

## Detailed Functionality of Islamic Advances - Corporate

AutoCREDIT Commercial is a centralized credit management system catering to the requirements of commercial lending for any bank. Developed on n-tier architecture, the system offers flexibility through extensive parameterization to develop and introduce new lending products in line with constantly evolving requirements.



### The incorporated functionality includes:

- Handling of group limits
- Handling of individual customer Limits
- Industry/sector level limits
- Swing and floating Limits
- Credit origination and application
- Multiple financing types
- Collateral management
  - Single/package
  - Revaluation
  - Margins and hair cuts
- Event-based document checklist
- CIB/borrower's details
- Customer assessment/credit scoring model
- Provision of defining different types of profit rates i.e. fixed, floating
- Option of maintaining different types of repayment plans including bullet, deferred and staggered plans
- Credit verification
- Online approval mechanism and provision of defining multiple approval committees with their discretionary powers
- Business partner management
- Customer/account detail
- PDC's/direct debit recovery
- Customizable disbursement types i.e. one time, open, tranches and partial disbursements
- Automated recoveries of payments
- Maintenance of payment knock-off hierarchy
- Provision of partial rental recovery and balloon payments
- Handling of Termination /prematurity of contract
- Automatic settlement of advances and closure of accounts
- Automated accrual process for all types of advances
- Highly customizable feature for configuring classification of loans as per the regulatory authorities
- Automated loan loss provisioning/ automation Loan Write Off

- Product set-up and general ledger module
- Risk management
- Ability to tag different types of rating like credit, customer and facility rating for risk management reporting
- User definable analysis tagging for MIS reporting
- Customizable system generated legal agreements for all types of facilities

#### **Account maintenance**

- Flexible and policy based account structure
- Provision of opening multiple types of accounts
- Option for both centralized and branch based account opening
- Tracking of primary and secondary customer information in case of joint accounts
- Flexible and parameterized interface setup for KYC details
- Mapping of multiple correspondence addresses with requisite correspondence type i.e. account statement, e-statement
- Standing orders and overnight placements
- Multiple care code tagging to an account
- Automatic tagging of dormant and inoperative accounts
- Mail merger facility and address label printing facility
- Letter of thanks generation facility for accounts opened during a given period
- Online availability of account statements for n-years
- Maintenance of document checklist

#### **Business partner management:**

- Unique identification number throughout the system
- Provision of maintaining different types of business partners e.g. customers, suppliers, valuers, etc.
- Personal details
- Multiple addresses (purpose wise)
- Contact person (in case of company)
- Grouping of partners hierarchy wise
- Stakeholders details
- Document checklist
- Flexible search and traceability in the system on unique identification (NIC, passport, license no, etc.)
- User definable data tagging for reporting and analysis
- Associated bank department/RM contact details

#### **Limit management:**

- Configurable setup for assigning limits at different levels
  - Group-wise limits
    - Group Level
    - Customer Level
    - Funded/ Non Funded Level
    - Product Group Level
    - Product Level
  - Limit exposure client wise
  - Limit enhancements
  - Limit Validation
- Exposure monitoring
  - Bank wise
  - Currency wise
  - Region wise
  - Branch wise
  - Industry/segment wise
- Handling of floating limits
- Handling of limits/utilized limits/drawing-power

#### **Murabaha**

- Provision of booking different types of Murabaha:

- Murabaha financing
- Advance against Murabaha
- Import Murabaha
- Spot Murabaha
- Automatic transaction posting at the time of declaration and booking of Murabaha
- Option of capturing commodity declaration details
- Customizable rebate mechanism at the time of early settlement

#### **Istisna financing**

- Provision of booking different types of Istisna:
  - Project financing
  - Bridge financing
  - Financing of plant/factory/building
- Maintenance of progress (construction, production) of Istisna asset
- Maintenance of delivery of Istisna asset
- Settlement through following options:
  - Murabaha
  - Ijara
  - Diminishing Musharakah
  - Cash settlement
  - Parallel Istisna

#### **Ijarah (corporate/SME/retail)**

- Booking of all types of Ijara financing in line with different Islamic banking accounting standards, i.e. IFAS- 2 and AAOIFI
- Capturing details of all Ijara assets through a detailed asset management module
- Provision of asset delivery confirmation
- Automated calculation of “purchase price”
- Options of handling insurance and registration charges in rental plan i.e. lump sum, distributed/financed
- Comprehensive and automated Ijara re-pricing option on floating rates
- Provision to generate various Ijara letters and reports

#### **Diminishing Musharakah**

- Booking of all types of Diminishing Musharakah
  - Outright purchase
  - Construction
  - Land and construction
  - Renovation
  - Asset transfer (ATF)
- Provision of capturing Musharakah asset details
- Provision to handle:
  - Price of financier’s share being purchased
  - Rent on financier’s share outstanding
- Maintenance of asset and life insurance
- Maintenance of list of Takaful companies
- Maintenance of Locations (positive and negative areas and locations of property)
- Provision to generate various Musharakah letters and reports

#### **Salam financing**

- Provision of Booking different types of Salam:
- Maintenance of “delivery schedule of Salam asset”
- Booking of profit and loss on sale of Salam asset
- Settlement of Salam through:
  - Murabaha
  - Cash settlement
  - Parallel Salam

**Product and financing types:**

- Ability to configure N no of facility types and products
- Product and customer wise interest rates
- Product base interest capitalization
- Maintenance of different type of accounts
  - Loan accounts
  - Mark-up accounts
  - Payment accounts
- Interface to bank's general ledger
- Financing types
  - Working capital financing
  - Running finance
  - TOD/overdrafts
  - Clean and secured loans
  - Project financing
  - Plant and machinery
  - Syndicated loans
- Financing type mapping with product
- Financing utilization types
  - Fixed, percentage and float
- Minimum margin on limit type
- Product base pricing/interest calculation
- Mapping with KIBOR, LIBOR

**Loan origination and application:**

- Credit line application submission
- Credit line application tracking
- Prohibited customer classification
- Customer/group limit hierarchies, N-level support
- Super, parent and sub (child) proposal concept
- Frequency based proposal review
- Terms and conditions (active and passive)
- Customer details
- Asset limits

**Customer assessment/credit scoring model**

- Option of defining customizable customer scoring models by defining:
  - Assessment groups
  - Assessment category
  - Assessment factors
- Configurable weightage criteria
- Mapping of scoring models to different type of customers
- Automated scoring engine
- Eligibility criteria
- Additional information capturing

**Collateral management:**

- Provision of defining N no of collaterals against customer
- Concept of single or package collaterals
- Maintenance of central bank approved list of collaterals
- Handling margins and hair cuts
- Maintenance of collateral utilization details
- Maintenance of different types of collateral values (forced , market , book)
- Maintenance of multiple charge types held against the collateral
- Provision to mark lien on any account/deal of that particular customer to which security belongs

- Comprehensive Reporting on bank-wise collaterals and credits given to the customers

**CIB/borrower's details captured:**

- Borrower's details
- Guarantor's details
- Partner's details
- Director's details
- Guarantor's links to borrower
- Partner's links to borrower
- Director's links to borrower
- Borrower's basic fact sheet
- CIB reporting
- CIB disk preparation

**Disbursements:**

- Provision for multiple types of disbursements:
  - Open disbursements
  - One-time disbursement
  - Stage based disbursements
  - Partial disbursement
- Disbursement schedule maintenance
- Disbursement check list maintenance

**NPL and loan loss provisioning:**

- Provision to define different classification criteria as per regulatory authorities like OAEM, substandard, doubtful and loss
- User defined/period based classification criteria
- Automatic tagging of accounts
- Classification based criteria
  - Regular conduct
  - Suspense mark-up booking
  - No accrual
  - Write off
- Flexible accounting treatment for all stages of classification
- Customizable and configurable setup for loan loss provisioning
- Notices and reminders
- Litigation details by proposal

**Risk management:**

- Supports the Basel II regulations and enables a bank to fine-tune the amount of capital required by each of its business areas to maximize financial returns
- Profitability/risk exposure details profiled by customer or customer group
- Maintenance of exposure caps
- Risk management parameters as per Basel II
- Ability to tag different types of rating like credit, customer and facility rating for risk management reporting
- Bank exposure tracking
  - Region wise
  - Industry/sector wise
  - Currency wise
  - Branch wise
  - Trend Analysis