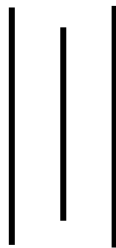


**MANAGEMENT INFORMATION SYSTEM  
OF BANKING SYSTEM  
(With Reference to Finacle 7)**

**By  
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Shanker Dev Campus  
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2<sup>nd</sup> Year Exam Symbol No.: 3633**

**A Thesis Submitted to:  
Office of the Dean  
Faculty of Management  
Tribhuvan University**



*In partial fulfillment of the requirement for the degree of  
Master of Business Studies (MBS)*

**Kathmandu, Nepal  
April 2011**

# RECOMMENDATION

This is to certify that the thesis

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OF BANKING SYSTEM  
(With Reference to Finacle 7)**

*has been prepared as approved by this Department in the prescribed format of the  
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## **DECLARATION**

I hereby declare that the work reported in this thesis entitled “**Management Information System of Banking System (With Reference to Finacle 7)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Prof. Dr. Mahendra Gopal Shrestha** and **Shanker Nath Adhikari** of Shanker Dev Campus, T.U.

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**Shatruhan Prasad**

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## **ABBREVIATIONS**

ABBS	Any Branch Banking System
ACH	Automated Clearing House
ADBL	Agricultural Development Bank Ltd.
AML	Anti Money Launder
ATM	Automated Teller Machine
BIOS	Basic Input Output System
BOD	Board of Director
BPO	Business Process Outsourcing
CENMAC	Central Management Committee
CEO	Chief Executive Officer
CIF	Cost Insurance and Freight
CRM	Customer Relationship Management
DBS	Database System
DFD	Data Flow Diagram
DOS	Disk Operating System
DSS	Decision Support System
ECS	Electronic Clearing Services
EPF	Employees Provident Fund
ERD	Entity Relationship Diagram
HRD	Human Resource Department
IBM	International Business Machines
ICT	Information and Communication Technology
INGO	International Non Governmental Organization
IRS	Information Retrieval System
ISDN	Integrated Services Digital Network
IT	Information Technology
KYC	Know Your Customer
LAN	Local Area Network
MIS	Management Information System
MTCN	Money Transfer Control Number

NCC	National Computer Center
NGO	Non Governmental Organization
NRB	Nepal Rastra Bank
NRI	Non-Resident Indians
NSBI	Nepal State Bank of India
NSBL	Nepal SBI Bank Ltd.
OEMS	Operations Excellence Management System
OFAC	Office of Foreign Assets Control
OLE	Object Linking and Embedding
RBI	Reserve Bank of India
RNAC	Royal Nepal Airlines Corporation
RONAST	Royal Nepal Academy for Science and Technology
SBI	State Bank of India
SBIS	Software Based Information System
SLA	Service Level Agreement
SMS	Short Messaging Service
SOA	Service Oriented Architecture
STP	Straight Through Processing
SWIFT	Social Welfare Interbank Fund Transfer
SWOT	Strength, Weakness, Opportunity and Threats
TCO	Total Cost of Ownership
UK	United Kingdom
USA	United States of America
VSAT	Virtual Satellite
WAN	Wide Area Network

# **CHAPTER - I**

## **INTRODUCTION**

### **1.1 Background Information**

The complexity of modern business management and competitive nature of business requires a best-computerized automatic system for handling the business operations with skill and precaution to avoid the business management crisis.

The use of computer technology in today's world has changed the concept of management and; makes the managerial activities easier. Thus, the use of computer provides up-to-date information to managers to run their organizations efficiently (Adhikari, 2005:21).

Almost all of the organizational activities such as planning, organizing, staffing, directing, controlling etc. are based on availability of appropriate managerial information. These activities can be conducted effectively only if information needed is made available in time and information provided are relevant and accurate.

In today's world, Information is emerged as one of the most important resources of the organization among Men, Machine, Materials, Land, and Capital. Success of any organization largely depends upon the Information System that they are using and how effectively it is been used. In the last two decades, Information Technology has emerged in the world affecting our personal, social, and public life and has made a significant impact on the quality of life. It handles data and information represented in digital, text, image, graphics or voices media and deals with communication, storage, processing and printing or exhibition in the manner and kind as desired by the users. It is an outcome of the advances in telecommunication and computer technology.

Information Technology (IT) helps to optimize the use of scarce resources through intelligent information support for decision-making, and helps further in its implementation by supporting coordination effort without wasteful delays. Decision making has become a very complex process due to competitive environment, scarce resources, time pressures, and unavoidable compulsions to achieve goals. Information technology has made decisive inroad

in all occupations in offices, factories, airports, communications, entertainment, banking, education, hotels, hospitals, transportations, and shopping. It is used extensively for decision-making; ease of operations, communication, and record keeping and for obtaining higher productivity from the system in which it is put to use.

It replaces old outdated slow methods by fast ones. It allows you to handle big and complex data and its structure with ease, which was never possible earlier. It helps you to test the solution without implementing them. The distance and access are no longer technical or operational problems, as information stores anywhere can be used without its personal possession. It has affected the work culture in organization and lifestyle of each individual.

Information, therefore, is considered as sixth productive resources along with Men, Machines, Materials, Money and Management. It can be developed only by designing proper information systems for the management of the organization.

Management Information Systems (MIS) are precisely such resource management agents. The initial concept of MIS was to process data from the organization and to present it in the form of reports at regular intervals.

In today's world, the concept of MIS is a system, which handles the databases, provides computing facilities to the end user, and gives a variety of decision-making tools and technique to the user of the system. MIS is also popularly known as the Information System, the Information and Decision System, the Computer Based Information System (SBIS). In this regard, MIS can be defined as the systematic or organized way of providing informational support to the managerial functions of an organization. The system utilizes computer hardware, software, manual procedures, and models for analysis, planning control and decision-making and a database. In other words, MIS is an automated system, which presents information both internal and external to the organization that aids in making a specific set of routine decisions.

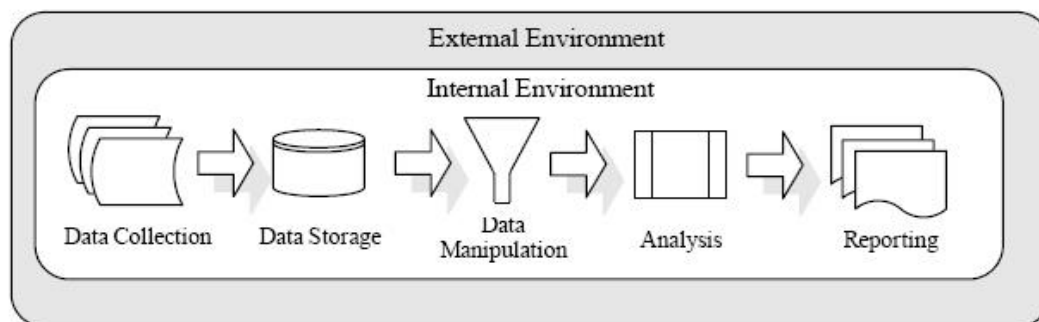
### **1.1.1 General Background of MIS**

Management Information Systems (MIS) are Information Systems, typically computer based, that are used within an organization. WorldNet describes information system as “a system

consisting of the network of all communication channels used within an organization”. A MIS may be also defined as “a system that collects and processes data (information) and provides it to managers at all levels who use it for decision making, planning, program implementation, and control”.

In addition, information system is comprised of all the components that collect, manipulate, and disseminate data or information. It usually includes hardware, software, people, communication system such as telephone lines, and the data itself. The activities involved include inputting data, processing of data into information, storage of data and information, and the production of outputs such as management reports.

**Figure 1.1**  
**A Simple Model of MIS**



- Data Collection
- Data Storage Analysis
- Data Manipulation Reporting
- External Environment
- Internal Environment

The role of the MIS in an organization can be compared to the role of heart in the body. The information is the blood and MIS is the heart. In the body, the heart plays the role of supplying pure blood to all the elements of the body including the brain. The heart works faster and supplies more blood when needed. It regulates and controls the incoming impure blood, processes it and sends it to the destination in the quantity needed. It fulfills the needs of blood supply to human body in normal course and in crisis (Jawadekar, 2003:7).

We can also define MIS by these points:

- MIS is an organized or planned effort and not the result of some sporadic attempts.
- The primary function of MIS is to provide information.
- MIS is a facilitating or supporting system to aid managerial functions and not merely help operational tasks, that is, the MIS provides information that assists managers at different levels in the organization.
- MIS is formed from a number of components, including hardware, software, manual procedures, models, and a database.
- MIS is a system of users and machines, the users are as important to the system as the machines.

Different classes of users of MIS, use it differently. Clerical users primarily provide input and data control. First line supervisors use it for operational control and detailed exception reporting. Management uses it for special reports and analysis, often employing a staff specialist to manipulate decision models and perform analysis. Because of the complexity of the process of MIS development and need for judgment, there is a need for comprehensive academic training for MIS professionals.

In one sentence, we can define MIS as a system, using formalized procedures to provide management at all levels in all functions with appropriate information, based on data from both internal and external sources, to enable them to make timely and effective decisions for planning, directing, and controlling the activities for which they are responsible. The actual process involves the collection, organization, distribution, and storage of organization wide information for managerial analysis and control.

### **1.1.2 Relation between MIS and Bank**

In Western Europe and United States, it is estimated that today one-half of the Gross National Product (GNP) is attributed to the production, use and distribution of computer based information. In a bank, having knowledge how to process and analyze information using computers is often a determining factor for success. This objective requires an information system ([www.answer.com](http://www.answer.com)), after the restoration of democracy, the Government of Nepal launched an economical liberalization policy. This has led to an increasing number of commercial

banks in the country, due to such increment of commercial banks, competition also increased among them, which have resulted in enhanced services to the customers getting more advantage that is competitive. This is only possible through proper information technology. Management Information System is the backbone on which logical business decisions are made in all types of business organizations. Applying this same logic to a bank, we can safely say that a bank must have good Management Information System as a minimum to survive and prosper in this exceedingly competitive world.

## **1.2 Focus of the Study**

The role of commercial banks is extremely important for the development of industries, trade, commerce, agriculture of the country. In fact, no nation can develop itself without the development of the bank. The study from different development countries have proven that the commercial bank plays a vital role in its economy.

Nepal SBI Bank was established on 7th July 1993.

Initially, the Bank was using a Banking Software called Personal Banking System (PBS) developed locally in Nepal. Gradually as the volume of Business increased. PBS was not able to support the growing volume of Bank's data and a need was felt to introduce software which would be able to support a larger database.

In 1997, new Banking software i.e. "Bancs 2000" was introduced which was developed and customized by Infosys Technologies, Bangalore, India. Bancs 2000 was a highly secure, user friendly software which was capable of multi processing and multi tasking because of which the efficiency of staff increased substantially. Bancs 2000 was also equipped with different modules like Operations, Treasury, Loan, Inventory, etc.

Due to increasing requirements of customers and fierce competition in the financial market a more advanced software was required which could support Core Banking, Internet Banking, SMS Banking and provide integrated system for connecting VISA/Master card Network ETC. In order to provide the most modern technology and centralized the Banking database, SBI has adopted the latest version of "Finacle" Banking software (version 7.4.2) which has been developed by Infosys Technologies Pvt. Ltd. for implementation throughout its Branches/Offices.

SBI migrated to Finacle Banking Software on 1st June 2006 in Kathmandu Valley gradually in other branches outside the valley Biratnagar, Birjung. Due to the untiring efforts of all the staff members, SBI has been able to connect all its Branches to a datacenter maintained by SBI in Belapur, Mumbai, India using VSAT technology and is providing centralized solutions to our customers using innovative technologies.

### **1.3 Statement of the Problem**

In this technology driven era all private banks in Nepal are fully computerized and are using some sort of MIS. The private banks have also been using various kinds of high tech software system for their daily activities and they provide various technological services to its customer.

After the restoration of democracy, the Government of Nepal launched an economical liberalization policy. This has led to an increasing number of commercial banks in the country, due to such increment of commercial banks, competition also increased among them, which have resulted in enhanced services to the customers getting more advantage that is competitive. This is only possible through proper information technology.

Customer satisfaction highly depends upon the quantity and quality of services offered by the bank. Due to the broad and liberal financial policy adopted by Government, the entrance of foreign joint venture commercial banks have been increasing with an aim to provide modern banking services and facilities more efficient compared to the existing Nepalese Commercial Banks i.e. Nepal Bank Limited (NBL) and Rastriya Banijya Bank (RBB).

Management Information System is the backbone on which logical business decisions are made in all types of business organizations. Applying this same logic to a bank, we can safely say that a bank must have good Management Information System as a minimum to survive and prosper in this exceedingly competitive world.

In this regard, SBI Bank Limited, State Bank of India has been implementing the FINACLE 7 in order to carry out its regular banking operation worldwide. Here the, researcher wants to

find whether the used system is enough for the renowned banking activities taking care of social and confirm the secure deposit of its clients.

#### **1.4 Objectives of the Study**

Main objective of this research is to study the banking software Finacle 7 at various levels and at different department. Bank is the main body of the economic system of any country and there has to be a good Information System to support managerial decision-making process.

Another objective is to analyze the weakness of the current system, if there any, and to recommend a suitable MIS to cope with the current deficiencies in Managerial Decision Making process. Right information at right place and in right time is always a need of manager to make any decision. Moreover, commercial banks have to process a huge bulk of information every day. Commercial banks are often overloaded by information so they have to be ready to manage all the overloaded information.

The specific objectives of this research study are as follows:

- To examine the current banking system Finacle 7
- To find out any drawbacks and weakness of the current information system
- To evaluate MIS supports in decision making.

#### **1.5 Significance of the Study**

Since Bank provides banking facilities, care public deposit, guarantee transmission of fund to worldwide and facility various services to public it has to process a huge bulk of information and have to generate different kinds of reports periodically. Therefore, there should be a good MIS to manage the information properly. Moreover, with the use of proper information system in its management, it will help the managers to take right decision regarding loan processing, investment, strategy for collection of deposits etc.

On top of that, in this Competitive world of Banking System, it is very challenging job for the Banks to Stand on the Top Position. The major key factor for the Bank to achieve or retain the Top position is the "Customer Satisfaction" which cannot be made possible without the well-managed MIS.

Thus, the significance of this study is to improve, strengthen the existing MIS in order to deliver the best Quality Services to its Customers.

### **1.6 Limitation of the Study**

Bank provides banking facilities and services to rural and urban areas of the Kingdom through its branches. Among them, this study is focused only in the Nepal SBI Bank Limited, Kathmandu.

Therefore, this research study only analyzes the current information system to present the current role of MIS in bank and tries to recommend a suitable MIS.

Another limitation of this research study is that it is based on secondary data, which is collected from direct observation, questionnaire, and interview method and it is assumed to be accurate and reliable. The time taken to collect the data was maximum of two months during 2010 (November, December) between 10am to 5pm at different banking premises.

### **1.7 Organization of the Study**

The research Study entitled “Management Information System of Banking System with Reference to Finacle 7” includes the following chapters:

#### **Chapter I: Introduction**

The first chapter provides the background information of the study, focus of the study, statement of the problem, objective of the study, significance of the study, limitation of study, and organization of the study, therefore, this chapter provides summary of overall study.

#### **Chapter II: Review of Literature**

Review of literature is very important part of every research. This chapter includes the theoretical background of MIS and review how MIS can help the managers in their decision making process in different hierarchy of organization. Unpublished Master Degree Thesis is also reviewed in this chapter.

#### **Chapter III: Research Methodology**

This chapter constitutes the methodology adopted to conduct the study, data analytical techniques, and processes. This chapter also contains research design, population and sample, sources of data, data collection methods, research software tools, data analysis tools and techniques used for data analysis.

#### **Chapter IV: System Analysis and Data Presentation**

In this chapter, system run diagram, analysis of existing system, snap shot of the available system, limitation of existing system, feasibility analysis, analysis of secondary data and major findings are presented.

#### **Chapter V: Summary, Conclusion and Recommendation**

This chapter contains summary, conclusion and recommendation for the improvement of management information system in an organization.

## **CHAPTER - II**

### **REVIEW OF LITERATURE**

The review of literature is the study of various literatures related to the topic. This chapter constitutes the review of literature in two aspects: the conceptual framework, and the related studies from various books, journals, articles, research reports and thesis.

#### **2.1 Conceptual Framework**

##### **2.1.1 Management Information System**

The initial concept of MIS was to process data from the organization and to present it in the form of reports at regular intervals. The system was largely capable of handling the data from collection to processing. It was more impersonal, requiring each individual to pick and choose the processed data and use it for his requirements.

This concept was further modified when a distinction was made between data and information. The information is a product of an analysis of data. This concept is similar to a raw material and the finished product. What is needed is an information and not a mass of data. However, the data can be analyzed in a number of ways, producing different shades and specifications of the information as a product. It was, therefore, demanded that the system concept should be an individual-oriented, as each individual may have a different orientation towards the information.

This concept was further modified, that the system should present information in such a form and format that it creates an impact on its user, provoking a decision, an action or an investigation. It was later realized that even though such an impact was a welcome modification, some sort of selective approach was necessary in the analysis and reporting.

Hence, the concept of exception reporting was imbibed in MIS. The norm for an exception was necessary to evolve in the organization. The concept remained valid till and to the extent that the norm for an exception remained true and effective. Since the environment turns competitive and is ever changing, fixation of the norm for an exception becomes a futile exercise at least for the people in the higher echelons of the organization.

The concept was then evolved that the system should be capable of handling a need based exception reporting. This need may be either of an individual or a group of people. This called for keeping all data together in such a form that it can be accessed by anybody and can be processed to suit his needs. The concept is that the data is one but it can be viewed by different individuals in different ways. This gave rise to the concept of DATABASE, and the MIS based on the DATABASE proved much more effective.

Over a period of time, when these conceptual developments were taking place, the concept of the end user computing using multiple databases emerged. This concept brought a fundamental change in MIS. The change was decentralization of the system and the user of the information becoming independent of computer professionals. When this became a reality, the concept of MIS changed to a decision-making system. The job in a computer department is to manage the information resource and leave the task of information processing to the user. The concept of MIS in today's world is a system, which handles the databases, provides computing facilities to the end user and gives a variety of decision making tools to the user of the system (Jawadekar, 2003:3-4).

The MIS is a concept of the last decade or two. It has been understood and described in a number of ways. It is also popularly known as the Information System, the Information and Decision System, the Computer-based Information System. The MIS has more than one definition.

The MIS is defined as:

- A system which provides information support for decision making in the organization.
- An integrated system of man and machine for providing the information to support the operations, the management and the decision making function in the organization.
- A system based on the database of the organization evolved for the purpose of providing information to the people in the organization. A computer-based Information System
- Though there are a number of definitions, all of them converge on one single point, that is, the MIS is a system to support the decision making function in the organization. The difference lies in defining the elements of the MIS.

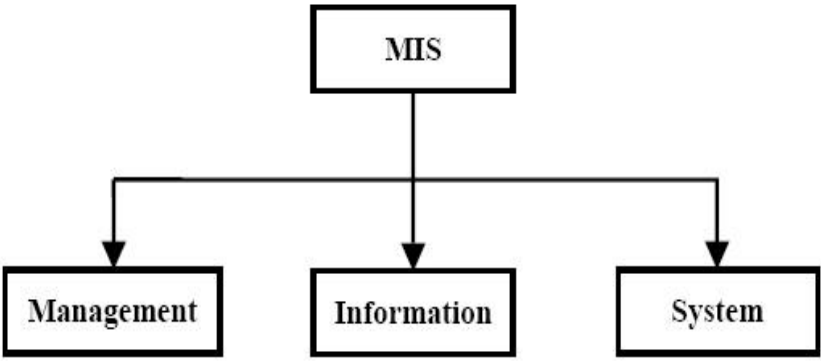
- However, in today's world, the MIS is a computerized business processing system generating information for the people in the organization to meet the information needs for decision making to achieve the corporate objectives of the organization (Jawadekar, 2003:5-6).

MIS can be defined as a system that Provides information to support managerial functions like planning, organizing, directing, controlling

- Collects information in a systematic and a routine manner which is in accordance with a well defined set of rules.
- Includes files, hardware, software, and operations research models of processing, storing, retrieving and transmitting information to the users (Adhikari, 2005:13).

Generally, the combination of major three components namely Management, Information, and System is known as MIS. In order to make the concept more clear each part of components is examined separately.

**Figure 2.1**  
**MIS and its Components**



### **2.1.2 Management**

Management is the art and science of getting things done through others, generally by organizing and directing their activities on the job. A manager is therefore someone who defines, plans, guides, assists, and assesses the work of others, usually people for whom the manager is responsible in an organization. According to Oxford Dictionary, management is the “process of dealing with or controlling people or things”.

The management is the process that visualizes the future, sets goals to be accomplished, has the ability to effectively and efficiently co-ordinate the existing financial human material and technical resources, decentralize operation, build a good team and has a social responsibility towards the nation and its people. Management is a process that is used to accomplish organizational goals; that is, a process that is used to achieve what an organization wants to achieve. An organization could be a business, a school, a city, a group of volunteers, or any governmental entity. Managers are the people to whom this management task is assigned, and it is generally thought that they achieve the desired goals through the key functions of (1) planning, (2) organizing, (3) directing, and (4) controlling ([www.answers.com](http://www.answers.com)).

Management is the process of planning, organizing, leading and controlling the work or organization members and of using all available organizational resources to reach stated organizational goal. It is especially in dealing with matters of time and human relationship as they arise in organizations. It is an attempt to create desirable future keeping the past and the present in mind. It is practiced in and is a reflection of a particular historical era. It is practice that produces consequences and effect that emerge over time (Stoner, Freeman and Gilbert, 2000:21).

Management can be viewed as a function, a process, a profession or a class of people. And along with material, capital and labor, management is considered as a resource. It refers to the kind of tasks and activities that are performed by managers.

The specific natures of activities are determined by such managerial functions as planning, organizing, directing and controlling. In fact, management is a process of achieving an

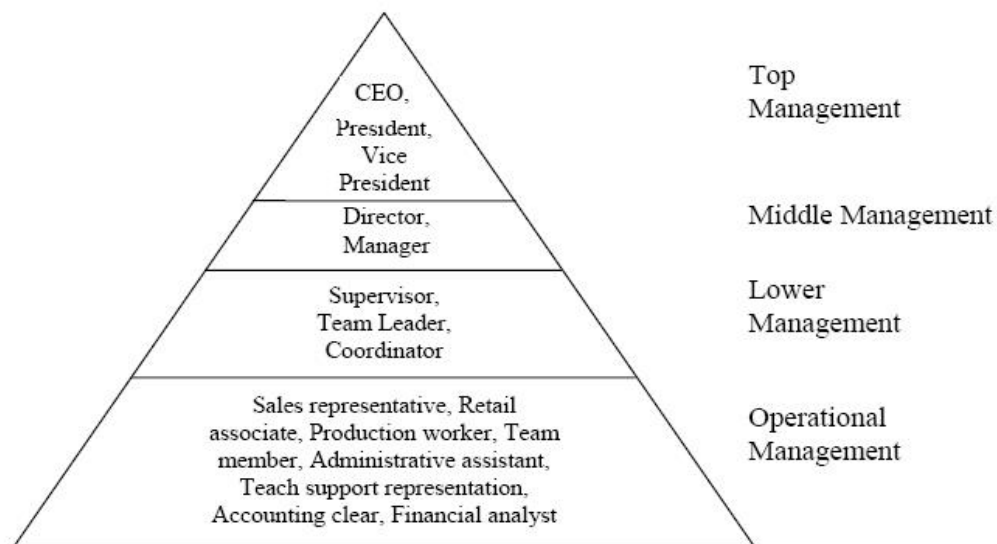
organization's goals and objectives by making the fullest use of available resources like men, materials, machines, money, methods etc.

The various functions of management are as follows:

- **Planning:** It is the process of deciding in advance the courses of action to be followed; when and also, how to undertake these actions.
- **Organizing:** It refers to the grouping of people and activities in order to facilitate the achievement of the organizational objective.
- **Controlling:** Control is the mode of checking the progress of plans and also, correcting any deviations that may occur along the way.
- **Directing:** It is the process of activating the plans, structure and group efforts in the desired direction. It is needed for implementation of plans by providing the desired leadership, motivation and proper communication.

Management can be grouped into three hierarchical levels- top, middle and junior management levels (Adhikari, 2005:5).

**Figure 2.2**  
**Levels of Management**



Top (or strategic) management establishes the policies, plans and objectives of the organization as well as a budget framework under which various departments will operate. Middle (or tactical) management has the responsibility of implementing the policy and overall plans of the top management. Junior (or operational) management has the

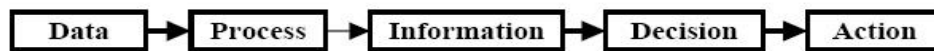
responsibility of implementing day-to-day operations and decisions of the middle management to produce goods and services to meet the revenue, profit and other goals, which in turn will enable the organization to achieve its overall plans and objectives.

### 2.1.3 Information

The word 'information' is used commonly in our day to day working. Information can be defined as the data, which can be organized and presented so that the decision maker may take the necessary action. In other words, information is the result/product of processing data (Adhikari, 2005:29).

#### Process Information Decision

**Figure 2.3**  
**Information System**

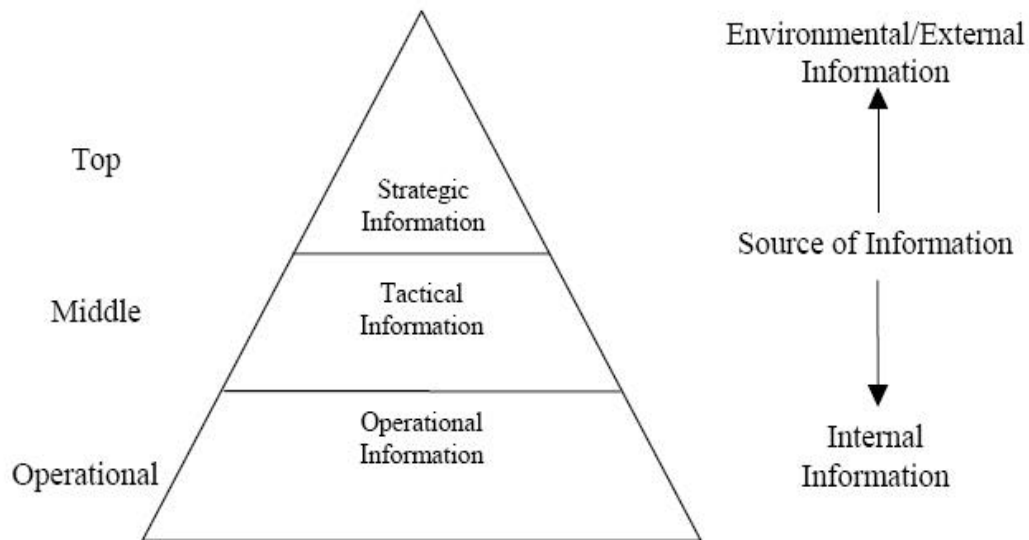


Jawadekar (2003:85) defines information as the processed data, which improves representation of an entity, updates the level of knowledge, reduces uncertainty, aids in decision-making and has a surprise value. Similarly to this, Davis and Olson defines information as the data that has been processed into a form that is meaningful to the recipient and is of real or perceived value in the current or the prospective actions or decisions of the recipient. Data is defined as groups of non-random symbols in the form of text, images or voice representing quantities, actions and objects.

Information as a concept bears a diversity of meanings, from everyday usage to technical settings. Generally speaking, the concept of information is closely related to notions of constraint, communication, control, data, form, instruction, knowledge, meaning, mental stimulus, pattern, perception, and representation. Many people speak about the Information Age as the advent of the Knowledge Age or knowledge society, the information society, and information technologies, and even though informatics, information science and computer science are often in the spotlight, the word "information" is often used without careful consideration of the various meanings it has acquired ([www.wikipedia.org](http://www.wikipedia.org)).

According to the levels of management, information can be classified as the operational, tactical and strategic information.

**Figure 2.4**  
**Information Classification**



Strategic information is the information required for the senior managers. They need information to generate regular reports, to prepare retrieval requests, and information which would assist in identifying problem areas and opportunities.

Tactical information is carrying out the programs and plans for the senior management. Typically, they need information, which would assist in analysis, planning and reporting. Middle managers time orientation is in the range between lower management and that of top management. They need information to obtain routine cross-functional summary reports, to identify nonfactual details, to identify factual details, to generate exception reports.

Operational information is for monitoring the firm's daily activities. Lower managers are concerned primarily with the result of past operations and with conducting current operations. Lower manager's decisions usually are repetitive and structured. They need information to obtain operational data, to assist in scheduling of activities, to identify out of control situations, to generate performance and daily transaction reports (Adhikari, 2005:33-34).

#### **2.1.4 System**

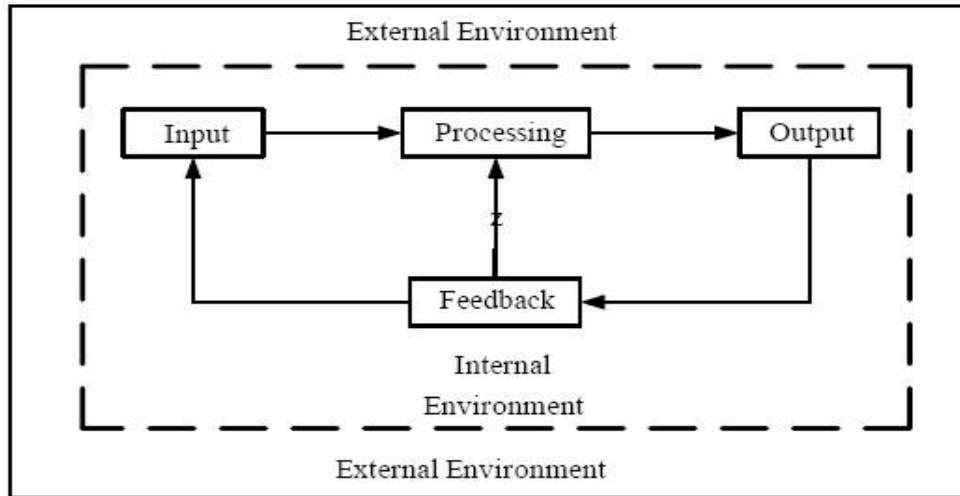
System (from the Latin (systēma) and this from the Greek (sustēma) is an assemblage of entities/objects, real or abstract, comprising a whole with each and every component/element interacting or related to another one. Any object which has no relationship with any other element of the system is not a component of that system. A subsystem is then a set of elements which is a system itself and a part of the whole system ([www.wikipedia.org](http://www.wikipedia.org)).

A system is group of interrelated components working together toward a common goal by accepting inputs and producing outputs in an organized transformation process. Such as a system (sometimes called a dynamic system) have three a basic interacting component or functions: Input, Processing and Output.

- Input: Involves capturing and assembling elements that enter the system to be processed. For example, raw materials, energy, data and human effort must be secured and organized for processing.
- Processing: Involves transformation process that converts input into output. For instance, a manufacturing process, the human breathing process, or mathematical calculations.
- Output: Involves transferring elements that have been produced by a transformation process to their ultimate destination. For instance, finished products, human services, and management information must be transferred to their human users.

The system concept becomes even more useful by including two additional components: feedback and control. A system with feedback and control components is sometimes called a cybernetic system, that is, a self-monitoring, self-regulating system.

**Figure 2.5**  
**Model of System**



- Feedback: Is data about the performance of a system. For example, data about sales performance is feedback to sales manager.
- Control: Involves monitoring and evaluating feedback to determine whether a system is moving onward the achievement of its goal. The control function then makes necessary adjustments to a system input and processing components to ensure that it produces proper output. For example, as sales manger exercises control when he or she reassigns sales persons to new sales territories after evaluating feedback about their sales performance (O'Brien, 2004:8).

### **2.1.5 Data and Information Concepts**

The word data is the plural of datum, through data commonly represents both singular and plural forms. Data are raw facts to observations, typically about physical phenomenon or business transactions. For instance, take of an aircraft would generate many data describing that event. More specifically, data are objective measurements of the attributes (the characteristics) of entities (such as people, place, things and events).

Data is more than the raw material of information systems. The concept of data resources has been broadened by mangers and information systems professionals. They realize that data

constitutes a valuable organizational resource. Thus, data as data resources must be managed effectively to benefit all end users in an organization.

The data resources of information systems are typically organized into:

- Data bases that hold processed and organized data
- Knowledge bases that hold knowledge in a variety of forms such as facts, rules and case examples about successful business practices.

People often use the terms data and information interchangeably. However, it is better to view data as raw material resources that are processed into finished information products. Then we can define Information as data that have been converted into a meaningful and useful context for specific end users. Thus, data are usually subjected to value-added process (we call data processing or information processing) where, (1) its form aggregated, manipulated and organized; (2) its content is analyzed and evaluated; and (3) it is placed in a proper context for a human user. (O'Brien, 2004:8) Information, therefore, like any other resource in an organization, should be properly managed to ensure its cost-effective use. It is an ingredient that is vital to good management and if properly managed, should rank in importance with the organization's personnel, material and financial resources. In an organizational context, it is increasingly being recognized as a resource independent of the technology used in manipulating it (Adeoti-Adekeye, 1997:318-319).

### **2.1.6 Historical Development of Information System**

The role of business information systems has changed and expanded over the last four decades. In the incipient decade (1950s and '60s), "electronic data processing systems" could be afforded by only the largest organizations. They were used to record and store book keeping data such as journal entries, specialized journals, and ledger accounts. This was strictly an operations support role. By the 1960s, "management information systems" were used to generate a limited range of predefined reports, including income statements, balance sheets and sales reports. They were trying to perform a decision-making support role, but they were not up to the task.

By the 1970s, "decision support systems" were introduced. They were interactive in the sense that they allowed the user to choose between numerous options and configurations. Not only

was the user allowed customizing outputs, they also could configure the programs to their specific needs. There was a cost though. As part of your mainframe leasing agreement, you typically had to pay to have an IBM system developer permanently on site.

The main development in the 1980s was the introduction of decentralized computing. Instead of having one large mainframe computer for the entire enterprise, numerous PC's were spread around the organization. This meant that instead of submitting a job to the computer department for batch processing and waiting for the experts to perform the procedure, each user had their own computer that they could customize for their own purposes. Many poor souls fought with the vagaries of DOS protocols, BIOS functions, and DOS batch programming.

As people became comfortable with their new skills, they discovered all the things their system was capable of. Computers, instead of creating a paperless society, as was expected, produced mountains of paper, most of it valueless. Mounds of reports were generated just because it was possible to do so. This information overload was mitigated somewhat in the 1980s with the introduction of "executive information systems". They streamlined the process, giving the executive exactly what they wanted, and only what they wanted.

The 1980s also saw the first commercial application of artificial intelligence techniques in the form of "expert systems". These programs could give advice within a very limited subject area. The promise of decision making support, first attempted in management information systems back in the 1960s, had step-by-step, come to fruition.

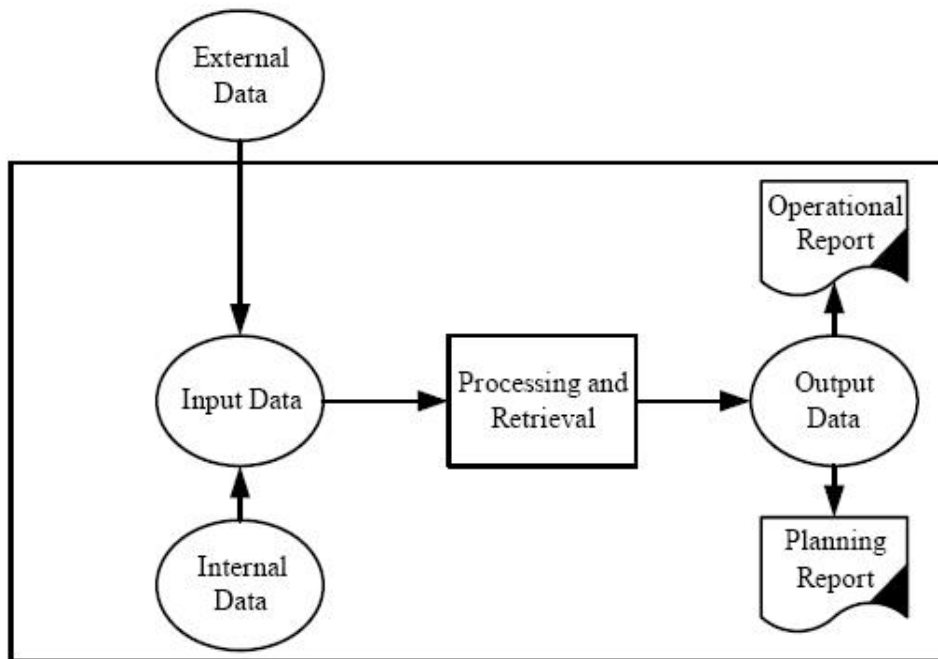
The 1990s saw the introduction of the Strategic information system. These systems used information technology to enable the concepts of business strategy developed by scholars like M. Porter, T Peters, J. Reise, C. Markides, and J. Barney in the 1980s. The sustainability of these applications has since been called into question by N. Carr, which Piccoli and Ives, among others, have countered.

The role of business information systems had now expanded to include strategic support. The latest step was the commercialization of the Internet, and the growth of intranets and extranets at the turn of the century ([www.answers.com](http://www.answers.com)).

### 2.1.7 Information System

The rapid evolution of computer technology is expanding man's desire to obtain computer assistance in solving more and more complex problems: problems, which were considered solely in the domain of man's intuitive and judgmental processes, particularly in organizations, a few years ago.

**Figure 2.6**  
**A Simple Information System**



Information systems are becoming of ever-greater interest in progressive and dynamic organizations. The need to obtain access conveniently, quickly and economically makes it imperative to devise procedures for the creation, management and utilization of databases in organizations. Management information and information systems, in particular those related to effective decision-making processes in an organization, i.e. MIS, are regarded as valuable organizational resources. Simply put, an information system is a system for accepting data/information as a raw material and through one or more transmutation processes, generating information as a product.

It comprises the following functional elements, which relate to the organization and its environments:

- Perception: Initial entry of data whether captured or generated, into the organization;

- Recording: Physical capture of data;
- Processing: Transformation according to the “specific” needs of the organization;
- Transmission: The flows which occur in an information system;
- Storage: Presupposes some expected future use;
- Retrieval: Search for recorded data;
- Presentation: Reporting, communication; and
- Decision making: A controversial inclusion, except to the extent that the information system engages in decision making that concerns itself.

Information system is generally expected to provide not only a confrontation between the user and information, but also, the interaction required for relevant and timely decision making. Its main purpose is to satisfy users’ information needs. Approaching information systems in an organizational content shows that it is a sub-system within an organizational system which is a “living and open” system. Academics interested in information works and information practitioners alike have defined information systems in various ways but with basic ideas of people, information technology and procedures which enable the facilitation of the generation, use and transfer of information. Although information systems are considered to belong to an applied discipline, there is need for an understanding of their underlying basic concepts by information practitioners (Adeoti- Adekeye, 1997:321).

The definition of information systems by Duff and Assad (1980) is considered to be adequate: “A collection of people, procedures, a base of data and (sometimes) hardware and software that collects, processes, stores and communicates data for transaction processing at operational level and information to support Management decision making.”

Certain deductions can be made from the above definition that:

- The definition covers the what, how and why of information systems;
- An information system can be manual or computer-based;
- That information systems have existed in organizations and always will;
- That an information system is supposed to support both the basic operations of an organization and its management;

- A distinction seems to be made between data for transaction processing purposes and information for decision-making purposes; and
- The definition has provided what can be considered as basic concepts underlying information systems, namely: people, management, information, systems and organizations.

The attributes indicated above can be considered as major attributes or essential elements for developing an information system concept in an organizational context. In order to understand the information system concept further, Salton (1975) highlighted the most important computer-based information systems as follows:

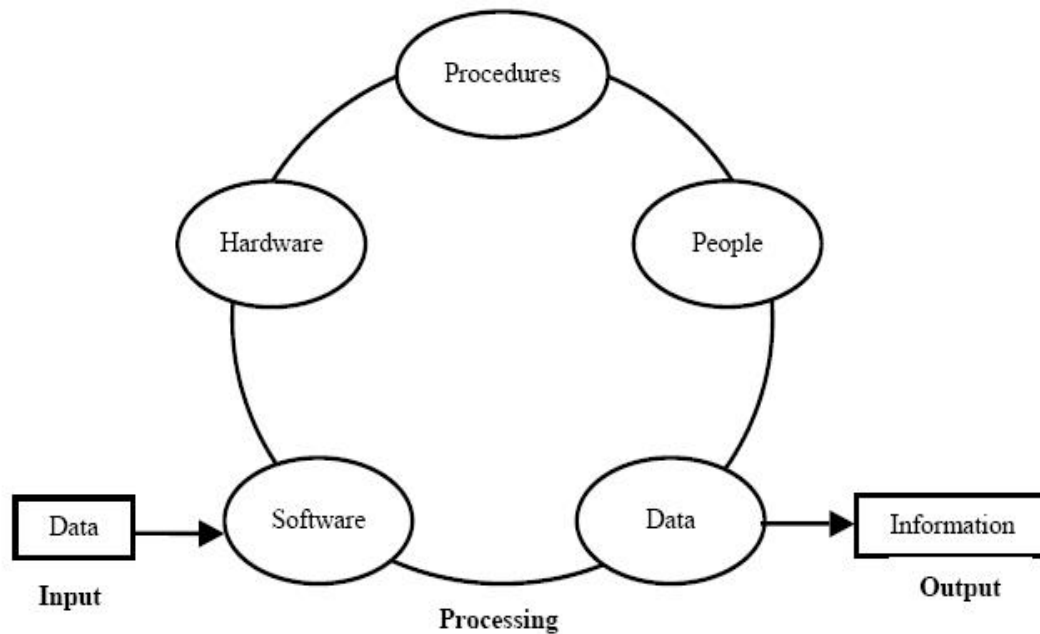
- Information retrieval system (IRS);
- Question-answering system;
- Database system (DBS);
- Management information system (MIS);
- Decision support system (DSS).

An information system collects, processes, stores, analyzes and disseminates information for a specific purpose. Information systems are often at the heart of most organizations. For example, banks and airlines cannot function without their information systems. With the advent of electronic businesses (e-businesses), if there is no information system, then there is no business.

Information systems accept inputs and process data to provide information to decision makers and help them communicate their results. Now, a World Wide Web presence and activities are expected by consumers and decision makers. So, information systems have become critical for many organizations that in the past did not rely on them (Turban and Aronson, 2004:38).

Information is data that has been changed into a useful form of output. An information system has five key components: hardware, software, data, processes, and people (Adhikari, 2005:30).

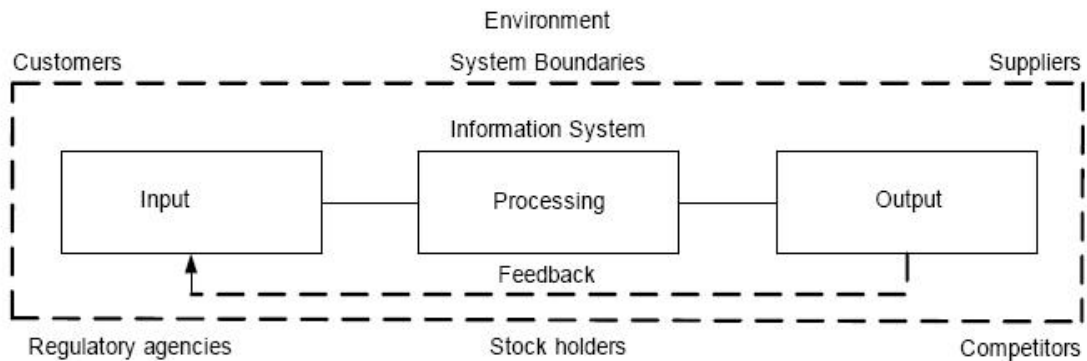
**Figure 2.7**  
**Information System Components**



Interrelated components that collect, process, store and disseminate information to support decision making, control, analysis and visualization in an organization is the information system in organization. This system may contain information about significant people, places and things within the organization or in the environment surrounding it.

Three activities in an information system produce the information need for the organization. These activities are input, processing and output. The output has the control called feedback which will help the members of the organization to evaluate or correct the input stage. Typical figure of information system is given below (Adhikari, 2005:32).

**Figure 2.8**  
**Typical Figure of Information System**



### 2.1.8 Information System Security

For Information system held in computer-based systems, security measures need to more complex but more effective in control. Risk analyses need to be undertaken to determine the most effective methods of ensuring information security.

Basic security measures that may need to be carefully applied include:

- Adequate physical security of the buildings in which computer equipment or critical communications equipment (microwave installations or optical fiber/cable exchanges) are held including protection against both human intervention and possible natural disaster (flood, fire).
- Back-up and recovery capabilities in case of system failure including recovery of power supply, telecommunications links, hardware, and software as well as provision for manual or lower tech methods of achieving the same task in case the computer system cannot be revived and simple precautions such as daily backups of all systems and data and storage of backup media at a separate location.
- Thorough testing of all aspects of systems under production conditions prior to their being placed into production mode.
- Access controls on software and data, to prevent unauthorized external access (hacking) or internal attempts at manipulation of system configuration, system code, or data recorded.
- Thorough training of staff in the computing systems and software they are required to use, so that data is not lost or systems damaged accidentally.

- Ensuring that all staff is aware of the security precautions that need to be applied (Adhikari, 2005:37-38).

### **2.1.9 Software Based Information System (SBIS)**

Information technology has become a strategic necessity. Believe it, act on it, or become a footnote in history. The revolution in business caused by the internet and its related technologies demonstrates that information systems and information technology are essential ingredients for the success of today's inter-networked business enterprise. Therefore, as tomorrow's managers, entrepreneurs and business professionals, business students must learn how to use and manage a variety of information technologies to revitalize business processes, improve managerial decision making, and gain competitive advantage.

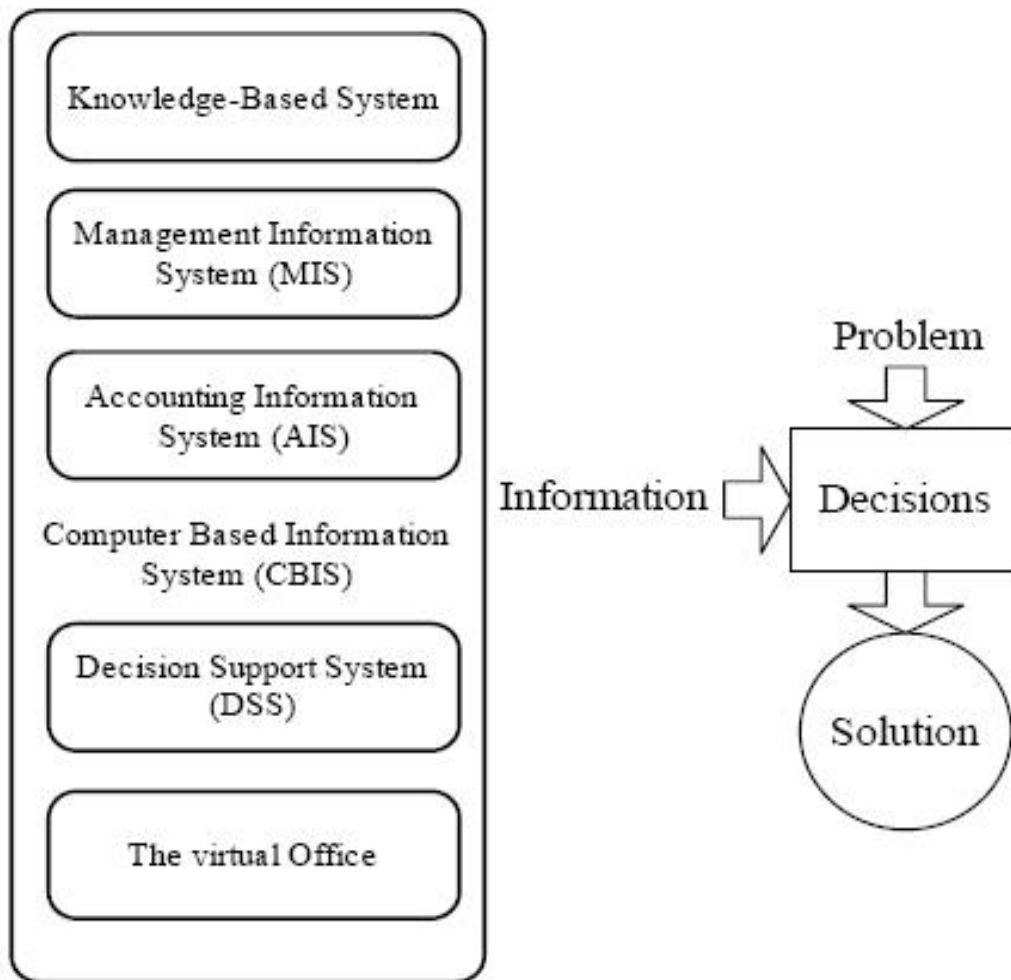
Thus, a SBIS demonstrates how the internet, intranets and extranets can give a business a strategic technology platform that supports electronic commerce and enterprise collaboration among the inter-networked enterprises in today's global business environment.

System is a collection of interrelated and integrated components and operates in a social context and with a computer based information system; the software usually includes application programs, which perform specific tasks for users Lucas (1997). And a SBIS is a collection of components for disseminating information regarding specific purpose.

The major components of a SBIS can include:

1. Hardware,
2. Software,
3. A database,
4. A network,
5. Procedures, and
6. People (O'Brien, 2004:151)

**Figure 2.9**  
**Model of SBIS Subsystems**



### 2.1.10 Decision Making Concepts

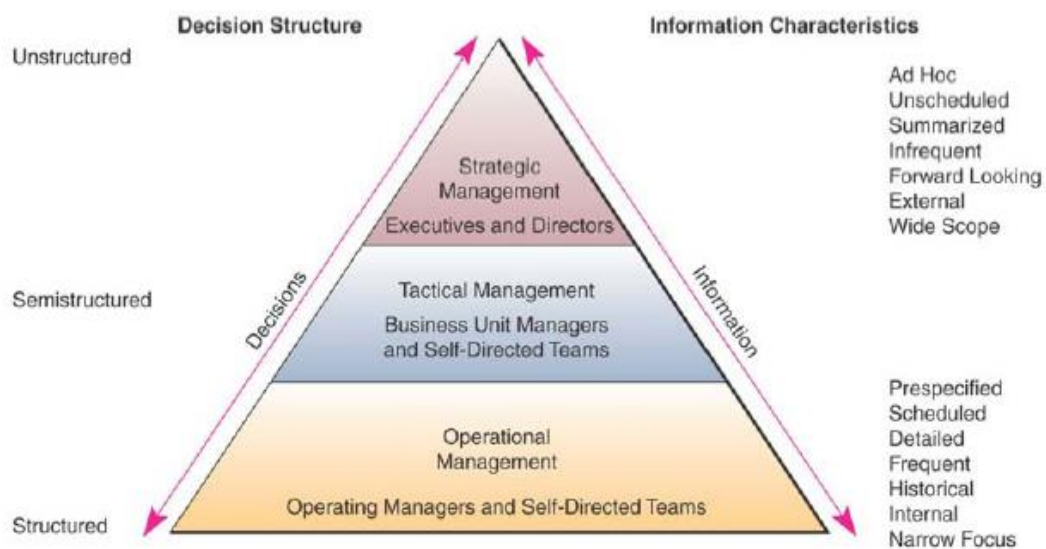
All managerial activity revolves around decision-making. The manager is the first and foremost decision maker. Organizations are filled with decision makers at various levels. Studies reveal that managers perform 10 major roles, which can be classified into three major categories i.e. interpersonal, information and decisional.

- Interpersonal (Figurehead, Leader, Liaison)
- Informational (Monitor, Disseminator, Spokesperson)
- Decisional (Entrepreneur, Disturbance handler, Negotiator, Resource allocate )

For years, managers have considered the decision making a pure art – a talent acquired overlong period of time through experience. This is said to be the art because variety of decision-making approach can be taken to reach the same kind of decision-making problems

and successfully solve it. These styles are often based on creativity, judgment, intuition, and experience rather than systematic quantitative approach grounded on scientific approach. However, the environment to which business or the operations are today is rapidly changing. The business environments the organizational environments of today are more complicated there are several alternatives available for single decision. Decisions may have several implications (Thierauf, 1982: 12).

**Figure 2.10**  
**Hierarchy of Decision Making and Information**



### 2.1.11 Decision Making with MIS

Decision Support System (DSS) is a special class of system, which is used as a support in decision-making. DSS is a set of well integrated, user friendly, computer based decision making tools that can combine internal and external data with various models to solve unstructured and semi-structured problems. Many of the decision-making situations, at all levels of management are such that, its occurrence is infrequent but the methodology of decision-making is known. Some of the methods are proven and are widely used. Such applications are separated and are packed in the DSS.

These systems use data from the general MIS and are used by a manager or a decision maker, for decision support. The DSS could be an internal part of MIS. When the decision making need is in real time dynamic mode, all such systems are designed to read, measure, monitor, evaluate, analyze and act as per decision guidance embedded in the system. The MIS would

become more useful if the decision-making is made person independent and executed with well-designed DSS.

The ultimate purpose of the MIS is to make decisions at all levels of operations based upon the information flow. If decisions cannot be automated through MIS design, the objective becomes one of providing information to improve the decision-making ability of the manager (Adhikari, 2005:20).

### **2.1.12 Importance of MIS for Management**

In all but the smallest organizations management rarely observe operations directly. They attempt to make decisions, prepare plans and control activities by using information, which they obtain from formal sources – for example, the organization's MIS and also by informal means such as face-to-face conversations, telephone calls, through social contacts and so on.

A MIS is generally thought of as an integrated, user-machine system providing information to support operations, management and decision-making functions in an organization.

In fact, an MIS is a special-purpose system useful for management in an organization. MIS is an accessible and rapid conveyor belt for appropriate high quality information from its generation to its users. The heart of an effective MIS, therefore, is a carefully conceived, designed and executed database. Its level corresponds to adaptive decisions.

The characteristics of MIS in practice include:

- An information focus, designed for managers in an organization;
- Structured information flow;
- An integration of data processing jobs by business function, such as production of MIS, personnel MIS and so on; and
- Inquiry and report generation, usually with a database.

The MIS era has eventually contributed a new level of needed management information. The increasing interest in MIS had led to much activity in developing techniques and software for data management. However, it should be noted that the new thrust in MIS is on the uses to

which the information is put and not how it is processed. The emphasis is on managing the information as a resource, which is important, and not on the intermediate processing stage.

Managements are faced with an accelerating rate of change and an ever more complex environment. Managers need relevant information, which is information that increases their knowledge and reduces their uncertainty. Thus, it is usable by the manager for its intended purpose. Without relevant information, no manager can function effectively. A worthwhile extension to the well-known adage that “management get things done through people,” would be that management get things done through people, by using relevant information retrieved from MIS. It is not an exaggeration to state that MIS is the lifeblood of management.

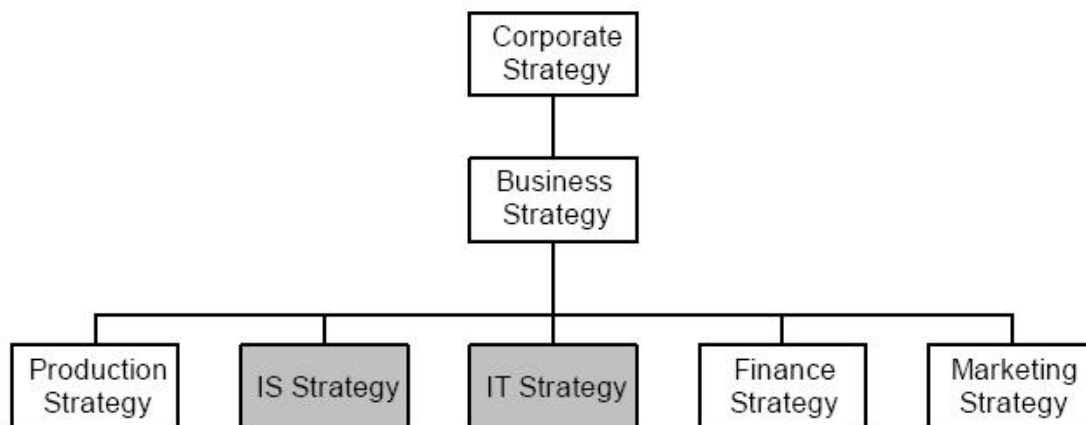
The efficient performance of an organization is dependent very much on the internal performance of the organization’s resources. To illustrate the use of a management information system in monitoring the performance of resources, the following examples from the human resource aspect of a management information system will suffice. An organizations output performance is directly related to the motivation and performance of its human resources.

A high staff turnover rate which is monitored by the management information system and identified as occurring in a particular department or in a particular category of staff can indicate poor performance on the part of the employer. Also, a high turnover rate of clerical staff may indicate that management practices do not assist in providing for career progression, personal development or training opportunities. Through the identification of poor human resource management, corrective measures may be taken which will in turn improve the organization’s output performance (Adeoti-Adekeye, 1997:325).

It may conclude that MIS is the lifeblood of any organization. Both public and private sectors must be committed to seeking formal or organized information before taking decisions. Management problems will be provided with specific answers through computer simulations and gaming techniques. Today’s managers must be careful, as they can become inundated with only marginally relevant facts rather than be presented with concrete and absolutely useful information. This situation can be avoided where a virile and functional MIS unit is put in place.

**Figure 2.11**

**Corporate Strategy and Management Information System**



**2.1.13 Role of MIS in Organization**

The role of the MIS in an organization can be compared to the role of heart in the body. The information is the blood and MIS is the heart. In the body, the heart plays the role of supplying pure blood to all the elements of the body including the brain. The heart works faster and supplies more blood when needed. It regulates and controls the incoming impure blood, processes it and sends it to the destination in the quantity needed. It fulfills the needs of blood supply to human body in normal course and also in crisis (Jawadekar, 2003:7).

The MIS plays exactly the same role in the organization as heart plays in body. The system ensures that an appropriate data is collected from the various sources, processed, and sent further to all the needy destinations. The system is expected to fulfill the information needs of an individual, a group of individuals, the managers and the top management.

The MIS satisfies the diverse needs through a variety of systems such as Query Systems, Analysis Systems, Modeling Systems, and DSS.

The MIS helps in Strategic Planning, Management Control, Operational Control, and Transaction Processing.

The MIS helps the clerical personnel in the transaction processing and answers their queries on the data pertaining to the transaction, the status of a particular record and references on a

variety of documents. The MIS helps the junior management personnel by providing the operational data for planning, scheduling and control, and helps them further in decision making at the operations level to correct an out of control situation.

**Table 2.1**  
**Organization and Information Concepts**

<b>Level of Management</b>	<b>Use of MIS</b>	<b>Nature of Information</b>	<b>Value of Information</b>	<b>Reporting Media and Structure</b>
CEO & Board	Goal Setting, Policy Making, Strategic Planning	Key, Accurate, Futuristic	Very High, Meeting High Risk & Uncertainty Situation	Unstructured
Middle Division, Department, Product Manager	Decision Making, Problem Solving, Monitoring & Achieving Business Goals, Planning & Schedule	Exception, Precise, Analytical Decision Oriented, Related to Past, Current & Future	High Meeting Risk Situation	Adhoc, unformatted, Regular but Modified Frequent, Display & Print
Supervisory, Jr. Managers, Supervisors, Officers	Problem Solving & Meeting Targets	Processed & Summarized and Classified for the Current Period	Low, Meeting near Certainty Situation	Given at Fixed Internal Display & Print
Operational Assistants, Clerks	To know the status facts	Detailed Relating to Current Period	Lowest	Lowest Volume Print

*Source: Jawadekar, 2002:107*

The MIS helps the middle management in short term planning, target setting and controlling the business functions. It is supported by the use of the management tools of planning and control.

The MIS helps the top management in goal setting, strategic planning and evolving the business plans and their implementation. The MIS plays the role of information generation, communication, problem identification and helps them in the process of decision-making. The MIS, therefore, plays a vital role in the management, administration and operations of an organization.

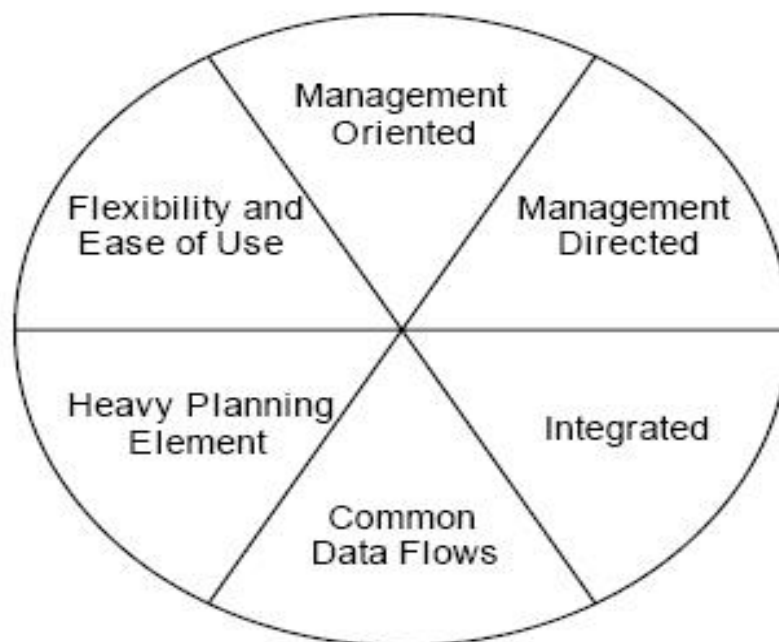
#### **2.1.14 Characteristics of MIS**

These are desirable characteristics of an MIS:

- An MIS supports transaction handling and record keeping.

- An MIS uses an integrated database and supports a variety of functional areas.
- An MIS provides operational, tactical, and strategic-level managers with easy access to timely but for the most, structured information.
- An MIS is somewhat flexible and can be adapted to meet the changing information needs of the organization.
- An MIS can boost system security by limiting access to authorized personnel (Adhikari,2005:15).

**Figure 2.12**  
**Characteristics of MIS**



### 2.1.15 Objectives of MIS

An effective MIS has following objectives:

- Provide requisite information at each level of management to carry out their functions.
- Facilitate the decision-making process by furnishing information in the proper time frame. This helps the decision-maker to select the best course of action.
- Support decision-making in both structured and unstructured problem environments.
- Help in highlighting the critical factors to be closely monitored for successful functioning of the organization.
- Provide a system of people, computers, procedures, interactive query facilities, documents for collecting, storing, retrieving and transmitting information to the users (Adhikari, 2005:14).

### **2.1.16 Problem Associates with MIS**

We can find abundant evidence from numerous surveys conducted in developed countries, particularly in the UK and USA, that existing MIS, often using advanced computer equipment, have had relatively little success in providing management with the information it needs. Reasons discovered include the following:

- Lack of management involvement with the design of the MIS;
- Narrow or inappropriate emphasis of the computer system;
- Undue concentration on low-level data processing applications particularly in the accounting area;
- Poor appreciation by information specialists of management's true information requirements and of organizational problems; and
- Lack of top management support.

To be successful, an MIS must be designed and operated with due regard to organizational and behavioral principles as well as technical factors. Management must be informed enough to make an effective contribution to system design, and information specialists (including systems analysts, accountants and operations researchers) must become more aware of managerial functions and needs so that, jointly, more effective MIS are developed.

Management do not always know what information they need and information professionals often do not know enough about management in order to produce relevant information for the managers they serve.

There is no doubt that better communication between management and information professionals and a wider knowledge by both groups of MIS principles would greatly facilitate the task of developing relevant and appropriate information systems. However, it should be noted that there is no simple checklist of essential features, which, if followed, will automatically produce the perfect MIS. What is required is an awareness and understanding of key principles and functions so that the design, implementation and operation of the MIS are the result of informed decisions and judgment rather than haphazard development without regard to real organizational requirements. For the management information system, computer is not essential but can be very useful.

The study of MIS is not about the use of computers, it is about the provision and use of information relevant to the user. Undoubtedly, there is an important and growing role for computers and IT in MIS but the technology must be used with discretion. Computers are good at rapid and accurate calculations, manipulation, storage and retrieval but less good at unexpected demands or qualitative analysis or where genuine judgment is required. Computers, certainly, can be used to the best advantage for processing information (Adeoti-Adekeye, 1997:326).

### **2.1.17 MIS and its Limitation**

Some limitations of MIS are:

- MIS cannot replace managerial judgment in decision-making. It is merely an effective tool for the managers in decision-making and problem solving.
- The quality of output of MIS is directly proportional to the quality of input and processes.
- MIS cannot provide tailor made information packages. It is required to analyze the available information before decision-making.
- In a fast changing and complex environment, MIS may not have enough flexibility to update itself quickly.
- MIS takes only quantitative factors into account.
- MIS is less useful for making non-programmed decisions.
- MIS is less effective in organizations where information is not being shared with others.

- MIS is less effective due to frequent changes in top management, organizational structure and operational staff (Adhikari, 2005:19).

### **2.1.18 Success and Failure of MIS**

Most organizations use MIS more successfully than other organizations. Through hardware, software and technology available are the latest and the best; its use is more for the collection and storage of data and its elementary processing.

There are some factors, which make MIS, a success while there are some factors, which make it a failure.

### **Factors Contributing to Success of MIS**

If MIS is to be a success, then it should have all the features listed below:

- MIS is integrated in the management function. It sets clear objectives to ensure that MIS focuses on the major issues of the business. Also adequate development resources are provided and human & organizational barriers to progress are removed, An appropriate information processing technology required to meet the data processing and analysis needs of the users of MIS is selected,
- MIS is oriented, defined and designed in terms of the users requirements and its operational viability is ensured,
- MIS is kept under continuous surveillance, so that its open system is modified according to the changing information needs,
- MIS focuses in results and goals, and highlights the factors and reasons for non achievements,
- MIS is not allowed to end up into an information generation mill avoiding the noise in the information and the communication system,
- MIS recognizes that a manager is a human being and therefore, the systems must consider all the human behavioral aspects in the process of management,
- MIS recognizes that the different information needs for different objectives must be met with. The globalization of information in isolation from the different objectives leads to too much information and its non use,

- MIS is easy to operate and therefore, the design of MIS has such good features which make up a user friendly design,
- MIS recognizes that the information needs become obsolete and new needs emerge.
- The MIS design, therefore, has a potential capability to quickly meet newer and newer needs of information,
- MIS concentrates on developing the information support to manage critical success factors. It concentrates on the mission critical applications serving the needs of the top management.

### **Factors Contributing to Failures of MIS**

Many times, MIS is a failure. The common factors which are responsible for this are as follows:

- MIS is conceived as a data processing and not as an information system,
- MIS does not provide that information which is needed by managers but it tends to provide the information generally the functions calls for. MIS then becomes an impersonal function,
- Underestimating the complexity in the business systems and not recognizing it in the MIS design leads to problems in the successful implementation,
- Adequate attention is not given to the quality control aspects of the inputs, the process and the outputs leading to insufficient checks and controls in MIS,
- MIS is developed without streamlining the transaction processing systems in the organizations,
- Lack of training and appreciation that the users of the information and the generators of the data are different, and they have to play an important role in the MIS,
- MIS does not meet certain critical and key factors of its users, such as a response to the query in the database, an inability to get the processing done in a particular manner, lack of user friendly system and the dependence on the system personnel,
- A belief that the computerized MIS can solve all the management problems of planning and control of the business,

- Lack of administrative discipline in following the standardized systems and procedures, wrong coding and deviating from the system specifications result incomplete and incorrect information,
- MIS does not give perfect information to all the users in the organization. Any attempt towards such a goal will be unsuccessful because every user has a human ingenuity, bias and certain assumptions not known to the designer. MIS cannot make up these by providing perfect information (Adhikari, 2005:24-26).

### **2.1.19 Risk Associated with MIS**

MIS may increase risk in a number of areas such as credit quality, liquidity, market/pricing, interest rate, or foreign currency. A flawed MIS causes operational risks and can adversely affect an organization's monitoring of its fiduciary, consumer, fair lending, Bank Secrecy Act, or other compliance-related activities.

Since management requires information to assess and monitor performance at all levels of the organization, MIS risk can extend to all levels of the operations. Additionally, poorly programmed or non-secure systems in which data can be manipulated and/or systems requiring ongoing repairs can easily disrupt routine work flow and can lead to incorrect decisions or impaired planning. ([www.occ.treas.gov](http://www.occ.treas.gov)).

The five elements of a useable MIS system are timeliness, accuracy, consistency, completeness, and relevance. The usefulness of MIS is delayed whenever one or more of these elements are compromised.

- **Timeliness:** To simplify prompt decision-making, an institution's MIS should be capable of providing and distributing current information to appropriate users.
- **Information systems** should be designed to expedite reporting of information. The system should be able to quickly collect and edit data, summarize results, and be able to adjust and correct errors promptly.
- **Accuracy:** A sound system of automated and manual internal controls must exist throughout all information systems processing activities. Information should receive appropriate editing, balancing, and internal control checks. A comprehensive internal and external audit program should be employed to ensure the adequacy of internal controls.

- Consistency: To be reliable, data should be processed and compiled consistently and uniformly. Variations in how data is collected and reported can distort information and trend analysis. In addition, because data collection and reporting processes will change over time, management must establish sound procedures to allow for systems changes. These procedures should be well defined and documented, clearly communicated to appropriate employees, and should include an effective monitoring system.
- Completeness: Decision makers need complete and pertinent information in a summarized form. Reports should be designed to eliminate clutter and voluminous detail, hereby avoiding "information overload."
- Relevance: Information provided to management must be relevant. Information that is inappropriate, unnecessary, or too detailed for effective decision-making has no value. MIS must be appropriate to support the management level using it. The relevance and level of detail provided through MIS systems directly correlate to what is needed by the board of directors, executive management, departmental or area mid-level managers, etc. in the performance of their jobs ([www.occ.treas.gov](http://www.occ.treas.gov)).

### **2.1.20 Concept of Bank**

Banks are among the most important financial institutions in the economy and essential business in thousands of local towns and cities. In this context, there is much confusion about exactly what a bank is.

Certainly, banks must be identified by the functions (services and roles) they perform in the economy. The problem is not only that the functions of banks are changing but the functions of their principals competitors are also changing.

Indeed, many financial institutions- including security dealers, brokerage firms and insurance companies are trying to be as similar as possible to banks in the services they offer. On the contrary, bankers are challenging these non-bank is better to be precise and clear.

According to Crowther, -“The banker’s business is to take the debts of other people to offer his own in exchange, and thereby create money.

Chamber’s Twentieth Century Dictionary defines a bank as an “institution for the keeping, lending and exchanging, etc. of money.”

According to Kent, - “A bank is an organization whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to others for expenditure.”

Sayer’s define the bank as, - “Ordinary banking business consists of changing cash for bank deposits and bank deposits for cash; transferring bank deposits from one person or corporation to another; giving bank deposits in exchange for bills of exchange, government bonds, the secured or unsecured promises of business men to repay, etc.”

Therefore, a bank is an institution which accepts deposits from the public and in turn advances loans by creating credit through the accept deposits. According to US Law, any institution offering deposits subject to withdrawal on demand and making loans of a commercial or business nature is a bank.

The banking sector is one of the most significant service industries. It plays a vital role in the economic development and financial health of any country. An effective banking system leads to the effective mobilization of source like saving and investment, which in turn leads to the sound economy health of the country (D. Sapkota, 2002). Bank offers various types of services to its customer to facilitate the economic transaction. Service means the mediation between the bank and the customer.

### **2.1.21 Introduction to Commercial Bank**

The word ‘Bank’ is derived from the Italian word BANCA meaning a counter table or bench used by medieval moneychanger. Oxford Advanced Learners Dictionary of Current English defines bank as “An organization that provides various financial services for example keeping or lending money.”

It is difficult to define the word ‘Bank’ because of the changing role and function of bank from age to age and country to country. A banker or a bank is a person, firm or company, having a place of business where credits are opened by the deposit or collection of money or currency subject to be paid or remitted upon draft, check or order or where money is advanced or loaned on stocks, bond, bullion and bill of exchange and promissory notes are received for discount and sale etc ([www.wikipedia.org](http://www.wikipedia.org)).

An ordinary bank is run on business lines with a view to earning profit and a central bank on the other hand is primarily meant to shoulder the responsibility of safeguarding the financial and economic stability of the country, it acts only in the public interest and for the welfare of the country as a whole, and without, regard to profit as primary consideration ([www.answers.com](http://www.answers.com)).

A commercial bank is one which exchange money, accepts deposits, grants loans and performs commercial banking functions and which is not a bank meant for co operative, agriculture, industries or for such specific purpose.

## **2.2 Review of IT Background in Nepal**

Nepal's journey into the world of information technology began three decades ago, with the IBM 1401 for the population census of 1971. Institutional initiative to promote computer awareness and provide computer training began with the government's establishment of the Electronic Data Processing Center in 1974, renamed the National Computer Center (NCC) in 1976.

In 1979, Nepal Electricity Authority started using computers. In 1981, NCC purchased the fourth generation computer, ICL 2950/10. In the same year, the Civil Engineering faculty of Institute of Engineering procured microcomputers to launch computer courses.

The history of computer training dates back to 1971, when American experts provided training in Auto Coder programming to operate the IBM 1401 computer. Later, in 1973, Tribhuvan University (TU) and NCC gave FORTRAN language training to about 100 persons.

The promotion of computer education in the national education system started only in the early 1990s. The Center for Curriculum Development, under the Ministry of Education, designed computer science courses for the 9th and 10th grades in secondary schools. In 1992, eight private schools offered computer science as an optional subject for S.L.C. exams. Kathmandu University started offering one course in Computer Science for I.Sc. prior to offering admission for B.E. in computer science since 1994.

Nepal's stint with the Internet started with the e-mail services provided by Royal Nepal Academy for Science and Technology (RONAST). Mercantile Office Systems started email services for commercial purposes in June 1994, and after a year, on 15 July 1995, it started to provide full online access to Internet services and a presence of Nepal on the Internet by providing home pages. ([www.itpfnepal.org](http://www.itpfnepal.org)).

### **2.3 Review of ICT in 10th Five Year Plan**

The main focus of 10th National plan in Information and Communication Technology (ICT) is to develop the knowledge based society, to remove the barriers in ICT reach and to help reduce the poverty.

Some main point relating to ICT in 10th plan are presented here:

- Emphasis will be given to education and trainings related with Information Technology.
- National information center running under the Science and Technology ministry will be strengthened in order to implement, supervise and monitor policies related with Information Technology and to legalize e-commerce.
- Information technology parks will be established in various parts of the country.
- Conducive environment will be created to attract domestic and international investment in industries related with development, to encourage production and utilization of soft ware and services such as data entry, digitization, medical transcription, call center, web content design etc.
- International training will be encouraged to produce high and medium level manpower and to produce highly skilled manpower to compete in the international front.
- Developing and promoting Information Technology to relay information on agriculture, education, health and other economic sectors to rural areas will be emphasized. The attempt will be made to provide Internet services to 1500 VDCs across the country.
- Website containing information on agriculture, education and health will be launched.
- Initiatives will be taken to incorporate computer education in the school curriculum.
- Private sectors will be encouraged to campaign on nature, religion, culture and heritage through Internet service.
- The participation of private sectors in Information Technology arena will be encouraged.

- Information Technology will be used to make government activities transparent, to strengthen system that provides service and to reform financial management and administration. In this regard, e-governance will be properly handled.
- Conducive environment will be created to increase the use of services related to Information Technology. To legalize the use of Information Technology necessary laws will be formulated.
- Private sectors will be encouraged to produce medium level manpower necessary for Information Technology front. Private sectors will be provided assistance to set up academic, research and development institutes.
- Emphasis will be given to computer education from school level. Internet facilities will be provided in universities and public schools to provide better quality computer education.
- Scholarships will be provided to bright but needy students from rural areas for higher-level education on information technology.
- Information technology will be used for the purpose of electricity business, electronic education and distance health. Academic institutions and hospitals situated where there is facility of tele-communication and electricity will be encouraged to use the service of information technology. And where there is no electricity facility, promotion of Information Technology will be done through solar energy.

## 2.4 Review of Master Degree Thesis

Researcher reviewed some unpublished master degree thesis for identifying variables relevant for research. This works helps to avoid any repetition. Researchers found that majority of the master's degree thesis are concentrated in the case study approach of public organizations. Researcher realizes that the review of old and new master degree thesis on different organization really useful to carry out this research study.

Yadhav Pradhan (1986), thesis entitled "*A study on Micro Computers and Computerization in Nepal*" states that the computer has become very common in USA and Europe, computer have been part of their life because large number of services they receive are computer supported. Activities involved in business, universities and schools, government and all the communication media are supported by computer. Scientists, teachers, businessman, engineers, doctors and other professionals are also getting tremendous amount of help out of it, manufacturing, design, teaching, planning, decision making etc. are aided by the computer. All these employ computers to process vast amount of data.

The computers were developed to perform such task of swift calculation. The development and progress in these fields would have been impossible in the absence of these extraordinary machines which can handle complex and tedious calculation in a short period of time which people cannot do or typically do not want to do. Through this research study, he found some interesting findings in the beginning era of computerization in Nepal.

His major findings are as following:

- There is an increasing trend and good scope for the use of micro-computers in Nepal. It is estimated that the total micro-computers at the end of 1986 will be approximately 610. The apple Mac computer have taken a good portion of market from the very beginning but it is estimated that IBM computers are going to be in number one position by 1987.
- Micro-computer users are mostly business organization, foreign projects, foreign organizations, government offices and corporation in Nepal.
- After the introduction of micro-computer in the organization, the average productivity has gone up to 51.5% in a particular field. A quite good numbers of users have said that

there is no effect because they have not been able to use it because of lack of training or technical or administrative problem.

- The computer users were motivated towards computerization, using microcomputers was due to the growing need of the organization and the low cost of micro-computers. Thus they are not buying it as a fashion.
- The micro-computer users/operators are trained for an average of 2.32 months only. About 81.2% users/operators think they need further training to carry out their jobs independently.
- There are 36 varieties of micro-computers available in the country ranging from very popular brand names to newly introduced computer and some compatibles.
- The computer users have procured their micro-computer considering mainly its price, brand name and company or availability.
- The major field of computer application by National Computer Center to its customers are mainly in accounts and banking; education; engineering; households family and social environment; health; agriculture and land; population and others.
- The micro-computers are utilized in a daily average of 5.25 hours. Most of the micro-computers are being used for the major fields like word-processing, accounting, statistical analysis, and software development.
- Most of the micro-computes have problem of power failure and diskette problem and loosing data. The other type of major problems is reliable maintenance and repair services.

Ajit P. Bhattarai (2003) has conducted research entitled "*Performance of Management Information System in Kumari Bank*". His master degree thesis is fully based on primary data collected through observation, direct communication with respondents and by questionnaire method. In his master degree thesis he argues that most organization spend huge amount of resources in setting up MIS infrastructure but on other hand they have not been able to fully capitalize the benefits of MIS, therefore, he tended to study the utilization of MIS and the factors which affect the performance of MIS.

His major findings are as following:

- Majority of the users of the MIS consider MIS to be important.
- Majority of the users of the MIS consider that MIS helps in decision making.

- Use of MIS is directed more towards extraction of current information rather than historical information.
- MIS is fulfilling the information needs of the users to different degrees of satisfaction. Higher management is less satisfied than the middle management.
- Further improvement in utilization of MIS needs better communication and training between the various stakeholders.
- MIS users are comfortable using the product and have a good understanding of the system.
- MIS users are moderately satisfied with the MIS.
- There is a mole room to increase the use of MIS.
- The factors which will improve the utilization of MIS are: “Good communication channel”, “Training to end user”, “Training to software personnel”.

Devinder Thapa (2003) conducted research entitled “*Future Prospective of Online Banking in Nepal*”. He collected data based on the primary. The primary data were collected from structured interview. The analysis of data was presented on the tabular form, simple bar diagram and pie chart. The analysis of data has been done through various ways like percentage, average etc. and concluded that banks in future cannot survive without the support of Information Technology.

On his survey he found that only 5% respondents are satisfied with the traditional banking system and rest 95 % want immediate technical improvement in their service system. Respondents feel that the bank should imply online services to provide better facilities to them.

Based on the above conclusions, Thapa gave the following recommendations:

- The bank should developed standard based solutions which consist of open system architecture, with scalability as its main feature for taking care of future volumes in growth.
- The IT industry should closely collaborate with the banking sector in providing such serves at cost-effective prices and should gear itself to meet the requirements of the banking and financial sector with a spirit of co-operation, and partnership in making the banking industry scale the heights of international excellence.

- In order to minimize frauds and security problems, the Central Vigilance Commissioner (CVC) should direct all banks to compulsorily offer Electronic Clearing Services (ECS) to their customers.

Bimal P. Adhikari (2002) has conducted research entitled “*Information Technology in Security Management*”. In his master degree thesis, he considered both primary and secondary data but his thesis result is based on primary data. He used interview, questionnaire and survey method for data collection. As his thesis covered the huge subject area, he chose different class of people as sample like farmer, labor, students etc.

He argues that Finding personal information and their location instantaneously is extremely important to take immediate decisions in critical situations of security management.

This is the most critical information playing vital role in security management functions, however, need of the security management information is not limited to these information. Finding the geographical location i.e. address of the person or any object is also critical in the security management.

His major findings are as following:

- Most of the public use citizenship card as their ID card. Security personnel as well as the government offices use citizenship card as only reliable ID card which is widely used in public dealing and official dealings.
- The security personnel and government offices ask for citizenship card for the identification purpose but it is not reliable since there is no easy verification mechanism. It is difficult to identify the fake ID cards.
- Maintaining the personal information integrated with address and availability of the same online will be highly useful. This will help to know the real identity and highly discourage the disguising activity of the criminals and terrorists.
- Joblessness, poverty and ignorance are the major causes behind the terrorism. Eliminating the root cause and campaigning education program are the major wayout of solving the conflict problems.

- Many publics agree that because of obscure of real ID card and information, they have to suffer difficulties and claim the lives many times. Citizenship card is used by common publics as ID while the job holders use office ID card instead.
- Majority of publics have no problem if government maintains personal information to maintain peace make the system transparent however, some claims that it is breach of privacy.
- Majority of the public's highly recommend government maintain such information as soon as possible. Some who pay more interest and attention also claim that maintaining such personal information and using it will solve problem of conflict as well as corruption and make administration more transparent and this is the root cause of the conflicts. • The impact of security management information system in the security management will be strategic in nature. The information system will strengthen the planning and administration capability of the security management organization.

Ishwar Acharya (2002) has conducted research study entitled *“Implementation of Management Information System in Royal Nepal Airlines Corporation” (A Case Study in Marketing Department)*. In his master's degree thesis, he used both primary and secondary data and information but findings are based on primary data which are collected through observation, questionnaire and interview methods.

His major findings are as follows:

- Royal Nepal Airlines is one of the complex organizations due to its nature of service and wide area of marketing activities.
- Marketing Department of RNAC has a multidivisional structure but in reality the structure is ambiguous.
- The information system in marketing department is based on Traditional Paper- Based Information and manually filling system. Manual flow of documents except computerized Reservation System of International flight ticket through ABACUS and other CRS software.
- Lack of capable manpower and IT experts to handle sophisticated information technology to maintain proper information system within the department.

- Centralization of authority, manual flow of documents and unnecessary political pressure generally creates obstacle to perform marketing activities smoothly.
- Information announced in Nepali medium through Radio Nepal regarding flight schedules by the marketing departments is quite traditional.
- Lack of proper informational infrastructure to communicate different domestic station causes problems in planning flight schedules.
- Use of micro computers in each division and units are off use. They are used to keep record to some extent and used to type materials whenever needed in order to submit the report to the department director and CEO, RNAC.
- Information does not flow systematically due to absence of Network based computerized Information System to coordinate and communicate different divisions and units of the Marketing department.
- Due to mishandling, misunderstanding and gap of information creates frequent flight delay, flight cancellation and changes in flight schedules.
- Network-based computerized information system is necessary for the systematic flow of information.
- Traditional paper-based information system creates delay in making decision. It should be eliminated through computerized information system.
- It is difficult to implement MIS due to lack of necessary infrastructure of the Marketing department of RNAC such as: equipment & accessories, technical manpower, IT experts and Budget for installation of new technology, and others.

## **2.5 Research Gap**

In the above thesis, most of the study is based on the system where there is no MIS system installed. Information system is based on traditional paper-based information and even lack capable manpower and IT experts. Information does not flow systematically due to absence of Network based computerized Information System to coordinate and communicate different divisions and units of the department. The thesis mainly focus on "How MIS is working?" or "What are the beneficial by the implementation of MIS?"

In this thesis, instead of studying on that aspect, the current role of management information system at various level of management and at different department is studied making

reference to Nepal SBI Bank Ltd, Boudha Branch. As the bank is using the world most popular software Finacle in order to coordinate its business, as the researcher is involved in development of MIS System of different organization like educational consultancies, monastery, school & college, manufacturer house, cooperative organization etc.

Researcher thinks that there are lacks of efficiency in case of development of MIS in Nepal because of improper practical education, technologies unavailability, lack of expert manpower, lack of government policies, lack of investment, and lack of employment opportunities. Thus, he himself thinks to do research work on any top MIS as a result he finds availability of Finacle which makes researcher to boost up his knowledge. Also, researcher presents how MIS operates in Finacle up to the availability of system in this research so that further MIS could be developed in Nepal in proper way and pattern. The researcher thinks that this research work is important for all who are in development and in the IT related work. This research works definitely help them in order to gain idea, knowledge, and to generate the MIS reports.

# CHAPTER - III

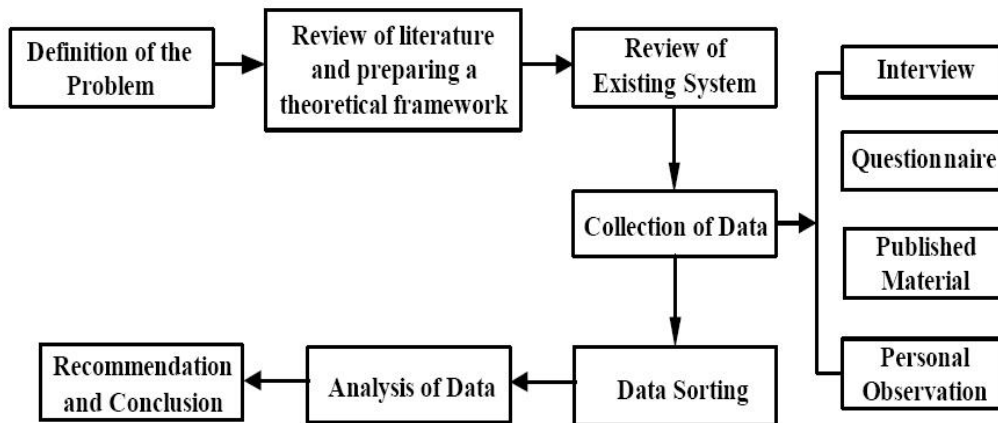
## RESEARCH METHODOLOGY

### 3.1 Research Design

Research design is the plan, structure, and strategy of investigation conceived so as to obtain answers to research question. The research is based on the implemented and frequent used part of the banking system Finacle. Thus, the research design here is exploratory and descriptive in nature.

This study examines the current role of MIS with a view to make suggestions for improving the utilization of MIS. Keeping in view the nature of the study, an exploratory research design is applied because it implies to find out the current role of existing Management Information system in an organization.

**Figure 3.1**  
**Methodology of the Research System**



### 3.2 Population and Sample

In this research, most of the materials are provided by Nepal SBI Bank situated at Boudha Branch tying of banking transactions worldwide. A population in most studies usually consists of a large number of people, events or objects. Because of its large size, it is difficult to collect detailed information from each member of the population. Herein, the researcher

had studied various aspect of Banking Transaction through most populated software Finacle  
(*Source: Field Survey*).

A set of questionnaire were supplied and interview has been taken from different level of management as respondent. Here the researcher personally visited the Nepal SBI Bank Ltd. And take different snap shot of the banking system Finacle based on the questionnaire. The time taken to collect the required data was of two months during November 2010 to January 2011 between 10am to 5pm.

### **3.3 Sources of Data**

Data is very reliable and effective source of all research reports. Data is a foundation of all research projects. Data may be obtained from several sources. It also depends on the objectives and necessity of the research report. The research design for this study was based mostly on the exploratory design method. Thus, the sources of data collection were both based on primary and secondary sources. Keeping in the view of explorative nature of the study, primary source is the main source of information and data. The sources of data collection can be better being explained as:

#### **a) Primary Data**

Primary data are the original data and information, which are collected by the researcher or through agent for the first time from the related research. Thus, these data are collected for meeting the specific objectives of the study.

Primary data can be collected through various methods such as interview, mail questionnaire, and observation. This report is partially based on primary data. Primary data for the research study are collected mainly by questionnaire, observation, and interview method.

#### **b) Secondary Data**

Secondary data are that type of data that are collected and compiled by some other researchers for their own purpose.

Relevant secondary data are also used while preparing this report, but uses of secondary data have their own constraints. As other collects secondary data for their purpose, use of such data should be done with care so that researcher does not get entangled in irrelevant data.

### **3.4 Data Collection Methods**

There are various methods of collecting primary and secondary data. The methods that are applied for this study are questionnaire, interview, observation, and reviews.

#### **a) Questionnaire**

At first, a formal list of question to be asked during the interviews was prepared to gather responses from the respondents on a given topic. Then they were prioritized according to the importance of the question. Similarly, questionnaire in a leaflet was prepared for the purpose of interview with the general public to obtain the data.

#### **b) Interview**

Structured interviews with the Branch manager, MIS manager and other concerned authority were conducted.

#### **c) Observation**

In this course of preparation of study report, researcher frequently visited to organization to collect the information through observation.

#### **d) Review**

This method primarily implies the collection of secondary data, which have been already published. Most of the secondary data have been collected from the published material and website of the organization.

### **3.5 Research Software Tools Used**

Different software is used for preparing this research report, without help of these Software tools; it would be very difficult to present the research report.

To prepare the research report researcher used following software tools:

- Analysis Tools: Finacle 7
- Report Writing Tools: Microsoft Word 2003

### **3.6 Data Analysis Tools and Techniques**

Herein, the researcher make questionnaire for the finacle and then direct observation of the software is carried on of Finacle which has been serving globally to different people on the various sectors like Deposit, Loan, Clearance, Draft, Letter of Credit They are further examined in relation to the objectives. According to their pattern, available data is presented in the pictorial and descriptive format so that general people can easily understand what is there in Finacle. The researcher presented the available date in the DFD (Data Flow Diagram) and EDD (Entity Relationship Diagram) and Snap Shot of the system.

### **3.6.1 Data Flow Diagram**

A data flow diagram (DFD) is a graphical representation of the "flow" of data through an information system. DFDs can also be used for the visualization of data processing (structured design). On a DFD, data items flow from an external data source or an internal data store to an internal data store or an external data sink, via an internal process.




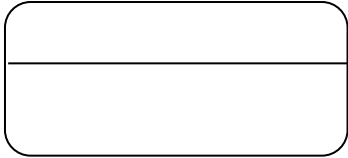
A DFD provides no information about the timing of processes, or about whether processes will operate in sequence or in parallel. It is therefore quite different from a flowchart, which shows the flow of control through an algorithm, allowing a reader to determine what operations will be performed, in what order, and under what circumstances, but not what kinds of data will be input to and output from the system, nor where the data will come from and go to, nor where the data will be stored (all of which are shown on a DFD). However, DFD are important for developing business logic. There are four components of a Data Flow Diagram (DFD) which are as follows.

- External Entities/Terminators/Sources/Sinks (represented by a square or oval).
- Processes (represented by a circle or rounded rectangle).
- Data Flows (represented by an arrows)
- Data Stores (represented by two parallel lines, sometimes connected by a vertical lines)

## DFD Objects Symbols

**Table 3.1**

**DFD Objects Symbol and Description**

Objects	Symbols	Description
External Entity		It is a person or group which interacts with the system, something outside the system. It is not a user. E.g. Customer, Government Agencies, Department, Human Recourses System etc.
Data Flow		It is the directional movement of the data to and from External Entities, the process and Data Stores. In the physical model, when it flows into a data store, it means a write, update, delete etc. Flows out of Data Stores mean read, query, display, select types of transaction.
Data Store		It is a repository of information. In the physical model, this represents a file, table, etc. In the logical model, a data store is an object or entity.
Process (Activity, Function)		Depending on the level of the diagram, it may represent the whole system as in a Context (Level 0) Diagram or a business area, process (activity), function, etc. in lower levels.


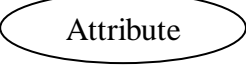



### 3.6.2 Entity Relationship Diagram

An entity-relationship (ER) diagram is a specialized graphic that illustrates the interrelationships between entities in a database. ER diagrams often use symbols to represent

three different types of information. Boxes are commonly used to represent entities. Diamonds are normally used to represent relationships and ovals are used to represent attributes.

### ERD Object Symbols

**Table 3.2**  
**ERD Objects Symbol and Description**

<b>Objects</b>	<b>Symbol</b>	<b>Description</b>
Entity		An entity is an object or concept about which you want to store information.
Attributes		Attributes are the properties or characteristics of an entity.
Key Attributes		A key attribute is the unique, distinguishing characteristics of the entity. For e.g. an employee's key attribute.
Multi-Valued Attribute		A multi valued attribute can have more than one value. For e.g. an employee entity can have multiple skill values.
Relationships		Relationships illustrate how two entities share information in the database structure.

### 3.6.3 Snap Shot

Snap Shot is a screen grabber or screenshot taker that allows us to grab our desktop, window, or any part of the screen and save it as JPG or PNG (all the usual popular formats are available) or send it straight to your favorite editor, for further editing. We can also send screen captures as an attachment with the build-in e-mail engine, or upload them via FTP. Other features include global hotkeys, automatically save screen captures, automatic filename generation and support for external editors.

Thus, Snap Shot are the run time windows figure of the system which helps user to know the runtime system. It also clearly denotes what are there in the system and help to operate system. It is one of the most effective tools for the descriptive purpose as everything what are on the systems is presented in the system. It enables study of different part of the system in the clearly pictorial format which helps understanding of the system.

## **CHAPTER - IV**

### **SYSTEM ANALYSIS AND DATA PRESENTATION**

#### **4.1 An Introduction of State Bank of India**

**State Bank of India (SBI)** SBI is the largest state-owned banking and financial services company in India. The bank traces its origin to British India, through the Imperial Bank of India, to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two presidency banks, Bank of Calcutta and Bank of Bombay to form Imperial Bank of India, which in turn became State Bank of India. The government of India nationalized the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.

SBI provides a range of banking products through its vast network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). The State Bank Group, with over 16,000 branches, has the largest banking branch network in India. It's also considered as the best bank even abroad, having around 130 branches overseas and one of the largest financial institutions in the world. With an asset base of \$352 billion and \$285 billion in deposits, it is a regional banking behemoth. It has a market share among Indian commercial banks of about 20% in deposits and advances, and SBI accounts for almost one-fifth of the nation's loans.

The State Bank of India is the 29th most reputed company in the world according to Forbes. Also SBI is the only bank to get featured in the coveted "top 10 brands of India" list in an annual survey conducted by Brand Finance and *The Economic Times* in 2010.

The State Bank of India is the largest of the Big Four Banks of India, along with ICICI Bank, Punjab National Bank and Canara Bank- its main competitors. And "GUINNESS BOOK OF WORLD RECORD" that 56 million transactions happening per day all over the world is definitely an achievement for state bank of India ([http://en.wikipedia.org/wiki/State\\_Bank\\_of\\_India](http://en.wikipedia.org/wiki/State_Bank_of_India)).

#### **4.2 A Short History of SBI**

The roots of the State Bank of India rest in the first decade of 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal and two other Presidency banks, namely, the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies, and were the result of the royal charters. These three banks received the exclusive right to issue paper currency in 1861 with the Paper Currency Act, a right they retained until the formation of the Reserve Bank of India. The Presidency banks amalgamated on 27 January 1921, and the reorganized banking entity took as its name: Imperial Bank of India. The Imperial Bank of India remained a joint stock company.

Pursuant to the provisions of the State Bank of India Act (1955), the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 30 April 1955, the Imperial Bank of India became the State Bank of India. The government of India recently acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.

In 1959, the government passed the State Bank of India (Subsidiary Banks) Act, enabling the State Bank of India to take over eight former state-associated banks as its subsidiaries. On 13 September 2008, the State Bank of Saurashtra, one of its associate banks, merged with the State Bank of India.

SBI has acquired local banks in rescues. For instance, in 1985, it acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

### **4.3 International Presence of SBI**

As of 31 December 2009, the bank had 151 overseas offices spread over 32 countries. It has branches of the parent in Colombo, Dhaka, Frankfurt, Hong Kong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the Bahamas, Bahrain, and Singapore, and representative offices in Bhutan and Cape Town<sup>1</sup> ADB in Boston USA.

SBI operates several foreign subsidiaries or affiliates. In 1990, it established an offshore bank: State Bank of India (Mauritius).

In 1982, the bank established a subsidiary, State Bank of India (California), which now has nine branches - eight branches in the state of California and one in Washington, D.C. The 9th branch was opened in Tustin, California on 7th March, 2011. The other seven branches in California are located in Los Angeles, Artesia, San Jose, Canoga Park, Fresno, San Diego and Bakersfield.

The Canadian subsidiary, State Bank of India (Canada) also dates to 1982. It has seven branches, four in the Toronto area and three in British Columbia.

In Nigeria, SBI operates as INMB Bank. This bank began in 1981 as the Indo-Nigerian Merchant Bank and received permission in 2002 to commence retail banking. It now has five branches in Nigeria.

In Nepal, SBI owns 50% of Nepal SBI Bank, which has branches throughout the country. In Moscow, SBI owns 60% of Commercial Bank of India, with Canara Bank owning the rest. In Indonesia, it owns 76% of PT Bank Indo Monex.

The State Bank of India already has a branch in Shanghai and plans to open one in Tianjin. In Kenya, State Bank of India owns 76% of Giro Commercial Bank, which it acquired for US\$8 million in October 2005.

#### **4.4 Central Managing Committee**

##### **Board of Directors**

A board of directors is a body of elected or appointed members who jointly oversee the activities of a company or organization. The body sometimes has a different name, such as board of trustees, board of managers, board of governors, or executive board. It is often simply referred to as "the board." A board's activities are determined by the powers, duties, and responsibilities delegated to it or conferred on it by an authority outside itself. These matters are typically detailed in the organization's bylaws. The bylaws commonly also

specify the number of members of the board, how they are to be chosen, and when they are to meet.

In an organization with voting members, e.g., a professional society, the board acts on behalf of, and is subordinate to, the organization's full assembly, which usually chooses the members of the board. In a stock corporation, the board is elected by the stockholders and is the highest authority in the management of the corporation. In a non-stock corporation with no general voting membership, e.g., a university, the board is the supreme governing body of the institution.

Typical duties of boards of directors include:

- Governing the organization by establishing broad policies and objectives;
- Selecting, appointing, supporting and reviewing the performance of the chief executive;
- Ensuring the availability of adequate financial resources;
- Approving annual budgets;
- Accounting to the stakeholders for the organization's performance.
- Setting their own salaries and compensation

As of 31 December 2010, Central Board Director of State Bank of India are listed below in the table. (<http://www.statebankofindia.com/user.htm>)

**Table 4.1**  
**Central Board of Director (SBI)**

<b>S. No.</b>	<b>Member Name</b>	<b>Post</b>
1	Shri O. P. Bhatt	Chairman
2	Shri R. Sridharan	Managing Director
3	Dr. Ashok Jhunjhunwala	Director
4	Shri Dileep C. Choksi	Director
5	Shri S. Venkatachalam	Director
6	Shri D. Sundaram	Director
7	Shri. G. D. Nadaf	Officer Employee Director
8	Dr. (Mrs.) Vasantha Bharucha	Director
9	Dr. Rajiv Kumar	Director
10	Shri Ashok Chawla	Director
11	Smt. Shyamala Gopinath	Director

#### **4.5 An Introduction of NSBL**

Nepal SBI Bank Ltd. (NSBL) is the first Indo-Nepal joint venture in the financial sector sponsored by three institutional promoters, namely State Bank of India (SBI), Employees Provident Fund (EPF) and Agricultural Development Bank Ltd. (ADBL) through a Memorandum of Understanding signed on 17th July 1992. NSBL was incorporated as a public limited company at the Office of the Company Registrar on April 28, 1993 under Regn. No. 17-049/50 with an Authorized Capital of Rs.12 Crores and was licensed by Nepal Rastra Bank on July 6, 1993 under license No. NRB/I.Pa./7/2049/50. NSBL commenced operation with effect from July 7, 1993 with one full-fledged office at Durbar Marg, Kathmandu with 18 staff members. The staff strength has since increased to 511. Under the Banks & Financial Institutions Act, 2063, Nepal Rastra Bank granted fresh license to NSBL classifying it as an "A" class licensed institution on April 26, 2006 under license No. NRB/I.Pra.Ka.7/062/63. The Authorized, Issued and Paid-Up Capitals have been increased to Rs. 200 Crores, Rs. 166.16 Crores and Rs. 165.36 Crores, respectively. In terms of the Technical Services Agreement concluded between SBI and the Bank, SBI provides management support to the bank through its 3 expatriate officers including Managing Director who is also the CEO of the Bank. A core management team viz. Central Management Committee (CENMAC) consisting of the Managing Director, Chief Operating Officer, Chief Financial Officer and Assistant General Manager(Credit) oversees the overall banking operations in the Bank. ADBL divested its stake in the Bank by selling its entire 5% promoter shares to SBI on 14th June, 2009. Consequently, the Bank's corporate status has undergone change from its previous status as a Joint-venture Bank to a Foreign Subsidiary Bank of SBI. Presently fifty five percent of the total share capital of the Bank is held by the SBI, fifteen percent is held by the EPF and thirty percent is held by the general public. (<http://nepalsbi.com.np/aboutus.php>)

#### **4.6 Organization Structure of NSBL**

##### **4.6.1 Area of Operation**

State Bank of India has 200 years of its history. Nepal SBI Bank Limited has its head office at Hattisar, Kathmandu, Nepal and several branches at different location in Nepal carrying its transaction worldwide.

#### **Table 4.2**

### Location of NSBL

S. No.	Branch Name	Bank Code	Branch Address	Contact Number
1.	Abukhaireni	218	Bich Bazaar, Gorkha Road	065-540557
2.	Baglung	197	Bank Road, Baglung	068-522492
3.	Bhairahawa	187	Bank Road, Siddhartha Nagar-5, Rupandehi	071-524471
4	Bhaktapur	207	Surya Binayak, Bhaktapur	01-6619386
5	Bharatiya Gorkha Sainik Extension Counter	196	Bharatiya Gorkha Sainik Niwas, Thamel, Kathmandu	01-6619386, 01-4417948
6	Biratnagar	185	Main Road, Biratnagar	021-523226
7	Birgunj	180	Adarsha Nagar, Birgunj	051-522784
8	Birtamod	182	Anarmani-3, Birtamod	023-540910
9	Bouddha	205	Chuchhepati, Bouddha	01-4461452
10	Butwal	191	Traffic Chowk, Butwal Ward No.08, Rupandehi	071-546730
11	CGI Extension Counter	193	Shreepur, Birgunj	051-534453
12	Commercial Branch	225	Prabhu Complex, Fifth Floor, Lainchaur	01-4024024
13	Dallu	214	Dallu Awas, Swoyambhu	01-4280755
14	Damak	219	Damak Chowk	023-585415
15	Damauli	199	Maharishi Chowk, Damauli Byas Municipality, Ward No:10	065-561252
16	Dang	206	Ghorahi-11, New Road, Dang	082-562815
17	Dhangadi	222	Dhangadi	091-522163
18	Dharan	190	Lok Plaza, Mahendra Path, Dharan-5	025-530370
19	Durbar Marg	177	Durbar Marg, Kathmandu	01-4253243
20	Embassy of India(Extension Counter)	179	Kapurdhara Marg, Kathmandu	01-4443548
21	Gaushala	217	Battisputali, Kathmandu	01-2239828
22	Gongabu	201	Gongabu, Kathmandu	01-4386919
23	Gulmi	209	Tamghas-4, Gulmi, Mukkhyaa Bazaar	079-521029
24	Gwarko	216	Gwarko Chowk, Laltipur	01-5552898
25	Hetauda	200	Main Road, Hetauda	057-526015
26	Ilam	211	Ilam Bazar, Ward No.1	027-521724
27	Indian Visa Service Centre		Kapurdhara Marg, Lainchaur, Ktm	01-4001516
28	Itahari	212	Itahari Municipality, Ward No.1, Dharan Road, Sunsari	025-587125
29	Janakpur	188	Shiva Chowk, Station Road, Janakpur	041-525861

30	Kalanki	213	Kalanki, Near Makalu Petrol Pump	01-4273115
31	Kuleshwor	215	Balkhu Road, Kuleshwor	01-4282466
32	Maharajgunj	204	Near to Australian Embassy	01-4650945
33	Mahendranagar	221	Campus Road, Mahendranagar, Kanchanpur	099-520434
34	Narayangarh	194	Shahid Chowk,Narayangarh	056-532939
35	Nepalgunj	195	Surkhet Road,Nepalgunj Municipality	081-527315, 16
36	New Baneshwor	203	New Baneshwor, Minbhawan	01-4106608
37	New Road	178	Dhakwa Building,Dharma Path	01-4221323
38	Palpa	210	Tansen-4,Silkhan Tole, Palpa	075-522210
39	Patan	202	Jawalakhel,Lalitpur	01-5535262
40	Pokhara	189	Arbind Complex(Near Purnima Cinema Hall), New Road, Pokhara	
41	PPO Dharan	186	Amar Path,Dharan-13,Sunsari	025-524893
42	PPO Pokhara	184	Embassy of India Pension Camp,Ram Bazar,Pokhara	061-432496
43	Rampur	181	Shreepur, Ward No.14	051-533343
44	Shishuwa	223	Bhanbardik-1, Sainikbasti, Leknath MNC	061-561746
45	Srijanachowk	183	Srijana Chowk, Pokhara	061-528515
46	Surkhet	208	Birendra Nagar-6,Surkhet	083-524649
47	Teku	192	Teku,Kathmandu,Nepal	01-4262556
48	Tikapur	220	Kanchibazzar, Khakraula Road	091-561258
49	Waling	198	Waling Bazar, Waling	061-622637

(Source: [www.nepalsbi.com.np](http://www.nepalsbi.com.np))

#### 4.6.2 Hierarchy of Management

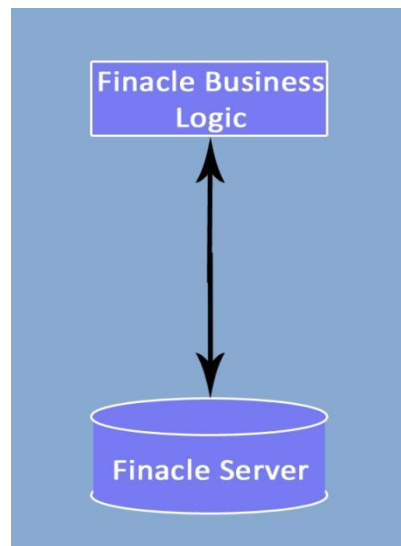
NSBL is registered corporation in Nepal and ranked as A Grade Banking Institution from the Nepal Central Bank i.e. Nepal Rastra Bank (NRB). NSBL has different level of personnel with different skill and knowledge in order to handle daily business transaction. Each branch of NSBL has Branch Manager to control the banking transactions. Officers are there in each branch in order to help Branch Manager. More over there are different personnel department wise, e.g. Credit Personnel, Operation Personnel, Cashier, Receptionist etc. They are strictly following the norms of the Banking Transaction and order of the Central Bank. However, the bank has its own policies provided by the Central Board of Director.

#### 4.7 System Architecture

Finacle universal banking products are designed to address the core banking, e-banking, Islamic banking, treasury, wealth management and CRM requirements of retail, corporate and universal banks. It was developed by Infosys, and is one of the major players in the arena of core banking in Indian and Asian banking domains.

Regarding Finacle Architecture, it has server client architecture. Server are placed at one place where as client are accessing server computer through VSAT technology. The Finacle also facilitate regular backup and inter branch communication which is one of the robust part of the system. The system maintain sufficient security level son that transaction are smooth and reliable and any unwanted application or un authorized user get traced by the automation of the system. As far as concern to SBI, all its Branches connect to a server maintained by SBI in Belapur, Mumbai, India using VSAT technology and are providing centralized solutions to their customers using innovative technologies.

**Figure 4.1**  
**System Architecture**



#### 4.8 System Functions (Actors)

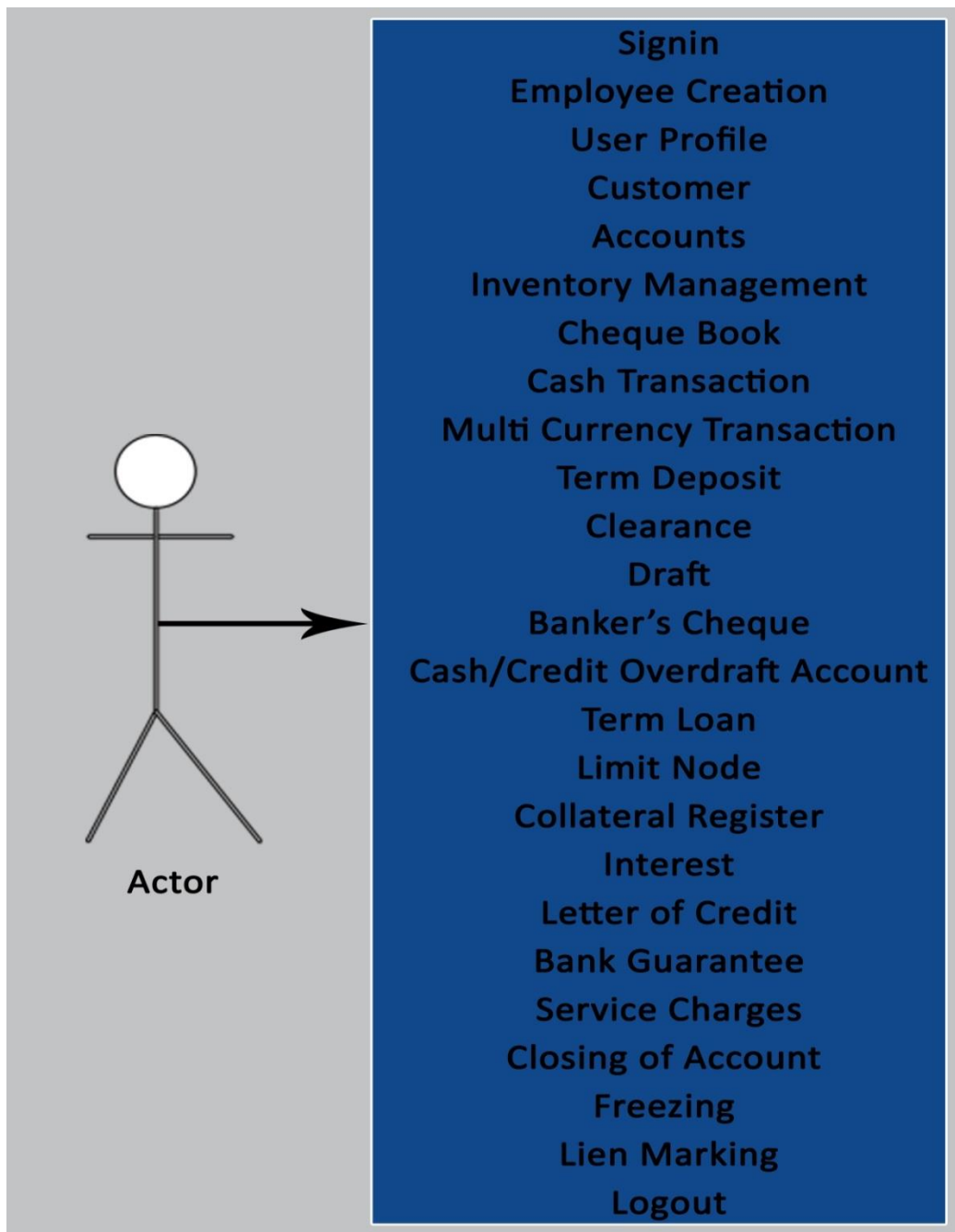
Infosys Technologies has developed the Finacle that can carry banking transaction in well organized and systematic manner. They have build many module like Employee Creation, Maintenance of User Profile, Maintenance of Customer, Maintenance of Accounts, Inventory Management, Maintenance of Cheque Book, Cash Transaction, Multi Currency Transaction, Term Deposit, Recording of Clearance, Draft & Banker's Cheque Maintenance, Handling

Cash/Credit Overdraft Account, Handling Term Loan, Maintenance of Limit Node, Maintenance of Collateral Register, Managing Interest, Managing LC, Bank Guarantee, Facility of Service Charges, Closing, Freezing & Lien Marking of accounts.

They have assigned different actors for the different modules in order to cope the business transaction.

**Figure 4.2**

## System Functions



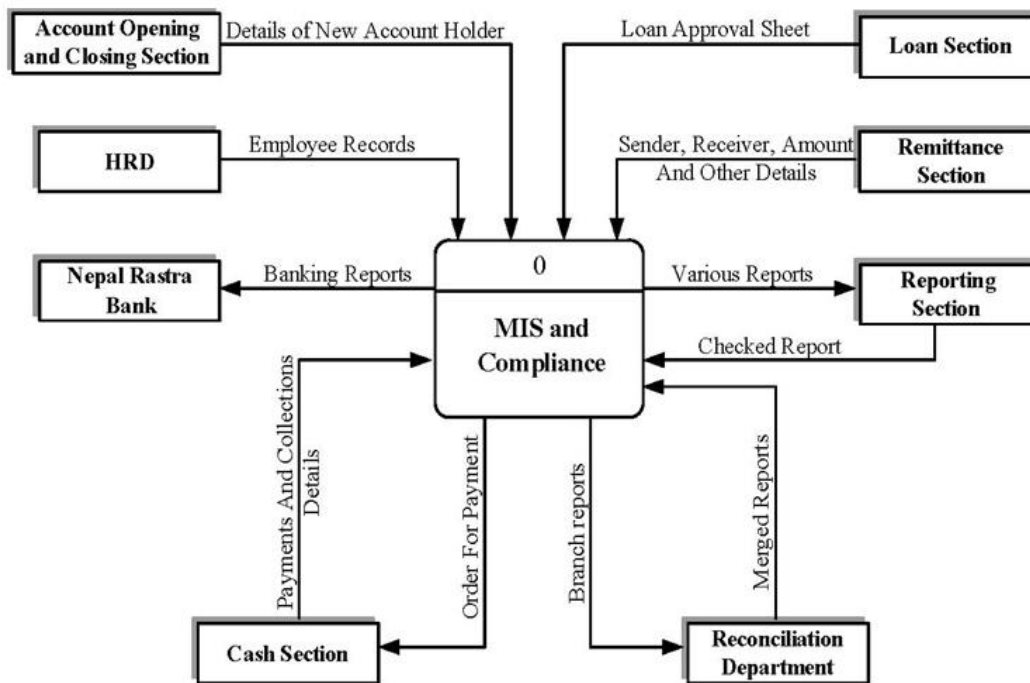
### 4.9 DFD of Existing System

Data Flow Diagram DFD of the system is shown through the Context level diagram and zero level data flow diagram. The both diagram are drawn by short observation of the organization and interviewing the concerned personnel.

#### 4.9.1 Context Level Diagram of Existing System

There are mainly eight entities to explain the overall information system of the organization. Account Opening Section, Loan section, Human Resource Department, Remittance Section, Reporting Section, Cash Section and Reconciliation Department are those which uses the system most that is continuously link with the system. Other sections are not directly link with the system in this Diagram.

**Figure 4.3**  
**Context Level Diagram**

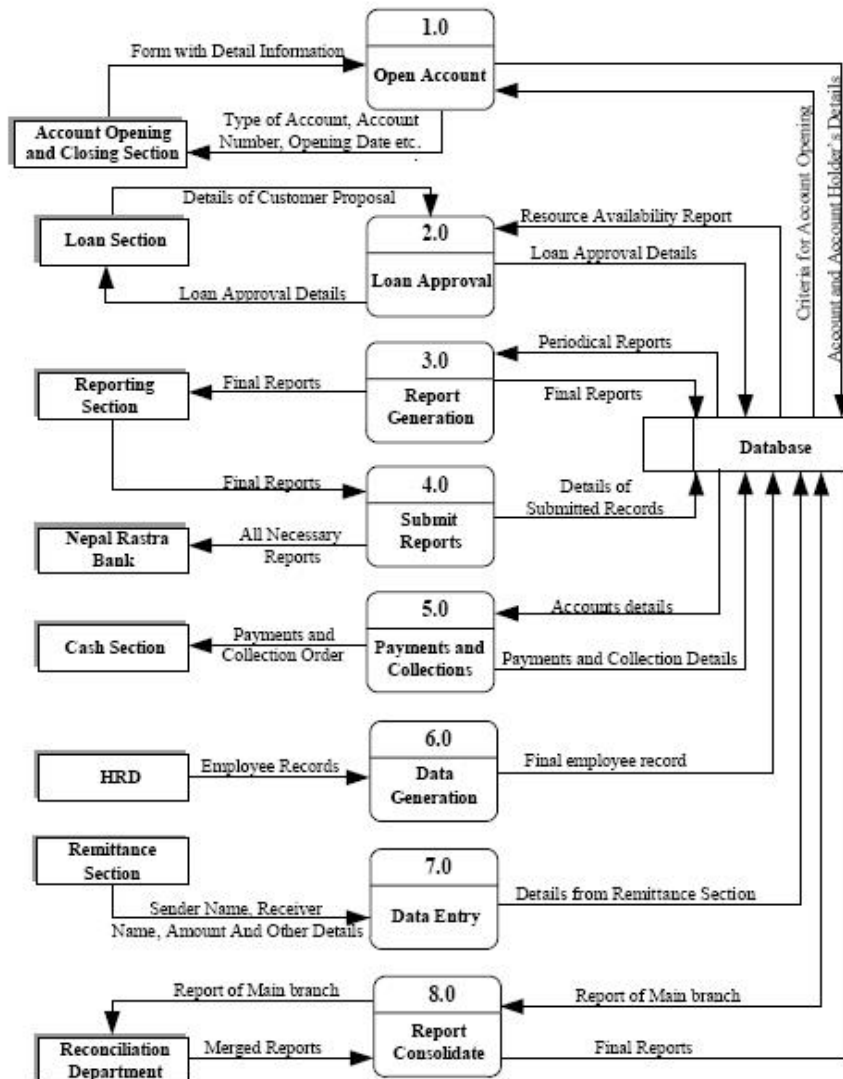


**4.9.2 Zero Level Diagram of Existing System**

The researcher presents the Zero Level Diagram of a Banking System with the following diagram. The diagram is only imaginary concept but not the actual as researcher cannot have access to the Finacle Server Database. Thus, the below Zero Level Diagram is based on the assumption of the system.

**Figure 4.4**

## Zero Level Diagram



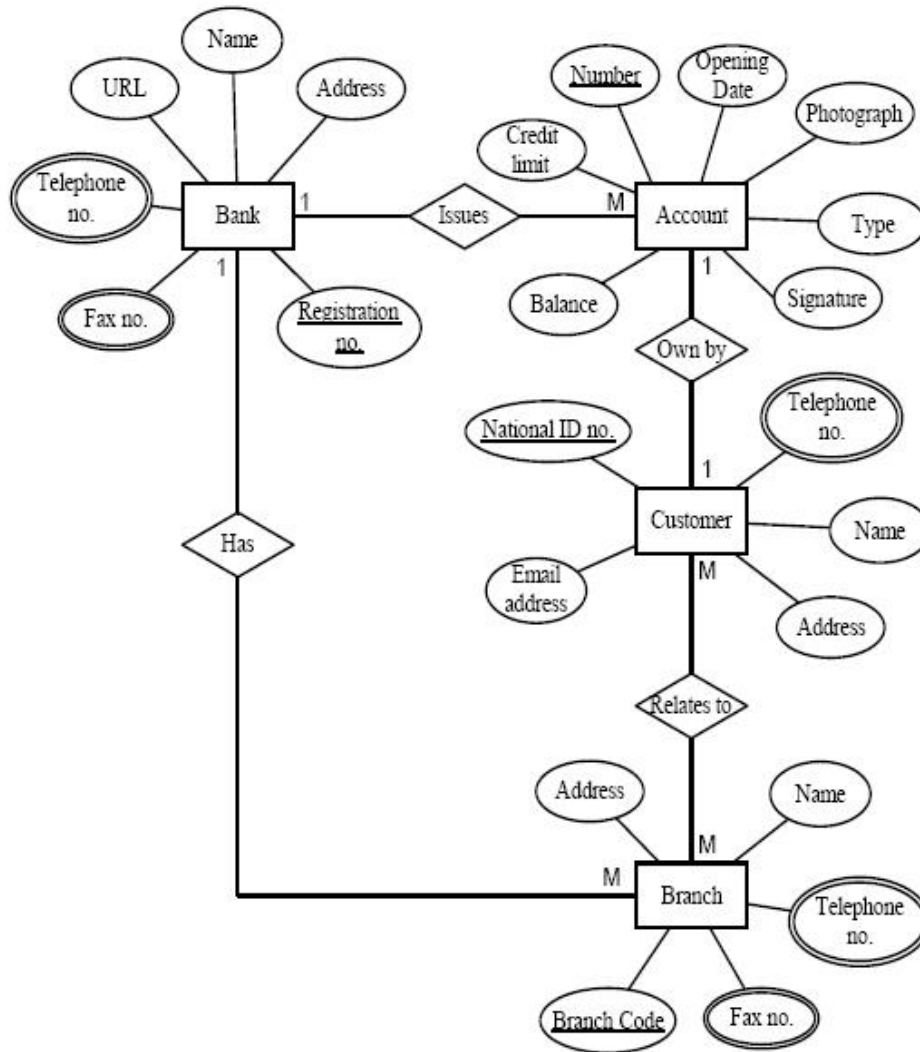
### 4.10 ERD of Existing System

An entity-relationship model (ERM) is an abstract and conceptual representation of data. Entity-relationship modeling is a database modeling method, used to produce a type of conceptual schema or semantic data model of a system, often a relational database, and its requirements in a top-down format. Diagrams created by this process are called entity-relationship diagrams, ER diagrams, or ERDs.

#### 4.10.1 A Simple ER Diagram of Banking System

Figure 4.5

A Simple ER Diagram



Description of entities, attributes, relationship are presented below:

#### Description of Entity

**Bank:** Contains information of the bank, which is using the system.

**Account:** Customer has to open account to start transaction with bank. It contains all details of account.

**Customer:** Contains information about the customer.

**Branch:** Contains information about the branch.

**Description of Attributes:** The below tables describes the attributes of the ER Diagram.

**Table 4.3**  
**Data Definition of Bank**

S. No.	Data Element	Data Type	Descriptions
1	Name	Character	Full name of the bank
2	Address	Character	Full mailing address of the bank
3	Telephone No.	Number	Telephone number of the bank
4	Fax No.	Number	Fax number of the bank
5	Registration No.	Number	Registration Number of the bank
6	URL	Character	Internet address of the bank

**Table 4.4**  
**Data Definition of Account**

S. No.	Data Element	Data type	Description
1	Type	Character	Type of account
2	Number	Character	Unique account number
3	Opening Date	Number	Opening date of account
4	Credit Limit	Character	Credit limit or credit balance of account
5	Photo	OLE	Photo of the account holder
6	Signature	OLE	Signature of the account holder
7	Balance	Number	Balance of the account holder

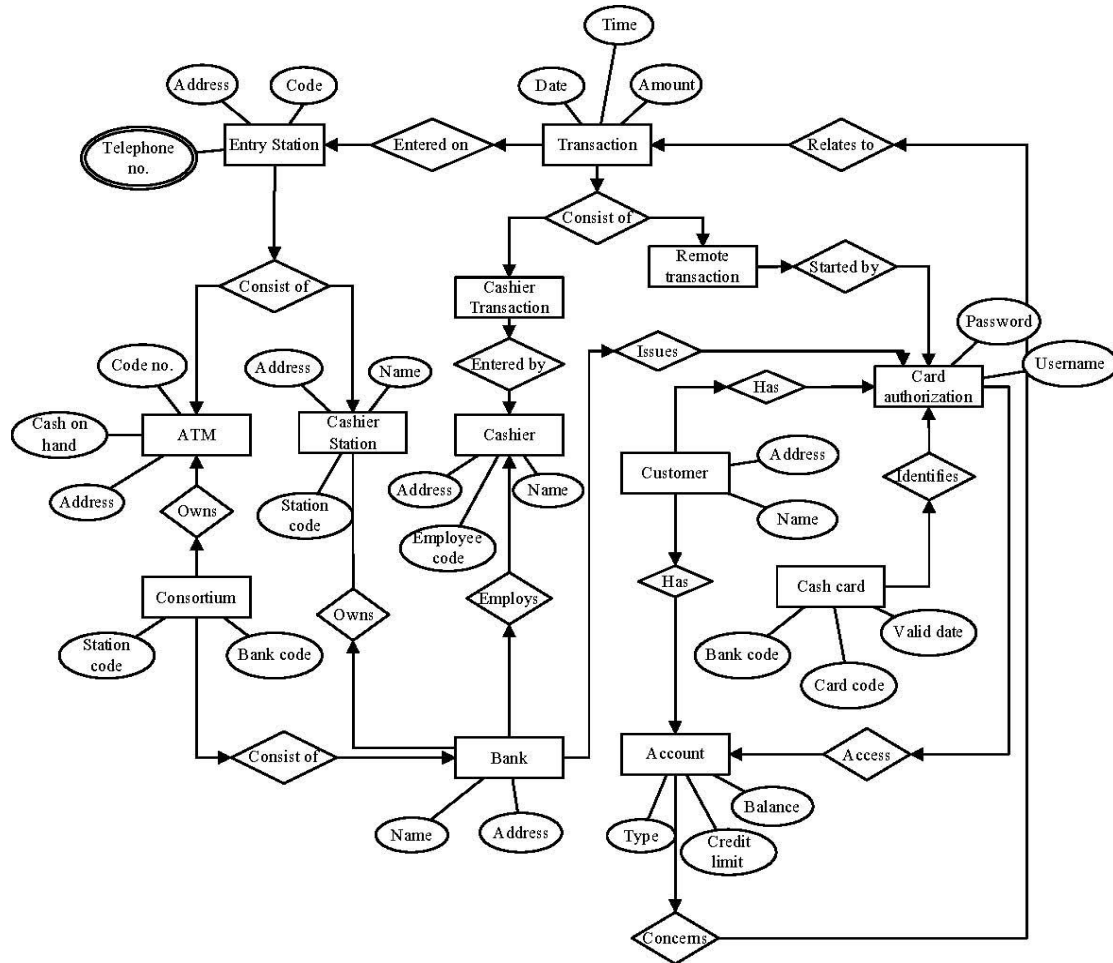
**Table 4.5**  
**Data Definition of Customer**

S. No.	Data Element	Data type	Description
1	National ID No.	Number	National ID number of the customer
2	Name	Character	Full name of the customer
3	Address	Character	Full address of the customer
4	Email address	Character	Electronic mailing address of the customer
5	Telephone No.	Number	Contact numbers of the customer

**Table 4.6**  
**Data Definition of Branch**

S. No	Data Element	Data type	Description
1	Branch code	Number	Code of the branch
2	Name	Character	Full branch name
3	Address	Character	Full mailing address of the branch
4	Telephone No.	Number	Telephone number of the branch
5	Fax No.	Number	Fax number of the branch

**Figure 4.6**  
**Relationship Diagram of Banking Transaction**



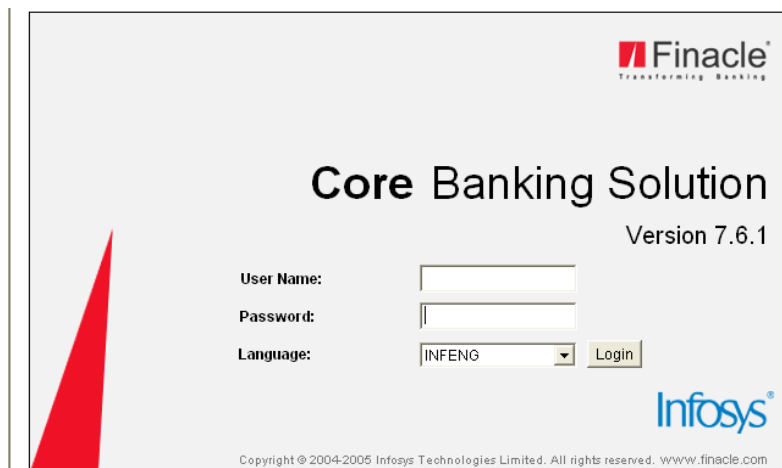
### 4.11 Core Banking

Finacle core banking solution is a comprehensive, integrated yet modular business solution that effectively addresses the strategic and day-to-day challenges faced by banks. It is highly powerful providing that much-needed flexibility to innovate and adapt to a dynamic environment in all aspect of bank in their banking transaction.

The solution has an integrated CRM module enabling banks to offer a rich and differentiated value proposition to customers. The layered Service Oriented Architecture (SOA), STP capabilities, Web-enabled technology and 24X7 operations ensure multi-channel, multi-

country and multi-currency implementations. The functionality-rich modules in the solution provide banks with a varied palette of features to continuously innovate on their product and service offerings. From the services innovation perspective, Finacle offers a comprehensive and unified customer repository with capabilities to educate and empower customers. With Finacle core banking solution, banks can meet the challenges of managing change, competition, compliance and customer demands effectively.

**Figure 4.7**  
**Core Banking**



#### **4.11.1 Key Modules**

- Enterprise Customer Information
- Consumer Banking
- Wealth Management
- Corporate Banking
- Trade Finance
- Islamic Banking
- Functional Services
- Reusable Business Components
- Accounting Backbone
- Infrastructure

#### **4.11.2 Business Benefits**

There are few terms which perform Business Benefits which are mentioned below.

#### **a. Differentiated Product Spread**

Finacle core banking solution offers an unlimited palette of features for banks to design and deploy products for varying market segments. The product bundling capabilities of the solution offer a wide range of possibilities for banks to create products with innovative features. The facilities provided for differential pricing, channel rules and customization through Finacle Studio – the scripting engine, empower banks to continuously innovate and extend their suite of products, across segments.

#### **b. Agile Operations**

The Service Oriented Architecture (SOA) enables the IT team at the bank to effect changes without touching the base code, ensuring lesser vendor dependency and faster adaptability to changing business conditions.

#### **c. Robust Cross-sell Framework**

The CIF and CRM capabilities in Finacle offer a unified view of the customer across the entire solution and across multiple back-end applications, enabling the bank to view the customer from a completely informed angle. This empowers banks to effectively manage customer relationships and aggressively explore cross-sell opportunities.

#### **d. Increased Operational Efficiencies and Productivity**

Finacle core banking solution supports business event automation and process orchestration, thus eliminating manual tasks and reducing process time. The elimination of error and data redundancies also results in increased branch productivity. Straight Through Processing (STP) abilities enhance reduction in turnaround and processing time, increasing output and enabling speedy completion of tasks.

### **4.12 Finacle Direct Banking Solution**

Finacle direct banking solution is a comprehensive solution for banks to manage the full fledged branchless delivery of a range of assets and liabilities solutions, through the Internet, mobile or call center channels. Built on new-generation technology, it provides banks with a cost-effective entry strategy for business expansion into new geographies, and network

expansion in existing markets. It is also an effective engine that leverages online sales enabler infrastructure to drive customer acquisition and extend the branchless bank's outreach. Powered by Finacle universal banking solution that addresses the core banking, CRM, wealth management and e-banking needs of the bank, this seamless banking solution is completely equipped to support true relationship banking. It enables banking customers with real-time access to their relationships with the bank, such as deposits, account inquiries, fund transfers, credit card and mutual fund services. Complete with preconfigured parameters and process maps, along with support for multi-lingual call-center operations, Finacle direct banking solution enables rapid multi-entity rollouts, ready for market from day one. Operational partnering from Finacle, bringing with it the advantages of proven know-how across all Finacle components and functions – consulting, implementation, BPO – helps the direct bank optimize efficiencies and costs. The Finacle alerts infrastructure provides multi-channel alerts, establishing strong communication links that facilitates effective relationship management. In addition, the solution is highly secure and supports multiple authentication mechanisms.

#### **4.13 Key Features**

##### **4.13.1 Online Customer Acquisition**

- Comprehensive prospect-to-customer conversion functionality within the bank's portal
- Integrated online application form with a family of financial simulation tools and selectors to engage prospects in personalized sales illustrations
- Support to save incomplete customer applications for completion on subsequent visits.
- Capture of funding account details and processing of verification through penny payment mechanism and interface with third party vendors
- Flexibility to allow limited Internet banking access with application form submission and comprehensive access after creation of the first account or to allow access to Internet banking only after creation of first account
- Workflow enabled customer creation in compliance with KYC, AML and OFAC regulations
- Multi-channel alerts engine to notify prospects about the status of application across every stage of application processing

#### **4.13.2 Online Service Fulfillment**

- Balance and transaction reporting
- Online transaction capability support:
- Intra-bank transfer, inter-bank local payments and inter-bank remittance
- Maintaining personal payee
- Multiple payment networks such as ACH and SWIFT
- Access to secure mail service
- Service request framework to address customer requests and complaints
- Enquiry services to track online activities
- Complete relationship view encompassing third party systems
- Electronic bill payment and presentment

#### **4.13.3 Business Process Outsourcing Services**

- Pre-configured process maps and indicative SLAs for service fulfillment
- Templates defining operational processes, complying with AML guidelines and industry standards for complaints management, change management, escalation management and reporting
- Templates for Market Launch Business Case and Staffing Plans
- Right skilled talent to operate the bank from day one
- Operations Excellence Management System (OEMS) for
- SLAs
- Workforce Management
- Quality Control
- Performance Reporting
- Knowledge management systems to share best practices

### **4.14 Business Benefits**

#### **4.14.1 Rapid Business Roll-out**

Finacle direct banking solution, with its pre-configured parameters and process maps can be tweaked to include local flavors for rapid business roll-out. It presents banks with the option to right-source complete operational logistics, and enable branchless banking across multiple entities and channels. The ready-for-market outsourced back office, with resources skilled in

Finacle modules and functions, can be centralized and leveraged to address the needs of direct business entities in new geographies and in existing markets. Support for multi-lingual call center operations ensures that these multi-entity rollouts service customers effectively, from day one.

#### **4.14.2 Aggressive Customer Acquisition**

Finacle direct banking solution supports the creation of demand generation through online sales enablers, for banks with no branches to drive customer acquisition. Support for multi-channel self-service fulfillment significantly increases banking convenience. The solution also supports campaigns that promote transparency of product pricing, loyalty campaigns and brand strength, optimizing marketing efforts and resulting in greater conversion of prospects. The reduced service distribution and transactions cost, which the solution enables, can be passed on to customers to grow deposit strengths.

#### **4.14.3 Lower TCO**

The solution is differentiated by the option it presents to banks to outsource operational logistics, leveraging right skilled resources with know-how of Finacle components and functions. This maximizes service efficiencies and cost rationalization. Finacle direct banking solution also facilitates reduction in service distribution and transaction costs, by enabling the deployment of an optimized channel management strategy. A single installation of the solution can support multi-entity roll-out of offerings, bringing down the costs of product and service innovation, significantly.

#### **4.14.4 Improved Cross-Sell Framework**

The seamless integration of online and offline channels, presents a customer-centric architecture that engages a breadth of self-service channels ranging from ATMs to kiosks. It enables branchless banks to offer a one-stop financial portal for customers, complete with timely advisory services delivered through pre-populated content management toolkit. This effectively supports true relationship banking, providing a robust framework for cross sell opportunities.

#### **4.14.5 Robust Security**

The solution presents extensive security features and provides a sturdy grid to integrate with specialized security software. Through multiple authentication means, it enables the direct bank to offer products that are highly secure and gear up to withstand the onslaught of security threats around Internet transactions.

#### **4.14.6 Customer Delight**

Multiple self-service channels supported by Finacle finanz tools and the alerts engine, empower customers to manage their banking activities better. The easy-navigation, pre-populated content management tool kit provides timely and relevant advisory services. The solution also facilitates the delivery of consistent service levels and continuous innovations in products spread.

### **4.15 Functional Architecture**

#### **4.15.1 Employee Creation in Finacle**

Employees are the organization staff no matter of office small, medium or large and educational institute, business corporate, NGO, INGO, financial institutions or other any sectors. They all have human resources working for the growth, prosperity and for towards achievement of organizational goals with their proper visionary approach. Thus employee listing is the major part of any system. In this Finacle employee database is created invoking the menu option EFM, the application will prompt for input of the following values in the function block. The available values are A, C, D, I, L, M, U, V, X.

- A stands for ADD
- C stands for COPY
- D stands for DELETE
- I stands for INQUIRY
- L stands for LIST
- M stands for MODIFY
- U stands for UNDELETE
- V stands for VERIFY
- X stands for CANCEL

In order to create a new user, key in “A” in the function block. Then key in the employee ID. The length of the employee ID can be a maximum of 10 characters. This can be alpha numeric. Press F4 / <Accept> Key.

Then fill up the following fields:

- Full name, Short name, Initials, SOL ID, E Mail, Id, Designation, Employee Status, SP No, SP amount. While all these fields are self explanatory, help is also available upon pressing F1 or F2 as the case may be. Once the above inputs are keyed in a record is added by pressing F10. This records needs verification by another user having appropriate verification rights.
- In the function Block, the option C which stands for Copy will copy an existing employee record to a new record. This option can be used for creating new employee record having similar characteristics of an existing employee. This needs verification.
- The option D which stands for Delete will delete the existing record upon providing the employee ID.
- The option I stands for INQUIRY will enable the details of existing employee upon giving the employee ID.
- The option L will LIST all the existing employee IDs of the particular SOL.
- The option M which stands for MODIFY will enable us to modify the details of an existing employee record. Modification also requires verification. At the time of verification, to see the data modified, Ctrl + E. press F7 and F10 at exception box for verifying the modification.
- The option U stands for UNDELETE will undelete a record which has already been deleted. Enter user ID and press F4 and F10 to undelete the user ID.
- The option V stands for VERIFICATION of a new record or a record which has undergone modification.
- The options X which stands for CANCEL will undo the modification which has been carried out using MODIFY option.

#### **4.15.2 Maintenance of User Profile**

We all can assume without user mentioned in the system no record can either be inputted neither output can be generated. So in order to get proper utilization of MIS user maintenance

is most; however the category, role or permission of operation may be differing with the user category. This part of the system is called maintenance of user profile which is done through menu option UPM/HUPM in Finacle.

The application will go to the Function Block, where the various option available for input are A,C,D,I,L,M,U and V where

- A stands for ADD
- C stands for COPY
- D stands for DELETE
- I stands for INQUIRY
- L stands for LIST
- M stands for MODIFY
- U stands for UNDELETE
- V stands for VERIFY

For the purpose of creating a new user, the option to be chosen is A. the next input required for the system is the User ID. This is a user input and it can be alpha numeric. Then click on the accept button. Then the next screen will open.

In the second screen, the first input is the SOL ID, which the number is allotted to the branch.

### **Employee ID**

Here enter the ID of the employee already created through EFM.

### **User Tenor**

The available values are CAPTIVE or FREE. If the user is CAPTIVE means, the user will not be able to carry out the Inter-SOL transaction or access the other SOL in the same database. If the user is a FREE user, he will be able to access the other SOLs in the same data base and will be able to carry out Inter-SOL transactions.

### **Authorizer ID**

This should be filled up for all those users who will be handling inventory. The user whose ID is filled up here will be able to carry out the authorization of movement of inventory in the absence of the user whose profile is being created.

**Application Name**

The available values are GU, SU, and DBA etc., meaning General User, Super User and Database Administrator. While General user will be able to carry out the general transaction, Super User have higher rights for authorization and Database Administrator will be able to carry out Database related activities as well.

**Role ID**

Various Role IDs have been defined by Bank, viz Assistant/Teller, Officer/Assistant Manager, Deputy Manager, Chief Manager, Assistant General Manager, Managing Directors etc. These are created depending upon the role of the respective users at the branches/Corporate Office. This is and HRRCDM code and in case there is a requirement for a new role the same can be created.

**Work Class**

Here the numeric values assigned for various categories of users has to be entered. The numeric value indicates the role that is assigned to the user. For this purpose all the role have to be assigned an appropriate value. The higher the value of work class, the higher the powers associated with it. This is mandatory Field.

**Login Time/Low/High**

The value assigned here indicates, the time from which and time up to which the user is entitled to access the application.

**Temp. Work Class**

This is a non mandatory field. Whenever the user is assigned with higher responsibilities than he is usually expected to handle for a specific period, then this field should be filled up with the corresponding higher value associated with the additional responsibility entrusted to the user.

**Effective Till**

This is again a non mandatory field. This has a relation to the previous field, viz., temp, work, work class. As and when a user is assigned higher responsibility for a temporary period, the period upto which such responsibilities are assigned should be entered here.

**Maximum Inactive Time**

This is a mandatory field. Here the value should be entered in minutes. If the user does not use the application for a period mentioned here, the system will automatically logout the user from the application.

**Account Expiry Date**

This is a mandatory field. Here the input is the date up to which the user will be valid user in the system.

**User Disabled Till**

If a particular user is proceeding on leave or on deputation to other places, the date up to which the user will not be accessing the application should be entered here. This is not a mandatory field.

**Password**

At the time of creating a new user, a dummy password has to be entered here. The only activity which a user is able to perform with this dummy password is to change the password. As and when the user logs on to the system with this dummy password, system will prompt the user to change the password.

**User Permission****Virtual User**

This is a non mandatory field and for all users normally, it should not be enabled. If enabled, the validations will be skipped.

**Proxy Post Allowed**

Normally the box should not be checked. If checked, it will enable the user to proxy post a transaction. That is in case of SOL validation, if there is an unbalanced batch, the system will post the unbalanced amount to Proxy account if the user perform SOL validation is enabled for Proxy Posting. Hence, it should be enabled only for those who are doing ABH activities at the branch.

**Remote Access**

The available values are Y and N. If the inputs is Y, the user will be able to access the application from remote location as well and if the value is N, the user will not be able to access from a remote location.

**4.15.3 Maintenance of Customer**

Customers are those people who pay for goods or services. A customer, also called client, buyer, or purchaser, is usually used to refer to a current or potential buyer or user of the products of an individual or organization, called the supplier, seller, or vendor. This is typically through purchasing or renting goods or services. But in terms of bank customer, they are those who wish to deposit money, or borrow money, or to convert money into a different form of currency is potentially a customer for a bank. We can understand that without any record of customers any MIS system is incomplete. Here in Finacle provides HCUMM menu for the creation and maintenance of customer.

After invoking the menu option HCUMM, the application will go to the function block, where the available values are A, C, I, M, S, U, V and X for Add, Copy, Inquiry, Modify, Suspend, Undelete, Verify and Cancel a customer ID respectively and the tasks performed by the various options are provided in the option box itself.

For the purpose of creating a new customer, choose A (ADD) and click on the accept button without filing the Cust ID box. In the next screen following headings/fields appear which have to be filled in one by one.

**Figure 4.8**  
**Maintenance of Customer**

1. Personal Details
2. General Details
3. Address
4. Currency Details
5. MIS Information
6. Minor Details
7. NRN Details
8. TF Details
9. Related Person Details
10. Buyer/Seller Limits
11. Previous Bank Details
12. Identity Details

Note: The field with red asterisk in every tab is mandatory.

## **1. Personal Details**

In the first block, which is for personal details, Name, Short Name and the type of address fields are mandatory. Apart from above two fields, there are other fields like Gender, Marital Status, Minor Details, NRN details, Staff Details, Mobile Number, PASSPORT Details are also available which when properly field will enable the branch to retrieve those details at a later date. Once the mandatory details are filled up correctly, there is a facility to validate the input by clicking the validation button. If there is no error, the application will permit the user to proceed to the next block viz. General Details.

## **2. General Details**

In this screen, in the first block the SOL number will be auto populated and is a mandatory field. There are other details, like whether SWEEP facility is required for the customer, if so, what are the accounts that linked for it, whether the customer is a Trade Finance Customer or not and at what frequency the statement is required for the customer, have to be entered.

In the next block, introducer details have to be keyed in. help is provided for all the fields of this block.

In the next block, details regarding customer preferential rates have to be entered. The exchange rate preferred code, account level charges account and customer level charges account have to be entered. These are non mandatory fields.

In the next block, the credit card details of the customer, if applicable, have to be entered. This is again a non mandatory field.

In the next block, TDS details of the customer have to be entered. Here only the tax slap field is a mandatory field. Other fields like TDS exemption start date, TDS Cust ID, TDS exemption reference number etc. are non mandatory fields.

The next field is the Financial Details field where excepting Currency details, which are again auto populated, all other fields are non mandatory. This block contains lots of

information about the financial details of the customer viz., net-worth, assets, deposits, investments, etc., of the customer. It is preferable to enter all the details in this screen for advantages customers for accurate generation of reports later.

### **3. Address Details**

In this screen, the full address of the customer including the pin code, city code, state code and the country code have to be filled up. There is provision of entering three different addresses namely “Permanent”, “Employer”, and “Communication”. Help is available for all the fields and filling up of all the fields is mandatory.

### **4. Currency Details**

In this screen, the currency (ies) in which the customer is authorized to maintain accounts have to be entered. For each currency, the withholding tax percentage, floor limit, customer preferential % (Dr. & Cr.) have to be entered.

### **5. MIS Details**

Visiting MIS details screen itself is not mandatory. However, if the user wants to enter the MIS details of the customer like, status, constitution, organization etc., it can be entered in this screen. Help is available for all the fields.

### **6. Minor Details**

This is again a non mandatory screen. However, in the first screen relating to Personal Details, if the Minor Details block is clicked, then visiting this screen is mandatory. In this screen, details like Guardian code, Guardian Name and his address have to be entered. For the guardian code, pop up is available indicating the type of guardian, whether natural guardian or a court appointed guardian etc.

### **7. NRN Details:**

Similar to Minor Details, in the Personal Details screen, if the NRN details block is clicked then visiting this screen is mandatory otherwise this screen need not be visited. In this screen, nationality, country, local address, date of becoming NRN and the local relative contact number etc., are the fields which have to be entered.

## **8. TF Details**

In the second screen which is on General Details, if the Trade Finance Customer block is enabled, visiting this screen is mandatory otherwise it is non mandatory field. All the mandatory fields of this screen like, Name, address, city and country will be auto populated. Other optional fields worth mentioning in this screen are, Constitution, Forward Contract Limit, DC Limit, its sanctioning authority, sanction valid up to, DC Margin percentage etc.

## **9. Related Party Details**

This is again a non mandatory field. If the customer who is presently being created is related to any of the existing customer, this field can be filled up.

## **10. Buyer/Seller Limits**

This is again a screen related to TF (Trade Finance) customers. If the customer open is a trade finance customer and if the exposures have already been set, fields in this screen can be entered. Help is available for all the fields. None of the fields of this screen are mandatory.

## **11. Previous Bank Details**

This is also a non mandatory screen which contains the details of the name of the previous bank with whom the customer was banking earlier, his account id, account open date and its present status.

## **12. Identity Details**

This is also a non mandatory field. Here, the fields available are the ID type, ID document obtained, its place of issue, country of issue, date of issue and its expiry date. Details of passport, ration card, employer card etc. can be entered here.

### **4.15.4 Account Opening**

After mentioning the customer of Bank in Finacle, the MIS provides available options for the creation of accounts. Accounts may be different type via. Saving, Current, Fixed, Call Current and according to policy of Banks. Herein Finacle facilitates HOAACSB/HOAACCA menu in order to cope banking transaction. Below are some of the Prerequisite for the operation of account.

Prerequisite:

**Table 4.7**  
**Prerequisite Account Opening**

1. Customer Number (Cust id)	2. Sol id
3. GL Subhead	4. Scheme Code
5. Scheme Type	6. Currency Code

**Figure 4.9**  
**Opening an Account**

Function	<input type="text" value="0"/>	OPEN
SOL ID	<input type="text" value="0049"/>	DAHANU, MAHARASHTRA
Cust. ID	<input type="text" value="RAVI008"/>	RAVICHANDRA
CCY	<input type="text" value="INR"/>	INDIAN RUPEE
Scheme Code	<input type="text" value="TDIIM"/>	TD MTLY II
GL Sub Head	<input type="text" value="12020"/>	
Permanent A/c. ID	<input type="text"/>	
Copy A/c. ID	<input type="text"/>	

This user has to specify the customer id for which the account is opened, the currency code and the valid Scheme Code. System populates the default GL subhead code specified at GSPM (General Scheme Parameter Maintenance). If no default GL subhead code is specified or more than one GL subhead is defined at GSPM, the user has to procedurally enter the GL subhead code and <ACCEPT>.

Form this menu option you have to visit the following sections to capture relevant details.

**Figure 4.10**  
**Account Opening Details**

The screenshot shows the 'A/c. Opening - Term Deposits' form in the Finacle Core Banking system. The form is divided into several sections: General, Interest & Tax, Scheme, Transfer-in, Flow, Renewal & Closure, Nomination, Impact On TDS, and Related Party. The 'General' section contains the following fields: A/c. Name\* (RAVICHANDRA), A/c. Short Name\* (RAVI), A/c. Open Date (22-11-2002), Fee Level Code, Location Code, A/c. Manager, Ledger No., Cash Exception Limit Dr. (20,000.00), Clg. Exception Limit Dr. (0.00), Transfer Exception Limit Dr. (5,00,000.00), Relative Staff ID, Name in Preferred Language, A/c. Statement (radio buttons for Statement, Pass Book, Deposit Receipt, None), Statement Freq. (Week, Day, Holiday), Despatch Mode, A/c. Information (checkboxes for Relative to Staff, Allow Sweeps, Collect Fees, ECS Enabled), and Notes. The 'Interest & Tax' section includes Mode of Operation and A/c. Report Code (FGNM). The 'Scheme' section includes Contact Phone No. and three Cr. fields with a value of 9,99,99,99,99,999.99. The 'Nomination' section includes Preferred Language Code. At the bottom, there are buttons for 'SUBMIT', 'VALIDATE', and 'CANCEL'.

**Table 4.8**  
**(Account Opening Details)**

General Details	Interest Details	Scheme Details
Nomination Details	Related Party Details	MIS Code
Payment System	Other Details	

This main Screen of account opening is then displayed and the user to specify the details of the account. The values specified at GSPM and CUMM are default populated during account opening.

**General Details**

- A/C Open Date: A/C Open Date by default is the BOD date .This date can be modified.
- Mode of operation: Appropriate code can be entered here

- Collect fees /Charges: This field is used to indicate whether charges should be collected for this
- Turnover Details: This field value will determine generation of account turnover details
- Account statement is a mandatory field frequency is a default populated from GSPM or HCUMN it is possible to enable the account for statement /pass sheet generation or both or none. when S or B is entered for A/C statement then entry of frequency is mandatory if the value specified is pass sheet the frequency of pass sheet dispatch mode have to be specified
- Allow Sweeps: This will determine whether the a/c should be considered for SWEEP facility or not
- ECS Enabled: The parameter specified here decides whether this account is enabled for Electronic Clearing or not

### **Interest Details**

- All interest and tax related parameters can be entered in interest details screen

### **Scheme Details**

- SB and CA account specific scheme details are captured as part the following screen
- Cheque Allowed: Whether cheque book facility is to be allowed or not
- Recover fee for chq. Issue: whether cheque book charges are to be levied or not
- Nomination: whether Nomination is required or not If this flag value is Y enter of nomination details is mandatory
- Dr Balance limit: The maximum allowed debit in current account this is validated against the exception set in GSPM
- Max Allowed Limit: The ceiling limit on the overdraft sanctioned for a current account when the aggregate of overdraft sanctions made to a current exceeds this limit the system validates for the exception set in GSPM
- In case of transferred accounts a facility is provided for capturing of pending interest amount (Dr or Cr)account balance and the minimum balance during the month of transfer which needs to be considered during next interest calculation the relevant columns are interest Amt (Dr/Cr)minimum balance and account balance

### **Related Party Details**

- This option can be used to capture the power of attorney holder information letter of authority information joint holder information and authorized signatories' information.
- The first record in Related Party Details is populated from the Cust Id specified in HCUMM.
- Additional records can be added as per requirement by choosing option <NEXT REC>

### **Nomination Details**

- The nomination details can be maintained in the system and these details are captured while opening or maintaining the account. This is a co-mandatory screen. User can invoke this screen only if the nomination flag is set in scheme details.

### **MIS Codes**

- MIS codes can be entered for the accounts opened using this screen interface. Entry of details are through the codes which are created using RRCDM. The entry of appropriate codes is useful for generating various MIS reports.
- Auto Sweep: Whether system should take care of SWEEP or not.

### **Payment System**

- If the interest credit flag is set as T-Payment System in "Interest Details", then payment details can be captured using the screen interface.

### **Customer Account Verification**

- Customer accounts are verified using the following menu options.  
SB Acct- HOAACVSB  
CA Acct- HOAACVCA  
While verifying the account, authorizer has to visit all the screens, which the user who has opened the account has visited.

#### **4.15.5 Inventory Management**

Inventory is popular known as stock. We might be confused whether Banks maintain inventory, the answer is yes. Banks need to maintain inventory of their vital documents via.

Account Details, Cheque, and Funds etc which are most essential activity of any banks and requires security. This activity is carried over in Finacle by different menu like IIM, IMAUM, ISI, ISA, IMI, IMR, ISR and ISRA having different purpose.

For a better understanding of Inventory handling in Finacle the user needs to familiarize with the following terminologies.

### **Location Class**

This is a broader classification under which the Location Code will come. Location Class could be Branch Main Vault, Double Custody Cabinet, and Strong Room etc.

### **Location Code**

This is the sub classification and there could be more than one location code under a Location Class. While Strong Room could be a location class, a particular Cabinet in a strong room could be the location code.

### **Inventory Class**

Major classification of inventory is inventory class. Examples being, Cheques, Demand Drafts, Bankers Cheques, Fixed Deposits Receipts etc., under which the inventory code will come.

### **Inventory Code**

This is a sub classification of Inventory class. While cheques and drafts are classified under inventory class, within cheques, current account, Savings bank cheques etc are classified under inventory code.

For the purpose of better understanding of the inventory maintenance module in finacle, the flow of inventory movement activity in the bank is laid down below and the manner in which it is supported in Finacle.

### **The Various Activities Involved in Inventory Maintenance**

- Dispatch of inventory from Accounts Department at Corporate Office
- Receipt of inventory at Branches and keeping it in the double locker

- Defining various classes of inventory
- Defining various types of inventory
- Defining the locations for keeping the inventory
- Defining the users for holding the inventory
- Defining the authorizers for holding the inventory
- Distributing the inventory to various users
- Splitting the inventory
- Merging the inventory
- Inquiry on the movement of Inventory
- Inventory Movement report

### **Inventory Status Report of All**

- The Location Class and inventory Class are defined at the System department level using the Menu Option HRRCDM.
- The Location Code which is the sub classification of Location Class is defined using the Menu Option ILCM.
- The inventory type which is a sub classification of Inventory Class is defined using the Menu Option IIM.
- The users authorized to handle inventory movement are defined using menu option IMAUM.
- The actual movement of inventory takes place through the menu IMC.
- Merging and splitting of Inventory takes place through menu option ISI.
- Authorization of merging and splitting is done through the menu option ISA.
- Inquiry of Inventory movement takes place through IMI.
- Generation of a report on movement of Inventory is through IMR.

As defining Location class and Inventory Class are System department activities, this job card will start with ILCM.

Using ILCM (Inventory Location Code Maintenance) menu option, the Location code which is a sub classification of Location Class can be created, modified and deleted. After invoking the menu option ILCM, in the option Block type A for adding. Then visit the Inventory Location Class and press F2 to find out the existing list of values for that field. Select the

appropriate one and press TAB or F4 to navigate to Inventory Location Code field. Here the user has to define the Location Code which should not be more than 10 characters. (Location Class could be External or Double Lock and Location Code could be Single Custody, Specific Cabinet or specified officer etc.)

Upon pressing F4 the cursor will move to the next block where the Inventory Location Class and Location type is auto populated and system will go to the Description Field where the user can type the description of the location code which should have a maximum of 25 characters.

Using IIM (Inventory Item Maintenance) menu option, Inventory type which is a sub type of Inventory Class can be created, modified and deleted.

- After defining the inventory class (through HRRCDM) inventory codes are defined using the menu option IIM. Using the same menu, modifications, deletions, and inquiries are also possible.
- For adding an inventory type, in the function block enter A. Then fill up the inventory class already created using HRRCDM. F1 / F2 will display the list of Inventory class available.
- Then define the inventory type in the next block. For example, if the inventory class is CHQ (Cheque book), the inventory type could be SBCHQ or CACHQ.
- After entering the inventory type press F4 so that the system moves to the description field where the description of the inventory type should be entered.
- Then the currency in which the inventory is to be handled should be entered. This is only an optional field. If the same inventory is going to be used for all the currencies or one or more currencies, this field can be left blank.
- The next field is Face value per unit. This is again an optional field.
- Next field is the value per unit. This is also an optional field. This field will be relevant in case the fixed assets of the branch are also maintained as inventory. It needs not to be filled up.
- The serial # exists? This is a Y or N field. It should be Y if serial number tracking is required. If enabled as Y, then the system will insist for entering the serial number in case of all the inventory movement. Preferably this field should be filled up as Y.

- Last field is the MRT template name. This field is meant for creating template for printing the name and account number on the cheque leaves issued to the customer.

After Creation of Location Class (HRRCDM) and Location Code (ILCM) and Inventory Class (HRRCDM) and Inventory Type (IIM), the next activity is the creation of users for handling Inventory.

The menu option used for creating users for handling inventory is IMAUM. Using this menu, users who are authorized to handle inventory can be created, modified and deleted also. Inquiry and listing options are also provided. Upon invoking the menu option IMAUM, for creating a new user to handle inventory, in the option block enter A and press F4, the cursor moves to the next block viz. Inventory Location Class where on pressing F2, the list of location class will be displayed. On picking up the appropriate location class and pressing F4, the cursor will shift to Authorized User 1 and 2 which has to be created. The last field is the work class for delete. Here the user has to specify what is the minimum work-class required for authorizing an inventory movement. If the work class of both the authorizes mentioned above is less than the specified work-class, then during verification, the system will ask for an additional user, whose work is greater than or equal to the work class mentioned in this field.

Now, Location class, Location Code, Inventory Class, Inventory type and the users authorized for monitoring the movement of users have been defined. The next activity is the actual movement of inventory between one location to another.

This menu option is used for the purpose of moving inventory form one location to the other location IMC

- The first precondition of achieving inventory movement in Finacle is to specify the first movement of inventory as an external location.
- At the time of movement of inventory the originating location class, code and the target location class and code have to be specified.
- User should also specify the inventory class and the inventory item which the user is moving.
- Among the start number, end number and the quantity at least two values should necessarily be filled up.

- If the serial number exists field in IIM menu option is enabled then maintaining the serial number is mandatory as the system will validate the sequence.

### **Direct Movement between External Location to Employee to External Location is Not Possible in Finacle**

- Upon invoking the menu option IMC, the cursor will be at the option block where the available values are A for Add, V for Verify, Mf or Modify and D for Delete and I for Inquiry.
- For creating the movement of inventory, type A and press F4. Then the location class and Location Code from where the inventory has to be moved must be entered and then the location class and Code where inventory has to be moved must be entered. This can be from Double Lock to Single Custody.
- Then in the next block, the inventory class and type which are intended for movement have to be entered. Like Cheques –SB Cheque have to be entered. If the inventory contains alpha characters, it should also be entered. Then from number to number and quantity have to be entered. It is essential if two out of the three values are provided as the third one will be arrived at by the system itself. Using this menu option more than one set of inventory class/type can be moved if the from and to locations are same. This requires verification.
- The next activity in the sequence could be splitting of the inventory held by the user. If the user is holding inventory in multiples of 100 and if there is a request for issue of a cheque book containing 50 leaves, the same has to be broken. For that the menu option is ISI.
- Upon invoking the ISI menu option, the user has to enter S in the option block and then specify the location class, code and inventory class and type of the inventory which the user wants to split. Upon entering all the details and accepting, the next screen will appear where in the start number and the quantity of inventory held by the users will be displayed. In the next block, the user has to specify items per unit which could be quantity the user wants to have after splitting. For e.g. , if the user is presently having inventory in 100s and wants to split it into 50s, the user has to enter 50 in the items per unit field and no. of units as 2.
- Similarly there could be a scenario, where the user would like to merge the inventory and the menu option for this also is same (ISI). After invoking the menu option ISI, in

the function block, type M instead of S. Again the user should enter the location class/code and the inventory class/ and specify the quantity. Then the system will display a screen containing the entire inventory held by the user. Upon clicking the accept button, the system will merge all the records displayed.

- No authorization is required for merging/splitting.
- Inquiry of merging and splitting can be done using the same menu ISI and by typing I at the function block.
- For the purpose of monitoring and movement of the entire inventory, there is a report available which can be generated using the menu option IMR. On invoking this menu option, the user has to enter the from date, inventory class/type, location class/code.
- The user will be able to generate a report about the stock of inventory held by him by using the menu option ISR and for getting the status report about the stock of inventory held by all the users, the menu option in ISRA, wherein the user has to mention Location Class/Code and Inventory Class/Code and Inventory Class/type.

#### **4.15.6 Maintenance of Cheque Book**

A cheque is a document/instrument usually a piece of paper that orders a payment of money. Cheques are a type of bill of exchange and were developed as a way to make payments without the need to carry around large amounts of gold and silver. Paper money also evolved from bills of exchange, and is similar to cheques in that they are a written order to pay the given amount to whoever had it in their possession (the "bearer").

In Finacle there are different menu which carried for the Cheque Book Transaction. The available menus are ICHB, ICHBAU, INQACHQ, CHBM, HUCS, SPP, SPPAU, SPAR, CHBIR, CHQUPLD and CBP. Here we will discuss about various activities relating to Cheque Book Maintenance.

They are as follows.

<b>Activity</b>	<b>Menu Option</b>
• Issue of a Cheque Book	ICHB
• Authorize issue of Cheque Book	ICHBAU
• Inquire A/C No. for a Cheque Book	INQACHQ

- Inquire Cheque Book details for a particular account CHBM
- Update Cheque Status SPP
- Authorize stop payment SPPAU
- Generate Stop Payment register SPRG
- Generate Cheque Book Register CHBIR
- Carry out Cheque Book Printing CBP

After the inventory is received by the branch and by the respective user, the next activity is the issue of Cheque Book to the customer. This is the first activity in Cheque Book Maintenance.

### 1. Issue of Cheque Book

**Figure 4.11**  
**Issue Cheque Book**

The menu option for issue of Cheque Book is ICHB. In the Function Block the option available are I, V, X, P. I for issue, V for verify, P for Print, X for cancel. For the purpose of issuing a Cheque Book, select the option I and press F4. The next input will be the account number for which the Cheque Book is to be issued. After entering the account number, press F4, the cursor moves to the next block where the user has to select the Cheque type like CACHQ, SBCHQ. Help is available for this option on pressing F2. The next two fields are the issue date and Cheque with will be auto populated by the system. It will also display the number of unused cheque leaves available with account holder and the present clear balance of the account for which cheque is being issued.

In the next block, the system will display all the ranges of Cheques held by the user. Upon selecting a range, and pressing F10, the Cheque book is issued to the account holder. It requires authorization. Cheque Book issue charges are recovered as part of verification process.

## **2. Verification of Cheque Book Issue**

Verification of issue of Cheque book is done through menu option ICHBAU and other fields are same as ICHB.

## **3. For Inquiry of Account Number From Cheque Number**

The menu option for finding out the account number from Cheque number is INQACHQ. Upon invoking the above option, in the first field CHEQUE NUMBER, if the user types the Cheque number, the system will automatically display the Account Number, Currency Sol ID, Account name, Begin Cheque No. and the status, whether the Cheque is live or transferred. This menu option is useful to find out the account number to which the Cheque belongs, on case it is not stamped on the Cheque.

## **4. Cheque Book Maintenance**

The menu option for Cheque book maintenance is CHBM. The activity that can be carried out using this menu options are as follows.

- Acknowledgement of Cheque
- Cautioning of Cheque
- Revoking the Caution
- Inquire the status of a Cheque

Upon invoking the menu option CHBM, in the Function Block, the available values are A for Acknowledgement, C for Caution, D for Destroy I for Inquiry and X for Cancel.

The status of a particular Cheque Book or a particular Cheque leaf can be enquired using the same menu option CHBM.

## **5. Stop Payment of a Cheque (SPP)**

The Menu option available for Stop Payment of Cheque is SPP. On invoking the menu option SPP in the Function Block, the available values are s (Stop Payment), R (Revoke stop payment), I for Inquiry, P for Print and X for Cancel.

For effecting stop payment choose option S and press F4. Then enter the Account Number for which stop payment has to be effected. Then enter the Begin Cheque Number where the number of the first Cheque to be stopped will be entered. If there is only one Cheque, enter that Cheque number, if there are more than one Cheque to be stopped, enter the first Cheque number in the field and in the next field, No. of leaves, enter the number of leaves and press F4.

Then the control moves to the next block where the system will automatically display the balance available in the account at that point of time. In the next field, Payee's name, Cheque Date and Cheque amount and Reason code have to be entered by the user. Reason code is HRRCDM Code for which help is available.

Then in the next field MRT File Name, pick up the appropriate file name from the help available for printing the stop payment advices. There is a facility to print the Advise immediately or at a late time or to skip printing. Last field of this screen is Option: which can be used in case the user wants to see the stop payment charges part-tran. This part-tran will be created only after the Stop Payment is authorized.

## **6. Authorization of Stop Payment**

The menu option for authorizing the stop payment instruction is SPPAU. All the fields in this menu are similar to SPP menu option.

This part tran will be created only after the Stop Payment is authorized using the menu option SPPAU. Stop payment charges will be recovered once the stop payment instructions are authorized.

## **7. Update Cheque Status**

The menu option available for updating the Cheque Status is HUCS. This menu option is useful for purpose of transferring the status of a Cheque. There will be occasion, where the user would have erroneously entered the Cheque number because of which a particular Cheque which is actually not paid would be shown as paid in the system. If the correct status has to be restored invoke the menu HUCS and in the function block, enter M for modify and enter the account ID and the Cheque number for which the status has to be modified. Then the system will display the current status and provide options for the user to modify the status. The requires verification using the same menu option.

#### **8. Generation of Cheque Book Register**

The menu option for generating Cheque Book Register is CHBIR. The inputs required for generation of Cheque Book Register are from account number and to account number and from date and to date.

#### **9. Generation of Stop Payment Register**

The menu option for generating Stop Payment register is SPRG. This register can be generated for a range of accounts or for a range of date or for a particular authorizer.

#### **4.15.7 Cash Transaction**

Another important aspect of any bank is Cash Deposit and Cash Withdrawal when ever required. This is carried through menu option TM or HCASHDEP / HCASHWD. Cash Deposit or Cash Withdrawal can be performed in Finacle in two ways, one through TM menu and the other through the menu options HCASHDEP and HCASHWD.

The TM option can be used for Entering, Entering cum Posting, Posting & verification, of any cash transaction.

On the other hand, the menu HCASHDEP & HCASHWD gives us option of directly posting a transaction in the customer's account up to the financial transaction limit assigned to the 'user' for such transaction. If the transaction involved is beyond the user's financial limit, the transaction cannot be generated in Enter mode through HCASHDEP & HCASHWD. Hence, under HCASHDEP & HCASHWD option, only a user who has sufficient financial limit can perform that particular transaction.

The details involving the menu options HCASHDEP & HCASHWD are as follows.

### **1. To Post Cash Deposit in Finacle**

The Menu option available for posting Cash Deposit transaction is HCASHDEP. On invoking this menu, the options available in the FUNCTION BLOCK are A, D, I, M, P and V. For purpose of adding a cash transaction select “A” and then enter the currency and the total cash amount received. Click on the GO button the next screen will be opened.

Here, the account ID and the amount to be credited to the account should be entered. Using this menu, cash deposit for one account or for multiple accounts can be done. If the cash deposit for one single account, the amount entered is the second screen after entering the account ID should be equal to the amount entered in the first screen. Other particulars that need to be filled up in this option are particulars of transaction and whether printing of voucher is required.

Using the same menu credit to multiple accounts can also be entered. For that, in the second screen after entering the account ID and the amount, click on the next button which will open the second record of the credit part-tran wherein also similar details have to be entered. By repeating this any number of part-trans can be added in the transaction. After completing, all the credit transactions, then on clicking the POST BUTTON, the system will validate the Debit part-tran and the credit part-trans. If the amounts agree then the system will post the transactions. In this menu option, transactions will not go to the entered stage but will be directly POSTED.

Transaction posted using this menu will require verification which will also be done using same menu HCASHDEP by choosing V as the option in the Function Block.

### **2. To Post Cash Withdrawals**

The menu option for cash withdrawal is HCASHWD. The activities that can be carried out using this Menu are Adding a transaction, Deleting, Inquiring, Modify, Post and Verify the transaction. For the purpose of adding transaction choose “A” and enter the currency and the amount of cash to be paid in the next fields and then click on the GO button.

In this screen enter the account ID, for which payment is made and then enter the withdrawal amount. The other fields to be entered are *Instrument Type, Instrument No, and Instrument*

*date and Tran Particulars'*. If there is only one withdrawal and the full amount entered in the first screen and the amount entered in the second screen matches the system will accept the transaction. If there is more than one account for which payment is made out, after entering all the particulars as explained earlier, instead of clicking *Post* button click on *Next Button* which will take you to the next record. Similarly any number of records can be added in the same batch.

Posting of Cash Withdrawal using this menu option requires verification using this menu.

**Table 4.9**

**Menu Option for Cash Withdrawal**

HCASHDEP	Posting of Cash Deposit
HCASHWD	Posting of Cash Withdrawal
HXFER	Posting of Transfer Transaction
HCRT	Create and update Reversal TXNS
PPT	Proxy Post TXNS in Entered stage
TTM	Transaction Template Maintenance
PTM	Post Dated Transaction Maintenance
BTM	Back Dated Transaction Maintenance
OCST	Open Cash Transaction
OXFT	Open Transfer Transaction
CCST	Close Cash Transaction
CXFT	Close Transfer Transaction
SCST	Stopping Cash Transaction
SXFT	Stopping Transfer Transaction
HCAAC	Closing of an Account
ACZDB	Closing of Office Accounts
CAACAU	Verification of Closure of Accounts
ACMDB	Verification of Closure of Office A/C s

**4.15.8 Multi Currency Transaction**

We all know that there are many countries in this world having their own currencies. Their currency value reflects how much they are capable and economic condition, wealth, status and also indicates their development factors. On the other hand liberalization and world economic policy brings the multi nation into single umbrella. This enable banks to perform their banking transaction worldwide through daily published currency rates. Likewise with the growing opportunities people are performing their business or transaction with freedom to different countries. In this regards banks plays vital role for the public. And, keeping these things in mind Infosys developed Finacle to make multi currency transaction easy though their system.

In the Finacle Multi Currency Transaction can be performed through TM OR HXFER menu under certain Perquisites which are mentioned below.

**Perquisites**

This can be achieved by certain set-up to be done at the time of parameterization of the software. The following are the pre-requisites / set-up required for having multi currency accounting.

Currency codes have to be defined using CNCM option

1. Different rate codes have to be defined (HRRCDM)
2. Rate master has to be maintained for pair of currencies (RATEX)
3. Rate list has to be maintained for different rate codes between two currencies.
4. Account place holder for different currency trading accounts have to be defined (APHM)
5. Different trading (position) accounts for each currency pair have to be opened (ACMDB)
6. Records should be created for each currency pair using meny CYCM
7. In HSCFM multi currency flag should be set to “Y” “for Multi currency accounting” field

At the time of putting through the multi-currency transactions the user has to furnish the following information wherever necessary. The transaction is put through using TM option.

**Reference Currency Code**

The currency code that needs to be used to convert the amount.

**Reference Currency Amount**

The amount to be taken/ considered for conversion.

**Reference Rate Code**

The rate code that needs to be considered / applied for conversion purposes.

**Reference Rate**

The corresponding rate for the rate code used.

**Treasury Reference Num**

This is an optional field. If the user wants to enter a reference of the Treasury/Foreign Department, he can enter it for future reference.

### **Treasury Rate**

This is also an optional field. The user can enter the rate provided by the Treasury/Foreign Department for reference/information purposes.

### **How to do Posting?**

We can post multi currency transaction through “TM” menu option which will display a screen where we need to choose Add option in Function field. Input correct Type/SubType (e.g.,T/CP OR T/CR) then give account number.

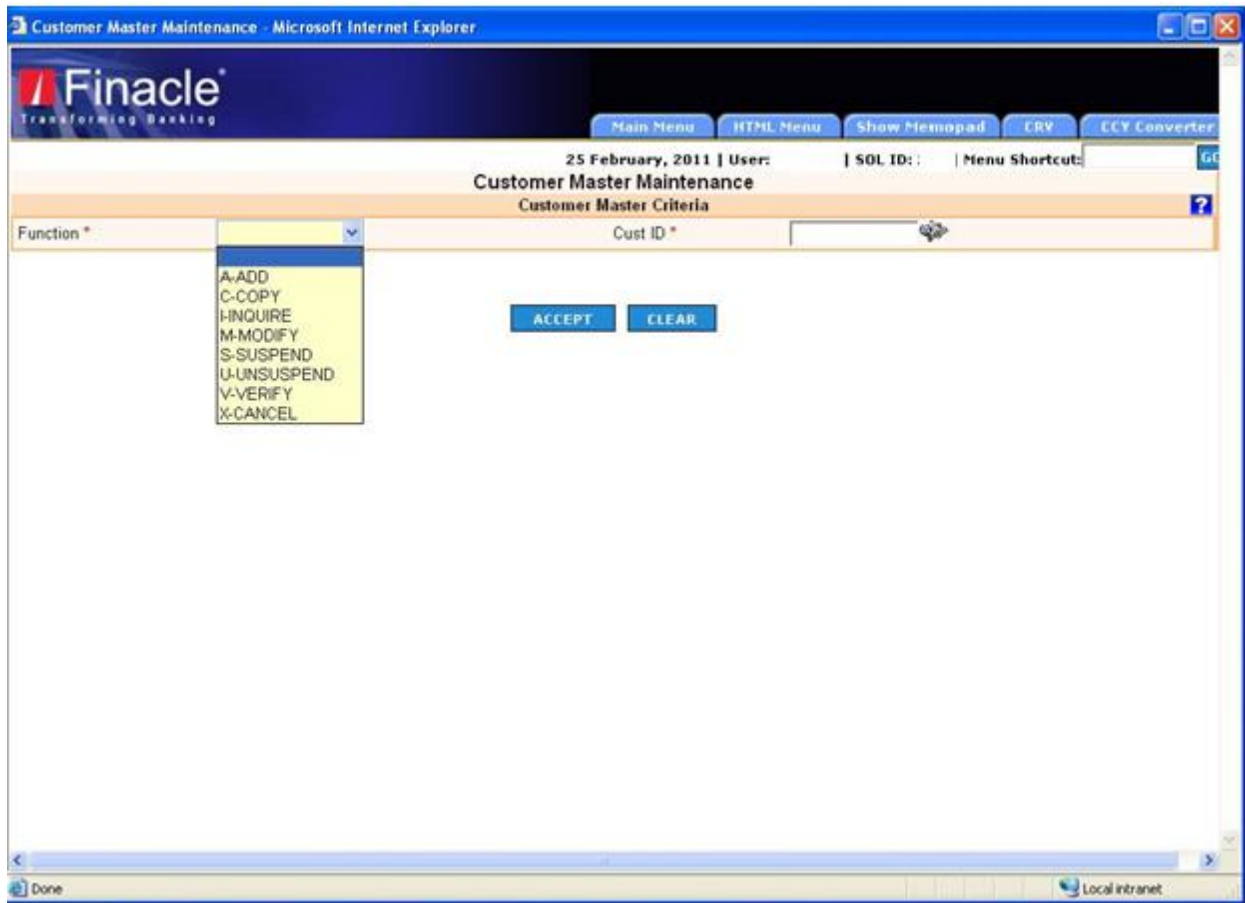
After giving the Account number, cursor will come to the amount box. To post the amount other than account’s currency press CTRL+E, this will open reference currency frame. At Ref CCY input the currency and press F4, then input amount in foreign currency. Select the appropriate rate from the help available. After entering this and pressing F4, the cursor will shift to Amount field wherein it will automatically stamp the account currency equivalent of foreign currency posted. Then Press F4 and proceed with the normal transaction posting.

“HXFER” is the other menu option for the same task. In this menu option, selection of the currency is provided with list button next to Amt field. After selecting the currency, select the appropriate rate code for conversion. Select Next button to add another transaction.

### **4.15.9 Term Deposit**

Acceptance of public deposit is first preference of any bank. In Finacle public deposit is handled through HOAACTD & HOAACVTD menu. Thus, the menu option for opening a Term Deposit Account is **HOAACTD**. On invocation of this menu the following screen will appear.

**Figure 4.12**  
**Term Deposit**



- Enter the Cust ID created through the menu option HCUMM.
- Enter the appropriate Scheme Code.
- Currency, SOL ID and GL Subhead will be populated by default
- Then click the Accept button, the next screen will open

In the second screen there are various TABS on the top which the user has to validate one by one.

## The first tab is General Details

Figure 4.13

### Term Deposit - General Details

The screenshot displays the 'A/c. Opening - Term Deposits' form in the Finacle Core Banking system. The form is titled 'A/c. Opening - Term Deposits' and shows the 'General' tab selected. The account name is 'RAVICHANDRA' and the short name is 'RAVI'. The open date is '22-11-2002'. Other fields include Fee Level Code, Location Code, A/c. Manager, Ledger No., Cash Exception Limit Dr. (20,000.00), Clg. Exception Limit Dr. (0.00), Transfer Exception Limit Dr. (5,00,000.00), Relative Staff ID, Name in Preferred Language, A/c. Statement (radio buttons for Statement, Pass Book, Deposit Receipt, None), Statement Freq. (Week, Day, Holiday), Despatch Mode, Next Print Date, and A/c. Information (checkboxes for Relative to Staff, Allow Sweeps, Collect Fees, ECS Enabled). The form has 'SUBMIT', 'VALIDATE', and 'CANCEL' buttons at the bottom.

- Account Name, Account Short name will be populated by default.
- A/C open date will be the BOD Date which will also be populated by default
- Other fields like contact phone, Account Manager etc. are all option fields.
- There is also a field called A/C statement which is relevant only for SB and Current Accounts.
- After filling up this essential information, the user can validate this screen. If no error exists, the cursor moves to the next tab **INTEREST & TAX**.

The Second tab is for Interest & Tax

Figure 4.14

Term Deposit - Interest & Tax Details

The screenshot displays the 'Term Deposit - Interest & Tax Details' screen in the Finacle Core Banking system. The interface includes a header with the Finacle logo and navigation links (Main Menu, HTML Menu, CRV, CCY Converter, Logout). The user information shows '22 November, 2002 | User: VGOPAL | SOL ID: 027 | Menu Shortcut:'. The account details are 'A/c. Opening - Term Deposits' with 'Customer Id : RAM008' and 'GL Subhead Code : 11000'. The currency is 'INR' and the scheme code is 'TDMM'. The 'Interest & Tax' tab is active, showing fields for 'Int.' (checked 'Pay'), 'Cust. Pref. Int.(Cr.)' (0.0000), 'A/c. Pref. Int.(Cr.)' (0.0000), 'A/c. Pegged \*' (checked), 'Pegging Review Date' (31-12-2099), 'Int. Rate Code \*' (PKINT), 'Treasury Rate', 'Accrued/Contracted Rate' (0.0000 / 0.0000), 'Net Int. Rate' (0.0000), 'Cr. Int. % Min. / Max' (0.0000 / 0.0000), and 'Int. Cr. A/c. ID'. A 'Tax Details' section includes 'Tax Category' (T-Customer TDS), 'Withholding Tax Borne By', 'Withholding Tax %' (0.0000), 'TDS Operative A/c. ID', and 'Tax Level'. A tooltip over the 'Tax Category' field reads 'This is a sample screen.'. At the bottom, there are 'SUBMIT', 'VALIDATE', and 'CANCEL' buttons.

- Customers preferential interest rate or account preferential interest rate can be entered here
- Interest rate Table field will be populated by default based on the scheme code and GL Subhead and is a mandatory field.
- Withholding tax details also needs to be filled up.

The Third tab is for Scheme Details

Figure 4.15

### Term Deposit - Scheme Details

Finacle Core Banking

22 November, 2002 | User: VGOPAL | SDL ID: 027 | Menu Shortcut: [ ] GO

A/c. Opening - Term Deposits

Customer Id : RAVI008  
GL Subhead Code : 11000

Currency : INR  
Scheme Code : TD41M

General Interest & Tax **Scheme** Transfer In Flow Renewal & Closure Nomination Impact On TDS Transaction

Dep. Type: T - Other Deposits

Value Date: 22-11-2002

Dep. Period (MM/DD): 0 / 0

Repay. A/c. ID: [ ] INR

Linked Operative A/c. ID: [ ] INR

Linked Loan A/c.: [ ] INR

Agent/Employee Code: [ ]

Spl. Category Ind.: [ ]

Maturity Value: [ ]

A/c. Information:  Recover Int. on Tax Deducted  Print Nominee on Receipt

A/c. Open Mode:  Normal  Transfer-in

Dep./Installment Amt.: [ ] INR

Break Dep. in Multiples of: 0.00

Maturity Date: [ ]

Total Int.: [ ]

Regularize Lien on Maturity  Nomination

Safe Custody  Print Receipt

SUBMIT VALIDATE CANCEL

In this sub menu, following details have to be filled up.

- Value Date- This will be populated by default
- Deposit Installment Amount and Deposit Period
- Repayment Account ID – If entered on the date of maturity the proceeds will be credited to the account ID. If blank, the amount remain in the same account
- Maturity Date and Maturity Amount will be calculated by the system
- Nomination – If ticked, the nomination sub menu has to be visited
- Print nominee on receipt – if enabled, the name of the nominee will be printed on the receipt.

The fourth Tab is Nomination, if enabled in the Scheme details: in this tab the following fields have to be entered.

Figure 4.16

Term Deposit - Nomination Details

The screenshot shows the 'A/c. Opening - Term Deposits' form in the 'Nomination' tab. The form contains the following fields and values:

- Auto. Closure:  Yes
- Max. Renewal Allowed / Renewals Done: 2 / 0
- Auto. Renewal Scheme: TDIIM
- Auto. Renewal GL Sub Head: 11000
- Auto. Renewal Int. Table: PKINT
- Renewal CCY: INR
- Exchange Rate Code for Renewal: 3
- Renewal Option: M-Maturity Amount
- Renewal Addl. Amt.: 5,000.00
- Exchange Rate Code for Addl. Amt.: 12
- Source A/c. Id. For Addl. Amt.: TDIIMINR523
- Auto. Renewal:  Limited  Unlimited  No
- Renewal Period (MM/DD): 12 / 0
- Renewal Rate: 12
- Renewal Amt.: 5,000.00

Buttons at the bottom: SUBMIT, VALIDATE, CANCEL.

- Nominee’s Name, Registration Number
- Address, City
- Relationship
- Guardian’s detail to be filled up in the nominee is a minor.

On completing these inputs click on the submit. The system will give a message A/C. ID 101 100001330005 Added Successfully which further needs to be verified using the menu option HOAACVTD.

**The related menus of time deposits are as under: -  
Table 4.10**

**Related Menus of Time Deposit**

<b>S. No</b>	<b>Menu</b>	<b>Description</b>
1.	TDEXT	Extension of Time Deposits.
2.	TDREN	Renewal of Term Deposits
3.	SDD	Scheme wise distribution of Deposit
4.	MDD	Maturity wise distribution of Deposits
5.	RELACI	Related account for deposits
6.	FFDPSP	Flexi Fixed Deposit Pass Sheet printing
7.	ACACCR	Accrual of interest for accounts
8.	ACBOOK	Booking of accrued interest
9.	FDOCD	F D Opening and Closing details
10.	CAAC	Closing of a Fixed Deposit Account

#### **4.15.10 Clearing in Finacle**

It is known fact that there is huge risk of money while carrying. This risk of carrying of huge money can be removed through bank facilities, which refers to clearing. For the better, convenience, and safety of public fund bank issue cheques. Also, there are varieties of cheques like bearer, A/C payee and so on. Here, we deal with A/C Payee Cheques, which is purpose of delivering the mentioned amount in the mentioned person account. Also we know that any commercial bank is part of a network of banks that can clear checks for its clients regardless of whether or not the check originates from the same commercial bank.

Clearing a check means processing it so that funds are deducted from the payer's account and put into the payee's account. In Finacle Clearing activities are done through MICZ, ICTM, MCLZOH, OCTM, OCTV, PCLSO menu. Moreover, the system also facilitates both Inward and Outward Clearing.

Inward clearing is a banking term. Each bank uses one common clearing house, for e.g. XYZ bank customer wants to give the check to ABC bank customer. So ABC bank customer will deposit that check into his bank, then ABC bank will send that check to clearing house for clearing. And, then clearing house will send that check to XYZ bank for customer sign verification. XYZ bank will do the sign verification and it will debit check amount from that customer account so that check will be inward for XYZ and outward for ABC.

## Inward Clearing

### Opening a Zone

The Zone is to be opened using the menu option **MICZ**. The following screen will be displayed.

**Figure 4.17**

### Maintain Inward Clearing Zone

Field	Value
Function	M
Description	FIRST CLEARING
Zone CCY	INR
Stmnt CCY	INR
Clg. Bnk Cd	ICI
Clg. DP Code	
HO Cr. A/c.	0049BK000SBI
Chq. Rej A/c.	0049CLCHQRETD
Counter Rej A/c.	0049CLCHQRETD
Short Claim A/c.	0049CLSHRTCLAIM
Excess Claim A/c.	0049CLEXCCLAIM
Inter Clg. A/c.	0049BK000SBI
MICR Clg. ?	N
Media Input?	N
SOL ID	0049
Zone	SS1
Value Date	14-01-2004
BA(R) No./Date	
Tot Instr. BAR	
Tot Amt BAR	
Zone-Sttl Rate Code	
Zone-Sttl Rate	1.0000
Rate Code1	
Rate Code2	
Zone Status	O ZONE OPEN
Posting Status	N NOT POSTED
Valdatn Status	N NOT DONE
Instr. Entd/Vfd	
Instr. Posted	

The functions available are O Open, S Suspend, R Revoke Suspension, D Delete, M Modify, I Inquiry, P Post, V Validation Run, T Validation Report, L List and Z Close.

Use option O to open a Zone. SOL ID is populated by default. Select the appropriate zone code from the <list> available. Press F4 to display the details of the zone selected.

Most of the fields are populated by default. Enter the BAR No and date. Also enter the Total Amount, number of Instrument and Date. Press , commit. i.e. F10 to open the Zone.

## Lodging Inst.

Use menu option ICTM (shown below) to Lodge instrument into a zone.

Figure 4.18

### Inward Clearing Transaction Maintenance

The screenshot shows the 'Inward Clearing Transaction Maintenance' web application. At the top, there is a navigation bar with 'Main Menu', 'HTML Menu', 'CRV', 'CCY Converter', and 'Logout'. The page title is 'Inward Clearing Transaction Maintenance' and it is 'Online'. The user information is '16 February, 2003 | User: SUN | SOL ID: 0049 | Menu Shortcut:'. Below this is the 'Instrument Details' section with the following data:

Function	ADD	SOL ID	0049
Zone	ICLG1		/16-02-2003 /

An error message is displayed: 'BSE - Non numeric characters are present or number too large.' Below this is a table of transactions:

A/c. ID	Instr. No.	Amt.	Payee	Tran. Code	Instr. Type	Carve	Reject	Grant TOD
004901002024	A123	1,000.00		10	SBCHQ	Yes	Not Rejected	No

Below the table is a form for adding or modifying an instrument. The fields are:

- A/c. ID\*: 004901002024
- Instr. No.\*: A123
- Tran. Code: 10
- Instr. Date: 05-10-2003
- Bank / Branch / EC: [Empty]
- Available Amt: 1,19,610.00
- INR 0049 XXXINFOSYS
- Carve:
- Instr. Type: SBCHQ
- Report Code: [Empty]
- Carved Amt: 1,000.00
- Amt.\*: 1,000.00
- Payee: [Empty]
- Reject\*: N-NOT REJECTED
- Deficit Amt: [Empty]

At the bottom, there are three buttons: 'SUBMIT', 'BACK', and 'SHOW EXCEPTIONS'.

Functions available are Add, Modify, Delete, Inquire, Verify and Print Report.

After entering the instrument s the Zone can be suspended from the Menu Option MICZ if more Instruments or Instruments details are to be entered. Later the suspension can be revoked and more instruments can to be entered as per requirement. Once all the instruments have been entered, it needs to be verified from the menu option ICTM.

## Print Inward Clearing Schedule

Using menu option **PICS** THE Inward Clearing schedule can be printed. The User needs to mention the Zone Set ID and Instruments Set ID which are the SOL ID in this case. The User also needs to enter the Report To Field and the Zone Code and Date for which the schedule needs to be printed. It is suggested to use the validation list.

## **Validation**

This is a process that needs to be run before initiating the Posting process (transaction creation) of a zone. This process will generate a report that lists out all the probable errors/exceptions that the system is likely to encounter if posting is initiated. Example: “insufficient balance”, “stopped cheque”, “account frozen” etc.

Based on the information in the report, the user has to take necessary/appropriate steps either to pass or reject the instruments, so that the system can post maximum number of part trans when posting process is initiated.

## **In Case of Any Rejection**

From ICTM menu, use modification option to mark against particular instruments as “Inward Rejection”. At the time of closing the zone, Commission will be recovered by the system if the instrument is marked refer to drawer.

## **Posting and Verification of Zone**

After the instruments are verified the posting of zone is to be done from the **MICZ** menu option. Use function P for posting the lodged instruments. Before posting the zone all instruments needs to be verified from **ICTM** option. Use function T to print a validation Report for the Zone.

## **Closing a Zone**

After posting of the instruments the zone should be marked closed using Z function in the Menu option MICZ.

## **Outward Clearing**

### **Opening a Zone**

The Zone is to be opened for next day outward clearing using the menu option **MCLZOH**. The following screen will be displayed.

**Figure 4.19**  
**Outward Clearing Open Zone**

Function		Zone		CLZSB		CLG SB	
Cr. A/c.		Set Level Rel Flag					
Dr. A/c.	ADVINT A/C	INR	ADVANCE IN	Set Rel.Dr. A/c.			
Zone Status	O	OPEN ZONE		Zone Latency		0	
Only MICR Ins?	N	MICR Abbr		Controlling SOL ID			
Tran. ID 1		Trn Date1		Micr Chrg Code			
Value Date 1	16-06-2003			Shadow Bal. Flg		Y	
Tran. ID 2				Home Clg. Flg		B	BOTH OUR B
Tran. Date 2				BA(R) Ind.		M	MANUAL AD
Value Date 2	16-06-2003			BA(R) Amt		0.00	
No. BAR Instr.	0			BA(R) No.			
BA(R) Date				RateCode1			
Clg. Sec Dp Cd	AB	AB	APEX BANK	RateCode2			
Frgr Cncy Clg?	N			Zone Cncy Code			
Stlmt in Inst Cncy?				Stll Cncy Code			
Zone-Stll Rate Code				Zone-Stll Rate			

The functions available are O Open Zone, S Suspend Zone, V Revoke Suspension of Zone, C Copy Zone, T Transfer Sets, D Delete Zone, M Modify Zone, U Undelete Zone, I Inquiry, B Generate Bar Info, X Cancel Bar, G Regularize Shadow Bal, R Release Shadow Bal and L List.

Use option O to Open a Zone. Select the appropriate zone code from the <list> available. Enter Date, press F4 to display the details of zone selected. Press F10 to open the Zone.

This particular zone can be suspended using the S function here from this MCLZOH menu till verification of instrument is done from OCTV menu option and clearing Schedule is printed using PCLSO menu option after the instrument data entry from the OCTM menu option.

### Lodging Inst. In Outward Clearing Zone

Use menu option OCTM (shown below) to Lodge instruments into a previously opened zone for Outward Clearing.

**Figure 4.20**

### Outward Clearing Transaction Maintenance

Outward Clg Transaction Maintenance										
Func Code	A ADD	Zone	16-06-2003 / DW		/ INR					
Set No.	4	Zone desc	DIVIDEND WARRANT CLEARING		VchrPrnt	N				
Tran. ID	/ 3		Total Charge Amt							
A/c. ID	20398		/ INR / 0049		RASHMI					
Amount	1,000.00									
Del Flg	<input type="checkbox"/>	Tran. Particulars			<input type="text"/>					
Tran. Type	<input type="checkbox"/>	Tran. Remarks			TEST					
Advice?	<input checked="" type="checkbox"/>	Report Code			<input type="text"/>					
Instr. Sl No.	Instr. No.	Bank code	Branch code	Brch. Name	Wkl Off	Trn Cod	Amount	Rep Code	Shd Bal-Cd	D
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cr. Amount		1,000.00		Instr. Amount			0.00			
#Cr. Part Trns		1		#Instr.			0			

Functions available are Add, Modify, Delete, Inquire, Verify, Release and ReGularise.

After entering the instruments the zone can be suspended from the Menu Option MCLZOH. If all the instruments are entered, it needs to be verified from the menu option OCTV. After this the clearing Schedule needs to be printed.

### Print Outward Clearing Schedule

Using menu option PCLSO the Outward Clearing schedule can be printed to present to the concerned Banks. The User needs to mention the Zone Set ID which is the SOL ID in this case. The User also needs to enter the Report To Field and the Zone Code and Date or which the schedule needs to be printed. If “Only Summary” field is marked as “Y” then only summary will be printed else the complete schedule will be printed. User can enter a file name where this data will be put else a name based on Zone Code, Zone Data, Set ID and Dump File prefix will be generated.

**Figure 4.21**  
**Print Clearing Schedule**

clfe3003		Print Clearing Schedule		15-09-2004	
Set ID	0049	DAHANU, MAHARASHTRA			
Report to	MANAGER				
Zone Date/Code	16-06-2003	/	DCLG200	FIRST CLEARING	
Only Summary	Y				
Dump File Name					

### **Regularization**

There are two terms associated with this regularization process. The zone needs to be released to Shadow Balance from the menu option **MCLZOH** using function R so that Posting can take place into the shadow balance off the concerned accounts. After this Shadow Balance needs to be regularized as Cleared Balance using function G of the menu option **MCLZOH**.

### **In Case of any rejection (Outward Rejection)**

A New Zone need to be opened under Outward Rejection from the Menu Option **MICZ (Zone is available in the List)**. Then posting verification and closing of zone needs to be carried out just like the inward clearing module.

### **Closing a Zone**

An Outward Clearing Zone is automatically marked as closed after it is regularized. An Outward Clearing Zone may need to be Deleted for wrong data entry or for some other reason for which it is not required, using function D of menu option **MCLZOH**.

### **Outward Clearing Terminology Explained**

### **Zone Code**

Each Zone Code represents each clearing type based on the time to release the clearing. Zone Code in conjunction with a date will uniquely identify that day's clearing.

It is advisable to have separate zone codes for inward and outward clearing for a better understanding, even though there is no such restriction.

### **Mark Pending**

If the faith of the instrument is not known then that can be marked as pending before releasing the other credits.

### **Shadow Balance**

This is the amount which has come from clearing but is not yet cleared for withdrawal. An error is set in GSPM for allowing withdrawals against Shadow Balance.

### **Release to Shadow Balance**

A process will be initiated for creating the accounts of the customers or intermediary account. This process is called "Release to Shadow Balance".

### **Regularization**

When the Branch is satisfied/gets confirmation that there are no return of instruments presented by it, a process is initiated wherein the amount that has been released to "Shadow Balance" will be moved to clear balance and made available to customers for withdrawal without any restrictions. This is referred to as "Regularization" in Finacle.

### **Set**

- Normally a set consists of one pay-in-slip/voucher with one instrument.
- A set can also consist of multiple instruments and one pay-in-slip/voucher.
- In some cases many pay-in-slips/credit vouchers with one instrument is also a possibility

Note: Entry of multiple credits to multiple instruments is not permitted in Finacle. This facility is not enabled as this has issue when some instruments which are returned may not match exactly with the credit part-tran amount.

## **Claim Amount**

Represents the amount that is claimed by service branch/clearing house. This is at instrument level. Normally this is same as instrument amount. Sum of the instrument claim amount should be normally equal to the inward bar amount.

## **Differences**

Difference could be at zone or instrument level.

a. Zone level excess claim

b. Zone level short claim

Claim amount in Bar is LESS than the total listed amount

c. Instrument level excess claim

The instrument amount listed is MORE than the actual instrument amount instruments that are listed and not received are also treated as instrument level excess claim.

d. Instrument level short claim

Amount listed is LESS than the instrument amount

Instrument that are not listed but received (drawn on the branch) are also treated as instrument level short claim.

## **Validation**

This is a process that needs to be run before initiating the Posting process (transaction creation) of a zone. This process will generate a report that lists out all the probable errors/exceptions that the system is likely to encounter if posting is initiated. Example: “insufficient balance”, “stopped cheque”, “account frozen” etc.

Based on the information in the report, the user has to take necessary/appropriate steps either to pass or reject the instruments, so that the system can post maximum number of parts trans when posting process is initiated.

## **Shadow Balance Code**

Many types of instruments are sent for collection in outward clearing. The Branch Manager may allow withdrawals against such instruments. The Branch Managers in order to identify what type of instrument has been sent in clearing can define a code and indicate it at the time

of lodging the instruments. Based on this code, the Branch Manager will be in a position to take a decision to either allow withdrawal or not.

### **Float Balance**

This is a balance that includes the following amounts.

- Sum of all the instruments which is lodged in outward clearing zones belonging to BOD date.

Any instruments, which are lodged for future dated outward clearing zones whether they are in entered status or verified status, are not included.

### **Initial Setup Required at Application Level**

#### **Reference Codes**

- Shadow Balance Code to be created using menu HRRCDM – used for outward clearing in **OCLODGE**
- Inventory Class Code to be created using menu HRCCDM used for inward clearing in **HICTM**
- Amount Table Code to be created using menu HRRCDM used for **HPTTM** if charge calculation method is charge code type.
- Clearing Representative Code to be created using menu HRRCDM used in **HBRTM** menu option.
- Clearing Locality Reference codes to be created using menu HRCCDM for usage at zone template level and specified at **HBRTM**.
- Rate Code to be created using menu HRCCDM used in **HCLZCM, HICZCM, MICZ, MCLZOH, OCLODGE, HICTM** for conversion of amount from one currency to another for multi-currency clearing operations.

## **Account Placeholders Outward Clearing**

### **Parking Cr A/C No.**

This placeholder is set up at **HCLZCM** menu option. This account is used for crediting the proceeds of the instruments, which are sent in outward clearing when shadow balance flag is set to “N”. This should be a normal office account.

### **Clearing Dr A/C No.**

This placeholder is set up at **HCLZCM** menu option. This account is used for debiting the proceeds of the instruments, which are sent in outward clearing. This account can be a normal office account or an HO account.

### **Dr. A/C for Set Level Release**

This placeholder is set up at **HCLZCM** menu option. When the flag is set to “Y” for set level release, the user can release the balance in to shadow balance for each set he has entered. Since the entire amount is not released, the amount cannot be debited to Clearing Debit Account. As such this account will be used for debiting the amounts released at set level. When final release happens at zone level, the entire amount will be debited to Clearing Debit Account and whatever amount is debited to the above account gets reversed. This account should be a normal office account.

### **Cr. A/C Place Holder for Out Reject**

This placeholder is set up while defining the zone for outward clearing. This account will be used for crediting the amount where an outward clearing cheque has been received as rejected. This happens where instruments wise clearing (regularization of zone happens based on instruments and not on zone) is in use and shadow balance flag is set “N”. The marking of rejection is done using menu CVDOR.

## **Inward Clearing**

### **Cr. A/C for Clg. Sec. Claim**

This account is used for crediting the amount with the advice amount/BAR amount in case of inward clearing when the individual instruments are debited to different customers/office account. This account can be a normal office account or an HO Account.

**Cr. A/C for Short Claim**

There can be occasions where the collecting banker would have claimed fewer amounts than the original instruments amount. In that case there will be a short claim. Whenever short claim is there, system uses this account for crediting the difference amount between the original amount and the claim amount.

**Dr. A/C for Excess Claim**

As there can be occasion where the collecting banker could claim less amount, they also could claim more than the instrument amount. In such case, system uses this account for debiting the difference amount between the instruments and claim amount.

**Dr. A/C for Chq. Return thru Out. Clg**

There could be chances that a cheque received in inward clearing could be returned. In such cases, the debit will happen to this account, if the cheque is getting returned over the counter. The Bank which returns the cheque received in inward clearing across the counter can get a cheque for the amount which has been returned. That cheque might have to be routed through outward clearing next day to receive the proceeds.

**Dr. A/C for Chq. Return across Counter**

There could be chances that a cheque received in inward clearing could be returned across the counter. In such cases, the debit will happen to this account, if the cheque is getting returned over the counter. The Bank which returns the cheque received in inward clearing across the counter can get a cheque for the amount which has been returned. That cheque might have to be routed through outward clearing next day to receive the proceeds.

**Cr. A/C for Inter Clearing**

There is a provision for restricting the number of transactions that can be put in one tran ID. If such a set up is done, the system uses this account to credit the proceeds for each tran ID. As a part of the closure operations of the zone, the transactions put to this account gets reversed and entire amount will be credited to "Clearing Credit Account".

This place holder is set up as a part of defining the inward clearing zone using menu **HICZCM**.

## **Miscellaneous**

**Charge Calculation:** The system provides a feature to collect the following charges for clearing module. All the charges are set up using the menu **HPTTM**.

### **Outward Clearing Handling Charges**

The event type for this charge is “**OCLG**”. The event ID created for this charge has to be set up Zone level using menu **HCLZCM** for the field “Lodge Event ID”.

### **Inward Clearing Instrument Reject Charge**

The event type for this charge is “**IWREJ**”. The event ID created for this type of charge has to be set up at zone level while defining z zone for inward clearing using menu **HICZCM**. This has to be set for the field “Inward reject event ID”. This will be used for recovering charges for return of instruments received in inward clearing. The charges are created as a part of closure of zone.

### **Outward Clearing Instrument Reject Charges**

The event type for this charge is “**OWREJ**”. The event ID created for this type of charge is set up at zone level while defining the zone for inward clearing using menu **HICZCM**. This event ID is set up for the field “Outward reject event ID”, This will be used for recovering charges for return of instruments which are sent for collection through outward clearing. The charges are created as a part of the closure of zone.

### **Outward return charges in case of Instrument wise clearing (where regularization of zone happens through AUTOREG**

This EVENT ID has to be created using the event type “**OREJA**”. The EVENT ID created is indicated while defining the outward clearing zone using menu **HCLZCM** for the field “**Outward Reject Event ID**”. The cheques which are received as rejected are marked with the help of **CVDOR** menu option.

#### 4.15.11 Draft & Banker's Cheque

A demand draft is a pre paid negotiable instrument, wherein the drawee bank undertakes to make payment in full when the instrument is presented by the payee for payment. The demand draft is made payable at a specified branch of a bank at a specified centre. In order to obtain payment, the beneficiary has to either present the instrument directly to the branch concerned or have it collected by his bank through the clearing mechanism.

A banker's cheque is another payment instrument which is used by the banks to settle payment obligations on behalf of their customers. This instrument is guaranteed by the bank for its full value and is similar to a demand draft. In practice, these instruments are payable at the branch of issue and are used for payment within the local clearing jurisdiction.

In Finacle these activities are carried through different menu options. The available menu options are HDDMI, DDPRINT, DDPALL, DDLOST, DDREVERT, DDNPADV, DDD, HDDC, DDIC, DDIP, DDIL, DDLL, and DDID.

#### 1. To Issue a Draft

For this purpose of issuing a single draft, the menu option is **HDDMI**.

**Figure 4.22**  
**Demand Draft Issue**

The screenshot displays the 'Demand Draft Mass Issue' form in the Finacle Core Banking system. The interface includes a header with the Finacle logo and navigation buttons (Main Menu, HTML Menu, CRV, CCY Converter, Logout). The user information shows the date as 22 November, 2002, and the user as MADHAVI. The form is divided into several sections: 'Function\*' (A-ADD), 'Issue Date' (22-11-2002), 'Print Ind.' (radio buttons for Immediate, Later, Bulk), 'DD Ac. ID' (027050104688), and 'Tran. Report Code'. The 'Purchase Details' section includes 'Tran. Type' (radio buttons for Cash, Transfer - Bank Induced, Transfer - Cust. Induced), 'Purchaser Acct Id' (SBMAN-01), 'CCY' (INR), 'Chq. Details' (ABC, 56912, 22-11-2002), and 'Purchaser Name' (A SRINIVASAN). The 'Fee Details' section includes 'Tran. Type' (radio buttons for Cash, Transfer - Bank Induced, Transfer - Cust. Induced), 'Commission Ac. Id' (SS-SB11), 'CCY' (INR), 'Chq. Details' (ABC, 63151, 22-11-2002), and 'Tran. Report Code'. The form concludes with 'GO' and 'CLEAR' buttons.

**Figure 4.23**  
**Demand Draft Issue Details**

22 November, 2002 | User: SATISH | SOL ID: 027 | Menu Shortcut:

**Demand Draft Mass Issue**

DD Srl. No.	DD Amt.	Drawn On	Payee	Commission Amt.	Postage Amt.	Del.
1	1,000.00	COSMOS	MADHV	10.00	0.00	N ▲
2	2,000.00	COSMOS	SAI	10.00	0.00	N
	0.00			0.00	0.00	
	0.00			0.00	0.00	▼

Function: ADD      Tran. ID: SREEKS  
 Issue Date: 22-11-2002      Purchaser Name: SREEKS  
 Purchaser Acct ID: Cash

DD Srl. No. 2  
 DD Amt.\*  INR  
 Drawn On\*   
 Payee\*   
 Record  Del.  
 Notes  [Fee Details](#)

2 of 2

● Status: ● Total DD Amt.:3,000.00 ● Total Fee:20.00

Invoke this menu option and enter the Draft account number, if known, otherwise search for the same and enter it. Then enter the amount of the draft. On entering this press F4, and an additional screen will be opened wherein the particulars of the drafts like, Draft Number, Payee's name, Draft on, Purchaser name and account ID have to be entered. This menu option should be used in case of multiple drafts also.

## 2. To Print A Draft

To print a draft the menu option to be used is DDPRT.

**Figure 4.24**  
**Print Demand Draft**

ddfe3002		Print a DD		02-07-2004	
DD No.	120	Part Tran. ID	SMI406220		2
Date of Issue	31-03-2003	Print advice ?			
DD Amt.	INR 200.00	DD Tran. Type	C	ISSUE	
Drawn on	6048 ICI A.THEKKUR	DD Tran. Status	I	ISSUED	
Payee Name	LIZ	Dups. Issued			
Comm./Exchg.	INR 40.00	(Calc)Last Dupl Iss Date			
	INR 40.00	(Actl)Pymt./Cncln. Date			
Prchsr.A/c. ID	0049CS00CASH INR 0049	Rect. Count			
Prchsr. Name	LEKSHMI	Rect.Amt.	INR	0.00	
Postage Amt.	INR 0.00				
Print Option	L LATER	Created By	TEST3		
Print Count		Created On	29-06-2004		
Inventory Type	DD-BR DEMAND DRAFT ON BRANCHE	Modified By	TEST3		
Inventory No.	C / 27	Modified On	29-06-2004		
Print ?	Y	Deleted ?	N		

On invoking this option, enter the Transaction ID and date of issue of the draft. On pressing F4, the system will display all the particulars of the draft like amount of draft, drawn on, payee's name, Purchaser's account, Name etc., and in the last field print.

(Y or N) option is available. To print the draft on entering Y and pressing F10, the system will print the particular draft. The system will ask whether the DD is correctly printed or not. Enter Y(es) to mark the DD printed. If N(o) is marked the DD is re-printed and previously printed DD will be marked as destroyed by the system.

### 3. To print all the Unprinted Draft

The menu option for printing all the unprinted draft is DDPALL.

**Figure 4.25**  
**Print All Unprinted Demand Draft**

The screenshot shows a software window with a teal header bar. On the left of the header is the text 'ddfe3010', in the center is 'Print all unprinted DDs', and on the right is '26-06-2004'. Below the header is a light blue area. On the left side of this area is the label 'Start Date'. To the right of the label is a white text box with a black border containing the date '30-03-2003'.

The only input required for performing this activity is to enter the date for which the unprinted drafts have to be printed. On invoking this option the system will display the BOD date. If the user wants to change the date the same can be changed also. On entering the date and pressing F4, the system will start selecting the records for which drafts has not been printed as on that given date. Using the down arrow keys, user can move to the next record. Here the user has a choice to print whatever record he wants to print. User has a facility for printing each draft and on the user's confirmation, the next record will be displayed. Enter f10 to record the DD as printed in the system.

#### **4. Draft Reported Lost**

Menu option for marking a particular draft as Lost is DDLOST.

**Figure 4.26**

**Entry of Reported Lost-Demand Draft**

ddfe3002		Entry of Reported Lost		12-09-2003	
DD No.	8004	Part Tran. ID	D18985		1
Date of Issue	21-11-2002	Print advice ?			
DD Amt.	INR 225.00	DD Tran. Type	C	ISSUE	
Drawn on	002 030	DD Tran. Status	I	ISSUED	
Payee Name	LATS1	Dups. Issued			
Comm./Exchg.	INR 12.00	(Calc)Last Dupl Iss Date			
	INR 12.00	(Act)Pymt./Cncln. Date			
Prchr.A/c. ID	LATS-SB2	INR 027	Rect. Count		
Prchr. Name	LATHEESH		Rect.Amt.	INR 0.00	
Postage Amt.	INR 0.00				
Print Option	L LATER	Created By	LATHISH		
Print Count	1	Created On	18-07-2003		
Inventory Type	CNDDS CENTURIAN BANK DD BOOK	Modified By	LATHISH		
Inventory No.	LATS / 8004	Modified On	18-07-2003		
NonpymtAdvReq?	Y	Deleted ?	N		

At the issuing branch, on invoking the menu, the draft number and the date of issue has to be entered. On pressing F4, the system will display all the particulars of that draft like, DD amount, drawn on, purchaser account ID, purchaser Name etc. the only field to be filled up by the user is NON PAYMENT ADVICE REQUIRED (Y/N) if the user wants to issue a duplicate draft without waiting for nonpayment confirmation from the paying branch, the value to be filled up at this field should be N otherwise Y.

## 5. Reverting the DD From Lost to Unpaid Status

Menu option for marking a draft as unpaid from lost status is DDREVERT.

**Figure 4.27**

### Reverting DD Lost to Unpaid

ddfe3002		Revert Stat from RepLost/ NPA Recd		21-07-2004	
DD No.	27	Part Tran. ID	SMI407504		1
Date of Issue	31-03-2003	Print advice ?			
DD Amt.	INR 10,824.00	DD Tran. Type	C	ISSUE	
Drawn on	02 ICI M G ROAD, BANGALORE	DD Tran. Status	L	LOST	
Payee Name	TICKET TESTING 81591	Dups. Issued			
Comm./Exchg.	INR 0.00	(Calc)Last Dupl Iss Date			
	INR 0.00	(Actl)Pymt./Cncln. Date			
Prchsr.A/c. ID	004915016123	INR 0049	Rect. Count		
Prchsr. Name	C81591	This is a sample screen		Amt.	INR 0.00
Postage Amt.	INR 0.00				
Print Option	L LATER	Created By	KLM		
Print Count	1	Created On	03-07-2004		
Inventory Type	DD-BR DEMAND DRAFT ON BRANCHE	Modified By	MADHV1		
Inventory No.	C / 27	Modified On	21-07-2004		
		Deleted ?	N		

Enter DD No, Date of Issue and press F4 to display the details of the DD previously marked “Lost”. Press F10 to revert its status to “Unpaid”

## 6. Marking the draft as not Paid

The menu option for this is DDNPADV. On invoking this menu, the same screen which appeared for DDLOST will appear. The only input here is to enter the Draft Number which needs to be marked as not paid and its date of issue. On filling up both these values, the other details pertaining to that particular draft get populated by default. On pressing F4 and F10, the draft is marked as unpaid.

## 7. Issue of Duplicate Draft

Menu option for issue of Duplicate Draft is DDD.

**Figure 4.28**

### Issue of Duplicate Draft

The screenshot shows the 'Issue of Duplicate DD' form in the Finacle Core Banking system. The header includes the Finacle logo and navigation links: Main Menu, HTML Menu, CRV, CCY Converter, and Logout. The user information is: 01 December, 2002 | User: MADS | SOL ID: 027 | Menu Shortcut: [input field] [GO]. The form title is 'Issue of Duplicate DD'. The form fields are: DD No. (69798), DD Issue Date\* (01-12-2002), Tran. ID (empty), Tran. Type (T-TRANSFER), and a checked checkbox for 'Create Fee Tran.'. There are 'ACCEPT' and 'CLEAR' buttons at the bottom.

On invoking this option, the system will ask for the draft number and date of issue for which the duplicate draft has to be issued. The next input required is whether service charges have to be recovered for issue of duplicate DD. If yes, the system will create appropriate part trans. Then the system will display the particulars available in the system against the draft number. On clicking the submit button, the system will create the Tran ID if the service charges have to be recovered and display the message that duplicate draft is issued.

## 8. Cancellation of a Draft

The menu option for cancellation of draft is HDDC.

**Figure 4.29**

### Cancellation of Demand Draft

The screenshot shows the 'DD Cancellation' form in the Finacle Core Banking system. The header includes the Finacle logo and navigation links: Main Menu, HTML Menu, CRV, CCY Converter, and Logout. The user information is: 01 December, 2002 | User: MADS | SOL ID: 027 | Menu Shortcut: [input field] [GO]. The form title is 'DD Cancellation'. The form fields are:  Non-System DD, Function\* (C-CANCEL), DD No. (6064), Tran. Type\* (T-TRANSFER), Ref. No. (REF 12334), DD Amt. (empty), Issued By (empty), DD A/c. ID (empty), Tran. ID (empty), DD Issue Date\* (01-12-2002), Report Code (empty), and a checked checkbox for 'Create Fee Tran.'. There are 'ACCEPT' and 'CLEAR' buttons at the bottom.

On invoking this menu option, in the function block, the user will have to select CANCEL. Then type the draft number and the date of its issue. The system will ask for Transaction type. Select either Cash or Transfer depending upon the transaction. On entering all these particulars, the rest of the details like Ref No., Draft Amount, IASSUED By, Account ID etc., will be displayed automatically by the system. In the last field, create fee Transaction, if it is enabled the system will calculate the cancellation charges and create part Tran for the same. Otherwise only the cancellation part tran will be there.

On clicking the accept button the system will go to the next screen, where the cancellation of part Tran will be displayed. On clicking Submit Button in this screen, that particular draft will be cancelled and the proceeds will be credited to the account of purchaser or will be paid in cash depending upon the transaction type chosen earlier.

### 9. DD Issue Inquiry

If the user wants to inquire details about a specific drafts issued at the branch, the menu option is DDIC.

**Figure 4.30**  
**Issued Inquiry- Demand Draft**

ddfe3002		Specific DD Issued Inquiry		28-06-2004	
DD No.	2012	Part Tran. ID	SMI403637		2
Date of Issue	27-02-2003	Print advice ?			
DD Amt.	INR	3,333.00	DD Tran. Type	C	ISSUE
Drawn on	25	ICI	GOBICHETTIPALAYAM	DD Tran. Status	X CANCEL
Payee Name	EL			Dups. Issued	
Comm./Exchg.	INR	40.00	(Calc)Last Dupl Iss Date		
	INR	40.00	(Actl)Pymt/Cncln. Date		27-02-2003
Prchr.A/c. ID	0049CS00CASH	INR 0049	Rect. Count		
Prchr. Name	LIZ		Rect.Amt.	INR	0.00
Postage Amt.	INR	0.00			
Print Option	L	LATER	Created By	ELIZA1	
Print Count	1		Created On	21-06-2004	
Inventory Type	DD-BR	DEMAND DRAFT ON BRANCHE	Modified By	ELIZA1	
Inventory No.	A	27	Modified On	21-06-2004	
			Deleted ?	N	

Invoke this menu and enter the draft number and the date of its issue and press F4. The system will display all the details of the particular draft like, DD Amount, Currency, Drawn

On, Payee Name, Purchaser ID, purchaser Name, Commission, Exchange Received, whether duplicate draft has been issued for this draft. The inquiry can be done for a range also.

### 10. Demand Draft Paid Inquiry

If the user wants to inquire details about a specific draft paid at branch, the menu option is DDIP.

**Figure 4.31**  
**Paid Inquiry- Demand Draft**

ddfe3009		Specific DD Paid Inquiry		28-06-2004	
Inquiry - Specific DD Paid					
DD No.	2012	Part Tran. ID	5MI403639	/	1
Date of issue	27-02-2003				
DD Amt.	3,333.00	INR			
Issued By	25	ICI	GOBICHETTIPALAYAM		
Payee A/c. ID					
Payee Name	LIZ				
Ex-advice ?	N				
Advised Date	27-02-2003				
DD Tran.Type	D PAYMENT		Created by	ELIZA1	
DD Tran.Status			Created on	21-06-2004	
Pymt./Cncln.Date	27-02-2003		Modified by	ELIZA1	
Rctfn. Count			Modified on	21-06-2004	
Rctfn. Amt.	0.00	INR	Deleted ?	N	

Invoke this menu and enter the draft number and the date of its payment and press F4. The system will display all the details of that particular draft like, DD Amount, Drawn On, Payee Name, Purchaser ID, Purchaser Name, Commission, Exchange Received, whether duplicate draft has been issued for this draft.

### 11. Demand Draft Credit Inquiry

Facility is available in Finacle to inquire about issue of draft on any of the search criteria. The menu option to be used for this purpose is DDIL. On invoking this option appropriate search criteria as discussed below can be entered.

1. Draft issued from a particular date to a particular date
2. Draft amount from a particular amount to a particular amount
3. Draft issued in a particular currency

4. Draft numbers in a specified range
5. Based on Payee's Account ID
6. Based on DD transaction type whether Cash or Transfer

## 12. Demand Draft Debit Inquiry

Similarly to draft credit inquiry for the purpose of finding out the paid particulars of draft, the menu option available is DDID, which will have similar fields like DDIC discussed above. Appropriate search criteria have to be entered to find out the details of any of the paid draft.

**Figure 4.32**

### Debit Inquiry-Demand Draft

dd#12003		DD Debits Inquiry		28-06-2004	
Inquiry - DD Debits					
Selection criteria					
Issue Date	From		30-01-2003	To	30-03-2003
DD Amount	Low		1,000.00	High	50,000.00
DD CCY			INR		INDIAN RUPEE
Pymt./Cncln.Period	From		30-01-2003	To	30-03-2003
DD No.	From		2012	To	2050
Branch Code		AB		AB	APEX BANK
Payee A/c. ID					
Pymt SOL ID		0049			DAHANU, MAHARASHTRA
Ex-advice ?		Y			
Advised ?		N			
DD Tran.Type		D			PAYMENT
DD Tran.Status		R			REVERSED

#### 4.15.12 Cash/Credit Overdraft Account

An overdraft occurs when withdrawals from a bank account exceed the available balance which gives the account a negative balance - a person can be said to have "overdrawn". If there is a prior agreement with the account provider for an overdraft protection plan, and the amount overdrawn is within this authorized overdraft, then interest is normally charged at the agreed rate. If the balance exceeds the agreed terms, then fees may be charged and higher interest rate might be applied.

On the other hand Cash Credit is a short-term cash loan to a company. A bank provides this type of funding, but only after the required security is given to secure the loan. Once a

security for repayment has been given, the business that receives the loan can continuously draw from the bank up to a certain specified amount. This type of financing is similar to a line of credit.

Finacle make available of HOAACCC/HOACOD menu in order to process Cash/Credit Overdraft Account under certain prerequisite which are as follows.

**Prerequisite**

**Table 4.11**

**Prerequisite Cash/Credit Overdraft Account**

Cluster Number (Cust ID)	SOL ID
GL Subhead	Scheme Code
Scheme Type	Currency Code

The user has to specify the customer ID for whom the account is to be opened, the currency code and the valid Scheme Code. **System populates the default GL Subhead Code specified at GSPM.** If no default GL Subhead code is specified or more than one GL Subhead is defined at GSPM, the user has to procedurally enter the GL Subhead code and <ACCEPT>.

From this menu option the user has to visit following sections to capture relevant details.

**Table 4.12**

**Cash/Credit Overdraft Details**

General Details	Interest Details	Scheme Details
MIS Codes	Account Limit	Document Details
Related Party Details	Other Details	

The main screen of account opening is then displayed and the user has to specify the details of the account. The values specified at GSPM and CUMM are default populated during account opening.

## **General Details**

### **A/C Open Date**

A/C open date by default is the BOD date. This date can be modified.

### **Charge Level Code**

Appropriate code can be entered here.

### **Location Code**

Appropriate code can be entered here.

### **Collect Charges**

This column indicates whether charges should be collected for this account or not. If set “N”, charge calculation will be skipped for such accounts.

### **Turnover Details**

This will determine generation of account turnover details.

### **Account Statement**

Account Statement frequency is mandatory, default populated from GSPM or HCUMM. It is possible to enable the account for statement/pass sheet generation or both or none. When ‘S’ or ‘B’ is entered for A/C statement, then entry of frequency of pass sheet, dispatch modes have to be specified.

### **Allow Sweeps**

This will determine whether the A/C should be considered for SWEEP facility or not.

**ECS Enabled:** The parameter specified here decides whether this account is enabled for Electronic Clearing or not.

### **Interest Details**

All interest related parameters can be entered in Interest Details Screen. Int. Dr. A/C Flag: Select the appropriate code for the account from which the interest is to be debited. The account number has to be specified in Int. Dr. A/C Flag if options other than S (Original A/C) are selected.

**Scheme Details****Cheque Allowed**

Whether cheque book facility is to be allowed or not.

**Recover Fee for Chq. Issue**

Whether cheque book charges are to be levied or not.

**Nomination**

Whether Nomination is required or not. If this flag value is 'Y', entry of nomination details is mandatory.

**Sanction Limit**

The sanctioned limit of the borrower.

**Dr. Bal. Limit**

The debit balance limit for the account.

**Max. Allowed Limit**

The ceiling on the sanction for an account. The maximum amount that can be allowed as an advance.

**Please note that under the current systems & procedures sanction limit, Dr Balance Limit and Maximum Allowed Limit will be the same**

In case of **Transferred Accounts**, facility is provided for capturing of pending interest amounts (Dr or Cr), account balance and the minimum balance during the month of transfer which needs to be considered during next interest calculation. The relevant columns are Interest Amt (Dr Cr), Minimum balance and account balance.

**MIS Codes**

MIS Codes can be entered for the accounts opened using this screen interface. Entry of details are through the codes which are created using RRCDM. The entry of appropriate codes is useful for generating various MIS reports.

### **Account Limits**

<b>Sanctioned Limit:</b>	Enter the sanction limit for the account
<b>Sanction Date:</b>	Enter the limit sanction date
<b>Expiry Date:</b>	Enter the date up to which the sanctioned limit is valid
<b>Document Date:</b>	Enter document date of sanctioned limit
<b>Sanction Level:</b>	Enter code for the sanction level
<b>Limit Reference Level:</b>	Enter Reference no of the sanctioned limit
<b>Review Date:</b>	Enter the date on which the sanctioned limit has to be reviewed
<b>Sanction Authority:</b>	Enter code of the sanctioning authority
<b>Drawing Power Ind.:</b>	Enter the appropriate code for drawing power
<b>Limit ID:</b>	Enter the limit ID (Parent Limit ID) of the sanctioned limit

### **Related Party Details**

This option can be used to capture the power of attorney older information, letter of authority information, joint holder information and authorized information.

The first record in Related Party Details is populated from the cust ID specified in HCUMM. Additional records can be added as per requirement by choosing option <NEXT REC>

### **Nomination Details**

The nomination details can be maintained in the system and these are captured while opening or maintaining the account. This is a co-mandatory screen. User can invoke this screen only if the nomination flag is set in scheme details.

### **Customer Account Verification**

Customers accounts are verified using the following menu options.

CC Acct	-	HOAACVCC
OD Acct	-	HOAACVOD

While verifying the account, authorizer has to visit all the screens, which the user who has opened the account has visited.

#### 4.15.13 Term Loan

A bank loan is loan from concern bank to a company, with a fixed maturity and often featuring amortization of principal. If this loan is in the form of a line of credit, the funds are drawn down shortly after the agreement is signed. Otherwise, the borrower usually uses the funds from the loan soon after they become available. Bank term loans are very a common kind of lending.

In Finacle it is managed through HOAACL & HOACVLA menu option. The menu option for opening a Term Loan Account is HOAACL, On invocation of this menu the following screen will appear.

**Figure 4.33**  
**Term Loan - Account Opening**

A/c. Opening - Term Loans				
Account Opening Criteria				
Cust. ID	49005159	ABHISHEK	SOL ID *	0049
CCY *	INR		Scheme Code *	00
GL Subhead Code	60020	TERM LOANS	Permanent A/c. ID	100100

- Enter the Customer ID and the Scheme Code, in which the loan account is to be opened. (Click on the Help button to see details of Scheme Codes)
- Currency, SOL ID and GL Subhead will be populated by default.
- Then click the Accept button, the next screen will open.

This screen contains various TABS, for which the user has to do data entry.

**The first of the screen is the General Details.** Many of the information are default populated based on scheme parameters set up and customer master. The key fields are:

- Account Open Data
- Fee Level Code
- Mode of Operation
- Account Manager
- A/C Statement Details

**Figure 4.34**

**Term Loan - General Details**

The screenshot displays the 'A/c. Opening - Term Loans' form in the Finacle Core Banking system. The form is titled 'A/c. Opening - Term Loans' and shows 'Customer Details' for account 'XXXINFOSYS' opened on '14-01-2004'. The form includes various fields for account details, limits, and management. A 'Native Language Details' section is also visible at the bottom. Navigation buttons 'SUBMIT', 'VALIDATE', and 'CANCEL' are at the bottom.

**The Second TAB is for A/C Interest Details**

- Debit Customer Preferential Interest Rate: Customer level or account preferential interest rate can be entered here.
- Interest Rate Code: This is a mandatory field. The user can enter a non base interest table code created with HLVSM option here.
- Account Pegged: If the interest rate is fixed during the entire tenor of the account then the value of this field should be ticked.  
(Tax Details Are Not Applicable To Loan Account)

**The Third Tab is for Scheme Details**

- Loan Amount – The amount of loan sanctioned is to be entered here
- Loan Period – The tenor of the loan

Hold in Open A/C for Amount Due?: If this box is ticked it means the value is set as ‘Y’ then the user can mark a lien on his operative account indicated, to the extent of dues in the account.

### Repayment Method

The value in this field decides how repayment will be made. Valid values are:

**Table 4.13**

**Value for Repayment of Loan**

S. No.	Value	Description
1.	E	System recovers whatever is available in operation account
2.	T	System creates a TOD and recovers entire dues from the op. A/C
3.	N	No recovery would be done
4.	P	Recovery through post dated cheques
5.	D	Recovery through Electronic Clearing
6.	B	Bill to employer and
7.	S	Recover from salary

### The Forth Tab is Loan Interest Details

Interest Demand effective date: If all the interest applied to the account has to be made effective from a certain/particular date, then that date should be entered here.

### The Fifth Tab is Flow Parameters

If the account is of an Equated Interest (EI) type then the flow parameter screen would be displayed. The installment start date, installment frequency, and Interest Frequency are to be entered here. If the loan is an upfront installment collection, if so how many installments, what is interest rest frequency and basis, is there any holiday period. All this information is applicable for EI type of Loan. If the interest frequency and principal demand frequency are different, then the dates should be entered accordingly. (For e.g. Principal demand can be half yearly and interest demand can be quarterly, their demand dates may also be different as shown below).

**Figure 4.35**  
**Term Loan - Flow Parameter**

**Finacle Core Banking** | Main Menu | HTML Menu | CRV | CCY Converter | Logout

17 December, 2002 | User: SH00 | SOL ID: 0049 | Menu Shortcut:  **GO**

**A/c. Opening - Term Loans**

Function: ADD  
Customer Id: 80003586  
GL Subhead Code: 60020

Currency: INR  
Scheme Code: E1

**Repayment Schedule Parameters for EI Loans**

A/c. ID:   
Loan Amt: **100000.00** | Schedule Creation Date: **17-12-2002**

**General**

EI Type: EI IN ARREARS | No. of Instalments:   
 Instalment Start Date: 17-01-2003 | Int. Start Date: 17-01-2003  
 Instalment Freq: M-MONTHLY | Week:  | 17 | N-NEXT DAY  
 Int. Freq: D-DAILY | Week:  | 17 | N-NEXT DAY  
 Holiday Period: 0 Months |  Auto. Reschedule After Holiday Period

**Interest Rest**

Int. Rest Freq: D-DAILY | Int. Rest Basis:

**Upfront Instalment**

Upfront Instalment:  Collect | No. of Instalments:

**Graduated Payment**

Graduated Payment:  Allowed | No. of Steps:   
 Step %: 0.0000 | Step Ind.:  Up  Down

**VALIDATE** **CANCEL**

**The Sixth screen is of Flow Details**

Based on the parameters furnished in the Flow Parameter screen, the system populated by default the values for flow details for principal and interest demands. After clicking the “Amortization Schedule” you can verify and take the print out of the repayment schedule.

**Figure 4.36**  
**Term Loan - Flow Details**

The screenshot displays the 'A/c. Opening - Term Loans' interface in the Finacle Core Banking system. At the top, it shows the date '17 December, 2002', user 'VIJAY1', and SQL ID '0049'. The main title is 'A/c. Opening - Term Loans'. Below this, there are fields for 'Function: ADD', 'Customer Id: ABH11', 'GL Subhead Code: 60020', 'Currency: INR', and 'Scheme Code: EIGE1'. A navigation bar includes buttons for 'General', 'A/C Interest', 'Scheme', 'Interest', 'Flow Parameters', 'Flow Details', 'Transfer-In', 'Related Party', 'IS Codes', and 'Post Dated Cheque'. The 'Flow Details' button is highlighted.

The 'Repayment Schedule - Instalment Details' section shows the following information:

A/c. ID	100000.00	Schedule Creation Date	17.12.2002
Loan Amt.			

Navigation buttons 'PREV REC' and 'NEXT REC' are present. Below is a table of instalment details:

Instalment Id.	Instalment Start Date	Instalment Freq.	No. of Instalments	Instalment Amt.	Record
EIDEM	17-01-2003	M / .D / 1 / N J.J.J.J. J.J.J.J. J.J.J.J.	12	8887.60	N

Below the table, there are input fields for 'Instalment Id.\*' (EIDEM), 'Instalment Start Date\*' (17-01-2003), 'Instalment Freq.\*' (M-MONTHLY, Week, 01, N-NEXT DAY), 'No. of Instalments' (12), and 'Instalment Amt.' (8887.60). A 'Del.' checkbox is also present.

At the bottom, there are four buttons: 'SUBMIT', 'AMORTIZATION SCHEDULE', 'VALIDATE', and 'CANCEL'.

After clicking on the “Amortization Schedule” button the following screen appears.

**Figure 4.37**

**Term Loan - Amortization Schedule**

Function: ADD  
Customer Id: ABH11  
GL Subhead Code: 60020

17 December, 2002 | User: VIJAY1 | SOL ID: 0049 | Menu Shortcut: GO

A/c. Opening - Term Loans

Currency: INR  
Scheme Code: EIGET

ther ocument Message Charge frequency Disbursement Schedule Account Limits  
eneral A/C Interest cheme Interest Flow Parameters Flow Dis. Seta ransfer In Related Party IS Codes ost Dated Cheque

**Amortization Schedule**

A/c. ID  
Loan Amt. 100000.00 Schedule Creation Date 17-12-2002  
No. of Instalments 12  
Upfront Instalment Amt. No. of Upfront Instalments 0

Srl. No.	Instalment Date	Instalment Amt.	Prin. Amt.	Int. Amt.	Charges Amt.	Prin. Outstanding
1	17-01-2003	8887.60	7868.42	1019.18		92131.58
2	01-02-2003	8887.60	8433.25	454.35		83698.33
3	01-03-2003	8887.60	8117.12	770.48		75581.21
4	01-04-2003	8887.60	8117.29	770.31		67463.92
5	01-05-2003	8887.60	8222.20	665.40		59241.72
6	01-06-2003	8887.60	8283.82	603.78		50957.90
7	01-07-2003	8887.60	8385.00	502.60		42572.90
8	01-08-2003	8887.60	8453.71	433.89		34119.19
9	01-09-2003	8887.60	8539.86	347.74		25579.33
10	01-10-2003	8887.60	8635.31	252.29		16944.02
11	01-11-2003	8887.60	8714.91	172.69		8229.11
12	01-12-2003	8310.27	8229.11	81.16		0.00

PRINT OK

**The Eighth Tab is Related Party Details**

If the account is a joint account and more than one person is associated by way of guarantor or in any other form, the details of such persons can be captured here. This is a multi record screen.

**The Ninth Tab is MIS Codes**

All the MIS codes are to be entered here, like sector code, occupation code, purpose code, Borrower's Category, Purpose of Advance, Mode of Advance, Type of Advance, Nature of Advance, Guarantee Cover Code and Industry Type.

On completing these inputs click on the submit button. The system will give a temporary A/C, ID.

The account thus opened has to be verified with the help of menu option **HOAACVLA**.

**Figure 4.38**

**Term Loan - Account Verification**

17 December, 2002 | User: SH00 | SOL ID: 0049 | Menu Shortcut:

**A/c. Verification - Term Loans**  
Account Verification Criteria

Function \*

Temporary A/c. ID

Permanent A/c. ID

Select the Temp. A/C Number using the help available and click on Accept. The person verifying the A/C opening needs to visit all the tabs previously mentioned in this document.

On completing these inputs click on the Submit Button. The system will give a message like “A/C. ID 225652400005 Added Successfully”.

**Scheduled Loan Installment Recovery**

The menu option for recovery of scheduled loan installment (either in part or in full) from operative account is HLASPAY. On invocation of this menu the following screen will appear.

**Figure 4.39**

**Loan Schedule Payment – Screen 1**

17 December, 2002 | User: AKSHAY1 | SOL ID: 0049 | Menu Shortcut:

**Loan Schedule Payment**

Payment Type  Scheduled  Reversal

Tran. Type  Cash  Transfer

Dr. From  Operative A/c.  Common Dr. A/c.

Common Dr. A/c.

Excess Cr. To  Loan A/c.  Loan Payment A/c.

Ref. No.

Payment Type: Check the “Scheduled” box if enter for scheduled recovery of installment of loan account is required or check ‘Reversal’ if relevant entry of scheduled recovery of installment is made through account only.

Dr. From: Check the appropriate box. Whether the amount credited to the loan account is to be recovered either through operative account or through common account.

### Click on ACCEPT Button

Following screen will appear

**Figure 4.40**  
**Loan Schedule Payment – Screen 2**

The screenshot shows the 'Loan Schedule Payment' screen in the Finacle Core Banking system. The header includes the Finacle logo and 'Finacle Core Banking'. The user interface is in English and shows the date '16 December, 2002' and user information 'User: DDC8 | SOL ID: 0049 | Menu Shortcut:'. The main form area is titled 'Loan Schedule Payment' and contains several input fields and buttons. The 'Record' field has a 'Select' checkbox. The 'Loan A/c. ID\*' field contains '00496000006'. The 'Cr. Amt.' field contains '1,000.00'. The 'Source A/c. ID' field contains '004901500018'. The 'Tran. Remarks' field is empty. The 'Reversal ID' field is empty. The 'Tran. Exchange Rate' field is set to 'NOR' with a value of '1.0000'. The 'Fee Exchange Rate' field is also set to 'NOR' with a value of '1.0000'. The 'Value Date\*' field contains '16-12-2002'. The 'TOD' field has a 'Grant' checkbox. The 'Ref. No.' field contains '001'. The 'Tran Treasury Rate' field contains '1.0000'. The 'Charge Treasury Rate' field contains '1.0000'. The 'Treasury Ref. No.' field is empty. At the bottom of the form, there is an 'ACCEPT' button. Below the form, there are three buttons: 'SUBMIT', 'CANCEL', and 'SUMMARY INFO'.

### Record

You need to select it before you submit else error will be displayed as no record selected to submit/modify.

### Loan A/C ID

Enter the Loan A/C Number.

### Cr. Amount

Enter the amount to be credited in the loan account.

### Source A/C ID

Specify the operative account number if you have selected 'common Dr. A/C' in previous menu. The account number will be displayed automatically if you have selected 'operative account' in previous menu.

### Tran Remarks

Enter the narration remarks of the transaction.

Click Accept: Next Screen will appear underneath the previous screen.

**Figure 4.41**  
**Loan Schedule Payment – Screen 3**

16 December, 2002 | User: DDC8 | SOL ID: 0049 | Menu Shortcut:

**Loan Schedule Payment**

Function Scheduled

Record  Select Value Date\* 16-12-2002

Loan A/c. ID\* 00496000006 INR 0049 XXXINFOSYS

Cr. Amt. 1000.00 TOD  Grant

Source A/c. ID 004901500018 INR 0049 XXXINFOSYS

Tran. Remarks Ref. No. 001

Reversal ID

Tran. Exchange Rate NOR 1.0000 Tran Treasury Rate 1.0000

Fee Exchange Rate NOR 1.0000 Charge Treasury Rate 1.0000

Treasury Ref. No.

	Adjustment Amt.	Outstanding Amt.
<b>Liability</b>	32,628.18	33,628.18
<b>Prin.</b>		
<b>Int.</b>		
<b>Bank Chrgs.</b>		
<b>Other Chrgs.</b>		
<b>Fees</b>	1,000.00	
<b>Total</b>		

Excess Cr. Amt 1,000.00 Previous Flow Amt. 8,555.91

Record 1/1

Check all the details whether correct or not and press accept to commit the transaction.

### **Loan Demand Satisfaction**

This feature is carried through LADSP menu. Before running LADSP it must be ensured that demand has been raised in the loan accounts by executing LADGEN option which will ensure that demand for overdue Principal/Interest/Any other charges has been generated in respect of such accounts.

The menu option for satisfying the demand (Principal/Interest/Charges) on the loan account. On invocation of this menu following screen will appear.

**Figure 4.42**  
**Loans Demand Satisfaction Process**

The screenshot shows a web-based form for 'Loans Demand Satisfaction Process'. The header bar is teal and contains the text 'lafe3257' on the left, 'Loans Demand Satisfaction Process' in the center, and '03-07-2004' on the right. Below the header, the form fields are as follows:

- Set ID :**  DAHANU, MAHARASHTRA
- Report To :**
- Type Of Demand :**  ALL DEMANDS
- Scheme Codes :**
- From A/c. ID :**  **To A/c. ID :**
- Recovery Mode :**  FROM LOAN PAYMENT A/c AND OPERATIVE A/c
- Leave Excess Amt in Loan Payment A/c. :**
- Collect Pending Fee? :**

**Set ID**

Enter your respective Sol ID.

**Report To**

Enter the name of the person to whom the report is to be submitted.

**Type of Demand**

- **P** Principal Only
- **I** Interest Only
- **B** Bank Charges only
- Other Charges Only
- **A** All Demands

Enter the appropriate type of demand to be satisfied.

Enter the Scheme Codes of loans if scheme wise Demand is to be satisfied else enter account number to satisfy the demand of a particular loan account.

**Recovery Mode:** Enter the appropriate mode of Recovery

- **L** Recover from loan payment A/C only
- Recover from Operative A/C only

- B Recover from both accounts.

Leave Excess amount in Loan payment A/C: Y for yes and N for no. (If only the overdue Principal & Interest is to be recovered then the option is N for No. if “yes”, then the excess amount over and above demand raised will also be recovered and parked in loan payment A/C).

Collect Pending Fee? : Y/N (Y if charges are to be collected otherwise N)

### Press F4

The transaction will be generated.

### Loan Disbursement

The menu option for disbursement of term loan or demand loan is HLADISB. The main objective of this menu is to disburse loan from TL/DL Account to Operative Account. On invocation of this menu the following screen will appear.

**Figure 4.43**

**Loans Disbursement Details**

Loan Amt.	50000.00
Loan Period Months/Days	24 / 0
Loan Amt. Disbursed	50000.00
Available for Disbursement	0.00

### Loan Disbursement (LADISB/HLADISB)

#### Function

Enter the appropriate function Disbursement/Verify/Cancel

#### A/C ID

Enter the loan account number from which the amount is to be disbursed.

**Value Date**

Enter the value date of transaction. Normally value date and tran date are equal.

**Tran Type**

Check the 'Cash' option if the disbursement is through cash or check 'Transfer' if the disbursement is to be made in the operative account of the customer.

**Disbursement Amount**

Enter the amount to be disbursed.

**Gross/Net Disbursement**

Select whether net or gross disbursement is to be made.

**Cr. A/C ID**

Enter operative account no. in which the disbursed loan amount is to be credited.

**Ref No.**

Select from the drop down menu for maintaining system reference no.

**Paysis ID**

This function is useful if the disbursed amount is to be transferred to other account via SWIFT or other local payment system.

**Final Disbursement**

Check the box if it is final disbursement else uncheck it. Enter the Rate Conversion Details if the Loan and Operative account are in different in terms of currency.

After filling the entire necessary information click the accept button after which the transaction will be generated.

#### **4.15.14 Maintenance of Limit Node**

For a better understanding of Limit Nodes in Finacle the user needs to familiarize him with the following concepts. However Finacle provides CMM, HLNLM, LTL, and LLIR Menu for these features.

#### **Limit Node**

Limit Nodes are used to group accounts and other facilities availed by customer like Documentary credits, Bank Guarantees, Forward Contracts, etc., under one head, typically called a **NODE** in Finacle, for easy monitoring.

#### **Collateral Register Maintenance (CRM)**

The collateral register is a record of all collaterals submitted to the bank, both primary and secondary for getting a loan. It can be linked at limit node level or account level.

#### **Limit Suffix Code**

The concept of limit suffix is to ensure that the total limit to a customer can be broken further into sub limits and monitored accordingly. This is to be created through menu option **HRRCDM**.

#### **Defining Collaterals**

The collaterals that are obtained to cover the loans/advances are to be defined first in the **Finacle System**. This is done using menu option **CMM**.

The key fields are as under.

#### **Collateral Type**

This can be one of the following values: D-Deposits, S-Tradable Securities, P-Life Insurance Policies, U-Mutual Funds Units, G-Government Securities, N-Small Savings, M-Machineries, I-Immovable Property, J-Gold/ Jewellery, V-Vehicles, O-Others, T-Stock, Q-QIS Statement, B-Book Debts, L-Live Stock, X-Transaction Accounts.

#### **Company Code**

If the Collateral type is either “S” or “U”, then this field is mandatory. A company code that is already defined in **HRRCDM** should be mentioned here.

**Unit Value Ind**

This field determines how the system should arrive at the value of the security. This can be based on F-Face Value, M-Market Value, R-Repurchase Value, N-No Default Value. Depending on the value of this field one of the following fields should have appropriate value, Face Value, Market Value, Repurchase Value.

**Margin Percentage**

Whether any margin percentage is to be retained while calculating drawing power.

**Max Alwd Amt**

This field specifies the maximum allowed amount for this type of collateral.

**Max allowed Primary Amount**

The amount the branch can finance against this collateral is specified here.

**DP Contribution Pcnt Limit**

The percentage specified here is used to fix the upper limit of drawing power contribution of collateral.

**Freeze Flag**

This flag is used to freeze collateral. If the value is "Y" in this field, then the collateral will be frozen and cannot be linked to any entity.

**The Activities that have to be carried out by the user are as under:**

- Creation of Limit Node
- Linking of Collateral to a Limit Node or Account
- Updating Drawing power based on security value.
- Maintaining the Drawing Power and Limit of an Account
- Inquiry on Limit Node, Securities, Limits and Drawing Power
- Generation of Reports pertaining to Limit Nodes

## **Limit Node- Creation and Maintenance**

### **Menu Option - HLMN**

The Limit ID has two parts – Limit Suffix and Limit Prefix. Limit Prefix is entered as a part of creating the Limit ID, Limit Suffix is a reference code that has been already created using **HRRCDM** menu option. It is always advisable to use the customer ID as a limit prefix. The key fields in the above screen of creation of limit node are explained as under:

### **Parent Limit ID**

A limit can be a parent limit or a child limit, which derives the drawing power from a parent. If the limit is a child limit, then Limit ID of the parent is to be indicated, from which this limit should get its share.

### **Drawing Power Indicator**

The valid values for this fields are;

- E - Drawing Power amount will be equal to Sanction Limit
- P - Drawing Power will be derived from the parent Limit ID
- M - Maintenance by the user.
- D - Derived from securities linked to the limit Node

### **Limit Sanction and Expiry Date**

User has to enter the limit sanctioned date and the expiry date.

### **Non-Revolving**

If the limit created is to be utilized only once then check box is to be ticked “Yes”. After entering all the details the user has to click on the submit button to save the record. Once the limit node record is saved, the same has to be verified by another user.

### **Limit Node Inquiry**

1. The menu option LTL is used to inquire into the various limit nodes created, based on the selection criteria.
2. Using the menu option **LNDI** the user can get all the information about the accounts that are linked to a particular limit node.
- 3.

### **Account Limit History Maintenance**

A limit sanctioned to an account requires maintenance, on account of increase or decrease in sanctioned limit itself, enhancing the limit, monitoring the drawing power. Any maintenance of limit or drawing power is to be done through a separate menu option **HACLHM**.

Depending upon whether the user wants to modify the Sanctioned Limit or Drawing Power, the appropriate check button is to be chosen. The user has always to use the “M”-Modify option for maintenance by indicating an account number.

Once the modification is done, the record has to be saved by clicking on the **SUBMIT** button. This record has then to **VERIFIED** by another user, using the same menu option **HACLHM**.

### **Limit Liability Inquiry Report**

The menu option **LLIR** is used for inquiring an account liability including sanctioned limit drawing power and TOD between range of dates. After entering the selection criteria, the user has to press <**ACCEPT**> Button.

Enquiry can be done on L-Liability, S-Sanctioned Limit, D-Drawing Power, T-TOD Details.

### **Customer Unutilised Limit Inquiry**

The menu option **CULI** can be used to inquire about the details of the limit created for the customer and the allotted limit, available amount, utilized limit and unutilized amount can be inquired upon for a customer across different accounts.

#### **4.15.15 Maintenance of Collateral Register**

Collateral denotes assets pledged by a borrower to secure a loan or other credit, and subject to seizure in the event of default, also called security. Finacle has HCLM, CLL, HBKQRY, and HACLHI for maintaining Collateral Security.

The approved Collaterals are to be defined in Finacle System using CMM menu option. This has been explained in the job card of Limit Node Maintenance. Once the collateral is defined as approved collaterals, the same can be linked directly to an individual account or to a limit node.

The menu option **HCLM** is to be used for this purpose. The user has to use the **LODGE** Function for the first time. The other valid options are **Modify, Substitute, Inquiry, Cancel and Verify.**

### **Linkage Type**

The linkage type can be either to an account directly, or to a limit node. If the Account is “checked” then a valid account number is to be entered against A/C ID field, and if the Limit Node is “checked” then a valid limit ID is to be entered against Limit ID field.

### **Type**

This is a mandatory field, and the user has to select the type of collateral to be attached. Based on the type of Collateral Selected, the Particular Details Screen will differ. On clicking the ACCEPT button the following screen will appear where below details need to be posted.

### **Collateral Code**

The user has to enter the approved collateral code.

### **CCY**

This will be populated by default based on Collateral Code.

### **Collateral Class**

This is an HRRCDM code for MIS purpose.

### **Collateral Group**

This is an HRRCDM code for MIS purpose.

### **Ceiling Limit**

This is the limit up to which the loan can be sanctioned based on this security.

### **Margin Percentage**

This is also populated by default based on the CMM Setup for the approved security.

### **Dr. A/C for Fees**

The operative account number that has to be debited to collect any charge during lodgment or withdrawal.

**Nature**

Whether the security is to be treated as primary or secondary collateral.

After entering these fields click on **PARTICULARS Tab**. This is also mandatory. The PARTICULARS TAB is different from different collateral type. Based on the type of particulars, the details in the screen will differ. The different types of Collateral that are permitted are S-Tradeable Securities, U-Mutual Funds, G-Government Securities, N-Small Saving Certificate, D-Term Deposits, X-Transaction Accounts, M-Machineries, I-Immovable Property, V-Vehicles, T-Stock, L-Live Stock, B-Book Debts.

The PARTICULARS TAB screen for each type of collateral is different. On selecting the particular TAB, the appropriate screen will be displayed. The fields in these screens are self explanatory.

**Charges Details**

In order to enter charges details, the user has to click on the charges tab which will show the following screen where following details to be posted.

**Charge Amount**

The amount up to which charge has been created on security is to be entered here.

**Date of Regn**

The date of registration of charge is to be entered here.

**Regn. Authority and Address**

The name and address of authority will be entered here.

**Date of Filling**

The date of filling of the charge details is entered here.

**Date of Receipt**

Once the bank gets the confirmation of the noting of charges in favor of Bank, the field is entered with the date of receipt of such confirmation.

**Charge Inst.**

This is a free text field. Once the details are entered, the user has to press the VALIDATE button. If another charge is to be created, press the NEXT REC button. If there is no other charge to be created, then press the SUBMIT button.

### **Maintenance of Collaterals**

Once collateral is linked to an account or a limit node, it requires maintenance, especially to control the drawing power or limit. This is essential from the point of exposure of the Bank to particular collateral. The menu option will be HCLM in modify mode.

### **Collateral Register Lookup**

#### **Menu Option: CLL**

This menu option is used to inquire on various accounts/limit nodes linked for a particular security.

### **Inquiry Menu Options for Limit Node Maintenance and Collateral Register Maintenance**

1. Customer Limit Details: Customers limits can be inquired with the help of HBKQRY menu option.
2. Limit Node Details: Limit Node Details can be inquired with the help of menu option HACLHI.
3. Customer Security Details: Customer security details can be inquired with the help of menu option HACLHI.
4. Insurance Details: Customer Insurance details can be inquired with the help of the menu option HACLHI, click on customer insurance details. Enter the Customer ID and click on the submit button.
5. Limit Tree Details: Limit tree details can be inquired with the help of HACLHI menu option. Click on the limit tree details.

### **4.15.16 Interest Concepts**

#### **Features of Interest Application in Finacle**

Interest application is one of the key activities for any banking solution. The features of interest application available in Finacle are listed below.

- Application of interest can take place at various intervals as per business requirement, together with deduction of Tax on the interest paid wherever applicable.
- Facility for interest calculation without actual application, i.e. trial closure of an account.
- Facility for setting up interest adjustment. Whenever there is an excess/short recovery of interest, it can be set right at the time of next int. application by flagging the required amount in the relevant menu.
- Facility to calculate interest automatically upon regulation of TODs.
- Facility for compounding interest at specified intervals, leap year adjustments and calculation of interest based on local calendar.
- Facility for rounding off interest amount on the basis of currency
- Facility to specify the ceiling limit of interest in terms of percentage and in absolute terms.
- Display of effective interest rate for accounts including differential/preferential interest rate through ACM menu.
- Facility for generating interest certificate based on period.

In Finacle most of the above features can be made available by appropriate parameter setting at the time of setting up the software. The end user need go through all these parameter setting and needs only to access the appropriate menu option at the time of opening an account or later on also incase it is required to be amended.

The important parameter setting and the various values available for those fields at the time of set up are furnished below.

In the **HSCFM** menu, under General Details, there is a field Booked Amount – Round Off required –if enabled, the interest amount as and when booked will be rounded off, otherwise the actual amount calculated will only be applied. Depending upon the country requirement this field has to be filled up.

In the next sub menu under **HSCFM**, the following fields have an impact on behavior of interest application.

- **Pay Interest rate for maturity date if it is a Holiday**

Only when this field is enabled, if the deposit is maturing on a holiday, interest for that day will be payable to the customer if he claims the deposit amount on the next working day.

- **Calculate Interest for Overdue Deposit During Closure**

- If the flag is enabled.
- Include interest for interest flow date.
- Use Sundry A/C when Int. Cr. A/C is invalid
- Use 366 Days as Base for Int. Calculation in Leap Year.
- Facility to track whether interest has to be received upto date or any overdue interest exists.
- Facility to peg the interest rate for any particular account for a specific period or during the whole life cycle of the account.
- Facility to set limit for the total interest amount that can be recovered from any one account.
- Facility to set up a limit for maximum penal interest.
- Facility to calculate preferential, differential interest along with the usual interest and merging all of them as a single part tran.
- Facility to print interest certificates for all the account in a laid down periodicity or to print adhoc interest certificates.
- Facility to calculate interest on minimum balance or on average balance or on daily balance.
- Facility to calculate penal interest on principal, overdue amount or on both.
- Facility to maintain the history of all the interest versions in the system including those for bills.
- Facility to inquire the details of accrual, booking and interest calculation done for an account.

### **Manual Interest Application**

Interest in Finacle is applied to all the accounts depending upon the settings available at the product level which is an auto activity. However, if the user wants to apply interest to an account in the interim period for the purpose of closing the accounts or otherwise, the user has to apply interest manually by invoking ACBOOK, ACINT menu option.

For that purpose, the user has to understand the concept of interest application in Finacle and familiarize himself/herself with certain terminologies used. Interest calculation and application in Finance has been divided into following steps.

- a. Accrual
- b. Booking/Amortization
- c. Interest Calculation
- d. TDS on Interest Paid

**Accrual** is the process of incrementally calculating the interest for all the accounts on a daily basis. The interest thus calculated is called “Accrued Interest”. This will enable the bank to ascertain its interest liability in case of deposit accounts and interest income accrued in case of advance accounts. However, no accounting entries will be passed during accrual. This accrual process is set up as a batch job through menu option **BJSTM** which is automatically triggered during “**End of Day**” operation. Accrual also has the capacity of calculating normal interest, penal interest and additional interest as well.

**Booking** is the next stage wherein recognizing the accrued interest expense/income on a particular date, monthly in our case, takes place. Booking is the process wherein the accounting entries are passed. However, even at this stage, **the customer accounts are not affected**. Only entries are passed between the receivable/payable and income/expenses accounts.

**Application:** It is the stage at which the **customer account is impacted**. The menu option for this is **ACINT**. Using this menu option, the customer’s account is debited and interest income account is credited in case of loan account and in case of deposit account, customer account is credited by debit to Interest Expenses Account. For application to take place booking has to happen first. However, even if booking has not happened, ACINT will ensure that the booking is done till the payment date. However, transactions will not be created for booking since interest calculation itself is happening.

#### **TDS Calculation**

In case of deposit accounts, if any account is eligible for TDS, system will put the interest amount in the parking account for interest prior to TDS. Subsequently TDSCALC menu

option has to be invoked to calculate the TDS for the accounts. At this stage, the system will debit the entire amount available in the Parking Account and credit the Tax Holding account for TDS portion and the interest due to the customer to the customer account.

### **Maintenance of Interest Table**

Interest rates are assigned to the account through interest code and are currently specific. The process of creating interest codes and assigning it an account is a two stage activity. However transaction is carried through HIVSM/HTVSM/HLVSM menu option.

In the first stage, the codes are created through the menu option HRRCDM. Once these codes have been created using HRRCDM, the version and slabs are to be created, for both rate and Differential rates.

**Base Rate** is a referential rate which can be used for deriving lending and deposit rates. E.g., Bank Rate, LIBOR, etc. The advantage of having base rate is whenever the Bank Rate or any of the referential rates undergoes a change, instead of changing the interest rate in every account, all the base rate can be changed which will automatically change the rates at the account level for all the accounts attached to that particular base code.

**Differential Rate** can be applied over and above the Base Rate or it can be an absolute figure assigned at the account level or at the product level.

The menu option for creating Interest version and Slab is HIVSM for all the accounts except TDA, LAA, and FBA scheme accounts. For TDA the menu option is HTVSM; for LAA type of accounts the menu option is HLVSM; and for FEX bills the menu option is FPTM.

On invoking the menu option HIVSM, in the function block the available options are A for ADD, C for COPY, M for MODIFY, I for INQUIRE, V for VERIFY and X for CANCEL. For the purpose of creating a new version, the option A has to be selected. On selecting A, the Int. Table Code created using HRRCDM has to be entered. Help is available for this Corresponding Int. Table Currency has to be entered. Then there is a bloc for Base Indicator. If the activity is to create a base code, this field should be enabled. Otherwise, for the purpose of creating a differential rate only, this field need not be enabled.

In the next screen, inputs required are as follows:

**Start Date**

System will display an old date viz., 01-01-1900. That has to be modified to the start date of the new base code.

**End Date**

If may not be possible to know the exact end date of the new version that is being created. Hence, it is advisable to give a far off future date like 2099.

**Base Int. Code**

If the option block Base Code has been enabled in the first screen, no input can be entered in this field. Otherwise, for the purpose of creating a differential interest rate linked to a base code, the base int. code has to be entered. Help is available for this field.

**Base Int. Pcnt. Cr**

This field has to be entered when a Base Interest Rate is created. Here the absolute value alone is entered. Whenever the Differential interest rate is created, no value can be entered in this field.

The other three fields' viz., Version Date for Reports and Additional Version Table are text fields which are used only for the purpose of report generation and are non mandatory fields.

For the purpose of creating a Differential interest rate after entering the Base Int. Code, the user has to visit the Debit Details or Credit Details depending upon the product for which the differential is created.

The mandatory inputs for this screen are as under.

**Begin Slab Amt\***

Here we will enter the starting amount for which the differential interest rate is set up.

**End Slab Amt\***

Here we will enter the end amount of that slab. If there is no slab and the interest rate for the whole amount is uniform, here the user has to enter 99999999999999(14 9s) or simply press Ctrl X.

If there are differential slabs like 0 to 5,00,000 and 5,00,001 to 1,00,00,000 and from 1,00,00,000 to 99999999999999, various records have to be created by pressing the next record icon.

After entering the Begin amount and the End slab amount, the other inputs required in this screen are as under.

### **Normal**

Here the available values are Differential or Full. If the interest rate that is being set up is for more than one slab amount, and if the outstanding in the account is more than the first slab amount, the interest rate that has to be applied to the account will be determined by this option. To illustrate, if the interest rate slabs are set up like 0-500000 as 5.00 and from 500001 – to the end amount is 6.00 per cent and if the outstanding in the account is Rs.800000, in case of differential rate selected in this field, the interest applied upto Rs.5.00 lacs will be 5.00 per cent and from Rs.5.00 Lacs to 8.00 lacs it will be 6.00 per cent.

If the option chosen is Full, the interest applied will be 6.00 per cent for the entire outstanding as and when the outstanding crosses Rs.5.00 lacs.

**Penal** Here also the available values are Differential and Full. When the option “Full” will apply penal interest for the entire outstanding and Differential will apply interest only based on the slab set up.

**Additional** Here again the available values are Differential and Full. Similarly, the option Differential will apply the additional interest depending upon the slab and the option Full will apply the additional interest rate for the full outstanding.

### **Stock/QIS**

Here also the available values are Differential and Full. Non submission of stock statement and QIS, if it attracts additional interest, this can be achieved by using these fields.

After entering all these values, click on the submit button to create the new version of interest. Version number will be assigned by the system on its own. It requires verification using the same menu option.

The other available function of this menu are;

**C for Copy** – It will enable the user to copy an existing version for a new version

**I for Inquiry** – will allow the user to inquire a particular version

**M for Modify** – will allow the user to modify. A verified version cannot be modified. It can only be replaced by a new version. A version can be modified only in the entered stage by the same person.

#### **4.15.17 Letter of Credit**

A standard, commercial letter of credit (LC) is a document issued mostly by a financial institution, used primarily in trade finance, which usually provides an irrevocable payment undertaking.

The letter of credit can also be source of payment for a transaction, meaning that redeeming the letter of credit will pay an exporter. Letters of credit are used primarily in international trade transactions of significant value, for deals between a supplier in one country and a customer in another. They are also used in the land development process to ensure that approved public facilities (streets, sidewalks, storm water ponds, etc.) will be built. The parties to a letter of credit are usually a beneficiary who is to receive the money, the issuing bank of whom the applicant is a client, and the advising bank of whom the beneficiary is a client. Almost all letters of credit are irrevocable, i.e., cannot be amended or canceled without prior agreement of the beneficiary, the issuing bank and the confirming bank, if any. In executing a transaction, letters of credit incorporate functions common to GIROs and Traveler's cheques. Typically, the documents a beneficiary has to present in order to receive payment include a commercial invoice, bill of lading, and documents proving the shipment were insured against loss or damage in transit.

#### **LC Import Issue**

An instrument issued by Bank in favor of a beneficiary (exporter) on behalf of the applicant (importer), Bank commits to pay (accept to pay) against trade documents drawn in

compliance with the letter of credit terms. Bank's credit worthiness replaces that of the applicant.

#### Features and Benefits

- The importer ensures that payment will only be undertaken if the exporter complies with the terms and specifications of the letter of credit
- Security to the Exporter if there are risks involved or political concerns
- Immediate notification to importer upon receipt of documentation
- Importer improves his negotiating position through Bank's payment guarantee

#### Transaction Mechanism

Bank issues, amends, confirms and pays both sight and acceptance letters of credit through its extensive network of correspondent bank relationships.

This feature is handled in Finacle through ODCM menu. Invoke the menu option ODCM and type S in the Function Block for issue and press TAB. In the DC register type, choose the appropriate register. Help is available. (IMPLC for Import LC issue) on pressing F4, the control shifts to the next block.

In the first screen fill up the details of the following fields for which help is available either by pressing F1 or F2, the number given in the brackets corresponds to the SWIFT tag.

#### Application (50)

This is Bank's party. Give the party code for the applicant. This should be available in FPCM (Foreign Party Code Maintenance). For all our applicants an entry should be there in the FPCM.

The Drawee Name and Address fields will be auto populated.

- **Application Account:** Give the applicant account number where the charges will be debited.
- **Drawee (42A):** Auto Populated with the name of our Applicant.
- **Address:** Auto Populated with the address of our Applicant.
- **Date of Opening (31C):** Auto populated with the BOD date.
- **Date of Expiry (31D):** Give the last date for negotiation.
- **Place of Expiry (31D):** Enter the place of expiry of the LC.

- **DC Open Value (32B):** Give the Currency and the amount of the LC to be issued.
- **Tol Pcnt (+) (-) (39A):** Enter the tolerance percentage.
- **Rate Code and Rate:** Enter the appropriate rate code. (for e.g. BILR) The actual rate will be populated from the Rate File.
- **DC Addn/Int Amount (39C):** Enter the interest amount if any.
- **Pcnt:** Enter the interest percentage if any.
- **Det:** Enter the interest details if any.
- **Charge ID:** Auto Populated
- **Party Limit ID:** Give the limit node ID for the import LC issue for this applicant. This is a very important field and has to be filled in, without which, the limit will not be monitored.

Press F6 to go to the next screen. In this screen fill up the details of the following fields for which help is available either by pressing F1 or F2. The number given in the brackets corresponds to the SWIFT tag.

- **Usance:** Enter the Usance days. If Sight, enter as 0 (Zero).
- **Tenor Details (42C):** Enter the tenor details.
- **Last date of Shipment (44C):** Enter last date of shipment.
- **Available with (41A):** If the LC is restricted, enter to whom it is restricted else keep the default value of Any Bank.
- **Avail by Details (41A):** Enter the available by Details viz. By Negotiation etc.
- **Beneficiary Code:** Enter the party code of the beneficiary of the LC.
- **Name (59):** If the Beneficiary code is entered, this is auto populated else enter the name and address of the Beneficiary.
- **Country:** Enter the code of the destination country.
- **Issuing Bank (51A):** Auto Populated
- **Issuing Branch (51A):** Auto populated with the branch SOL
- **Advance Amount:** Enter the advance amount if any. For this Red Clause field should be Y.
- **Negotiation Days (48):** Enter the maximum number of days for negotiation.
- **Transferable:** Enter Y if the LC has Red Clause else N.
- **Red Letter:** Enter Y if the LC has Red Clause else N.

- **Part Ship (43P):** Enter Y if part shipments are allowed else N.
- **Transshipment (43T):** Enter Y if transshipments are allowed else N.
- **Back to Back:** Enter Y if the LC is back to back else N.
- **House Air Bill:** Enter Y if the LC under House Air Bill else N.
- **Revocable (40A):** Enter 1 if Revocable LC, 2 if Irrevocable LC, 3 if Revocable Standby, 4 if Irrevocable Standby.
- **Deferred (42P):** Enter Y if the LC is deferred else N.
- **Revolving:** Enter Y if the LC is revolving, if not N.
- **Reinst Type:** Valid only if Revolving is Y. Enter A for advice based D for bill based.
- **Day:** Valid only if Revolving is Y. Enter Number of days.
- **Max Reinstatement:** Valid only if revolving is Y. Enter the maximum number of reinstatements.
- **Other Bnk Ref. No.:** Leave this field blank.

Press F6 to go to the next screen. In this screen fill up the details of the following fields for which help is available either by pressing F1 or F2, the number given in the brackets corresponds to the SWIFT tag.

- **Correspondent Bank (57A):** Enter the first advising Bank ID.
- **Correspondent Branch (57A):** Enter the First advising branch ID.
- **Address (57A):** Auto populated if the Corresponding Branch is given else enter the address of the advising bank branch.
- **Advising Bank:** Enter the Second advising Bank ID.
- **Advising Branch:** Enter the Second advising Branch ID.
- **Address:** Auto populated if the Advising Branch is given else enter the address of the second advising bank branch.
- **Negotiating Bank:** Enter the negotiating Bank ID.
- **Negotiating Branch:** Enter the negotiating branch ID.
- **Address:** Auto populated if the negotiating Branch is given else enter the address of the negotiating bank branch.

Press F6 to go the next screen. In this screen fill up the details of the following fields for which help is available either by pressing F1 or F2. The number given in the brackets corresponds to the SWIFT tag.

- **Reimbursing Bank (53A):** Enter the Reimbursing Bank ID. This field is important if MT740 needs to be generated.
- **Reimbursing Branch (53A):** Enter the Reimbursing branch ID. This field is important if MT740 needs to be generated.
- **Address (53A):** Auto populated if the reimbursing Branch is given else enter the address of the reimbursing bank branch.
- **Agent Commission:** Enter the agency commission if applicable.
- **Consolidated/Shipping Agents:** Enter the agent code.
- **Nostro A/C ID:** Enter the nostro account ID where applicable.
- **Establish Mode:** Enter the mode how the LC will be transmitted.
- **Followed Mode:** Keep the default value.
- **Shipment Mode:** Enter the Shipment mode.
- **Drawee Details:** Enter any drawee details like letter no. etc.
- **Charge Outside Country:** Enter O if charges outside country of issuance are to be borne by the opener else B if they are to be borne by beneficiary.
- **Purchase Order No.:** Enter the purchase order number if applicable.
- **Date:** Enter the purchase order date if applicable.

**Conf Regd (49):** Enter Y if confirmation required, N if not be confirmed, M if confirmation may be added.

- **By:** Valid only if Conf Regd is either Y or M. Enter A if advising bank, N if negotiation bank, C if corresponding Bank, O if others.
- **Foreign Loan:** Enter Y if the LC is under Foreign loan else N.
- **Pre Advice Flag:** Enter Y if this LC was previously pre advised.
- **Date:** Valid only if Pre advice flag is Y. Enter the date on which this LC was pre-advised.

#### **Pre Advice Ref (23)**

Valid only if Pre advice flag is Y. Enter the Reference number of LC pre advised.

- **Beneficiary Charges:** Enter the details of charges to be borne by the beneficiary.
- **Ship Terms:** Enter the shipment terms like FOB etc and shipment details.

Press F6 to go to the next screen. In this screen fill up the details of the following fields for which help is available either by pressing F1 or F2, the number given in the brackets corresponds to the SWIFT tag.

- **Commodity Code:** Enter the commodity code.
- **Commodity Desc (45A):** Enter the commodity description.
- **License Code:** Enter the license code if applicable.
- **License Desc:** Enter the License description if applicable.
- **Port of Origin (44A):** Enter the port of origin.
- **Port of Destn (44B):** Enter the port of destination.
- **Payment Details:** Enter the reimbursement instructions.
- Press F6 to go to the next screen. In this screen fill up the details of the following fields for which help is available either by pressing F1 or F2, the number given in the brackets corresponds to the SWIFT tag.
- **DC Charge Ref Code 1:** Enter if some special charges are set up at the branch and need to be calculated.
- **DC Charge Ref Code 2:** Enter if some special charges are set up at the branch and need to be calculated.
- **DC Charge Ref Code 3:** Enter if some special charges are set up at the branch and need to be calculated.
- **Internal Limits reqd ? :** Keep the default value of Y

Press F6 to go to Next Screen. This will take you to the first screen. Press F4, this will validate all the data entry made and will take you to any mandatory fields that have been left out or wrong data values. In case the data entry is OK then pressing F4 will take you to Charges.

- **Charges Screen:** This screen will display Credit account, Amount, Debit account, Charges on the account of (A)pplicant or (B)eneficiary, Deferment of charges (Y or N), Rate code. All these fields are modifiable.
- Using the arrow key all the listed charges can be modified if required.

- **Press F4.** This will take you to the option field on the 1<sup>st</sup> screen.
- Pressing F2 will display the available options. The relevant options here are;
- **G-General Details** and press F4. This will take you the main body of the LC which can be modified again if required. Press F4 again. This will take you to the option field on 1<sup>st</sup> screen.
- **M-Message Details** and press F4. This will display the Message Maintenance Screen. This option will be used for ticklers. Enter the date and message to be diarized.
- **K-Margin Details** and press F4.
- **Function-C-Collect, R-Release, T-Transfer, A-Accept and quit, Q-Quit.**
- **T-Text Details** and Press F4. The valid values for function are A(Add), I(Inquiry), M(Modify). The valid values for text type are C(Conditions) (SWIFT tag 47A), D(Documents) (Swift Tag 46A), I(Instructions) (SWIFT Tag 78) and G (Goods) (SWIFT Tag 45A). This will allow you to enter the appropriate details. Press Control N, to give the word pad for typing. **Ensure that each individual line is not more than 64 characters. If it is more than this, the SWIFT message will fail.** Press F4.
- **J-Payment Systems Details** and press F4. Enter the Paysys ID as SWIFT if the swift messages need to be generated. Press F4. This field needs to be entered before field no. 8 given below.
- **8-Swift Details** and press F4. All the messages like MT700,MT740 will be generated. Go into each and every SWIFT message generated and validate by pressing F4. If any errors occur, they need to be corrected. This is mandatory for SWIFT message to be generated. Press F4.

Finally in the option field press F10 to complete the LC issue. Note down DC no. (SWIFT tag 20) which will be our reference no. All future reference to this LC will be by this DC number only.

### **Advising Export LC**

The importer's bank irrevocably commits to payment provided that the exporter complies with the terms and specifications of the letter of credit. Bank advises and negotiates documents and undertakes payment to the exporter, acting on the exporter's behalf by adding its confirmation to the letters of credit, if required (confirmation of letter of credit).

### **Features and Benefits**

- The exporter has a bank commitment to pay against compliant documents, instead of running the importer's commercial risk
- Product is used when the exporter is not very familiar with the importer or does not want to assume the political risk of the importer's country. This product perfectly suits those exporters who need to manage their commercial and cross-border risks

### **Transaction Mechanism**

- After submitting export letters of credit authenticating and advising the establishment of the letter of credit to the beneficiary (Exporter) the bank manages the collection cycle for the beneficiary through its extensive network.
- Bank confirms irrevocable letters of credit where the bank undertakes to honor the credit, assuming all terms and conditions have been complied with.

These export activities is done by menu option IDCM Finacle. Invoke the Menu option IDCM and type E in the Function Block for advice and press TAB. In the DC register type, choose the appropriate register. Help is available (EXPLC for advising export LC) on pressing F4, the control shifts to the next block.

In the first screen fill up the details of the following fields for which help is available either by pressing F1 or F2.

- **Benef. Name:** This is Bank's party. You can enter the customer ID or mnemonic which is already entered in the Customer module using CUMM. The name and address will be auto populated from Customer module.
- **Appl Name:** Enter the code of the Applicant of the LC if this party is already entered in the Foreign Party Maintenance module using FPCM. In case the party is not maintained in FPCM, then we can also type the name and address of the applicant directly in the respective fields ignoring the code field.
- **Iss. Bank:** Enter the code of the issuing Bank of the LC. If the Bank is already entered in the Bank Maintenance module using BKTm. In case the Bank is not maintained in BKTm, then we can also type the name and address of the Bank directly in the respective fields ignoring the code field.
- **DC CCY:** Enter the currency of LC to be advised.
- **DC Open Val:** Enter the value of LC.

- **Rate:** Enter the appropriate rate code. (For e.g. BILR). The actual rate will be populated from the Rate File.
- **TolPent (+):** Enter the tolerance percentage +/- if any.
- **Curr Val, Avail Val (LC Curr), Avail Curr (Home Curr):** This will be maintained by the system.
- **Date of Opening:** Enter the LC Opened date.
- **Date of Expiry:** Enter the date of Expiry of LC.
- **Last Date of Shipment:** Enter the Last Date of Shipment.
- **Negotiation Days:** Enter the number of negotiation days.
- **Other Bnk Ref. No. :** This field is very important. Enter the LC Issuing Banks reference number. This number can be used to enquire about the relative Export LC using DCQRY.
- Press F6 to move to the Next Screen.
- **Utilized Amount and Fructified Amount:** It will be maintained by the system.
- **Transferable DC:** Enter whether the LC is transferable (Y) or not (N).
- **Confirmed DC:** Enter whether the LC is confirmed (Y) or not (N).
- **Confirmed By:** This field is mandatory if the LC is confirmed. The valid values are A- Advising Bank, C-Correspondent Bank, N-Negotiating Bank, O-Others.
- **Add Confirmation:** Enter Y to add confirmation else N.
- **Limit ID:** Enter the Limit ID of Bank's party if required to be monitored.
- **Charge ID:** This will appear by default. In case it is blank, you can choose the appropriate ID using F2 and F4 key else the charges for this event will not be calculated.
- **Usance Days:** Enter the usance days if any.
- **Tenor Details:** Enter the tenor details.
- **Party A/C ID:** Enter the account number of our party.
- **Drawee Details:** Enter the drawee details.
- **Commodity CD:** Enter the commodity code. This field will be useful for MIS reporting.
- **Commodity Details:** Enter the commodity details.
- **Revocable DC:** Enter 1 for revocable else 2 for irrevocable.
- **Revolving DC:** Enter Y if LC is revolving else N.

- **Drawn on Other Banks:** Enter Y if drawn on other bank else N.
- **Pre Advised DC:** Enter Y if LC is already advised else N.
- **Pre Advised Date:** If already advised, enter the date of advising.
- **Pre Advised Ref:** Enter the pre-advised reference number if any.
- **Int. Rate:** Enter the rate of interest for calculation. (Note: System does not calculate the interest.
- **Int. Amt:** Enter the interest amount.
- Press F6 to move to Next Screen.
- **Correspondent Bank/Branch:** Enter the advising bank and branch code which will populate the name and address of the advising bank.
- **Advising Bank /Branch:** Enter the 2<sup>nd</sup> advising bank and branch code if any which will populate the name and address of the 2<sup>nd</sup> advising bank.
- **Negotiating Bank /Branch:** Enter the negotiating bank and branch code if any which will populate the name and address of the negotiating bank.
- Press F6 to move to Next Screen.
- **Reimbursing Bank/Branch:** Enter the reimbursing bank and branch code if any which will populate the name and address of the reimbursing advising bank.
- **DC Charge Ref Code 1, 2, 3:** These fields may not be used.
- **DC Margin Pcnt:** Enter the margin pcnt to be kept in case an advance is to be made.
- **DC Max Advance Amt.:** This is maintained by system.
- **Available By:** This is the swift field. The valid values to be entered correctly are: By Acceptance, By Def Payment, By Mixed Pymt., By Negotiation, By Payment.
- **Internal Limits Req.:** Whether limit monitoring is required? Valid values are: B-to exclude Bank Limit, C-to exclude Country Limit, Y-to exclude Buyers Limit, A-to exclude all Limits, Null for monitoring all Limits.
- **Date of Closing:** This field is maintained by system.
- **Place of Expiry:** Credit expiry country.
- **Port of Origin:** Enter the port of origin.
- **Port of destn:** Enter the port of destination.
- Press F6 to go to Next Screen. In case all the screens are over this will take you to the first screen. Press F4. This will validate all the data entry made and may take you to

some left out mandatory fields or wrong data values. In case the data entry is OK then pressing F4 will take you to Charges.

- **Charges Screen:** This screen display Credit account, Amount, Debit account, Charges on account of (A)pplicant or (B)eneficiary, Deferment of charges (Y or N), Rate code. All these fields are modifiable.

Using the arrow key all the listed charges can be modified if required.

- **Press F4.** This will take you to the option field on 1<sup>st</sup> screen.
- Pressing F2 will display the available options. The relevant options here are:
- **G-General Details** and press F4. This will take you to the main body of the LC which can be modified again if required. Press F4 again. This will take you to the option field on 1<sup>st</sup> screen.
- **M-Message Details** and Press F4. This will display the Message Maintenance Screen. This option we have planned to use for ticklers. Enter the data and message to be diarized.
- **T-Text Details** and Press F4. This will give you the screens to enter the instructions, Good description, Conditions, Documents etc. take help F1 and F2 where ever possible. Press F4.
- **J-Payment Systems Details** and press F4. Enter the Paysys ID as SWIFT, Press F4.
- **8-Swift Details** and press F4. All the messages like MT730, MT710 should be viewed. Press F4.

Finally in the Option field press F10 to complete the LC advising. Note down DC No. which will be our reference No.

### **Processing Bill Under Export LC**

#### **Lodging of Bills**

Invoke the Menu option **FBM** and type **G** in the **Function Block** for lodging the bill. **Sol ID** will be the Branch Sol ID. **Register Type/Register Subtype.** Select the appropriate type (EXLCN) and subtype (Sight/Usance). Enter the Bill Currency under **Bill CCY.** Press F4

You will come to the General Bill Details Screen.

Enter the under-noted field values:

- **Oper A/C:** This is the account no. where the Debits/Credits of the bill proceeds will go.

- **Oper Chg A/C:** This is the account where debits on account of charges will go.
- **Party's name and address:** Enter the party code which will populate the name and address.
- **BOE Amount and Date:** Enter the Bills of Exchange Amount and Date.
- **Bill Country:** Enter the country code where the bill is drawn.
- **Lodge Date:** Lodge date will be the system date.
- **Remit Mode:** Valid values are A-Accept Date, L-Lodge Date, B-Bill Date, S-Shipment Date, I-Invoice Date, O-Others.
- **NTP/Grade Perd:** Enter the Notional Transit Period/Grace Period in days.
- **Usance Perd in Months/Days:** Enter the usance period of the bill.
- **Usance Desc:** Enter the description of usance period, e.g. Sight, From Shipment.
- **Due Date:** This field will be populated by the system using the previous three fields' viz. Due Date Indicator, NTP/Grace Perd and Usance Perd.
- Press F6 to move to the Next Screen.
- **Note:** - It is advisable to press F6 and go to the second screen and enter the LC no under the **DC No.** field and press F4. This will populate many of the fields from the original LC advised by us as shown below.
- **Other Pty:** This field will be populated from the original LC else we should enter the name of the drawee of the bill.
- **Drawee Bk/Br and address:** Enter the drawee bank and branch i.e. the bank/branch where the bill is sent for collection. We may use the Bank/Branch code if maintained in the BKTm/BRTm else the name and address of the bank/branch can be entered directly.
- **Coll/Corr Bk:** Here the name of the Bank advising the LC is available by default from the original LC advising field.
- **Nos. A/C FD:** This field may be skipped.
- **Nostro A/C:** Enter the relevant Nostro account for the Bill currency.
- **Notl Conv Rate:** This rate will be available by default from the register level.

### **Press F6 to move to the Next Screen**

This screen contains miscellaneous information about the bills. Fill all the relevant details specifically Draft no, Invoice no. and date, Dispatch details Free Code 1 etc.

**Press F6 to move to the Next Screen.**

This screen contains miscellaneous information about the bills. Fill all the relevant details specifically Invoice No. and Date, Copies Details, 'On Board' date, etc.

**Press F6 to move to the Next Screen.**

On this screen all the **Re-imbusement Details** if any should be entered.

**Press F6 to move to the Next Screen.**

This is the last screen for data entry

**Press F6 to move to the Next Screen.**

You will come to the first screen. **Now Press F4.** This will take you to the mandatory fields, if any, which have been missed out during the Data Entry.

**Finally you will come to Option field on the first screen.**

If there are any charges to be recovered, you will enter **G-Lodge Transaction Details** in the Option field and **Press F4.**

You will come to the screen where you will have to enter some of the under noted important fields.

- **Tran Type/Subtype:** Tran Type will usually be T-Transfer. The Subtype will normally be CI-Customer Induced or BI-Blank Induced.
- **Cust Pref Intt. & Bills Pref Intt.:** Enter the Customer preferential or Bill preferential rate if any which will be taken into account for charges/interest calculation.
- **Other fields will be obtained by default from register level.**
- Press F6 to move to the Next Screen.
- This will take you to the Transaction Maintenance Screen.
- View all the vouchers using up/down arrow key. You can modify-**M**, delete-**D**, enter-**E** a new voucher if required by entering the relevant option in Option field on the voucher screen. **Press F4**
- Enter **A** in the Option field on the voucher screen to accept all the transactions.
- **Press F4.** This will bring you back to the Option field on the first screen.

- **Press F10.** This completes the Lodging of Bill under Export LC and will give you the Bill ID which should be noted and used in future processing.

#### **Realization of Bill Collected/Purchased under Export LC:**

- Invoke the Menu option FBM and type **R** in the **Function Block** for Realization of Bill Lodged.
- Enter the Bill ID to be realized. Sol ID will come by default. **Press F4.**
- You will come to the **Realization Detail Screen.**
- The default values for the Realization A/C, Bill Amount, Nostro Amount and Value date will be shown.
- Confirm the values and change if necessary. **Press F6.**

You will come to the screen where you will have to enter the under-noted important fields:

- **Tran Type/Subtype:** Tran Type will usually be T-Transfer. The Subtype will normally be CI-Customer Induced or BI-Bank Induced.
- **Cust Pref Intt. & Bill Pref Intt.:** Enter the Customer preferential or Bill preferential rate if any which will be taken into account for charges/interest calculation.

**Other fields will be obtained by default from register level.**

Press F6 to move to the Next Screen.

**The fields may be populated depending upon availability of data. Press F6.**

This will take you to the Transaction Maintenance Screen.

View all the vouchers using up/down arrow key. You can modify-**M**, delete-**D**, enter-**E** a new voucher if required by entering the relevant option in Option field on the voucher screen.

**Press F4**

- Enter **A** in the Option field on the voucher screen to accept all the transactions.
- **Press F4.** This will bring you back to the Option field on the first screen.
- **Press F10.** This completes the Realization of Bill under Export LC.

**Subsequent Purchase of Collection Bill Lodged under Export LC**

- Invoke the Menu option FBM and type **P** in the **Function Block** for Purchase of Bill Lodged.
- Enter the Bill ID to be purchased. Sol ID will come by default. **Press F4.**
- This will bring you to the Bill Transfer Details.
- Enter the Bill Register as **EXNBC.**
- Enter the sub-register as **SIGHT/USANCE** as applicable.
- Enter the **BP (Bill Purchased) A/C.** Press F4.
- You will come on General Details Screen which will display all the details of lodgement.
- Enter **P** in the Option prompt and press F4.
- On the next screen you will have to enter the amount to be purchased.
- Press F4.

**Tran Type/Subtype**

Tran Type will usually be T-Transfer. The Subtype will normally be CI-Customer Induced or BI-Bank Induced.

**Cust Pref Intt. & Bill Pref Intt.**

Enter the Custome preferential or Bill preferential rate if any which will be taken into account for charges/interest calculation.

Rest of the fields will be obtained by default from Register Level.

Press F6 to move to the Next Screen.

**The fields may be populated depending upon availability of data. Press F4.**

- This will take you to the Transaction Maintenance Screen.
- View all the vouchers using up/down arrow key. You can modify-**M**, delete-**D**, enter-**E** a new voucher if required by entering the relevant option in Option field on the voucher screen. **Press F4**
- Enter **A** in the Option field on the voucher screen to accept all the transactions.
- **Press F4.** This will bring you back to the Option field on the first screen.
- **Press F10.** This completes the subsequent purchase of Export Bill.

### **Export LC Amendment**

- Invoke the menu option **IDCM** and type **M** in the Function Block for Modify and press F4. Enter the LC No. to be amended and press F4 twice.
- At option type A and press F4.
- You will come on the Amendment Screen.

In this screen fill up the details of the following fields for which help is available either by pressing F1 or F2.

- **Operation:** Enter E to enhance or R to reduce the LC current value.
- **Amount:** Enter the amount to be amended.
- **Tol pcnt (+):** Enter any change in tolerance percentage.
- **Int Percent:** Enter change in the Int. Percentage.
- **Int Amount:** Enter change in the Int. Amount.
- **Amend Rate, Charge Code:** These fields are populated by default.
- **Calculate Charges:** 'Y' to initialize and recalculate charges, else 'N'.
- **Particulars:** Remarks, if any.
- **Usance:** Enter the change in usance period.

- **Expiry Date, Last Date of Shipment:** These fields will be defaulted by the current values. Enter the change in Dates, if any
- **Negotiation Days:** Enter the changes in negotiation days.
- **Amendment Date:** This will be defaulted by the System Date.
- **Charges Outside Country:** The valid values are O-Opener, B-Beneficiary.
- **Beneficiary Charges:** Enter the beneficiary charges details.
- Press F6 to move to Next Screen.
- **Reimbursing Bank/Branch:** Enter the Reimbursing Bank/Branch code which will populate the Reimbursing Bank/Branch name and address if any. Alternately you can type the name and address directly ignoring the codes.
- **Limit ID:** Appropriate Limit ID of the party should be entered for monitoring if Add Confirmation is Y.

Press F4. This will bring up the Charges Screen. The charge calculated by the system is modifiable, enter the appropriate value and press F4 then commit by pressing F10.

#### **4.15.18 Bank Guarantee**

Bank Guarantee generally denotes guarantee from a lending institution ensuring that the liabilities of a debtor will be met. In other words, if the debtor fails to settle a debt, the bank will cover it. In large volume business, trade business, educational consultancies business bank guarantee requires the most. Finacle avail this facility through GMM menu.

#### **Issue of BG**

#### **Screen 1**

**Figure 4.44**

#### **Bank Guarantee Master Maintenance- Screen 1**

bg#0003		Guarantee Master Maintenance		05-06-2004	
Function	A ADD	SOL ID	0049	Guarantee No.	23R43
Gmty Type	DPG DEFERRED PAYMENT GUARANTEES	CCY	INR	INDIAN RUPEE	
Guarantee No. 23R43					
Cust. ID	2546	XXINFOSYS		Address	
Guarantee Class					
Guarantee Amt.	3,000.00	INR			
Notl. ConvRate	BLS /				
Issue/Eff. Date	16-12-2002 /			Expiry Date 23-03-2004	
Limit ID	ASLN1 /	CC		Claim Period /	
Limit Margin %	12			Claim Expiry Date	
Oper A/c. ID				Claim Lodge Date	
Loan A/c. ID				Invocation Date	
Ready Conv Rate	/			Reversal Date	
Expiry Period	/			Close Date	
Option:		Ver		Status	

- **Function:** Enter/Select function 'A'. Enter the relevant information against the following important fields:
- **Gmty Type:** Enter/Select required guarantee type (if help is required press F2 key)
- **CCY:** Enter/Select currency code.
- **Cust ID:** Enter/Select ID of the applicant.
- **Guarantee Class:** Enter/Select valid HRRCDM code for guarantee class (if help is required press F2 Key).
- **Guarantee Amt:** Enter amount of guarantee.
- **National Conv. Rate:** Default rate code will appear. Change or rate for conversion of guarantee amount to local currency.
- **Effective Date:** Enter the future date, if BG to be effective from that date.
- **Limit ID:** Enter/Select the limit note assigned to the applicant (maintained through LNM).
- **Operative Account:** Enter/Select operative account of applicant for recovery of charges.
- **Loan Amount:** In case of invocation of BG, the beneficiary would be paid by debit to this loan account.
- **Ready Conv. Rate:** Rate user for conversion, if BG currency differs from operative/loan account.
- **Expiry Period:** Enter BG period in Months/Days.
- **Expiry Date:** Enter expiry date if expiry period is blank.

- **Claim Period:** Enter BG claim period in Months/Days.
- **Claim Expiry Date:** Enter claim expiry date if claim period is blank.

Screen 2

Figure 4.45

Bank Guarantee Master Maintenance- Screen 2

bg#0003		Guarantee Master Maintenance		29-07-2003	
Function	<input type="checkbox"/> INQUIRE	SOLID	<input type="checkbox"/> 027	Guarantee No.	BG027220054
Grnty Type	<input type="checkbox"/> BGACP	<input type="checkbox"/> HUNDI CO-ACCEPTANCE	CCY	<input type="checkbox"/> INR	<input type="checkbox"/> INDIAN RUPEE
Beneficiary Type	<input type="checkbox"/> 0	<input type="checkbox"/> OTHERS			
Beneficiary Name	<input type="text" value="AA"/>				
Address	<input type="text" value="AA"/>				
City Code	<input type="text"/>				
State Code	<input type="text"/>				
Country Code	<input type="text"/>				
PIN Code	<input type="text"/>				
Instalment Freq.	<input type="text" value="// // // //"/>		Internal limits reqd?	<input type="checkbox"/>	
Remarks	<input type="text"/>		Transit Period	<input type="text"/>	
			Fructified Liab.	<input type="text" value="0.00"/>	
			No. of Amendments	<input type="text" value="2"/>	

- **Beneficiary Type:** Enter/Select type of beneficiary.
- **Other Party Code:** Enter/Select party code of beneficiary.
- **Other Party Name/Address:** Enter party name/address if party code is blank.
- **Installment Freq:** Applicable in case of Deferred Payment Guarantee (DPG). Enter frequency of payment for the installments.

Screen 3

Figure 4.46

Bank Guarantee Master Maintenance- Screen 3

bgff0003		Guarantee Master Maintenance		29-07-2003	
Function	<input type="checkbox"/> INQUIRE	SOL ID	<input type="text" value="027"/>	Guarantee No.	<input type="text" value="BG027220054"/>
Gmty Type	<input type="checkbox"/> BGACP <input type="checkbox"/> HUNDI CO-ACCEPTANCE	CCY	<input type="text" value="INR"/>	<input type="text" value="INDIAN RUPEE"/>	
Purpose of Guarantee	<input type="text"/>				
Counter Guarantee Details	<input type="text"/>				
FD Reference No.	<input type="text"/>	FWC SOL/Ref No.	<input type="text"/>	/	<input type="text"/>
Probable Date of Shipment	<input type="text"/>	Actual Date of Shipment	<input type="text"/>		
Import License No.	<input type="text"/>	Import License Exp. Date	<input type="text"/>		
Bank Code	<input type="text"/>	Branch Code	<input type="text"/>		
Capital Adeq Code	<input type="text"/>	Free Code 1	<input type="text"/>		
		Free Code 2	<input type="text"/>		
		Free Code 3	<input type="text"/>		

- **Purpose of Guarantee:** Enter purpose of guarantee.
- **Counter Guarantee Details:** Enter counter guarantee details.
- **Bank/Branch Code:** Enter bank/branch code of advising bank/branch for generation of MT760.
- The following are the various options under GMM.
- **I-Installment Details:** Enter the installment details for DPG.
- **C-Charge/Commission Details:** The charges configured are displayed. The charges can be modified.
- **L-Limit Details:** Limit Details are displayed.
- **A-Audit Details:** Audit details are displayed during verification.
- **T-Text:** Enter the terms and conditions of BG.
- **B-Beneficiary Messages:** Enter messages received from the beneficiary.
- **P-Shipping Guarantee Details:** Applicable for Shipping Guarantee.
- **DC No.:** Enter the DC No. under which the bill is drawn.
- **SG-Bill equiv amt:** Enter the equivalent BG amount in bill currency.
- **DC No.:** Enter the DC No. under which the bill is drawn.

- **SG Contingent Amt.:** Enter the amount to be considered for contingent liability.
- **Contingent/Guarantee Rev.:** Enter the valid event for reversal of BG liability.
- **Retain Min. Cont. Amt:** Enter minimum amount of contingent liability to be retained.
- **DC/GMM Rate:** Applicable if DC and BG are in different currencies.
- **Margin Rev Rate Code:** Applicable if DC and BG are different currencies.
- **Carrier ID:** Enter/Select valid ID of Carrier.
- **Bill of Lading No.:** Enter Bill of Lading No. in lieu of which Shipping Guarantee is issued.
- **K-Margin Details:**
  - Cash margin to be recovered/Collateral margin to be lien marked are recorded here.
  - **J-Payment System Date:** Enter payment (SWIFT) for generation of MT760 in case of BG advised by foreign bank.
  - **8-SWIFT Details:** <Explode> to complete MT760.

#### 4.15.19 Service Charges

For the purpose of recovering charges from the customers for rendering various services, Finacle provides different features. In order to understand how a particular charge is recovered from the customer, we must understand what is an *Event Type* and what is an *Event ID*.

Event Type is a process for which a bank specific charge calculation is enabled.

Event ID is a subset of *Event Type* to which one of the services rendered by the Bank is attached which requires levying of service charge.

If Account opening is an *Event Type*, SB Account opening and Current Account opening are *Event IT*, *Event Types* are hard coded and there are 101 *Event Types* present in Finacle and any number of *Event ID* can be attached to a particular *Event Type* at the bank/branch level depending upon the requirement.

The steps involved in setting up charges are as under:

1. **HPTTM**-EVENT TYPE to be chosen and EVENT ID is to be assigned.
2. **GSPM**-Visit **G, S, E and H** sub option in the Menu option after choosing the appropriate scheme which requires recovery of charges. (In case of LC, the menu option is **DCRM** and in case of Bills, the menu option is **FBRM** and in case of Guarantee the menu option is **GMM**)
3. **APHM**-Create a Place holder for linking the account where the service charge recovered is credited.
4. **ACMDB**-Menu option for opening a new office account where the service charge recovered has to be credited.
5. **TM**-Transaction maintenance for posting of service charge transactions

The screen shot below is the first screen of **HPTTM** menu option. In the function block, for creating a new event ID, select ADD and choose the appropriate Event Type and assign a new event ID and then click on accept.

On clicking the accept button, the second screen of the **HPTTM** menu options opens wherein the following fields have to be filled up. They are as under:

- **Account Place Holder:** Here help is available if the existing place holder has to be used. Other wise if a new place holder is required, it has to be created using **APHM**.
- **Part Tran Business Type:** Available values are Dr or Cr
- **Amount Derivation Type:** Here also help is available. Options are amount based, script based, mrt based, percentage based etc.
- **Charge Calculation Currency:** Pick up the appropriate currency
- **Minimum Amount and Maximum Amount:** Minimum and maximum amount that can be collected for any event ID can be specified here.

After entering all the details click on submit for adding the EVENT ID.

After Creating the Event ID as detailed above, visit **GSPM** menu option and choose the appropriate scheme type and scheme code and modify the condition. In the **GSPM** menu option **G, S, E and H** sub options have to be visited.

In case the event ID which is being created is pertaining to LC issue, visit **DCRM** menu option and in case it pertains to Bills, **FBRM** menu option and for Guarantee, **GMM** menu options have to be visited.

#### **4.15.20 Close SB/CA/OD/CC Account**

##### **Closure of Accounts**

Closing of an account is done in two stages in Finacle.

- Closure and Verification of accounts is done using the menu option **HCAAC**.
- The initiation of closure process displays information such as the date up to which interest has been calculated, whether un used cheques are with the customers, whether un posted transactions exist for the account etc.
- The pending processes have to be initiated and completed before verification of account closure.

After invoking menu option **HCAAC** following screen will appear.

In this screen one has to key in required account number at “A/C ID.” Next select the Tran Type either CASH or TRANSFER. If tran type is Transfer then Transfer A/C ID is mandatory. If tran type is cash then currency (CCY) is mandatory. If currency is other than home currency then the user has to provide the exchange rate.

After accepting the details, the next screen will display account information. Select Closure tab to close the account.

After selecting Closure tab following screen will appear.

User can add Closure Notes in the box provided for this purpose, and submit for closure process. **The user should ensure that ‘shadow balance amount’ and account balance amount’ are zero before closure.** Once the auto interest calculation is run, there is no need to run it again, provided no transactions have been put to that account subsequently. This system displays the message ‘interest calculation is up to date now’.

By using same menu option, that is HCAAC, the closure process can be verified.

#### **4.15.21 Freezing & Lien Marking**

Account freezing means suspending any further transaction from the depository account till the account is de-frozen. A depository account maintained with a bank can be frozen if the bank receives a written instruction in prescribed form from the client. A frozen account can be de-frozen or re-activated if the client submits written instruction in prescribed form to the bank. The cause may arise when a account holder loss his vital documents like Cheque, ATM or any other document where converting cash is possible. There may also cause when the account holder is leaving the city for a particular time period. Also, if bank think that one do fraud, the bank can freeze his/her account.

#### **Freezing of Accounts**

In Finacle freezing of account can be done through AFSM, and HALM menu. The prime objective of Freezing of account is making the account inoperative.

In the 'Function' field the valid values are: F-Freeze, U-Unfreeze, I-Inquire, V-Verify and X-Cancel. To freeze all the related accounts in bulk (Maximum eight at a time) for a particular customer enter the respective Cust. ID, leaving A/C ID blank.

The 'Freeze Reason Code' indicates the reason for freezing the accounts. This field is mandatory if the Function field is specified as F. The description in this field are as under.

The Freeze Code denotes how to freeze the account. The valid values are:

- **T** for Total Freeze, **D** for Debit Freeze only and **C** for Credit Freeze only.
- The Ent Tran indicates the number of part transactions in the entered state for the account.
- The Clearing I/W field indicates the number of pending inward clearing transactions.
- The Clearing O/W field indicates the number of pending outward clearing transactions.
- The SI fields stands for the number of active Standing Instructions for the account.
- The AT field indicates the number of un-dispatched ATM Transactions.
- The AN field stands for the number of un-dispatched Anywhere Transactions.
- The SW field indicates the number of un-dispatched Swift Transactions.

For unfreezing the account enter U “Unfreeze” in the function field and respective account number in the Account ID field. Press F4 (accept key). Press SHIFT + F4 for selecting the particular transaction which is to be released.

User cannot freeze those accounts which are participating in pool for Auto-Sweep. By default it will list all A/Cs of the customer. But only A/Cs not in pool and not frozen will be selected for freezing. The system can display maximum 8 A/Cs in the list block. If any of those 8A/Cs are found to be participating in pool system throws a warning messages “Cannot Freeze Accounts which are participating in Pool”. Upon key-commit the remaining all unfreeze and non-pool A/Cs will be frozen.

### **Lien Marking**

Customers maintaining savings Bank Accounts and Current Accounts need to maintain stipulated minimum balance in their accounts for the schemes under which they are opened. Under the said schemes they are eligible for some services and if they fail to maintain minimum balance the bank will charge minimum balance charges as specified in the service charges annexure disclosed on the website and informed to them at the time of opening of the account.

Customers are advised to ensure to maintain sufficient balance in the accounts so as to avoid such charges and consequent return of cheques on account of lien marking in the accounts. For this purpose Finacle provides HALM menu option.

Various valid functions are specified in this screen. Lien can be placed manually irrespective of the balance in a particular account. **However, the user cannot modify the system created liens.** Functions available are: Add(A), Modify(M), Verify(V), Inquire(I), Cancel(X), List(L) and History(H).

If the lien is to be marked select function A-Add.

Enter the account number in A/C ID Field for which the lien is to be marked.

For Add function the valid Module Type to be selected is “**ULIEN-USER DEFINED**” press “ACCEPT” to proceed to next screen.

Note: If the lien already exists in a particular account then use “Modify” function to modify, (add or remove) lien amount, lien notes. On a particular account we can mark lien with different lien reasons for different amount.

- **New Lien Amount:** The amount for which lien has to be placed.
- **Expiry Date:** The period for which the lien is valid. Lien is valid only upto the expiry date.
- **Lien reason:** Appropriate lien reason code has to be entered here. The valid reasons are.
- **Lien Notes:** This is a free text field. User can enter any free text (valid reasons for marking lien on account).

During modification process, user can modify the lien amount/expiry date. While lifting lien, the new lien amount should be entered as zero.

If the FD (Fixed Deposit) or CD (Cumulative Deposit) is linked to the loan account in SRM (Security Register Maintenance) module facility is provided to view the linked FD or CD against the particular lien marked in the account by the system.

Note: User can create liens on type ‘ULIEN’ only. For user created liens, module ID column is not enterable. Also, user can create liens for accounts belonging to scheme types SBA(Saving), CAA(Current), CCA(Cash Credit), ODA(Overdraft), BIA(Inward Bills), FBA(Foreign Bills) & TDA(Term Deposit).

#### **4.16 Major Findings**

There are many findings during this research. The researcher finds that the Finacle system is board and able to cope today need in the global market. As the system is developed by Infosys Technologies and the system is implemented globally. The researcher finds the uses of Finacle in the NSBL and Global Bank in Nepal. Thus there uses can help to know what is in the Finacle and why it is being globally trusted.

The below are few findings which helps to illustrate the power of Finacle.

- Finacle is globally recognized software for the banking transactions.
- Finacle is powered by Infosys Technologies.

- Finacle is being used by NSBL and Global Bank in Nepal.
- SBI is the huge banks having 200 years of history.
- NSBL is Nepal State Bank of India Ltd. Carrying banking transactions with SBI India, and performing transaction worldwide.
- Finacle have different modules like Employee Creation, Maintenance of User Profile, Maintenance of Customer, Maintenance of Accounts, Inventory Management, Maintenance of Cheque Book, Cash Transaction, Multi Currency Transaction, Term Deposit, Recording of Clearance, Draft & Banker's Cheque Maintenance, Handling Cash/Credit Overdraft Account, Handling Term Loan, Maintenance of Limit Node, Maintenance of Collateral Register, Managing Interest, Managing LC, Bank Guarantee, Facility of Service Charges, Closing, Freezing & Lien Marking of accounts in order to perform secured banking transaction in easy and smooth pattern.

# **CHAPTER - V**

## **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary**

We use the term information technology or IT to refer to an entire industry. In actuality, information technology is the use of computers and software to manage information. In some companies, this is referred to as Management Information Services (or MIS) or simply as Information Services (or IS). The information technology department of a large company would be responsible for storing information, protecting information, processing the information, transmitting the information as necessary, and later retrieving information as necessary.

In the broadest sense, information technology refers to both the hardware and software that are used to store, retrieve, and manipulate information. At the lowest level you have the servers with an operating system. Installed on these servers are things like database and web serving software. The servers are connected to each other and to users via a network infrastructure. And the users accessing these servers have their own hardware, operating system, and software tools.

Management information system has been emerged as a new concept in the field of management to solve the problems generated by complex organizational structure and increased complexities of management due to industrial and technological revolution.

After the restoration of democracy, the Government of Nepal launched an economical liberalization policy. This has led to an increasing number of commercial banks in the country, due to such increment of commercial banks, competition also increased among them, which have resulted in enhanced services to the customers getting more advantage that is competitive. This is only possible through proper information technology.

Regarding MIS (Management Information System) of Finacle, I have found that the system is huge and complete to carry over any banking transaction. The avail features like Multi Currency Transaction, Draft and Banker's Cheque, Inventory Management, Letter of Credit,

Freezing of account, Lien marking of account, Loan and Deposit Section here can meet emerging necessity of business.

It is also known that Finacle is complete package for banking transaction for today's market of bank. As it can guarantee safe of public deposit, fund, and more over collateral register for loan can manage the investment secure of the bank.

The Bank Guarantee features of Finacle can meet the debtor's investment safe in case of creditors even if they are insolvent from their business which definitely secures the investment of public or business organization. Also, multinational transaction is handled in easy pattern by finacle which bring the system more trust to the general public.

It is known fact that the MIS plays the vital role in the organization as heart plays in body. The system ensures that an appropriate data is collected from the various sources, processed, and sent further to all the needy destinations. The system is expected to fulfill the information needs of an individual, a group of individuals, the managers and the top management. Here, Finacle MIS satisfies the diverse needs through a variety of systems such as Query Systems, Analysis Systems, Modeling Systems, and DSS and also helps in Strategic Planning, Management Control, Operational Control, and Transaction Processing.

## **5.2 Conclusion**

IT stands for Information Technology. Information Technology is a system designed to gather, process, or distribute information. IT can be inspected in terms of the following three groupings; the data gathering, the data processing, and the data distribution.

Information Technology deals with all types of data in which information can be extracted from. It may seem simple but the entire process is extremely complex. Without the sophisticated applications in the Business Intelligence software this information would remain unseen. Without Information Technology, Business Intelligence software would also be useless.

Considering the information we discussed earlier it is safe to assume that IT and Business Intelligence work together to perform the data related tasks that organization's need to have done. Information Technology is present in almost all of the tools provided by the Business

Intelligence systems. The data used in all of the analysis applications is gathered through the process of Information Technology.

Regarding Banking Transaction, we all have faith that they are the warehouse that can safe our money. So instead of keeping our money with us in our private area, we deposit in the banks and also enjoy interest. This makes attraction of public fund; on the other hand bank can mobilize the funds for the development, employee creation, welfare of nation. Thus, any bank requires the most effective, user friendly, secured and meeting emerging need MIS System in order to cope business. Herein, Finacle has come out by Infosys for the scenario.

I have found that Infosys is devoting for the more betterment of the banking system as a result they are releasing different version of the Finacle MIS. I find this while I have submitted proposal to work in Finacle 7.4.2 but Finacle 7.6.1 has come into existence. Thus I have to carry my research activity on the newest version.

I heartily congrats and thank Infosys team for their contribution towards the safe of public fund. Their efforts are really mark able. Also, I assume that they will continue their effort for the more betterment and emerging business needs.

### **5.3 Recommendation**

It is fact Infosys Technologies has developed the Finacle that can carry banking transaction in well organized and systematic manner. They have build many module like Employee Creation, Maintenance of User Profile, Maintenance of Customer, Maintenance of Accounts, Inventory Management, Maintenance of Cheque Book, Cash Transaction, Multi Currency Transaction, Term Deposit, Recording of Clearance, Draft & Banker's Cheque Maintenance, Handling Cash/Credit Overdraft Account, Handling Term Loan, Maintenance of Limit Node, Maintenance of Collateral Register, Managing Interest, Managing LC, Bank Guarantee, Facility of Service Charges, Closing, Freezing & Lien Marking of accounts. These modules can meet the current requirement of the Bank. But, it is also known fact that need comes and arises in daily basis.

So it my high recommendation that Infosys Technologies should not stop their work on update as need changes with time period. I also advise them to proper implement their each

and every feature when ever required as users are blind and even they don't know up to what is possible through MIS technologies. They should think about customers and the user to in order to survive longer time in the market. Also, they need to accept the changes and requirement of public.

We can notice that technologies are rapidly growing, and even continuously doing R & D works. These R & D enables every business unit towards success. Thus Infosys Technologies should focus on the terms and work for more better, easy and secured life of the public, general people and for the end users of the system.

They are doing more responsible task for the general people for safe guarding of their money, investment at the returnable sector. They need continuity of their operation. It is my recommendation to Infosys Technologies.

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# APPENDICES

## APPENDIX - I

### Nepal SBI Bank Ltd. vs. Finacle

Nepal SBI Bank was established on 7th July 1993. Initially, the Bank was using a Banking Software called Personal Banking System (PBS) developed locally in Nepal. Gradually as the volume of Business increased. PBS was not able to support the growing volume of Bank's data and a need was felt to introduce a software which would be able to support a larger database.

In 1997, new Banking software i.e. "Bancs2000" was introduced which was developed and customized by Infosys Technologies, Bangalore, India. Bancs2000 was a highly secure, user friendly software which was capable of multi processing and multi tasking because of which the efficiency of staff increased substantially. Bancs2000 was also equipped with different modules like Operations, Treasury, Loan, Inventory, etc.

Due to increasing requirements of customers and fierce competition in the financial market a more advanced software was required which could support Core Banking, Internet Banking, SMS Banking and provide integrated system for connecting VISA/Master card Network ETC. In order to provide the most modern technology and centralized the Banking database, SBI has adopted the latest version of "Finacle" Banking software (version 7.4.2) which has been developed by Infosys Technologies Pvt. Ltd. for implementation throughout its Branches/Offices.

SBI migrated to Finacle Banking Software on 1st June 2006 in Kathmandu Valley gradually in other branches outside the valley Biratnagar, Birjung. Due to the untiring efforts of all the staff members, SBI has been able to connect all its Branches to a datacenter maintained by SBI in Belapur, Mumbai, India using VSAT technology and is providing centralized solutions to our customers using innovative technologies.

## APPENDIX - II

### Finacle Menu and Their Description

#### For Loan Accounts (TL/DL both EI and Non-EI Loans)

Specific Menu	Short Description
HCUMM	Maintain Customer Master
HOAACL	Opening of Loan Account
HOAACVLA	Verification of Opening of Loan Account
HACMLA	Modification of Loan Account
HACMLA	Verification of Modification of Loan Account
HLADISB	Loan Disbursement
HLAUPAY	Unscheduled Payment of Loan
HLASPAY	Scheduled Payment of Loan
HLARA	Reschedule/Amendment/Rephasing of Loan
HLARSH	Loan Repayment Schedule
INTTM	Modification/Verification of Interest Rate Change
HPARTINQ	Inquire of Partition Details
PHINQ	Inquire of Partition History Details
HACLHM	Maintenance of Loan Account Limit History
REPHASEI	Batch Rephasing of EI loans
HPAYOFF	Loan Payoff
CAAC	Closure of Loan Account

#### Interest Application

Specific Menu	Short Description
ACACCR	Interest Accrual of Loan Amount
ACBOOK	Interest Booking of Loan Account
LADGEN	Demand Generation of Loan Account
LADSP	Demand Satisfaction Process of Loan Account

### For Term Deposit (Fixed Deposit)

Specific Menu	Short Description
HCUMM	Maintain Customer Master
HOAACTD	Opening of Term Deposit (Fixed Deposit) Account
HOAACVTD	Verification of Opening of Term Deposit (Fixed Deposit) Account
HACMTD	Modification of Term Deposit Account
HACMTD	Verification of Modification of Term Deposit Account
INTTM	Modification/Verification of Interest Rate Change
HDAM	Other Modification of Term Deposit Account
DRP	Print Deposit Receipt
REGFLOW	Re-generate flows in the term deposit accounts if Regenerate Flow is
CAAC	'N'. Closure of Term Deposit Account

### Interest Application

Specific Menu	Short Description
ACACCR	Interest Accrual of Term Deposit Account
ACBOOK	Interest Booking of Term Deposit Account
ACINT	Interest Run of Term Deposit Account

### For Saving Deposit

<b>Specific Menu</b>	<b>Short Description</b>
HCUMM	Maintain Customer Master
HOAACSB	Opening of Saving Deposit Account
HOAACVSB	Verification of Opening of Saving Deposit Account
HACM	Modification of Saving Deposit Account
HACM	Verification of Modification of Saving Deposit Account
INTTM	Modification/Verification of Interest Rate Change
HCHBM	Check Book Maintenance
ICHB	Issuance of Cheque Book
HCAAC	Closure of Saving Deposit Account

### Interest Application

<b>Specific Menu</b>	<b>Short Description</b>
ACACCR	Interest Accrual of Saving Deposit Account
ACBOOK	Interest Booking of Saving Deposit Account
ACINT	Interest Run of Saving Deposit Account

### For Current Account

Specific Menu	Short Description
HCUMM	Maintain Customer Master
HOAACCA	Opening of Current Deposit Account
HOAACVCA	Verification of Opening of Current Deposit Account
HACM	Modification of Current Deposit Account
HACM	Verification of Modification of Current Deposit Account
HACLHM	Maintain Account Limit History
HCHBM	Check Book Maintenance
HCAAC	Closure of Current Account

### For Packing Credit

Specific Menu	Short Description
HCUMM	Maintain Customer Master
OAAC	Opening of Packing Deposit Account
OAACAU	Verification of Opening of Packing Deposit Account
ACM	Modification of Packing Deposit Account
ACM	Verification of Modification of Packing Deposit Account
HACLHM	Maintain Account Limit History
INTTM	Modification/Verification of Interest Rate Change
CAAC	Closure of Packing Credit Account

### Interest Application

Specific Menu	Short Description
ACACCR	Interest Accrual of Packing Credit Account
ACBOOK	Interest Booking of Packing Credit Account
PCINT	Interest Run of Packing Credit/TR Loan Account

### For Cash Credit Account

Specific Menu	Short Description
HCUMM	Maintain Customer Master
HOAACCC	Opening of Cash Credit Account
HOAACVCC	Verification of Opening of Cash Credit Account
HACM	Modification of Cash Credit Account
HACM	Verification of Modification of Cash Credit Account
HACLHM	Maintain Account Limit History
INTTM	Modification/Verification of Interest Rate Change
HCHBM	Check Book Maintenance
HCAAC	Closure of Cash Credit Account

### Interest Application

Specific Menu	Short Description
ACACCR	Interest Accrual of Cash Credit Account
ACBOOK	Interest Booking of Cash Credit Account
ACINT	Interest Run of Cash Credit Account

### For Over Draft Accounts

Specific Menu	Short Description
HCUMM	Maintain Customer Master
HOAACOD	Opening of Overdraft Account
HOAACVOD	Verification of Opening of Overdraft Account
HACM	Modification of Overdraft Account
HACM	Verification of Modification Overdraft Account
HACLHM	Maintain Account Limit History
INTTM	Modification/Verification of Interest Rate Change
HCHBM	Check Book Maintenance
HCAAC	Closure of Overdraft Account

### Interest Application

Specific Menu	Short Description
ACACCR	Interest Accrual of Overdraft Account
ACBOOK	Interest Booking of Overdraft Account
ACINT	Interest Run of Overdraft Account

### Treasury

Specific Menu	Short Description
MNTRTL	To maintain daily exchange rate in the system

### Letter of Credit/Bank Guarantee

Specific Menu	Short Description
FPCM	Maintaining party code to open Letter of Credit
LNM	Customer wise limit maintenance of credit party
ODCM	Import LC Open/Close of any Currency in the system
FBM	Lodge/Realize/Purchase/Close the foreign bills
IDCM	Export LC Open/Close in the System
GMM	Open/Close/Amend the guarantee in the system
FWRM	Maintenance of forward contract registers to book the FWC
DCGPR	DC General Purpose Report Printing
DCREG	Documentary Credit Register Printing
DCLIABRG	Documentary Credit Liability Registrar
LCCUST	Customer Wise LC Report
LCDETOUT	Detail LC Outstanding on a specific date
LCCURR	Currency wise statement of LC outstanding
LCEXP	LC expiring during the given period
LCREP	Detail LC Report
MNTFWC	Booking of Forward Contract (Sale/Purchase)

### Remittance

Specific Menu	Short Description
DDPALL	Print All Demand Drafts of Specific Data
DDPRNT	Print Particular Demand Draft based on Tran and Part-Tran ID
ORM	Outward Remittance Maintenance
IRM	Inward Remittance Maintenance
DDLOST	Demand Draft Lost
DDREVERT	Demand Draft Revert
HDDMI	Demand Draft Mass Issue
HDDC	Demand Draft Cancellation
DDMOD	Demand Draft Modification

### NRB Clearing

Specific Menu	Short Description
TM	For Nepalese Currency Demand Draft and Banker's Cheque
ICTM	For Inward Clearing Maintenance
OCTM	For Outward Clearing Maintenance
MCLZOH	Outward Clearing Zone Maintenance
MICZ	Inward Clearing Zone Maintenance

### Other Menu Options

Specific Menu	Short Description
HDDMI	Demand Draft Mass Issue
HDDMP	Demand Draft Payment
HICTM	Inward Clearing Cheque/Draft Entry
HPSP	Pass Sheet Print
HACLI	Account Ledger Inquiry
HACS	Account Selection
HACSP	Account Selection and Print
HDDP	Demand Draft Issued, Cancelled, Paid Report
CLiab	Customer Liability Report
REPTDS	Account wise Interest/TDS Report
HCCA	Change Customer ID of Account
HALM	Account Lien Maintenance
LALIEN	Loan Account Lien Maintenance
MEAC	Marking and Un-Marking NPA Account
UCS	Update Status of Cheque
PSE	Purchase Sale Entry
BBOTC	Batch Back Office Transaction Creation
DDLST	Demand Draft Lost Report
DDMOD	Demand Draft Modification
CBP	Cheque Book Printing (Batch) and Inter-SOL Cheque Printing
HCASHDEP	Cash Deposit
HCASHWED	Cash Withdrawal

## **APPENDIX-III**

### **Nepal IT Policy**

Nepal has adopted IT Policy in 2000. In the same year, the country has prepared “Electronic Transaction and Digital Signature Act” and is awaiting approval from the parliament. Similarly, Nepal Government has amended Telecommunication Policy and incorporated that Voice over Internet Protocol service will be licensed to the private service providers, thereby curtailing the monopoly of Nepal Telecommunication Corporation.

Increasing use of computer, development of qualitative telecommunication network, proliferation of internet and e-mail services by private sector and growing attraction towards net-based business including e-commerce and multi-media have good indication that Nepal is a growing center for developing of information communication technology.

Furthermore, the establishment of IT Park and expansion of information network at the village level is considered in contributing to multi-dimensional growth of agriculture, health, education, industry, tourism et cetera thereby uplifting the economic situation of the country.

For development and promotion of Information Technology, financial assistance has been provided to four universities of the country by HMG. With an aim to disseminate knowledge on information technology in schools, Internet service has been made available to them. Likewise, government initiated computer trainings are being conducted with a view to produce skilled manpower.

The construction of Information Technology Park in Banepa has begun. In organization front, Nepal Information Technology Centre was setup but its structure, human resource, programs and activities are still in background.

Private participation in the field of operation of Internet Services, Cyber cafes, training institutions, hardware and related equipment assembly, software development, web design and export of IT services and IT enabled services have increased. The services have covered all development regions and major commercial and tourist cities.

Objectives of IT Policy

- To make information technology accessible to the general public and increase employment through this means,
- To build a knowledge-based society, and to establish knowledge-based industries.

## **APPENDIX-IV**

### **Association Contribution towards IT in Nepal**

Nepal is organizing international level information technology conference and exhibition known as "CAN INFOTECH" every year and is celebrating as a national festival of information dissemination; exhibition of newer technology, software, peripherals, books, journals; exchange of new development, ideas and sharing of experiences. The event is participated by different private, public sector of Nepal and also from other countries.

This event is conducted by Computer Association of Nepal once in the Kathmandu and also in the other regions. Regional associations and member of CAN is also taking this exhibition in different towns such as Biratnagar, Pokhara, Butwal, and Dharan. With the Vision like "To place Nepal on the global map of information technology within the next five years", Nepal despite of constraints of resources, is marching ahead in its direction.

The active role played by Computer Association of Nepal, IT Professional Forum, ISP Association of Nepal, and other Business Associations have driven the country towards the use of ICT in economic development thereby alleviating the poverty.

The country is facing many problems and challenges, such as lack of co-ordination between the related agencies, constraint of budget, no opportunity for available manpower, no proper co-ordination between related agencies to construct physical infrastructures, government inability to use computers in ministries and offices, capacity (network, infrastructure) constraints, et cetera.

## **APPENDIX: V**

### **Questionnaire regarding the feedback of MIS: (Indirect User-Customer)**

The following questionnaire is designed for general public who are the customer of SBI Bank. The primarily objective of these questionnaires is to survey the perception of customer towards the existing information system.

Q. What is meant by banking transaction?

Q. What are the Business Benefits using MIS?

Q. How security of fund is managed through MIS?

Q. There are available of ABBS (All Bank Banking Transaction). How online service is fulfilled using MIS?

Q. How Customers are benefitted using Finacle MIS?

## APPENDIX: VI

### Questionnaire for opinion survey of staffs (Direct User-Finacle)

The following questionnaire is designed to get opinion about the computer based information system from the bank's staff. The main objective of questionnaire is to survey that whether the bank's staffs are satisfied or not with the current Finacle MIS.

#### Direct Questionnaire for Finacle MIS

- Q. What are the Key Features of Finacle?
- Q. Finacle is said to direct banking solution. What does it mean?
- Q. How public deposits are secured by a proper MIS?
- Q. How employees are created and users are maintained by the Finacle?
- Q. What is the process of managing the Customers of bank?
- Q. Where the public fund, vital document are kept? How they are managed?
- Q. How Finacle can manage handling different types of account?
- Q. Is Finacle has space for managing Cheque Book?
- Q. How bank service charges that is profit is handled?
- Q. How cash transactions are carried over in Finacle MIS? Is there any facility to carry multinational currency?
- Q. How loan is handled using Finacle? Does it provide space for collateral security?
- Q. How deposit is handled using Finacle? Does it provide bank guarantee for public fund?
- Q. How LC can be managed through banking MIS?
- Q. How interest is calculated in Finacle considering different types of deposit and Loans?
- Q. Is there any facility to maintain Limit transaction?
- Q. How Clearing is possible through Finacle?
- Q. How bank drafts are managed through Finacle?
- Q. How does Finacle reports that the cheque issued are of the concern person?
- Q. What happen when one loss his/her cheque book, ATM or any cash converting documents?
- Q. What happen when account holders minimum balance reach? How it is handled in Finacle?
- Q. Is there any possibility to with draw the amount higher than his/her deposit?
- Q. How accounts are closed in Finacle?