**Cheque and ATM Transaction query**

Previous query - "If transaction method is cheque then while performing the credit transaction we have to debit the account number associated with that cheque. How can we get that mapping between cheque and account number? and same case with ATM transactions."

Client Response - We will have cheque processing sub-system for payment & deposit. Just advise us what information do you need from this sub-system and we’ll publish/push to you accordingly.

Please treat ATM transaction equally.

My query - I will need the Account Number associated with that cheque number or ATM, So that I could insert the transaction record in the database.

I want to know how can I fetch that account number, is there any service point exposed externally which I could access.

BDG: There will a JSON service end-point, where you can query by account number (inbound payment for that particular account number); the result will be sorted by date of transaction, in order to query inbound cheque/ATM payment. Even, If the payment made over the counter, using cheque, our service representative will update this service end-point. In short, your access remain the same.

FYI, we will be using cheque processing machine for batch processing.

Our suggested result format would be

1. transaction ID
2. Date
3. Payment Code
4. Amount

Alternatively, you can query the JSON end-point with the account number & payment code to retrieve zoomed transaction.

Payment Code:

1X – Loan Payment series

2X – Deposit into account series

3X – etc.

Note – Cheque will be proceesed by the cashier at the counter and this cheque number will be entered by the cashier in textbox

**Page No - 6 - Req - 1**

“Ability to consolidate balances of all current account, fixed deposits and interest accrued for financial reporting purposes. Each consolidated balances to be differentiated by its type and mapped to the chart of accounts to ease reporting.” Existing system has 4 types of chart of accounts.

1 – Assets

1. Loan disbursed to client’s account.

2 – Liabilities

1. Deposits received. Fixed Deposits received.

3 – Income

1. Fee debit on client’s account.
2. Any Fee transaction charged to client’s account.
3. Interest charged on client’s account loan.

4 - Expense

1. Interest charged as Interest earned by client in their account.

Could you please clarify, which account will record which type of transaction? Like there will be many different transactions being performed in branch on regular basis on customer accounts i.e. Debit, Credit, Interest debit, Interest credit, Fee debit etc.

**BDG**: The transactions should be mapped to the four categories of header above. We have indicated the appropriate transactions to be mapped to the header above.

**Page No - 6 - Req - 2**

“A function to segregate each counter’s cash balance and total physical cash balance for daily reconciliation purposes.” How will it work?

My assumption is that

* There will be a user created with a specific role such as "Cashier" and a counter number will be mapped to every such kind of user.
* Some initial balance will be allotted on daily basis for each counter.
* This counter balance will be updated with every cash transaction by the associated user.
* A kind of "Admin" role user will update this information.
* Only Cash and Cheque payments will update the counter balance.
* Could you please provide your view on these assumptions.

My queries are

* How will we get initial total physical cash balance?
* This counter allocation will be done on daily basis or will be fixed?

**BDG**: The assumptions are correct. The initial physical cash balance are by way of transfer of Bank’s balance, ie in the morning of every banking day, the Bank will allocate a float to each cashier counter in the range of USD1,000. There will be deposit and cheque clearance throughout the day and as such, there may be a time when the float is not sufficient due to high withdrawals during the day. At this time, the Bank will top up its float given to each cashier.

This counter float allocation will be done on a daily basis. At the end of every day, there should be report that will detail out the cash balance after taking into consideration all the transactions performed throughout the day. There will be cash count at the end of the day to ensure the cash balance matches.

This feature is important to ensure a cash count is performed each day to address loss of cash if any.

**Estimated worth calculation**

How will we calculate the estimated worth for a customer? We will be offering 4 types of accounts to customers i.e. Saving Account, Current Account, Loan Account and Loan Account. So on the basis of the different account holdings how will the estimated worth be calculated?

**BDG**: Yes. The total estimated worth calculation is calculated based on consolidation of all his/ her savings, current account and fixed deposit account balance after deducting his/ her latest loan balance account as at the day.

**Capital adequacy ratio**

How do we calculate capital adequacy ratio? As the formula for calculating capital adequacy ratio is given below.

CAR = (Tier one Capital + Tier two Capital)/Risk weighted assets

Tier one Capital – Which type of capital will be included into Tier one Capital?

Tier two Capital – Which type of capital will be included into Tier two Capital?

Risk weighted assets – Which type of assets will be included into Risk weighted assets?

**BDG**: Tier one capital = Paid up capital + statutory reserves + retained earnings + goodwill (if any)

Tier two capital = Loan loss reserve/ bad debts provisions + subordinated debt + revaluation reserve + preference shares (if any)

Risk weighted assets = Assets included in this category are for example loans, cash, government loans, residential mortgages, other loans, financial guarantee, letters of credit, risk participations, bid bonds, performance bonds.

A risk weighted average % is included for each calculation of risk weighted assets.

= Contract related transaction = Bid bond, performance bond (50%)

= Financial guarantee, letter of credit (100%)

= Mortgage loan (50%)

= Other loans (100%)

= Government Loans, Cash (0%)

Example calculation are as follows:

Paid up capital = 15,000,000

Loan Loss reserve = 400,000

Retained earnings = 300,000

Total Tier one and Tier two capital = 15,700,000

Risk weighted assets:

Mortgage loan = 50,000,000

Other loan = 200,000

Government loan = 2,000,000

Letter of credit = 200,000

Bid bond = 500,000

|  |  |  |  |
| --- | --- | --- | --- |
| Mortgage loan | 50,000,000 | 50% | 25,000,000 |
| Other loan | 200,000 | 100% | 200,000 |
| Government loan | 2,000,000 | 0% | 0 |
| Letter of credit | 200,000 | 100% | 200,000 |
| Bid bond | 500,000 | 50% | 250,000 |
| **Total** | | | **25,650,000** |

CAR Ratio = 15,700,000 / 25,650,000 = 61.20%

**Loan categorization**

What are the criteria for loan categorization on the basis of Months in Arrear?

* Performing Loan
* Doubtful Loan
* Non-Performing loan

**BDG**: Performing loan = Loan with arrears not exceeding 3 months

Doubtful loan = Loan with arrears of more than 3 months

Non-Performing loan = Loan with arrears of more than 12 months

**Template Format required for the following notices and statements**

* Statement for Loan
* Statement for guarantees
* Statement for current account
* Statement for fixed deposit
* Repayment notice
* Charges notice
* Repayment in arrears notice

**Report format required for the following reports**

* Ledger creation
* Accounts receivable
* Accounts payable
* Fixed asset register
* Fixed assets listings (For calculation of deprecation based on rate input by user)
* Journals
* Balance sheet
* Trial balance
* Profit and loss statement
* Cash flow statement

**Fixed Asset Register**

According to my assumption, the following details should be stored in FAR.

* Description of the asset
* Unique code number or reference for the asset
* Date of acquisition
* Original cost
* Depreciation charged on an annual basis
* Accumulated depreciation charge
* Net book value
* Date of disposal
* Profit or loss on disposal
* How the capital expenditure was financed.
* How the amount was transferred on disposal.

Is there any field that should be included or to be removed. Please suggest.

**BDG**: Yes. To add type of asset in the FAR, eg. Computer, Furniture and Fittings, Renovation works, Building and land lease. This is to facilitate different depreciation rate between different types of assets.