



Tarant Case Studies for FLEXCUBE

Leading Mortgage Bank in CEE

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Client Overview

This case study pertains to a leading bank in the lending industry in Central and Eastern Europe Region. It has a rich history and an enterprising way of Banking. In its first operating year, the bank managed to gain a foothold on the country's banking market, developed its strategy and clientele, and secured nationwide accessibility to mortgage loans. It developed a continuously moulding and refining range of products, that are in line with the terms of the capital market and customer needs.

Project Overview

The bank is a mid-size bank with 50,000 CASA accounts and 20,000 active consumer loans. The main modules are CORE, CASA, TD, CL and FT along with an internet banking interface for online TD opening, Funds Transfer and CASA related enquires.

To remain competitive, the Bank has introduced various account packages which classify customer accounts into various categories and for each category, based on account balance, turnover or other parameters, accounts are eligible for various attractive offers on interest rates and charges. This has resulted in a complicated IC module setup with multiple rules for each account. Due to this complicated setup, the Bank faced a huge challenge in terms of maintaining the existing IC products, introducing new offers, and changing the interest rates and charges frequently.

Also, the Bank faces difficulties in maintaining effective communication with OFSS and obtaining the required support on-time. In most cases, the Bank didn't receive solutions on time and had to spend a major effort in providing multiple support documents which consumed extra time. There are multiple instances where the Bank couldn't start their operations the next day on-time due to EOD issues and support turn-around time.

Services Rendered

Our team has helped the Bank overcome these challenges by deploying FLEXCUBE experts on-site and providing the following services:

- Effective communication with OFSS explaining the cause of the issue, simulation steps and the possible solution/work-around.
- Monitoring and verification of IC interest rate and charges modifications.
- Month-end simulation and results verification on the support system during the last week of every month.
- Effective FLEXUCBE support during transaction hours and End of Day processing.
- Guidance on new product setup, identifying workaround and application tuning.

Challenges

The project encountered many technical and functional issues under Interest and Charges, Consumer Lending, CASA, End of Cycle, Term Deposits and Fund Transfer through Interfaces. A few of the significant issues are listed below.

Interest and Charges

Major causes for wrong Interest calculations encountered are listed below:

- Failure in IC resolution
We identified the problems in IC module for the Rate Code and Account Product Identifier functions. We assisted the Bank with suitable workarounds so that the Banking operations are not halted. Later we fixed the problem with a permanent solution which includes the recalculation of interest and charges for problematic accounts across backdated periods.
- Incomplete technical maintenance of the Interest Rule by system
We identified the system failure to handle the Interest derivation rule of greater length. System couldn't create the necessary dynamic database objects for Interest Derivation Rule. We helped the Bank with a workaround and provided a permanent solution.
- Missed/Duplicate turnover and balance update for customer accounts
In some cases the Credit / Debit Turnover and Daily Balance updates were missed or updated more than once for a few accounts which led to incorrect Interest calculations. We solved the problem with reconciliation between account balances and transaction history. We also rectified the system errors so that FLEXCUBE could provide proper balance updates to the accounts.

End of Cycle (EOC)

The bank processes parallel EOD for branches in groups every day. The Bank encountered a unique problem while marking End of Transaction Input, which resulted in more EOD

processing time, affecting the statement generation and other parallel activities. The system reported an error which was not the real cause for failure. We suggested the suitable steps and necessary changes to track and solve the unhandled exception. Thus, primarily due to our efforts, the End of Day started running smoothly and in expected time frame.

We also assisted the Bank in solving everyday problems such as balance mismatch in Real, Contingent and Position General Ledgers.

Consumer Lending

In FLEXCUBE, any changes to an existing loan are done by Value Dated Amendments functions (VAMI). After VAMI, a few loans in the Bank developed problems which resulted in duplicate interest accruals for the same day with different amounts.

These duplicate interest accruals have caused serious concern about the Interest amount gained from the customers. We investigated the problem and helped the Bank rectify a system bug.

Another problem was in the Loan Schedules. Principal component for schedules disappeared when Interest method was changed from simple to amortized method, earlier to the initial date maintained. We verified the repopulation of wrong schedules where principle component is missed and provided a solution.

Term Deposits through Interfaces

Due to a technical bug in the system, a few TD bookings through interface resulted in partial accounting entries in which the debit entry for the offset account were missed, leaving the positive balance in the TD account. Such booking items caused problems in End of Cycle processing. Moreover, the deposit amount and the Credit Interest in the TD were not taken from the customer. We suggested suitable workaround for initial survival and fixed the problem permanently later with effective communications through OFSS.

Fund Transfer through Interfaces

The incoming and outgoing Fund Transfers go through the Central Clearing and Settlement System. Some of these FT transactions were rejected. In many cases, the reason for FT transactions being rejected or unprocessed during the batch upload was not explicitly demonstrated to user. Our team helped the Bank in discovering the cause of rejection and suggested suitable reprocessing methods/workarounds to minimize them.

Things We Do Differently

With the knowledge gained from past experience with various problems across modules, we have set up an optimized verification method to identify and prevent most of the problems before they become reality.

- Well organized simulated End of Month for Interest and Charges, which includes reconciliation of processed accounts under each IC Product/Branch against two months history.
- Frequent checks to confirm the successful IC resolution
- Reconciliation of Interest accounts processed against the necessary Accounting Entries.
- Well optimized error identification methods to find out the problems expected during End of Day. This assures the successful EOD operations and that branches are opened the next business day on-time.
- Complete analysis before any change in parameterization for any module, which helps to save time, resources and prevents post parameterization errors.
- Always focused on impact to the related modules and functions due to change in sources; only the required changes are applied to the system.

Conclusion

Tarant FLEXCUBE professionals have followed an innovative process to find out problems and resolve them. They have proven that their methodology of proper investigation of errors, identification of the root cause for failure, providing the best solution or workaround applicable to solve the problem is the best way to resolve issues. This has won them kudos from the customer, time and again. We believe in not only resolving the problems but also in delighting the customer with our innovative solutions.