What's New in

Regulatory Compliance

July 2020

Table of Contents

Release Highlights

Regulatory Compliance

Consent Management » Automated Consent Creation

The Consent Management (CK) module allows the bank to record and maintain the customer's consent under data protection regulations, such as GDPR.

Banks can now create an automated Customer Data Protection (CDP) consent, when on boarding a customer or block an existing consent of an inactive customer in an automated workflow. This is performed using the configurations in the `CK.PARAMETER` table.

The automated consent creation functionality allows the bank to automatically:

- Create a consent arrangement when a Customer or Prospect is recorded in the system. Consent automation is based on the customer record authorised in the Temenos Transact.
- Block a consent arrangement, when the Customer moves to 'Inactive' status. This takes place when an 'Active' customer ends all existing contracts and accounts with the bank.

If automation is not enabled in `CK.PARAMETER`, the bank needs to manually perform the consent creation and management process.

Click here to understand the technical impact of this enhancement for customisation and upgrades.

The topics related to this feature are given below:

CK.PARAMETER

Automated Approach

Consent Closure for an Inactive Customer or Prospect

Model Parameters - Consent Creation

Customer Data Protection » Erasure of Customer Data at One Time

According to data minimisation and data protection processes, banks must erase data when the retention period for holding the data passes. The Customer Data Protection (CZ) module currently uses a ‘Phased’ method to erase data, based on ‘purposes’ and their associated retention period.

The erasure functionality is now enhanced to allow a ‘Complete’ method of erasing data, which allows the bank to erase the customer data at one time. This is dependent on customer and account level criteria. The logic for this is based on Customer and Product related criteria, which can impact a customer’s retention period.

Banks can select one of the following methods to erase customer data:

- The ‘Phased’ erases the data in phases, based on ‘purposes’ and their associated retention period.
- The ‘Complete’ erases the data associated with the customer at one time, based on the retention period for the customer as a whole.

The system creates an erasure request, when the customer’s status changes to inactive. Once the request is approved and has been authorised, the erasure date(s) are calculated for the customer, using the appropriate retention period.

Once the erasure date(s) for the customer have passed, the system anonymises the data using the erasure service.

The topics related to this feature are given below:

CZ.CDP.PARAMETER

CZ.CDP.PURPOSE

CZ.CDP.DATA.DEFINITION

ST.CUSTOMER.ACTIVITY

Phased and Complete Erasure Process

Model Parameters - CDP

Customer Data Protection » Erasure Process for Prospect Customers

The CZ module provides the ability to anonymise prospect data from the system, when required.

This functionality enables banks to configure a default retention period for holding prospect customer's data, based on their criteria and also provides the ability to erase data accordingly, if a prospect makes a request.

The solution identifies if a prospect's criteria changes, and this change impacts the retention period for holding their data (for example, a change in status). In this case, the erasure date for the prospect is recalculated considering the prospects new criteria.

If the Prospect becomes an Active Customer (meaning there is a change to *Customer Type* field in the `CUSTOMER` application), the customer is no longer eligible for prospect erasure and any erasure planned for them is cancelled. The Customer's data is then erased using the separate customer erasure process.

Click here to understand the installation and configuration updates for this enhancement.

The topics related to this feature are given below:

CZ.CDP.PARAMETER

CZ.CDP.DATA.DEFINITION

ST.CUSTOMER.ACTIVITY

Daily Scan for Prospects

Erasure Process for Prospect Customers

Model Parameters - CDP

Obligor Objects » Creation and Maintenance of Obligor Objects

The Obligor Objects (OX) module is designed to support the structural component of the regulatory requirements associated with the following to provide the basis for assessing the contagion effect on default of one obligor on the other or grouped obligors. Creation and Maintenance of Obligor objects is one of the features of the Obligor Objects module.

- European Banking Association's (EBA) – Guidelines on the definition of default.
- Banking Commission of Central Africa (COBAC) – Regulation R-2010/02 relating to the risk division of credit institutions.

Financial institutions need to create a Joint Obligor 'object' to represent the joint obligations held by more than one individual obligor. These objects assign a unique ID to a joint obligor, while the individual obligors use the corresponding Customer ID. A relationship obligor type represents a defined relationship among obligors.

The final objective behind obligor objects once all the features (relating to Obligor Objects) are developed and implemented is to feed the details of the default status of the obligors along with default contagion status to either an external system for Risk-weighted Assets (RWA) calculation for regulatory capital calculations or Provisioning module (PV) for provision calculations.

Click here to understand the technical impact of this enhancement for customisation and upgrades.

Click here to understand the installation and configuration updates for this

enhancement.

The topics related to this feature are given below:

Creation and Maintenance of Obligor Details

Model Parameters - Obligor Objects

Tasks for Creation and Maintenance of Obligor Details

Maintaining Obligor Objects - Finance Officer

Maintaining Obligor Objects - Finance Manager

Installation and Configuration Notes

Regulatory Compliance

Customer Data Protection » Erasure Process for Prospect Customers

Update the *Customer Start Date* field in the `ST.CUSTOMER.ACTIVITY` application with the date on which the Customer was first created in the Transact database.

Banks requesting to retain the existing takeover date need to set the *Ap Cus Start Date Rule* field in the `ST.CUSTOMER.ACTIVITY.PARAMETER` application to *Takeover Run Date*.

Obligor Objects » Creation and Maintenance of Obligor Objects

OX is the new licensed product code for the Obligor Objects module.

I Technical Notes

Regulatory Compliance

Consent Management » Automated Consent Creation

Temenos has released the following two JBC APIs as an example:

- **CK.AUTO.CONSENT.CREATION** – This API can be attached to the *Auto Create Consent* field in the `CK.PARAMETER` table to determine whether consent needs to be automatically created for a new customer. It has the following arguments:

Field	Description
Customer Id	An input argument that has the Temenos Transact Customer ID.
Allow Consent Creation	An output argument that returns the following responses: • YES to automatically create a consent. • NO to skip.
Reserved1 and Reserved2	Indicates that it can be reserved for future use.

- **CK.VALID.CONSENT.PRODUCT** – This API can be attached to the *Consent Product* field of `CK.PARAMETER` to determine the consent AA product to be used for the automatic consent creation. It has the following arguments:

Field	Description
Customer Id	An input argument that has the Temenos Transact Customer ID.
Product Id	An output argument that returns the AA consent product name to be used for consent creation. For example, CDP.CONSENT.
Reserved1 and Reserved2	Indicates that it can be reserved for future use.

Obligor Objects » Creation and Maintenance of Obligor Objects

Temenos has released the following records in the in the EB.API table:

- HOOK.OX.GET.OBLIGORS – This record contains the Java interface details corresponding to the *Obligor Api* field in the OX.OBLIGOR.PARAMETER table. A Java or JBC hook API can be attached in this field to retrieve the list of obligors and their type.

  Obligor type can be INDIVIDUAL or JOINT:
  - INDIVIDUAL – One customer (beneficial owner) is returned.
  - JOINT – More than one customer (beneficial owners) is returned.

- HOOK.OX.GET.REFERENCE.OBLIGOR – This record contains the Java interface details corresponding to the *Data Inherit Api* field in the OX.OBLIGOR.PARAMETER table. A Java or JBC hook API can be attached in this field to retrieve the reference customer (primary) from the list of joint customers.

Temenos has released a sample JBC API, OX.GET.OBLIGOR.TYPE.API corresponding to the *Obligor Api* field in the OX.OBLIGOR.PARAMETER table. This API returns the Obligor type as individual and single customer ID for non-AA applications. For Arrangement Architecture, the Obligor type is classified as joint or individual based on the *Beneficial Owner* field in the AA.CUSTOMER.ROLE application. Banks can have their own logic and attach the API.

Perform the following steps to implement the Obligor Objects module to take over the existing contracts:

- After completing the parameter setup, run the OX.OBLIGOR.CREATE.SERVICE one-time service to add the existing contracts to the OX.OBLIGOR.DETAILS table.
- This service selects the ST.CUSTOMER.ACTIVITY table and adds the list of active contracts in the OX.OBLIGOR.DETAILS table.
- To take over the existing contracts, the ST.CUSTOMER.ACTIVITY table must be built before running the OX.OBLIGOR.CREATE.SERVICE.