

Client

The client is world leading, banking organization. Nucsoft is associated with client to delivering software projects and process improvement solutions to their different to their various divisions.

Challenge

The clients need a system, which supports the entire life cycle of a discounted bill and which interface with main account system of the client. The system also should be the facility, which updates all financial entries, calculates interest accruals and tracks the credit till final liquidation.

Solution

CFMS is a financial service provided by client to its Emerging Local Corporate by trade services departments of the client. The Top Tier Local Corporate (TTLC) has many dealers to whom they sell goods. These dealers may want credit on purchases.

TTLC draws a bill of exchange for the amount due from such dealers. TTLC presents these bills of exchange to the bank, for discounting. Thus the TTLC receives the money from the bank even when the dealer enjoys the credit. At maturity of the bill the dealer repays the bank. Such bills discounted by the bank at various locations are entered at a central location. The CFMS captures the bill information of the discounted bills in the system.

At the time of bill discounting the Emerging Local corporate give post-dated cheques for the principal amount and for interest payable. Interest is back-ended that means bank takes interest for the loan granted to the customer at the time of repayment of loan only (for the past period). Before the maturity date the cheques are sent to the Cash Management Department (CMD) for clearance.

The lifecycle of the discounted bill from discounting to liquidation CMD needs to follow the discounted bill. The stages include liquidation; else granting a grace period, which is given after the maturity date before the bill is liquidated. In case of failure to liquidate the bill moves into Past Due Obligation (PDO) period. The interest charged in the PDO period is the normal interest rate plus PDO offset. Bills if not liquidated after maturity date plus 90 days (which is configurable) are moved into PDO-Non Accrual (PDO-NA) and they remain in the same stage till liquidation.

Benefits

CFMS capture information to include the discounted bills, liquidation, and post-dated cheque information, interest accruals, PDO and PDO-NA movement further up to liquidation. CFMS ensures financial entries get updated on line to the main financial accounting system of the Bank i.e. ORBIT for ELC Customers. The financial entries that get updated online to ORBIT are bill discounting, interest accruals, and normal to PDO movements, PDO to PDO-NA movements and final liquidation.