

# Oracle Banking Enterprise Limits and Collateral Management



Enterprise Limits and Collateral Management is of importance for successful credit risk management at banks, and even more crucial given the ongoing market turmoil. An efficient centralized system for limits and collateral management will assist banks in effective management of exposures to customers with a holistic view and enhances efficiency in utilization of funds. Banks can avoid over exposure to any specific customer segments and inefficient usage of collateral leading to lower credit facility to customers.

## HOLISTIC, REAL-TIME EXPOSURE MANAGEMENT

Oracle Banking Enterprise Limits and Collateral Management enables proactive and efficient limits monitoring across the institution with centralized collateral management, online tracking, and monitoring of multi-currency limits for all transactions across all branches or entities – in countries as well as regions. It enables banks to not only centralize exposure management but also proactively monitor risks across the entire spectrum of offerings including loans, trade finance, supply chain finance, treasury, and overdrafts.

## CENTRALIZED CREDIT FACILITY MONITORING

Oracle Banking Enterprise Limits and Collateral Management enables efficient limits monitoring across the institution with centralized online tracking and monitoring of multi-currency limits for all transactions across all branches or entities - in countries as well as regions. The solution helps banks make informed credit decisions with fast and accurate credit information - by customer and segment - while also helping to improve exposure management with collateral pooling and contribution controls.

Oracle Banking Enterprise Limits and Collateral Management can accept all the account(s) related information from any external core processing system before creating lines and corresponding sub-lines. These lines can be defined for a product or across a combination of products and each sub-line can act as a main line for an additional level of sub-lines, resulting in the definition of multiple levels of lines. Banks can simulate the impact on its various exposures resulting from sanctioning any new limits or increasing/decreasing any of the existing limits. Using the 'what if analysis' capability, banks can take informed credit decisions.

### Key Features

- Supports enterprise limits management and enterprise collateral management as a separate installation
- Integrated credit desktop, centralized online limits tracking and monitoring dashboard
- Multi-currency limits definition
- Define currency restrictions on limits
- Flexible limit's structure
- User-defined exposure tracking
- Exposure and headroom analysis
- Flexible collateral management
- Extensive support on types of collaterals banks accepts
- Single customer multiple liability linkage
- Track utilization management
- User-defined real-time reporting

### Key Benefits

- Efficient limit utilization with centralized control and monitoring of credit exposure
- Enable informed credit decision with fast and accurate and real-time credit information based on real time LVR computation
- Flexible Limit structure
- Improved Limits exposure management

Utilization management can be used for keeping a check on usage of credit limits. This ensures that a customer's liability to the bank at a given point in time remains within a predefined limit. The exposure tracking mechanism in utilization management helps track industry or sector-based exposure of liability for a specific period (day, month, and year). The Enterprise Limits Management can work with one or more external collateral management system.

## **STREAMLINED COLLATERAL MANAGEMENT**

Banks can use Oracle Banking Enterprise Limits and Collateral Management to streamline collateral management processes with a flexible structure that provides for real-time revaluation. This enables them to maintain realistic limits that reflect prevailing market trends. The application also lets users define the level of strictness on the defined limits. It provides the option of defining currency restrictions for credit lines.

Oracle Banking Enterprise Limits and Collateral Management solution enables a flexible collateral management structure and revaluation of collateral at a desired frequency. A collateral pool made up of individual pieces of collateral can be defined for liability. Additionally, users also have the flexibility to define how much each piece of collateral contributes to the pool. The solution maintains and tracks details of collateral offered to support credit granted by a bank. The application provides support for 'haircut' maintenance; the portion of an asset that cannot be used as collateral. 'Haircut' is meant to protect the ledger against possible decrease in value of the collateral. The establishment of limits involves different types of currencies and collateral. The exchange rates and values of marketable securities are driven by market forces and tend to fluctuate over time. The solution takes these factors into account and allows for revaluation in order to maintain realistic limits and to reflect prevailing market trends. The Enterprise Collateral Management can work with an external Limit Monitoring system.

## **ANALYTICS-DRIVEN ACTIONABLE INSIGHTS**

Oracle Banking Enterprise Limits and Collateral Management provides financial institutions with easy access to actionable business information with the use of dashboards and other intelligent tools for both regulatory and key stakeholder reporting. The Integrated Credit Desktop works as one stop solution for all the credit related information needed by Credit Relationship Managers and Credit Officers at a bank. It provides access to all credit related information consolidated in a single screen thereby enabling users to take informed decision by comparing relevant data.

The integration of the Limits and Collateral Management solution with Oracle Business Intelligence Enterprise Edition (OBIEE) enables financial institutions to be responsive with advanced Business Intelligence (BI) functionality and drive intelligent customer interactions with a unified customer view across the enterprise. It provides pervasive insights to bankers across the enterprise and helps in making informed and better business decisions using informative reports. It effectively monitors business information to identify risks.

- Efficient Collateral Management
- Improved efficiency of the limits and collateral life cycle through easy integration with other products
- Streamlined Collateral management process with flexible structure and revaluation of collateral at desired frequency
- Provisions for covenant-linking with customer, classifying, and tracking.
- OAUTH support
- Integration with multiple DDA systems
- Zero down-time

## SEAMLESS INTEROPERABILITY WITH OTHER SYSTEMS

Built on Oracle Fusion Middleware, Oracle Banking Enterprise Limits and Collateral Management deliver standards-based integration to coexist with banks' existing business applications including core banking systems, loan systems, reporting and risk analytics applications. This enables banks to leverage their existing enterprise assets and ensure better return on investment.

The solution comes with pre-built integration for Oracle Application suite including Oracle FLEXCUBE Universal Banking, Oracle Banking Corporate Lending and Oracle Financial Services Analytical Applications.

Oracle Banking Enterprise Limits and Collateral Management uses Oracle Imaging and Process Management for document management. The documents pertaining to a business process in a digitized form can be uploaded from Oracle Banking Enterprise Limits and Collateral Management into Oracle Imaging and Process Management, thereby linking a transaction in Oracle Banking Enterprise Limits and Collateral Management solution to a set of documents stored in the Oracle Imaging and Process Management. In the later stages of the same or different business process, the same set of documents can be fetched from the Oracle Imaging and Process Management, to be acted upon. These documents that have been linked by the application can be accessed by other systems as well.

Oracle provides a complete, end-to-end application suite for Corporate Credit enabling transformation across front, middle and back-office.

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