What's New in

Regulatory Compliance

July 2020

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|Release Highlights

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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 blocking 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.

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. 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.

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.

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.

Installation and Configuration Notes

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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.

| Technical Notes

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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

Attach the following hooks in `OX.OBLIGOR.PARAMETER`:

- OX.GET.OBLIGOR.DEFAULT.CLASS.HOOK – This is attached to the *Obligor Api* field in the `OX.OBLIGOR.PARAMETER` table to retrieve the list of obligors and their type.
    - Individual – One customer (beneficial owner) is returned.
    - Joint – More than one customer (beneficial owners) is returned.

  Temenos has released the OX.GET.OBLIGOR.TYPE.API sample API, to allow banks to customise the API based on their own logic.
  The API returns the individual and single customer ID for non-AA applications. In Arrangement Architecture, the *Beneficial Owner* field in the `AA.CUSTOMER.ROLE` application can be classified as joint or individual.

- HOOK.OX.GET.REFERENCE.OBLIGOR – This is attached to the *Data Inherit Api* field in the `OX.OBLIGOR.PARAMETER` table to retrieve the reference customer (primary) from the list of joint customers.

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

- After completing the parameter setup, run the OX.OBLIGOR.CREATE.SERVICE onetime 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 takeover of existing contracts, refer to the `ST.CUSTOMER.ACTIVITY` table before running the OX.OBLIGOR.CREATE.SERVICE.