

Daily Interest Requirement document for Assetline

Purpose: Assetline has requested a further development on the existing iCAM loan application to support their daily interest calculation method.

Scope: A new interest frequency “Daily” is introduced. This is as same as the existing Monthly, Quarterly, Biannually and Annually. But a rental schedule will not be generated at facility activation. Further Interest or Capital will not be due till a receipt is done against such a facility.

Functional specification:

Contract Creation & Activation

- Contract creation and activation will follow the same procedure as existing.
- But there will be no rental schedule generated at activation.
- Also no GL entries will be posted.
- And no debt will be due up until a receipting is processed.

There will be a mandatory interest of 15 days entitled to daily method facilities, yet that will also not be due until a receipt or a settlement is to be processed.

Partial Settlement

- When a partial settlement is done; it will first settle any Other Charge dues. Then the balance will be considered as an overpayment as no capital portion or an interest is due against the facility.
- When the day end process is executed on that particular night, interest will be due and overpayment will be settled. And Rental Due and Rental Settle Entry will be posted to the GL.
- If the receipt is a Cheque payment it will still be considered as an overpayment but the interest and overpayment settlement will be done only upon cheque realization.
- Same day Receipt Cancellation will be allowed since the Receipts still in Overpayment. And other charge settlement will be reversed if any processed.
- If a receipt is cancelled later, that settled Interest and capital portions will be reversed. Other Charge settlements will be reversed too.

Facility Closure

- During facility closure, there will be a separate option to view the total outstanding.
- Facility closure process will calculate the as at day due and settle off the facility.

For example:

Scenario1: Settling a loan within first 15 days

During the settlement (closure);

Interest will be calculated for the entitled 15 days

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Due the interest against the facility
Calculate the total outstanding

Scenario2: Settling a loan after 20 days (after the first 15 days)

During the settlement (closure);

Interest will be calculated as at date
Due the total interest against the facility
Calculate the total outstanding

Facility Expiration

- When the facility expires the available balance will due.
- Interest will not be calculated against expired facilities. But an overdue charge will be calculated on a previously defined rate. This will be calculated on a daily basis.
- Previous set reminder will start generating since facility expiration.

System constraints:

- Partial settlement are always considered as overpayment till the day end is processed
- All facilities will entitle the 15 days interest
- There will be no early settlement interest rebate
- When receipt is a Cheque overpayment settlement will be done only after cheque realization
- A scenario where a previous receipt is cancelled after settling another receipt on the same facility: Then the dues for the second receipt has been calculated for the balance following the first receipt. So later even though the first receipt resettlements are reversed, second receipt settlement will not be changed. This will be the same for all completed settlements since the cancelled receipt.

Stakeholders: Head Of Loan Department (AssetLine), Head Of Accounts Department(AssetLine), Head Of IT(AssetLine), Head of Process (Modular4), Director Projects (Modular4)