Oracle Banking Trade Finance
Settlements User Guide

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Preface

This manual is designed to get acquainted with how contracts in a product are settled in Oracle Banking Trade Finance.

It takes you through the various steps involved in processing a Settlement.

This user manual is a supplement to the Common Core - Core Entities and Services user manual and contains only specific functionalities and information related to OBTF.

Core Entities and Services. Hence, this document is read in conjunction with the Core Entities and Services user manual from the perspective of completeness inflow and understanding.

Further obtain information specific to a particular field by placing the cursor on the relevant field and press <F1> on the keyboard.

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Audience

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

Role	Function
Back office 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

List of Topics

This manual is organized as follows:

Topics	Description
Preface	This topic gives information on the intended audience. It also lists the various topics covered in this User Manual.

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Topics	Description
The Settlement Service	This topic provides the overview to Settlements Service detailing the procedure to set up Settlement details and the processing of Settlements. It also lists the SWIFT messages handled by Oracle Banking Trade Finance.
Function ID Glossary	Function ID Glossary has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

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.

• Access to Oracle Support

Access to Oracle Support

Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info or visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs if you are hearing impaired.

Diversity and Inclusion

Oracle is fully committed to diversity and inclusion. Oracle respects and values having a diverse workforce that increases thought leadership and innovation. As part of our initiative to build a more inclusive culture that positively impacts our employees, customers, and partners, we are working to remove insensitive terms from our products and documentation. We are also mindful of the necessity to maintain compatibility with our customers' existing technologies and the need to ensure continuity of service as Oracle's offerings and industry standards evolve. Because of these technical constraints, our effort to remove insensitive terms is ongoing and will take time and external cooperation.

Related Documents

For more information, see these Oracle Banking Trade Finance resources:

• Procedures

• Common Core - Core Entities and Services

Screenshot Disclaimer

Personal information used in the interface or documents is dummy and does not exist in the real world. It is only for reference purposes.

Symbols and Icons

The list of symbols and icons available on the screens are as follows:

Table 1   Symbols and Icons - Common

Symbol/Icon	Function
	Minimize
	Maximize
	Close
	Perform Search
	Open a list
	Date Range
	Add a new record
	Navigate to the first record
	Navigate to the last record
	Navigate to the previous record
	Navigate to the next record
	Grid view
	List view
	Refresh
+	Click this icon to add a new row.
-	Click this icon to delete a row, which is already added.
	Calendar
	Alerts

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Table 1   (Cont.) Symbols and Icons - Common

Symbol/Icon	Function
	Unlock Option
	View Option
	Reopen Option

1
The Settlements Service

The Settlements sub-system is part of the core of Oracle Banking Trade Finance. This system is a convenient money settlement service that interfaces with the other modules of Oracle Banking Trade Finance.

In Oracle Banking Trade Finance, there is a close association of Settlements and Messaging systems. The Settlements system provides for a common set up of money settlement accounts and routes. The Messaging system, on the other hand, handles the generation of settlement messages.

To handle money settlements in Oracle Banking Trade Finance, you have to:

- Maintain Bank Identifier Codes (BIC)
- Maintain Ultimate Beneficiary details
- Maintain Settlement Preferences

for a Customer/Module/Currency/Branch or a combination of any of the entities.

This topic contains the following:

- Ultimate Beneficiary Details
- Settlement Preferences
- Settlement Instructions Resolution Sequence
- Process Settlements
- Ultimate Beneficiary Details
- Settlement Preferences
- Settlement Instructions Resolution Sequence
- Process Settlements
- List of Glossary - Settlements Services

1.1 Ultimate Beneficiary Details

This topic contains the following subtopics:

- Maintain Ultimate Beneficiary Details
- Maintain Ultimate Beneficiary Details
  This topic provides the systematic instructions to maintain ultimate beneficiary details.

1.1.1 Maintain Ultimate Beneficiary Details

This topic provides the systematic instructions to maintain ultimate beneficiary details.

Trade Finance Beneficiary Maintenance screen maintains the beneficiary of transaction details.

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Home Page, type '**ISDTFBEN**' in the text box, and click the next arrow.

   The **Trade Finance Ultimate Beneficiary Maintenance** screen is displayed.

2. On the **Trade Finance Ultimate Beneficiary Details** screen, click the New icon and specify the details as required.

3. Click **Save** to save the details else click **Cancel** to close the screen. For information on fields, refer to :

   For information on fields, refer to :

Table 1-1   Trade Finance Ultimate Beneficiary Details - Field Description

Field	Description
Beneficiary Name	This is a Mandatory field. Specify the name of the ultimate beneficiary for whom you are maintaining details. Maintain several settlement combinations for an Ultimate Beneficiary.
Beneficiary Account	This is a Mandatory field. Specify the account number of the ultimate beneficiary to which funds need to be credited. The account number should be a valid account with the bank that you specify in the BIC Code field.
Beneficiary Address	Specify the address of the ultimate beneficiary. Each row can contain a maximum of thirty - five alphanumeric characters.
Country Code	Specify country code of the ultimate beneficiary for whom you are maintaining details or select the country code from the option list provided.
Receiver Bank Identification Code	Specify the Bank Identification Code (BIC) of the receiver bank or select the BIC from the option list provided.
Account With Institution Bank Identification Code	This is a Mandatory field. Specify the Bank Identification Code (BIC) of the Account with Institution bank or select the BIC from the option list provided.
Customer Information File Number	Specify the CIF number of the ultimate beneficiary to maintain the details or select the CIF number from the option list provided.
Advice to Beneficiary By This following are the entries to advice to beneficiary.	

Table 1-1   (Cont.) Trade Finance Ultimate Beneficiary Details - Field Description

Field	Description
Fax Number	Specify the fax number of the ultimate beneficiary for whom you are maintaining details.
Mobile Number	Specify the mobile number of the ultimate beneficiary for whom you are maintaining details.
Email Address	Specify the email address of the ultimate beneficiary for whom you are maintaining details.

> ✎ **Note:**
>
> Specify only one of the options among fax number, mobile number and e-mail address.

1.2 Settlement Preferences

This topic contains the following subtopics:

- Settlement Instructions Maintenance

- Settlement Instructions Maintenance
  This topic provides the systematic instructions to view the settlement instructions maintenance.

- Receive Parties
  This topic provides the systematic instructions to view the settlement instructions maintenance - receive parties.

1.2.1 Settlement Instructions Maintenance

This topic provides the systematic instructions to view the settlement instructions maintenance.

Maintain the settlement preferences of a customer or a bank in the Settlement Instructions Maintenance screen. Indicating preferences for an entity means defining the settlement accounts and a detailed settlement route comprising the correspondent accounts and the intermediaries through which payment is to be routed. (The party information you can capture adheres to SWIFT standards).

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Homepage, type '**ISDTFINS**' in the text box, and click the next arrow.

   The **Trade Finance Settlement Instructions Maintenance** screen is displayed.

Figure 1-1   Trade Finance Settlement Instructions Maintenance

2. On the **Trade Finance Settlement Instructions Maintenance screen**, specify the details as required.

3. Click **Save** to save the details Or click **Cancel** to close the screen. Maintain the following basic settlement preferences for an entity (Customer /BIC), module, currency, product, Sequence Number and branch combination.

    •   The Pay (out) Account, and Currency

    •   The Receive Account (for incoming payments), and Currency

    •   If the charge (for the message) is to be borne by the bank or the beneficiary, or share between them

    •   The charge account, which will be used as the default account for all charges during contract input

    •   If a receive notice (MT 210) has to be generated for money settlements made in a specific currency

For information on fields, refer to Table 1-2:

Table 1-2   Trade Finance Settlement Instructions Maintenance - Field description

Field	Description
Counter Party	Maintain settlement instructions for all the customers or for specific customers only. From the option list select the specific customer number or choose the ALL option.

Table 1-2   (Cont.) Trade Finance Settlement Instructions Maintenance - Field description

Field	Description
Counterparty Type	The Counterparty Type can either be CIF or BIC depending on whether your bank has an accounting relationship with the party for whom the instruction is being maintained or whether it only has a SWIFT messaging relationship. If the counterparty is a CIF in Oracle Banking Trade Finance, you will have to select CIF as the party type and choose the relevant CIF ID in the adjacent field. However, if the entity is not an actual customer of your bank but you would be sending/receiving payment messages to/from that party, you will have to choose BIC as the counterparty type and specify the counterparty address as well. As a result, you will need to identify the preferred Nostro/ Vostro accounts for that currency and BIC code combination. > **✎ Note:** > If you opt to generate receive notices for settlements made in all currencies, involving all counter-parties, and transactions in all modules of Oracle Banking Trade Finance, an MT 210 will automatically be generated for any money settlement made by your branch. In addition, you can maintain the details of the various intermediaries involved in payments and receipts. The preferences maintained for an entity determine the manner in which money settlements are made on behalf of the entity.
Counterparty Name	The system displays the name of the specified counterparty based on the details maintained at External Customer Input.
Module	Maintain different settlement instructions for different products. If you choose Module as 'AL,' then the Product must also be chosen as 'ALL'. If you choose a specific module for maintaining settlement instructions, then you can choose any Product available under the module from the option list provided. Also, choose 'AL' to maintain settlement instructions for all products under the selected module.
Product Code	Indicate a specific product code or choose All from the option list. However, if you have chosen AL in the Module field, this field will be defaulted to ALL. You will not be allowed to change this.
Currency	Maintain settlement instructions for a particular currency or for all the currencies From the option list select the particular currency code or choose the *.* option.
Branch	Maintain settlement instructions for all the branches or for a particular branch. From the option list select the particular branch code or choose the ALL option.

Table 1-2   (Cont.) Trade Finance Settlement Instructions Maintenance - Field description

Field	Description
Payment By	Indicate the method of payment for both Outgoing as well as Incoming Payments, for, Account and Currency combination. The following options are available: • Instrument (settlement is done through a Check, MCK etc.) • Message (payment is made by means of a SWIFT Message) • Clearing (the transaction is a local payment transaction and the settlement is routed through the Clearing House of the bank) **Note:** Indicate the payment method as 'Clearing' only, If the payment currency is the local currency of the branch If it is one of the clearing currencies defined for the branch If you have selected '*.*' in the currency field No payment message will be generated for settlements routed through a Clearing House. **Note:** Select 'Payment By' as 'Instrument', to ensure the payment by Instrument in SI settlements screen and then the system would look for the instrument type.
Charge Details	Specify whether charges for the message are to be borne by the bank (ourselves) or the beneficiary, or will be shared. This information is inserted in Field 71A of an MT103 message involving the combination for which settlement instructions are being maintained. You can select one of the following options: • **Ourselves** – It is displayed as 'OUR' in the message and it indicates that all transaction charges are to be borne by the ordering customer. • **Beneficiary** – It is displayed as 'BEN' in the message and it indicates that all transaction charges are to be borne by the beneficiary customer. • **Shared** – It is displayed as 'SHA' in the message and it indicates that the transaction charges on the Sender's side are to be borne by the ordering customer and the transaction charges on the Receiver's side are to be borne by the beneficiary customer.

4. On the **Settlement Instructions Maintenance** screen, click **Pay Parties**.

Before funds actually reach the Ultimate Beneficiary of a payment, it may have to pass through several other banks or parties.

The **Settlement Instructions Maintenance** screen is displayed.

Figure 1-2   Settlement Instructions Maintenance

5. On the **Settlement Instructions Maintenance** screen, specify the details as required. These screens contain fields that mark possible routes of a payment.

For information on Fields, refer to Table 1-3:

Table 1-3   Settlement Instructions Maintenance - Field Description

Field	Description
Intermediary Reimbursement Institution	An 'Intermediary Reimbursement Institution' is the financial institution between the Sender's Correspondent and the Receiver's Correspondent, through which the reimbursement of the transfer takes place.
Country	Specify the country of the intermediary reimbursement institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Intermediary	The 'Intermediary' in a payment refers to the financial institution, between the 'Receiver' and the 'Account With Institution', through which the transfer must pass. The Intermediary may be a branch or affiliate of the Receiver or the account with Institution, or an entirely different financial institution. This field corresponds to field 56a of a SWIFT message. Either enter: • ISO Bank Identifier Code of the bank • The Name and address of the Bank

Table 1-3 (Cont.) Settlement Instructions Maintenance - Field Description

Field	Description
Country	Specify the country of the intermediary institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one. **Note:** The country information is captured to enable Mantas to analyze the transactions for possible money laundering activities. For more details on Mantas, refer Mantas interface document.
Receiver's Correspondent	The 'Receiver's Correspondent' is the branch of the receiver, or another financial institution, at which the funds will be made available to the receiver.

The **Settlement Instructions Maintenance** screen is displayed:

Figure 1-3   Trade Finance Settlement Instructions Maintenance Pay Parties

6. On **Settlement Instructions Maintenance with Pay Parties**, specify the details.

7. Click **Ok** to **Save** OR **Cancel** to close the screen.

For information on fields, refer to Table 1-4:

Table 1-4   Settlement Instructions Maintenance Pay Parties - Field Description

Field	Description
Receivers Correspondent	This field corresponds to field 54a of S.W.I.F.T. Enter the branch of the Receiver or another financial institution at which the funds will be made available to the Receiver. You can enter any one of the following: • ISO Bank Identifier Code of the bank • The branch of the Receiver's Correspondent • Name and address of the Receiver's Correspondent

Table 1-4   (Cont.) Settlement Instructions Maintenance Pay Parties - Field Description

Field	Description
Country	Specify the country of the branch of the receiver / institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one
Sender to Receiver Information	The sender to receiver information maintained in the settlement instructions can be defaulted in the field 72 in the confirmation messages. The adjoining option lists displays the following values: • /ACC/ - Account with Institution • /BNF/ - Beneficiary • /BUP/ - Backup Payment • /CHEQUE/ - Pay only by Cheque • /CLSTIME/ - CLS Time • /INS/ - Instructing Institution • /INT/ - Intermediary • /MANPAY/ - Mandated Payment • /PHON/ - Deal by Phone • /PHONBEN/ - Contact beneficiary by phone • /PHONIBK/ - Contact intermediary by phone • /RCB/ - Receiver's correspondent • /REC/ - Receiver • /REJT/ - /REJT/ • /RETN/ - /RETN/ • /TELE/ - /TELE/
	• /TELEBEN/ - /TELEBEN/ • /TELEIBK/ - /TELEIBK/ • /TSU/ - Trade Services Utility transaction • /BROKER/ - Broker negotiating the contract • / ELEC/ - Deal has been arranged via an electronic • means • /TELEX/ - Deal by TELEX • /TIME/ - Time of transaction execution • /VENU/ - Venue of transaction execution If you choose, '/TSU/', the code placed between slashes ('/') must be followed by the invoice number, a slash ('/') and the amount paid.

Table 1-4   (Cont.) Settlement Instructions Maintenance Pay Parties - Field Description

Field	Description
Sender to Receiver Information Cover	The sender to receiver information maintained in the settlement instructions can be defaulted in the field 72 in the confirmation messages. The adjoining option lists displays the following values: • /ACC/ - Account with Institution • /BNF/ - Beneficiary • /BUP/ - Backup Payment • /CHEQUE/ - Pay only by Cheque • /CLSTIME/ - CLS Time • /INS/ - Instructing Institution • /INT/ - Intermediary • /MANPAY/ - Mandated Payment • /PHON/ - Deal by Phone • /PHONBEN/ - Contact beneficiary by phone • /PHONIBK/ - Contact intermediary by phone • /RCB/ - Receiver's correspondent • /REC/ - Receiver • /REJT/ - /REJT/ • /RETN/ - /RETN/ • /TELE/ - /TELE/
	• /TELEBEN/ - /TELEBEN/ • /TELEIBK/ - /TELEIBK/ • /TSU/ - Trade Services Utility transaction • /BROKER/ - Broker negotiating the contract • / ELEC/ - Deal has been arranged via an electronic • means • /TELEX/ - Deal by TELEX • /TIME/ - Time of transaction execution • /VENU/ - Venue of transaction execution If you choose, '/TSU/', the code placed between slashes ('/') must be followed by the invoice number, a slash ('/') and the amount paid.
Account With Institution	An 'Account with Institution' refers to the financial institution, at which the ordering party requests the Beneficiary to be paid. The Account With Institution may be a branch or affiliate of the Receiver, or of the Intermediary, or of the Beneficiary Institution, or an entirely different financial institution. This field corresponds to Field 57A of a SWIFT message. Enter one of the following: • ISO Bank Identifier Code of the bank • Branch of the Receiver's Correspondent • Name and address of the Receiver's Correspondent • Other identification codes (for example, account number)

Table 1-4   (Cont.) Settlement Instructions Maintenance Pay Parties - Field Description

Field	Description
Country	Specify the country of the account with institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one. > ✏ **Note:** > The country information is captured to enable Mantas to analyze the transactions for possible money laundering activities. For more details on Mantas, refer 'Mantas' interface document.
Receiver	You can specify the final Receiver as apart from the Account With Institution if the Ultimate Beneficiary desires that the payment message should be sent there. If this is not maintained, the Account With Institution becomes the default Receiver. Capture the Sender to Receiver Information in this screen. For more details relating to specific parties, please refer to the SWIFT manuals.
ERI Currency	For every Counterparty and 'In' Currency (combination) for which you maintain settlement instructions, you can define an Euro Related Information (ERI) Currency. The ERI Currency can be: • 'In' currency • Euro This is used during the transition period, settlements of components in 'In' currencies can be made either in the same currency or in the Euro (EUR) depending on the settlement account(s) maintained. Similarly, components in Euro can either be settled in EUR or in an 'In' currency. In the settlement messages that are generated (MT 100, MT202), the settlement amount would be reported in the Settlement Account Currency. However, you can opt to additionally furnish the value of the component in an ERI currency. The ERI Currency that you specify for a Counterparty and 'In' currency (combination) will default in the ERI CCY field in the Settlements Message Details screen.
Settlement Through an Instrument or Message	When the actual settlement event for a contract (involving the entity) takes place, the payment and receive message details are updated in a message hand-off table. The Messaging system picks up the details from this table, and based on the formats set up, generates the messages.

1.2.2 Receive Parties

This topic provides the systematic instructions to view the settlement instructions maintenance - receive parties.

Depending on the route funds take when you receive (incoming) payments, maintain Intermediary and Beneficiary Institutions in the Receive Parties section of the Settlements Instructions Maintenance screen.

Specify the **User ID** and **Password**, and login to Homepage.
From the Homepage, navigate to **Trade Finance Settlement Instructions Maintenance** screen.

1. On **Trade Finance Settlement Instructions Maintenance** screen, click **Receive Parties**.

   The **Trade Finance Settlement Instructions Maintenance - Receive Parties** screen is displayed.

Figure 1-4   Trade Finance Settlement Instructions Maintenance - Receiver Parties

2. On **Trade Finance Settlement Instructions Maintenance - Receive Parties** screen, specify the details as required.

3. Click **Save** to save the details or **Cancel** to close the screen.

   For information on fields, refer to Table 1-5:

Table 1-5   Trade Finance Settlement Instructions Maintenance - Receive Parties - Field Description

Field	Description
Receiver Intermediary	This field corresponds to field 56a of S.W.I.F.T. Specify details of the financial institution between the 'Receiver' and the 'Account With Institution', through which the amount must pass. The Intermediary may be a branch or affiliate of the Receiver or of the Account With Institution, or an entirely different financial institution. In this field you can choose to enter the: • ISO Bank Identifier Code of the bank • Name and address of the Bank

Table 1-5   (Cont.) Trade Finance Settlement Instructions Maintenance - Receive Parties - Field Description

Field	Description
Country	Specify the country of the receiver's intermediary. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Beneficiary Institution	This field corresponds to field 58a of S.W.I.F.T. Enter details of the institution in favor of which the payment is made. It is in reality the bank, which services the account of the ultimate beneficiary. You will be allowed to make entries into this field only for Bank transfers (MT 200 or MT 202). In this field you can enter either the: • The ISO Bank Identifier Code of the Beneficiary Institution • The Name and Address of the Beneficiary Institution
Country	Specify the country of the beneficiary institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one. **Note:** If you have already maintained this information in the Settlement Instructions Maintenance screen, then it will be picked up and reflected here. The country information is captured to enable Mantas to analyze the transactions for possible money laundering activities. For more details on Mantas, refer 'Mantas' interface document

4. On the **Settlement Instructions Maintenance** screen, click **Clear Details**.

When you specify settlement instructions for a customer, you can indicate whether payment for local currency transactions is to be effected via messaging or over the local clearing network. You can also indicate whether a cover is required for payment, and whether the cover is through messaging or over the local clearing network.

Figure 1-5   Settlement Instructions Maintenance - Clear Details

Specify these details in the Settlement Instructions screen. In the Payment By field, indicate the mode of payment either Message or Clear Details; and in the Cover By field, indicate the mode through which cover must be available.

5. On the **Settlement Instruction Maintenance** screen, Click **Other Details**.

Define the default values for fields in MT 103 messages that are generated in respect of contracts involving the customer. When a contract is entered for the customer in any module, the values that you maintain here will default for MT 103 generation in respect of the contract.

The **Settlement Instruction Maintenance** with **Other Detail** tab is displayed.

Figure 1-6   Settlement Instruction Maintenance - Others Details

6. On the **Settlement Instruction Maintenance** screen, specify the details as required.

    For information on fields, refer to: Table 1-6.

Table 1-6   Settlement Instruction Maintenance - Other tab - Field Description

Field	Description
Bank Operation Code	Indicate the bank operation code that will be inserted in Field 23B of the MT 103 message. The options available are SPRI, SSTD, SPAY and CRED. ✎ **Note :** If the Bank Operation Code contains SPAY, SSTD or SPRI, the following validations are done: C11: If an account with the institution is used with D option, then party identifier is mandatory. (Either Clearing code or accou

Table 1-6 (Cont.) Settlement Instruction Maintenance - Other tab - Field Description

Field	Description
	nt has to be specified in the account line). C12: Account is mandatory in field 59.
Instruction Code Description	Specify the additional information, if any, which needs to be inserted to qualify the Instruction Code in Field 23E of the MT103 message. The instruction code description can only be maintained for the instruction codes PHON, PHOB, PHOI, TELE, TELB, TELI, HOLD or REPA. For instance, if the Instruction Code is REPA and the description is 'Repayment' then the text 'REPA/ Repayment' is inserted in Field 23E.
Transaction Type	Indicate the Transaction Type that will be inserted in Field 26T of the MT103 message.

Table 1-6   (Cont.) Settlement Instruction Maintenance - Other tab - Field Description

Field	Description
Regulatory Reporting Details	Specify the Regulatory Reporting Details. The entered value will be inserted in Field 77B of the MT103 message.

1.3 Settlement Instructions Resolution Sequence

Settlement Instructions Resolution Sequence

While processing contracts in Oracle Banking Trade Finance, the settlement instructions maintained are resolved in the following sequence:

Table 1-7   Settlement Instructions

Level	Counterparty	CCY	Module	Product	Branch
1	Counterparty	CCY	MOD	Product	Branch
2	Counterparty	CCY	MOD	Product	All
3	Counterparty	CCY	AL	ALL	Branch
4	Counterparty	CCY	AL	ALL	All
5	Counterparty	*.*	MOD	ALL	Branch
6	Counterparty	*.*	MOD	ALL	All
7	Counterparty	*.*	AL	Product	Branch
8	Counterparty	*.*	AL	Product	All
9	ALL	CCY	MOD	ALL	Branch
10	ALL	CCY	MOD	ALL	All
11	ALL	CCY	AL	ALL	Branch
12	ALL	CCY	AL	ALL	All
13	ALL	*.*	MOD	Product	Branch
14	ALL	*.*	MOD	Product	All
15	ALL	*.*	AL	ALL	Branch
16	ALL	*.*	AL	ALL	All

1.4 Process Settlements

This topic contains the following subtopics:

1. Settlement Details

2. Amend Settlement Details

- Settlement Details
  This topic provides the systematic instructions to capture the settlement details.

- Amend Settlement Details

1.4.1 Settlement Details

This topic provides the systematic instructions to capture the settlement details.

The Settlement Details for a contract or deal get defaulted based on the maintenance of settlement instructions for the Customer/BIC code involved in the transaction.

Specify the **User ID** and **Password**, and login to Homepage.
Navigate to **Contract Main** screen

1. On the **Contract Main** screen, click **Settlement**.

   The **Settlement Details** screen is displayed.

   Figure 1-7   Settlement Details

2. On the **Settlement Details** screen, specify the details as required.

   By default, the settlement details of all components of a contract affecting the customer type of account are displayed in this screen. The following are the Role Types:

   • Customer

   • Remitter

   • Beneficiary

   Choose one of the above role types for all events associated with the product which Role-to-Head mapping is provided to the product associated with the contract.

   FOR EXAMPLE: As per the maintenance done for a Product the following accounting entries is posted during the initiation of a contract.

   Accounting entries

Accounting Role	Amount Tag	Dr/ Cr Indicator
ASSETGL	PRINCIPAL	Debit
CUSTOMER	PRINCIPAL	Debit

   To achieve this, in the Role to Head mapping sub-screen of the Product Definition screen, you would have mapped the Accounting Role ASSETGL to an actual internal leaf GL of your Chart of Accounts.

However, you would not have maintained such a mapping for CUSTOMER since this is a role whose value gets defined at the contract level based on the counterparty involved in the contract.

While processing a contract, you can modify the following information about Settlements:

- Account Details, (details about the accounts involved in the contract or deal; that have to be either debited or credited in your branch)
- Message Details (payment details -- whether settled by an instrument or a messaging service such as SWIFT)
- Party Details, (details about the various parties/banks involved in the transfer of funds to the Ultimate Beneficiary).
- Other Details, (the default values for fields in MT 103 messages for the contract).

3. On the **Settlement Details** screen, click **Accounting Details**.

The **Settlement Details screen** with Accounting tab details is displayed.

Figure 1-8   Settlement Details - Accounting Details

4. On the **Accounting Details** tab, specify the details as required.

5. Click **Ok** to save the details OR **Exit** to close the screen.

The Account Details that get defaulted include the following:

- Component and its Currency
- Payment Account and its Currency
- Branch of your bank to which the account belongs.

> **Note:**
>
> If settlement instruction is not defined for the customer, then the system will always default the Nostro accounts based on the settlement instruction set. Change the settlement account branch and settlement account for charge component in case change or waiver at the contract level.

For information on fields, refer to :

Table 1-8   Account Details - Field Description

Field	Description
Current Event	Current event of settlements will be checked for the amount tags pertaining to the current event and will be unchecked for the amount tags not pertaining to the current event.
Account Description	The system displays a brief description on account.
Netting Indicator	In addition to maintaining a netting agreement for each counterparty, you have to specify whether or not the contract is under the netting agreement for each contract involving the counterparty. Check this box to indicate that you would like to enable the Netting option for the various components (Amount Tags) involved in the transaction. These components could be commission, interest, tax, charges etc.
Rate Code	Specify rate code by selecting the appropriate rate code from the selection list. Following values are available: • Buy • Sell • Mid **Note:** In case of charges, if charge currency and settlement currency are different, the system applies mid-rate.
Spread Definition	Select the spread definition from the adjoining drop-down list. The options available are: • Point • Percentage
Customer Spread	This defaults from your specification of tenor-wise spread for the relevant Currency Pair in the Customer Spread Maintenance screen. You can change this for a specific contract.

Table 1-8   (Cont.) Account Details - Field Description

Field	Description
Original Exchange Rate	If the component currency is different from the account currency, the system requires an exchange rate for the conversion. The components of the final exchange rate used for conversion are: • The Base Rate – this defaults from the exchange rate that you have maintained for the currency pair involved. It computes as Mid Rate +/- Spread (depending on whether it is the Buy Spread or the Sell Spread). • The Customer Spread - the spread that you have maintained for the specified Counterparty, Currency Pair and Tenor combination in the Customer Spread Maintenance screen is picked up and applied for the customer involved in the deal. The final exchange rate = Base Rate +/- Customer Spread (depending on whether it is a Buy or a Sell deal). **✎ Note:** If Customer Spread details for a specific counterparty (for the currency pair) are unavailable, the System looks for the customer spread maintained for the wild card ALL entry. If even that is not available, then the Customer Spread defaults to zero. The method of spread definition, whether percentage or points is also displayed. **✎ Note:** If you have specified an account that uses an accounting class that is restricted for the product, an override is sought when you attempt to save the contract.
Exchange Rate	For transactions involving any relationship pricing benefit scheme, the customer-specific exchange rate derived by adding the original exchange rate and the customer spread maintained for the relationship pricing scheme, gets displayed here. If Relationship Pricing is not applicable, Exchange Rate will be the same as the Original Exchange Rate. For more details on customer-specific exchange rates, refer to the section titled 'Specifying Pricing Benefit Details' in the Relationship Pricing user manual.
Negotiated Cost Rate	The system defaults the negotiated cost rate.
Negotiation Reference	The system displays the negotiation reference here.
Generate Message	Enable this option if a payment message has to be generated for the settlement instruction.

Table 1-8   (Cont.) Account Details - Field Description

Field	Description
IBAN Account Number	The system displays the IBAN Account Number. Euro Currency and Euro Amount SWIFT messages (MT103/MT202) generated towards a settlement can furnish the value of the settlement amount in both the settlement account currency and a Euro Related Information (ERI) currency of your choice. If you opt to furnish the ERI value of the amount, you have to enter the following in this screen: • The ERI currency • The ERI Amount The system defaults to the ERI currency specified for the customer and currency combination. You can change the default ERI currency. The ERI amount that you specify will be validated against the Tolerance Limit specified for the ERI currency (in the Currency Maintenance screen).
Suppressing Settlement Messages	Settlement messages, defined for components that fall due, will be generated automatically when the settlement happens for the respective component. You can delete the generation of the settlement message, defined for a component, by clearing the check-box in the 'Gen Message' field. **✎ Note:** If a paid component in the credit account chosen becomes the paid account. Similarly, if a component is to be received, the debit account chosen becomes the receiving account in the settlement maintenance.

6. On the **Settlement Details** screen, click **Payment Details**.

   The **Settlement Details** with **Payment Details** is displayed.

Figure 1-9   Settlement Details - Payment Details

7. On **Payment Details** tab, specify the details as required.

8. Click **Ok** to save the details OR **Exit** to close the screen.

    For information on fields, refer to Table 1-9:

Table 1-9   Payment Details - Field Description

Field	Description
Payment By	Indicate the method of payment for both Outgoing as well as Incoming Payments, for a Branch, Account and Currency combination. The following options are available: • Instrument (settlement is done through a Check, MCK etc.) • Message (payment is made utilizing a SWIFT Message) • Clearing (the transaction is a local payment transaction, and the settlement is routed through the Clearing House of the bank) **Note:** You can indicate the payment method as 'Clearing' only, If the payment currency is the local currency of the branch, If it is one of the clearing currencies defined for the branch, If you have selected '*.*' in the currency field. No payment message is generated for settlements routed through a Clearing House. Depending on the method in which you want to settle the contract, you should specify either Instrument or Message details.
Details of Charge	In this section, you can maintain details of the party who will bear the charges incurred in processing the transaction. It could be either: • Remitter – All Charges • Beneficiary – All Charges • Remitter – Our Charges

Note:

Remitter – All Charges - Corresponds to 'OURS' in Field 71 A of SWIFT MT 103 /103+.

Beneficiary – All Charges - Corresponds to 'BEN' in Field 71 A of SWIFT MT 103 /103+.

Remitter – Our Charges - Corresponds to 'SHA' in Field 71 A of SWIFT MT 103 /103+.

Field	Description
Details of Payment	Here you can specify the information, from the Ordering Party to the Beneficiary Customer, about the reason for the payment. This field can contain reference numbers, invoice numbers or any other details, which will enable the Beneficiary to identify the transaction. This information is passed through the payment chain to the Beneficiary. This field corresponds to field 70 of S.W.I.F.T. Refer to the S.W.I.F.T. manual for details on the code words and the format of the message you can input.

Table 1-9   (Cont.) Payment Details - Field Description

Field	Description
Banking Priority	Select the priority of the payment messages from the drop-down list. The options available are: • Highly Urgent • Urgent • Normal The default value is Normal.
Sender to Receiver Information (Information 1,2,3,4,5 and 6)	This could be instructions or additional information for the Receiver, Intermediary, Account with Institution or Beneficiary Institution. This field corresponds to field 72 of the S.W.I.F.T. message. The format of the message depends on the type of S.W.I.F.T. message that is generated. Refer to the S.W.I.F.T. manual for details on the format of the message and the code words to be used.
Instrument Details	If you opt to settle a contract with an instrument, you should specify the type of instrument that you would use. For example, you could settle a contract using a Manager's Check, a Check or a Demand Draft. You should also specify the number that identifies the instrument. This number is printed on the instrument. If the settlement is through an instrument, you cannot specify party details.
Sender to Receiver Information for Cover (Information 1,2,3,4,5 and 6)	This could be instructions or additional information for the Receiver, Intermediary, Account with Institution or Beneficiary Institution. This field corresponds to field 72 of the S.W.I.F.T. message. The format of the message depends on the type of S.W.I.F.T. message that is generated. Refer to the S.W.I.F.T. manual for details on the format of the message and the code words to be used.

9. On the **Settlement Details** screen, click **Parties**.

   The **Settlement Details screen - Parties Tab** details is displayed.

Figure 1-10   Settlement Details Screen - Parties Tab

10. On the **Parties** tab, specify the details as required.

11. Click **Ok** to save the details OR **Exit** to close the screen.

    When you settle a contract, funds may have to pass through a series of banks before it reaches the Ultimate Beneficiary. In the Parties screen, you can capture details of all parties involved in a contract.

    These screens contain fields that can capture details of all the possible parties through whom the funds involved in a contract can pass. Depending on the type of contract you are processing, and the number of banks involved, you should enter details in these screens.

    For information on fields, refer to: Table 1-10.

Table 1-10   Parties Tab - Field Description

Field	Description
Intermediary Reimbursement Institution	An Intermediary Reimbursement Institution is a financial institution between the Sender's Correspondent and the Receiver's Correspondent, through which the reimbursement of the funds will take place.
Country	Specify the country of the intermediary reimbursement institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.

Table 1-10   (Cont.) Parties Tab - Field Description

Field	Description
Intermediary	The Intermediary contract refers to the financial institution, between the Receiver and the 'Account with Institution', through which the funds must pass. The Intermediary may be a branch or affiliate of the Receiver or the 'Account With Institution', or an entirely different financial institution. This field corresponds to field 56a of SWIFT. Here you can enter either the: • ISO Bank Identifier Code of the bank • Name and address of the Bank
Country	Specify the country of the intermediary institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Receiver Correspondent	The Receiver's Correspondent is the branch of the Receiver or another financial institution at which the funds will be made available to the Receiver. This field corresponds to field 54a of SWIFT. You can enter one of the following: • ISO Bank Identifier Code of the bank • The branch of the Receiver's Correspondent • Name and address of the Receiver's Correspondent
Country	Specify the country of the Receiver's correspondent. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Account with Institution	An Account with Institution refers to the financial institution, at which the ordering party requests the Beneficiary to be paid. The 'Account with Institution' may be a branch or affiliate of the Receiver, or the Intermediary, or of the Beneficiary Institution, or an entirely different financial institution. This field corresponds to field 57a of SWIFT. You can enter one of the following: • ISO Bank Identifier Code of the bank • The branch of the Receiver's Correspondent • Name and address of the Receiver's Correspondent • Other identification codes (for example, account number) If no selection is made for Account with Institution, all beneficiaries will appear for selection in the options list for Ultimate Beneficiaries in the Parties tab two screens. If a particular Ultimate Beneficiary is selected in Parties tab 2, then the Account with Institution for the selected ultimate Beneficiary will appear by default in the AWI field in the Parties tab one screen.
Country	Specify the country of the account with the institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one. **Note:** The country information is captured to enable Mantas to analyze the transactions for possible money laundering activities. For more details on Mantas, refer 'Mantas' interface document.

Table 1-10   (Cont.) Parties Tab - Field Description

Field	Description
Receiver of Cover	Specify the details of the Receiver of the cover message, which can be any one of the following: • ISO Bank Identifier Code of the bank • Branch of the Receiver • Name and address of the Receiver • Other identification codes (for example, account number)

12. On the **Settlement Details** screen, click **Parties**.

The **Settlement Details** screen with **Parties** tab details is displayed:

Figure 1-11   Settlement Details Screen - Parties Tab

13. On the **Parties** tab, specify the details as required.

14. Click **Ok** to save the details OR **Exit** to close the screen.

For information on fields, refer to Table 1-11:

Table 1-11   Parties - Field Description

Field	Description
Ordering Institution	The Ordering Institution is the Financial Institution, which is acting on behalf of itself, or a customer, initiating the transaction. This field corresponds to 52a of SWIFT. In this field, you can enter one of the following: • The ISO Bank Identifier Code of the Ordering Institution • The branch or city of the Ordering Institution • The Name and address of the Bank
Country	Specify the country of the ordering institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Ordering Customer	The Ordering Customer refers to the Customer ordering the transfer. Here, you can enter the name and address or the account number of the Customer, ordering the transaction. This field corresponds to field 50 of SWIFT. You will be allowed to enter details in this field only if you have initiated a customer transfer (MT 103 and MT 102). In case of a MT 910, a credit confirmation message, the first line should contain number '1' in option F of field 50.
Country	Specify the country of the ordering customer. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Beneficiary Institution	Here, you can enter details of the institution in favor of which the payment is made. It is, in reality, the bank, which services the account of the Ultimate Beneficiary. This is applicable only in the case of bank transfers and not for customer transfers. This field corresponds to field 58a of SWIFT. You will be allowed to make entries into this field only for Bank Transfers (when the remitter and beneficiary of the transfer are financial institutions –MT 202). Here you can enter either: • The ISO Bank Identifier Code of the Beneficiary Institution • The Name and Address of the Beneficiary Institution
Country	Specify the country of the beneficiary institution. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one.
Ultimate Beneficiary	The Ultimate Beneficiary refers to the Customer to whom the amount of the component paid. This field refers to field 59 (is this now 59A) of SWIFT. You can make entries into this field only for a customer transfer (MT 103 or MT 100). This would not be applicable for Bank Transfers, only for Customer Transfers. You can also select an ultimate beneficiary account from the option list provided. Upon selection of the account, the Account with Institution of the selected ultimate beneficiary will appear by default in the AWI field in the Parties 1 tab. If no selection is made for AWI in the Parties tab one screen, then all accounts of ultimate beneficiaries existing in the system appear for selection.
Country	Specify the country of the ultimate beneficiary. This adjoining option list displays all valid country codes maintained in the system. You can choose the appropriate one. The country information is captured to enable Mantas to analyze the transactions for possible money laundering activities.

Table 1-11   (Cont.) Parties - Field Description

Field	Description
External Counterparty Details	Select the Counterparty Bank from the option list provided. All the Counterparty Accounts about this Bank will appear for selection. On selecting the Counterparty Account, the system will default the Counterparty Name as maintained for that account. If at the time of selecting Counterparty Account, Counterparty Bank is Null, then the Counterparty Bank will also appear by default. For processing direct debits, you will also need to capture the Agreement ID of the counterparty to facilitate a cross-referencing between the Payment and the Direct Debit instruction when a reversal of Payment is carried out due to rejection of the outbound DD.

For more details on Mantas, refer 'Mantas' interface document.

When the SWIFT message is captured in the 'Settlement Message Details – Parties' screen, the system will display the parties involved in the transaction based on the values that come in the fields 52, 54, 55, 56, 57 58 etc. However, you can change the parties by choosing the appropriate value from the respective option lists. In case of the messages MT 103, MT202 and MT210, the option lists will display only those BICs for which the option 'BEI Indicator' is unchecked in the 'BIC Code Maintenance' screen. However, you can manually enter a BIC for which the option 'BEI Indicator' is checked. During message generation, the system will replace the BIC with the corresponding name and address of the party.

The number of banks/intermediaries involved in the transfer would, in practice depend on the:
- Relationships and arrangements between the sending and receiving banks
- Customer instructions
- Location of parties
- The banking regulations of a country

> **Note:**
>
> During the life-cycle of a contract, you will be allowed to amend the details of a Settlement. Instruction only for those components which are yet to be settled.

15. On **Settlement details** screen, click **Other details**.

Settlements details with **Other details** is displayed.

Figure 1-12   Settlements details - Other details

16. On the **Other details** tab, specify the details as required.

17. Click **Ok** to Save the details OR click **Exit** to close the screen.

    For information on fields, refer to Table 1-12:

Table 1-12   Other Details - Field Description

Field	Description
Bank Operation Code	You can indicate the bank operation code inserted in Field 23B of the MT 103 message. The options available are SPRI, SSTD, SPAY and CRED.
Transaction Code	This is the code for the transaction type. This field corresponds to field 26T of the MT103 message.

Table 1-12   (Cont.) Other Details - Field Description

Field	Description
Instruction Code 1, 2, 3, 4 and 5	You can indicate the Instruction code inserted in Field 23E of the MT103 message. You can specify a maximum of six instructions codes here. However, you cannot repeat any code that has already been specified. The options available are: • CHBQ • TELE • PHON • PHOI • REPA • INTC • TELI • SDVA • PHOB • TELB • HOLD • CORT
Instruction Code Description	You can specify the additional information, if any, which is inserted to qualify multiple Instruction Codes in Field 23E of the MT103 message. The instruction code description is maintained for the following instruction codes: • PHON • PHOB • PHOI • TELE • TELB • TELI • HOLD • REPA For instance, if the Instruction Code is REPA and the description is 'Repayment' then the text 'REPA/Repayment' is inserted in Field 23E.
Regulatory Reporting Details	Specify the Regulatory Reporting Details. The entered value is inserted in Field 77B of the MT103 message.
Time Indicators	Time Indication, specifies one or several time indication(s) related to the processing of the payment instruction. Select the time indication code from the following values available in the options list: • /CLSTIME/ - Time by which funding payment must be credited, with confirmation, to the CLS Bank's account at the central bank, expressed in CET • /RNCTIME/ - Time at which a TARGET payment is credited at the receiving central bank, expressed in CET • /SNDTIME/ - Time at which a TARGET payment is debited at the sending central bank, expressed in CET

1.4.2 Amend Settlement Details

This topic provides the overview to amend Settlement details.

While amending a contract, you can modify the settlement information on the following tabs:

• Message Details

- Parties

Save the contract once you have made the required changes. The system validates the modified information as in case of a new settlements operation.

Process Settlements for Track Receivable or Payable Amount Tags

While processing a settlement, the system validates marking of an Amount Tag to Track Receivable or Track Payable Process.

If Amount Tag is marked to 'Track Receivable' or 'Track Payable' and 'Eligible for AR-AP Tracking' check box is checked for the CIF linked to the Settlement Account, then the system replaces the Settlement Account with the 'GL for ARAP' or 'Payable GL for ARAP', respectively. The GL is defaulted based on the derivation logic maintained at 'ARAP Code maintenance'.

If the Customer is not marked for AR-AP Tracking at the Customer Level, then the system validates for the mapping of the selected GL to the Product & Component combination. If it is not mapped, then the system displays an override message.

If an ICCF Amount Tag is marked for 'Track Receivable' or 'Track Payable' and the Settlement Account is a GL then a record would be created in LQ Module. The AR/AP Code and GL are defaulted based on the details maintained at AR-AP Code Maintenance level.

The MIS Information of the contract is defaulted as MIS Information of the record created in LQ Module.

The following steps are involved for updating the records in LQ module, for LC, BC, FT, PC and CL contracts:

- When a contract is saved, a record will be posted in LQ module with an 'Unauthorized' status and 'Outstanding' collection status.

- System authorizes the LQ record automatically after a contract is authorized.

- If a contract is deleted, then system deletes the corresponding LQ outstanding.

- If a contract is reversed, then the system reverses the corresponding LQ outstanding record.

- If the contract is 'Unauthorized', then the system does not allow liquidation of LQ record.

1.5 List of Glossary - Settlements Services

ISDTFINS
Trade Finance Settlement Instructions Maintenance - Settlement Instructions Maintenance

ISDTFBEN
Trade Finance Ultimate Beneficiary Details - Maintain Ultimate Beneficiary Details

2
Functional ID - Glossary

ISDTFBEN
List of Glossary - Settlements Services

ISDTFINS
List of Glossary - Settlements Services

Glossary

ISDTFBEN

Trade Finance Beneficiary Maintenance - Maintain Ultimate Beneficiary Details

ISDTFINS

Trade Finance Settlement Instructions Maintenance - Settlement Instructions Maintenance