

Приложение 3

Principles of Payment Processing

In this paragraph the underlying principles of payment processing at BNB will be described. The detailed payment processes based upon these principles are described in detail in Business Blueprint Document – chapter “Business Area Banking”.

1. Separation of currency exchange and payment order

The form for ordering FX transfer is preserved, however the operation shall be effected in two steps (purchase/sale of FX and order for transfer).

SOFI shall serve as front office for the purchase-sale of FX for non-cash payments. SOFI assigns a unique reference number to all client payments of budget organizations initiated in SOFI. The order for payment to SWIFT shall be registered and executed in the back office (SAP BCA). The payment order will always be filled in with transaction currency equal to account currency.

For example - on the first step – request for purchase of FX from BGN account, SOFI performs currency exchange, checks the available balance on the BGN account, decreases the account balance and generates two payment items. The payment items are sent to SAP BCA (see interface 12). One payment item debits the BGN account. The second payment item credits the FX account. The FX account may be a client FX account in case the client has opened such an account or FX suspense account in case the client does not have a current account in the right currency.

Second step – on order for FX transfer, SAP BCA debits the FX account (client or suspense) and generates recipient payment item. SAP BCA sends recipient payment item to Finance Kit (see interface 22).

2. Clearing accounts – Teller & Finance Kit and SOFI

a. Teller & Finance Kit

For transfers from SAP BCA to/from Teller (see interface 3, 4) & Finance Kit (see interface 22) the clearing account will be kept in SAP FI.

b. SOFI

For transfers from SAP BCA to/from SOFI (see interface 12) the clearing account will be kept in SAP BCA.

3. Posting on current & deposit accounts on trade date

For executing the transfers the FX account (client or suspense) shall be debited on the date of transfer ordering.

a. Finance Kit debits the clearing account of the BNB (common for the budgetary clients) and a Nostro account is credited on settlement date

b. SOFI & Teller will debit the clearing account on trade date.

4. SOFI performs the function of a single entry for the non-cash incoming and outgoing payments of budget organizations and incoming payments for non-budget organizations

Finance Kit prepares one file with all incoming payments (see interface 24). SOFI picks up the file and interface BCA realtime with payments in BGN and FX for non-budgetary organisations and all FX-payments („shared directory”) (see interface 12).

5. BCA performs the function of a single entry for the non-cash outgoing payments of non-budget organizations

6. Postprocessing of incoming payments

In case of incoming payments to a non existing account or a wrong account number or account with wrong currency the payment item is posted to a suspense account (“Suspense account for unclarified client payments”).

ЗАДАНИЕ за разработване на допълнения и изменения в “Система за отчитане, контрол и управление на движението на наличните пари в БНБ”

- a. If the payment is in favour of a budgetary organization, the „Suspense account for unclarified client payments“ is kept in SOFI. SOFI assigns a unique reference number and transmits the information to SAP for accounting. The initiative for clarifying the account number / returning the amount is in SOFI.
- b. If the payment is in favour of a non-budgetary organization or in FX, the „Suspense account for unclarified client payments“ is kept in SAP BCA.

7. RINGS (RTGS)

At the end of the day SAP BCA will receive via SOFI the aggregated debit and credit movements per commercial bank participating in RINGS (see interface 15).

The accrued fees for the day in RINGS are transmitted via SOFI to SAP AR daily (see interface 20). At the end of the month collection of fees from the accounts of the commercial banks is initiated by RINGS. SAP expects to receive at the end of the month postings from SOFI to SAP AR to clear the open items (see interface 20).

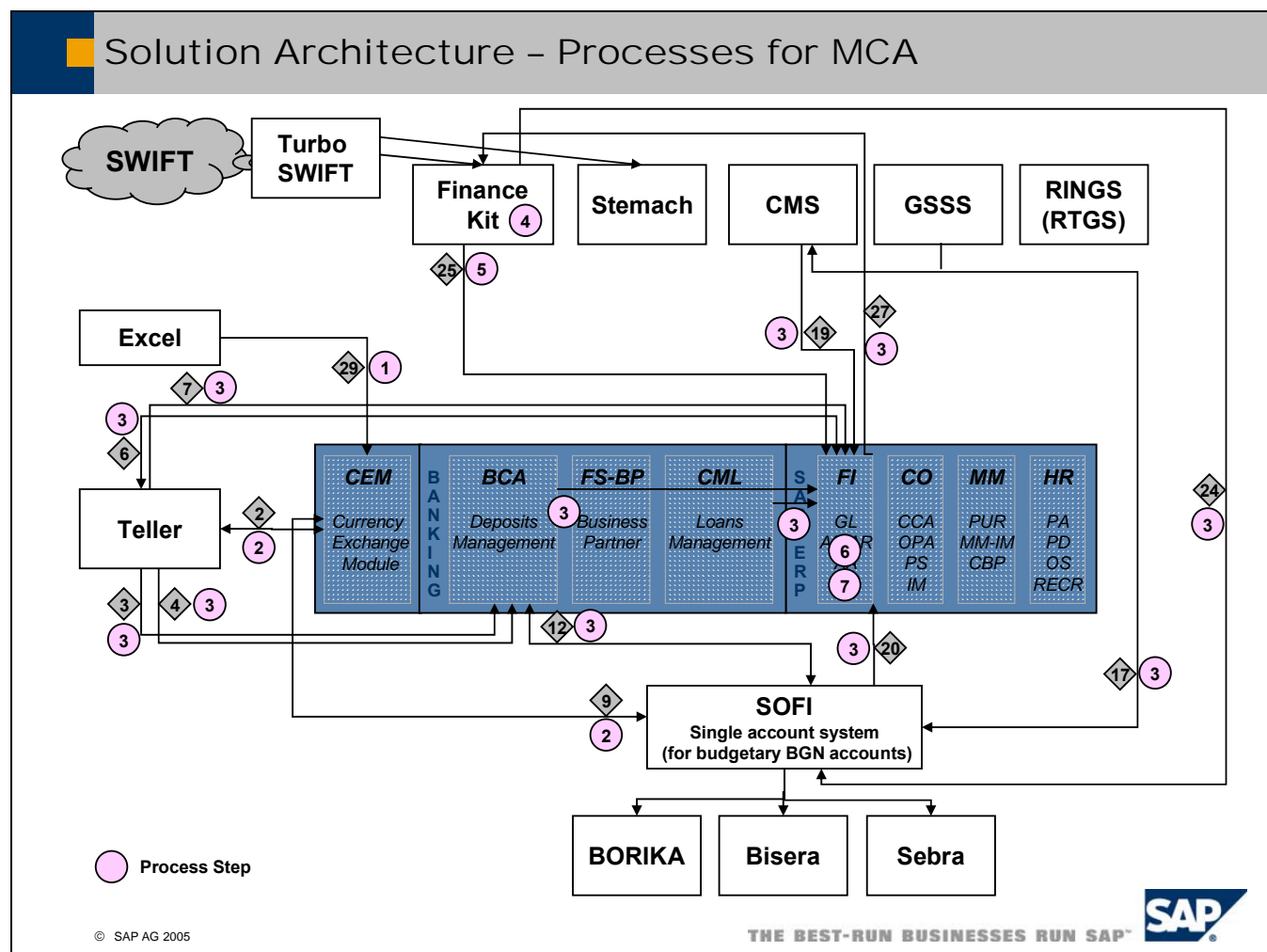
Multi Currency Accounting

Principles for the Solution Architecture

1. The average cost of securities and FX currencies are calculated **in Finance Kit**.
2. Mark to Market valuation of securities is done **in Finance Kit** and accounting entries are generated.
3. Calculation of realized gains and losses on security transactions are calculated **in Finance Kit**.
4. Calculation of realized gains and losses on FX currencies are calculated **in Finance Kit** and sent to **SAP**. The average cost of currency (calculated in CBAM) is captured:
 - a. The gains and losses calculated **in Finance Kit** are result from selling price and FX average cost. **Finance Kit** will provide average cost of FX closing position per currency and closing amounts for each FX currency position.
 - b. **SAP** has to calculate the gains and losses which are result from FX average cost and the last FX revaluation rate. The accounting entries for the realized result of FX currency is generated and posted **in SAP**.
5. FX revaluation will be done daily **in SAP** with delta principle in SAP GL after P&L FX realized gain loss determination.
6. SAP will provide to Finance Kit the daily total currency (not netted) inflow/outflow in FCY and CV in BGN (Counter Value in BGN).
7. The same information as in item 6 should be provided from SOFI, CMS and TELLER to SAP. Then SAP shall provide it to Finance Kit. (see Picture Number 1) .
8. FX-Position account per FC and one equivalent value account in DC will be stored **in SAP**.

ЗАДАНИЕ за разработване на допълнения и изменения в “Система за отчитане, контрол и управление на движението на наличните пари в БНБ”

Information Flow



The following process steps needs to be performed:

9. Maintain FX-rates
10. Call FX-rates from SAP CEM
11. Transfer Debit/Credit FX payment items or FX turnovers
12. Determine average FX cost in Finance Kit
13. Finance Kit will provide average cost of FX closing position per currency and closing amounts for each FX currency position.
14. SAP has to calculate the gains and losses which are result from FX average cost and last revaluation rate. The accounting entries for the realized result of FX currency is generated and posted in SAP.
15. Key date FX revaluation

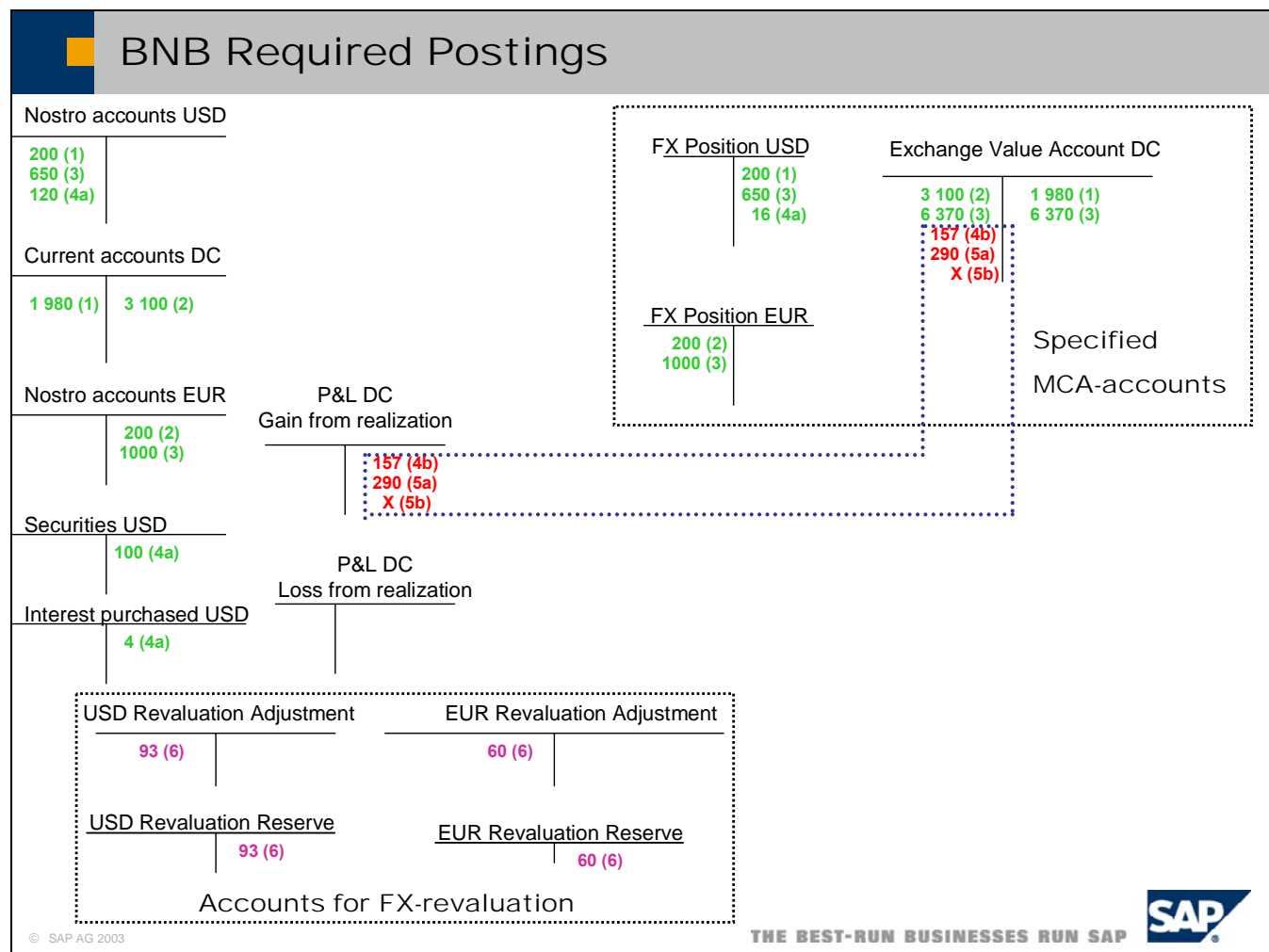
Example

16. Payment to correspondent bank of USD 200 against resident bank
17. Payment in DC equivalent for EUR 500 to a resident bank
18. Arbitrage: Purchase of USD 650 and sale of EUR 1000
19. Sale of security USD 120. AV: USD 100 / interest purchased: USD 4

ЗАДАНИЕ за разработване на допълнения и изменения в “Система за отчитане, контрол и управление на движението на наличните пари в БНБ”

20. Calculation of FX-gains/losses on currency purchases / sales
21. FX-Revaluation with rate on day t: 1 USD = DC 10 and 1 EUR = 6.3
22. Closing of the Exchange value account – via reporting no posting

Below find the minimum of FX-and revaluation accounts requested:



Following sample processes and accounting effects were discussed:

1a) in Finance Kit processed, an original posting transferred to SAP GL

Dr. USD position account USD 200

Cr. Nostro accounts USD USD 200

1b) in Finance Kit processed, original posting transferred to SAP GL

Dr. Current accounts DC DC 1,980

Cr. Exchange value (200 x 9.9)...DC 1,980

2a) in Finance Kit processed, original posting transferred to SAP G/L

Dr. Nostro accounts EUR EUR 500

Cr. EUR position account EUR 500

2b) in Finance Kit processed, original posting transferred to SAP G/L

Dr. Exchange value (500x6.2) DC 3,100

Cr. Current accounts DC DC 3,100

3a) in Finance Kit processed, posting transferred to SAP G/L

Dr. Nostro accounts USD USD 650

Cr. USD position account USD 650

ЗАДАНИЕ за разработване на допълнения и изменения в “Система за отчитане, контрол и управление на движението на наличните пари в БНБ”

3b) in Finance Kit processed, posting transferred to SAP G/L

Dr. EUR position account EUR 1,000

Cr. Nostro accounts EUR EUR 1,000

3c) in Finance Kit processed, posting transferred to SAP G/L

Dr. Exchange value (650x9.8) DC 6,370

Cr. Exchange value (1000 x 6.37) DC 6,370

4a) in Finance Kit processed, posting transferred to SAP G/L

Dr. Nostro accounts USD USD 120

Cr. Forex securities USD USD 100

Cr. Interest purchased USD USD 4

Cr. USD position account USD 16

4b) in Finance Kit processed, posting transferred to SAP G/L

Dr. Exchange value (16 x 9.8) DC 157 bid rate in Finance kit

Cr. Gains from sales of forex securities DC 157

5a) Finance Kit sends a posting of realized loss and gain separately to SAP and sends the average cost rate of closing FX-position information

Dr. Exchange value account DC 290

Cr. Gains on currency sales DC 290

To record the gains on currency sales

5b) SAP generates a posting out of P&L adjustment for FX (rate differences between average cost rate (SAP gets from Finance Kit) and official rate of last revaluation run (which is stored in the revaluation document generated out of last revaluation run) and posts this delta)

Dr. Exchange value account DC Value X

Cr. Gains on currency sales DC Value X

To record the adjusted gains or losses on revaluated currency sales

6) EOD revaluation report

Dr. USD Revaluation adjustment DC 93

Dr. EUR Revaluation adjustment DC 60

(that adjustment is on EVA account or logically connected to the exchange value account)

Cr. USD Revaluation reserve DC 93

Cr. EUR Revaluation reserve DC 60

To record revaluation adjustments that posting is generated by SAP program EOD

7) It is a report at end of day to report balances – not a posting

Dr. Nostro USD in DC DC 10,622

Dr. Nostro EUR in DC DC 1,200

Dr. FX sec. USD in DC DC 1,985

Dr. Purch. Int. USD in DC DC 10

Cr. Exchange value DC 13,817

To close the Exchange value account and reflect DC equivalents of FX-accounts. This entry is posted end of year and reversed at the start of year.