Islamic Financial Syndication User Guide

Oracle FLEXCUBE Universal Banking

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Islamic Financial Syndication User Guide
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Oracle Financial Services Software Limited

Oracle Park

Off Western Express Highway
Goregaon (East)
Mumbai, Maharashtra 400 063
India
Worldwide Inquiries:
Phone: +91 22 6718 3000
Fax:+91 22 6718 3001
www.oracle.com/financialservices/

Contents

1. Preface

1.1 Introduction

This manual is designed to help acquaint you with the Financial Syndication Module of Oracle FLEXCUBE. It provides an overview of the modules and guides you through the various steps involved in granting syndicated finances to the customers of your bank.

You can further obtain information about to a particular field by placing the cursor on the relevant field and striking the <F1> key on the keyboard.

1.2 Audience

This manual is intended for the following User/User Roles:

Role	Function
Back office data entry clerk	Input functions for contracts
Back office managers/ officers	Authorization functions
Product Managers	Product definition and authorization
End of Day operators	Processing during End of Day/ Beginning of Day
Financial Controller/ Product Managers	Generation of reports

1.3 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

1.4 Organization

This manual is organized into the following chapters:

Chapter 1	*About this Manual* explains in short, which module of Oracle FLEX-CUBE this manual is meant for, and its expected audience, organization of this manual and the related documents.
Chapter 2	*Financial Syndication —an overview* it is a snapshot of the features that the module provides.
Chapter 3	*Maintaining Syndication Funds* – Input on various attributes maintained for an Islamic syndication fund
Chapter 4	*Operations on Syndication Fund* – Input various processes involved in processing the Islamic finance syndication fund
Chapter 5	*Batch Process* – Information on various batch processes that are triggered for financial syndication fund
Chapter 6	*Reports* – Information on reports generated for Islamic finance syndication fund

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1.5 <u>Related Documents</u>

This user manual must be used in conjunction with the following Oracle FLEXCUBE user manuals:

- Islamic Accounts
- Islamic Asset Management
- Procedures

1.6 <u>Glossary of Icons</u>

Icons	Function
✕	Exit
+	Add row
—	Delete row
↗	Option List

2. Islamic Financial Syndication – Overview

2.1 Introduction

The Financial Syndication module of Oracle FLEXCUBE addresses financial operations of a bank or a financial institution that enters into financial syndication contracts with borrowing customers (borrowers).

2.2 Islamic Financial Syndication

A syndication agreement is reached between a borrower and a bank (or a financial institution), which arranges the syndication. The arranger bank identifies one or more banks or financial institutions that pool funds to meet the borrowing requirements. These banks or institutions are known as contributors.

The arranger bank actually disburses the finance, after receiving the contributions from other contributors. The contributors fund subscription based on the percentage of contribution and cumulative disbursed amount for a day, for transactions associated with the Islamic syndication fund. The profit and other income accruing from the finance are shared in the ratio of their contribution that was agreed upon at the time of drawing up the financial syndication agreement.

2.2.1 Defining Syndication Fund

In Oracle FLEXCUBE, you can define any service or scheme that you want to make available to your customers, as a product. For instance, your bank may be entering into lending agreements with other lending banks, to disburse finance requests as a syndicate. This facility of disbursing syndicated finances can be defined as a product.

Similarly, in financial syndication module you can create syndication fund with the following functions:

- Specifying start date, end date, fund amount and repayment
- Associating a product type to the fund with the following parameters:
  - Limit amount for the product type
  - Minimum and maximum limit amounts with allowable number of draw downs for a product type
  - Available limit amount for a product type after every draw down
- Associating a customer and product type combination to the fund with the following parameters:
  - Limit amount for the customer in a product type
  - Available limit amount for a customer in a product type after every draw down
  - Number of draw downs allowed for a customer in a product type
  - Utilized draw downs for a customer in a product type

You can define a product with all the specifications listed above. Each time you enter a draw down under the product into Oracle FLEXCUBE, they will be automatically applied to it, and you need not specify them afresh.

In Oracle FLEXCUBE, you can define the main syndication product which establishes a blueprint for capturing details for all syndication contracts.

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2.2.2 Processing Syndication Funds

Oracle FLEXCUBE provides a provision to track syndication funds associated to the Islamic financing transactions and allows association of fund subject to availability of sufficient balance in the fund.

The system also pools the necessary funds from the parties involved in syndication based on the percentage of investment as and when the amount is disbursed for a financial transaction associated to the syndication fund.

Computed profit distribution is time value or value date based and is distributed among the contributors based on the share they hold.

2.2.3 Processing Repayments

Oracle FLEXCUBE repays the funds to the parties involved in syndication based on the percentage of investment as and when principal component is repaid for a financial transaction associated to the syndication fund.

2.2.4 Processing Charges

The Bank receives charges for the services rendered to the customers. The system enables you to process the schedule based charges, at the fund level and liquidates the charges against the contributor's CASA settlement account based on the pre-defined schedule and amount.

2.2.5 Processing Matured Funds

On the maturity date of Islamic financial syndication, the system;

- Closes the Islamic fund and all associated deposit accounts of the contributors, if the financial transactions of the associated fund have been repaid and profit distribution has been completed for the period.
- Extends the maturity date of the fund and the associated deposit accounts, if the pending payments on the underlying financing assets or transactions.

2.2.6 Sharing Transfer among Contributing Parties

Oracle FLEXCUBE supports sharing of transfers with value date, so that eligible contributors get their share of profit for the period they have invested in the fund. If the contributors wish to transfer their holding percentages, then they can transfer it among themselves.

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3. Maintaining Syndication Funds

3.1 Introduction

Finance syndication is an agreement reached between a contributor and a Bank or Financial institution which pool funds. The details related to syndication of these funds are maintained in the system as Islamic syndication funds. This chapter provides an input on various attributes maintained for an Islamic syndication fund.

3.2 Maintaining Islamic Finance Syndication

Oracle FLEXCUBE facilitates maintenance of Islamic syndication funds using 'Islamic Fund Online' screen. You can invoke 'Islamic Fund Online' screen by typing 'IADISLNS' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You can maintain the following parameters here:

Branch Code

The system displays branch code of the current branch here.

Product Code

Specify a valid product code you need to maintain as Islamic syndication fund. The adjoining option list displays all valid product codes supporting Islamic syndication. You can select the appropriate one.

Product Description

The system defaults the description of the selected product code here.

Fund ID

The system generates an ID of the syndication fund associated with the selected product.

Description

Specify a short description for Islamic syndication fund you are maintaining.

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Reference No

The system generates a unique reference number for the selected product here.

Currency

Specify the currency you need to assign to the generated fund ID. The adjoining option list displays all valid currencies maintained. You can select the appropriate one.

Amount

Specify the syndication amount in the specified currency for the generated fund.

3.2.1 <u>Main Tab</u>

The additional information related to Islamic syndication fund is maintained in 'Main' tab. Click on the 'Main' tab to maintain additional information.

<u>Syndication Details</u>

You can maintain the following syndication details here:

Start Date

The system defaults current date as the start date for Islamic fund syndication and you cannot modify the same.

End Date

Specify the date till when you need to create Islamic fund syndication from the adjoining calendar.

Available Balance

The system computes the balance available for the specified syndication fund.

Agreement Terms

Specify terms agreed between the contributors and the Bank for fund syndication.

Total Profit Distribution

The system computes the total profit distributed among the contributors till the current date.

<u>Profit Details</u>

You can maintain the following profit details here:

Profit Calculation

Select a valid method to calculate profit for the specified syndication fund from the adjoining drop-down list. This list displays the following values:

- Auto – Select if you want to auto calculate the profit for syndication fund.
- Manual – Select if you want to manually calculate the profit for syndication fund.

Last Calculation Date

The system displays the date when the profit was last calculated.

Next Calculation Date

The system displays the date when the next profit calculation is due.

Frequency

Select a valid frequency period at which you need to calculate profit from the adjoining drop-down list. This list displays the following values:

- Monthly – Select if you need to calculate the profit monthly.

- Quarterly – Select if you need to calculate the profit quarterly.
- Half Yearly – Select if you need to calculate the profit half yearly.
- Yearly – Select if you need to calculate the profit half yearly.

Start Day

Specify a valid day from when you need to start calculating the profit.

Start Month

Select a valid month from when you need to start calculating the profit from the adjoining drop-down list, if the profit calculation mode is 'Auto'. This list displays the names of months.

Capital Repayment Details

Select a valid method to repay the capital amount from the options available. The system displays the following values for selection:

- Pool into Syndication – Select if you need to pool the capital amount into syndication
- Repay to the Parties – Select if you need to repay the capital amount to the contributors

Total Amount Repaid

The system computes the sum of amounts paid to syndication fund from various financing transaction, if 'Capital Repayment Mode' is maintained as 'Repay to the Parties'.

Pooled Amount

The system computes the sum of amounts paid to syndication fund from various financing transaction, if 'Capital Repayment Mode' is maintained as 'Pool into Syndication'.

Change of TD Maturity Details

You can maintain the following details related to TD Maturity changes:

Frequency

Select frequency at which you need to extend the maturity date of the deposit account from the adjoining drop-down list. This list displays the following values:

- Monthly – Select if you need to extend maturity date of deposit account monthly.
- Quarterly – Select if you need to extend maturity date of deposit account quarterly.
- Half Yearly – Select if you need to extend maturity date of deposit account half yearly.
- Yearly – Select if you need to extend maturity date of deposit account yearly.

Units

Specify the number of units by which you need to move the TD maturity extension for selected frequency.

Contributors Account Balance Notification

You can maintain the following notification details related to contributors account balance:

Notice Days

Specify number of working days prior to which you need to issue the notice to the contributing parties for the amount to be disbursed.

Note

Value of notice days is the difference between the disbursement schedule due date and the current date of the system.

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Reminder

Check this box if you need to send a reminder for the previously issued notice.

Days

Specify number of working days after which you need to send the reminder for the previously issued notice, if you have checked the 'Reminder' check box.

3.2.2   Syndication Mapping Tab

The system enables association or mapping of syndication fund to eligible product type with limit amount. These product types can in turn be mapped to the borrowers with limit amount.

You can map syndication fund, product types, and borrowers under 'Syndication Mapping' tab. Click 'Syndication Mapping' tab on 'Islamic Syndication Fund' screen.

You can maintain the following parameters here:

Product Details

The following product details can be maintained here:

Product Type

Specify a valid product type you need to maintain for the specified product. The adjoining option list displays all valid product types maintained for Islamic products. You can select the appropriate one.

Product Limit

Specify a valid limit you need to allow for the specified product type.

Draw Down Count

Specify number of times you need to disburse the fund for the specified product type.

Minimum Draw Limit

Specify minimum amount you want to disburse for the specified product type.

Maximum Draw Limit

Specify minimum amount you want to disburse for the specified product type.

Available Amount

The system computes the balance amount available for the specified product type.

Customer Product Details

You can maintain the following customer product details:

Customer ID

Specify a valid ID of the customer you need to maintain for the specified product. The adjoining option list displays all valid customer IDs maintained for Islamic products. You can select the appropriate one.

Customer Limit

Specify maximum amount you need to allow for the specified customer and product type combination.

Available Amount

The system computes the balance amount available for the specified customer and product type combination.

Draw Down Count

Specify number of times you need to disburse the fund for the specified customer and product type combination.

Utilized Draw Down Count

The system computed the number of times customer has utilised the allotted amount through CI contracts.

3.2.3   Contributing Parties Tab

Fund pooled by the contributors is equal to the syndication amount. That is, the sum of the contributors' share is equivalent to the syndication amount. You can track the amount contributed by the individual party through a deposit account, created during EOD as part of capital subscription batch. You can maintain the details related to contributing parties under

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'Contributing Parties' Tab. Click 'Contributing Parties' tab on 'Islamic Syndication Fund' screen.

You can maintain the following parameters here:

Deposit Account Class

Specify valid account class you need to maintain for the generated deposit class. The adjoining option list displays account classes maintained for Islamic accounts, provided they are not associated with any fund ID. You can select the appropriate one.

Note

– Mudharabha rate is '0' for the linked TD account class

– Tenor of the account class is same as that of syndication fund.

– Auto rollover is disabled

Profit Share Details

You can maintain the following profit share details here:

Party

Specify valid customer ID of the customer you need to maintain the contributing details. The adjoining option list displays all valid customer IDs maintained for Islamic accounts. You can select the appropriate one.

Branch

Current branch of the account is defaulted here.

CASA

Specify valid customer account you need to maintain for the specified party. The adjoining option list displays all valid Islamic accounts maintained for the selected contributing party. You can select the appropriate one.

Amount

The system calculates and displays the amount subscribed by the contributor, during capital subscription.

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Currency

Syndication currency is defaulted here.

Deposit Account

The system displays deposit account number, created as part of capital subscription batch, for all parties involved in syndication.

Note

The deposit account is not created for the Bank

Contribution Share (%)

Specify percentage of amount invested by the specified party.

Profit Share

Specify percentage of profit gained by the specified party.

Loss Share

The system defaults the contribution share percentage as the loss share percentage while saving the fund.

3.2.4   Service Charge Tab

Based on the predefined schedule, all the contributing parties pay service charge to the bank for their share of contribution. Charge schedule is maintained for individual contributing parties involved in the syndication fund. You can define charge schedule and compute the charge schedule based on the definition under 'Services Charge' tab. Click 'Services Charge' tab to maintain service charge details.

You can maintain the following parameters here:

Charge Schedule Definition

You can define the following charge schedule details:

Party

Specify the contributor for whom the charge details have to be defined. The adjoining option list displays all valid customer IDs maintained for Islamic accounts. You can select the appropriate one.

Charge Till

Select period until which you need to charge the parties involved in syndication fund, from the adjoining drop-down list. This list displays the following values:

- Syndication End Date – Select if you need to charge till syndication end date
- Defined Period – Select if you need to charge for the defined period

Start Date

Specify a valid date from when you need to collect charge from the adjoining calendar, if you have selected to charge till defined period.

End Date

The system defaults the end date for collection of charges based on the selected frequency and unit, if the charge till is defined period. Else, fund end date will be defaulted while saving the fund.

Frequency

Select frequency to define the charge calculation basis for the contributor, from the adjoining drop-down list. This list displays the following values:

- Monthly – Select if you need to extend maturity date of deposit account monthly.
- Quarterly – Select if you need to extend maturity date of deposit account quarterly.
- Half Yearly – Select if you need to extend maturity date of deposit account half yearly.
- Yearly – Select if you need to extend maturity date of deposit account yearly.

Units

Specify the number of frequency units till which you need to calculate the charge, if the charge till is defined period. Else, the system derives the units based on the maintained frequency, start date and end date

Rate

Specify a valid percentage of the available deposit amount to be deducted as charge from the specified party.

Flat Amount

Specify a valid amount to be deducted as charge from the specified party.

Waive

Check this box if you need to waive charges to be collected from the specified party.

Reason

Specify a valid reason for waiving the charges, if you have selected to waive of charges.

Charge Schedule Details

You can define the following charge schedule details:

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Schedule Start Date

When you either save the fund or click the 'Explode' button, the system defaults the schedule start date as follows:

- Defaults the schedule start date as the start date defined in the charge schedule definition, for the first schedule.
- Defaults the corresponding values with the previous schedule's due date.

Schedule Due Date

When you either save the fund or click the 'Explode' button, the system derives the schedule due based on the values defined for units and frequency.

Amount Due

If the charge is defined as flat amount for the party, then the system defaults the same defaulted as the amount due. Else, the system will not display any value initially; however, during the charge schedule batch, the system calculates and displays the amount based on the percentage of the amount (rate % maintained in the charge definition grid) in the term deposit created for the party in the subsequent EODs.

Amount Settled

The system displays the amount debited from the contributor.

Waive

Check this box if you need to waive charges to be collected from the specified party for the specified schedule.

Reason

Specify a valid reason for waiving the charges, if you have selected to waive of charges.

Click 'Explode' button to derive charge schedule details for the party specified in the 'Charge Schedule Definition' section. These details are computed based on the parameters maintained in the 'Charge Schedule Definition' section for the specified party. If the charge is not defined for any of the contributor along with the contributor's ID, then the system displays the override message as, "Charge schedule is not defined for the party(s)."

If the charge basis is maintained as rate, then the system will not compute the 'Amount Due' when you click the 'Explode' button.

3.2.5   Viewing Linkage Details

Syndication fund is associated to various financing transactions. The system enable you to view the linkage details associated with the syndication fund in the linkage details screen.

Click 'Linkage' button on the 'Islamic Finance Syndication' screen to invoke 'Linkage Details' sub screen.

You can view the following linkage details here:

- Linkage Details
  - Syndication Fund ID
  - Syndication Ref No
  - Syndication Amount
  - Syndication Currency
  - Available Syndication Amount
- Contract Details
  - Module
  - Product Type
  - Product Code
  - Customer
  - Contract Ref No
  - Contract Amount
  - Contract Currency
  - Disbursement Amount
  - Outstanding Amount
  - Amount Paid
  - Account Status

3.2.6 Validations for Financial Syndication

While saving the syndication fund, the system will validate the following and displays the corresponding error message if the validation fails:

Validation	Error Message
Syndication amount must be greater than or equal to the sum of product limit	"Sum of the product limit is greater than the syndication amount"

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Validation	Error Message
Product limit must be greater than or equal to the sum of customer product limit for a product type	"Sum of the customer product limit for the product type <product_type>is greater than the product limit"
Product limit must be configured for the product before calculating the sum of customer product limit for a product type	"Customer limit for the product type(s) are specified without product limit config-uration"
Sum of profit share % of all the parties involved must be equal to 100%	"Sum of the profit share % should be equal to 100"
Sum of the contribution share % of all the parties involved must be equal to 100%	"Sum of the contribution share % should be equal to 100"
Multiple investments must not be main-tained for a single party	"Duplicate party(s) provided in the profit share details grid"
Charge definition must be defined only for the parties involved in syndication fund	"Charge is defined for the party(s) not involved in syndication fund"
You must maintain either of the following charge basis fields for charge computation: • 'Rate' • 'Flat amount'	
If none are maintained,	"Charge basis fields rate or flat amount has to be entered"
If both are maintained,	"Charge basis fields rate or flat amount has to be entered"
You must map at least one product type and the related customer for a syndica-tion fund	"Customer and product type matrix not maintained."

3.2.7   Syndication Amendment

The system enables you to amend the following after saving syndication fund:

- Product type limit
- Customer Product Type
- If the frequency of profit and charge schedule is modified, then the system defaults the respective next calculation date.
- Charge definition parameters

    The system will re-compute the schedule details for charge definitions with schedule due date later than the application date. The new schedule definition for the party will appear as a separate row and the previous details will be neglected.

The system will not enable modification of the following after saving syndication fund:

- Syndication amount
- Charge schedule definition under following conditions:
    - Before first authorization

– After first authorization – charge schedule definitions whose fund start date is the current date

While amending and saving the syndication fund, the system will validate the following, including those validated while saving the fund and displays the corresponding error message if the validation fails:

Validation	Error Message
Product limit mapped to a customer must not be deleted	"Product type(s) cannot be deleted since the same is mapped to a customer"
Customer product limit utilized by the customer must not be deleted	"Customer product limit for product type cannot be deleted since the customer has utilized the limit"
Reduction of customer product draw down count must be to the extent of utilization	"Customer drawdown count can only be reduced to the extent of utilized limit"

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4. Operations on Syndication Fund

4.1   Introduction

This chapter takes you through various processes involved in processing the Islamic finance syndication fund. It also provides an input on the steps followed in processing them.

4.2   Mapping GL

Syndication funds are mapped to the Income and expense account heads. The following account heads are maintained:

The system processes the following batches at EOFI stage as part of EOD and updates the maintained GL balances for MIS class "FUNDID".

- GLMISDAV
- GLMISUPD
- GLMISVAL

The system calculates the profit amount based on the availability of the balances in the income and expense GL.

4.3   Processing Contracts Mapped to Syndication Fund

Oracle FLEXCUBE facilitates mapping of syndication funds to an Islamic financing contract at 'Islamic Financing' level. The income and expense account head mapped to an account role at 'Islamic Product Maintenance' level and GLs mapped for syndication fund must be similar.

Whiling saving a contract the system validates the following and displays the corresponding error message if the validation fails:

Validation	Error Message
Customer involved in the contract must be a valid borrower of the linked syndication fund.	"Borrowing customer is not mapped to the selected syndication fund"
The available limit provided at the fund level for a customer and product type combination must be greater than contract amount.	"Contract amount is greater than available amount "" in the syndication fund "" for the customer"
Customer draw down count for a product type must be greater than uti-lized.	"Customer has utilized the draw down count allowed for the product type in syndication fund."
Maturity date or tenor of the contract must be prior to expiry date of the linked syndication fund.	"Contract maturity date should be less than end date of the syndication fund"

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Validation	Error Message
The utilized draw down count is equal to allowed draw down count and the available amount is greater than zero for a customer product type combination.	"Utilized draw down count is equal to allowed drawdown count though the amount is available for the customer to be utilized."
If the end date of the linked syndication fund is on or later than the current date, then the system must disable creation of contract.	"Contracts value date is greater than or equal to end date of syndication fund."
Contract currency and currency of the linked syndication fund must be same.	"Contract currency and syndication currency should be similar."

Note

The above validations, excluding the first, are also validated at authorization stage of the contract.

While amending a contract, end date of the contract must be on or later than the maturity date of contract. If it is not, then the system displays an error message. The system also allows reversal of the authorized contracts on the same day of authorization.

While settling or reversing an availed syndication fund, the system re-generates the following values, if the 'Capital Repayment' is maintained as 'Pool into Syndication':

- Available Balance
- Available Amount for a Product type
- Available Amount for a customer product type combination

Note

'Available Balance' increases or decreases based on utilization and repayment from financial transactions associated with syndication fund.

Settlement of availed financial asset associated to syndicating triggers partial redemption from the deposit accounts involved in syndication fund, if the 'Capital Repayment' is maintained as 'Repay to the Parties'.

4.4   Calculating Profit Share

Profit is calculated manually or automatically based on the details maintained at 'Islamic Syndication Fund' level.

4.4.1   Calculating Profit Share Manually

If the profit calculation is maintained as 'Manual', then the system processes profit share calculation as an intraday batch which calculates the profit for a fund based on the following parameters

- Branch
- Financial year

- Period

However, profit calculation is based on the income and expense GL mapped to the fund Id. Distribution of calculated profit is based on the time based profit share % for the parties which is computed based on the calculated fund profit amount. The derived profit share is credited to the contributors CASA account during allocation.

4.4.2 Calculating Profit Share Automatically

If the profit calculation is maintained as 'Auto', then the system automatically calculates, distributes, and allocates the profit at EOD.

4.5 Transferring Contribution Share

Contributors can transfer their investments among themselves. These contributions are fall into the following categories:

- Bank to Existing party
- Existing party to bank
- Existing party to new party
- Between existing parties
- Bank to new party

Bank to Existing Party

Here the transfer is from a bank to the existing party. The amount transferred is credited to the bank. The same is debited from the CASA account of the party and credited to the deposit account of 'To party'. The system generates the charge definition for 'To Party'.

Existing Party to Bank

Here the transfer is from existing party to a bank. The amount to be transferred is credited to the 'From Party' CASA account. The same is debited from corpus GL of the bank and credited to the deposit account created during authorization of the transfer. The system generates the charge definition for the 'From Party'.

Existing Party to New Party

Here the transfer is from existing party to a new party. The amount transferred is credited to 'From Party' CASA account and new deposit account is generated by debiting 'To Party' CASA account to the same extent. The system generates charge definition for 'From Party'.

Between Existing Parties

Here the transfer is among existing parties. The amount transferred is credited to the 'From Party' CASA account. The same is debited from 'To Party' CASA account and credited to the deposit account of the 'To Party'. The system generates charge definition for both from and to parties respectively.

Bank to New Party

Here the transfer is from a bank to new party. The amount to be transferred is credited to the bank and new deposit account will be generated by debiting 'To Party' CASA account to the same extent. The system generates the charge definition for both the party.

After the above details are shared, the system records the transfer date and distributes the calculated profit. The profit is calculated based on the days the transferred amount was available with the ordering party and the beneficiary party, during the period of profit calculation.

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5. Batch Process

5.1 Introduction

This chapter provides information on various batch processes that are triggered for financial syndication fund. The chapter also gives an input on the functionality associated with the process and the stages when each batch is run.

5.2 Schedule Charge Deduction Batch

Schedule Charge Deduction Batch, IABSNSCH, handles periodic service charge at EOD when the charge schedule due date for the parties involved in syndication fund is prior or on the current date. IABSNSCH batch is maintained at 'Mandatory Batch Program Maintenance' level as EOTI batch.

When this batch is run on the charge schedule due date at EOTI, for the parties involved in syndication fund, the system,

- Computes the parties involved in syndication fund excluding the bank
- Calculates amount due,
  - from charge schedule details table, if the charge basis is maintained as 'Flat Amount'.
  - from current invested amount for the party based on the below formula, if the charge basis is maintained as rate.

  Amount due = (amount available in TD * rate) / 100
- Debits charge from the parties CASA account and credits to the banks income GL, if the charge is applicable for the party and the current schedule of the party.
- Passes necessary accounting entries against the event 'PRSC'
- Updates the amount settled in the necessary data store and indicates settlement of charge. However, if the funds are not available in the contributors account for a schedule during charge deduction, then the system will not update the amount settled to track it at subsequent EOD batch.

  If the funds are available partially in the contributors account for a schedule during charge deduction, then the system updates the amount settled to the extent of fund availability and tracks the same at subsequent EOD batch.
- Does not consider the account balance, if it is negative to the extent of overdraft
  - The following accounting entry will be passed each schedule in Islamic asset module for schedule charge

5.3 Maturity of Deposit Account/Syndication Fund Batch

Maturity of Deposit Account/Syndication Fund batch, IABTDMAT, handles settlements during EOD when the syndication fund end date is prior to or on the current date. IABTDMAT batch is maintained at 'Mandatory Batch Program Maintenance' level as BOD batch.

IABTDMAT batch handles the following:

- Pool into Syndication
- Re-pay to Parties

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5.3.1 Pool into syndication

If the 'Capital Repayment' is maintained 'Pool into Syndication' for a syndication fund, then on the end date when the batch is run the following are performed on syndication funds:

- The system credits the party's CASA account and initiates TD closure, if sum of the available balance and pooled amount is equal to the syndication amount

- The system partially credits the party's CASA account and extends the maturity date of the deposit based on deposit account maturity frequency, if sum of the available balance and pooled amount is less than the syndication amount.

- The system modifies the maturity date of the deposit account based on the frequency maintained at syndication fund level, for change of deposit account maturity date.

- When the difference between syndication amount and available balance is greater than zero, the system tracks the remaining balance and credits it to the respective parties during the consecutive EOD's.

5.3.2 Re-pay to Parties

If the 'Capital Repayment' is maintained 'Re-Pay to Parties' for a syndication fund, then on the end date when the batch is run the following are performed on syndication funds:

- The system initiates TD closure, if the sum of repaid amount and available fund is equal to the syndication amount

- The system extends the maturity date of the deposit based on deposit account maturity frequency, if the sum of repaid amount and available fund is less than the syndication amount.

5.4 Capital Repayment/Subscription Batch

Capital Repayment/Subscription batch, IABSNSTL, handles settlements from the linked financial transactions and pays the parties involved in syndication fund according to the percentage of their investment. The batch also creates or increases the value of the deposit account for the sum of disbursements of all the financial transactions which were linked to the syndication fund, based on the contribution share % of the parties involved in syndication. However, the capital amount is repaid only if it is maintained as 'Re-Pay to Parties'. IABSNSTL batch is maintained at 'Mandatory Batch Program Maintenance' level as EOTI and BOD batch.

IABSNSTL batch handles the following:

- Capital Subscription
- CASA Amount Block/Unblock
- Capital Subscription for Re-pay to Parties
- Capital Subscription for Pool into Syndication
- Notification and reminder for Amount to be Disbursed, if maintained
- Capital Repayment

5.4.1 Capital Subscription

When the batch is run, the system computes all the disbursements for the financial transactions linked to the syndication fund. It also creates or increases the value of the TD account with schedule due date on the current date, based on the contribution % of the parties involved in syndication.

In the process, during EOD, the system creates deposit account for all the parties involved in syndication only if the amount is disbursed for the financial transactions associated to the syndication fund. The value of the created deposit account will increase during subsequent EOD's.

Note the following:

- Maturity date of deposit accounts will be expiry date of the syndication fund.
- If the funds are not available in the contributors account, then the system will not create or increase the value of the deposit account and tracks the same in the subsequent EOD.
- If the funds are not available partially in the contributors account, then the system will create or increase the value of the deposit account to the extent of availability and allow tracks the same in the subsequent EOD.
- If the account balance is negative to the extent of overdraft, then the system will not considered it as available.

5.4.2 CASA Amount Block/Unblock

The system blocks the amount from contributing parties CASA account's associated to the syndication fund to the extent of contribution share % for the sum of the disbursement, whose due date is one day later than the branch's current date. Amount is blocked subsequent to subscription.

Prior to subscription, the system releases the amount blocks for the contributors CASA account and initiates deposit account creation or modification.

It also reports failure of amount block due to insufficient balance in the parties account through a notification.

5.4.3 Capital Subscription for Re-pay to Parties

When an Islamic fund is disbursed for an amount during the day, based on the contribution share (%) the system creates TD account for the contributing parties. The system then updates the contribution parties table with the created TD account, appropriately.

5.4.4 Capital Subscription for Pool into Syndication

When an Islamic financing transaction was disbursed for an amount, based on the contribution share (%), the system creates TD for the contributing parties. The system then computes the amount for the contribution share account after deducting the amount available in the pooled amount. The amount displayed in the pooled amount field is the amount pooled from the payments received from financial transactions. The amount to be invested is the difference between the sum of disbursed amount and pooled amount. That is,

Amount to be invested = sum of disbursed amount – pooled amount

5.4.5 Notification for Amount to be Disbursed

When the batch is run, the system computes the financial transactions whose disbursements schedule date is equal to the sum of branch's current date and notice days maintained for a syndication fund. It then triggers the notifications to the contributing parties involved in syndication.

To issues notifications, the system;

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1. Calculates the date by adding 'Notice Days' maintained for a syndication fund and the current branch date.

2. Identifies the disbursements due on the date calculated in the previous step.

3. Issues notification on the current branch date to the contributing parties based on the contribution share percentage, for the identified disbursements.

4. Calculates the date to send reminder for the notification issued by adding the reminder days maintained for the syndication and the current branch date.

The following message formats are maintained:

Message type	Description
IA_SYN_NOTIF	Message format for Notification
IA_SYN_REMINDER	Message format for Reminder

5.4.6 Capital Repayment

When the batch is run, the system computes the capital repaid from the linked financial transaction for the day and

- Distributes capital repayment to the parties involved in syndication based on the percentage of investment, if 'Capital Repayment' is maintained as 'Re-pay to Parties'.

- Increases the customer limit for a product type and the corresponding product type limit and then pools the amount to the fund, if 'Capital Repayment' is maintained as 'Pool into Syndication'.

Re-pay to Parties

The system calculates the 'Total Amount Re-paid' as follows and displays it accordingly in the 'Main' tab of the 'Islamic Syndication Fund' screen:

Total amount repaid = sum of the re-payments received during the day + capital payments received till date

Pool into syndication fund

The system calculates the 'Pooled Amount' as follows and displays it accordingly in the 'Main' tab of the 'Islamic Syndication Fund' screen:

Pooled amount = sum of the re-payments received during the day + capital payments received till date

And also,

Product type limit = Product type limit + amount applicable for the product type from the received payment

Customer limit = customer limit + amount applicable for the customer product type limit from the received payment

5.5 Auto Profit Calculation/Distribution/Allocation

Auto Profit Calculation/Distribution/Allocation, IABPRCAL, handles profit for the syndication fund at EOTI stage, if the 'Profit Calculation' is maintained as 'Auto' at 'Islamic Syndication Fund' level. IABPRCAL batch is maintained at 'Mandatory Batch Program Maintenance' level as EOTI batch.

When the batch is run, the system;

- Calculates the profit for the fund based on the income and expense GL mapped to the fund
- Distributes the calculated profit based on the profit share% of the contributors for the fund.
- Allocates accounting entries to the contributors CASA account to the extent of the distributed profit against the event 'PLOC'.

Oracle FLEXCUBE enables you to query and view the profit calculated through this batch at 'Profit Share Calculation' level.

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6. Reports

6.1   Introduction

You can generate the following reports for the Financial Syndication (FS) module of Oracle FLEXCUBE:

- Islamic Financial Syndication Linkage report

6.2   Islamic Financial Syndication Linkage Report

This provides details on fund utilization. This report also lists the contract level details in which the fund has been utilized. You can invoke Islamic Financial Syndication Linkage Report' screen by typing 'IARILSLK' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

You can maintain the following parameters to generate 'Islamic Financial Syndication Linkage Report':

Branch Code

The system defaults the code of the current branch here.

Product Code

Specify code of the product you need to generate a report for. The adjoining option list displays all valid financial product codes maintained for financial syndication. You can select the appropriate one.

Fund Status

Select status of the fund you need to generate the report for from the adjoining drop-down list. This list displays the following values:

- Active – Select if the fund is active
- Pending – Select if the fund is pending authorization
- Closed – Select if the fund is closed

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Customer ID

Specify ID of the customer you need to generate a report for. The adjoining option list displays all valid customer IDs maintained for financial syndication. You can select the appropriate one.

Syndication Fund ID

Specify ID of the syndication fund you need to generate a report for. The adjoining option list displays all valid fund IDs maintained for financial syndication. You can select the appropriate one.

Report Format

Select the format in which you need to generate the report from the adjoining drop-down list. This list displays the following values:

- HTML – Select to generate report in HTML format.
- RTF – Select to generate report in RTF format.
- PDF – Select to generate report in PDF format.
- EXCEL – Select to generate report in EXCEL format.

Report Output

Select the output in which you need to generate the report from the adjoining drop-down list. This list displays the following values:

- Print – Select to print the report.
- View – Select to print the report.
- Spool – Select to spool the report to a specified folder so that you can print it later.

Printer At

Select location where you wish to print the report from the adjoining drop-down list. This list displays the following values:

- Client – Select if you need to print at the client location.
- Server – Select if you need to print at the server location.

Printer

Select printer using which you wish to print the report from the adjoining option list.

6.2.1 Contents of the Report

The parameters specified while generating the report are printed at the beginning of the report. Other content displayed in the Islamic Financial Syndication Linkage Report is as follows:

Header

The following details are displayed in the header section:

SI. No.	Field Name	Field Description
1	Branch code	Indicates code of the branch
2	Syndication ID	Indicates ID of the syndication fund
3	Syndication ref no.	Indicates syndication reference number
4	Syndication amount	Indicates syndication amount

Sl. No.	Field Name	Field Type
5	Syndication currency	Indicates currency code of syndication fund
6	Available Syndication amount	Indicates the amount available in syndication

Body of the Report

The following details are displayed as body of the generated report:

Sl. No.	Field Name	Field Type
1	Module	Indicates the module
2	Product Type	Indicates type of the product associated with syndication fund
3	Product Code	Indicates code of the product associated with syndication fund
4	Customer ID	Indicates customer ID of syndication fund
5	Contract Ref no.	Indicates contract reference number
6	Contract Amount	Indicates the amount available in contract

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7. Annexure

7.1　Events and Accounting Entries

When you transfer profits and contributions from one investor to another, you must maintain the following accounting roles and amount tags:

7.1.1　Events for Transfer from Bank to Existing Party

- TFSR:
- DEBK:

7.1.2　Accounting Entries for Transfer from Bank to Existing Party

Event	Dr/Cr	Accounting Role	Amount Tag
TFSR	DR	MUSHARAKAH_ASSET_GL	FUND_SHARE
	CR	CORPUS_GL	FUND_SHARE
DEBK	DR	OFFSET_ACCOUNT	TD-PRINC
	CR	TD_ACCOUNT	TD-PRINC

7.1.3　Events for Transfer from Existing Party to Bank

- INIT:
- TFSR:

7.1.4　Accounting Entries for Transfer from Existing Party to Bank

Event	Dr/Cr	Accounting Role	Amount Tag
INIT	DR		TXN_AMT
	CR		OFS_AMT
TFSR	DR	CORPUS_GL	FUND_SHARE_LIQD
	CR	MUSHARAKAH_ASSET_GL	FUND_SHARE_LIQD

7.1.5　Events for Transfer from Existing Party to New Party and Transfer among Existing Parties

- INIT:
- DEBK:

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7.1.6 Accounting Entries for Transfer from Existing Party to New Party and Transfer among Existing Parties

Event	Dr/Cr	Accounting Role	Amount Tag
INIT	DR		TXN_AMT
	CR		OFS_AMT
DEBK	DR	OFFSET_ACCOUNT	TD-PRINC
	CR	TD_ACCOUNT	TD-PRINC

7.1.7 Events for Transfer from Bank to New Party

- TFSR:
- DEBK:

7.1.8 Accounting Entries for Transfer from Bank to Existing Party

Event	Dr/Cr	Accounting Role	Amount Tag
TFSR	DR	CORPUS_GL	FUND_SHARE_LIQD
	CR	MUSHARAKAH_ASSET_GL	FUND_SHARE_LIQD
DEBK	DR	OFFSET_ACCOUNT	TD-PRINC
	CR	TD_ACCOUNT	TD-PRINC

7.1.9 Events for Schedule Charge Deduction Batch

PRSC:

7.1.10 Accounting Entries for Schedule Charge Deduction Batch

Event	Dr/Cr	Accounting Role	Amount Tag
PRSC	DR	CUSTOMER_ACCOUNT	FUND_CHARGE
	CR	MUSHARAKAH_INCOME	FUND_CHARGE

7.1.11 Events for Capital Repayment/Subscription Batch

- SUBR:
- DEBK:
- CRPT:
- INIT:

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7.1.12   Accounting Entries for Capital Subscription

Event	Dr/Cr	Accounting Role	Amount Tag
SUBR	DR	MUSHARAKAH_ASSET_GL	FUND_SHARE
	CR	CORPUS_GL	FUND_SHARE
DEBK	CR	TD_ACCOUNT	TD_PRINC
	DR	OFFSET_ACCOUNT	TD_PRINC

7.1.13   Accounting Entries for Capital Payments

Event	Dr/Cr	Accounting Role	Amount Tag
CRPT	DR	CORPUS_GL	FUND_SHARE_LIQD
	CR	MUSHARAKAH_ASSET_GL	FUND_SHARE_LIQD
INIT	DR		TXN_AMT
	CR		OFS_AMT

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8. Function ID Glossary

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