

Oracle® Banking Cash Management Netting User Guide



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The Oracle logo, consisting of a solid red square with the word "ORACLE" in white, uppercase, sans-serif font centered within it.

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Preface

Purpose

This guide is designed to help acquaint you with the Netting functionality in Oracle Banking Cash Management module.

It provides an overview of the system and guides you, through the various steps involved in setting up and providing the netting services for the customers of your bank.

Audience

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

Table 1 Audience

Role	Function
Back office executive	Input functions for transactions
Back office managers/officers	Authorization of functions
Product Managers	Product definition and authorization

Acronyms and Abbreviations

The list of the acronyms and abbreviations used in this guide are as follows:

Table 2 Acronyms and Abbreviations

Abbreviation	Description
BOD	Beginning of Day
EOD	End of Day
FIFO	First In First Out
LIFO	Last In First Out

List of Topics

This guide is organized as follows:

Table 3 List of Topics

Topic	Description
Overview of Netting	This topic describes the information about the Netting module.
Maintenance for Netting	This topic explains the maintenance of such reference information for the Netting module.

Table 3 (Cont.) List of Topics

Topic	Description
Batch Jobs	This topic provides the information on the various Batch Jobs performed daily for Netting module.

Symbols and Icons

The following symbols and icons are used in the screens.

Table 4 Symbols and Icons

Icon	Function
	Close
	Add Row
	Delete Row
	Delete
	Search (Fetch)
	Refresh
	Collapse
	Expand
	Download
	Remarks
	Options
	Authorize
	Unlock
	Copy
	View

Table 4 (Cont.) Symbols and Icons

Icon	Function
	Add/Remove Columns

Related Documents

For more information on any related features, refer the following documents:

- Receivables and Payables User Guide
- Collections User Guide
- Cashflow Forecasting User Guide
- Tasks User Guide
- Oracle Banking Security Management System User Guide
- Oracle Banking Common Core User Guide
- Oracle Banking Getting Started User Guide

1

Overview of Netting

This topic describes the information on the overview of Netting module.

The Netting module of the Oracle Banking Cash Management system involves setting off the value of multiple positions or payables between two or more parties. It ascertains the party who owed obligation in a Bi-party agreement. It reduces the absolute number and volume of payables and receivables transactions leading to significant cost savings.

Creation of netting transaction involves maintenance of netting rules linked to a corporate that filters out the eligible receivables and payables to be considered for netting process. Rules can be configured through Netting agreement master maintenance and once created the same can be linked to a corporate and counterparty through netting decisioning UI. Based on the Netting Agreement and Decisioning maintenances, the netting transactions is created for corporates and their counterparties.

The various stages of Netting Transactions are as follows:

- 1. Creation/Registration:** The transaction gets created/registered at the time of trigger of Netting Calculation batch.
- 2. Acceptance/Rejection:** The transaction is available on Oracle Banking Digital Experience for a corporate user to accept or reject.
- 3. Suspension:** The transaction will be in the suspended stage post elapse of netting acceptance cut-off days.
- 4. Settlement:** The accepted netting transactions and the associated receivables and payables will be netted off through system-generated payment transactions post execution of settlement batch.

2

Maintenance for Netting

This topic describes the maintenance of reference data to be set on day zero to use the Netting functionality.

To enable the Cash Management related functionality, there is certain amount of reference data that needs to be setup on day zero.

The user may also need to identify administrators among the officers of your bank to whom you could assign the administration of Cash Management system.

This topic contains the following subtopics:

- [Netting Agreement](#)
This topic describes the information to create/maintain the netting rules.
- [Netting Decisioning](#)
This topic describes the information to create/maintain the Netting Decisioning.

2.1 Netting Agreement

This topic describes the information to create/maintain the netting rules.

Netting Agreement enables the back-office users to create netting rules to be linked to a relationship or to a corporate and counterparty pair. Netting agreement include the business rules that define the type of transactions (Receivables and Payables) as well as the sequence in which that may be considered for netting.

This topic contains the following subtopics:

- [Create Netting Agreement](#)
This topic describes the systematic instruction to create a netting rule definition.
- [View Netting Agreement](#)
This topic describes the systematic instruction to view, modify, delete, or authorize Netting Agreements that have been created.

2.1.1 Create Netting Agreement

This topic describes the systematic instruction to create a netting rule definition.

Newly created netting rules takes effect once authorized and can be modified in **View Netting Agreement** screen.

Specify **User ID** and **Password**, and login to **Home** screen.

1. On **Home** screen, click **Cash Management**. Under **Cash Management**, click **Netting**.
2. Under **Netting**, click **Maintenance**. Under **Maintenance**, click **Netting Agreement**.
3. Under **Netting Agreement**, click **Create Netting Agreement**.

The **Create Netting Agreement** screen displays.

Figure 2-1 Create Netting Agreement

- Specify the fields on **Create Netting Agreement** screen.

Note:

The fields, which are marked with an asterisk, are mandatory.

For more information on fields, refer to the field description table.

Table 2-1 Create Netting Agreement - Field Description

Field	Description
Agreement Code	Specify the unique code for the netting agreement.
Agreement Description	Specify the description for the netting agreement.
Consideration Basis (Days Before)	Specify the days before which the netting is considered for the invoices whose basis attribute (Invoice date/payment due date) falls within the limit of (Netting Cut off + 'Days Before') criteria. Netting cut off would be the day on which calculation batch would be triggered.
Consideration Basis (Days After)	Specify the days after which the netting is considered for the invoices whose basis attribute (Invoice date/payment due date) falls within the limit of (Netting Cut off + 'Days After') criteria. Netting cut off would be the day on which calculation batch would be triggered.
Netting Basis	Select the netting basis from the dropdown list. The available options are: <ul style="list-style-type: none"> Invoice Date Payment Date
Acceptance (Approval) Cut Off Days	Specify the cut-off days till when the calculation batch transaction should be accepted, and all invoices associated with that netting calculation transaction will be considered for netting. Once elapsed, the transaction will be marked as suspended.
Acceptance Validity Days	Specify the validity days to trigger the netting settlement batch post the acceptance of netting calculation transaction. Once elapsed, the transaction will be marked as suspended.

Table 2-1 (Cont.) Create Netting Agreement - Field Description

Field	Description
Auto Acceptance	Select the toggle to enable the automatic acceptance of the Netting batch calculation. By default, the toggle is OFF.
Order Rules	Select the order rule by which the Receivables and Payables are sequenced and netted accordingly. The available options are: <ul style="list-style-type: none"> • FIFO (First In First Out) • LIFO (Last In First Out)
Inclusion Criteria	Select the inclusion criteria for the netting agreement. The available options are: <ul style="list-style-type: none"> • Include Past Due Receivables • Include Past Due Payables • Include Disputed Receivables • Include Disputed Payables • Include non-accepted Receivables • Include non-accepted Payables

5. Click **Save** to save the record and send it for authorization.

2.1.2 View Netting Agreement

This topic describes the systematic instruction to view, modify, delete, or authorize Netting Agreements that have been created.

A tile is present for each record that has been created. The bottom portion of each record-tile displays the following:

- The status, whether Authorized, Unauthorized, or Rejected
- Open or Closed
- The number of times the record has been submitted by the Maker added.

Specify **User ID** and **Password**, and login to **Home** screen.

1. On **Home** screen, click **Cash Management**. Under **Cash Management**, click **Netting**.
2. Under **Netting**, click **Maintenance**. Under **Maintenance**, click **Netting Agreement**.
3. Under **Netting Agreement**, click **View Netting Agreement**.

The **View Netting Agreement** screen displays.

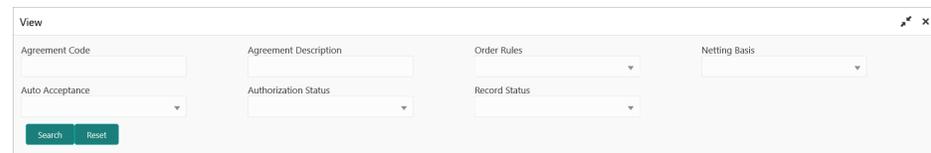
Figure 2-2 View Netting Agreement



4. Filter the records in the **View** screen:
 - a. Click **Search** icon to view the filters. The user can filter the records by Agreement Code, Description, Order Rules, Netting Basis, Auto Acceptance, Authorization Status and Record Status.

The **View Netting Agreement - Search**

Figure 2-3 View Netting Agreement - Search



- b. Click **Search**. or, Click **Reset** to reset the filter criteria.
 - c. Click **Refresh** icon to refresh the records.
5. Click **Options** icon and then select any of the following options:
 - a. **Unlock** – To modify the record details. Refer to the **Create** screen for the field level details.
 - b. **Authorize** – To authorize or reject the record. Authorizing/Rejecting requires necessary access rights.
 - Optional: Click **View** to view the record details.
 - Select the record and click **Approve** to approve the record.
 - Select the record and click **Reject** to reject the record. Specify the relevant comments in the pop-up window that appears, and click **Confirm**.
 - c. **Delete/Close** – To remove the record.
 - Optional: In the confirmation pop-up window, click **View** to view the record details.
 - Click **Proceed** to delete the record.
 - d. **Copy** – To copy the record parameters for creating a new record.
 - e. **View** – To view the record details.
 - f. **Reopen** – To reopen the closed record.

2.2 Netting Decisioning

This topic describes the information to create/maintain the Netting Decisioning.

Netting Decisioning enables the back-office users to link agreement rules/ID with appropriate relationship and counterparty.

This topic contains the following subtopics:

- [Create Netting Decisioning](#)
This topic describes the systematic instruction to link agreement rules/ID with appropriate relationship and counterparty.
- [View Netting Decisioning](#)
This topic describes the systematic instruction to view, modify, delete, or authorize Netting Decisioning records that have been created.

2.2.1 Create Netting Decisioning

This topic describes the systematic instruction to link agreement rules/ID with appropriate relationship and counterparty.

Newly created netting decisioning takes effect once authorized and can be modified in **View Netting Decisioning** screen. Multiple agreement rules can be linked to multiple counterparties associated to a specific relationship or corporate using this screen.

Specify **User ID** and **Password**, and login to **Home** screen.

1. On **Home** screen, click **Cash Management**. Under **Cash Management**, click **Netting**.
2. Under **Netting**, click **Maintenance**. Under **Maintenance**, click **Netting Decisioning**.
3. Under **Netting Decisioning**, click **Create Netting Decisioning**.

The **Create Netting Decisioning** screen displays.

Figure 2-4 Create Netting Decisioning

The screenshot shows the 'Create' screen for Netting Decisioning. It features a form with the following fields: Relationship, Counter Party, Agreement Code, Effective Date (pre-filled with 'Apr 5, 2022'), and Expiry Date. There are 'Add/Edit' and 'Reset' buttons. Below the form is a table with columns: Counter Party, Agreement Code, Effective Date, Expiry Date, and Action. The table is currently empty, displaying 'No data to display.' At the bottom right, there are 'Save' and 'Cancel' buttons.

4. Specify the fields on **Create Netting Decisioning** screen.

 **Note:**

The fields, which are marked with an asterisk, are mandatory.

For more information on fields, refer to the field description table.

Table 2-2 Create Netting Decisioning - Field Description

Field	Description
Relationship	Click the Search icon and select the relationship code for the netting decisioning.
Counter Party	Click the Search icon and select the counter party Id from the list. The list displays all the counter party IDs that are linked to the selected Relationship ID.
Agreement Code	Click the Search icon and select the netting agreement.
Effective Date	Select the effective date for netting decisioning record.
Expiry Date	Select the expiry date for netting decisioning record.
Netting Decisioning grid	Displays the list of the counterparty and agreement id combination added. <ul style="list-style-type: none"> Select the above fields and click Add/Edit to add a new row for the combination. Click Reset to reset the selection criteria.
Counter Party	Displays the counter party ID selected for the netting decisioning.
Agreement Code	Displays the agreement code selected for the netting decisioning.
Effective Date	Displays the effective date for netting decisioning record.
Expiry Date	Displays the expiry date for the netting decisioning record.
Action	Displays the actions performed for the rule combination. <ul style="list-style-type: none"> Click Edit to modify that specific row. Click Delete to remove that specific row.

- Click **Save** to save the record and send it for authorization.

2.2.2 View Netting Decisioning

This topic describes the systematic instruction to view, modify, delete, or authorize Netting Decisioning records that have been created.

A tile is present for each record that has been created. The bottom portion of each record-tile displays the following:

- The status, whether Authorized, Unauthorized, or Rejected
- Open or Closed
- The number of times the record has been submitted by the Maker added.

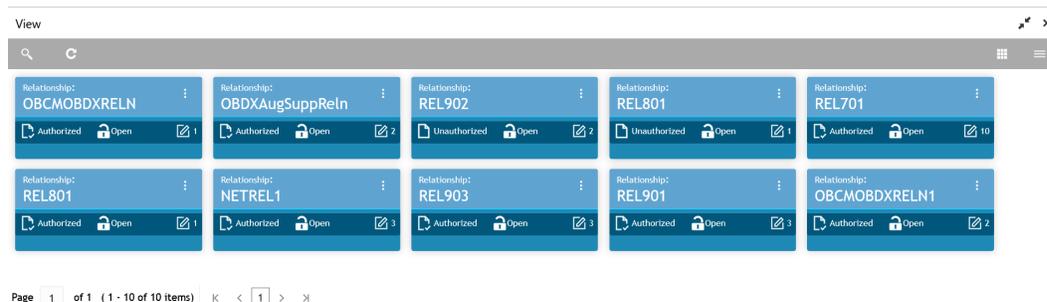
Specify **User ID** and **Password**, and login to **Home** screen.

- On **Home** screen, click **Cash Management**. Under **Cash Management**, click **Netting**.

2. Under **Netting**, click **Maintenance**. Under **Maintenance**, click **Netting Decisioning**.
3. Under **Netting Decisioning**, click **View Netting Decisioning**.

The **View Netting Decisioning** screen displays.

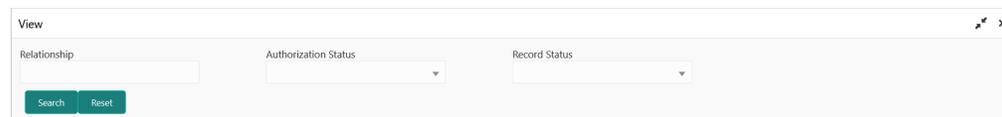
Figure 2-5 View Netting Decisioning



4. Filter the records in the **View** screen:
 - a. Click **Search** icon to view the filters. The user can filter the records by Relationship ID, Authorization Status and Record Status.

The **View Netting Decisioning - Search**

Figure 2-6 View Netting Decisioning - Search



- b. Click **Search**, or Click **Reset** to reset the filter criteria.
 - c. Click **Refresh** icon to refresh the records.
5. Click **Options** icon and then select any of the following options:
 - a. **Unlock** – To modify the record details. Refer to the **Create** screen for the field level details.
 - b. **Authorize** – To authorize or reject the record. Authorizing/Rejecting requires necessary access rights.
 - Optional: Click **View** to view the record details.
 - Select the record and click **Approve** to approve the record.
 - Select the record and click **Reject** to reject the record. Specify the relevant comments in the pop-up window that appears, and click **Confirm**.
 - c. **Delete/Close** – To remove the record.
 - Optional: In the confirmation pop-up window, click **View** to view the record details.
 - Click **Proceed** to delete the record.
 - d. **Copy** – To copy the record parameters for creating a new record.

- e. **View** – To view the record details.
- f. **Reopen** – To reopen the closed record.

3

Batch Jobs

This topic describes the events that are part of Beginning of Day (BOD) and End of Day (EOD) batch jobs run by the system on daily basis.

There are several activities required to be performed on a daily basis in the system. These activities are run by the system as a batch jobs at the beginning and/or end of the day.

EOD Batch

Table 3-1 EOD Batch

S No	Event Name	Description
1	Netting Acceptance Job *	This event marks the netting transaction in “awaiting acceptance” stage to “netting accepted” stage in case if “auto acceptance” parameters is enabled at agreement level and after elapse of “acceptance cutoff days” post netting creation date.
2	Netting Suspended Cut-off Job *	This event marks the netting transaction in “awaiting acceptance” stage to “netting suspended” stage if the netting transaction is not marked as “netting accepted” (manual or auto) and after elapse of “acceptance cutoff days” post netting creation date.
3	Netting Suspend Validity Job *	This event marks the netting transaction in “netting accepted” stage to “netting suspended” stage after elapse of “acceptance validity days” post netting acceptance date.

 **Note:**

Refer the **Branch EOD** section in the **Oracle Banking Common Core User Guide** to Configure, Invoke and View the EOD batch jobs.

Independent Batch

Table 3-2 Independent Batch

S No	Event Name	Description
1	Netting Calculation Job	This event creates the individual netting transactions for each corporate and counterparty pair linked to an agreement in agreement decisioning. The transaction should get created only for those corporates/relationships and counterparty pairs that are linked to a netting agreement. Also, separate transactions should get created for different currencies of receivables and payables.
2	Netting Settlement Job	This event results in the creation of payment records required for the settlement of receivables and payables linked to settlement transactions. The batch will be manually triggered by back-office user.



Note:

Refer the **Task Management** section of the **Tasks User Guide** to Create, View, Configure, Trigger and View status of the tasks.

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