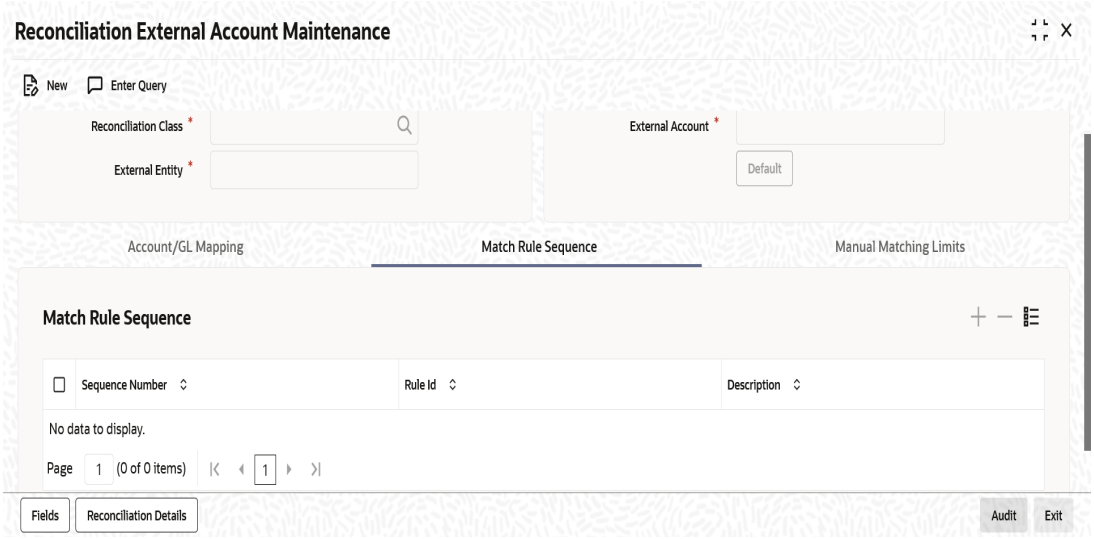
When an external transaction involving the external account that you have defined comes into your branch, it would be reconciled with the transactions posted internally to the corresponding GL or Account(s) in your branch.

Note

The mapping is a one-time maintenance. Once you save the mapping, you will not have an option to change it.

Setting up Manual Matching Limits

Click ‘Manual Matching Limits’ tab to invoke the following screen.

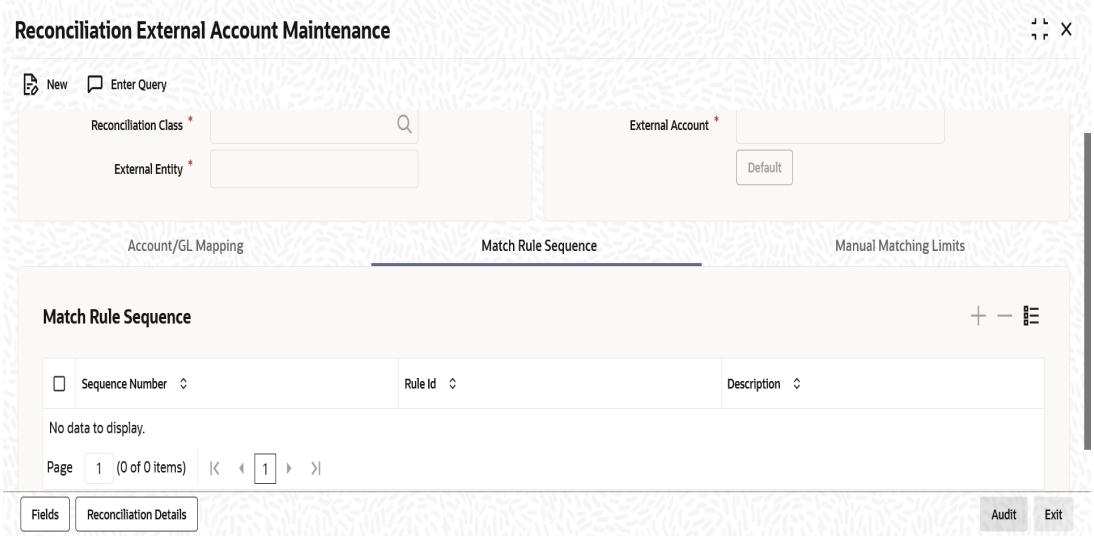


The manual-matching limit associated with a reconciliation class will be made applicable on the external account as well. Click ‘Default’ button to pick up the manual matching limit of reconciliation class. However, you have the option of specifying separate manual matching limits for a specific external account. You can do this while maintaining the details of an external account through the External Account Definition screen.

You can specify manual limits for individual currencies in order to be able to manually match amount differences up to the limit. As a result of maintaining these limits you will be allowed to match reconciled entries manually only when there is no difference between the net amount of the external and internal entries.

Setting up Match Rules

Click ‘Match Rule Sequence’ tab to invoke the following screen.



You can indicate the rules and sequence in which they need to be applied while reconciling account balances.

6. Manually Entering an External Statement

6.1 Introduction

An external statement can be entered into Oracle FLEXCUBE either manually or can be uploaded automatically. The details of an external account can come in through the media types set up for your bank. External statements that have come in through SWIFT can be automatically uploaded. The details of an uploaded statement will be automatically displayed in the relevant fields of this screen.

The statements that come in through media types other than SWIFT should be manually entered into Oracle FLEXCUBE through the External Account Definition screen.

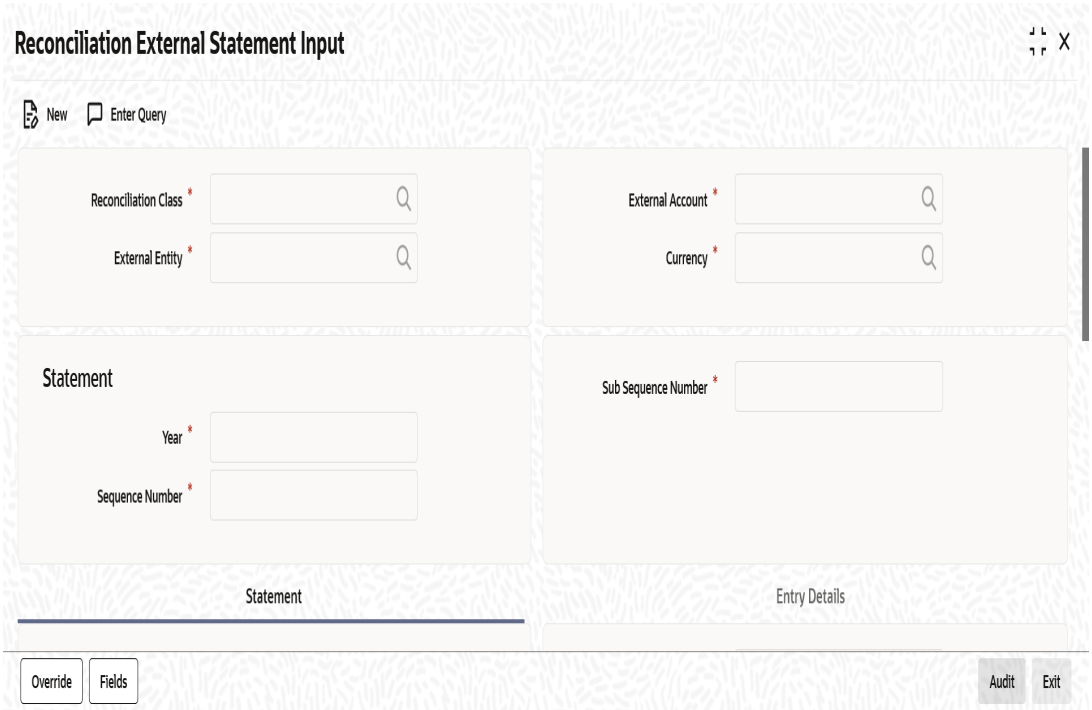
This chapter contains the following sections:

- Section 6.2, "Reconciliation External Statement Input Screen"
- Section 6.3, "Features of the External Statement Input Screen"
- Section 6.4, "The Statement Details Screen"
- Section 6.5, "Viewing the Overrides that were Encountered"
- Section 6.6, "Viewing Fields"

6.2 Reconciliation External Statement Input Screen

You can invoke the ‘Reconciliation External statement Input’ screen by typing ‘REDXSTIN’ in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

If you are maintaining the details of a new statement, click the new button on the Application toolbar. The ‘Reconciliation External statement Input’ screen is displayed without any details. If you are calling an External Statement Input record that has already been defined, double-click a class record of your choice from the summary screen.



6.3 Features of the External Statement Input Screen

The External Account Input screen is designed to contain two tabs, which correspond to the:

- Statement details screen
- Entry details screen

In the statement details screen you can enter details that pertain to the external statement as a whole. Whereas in the entry details screen, you can enter details that pertain to the individual entries contained in the statement.

6.4 The Statement Details Screen

Specifying Details of an External Account

Most of the details that you are required to enter are contained in the external statement that you have received. You are required to enter the following statement details:

- The reconciliation class
- The external entity and account to which the statement belongs
- The currency of the statement

Entering Details of the External Statement

While entering the details of an external statement, you should also specify the following details:

- The year to which the statement pertains
- The sequence number of the statement
- The sub-sequence number of the statement (if required)
- The reference number that is quoted on the external statement
- The media through which you received the statement

Upload Details

If the details of the external statement have been automatically uploaded from an external source, the following upload details are displayed:

- **Source**: The code that identifies the source from which external statement was uploaded in to Oracle FLEXCUBE.
- **Date**: The date on which the external statement was uploaded onto Oracle FLEXCUBE.
- **Source Ref No**: The reference number assigned to code from which the statement was uploaded.

If you manually enter the details of an external statement, these fields will be grayed and will not contain any information.

Specifying Opening Balance Details

You are also required to enter the details of the following as contained in the external statement:

- The opening book balance
- The opening balance date

The opening book balance refers to the amount that was in the external account as of the opening balance date. The opening balance date indicates the start date of the period for which the statement was sent.

Note

Please note that the opening book balance should be equal to the previous closing book balance for the reconciliation class + external account + external entity combination.

Specifying Closing Balance Details

You should also enter details of the following as contained in the external statement:

- The closing book balance
- The closing balance date

The closing book balance refers to the amount that was in the external account as of the closing balance date. The closing balance date indicates the end date of the period for which the statement was sent.

The available balance refers to the amount that is currently available in the account for which the statement was sent.

Note

The closing book balance should be equal to the sum of the opening book balance and the transactions contained in the external statement.

6.5 Viewing the Overrides that were Encountered

Click ‘Override’ button to view the overrides that were encountered while the external statement was uploaded. The overrides screen with a list of all the overrides that were encountered during the entry of the current statement is displayed.

6.6 Viewing Fields

Click ‘Fields’ button to view the ‘User Defined Fields’. You should input values in the fields corresponding to Field Names displayed.

7. Uploading an External Statement

7.1 Introduction

An external statement (MT 940, MT 950 and CAMT053) can be uploaded automatically or entered manually into Oracle FLEXCUBE. To recall, messages can come into your bank through the media types that you have maintained for your bank in the Messaging module of Oracle FLEXCUBE. The procedure involved in uploading an MT 940, MT 950 and CAMT053 to Oracle FLEXCUBE is detailed in the paragraphs that follow.

This chapter contains the following sections:

- Section 7.2, "The Procedure"
- Section 7.3, "Reconciliation External Statement Upload Screen"
- Section 7.4, "Features on the External Upload Screen"

7.2 The Procedure

To recall, the external statements that come in through SWIFT (MT 950 or CAMT053) can be automatically uploaded onto Oracle FLEXCUBE from the Incoming Message Browser.

Step 1

Through the upload facility provided in the Incoming Message Browser of the Messaging sub system you can upload an MT 940, MT 950 and CAMT053 on to Oracle FLEXCUBE. The detailed procedure for this step is covered in the Messaging User Manual of Oracle FLEXCUBE.

Step 2

Once the message is in Oracle FLEXCUBE, you should do an MT 940/950/CAMT053 hand-off. From the Application Browser, do maintenances and run the intraday batches RESWIFT and RESTMUL to upload an External Statement.In BADEODFE (Batch EOD Function Inputs Maintenance) make sure that the parameter SWIFT MESSAGE TYPE has a value 940/950/053 for MT940/MT950/CAMT053 respectively for RESWIFT batch.

Step 3

After the hand-off you should upload the statement into the Nostro subsystem. To do this you should invoke the External Statement Upload screen.

Through the upload facility you can automatically upload statements that have come in for a reconciliation class + external entity + account + currency combination. To upload an external statement into the nostro subsystem, you should:

- Indicate the source from which the statement should be uploaded
- Indicate the external entity and account to which the statement belongs
- Indicate the reconciliation class that should be used to match and reconcile the transaction
- Indicate the details of the statement like its sequence number, sub sequence number (if any) and the year in which the statement was received

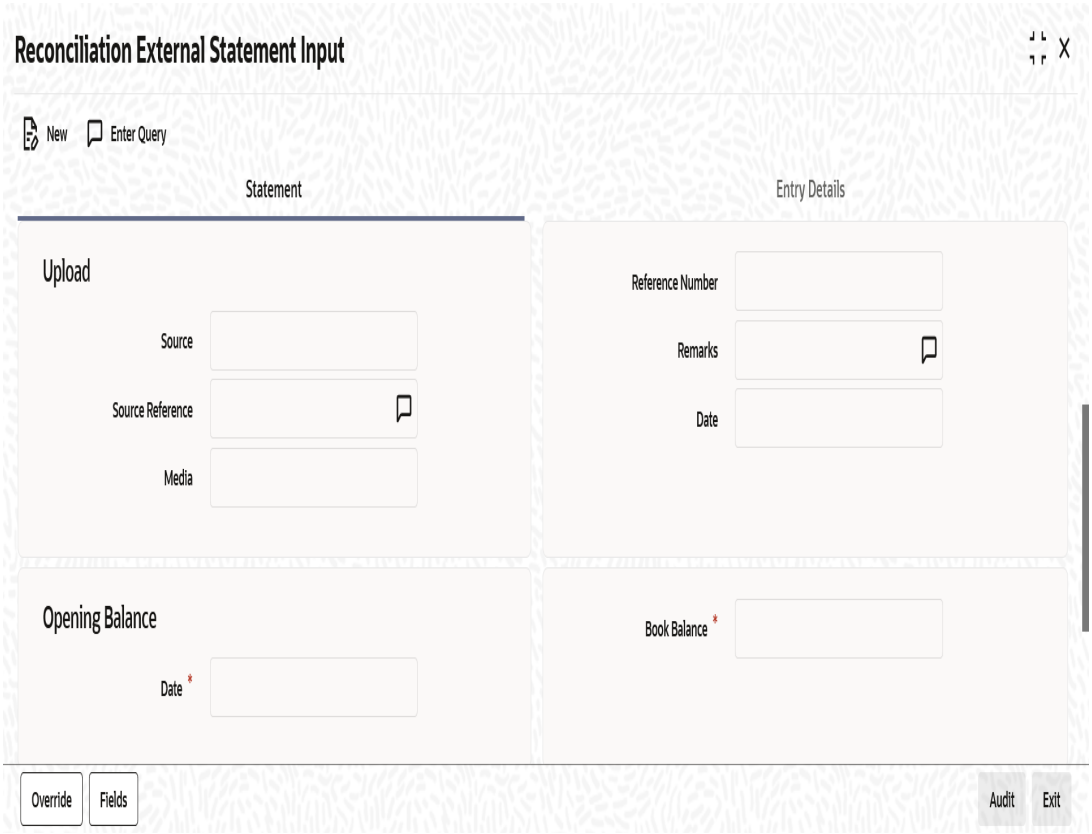
The details of an uploaded statement will be automatically displayed in the relevant fields of External Statement Input screen.

Note

The statements that come in through media types other than SWIFT should be manually entered into Oracle FLEXCUBE through the External Account Definition screen.

7.3 Reconciliation External Statement Upload Screen

You can invoke the 'Reconciliation External Statement Input' screen by typing 'REDXSTIN' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



7.4 Features on the External Upload Screen

Indicating the Upload Source

To upload an external statement from a source external to Oracle FLEXCUBE you should indicate the code assigned to the source from where the message should be uploaded.

Indicating Details of the External Statement

The details of an external statement that you should specify are as follows:

- The year in which the statement reached your branch
- The sequence number of the statement and the subsequence number (if required)
- The external entity and account to which the account belongs
- The reconciliation class to be used
- The currency of the statement

Click to view the exceptions that occurred while the statement was being uploaded. If the button is disabled it means that no exceptions were encountered during the upload session.

The Upload Exception report which when generated, gives a detailed description of the exceptions that occurred during upload.

Viewing the Exceptions that Occurred

Click ‘E’ button to view the exceptions that occurred while the external statement was uploaded. This screen will contain details of only the exceptions that occurred during the current upload session.

You can retrieve information of all the exceptions that were encountered during a day by invoking the Upload Exception Report.

8. Matching Internal and External Statements

8.1 Introduction

Nostro reconciliation involves the matching of the entries of an external statement with the corresponding entries of an internal statement. In Oracle FLEXCUBE entries of an external statement can be matched with corresponding internal entries manually.

8.2 Manual Matching of Entries

While manually matching Nostro entries, you will have to select the external entries that should be matched and also indicate the corresponding internal entries, to which they should be matched.

The debit and credit legs of the entries that you select will be displayed in their respective fields of the screen. The sum of the amounts of the internal and external entries that you select for matching should be the same. This depends on whether the reconciliation class to be used in matching the entries requires the replication or the mirroring of entries.

You can invoke the 'Reconciliation Manual Matching Input' screen by typing 'REDMANME' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. clicking on the adjoining arrow button.



To manually match the entries of an external statement with the corresponding entries of an internal statement; you should specify the following:

- The reconciliation class to be used in the matching
- The external entity and account to which the statement belongs
- The currency of the internal account

Oracle FLEXCUBE automatically assigns a unique reference number to the entries that you match. After you indicate the above details, click 'Fetch' button. All the external and internal statements that are yet to be matched will be displayed under their respective sections

marked External and Internal. The following details of the external and internal statement will be displayed:

- The entry sequence number
- Value date
- The debit or credit indicator
- The amount that the transaction entails
- The reference number that you assigned to the transaction (internal reference number). For transactions that involve managers checks, the MCK number used in the transaction
- The reference number assigned to the transaction by the other bank (external reference number)

Thereafter, you should manually indicate the internal entry and the corresponding external entry which should be matched. To indicate the entries that should be matched, tick against the internal entry and the corresponding external entry to which it should be matched.

Indicating Match Status

This indicates the match status which can be Open, Closed or Suggested

- The suggested entries will not be allowed for modification
- The Suggested record will be allowed for Confirmation. The confirmation of suggested entries can be done using ‘confirm button’. On confirmation the system will mark the match status as ‘Open’ and the accounting entries (difference between the amount of internal and external) will be passed
- The suggested entries record can be rejected. The rejection can be done using ‘Reverse action’ of manual matching screen. On rejection the matched status will be ‘CLOSED’ and the match indicator will be ‘NO’
- For manual matching (suggested entries)
- Confirm and reverse buttons will be enabled. For manual matching (other entries), confirm and reverse buttons will be disabled

Note

You can choose to match one internal entry to several external entries and vice versa.

The debit and credit indicators under the internal and external sections will display the sum of the entries that you have selected. Oracle FLEXCUBE checks that before the entries are matched, the totals of the amounts involved in the transactions that you want to match are the same. This however depends on whether the reconciliation class to be used to match the entries requires mirroring or replication of entries.

If the reconciliation class to be used in the matching of the entries requires replication of entries, then, the internal debit entry should be equal to the external debit entry. Similarly, the internal credit entries should be equal to the external credit entries.

For replication -- Dr = Dr and Cr = Cr

If the reconciliation class to be used in the matching of the entries requires a mirroring of entries, then, the internal debit entry should be equal to the external credit entry. Similarly, the internal credit entry should be equal to the external debit entry.

For mirroring -- Dr = Cr and Cr = Dr

You can also match an external or external entry to other internal or external entry respectively. This is possible provided the sum of the debit and credit entries of the internal transaction is equal to the sum of the debit and credit entries of the external transaction. For example, you can match an internal; transaction to another internal transaction in case you have reversed the entry. Such an entry may or may not have a corresponding external entry.

8.3 Manual Matching of the query

You can invoke the 'Reconciliation Manual Matching Query' screen by typing 'REDXMNMQ' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

In the 'Reconciliation Manual Matching Query' screen, you can view both Matched and Non-matched queries.

To manually match the entries of an external statement with the corresponding query of an internal statement, you should specify the following:

- The reconciliation class to be used in the matching
- The external entity and account to which the statement belongs
- The currency of the internal account

Once all the necessary details have been specified, the sum of Debit/Credit can be viewed by clicking on the 'Total' button under the respective fields for Internal and External Entries.

To view Matched Entries, click the 'Details' button. The corresponding Matched Entries are displayed in the 'Reconciliation Manual Matching Input'(REDMANME) screen for Internal and External entries.

For Internal Entries, by clicking on the 'View Contract' button you can view the 'Contract' screen of Corporate Deposits, Standing Instructions, Retail Loans, and Data Entry modules depending upon the selected contract. and through the 'Internal Query' button you can get additional data filtering option to Query Internal Entries Data.

For External Entries, by clicking the 'View Statement' button you can view the 'Reconciliation External Statement Input'(REDXSTIN) screen and through the 'External Query' button you can get additional data filtering option to Query External Entries Data

9. Function ID Glossary

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REDMANME 8-1
REDRULDF 4-1
REDXCLAS 3-1
REDXMNMQ 8-3
REDXSTIN 6-1
REDXTACC 5-1