Oracle® Banking Treasury Management

Charges and Fees User Guide

Release 14.7.4.0.0

ORACLE®

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Preface

This manual is designed to help familiar with the Charges and Fees module of Oracle Banking Treasury Management.

The manual provides an overview of the module and takes through the various steps involved in maintaining instruments, portfolios, and deals. It also explains how to track life-cycle events of holdings on your own, or in your customer's portfolio.

This preface has the following topics

- Audience
- Related Resources
- Symbols and Icons
- Conventions

Audience

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

Related Resources

For more information, see these Oracle resources:

- The Procedures User Manual
- The Messaging System User Manual
- The Management Information System (MIS) User Manual

Symbols and Icons

Table 1   Symbols

Icons	Function
✕	Exit
✛	Add row
▬	Delete row

Table 1   (Cont.) Symbols

Icons	Function
	Option List

Conventions

The following text conventions are used in this document:

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

1

Processing Charges

A charge or fee is a payment that you levy on your customer in exchange for advices or services rendered by your bank. Banks charge nominal fees for various services, such as courier charges, SWIFT charges. Bank charges generally constitute a major portion of revenue for the bank. These type of charges are associated with almost all the activities of the bank. For instance, when a bank accepts corporate deposits, it may also recover preclosure charges or pre-payment penalty on the deposit.

Apart from charges, bank collects fees also. For example, if there are any legal proceedings for any reason, banks will debit the fees associated with this to the customer.

While setting up a product in Oracle Banking Treasury Management, attributes for charge/ fees collection also have to be set up.

In Oracle Banking Treasury Management, you can define the different types of charges or fees that apply on a product as 'classes'. A charge class is a specific type of charge component (E.g. 'Charges for amending the terms of a contract').

A charge class is like a template, which can be associated with a product. You can modify certain parameters of the charge class while associating it with a product and also at the time of contract processing. When defining a product, you merely have to attach the required classes. In this manner, a contract processed under a particular product acquires the classes (components) associated with the product.

However for Funds Transfer and Foreign Exchange modules, Oracle Banking Treasury Management will not use charge classes for calculating charges. You need to link a charge rule while defining the charge component for the product. The linking of a charge rule to a product is discussed in the subsequent sections of this chapter.

To apply a charge or fee on a Funds Transfer, you should first define attributes for each of the components. You can define these attributes by specifying a Rule for the charge or fee. These charge rules should in turn be linked to a product through a class, so that the attributes of the charge rule will be applied on all contracts linked to the product. However, while capturing the details of a contract, you can modify some of the attributes defined for a rule. Further, for a contract, you can also indicate whether the application of a specific charge component should be waived.

You cannot modify the attributes of the rule during contract input. However, you can change the charge amount.

More than one charge or fee can be applied on a product. For example, you could link two charges to an outgoing transfer product, one with 0.05% of the transfer amount as the charge and another with a flat amount of say 200 local currency units. The first one could be your commission on the transfer and the second, for the SWIFT or cable charges incurred to affect the transfer. These will be processed as two different charge components. The income accounts can be different for these components. The two charge components will be reported in all reports and in the customer correspondence regarding the transfer.

This topic contains the following topics:

- Steps involved in Processing Charges
- Charge Rules

- Charge Class
- Contract Charge Details
- Online Charges for Products

1.1 Steps involved in Processing Charges

The following steps are involved in processing charges:

1. Defining branch restriction for ICCB rule
2. Maintaining ICCB rule availability - Branch Specific Rules
3. Defining charge rules and attributes - When you define a rule, you can also restrict the use of the rule for the different branches of the bank
4. Defining charge class
5. Link a charge class to a product
6. Specify charge details for a contract

1.2 Charge Rules

This topic has the following sub-topics:

- ICCB Rule Availability Maintenance
- Create Charge Rule
- The Sequence in Which ICCB Rules are Resolved
- Defining Charge Rule Application Conditions

1.2.1 ICCB Rule Availability Maintenance

A charge rule is created as under:

- The rule is created at the head office branch, by giving it a unique identification and description, in the '**Treasury ICCB Rule Branch Availability Maintenance** screen. In this screen, the rule is made available for use in the required branches by maintaining an allowed/disallowed list of branches.

- At the required branch, in the Treasury ICCB Rule Details screen, the attributes for the rule are defined. Maintaining the attributes in this screen is subject to whether maintenance of ICCB rules is allowed for the branch, and also whether the rule for which attributes are being defined, is allowed for the branch.

In the **Treasury ICCB Rule Availability Maintenance** screen, you can maintain ICCB rules, which you can make available to desired branches. You can do this by maintaining a list of branches for which the use of the rule is allowed, or disallowed. To recall, at the head office of your branch, you can create appropriate ICCB rules and make the rules available to the required branches. I

1. On the Homepage, enter **CFDTRRLA** in the text field and then click the next arrow.

   The **Treasury ICCB Rule Availability Maintenance** screen is displayed.

Figure 1-1   Treasury ICCB Rule Availability Maintenance
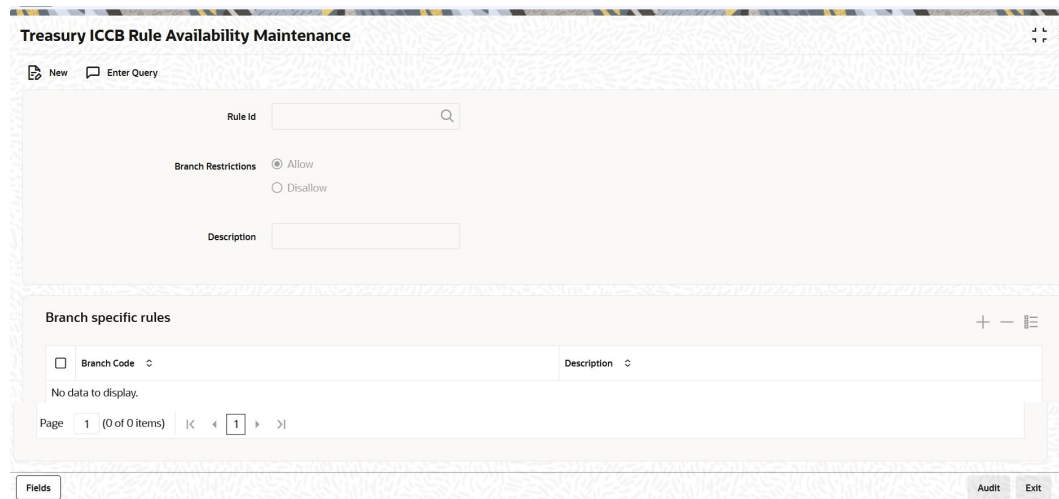
2. On the **Treasury ICCB Rule Availability Maintenance** screen, specify the fields.

    For field details and description, refer to the below table.

Table 1-1   Treasury ICCB Rule Availability Maintenance- Field Description

Field	Description
Rule Identification	Specify a unique identification for the ICCB rule you are creating. If you are creating a brokerage rule, specify a unique identification for the brokerage rule.
	This is the identification that is used as to identify for the rule, in all subsequent references to it. You must also specify a unique description for the rule.
	Every brokerage rule is identified by a unique ten-character code, called a Rule ID. You can link a valid Brokerage Rule ID to the appropriate broker and product. When a deal is processed, the brokerage attributes defined for the Rule ID that is associated with a broker and product will be applied on the deal.
	Note: After the rule has been created in the ICCB Rule Availability Maintenance screen, the attributes for the rule must be defined in the ICCB Rule Maintenance Screen.
Branch Restrictions	You can maintain a list of allowed branches (that is, the rule will be available for use in the allowed list of branches) or disallowed branches (the rule will not be available for use in the branches in the disallowed list).
	To recall, the attributes for the rule are defined, in the ICCB Rule Maintenance Screen. Maintaining the attributes in this screen, for a branch, is subject to whether maintenance of ICCB rules is allowed for the branch, and also whether the rule for which attributes are being defined, is allowed for the branch.
	For details about the Common Branch Restrictions, refer the Security Management System user manual.

1.2.2 Create Charge Rule

A charge rule is built with the logic to calculate a specific type of charge component. You can maintain this logic in the **Treasury ICCB Rule Maintenance** screen. To recall, after a charge rule has been created in the **Treasury ICCB Rule Availability Maintenance** screen, the attributes for the rule must be defined in the **Treasury ICCB Rule Maintenance** screen..

1. On the Homepage, enter **CFDTRRLM** in the text field and then click the next arrow.

   The **Treasury ICCB Rule Maintenance** screen is displayed.

Figure 1-2   Treasury ICCB Rule Availability Maintenance

2. On the **Treasury ICCB Rule Maintenance** screen, specify the fields.

   For field details and description, refer to the below table.

Table 1-2   Treasury ICCB Rule Maintenance - Field Description

Field	Description
Rule ID	Enter the ID of the rule for which you are defining attributes. Every charge rule is identified by a unique ten-character code, called a Rule ID. You can link a valid Charge Rule ID to the charge classes that you maintain in your bank Charges or fees for all products with which you associate a charge class, will be calculated on the basis of the Rule ID that is associated with the class.
	To recall, the Rule ID for a charge rule is specified in the ICCB Rule Branch Availability maintenance. Accordingly, in the Rule ID field in this screen, you must select the ID of the charge rule that you wish to build by maintaining the attributes.
	The option list in the Rule ID field is populated based on the following conditions:
	• Only those Rule IDs that are available for users at the current branch according to the ICCB Rule Branch Availability maintenance are displayed
	• The maintenance of ICCB rules must be allowed for users at the current branch, according to the restrictions maintained in the Common Branch Restrictions maintenance for the restriction type ICCBRULE
	If no Common Branch Restrictions have been maintained, and the restriction type ICCB RULE has not been maintained in the SMS Branch Restriction Type maintenance, the option list in the Rule ID field only displays those rules that are available for users in the current branch, according to the ICCB Rule Branch Availability maintenance.
Description	Enter a description for the charge rule.
	This description will be associated with the charge rule for information retrieval purposes.
Transaction Currency	If you wish to define the attributes for all currencies, you can select the ALL option in the Currency Code field to indicate this. If you are maintaining the attributes for the selected ICCB rule in specific currency other than the ALL, select the Transaction Currency on which the rule mapping maintenance is to be made applicable.
Customer Group	Select the customer group on which the rule mapping maintenance is to be made applicable.
	You can create a generalized charge rule mapping record by selecting the ALL option in the Customer Group field. This specification is defaulted to the Customer and Customer Account fields. You are forbid to change the specification.
Rule Type	Specify whether the Rule type for calculating charge is Aggregation Type or Individual Type.
	• Aggregation type indicates that charge is calculated on the total value of the deals
	• Individual Type indicates that charge is calculated on a deal-by-deal basis
Customer	Specify the Customer ID of the customer for whom you are maintaining the rule mapping.

Table 1-2 (Cont.) Treasury ICCB Rule Maintenance - Field Description

Field	Description
Branch Code	If you are maintaining the attributes for the selected ICCB rule from the head office branch, you can select the branch for which the attributes are being defined. If you wish to define the attributes for all branches, you can select the ALL option in the Branch Code field to indicate this.
	If you are maintaining the attributes for the selected ICCB rule from a branch other than the head office, you can only select those branches that are found in the allowed list of branches for:
	• the ICCB rule definition Restriction Type (ICCBRULE), in the Common Branch Restrictions maintenance for the current branch
	• the selected rule being built, according to the ICCB Rule Availability maintenance In other words, the option list in the Branch Code field would display only those branches that are allowed both for the rule and the current branch.
	In other words, the option list in the Branch Code field would display only those branches that are allowed both for the rule and the current branch.
Rate Type	The Rate Type indicates whether the charge to be applied for the Rule ID is a flat amount or a percentage of the basis amount.
	Select the rate type from the following:
	• Flat amount – You can specify a fixed amount as charge. This will be the charge amount for all contracts involving the charge rule you are defining.
	• Fixed rate - You can specify a percentage as charge. The rate that you specify will be applied on the contract amount to calculate the charge amount.
	The specific rates and amounts applicable have to be specified subsequently through this screen.

Table 1-2   (Cont.) Treasury ICCB Rule Maintenance - Field Description

Field	Description
Rule Applying Conditions	By default, a charge rule that you define can be applied on transactions in • All currencies • All customers • All customer groups • All branches However, to restrict the application of a rule to transactions involving a specific customer, customer group, currency, and / or branch, you can specify the same in the respective fields. Thus, the most generally applied condition can be that a charge rule is applicable to contracts in any currency, involving any customer, customer group or branch. An interim condition is that a charge rule is applied on contracts in a specific currency but involving any customer, customer group or branch. **✎ Note:** Note You will not be allowed to define an ICCB Rule for a specific combination unless you maintain a record for the same Rule at the generic level. For instance, while creating the Rule ID SPIWDCHGS for the very first time the system defaults the values in the Transaction Currency, Branch, Account Category, Customer, Customer Group, Branch and Account fields to 'All'. Only after saving this record you will be allowed to create a second record for a specific combination for the same Rule ID. Defining a rule at a generic level is mandatory. The significance of this can be understood by the following example: You can only define the attributes for an ICCB Rule to be applicable for all branches, from the head office branch. **Defining the charge rule application factors** You can apply a charge rule on any contract, irrespective of the currency of the contract, the customer and the branch involved. In the ICCB Rule Details screen, rules to be applicable for contracts involving all branches, transaction currencies, customers and customer categories must be maintained at the head office branch. Subsequently, you can maintain the specific rules to be applicable for contracts involving for the following combinations: • A specific branch, customer category, customer and currency • A specific branch, customer category, customer and all currencies • A specific branch, customer category, currency and all customers • A specific branch, currency and all customer categories and customers • A specific branch, customer categories and all currencies and customers • A specific branch and all customer categories, customers and currencies • A specific customer category, customer, currency, and all branches

Table 1-2 (Cont.) Treasury ICCB Rule Maintenance - Field Description

Field	Description
	• A specific customer category, customer and all currencies and branches • A specific customer category, currency and all customers and branches • A specific currency and all customer categories, customers and branches • A specific customer category and all customers, currencies and branches • All branches, customer categories, customers and currencies **✎ Note:** As mentioned earlier, the rules applicable for combinations involving all branches (the ALL option in the Branch Code field) can be maintained only from the head office branch. Once an ICCB Rule has been defined, you should associate it with a broker and product through the charge Association screen. Depending on the broker and product involved in a contract, the appropriate rule will be made applicable.
Rounding	When rule type is charge no need to give value in this field.
Amount Limits for a charge Calculation	specify the amount range (minimum and maximum amounts) within which the amount calculated using the charge rate should fall, If you indicated that charge should be calculated as a flat amount.
Rate Limits for a charge for charge Calculation	If you have chosen not to maintain the minimum and maximum amounts, you can specify the minimum and maximum rates for charge calculations. If the charge calculated using this Rule ID exceeds the amount calculated using the maximum rate specified here, the maximum rate amount will be applied as charge. Similarly, if the charge amount falls below the amount calculated using the minimum rate, the minimum rate amount will be considered as charge. **✎ Note:** If you have specified a flat amount as the Rule Type, then you need not specify the minimum and maximum amount/rate limits.
Tenor basis	Specify whether the Rule ID you are defining is to be applied based on the tenor of the contract. The tenor of the contract is calculated as the difference between the Maturity Date and the Value Date of the contract. After the tenor is calculated, charge will be computed based on the tenor slabs defined in the 'Tenor Based Rates' section of the screen. The following sections will explain how charge is calculated using a tenor based structure.

Table 1-2   (Cont.) Treasury ICCB Rule Maintenance - Field Description

Field	Description
Interest Basis	This specifies the calculation basis for the charge based on the Contract Currency or Rule Currency. Check this box if you wish to calculate the charge based on the contract currency.
	If you wish to calculate the charge based on the rule currency, then you have to choose the charge calculation value from drop-down list next to this field.
Tiered Amount	You can define the charge to be applied on contracts in any one of the following ways: • In a tier structure (cumulative) • In a slab structure (non-cumulative) You should first indicate whether the Basis Amount that you specify subsequently should be considered as a Slab or a Tier. Check the 'Tiered Amount' option if you wish to maintain the Basis Amount structure as Tiers. Leave it blank if you are maintaining a slab structure. The Basis Amount is the upper limit of the slab or tier to which a particular rate or amount should be applied as charge.
As per Contract Currency	This specifies whether the charge is paid in the charge currency or in the currency of the contract.
Tiered Tenor	Tiered tenor is applicable only for duration based (explained later) charge. You can indicate that charge is to be calculated on the basis of a tiered tenor structure, by choosing the Tiered Tenor option.
Code	Specify whether the currency rate for deal or slab currency from the following: • Mid • Buy • Sell
Rate	Specify the rate details.
Booking Currency	You should indicate the currency in which the charge amount is to be calculated: • Charge Ccy - If you specify the charge currency as charge currency, charge will be calculated in the currency selected in the 'Charge Currency' field. For a contract in foreign currency, the contract amount is converted into the charge currency equivalent before charge is applied. • Contract Ccy - If you specify the charge currency as the contract currency, charge will be calculated in the currency of the contract
Basis Amount and the Charge Currencies	The charge currency is the currency, which will be associated with the charge that is calculated or the flat charge amount.
	When building a charge rule, if the Rate Type is a Flat Amount, you have to indicate the currency of the charge or fee. The charge or fee when applied on a transaction will be collected in this currency. The input to this field can be any currency that is maintained as part of Currency Definition in Oracle Banking Treasury Management.
	The amount itself is specified subsequently through this screen. This amount can be changed during contract processing.
	Charges or fees can be calculated for a transaction on the basis of tiers or slabs. When building a charge rule, you should also indicate the currency of the tiers or slabs based on which you levy the charge. This is the Basis Amount Currency. If the transaction is in a different currency, then the charge is calculated after converting it to the currency of the tiers and slabs.

Table 1-2   (Cont.) Treasury ICCB Rule Maintenance - Field Description

Field	Description
Maximum and Minimum Charge Amount	Specify the following details.
Maximum Amount	If the charge is based on a fixed rate, you should specify the maximum amount that can be applied on a contract involving the Rule ID. If the charge calculated using this Rule ID exceeds this amount for a contract, the maximum amount specified in this field will be applied instead of the amount calculated using the fixed rate.
Maximum Rate	If the charge is based on a fixed rate, you should specify the maximum rate that can be applied on a contract involving the Rule ID. If the charge calculated using this Rule ID falls above the amount which is computed using the maximum rate defined in the rule, then the amount which is computed using the maximum rate will be collected.
Minimum Amount	If the charge is based on a fixed rate, you should specify the minimum amount that can be applied on a contract involving the Rule ID. If the charge calculated using this Rule ID falls below this amount for a contract, the minimum amount specified in this field will be applied instead of the amount calculated using the fixed rate.
Minimum Rate	If the charge is based on a fixed rate, you should specify the minimum rate that can be applied on a contract involving the Rule ID. If the charge calculated using this Rule ID falls below the amount which is computed using the minimum rate defined in the rule, then the amount which is computed using the minimum rate will be collected.
Tiered Amount	You can create a Charge Rule that would calculate charges on the basis of an amount structure. This structure could be in tiers or in slabs. Check against 'Tiered Amount' if the Basis Amount structure will be Tiers. Leave it blank if the Basis Amount structure is Slab.
Bracket Tenor	You can create a charge Rule which calculates charge on the basis of an amount structure. In this table you define the different attributes of amount structure based on which the charge would be calculated.
Basis Amount To	You should specify the upper limit of the slab or tier to which a particular rate or amount should be applied as charge. The charge rate or amount (depending on the rate type) is to be specified in the subsequent field.
Fixed Rate	If the charge is in the form of a percentage of the contract amount, you should specify the applicable rate. This rate will be applied for the Basis Amount To, depending on whether you have defined the application basis as a slab or a tier.
Charge Unit	The Charge Unit specifies the unit for rounding up a charge basis amount to the nearest amount. The charge will be calculated on the rounded basis amount.
Flat Amount	If the charge is in the form of a flat amount, the amount should be specified. This amount will be applied for the Basis Amount To, depending on whether you have defined the application basis as a slab or a tier.

Table 1-2   (Cont.) Treasury ICCB Rule Maintenance - Field Description

Field	Description
Floor Basis Amount	You should specify this only if the amount basis is a Tier. This will be the upper limit of the previous tier limit. By default, the amount specified as the Basis Amount To for the previous tier limit will be displayed. For the first limit in the tier do not specify this. This amount is used to calculate the charge, along with the Floor CCF Amount that is to be specified next.
Floor CCF Amount	You should specify this only if the Rule Type is a Commission. This amount need not be the same as the amount calculated using the Basis Amount and rate for the previous slab.
Fixed rate	If the charge is to be calculated as a percentage, you should specify the applicable rate against each tenor. This rate will be applied on the transaction amount, based on the amount slab and on whether the application basis defined for the tenor based structure is a slab or a tier.
Flat (CCF) Amount	To levy a flat charge, specify the flat amount. This amount will be applied on the Basis Amount, depending on whether you have defined the application basis as a slab or a tier.

1.2.3 The Sequence in Which ICCB Rules are Resolved

Table 1-3   ICCB Rules

Rule	Branch	Customer Category	Customer	Currency
Specific	Specific	Specific	Specific	Specific
Specific	Specific	Specific	Specific	ALL
Specific	Specific	Specific	ALL	Specific
Specific	Specific	ALL	ALL	Specific
Specific	Specific	Specific	ALL	ALL
Specific	Specific	ALL	ALL	ALL
Specific	ALL	Specific	Specific	Specific
Specific	ALL	Specific	Specific	ALL
Specific	ALL	Specific	ALL	Specific
Specific	ALL	ALL	ALL	Specific
Specific	ALL	Specific	ALL	ALL
Specific	ALL	ALL	ALL	ALL

1.2.4 Defining Charge Rule Application Conditions

When you have built charge rules, you are ready to build Charge Classes. When creating a product, you can link it with a Charge Class you have built. Thus, the definition of charge rules should precede the definition of Charge Classes and Product Definition.

1.3 Charge Class

This section contains the following topics:

- Define a Charge Class
  This topic provides the systematic instructions to define a charge class.

- Charge Components for a Product

- Indicate whether Advice Processing Charges Need to be Collected

- Associate a Charge Class with a Product

1.3.1 Define a Charge Class

This topic provides the systematic instructions to define a charge class.

Once such a rule is built, you can define attributes like what should be the basis amount on which the charge rule is applied, when the charge should be associated to the contract and when the charge should be calculated and collected. A class is a specific type of component that you can build with certain attributes. You can build a charge class, for instance, with the attributes of a specific type of charge, such as 'Charges for amending the terms of a transaction', or 'Charges for provision of services'. To recall, a charge rule is built to calculate a specific type of charge component.

1. On the Homepage, enter **CFDTRCCM** in the text field and then click the next arrow.

   The **Treasury Charge Class Maintenance** screen is displayed.

Figure 1-3   Treasury Charge Class Maintenance

2. On the **Treasury Charge Class Maintenance** screen, specify the fields.

For field details and description, refer to the below table.

Table 1-4   Field Description

Field	Description
Module List	A charge class is built for use in a specific module. As a charge component would be applied on different basis amounts, in different modules. In the Letters of Credit module, for instance, you would apply a flat processing charge or fee on all LCs. In the Securities module, you could levy a flat charge or fee on portfolios that you maintain on behalf of a customer. The basis on which the component is applied is different, in these two cases. ✏️ **Note:** The Basis Amount Tags available would depend on the module for which you build the class.
Class Code	Before defining the attributes of a charge class, you should assign the class a unique identifier, called the Class Code and briefly describe the class. A description would help you easily identify the class.
Charge Type	Charges can be collected from the counter party or from a third party. You can select one of the following values from the adjoining drop-down list: • Counter Party – This indicates that the customer is captured as part of the contract. • Third Party – This indicates that the charges are levied on another entity on behalf of customer (Eg: Custodian) • Their Charges – This indicates that your bank is collecting other bank's charges as in the case of LC and BC contracts. The charges or fee that you levy will be recovered, typically, from the counterparty involved. Therefore, when building a charge class, you may indicate the charge to be of 'Counterparty' type.
Debit / Credit	Choose the Debit option in this field, if the charge component associated with the product is to be debited to the customer. If you would bear the charge component, choose the 'Credit' option. The following example illustrates how a charge could be of a 'Credit' type.
Propagation Required	Check this option to indicate that the charge collected from the borrower must be passed on to the participants of the contract.
Net Consideration	The sum of the different components of a contract determines the net value of the contract. You can indicate that a charge component should be taken into account when determining the net value of a contract by choosing the Net Consideration option. ✏️ **Note:** Note The Net Consideration option is applicable if you are defining a charge class for Securities module.

Table 1-4   (Cont.) Field Description

Field	Description
Add/Subtract	If you choose to include the charge component in the net value, you should indicate if the charge component is to be added, while calculating the net consideration amount, or subtracted.
SWIFT Qualifier	You can report the charge component of a contract in the SWIFT messages that you generate. To do this, identify the component, when building it in the 'Charge Class Maintenance' screen, with the appropriate SWIFT code.
Events	A contract goes through different stages in its life cycle, such as: • Initiation • Amendment • Rollover Each of these stages is referred to as an 'Event' in Oracle Banking Treasury Management. At any of these events, you can choose to apply a charge or fee. When defining a charge class, you should specify: • The association event • The application event • Liquidation event The event at which you would like to associate a charge component to a contract is referred to as the Association Event. At this event, no accounting entry (for the charge component) is passed. The event at which the charge component is actually calculated is referred to as the Application Event. At this event, no accounting entry (for the charge component) is passed. The charge or fee is liquidated at the Liquidation event that you specify. If the event chosen for the liquidation of the charge component at the charge class and the event chosen for liquidating the same charge component at the 'Product Events and Accounting Entries' screen are different, the charge will not be liquidated and accounting entries will not be posted. In FX, FT and SI modules, the concept of association, application and liquidation events is not applicable. The charge component is liquidated at the event chosen in the product. Hence, charge class for these three modules are defined under Old Charge Class (The Old Charge Class is found under product class. The charge classes for FX, FT and SI have to be defined under this.). The charge components are linked to three different events. This mapping gives you the option to change the charge amount before it is liquidated.

Table 1-4   (Cont.) Field Description

Field	Description
Basis Amount Tag	The basis on which interest, charge, fee, or tax is calculated is referred to as the Basis Amount. (A charge or fee can be on the basis of the contract amount, for instance.) The different basis amounts, available in a module, are associated with a unique 'tag'. When building a charge component, you have to specify the tag associated with the Basis Amount. When charge or fee is calculated for a contract, the basis amount corresponding to the tag will be picked up automatically. Basis amount refers to: • Principal amount or commitment • Transaction amount in the case of a teller entry • Transfer amount in case of a Remittance • SI Amount in case of Standing Instruction • LC amount in the case of a Letter of Credit • Bill amount in the case of a Bill • Buy/Sell amount in the case of an FX deal • Deal Nominal amount for a Security Deal
Default Charge Rule	You can link a charge rule that you have defined to the charge component that you are building. When you link a rule to a component, the attributes that you have defined for the rule will default to the component. To recall, a charge rule identifies the method in which charge or fee of a particular type is to be calculated. A rule is built with, amongst others, the following attributes: • The charge currency • Whether the charge or fee is to be a flat amount or calculated on a rate basis • The minimum and maximum charge that can be applied • The tier or slab structure on which the charge is to be applied • The customer and currency restrictions, etc. The charge component to which you link a rule acquires these properties. Charges for the product with which you associate a charge component will be calculated, by default, according to the rule linked to the component. However, when processing a contract, you can choose to waive the rule altogether. When building a charge class, you can choose to allow the amendment of the rule linked to it, in the following conditions: • You can choose to allow amendment after the association event • You can choose to allow amendment after the application event • You can choose to allow amendment of the charge amount

Table 1-4   (Cont.) Field Description

Field	Description
Default Settlement Currency	Charges or fees levied on a contract will be settled in the Settlement Currency that you specify for the charge class associated with the product (under which the contract is processed). However, when processing a contract, you can choose to settle the charge in another currency. The charge currency defined for the rule is used only for booking charges. The actual settlement is done in the default settlement currency' maintained for the charge class. The final charge is computed based on preferences defined in the charge rule set-up. The amount is converted to the settlement currency in case the charge currency is different from the contract currency. **Note:** • For the liquidation of charge components with a charge currency not equal to the contract currency during discounting, the charge amount is calculated in the contract currency based on the exchange rate between the settlement currency and the contract currency as on the discounting date. The charge amount in contract currency is used for accounting. • If the charge currency is different from the contract currency and the contract currency is same as the settlement account currency, the exchange rate maintained for the settlement account through the 'Settlement Message Details – Account Details' screen is used to convert the charge amount into the contract currency amount. When you associate a charge component with a product, you can choose to allow the amendment of the rule linked to it, under the following conditions.
Allow Rule Amendments	If you would like to allow the amendment of a rule for a charge component when linked to a contract, check this box.
Amend After Association	If you would like to allow the amendment after association of a rule for a charge component, check this box. Once checked the system will allow you to modify the rule after the association event is triggered for the linked contract.
Allow Amount Amendment	If you would like to allow amendment of the charge amount calculated by the system as per the charge rule, check this box.
Amend After Application	If you would like to allow the amendment of the charge amount after application of a rule for a charge component, check this box. Once checked the system will allow you to modify the charge amount after the application event is triggered for the linked contract.
Default Waiver	The charge component to which you link a charge rule acquires the properties defined for the rule. Charges for contracts (maintained under the product with which you associate the class you are building) will be calculated, by default, according to the rule linked to the component. However, when maintaining a product, you can choose to waive the rule altogether. If you want to indicate that the charge rule must be deemed as waived by default, select this option.

Table 1-4   (Cont.) Field Description

Field	Description
Capitalize	You can capitalize the payment of charges and fees. If the charge is not paid on a scheduled date, the outstanding charge amount will be added to the outstanding principal and this becomes the principal for the next schedule. If a partial payment has been made, the unpaid amount will be capitalized (the unpaid charge is added to the unpaid principal and this becomes the principal for the next schedule). **Note:** If the 'Capitalize' option is not checked for the broker, deal, product and currency combination, then the option 'Consider as discount' cannot be checked for the securities module.
Consider as Discount	While defining a charge class for either the securities or the bills module, you can indicate whether the charge component is to be considered for discount accrual on a constant yield basis. If you select this option the charge received against the component is used in the computation of the constant yield and subsequently amortized over the tenor of the associated contract. Checking this option also indicates that the component is to be used for IRR calculation.
Accrual Required	Checking this indicates that the charges have to be accrued. Subsequently, the charges are accrued using the upfront fee system. **Note:** This option is disabled for BC contracts.
Discount Basis	While defining a charge class for the bills module, you can define the discount basis for the purpose of IRR computation. You can choose either of the following as discount basis: • Inflow – If you choose Inflow, the charge will be considered as an inflow for IRR computation • Outflow – If you choose Outflow, the charge will be treated as an outflow for IRR computation You can define discount basis only if the 'Consider as Discount' option is enabled. If you have not opted for 'Consider as Discount', the Discount Basis field will be disabled. If the 'Consider as Discount' option is enabled Discount basis has to be defined. On enabling the 'Consider as Discount', the default value of Discount Basis will be 'Inflow' and you will have to change it to 'Outflow' if required.
External Pricing	Check this box to indicate that external charges can be fetched from external pricing and billing engine for contracts created under this product.
Debit Customer as part of Billing	Check this box to indicate that the configured charge will be debited from customer account as part of billing feed from external pricing and billing engine.

1.3.2 Charge Components for a Product

You can specify the charge components applicable to a product. Click **Charges** in a 'Product Definition' screen to invoke the 'Charge Details' screen.

You should necessarily use a charge class to indicate the charge components applicable to a product. (A charge class is a specific type of component that you can build with certain attributes.)(Required) Enter introductory text here, including the definition and purpose of the concept.

1.3.3 Indicate whether Advice Processing Charges Need to be Collected

For each advice that is linked to the product you can specify whether charges incurred for sending the relevant advices to the customer through the various media should be charged to the customer account or whether they should be waived.

Your specification will be defaulted to all the contracts involving this product. However, you will be allowed to change this specification while processing individual contracts.

> **Note:**
>
> This specification applies only to LC, Bills, and FT products.

1.3.4 Associate a Charge Class with a Product

To associate a charge class with a product, click **Default From Class** from the Charge Definition screen. Select the appropriate charge class from the list of classes defined specifically for the particular module of Oracle Banking Treasury Management.

The attributes defined for the charge class are displayed. You have the option to change the attributes defined for the charge class to suit the requirement of the product you are creating.

Stop Association

You can instruct the system not to calculate charge for a product by clicking this option.

The charge details specified for a product will be automatically applied on all contracts involving the product. However, while processing a contract, you can waive the application of all or specific charge rules for the contract.

Propagation Required

This option defaults from the 'Charge Class Maintenance' screen but can be modified here if required. Check this option to indicate that the Charge collected from the borrower must be passed on to the participants of the tranche or drawdown contract.

Settlement Currency

Charges or fees levied on a contract are settled in the Settlement Currency that you specify for the charge class associated with the product (under which the contract is processed). However, when processing a contract, you can choose to settle the charge in another currency.

Following points are noteworthy for bills:

- For the liquidation of charge components with a charge currency not equal to the contract currency during discounting, the charge amount is calculated in the contract currency

based on the exchange rate between the settlement currency and the contract currency as on the discounting date. The charge amount in contract currency is used for accounting. This pertains to BC contracts.

- If the charge currency is different from the contract currency and the contract currency is same as the settlement account currency, the exchange rate maintained for the 2-18 settlement account through the 'Settlement Message Details – Account Details' screen is used to convert the charge amount into the contract currency amount.

Collect LC Advising Charges in Bills

Check this box to indicate that the charge component defined for the product can be collected as a part of a bill availed under the LC.

You can check this box only for Export type of LC. If this option is checked in the charge class, you can modify this checkbox at product level. In case if this charge component is linked for Import LCs then this option gets defaulted as 'N'.

Checking this box ensures that the component is marked for transfer onto Bills. The LC charges due are stored in a data store, which are populated only upon checking this box at the selected product.

Collect LC Charges in Bills

Check this box to indicate that the charge class, when used with an LC, needs to be liquidated / transferred as a part of the bill availed against the LC.

When selected, the system shall allow for definition of accounting for the component as a part of Bill and / or as a part of the LC. This shall enable any receivable accounting to be set up as a part of the LC, and subsequent transfer from the receivable GL as a part of the Bill.

This flag is enabled only for LC module. For other modules, this is disabled with default value as 'No'

> **Note:**
>
> - The charge component can be marked as 'Collect LC Charges in Bill' or 'Collect LC Advising Charges in Bill'.. Either one of the selected but not both. Both can be null.
> - Collect LC Charges in Bill' and 'Collect LC Advising Charges in Bill' cannot be selected when track receivable or payable is selected at rule level.
> - Collect LC Charges in Bill' and 'Collect LC Advising Charges in Bill' cannot be selected along with third party charge type.

Consider as Discount

While associating a charge class for either securities or a bills product, you can indicate whether the charge component is to be considered for discount accrual on a constant yield basis.

If you check this box the charge received against the component is used in the computation of the constant yield and subsequently amortized over the tenor of the associated contract.

Accrual Required

This option is defaulted from the 'Charge Class Maintenance' screen and cannot be modified during product association.

> **Note:**
>
> This option is disabled for BC contracts.

Advice Charge

The system defaults the local currency as charge currency when this check box is checked. If unchecked, then the system defaults the charge currency as per the ICCB rule maintenance.

Discount Basis

While defining a charge product for the bills module, if you choose to associate a Charge Class to the Charge Product, the product will inherit all the attributes defined for the class. But you can override the value of 'Discount Basis' from what has been defined in the charge class. If you have not chosen to associate the Charge Product with a Charge Class, to define the discount basis for the purpose of IRR computation, you can choose either of the following as discount basis:

*   Inflow – If you choose Inflow, the charge will be considered as an inflow for IRR computation
*   Outflow – If you choose Outflow, the charge will be treated as an outflow for IRR computation

You can define discount basis only if the 'Consider as Discount' option is enabled. If you have not opted for 'Consider as Discount', the Discount Basis field will be disabled. If the 'Consider as Discount' option is enabled Discount basis has to be defined. On enabling the 'Consider as Discount', the default value of Discount Basis will be 'Inflow' and you will have to change it to 'Outflow' if required.

1.4 Contract Charge Details

The topic has the following sub-topics:

*   Specifying Charge Details
*   Indicating whether Advice Processing Charges Need to be Collected
*   Levying Charges on the Recipient of a Message

1.4.1 Specifying Charge Details

When the details of a contract are captured, the charge components defined for the product will automatically apply on it. However, while processing a contract, you can change certain attributes of the charge component.

> **Note:**
>
> In case Charge Currency and Settlement currency are different, exchange rate is handled as per rate code specified in 'Account Details' tab in settlement button.

1. On the Contract Online screen, click **Charges**.

    The **Charges Details** screen is displayed.

Figure 1-4   Charge Details

2. On the **Charge Details** screen, specify the fields.

   For field details and description, refer to the below table.

Table 1-5   Charge Details - Field Description

Field	Description
Contract Reference	The contract reference number of the contract you are processing will be displayed on this screen.
Charge Association	The charge components specified for the product to which you have linked the contract will be displayed in tabular columns. You can choose to waive these components for the contract you are processing.
Event Sequence Number	This displays the event number which depends on the life cycle of the contract processing. You cannot modify this value.

Table 1-5   (Cont.) Charge Details - Field Description

Field	Description
Component	The name given to the charge component will be displayed here. The attributes defined for this component will be displayed in the subsequent fields. For a charge component the following details are displayed: • The event that triggers the application of the charge being defined • If the charge is a rate, it is defaulted from the product. You cannot the change the rate at which the charge is calculated. However, you can modify the calculated charge amount. • The currency in which the charge is specified if it is a flat amount and the flat amount itself • If the charge component is to be considered for discount accrual on a constant yield basis, 'Consider as Discount' option will be checked. You cannot modify this value.
Waived	The attributes of a charge or fee defined for a product will be applied on all contracts involving the product. To waive the charge or fee on a contract you are processing, choose this option. The charge or fee will be calculated but not applied. **Note:** • If you waive the charge or a fee, the system will calculate the charge but does not affect the collection of charge or fee • If you opt for 'Stop Association', the system will NOT calculate the charge at all
Accrual Required	This option is defaulted from the product charge class maintenance and cannot be modified. **Note:** This option is disabled for BC contracts.

1.4.2 Indicating whether Advice Processing Charges Need to be Collected

You can choose to debit the customer account for the charges incurred for sending an advice to the customer through the various media types. You also have the option of waiving these 2-21 charges. This specification is defaulted from the product to which the contract is linked. You have the option of changing this while processing an individual contract.

1. Click **Advices** in the Contract Input screen.

   The **Advices** screen is displayed.

Figure 1-5   Advices

2. Specify the fields.

   For field details and description, refer to the below table.

Table 1-6   Advices - Field Description

Field	Description
AR-AP Tracking	This field is defaulted based on the track receivable preference set at the rule level for the charge class. You can edit this if required. If checked, LQ contract is created for that charge component. On unchecking, charges will be collected from the customer at the time of contract processing. **Note:** This specification applies only to LC, Bills, and FT contracts. Again at the time of saving the contract the system displays the 'Product Event Advices Maintenance' screen wherein you will be allowed to do the following: • Suppress an advice from being sent • Change the Priority of the advice • Indicate that charges need to be collected from the receiving party
Product Code	This indicates the Product code to which you have linked the contract.
Event Code	This indicates the Event code and is defaulted from the product to which the contract is linked.

Table 1-6 (Cont.) Advices - Field Description

Field	Description
Advices	The Advices attached to the product to which you have linked the contract displays in tabular columns.
	If you indicate that the customer is the receiver of charges, the system automatically locates the relevant Receiver, Media and Country combination from the available Charge Maintenance Details records and deducts the charge amount associated with the particular combination.
	The Charge amount is deducted from the customer account in the specified currency.
	✎ **Note:** If you have not maintained a Charge Maintenance Details record for the particular customer, the system uses the wildcard entry type record to deduct the charge amount.

1.4.3 Levying Charges on the Recipient of a Message

You can define these charges for a Receiver, Media and Country combination. You can define these charges in the **Message Charges Maintenance** screen, which is invoked from the Application Browser. On the messages that are generated from Oracle Banking Treasury Management, you can levy charges

1. On the Homepage, enter **MSDCHRMN** in the text field and then click the next arrow.

2. On the **Charges Maintenance** screen, specify the fields.

For field details and description, refer to the below table.

Table 1-7 Charges Maintenance - Field Description

Field	Description
Charges Maintenance	Enter the following details in the Message Charges Maintenance screen. • **Receiver** • **Media** • **Currency** • **Country** • **Amount**

Table 1-7   (Cont.) Charges Maintenance - Field Description

Field	Description
Defining Charges for a Specific Recipient	The message generation charges that you define in this screen are for a Recipient (customer or bank) + Media (SWIFT, Telex, Mail, and Fax) + Country combination. You can select the appropriate Receiver/Media/Country codes from the option lists available. For a given combination, you can define a charge amount and specify the currency in which the charge should be levied. The account of the recipient will be automatically debited for the charge amount during the event at which the message is generated.
Defining Charges for All Recipients	You can define a charge that can be levied on all customers that are recipients of messages generated from your bank. To make the charge applicable to all recipients, choose the 'ALL' option in the Receiver field. If you have defined a charge to be applied to all customers, and also defined a similar charge for a specific customer, the customer charge takes precedence.
Identifying the Receiver, Media and Country Combination	In this screen, you need to identify the Receiver, Media and Country combination for which a particular charge amount is to be debited. The receiver of charges is the customer of your bank for whom you are maintaining charge maintenance details. Since advices can be sent to customers through various media, you can choose to maintain separate charge amounts depending on the type of media being used. In addition, you have to indicate the country of the customer for whom you are specifying charge maintenance details. Each time you process a transaction in Oracle Banking Treasury Management for the respective Receiver, Media, and Country combination, the system automatically deducts the charge amount associated with the particular combination. The charge amount is deducted from the customer account and the relevant accounting entries will be posted based on the accounting entry set-up defined for the product involved in the contract.
Specifying the Currency and Amount	In addition to specifying the Receiver + Media + Country combination, you have to indicate the currency in which the charge amount is to be collected. Subsequently, you can specify the amount for which the customer account is to be debited.
Maintaining Wildcard Records	You have the option of using the wildcard 'All' in all or some of the fields to indicate that the charge maintenance details are applicable for all customers, irrespective of the media type, the resident country to which they belong, and the currency in which the amount is to be deducted. Let us assume that you have maintained the following specifications in a Charge Maintenance record: • **Receiver – All** • **Media – SWIFT** • **Country – All** • **Currency Code – All** • **Amount – 35.00** The system will by default use this record to deduct charges incurred for sending advices through SWIFT for all the customers of your bank irrespective of their resident country. Moreover, an amount of 35.00 will be deducted as advice processing charges in the currency of the customer account.

1.5 Online Charges for Products

This section contains the following topics:

- Online Charges for Products

1.5.1 Online Charges for Products

Oracle Banking Treasury Management allows you to maintain charge products and events in the **Online Charge Product Maintenance** screen.

1. On the Homepage, enter **Online Charge Product Maintenance** in the text field and then click the next arrow.

2. On the **Online Charge Product Maintenance** screen, specify the fields.

For field details and description, refer to the below table.

Table 1-8   Online Charge Product Maintenance - Field Description

Field	Description
Source Code	Specify the source code. The adjoining option displays all the source code maintained in the system. You can choose the appropriate one. ✏ **Note:** It can be Banking Treasury Management, FLEXBRANCH, ACUMEN and so on.
Charge Event	Specify the charge event. The adjoining option displays all the valid Oracle Banking Treasury Management Function ids or products available in the system. You can choose the appropriate one.
Charge Product	Specify the charge product. The adjoining option displays all the valid the valid charge product maintained at arc level. You can choose the appropriate one.

Table 1-8   (Cont.) Online Charge Product Maintenance - Field Description

Field	Description
Action	Select the action you want the system to perform from the option list. The options available are as follows: • New • Auth • Modify • Close > ✎ **Note:** > • You can link a retail teller charge product to the host function id STDCUSAC using the Online Charge Product Maintenance screen if the action is 'Close'. > • You can link a retail teller charge product to the branch screens Close Out Account Withdrawal (1301), Close Out Account Withdrawal by Multi mode (1350), Close out Account Withdrawal by Bankers Cheque (1300) and Close out withdrawal by FT (1320), using the Online Charge Product Maintenance screen, if the action is 'New'. > • The RT product linked with the account closure related host and branch function ID in Online charge screen, should have the charge basis as "NUM-ACC-OPN-DAYS' at ARC level. When this basis is used, Slab type should be maintained as "SLAB" and Rate Type as "FLAT RATE". The main offset accounting entry check box should be unchecked.

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