

Agenda

- Starter Quiz
- Recap Yesterday Session
- Introduction to Banking Product and Account Life Cycle
- Retail Deposits Overview
- Term Deposits Overview
- Term Deposits Product and Account Life Cycle Demo
- Map Term Deposits Demo to Corebanking Platform Ecosystem

Note:

- Mobile Phones – Do not bring to class or Completely Switch off
- If students have any specific topic they want to discuss, share the topic and we can try to schedule

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Starter Quiz

- Largest Bank in the world by Asset Size:
- Largest Bank in India by Asset Size:

Recap



Universe of Banking Technology – Incredible Breadth & Depth, Constantly Evolving and Mission Critical

Bank Channel Apps



Payment & Embedded Finance Apps



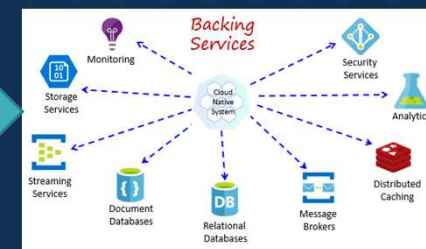
Large Ecosystem of Applications

**Core Banking Platform
(Modular Core Product Processors)**

Enterprise Components

- Customer
- Bank Definition
- General Ledger
- Alerts Rendering
- Payments Hub
-

Enterprise/Cloud Services



Hundreds of Banking Products
2 Segments – Retail and Commercial

Introduction to Banking Product and Account Life Cycle

What is a Banking Product?

- ❑ A Banking Product is a financial product offered by an Bank/Financial Institution to an Retail or Commercial Customer for their financial needs. Product definition/configuration will have all the eligibility rules, processing business rules, pricing rules, transactions allowed, how accounting should be done etc..
- ❑ An Account is Opened when a Product is sold to a Customer
- ❑ Product Configuration rules will drive the processing on the account. Examples of Processing Rules:

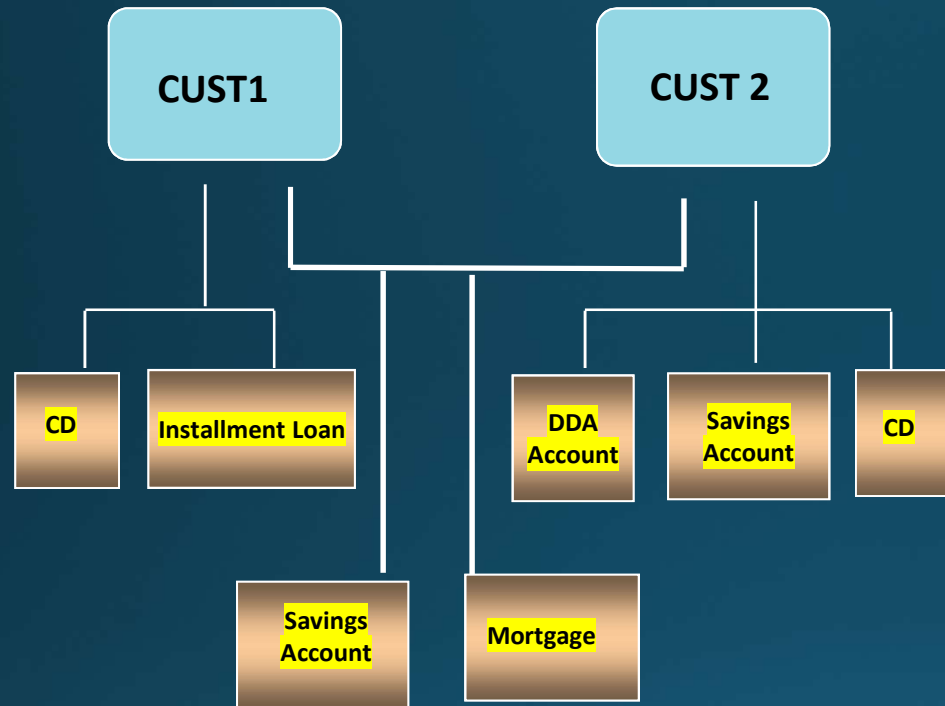
Deposits

- Interest Calculation
- Penalty Calculation
- Transaction Processing
- Time Deposit Maturity
- Overdraft Protection Processing
- Service Fee Calculations
- Funds Availability
- Status Changes
- Investment Sweep Processing
- Customer Communication (Alerts, Statements, Notices)

Loans

- Interest Calculation
- Payment Calculation and Processing
- Transaction Processing
- Maturity & Renewal
- Asset Reclassification
- Provision Processing
- Late Charge Calculation
- Loan Fee Processing
- Charge-off processing
- Pre-payments

Customer – Account Relationship



- Customer can play many roles based on the type of account
 - Owner
 - Joint Owner
 - Nominee
 - Guarantor
 - Signatory
 - ...
- An Account can have 1 to many customers associated to it
- Role type would determine what activity an customer can do on an account and also what his/her obligations are for that account

High-Level New Product/Account Lifecycle Model

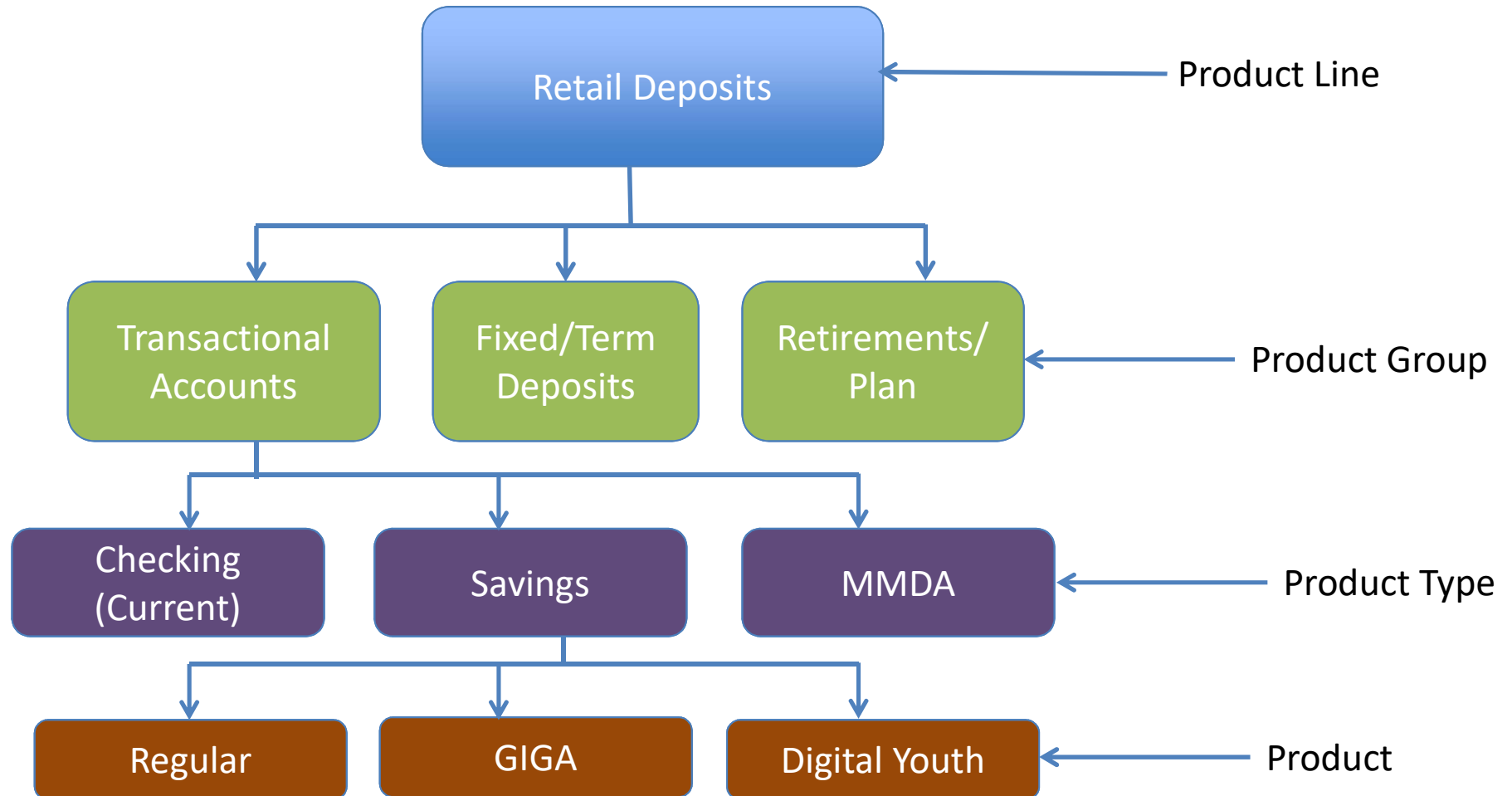
- 1. Ideation & Design: Market research, regulatory & compliance needs, target customer segment, product blueprint, business process list and flows.
- 2. Product Configuration, Development & Certification: Product Configuration and as needed Tech build and various certifications (Functional, Regulatory Compliance, Performance, Operational, Security, Usability ...).
- 3. Product Launch & Distribution: Marketing, channel enablement.
- 4. Account Onboarding , Usage & Servicing: Account Opening, Financial Transactions, Account Maintenance.
- 5. Monitoring & Compliance & Analytics: Risk checks, audits, regulatory reporting, usage analytics, Income/Expense.
- 6. Account Closure or Renewal: Account closure, product upgrade, or renewal.
- 7. Product Sunset/Withdrawal: Do not allow Opening of new accounts (Passive State), close/transfer existing accounts, Withdraw product from market.

Retail Deposits Product Types

Deposits Products Types typically offered for
Individuals and Micro/Small Business

Retail Deposits Overview

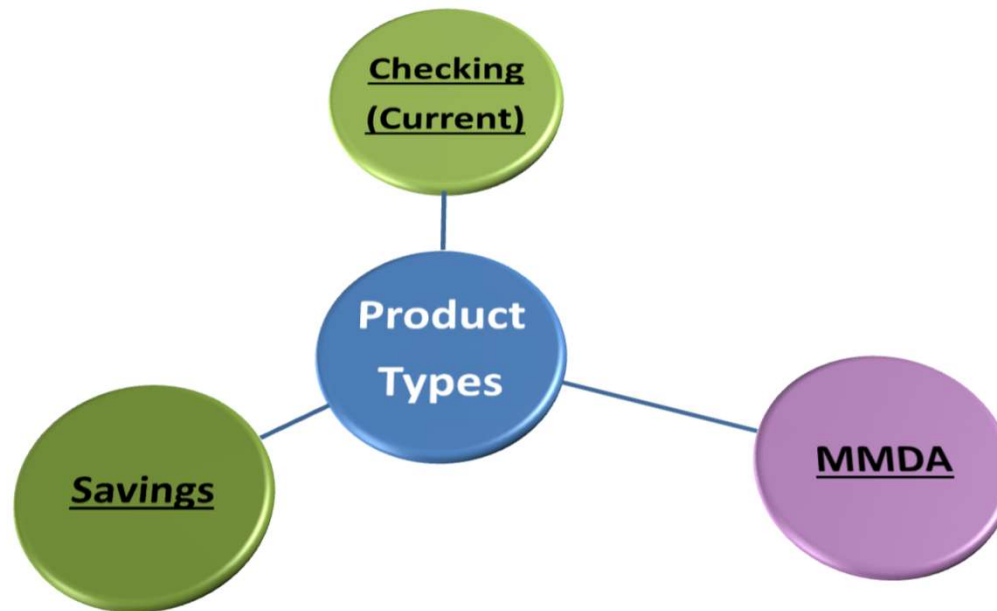
Retail Deposits Sample Product Hierarchy



Transactional Accounts

Banking Product Types for Day to Day Financial Transactions. Each of these have different usage characteristics e.g.

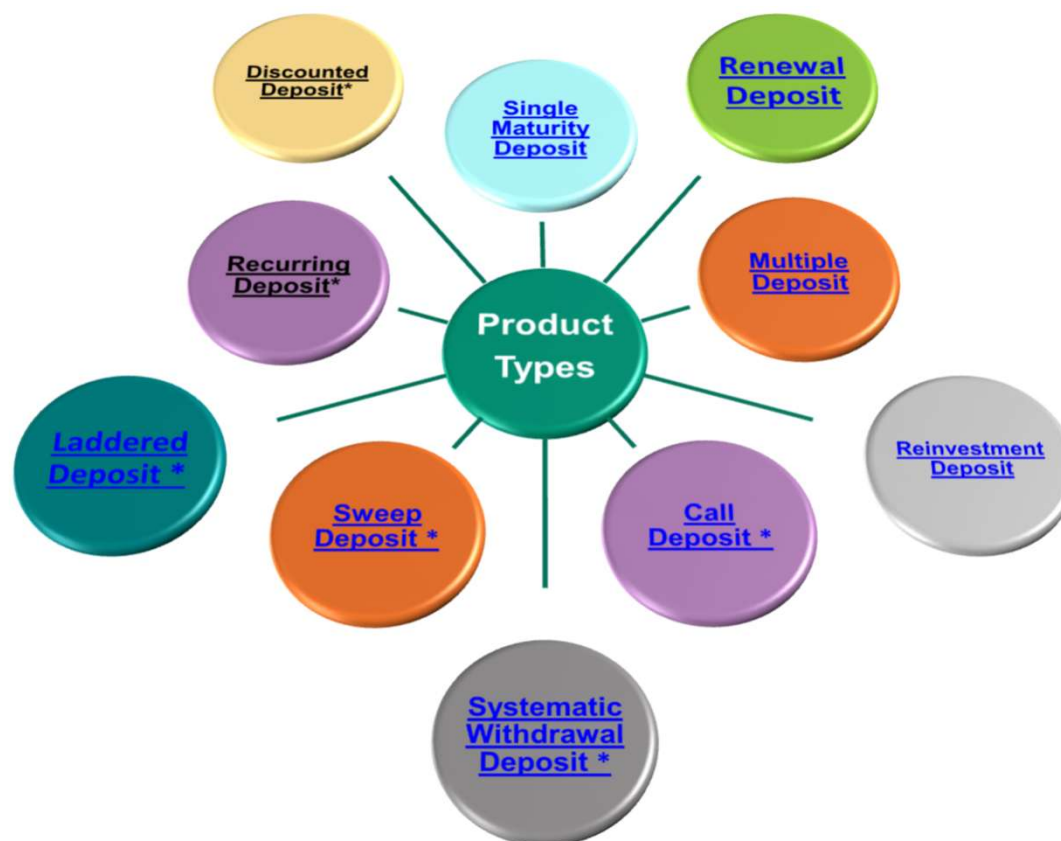
- Checking Product Types may not Interest Bearing or less Interest than Savings Product Types



HFDC Checking (Savings Account) Product Types Showcase

Fixed/Term Deposits

Banking Product Types where amount is Deposited for a Defined period and hence earns higher interest. Pre mature withdrawals if allowed would incur some penalty or lesser interest that was agreed during account opening. Used for Short term or Medium term savings.

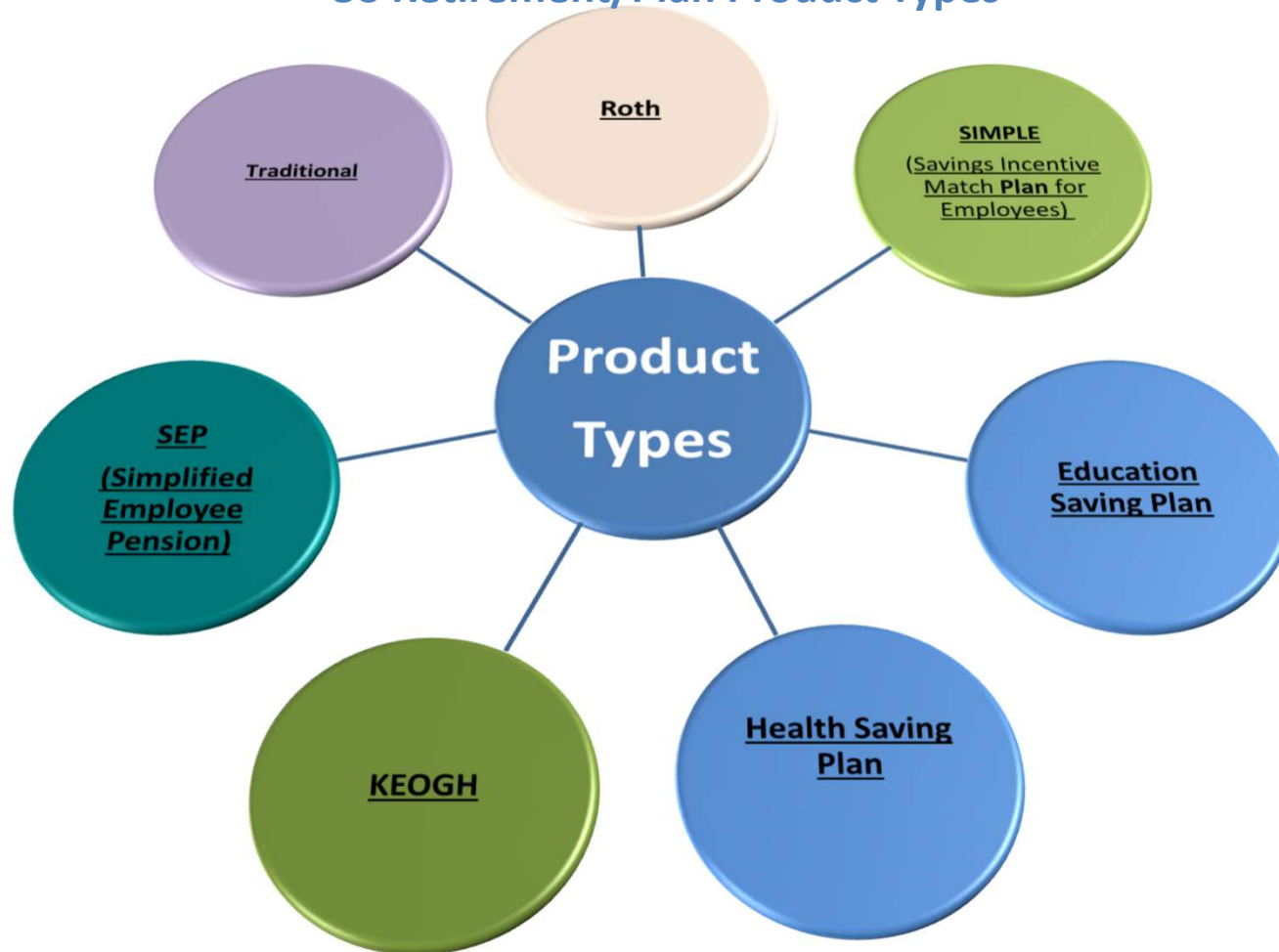


HFDC Fixed Deposits Product Types Showcase

Retirement/Plans

Banking Product Types where regular amount is Deposited for a Longer period and gets some tax benefits, have a lot of regulatory rules/oversight . Used for Long Term savings and to be used on retirement or for a specific purpose e.g. Education Expenses

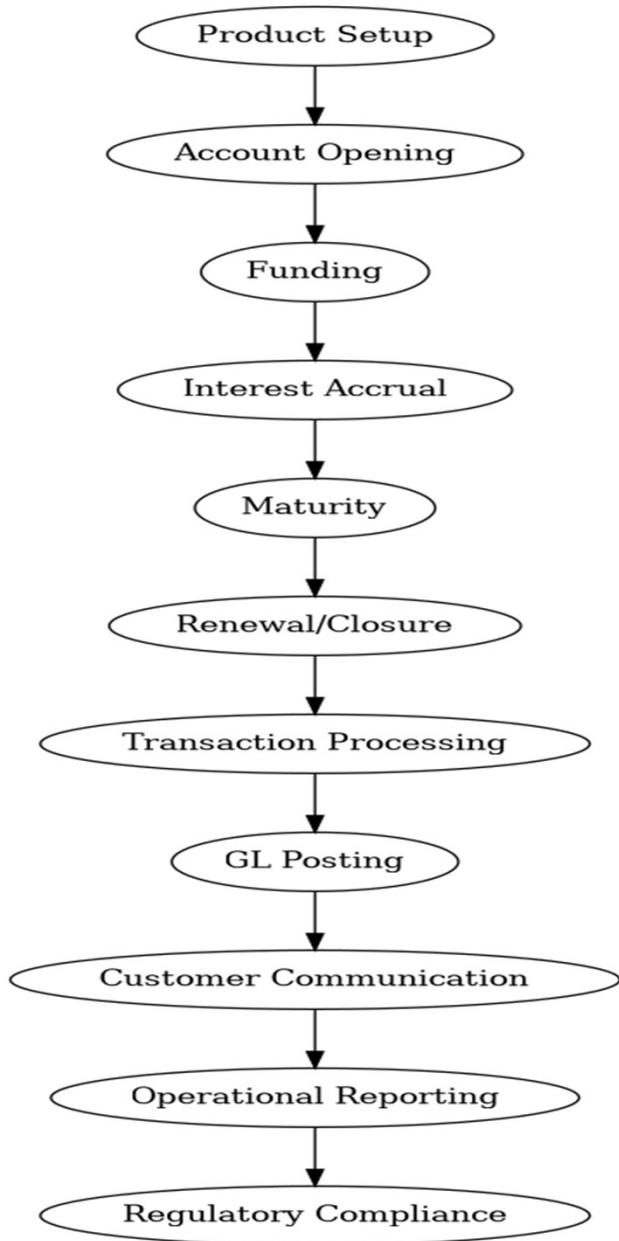
US Retirement/Plan Product Types





Term Deposits Overview and Demo

TD Product Lifecycle



1. Product Setup
2. Account Opening
3. Funding
4. Interest Accrual
5. Maturity
6. Renewal/Closure
7. Transaction Processing
8. GL Posting
9. Customer Communication
10. Operational Reporting
11. Regulatory Compliance

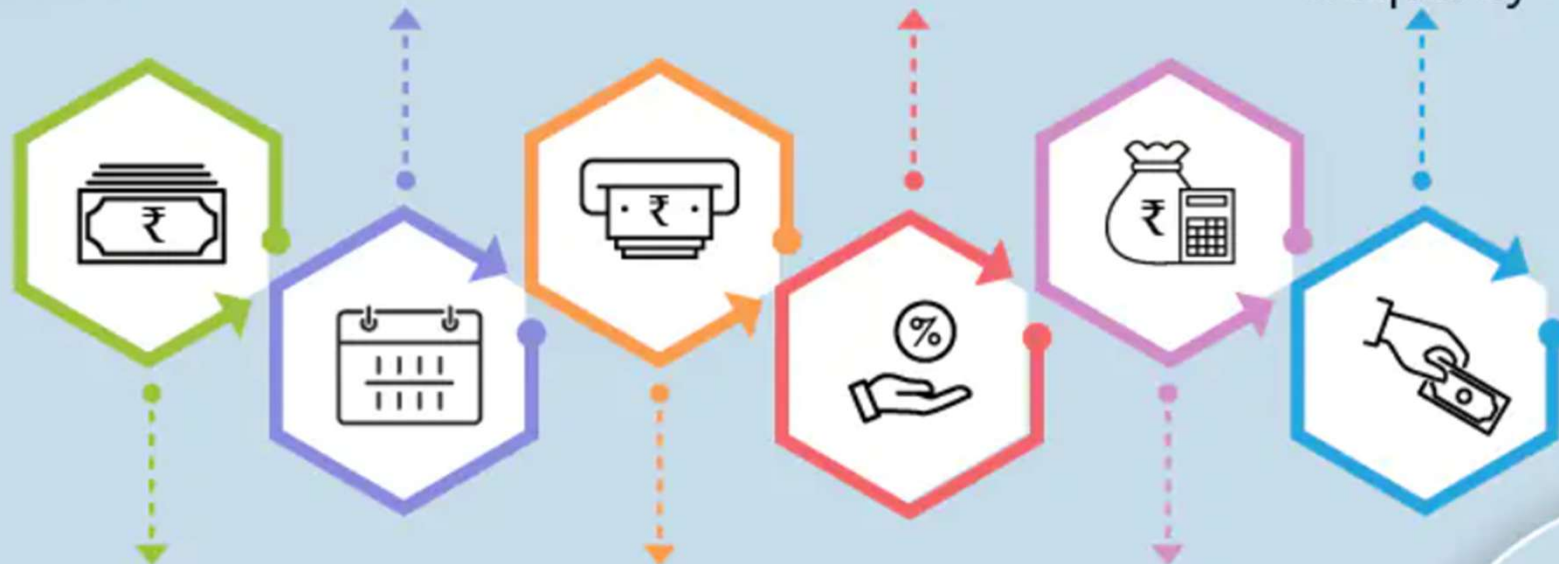
FIXED DEPOSIT



Fixed Tenure
7 days to 10 years

Returns
Remains fixed as per the booked interest rates

Interest Payout Options
Cumulative or monthly/quarterly/half-yearly/annual frequency



Deposit Amount
Minimum: Rs. 100
(varies across banks/FIs)
Maximum: No limit

Premature Withdrawal
Allowed, subject to penalty on interest rates

Taxation of Returns
Interest income taxed as per the depositor's tax slab



Product Setup

- Define product parameters
- Set interest rates, Fees and Taxes
- Set Renewal /Rollover rules
- Establish rules for premature withdrawal

Functional Capabilities

Business Capability - L2	Business Process - L3
New Arrangement	Account Onboarding - Current Date
Deposits	Initial Funding
Arrangement Inquiry / Search	Account Inquiry / Retrieval
Simulations	Account Simulation
Simulations	Product Simulation
Deposit Maturities	Maturity Processing - Single Maturity Maturity & Renewal Processing - Auto Renewal
Deposit Renewals / Rollovers	Maturity & Renewal Processing - Auto Renewal
Simulations	Redemption Simulation
Arrangement Closing Withdrawals	Account Cancellation

Arrangement Status	Account Status Change
General Ledger Posting	General Ledger
General Ledger Posting	General Ledger Reconciliation
Deposit Redemptions / Payout	Redemption Online
New Arrangement	Account Reopen
Capitalization	Interest Transfers
Fees / Charges / Penalties	Account Analysis
Customer / Group Statements	Combined Statements
Account Statements	Detailed Statement - Alternate Addresses (Additional Statement)
Alert / Notification Delivery	Communication Service - Alerts (Bank)

Functional Capabilities cont..

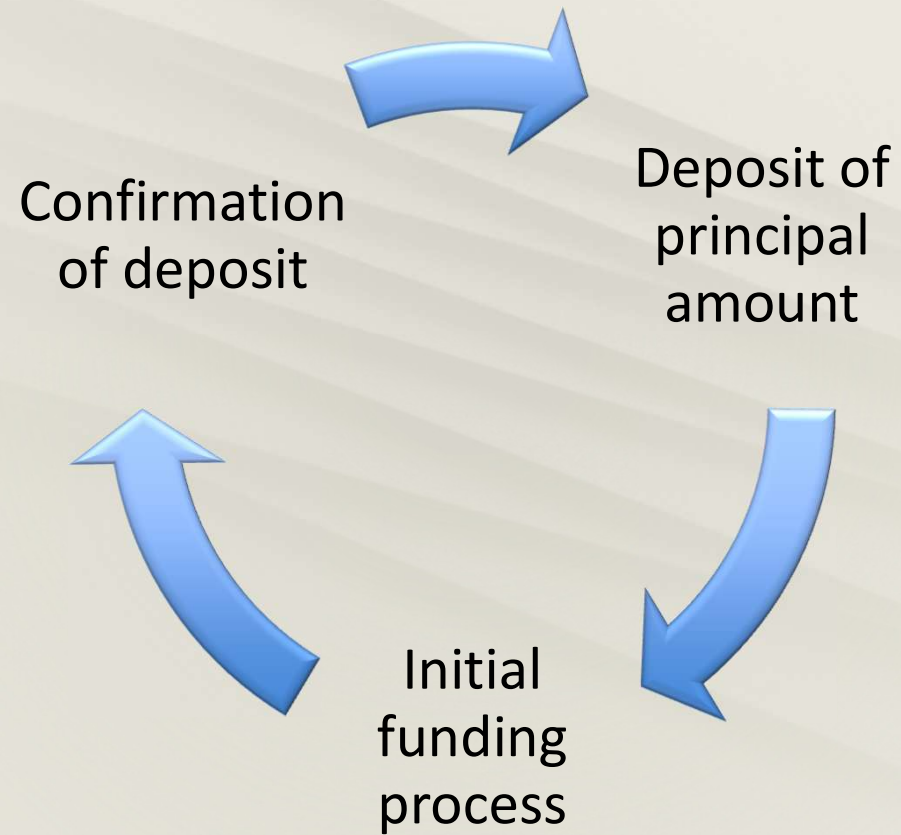
Business Capability - L2	Business Process - L3
Withdrawals Funds Transfer	Money Movement - Online Redemption (CMDP TD to Retail CASA)
Withdrawals Funds Transfer	Wire Transfer
Advices / Letters	Communication Service - Notices
Withdrawals Deposits Auto Debit / Credit Account Statements	Schedule Funds Transfer
Arrangement Closing	Communication Service - Statements (Regular & EFT)
Arrangement Closing	Account Closure (Manual)
Account Statements	Account Closure (Auto)
Deposits Funds Transfer	Statement Out of Balance
Deposits Clearing & Settlement Remote Deposit Capture Lockbox Payments	Funds Transfer From Internal/External Accounts (Collection)
Deposits Clearing & Settlement Remote Deposit Capture Lockbox Payments	Check Processing - Outward Clearing(Off Us) & Exception Handling
Withdrawals Clearing & Settlement Remote Deposit Capture Lockbox Payments	Check Processing - Outward Clearing(On Us) & Exception Handling
Arrangement Warnings	Check Processing - Outward Clearing(Off Us) Returns
Deposit Redemptions / Payout	Online Account Restrictions/Exceptions/Blocks
Fees / Charges / Penalties	Penalty & Waiver Processing
	Fee Processing - Event

Price Negotiation	Charge Customization (Account Level) - Credit Interest
Backdating / Value Dating	Backdated Transactions
Adjustments	Transaction Reversals
Ownership / Entitlements	Beneficiary / Role Change
Branch Transfer	Branch Change
Consolidation / Type Changes	Product Change
Arrangement Notes / Activities	Account Notes
Arrangement Details	Balance Holds
Arrangement Details	Step Up
Arrangement Details	Manual Bump up
Arrangement Details	Best Rate
Domestic Payment	ACH Outward Collection (Funding to TD Account)
Domestic Payment	ACH Incoming Credit Transactions Processing
Domestic Payment	ACH Outward Payment (Maturity/Interest Payouts)
Domestic Payment	ACH Returns/Exception Processing
Transaction Posting	Interest payment during Term CMDP (TD) to RD (CASA)
Transaction Posting	Interest/Principal Transfers during Maturity CMDP (TD) to RD (CASA)
Transaction Posting	Exception Item Processing
New Arrangement	Account Onboarding - Back Date
Transaction Posting	Interest/Principal Transfers during Renewal CMDP (TD) to RD (CASA)
Arrangement Closing	Account Closure TD CMDP (TD) to RD (CASA)

Account Opening

- Customer onboarding
- KYC (Know Your Customer) verification
- Account creation

Funding



Interest Accrual

- Periodic interest calculation
- Interest posting to account
- Compounding rules



Maturity

- End of term
- Options for renewal or withdrawal
- Maturity notifications



Renewal/Closure

- Auto-renewal process
- Closure with payout
- Customer instructions for renewal or closure

Transaction Processing

- Handling all financial movements
- Booking transactions
- Interest calculations

GL Posting

- Ledger entries for audit
- Reconciliation process
- Automated postings for principal, interest, penalties



Customer Communication

- Alerts
- Statements
- Notices
- Personalized communication based on customer preferences

Operational Reporting

- Daily deposit inflows/outflows
- Interest accrual summaries
- Exception reports (e.g., failed transactions)

Regulatory Compliance

- Adherence to Country Regulator guidelines
- KYC/AML norms
- Periodic filings and interest rate disclosures

Example 1: Automating TD Renewals at a Mid-Sized Bank

Challenge:

- High manual workload and customer dissatisfaction due to missed renewals.

Solution:

- Implemented an automated renewal system with customer notification workflows.

Outcome:

- 40% reduction in manual processing time and 25% increase in customer retention.

Example 2: Dynamic Pricing Engine for TDs

Challenge:

- Static interest rates led to loss of competitive edge.

Solution:

- Introduced a dynamic pricing engine integrated with market data feeds.

Outcome:

- Improved rate competitiveness and 15% growth in new TD bookings.

Example 3: Regulatory Compliance Automation

Challenge:

- Manual compliance reporting for RBI audits.

Solution:

- Integrated regulatory reporting module with the core banking system.

Outcome:

- 100% compliance with reduced audit preparation time by 60%.

Example 4: Customer Communication Enhancement

Challenge:

- Low engagement and missed maturity instructions.

Solution:

- Multi-channel communication strategy (SMS, email, app push).

Outcome:

- 30% increase in timely maturity instructions and improved customer satisfaction scores.

Session Summary



TD Demo - Let us now Map to the Various Corebanking Platform Ecosystem Components

Bank Channel Apps



Payment & Embedded Finance Apps

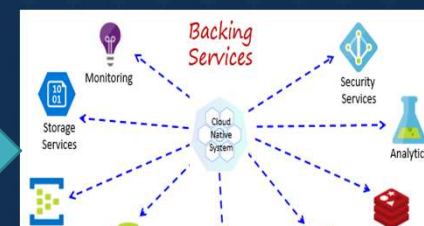


**Core Banking Platform
(Modular Core Product Processors)**

Enterprise Components

- Customer
- Bank Definition
- General Ledger
- Alerts Rendering

Enterprise/Cloud Services



TD Demo - Let us now Map to the Various Corebanking Platform Ecosystem Components

Bank Channel Apps

- Back office Apps
 - Product Configuration
 - Account Servicing

Payment & Embedded Finance Apps

- NA

**Core Banking Platform -
Time Deposit
Core Product
Processor**

Enterprise Components

- Customer
- Bank Definition

Enterprise/Cloud Services

- API Management – WSO2
- Event Management- Kafka
- Monitoring Service - Splunk
- Identity Management - IDP

Demo



Deposit Business
Process Flow