Better bank communication and monitoring

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Amber Christian, Ace, LLC
What does this have to do with communication and monitoring?
Better Communication / Monitoring – Abstract

There are many different ways to integrate payments with your banking partners. This presentation will provide you with an opportunity to better understand your choices in relation to bank communication; you will also get new ideas on how SAP functionality can make this process easier.
Better Communication / Monitoring – Key Takeaways

• Hear four options for how companies typically integrate bank communication

• Understand how SAP’s bank communication module can be used for payment approvals and monitoring

• See how cash balance tracking and bank statement monitoring can be implemented to track missing statements or reconciliation problems in SAP
Better Communication / Monitoring – Target Customer Group

- Corporations implementing AP or AR payments functionality in their SAP systems.
- Those planning to implement interfaces with their banking partners.
- Anyone implementing electronic bank statements for monitoring in their system.
Amber Christian, *Founder*, Ace, LLC

**Website:** [www.consultace.biz](http://www.consultace.biz)

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What does Ace do?

We specialize in providing innovative, client-centric solutions for SAP treasury and cash management needs to clients of all sizes.

We provide project consulting, ad-hoc consulting and on-going support in areas that encompass the involvement of cash and/or financial structure of your organization.

We have deep expertise in the payments space, having implemented in 35 countries.

- SAP Accounts Payable
- SAP Accounts Receivable
- SAP Bank Communication Manager
- SAP Bank Master Data
- SAP Cash Management
- SAP Electronic Bank Statements
- SAP & SWIFT Integrations
- SAP Treasury
- Working capital analysis
Designing payment approval processes
What are the primary components in creating a payment process?

- Manual payment clearing (F-53)
- Approval processes on bank platforms
- Automated payment file transfer
- Manual entry of payments on bank platform
- Manual payment file transfer
- Confirmations in SAP
- Generating Payment proposals (F110)
- Generating payments (F110)
- Approval processes in SAP
- Confirmations emails
- Review payment proposals (F110)
Payments Approval Process

Option 1

Manual Payment Clearing
Bank Portal Entry
Bank Approval Process
Online Confirmations
Payments Approval Process

Option 2

Payment Proposal
Payment Proposal Review
Payment Execution
MANUAL File Transfer to Bank
Email Confirmations
Payments Approval Process

Option 3

Payment Proposal
Payment Proposal Review
Payment Execution
AUTOMATED File Transfer to Bank
Email Confirmations
Payments Approval Process

Option 4

Payment Proposal
Payment Proposal Review
Payment Execution
Approvals in SAP (BCM)
File Transfer to Bank
Automated confirmations
How do I design a better process?
BCM & Connectivity Overview

Option 1

Payments → SAP Bank Communication Manager → confirmations → Middleware → Bank
BCM & Connectivity Overview

Option 2

Payments → SAP Bank Communication Manager → Middleware → SWIFT → Bank

confirmations

confirmations
BCM & Connectivity Overview

Option 3

Payments → SAP Bank Communication Manager → Manual Transfer → Bank

confirmations
Bank Communication Management

An SAP module used for managing payments and bank statements. Can be used standalone or in conjunction with middleware such as PI.

**Payment Management**

- Payment process approvals using workflow
- File transmission status
- Payment status

**Bank Statements**

- Bank statement monitoring
Payment Approvals Process

*Decisions for approvals process:*

- How many approvers are typically required for payments?
- Do you have limits that guide the number of approvers required?
- Should you track digital signatures?
- What is necessary for audits?
- Can you have an automated transmission?
Payment Approvals Process – continued...

- Payment batches are created for approval
- Batches are created by rules – dictate how many approvals are required
- Screenshots show a two-person approval process
Digital signatures can be set up to require entry of SAP password in order to approve a batch. This information is logged in SAP and available for future use.

Batches can be approved or rejected
Payment approvals process - continued

A different user must perform the final approval.

Once the final approval is complete, a payment file will be created.
Payment Approvals Process – continued

Job Log Entries for PAYM:20150308/00001B/100/CITUS / 19534800

Job log overview for job:  PAYM:20150308/00001B/100/CITUS / 19534800

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Message text</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.03.2015</td>
<td>19:53:48</td>
<td>Job started</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:48</td>
<td>Step 001 started (program SAPPAIM, variant 0000000000025, user ID WFTICLOUD703)</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:48</td>
<td>Payment media created in format ZISO20022XML_3</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Bank details US / 021000089 / 1111113400 do not have an IBAN</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>End of log for payment run 20150308 / 00001B / EH6 / 813</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Creation of payment media using the Payment Medium Workbench</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Identification/reference number/file name</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>ZISO20022XML_3 - CITUS / 1000000506 / DTA150309005348_0005</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Overview of lists generated</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Name / Dataset / Spool no.</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Error Log / LIST1S / 0000075672</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>You can find more detailed information about payme in the payment program menu: Environment -&gt; Payment media -&gt;</td>
</tr>
<tr>
<td>08.03.2015</td>
<td>19:53:51</td>
<td>Job finished</td>
</tr>
</tbody>
</table>
BCM has ability to receive transmission confirmations and update status for files in an easy to use monitor.
File Transmission Status

Ways to update status:

• CollectivePaymentOrderNotification service

• Confirmations Program – RBNK_IMPORT_PAYM_STATUS_REPORT

You can track the time between various statuses to trigger early warning alerts if too much time has passed between statuses. This allows for proactive payment monitoring.
Comparison Between XML Payment File & Confirmation File

XML Payment File – pain.002.001.03

XML Confirmation file with payment statuses- pain.001.001.03
SAP provides a standard program that can be used to read XML confirmation files and update payment status in BCM.
Payment Status Report

Functions and features:

- Reads from Logical Directory
- Upon successfully processing confirmation file, it is moved into an archive directory
- Any files that are not successfully processed are moved into an error directory
- Provides the ability for the customer to use a standard transformation for the XML file or create a custom one for use by program
Who Cares About Payment Status Anyway?

Make file confirmations a routine business process that is transparent to everyone, instead of a function existing in only IT

- **IT**
  - Moves IT from getting the immediate phone calls when there is a question on transmission

- **Business**
  - Statuses are transparent and loaded into SAP
  - Allows for a proactive business response

- **Both**
  - Allows for faster troubleshooting process by having statuses at each step
Consideration for Payment Automation

Completely Manual

- Work on foundation first - do you have a solid master design and processes to support the automation?

- Remember Garbage In Garbage out (GIGO) principle: Don’t automate a bad process. What kind of problems lurk?
  - Inconsistent usage of the same fields – different entities using the same fields for different purposes
  - Commandeered fields in vendor master, bank master or invoice documents

- Always keep a backup plan of entering payments on bank portals.
What does this have to do with communication and monitoring?
Questions??
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Payments
- Same day ACH - series