

Oracle Banking Trade Finance

Islamic Letters of Credit



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Oracle Banking Trade Finance Islamic Letters of Credit, Release 14.7.3.0.0 Accelerator Pack

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Introduction

- Islamic Letter of Credit as an instrument of international trade is one of the most secure methods for a seller to be paid.
- Besides credit risk considerations, LCs is the customary business practice for long distance trade and a particularly important profit earning service for any bank.

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Functional Operations features

- Issuing Islamic Letter of Credit/Guarantee
- Sight and Usance Islamic LCs
- Revolving & Non Revolving Islamic LCs
- Marking acknowledgment on receipt of Documentary Credit
- Manual Availment
- Revolve by Time/Value
- Generation of Advices and Messages
- Amendment Confirmation for LI and Islamic Guarantee
- Reversal of Availment
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- Linkage of Accounts and creation of amount block
- Provision to Validate Message generation during contract save
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- Collection of cash collaterals
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- Tracking of Limits and Collaterals
- Limits tracking for Liability Margin for Import LC
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- FIFO/LIFO methods for profit calculation
- Event Reversal for Version creating Events
- Provision to Validate Message generation during contract save
- Substitution for SWIFT Characters(x and z Character set)
- Event Reversal for Version creating Events
- Silent Confirmation for Export LCs

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Common Events

| Events | Description |
|--------|--|
| ACCR | Accrual This event is fired whenever a periodic commission is linked to an LC and it has to be accrued |
| AMND | Amendment This is the event fired whenever an LC is amended without any change in operation i.e. amendment from Preadvice to advice is not AMND but a change in the LC amount for the AMND event |
| AVAL | Availing an LC This is fired whenever an LC is availed i.e. the LC amount is actually paid. |
| CALC | Calculation of Commission This event too is fired when the calculation of the periodic commission takes place. It is a purely internal event. |
| CANC | Cancellation This is when an already issued or advices LC is cancelled. |
| CLIQ | Commission Liquidation This is the event when a periodic commission is liquidated |
| CLOS | Closure of an LC This is the event when the LC is finally closed after it has run its lifetime. |
| RAVL | Reversal of an Availment |
| REVR | Reversal of the Contract. |
| ROPN | Reopening of an LC after closure. |
| REAS | Reassign it means the reassignment of a contract from one user to another. |
| REIN | Reinstate This means the reinstatement of an LC to its original amount. It is similar to Rollover. |
| TRGN | Tracer generation Tracers are generated for Import LCs and when this is done this event is fired. |
| REVE | This event is to reverse the previous version creating event |

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Standard advices

| S.No | Advice Description | SWIFT | Message Type |
|------|----------------------------------|-------|-----------------|
| 1 | Acknowledgement tracer | | ACK_TRACER |
| 2 | Advise of a Third Bank | 710 | ADV_THIRD_BANK |
| 3 | Adv to adv & confirm | | ADV_TO_ADVCON |
| 4 | Pre advice to advice | | ADVICE_CL |
| 5 | Amendment of Export Credit | | AMD_EXP_CR |
| 6 | Amendment of Import Credit | | AMD_IMP_CR |
| 7 | On clos or canc of LC Contract | MT799 | CLOSURE_ADV |
| 8 | Charges & tracer | | CHG_COM_TRACER |
| 9 | Change of REB Party Id | MT799 | Template |
| 10 | Closure Notice | | |
| 11 | Confirmation tracer | | CON_TRACER |
| 12 | Expiry Notice | | EXPIRY_ADV |
| 13 | Acknowledgement of a Guarantee | 768 | GUA_ACK_ADVICE |
| 14 | Guarantee Amendment | 767 | GUA_AMD_INSTR |
| 15 | Guarantee Instrument | 760 | GUARANTEE |
| 16 | Covering letter to Advising Bank | | ISB_ABK_CL |
| 17 | Covering letter to beneficiary | | ISB_BEN_CL |
| 18 | ACK of import LC | 730 | LC_ACK_ADVICE |
| 19 | ACK of Amendment to LC | 730 | LC_ACK_AMND |
| 20 | Copy of LC Amend Instrument | | LC_AM_INST_COPY |
| 21 | Amendment auth to reimburse | 747 | LC_AMD_AUTH_REB |
| 22 | Amendment Instrument | 707 | LC_AMND_INSTR |
| 23 | Authorization to reimburse | 740 | LC_AUTH_REIMB |
| 24 | Cancellation Advice | | LC_CANCEL_ADV |
| 25 | Cash Collateral Advices | | LC_CASH_COL_ADV |
| 26 | LC CLOSURE ADVICE | | LC_CLOSE_ADV |
| 27 | Copy of LC Instrument | | LC_INSTR_COPY |
| 28 | L/C instrument | 700 | LC_INSTRUMENT |
| 29 | Insurance Company Advice | | LC_INSURANCEADV |

| S.No | Advice Description | SWIFT | Message Type |
|-------------|-------------------------------------|--------------|---------------------|
| 30 | Pre Advice Telex | 705 | LC_PRE_ADVICE |
| 31 | Pre advising a Credit | | PADV_CL |
| 32 | Pre adv to adv | | PADV_TO_ADVCON |
| 33 | Transfer of LC Applicant | | TRANSFER_APP |
| 34 | Transfer of LC ISB | | TRANSFER_ISB |
| 35 | Transfer of LC | 720 | TRANSFER_LC |
| 36 | Transfer of LC New ATB | | TRANSFER_NEWATB |
| 37 | Transfer of LC New Beneficiary | | TRANSFER_NEWBEN |
| 38 | Transfer of LC Original Beneficiary | | TRANSFER_ORGBEN |

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Standard Reports

- LCs due to be closed report
- LCs due to expire report
- Open ended Islamic LCs
- Un replied tracers report
- Process exception report
- Overrides Report
- Expired LCs with O/S balance report
- Accrual control report
- Confirmed LCs report
- Daily activity report