Objectives

This document covers the business requirements of client based on the discussions held with the client team, during the Product Solution Analysis (PSA) session. This document also covers the solutions available in Application for such requirements. During Solution Analysis, if any gap is identified between the requirement of the bank and current capability of the system, then the associated business requirement along with gap reference will be provided in the document.

# Topics Covered

This document covers the topic **Current and Savings account (CASA) and Term Deposit functionality**.

# Solution Analysis Discussion

## CASA Product Configuration

### Requirement

* Current accounts in CLIENT are primarily settlement accounts for loan repayments
* All current accounts in CLIENT are zero interest bearing products
* Further, there are call account products which are interest bearing
* The product should support cheque book issuance and dormancy calculations
* Islamic deposit products are not required currently
* Overdraft facility on current accounts need to be enabled at product level
* CLIENT does not require savings account
* CLIENT does not require card linkage to its current accounts

### Solution Mapping:

* System supports configuration of current accounts with overdraft allowed flag Yes or No.
* Current accounts can be configured to have interest bearing or non- interest bearing
* Following specific product configurations are supported (select attributes are only referred)
  + Overdraft flag
  + Sweeps flag
  + Cheque book flag
  + Dormancy flag
  + Corporate or retail product definition
  + Access channel restrictions like Internet, Mobile, Call centre etc.
* The product attributes will be inherited at account level on selection of product and user has the capability to override applicable attributes
* Out of box screen of current account product configuration is given below:

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Figure 1: Current Account product configuration

### Gap:

* No Gap

## Current Accounts

### Requirement

* Current Accounts are created under the configured product
* All the current accounts in CLIENT are non-interest bearing
* Salary payments, cheque clearing, Direct Debits and EFTS payments incoming/outgoing on behalf of linked loan accounts will occur in customer’s current account
* Since Loan account numbering of CLIENT does not adhere to BBAN standards, all external payments inward/outward on behalf of linked loan account needs to be processed via current account only
* In addition, standard current account business where customer issues cheques, processes salary payments, pay/credit invoices also occur in current account
* Following Account relation types need to be recorded at account level
  + Owner
  + Parent/Guardian
  + Director
  + Authorised Signatory
  + Related Party
* Joint account with CLIENT and customer ownership is required

### Solution Mapping:

* System supports current accounts creation and maintenance of current accounts for the life of account

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Figure 2: Current Account Creation

* Payments functions like Salary file processing, Direct Debit, Standing Orders, EFTS payments are out of scope of this document as those will be covered as part of Payments Solution walkthrough document
* Following functions are supported for current accounts in system:
  + Account Information
  + Holder and Mandate List (Mandate Matrix)
  + Account Address
  + Tax Exemption (VAT)
  + Cheque book Management (covered as a separate section)
  + Issue MC
  + Interest condition
  + OD Limits (covered as a separate section)
  + Sweep
  + Account Statements, Inquiries- Financial, Non-financial
  + Cash block
  + Channel Access restriction (Override from Product configuration)
  + Automatic Term Deposit Sweep
  + Nominee Information
  + Report Subscriptions at account level for certificates, statements etc.
* Joint accounts with CLIENT and customer can be set up
* Supports multi-currency deposit accounts with appropriate product configuration
* Mandate matrix at current account level allows user to define the holder rights against each account relation type and define the number of signatories against specific customer transactions across customer, loan and current account level
* The mandate matrix captured is primarily for information and actual restrictions are implemented only in self-service channels consuming this information.

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Figure 3: Mandate Matrix

### Gap:

* No gap

## Chequebooks

### Requirement

* Current function of CLIENT is to issue cheque books based on customer request
* The cheque book workflow undergo multiple statuses as CLIENT receives the cheque book from printing press and then manually courier it to customer address
* CLIENT wishes to change the process by allowing the printing house to directly courier the cheque book to customer address without any overhead to CLIENT staff

### Solution Mapping:

* System supports issuance of cheque book and ensures account number as well as cheque number combination will be unique for an account
* System also maintains multiple statuses for lifecycle of cheque issuance.
* However, currently these statuses are suppressed and mark the cheque book as delivered immediately after request
* In all recent implementations, printing houses are directly sending the courier of cheque books to customer address and hence the suppression of statuses
* System also supports stop cheque of a cheque number or a series of cheque numbers based on customer request
* Screengrab of request cheque book screen is given below:

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Figure 4: Cheque book request

### Gap:

* No gap

## Overdraft Limit

### Requirement

* Overdraft limits need to be set up on current account
* Conventional overdraft limits are set up on current account in CLIENT
* Overdraft limits needs to be charged for the debit interest when the account is in debit balance
* No penal interest for overlimit amounts is charged in CLIENT
* Temporary overdrafts on current account without overdraft limit but in debit balance also need to be supported

### Solution Mapping:

* Overdraft limits can be set up on current account
* Overdraft limit template need to be enabled and debit rates to be set up at product level for overdraft limit set up at account
* One of many lines of overdraft limits can be set up on overdraft
* Interest is charged on the outstanding debit balance of current account within limit
* Normal debit interest and penal interest can be charged on overdraft
* The Overdraft limits can be linked to a limit hierarchy by setting up the parent limit node
* Min/max limit amount and Overdraft limit amount can be set up at account level
* Screenshot of create overdraft limit is given below:

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Figure 5: Add Overdraft Limit

### Gap:

* No gap

## Term Account Product Configuration

### Requirement

* CLIENT has a portfolio of term deposit products
* Term deposit products need to be configured in the core banking system

### Solution Mapping:

* Term accounts are configured as distinct product set
* Salient features of term deposit products are given below
  + Interest type – Simple, Compound
  + Interest practice – 30/360, Actual/Actual, Actual/365 etc
  + Interest settlement frequency – Maturity, Monthly, Quarterly, Monthly Anniversary etc.
  + Auto renewal flags
  + Business Day count convention for maturity date processing – Following business day, Modified next business day etc.
  + Back-value dating
  + Age based interest
* Screenshot for term deposit configuration is given below:

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Figure 6: Term Deposit Configuration

### Gap:

* No Gap

## Term Accounts

### Requirement

* Term accounts in CLIENT are used as security to credit facilities as well as standalone investments by customer
* Term accounts need to be auto renewed by the application as default
* If Term deposit accounts are used as security to credit facilities then, appropriate cash block need to be set at account level for the lien amount
* The release of security will only allow the cash block amount release

### Solution Mapping:

* System supports term deposit account creation and maintenance
* Term Deposit rates are stamped at account level
* Interest can be transferred to customer account on period intervals or on maturity
* Term deposits can also be linked as security to credit facilities and cash blocks can be set up on account
* Term deposits supports pre-closure simulation to identify the pre-closure amount
* Breakout penalties can be configured at product level
* Maturity instructions on whether term deposit need to be auto renewed or renewed with principal only or close and transfer principal and interest can be set up

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Figure 7: Maturity Instruction

### Gap:

* No gap

## Islamic Deposits

### Requirement

* CLIENT does not have Islamic deposits in legacy core banking
* CLIENT wants to explore the feasibility of Islamic deposits in the new system
* All conventional current accounts in CLIENT are non-interest bearing and hence it can be mapped to Qard type of Islamic deposit products
* CLIENT does not have Islamic pool calculation for Wakalah and Mudharaba type products
* CLIENT is also exploring the possibility of commodity Murabaha term deposit products (Those are not supported in new core banking system)
* Hence for the current project scope Islamic deposits are not required, though in future this can be revisited

### Solution Mapping:

* Out of the required products in CLIENT, system supports Wadia and Mudharaba current accounts
* Mudharaba term deposits are also supported
* The products can be configured as distinct product set and accounts can be created underneath

### Gap:

* None

## Cash Management

### Requirement

* CLIENT requires teller cash management with cash transfers to and from:
  + Branch to Branch
  + Vault teller to teller
  + Teller to Teller
  + Teller to customer (debit/credit)
* Cash transactions in accounts need to be immediately booked and cash drawer position to be updated with denomination breakup
* Reconciliation of physical cash and system cash drawer to be facilitated
* All cash transactions across modules need to have cash drawer to record the denominations

### Solution Mapping:

* System supports teller as well as branch level cash position to users to monitor the cash position
* Chief Cashier/Vault teller configuration is supported to regulate the cash in and out from vault
* Transfers between tellers, branches and chief cashier are separately recorded
* Facilitates reconciliation between physical and system cash drawer denomination wise with cash drawer open and close facility.

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Figure 8: Cash Request Initiation

### Gap:

* No gap

## Interface requirements

|  |  |  |
| --- | --- | --- |
| **SL.NO** | **Interface** | **Description** |
| 1 | Cheque Printing system | Cheque book printing system |
|  |  |  |
|  |  |  |