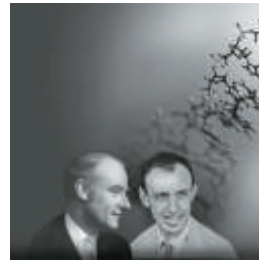


Finacle

Wealth Management Solution



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BUSINESS OVERVIEW

The survivor's world in the aftermath of the economic crisis - has brought with it a new breed of retail banking customers-hyper-informed, demanding and with constantly shifting brand loyalties. The HNWI (High Net Worth Individuals) and mass affluent among them, representing the most profitable segment of the retail banking market, are clearly veering towards simple yet profitable investment-based products. In response, banks are eyeing integrated systems, offering investment products and traditional banking products under one roof, with serious consideration. These systems are clearly emerging as the proven solution to gain and retain competitive leadership in the retail banking space. Several progressive banks, the world over, are seeking to leverage the advantages of an integrated retail and wealth management solution to set up veritable 'one-stop retail shops' offering a comprehensive mix of traditional banking offerings (deposits, savings and lending), investment products (securities, mutual funds and bonds), insurance and credit cards, to deliver a convenient and comprehensive retail banking experience.

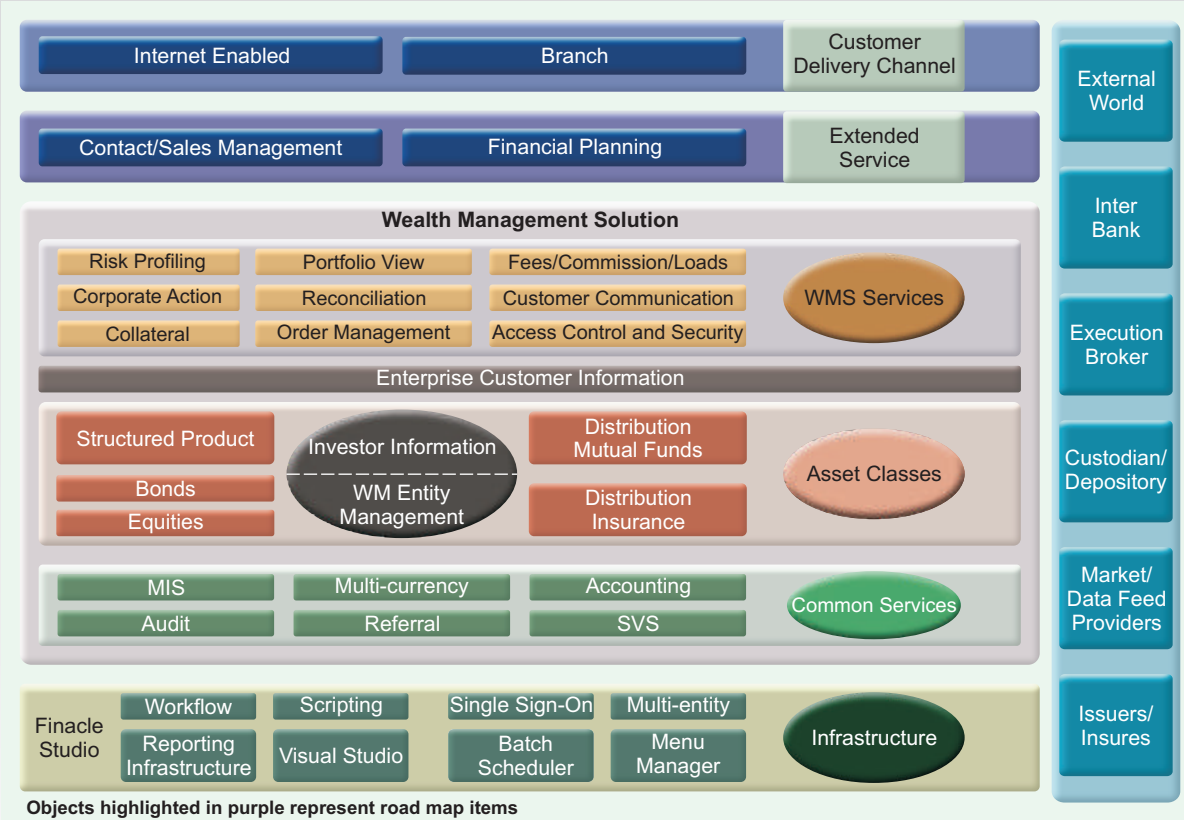
Finacle Wealth Management Solution

Finacle wealth management solution is a modular, fully scalable, integrated core banking and investment management system designed for the specific needs of retail and private banks. It offers a unique combination of an extensive portfolio of functions with impressive flexibility that enables end-to-end processing of investment products from diverse asset classes including structured deposits, structured notes, mutual funds, equities, bonds and insurance.

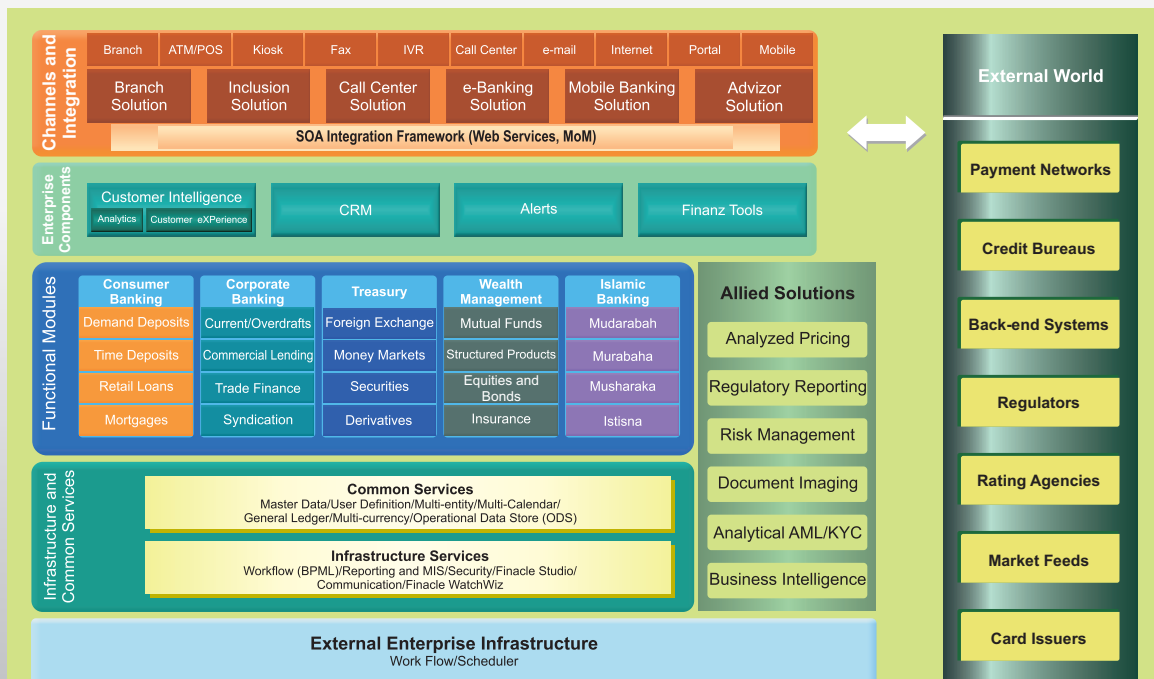
Financial institutions can leverage the solution's rule-based definitions to launch new products - such as dual currency deposits, principal protected deposits, range accrual deposits, mutual funds and insurance products - with a distinct time-to-market advantage. Integrated with Finacle core banking and CRM solutions, the wealth management solution ensures unique customer definition, a single, unified view of the customer's portfolio across asset classes and seamless flow of transactions. This helps banks capitalize on their customer base to create additional revenue streams, by offering HNWI and the mass affluent extended products and services.

Functional Architecture

Wealth Management Solution



Universal Banking Solution



Key Modules

Structured Products

The structured products module provides an extensive and parameterized product setup to define both indigenous and third party offerings.

Product definition

The user-friendly rules engine eases the process of creating new structures. It enables the creation and maintenance of both tranche and non-tranche products. Product types like structured deposits and structured notes can be defined based on different underlying such as equity, currency, bonds and interest rates. Features like amortization, target redemption, daily range accruals, interest fixed in arrears and advance, accumulators, knock out, knock in and management of extraordinary events, can be deployed.

Transaction processing

The extensive order management functionality comprising checks and controls is based on parameters defined during order entry and maintenance. Various sources of funds can be used for structured product transactions. Multicurrency transactions are effectively supported. Products can be devolved in case of insufficient mobilization during the subscription period, and also suspended based on guidelines. Structured products can also be used as collaterals.

Fixing

Payouts can be fixed for equity-linked and currency linked non-tranche products. In case of external fixing, results are uploaded through a file. In the event of internal fixing, the process is executed, based on rules mapped to cash flows.

Payouts

Payouts in auto mode for all events are maintained at the product level. In auto mode, the payout is determined, based on rules mapped to cash flows. Payouts are in manual mode for products where the interest component is not accounted for.

Equities

The equities module is a comprehensive order and execution management facility to process orders placed across multiple exchanges through brokers. It also supports processing and settlements of trades, along with corporate action processing.

Static data maintenance

The module provides extensive support to maintain entities, securities, symbols and their attributes, to effectively manage order placement, fulfillment, settlement and reconciliation. Various entities like stock exchanges, brokers, depositories and custodians, along with the processing rules, can be defined. Securities can be created online or through the upload process. The symbol management facility enables banks to maintain market specific information for every security. Operations like suspension, listing, delisting and relisting can be initiated on a security symbol.

Order processing

The module enables banks to route orders to brokers based on customers' preferences. It supports orders capture based on price, volume and time mandates. The orders can be routed to specific execution brokers using the batch or online interface. Order acknowledgment from the broker can also be recorded similarly. Based on the order execution, trade related

Key Modules

information can be specified and positions can be updated. Trades can subsequently be confirmed using the regular confirmation or the auction confirmation process. Confirmation details can be recorded using the batch or online interface. Based on the settlement process, customers' operative account can be debited or credited and holdings updated. Securities can be transferred between internal and external accounts, and off market transactions can be settled.

Corporate action processing

Comprehensive support is offered to process corporate actions like cash dividends, bonus, splits, reverse splits, mergers, demergers, name changes, spin offs, rights, buy backs and liquidation. The bank can set up corporate actions, reconcile the proceeds received against the expected proceeds and process corporate actions for the relevant holdings. The straight-through-processing capabilities ensure that the operative and securities accounts are updated based on the corporate actions.

Fees

The module enables definition, calculation and collection of fees against transactions performed by customers. Banks can define fee structures based on parameters like channel of transaction, customer segment, transaction type, broker or exchange used to execute orders.

Mutual Funds

The mutual funds module provides an extensive and parameterized product setup to define different types of mutual funds.

Fund definition

Multiple funds can be defined for a fund house. Rules and preferences providing

guidelines for transactions to be executed on the fund can be defined. Both omnibus and non-omnibus distribution models are enabled. Open-ended and close ended funds can be defined. Cut-off time definition, fee structure linkage, setup for back-end and front-end loads and parameterized triggers for accounting entries are supported.

Transaction rules

The transaction rules supported include:

- Add-in and add-on allocation methods
- Load to price as well as amount
- Ageing-based exit load
- Gross and net rebate settlement methods
- Capital gain calculation methods - FIFO and average cost
- Cooling period cancellation day limit definition

Transaction processing

Multiple payment types and payment modes are supported for transaction entry. Transaction processing supports:

- Back-dated and future-dated transactions
- Auto-hold funds on the operative account linked to the customer
- Auto-debit or credit of the operative account linked to customer and office accounts
- FX rate and discount override
- Checklist validation during transaction entry
- Switch between funds in the same settlement cycle and different settlement cycles

Batches

The module, based on pre-defined logic, generates transactions that can be forwarded for processing to the fund house. Further to confirmation from the fund house, the units and amounts are reconciled with values based on rules set at

Key Modules

the fund level. Subsequent to reconciliation, allocation of units to the respective investors is processed.

Systematic plans

The module is enabled with a comprehensive facility to set up systematic plans for investors. This generates mutual fund transactions periodically, based on the frequency setup.

Fee and commissions

The module facilitates the setup of commission and fee structures. Calculation of upfront fees, rebates and trailer fees is supported. Banks can provide various types of discounts to customers based on multiple criteria like customer type, marketing program code and transaction channel.

Corporate actions

A wide range of corporate actions like dividends, splits, reverse splits, mergers and liquidation can be set up and processed. Dividend reinvestment and payout to customers is supported. The solution supports reconciliation of amounts and units for all corporate actions.

Bonds

Fixed income products in general & bonds in specific are the investment of choice for a risk-averse investor.

Bonds solution enables banks to distribute bonds. It is a one-stop solution for all order management, deal processing and corporate action processing needs. The solution also generates reports, advices and inquires to meet customer requirements

Product Definition

Today banks strive to control costs as well as are bound to comply with changing regulatory requirements. The

need to improve efficiencies forces them to seek solutions that offer a high degree of parameterization for static data definition and product definitions. Bonds solution is envisaged to meet such requirements.

The solution allows capture of attributes such as bond identifier, rating, primary or secondary market bond, traded OTC or on exchange, callable, puttable, cumulative, amortizable and zero coupon bond etc. The solution has a flexibility to manually maintain coupon, principal, cumulation, call and put schedules as well as auto-generate the same.

Order Processing

Order management in the solution is envisaged to provide full straight-through-processing for fixed income instruments through order capture, price inquiry, order routing, deal execution and settlement, when coupled with an integration framework.

In addition to the order routing to dealers, the solution is being developed to net-off buy and sell orders both of which are captured In-house.

Corporate Action

Being an end-to-end solution, it's designed to support corporate actions i.e., events initiated by the bond issuer that may affect cash or security positions or both for the investor. Finacle bonds solution can handle coupon payout, amortization payout, and issuer call payout and maturity payouts. In addition to the mandatory corporate actions, it supports corporate actions like customer put.

Batches

As part of transaction processing, the solution is proposed to support business event automation using a multitude of batch-processes, thus eliminating manual tasks and reducing turn-around-time.

Key Modules

Fees

The module enables definition, calculation and collection of fees against transactions performed by customers. Banks can define fee structures based on parameters like channel of transaction, customer segment, transaction type, broker or exchange used to execute orders.

Reports, Advises and Inquiries

Reports and inquiry features in the solution are being developed envisaging the various operational, business and regulatory requirements of banks across the globe. A business user of this solution can make use of the reports for better planning and make use of the inquiries for improved levels of customer-service.

Being customer-centric, the solution is being developed to support setting up of customized statement of advices for individual business events.

Insurance

The module enables banks to define and maintain a large variety of life and non-life insurance products offered by multiple insurers. Transaction and premium payment rules can be maintained to enable effective control at the time of transaction processing. Highly parameterized setup allows users to define accounting rules, reconciliation rules and checklist details for transactions allowed on the product.

Transaction processing

The solution supports recording, processing and reconciliation of various transactions – such as new policy generation, renewals, recurring premium payments, endorsements, cancellation and premium adjustments. The basic premium, loading premium, rider premium and top-up

premium can be specified. Discounts and taxes applied on premium payments can also be maintained against each transaction. Payments made against transactions can be accepted using various modes including direct debit to an operative account maintained by the bank. Transactions performed at the bank can be batched together and shared with the respective insurers for processing. Transactions performed by policy holders directly with the insurers can also be recorded and maintained for customer inquiries and subsequent operations.

Reconciliation

The solution supports reconciliation of transactions performed across various insurance products distributed by the bank. As part of the reconciliation process, transactions originated through the bank can be reconciled based on the information shared by the insurer and reconciliation rules maintained by the bank. Transactions performed by a policy holder directly with the insurer are highlighted as part of the reconciliation process, enabling the bank to record such transactions for subsequent operational usage.

Interfaces

Comprehensive file-based batch interface capabilities support:

- Reconciliation of transactions to track status and record pertinent details
- Recording of policy attributes
- Recording of NAV details for funds offered
- Recording of scheduled renewal and recurring premium details
- Transaction upload to record transactions made using non-branch channels

Additional Features

Customer Relationship View

Finacle wealth management solution presents a unified view of investor holdings and transactions across asset classes.

In addition to the portfolio view, a granular view enables wealth advisors to inquire on the underlying transactions.

Investment Portfolio

A unique investment ID can be defined for the customer to transact in investment products issued by the Finacle wealth management solution. Investor preferences like risk score and category, statement frequencies, preferred currency, payouts and dividend options can be set up

Reports and Advices

The solution generates standard reports covering wealth management operations.

It also generates advices which can be triggered across the transaction lifecycle.

Access Control

Comprehensive access control is available across dimensions such as role, customer segment, asset class, product, investment portfolio and transactions.

Referral

The feature enables the automation of exception and approval management by defining and enabling policy-based processing of financial and non financial exceptions. This effectively eliminates processing delays, errors due to manual escalation, and manual paperwork. It is an emphatic step towards mitigating operational risk.

Business Benefits

Leverage the HNWI Opportunity

Finacle wealth management solution enables financial institutions to derive rich integrated insights about the HNWI client's investment portfolio. Sophisticated analytics, relevant financial planning and asset allocation tools can be deployed, to leverage the opportunities presented by hot listed clients to explore prospects for cross-selling and fee-based personalized advice.

Ease of Enhancing Product Portfolio

The user-friendly solution provides never-before flexibility to tailor solutions and create new product flavors for emerging customer segments. It enables business users at the bank to add innovative functionalities and features to their offerings, without changing the source code of the application. The solution also interfaces seamlessly with satellite and specialized systems, easily supporting faster rollout of new products at the bank.

Higher Operational Efficiency

The solution enables Straight-Through-Processing (STP) and is fortified with a powerful integration framework to interface with the bank's core banking solution and external data sources. This plays a crucial role in minimizing operational delays and ensuring seamless transaction flows at the bank.

Every financial operation is processed identically. Execution either ensures a successful update of all related data or a complete rollback in case of a technical problem. Consistency and reliability are guaranteed. Fully integrated and component-based, the solution also ensures consistency of data.

Access rights are rigorously managed, every transaction request is checked and systematic records are maintained as audit trails, ensuring robust security.

Lower TCO

The solution allows users belonging to different legal entities to work on a single system and database. This directly results in significantly lower implementation costs and ease of centralized reporting for the bank.

Built on new-generation technologies, Finacle wealth management solution is futureproof and can be seamlessly integrated with other enterprise applications. With proven scalability and a flexible architecture, it ensures protection for the bank's technology investments.



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