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T24 – Induction training “Limits and collaterals”

Thomas Voigt

Training manager

Email: tvoigt@syncordisconsulting.com

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General remarks

PLEASE NOTE:

- The screenshots in this manual have been taken from the T24 model bank. This is the initial set up of T24.
- If your T24 system is already customized than the screens and menus in T24 may look different.
- The basic functionality explained in the manual will be anyway the same as in your T24 system.

- 01 Learning objectives**
- 02 Basics of limits
- 03 Creation of a standard limit
- 04 Attachment of the limit to an account
- 05 Creation of an intraday limit
- 06 LIAB enquiry
- 07 Basics of collaterals
- 08 Securing a limit with collaterals



Learning objectives

- To learn what is meant by “limits”
- Different kinds of limits
- Creation of standard and intraday limits
- How to assign limits to accounts / contracts of a customers
- Retrieving information about limits
- Understand the meaning of collaterals
- Securing a limit with collaterals

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Basic information (1)

- Banks are exposed to various risks while granting credit to a customer
- These risks can be reduced by fixing limits for the credit facility being offered
- A Bank can choose to create various kinds of limits for a customer



Basic information (2)

- The “Limit” module is a “Core application” module in T24
- One limit can be attached to multiple accounts/ transactions
- Limits are checked when transactions are input – so the check happens already at “unauthorized stage (status **INAU**)
- In case the customer does not have a LIMIT, an override message is generated when the transaction gets committed

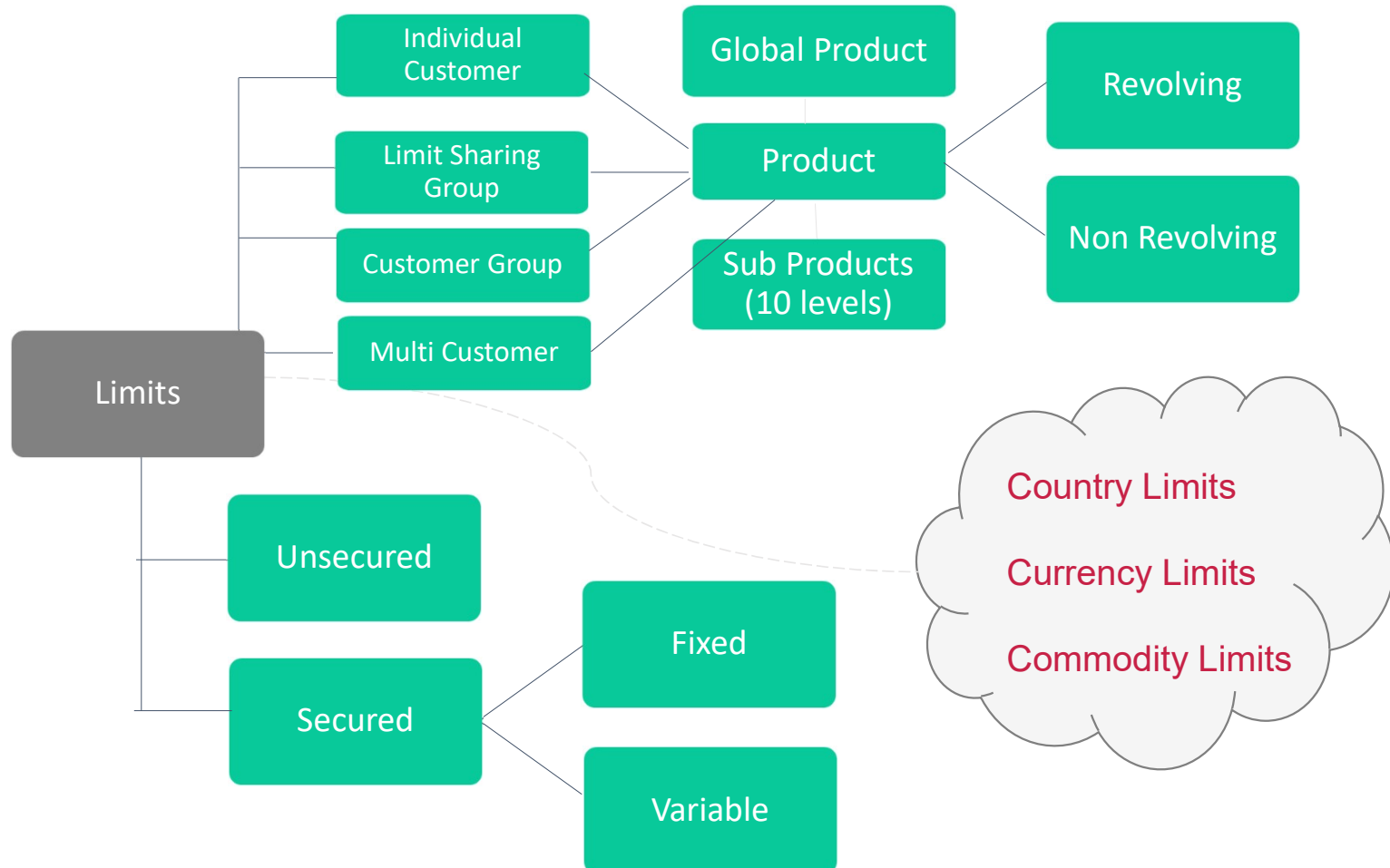


When the override message is approved, “**Dummy**” limits are automatically generated for contract modules like loans, FX or derivatives.

Please note: Those “**Dummy**” limits contain no amounts and the text “*CREATED BY SYSTEM DEFAULT*”. During the COB a report with the “**Dummy**” limits created today is generated. These limits should be updated as soon as possible

- No “**Dummy**” limits are created for accounts.
- An override message is also generated within in transactions, when the attached limit amount is exceeded
- Nearly all limits are checked and updated online. Only currency, commodity and country limits are updated during COB

Structure of limit module



Revolving and non-revolving limits

- For **revolving limits** the available limit amount **get's updated**, when repayments of the limit happen
- For **non-revolving limits** the available limit amount **doesn't get updated**, when repayments of the limit happen

In the example below a loan of 1.000.000 EUR is granted, to which a limit of 1.000.000 EUR is attached

Action	Loan Balance	Available Limit amount <i>revolving</i>	Available Limit amount <i>non- revolving</i>
Loan Disbursement	-1.000.000	0	0
1 st repayment of 200.000	-800.000	200.000	0
2nd repayment of 200.000	-600.000	400.000	0

Relation between Limit-products and Limit-subproducts

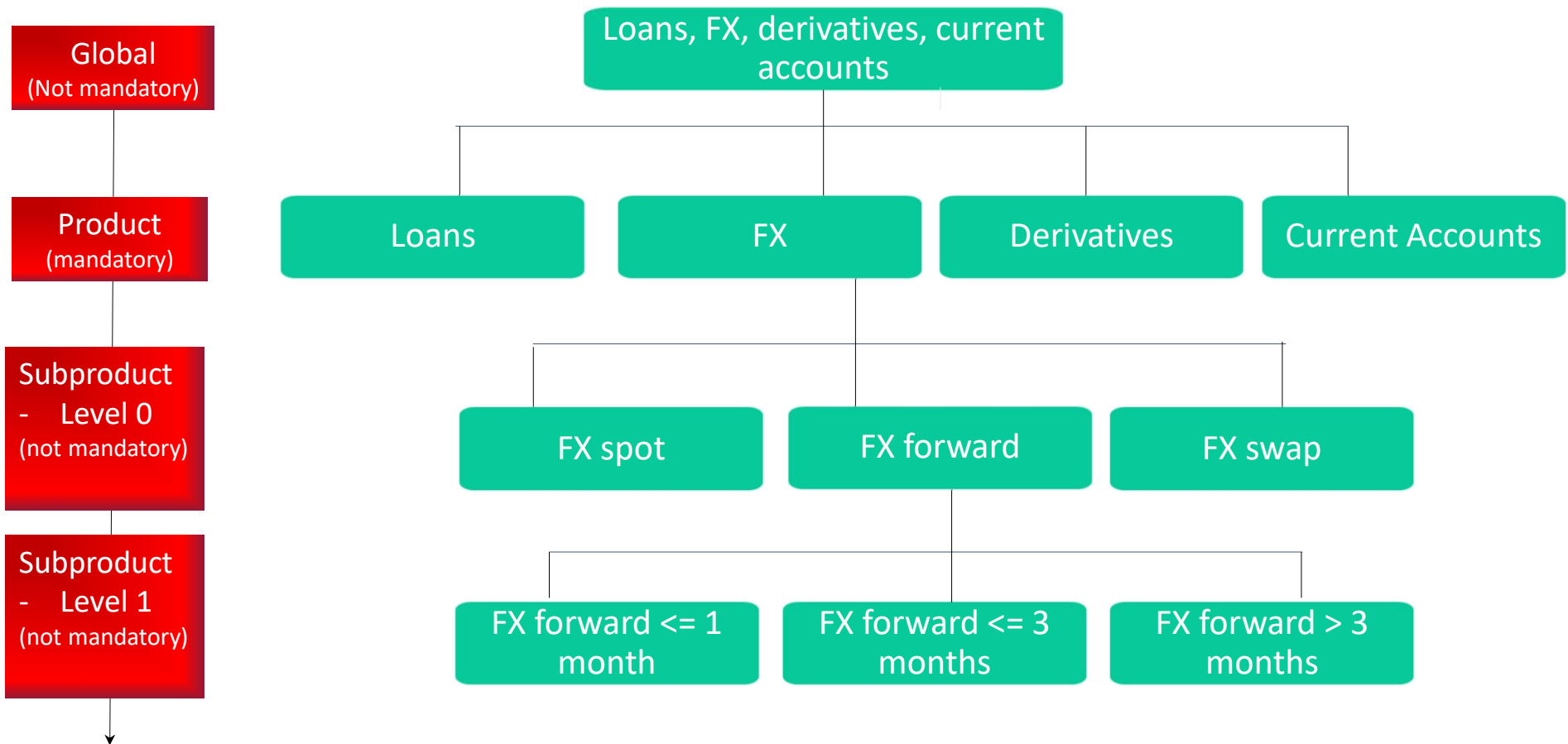
- Most Banks have products which are linked to each other
- A Bank might choose to have Loans as its product and under that have sub products like Home loans, Car loans, etc
- If the product is revolving then all the sub products under it can be revolving or non revolving
- A Non revolving product can only have a non revolving sub product under it

Relation between products and subproducts

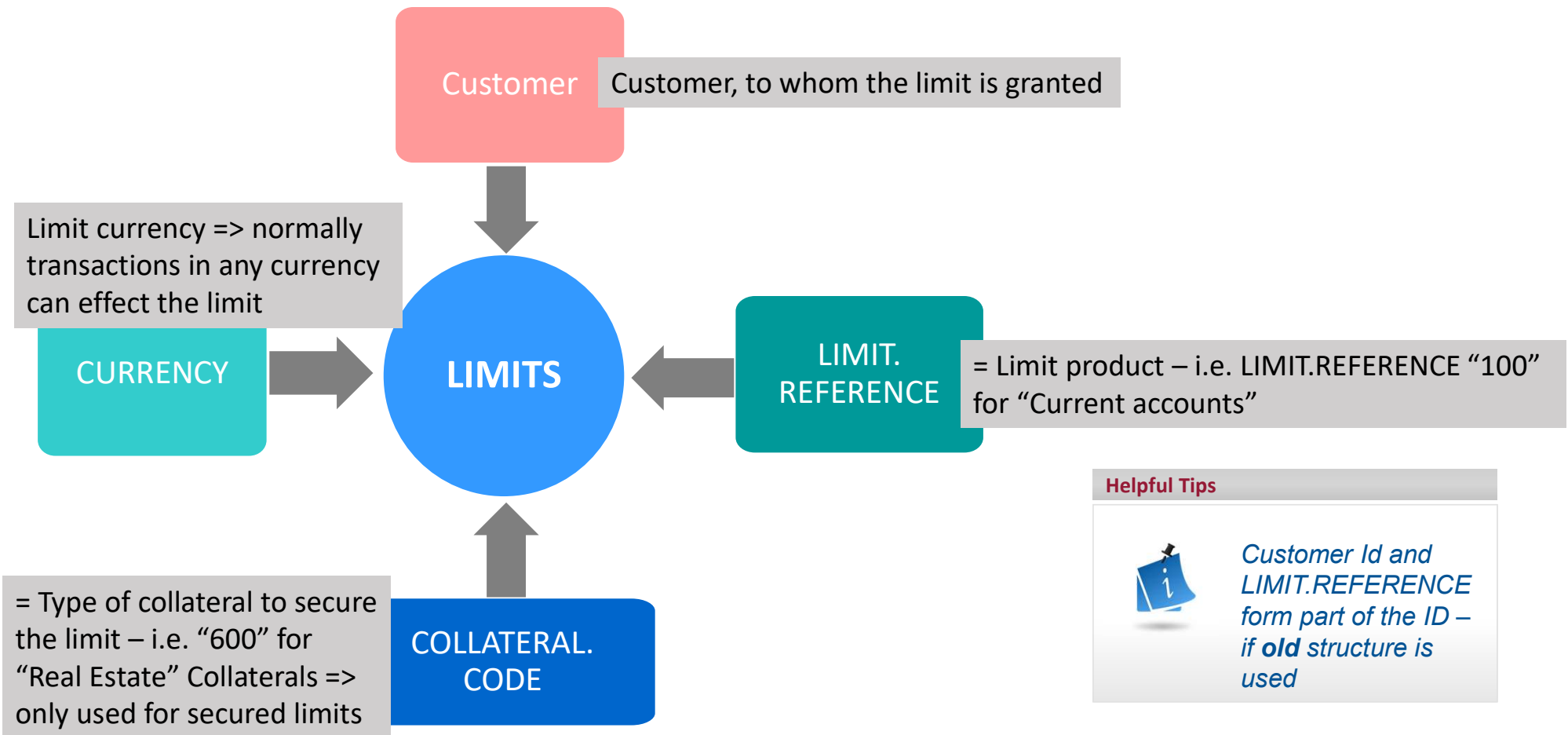
- If we need to create a limit for the subproduct, we must first create a limit at the product level
- Lets say a Bank wants to assign a limit to a customer for a “Home loan”, then we must first create a limit for this customer for the product called “Loan” and then create the limit for the subproduct “Home loan”



Sample for a limit tree structure – limit products and subproducts



Linkages to LIMIT records



Helpful Tips



*Customer Id and
LIMIT.REFERENCE
form part of the ID –
if **old** structure is
used*

Linkage of limits to products – high level parametrization

Product → **LIMIT** → **LIMIT.REFERENCE** → **LIMIT.PARAMETER**

Product – i.e. the current account
“AA211051HVB7” of customer
“100396” in CATEGORY 1001

Arrangement Activity | Audit

Arrangement: AA211051HVB7

Customer.1: 100396

Product: Current Account

Activity: New Account Arrangement

Limit

Limit Reference: 100

Overdraft Limit: 5,000.00

Category: 1001

Limit – the limit “LI21105YNYQQ”
belongs to the **LIMIT.REFERENCE**
100 => limit amount = 5.000 EUR

LIMIT: LI21105YNYQQ (Model Bank)

Limit Currency: EUR

Country Of Risk.1: US

Country Percent.1: 100

Approval Date: 15 APR 2021

Offered Until: 15 APR 2021

Review Frequency: 15 APR 2022 M0101

Expiry Date: 15 APR 2022

Proposal Date: 15 APR 2021

Online Limit Date: 15 APR 2021

Limit Grade.1: 3

Grade Percent.1: 100

Internal Amount: 5,000.00

LIMIT.REFERENCE record “100”

LIMIT.REFERENCE: 100 (Model Bank)

GB Description: Advances in Current Accounts

GB Short Name: Adv in Curr Acc

Reducing Limit: N

LIMIT.PARAMETER:
LIMIT.REFERENCE “100”
attached to CATEGORY
“1001”

LIMIT.PARAMETER: SYSTEM (Model Bank)

Adm Extension Days: 5

Application.1: ACCOUNT

Product No.1.1: 100

Product No.1.2: 700

Product No.1.3: 201

Product No.1.4: 6710

Product No.1.5: 6800

Product No.1.6: 6711

Decis Field.1.1: CATEGORY

Decision.1.1: Eq

Decision Fr.1.1: 1001

To the account “AA211051HVB7” a limit of 5.000 EUR is attached →
The limit attached to the account belongs to **LIMIT.REFERENCE** 100, which is attached to **CATEGORY** 1001

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LIMIT- Mandatory Details

- Id in case of **old** limit structure – *manually* inputted by the user
 - Given in the format – Customer ID . Limit Product . Serial No
 - Eg. 100396.1100.01 wherein 100396 is the customer id , 1100 is the Limit product and 01 is the serial number

⇒ Those values get defaulted in the respective fields in LIMIT record
- Id in case of **new** limit structure – will be created *automatically* when clicking on the icon 📄 – here “LI211052R20G” => Then within the LIMIT record needs to be specified manually:
 - Field “**Liabilitiy Number**”: Customer Id - e.g. 100396
 - Field “**Limit Product**”: e.g. 100
 - Field “**Serial No.**”: e.g. 01

The screenshot shows the 'Unsecured Joint Limit' form. The 'More Actions ...' dropdown is open, and the text '100396.1100.01' is entered in the input field. A green arrow points down to the next screen. The second screenshot shows the same form with the 'Unsecured Joint Limit' title and the 'LI211052R20G (Model Bank)' record selected. The 'Record Parent' section shows 'Customer Number.1' with a value of '100396' and 'Limit Product' with a value of '100'. The 'Liability Number' field is set to '100396' and the 'Serial No' field is set to '01'. A green arrow points down to the third screenshot. The third screenshot shows the same form with the 'Unsecured Joint Limit' title and the 'LI211052R20G (Model Bank)' record selected. The 'Record Parent' section shows 'Customer Number.1' with a value of '100396' and 'Limit Product' with a value of '100'. The 'Liability Number' field is set to '100396' and the 'Serial No' field is set to '01'. A green arrow points down to the fourth screenshot. The fourth screenshot shows the same form with the 'Unsecured Joint Limit' title and the 'LI211052R20G (Model Bank)' record selected. The 'Record Parent' section shows 'Customer Number.1' with a value of '100396' and 'Limit Product' with a value of '100'. The 'Liability Number' field is set to '100396' and the 'Serial No' field is set to '01'.

If the limit Id's are in the new or the old limit structure, is defined in the respective **LIMIT.REFERENCE** record in the field “**Key Type**”:

- Value “*Txn.ref*” = new limit structure
- Value “*Limit.key*” = old limit structure

LIMIT- Mandatory Details

- **Currency:** Currency for the limit amount

- In can be done – if permitted – transactions in any currency hitting this limit

- E.g.:

- Limit = 5.000 EUR
- Transaction of 2.400 USD
- Rate EUR USD = 1.20

➡ The transaction utilizes **2.000 EUR** of the limit

- **Internal Amount**

- This means the maximum Limit amount the customer has been sanctioned by the limit committee of the bank
- This may not be revealed to the customer
- It may also be greater than the advised amount

Please note: This amount get defaulted into the field “**Maximum Total**” => This field contains for unsecured limit the available limit amount

- **Available Marker**

- The availability of the limit sanctioned can be controlled using this field
- Changes can be made from “Y” to “N” or vice versa accordingly
- If an unavailable limit is used then an override gets generated, but the limit check is already *active*



LIMIT- Additional Details

- **Approval Date**
 - Date when the limit has been approved by the customer
 - If not manually specified, the system date is defaulted
- **Offer Validity** (field “Offered until”)
 - Maximum time given to the customer to accept the offer
 - If not manually specified, the system date is defaulted
- **Review Frequency**
 - Date on which the Limit approved is to be reviewed
 - If not manually specified, then the system defaults the date as one year from the system date and monthly review thereafter
- **Expiry Date**
 - Date when the approved limit would expire
 - If not manually specified, the system defaults it as “one year after system date”



LIMIT- Additional Details

- **Maximum Total**

- The limit amount for unsecured limits, against which the transactions will be checked
- Input can also be lower than the internal limit assigned
- If not manually specified, the maximum total amount gets defaulted from the internal amount
- **Please note:** The “Maximum Total” amount can’t be changed after the limit authorization

- **Netting**

- This option is used when the user wants to net the balances of a group of accounts
- This is applicable **only** when one limit is attached to two or more accounts
- **Example:**
 - The limit *100456.100.01* is attached to three current accounts of the customer 100456 and the limit amount is **10.000 EUR**
 - Account 1 has a balance of 4.000 EUR
 - Account 2 has a balance of -11.000 EUR
 - Account 1 has a balance of 5.000 EUR

➡ The total balance is **-2.000 EUR**. If opted for netting, even from account 2 can still be withdrawn up to **8.000 EUR**

- **Notes**


- Free text



Workshop 1 “Create an unsecured limit”

Workshop

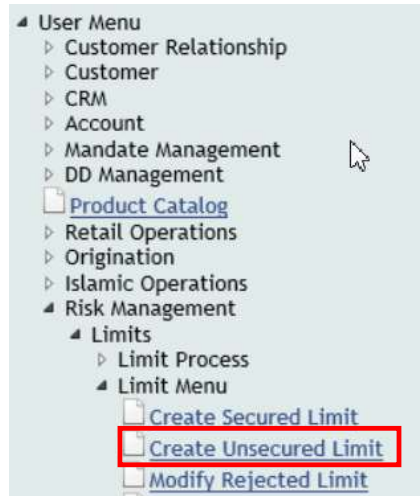


- **Use *User Menu > Risk Management > Limits > Limit Menu > Create Unsecured Limit***
 - Create a limit, which will be later used for a current account of your customer
 - Because it is a limit in the new limit structure: Click on the “empty paper”-icon  in the starting screen to start with the creation
 - Use the Id of your customer, the limit product 100 and the serial number 05
 - The limit amount shall be 20.000 EUR
 - Commit the record and check the defaulted values
 - Specify, that the 3 required documents have been received for your customer
 - Commit again and note down the Id of your LIMIT record created

Workshop 1 - solution

Workshop

1



2



Workshop 1 - solution

Workshop

3

Unsecured Joint Limit LI21105KBNVB (Model Bank)

Record Parent

Customer Number.1

Limit Product 100

Joint Liability ☒ [None] ☐ No ☐ Yes

Limit Type

Risk Group Id

Liability Number 100396

Serial No 05

Buffer

Business Unit

Shared Limit ☒ [None] ☐ I

Limit Details Other Details Intraday Limit Signatory Details Audit

Currency EUR

Country of Risk.1

Country Percent.1

Proposal Date

Approval Date

Offered Until

Review Frequency

Expiry Date

Online Limit Date

Last Draw Date

Internal Amount 20T

Advised Amount

Fixed Variable ☒ [None] ☐ Fixed ☐ Variable

Maximum Total

Available Marker ☐ [None] ☐ N ☐ R ☒ Y

4

Unsecured Joint Limit LI21105KBNVB (Model Bank)

Have you received Promissory Note/LIM*100 from 100396 RECEIVED

Have you received Guarantor Letter/LIM*100 from 100396 RECEIVED

Have you received Loan Agreement/LIM*100 from 100396 RECEIVED

Workshop 2 “Authorize the unsecured limit”

Workshop



- **Use *User Menu > Risk Management > Limits > Limit Menu > Authorise/Delete/Reject Limit***
 - Login with a different User or ask your neighbour
 - Authorize your limit

Workshop 2 - solution

Workshop

1



2

Results 1 - 2 of 2

Unauthorised Limits

Limit ID	Customer Number	Customer Name	Liability Customer	Liability Cus Name	Limit Product	Ccy	Limit Amount	Available Marker	Inputter
LI21105KBNVB			100396	Airbourne Freight	100	EUR	20,000.00	Y	INPUTTER
LI21105P7547			100396	Airbourne Freight	100	USD	100,000.00	Y	INPUTTER

3

The screenshot shows the 'Maintain Joint Limit' form for LI21105KBNVB (Model Bank). The form includes the following fields:

- Limit Product: 100
- Liability Number: 100396
- Joint Liability: No
- Serial Number: 05

Below the form, there are tabs for 'Limit Details', 'Collateral Details', and 'Other Details'. The 'Limit Details' tab is active, showing the following information:

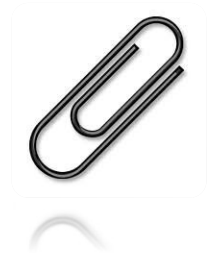
- Currency: EUR (Euro)
- Country of Risk.1: US (United States of America)
- Country Percent.1: 100
- Proposal Date: 15 APR 2021
- Approval Date: 15 APR 2021

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Attachment of a limit to an AA account (customer account)

- A LIMIT can be attached to a customer account – totally unimportant, if the account was created in the AA module or in the AC module
- A single LIMIT can be attached to more than one accounts
- Netting of balances for a LIMIT can be done in cases, where the same LIMIT record is attached to more than one account – how to do so was explained in the previous chapter
- The way of attaching a limit to an account is different for AA accounts then for AC accounts – we will focus on AA accounts
- The attachment of the LIMIT record to the account happens in the *“Limit” section* of the arrangement
 - In case of Limits of the **new** limit structure (our case) delete all the values in the *“Limit” Section* and specify the Id of your LIMIT record in the field **“Limit Id”**
 - In case of Limits of the **old** limit structure specify in the *“Limit” Section* in the field **“Limit Reference”** the required value (second part of your limit Id) and in the field **“Serial”** the required serial number (third part of your limit Id). And *delete the value in the field “Overdraft Limit”* – even if it is “0.00”



Workshop 3 “Create a Current account and attach the limit created in the previous workshops”

Workshop



- Use *User Menu > Product Catalog*
 - Choose to open your account in the product “Current account”
 - Account currency shall be EUR and the opening date shall be “today”
 - In the “Limit” section: Delete all values and specify in the field “Limit Id” the Id of your LIMIT record created in the previous workshops
 - Note the arrangement Id of your account
 - Commit the record. Accept the override messages and specify, that the account opening document from your customer has been received

Workshop 3 - solution




Workshop

1

- ▾ Infinity Transact User Menu
 - Customer Relationship
 - Customer
 - CRM
 - Account
 - Mandate Management
 - DD Management
 - Product Catalog**
 - ▾ Retail Operations

2

T24 PRODUCT Browser

Product Groups		Products	
Category	Group	Current Accounts	
▸ PSD2 Consent		+ Description	
▾ Accounts	Current Accounts	CT Account	 Simulate
	Limit Accounts	Corporate Current Account	 Simulate
	Savings Accounts	Current Account	 Simulate

Workshop 3 - solution

Workshop

3

Toolbar: ? ✓ || ✕ ✓ ✕ ✓ ▶ ⬆ ⬇ More Actions ... ✓ ++

New Arrangement AAACT21105SL08RM53 (Model Bank)

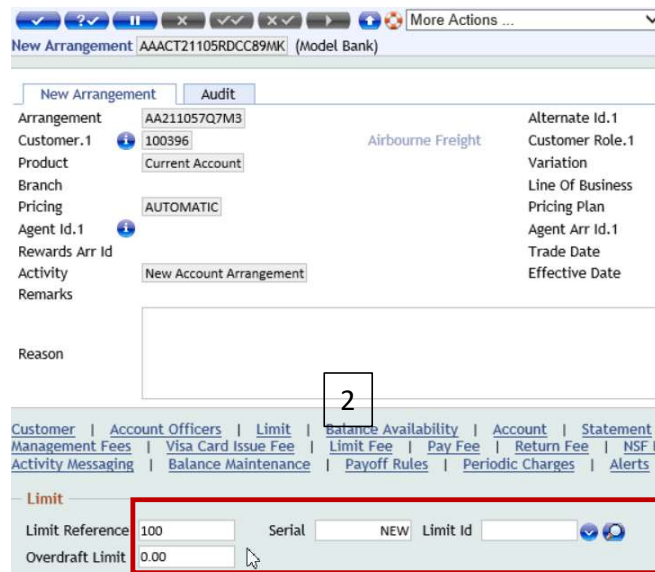
New Arrangement | Audit

Arrangement	NEW	
Customer.1	100396	Airbourne Freight
Product	Current Account	
Branch		
Pricing		
Agent Id.1		
Rewards Arr Id		
Activity	New Account Arrangement	
Alternate Id.1		
Customer Role.1		
Variation		
Line Of Business		
Pricing Plan		
Agent Arr Id.1		
Trade Date		
Effective Date	15 APR 2021	
Currency	EUR	
Channel		
Arr Link		
Agent Role.1		

Workshop 3 - solution

Workshop

4 (The “Limit” section **before** doing the changes)



New Arrangement: AA211057Q7M3 (Model Bank)

Arrangement: AA211057Q7M3

Customer.1: 100396

Product: Current Account

Pricing: AUTOMATIC

Agent Id.1:

Rewards Arr Id:

Activity: New Account Arrangement

Remarks:

Reason:

Limit Reference: 100

Overdraft Limit: 0.00

Serial: NEW

Limit Id:

5 (The “Limit” section **after** doing the changes)



Limit Reference:

Overdraft Limit:

Serial:

Limit Id: 1105KBNVB

Workshop 3 - solution

Workshop

6

✓ ? ✓ || ✕ ✕ ✕ ▶ ⬆ 🛟 More Actions ...

New Arrangement AA21105RDCC89MK (Model Bank)

Accept Overrides

⚠ Arrangement Currency Different From Charge Currency

⚠ Statement would get generated both on schedule date and the date defined in statement conc

? Have you received Account Opening Agreement/AAA*212 from 100396 RECEIVED ▼

New Arrangement Audit

Arrangement AA211057Q7M3 Alternate Id.1

Test of a limit

Now the limit attached to the account created in workshop 3 shall be tested.

- ✓ In this workshop to the account AA211057Q7M3 (Internal account Id: **118575**) a limit of *20.000 EUR* was attached, the balance of the account is currently 0.00 EUR
- ✓ The test is done via a payment performed in the old payments module FT.
- ✓ The account AA211057Q7M3 shall be debited with 30.000 EUR → An override message for the excess of **10.000 EUR** is generated – see screenshot below

The screenshot displays a 'FUNDS.TRANSFER' window for 'FT/21105/9RYHD (Model Bank)'. A red-bordered box highlights a warning message: 'Accept Overrides' followed by 'Overdraft on Account 118575 for EUR 10000'. Below this, the transaction details are listed: Transaction Type (AC), Debit Acct No (118575), In Debit Acct No, Currency Mkt Dr (1), Debit Currency (EUR), Debit Amount (30,000.00), and Debit Value Date (15 APR 2021). A red-bordered box also highlights the 'Debit Amount' field.

Transaction Type	AC
Debit Acct No	118575
In Debit Acct No	
Currency Mkt Dr	1
Debit Currency	EUR
Debit Amount	30,000.00
Debit Value Date	15 APR 2021

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Intraday limits

- It is also possible to create an intraday limit in your LIMIT record
- In the COB of each day the utilized amount for the intraday limit will be set back to “0”
- It will be checked like normal limits when a transaction get’s committed
- **Please note:**
 - It is not possible to have in a LIMIT record just an intraday limit without a normal limit record. But the normal limit record can have as “Maximum Total” the amount of “0”
 - Intraday limits are only allowed for products, which have in the corresponding **LIMIT.REFERENCE** record the value “Yes” in the field “**Allow Intraday Limit**”

The screenshot shows a software window with a toolbar at the top containing buttons for checkmark, question mark, pause, close, and other actions. Below the toolbar, the text 'Limit Reference 100 (Model Bank)' is visible. A list of fields follows: 'Limit Band Level', 'Maturity Period.1', 'Mat Period Perc.1', 'Percentage Cap', 'Percentage Flr', 'Perc Calc Basis' (with a radio button selected for '[None]'), and 'Allow Intraday Limit' (with a dropdown menu set to 'Yes'). The 'Allow Intraday Limit' field is highlighted with a red rectangular box.

Intraday limits

In the tab “**Intraday**” the intraday limit can be specified. All fields in the first line are mandatory

The field “**Limit Start Date**” contains the effective date, from which the intraday limit is available

So in the example below the following is defined:

- ☐ First intraday limit at the 15.04.2021 for 5.000. In the COB the utilized amount will be set back to “0”, so that on the 16.04.2021 the full 5.000 are again available.
- ☐ The same happens on the 16th, 17th etc.

The limit will be checked against: The amount specified in the field “**Advised Limit**” + **unutilized amount from the main limit** ➡ If you want *just the intraday limit*, set for the normal limit the “**Maximum Total**” to “0”

Unsecured Joint Limit LI21105M4J8V (Model Bank)

Record Parent: [] Liability Number: 100396

Customer Number.1: [] Serial No: 06

Limit Product: 100 Buffer: []

Joint Liability: ☐ [None] ☒ No ☐ Yes Business Unit: []

Limit Type: [] Shared Limit: ☒ [None] ☐ No ☐ Yes

Risk Group Id: []

Limit Details Other Details **Intraday Limit** Signatory Details Audit

Limit Start Date.1	Approved Limit.1	Advised Limit.1
15 APR 2021	5,000.00	5,000.00

Start Time: []

End Time: []

Workshop 4 “Add an intraday limit”

Workshop

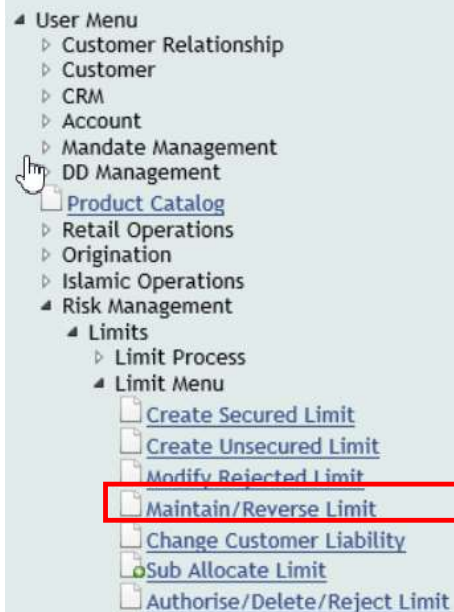


- **Use *User Menu > Risk Management > Limits > Limit Menu > Maintain/Reverse Limit***
 - Choose the LIMIT record created in the workshop 1
 - Set the fields “Internal Amount” and “Maximum Total” to “0”
 - In the tab “*Intraday Limit*” set the start date to “Today”, the “Approved Limit” to “5.000” and the “Advised Limit” to “4.000”
 - Commit the record
- **Use *User Menu > Risk Management > Limits > Limit Menu > Authorise/Delete/Reject Limit***
 - Login with a different User or ask your neighbour
 - Authorize your limit

Workshop 4 - solution

Workshop

1



2

Maintain Limits										
Limit ID	Customer Number	Customer Name	Liability Customer	Liability Cus Name	Limit Product	Ccy	Online Limit	Available Marker	Online Limit Date	Expiry Date
LI21105KBNVB			100396	Airbourne Freight	100	EUR	0.00	Y	15 APR 2021	15 APR 2022

Workshop 4 - solution

Workshop

5



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Results 1 - 2 of 2

Unauthorised Limits

Limit ID	Customer Number	Customer Name	Liability Customer	Liability Cus Name	Limit Product	Ccy	Limit Amount	Available Marker	Inputter
LI21105KBNVB			100396	Airbourne Freight	100	EUR	20,000.00	Y	INPUTTER
LI21105P7547			100396	Airbourne Freight	100	USD	100,000.00	Y	INPUTTER

7

The screenshot shows the 'Maintain Joint Limit' form for LI21105KBNVB (Model Bank). The form has several tabs: 'Limit Details', 'Collateral Details', and 'Other Details'. The 'Limit Details' tab is active. The form contains the following fields:

- Limit Product: 100
- Liability Number: 100396
- Serial Number: 05
- Joint Liability: No
- Currency: EUR (Euro)
- Country of Risk.1: US (United States of America)
- Country Percent.1: 100
- Proposal Date: 15 APR 2021
- Approval Date: 15 APR 2021

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LIAB enquiry

The LIAB enquiry gives a detailed overview about the limits and their utilization attached to a customer or customer group

- You may check the information on global, product and subproduct level
- Even the underlying contracts may be checked, which hit the limits

To search for the limits of a customer, specify the Id of your customer in the field “**Liability Number**”



Workshop 5 “LIAB enquiry for customer 100396”

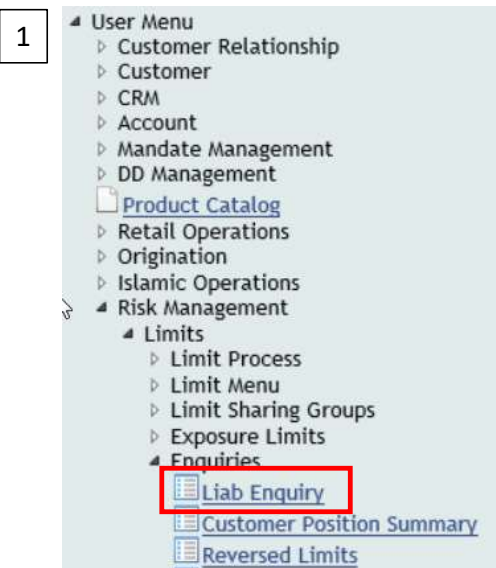
Workshop



- **Use *User Menu > Risk Management > Limits > Enquiries > Liab Enquiry***
 - Check the limits and their utilizations for customer 100396
 - Drill down to all levels

Workshop 5 - solution

Workshop



2

Limit Summary/Customer Liability

More Options Find

Clear Selection

Liability Number equals 100396

Adjust Available Amt equals

Show Third Party Exposure equals

NO.SORT.OPTION equals

INCLUDE.DL equals

GB0010001 : LIAB

3

Limits Summary as on : 15 APR 2021

Liability 100396 Airbourne Freight Amount in 000's

Limit Description	S.No.	Limit Ccy	Limit Amount	Outstanding Amount	Available/Excess Amount	Expiry Date	
Rev Commitment	01	USD	150	0	150	19 MAR 2022	
Adv in Curr Acc	01	USD	90	0	90	19 MAR 2022	
AA Revolving	01	USD	40	-80	-40	19 MAR 2022	
Adv in Curr Acc	02	USD	0	0	0	19 MAR 2022	
Adv in Curr Acc	05	EUR	0	-30	-30	15 APR 2022	
Adv in Curr Acc	06	EUR	10	0	10	15 APR 2022	
Adv in Curr Acc	03	EUR	5	0	5	15 APR 2022	

Workshop 5 - solution

Workshop

4

Limit Transactions

Customer : 100396 Airbourne Freight

Product : Adv in Curr Acc05

Company	Txn.Ref	Ccy	Amount	Full Amount	Mat. Date	
BNK	118575	EUR	-30,000.00	-30,000.00	15 APR 2021	

5

Balance Summary								
Customer:		100396 Airbourne Freight						
Account No	Name		Product	Ccy	Working Bal	Ledger Bal	Cleared Bal	 Useable Bal
118575	Airbourne Freight		Current Account	EUR	-30,000.00	0.00	0.00	-30,000.00
								Statement entries today 

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- 03 Creation of a standard limit
- 04 Attachment of the limit to an account
- 05 Creation of an intraday limit
- 06 LIAB enquiry
- 07 Basics of collaterals**
- 08 Securing a limit with collaterals



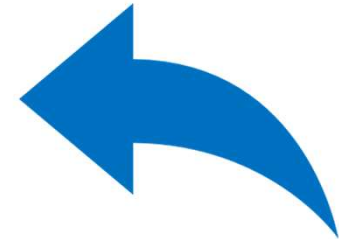
Basics of collaterals (1)

- Collateral is a security offered to the bank
- A support to the bank in the event of default of borrowers
- Collaterals can be specific to a single or many or all borrowings of one more customers
- Can be linked to one or more limits as well

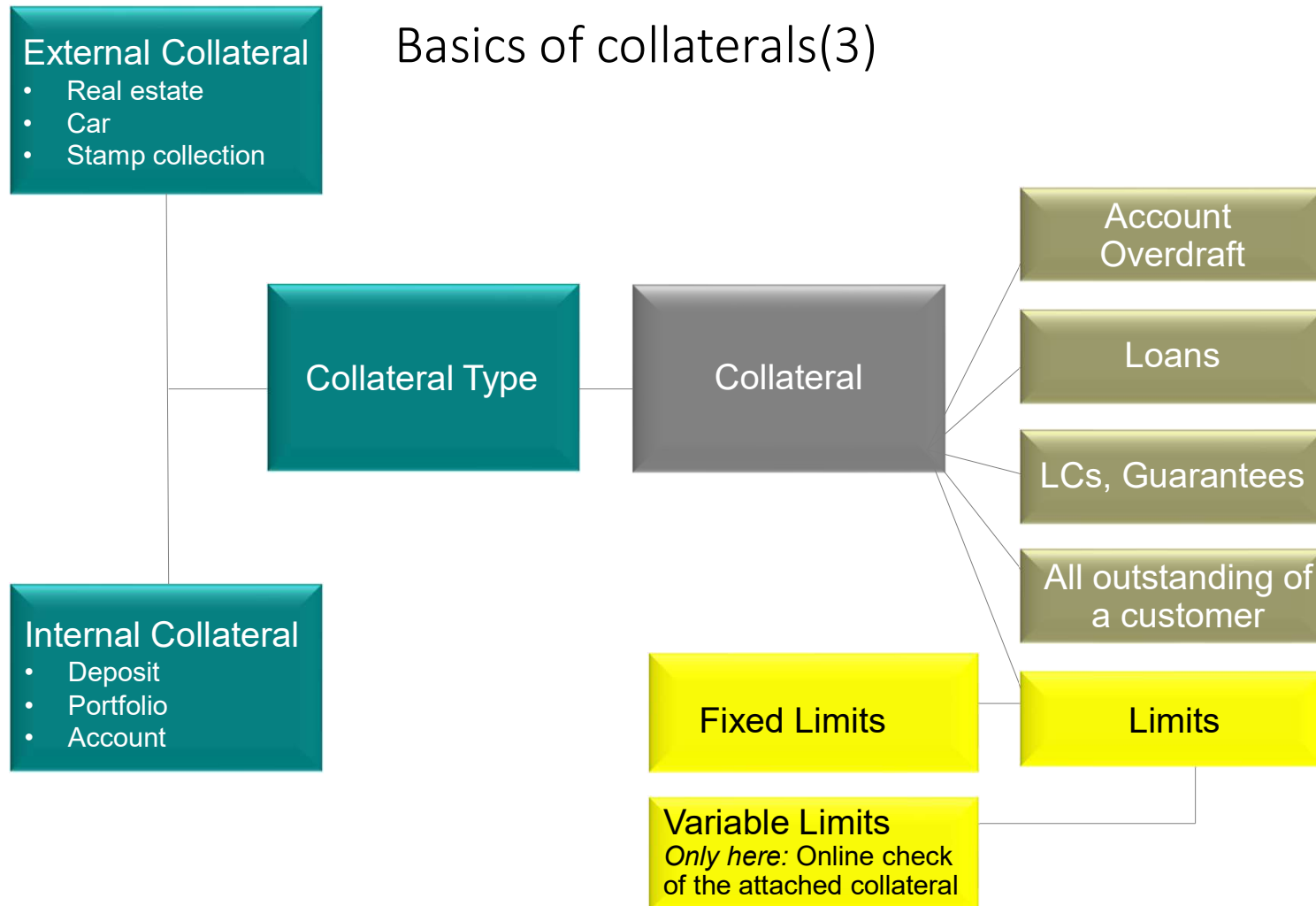


Basics of collaterals(2)

- A Collateral can cover a specific assistance or many assistances, one or limits or all the borrowings of a customer
 - Can also cover liabilities of more than one customer
- One collateral can be linked for several purposes and vice versa
 - Many collaterals can also be linked to a single purpose
- The value of internal collaterals can be fed from T24, but for external collaterals the value has to be provided
- Collateral value **does not impact** available limit of **fixed limits**
- Collateral value has **direct impact** on available limit amounts for **variable limits**, but within sanctioned amount



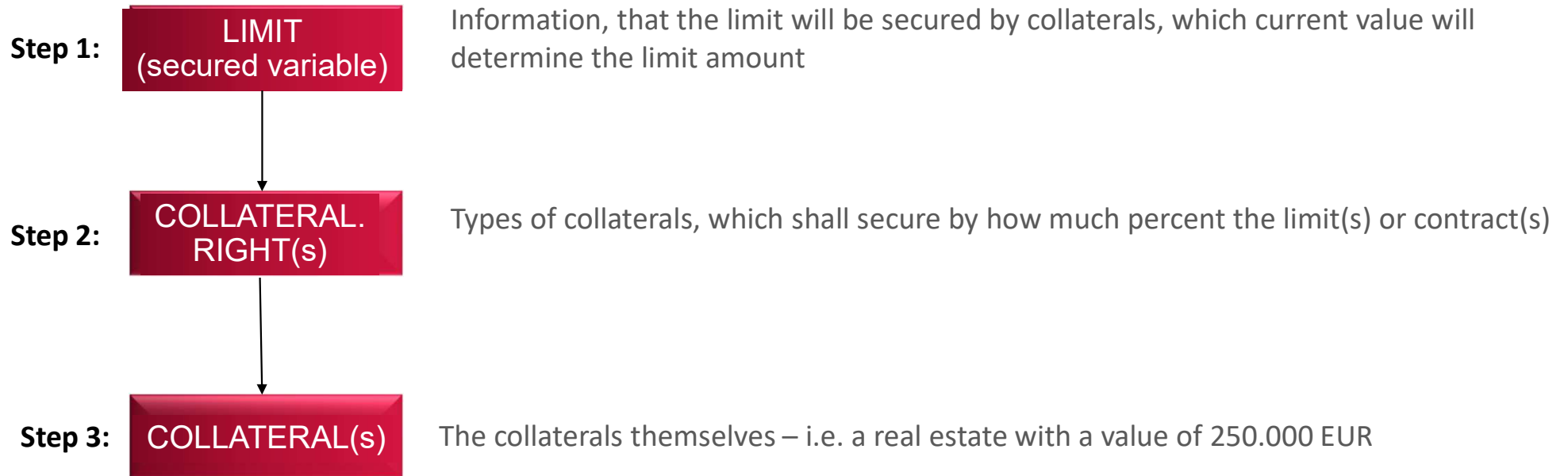
Basics of collaterals(3)



- 01 Learning objectives
- 02 Basics of limits
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- 04 Attachment of the limit to an account
- 05 Creation of an intraday limit
- 06 LIAB enquiry
- 07 Basics of collaterals
- 08 Securing a limit with collaterals**



Process flow



Creation of a “secured variable” limit (1)

Secured variable limits are limits, for which the current value of the attached collateral(s) will be checked online, when the limit is used.

To mark a limit as “secured variable”, this can be done only via *command line* using the command LIMIT,. In the respective LIMIT record set the field **Fixed Variable** to “*Variable*”.

Workshop 6 “Change your LIMIT created in workshop 1 to “Secured variable””

Workshop



- Go to command line, type **LIMIT**, and press the **ENTER**-key
 - Specify the ID of your limit created in workshop 1 and press **ENTER**
 - Set the field *Fixed Variable* to *Variable*
 - Commit the record. The record is self authorizing

Workshop 6 - solution

Workshop

1

2

More Actions ...

LIMIT LI20108Z98XX

More Actions ...

RECORD WAS READ FROM HOLD FILE

Limit Currency	EUR
Country Of Risk.1	DE
Country Percent.1	100
Approval Date	17 APR 2020
Offered Until	17 APR 2020
Review Frequency	17 APR 2021 M0101
Expiry Date	17 APR 2021
Adm Extension Date	
Proposal Date	17 APR 2020
Online Limit Date	17 APR 2020
Product Allowed.1	
Limit Grade.1	1
Grade Percent.1	100
Notes.1	
Internal Amount	1,000,000.00
Advised Amount	
Fixed Variable	<input type="radio"/> [None] <input type="radio"/> Fixed <input checked="" type="radio"/> Variable

Specifying information concerning the collaterals

The fields for securing the limit you find in the tab “**Collateral Details**” in the LIMIT record

- In the field **Collateral Code** the type of collateral must be specified, which shall be attached to the limit. The allowed values are stored in the table *COLLATERAL.CODE*.
- In the field **Max Value** the maximum possible value of the collateral must be specified (important for internal collaterals).

Example for the linkage:

- The field **Max Value** contains the value 100.000
- The value of the attached collateral is 123.000

➡ Then T24 will fetch only 100.000 of the collateral to secure the limit

- The field **Online Update** must be set to “Y”

Please note: The available limit amount will be afterwards “0”, because the collaterals themselves are not attached yet

Workshop 7 “Specify for your limit the collateral information”

Workshop

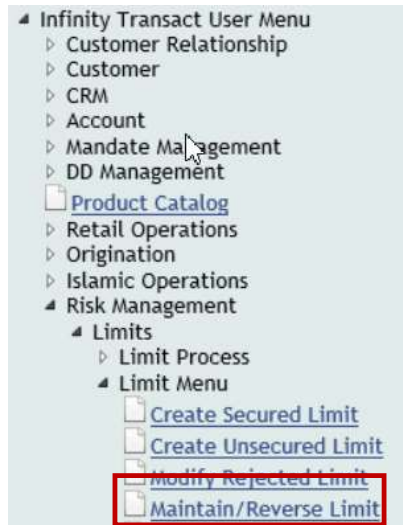


- **Use *User Menu > Risk Management > Limits > Limit Menu > Maintain/ Reverse Limit***
 - Perform the following changes for your limit created in workshop 1
 - Change the internal amount and maximum total amount to 1.000.000 EUR
 - Specify, that the limit will be secured by real estate (COLLATERAL CODE 600) up to 600.000 EUR and by cash deposits (COLLATERAL CODE 200) up to 700.000 EUR
 - Set the field Online Update to “Y”
 - Commit the record
- **Use *User Menu > Risk Management > Limits > Limit Menu > Authorise/Delete/Reject Limit***
 - Login with a different User or ask your neighbour
 - Authorize the changes in your limit

Workshop 7 - solution

Workshop

1



2

Maintain Limits [More Options](#) [Clear Selection](#) [Find](#)

Limit ID	equals	LI20108Z98XX	x
Customer No.	equals		
Limit Product	equals		

3

Maintain Limits										
Limit ID	Customer Number	Customer Name	Liability Customer	Liability Cus Name	Limit Product	Ccy	Online Limit	Available Marker	Online Limit Date	Expiry Date
LI20108Z98XX			800270	Thomas Voigt	100	EUR	0.00	Y	17 APR 2020	17 APR 2021

Workshop 7 - solution

Workshop

4

✓

?✓

⏸

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✓✓

✕✓

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⬆

More Actions ...

✓

🚫

Maintain Joint Limit LI20108Z98XX (Model Bank)

Record Parent
Customer Number.1 + i ⬇ 🔍
Limit Product 2
Joint Liability ☐ [None] ☒ No ☐ Yes
Limit Type
Risk Group Id
Repaid Amount
Last Repaid Amount
Last Repay Date
Total Repaid Amount

Liability Number

Serial Number
Buffer
Business Unit
Shared Limit

Limit Details

Collateral Details

Other Details

Intraday Limit

Signatory Details

Audit

Collateral Code.1 + - Private real Estate
Collateral Code.2 + - Cash Deposits
Online Update ⬇

Max Value.1

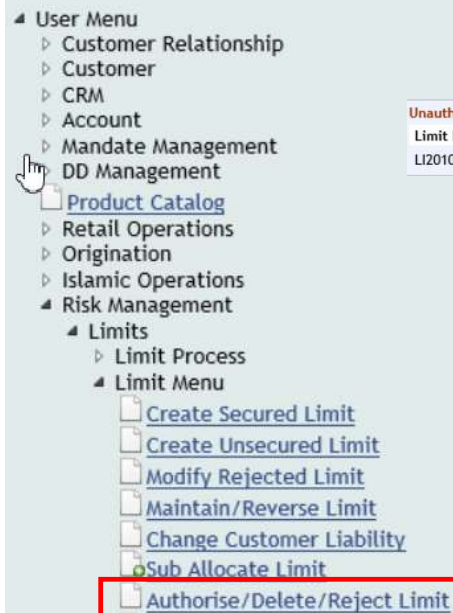
Max Value.2

Collateral ID.1.1

Workshop 7 - solution

Workshop

5



6

Unauthorised Limits

Limit ID	Customer Number	Customer Name	Liability Customer	Liability Cus Name	Limit Product	Ccy	Limit Amount	Available Marker	Inputter
LI20108298XX			800270	Thomas Voigt	100	EUR	1,000,000.00	Y	INPUTTER

7

Maintain Joint Limit LI20108298XX (Model Bank)

Limit Product 100 Liability Number 800270
 Joint Liability No Serial Number 12

Limit Details	Collateral Details	Other Details
Currency EUR		Euro
Country of Risk.1 LU		Luxembourg
Country Percent.1 100		
Proposal Date 17 APR 2020		17 APR 2020

Creation of a “collateral right” record

With the COLLATERAL.RIGHT records it will be determined, which limits and/or contracts shall be secured by which type of collaterals

Please note:

- ✓ One collateral may be used to cover more than one limit / contract.
- ✓ It is possible to have three or more customers involved
 - The owner of the collateral
 - The provider of the collateral
 - The beneficiary of the collateral

Mandatory fields are:

- Field “**Customer**”: The customer, who provides the collateral(s)
- Field “**Collateral Code**”: Sub classification of the collateral type
- Field “**Limit Reference**”: The Id of the limit / contract, which shall be secured with the collateral(s) attached to this COLLATERAL.RIGHT record

Workshop 8 “Create COLLATERAL.RIGHT records”

Workshop

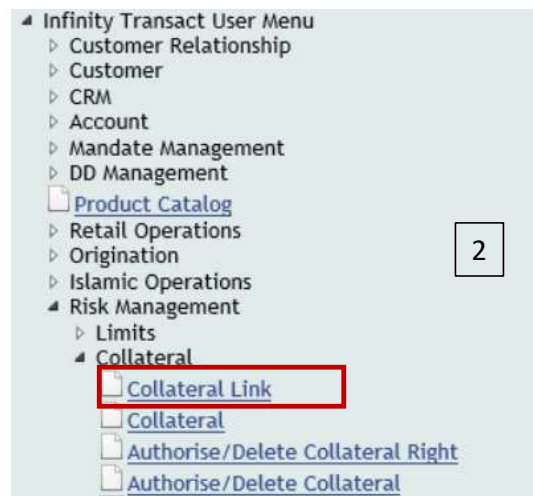


- Use *User Menu > Risk Management > Collateral > Collateral Link*
 - Create two COLLATERAL.RIGHT records for your limit – one with collateral code 600 and one with collateral code 200
 - Commit the records and note down the Id's
- Use *User Menu > Risk Management > Collateral > Authorise/Delete Collateral Right*
 - Login with a different User or ask your neighbour
 - Authorize both COLLATERAL.RIGHT records

Workshop 8 - solution

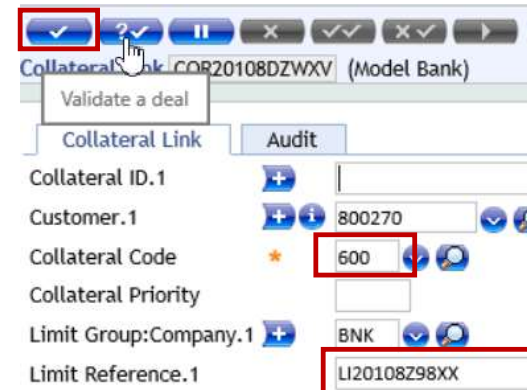
Workshop

1

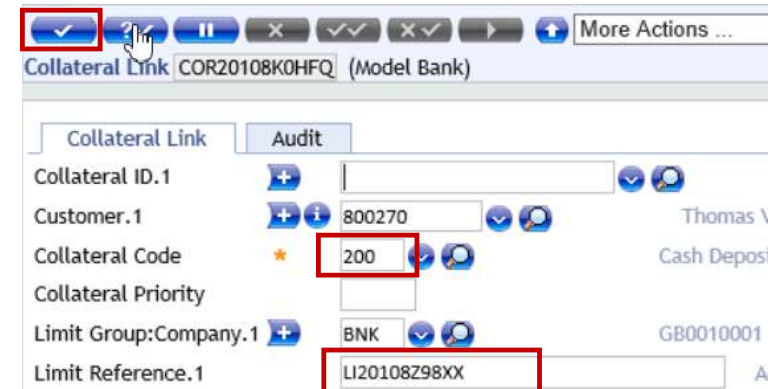


2

2 - COLLATERAL.RIGHT for "Real estate"



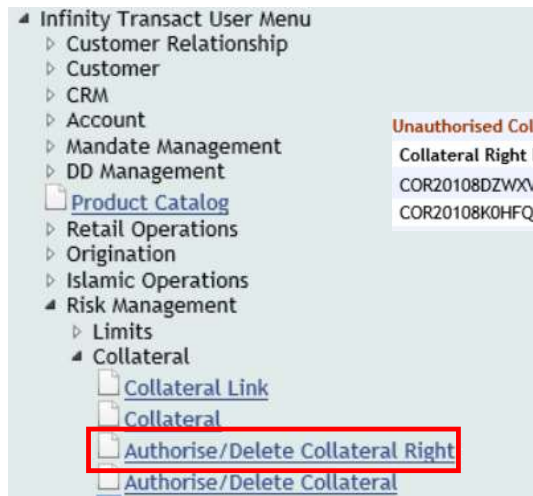
3 - COLLATERAL.RIGHT for "Cash deposit"



Workshop 8 - solution

Workshop

4



5

Unauthorised Collateral Right

Collateral Right Id	Collateral Id	Customer ID	Customer	Limit Reference	Collateral Code	Status	Inputter		
COR20108DZWXV		800270		LI20108Z98XX	Private real Estate	INAU	Thomas Voigt 2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
COR20108K0HFQ		800270		LI20108Z98XX	Cash Deposits	INAU	Thomas Voigt 2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

6a



6b



Creation of a “collateral” record

In the COLLATERAL table the real collaterals are set up. They are linked to the respective limits / contracts via the linked COLLATERAL.RIGHT record.

The collateral can be either an *external* or an *internal collateral held in T24*.

For collaterals up to 6 values may exist.

- **Nominal Value** – The face or the current market value of the collateral
- **Maximum Value** - The maximum pledged value
- **Execution Value** – Expected value in case of sale
- **Third Party Value** – Outside indebtedness on the collateral
- **General Ledger Value** – Amount to be mentioned in the Bank’s books
- **Central Bank Value** – Value as per Central Bank’s rules

Please note:

- ✓ The value of the collateral, which will be attached to the limit / contract, is:
Execution value – third party value
- ✓ Some values get calculated automatically because of rules attached to the respective collateral type (COLLATERAL.TYPE table)

Creation of a “collateral” record

Mandatory fields in a COLLATERAL record:

- ✓ Field **Collateral Type** – Brought classification of the collateral – i.e. “Real estate”.
Please note: From the value specified here the calculation rules for the respective collateral values are fetched.
Behind this field is the COLLATERAL.TYPE table
- ✓ Field **Customer Id**- Owner of the collateral
- ✓ Field **Collateral Code** – Detailed classification of the collateral – i.e. “Land building”
- ✓ Field **Application Ref** – Mandatory only for *internal collaterals*. Here the Id of the account/ portfolio or contract must be specified, which shall serve as collateral.
Please note: For internal collaterals all amounts get automatically calculated based on the input here
- ✓ Field **Collateral Right Id**– The Id of the COLLATERAL.RIGHT record, to which this collateral gets attached.
Please note: Via the value in this field T24 knows, which limit / contract shall be secured with this collateral
- ✓ Field **Currency** – Needs to be input manually only for *external collaterals*
- ✓ **Amount fields** explained on the previous slide – based on the rules from the attached COLLATERAL.TYPE some of the fields are mandatory and some others not

Workshop 9 “Create COLLATERAL for private real estate”

Workshop

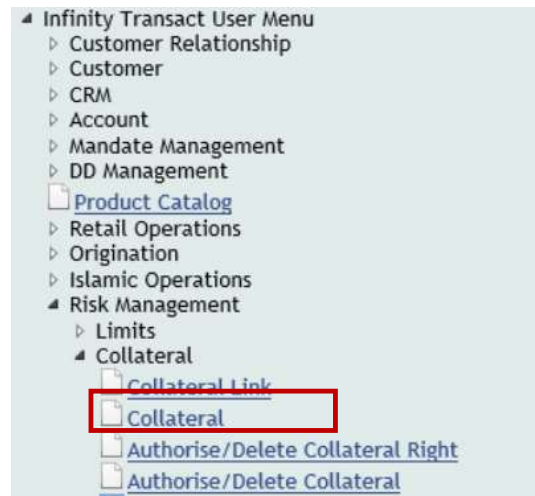


- **Use *User Menu > Risk Management > Collateral > Collateral***
 - Create a collateral with collateral code and type 600
 - Specify you customer as owning customer
 - The market value shall be 250.000 EUR and the third party value shall be 75.000 EUR
 - Specify as collateral right the Id of the one from workshop 8 for collateral code 600
 - Validate and observe the execution value defaulted
 - Commit the record and note down the Id

Workshop 9 - solution

Workshop

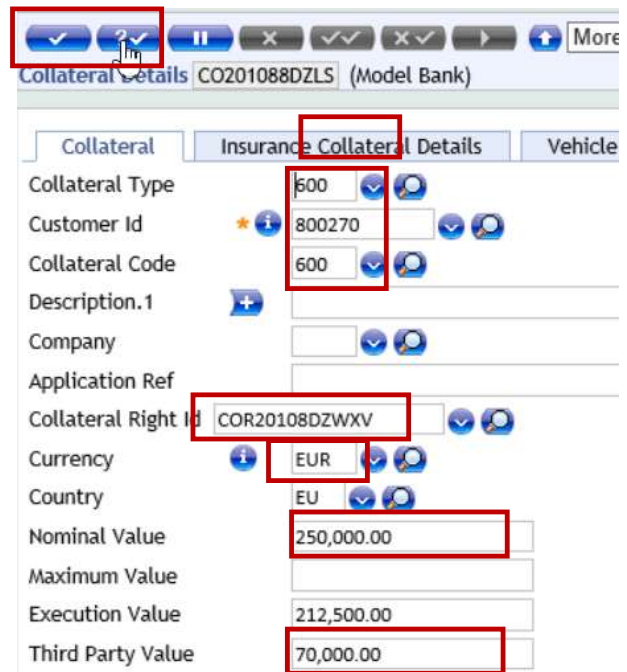
1



2



3



Workshop 10 “Create COLLATERAL for a cash deposit”

Workshop

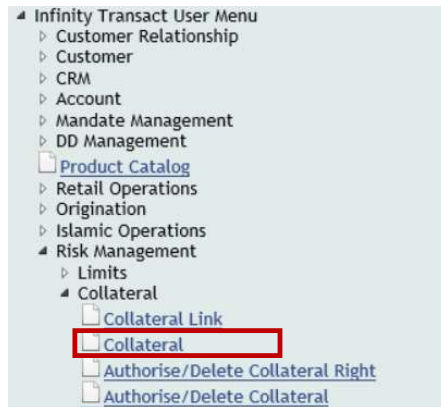


- Use *User Menu > Risk Management > Collateral > Collateral*
 - Create a collateral with collateral code and type 200
 - Specify you customer as owning customer
 - Look for any account with a positive balance and specify it's Id in the field *Application Ref*
 - Specify as collateral right the Id of the one from workshop 8 for collateral code 200
 - Validate and observe the amounts defaulted
 - Commit the record and note down the Id

Workshop 10 - solution

Workshop

1



4 – after validation

Collateral details CO20108QDJTK (Model Bank)

Collateral Insurance Collateral Details Vehicle

Collateral Type 200

Customer Id 800270

Collateral Code 200

Description.1

Company BNK

Application Ref 95958

Collateral Right Id COR20108K0HFQ

Currency EUR

Country

Nominal Value 55,000.00

Maximum Value

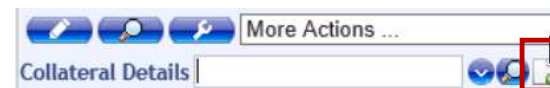
Execution Value 49,500.00

Third Party Value

Gen Ledger Value

Central Bank Value

2



3 – before validation

Collateral Details CO20108QDJTK (Model Bank)

Collateral Insurance Collateral Details Vehicle Collateral Details

Collateral Type 200

Customer Id 800270

Collateral Code 200

Description.1

Company

Application Ref 95958

Collateral Right Id COR20108K0HFQ

3a – selecting the account, which shall serve as collateral

Account Id	Mnemonic	Account Officer	Product	Ccy	Online Actual Bal
92053		Customer Service Agent	Current Account	EUR	90,788,398.45
95958		Implementation	Current Account	EUR	55,000.00

Workshop 11 “Authorize the COLLATERAL records from the previous workshops”

Workshop

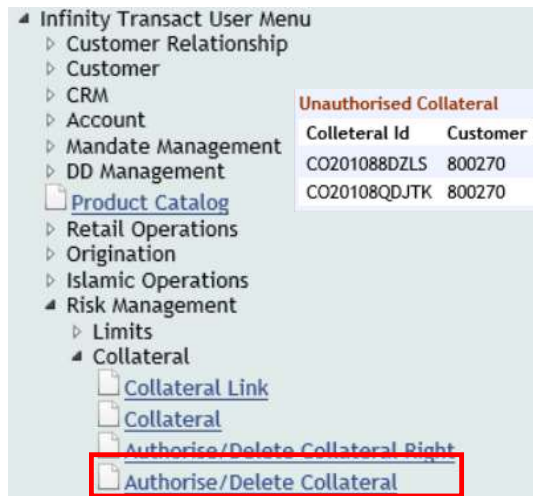


- **Use *User Menu > Risk Management > Collateral > Authorise/Delete Collateral***
 - Login with a different User or ask your neighbour
 - Authorize both COLLATERAL records

Workshop 11 - solution

Workshop

1



2

Unauthorised Collateral

Collateral Id	Customer ID	Customer Name	Collateral Type	Collateral Code	Ccy	Nominal Value	Status	Inputter	
CO201088DZLS	800270	Thomas Voigt	Private Real Estate	Private real Estate	EUR	250,000.00	INAU	INPUTTER	
CO20108QDJTK	800270	Thomas Voigt	Cash Deposits	Cash Deposits	EUR	55,000.00	INAU	INPUTTER	

3a



3b



Conclusion

After performing all the previous steps the limit is secured with two collaterals – one real estate and one account with a positive balance

So the now the **Online Limit** amount reflects the current value of both attached collaterals in the limit

The screenshot displays a software interface for managing limits and collaterals. The top section shows the 'Maintain Joint Limit' window with various fields like Record Parent, Customer Number, Limit Product, Joint Liability, Limit Type, Risk Group Id, Repaid Amount, Last Repaid Amount, Last Repay Date, and Total Repaid Amount. The 'Collateral Details' tab is selected, showing a table of collaterals. The 'Online Limit' is highlighted with a red box, showing a value of 192,000.00. Below this, the 'Collateral Details' table is shown with columns for Collateral Code, Max Value, and Collateral ID. Two collaterals are listed: Private real Estate (Max Value: 600,000.00, Collateral ID: COR20108DZWV) and Cash Deposits (Max Value: 700,000.00, Collateral ID: COR20108K0HFQ). The 'Secured Amt.' for each collateral is also shown: 142,500.00 for Private real Estate and 49,500.00 for Cash Deposits.

Limit Details	Collateral Details	Other Details	Intraday Limit	Signatory Details	Audit
Collateral Code.1	600	Private real Estate	Max Value.1	600,000.00	
Collateral Code.2	200	Cash Deposits	Max Value.2	700,000.00	
Online Update	Y		Collateral ID.1.1	COR20108DZWV	
Secured Amt.1.1	142,500.00		Collateral ID.2.1	COR20108K0HFQ	
Secured Amt.2.1	49,500.00				



Thank you

Syncordis SA 105 route d'Arlon L-8009 STRASSEN T +352 26 20 01 05 F +352 26 20 01 05 40 syncordis@syncordisconsulting.com