

Oracle® Banking Credit Facilities Process Management Collateral Substitution User Guide



Release 14.8.2.0.0

G53632-02

April 2026

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Contents

1	Introduction	
1.1	About Collateral Substitution	1
2	Collateral Substitution Request	
2.1	Collateral Substitution Initiation	1
2.2	Substitution Request	3
2.3	Comments	5
3	Perfection Initiation	
3.1	Perfection Initiation	1
4	Collateral Substitution Review	
4.1	Substitution Review	1
4.2	Substitution Linkages	2
4.3	Comments	4
5	Release Initiation	
5.1	Release Initiation	1
	Index	

Preface

- [Purpose](#)
- [Before you Begin](#)
- [Prerequisite](#)
- [Audience](#)
- [Documentation Accessibility](#)
- [Critical Patches](#)
- [Diversity and Inclusion](#)
- [Related Resources](#)
- [Conventions](#)
- [Screenshot Disclaimer](#)
- [Acronyms and Abbreviations](#)
- [Icons](#)
- [Module Post-Requisites](#)

Purpose

This guide helps user get familiar with the collateral substitution process in to substitute existing customer collateral in bank's charge with new collateral.

Before you Begin

Refer to the Getting Started User Guide for information on common functionalities like login, navigation, and general settings. Reviewing that guide is advisable before proceeding with this document.

Prerequisite

Specify the **User ID** and **Password**, and login to **Home** screen.

Audience

This guide is intended for the central administrator of the Bank who controls the system and application parameters and ensures smooth functionality and flexibility of the banking application.

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Diversity and Inclusion

Oracle is fully committed to diversity and inclusion. Oracle respects and values having a diverse workforce that increases thought leadership and innovation. As part of our initiative to build a more inclusive culture that positively impacts our employees, customers, and partners, we are working to remove insensitive terms from our products and documentation. We are also mindful of the necessity to maintain compatibility with our customers' existing technologies and the need to ensure continuity of service as Oracle's offerings and industry standards evolve. Because of these technical constraints, our effort to remove insensitive terms is ongoing and will take time and external cooperation.

Related Resources

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

- *Oracle Banking Credit Facilities Process Management Getting Started User Guide.*
- *Oracle Banking Credit Facilities Process Management Maintenance User Guide.*

Conventions

The following text conventions are used in this document:

Table Conventions

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

Screenshot Disclaimer

Personal information used in the interface or documents is dummy and does not exist in the real world. It is only for reference purposes.

Acronyms and Abbreviations

The list of the acronyms and abbreviations used in this guide are as follows:

Table Acronyms and Abbreviations

Abbreviation	Description
ID	Identifier

Icons

The following icons are used in the screens.

Table Icons - Common












Icon	Function
	Minimize
	Maximize
	Close
	Perform Search
	Open a list
	Grid view
	List view
	Refresh
	Click to view the created record.

Table (Cont.) Icons - Common

Icon	Function
	Click to unlock, delete, authorize or view the created record.
	Date and time

Module Post-Requisites

After finishing all the requirements, please log out from the Homescreen.

1

Introduction

- [About Collateral Substitution](#)
A brief introduction to the collateral substitution process.

1.1 About Collateral Substitution

A brief introduction to the collateral substitution process.

Collateral Substitution is the process of substituting the pledged collaterals of one type in bank's charge with the pledged collateral of the same or other type. Collateral substitution is done on certain circumstances, some of which include:

- Reselling of collateral by the customer
- Another collateral of higher or lower value is submitted by the customer based on limit amount
- Bank requests for substitution due to the reduction in collateral value

2

Collateral Substitution Request

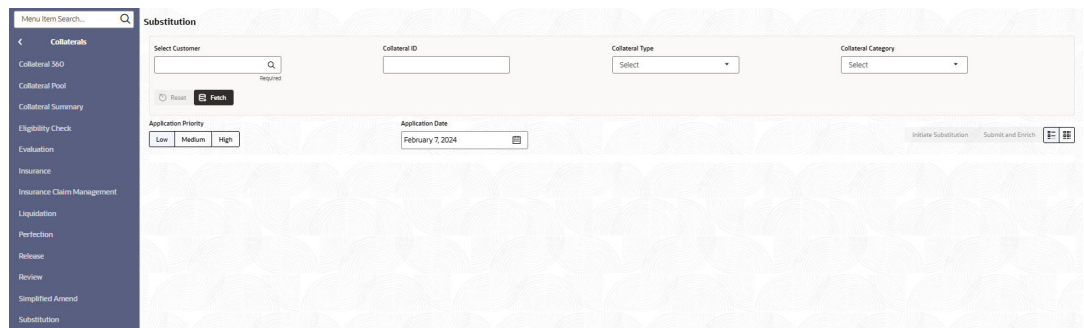
- [Collateral Substitution Initiation](#)
This topic provides information on collateral substitution initiation. It allows users to initiate requests for substituting collateral to maintain loan security and compliance.
- [Substitution Request](#)
This topic provides information on substitution request. It enables users to initiate and manage the process of replacing existing collateral with new assets.
- [Comments](#)
This topic provides information on the comments data segment in the substitution request stage.

2.1 Collateral Substitution Initiation

This topic provides information on collateral substitution initiation. It allows users to initiate requests for substituting collateral to maintain loan security and compliance.

1. From **Homescreen**, click **Collateral**. Under **Collateral**, click **Substitution**.
The **Substitution** screen displays.

Figure 2-1 Substitution




The screenshot shows a web application interface for the 'Substitution' process. On the left is a dark blue sidebar menu with the following items: Collaterals, Collateral 360, Collateral Pool, Collateral Summary, Eligibility Check, Evaluation, Insurance, Insurance Claim Management, Liquidation, Perfection, Release, Review, Simplified Amend, and Substitution. The main content area is titled 'Substitution' and contains several input fields: 'Select Customer' (with a search icon and 'Required' label), 'Collateral ID' (with a search icon and 'Required' label), 'Collateral Type' (a dropdown menu), and 'Collateral Category' (a dropdown menu). Below these are 'Application Priority' (radio buttons for Low, Medium, High) and 'Application Date' (a date picker showing February 7, 2024). At the bottom right of the form are buttons for 'Initiate Substitution' and 'Submit and Enrich'.

Note

The fields marked as Required are mandatory.

For more information on fields, refer to the field description table.

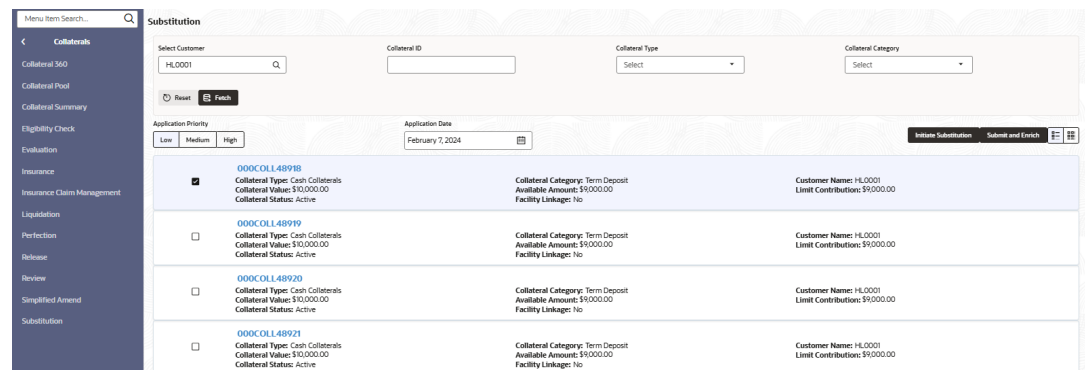
Table 2-1 Simplified Substitution - Field and Description

Field	Description
Select Customer	Click  icon to select the customer.
Collateral ID	Specify the collateral ID.
Collateral Type	Select the collateral type from the drop-down list. The available options are: <ul style="list-style-type: none"> • Account Receivables • Account Contracts • Aircraft • Bill Of Exchange • Bond • Cash Collaterals • Commercial Paper • Commodity • Corporate Deposits • Crop • Fund • Guarantee • Insurance • Inventory • Machine • Miscellaneous • Other Bank Deposits • PDC • Perishable • Precious Metals • Promissory Note • Property • Ship • Vehicle
Collateral Category	Select the collateral category from the drop-down list.

2. Click **Fetch**.

The **Collateral Details** screen displays.

Figure 2-2 Collateral Details



For more information on fields, refer to the field description table.

Table 2-2 Collateral Details - Field and Description

Field	Description
Collateral ID	Display the collateral ID.
Collateral Type	Display the collateral type.
Collateral Category	Further classifies the collateral type for reporting and tracking purposes.
Customer Name	Name of the customer to whom the collateral is linked.
Collateral Value	Total value assigned to the collateral item.
Available Amount	Amount of the collateral value currently available for use.
Limit Contribution	Indicates the portion of the collateral contributing towards the customer's credit limit.
Collateral Status	Display the current status of the collateral.
Facility Linkage	Indicates whether the collateral is linked to a specific facility.

3. Select the required collateral from search result and click **Initiate Substitution**.

2.2 Substitution Request

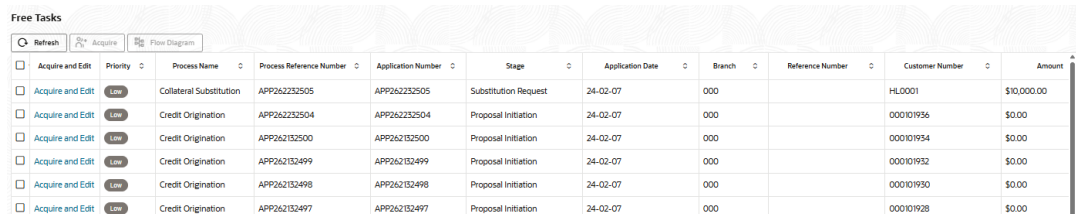
This topic provides information on substitution request. It enables users to initiate and manage the process of replacing existing collateral with new assets.

The Collateral Substitution task is generated and listed in the free tasks queue.

1. From **Homescreen**, click **Tasks** under **Tasks**, click **Free Tasks**.

The **Free Tasks** screen is displays.

Figure 2-3 Free Tasks



Priority	Process Name	Process Reference Number	Application Number	Stage	Application Date	Branch	Reference Number	Customer Number	Amount
Low	Collateral Substitution	APP262232505	APP262232505	Substitution Request	24-02-07	000		HL0001	\$10,000.00
Low	Credit Origination	APP262232504	APP262232504	Proposal Initiation	24-02-07	000		000101936	\$0.00
Low	Credit Origination	APP262132500	APP262132500	Proposal Initiation	24-02-07	000		000101934	\$0.00
Low	Credit Origination	APP262132499	APP262132499	Proposal Initiation	24-02-07	000		000101932	\$0.00
Low	Credit Origination	APP262132498	APP262132498	Proposal Initiation	24-02-07	000		000101930	\$0.00
Low	Credit Origination	APP262132497	APP262132497	Proposal Initiation	24-02-07	000		000101928	\$0.00

2. Click **Acquire & Edit**.

The **Substitution Request** screen is displays.

Figure 2-4 Substitution Request


Note
The fields marked as Required are mandatory.

For more information on fields, refer to the field description table.

Table 2-3 Substitution Request - Field and Description

Field	Description
Old Collateral Details	Displays the old collateral details sections.
Old Collateral ID	Displays the old collateral ID.
Old Collateral Type	Displays the old collateral type.
Old Collateral Category	Displays the old collateral category.
Old Collateral Currency	Displays the old collateral currency.
Utilized Amount	Displays the utilized amount.
Old Collateral Description	Displays the old collateral description.
New Collateral Details	Displays the new collateral details sections.
External Reference ID	Specify the external reference ID.

Table 2-3 (Cont.) Substitution Request - Field and Description

Field	Description
New Collateral Type	Select the new collateral type from the drop-down list. The available options are: <ul style="list-style-type: none"> • Account Receivables • Account Contracts • Aircraft • Bill Of Exchange • Bond • Cash Collaterals • Commercial Paper • Commodity • Corporate Deposits • Crop • Fund • Guarantee • Insurance • Inventory • Machine • Miscellaneous • Other Bank Deposits • PDC • Perishable • Precious Metals • Promissory Note • Property • Ship • Vehicle
New Collateral Category	Select the new collateral category from the drop-down list.
Collateral Purpose	Select the collateral purpose from the drop-down list. The available options are: <ul style="list-style-type: none"> • New Facility • Enhancement of Limit • Replacement of Collateral • Augmentation of Collateral
New Collateral Currency	Click  icon to select the new collateral currency.
Agreed Collateral Value	Specify the agreed collateral value in selected currency.
New Collateral Description	Specify a brief description about the new collateral.
Reason for Substitution	Specify the reason for substitution.

3. Click **Next**.

2.3 Comments

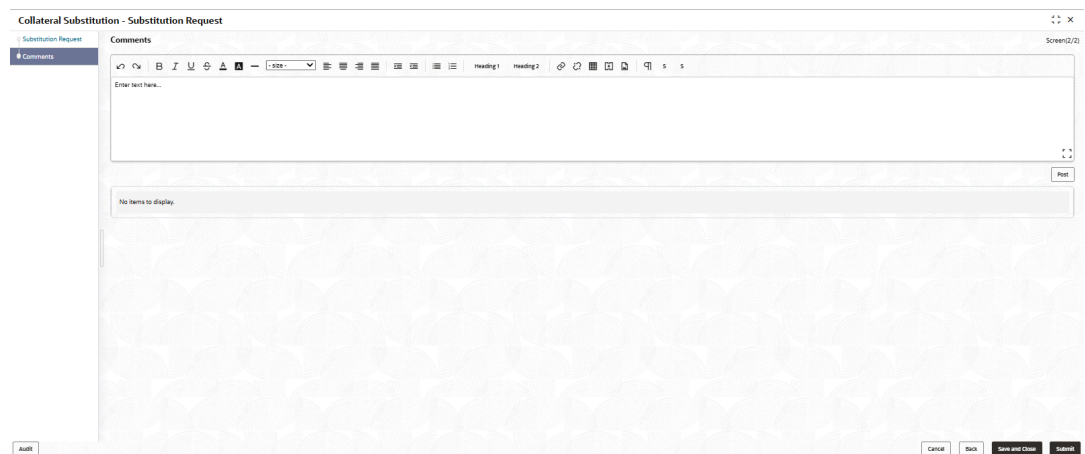
This topic provides information on the comments data segment in the substitution request stage.

The Comments data segment allows user to post overall comments for the substitution request stage. Posting comments helps the user of next stage to better understand the application.

1. Click **Next** in the **Substitution Request** screen.

The **Comments** data segment is displays.

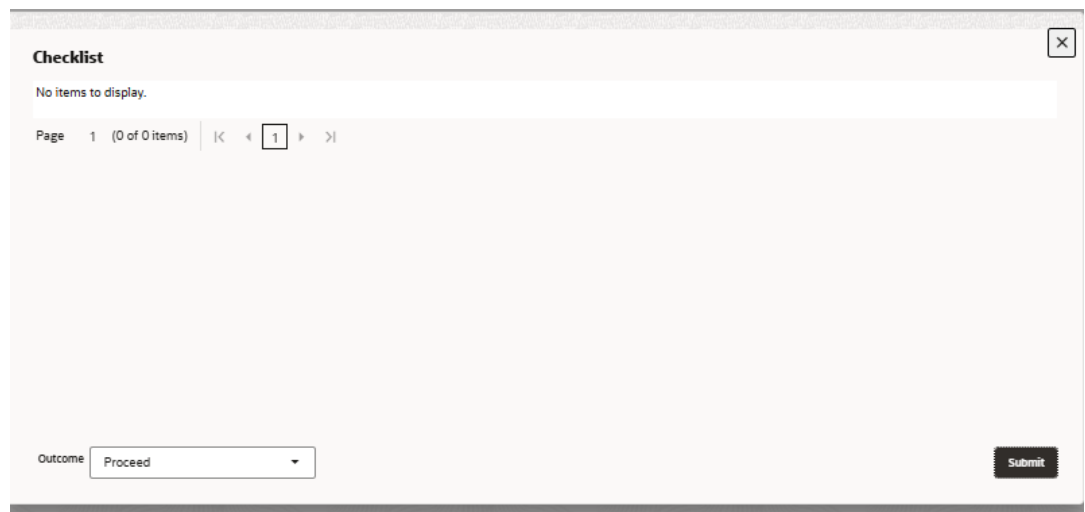
Figure 2-5 Substitution Request - Comments



2. Type user comments for the substitution request stage in the **Comments** text box and click **Post**.
3. Click **Submit**.

The **Checklist** window is displays.

Figure 2-6 Checklist



4. Select the **Outcome** as **Proceed** and click **Submit**.

The Collateral Substitution application is moved to the next stage.

3

Perfection Initiation

3.1 Perfection Initiation

This topic provides information on the perfection stage in collateral substitution process.

Once the substitution request is captured, Collateral Perfection must be performed for the new collateral to create bank's charge on the new collateral.

In the Perfection Initiation stage, the basic details of the application along with collateral details must be captured. Upon submitting the initiation task, the application is available for the credit operations user to enrich the collateral perfection.

For more details refer the **Collateral Perfection User Guide**.

4

Collateral Substitution Review

- [Substitution Review](#)
This topic provides information on substitution review in collateral substitution process.
- [Substitution Linkages](#)
This topic provides information on substitution linkages within the collateral substitution process.
- [Comments](#)
This topic provides information on the comments data segment in the substitution review stage.

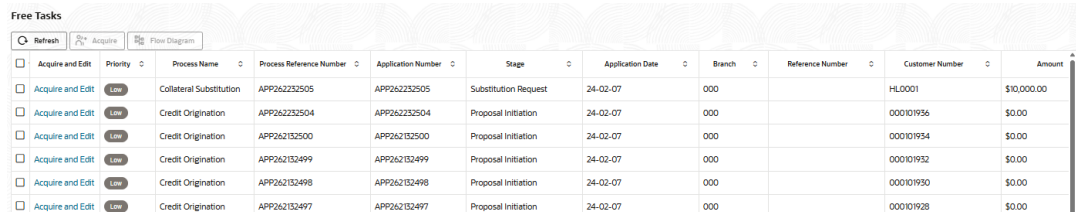
4.1 Substitution Review

This topic provides information on substitution review in collateral substitution process.

1. To launch the substitution review screen, navigate to **Tasks** under **Tasks**, click **Free Tasks** from the left menu.

The **Free Tasks** screen is displays.

Figure 4-1 Free Tasks

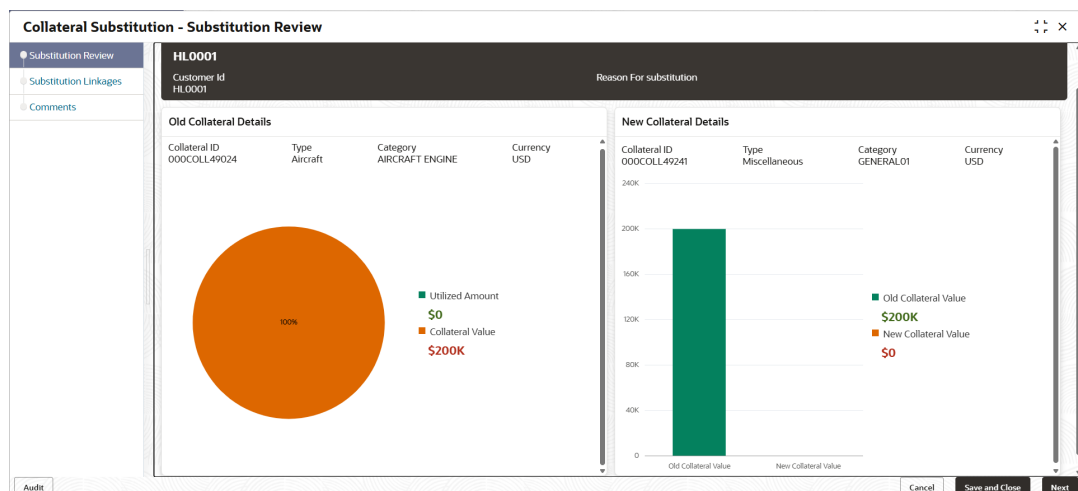


Acquire and Edit	Priority	Process Name	Process Reference Number	Application Number	Stage	Application Date	Branch	Reference Number	Customer Number	Amount
Acquire and Edit	Low	Collateral Substitution	APP262232505	APP262232505	Substitution Request	24-02-07	000		HL0001	\$10,000.00
Acquire and Edit	Low	Credit Origination	APP262132504	APP262232504	Proposal Initiation	24-02-07	000		000101936	\$0.00
Acquire and Edit	Low	Credit Origination	APP262132500	APP262132500	Proposal Initiation	24-02-07	000		000101954	\$0.00
Acquire and Edit	Low	Credit Origination	APP262132499	APP262132499	Proposal Initiation	24-02-07	000		000101932	\$0.00
Acquire and Edit	Low	Credit Origination	APP262132498	APP262132498	Proposal Initiation	24-02-07	000		000101930	\$0.00
Acquire and Edit	Low	Credit Origination	APP262132497	APP262132497	Proposal Initiation	24-02-07	000		000101928	\$0.00

2. Click **Acquire & Edit**.

The **Substitution Review** screen is displays.

Figure 4-2 Substitution Review



3. View the old and new collateral details and click **Next**.

4.2 Substitution Linkages

This topic provides information on substitution linkages within the collateral substitution process.

1. Click **Next** in the **Substitution Review** screen.
The **Substitution Linkages** data segment is displays.

Figure 4-3 Substitution Linkages

The screenshot shows the 'Collateral Substitution - Substitution Review' interface. The 'Substitution Linkages' tab is active. The main content area is divided into two sections: 'Existing Linkages Details' and 'Proposed Linkage Details'. Each section has a table with columns: Collateral Code, Collateral Currency, Line Code, Line Serial, Line Currency, Linked Percentage, and Linked Amount. Both tables are currently empty, displaying 'No data to display.' The interface includes navigation buttons at the bottom: Audit, Cancel, Back, Save and Close, and Next.

For more information on fields, refer to the field description table.

Table 4-1 Linked Facilities - Field and Description

Field	Description
Existing Linkages Details	Displays the existing linkages details sections.
Collateral Code	Displays the existing collateral code.
Collateral Currency	Displays the existing collateral currency.
Line Code	Displays the existing line code.
Line Serial	Displays the existing line serial.
Line Currency	Displays the existing line currency.
Linked Percentage	Displays the existing linked percentage.
Linked Amount	Displays the existing linked amount.
Proposed Linkage Details	Displays the proposed linkage details sections.
Collateral Code	Displays the proposed collateral code.
Collateral Currency	Displays the proposed collateral currency.
Line Code	Displays the proposed line code.
Line Serial	Displays the proposed line serial.
Line Currency	Displays the proposed line currency.
Linked Percentage	Displays the proposed linked percentage.
Linked Amount	Displays the proposed linked amount.

2. Click **Linked Collateral Pool**.

The **Linked Collateral Pool** screen is displays.

Figure 4-4 Linked Collateral Pool

For more information on fields, refer to the field description table.

Table 4-2 Linked Collateral Pool - Field and Description

Field	Description
Existing Linkages Details	Displays the existing linkages details sections.
Collateral Code	Displays the existing collateral code.
Collateral Currency	Displays the existing collateral currency.
Pool Code	Displays the existing pool code.
Pool Currency	Displays the existing pool currency.
Linked Percentage	Displays the existing linked percentage.
Linked Amount	Displays the existing linked amount.
Proposed Linkage Details	Displays the proposed linkage details sections.
Collateral Code	Displays the proposed collateral code.
Collateral Currency	Displays the proposed collateral currency.
Pool Code	Displays the proposed pool code.
Pool Currency	Displays the proposed pool currency.
Linked Percentage	Displays the proposed linked percentage.
Linked Amount	Displays the proposed linked amount.

3. Click **Utilization Details**.

The **Utilization Details** screen is displays.

Figure 4-5 Utilization Details

For more information on fields, refer to the field description table.

Table 4-3 Utilization Details - Field and Description

Field	Description
Existing Utilization Details	Displays the existing utilization details sections.
Utilization ID	Displays the utilization ID.
Liability Number	Displays the liability number.
Utilization Currency	Displays the utilization currency.
User Reference Number	Displays the user reference number.
Utilization Amount	Displays the utilization amount.
Transaction Date	Displays the transaction date.

4. Click **Next**.

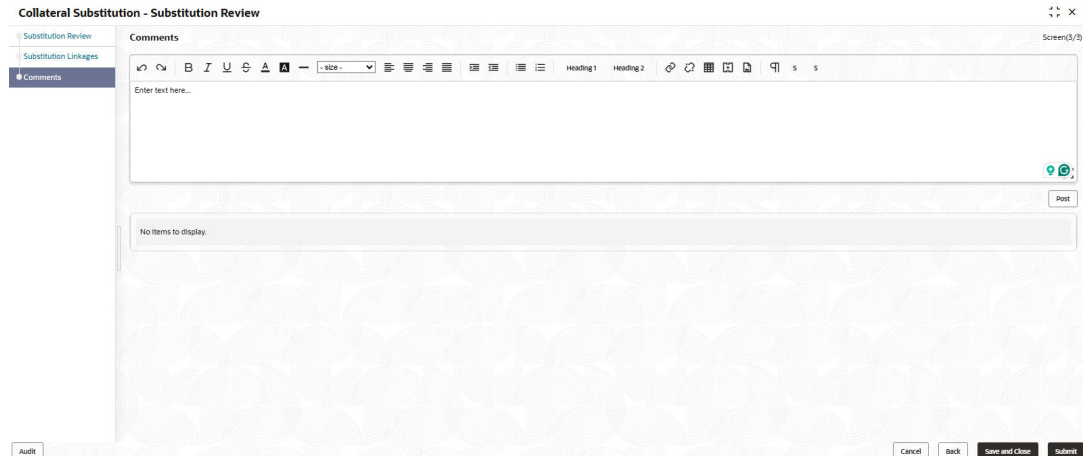
4.3 Comments

This topic provides information on the comments data segment in the substitution review stage.

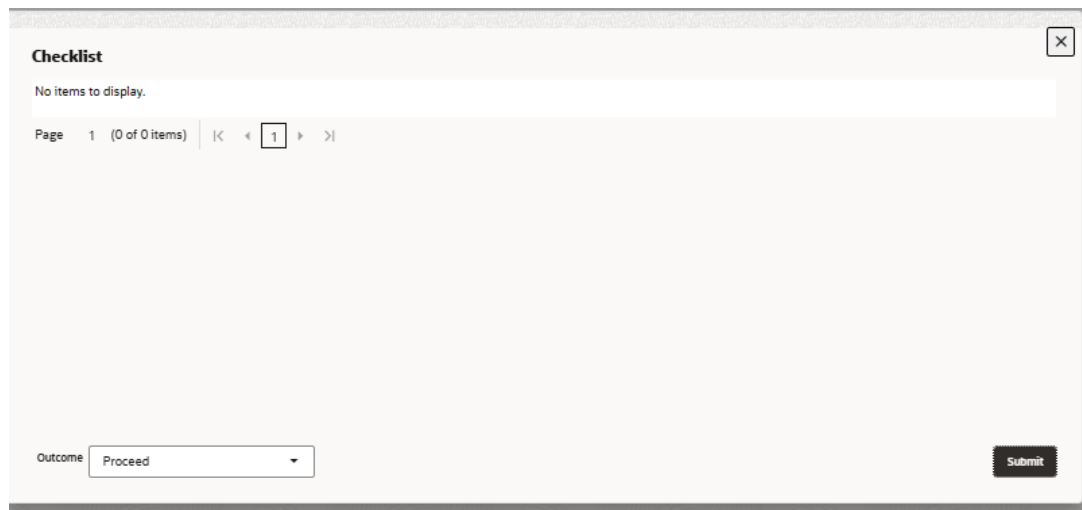
The Comments data segment allows user to post overall comments for the substitution review stage. Posting comments helps the user of next stage to better understand the application.

1. Click **Next** in the **Substitution Linkages** screen.

The **Comments** data segment is displays.

Figure 4-6 Substitution Review - Comments

2. Type user comments for the substitution request stage in the **Comments** text box and click **Post**.
3. Click **Submit**.
The **Checklist** window is displays.

Figure 4-7 Checklist

4. Select the **Outcome** as **Proceed** and click **Submit**.
The Collateral Substitution application is moved to the next stage.

5

Release Initiation

- [Release Initiation](#)

This topic provides information on the release stage in collateral substitution process.

5.1 Release Initiation

This topic provides information on the release stage in collateral substitution process.

Once the collateral perfection is captured, Collateral Release must be performed for the new collateral to create bank's charge on the new collateral.

For more details refer the **Collateral Release User Guide**.

Index

A

About Collateral Substitution, [1](#)

C

Collateral Substitution Initiation, [1](#)

P

Perfection Initiation, [1](#)

R

Release Initiation, [1](#)

S

Substitution Linkages, [2](#)

Substitution Request, [3](#)

Substitution Review, [1](#)