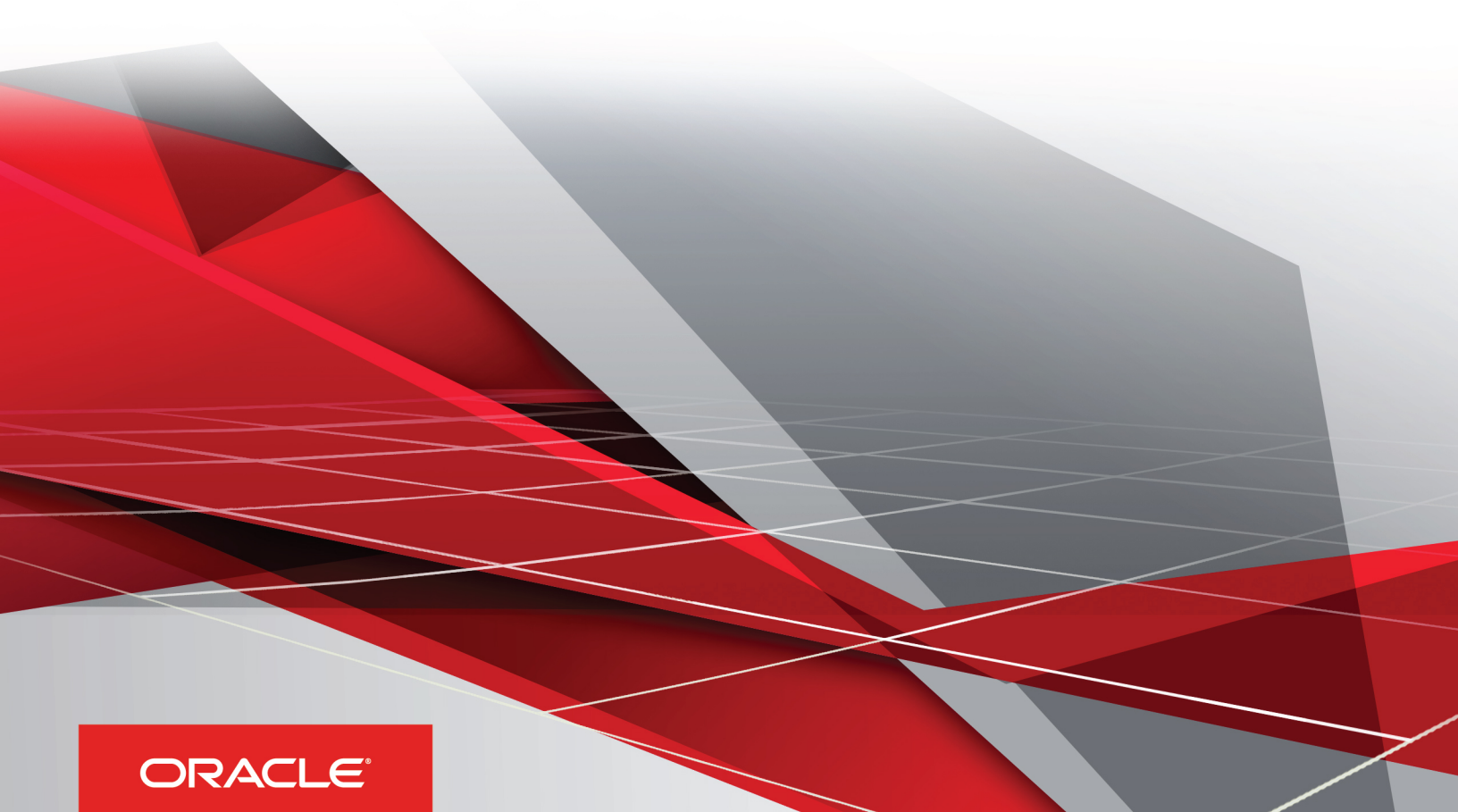
Oracle

Financials Cloud
Implementing Payables Invoice to Pay

Release 12

This guide also applies to on-premises implementations



Oracle® Financials Cloud Implementing Payables Invoice to Pay

Part Number E73069-03

Authors: Asra Alim, Wallace Gardipe, Mary Kalway, Barbara Kostelec, Carol Ann Lapeyrouse, Sampriti Singharoy

Contents

Preface

This preface introduces information sources that can help you use the application.

Oracle Applications Help

Use the help icon to access Oracle Applications Help in the application. If you don't see any help icons on your page, click the Show Help icon in the global header. Not all pages have help icons. You can also access Oracle Applications Help at https://fusionhelp.oracle.com.

Using Applications Help

Watch: This video tutorial shows you how to find help and use help features.

Additional Resources

- **Community:** Use **Oracle Applications Customer Connect** to get information from experts at Oracle, the partner community, and other users.
- **Guides and Videos:** Go to the **Oracle Help Center** to find guides and videos.
- **Training:** Take courses on Oracle Cloud from **Oracle University** .

Documentation Accessibility

For information about Oracle's commitment to accessibility, see the **Oracle Accessibility Program** .

Comments and Suggestions

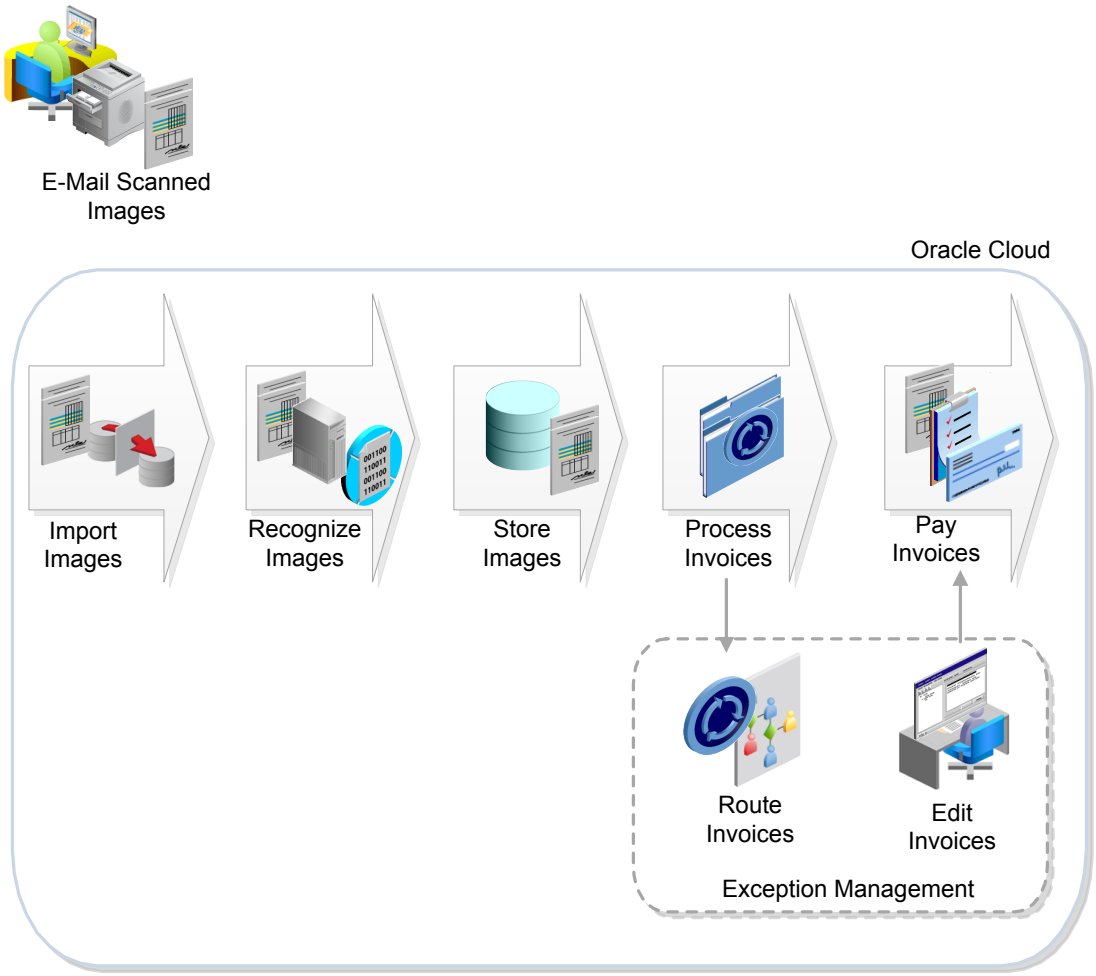
Please give us feedback about Oracle Applications Help and guides! You can send e-mail to: oracle_fusion_applications_help_ww_grp@oracle.com.

1 Automated Invoice Processing Configuration

Integrated Invoice Imaging for Oracle Cloud Implementations: Explained

The integrated invoice imaging solution for Oracle Cloud provides scanned image import, intelligent character recognition, and automatic invoice creation. In addition, the solution routes invoices with exceptions to accounts payables personnel for review and completion.

This figure shows the integrated invoice imaging flow.



Here's a summary of the steps in the imaging process followed by details of the processing flow.

1. To use the integrated invoice imaging solution, you must have a designated e-mail account to send the invoice images. When you sign up for the Oracle Cloud Application Service, you're provided with one.
2. After you have the e-mail account, prepare the invoices for processing.
    - If your business process is to receive invoice images from your suppliers, communicate to them your imaging requirements. The suppliers can then e-mail the invoice images directly to the designated e-mail account.
    - If you receive paper invoices, prepare images from the invoices and send the images to the e-mail account.
3. Once the images are sent to the e-mail account, the imaging solution retrieves them for further processing. The solution checks for new images every minute and creates invoices from the images.
4. If any exceptions occur during automatic invoice creation, the invoices are marked as incomplete and routed to accounts payable personnel for review and completion. The incomplete invoices appear in the Scanned information tile on the Invoices landing page.
5. After the rest of the invoice processing tasks are finished, such as validation and approval, the invoices are ready for payment.

E-Mail Scanned Images

Based on agreements with your suppliers, you might receive paper invoices at your bill-to locations, or you might receive images by e-mail. You can communicate imaging requirements to your suppliers, such as to send images in the TIFF format with a minimum of 300 dpi.

For images sent by e-mail, imaging specialists can check for quality and proper formatting. For paper invoices, imaging specialists can sort the invoices into different categories based on parameters, such as geography, invoice type, invoice amount, and due date. They can then scan the invoices to convert them to images.

Imaging specialists forward the images to the designated e-mail account. They can optionally specify attributes in the e-mail subject for the purposes of routing and recording.

Import Images

Oracle Document Capture Import Server retrieves the images from the designated e-mail account at scheduled intervals. All of the invoice images in an e-mail are grouped into a batch.

Recognize Images

The imaging solution sends the batches to Oracle Forms Recognition for intelligent data recognition and extraction of the invoice attributes.

Forms Recognition offers cutting-edge intelligent recognition capabilities for extracting the invoice attributes from the scanned images. Unlike other solutions that use supplier-specific templates to extract information, Forms Recognition can intelligently locate data within the invoice. The data can be found regardless of its location on the image and whether Forms Recognition has processed invoices from that supplier before. As suppliers are added, or an existing supplier changes its invoice layout, Forms Recognition can extract the attributes from the new invoice layouts.

Store Images

Oracle WebCenter Imaging stores the invoice images and extracted information. For the rest of the invoice life cycle, any reference to the invoice image points to the imaging repository. This ensures documents are never replicated further during invoice processing.

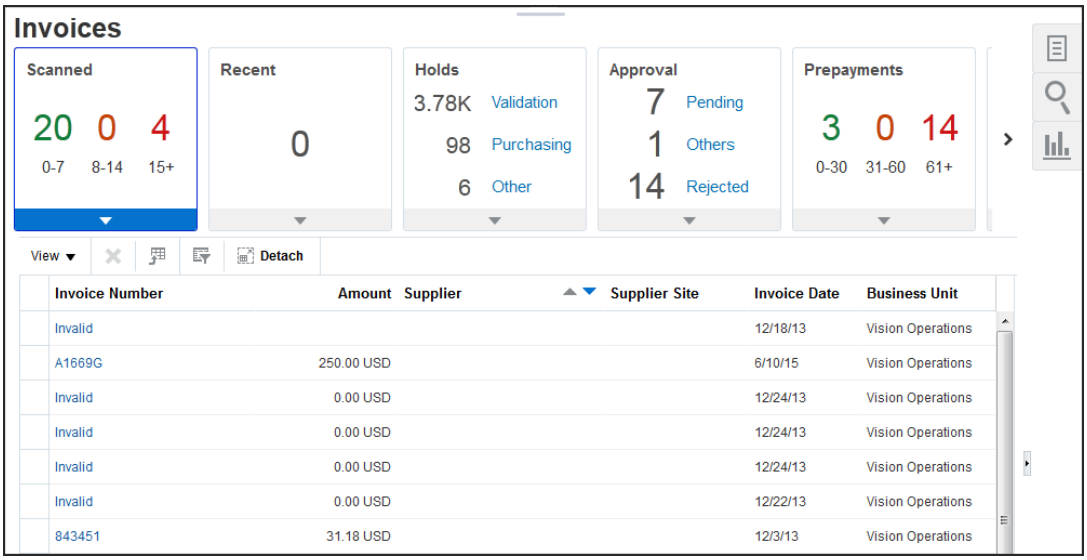
Process Invoices

The imaging solution uses the extracted attributes from the images to create the invoices. If exceptions occur during processing, the invoices are marked as incomplete and routed to accounts payable personnel using Oracle Business Process Execution Language (BPEL) workflows. A default routing rule routes the incomplete invoices to all users with the Accounts Payable Specialist and Accounts Payable Supervisor job roles.

Incomplete invoices appear in the Scanned information tile on the Invoices landing page. Invoice header attributes and lines requiring attention are highlighted on the Edit Invoice page for quick identification and resolution. With a dual monitor setup, you can review both the invoice and the invoice image at the same time.

WebCenter Imaging provides an image viewer that's embedded within Oracle Fusion Payables. Accounts payable personnel can review and annotate the images using the embedded image viewer.

This figure shows the Scanned information tile on the Invoices landing page.



Pay Invoices

After you complete the rest of the invoice processing tasks, such as validating, approving, and accounting, the invoices are ready to be paid. You can schedule a payment process request to select them for payment.

Related Topics

- What's an incomplete invoice?

Integrated Invoice Imaging for Oracle Cloud Implementations: Critical Choices

The integrated invoice imaging solution for Oracle Cloud provides scanned image import, intelligent character recognition, and automatic invoice creation. In addition, the solution routes invoices with exceptions to accounts payables personnel for review and completion.

Scanning Invoice Images

Review these critical points for scanning invoices.

- Consider any legal requirements for processing and storing invoices in the same country that received the invoices.
- Scan invoices in black and white using the TIFF image format with International Telegraph and Telephone Consultative Committee (CCIT) Group IV compression at 300 dpi. Scanning this way provides the optimal balance between scan quality and image size.

  Note: Avoid the JPEG format because the lossy compression logic results in loss of image details, affecting recognition accuracy.

- Enable adaptive thresholding technology on scanners to remove background colors, gray scaling, and gradients for pure black and white images. Black and white images provide optimal Optical Character Recognition accuracy as well as a reduced image size.
- To achieve a higher rate of recognition:
  - Define purchase order numbers as a combination of letters and numbers instead of using the default seven-digit numeric format. For example, define purchase order numbers like CN388392.
  - Implement a uniform numbering scheme for purchase orders across all business units.

Attaching Invoice Images in E-Mail

Review these critical points for attaching invoice images in e-mail.

- Include invoice images in e-mail attachments in the following ways:
  - Single page invoice in one attachment
  - Multiple page invoice in one attachment
  - Multiple invoices in one attachment
  - Single and multiple page invoices in multiple attachments
- Organize invoices within the attachments for successful recognition. If you have:
  - Single page invoices in an attachment, you don't have to place a blank page between invoices as a separator.
  - One multiple page invoice in an attachment, place a blank page at the end or beginning of the attachment. This method prevents processing each page as a single page invoice.
  - More than one multiple page invoice in the batch, insert a blank page between the invoices.

- Both single and multiple page invoices in an attachment, insert a blank page between invoices.

Processing Invoices

Review these critical points for processing invoices.

- Schedule the Import Payables Invoices and Validate Payables Invoices processes to run every 15 to 30 minutes.
- Define distribution sets for your supplier sites.
- Modify the invoice routing rule to achieve the specialization that you want within your payables department. For example, route the incomplete invoices based on supplier, business unit, or invoice amount. Routing this way can ensure the payables personnel process invoices based on their specific assignments. The default rule routes all incomplete invoices to users with the Accounts Payable Specialist and Accounts Payable Supervisor job roles.

Related Topics

- What's an incomplete invoice?
- Distribution Sets: Explained

Receiving Invoice Images from E-Mail: Points to Consider

The integrated invoice imaging solution provides for processing invoice images that are received by e-mail.

The e-mail must be sent in a certain format and meet specifications that are acceptable by Oracle Document Capture. Imaging specialists must scan and convert the paper invoices received from suppliers to images. Alternatively, if invoices have been received as e-mail attachments, imaging specialists check for quality and proper formatting.

You can optionally enter attributes in the e-mail subject for recording on the invoice and for routing if the invoices are incomplete. A preconfigured routing rule is provided to route incomplete invoices to all users with Accounts Payables Specialist and Accounts Payable Supervisor job roles.

Consider the following when receiving invoice images through e-mail.

Invoice Images as E-Mail Attachments

Invoice images can be included in e-mail attachments in the following ways:

- Single page invoice in one attachment.
- Multiple page invoice in one attachment.
- Multiple invoices in one attachment.
- Single and multiple page invoices in multiple attachments.

Note: A single invoice cannot be represented by multiple attachments.

Tip: Depending on the size of each scanned image, consider grouping the images into a single e-mail to optimize the number of e-mails sent for processing.

Attribute Information in the E-Mail Subject

You can specify up to five attributes in an e-mail subject. These attributes can be recorded on the invoice or used to route the incomplete invoices to payables personnel for review and completion. Use the underscore sign (_) as a separator to indicate the start of routing attribute information.

Note: You can also use one of these attributes to override the default business unit on an unmatched scanned invoice.

For example, you have a specific business requirement to record categories on the invoice. These categories include invoice priority, supplier category, manufacturing plant number, storage bin number, and processing queue. You can specify values for these categories in the e-mail subject.

This table lists the categories and their possible values.

Category	Value
Invoice priority	Regular, Urgent
Supplier category	Regular, Supply chain related
Manufacturing plant number	Plant-1, Plant-2, Plant-3
Storage bin number	Bin#1, Bin#2, Bin#3
Processing queue	Section1, Section2, Section3

A supplier sends an invoice with the e-mail subject of Invoice-1234 attached. The imaging specialist reviews the e-mail and provides additional routing information in the e-mail subject. The revised e-mail subject is Invoice-1234 attached_Urgent_Supply chain related_Plant-1_Bin#1_Section1.

This table shows how the content in the e-mail subject maps to the routing attributes.

E-Mail Subject Content	Routing Attribute Mapping
Invoice-1234 attached	Not applicable since the text appears before the first separator character
Urgent	Routing attribute 1
Supply chain related	Routing attribute 2
Plant-1	Routing attribute 3
Bin#1	Routing attribute 4
Section1	Routing attribute 5

Tip: The routing attribute number and the category aren't explicitly linked together. You must enter the value for the category in the same order.

The supplier sends another invoice with the e-mail subject of Invoice-2345 attached. The revised e-mail subject is Invoice-2345 attached_Regular_Supply chain related_Plant-1_Bin#1_Section1. The routing rule is defined as follows:

- If routing attribute 1 = **Urgent**, assign invoice image to accounts payable specialist Harry.
- If routing attribute 1 = **Regular**, assign invoice image to accounts payable specialist Nathan.

In this example, invoice 1234 is assigned to Harry and invoice 2345 is assigned to Nathan.

As in the previous example, attributes can include alphanumeric characters. The maximum length for each attribute depends on how many attributes you're using. For example, if you use all five attributes, the maximum length of each attribute is 34 characters. You can modify the maximum length of each attribute to meet your requirements however, the sum of the attribute values should not exceed the limit. This limit is calculated as follows, assuming that all five attributes are used and that the image is stored in the file location C:\OFR\Import\.

- Total number of characters allowed by Oracle Forms Recognition: 233
- Number of characters in the file path C:\OFR\Import\: 14
- Number of characters in the file extension .tif, including the period: 4
- Number of characters reserved for internal use as a unique reference number: 40
- Number of separator characters: 5
- Limit is the total characters minus file path minus file extension minus reserved characters minus separator characters (233-14-4-40-5): 170

Note: The limit changes if you use fewer than five attributes, because fewer separators are needed.

If the attribute in an e-mail subject exceeds the maximum length specified for that attribute, the Document Capture scan and commit process errors.

Routing Incomplete Invoices: Explained

An incomplete invoice is an invoice created from an image that has invalid or missing information. Incomplete invoices are automatically routed to users with the Accounts Payable Specialist and Accounts Payables Supervisor job roles for review and completion.

Routing Rule Administration

You can modify the predefined routing rule using the Approval Management extensions of the Oracle SOA Suite and Oracle Human Workflow. The Oracle Business Process Management (BPM) Worklist application provides the interface to administer the rule.

Users with the Financial Application Administrator job role are BPM Worklist administrators and can access the rules in the BPM Worklist application. To navigate to the BPM Worklist application, use the Manage Task Configurations for Financials task. The predefined task that assigns and routes incomplete invoices is called the FinAPIncompleteInvoiceHold task.

Tasks

The following table lists the predefined settings for the FinAPIncompleteInvoiceHold task.

Field	Setting
Task Aggregation	Once per stage
On Error Notify	Not applicable
Allow all participants to invite other participants	Not enabled
Allow participants to edit future participants	Not enabled
Allow initiator to add participants	Not enabled
Enable automatic claim	Enabled
Complete task when participant chooses	Not enabled
Enable early completion of parallel subtasks	Not enabled
Complete parent tasks of early completing subtasks	Not enabled
Expiration and Escalation Policy	Never Expire
Reminders	No reminders

Rule Sets and Rules

The FinAPIncompleteInvoiceHold task has a rule set, which is a collection of rules, called IncompleteInvoiceRuleSet. This rule set has a rule called JobRoleAssignmentRule. Rules consist of IF and THEN components. The IF component specifies the conditions that determine when to apply the rule. The THEN component specifies what happens when the conditions are met.

The following table lists the predefined settings for the JobRoleAssignmentRule rule.

Field	Value	Description
Condition	FinAPHoldApprovalPayloadType. holdName is "Incomplete Invoice"	Activates the rule when the invoice is placed on an incomplete hold. To use other invoice attributes, select from the condition browser window.

Field	Value	Description
List Builder	Resource	Determines the resource to which the invoice is routed.
Response Type	Required	Indicates that the routing notification requires a response.
Participants	Users: null, Groups: "AP_ ACCOUNTS_ PAYABLE_ SPECIALIST_JOB AP_ ACCOUNTS_ PAYABLE_ SUPERVISOR_ JOB" Application Role: null	Identifies the participant to whom the invoice is routed.
Rule Name	"JobRoleAssignmentRule"	Identifies the approval reason to display in the approval history diagram.

Rule Conditions

You can use the available invoice header, line, and distribution attributes in the routing rule condition.

To edit the rule condition:

1. Start a search in the left-most field in the IF section of the rule. The Condition Browser opens.
2. Select the attribute to use in the condition.

Related Topics

- What's an incomplete invoice?

Overriding Default Business Units on Unmatched Scanned Invoices: Explained

Business units for unmatched scanned invoices are automatically determined based on attributes, such as supplier address and the Default Business Unit profile option. You can override automatic business unit assignment and instead, specify a business unit by performing the following steps:

- Indicate that routing attribute 1 represents the business unit.
- Find the business unit ID for the overriding business unit.
- Specify the business unit ID in the e-mail subject.

Indicate Routing Attribute 1 Represents Business Unit

As part of the standard invoice imaging flow, you can use up to five additional attributes to route scanned invoices for completion or to record on the invoice. To override the default business unit, you must indicate that values for routing attribute 1 represent business units.

Perform these steps:

1. Navigate to the Manage Payables Lookups page.

2. Search for lookup type ORA_IMAGING_ROUTING_ATTRIBUTES.
3. Enable lookup code ORA_BUSINESS_UNIT.

Find the ID for the Overriding Business Unit

You must use the identifier for the business unit as the override. To find the business unit ID:

1. Navigate to the Manage Business Units page.
2. Search for the applicable business unit.
3. If you don't see the Business Unit ID column in the Search Results table, use the View menu to enable the column.

Specify the Business Unit ID in the E-mail Subject

For scanned invoices that aren't matched to purchase orders, edit the e-mail subject to:

1. Append the underscore sign (_) followed by the business unit ID. For example, if a scanned invoice has an e-mail subject of **Invoice 42366_30014001**, the business unit ID for that invoice is **30014001**.

Note: If you specify an invalid ID, or the ID is missing from the e-mail subject, the business unit is automatically assigned.

2 General Payables Options

Manage Common Options for Payables and Procurement

Common Options for Payables and Procurement: Critical Choices

For invoice business units, you can set options common to the procure-to-pay business flow on the Manage Common Options for Payables and Procurement page.

The common options are grouped into the following categories:

- Default distributions
- Automatic offsets
- Currency conversion
- Expense accruals
- Self-billed invoices
- Legal entity information

Default Distributions

Default distributions are used to define accounts for payables transaction accounting.

Note: You can also specify some default distributions for a supplier on the Edit Site page.

Offset Segments

If you enter invoices for expenses or asset purchases with more than one primary balancing segment value, consider using automatic offsets. Automatic offsets balance accounting entries for Oracle Fusion Payables transactions. If you don't use automatic offsets, an invoice transaction has a single liability accounting entry and a payment transaction has a single cash accounting entry.

Currency Conversion

This table describes the options you can set for currency conversion.

Option	Description
Require conversion rate entry	If enabled, you must provide a conversion rate whenever you enter an invoice or a payment in a currency other than the ledger currency. If you maintain daily rates, the rate is automatically supplied based on the date and rate type that you enter. If daily rates don't exist for that date and rate type, you can't enter or save the transaction. If the conversion rate type is **User**, then you must enter a conversion rate. You can't create accounting entries for, or pay foreign currency invoices without conversion rates. If you don't enable this option, you can enter conversion rates manually on invoices and payments, or submit the Apply Missing Conversion Rates process. When you create a bills payable document, you must still provide a maturity rate, rate type, and date.

Option	Description
Conversion rate type	This setting provides the default conversion rate type when you enter invoices or create payments. You can change the conversion rate type at invoice entry or payment creation time.
Realized Gain or Loss Distributions	These distributions represent the default realized gain and loss accounts for payments from each of your bank accounts. If the conversion rate changes between invoice entry and payment time, the realized gain or loss is automatically calculated and recorded to these accounts.

Expense Accruals

Determine when to accrue for expense items.

Self-Billed Invoices

This table lists the options for self-billed invoices.

Option	Description
Gapless invoice numbering	You can enable gapless, that is, no breaks in numbering, invoice number generation for your buying organization during pay on receipt processing. You can enable gapless numbering for the entire business unit with this setting or limit it to a supplier site.
Buying Company Identifier	A unique identifier that's included in the invoice number created by the pay on receipt process and in the debit memo number from returned receipts.

Legal Entity Information

This table describes the options for legal entity information.

Option	Description
VAT Registration Member State	If your company operates in a member state of the European Union, select the country.
VAT Registration Number	If your company operates in a member state of the European Union, enter the value-added tax (VAT) registration number for your organization.
Bill-to Location	Enter the bill-to location to provide default values. The application uses the bill-to location to derive legal entity information.

Note: You can use the Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheet task to automate common options setup.

Related Topics

- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: Explained
- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: How They're Processed

Default Distributions: Explained

Default distributions are used to define accounts for payables transactions. Invoices may get some distributions from supplier sites and others from common options setup.

Default Distributions

The following table describes the default distributions on the Manage Common Options for Payables and Procurement page.

Distribution	Description
Liability	The default liability distribution for new invoices, unless the Site Assignments tab on the Supplier page has a different distribution. **Caution:** You can only specify a distribution with an account type of **Liability**.
Prepayment	The default distribution for prepaid expenses, unless the Site Assignments tab on the Supplier page has a different distribution.
Bill Payable	The default distribution for future-dated payments, unless the Site Assignments tab on the Supplier page has a different distribution.
Conversion Rate Variance Gain and Loss	Records conversion rate variance gains and losses for inventory and expense items that are accrued on receipt. Variance is calculated between an invoice and purchase order or, an invoice and receipt, depending on how you matched the invoice.
Discount Taken	Records discounts taken if the **Discount Allocation Method** option on the Manage Invoices page is set to **Single distribution**.
Miscellaneous	Records charges for invoice lines with a type of **Miscellaneous**. If you don't enter a value, miscellaneous charges are prorated across invoice item lines.
Freight	Records charges for freight lines. If you don't enter a value, miscellaneous charges are prorated across invoice item lines.
Prepayment Tax Difference	Records tax amount differences between a prepayment and the invoices that the prepayment is applied to. These differences are usually due to changes in tax rates from the time the prepayment is created to the time the invoice is created. **Caution:** This distribution is used only if the **Applied Amount Handling** option in the tax record is set to **Recalculate**.

Automatic Offsets: Explained

If you enter invoices for expenses or asset purchases with more than one primary balancing segment value, you might want to use automatic offsets. Automatic offsets balance accounting entries for Oracle Fusion Payables transactions. If you don't use automatic offsets, an invoice transaction has a single liability accounting entry and a payment transaction has a single cash accounting entry.

On the Manage Common Options for Payables and Procurement page, you can select the method for creating the offsetting accounting entry. You can offset by primary balancing segment, or you can offset by all segments, except natural account.

Invoice Accounting Entries

Amounts are automatically allocated for the following invoice accounting entries:

- Conversion rate variance gain or loss
- Liability
- Nonrecoverable tax for invoices matched to purchase orders
- Nonrecoverable tax for invoices not matched to purchase orders, where no tax expense account has been defined for the tax rate
- Withholding tax, if the withheld amount is applied at invoice validation time

Payment Accounting Entries

Amounts are automatically allocated for the following payment accounting entries:

- Cash, if you use a pooled bank account
- Cash clearing, if you use a pooled bank account and if you account for payments at clearing time
- Discount
- Realized gain or loss
- Bills payable
- Withholding tax, if amounts are withheld at payment time

Offset Segments: Critical Choices

You can use the **Offset Segments** option on the Manage Common Options page to create balanced accounting entries for invoice and payment transactions. You can select the segments to override on the offsetting entry lines without having to define intercompany or intracompany rules. This option is also used by Oracle Fusion Receiving to derive the receiving inspection account.

> **Tip:** Consider this option carefully before setting it. Changing automatic offsets after creating accounting entries can result in accounting inconsistencies or slow performance.

To meet more complex offsetting requirements, you can set up intracompany or intercompany rules at the ledger level in Oracle Fusion General Ledger. If you enable additional balancing segments for your chart of accounts, you must define intracompany or intercompany rules for the journal entry to balance.

Select one of the following offset segment methods:

- None

- Primary balancing segment
- All segments, except natural account

None

The invoice liability distribution provides the liability entry line account, without any segment override. Receiving uses the receiving inspection distribution that's defined for the destination organization.

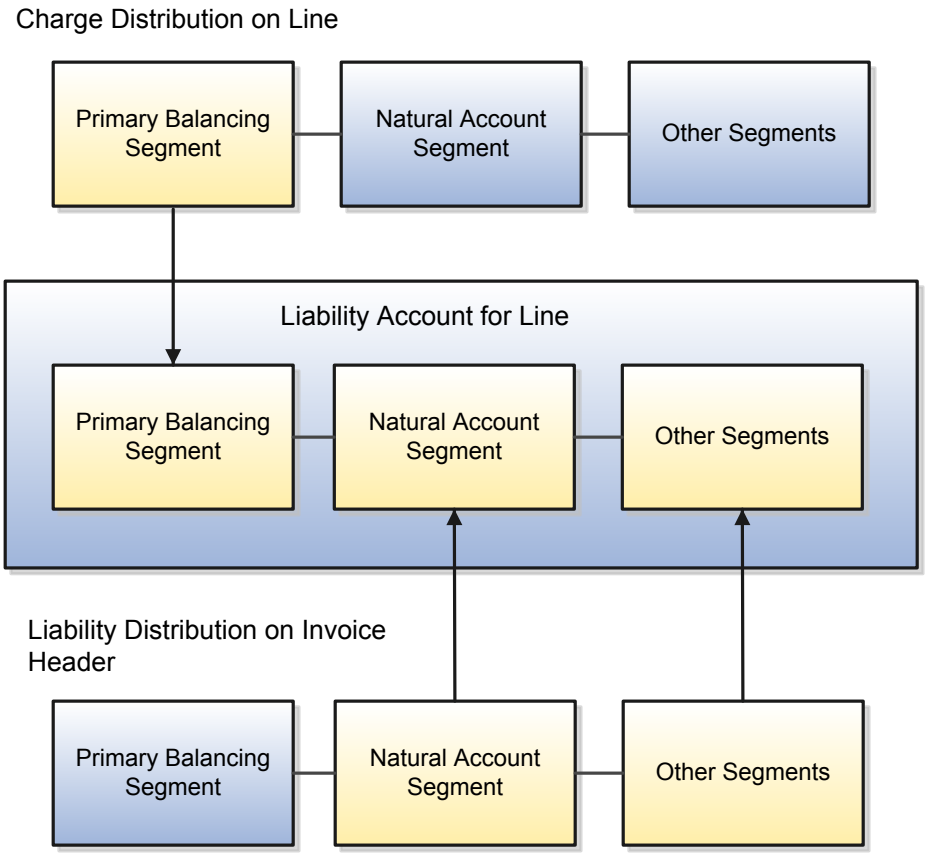
Note: If you anticipate creating invoices that cross balancing segment values, select another method or set up intracompany or intercompany rules in General Ledger.

Primary Balancing Segment

This method builds the liability entry line account using both the charge distribution on the invoice line and the liability distribution on the invoice header. The charge distribution provides the primary balancing segment value and the liability distribution on the invoice header provides the remaining segment values. The resulting journal entry is balanced by the primary balancing segment.

Receiving builds the receiving inspection entry line account using both the purchase order charge distribution and the receiving inspection distribution for the destination organization. The charge distribution provides the primary balancing segment value and the receiving inspection distribution provides the remaining segment values.

This figure illustrates how the invoice liability entry line account is built when the offset segment method is set to **Primary Balancing Segment**.

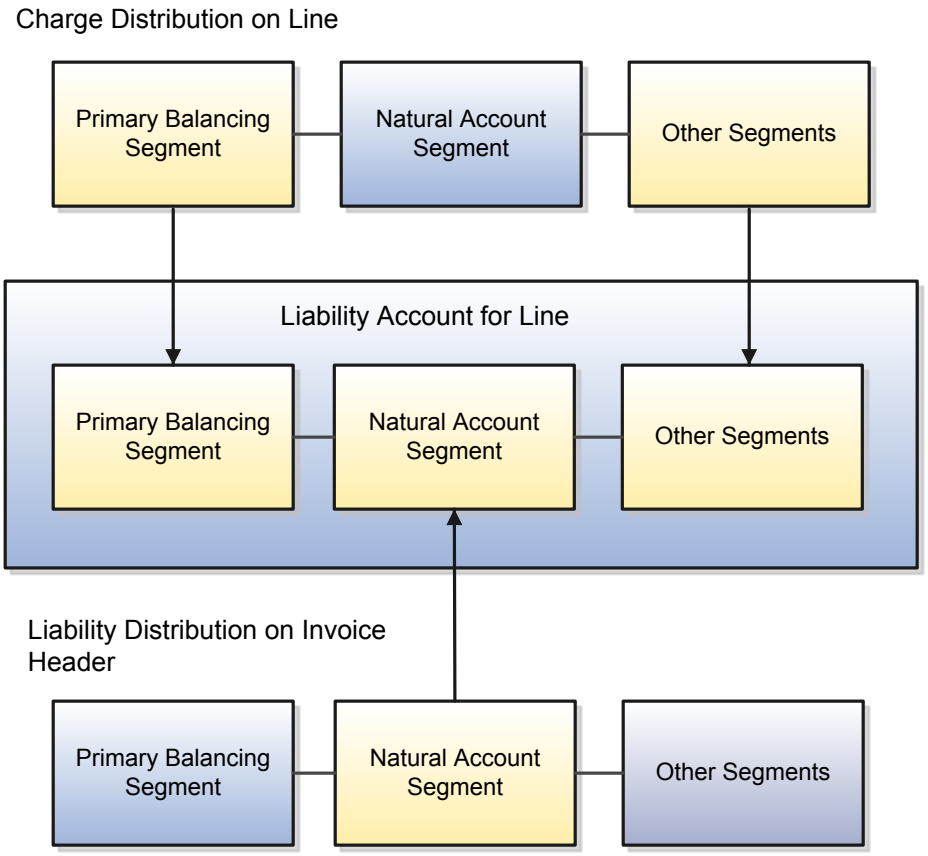


All Segments, Except Natural Account

This method builds the liability entry line account using both the liability distribution on the invoice header and the charge distribution on the invoice line. The liability distribution on the invoice header provides the natural account segment and the charge distribution provides the remaining segment values. The resulting journal entry is balanced by all segments, except the natural account segment.

Receiving builds the receiving inspection entry line account using both the receiving inspection distribution for the destination organization and the purchase order charge distribution. The receiving inspection distribution provides the natural account segment and the purchase order charge distribution provides the remaining segment values.

This figure illustrates how the liability entry line account is built when the offset segment method is set to **All Segments**, **Except Natural Account**.



Creating Balanced Liability Account Entries by Primary Balancing Segment: Example

On the Manage Common Options for Payables and Procurement page, you can select a method for automatic offsets. The following example illustrates how liability accounts are built using the **Primary balancing segment** method.

Scenario

A supplier sends you an invoice for two items. Each item should be charged to a different company.

Transaction Details

The invoice is for 100 USD and consists of:

- Item 1 for 60 USD
- Item 2 for 40 USD

Analysis

The accounting flexfield consists of the following segments:

- Primary balancing segment
- Account
- Cost center

Each primary balancing segment value represents a company. The default liability account for the supplier site is 00-LIAB-000.

This table lists the distribution combination information that you enter for each invoice item line.

Invoice Distribution	Debit	Credit
01-EXP1-111	60	
02-EXP2-222	40	

Resulting Liability Account Journal Entries

This table lists the liability accounts and amounts that are automatically created for the invoice.

Liability Account	Debit	Credit
01-LIAB-000		60
02-LIAB-000		40

Creating Balanced Liability Account Entries by All Segments Except Natural Account: Example

On the Manage Common Options for Payables and Procurement page, you can select a method for automatic offsets. The following example illustrates how liability accounts are built using the method called **All segments**, **except natural account**.

Scenario

A supplier sends you an invoice for two items. The offsetting liability account must retain all segments of the invoice distribution, except for the account segment.

Transaction Details

The invoice is for 100 USD and consists of:

- Item 1 for 60 USD
- Item 2 for 40 USD

Analysis

The accounting flexfield consists of the following segments:

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Resulting Liability Account Journal Entries

This table lists the liability accounts and amounts that are automatically created for the invoice.

Account	Debit	Credit
01-LIAB-111		60
02-LIAB-222		40

Accruing Expense Items: Critical Choices

Set the **Accrue Expense Items** option on the Manage Common Options for Payables and Procurement page to indicate when to accrue for expense items.

At Receipt

Accrue when receipts are created. You can override this setting on the PO schedule for expense destination types.

Note: Inventory items are always accrued at receipt.

Period End

Accrue at the end of a period. During period close, expense accruals are created for all receipts that don't have invoices. Accrual entries are reversed when the next period is opened.

FAQs for Manage Common Options for Payables and Procurement

What's the difference between conversion rate gain or loss distributions and realized gain or loss distributions?

Conversion rate gain or loss distributions record the rate variances for inventory or expense items that accrue on receipt. The invoice validation process calculates the variance between the invoice and either the purchase order or receipt, depending on how the invoice was matched.

Realized gain or loss distributions record the rate variances between invoice entry and payment time. The gain or loss calculation is based on the **Account for Payment** option on the Manage Payment Options page, as well as at prepayment application. You can account at payment issue, clearing, or at both issue and clearing. If you account at payment issue, bills payable documents are accounted at maturity.

Realized gain or loss is always calculated at foreign currency prepayment application time, regardless of the **Account for Payment** setting.

Manage Invoice Options

Invoice Options: Critical Choices

Invoice options are settings and default values that control how invoices are processed for an invoice business unit. You set invoice options on the Manage Invoice Options page.

Invoice Entry and Matching Options

The following table describes the invoice entry options. You can also set some of these options on a supplier. The invoice options are used unless the supplier has a different default value.

Option	On Supplier Setup?	Description
Require invoice grouping	No	Requires you to enter the name of a group when creating an invoice.
Allow document category override	No	Allows override of the invoice document category if the **Sequencing By** ledger option is set to **Ledger** or **Legal entity**. **Caution:** If the ledger option is set to **No Sequencing**: • A document category isn't assigned to the invoice. • You can't set this option or enter a document category on the invoice.

Option	On Supplier Setup?	Description
Allow adjustments to paid invoices	No	Lets you cancel or add lines to paid invoices. In addition, you can undo a match to a purchase order that's not finally matched and match the invoice to a different purchase order. **Caution:** You can't modify distributions because accounting would be affected.
Allow remit-to supplier override for third-party payments	No	Allows override of the remit-to supplier name and address on invoice installments for suppliers with third-party relationships.
Recalculate invoice installments	No	Recalculates Installments during the invoice validation process.
Hold unmatched invoices	Yes	Applies a **Matching Required** hold to invoices that aren't matched to purchase orders or receipts. **Note:** You can set this option on a supplier to: **Yes**, **No**, **Default from Payables Options**.
Receipt acceptance days	No	Specifies the number of days to add to the goods received date when recalculating installments.
Invoice currency	Yes	Provides the default invoice currency.
Payment currency	Yes	Provides the default payment currency.
Pay group	Yes	Provides the default group used when paying invoices.
Payment priority	Yes	Provides the default priority for paying invoices.
Payment terms	Yes	Provides the default payment terms.
Terms date basis	Yes	Provides the default basis for determining the terms date.
Pay date basis	Yes	Provides the default basis for determining the pay date.

Option	On Supplier Setup?	Description
Accounting date basis	No	Provides the default basis for determining the accounting date.
Budget date basis	No	Provides the default basis for determining the budget date.

The following table describes the options for matching invoices to purchase orders, receipts, and consumption advice documents. You can also set some of these options on a supplier. The invoice options are used unless the supplier has a different default value.

Option	On Supplier Setup?	Description
Allow final matching	No	Lets you perform a final match when matching to a purchase order, or when adjusting a matched invoice distribution.
Allow matching distribution override	No	Allows override of the invoice distribution that's created from matching an invoice to a purchase order. **Caution:** You can't override the distribution for a matched invoice if you accrue at receipt. You also can't override the distribution if the purchase order is projects-related, and the item destination for the purchase order distribution is inventory.
Transfer PO distribution additional information	No	Transfers descriptive flexfield information from the purchase order distribution to the invoice distribution when you match to a purchase order. **Note:** If you enable this option, ensure that the flexfield structures for the purchase order distributions and the invoice distributions are the same.
Quantity tolerances	Yes	Provides the default quantity-based tolerance set.
Amount tolerances	Yes	Provides the default amount-based tolerance set

Discounts

The following table describes the discount options. You can set some of these options on a supplier to: **Yes**, **No**, **Default from Payables Options**.

Option	On Supplier Setup?	Description
Exclude tax from calculation	Yes	Subtracts tax from the invoice when calculating the discountable amount for an installment. **Caution:** You can't set the discount allocation method option to **Tax lines and single distribution**.
Exclude freight from calculation	Yes	Subtracts freight from the invoice when calculating the discountable amount for an installment.
Discount allocation method	No	Determines how discounts are allocated across invoice distributions.
Always take discount	Yes	Takes the available discount for a supplier, regardless of when you pay the invoice.

Prepayments

The following table describes the prepayment options.

Option	On Supplier Setup?	Description
Payment terms	No	Provides the default payment terms for a prepayment.
Settlement days	Yes	Specifies the number of days to add to the system date to calculate the settlement date. **Note:** You can't apply a prepayment to an invoice until on, or after, the settlement date.
Use distribution from purchase order	No	Builds the distribution combination for the matched invoice distribution using information from the supplier and purchase order. The prepayment distribution on the supplier provides the natural account segment and the purchase order distribution combination provides the rest of the segment values.
Show available prepayments during invoice entry	No	Displays the available prepayments during invoice entry.

Approvals

You can use the invoice approval workflow to automate the invoice approval process. The workflow determines if an invoice requires approval and if so, routes the invoice to the approvers, who can then approve or reject the invoice.

The following table describes the approval options.

Option	Description
Enable invoice approval	Sends invoices through the approval workflow. Invoices can't be paid until they're approved.
Require validation before approval	Sends invoices through the approval workflow after the invoices are checked for completeness by the validation process.
Require accounting before approval	Sends invoices through the approval workflow after the invoices are accounted.
Allow force approval	Allows managers to override the workflow and manually approve invoices. For example, you might want to force approve if the workflow doesn't complete, or you have the authority to pay without using the workflow.

Interest

This table lists the options you can set for interest on overdue invoices.

Option	On Supplier Setup?	Description
Create interest invoices	Yes	Calculates interest on overdue invoices and creates interest invoices. You can set this option on a supplier to: **Yes**, **No**, **Default from Payables Options**.
Minimum interest amount	No	Represents the minimum amount of calculated interest below which an interest invoice isn't created.
Interest allocation method	No	Allocates interest across invoice distributions.
Interest expense distribution	No	Identifies the distribution combination used if allocating interest expense to a single distribution.

Payment Requests

The following table describes the payment request options.

Option	Description
Payment terms	Provides the default payment terms.
Pay group	Provides the default pay group used when paying a prepayment.

Option	Description
Payment priority	Provides the default payment priority used when paying a prepayment.

Self-Service Invoices

The following table describes the options you can set for invoices created through Oracle Fusion Supplier Portal.

Option	Description
Limit invoice to single purchase order	Limits an invoice to the schedules belonging to a single purchase order.
Allow invoice backdating	Allows a supplier to enter an invoice for a date in the past.
Allow unit price change for quantity-based matches	Allows a supplier to enter a unit price on an invoice that's different from the unit price on the purchase order.

Note: You can use the Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheet task to automate your invoice options setup.

Related Topics

- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: Explained
- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: How They're Processed

Invoice Installments: How They're Recalculated

During invoice entry, installments are automatically created using payment terms and terms date information. You can configure your setup to recalculate installments during the invoice validation process.

Settings That Affect Installment Recalculation

Select the **Recalculate invoice installments** option on the Manage Invoice Options page to recalculate the installments.

Note: Installments are recalculated, regardless of how the recalculate option is set, when both of the following conditions occur:

- You enable the **Exclude tax from calculation** option on the Manage Invoice Options page.
- You manually change a tax amount.

How Invoice Installments Are Recalculated

Installment recalculation uses the most recent applicable start date and the more favorable payment terms. To determine which is more favorable, the ranks on the payment terms are compared.

Caution: Installments aren't recalculated if you manually edit or split any of the installments.

The following table shows which start dates and payment terms are used for recalculating installments for matched and unmatched invoices.

Matched to a Purchase Order	Start Date	Payment Terms
No	Most recent of the following: • Invoice date • Terms date • Goods received date plus number of receipt acceptance days	Invoice payment terms
Yes	Most recent of the following: • Invoice date • Terms date • Goods received date plus number of receipt acceptance days	More favorable of the following: • Invoice payment terms • Purchase order payment terms

Related Topics

- Payment Terms: Explained

Discount Allocation Methods: Critical Choices

Discounts are taken when invoices are paid. On the Manage Invoice Options page, you can specify how to allocate these discounts. Select any one of the following methods:

- All invoice lines
- Tax lines and single distribution
- Single distribution

All Invoice Lines

This method automatically prorates discounts across all invoice lines. Discounts are assigned to the charge account unless the invoice is matched to a purchase order that's set to accrue on receipt. For those invoices, the discount is assigned to the price variance account.

Note: If you exclude tax from discount calculations, discounts are allocated only to expense lines and not to tax lines.

Tax Lines and Single Distribution

This method prorates a percentage of the discount across tax lines based on the percentage of tax lines on the invoice.

For example, if tax distributions represent 10 percent of the total invoice amount, 10 percent of the discount is prorated across the tax distributions. The remaining 90 percent of the discount is applied to the **Discount Taken** distribution specified on the Manage Common Options for Payables and Procurement page.

Note: You can't select this method if you exclude tax from discount calculations.

Single Distribution

This method credits the **Discount Taken** distribution specified on the Manage Common Options for Payables and Procurement page. Select this method if you enable automatic offsets and you want to distribute the discount taken across balancing segments.

Interest Invoices: Explained

If you enable automatic interest calculation for a supplier and pay an overdue invoice, an invoice for the interest is automatically created and paid.

Caution: You must pay the overdue invoice in a payment process request or through a quick payment.

Setup

To set up automatic interest rate calculation:

- Define interest rates using the Manage Interest Rates task.
- Set the **Create Interest Invoices** option using the Manage Suppliers task.
- Enable the **Create interest invoices** option using the Manage Invoice Options task.

Note: You can add, change, or delete an interest rate at any time. If a rate isn't defined, the interest calculation uses a zero rate.

Attributes

This table describes some of the attributes of an interest invoice.

Attribute	Description
Number	The interest invoice number is the overdue invoice number plus the suffix -INTx, where x is the number of interest invoices for that overdue invoice. For example, if the invoice number is 54362, the invoice number for the third interest invoice is 54362-INT3.
Payment terms	The payment terms on an interest invoice are immediate. If immediate terms aren't defined, the payment terms for the interest invoice are the same as the payment terms for the overdue invoice.
Amount	The interest calculation is based on the rate on the Manage Interest Rates page and is in accordance with the United States Prompt Payment Act. The calculation formula compounds interest monthly, up to a maximum of 365 days interest.
Currency	The invoice currency for an interest invoice is the same as the invoice currency on the overdue invoice. The payment currency for an interest invoice is the same as the payment currency on the overdue invoice.

Related Topics

- Interest on Overdue Invoices: How It's Calculated

Interest Allocation Methods: Critical Choices

The Interest Allocation method on the Manage Invoice Options page determines how invoice distributions for interest invoices are created.

Select one of the following settings:

- Single distribution
- All invoice lines

Single Distribution

This setting uses the **Interest Expense** distribution on the Manage Invoice Options page as the invoice distribution for the interest invoice.

All Invoice Lines

This setting uses the natural account segment from the **Interest Expense** distribution to build the distributions for the interest invoice.

Payment Requests: Explained

Oracle Fusion Receivables and Oracle Fusion Expenses can submit requests to Oracle Fusion Payables to disburse funds to payees that aren't defined as suppliers. Payables records these requests as payment requests. You can create a payment request from Receivables for a customer refund, or from Expenses for an expense report. You can disburse the funds and manage the payment process using the payment management functionality in Payables.

> **Note:** You can submit a payment request only from other applications. You can't create a payment request directly in Payables.

Setting Up Payment Requests

The following setups affect the payment request process.

- Invoice options: Set the default options for payment requests, such as payment terms, pay group, and payment priority.
- Document sequence category: Comply with document sequencing policies using the predefined Payment Request category or override the document category, if allowed.

You can use the following setups in Oracle Fusion Payments to manage payment requests separately from other payments:

- Payment method controls
- Payment method default rules
- Payment file and report formats
- Payment attribute validations

Reporting on Payment Requests

You can track progress of a payment request in the originating application. After a payment request has been approved, you can report on and audit the request in Payables using the following reports:

- Payables Invoice Aging
- Payables Invoice Audit by Voucher Number Listing
- Payables Open Items Revaluation
- Payables Cash Requirement

Related Topics

- Issuing Manual Refunds: Explained
- Expense Report Payment Requests: How They Are Processed
- Document Sequencing in Payables: Explained

Manage Payment Options

Payment Accounting Options: Critical Choices

On the Manage Payment Options page, set the Payment Accounting option to determine when payment accounting entries are created.

> **Tip:** Carefully consider this setting at implementation time. After you set this option, the only change you can make is from accounting **At Payment Issue** to accounting **At Payment Issue and Clearing**.

Select from the following options:

- At payment issue
- At payment clearing
- At payment issue and clearing

At Payment Issue

With this setting, the liability account is debited and the cash account is credited when a payment is created. For a bills payable payment, the credit is to the bills payable account. Then at payment maturity, the bills payable account is debited and the cash account is credited. Realized gain or loss is calculated at payment creation and for a bills payable payment, at payment maturity.

At Payment Clearing

With this setting, the liability account is debited and the cash account is credited when the payment clears. Realized gain or loss is calculated at payment clearing.

At Payment Issue and Clearing

With this setting, accounting entries are created at:

- Issue time: The liability account is debited and the cash clearing account is credited. For a bills payable payment, the credit is to the bills payable account. Then at payment maturity, the bills payable account is debited and the cash clearing account is credited.
- Clearing time: The cash clearing account is debited and the cash account is credited.

Note: Realized gain or loss is calculated at all points mentioned.

Note: You can use the Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheet task to automate your payment options setup.

Related Topics

- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: Explained
- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheets: How They're Processed

FAQS for Manage Payment Options

What's the difference between the currency conversion settings on the common options page and the payment options page?

The currency conversion settings on the Manage Common Options for Payables and Procurement page affect invoice transactions.

The settings on the Manage Payment Options page affect payment transactions.

For business units that process both invoice and payment transactions, the **Conversion Rate Type** option is the same for both types of transactions. You can set this option on either the Manage Common Options for Payables and Procurement page or the Manage Payment Options page.

Manage Tax Reporting and Withholding Tax Options

Withholding Tax Options: Critical Choices

Withholding tax options are settings and default values that control how Oracle Fusion Tax processes withholding for a business unit. You can enable your withholding tax options for a specific effective period.

Withholding Tax Options

Set the following withholding tax options on the Manage Tax Reporting and Withholding Tax Options page:

Option	Description
Event Class	Apply withholding tax to standard invoices, including credit and debit memos, or prepayment invoices.
Apply Withholding	Apply withholding if the tax authority requires your company to withhold taxes from suppliers.
Process Transaction Taxes	Calculate withholding tax on transaction tax lines.
Allow Manual Withholding	Create and adjust manual withholding tax lines for your invoices.
Regime Determination Set	Select the template that determines the tax regime to use for all transactions belonging to this event class. The options include WHTSTCC and WHTTAXREGIME.
Calculation Point	Specify the time when withholding tax is applied. The options are **Invoice**, **Payment**, or **Both**. The options available are controlled by the regime determination set.
Tax Invoice Creation Point	Specify the time when a tax authority invoice is generated. The options are dependent on the value in the **Calculation Point** field: • If the calculation point is **Invoice**, you can select **Blank**, **Invoice**, or **Payment** as the tax invoice creation point. • If the calculation point is **Payment**, you can select **Blank** or **Payment** as the tax invoice creation point.
Include Discount	Determine if a deduction of a discount is applied to the taxable basis when the calculation point is **Payment**. Select: • **No** to always exclude the discount amount from the taxable basis. • **Yes** to always include the discount amount in the taxable basis. • **Blank** for the deduction of a discount to be applied based on the taxable basis formula definition.
Rounding Level	Apply rounding to calculated tax amounts once for each withholding tax rate per invoice or to the calculated withholding tax amount on each invoice line.

Calculation Point: Critical Choices

On the Manage Tax Reporting and Withholding Tax Options page, define the calculation point to specify the time to apply withholding taxes to supplier invoices.

Calculation point is determined at:

- Invoice
- Payment

Invoice

Select **Invoice** for taxes to be automatically withheld at invoice validation. If you select this option, Oracle Fusion Tax calculates withholding only once. If you adjust an invoice after it was validated, you must adjust the withholding tax manually and enable the **Allow manual withholding** option.

Taxes can be withheld from standard invoices, including credit and debit memos, and prepayment invoices. If you select the calculation point of **Invoice** for the event class, **Prepayment invoices**, consider timing the entry of the prepayment application before the invoice is validated.

If you:

- Apply the prepayment before the invoice is validated, Oracle Fusion Tax creates a withholding tax net of the prepayment amount.
- Validate the invoice first, Oracle Fusion Tax creates a withholding tax based on the taxable invoice amount. When you apply the prepayment, the withholding tax on the invoice isn't updated. You can manually adjust the withholding tax amount and the withholding invoice.

  As an alternative, you can cancel all of the withholding taxes on the validated invoice before you apply the prepayment. Once you apply the prepayment, withholding taxes are created net of the prepayment amount.

Payment

Select **Payment** for taxes to be automatically withheld when you create payments in a payment process request or with a Quick payment.

Tax Invoice Creation Point: Critical Choices

On the Manage Tax Reporting and Withholding Tax Options page, define the tax invoice creation point to specify when to automatically create withholding tax invoices to remit withheld taxes to tax authorities.

Tax invoice creation point is determined at:

- Blank
- Invoice
- Payment

The options available are dependent on the value in the **Calculation Point** field.

Blank

Select **Blank** so Oracle Fusion Tax doesn't automatically create withholding tax invoices. You can enable this option for any value you selected as the calculation point.

You must run the withholding tax reports to determine the amounts to remit to your tax authorities, and create the withholding tax invoices.

Invoice

Select **Invoice** for a withholding invoice to be automatically created when an invoice subject to withholding tax is validated. You can enable this option only if the calculation point is applied at invoice validation time.

Payment

Select **Payment** for a withholding invoice to be automatically created when an invoice subject to withholding tax is paid. You can enable this option if the calculation point is applied either at invoice validation or at payment.

Include Discount: Critical Choices

Use the **Include Discount** option on the Manage Tax Reporting and Withholding Options page to specify whether to include discount amounts in the calculation of withholding tax when the calculation point is **Payment**.

Select from the following options:

- No
- Yes
- Blank

No

Select **No** to exclude the deduction of the discount to the taxable basis for taxes.

For example, assume you have an invoice for 100 USD. The discount amount taken is 5 USD and the automatic withholding tax rate is 10 percent. If the discount amount is excluded, the automatic withholding tax amount is 10 percent of 95 USD or 9.5 USD.

Yes

Select **Yes** to include the discount to the taxable basis for taxes.

For example, assume you have that same invoice for 100 USD. The discount amount taken is 5 USD and the automatic withholding tax rate is 10 percent. If the discount amount is included, the automatic withholding tax amount is 10 percent of 100 USD or 10 USD.

> **Note:** This setting applies only to payment time withholding. You cannot enable this setting if the **Calculation Point** option is set to **Invoice**. At the time of invoice validation the discount amount to be taken is unknown, so withholding tax is calculated on the entire invoice amount.

Blank

Select **Blank** for the application to apply the deduction of the discount based on the taxable basis formula definition.

Income Tax Reporting Options: Critical Choices

Use the Manage Tax Reporting and Withholding Tax Options task to manage the following income tax reporting options for an invoice business unit:

- Use combined filing program
- Use supplier tax region
- Income tax region
- Include withholding distributions in income tax reports

Use Combined Filing Program

Enable this option if you're using US 1099 Combined Federal and State Filing Program reporting. When you submit the US 1099 Electronic Media Report, K records are produced for all tax regions participating in the program that have qualifying payments.

Tip: If you file tax information with the Internal Revenue Service electronically and don't use the combined filing program, don't enable this option.

Use Supplier Tax Region

This option is used with combined filing. You can enable this option to use the tax region from US 1099 suppliers as the default tax region on invoice distributions. If needed, you can override the tax region on the Manage Distributions page. If you enable this option, you could have as many K records as you have different supplier tax regions.

Income Tax Region

This option is used with combined filing. You can forward US 1099 payment information to one tax region, regardless of the tax regions your US 1099 suppliers do business from. If you enter a value in the **Income Tax Region** field, you might have only one K record. If needed, you can still override the tax region on an invoice distribution.

Include Withholding Distributions in Income Tax Reports

Enable this option to report on federal income tax withheld for US 1099 suppliers. The withholding tax distributions that are automatically created have an:

- Income tax type of **MISC4** for reporting in box 4 on the 1099-MISC form
- Income tax region, if combined filing is enabled

Note: If you manually create withholding tax lines, then you must enter the income tax type and income tax region manually.

When you enable this option, the Update 1099 Withholding Tax Distributions process runs. This process updates the income tax type and income tax region on existing withholding tax distributions. The process selects distributions to update as follows.

If the current date is:

- Before March 1 of the current calendar year, distributions with a payment date of January 1 of the previous calendar year or later are updated.
- March 1 of the current calendar year or later, distributions with a payment date of January 1 of the current year or later are updated.

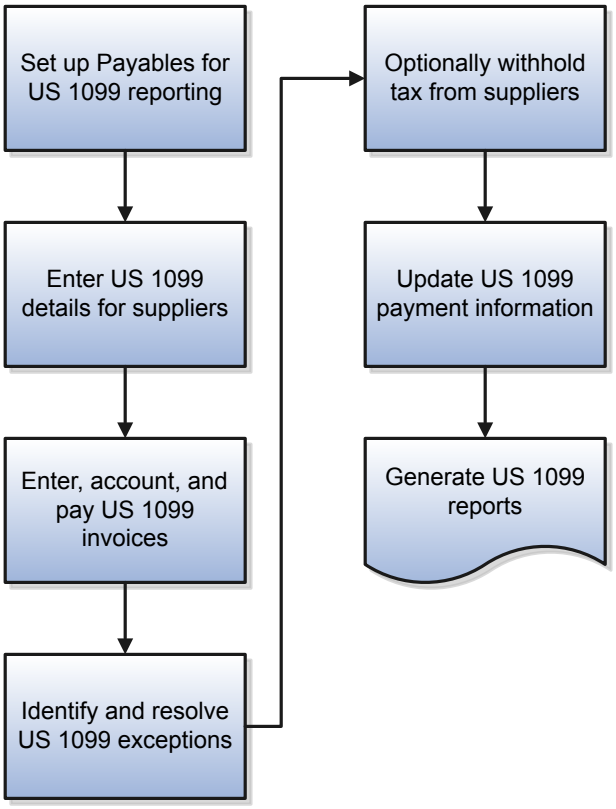
US 1099 Reporting: Explained

In the United States (US), you must report to the Internal Revenue Service certain types of payments that you make to US 1099 reportable suppliers. You can designate suppliers as federally reportable in the supplier setup. When you enter invoices for the supplier, you classify invoice distributions by US 1099 miscellaneous type using the **Income Tax Type** field. At year end, you can report accumulated US 1099 payment information to the Internal Revenue Service, other tax agencies, and your suppliers, in standard format.

If you're using combined filing, the US 1099 electronic format produces K records and B records. The K records provide information for tax regions or states participating in combined filing that have qualifying payments. The B records are for suppliers with US 1099 payment amounts that equal or exceed the tax region reporting limit in qualifying states.

US 1099 Reporting Overview

The following figure shows the steps for US 1099 reporting from setup to reports.



1. Set up Payables for US 1099 reporting: Refer to the following section for details.
2. Enter US 1099 details for suppliers: On the Income Tax tab on the Supplier page, you can specify federal and state information.
3. Enter, account, and pay US 1099 invoices: You can specify the income tax type and income tax region on each applicable invoice distribution, or accept the default values from the supplier.

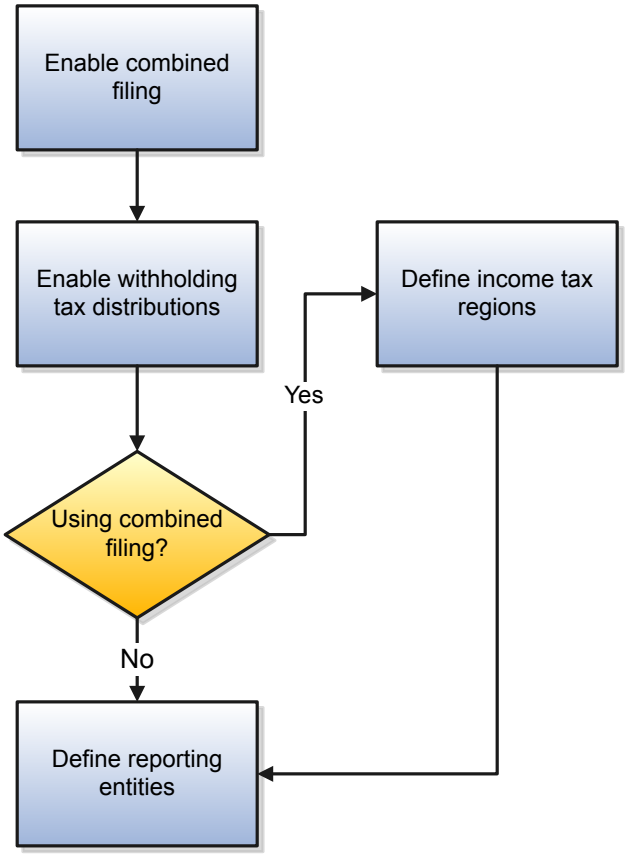
To automatically create invoice distributions, you can enter a distribution set or match to a purchase order. If you're using a distribution set that doesn't have income tax types, the invoice distribution gets the income tax type from the supplier. If the distribution set has an income tax type that's different from the supplier, the distribution set tax type is used. You can also enter distributions manually.

You can adjust the **Income Tax Type** and **Income Tax Region** on each invoice distribution. You can also clear the **Income Tax Type** field for distributions that aren't federally reportable. If you enabled the **Use supplier tax region** tax option, the default region is the state in the supplier site address for the invoice. Alternatively, you can also specify a default income tax region on the Manage Tax Options page. The income tax region is used to group distributions by type and region on US 1099 reports. If you enable combined filing, when you run US 1099 reports, all reportable distributions are grouped by state.

4. Identify and resolve US 1099 exceptions: Submit the US 1099 Invoice Exceptions and Supplier Exceptions reports. Generate Tax Information Verification Letters for each supplier that hasn't furnished or confirmed the tax identification number or tax reporting region.
5. Optionally withhold tax from suppliers: You can withhold tax if Tax Identification Numbers (TIN) are invalid or missing and if you haven't met legal requirements of requesting a valid TIN.
6. Update US 1099 payment information: You can adjust invoice distributions manually on the Manage Distributions page, or you can submit the Update and Report Income Tax Details process.
7. Generate US 1099 reports:
    - US 1099 Forms: Reports the total US 1099 miscellaneous payments for US 1099 suppliers, and generates US 1099 forms for each tax reporting entity in an organization.
    - US 1096 Form: Summarizes each US 1099 form type that's transmitted on paper, as required by the United States Internal Revenue Service. The report is generated on a preformatted Internal Revenue Service form.
    - US 1099 Electronic Media: Generates summarized US 1099 information in electronic format as required by the United States Internal Revenue Service.
    - US 1099 Payments Report: Lists payments made to US 1099 reportable suppliers.

Payables Setup for US 1099 Reporting

This figure shows the steps for setting up Payables US 1099 reporting.



1. Enable combined filing: To use combined federal and state US 1099 filing, select the **Use combined filing program** option on the Manage Tax Options page.

   Note: If you file US 1099 tax information electronically and don't participate in the Combined Filing Program, leave the combined filing option disabled.

2. Enable withholding tax distributions: To automatically create withholding tax distributions, select the **Include withholding distributions in income tax reports** option on the Manage Tax Options page. The income tax type for these distributions is automatically set to MISC4. If you use combined filing, the income tax region is also provided.
3. Define income tax regions: If you use combined filing, define the tax regions on the Manage Tax Regions page.
4. Define reporting entities: Set up reporting entities on the Manage Reporting Entities page. For each reporting entity, you assign one or more balancing segment values. When you submit US 1099 reports for a tax entity, the paid invoice distributions with the balancing segment values in their accounts are added together.

3 Payables Configuration

Distribution Sets: Explained

Distribution sets automatically create distributions for invoices that aren't matched to purchase orders. For example, you can create a distribution set for an advertising supplier that allocates the advertising expense on an invoice to four departments.

You can specify a default distribution set on the Site Assignments tab on the Supplier Site page. If you don't assign a distribution set to a supplier site, you can still assign a set to an invoice during invoice entry.

A distribution set can include:

- Income tax types: If you're creating a distribution set for a federally reportable supplier, you can enter an income tax type.
- Project information: If you use Oracle Fusion Project Costing, invoice distributions can include project information. If you use a project-related distribution set, the project information is automatically entered on the invoice distribution. You can override project fields on the distribution.
- Descriptive flexfields: If you use a descriptive flexfield with your distribution set lines, the descriptive flexfield information is copied to the invoice distributions created by the set.

You can define distribution sets for invoice business units with and without percentages.

Distribution Sets with Percentages

Use a 100 percent distribution set when you know the allocation percentages. For example, you can create a distribution set to allocate rent expense across two departments. You can allocate 70 percent of the invoice amount to the sales facility expense account and 30 percent to the administration facility expense account.

Note: Percentage distribution sets can include both positive and negative percentages.

Distribution Sets Without Percentages

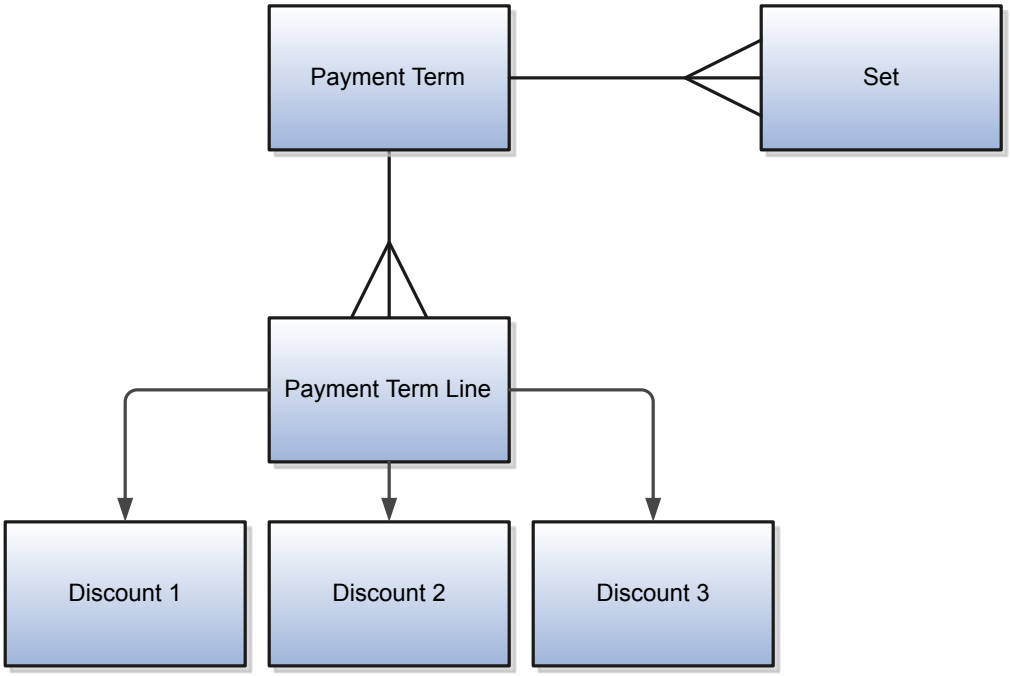
Use a 0 percent distribution set when you don't know the allocation percentages. For example, you might allocate facility expenses based on monthly headcount. You can define a zero percent distribution set that includes the expense distributions for each department. You can then provide the distribution amounts during invoice entry.

Payment Terms: Explained

Payment terms are used to automatically create invoice installments. You can define payment terms to create multiple installments and multiple levels of discounts.

Payment terms consist of one or more lines, each of which creates one invoice installment. When you define a payment term, you can specify either percentages or fixed amounts. A payment term line can have up to three discounts. Each line and corresponding installment have a due date and up to three discount dates. Each line and corresponding installment also have due or discount amounts. You can assign a payment term to one or more sets to share that payment term across business units.

This figure shows the components of a payment term.



Tip: If you change the payment terms on an invoice, the installments are automatically recalculated and you must reenter any manual adjustments made previously.

Payment Terms Due Dates and Discount Dates

Payment terms due dates and discount dates are based on one of the following methods:

- **Fixed Date**: A specific day, month, and year that an installment is due for payment.
- **Days**: A number of days added to the invoice terms date.
- **Calendar**: A Payables calendar that's divided into periods. You can assign a due date to the period that includes the invoice terms date. You can assign due dates to avoid weekends, holidays, and so on. You can't assign calendar-based terms to an invoice if a period isn't defined for the terms date.
- **Day of Month**: A type of payment term with the following attributes:
    - **Day of Month**: A specific day of the month when an installment is due for payment. For example, enter 15 to schedule payment on the fifteenth day of the month. Enter 31 to schedule payment for the last day of the month, including months with less than 31 days.
    - **Cutoff Day**: The day of the month after which the installment due and discount dates advance to a future month. If you don't specify a cutoff day, the current accounting month is used to determine due and discount dates.
    - **Months Ahead**: The number that's used to determine the month the installment is due. If you enter 0 and the terms date is the same as, or later than, the cutoff day, the installment is due the following month.

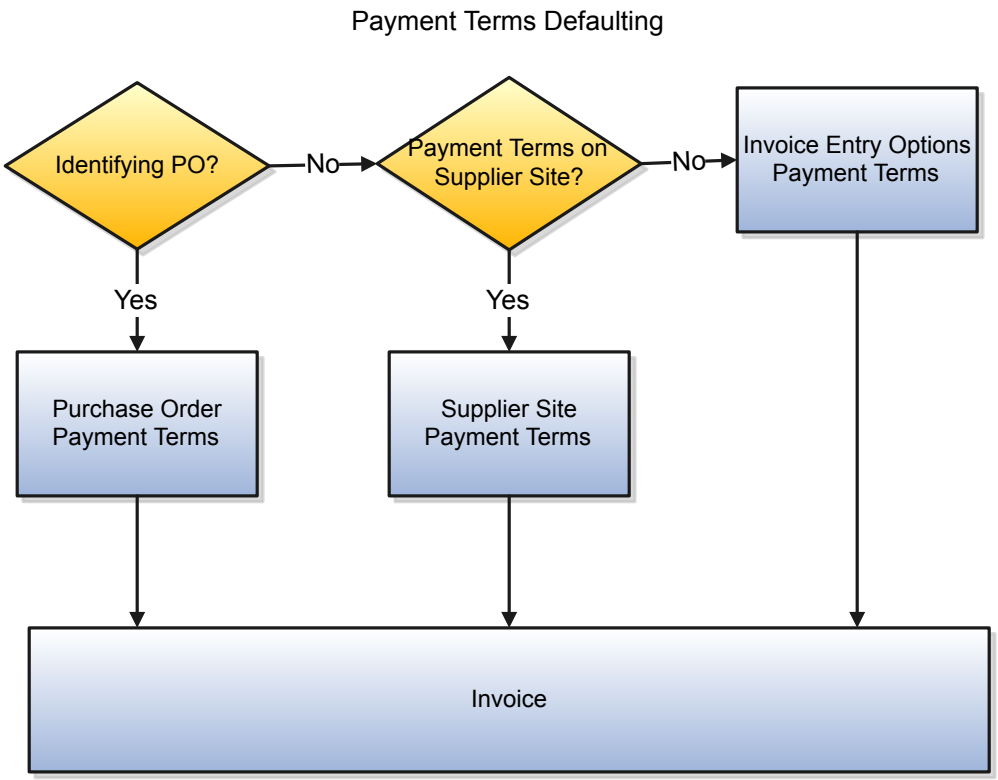
For example, a payment term has a **Cutoff Day** of 11, the **Day of Month** is 15, and **Months Ahead** is 0. If you enter an invoice with a terms date of January 12, the installment is due February 15. If you enter an invoice with a terms date of January 10, the installment is due January 15. If the terms date is January 12 and **Months Ahead** is set to 1, the installment is due March 15.

Note: Only due dates, not discount dates, can be based on a calendar.

Default Payment Terms

If you enter an **Identifying PO** on an invoice, the purchase order provides the default payment terms for the invoice. If you don't enter an **Identifying PO**, the supplier site provides the default payment terms. If the supplier site doesn't have payment terms, the payment terms from the Manage Invoice Options page are used. You can override the default payment terms on any invoice.

This figure shows how payment terms flow to the invoice.



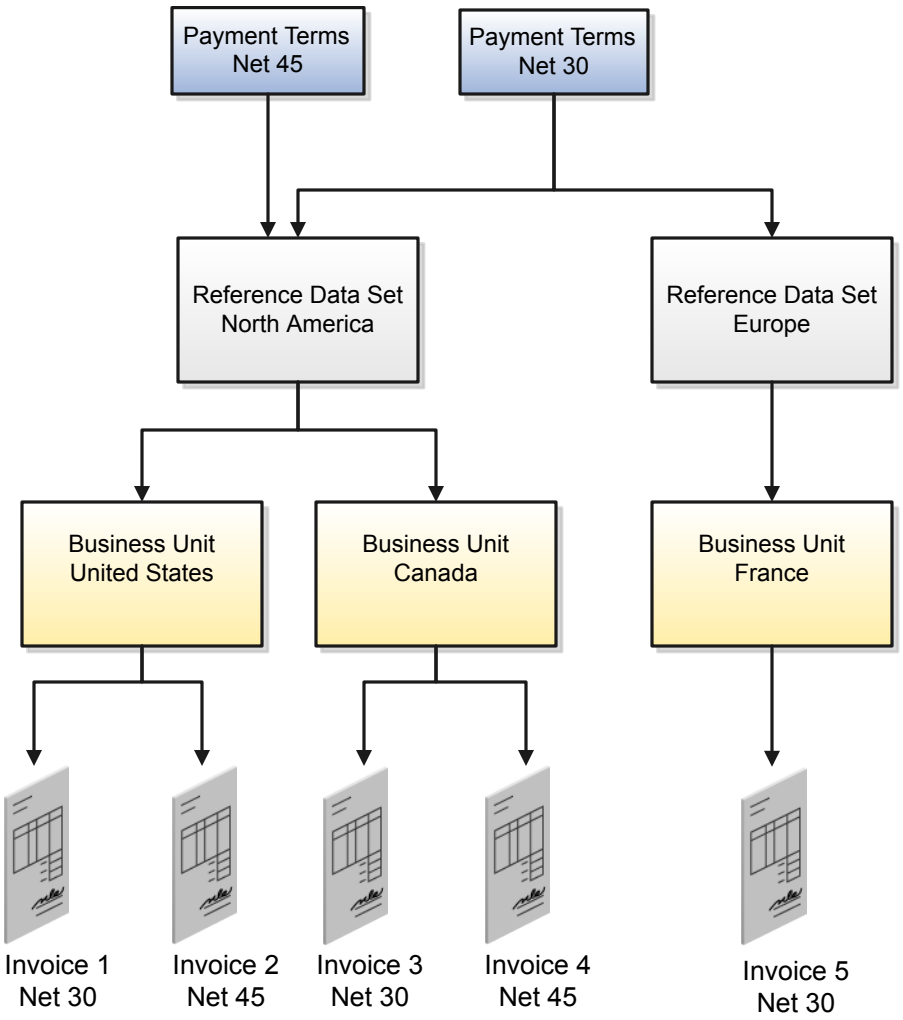
Related Topics

- Invoice Installments: How They're Recalculated
- Reference Data Sets and Sharing Methods: Explained

Payment Terms and Reference Data Sharing: Explained

Payment terms are enabled for reference data sharing using the method of assignment to multiple sets, no common values allowed. The predefined reference group is called **Payables Payment Terms** and the determinant type for the reference group is business unit. Before you can use a payment term, you must assign the payment term to a reference data set.

This figure provides an example of how the payment terms Net 45 and Net 30 are shared across different business units.



The Net 45 payment term is assigned to the North America reference data set. The North America reference data set is assigned to the United States and Canada business units. Invoices for these business units can then use the Net 45 payment term. The Net 30 payment term is assigned to the North America and Europe reference data sets. The Europe reference data set is assigned to the France business unit. Invoices for the United States, Canada, and France business units can use the Net 30 payment term.

Setting up Payment Terms for Reference Data Sharing

The setup for payment term reference data sharing includes:

- Assigning a reference data set to a business unit: When you define a business unit, assign the business unit a reference data set for the **Payables Payment Terms** reference group.
- Generating a data role for a reference data set: To assign a reference data set to a payment term, you must first generate a data role for that reference data set. Generate the data role using the predefined data role template called **Financials Common Module Template for SetID**.
- Provisioning a data role to the implementor: Assign the reference data set data role to the implementor who creates the payment terms.
- Creating a payment term: Assign one or more reference data sets to a payment term in the Set Assignment section on the Create Payment Terms page.

Tip: Before you define common options for Payables and Procurement, you must assign the **Immediate** payment term to the reference data set for the business unit.

Note: You can assign a payment term to the predefined common set, which works like any other set. Unless you assign the payment term to other reference data sets, that payment term is available only to the business units with the common set.

Related Topics

- Reference Data Sets and Sharing Methods: Explained
- Reference Data Sharing: Explained

Creating Payment Terms Based on Days: Worked Example

This example demonstrates how to create payment terms that are based on a certain number of days from the invoice terms date.

This table summarizes key decisions for the scenario.

Decisions to Consider	In This Example
Are terms based on amounts or percentages?	Percentages
What are the due dates and discounts?	The due dates and discounts are as follows: • First installment: 40 percent due in 10 days, with a discount of 5 percent if paid in 7 days

Decisions to Consider	In This Example
	• Second installment: 35 percent due in 20 days, with a discount of 3 percent if paid in 15 days • Third installment: 25 percent due in 30 days, with a discount of 2 percent if paid in 25 days

Creating Payment Terms Based on Days

1. Navigate to the Manage Payment Terms page.
2. Click **Create** to open the Create Payment Terms page.
3. In the **Name** field, enter the payment term name.
4. Click **Add Row** in the Installments section to create the first installment.
5. Complete the fields, as shown in this table.

Field	Value
Due Percent	40
Days	10
First Discount Percent	5
First Discount Days	7

6. Click **Add Row** in the Installments section to create the second installment.
7. Complete the fields, as shown in this table.

Field	Value
Due Percent	35
Days	20
First Discount Percent	3
First Discount Days	15

8. Click **Add Row** in the Installments section to create the third installment.
9. Complete the fields, as shown in this table.

Field	Value
Due Percent	25
Days	30

Field	Value
First Discount Percent	2
First Discount Days	25

10. Click **Save**.

Invoice Tolerances: Explained

Invoice tolerances determine whether matching holds are placed on invoices for variances between invoices and the documents you match them to, such as purchase orders. When you run the invoice validation process for a matched invoice, the process checks that matching occurs within the defined tolerances. For example, if the billed amount of an item exceeds a tolerance, a hold is placed on the invoice. You can't pay the invoice until the hold is released.

You can define tolerances based on quantity or amount. For each type of tolerance, you can specify percentages or amounts. Once you define the tolerances, assign them to a supplier site.

Note: If you specify a percentage tolerance of zero, variance isn't allowed. If you want a low tolerance, specify a small percentage. If an active tolerance doesn't have a value, then infinite variance is allowed.

Quantity-Based Tolerances

Quantity-based tolerances apply to invoices with a match basis of **Quantity**.

This table describes each quantity-based tolerance.

Tolerance	Description
Ordered Percentage	The percentage difference above the ordered quantity on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed quantity against the ordered quantity without considering price.
Maximum Ordered	The quantity difference above the ordered quantity on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed quantity against the ordered quantity without considering price. You can use this tolerance if most of your purchase orders have the same relative value.
Received Percentage	The percentage difference above the received quantity on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed quantity against the received quantity without considering price.
Maximum Received	The quantity difference above the received quantity on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed quantity against the received quantity without considering price. You can use this tolerance if most of your purchase orders have the same relative value.
Price Percentage	The percentage difference above the unit price on a purchase order schedule line that you allow suppliers to invoice.

Tolerance	Description
Conversion Rate Amount	The variance that you allow between an invoice amount and the amount of a purchase order schedule. Validation compares the ledger currency amounts, using the invoice and purchase order conversion rates, respectively. You can use this tolerance if you create foreign currency invoices.
Schedule Amount	The variance that you allow between all invoice amounts in the entered currency and the purchase order schedule amount.
Total Amount	The total variance that you allow for both the **Conversion Rate Amount** and **Schedule Amount** tolerances combined. You can use this tolerance if you create foreign currency invoices.
Consumed Percentage	The percentage difference above the consumed quantity on a consumption advice that you allow suppliers to invoice. Validation checks the billed quantity against the consumed quantity without considering price.
Maximum Consumed	The quantity difference above the consumed quantity on a consumption advice that you allow suppliers to invoice. Validation checks the billed quantity against the consumed quantity without considering price.

Amount-Based Tolerances

Amount-based tolerances apply to invoices that have a match basis of **Amount**.

This table describes each amount-based tolerance.

Tolerance	Description
Ordered Percentage	The percentage difference above the ordered amount on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed amount against the ordered amount.
Maximum Ordered	The amount difference above the ordered amount on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed amount against the ordered amount.
Received Percentage	The percentage difference above the received amount on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed amount against the received amount.
Maximum Received	The amount difference above the received amount on a purchase order schedule line that you allow suppliers to invoice. Validation checks the billed amount against the received amount.
Conversion Rate Amount	The variance that you allow between the invoice amount and the amount on a purchase order schedule. Validation compares the ledger currency amounts, using the invoice and purchase order conversion rates, respectively. You can use this tolerance if you create foreign currency invoices.
Total Amount	The total variance that you allow for both the **Conversion Rate Amount** and **Schedule Amount** tolerances combined. You can use this tolerance if you create foreign currency invoices.

Invoice Holds and Releases: Explained

Use the Manage Invoice Holds and Releases page to define holds and releases for invoices. You can assign the holds that you define to invoices, and the invoices can't be paid until you release the holds.

> **Note:** The invoice validation process uses the predefined holds and releases, which you can query on the Manage Invoice Holds and Releases page.

For each hold that you define, you can indicate whether accounting entries can be created. For example, if you assign a hold that doesn't allow accounting to an invoice, you must remove the hold before accounting entries can be created. You can also indicate whether to use the holds and releases in the holds resolution workflow process. The holds resolution workflow routes invoices with manually-releasable holds.

When you define a hold or release, you must associate it with a hold or release type.

Hold Types

This table lists the predefined invoice hold types and indicates whether you can define holds for them.

Hold Type	Allows User-Defined Holds?
Account Hold Reason	No
Future Period Hold Type	No
Insufficient Information	No
Invoice Hold Reason	Yes
Invoice Line Reason	Yes
Matching Hold Reason	No
Variance Hold Reason	No

Release Types

This table lists the predefined invoice release types and indicates whether you can define releases for them.

Release Type	Allows User-Defined Releases?
Account Release Reason	No
Future Period Release	No

Release Type	Allows User-Defined Releases?
Hold Quick Release Reason	Yes
Invoice Quick Release Reason	Yes
Invoice Release Reason	Yes
Matching Release Reason	Yes
Sufficient Information	No
Variance Release Reason	Yes

Payables Calendar Period Frequencies: Points to Consider

When you create a calendar using the Manage Payables Calendars task, you must select a period frequency. Period frequencies determine the number of periods per year and the period name format for the calendar.

Period Frequency

The following table describes each period frequency.

Frequency	Periods Per Year	Description
4-4-5	12	All periods have four weeks except the third, sixth, ninth, and twelfth periods, which have five weeks.
4-5-4	12	All periods have four weeks except the second, fifth, eighth, and eleventh periods, which have five weeks.
5-4-4	12	All periods have four weeks except the first, fourth, seventh and tenth periods, which have five weeks.
Monthly	12	Each month is a period.
Quarterly	4	Each period has three months.
Weekly	52	Each period has seven days.
Other	Specified by user	Periods are manually defined.

Periods for Payables Calendars: How They're Generated

You can define a Payables calendar to generate periods automatically.

Settings That Affect Period Generation

When you create a calendar or add years to an existing calendar, the following attributes control how the periods are generated:

- Period frequency
- Periods per year
- Start date
- Period name format

How Periods Are Generated

This table describes the attributes that are used to generate periods.

Calendar Attribute	Description
Period frequency	Type of period, such as Monthly or 5-4-4. **Note:** If you select **Other**, you must enter periods manually
Periods per year	Calculated number of periods per year.
Start date	First day of the calendar and start date of the first period.
Period name format	Naming convention for periods.

Note: For weekly or quarterly period frequencies, the generated period name is the frequency combined with the number of periods per year, plus the year. For example, for a period frequency of **Quarterly** and a start date of 1/1/2015, the period name for the first quarter is Quarter1-15.

Example Calendar with a Period Frequency of 4-4-5

This example shows the generated periods for a calendar with a:

- Period frequency of **4-4-5**
- Start date of 1/1/2015

- Period name format of **MMM**

Period Name Prefix	Year	Sequence	Start Date	End Date	Period Name
Jan	2015	1	1/1/15	1/28/15	Jan-15
Feb	2015	2	1/29/15	2/25/15	Feb-15
Mar	2015	3	2/26/15	4/1/15	Mar-15
Apr	2015	4	4/2/15	4/29/15	Apr-15
May	2015	5	4/30/15	5/27/15	May-15
Jun	2015	6	5/28/15	7/1/15	Jun-15
Jul	2015	7	7/2/15	7/29/15	Jul-15
Aug	2015	8	7/30/15	8/26/15	Aug-15
Sep	2015	9	8/27/15	9/30/15	Sep-15
Oct	2015	10	10/1/15	10/28/15	Oct-15
Nov	2015	11	10/29/15	11/25/15	Nov-15
Dec	2015	12	11/26/15	12/30/15	Dec-15

Setting Up Third-Party Payments: Procedure

A third-party payment is a payment that you make to a supplier on behalf of another supplier. Setting up third-party payments includes the following tasks:

Creating the Third Party

1. In the Suppliers work area, click **Create Supplier**.
2. Complete the information on the Profile and Address tabs.
    - Set the **Address Purpose** field to **Remit to**.
    - (Optional) Associate a bank account and default payment method with the address.

Note: You don't have to create a supplier site unless the third party is a supplier that sends you invoices.

Defining the Relationship Between the Third Party and the Supplier

1. In the Suppliers work area, click **Manage Suppliers**.
2. Search for the supplier on whose behalf the third party receives payment.
3. Add the third party to the Third-Party Payment Relationship section on the Invoicing tab on the Edit Site page. Consider marking the relationship as the default relationship for new invoices and payments.

   This table describes each attribute of a third-party payment relationship.

Attribute	Description
Remit-to Supplier	Enter the party designated to receive payment on behalf of the supplier on the invoice.
Address Name	Enter the address of the party designated to receive payment on behalf of the supplier on the invoice.
From Date, To Date	Specify an inclusive date range for the relationship. When you create an invoice or payment, the invoice and payment dates are used to identify valid third-party payment relationships for the supplier site. **Note:** When you end date an existing relationship, you must review all unpaid or partially paid invoices for that relationship.
Description	Enter text to include in the payment file. For example, you can enter text to print on the payment document as reference information.

Note: The Merge Supplier process doesn't merge third-party payment relationships.

(Optional) Setting the Remit-to Supplier Override Option

1. In the Setup and Maintenance work area, search for the Define General Payables Options task list.
2. Set the scope for the Manage Invoice Options task.
3. Click **Apply and Go to Task**.
4. Select the **Allow remit-to supplier override for third-party payments** option to allow override of the remit-to supplier on the invoice.

(Optional) Setting the Payee Override Option

1. In the Setup and Maintenance work area, search for the Define General Payables Options task list.
2. Set the scope for the Manage Payment Options task.
3. Click **Apply and Go to Task**.
4. Select the **Allow payee override for third-party payments** option to allow override of the payee on the payment.

Related Topics

- Invoice Options: Critical Choices

- What's a third-party payment?

FAQs for Payables Configuration

What's a Payables calendar?

Use Oracle Fusion Payables calendars for automatic withholding tax, payment terms, key indicator reporting, and recurring invoices. You create Payables calendars on the Manage Payables Calendars page.

Periods in Payables calendars are separate from the accounting periods that you define on the Manage Accounting Calendars page.

4 Payables Tax and Withholding

Reporting Limit Methods for Income Tax Regions: Critical Choices

The reporting limit is the minimum amount used to determine whether to report on payments to a supplier. If you're doing business within the United States (US), refer to federal or state tax publications for information on US 1099 reporting requirements.

Select from one the following methods to compare payments to the reporting limit amount:

- Same as federal
- Compare individually
- Compare sum

Note: If you don't specify a reporting limit, the limit is assumed to be zero.

Same as Federal

This setting uses the federal reporting limit, which is predefined in the application as 600 USD.

Compare Individually

This setting compares the reporting limit to the sum of the payments for each US 1099 miscellaneous income tax type.

For example, the reporting limit for region X is 600 USD. You make two 400 USD payments to a supplier in region X and classify each payment with a different US 1099 miscellaneous type. The supplier isn't reported to the region tax authority because the total for each tax type is less than the reporting limit of 600 USD. In this case, the supplier is reported only to the federal tax authorities.

Compare Sum

This setting compares the reporting limit to the sum of the payments for all US 1099 miscellaneous income tax types.

For example, the reporting limit for region X is 600 USD. You make two 400 USD payments to a supplier and classify each payment with a different 1099 miscellaneous income tax type. The supplier is reported to the region tax authority because the sum of the payments, which is 800 USD, exceeds the reporting limit. In this case, the supplier is reported to both federal and region tax authorities.

Reporting Entities: Explained

A reporting entity is any person or organization with a unique tax identification number. Oracle Fusion Payables uses reporting entities for United States (US) 1099 reporting.

Primary Balancing Segment Values

For each reporting entity of an invoice business unit, assign one or more primary balancing segment values. Typically primary balancing segment values represent different legal entities.

For example, you define a reporting entity called Headquarters, which comprises companies 1, 2, and 3. Each company is represented by a primary balancing segment value. When you submit a US 1099 report, you specify Headquarters for the reporting entity parameter. The report accumulates payments for companies 1, 2, and 3, and sums up the paid invoice distributions that have the companies balancing segment values.

Note: Primary balancing segment values must be unique across reporting entities.

Reports

You can submit the following US 1099 reports for a specific reporting entity:

- US 1096 Report
- US 1099 Report
- US 1099 Invoice Exceptions Report
- US 1099 Supplier Exceptions Report
- US 1099 Payments Report
- US 1099 Electronic Media Report

Using Define Payables Setup for Withholding Tax: Explained

You may be required to withhold tax from your supplier invoices and pay it to a tax authority on behalf of the supplier. Set withholding tax options on the Manage Tax Reporting and Withholding Tax Options page and on the supplier setup.

The withheld amount is calculated according to how you set the **Calculation Point** option. If you apply withholding tax at invoice validation, then the withheld amount is based on the invoice amount. However, if you apply withholding tax at payment, then the withheld amount is based on the payment amount.

Review withheld amounts online or run the standard reports.

Setting Up Automatic Withholding Tax

To automatically withhold tax, perform the following steps:

1. Enable the **Apply Withholding** option and set the other withholding tax options in the Withholding Tax Options section on the Manage Tax Reporting and Withholding Tax Options page.
2. Create each tax authority as a supplier with a supplier type of **Tax Authority**.
3. Create withholding tax codes.
4. Create withholding tax classifications.
5. Specify withholding tax details for suppliers.
6. Define withholding tax certificates to handle rate exceptions.

Withholding Tax Automatically

To perform automatic withholding, you assign a withholding tax classification to an invoice line. You can accept the default withholding tax classification or select another classification. When applying withholding tax, Oracle Fusion Tax creates one or more withholding tax type invoice lines, updates the withheld amount on the invoice, and updates the unpaid amount on the installment.

For example, if an invoice for 100 USD has withholding tax of 20 USD, Oracle Fusion Tax creates a withholding tax type invoice line for -20 USD. The withheld amount is -20 USD, and the unpaid amount on the installment is 80 USD.

Caution:

- Automatic withholding tax is calculated only once.
- Automatic withholding tax isn't calculated:
  - For a specific tax after you enter a manual withholding line for that tax.
  - If you pay an invoice with a manual payment or a refund, and the option to apply withholding is at payment time.

Creating Withholding Invoices

After you deduct withholding tax from an invoice, you can optionally create invoices to remit the withheld tax to a tax authority. Oracle Fusion Tax can automatically create withholding tax invoices, or you can perform this task manually. To create withholding tax invoices automatically, set the **Tax Invoice Creation Point** option to specify whether to create withholding invoices at invoice validation or payment.

Reporting on Withheld Tax

You can run the following reports to satisfy tax authority, supplier, and management reporting requirements:

- Withholding Tax Reports by Invoice, Payment, and Supplier
- Payables Withholding Tax by Tax Authority Report
- Payables Withholding Tax Letter

Related Topics

- Withholding Tax Options: Critical Choices

Withholding Tax Codes: Explained

A withholding tax code is the name for a withholding tax rate. Withholding tax codes use Oracle Fusion Tax's regime to rate setup structure.

Regime to rates include:

- Tax regime: The set of tax rules that determines the treatment of one or more taxes administered by a tax authority. The common tax regime setup is one tax regime per country per tax type. The tax requirements are administered by a government tax authority for the entire country.
- Tax: The details for the taxes of a tax regime. Each separate tax in a tax regime includes records for the tax statuses and tax rates that are used to calculate and report on the tax.

- Tax status: The taxable nature of a product or service in the context of a transaction and specific tax on the transaction. For example, one tax can have separate tax statuses for standard, zero, exemptions, penalty, and reduced rates. You define all applicable tax rates and their effective periods under the tax status.
- Tax rate: The rate specified for a tax status and is effective for a period of time. Set up a tax rate record with applicable tax rate detail information per rate period. Rate periods account for changes in tax rates over time.

Creating Withholding Tax Codes

Each tax code is defined within the context of a business unit, country, tax regime code, tax, and tax status code.

For a tax regime and tax, you can select an existing record or create a new record by clicking **Create** in the list of values. The following table describes the regime to rate options:

Option	Description
Tax Regime	Select an existing tax regime code for the country or create one from within the list of values options. To create a new tax regime record, enter the tax regime code, name, and start date.
Tax	Select an existing tax for the tax regime code or create one from within the list of values options. To create a new tax record, enter the tax, start date, tax currency, tax liability account, tax authority, and tax authority site. For tax authority details, you must associate a supplier with a type of Tax Authority to a withholding tax. You can then create withholding invoices to pay taxes you withheld from your suppliers.
Tax Status	Select a tax status code from the list of: • Exempt from tax • Tax penalty • Reduced tax rate • Standard tax rate • Zero tax rate
Tax Rate	Enter a unique tax rate code and select a tax rate type of: • Percentage • Gross amount rate schedule • Withheld amount rate schedule

Using Withholding Tax Codes

To use withholding tax codes, assign them to one or more withholding tax classifications. When you define a withholding tax code, you can enable the **Create withholding tax classification** option to automatically create a classification for that tax code. To handle rate exceptions, define withholding tax certificates for a withholding tax.

Withholding Tax Code Rate Types: Points to Consider

When you define a withholding tax code, specify the tax rate type to base the withholding tax calculation on a percentage or rate schedule.

The tax rate type values are:

- Percentage
- Gross amount rate schedule
- Withheld amount rate schedule

For each rate type, the same withholding tax code can have different rate period details based on effective periods. For example, the withholding tax rate is 10 percent one year and 11 percent the following year.

Percentage

Select **Percentage** if a flat rate percentage is required rather than different rates for different amount ranges. For example, if withholding tax is deducted at a specified rate of 10 percent, create a percentage tax rate code with a tax rate of 10 percent.

You can use percentage rates in conjunction with tax threshold controls that are defined at the tax level. For example, withholding for a specific tax is restricted to no more than 10,000 USD for a withholding tax period.

Gross Amount Rate Schedule

Select **Gross amount rate schedule** to apply different tax rate percentages for different invoice amount ranges. You can define the rate schedule at the document level or period level to include all invoice amounts from a supplier for a specified period. For example, define a tax code that for each year withholds at a rate of 10 percent for the first 10,000 USD in invoice amounts from a supplier. Then, define a rate of 15 percent after the first 10,000 USD.

You can build document or period limits into the rate schedule if necessary, by defining a **To amount** for the highest amount range.

Withheld Amount Rate Schedule

Select **Withheld amount rate schedule** to apply different tax rate percentages for different withheld amount ranges. You can define the rate schedule at the document level or period level to include all invoice amounts from a supplier for a specified period. For example, define a tax code that for each year withholds at a rate of 10 percent for the first 1,000 USD in withheld amounts from a supplier. Then, define a rate of 15 percent after the first 1,000 USD.

You can build document or period limits into the rate schedule if necessary, by defining a **To amount** for the highest amount range.

Related Topics

- What's a Payables calendar?

Withholding Tax Classifications: Explained

Withholding tax classifications include one or more withholding tax codes. Define withholding tax classifications to associate one or more withholding tax codes to a single transaction. For example, assign a withholding tax classification to an invoice line to withhold two taxes, each tax withheld at different rates and remitted to different tax authorities.

You can edit a withholding tax classification to add more tax codes if needed.

Compounding Withholding Tax Codes

Optionally, tax codes can be compounded in order of precedence within a withholding tax classification. When you enter an invoice with a withholding tax classification that consists of multiple compounded tax codes, taxes are calculated in order of precedence.

Lower precedence taxes are applied to the amount of the invoice less the previous withholding tax amounts. The highest precedence is 1. For example, define a withholding tax classification with two tax codes. Tax A for 10 percent has a precedence of 1, and tax B for 5 percent has a precedence of 2. Oracle Fusion Tax calculates the withholding tax for a 100 USD invoice as follows: tax A is 10 USD, tax B is 4.50 USD (.05(100 - (100 * .10))).

If compounding details aren't entered for a withholding tax classification, the gross invoice amount is used to calculate withholding amounts for each tax code. For example, define a tax classification with two codes that each have a rate of 10 percent, and don't define compounding details. On an invoice for 100 USD, two automatic withholding tax lines, each for 10 USD are generated. Two lines are generated because both automatic withholding tax codes of 10 percent are applied to 100 USD.

Applying Withholding Tax Classifications to an Invoice

For supplier sites that use withholding tax, the withholding tax classification that you define at the supplier site assignment level is used to populate the default tax classification on the invoice. You can override any default withholding tax classification.

Withholding Tax Certificates and Exceptions: Explained

Withholding tax certificates specify withholding tax rate exceptions that are granted by a tax authority. You can define withholding tax rate exceptions for all invoices of a supplier site or for specific invoices of that site. A tax can have one or more certificates.

Before defining withholding tax certificates and exceptions, you must:

- Enable the **Apply Withholding** option.
- Create withholding tax codes.
- Enter withholding details for suppliers.

Certificates

To define a withholding certificate, you must specify a certificate number, type, priority, and rate for a tax regime and tax.

A certificate number can be user-defined or it can be a number assigned to a certificate issued to a supplier by the tax authority.

Oracle Fusion Payables predefines a certificate type of **Standard**. You can define additional certificate types on the Manage Tax Lookup Codes page.

Only one certificate can be enforced at a time. If you have one or more certificates for the same tax regime and tax and the date ranges overlap, Oracle Fusion Tax applies the certificate with the highest priority, where 1 is the highest priority. If a certificate specifies that the supplier site is exempt from the tax regime and tax, then enter 0 as the tax rate.

Note: The tax rate for a withholding certificate overrides all rates for the withholding tax.

Exceptions

To define an exception for an invoice, specify the invoice number and rate for a tax regime and tax.

Note: The tax rate for an exception overrides all rates for the withholding tax.

FAQs for Payables Tax and Withholding

How can I set thresholds for withholding taxes?

Use the Create or Edit Withholding Tax Code pages to define withholding tax thresholds at the tax level for percentage tax rate types. You can define thresholds based on the taxable amount or the tax amount. Base thresholds on each specific document or for a defined period. In each case, you can specify a minimum value or maximum value. Thresholds can have different details based on effective periods.

For example, if a withholding tax on a document shouldn't be deducted if it's less than 10 USD, create a document-based tax amount threshold with a minimum value of 10 USD.

5 Approving Invoices

Approving Invoices: Explained

You can configure predefined workflows to manage invoice approvals.

When the invoice approval process starts, a workflow builds the list of approvers based on the defined rules. Approval notifications are sent to the first set of approvers on the list. When the approvers respond, notifications are sent to the next set of approvers. This process repeats until all approvals are complete.

> **Note:** Approvers can respond from the e-mail notification, the Worklist notifications page, the Invoices landing page, or the Edit Invoice page.

Approval Flow

This table describes the steps in the approval flow.

Step	Description
Enable invoice approval	Select the **Enable invoice approval** option on the Manage Invoice Options page to enable approval for a business unit. You can use the default approval configuration or you can configure the rules to meet your requirements. Use the Manage Task Configuration for Financials task to navigate to the routing rules and controls.
Enter invoices	Create invoices through import, invoice imaging, spreadsheets, or manual entry.
Submit invoice approval	Select the **Initiate** approval invoice action or schedule the Initiate Invoice Approval Workflow process to run on a regular basis.
Approve invoice document	Respond to the approval notification for the invoice.

Predefined Rules

The invoice approval workflow includes the following predefined rules:

- Invoices greater than or equal to 1000 require approval by the immediate supervisor of the requester on the invoice.
- Invoices less than 1000 are automatically approved.

Related Topics

- Approval Management: Highlights
- Approval Actions: Points to Consider

6 Configuration for Rapid Implementation

Invoice and Payment Configuration for Rapid Implementation: Overview

The Define Invoicing and Payments Configuration for Rapid Implementation task list provides the setup tasks that are critical for Oracle Fusion Payables. These tasks are either mandatory or frequently used.

Invoice and payment options are automatically created with default values when the common options for Payables and Procurement are defined for a new business unit. To change the default values, you can access the invoice and payment options setups from the standard implementation template. You can also use the standard implementation template to access the setups that aren't listed under the rapid implementation task list.

Related Topics

- Common Options for Payables and Procurement: Critical Choices

7 Disbursements

Setting Up and Making Electronic Payments

Watch: This video tutorial shows you how to set up and make electronic payments.

Disbursements: How They Are Processed

The disbursement process starts when a source product calls Oracle Fusion Payments to process disbursements. For example, Oracle Fusion Payables uses the disbursement process to pay supplier invoices and Oracle Fusion Receivables uses it to pay customer refunds. The disbursement process ends when either electronic payments are transmitted to a payment system or financial institution or paper payment documents, such as checks or promissory notes, are printed.

Electronic processing creates a payment file that is transmitted to a payment system or other financial institution. The file contains instructions that tell the payment system or financial institution how to remit funds. In some cases, funds are remitted electronically by an automatic deposit to a bank account. In other cases, the payment file can instruct the payment system or financial institution to issue a check for payment.

Settings That Affect Disbursements

The following settings in the header region on the Create Payment Process Profile page impact electronic disbursements:

- **Payment File Format** choice list: You specify the payment file format to use for the electronic payment file.
- **Processing Type** choice list: Electronic.
- **Payment Confirmation Point** choice list: Point at which a payment is confirmed. Payments can be automatically confirmed, either when the payment file is formatted or when the payment file is transmitted to the payment system.
- **Allow Manual Setting of Payment Confirmation** check box: You can manually confirm payments on the following pages:
  - Manage Payment Files
  - Payment File
  - Overview page in the Payments work area

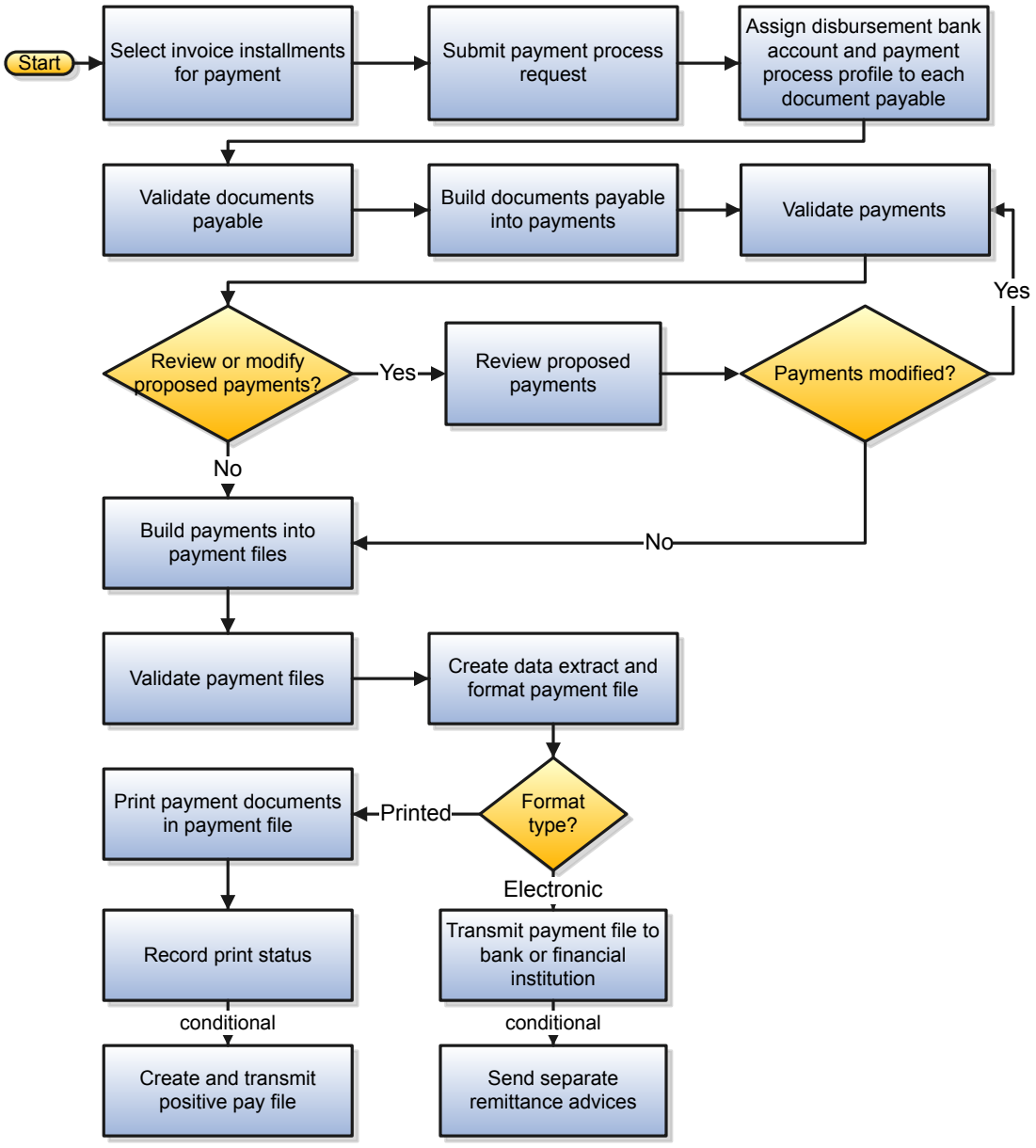
The following settings in the header region on the Create Payment Process Profile page impact printed disbursements:

- **Payment File Format** choice list: You specify the payment file format to use for the printed payment file.
- **Processing Type** choice list: Printed.
- **Default Payment Document** choice list
- **Send to File** radio button: Produces a formatted output file, which is printed outside of Oracle Fusion Applications.
- **Send to Printer** radio button
- **Automatically Print After Formatting** check box

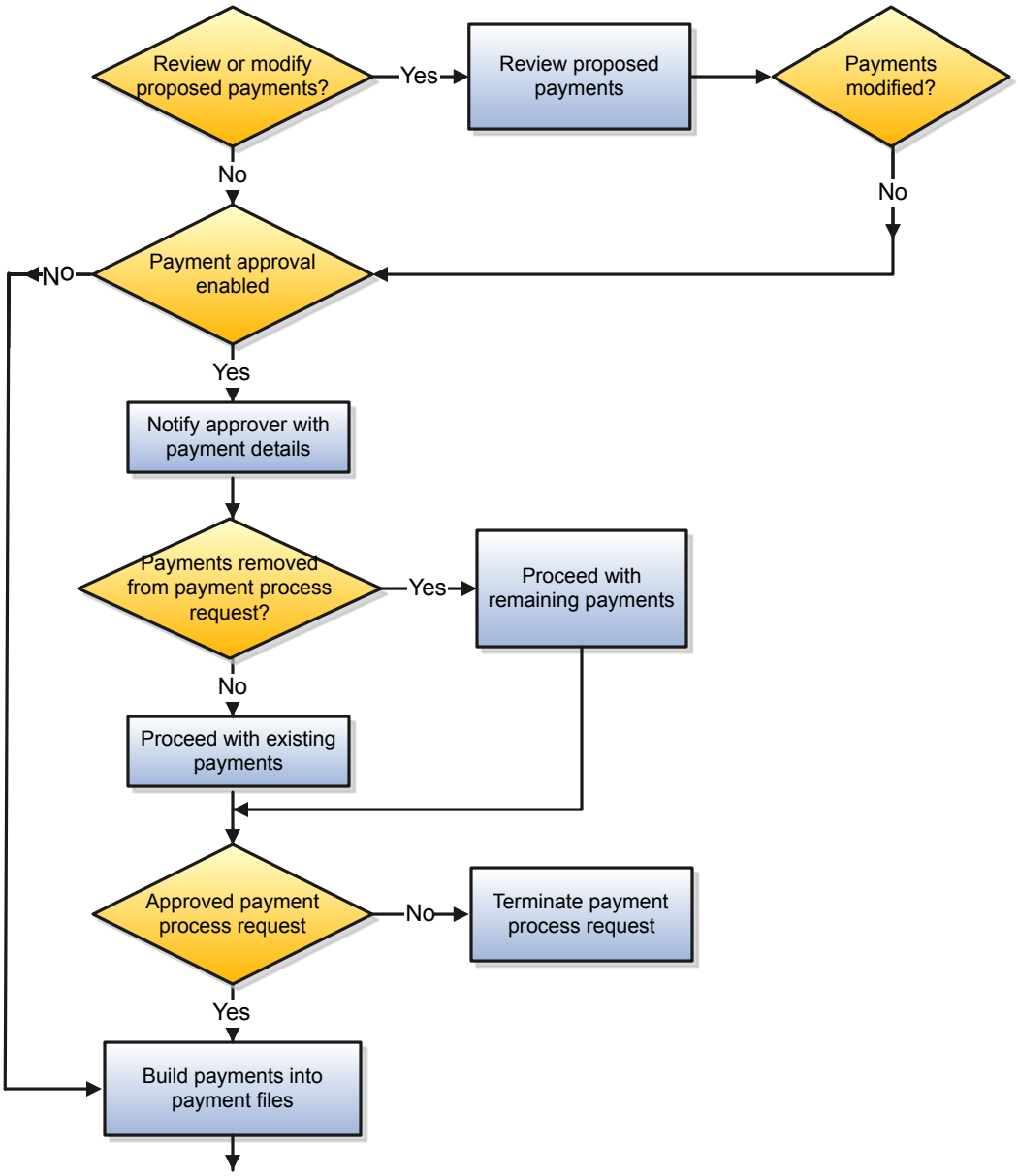
- **Default Printer** choice list

How Disbursements Are Processed

The following diagram shows the flow of the disbursement process.



The following figure shows the flow of the payment approval process within the disbursement process.



The following table describes the action steps performed by the disbursement process:

Action	Description
Create documents	Source product creates documents payable, such as invoices.
Select documents	Source product selects documents. Selected documents are grouped into a payment process request.
Submit payment process request	Payment process request is submitted to Payments for processing.

Action	Description
Assign bank account and payment process profile	Disbursement bank accounts, which are your company's bank accounts, and payment process profiles are assigned to documents payable within the payment process request. Payments automatically assigns these values when possible. When not possible, the application asks you to supply the values on the Assign Payment Process Attributes page.
Validate documents	Payments executes any document level validations set up on the payment method or format. Documents payable that fail validation can be automatically removed and returned to the source product. Valid documents payable continue in the disbursement process, or the payment process request can be stopped for resolution, depending on options set during the submission of the payment process request.
Create and validate payments	Payments groups like documents payable into payments, according to rules set up in the payment process profile. It then executes any payment level validations set up on the payment method or format. Payments that fail validation can be automatically removed and the documents payable returned to the source product. Valid payments continue in the disbursement process, or the payment process request can be stopped for resolution, depending on options set during the submission of the payment process request.
Review and modify payment process request	When the payment process request is submitted, it can be set to stop for review as soon as all payments pass validation. During the review, you can optionally remove payments from the payment process request or documents payable from payments. If you make any changes during the review, validations are executed again.
Approve or reject payment process request	When payment approval is enabled, the payment process stops at the Review Proposed Payments stage, and approvers can optionally remove payments directly from a payment process request and then approve it. The approval process generates and routes payment approval notifications to approvers. Approvers can approve or reject payment process requests directly from e-mails or from the Review Proposed Payments page.
Create payment file	Payments processes payments within each payment process request and groups them according to their disbursement bank accounts, payment process profiles, and other grouping rules to create payment files.
Validate payment file	Payments executes any payment file level validations set up on the format. Payment files that fail validation can be corrected by removing payments or the validation can be overridden.
Create extract and format	An extract, or XML file, is created that contains the data relevant to the payment file. Oracle BI Publisher applies a format template to the data in the extract. The result is a formatted file that contains data specified by the format.
Transmit payment file	If the payment process profile for a formatted payment file specifies electronic processing, the payment file is transmitted to the payment system. The payment system is a bank or other financial institution that processes the file and moves funds from the disbursement bank account to the payee bank account.
Print payment documents	If the payment process profile for a formatted payment file specifies printed processing, the payment file is printed onto payment documents, such as checks. If any checks print incorrectly, they can be reprinted. After checks print successfully, you can record the print status, which allows Payables to account for the payments.

Action	Description
Perform post-processing	After creating payments, you can optionally use reports as follows: • Separate Remittance Advice reports can be sent to suppliers, which lists the invoices you paid. • Positive Pay reports can be sent to banks to prevent fraud since unauthorized payments are not listed on the Positive Pay report. • Payment file registers can be created for internal use. They display details of payments that are included in a payment file. You can retain this report for your records.

Payment Methods: Explained

A disbursement payment method is a method of payment that your company uses to pay a supplier, customer, or employee. The payment method can be electronic, such as EFT, bill payable, or wire, or printed, such as a check. You can use a payment method to pay one or multiple third-party payees.

The purpose of creating disbursement payment methods is to:

- Define the disbursement payment methods you want to use to make payments
- Define usage rules to limit the use of disbursement payment methods to specific business units, legal entities, and other attributes.
- Assign validations to disbursement payment methods for running on documents payable, payments, and payment files

The level of granularity that you need for your disbursement payment methods is a factor to consider before you define them. You must decide whether to set up more or less granular disbursement payment methods. The least granular payment methods are those that are predefined in Oracle Fusion Payments, such as Check or Electronic. With this setup, you can associate each payment method with many payment process profiles and payment formats. This approach requires less knowledge from source product users, such as invoice entry clerks, but may involve more work later in the payment process.

Alternately, you can define more granular payment methods. When you do this, you can benefit from adding validations to the payment method, which are very targeted for specific transactions. An example of a very granular payment method is Italian EFT to which you might add a validation that is specific to Italy. With this kind of setup, validations are run as early as during invoice entry and thus, errors can be fixed more quickly.

Since creating very granular payment methods lead to more payment methods, it's important to also set up payment method defaulting rules. Payment method defaulting rules eliminate the burden during invoice entry of manually selecting one appropriate payment method from the many available. You can also use supplier-specific defaults, an option which is enabled on the Payment Method Default Basis section on the Manage Disbursement System Options page.

Creating a disbursement payment method in Payments is composed of the following major tasks:

- Creating usage rules
- Creating or assigning validations

Creating Usage Rules

Usage rules specify when a disbursement payment method is available for use by source products for documents payable. By creating usage rules, you enable or disable payment methods for each source product integrated with Oracle Fusion

Payments. You can provide different usage rules for different source products and change whether and when the payment method is available.

In the Usage Rules tab on the Create Payment Method page, you decide whether to assign the payment method to one of the following:

- All payees
- Specific business units, legal entities, and payment process transaction types for Oracle Fusion Payables
- Specific business units, legal entities, and payment process transaction types for Oracle Fusion Receivables
- Specific payment process transaction types for Oracle Fusion Cash Management

Creating or Assigning Validations

In the Validations tab on the Create Payment Method page, you can assign predefined validations to this payment method or create user-defined validations. Validations are rules that check the validity of documents payable, payments, or payment files.

Usage Rules: Explained

Usage rules specify when a payment method or a payment process profile can be used on a document payable.

You can specify:

- Usage rules for payment methods
- Usage rules for payment process profiles

Usage Rules for Payment Methods

A payment method is the medium by which the first-party payer, or deploying company, pays a supplier invoice, customer refund, or employee expense report.

By default, payment methods are available on all transactions. By creating usage rules, you can limit the use of a payment method based on the following transaction conditions:

- Source product
- Business unit
- First-Party legal entity
- Transaction type
- Whether domestic or foreign currency or payee location

Not all source products that are integrated with Oracle Fusion Payments have usage rule options. Some products, such as Oracle Fusion Fixed Assets, create transactions that are imported into Oracle Fusion Payables, and are included in Payables usage rules. Other products, such as Oracle Fusion Expenses, have fixed usage rules on supported payment methods.

The payment method that the source product user sees depends on the usage rules specified on the Create Payment Method page, Usage Rules tab. For example, suppose you have a payment method that is specific to one country. You could create a usage rule so that the payment method is available for only the one business unit associated with that country. A user entering an invoice for any other business unit wouldn't see that payment method available to select. Usage rules, combined with payment method defaulting rules and user-definable validations, make straight-though processing possible.

Usage Rules for Payment Process Profiles

A payment process profile specifies the details of the disbursement payment process, such as specifications for document payable grouping, payment grouping, and payment file formatting.

By default, payment process profiles are available on all transactions. By creating usage rules, you can limit the use of a payment process profile based on the following transaction conditions:

- Payment method
- Business unit
- Disbursement bank account
- Currency

The profile that is applied to a document payable depends on the usage rules specified on the Create Payment Process Profile page, Usage Rules tab. When you submit a payment process request, Payments compares the attributes of each transaction to the profile provided on the Submit Payment Process Request page. Any transaction fails validation whose attributes are in conflict with the profile's usage rules. If no profile is selected, Payments compares each transaction's attributes to all existing profiles to find one with usage rules that match the transaction attributes. If a match doesn't occur, a custom hook implementation or user intervention is required to determine the appropriate payment process profile to use.

To enable straight-through processing, it's important that usage rules are no broader than necessary. For example, having two profiles in which both sets of usage rules could apply to the same document payable leads to user intervention. However, if one profile is specific to business unit X and the other to business unit Y, then there's no ambiguity. The application can uniquely identify which payment process profile to apply to the document payable without user intervention.

Payment Method Defaulting: Explained

A payment method defaulting rule determines which payment method automatically populates an invoice or customer refund. During setup of payment method defaulting rules, you specify conditions under which a payment method acts as a default.

Payment method defaulting can be based on:

- Source product
- Business unit
- First-party legal entity
- Transaction type
- Domestic or foreign currency or payee location

Oracle Fusion Payments applies the payment method defaulting rules in the prioritized order you specify. For example, if the first rule is a match, Payments stops and defaults that rule's corresponding payment method onto the invoice. Suppose you specify that the payment method for all documents processed by Oracle Fusion Payables is first, Check, and second, EFT. In this case, if the conditions for payment method Check match those on the invoice, then payment method Check defaults onto the invoice.

If the conditions for payment method Check don't match those on the invoice, Payments determines whether the conditions for payment method EFT matches. If the conditions for payment method EFT match those on the invoice, then payment method EFT defaults onto the invoice.

The following factors may, depending on setup and data, influence payment method defaulting:

- Whether the option **Based Only on Payment Method Defaulting Rules Setup** or **Override Defaulting Rules when Default Method Set for Payee** is selected as the payment method default basis on the Manage Disbursement System Options page
- Prioritized order of the payment method defaulting rules
- Content of the payment method defaulting rules
- Default payment method set at supplier site, address, or supplier level

Payment Process Profiles: Explained

A payment process profile is a setup entity that controls payment processing. The payment method and other invoice attributes drive the assignment of a payment process profile to each document payable. Assigning a payment process profile to each documents payable tells Oracle Fusion Payments how to handle invoices, promissory notes, payments, and payment files during each step of the payment process.

A payment process profile controls payment processing for the disbursement flow. It provides the blueprint to:

- Link setups
- Control usage
- Specify payment formatting, printing, and transmission behavior
- Control creation of payments and payment files
- Automate report generation

To set up a payment process profile, navigate to: **Navigator > Tools > Setup and Maintenance work area > All Tasks tab > Search field: Task Lists and Tasks > Name field: Payments > Search button > Define Invoicing and Payments Configuration > Define Disbursements > Manage Payment Process Profiles > Go to Task > Manage Payment Process Profiles page > Create button > Create Payment Process Profile page**.

Link Setups

Before you can set up a payment process profile, you must set up the following:

- Payment formats
- Payment system and its payment system account
- Transmission configuration

Control Usage

You can set up a payment process profile to be used only with specific variables that appear on the Usage Rules tab:

- Payment method
- Disbursement bank account
- Business unit
- Currency

For example, if the payment format associated with the payment process profile only allows a specific currency, then you can specify that currency in the usage rules. The payment process profile is then only used on documents payable of the applicable currency.

Specify Payment Formatting, Printing, and Transmission Behavior

In the header of the Create Payment Process Profile page, you can specify the following attributes:

- Whether the payment process profile can be used for electronic or printed payment processing
- Payment file format to be used with the payment process profile
- Payment confirmation point

If the payment process profile is used for electronic payments, you select a payment system and enter details for the payment system account. This action allows Payments to electronically transmit files to the payment system.

If the payment process profile is used for printed payments, a payment system isn't required, but you can optionally select a payment system and transmission details so that Payments can electronically transmit positive pay files to your bank.

Control Creation of Payments and Payment Files

On the Payment and Payment File tabs of the Create Payment Process Profile page, you can control the creation of payments and payment files by:

- Grouping invoices into payments
- Grouping payments into payment files

On the Payment tab, an enabled grouping rule for an attribute means that two documents payable that share the same value for an attribute are grouped into the same payment. If values are different, the documents payable are in separate payments. A disabled grouping rule for an attribute means that the attribute won't apply when documents payable are built into payments.

On the Payment File tab, you specify payment grouping rules that determine which attributes are considered when grouping payments into payment files.

Additionally, you can specify the following.

- Batch booking: One debit entry is posted for a group, rather than for each credit transaction
- Overrides: If you select an override option, the payment file contains the service level and delivery channel combination you select, rather than those specified in supplier setup. If you don't select any override options, the payment file can contain multiple combinations.
- Payment limits: Limit for the number of payments in a payment file
- Payment sorting: Payments within a payment file are ordered as specified, which also determines the ordering of payments in the payment file register
- Bank instructions: Text that you want to include in all payment files created using this payment process profile
- Periodic sequences in format: Sequential numbering of payment files according to a payment system or bank's requirements.

Automate Report Generation

On the Reporting tab, you can specify whether you want the following reports to be automatically generated:

- Payment file register

- Positive pay
- Separate remittance advice

Setting Up Payment Approval: Explained

Payment approval allows management to control payments by prioritizing available funds. You can send payments to approvers for review before final payments are made to suppliers or employees. If enabled, the payment process stops at the Review Proposed Payments stage. Approvers can then optionally remove payments directly from a payment process request and approve it. Payment approval supports payments created only by the payment process request process and not those created on the Create Payments page.

The approval process generates and routes payment approval notifications to approvers. Approvers can approve or reject payment process requests directly from e-mails. They can also perform other approval actions from payment approval worklist notifications.

Setting up payment approval includes the following actions.

- Enabling payment approval
- Defining payment approval policy
- Configuring payment approval rules

Enabling Payment Approval

On the Manage Disbursement System Options page, select the **Enable payment approval** option. Navigate to: **Setup and Maintenance > Search: Manage Disbursement System Options > Manage Disbursement System Options page**.

Defining a Payment Approval Policy

Before you can configure payment approval rules, your company must define a payment approval policy. The payment approval policy defines:

- When to initiate the payment approval process
- Criteria for triggering the payment approval process, such as payment amount, bank account, or pay group
- A list of approvers who review payments and make final payment decisions

Your company's payment approval policy:

- Determines which payments must go through the payment approval process
- Allows approvers to review payments and decide whether or not to approve the payment.

Configuring Payment Approval Rules

To configure payment approval rules, navigate to the BPM Worklist application as follows: Setup and Maintenance > Search: Define Approval Management for Financials > Manage Task Configurations for Financials > BPM Worklist.

Perform the following steps:

1. Click the **Task Configuration** button.
2. In the Tasks to be configured pane, click the **PaymentApproval (11.1.12.0.0)** task.

3. Click the Assignees tab.
4. Click the **Switch to Vertical Layout** link.
5. Click the diamond icon in the bottom right of the Payment Approval box.
6. Click **Go to rule**.
7. Click the **Edit task** icon to create the payment approval rules.

Note: Payment approval rules are configured to route payment approval notifications to approvers in sequential order only.

Granting Payment Function Access Setup Task: Explained

Granting Payment Function Access is an optional Oracle Fusion Payments setup task in Setup and Maintenance. To disburse payments, the Oracle Fusion Payables administrator grants you access to the predefined duty role called Disbursement Process Management Duty. You perform the Granting Payment Function Access set up task only to restrict the Disbursement Process Management Duty role.

With access to the Disbursement Process Management Duty, you can make the following types of payments:

- Customer refunds
- Supplier payments
- Reimbursement of employee expense reports

When you're granted access to the Disbursement Process Management Duty, you can perform the following actions in Authorization Policy Manager (APM):

- View the Disbursement Process Management Duty.
- View children duty roles of the Disbursement Process Management Duty.
- Restrict or expand the Disbursement Process Management Duty.
- Assign the Disbursement Process Management Duty to job roles.

To restrict the Disbursement Process Management Duty role for an employee, you must first perform the following high-level prerequisite steps in Oracle Identify Manager (OIM). Then perform the steps listed in this topic in APM:

1. Create a new user.
2. Assign existing job roles to the new user.
3. Create a new job role.
4. Assign new job roles to the new user.

After you perform the steps listed in this topic in APM, then complete the steps by assigning the role of fscm to the Disbursement Process Management Duty role in APM.

Note: Oracle Fusion Applications and APM use different terms to describe the same security elements.

The following table lists two equivalent security terms.

Oracle Fusion Applications Security Reference Manuals	Authorization Policy Manager (APM)
Job role	External role

Oracle Fusion Applications Security Reference Manuals	Authorization Policy Manager (APM)
Duty role	Application role

View the Disbursement Process Management Duty

To view the Disbursement Process Management Duty, perform the following steps in APM:

1. Sign in to your home page.
2. In the address bar of your browser, delete all characters after us.oracle.com and append the URL with /apm.
3. Select the Authorization Management tab.
4. In the Search section, select **Application Roles** from the For choice list.
5. In the Search section, select **fscm** from the In choice list.
6. In the blank search field, enter Disbursement Process Management Duty and click the right arrow icon.
7. In the Search Results section, the following duty roles display:
    - Disbursement Process Management Duty for Employee PII
    - Disbursement Process Management Duty
8. In the Search Results section, select Disbursement Process Management Duty.
9. Click the Actions list and select Open.
10. The Disbursement Process Management Duty displays in the General tab, along with its role name and description as follows:
    - Display Name = Disbursement Process Management Duty
    - Role Name = IBY_DISBURSEMENT_PROCESS_MANAGEMENT_DUTY
    - Description = Assigns payment process attributes to documents payable, resolves document and payment validation errors, and reviews proposed payments. Views items that were rejected or removed from a payment process request.

View Children Duty Roles of the Disbursement Process Management Duty

The Disbursement Process Management Duty contains children duty roles. If you have access to the Disbursement Process Management Duty, you can also perform the duties of each of its children.

To view the children duty roles of the Disbursement Process Management Duty, perform the following steps in APM:

1. Select the Application Role Hierarchy tab.
2. Click the **Inherits** link. The following children duty roles display:
    - Party Information Inquiry Duty (FSCM)
    - Disbursement for Customer Refund Data Management Duty: Allows customer refunds
    - Disbursement for Employee Expense Data Management Duty: Allows employee expense report payments
    - Disbursement for Payables Data Management Duty: Allows supplier payments

To view the parent duty roles that inherit the Disbursement Process Management Duty, click the **Is Inherited By** link.

Note: The Disbursement Process Management Duty role doesn't have a parent duty role.

Restrict or Expand the Disbursement Process Management Duty

Given your company's security needs, you can restrict or expand the Disbursement Process Management Duty by performing the following steps:

1. Remove child duty roles from or add child duty roles to the predefined Disbursement Process Management Duty.
2. Remove privileges from or add privileges to the predefined Disbursement Process Management Duty.
3. Create a new Disbursement Process Management Duty role. The new Duty role can have more or less child duty roles or privileges as compared with the predefined Disbursement Process Management Duty.

Assign the Disbursement Process Management Duty to Job Roles

A job role consists of multiple duty roles. Duty roles determine access to functions appropriate to the job role. For example, the job roles of Accounts Payables Manager and Accounts Payable Supervisor inherit the Disbursement Process Management Duty. You can add job roles to or remove job roles from the Disbursement Process Management Duty.

To view the predefined job roles that are assigned to the Disbursement Process Management Duty, select the External Role Mapping tab in APM.

The Disbursement Process Management Duty is assigned to the following predefined job roles:

- Accounts Payable Supervisor
- Accounts Payable Manager

Any user who is assigned the preceding job roles has access to the following payment functions that are associated with the Disbursement Process Management Duty:

- Customer refunds
- Supplier payments
- Reimbursement of employee expense reports

Using Oracle BI Publisher Enterprise to Modify Templates for Use with Formats: Explained

Each format in Oracle Fusion Payments corresponds to one Business Intelligence Publisher Enterprise (BI Publisher Enterprise) template. Payments uses BI Publisher Enterprise templates to format funds capture and funds disbursement transactions according to the formatting requirements of financial institutions and payment systems. Each template contains prescribed formatting attributes, such as data location. Banks, payment systems, and countries have specific electronic formatting requirements for payment files and settlement batches.

You can use existing BI Publisher Enterprise templates or modify them with minimal effort by using a standard text editor, such as Microsoft Word. For example, when a payment system requires a change to its payment file format, you can quickly make the change by modifying the appropriate template.

Whether you modify an existing template or create a new one, determines whether you also create a new format and a new payment process profile. Each payment process profile is associated with a format. The table lists two template scenarios and indicates the resulting action you take.

	Scenario 1	Scenario 1
Action by user.	Create a new template.	Modify an existing template.
Naming the template.	Rename the template.	Keep the same name.
Where to save the new or modified template.	Payments folder under the Custom folder or Payments folder under the Financials folder.	Payments folder under the Custom folder.
Create a new format.	Yes	No
Create a new payment process profile.	Yes	No

To modify a template, you can:

- Download a copy of the applicable template.
- Upload a copy of the modified template.

Download a Copy of the Applicable Template

To download a copy of a predefined template, perform the following steps:

1. Sign in to Oracle BI Publisher Enterprise.
2. On the Home tab, click the **Catalog Folders** link. The Catalog tab appears with a hierarchy of folders.
3. Expand the Financials folder.
4. Expand the Payments folder.
5. Locate the predefined template type that you want to modify and click the **More** link.
6. From the menu, select **Customize**. All the templates that are associated with the predefined template type that you want to modify are copied to a folder under the Custom folder.
7. You can now download the files from the Custom folder and modify them according to the steps below or you can continue with step 8.

> **Note:** Do not modify predefined templates. When you apply a new patch or a new release, it overrides any changes you made to the predefined template. You can, however, copy a predefined template and then modify it.

8. On the Data Model tab, to copy a predefined template and save it to your local drive as a .rtf file, click the **Edit** link of the applicable template. Then click the **Save** button.
9. Navigate to the location where you want to save the copy of the template and click the **Save** button.
10. Navigate to the saved .rtf file and open it.

Upload a Copy of the Modified Template

To upload a copy of a modified template, perform the following steps:

1. Using a text editor, modify the .rtf file on your local drive.
2. Save as **Other Formats**, change the file name, click the **Save** button, and close the file.
3. To upload a copy of your modified template to Oracle BI Publisher Enterprise, navigate to the applicable tab, and click the **Add New Layout** link.
4. Click the **Upload** icon. The **Upload Template File** dialog box appears.

5. In the **Layout Name** field, enter a name for the template you modified.
6. In the **Template File** field, browse to the location of the modified template on your local drive and click the **Open** button.
7. From the Type choice list, select **RTF Template**.
8. From the Locale choice list, select the language for the modified template.
9. Click the **Upload** button. The modified template appears on the Data Model tab of the applicable tab.

> **Note:** The modified template is also copied to the Payments folder that is within the Custom folder.

10. To open the modified template, click the **Edit** link.
11. To confirm that the modified template is saved, click the **Catalog** link. The Catalog tab appears with a hierarchy of folders.
12. Navigate as follows: **Custom folder > Financials folder > Payments folder.**
13. Select the Payments folder.
14. For the applicable template, click the **Edit** link. Your modified template appears.

Setting Up User-Defined Validations for Payment Methods or for Payment Files: Worked Example

This example demonstrates how to set up two user-defined validations. You must set up two validations when you want your user-defined validations to:

- Compare values
- Ensure that a value always appears in the field you want to validate

The first condition ensures that the validation checks a value, which meets your specified condition and value. The second condition ensures that the field the validation checks is not empty.

> **Note:** You aren't required to set up two user-defined validations. A scenario can exist where you only want to create a user-defined validation that ensures that the field the validation checks is not empty.

The following table summarizes key decisions to consider before setting up a user-defined validation.

Decisions to Consider	In This Example
Do you want to compare a value that the user enters against a specified condition and value?	You want to validate that the **Document pay group** field is equal to the string **Domestic** when generating an invoice.
Do you want to ensure that the validated field is not empty?	You want to validate that the **Document pay group** field is not empty when generating an invoice.

User-Defined Validation That Checks a Specific Condition and Value

1. Navigate as follows: **Setup and Maintenance > All Tasks tab > Search field: Task Lists and Tasks > Name field: Payments > Search button > Define Invoicing and Payments Configuration folder > Define**

Disbursements folder > Manage Payment Methods task > Go to Task icon > Create icon > Create Payment Method page.

2. On the Create Payment Method page in the User-Defined Validations section, complete the fields as shown in this table for Validation 1.

   If you save the invoice without entering any value in the **Document pay group** field, Validation 1 alone, won't keep the invoice on hold.

Field	Value
Field	Document pay group
Condition	Equal to String
Value	Domestic

User-Defined Validation That Checks for an Empty Field

1. On the Create Payment Method page in the User-Defined Validations section, complete the fields as shown in this table for Validation 2.

   To include the scenario in the validation where no value is entered in the **Document pay group** field, you must set up a second validation. If you save the invoice without entering any value in the **Document pay group** field, the application then keeps the invoice on hold.

Field	Value
Field	Document pay group
Condition	Required
Value	Not applicable

Auditing Payments Business Objects

You can audit specific business objects and attributes in Oracle Fusion Payments to monitor user activity and data changes. Auditing includes recording and retrieving information pertaining to the creation, modification, or removal of business objects. All actions the user performs on an audited business object and its attributes are recorded by the application and logged in a table. From the table, you can run a report that indicates changes made to attributes by users. For example, you can enable auditing on sensitive information, such as a customer bank account number and its bank account name and currency. Changes made by any user to the audit-enabled attributes are recorded and retrievable.

To enable auditing on Payments business objects, navigate to: **Setup and Maintenance > Search Tasks: Manage Audit Policies > Manage Audit Policies page > Configure Business Object Attributes button > Configure Business Object Attributes page > Application choice list: Payables**.

Business Object: IBY_SECURITY_CONFIGURATION

Attribute name on the Configure Business Object Attributes page: SystemSecurityOptionsVO. System security options set to secure the application.

The IBY_SYS_SECURITY_OPTIONS table stores the system security options that are used for funds capture and disbursements processing. The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
TokenProfileId	TOKEN_ PROFILE_ID	Payment system that is providing the tokenization services	No
Wallet File Location	SYS_ KEY_ FILE_LOCATION	Location of the system password file.	Yes
SecKeyHashUpg	SYS_ KEY_HASH_UPG	Upgrade system key hash value.	No
Encryption Status	CC_ ENCRYPTION_ MODE	Encryption status of the credit card.	Yes
External Bank Account Masking Setting	EXT_ BA_ ENCRYPTION_ MODE	Encryption status of the external bank accounts.	Yes
Instrument Security Code	INSTR_ SEC_ CODE_ ENCRYPTION_ MODE	Security code encryption mode for credit card instruments.	Yes
Encryption Status	EXT_ BA_ ENCRYPTION_ MODE	Encryption status of the external bank account.	Yes
Credit Card Masking Setting	CREDIT_ CARD_ MASK_SETTING	Setting for credit card masking.	Yes
Number of Digits to Display	CREDIT_ CARD_ UNMASK_LEN	Number of digits exposed for masked credit card numbers.	Yes
External Bank Account Masking Setting	EXT_ BA_ MASK_SETTING	Setting for external bank account masking.	Yes
Number of Digits to Display	EXT_ BA_UNMASK_LEN	Number of digits exposed for external bank account numbers.	Yes
Maximum Number of Uses	SUBKEY_ USE_MAXIMUM	Maximum use count for security subkeys.	Yes

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Maximum Age in Days	SUBKEY_ AGE_MAXIMUM	Maximum age for security subkeys.	Yes

Business Object: DisbursementSystemOptionAM

Attribute name on the Configure Business Object Attributes page: DisbursementEnterpriseWiseOptionVO. Enterprise-level options.

The IBY_INTERNAL_PAYERS_ALL table stores payment processing and supplier-level defaulting attributes. Enterprise-level options are applied by default to all business units. The table also stores business unit-level attributes. You can override the payment method defaulting and allow payee bank account override options at the business unit level.You can optionally configure business unit-level overrides.

The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Payment Method Default Basis	PAYMENT_ METHOD_ AT_PAYEE_FLAG	Indicates whether the payment method defaults based on the payment method defaulting rules only or on the supplier-level payment method setup.	No
Review proposed payments after creation	REQUIRE_ PROP_ PMTS_ REVIEW_FLAG	Indicates whether Payments stops payment creation to allow an administrator to review and modify proposed payments before grouping them into payment files.	No
Allow payee bank account override on proposed payments	ALLOW_ EXT_ ACCT_ OVERRIDE_FLAG	Indicates whether the payee bank account can be overridden during proposed payment review.	No
Pay each document alone	EXCLUSIVE_ PAYMENT_FLAG	Indicates whether each payable invoice is paid separately.	No
Save formatted payment file in database	SAVE_ PAYMENT_ FILE_IN_DB	Indicates whether Payments saves a copy of the payment file in the database.	Yes

Attribute name on the Configure Business Object Attributes page: DisbursementBusinessUnitWiseOptionVO. Business unit-level options set to override the enterprise-level options.

The IBY_INTERNAL_PAYERS_ALL table stores payment processing and supplier-level defaulting attributes. Enterprise-level options are applied by default to all business units. You can optionally configure business unit-level overrides. The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Allow Payee Bank Account Override on Proposed Payments	ALLOW_ EXT_ ACCT_ OVERRIDE_FLAG	Indicates whether the payee bank account can be overridden during proposed payment review.	No
Payment Method Default Basis	PAYMENT_ METHOD_ AT_PAYEE_FLAG	Indicates whether the payment method defaults based on the payment method defaulting rules only or on the supplier-level payment method setup.	No

Business Object: IBY_PAYMENT_SYSTEM

Attribute name on the Configure Business Object Attributes page: PaymentSystemInfoAuditVO Payment system information.

The IBY_BEPINFO table stores information about payment systems. The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Transmission Servlet Base URL	BASEURL	URL that navigates to the payment system.	No
Code	SUFFIX	Three-letter suffix that identifies each payment system.	No
Active Status	ACTIVESTATUS	Indicates whether the payment system is active or inactive.	No

Business Object: IBY_PAYMENT_SYSTEM

Attribute name on the Configure Business Object Attributes page: PaymentSystemFormatVO Payment system formats used.

The IBY_PMT_SYS_FORMATS table links payment systems to the payment formats they support. When you create a payment process profile, the IBY_PMT_SYS_FORMATS table stores the formats that the payment system accepts. The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Name	PAYMENT_ SYSTEM_ID	Payment system identifier	No

Business Object: IBY_PAYMENT_SYSTEM

Attribute name on the Configure Business Object Attributes page: PaymentSystemTransmissionVO Payment system transmission information.

The IBY_PMT_SYS_TRANSMISSIONS table links payment systems to the transmission protocols they support. When you create a payment process profile, this table holds the transmission protocols that are supported by a particular payment system.

The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Name	TRANSMIT_ PROTOCOL_CODE	Transmission protocol identifier	No
BEPID	BEPID	Payment system identifier	No

Business Object: IBY_EXTERNAL_BANK_ACCOUNT

Attribute name on the Configure Business Object Attributes page: ExternalBankAccountVO. External bank account information.

The IBY_EXT_BANK_ACCOUNTS table defines the external bank account entity. The following table shows the fields that you can enable for auditing.

Caution: To ensure security, it's inadvisable to translate any of the columns in the IBY_EXT_BANK_ACCOUNTS table.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Country	COUNTRY_CODE	Country code of the bank account.	Yes
Branch Identifier	BRANCH_ID	Identifier of the bank branch to which this bank account belongs.	Yes
Bank Identifier	BANK_ID	Identifier of the bank to which this bank branch belongs.	Yes
Account	BANK_ ACCOUNT_NUM	Account number.	No
Currency	CURRENCY_CODE	Currency code.	Yes

Audit Attribute	Table Column	Description	Audit-Enabled by Default
IBAN	IBAN	International Bank Account Number.	No
Check Digits	CHECK_DIGITS	Check digits.	No
Account Type	BANK_ ACCOUNT_TYPE	Type of bank account.	No
Account Suffix	ACCOUNT_SUFFIX	Account suffix.	No
Allow international payments	FOREIGN_ PAYMENT_ USE_FLAG	Indicates whether this bank account is used for foreign payments or only for domestic payments.	No
Account Name	BANK_ ACCOUNT_NAME	Bank account name.	No

Business Object: IBY_EXTERNAL_BANK_ACCOUNT

Attribute name on the Configure Business Object Attributes page: ExternalBankAccountOwnerVO External bank account owner information.

The IBY_ACCOUNT_OWNERS table stores the joint account owners of a bank account. The following table shows the fields that you can enable for auditing.

Audit Attribute	Table Column	Description	Audit-Enabled by Default
Primary	PRIMARY_FLAG	Indicates whether the owner is the primary owner of the bank account.	Yes
To Date	END_DATE	Date the party's ownership of the account becomes inactive.	Yes

Related Topics

- Configuring Audit Business Object Attributes: Points to Consider
- Managing Audit Policies: Explained

FAQs for Disbursements

What's a payment code?

Oracle Fusion Payments enables you to specify payment codes that are required by financial institutions. Payment codes can provide details to banks or payments systems about transaction handling, bank charges, or payment reasons for regulatory reporting purposes.

Payment code types include:

- Bank instruction codes
- Delivery channel codes
- Payment reason codes

What's a bank instruction code?

Bank instruction codes are values that contain instructions that must be passed to a bank or financial institution at the payment file level. Up to two bank instructions can be entered on a payment process profile. When that payment process profile is used during the creation of a payment file, the bank instruction values are copied directly to it. The values are made available to the formatting process by the extract. If the payment format specifies the use of bank instructions, the values are passed to the bank in the header level of the payment file.

Oracle Fusion Payments provides many predefined bank instruction codes.

What's a delivery channel code?

Delivery channels are instructions that tell the bank how to make the payment to the payee. A default delivery channel value can be set on the supplier, supplier address, or supplier site. A value defaults from the lowest of these levels with a value populated, onto the invoice in Oracle Fusion Payables. On the invoice, it's displayed with the installments and can be manually overridden there.

When an installment is paid, the delivery channel is copied from the document payable to the payment when payment documents have the same delivery channel. If you select delivery channel as a grouping rule on the profile, all documents that share the same delivery channel are grouped into a payment.

Oracle Fusion Payments provides many predefined delivery channel codes.

What's a payment reason code?

Payment reason codes are generally country-specific identifiers provided by a country's government or central bank. These codes provide the payment system or bank with additional details about the reason for the payment for regulatory reporting purposes. The purpose of entering payment reason codes required by a country's payment system or central bank is to specify the reason for the payment.

Oracle Fusion Payments provides many predefined payment reason codes.

When do I need to add a second condition to a user-defined validation that runs against a payment file format or a payment method?

If you want your field validation to raise an error when the field is empty, you must select Required from the Condition choice list. Then, if applicable, create a second validation for the same field and select any other condition.

8 Payment System Connectivity

Validations: Critical Choices

Validations are rules that ensure that transactions are valid before they are printed or submitted electronically to payment systems. You use validations to ensure that disbursement transactions, such as invoices, payments, and payment files meet specific conditions before they can be paid. You can assign validations to payment methods and payment formats. A validation can be executed at the document payable, payment, or payment file level.

In payment processing, it's critical that payment files sent to payment systems and financial institutions are valid and correctly formatted. If this is not done, the payment process is slowed, which results in additional time and cost due to problem resolution. Oracle Fusion Payments helps you achieve straight-through processing by ensuring that payment-related details are valid. To assign validations, you can select from the following options:

- Assigning validations
- Creating user-defined validations
- Selecting from a predefined library of validations

The following table shows the objects you can validate and when validations are executed for the applicable setup.

Object	Payment Method-Driven Validations are Enforced When...	Payment File Format-Driven Validations are Enforced When...
Document Payable	The invoice is saved in the source product. The invoice installment is selected for payment.	The invoice installment is selected for payment.
Payment	The payment is created by building related documents payable together.	The payment is created by building related documents payable together.
Payment File	Not applicable.	The payment file is created.

Assigning Validations

You can assign user-defined validations to any:

- Payment method
- Payment file format

You can assign a validation to whichever object drives the requirement for validation. For example, if your bank format requires a limited number of characters in a specific field, you can assign that validation to the bank format. By doing this, you ensure that the validation is enforced only when applicable. However, if you want to enforce a general validation that isn't specific to the payment method or format, you can consider timing in your decision.

Payments always validates as early as possible for a given object and setup. Document payable validations that are associated with payment methods are enforced earlier in the process than those associated with formats. If you want validation failures handled by the same person who is entering the invoice, you can associate the validation with the payment

method. This method is ideal for business processes where each person has full ownership of the items entered. However, if you want focused invoice entry with validation failures handled centrally by a specialist, you can associate the validation with the format. This method is ideal for some shared service centers.

Creating User-Defined Validations

A user-defined validation explicitly specifies the object to which the validation applies:

- Document payable
- Payment
- Payment file

User-defined validations are basic validations that correspond to simple operations. These validations can be used as components, or building blocks, to build more complex validations. They enable you to validate, for example, the following conditions:

- Length of a value. Example: Payment Detail must be fewer than 60 characters for your bank-specific payment file format.
- Whether a field is populated. Example: Remit to bank account is required when payment method is Electronic.
- Whether content of a field is allowed. Example: Currency must be USD when using your domestic payment file format.

Selecting From a Predefined Library of Validations

Payments provides a library of predefined validations. You can associate these predefined validations with any payment method or payment file format you create. Many of the payment formats provided by Oracle have predefined validations associated with them by default.

Predefined validations are groups of individual validations that are together for a specific purpose. Many of the predefined validations that you can associate with payment formats are country-specific. Predefined validations cannot be modified, although some have parameters you can set to define specific values.

Setting Up Formats: Explained

Setting up formats is a mandatory task in Oracle Fusion Payments. A format is a disbursements or a funds capture data file to which an Oracle Business Intelligence Publisher (Oracle BI Publisher) template is applied. Oracle BI Publisher templates contain formatting attributes that format data files. Formatted outputs include printed checks, electronically transmitted payment files, settlement batches, and reports.

The purpose of setting up formats is to enable payment systems, financial institutions, or countries to understand your company's messages, given their specific formatting requirements for disbursements or funds capture transactions. Inbound messages come from a payment system or financial institution to your company. Outbound messages leave your company to your payment system or financial institution.

Setting up formats involves the following actions:

- Using Oracle BI Publisher templates
- Using data extracts
- Using the identity format
- Considering best practices

- Setting up formats
- Understanding associations between format entities
- Assigning validations to formats

Note: Before you can set up formats, you must set up the corresponding templates in Oracle BI Publisher. For more information on setting up templates, see Oracle Fusion Middleware Report Designer's Guide for Oracle Business Intelligence Publisher at http://docs.oracle.com/cd/E25054_01/bi.1111/e13881/toc.htm.

Using Oracle BI Publisher Templates

Each Payments format corresponds to one Oracle BI Publisher template. BI Publisher templates specify exactly how formatted output is to be generated. BI Publisher templates can also be used to generate fixed-position, machine-readable files through BI Publisher's eText functionality.

Using Data Extracts

Each disbursement or funds capture format is also associated with a disbursement or funds capture Payments' data extract. Each data extract contains transactional data. Oracle BI Publisher templates use data extracts to format transactional data. Transactional data is extracted from Payments' or Oracle Fusion Receivables' transactional tables.

For a disbursements extract, data comes from:

- Payments
- Payment files
- Documents payable tables

For a funds capture extract, data comes from:

- Funds capture transactions
- Settlement batches
- Receivables transactions

For more information on Payments' XML extracts, see How To Generate and View Fusion Payments XML Extract , Doc ID 1428249.1, on My Oracle Support.

Using the Identity Format

The Identity format outputs the XML extract provided by Payments. It's intended for diagnostic purposes, but you can also use it to understand how extract fields are populated from transactional and setup entities. This is especially helpful if you intend to create complex customizations using other templates.

The Identity format is an Oracle BI Publisher template called IBY_IDENTITY. It's part of the Funds Capture Authorization and Settlement report. If you want to use the Identity format for a disbursements report, you must download the RTF template and upload it as part of the intended disbursements report. Then, you can set up a customized format in Payments using the newly created format with a payment process profile or a funds capture process profile, and examine the XML output.

Considering Best Practices

Before setting up formats, find out what payment formats your processing bank supports. Consider using standards-based payment formats that can be used with multiple banks:

- EDIFACT formats, such as PAYMUL, MT100, and MT103
- NACHA formats, such as Generic, CCD, or PPD

Setting Up Formats

To set up a format, select a predefined format type on the Manage Formats page. Navigate to: **Setup and Maintenance > All Tasks > Search field: Task Lists and Tasks > Name field: Payments > Search > Define Invoicing and Payments Configuration > Configure Payment System Connectivity > Manage Formats > Go to Task > Manage Formats page**.

The format type you select specifies:

- Type of message that is created
- Oracle BI Publisher template that is used to format the data file
- Data extract that is used

On the Create Format page, associate an Oracle BI Publisher template with the format type you selected.

Understanding Associations Between Format Entities

The following table shows the association between format types, templates, and data extracts.

Format Types	Oracle BI Publisher Template	Data Extracts
Disbursement Payment File Formats	Disbursement Payment File Formats	Disbursement Extract
Disbursement Positive Pay File Formats	Disbursement Positive Pay Formats	Disbursement Positive Pay Extract
Disbursement Separate Remittance Advice Formats	Disbursement Separate Remittance Advice Formats	Disbursement Extract
Disbursement Accompanying Letter Formats	Disbursement Accompanying Letter Formats	Disbursement Extract
Disbursement Payment Process Request Status Report Formats	Disbursement Payment Process Request Status Report	Disbursement Payment Process Request Extract
Disbursement Payment File Register Formats	Disbursement Payment File Register	Disbursement Extract
Funds Capture Settlement Format	Funds Capture Authorization And Settlement Formats	Funds Capture Extract
Funds Capture Accompanying Letter Formats	Funds Capture Accompanying Letter Formats	Funds Capture Extract

Format Types	Oracle BI Publisher Template	Data Extracts
Funds Capture Payer Notification Formats	Funds Capture Payer Notification Formats	Funds Capture Extract

Assigning Validations to Formats

After you create a format, you can optionally assign predefined or user-defined payment validations to it on the Edit Format page. Validations ensure that disbursements or funds capture transactions execute according to specified conditions.

Transmission Protocol: Explained

Computers use transmission protocols to communicate with each other across a network. To transmit data, such as payment files from Oracle Fusion Payments to a payment system, the implementor defines protocols that the payment system can receive.

Payments offers industry-standard transmission protocols, such as FTP, HTTP, and HTTPS, predefined. They are composed of the following:

- A code entry point, which the payment system servlet uses to accomplish transmission
- A list of parameters, such as network address and port, for which the transmission configuration must supply values
- Transmission protocol entry points, which are independent of payment servlets and may be called from the Payments engine

While the transmission protocol defines which parameters are expected in the communication, the transmission configuration defines what value is supplied for each parameter. Transmission configurations and payment systems are associated on the funds capture process profile for funds capture or on the payment process profile for disbursements.

Note: This note applies only to on-premises customers, and never to Oracle Cloud customers. The preferred file-based transmission protocol is Secure File Transfer Protocol (SFTP). File Transfer Protocol (FTP) is unsecured and should only be used to meet legacy third-party requirements. FTP must be used over a secure link such as a virtual private network (VPN) or a leased line with data link level encryption enabled.

Transmission Configuration: Explained

A transmission configuration is a group of specific transmission details. A transmission configuration defines a value for each parameter in a transmission protocol. The values in a transmission configuration are specific to one payment system or financial institution.

For example, suppose a transmission protocol requires parameter values for a Socket IP Address and a Socket Port Number. Your payment system that accepts that protocol will give you the values that it expects to receive for these parameters. You enter the applicable values in the **Socket IP Address** and **Socket Port Number** fields for the transmission configuration. The transmission configuration is then assigned to the payment system within the funds capture process profile for funds capture transactions or within the payment process profile for disbursement transactions.

To transmit files to your payment system, you can set up transmission configurations on the Create Transmission Configuration page. Navigate to: **Navigator > Directory > Setup and Maintenance > All Tasks tab > Search field:**

Task Lists and Tasks > Name field: Payments > Search button > Define Invoicing and Payments Configuration > Configure Payment System Connectivity > Manage Transmission Configurations task > Go to Task > Manage Transmission Configuration page.

Related Topics

- Setting Up Transmission Configurations: Explained

Configuring Pretty Good Privacy (PGP) Encryption and Digital Signature for Outbound and Inbound Messages: Explained

You can secure both outbound and inbound messages using payload security. Payload security is the securing of payment files and other files using payment file encryption and digital signature based on the open PGP standard. You can update existing transmission configurations to use encryption and digital signature for your existing connectivity with banks

For outbound messages, Oracle Payments Cloud supports encryption and digital signature for:

- Payment files and positive pay files for disbursements
- Settlement batch files for funds capture

For inbound messages, the application supports decryption and verification of digitally signed encrypted files for:

- Funds capture acknowledgment files
- Bank statements

You can also secure payment data using secured transmission protocols, such as SFTP or HTTPS.

Note: Oracle Applications Cloud supports decryption of payment files that are encrypted using version BCPG 1.45 or lower of the OpenPGP standard.

Configuring encryption and digital signature for outbound and inbound messages includes the following actions:

- Generating keys
- Setting up outbound transmission configuration
- Setting up inbound transmission configuration
- Uploading the bank-provided public key file
- Downloading the system-generated public key file

Generating Keys

Encryption and digital signature verification requires a public key. Conversely, decryption and signing a digital signature requires a private key. The party who generates the public key and the private key, known as the key pair, retains the private key and shares the public key with the other party. You can generate or receive a public key subject to the agreement with your bank.

The following table provides typical generation details of the public and private key pair:

Key Pair Generated	Generates Outbound Messages from Payments	Generates Inbound Messages to Payments
PGP Public Encryption Key and PGP Private Signing Key	Bank	Deploying company
PGP Public Signature Verification Key and PGP Private Decryption Key	Deploying company	Bank

If you're generating the key pair, you can automatically generate them within Oracle Applications Cloud.

If you receive either the PGP Public Encryption Key or the PGP Public Signature Verification Key, you must import it into Oracle Applications Cloud using UCM.

Setting Up Outbound Transmission Configuration

For outbound messages, such as payment files, positive pay files, and settlement batch files, you must:

- Encrypt your payment file using the bank-provided public encryption key.
- Optionally, sign the payment file digitally using the private signing key that you generate.

On the Create Transmission Configuration page, you can see the outbound parameters as shown in the following table.

Outbound Parameters	Description
PGP Public Encryption Key	A key given to you by your bank that you use to encrypt your outbound payment file. To upload the bank-provided public encryption key, use UCM by navigating to Tools > File Import and Export. Lastly, on the Create Transmission Configuration page for the PGP Public Encryption Key parameter, select the public encryption key file from the Value choice list.
PGP Private Signing Key	A key generated by you to digitally sign the outbound payment file. To generate the private signing key, select the Create option from the Value choice list for the PGP Private Signing Key parameter. The application: • Automatically generates the private signing key and links it to your transmission configuration. • Generates a public encryption key file that you can download from UCM and share with your bank. The bank uses your public encryption key file to verify the digital signature of the payment files that you transmit to the bank.

Setting Up Inbound Transmission Configuration

For inbound payment messages, such as acknowledgments and bank statements, you must:

- Verify the digital signature using the bank-provided public signature verification key.
- Decrypt the file using the private decryption key that you generate.

On the Create Transmission Configuration page, you can see the inbound parameters as shown in the following table.

Inbound Parameters	Description
PGP Public Signature Verification Key	A key given to you by your bank that you use to validate the digital signature of inbound acknowledgment files or bank statements. To upload the bank-provided public signature verification key, use UCM by navigating to Tools > File Import and Export. After you upload the bank-provided public signature verification key using UCM, you can select the key file from the Value choice list for the PGP Public Signature Verification Key parameter on the Create Transmission Configuration page. After you select the public signature verification key file, it's automatically imported.
PGP Private Decryption Key	A key generated by you to decrypt the inbound encrypted file. To generate the private decryption key, select the Create option from the Value choice list for the PGP Private Decryption Key parameter. The application: • Generates the private decryption key and links it to your transmission configuration. • Generates a public signature verification key file that you can download from UCM and share with your bank. The bank uses your public signature verification key file to encrypt acknowledgments and bank statements.

Uploading the Bank-Provided Public Key File

To upload, or import, either the bank-provided PGP Public Encryption Key or the PGP Public Signature Verification Key into Oracle Applications Cloud, perform the following steps:

1. Rename the bank-provided key file by including **_public.key** as the suffix. Ensure that the key file name doesn't have any special characters other than the underscore.
2. Navigate to: **Navigator > Tools > File Import and Export**.
3. Import the bank-provided key file into account **fin/payments/import**.
4. Navigate to the Create Transmission Configuration page.
5. From the Value choice list for the applicable parameter, select the uploaded key file.

> **Tip:** The key name in the choice list is the same as the one you uploaded using UCM.

6. After you select the key and save the transmission configuration, the key is automatically imported into the Payments.

Downloading the System-Generated Public Key File

To download the system-generated public key file from Payments to share with your bank, perform the follow steps:

1. On the Create Transmission Configuration page, select the Create option for the applicable parameter.
2. Click the **Save and Close** button.
3. Navigate to: **Navigator > Tools > File Import and Export**.
4. From the Account choice list, select **fin/payments/import** and search for the system-generated public key file.
5. Download the system-generated public key file.

> **Tip:** The file name is similar to the private key file that was generated and attached to the transmission configuration.

Note: SSH (Secure Socket Shell) key-generation for SFTP two-factor authentication is generated by Oracle Support based on a service request.

Testing the Transmission Configuration: Explained

The transmission configuration setup is used to transmit outbound payment files, settlement batch files, and positive pay files to your payment system or financial institution. It's also used to pull funds capture acknowledgment files. The setup captures various parameters, which may be different for different protocols. You can test your transmission configuration to confirm whether your setup of outbound and inbound transmission protocols is correct.

To confirm the accuracy of the setup, click the **Test** button on the Create or Edit Transmission Configuration page. The **Test** button is active only when the values associated with all the mandatory parameters are present. Typical transmission configuration parameters that are available to test include:

- Destination server URL
- Destination server IP address
- Destination server port number
- Remote file directory
- User credentials

Testing the transmission configuration setup includes reviewing return messages.

Reviewing Return Messages

The **Test** button action contacts the destination server with the specified parameters, which results in a return message. The return message is a combination of functional text and raw message text. This occurs so both functional and technical users can benefit from the message. For example, suppose the remote file directory is invalid. The return message is: Incorrect remote directory (IBY_Trans_Test_Remote_Dir_Fals).

The following table describes transmission configuration connection tests and test results with their associated return messages.

Test	Test Result	Return Message
Whether the connection is correct.	• Connection is successful. • Remote file directory is present.	Success (raw message)
Whether the remote file directory is valid.	• Connection is successful. • Remote file directory isn't present or incorrect.	Incorrect remote directory (raw message)
Whether user credentials are correct.	• Connection is unsuccessful. • Destination IP address and port is correct. • Incorrect login credentials.	Incorrect user credentials (raw message)
Whether IP address or port is correct.	• Connection is unsuccessful. • Incorrect IP address or port.	Incorrect destination server details (raw message)

Test	Test Result	Return Message
Whether two factor key file-based authentication is successful.	• Connection is unsuccessful. • Unsuccessful key file-based authentication.	Unsuccessful authentication (raw message)
Whether the destination server is responsive.	Destination server is down.	Destination server is not responding (raw message)
Not applicable.	Any other failure.	(raw message)

Setting Up a Payment System: Explained

In Oracle Fusion Payments, setting up a payment system is mandatory if your company wants to transmit electronic payments or funds capture transactions to a payment system or a bank. The payment system can be the bank where your company has its bank accounts or it can be a third-party processor or gateway that connects your company to a financial network. The purpose of setting up a payment system is to define the external organization that Payments uses to process your funds capture and disbursement transactions.

Payment systems are not required for printed disbursement payments, such as checks, but may be required for related services, such as a positive pay report.

Setting up a payment system includes the following actions:

- Selecting a gateway or processor payment system
- Considering best practices
- Defining a payment system
- Specifying payment system settings
- Understanding payment system accounts

Selecting a Gateway or Processor Payment System

Payments supports both gateway and processor payment systems. A gateway is a service provider that acts as an intermediary between a first party payee and a payment processor. A processor is a service provider that interacts directly with banks and card institutions to process financial transactions. Examples of payment processors include Visa, MasterCard, and American Express.

Your choice of integrating with a gateway or a processor payment system is generally determined by your:

- Type of business
- Number of transactions per day
- Your bank

The following table shows the differences between gateway and processor payment systems.

Factors	Gateways	Processors
Connectivity and Security	Provide easy connection, often using SSL-based internet connectivity.	Provide more rigorous security, connectivity, and testing requirements.
Additional Fees	Charge additional fees, including per-transaction fees, beyond what processors charge.	Not applicable.
Volume of Transactions	Favor lower-volume merchants or merchants who are willing to pay a per-transaction premium for easier setup and connectivity.	Often favor higher-volume merchants who are willing to exert more effort for processor connectivity.
Online or Offline	Takes all transactions online.	Allows authorizations in real-time and follow-up transactions, such as settlements and credits offline. • Offline transactions must be batched together and sent as a single request to the payment system. • All transactions other than authorizations are, by default, performed offline. • Offline transactions are sent when the next settlement batch operation is attempted.

Considering Best Practices

Before you set up a payment system, leverage your current banking or processing relationship. Determine whether your bank or processor can process transactions or has a partnership with a processor.

Defining a Payment System

To define a payment system, navigate to: **Navigator > Tools > Setup and Maintenance > Search: Tasks field: Manage Payment Systems task > Go to Task > Manage Payment Systems page > Create button > Create Payment System page.**

When you set up a payment system on the Create Payment System page, specify the following:

- Types of payment instruments the payment system supports for funds capture transactions
- Data file formats and transmission protocols accepted by the payment system
- Settings required by the payment system
- Settings required by the tokenization provider if your company has enabled tokenization

Note: Setting up a payment system may be required, even for transmitting a payment file offline by downloading it to your local drive and then e-mailing it to your payment system or bank. The payment system and payment system account setup capture several attributes, which are passed in the payment file or settlement batch message. Without these attributes, a payment file is invalid and rejected by bank.

Specifying Payment System Settings

In the Settings Required by Payment System section, specify the settings that the payment system requires from each internal payer or payee. These settings can be used to identify the internal payer or payee as a client of the payment system or to provide other processing information. You can specify the type of data required for each setting and decide whether it is advisable to secure the setting's values by masking.

Tip: The payment system generally provides the values for the payment system settings, which you enter as part of the payment system account.

Understanding Payment System Accounts

You define your company's account with the payment system on the Edit Payment System Accounts page. The payment system account contains a value for each of the attributes required by the payment system. For example, the payment system may require a Submitter ID and Submitter Password to be included in any message sent to it.

You can configure a secure payment system account by entering a password. For secured settings, the values captured in the payment system account are masked.

Tip: You can set up multiple payment system accounts in Payments for a single payment system.

Payment System Account: Explained

A payment system account is an account identifier that is composed of values for parameters. The payment system provides you with the values that it requires to identify each payment or settlement batch file. Stored in the payment system account are values for settings and your company's identifiers. Your company can have multiple payment system accounts with a single payment system.

Payment system accounts are associated with the following setup objects:

- Internal payees
- Funds capture process profiles
- Payment process profiles

The following table shows setup objects and the action they perform relative to the payment system.

Setup Object	Setup Object Action
Payment system	• Tells Payments where to send the funds capture transactions. • Tells Payments where to send the disbursements transaction.
Payment system account	Tells Payments how to identify itself to the payment system
Transmission configuration	Tells Payments how to transmit the transaction to the payment system

Internal Payees

You can set up routing rules that are assigned to an internal payee. Routing rules specify which payment system account a transaction is transmitted to, based on the values of various transaction attributes.

If you don't need granular routing rules to determine which payment system account is the right one for a transaction, or if you want a fallback value should none of the routing rules apply, you can set up one default payment system account on each internal payee for each payment method.

Funds Capture Process Profiles

The funds capture process profile tells Oracle Fusion Payments how to process a funds capture transaction and how to communicate with the payment system. A funds capture process profile is specific to one payment system and its payment system accounts.

For each payment system account that is enabled on the funds capture process profile, you can select up to three transmission configurations, one each for authorization, settlement, and acknowledgment.

Payment Process Profiles

The payment process profile tells Payments how to process a disbursement transaction and how to communicate with the payment system to transmit a payment file or a positive pay file. When an electronic transmission is required, a payment process profile is specific to one payment system and its payment system accounts. For each payment system account that is enabled on the payment process profile, you select a transmission configuration.

Importing a Security Credential File: Procedures

To secure your electronic transmissions, you can upload, import, and assign a security credential file to transmission configurations. A security credential file is a digital file that stores your security key, which the application uses to encrypt or authenticate data transmitted to remote third-party systems such as banks. Once your security credential file with its secret key is assigned to a specific transmission configuration, any future process that runs and references this transmission configuration will use the file with its key for transmission security. The application understands which credential files are used by which protocols and displays only the appropriate ones in the setup pages.

Payments supports a variety of security-related credential files, including wallet files, trust store files, and digital certificates.

> **Note:** This procedure is applicable to Oracle Cloud implementations only.

Before you can import a security credential file with its key into Payments, you must first create a Payments master encryption key.

Creating a Wallet File and a Master Encryption Key Automatically

To create a wallet file and a master encryption key automatically, perform the following steps:

1. Navigation: **Tools > Setup and Maintenance**.
2. Search on Manage System Security Options.
3. In the Search Result section, click the **Go to Task** icon to open the Manage System Security Options page.

4. Click the **Edit Master Encryption Key** button to open the **Edit Master Encryption Key** dialog box.
5. Select the **Automatically create wallet file and master encryption key** check box.
6. Click the **Save and Close**button.
7. When you see the Warning message, click **Yes**.

Uploading the Wallet Security Credential File

Before you can import the security credential file, you must first upload it to Payments.

> **Caution:** Ensure the credential file is password-protected when you create it and that it is immediately deleted from Oracle Fusion Applications upon completion of the import process.

1. Navigation: Tools > File Import and Export.
2. Click the **Upload** icon to open the **Upload File** dialog box
3. Browse to the file you created and stored locally.
4. From the **Account** choice list, select **fin/payments/import**.
5. Click the **Save and Close** button.

Importing the Wallet Security Credential File

To import security-related credential files, such as wallets and private keys for use in advanced security features, you can use the Import Security Credential Job process.

1. Navigation: Tools > Scheduled Processes to open the Scheduled Processes page.
2. Click the **Schedule New Process** button to open the **Schedule New Process** dialog box.
3. Search and select the case sensitive Import Security Credential Job to open the **Process Details** dialog box.
4. From the **Credential File Type** choice list, select the appropriate file type for your credential.
5. In the **Security Credential Name** field, enter a name for the credential file.
6. From the **UCM** (Universal Content Management) **File Name** choice list, select the file you previously uploaded.
7. Click the **Submit** button.

   A confirmation message indicates the process ran successfully.
8. Click the **Close** button.
9. Click the **Refresh** icon. The Import Security Credential Job appears in the Search Results section with a status of **Succeeded**.

Assigning the Wallet File to a Transmission Configuration

To assign the credential file to a transmission configuration, perform the following steps:

1. Navigation: Tools > Setup and Maintenance.
2. Search on Transmission Configuration.
3. Click the **Go to Task** icon to open the Manage Transmission Configurations page.
4. In the Search section, select your protocol from the **Protocol** choice list and click the **Search** button.
5. In the Search Results section, click the applicable configuration link to open the Edit Transmission Configuration page.
6. In the **Value** field for your protocol's applicable parameter, select the file you created, uploaded, and imported.

   The name of the specific parameter used to import a security credential file depends upon the protocol.

You can now securely transmit electronic files using this transmission configuration.

FAQs for Payment System Connectivity

What's a format type?

A type or categorization that indicates what a format is used for. Examples of format types include payment file, remittance advice, and bank statement. Each format that you create in Oracle Fusion Payments is associated with a format type so the application knows how the format is used. Format types are either disbursement formats that relate to payment files or funds capture formats that relate to settlements or reports.

The following table shows several examples of format types.

Disbursement Format Types	Funds Capture Format Types
Disbursement separate remittance advice	Funds capture authorization and settlement
Disbursement positive pay file	Funds capture accompanying letter
Disbursement payment process request status report	Funds capture payer notification

The format type you associate with a format specifies the following:

- Type of message that is created
- Data extract that is used by the template to format the transaction data

Related Topics

- Using Oracle BI Publisher Enterprise to Modify Templates for Use with Formats: Explained

9 Payments Security

System Security Options: Critical Choices

You can implement application security options on the Manage System Security Options page as part of a complete security policy that's specific to your organization. Security options can be set for encryption and tokenization of credit cards and bank accounts, as well as for payment instrument masking. Security options are used for both funds capture and disbursement processes.

To secure your sensitive data, consider the following security questions:

- Which security practices do you want to employ?
- Do you want to tokenize your credit card data?
- Do you want to encrypt your bank account data?
- Do you want to encrypt your credit card data?
- How frequently do you want to rotate the master encryption key and the subkeys?
- Do you want to mask credit card and bank account numbers, and if so, how?

To set up application security options, search for and select the **Manage System Security Options** task from the Setup and Maintenance work area.

Best Security Practices

The following actions are considered best security practices for payment processing:

- Comply with the Payment Card Industry Data Security Standard (PCI DSS). PCI DSS is the security standard that is required for processing most types of credit cards.
    - Comply with all requirements for accepting credit card payments.
    - Minimize the risk of exposing sensitive customer data.
    - Work with a PCI DSS auditor to ensure compliance with the required security standards and to avoid potential violations.
- Before importing or entering data into Payments, encrypt and mask the following:
    - Customer credit card numbers
    - Supplier bank account numbers
    - Cardholder names
- Create a wallet.
    - Store the wallet file in a secure file location with limited access.
    - Rotate the master encryption key periodically.

Implementation Process of Wallet File, Master Encryption Key, and Encryption

Before you can enable encryption for credit card or bank account data, you must automatically create a wallet file. The wallet file exists on the file system of the Oracle Enterprise Storage Server. A wallet file is a digital file that stores your master encryption key. The application uses your master encryption key to encrypt your sensitive data.

Automatic creation of the wallet file ensures that the wallet file is created in the proper location and with all necessary permissions.

Credit Card Tokenization

If you tokenize your credit card data, you are complying with Payment Card Industry Data Security Standard (PCI DSS) requirements. PCI DSS requires companies to use payment applications that are PA DSS compliant.

Tokenization is the process of replacing sensitive data, such as credit card data, with a unique number, or token, that isn't considered sensitive. The process uses a third-party payment system that stores the sensitive information and generates tokens to replace sensitive data in the applications and database fields. Unlike encryption, tokens can't be reversed mathematically to derive the actual credit card number.

You can set up your tokenization payment system by clicking the Edit Tokenization Payment System button on the Manage System Security Options page. Then, to activate tokenization for credit card data, click the Tokenize button in the Credit Card Data section.

Credit Card Data Encryption

You can encrypt your credit card data to assist with your compliance of cardholder data protection requirements with the following:

- Payment Card Industry (PCI) Data Security Standard
- Visa's PCI-based Cardholder Information Security Program (CISP)

Credit card numbers entered in Oracle Fusion Receivables and Oracle Fusion Collections are automatically encrypted. Encryption is based on the credit card encryption setting you specify on the Manage System Security Options page.

> **Note:** If you bring card numbers into Payments through import or customization, it's advisable to run the Encrypt Credit Card Data program immediately afterward.

Bank Account Data Encryption

You can encrypt your supplier and customer bank account numbers.

Bank account encryption doesn't affect internal bank account numbers. Internal bank accounts are set up in Oracle Fusion Cash Management. They are used as disbursement bank accounts in Oracle Fusion Payables and as remit-to bank accounts in Receivables.

Supplier, customer, and employee bank account numbers entered in Oracle applications are automatically encrypted. Encryption is based on the bank account encryption setting you specify on the Manage System Security Options page.

> **Note:** If you bring bank account numbers into Payments through import or customization, it's advisable to run the Encrypt Bank Account Data program immediately afterward.

Master Encryption Key and Subkey Rotation

For payment instrument encryption, Payments uses a chain key approach. The chain key approach is used for data security where A encrypts B and B encrypts C. In Payments, the master encryption key encrypts the subkeys and the subkeys encrypt the payment instrument data. This approach allows easier rotation of the master encryption key.

The master encryption key is stored in the wallet. The wallet is an Oracle Applications program module that protects stored data in an encrypted format. The master encryption key can be rotated, or generated, which also encrypts subkeys, but doesn't result in encrypting the credit card or bank account numbers again.

If your installation has an existing master encryption key, you can automatically generate a new one by clicking the **Rotate** button.

> **Note:** To secure your payment instrument data, you're advised to annually rotate the master encryption key or rotate it according to your company's security policy.

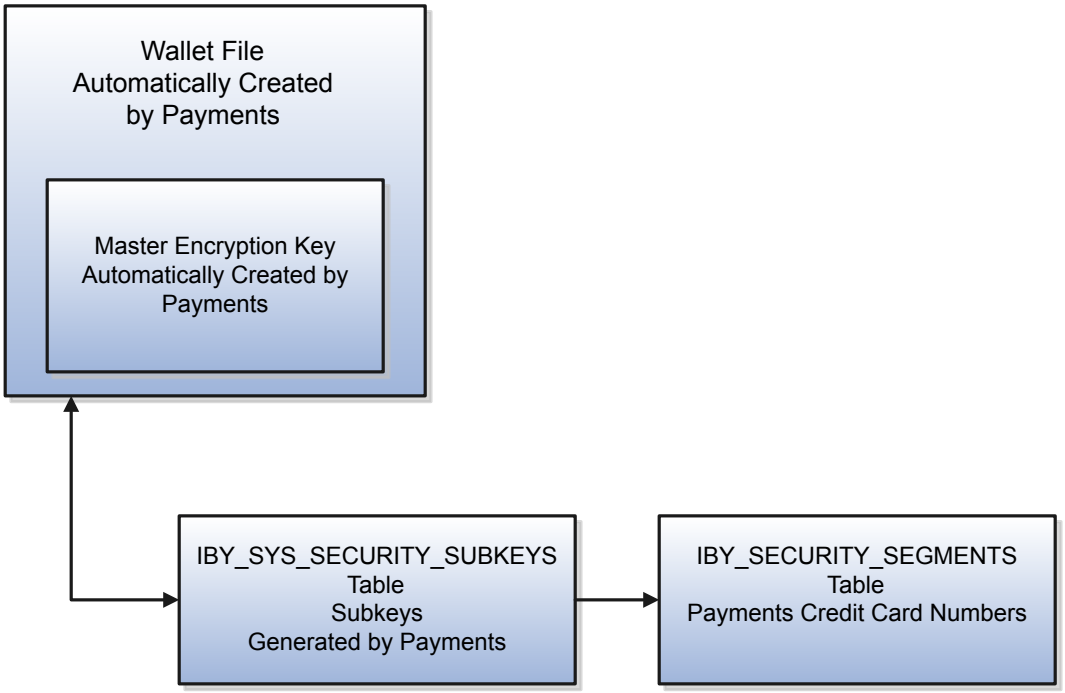
You can also select the frequency with which new subkeys are automatically generated, based on usage or on the maximum number days. To specify a subkey rotation policy, click the **Edit Subkey Rotation Policy** button.

> **Note:** To secure your payment instrument data, you are advised to schedule regular rotation of the subkeys.

The security architecture for credit card data and bank account data encryption is composed of the following components:

- Oracle Wallet
- Payments master encryption key
- Payments subkeys
- Sensitive data encryption and storage

The following figure illustrates the security architecture of the wallet, the master encryption key, and the subkeys.



Credit Card and Bank Account Number Masking

Payments serves as a payment data repository on top of the Oracle Fusion Trading Community Architecture (TCA) model. TCA holds customer and supplier information. Payments stores all of the customer and supplier payment information and their payment instruments, such as credit cards and bank accounts. Payments provides data security by allowing you to mask payment instrument numbers.

On the Manage System Security Options page, you can mask credit card numbers and external bank account numbers. To do it, select the number of digits to mask and display. For example, a bank account number of XXXX8012 displays the last four digits and masks all the rest. These settings specify masking for payment instrument numbers in the user interfaces of multiple applications.

Enabling Encryption of Sensitive Payment Information: Procedure

Financial transactions contain sensitive information, which must be protected by a secure, encrypted mode. To protect your credit card and external bank account information, you can enable encryption. Encryption encodes sensitive data, so it can't be read or copied. To enable encryption, you must create a wallet file. A wallet file is a digital file that stores your master encryption key, which the application uses to encrypt your sensitive data.

To secure your credit card or bank account data, navigate to the Setup and Maintenance work area, search for the Manage System Security Options task and perform the following steps:

1. Open the Manage System Security Options page.

2. Click **Apply Quick Defaults**.
3. Select all the check boxes:
    - Automatically create wallet file and encryption key
    - Encrypt credit card data
    - Encrypt bank account data
4. Click **Apply**.

10 Cash Management and Banking Configuration

Bank, Branch, and Account Components: How They Work Together

Banks, branches, and accounts fit together on the premise of the Bank Account model.

The model enables you to define and keep track of all bank accounts in one place and explicitly grant account access to:

- multiple business units
- functions
- users

This eliminates the redundant duplicate bank account setup under different business units when these business units share the same bank account.

Banks

Creating a bank is the first step in the bank account creation. You can:

- Search for existing banks to view and update
- Create a new bank from an existing party

Consider the following:

- The option to create from an existing party is implicitly implemented by the matching option.
- The option is available only after the existing party has been found with the same bank.
- If you select the matching option, the page repopulates the information from the matched party.

Branches

Once you have created your bank, the next step is creating a branch or branches associated to the bank. The matching option is also available when creating branches. To create a new branch without using the matching option, manually enter the required information. You can also define other branch- related attributes in the same page.

If you don't use the matching option when an existing party is found, a branch with the same party name is created.

Accounts

The four areas associated with defining an account are:

- General information
- Control of the account
- Security and access to the account

- Business unit assignment

Once the bank and branch are created, proceed to the bank account setup by doing the following:

- Select the bank branch you want to associate to your bank account.
- Assign the owner of the bank account.

> **Note:** To create a bank account for Payables or Receivables, add the Business Unit Access first for the business units to use the bank account.

Consider the following:

- The Oracle Fusion Account Payables or Receivables accounts are identified by the business unit.
- The Oracle Fusion Payroll accounts are identified by the legal entity.

Creating Accounts: Points to Consider

Banks, branches and accounts fit together on the premise of the Bank Account model. The Bank Account model enables you to define and keep track of all bank accounts in one place.

The Bank Account Model can explicitly grant account access to multiple business units, functions, and users. Consider the following when you set up bank accounts:

- Assign a unique general ledger cash account to each account, and use it to record all cash transactions for the account. This facilitates book to bank reconciliation.
- Grant bank account security. Bank account security consists of bank account use security, bank account access security, and user and role security.

Account Use

Account Use refers to accounts created for:

- Oracle Fusion Payables
- Oracle Fusion Receivables
- Oracle Fusion Payroll

Select the appropriate use or uses when creating an account in one or more of these applications.

Account Access

Payables and Receivables account access is secured by business unit. Before the bank account is ready for use by Payables or Receivables, you must:

1. Select the appropriate use for the application.
2. Grant access to one or more business units.

> **Note:** You can only assign access to the business units that use the same ledger as the bank accounts owning the legal entity,

User and Role Security

You can further secure the bank account so that it can only be used by certain users and roles. The default value for secure bank account by users and roles is No. For Payables and Receivables, you must have the proper business unit assigned to access a bank account even if the secure bank account by users and roles is No. If the secure bank account by users and roles is set to Yes, you must be named or carry a role assigned to the bank account to use it.

> **Note:** You must assign the security duty role Cash Management Administration to the Cash Manager job role to provide access for setting up banks, branches, and accounts.

Parse Rule Sets: Overview

Oracle Fusion Cash Management supports parse rule sets to transform data during the bank statement import process. Parse rules are used to move data from one field to another. The parse rule set is associated to a bank account in the bank account setup. The parse rule set is most commonly used to parse data from the statement line addenda field into more specific statement line fields. Each parse rule within a parse rule set consists of the following fields:

- **Sequence**: Determines the order in which to process the rules.
- **Transaction Code**: The code used to determine the statement line type.
- **Source Field**: The interface table field that contains the data to be parsed.
- **Target Field**: The statement line field that the data is to be parsed to.
- **Rule**: Contains the syntax for determining the data within the source field to be parsed.
- **Overwrite**: Used to control whether to overwrite existing data in a target field or skip parsing the data.

The parse rule syntax is described below:

[LITERAL](<[MATCHING TOKEN],[START-END]>)[LITERAL]

Where

LITERAL represents a string or character value represented by an identifier that should match the source data exactly.

MATCHING TOKEN represents a token (or set of tokens) which describes the data to extract. The following table lists the valid tokens with their descriptions:

Token	Description
N	Extract a valid number
.	Decimal position
X	Extract an alphanumeric
~	Extract everything in the source field from the parse position to either the end of the data or up to the next literal.
START	A position to begin extracting data, offset by the parse position. It must be a valid numeric.

Token	Description
END	A position to stop extracting data. END can be either a valid numeric or the ~ token.

Listed in the table below are some examples:

Description	Source Data	Rule	Target Data
Extract numeric rate data from a source field	EST/TRX RTE 3.76 USD/LIBOR CPTY: PRU	RTE (N.NN)	3.76
Extract value date from a source field	Dt.01/01/2011? Receipt	Dt.(1-10)? Receipt	01/01/2011
Extract check number from a source field	Account Number 1005	Account Number.(X~)	1005
Extract currency from a source field	$^EUR:Dt	$^(1-3):Dt.	EUR
Extract the counterparty of an unknown string length from the same source field	EST/TRX RTE 3.76 USD/LIBOR CPTY:PRU	CPTY: (X~)	PRU
Extract the currency from the same source field using positional matching	PRU EST/TRX RTE 3.76 USD/ LIBOR CPTY PRU	RTE(7-9)	USD
Extract Contract ID from Additional Entry Information	TXT:AR:Receipt Num: CEF-1: For: 2010$^USD:Dt01/01/2011Receipt Method: CE-Foreign: Receipt Type: Standard: BU:Vision Operations: Customer: World of Business: Account No.1001	Account Number(NNNN)	1001
Extract Transaction ID from Customer Reference	CustRef # A.23@orlc.com	CustRef (X~).com	# A.23@orlc

Transaction Type Mapping: Overview

The transaction type mapping enables you to associate a cash transaction type to an application transaction.

The following must be created to associate and mapped to cash transaction types:

- Oracle Fusion Account Payables payment methods
- Oracle Fusion Account Receivables payment methods

- Oracle Fusion Payroll payment types

Assigning cash transaction types to application transactions result in a more efficient bank statement reconciliation process.

Bank statement lines are also associated with cash transaction types and matching rules can be created using this common attribute.

Tolerance Rules: Overview

Tolerance rules enables you to specify date and amount tolerances that prevent or warn you when reconciliation would be a breach of a defined tolerance.

- **Amount tolerances** are most often used when reconciling foreign currency transactions where there may be differences due to rounding or fluctuations in the conversion rate. They can also be used if a bank includes a processing fee in the bank statement line amount.
- **Date tolerances** are primarily used for checks that may be issued on one day and not clear the bank until days or weeks later.

Consider the following when defining your tolerance rules:

- Applying tolerances you can automate the reconciliation and accounting for these types of transactions.
- If no date or amount tolerance is defined within a rule, it requires an exact match.
- For manual reconciliation, a tolerance rule can optionally be assigned to a bank account.
- For automatic reconciliation, a tolerance rule can be associated with a matching rule in the Rule Set setup and can be applied if the matching rule matches on date and amount or both.
- The one exception occurs when you assign a tolerance rule that includes amount tolerances to a non one to one match type matching rule. In this non one to one match, the amount tolerance is ignored and amounts must match exactly.

Date Tolerance

Reconciliation date tolerances are defined as day ranges. The date tolerances are to validate that the source transaction date or dates are within a certain number of days before and after the bank statement line date or dates.

In manual reconciliation, if a date tolerance is specified in the tolerance rule assigned to the bank account it applies to all matching scenarios. In the event of a date tolerance breach, a warning message is displayed, but the user is allowed to reconcile the statement line or lines and the transaction or transactions. If no date tolerance is assigned or specified it is required to be an exact date match and a warning message is displayed.

In automatic reconciliation, a tolerance rule that includes date tolerances can be associated with a matching rule. If the matching rule matches on the date, then the date tolerance is applied. In this scenario a date tolerance breach prevents reconciliation.

Amount Tolerance

Reconciliation amount tolerances can only be used in one to one matching scenarios for both manual and automatic reconciliation. No reconciliation amount tolerances are allowed in one to many, many to one, or many to many matching scenarios. In these scenarios the amount of the bank statement line or lines must be equal to the amount of the transaction or transactions. Reconciliation amount tolerances can be defined as percentage or amount ranges or both. If both percentages and amounts are applied, the application uses the most conservative tolerance depending upon the statement line amount.

For example, if the amount tolerance equals plus or minus $5, the percentage tolerance equals plus or minus 1%, and the statement line amount is $100, the application first calculates the percentage amount (1% of $100 dollars = $1). It then compares this to the $5 amount and uses the smaller amount. In this case it is $1 dollar, so to reconcile a transaction to this line it must be between $99 and $101.

In automatic reconciliation, a tolerance rule that includes percentage, amount, or both types of tolerance ranges can be associated with a matching rule. But the tolerance can only be applied if the matching rule is a one to one match type rule. In this scenario of a one to one type match, any amount difference within tolerance is automatically created as an external transaction in cash management.

Reconciliation Matching Rules: Explained

Reconciliation Matching rules help you match bank statement lines and system transactions to minimize the need for manual intervention.

Define bank statement automatic reconciliation matching rules and assign them to bank statement automatic reconciliation rule sets. After you assign the rule sets to the bank account, the Autoreconciliation process picks up the reconciliation matching rules to achieve a higher match rate.

Specify the following for each matching rule:

- Transaction Sources: Payables, Receivables, Payroll, or External.
- Matching Type: One to One, One to Many, Many to One, or Many to Many. The following table explains the different matching types available in Oracle Fusion Cash Management:

Matching Type	Description
One to One	A bank statement line is matched with a system transaction and reconciled against each other
One to Many	A bank statement line is reconciled against many system transactions
Many to One	Many bank statement lines are grouped and reconciled against a system transaction
Many to Many	Many statement lines are grouped and reconciled against many system transactions

- Grouping Attributes: Used to group bank statement lines and system transactions based on the matching type you select. The combination of the attributes you select also determine what you can use as the matching criteria.

You can use date, transaction type, and reconciliation reference as matching criteria only after you select these as grouping attributes. The following table displays the required grouping attributes for a selected matching type:

Matching Type	Statement Line Grouping Attributes	System Transaction Grouping Attributes
One to One	Not applicable	Not applicable
One to Many	Not applicable	Grouping attributes required
Many to One	Grouping attributes required	Not applicable
Many to Many	Grouping attributes required	Grouping attributes required

In Many to One matching the grouping attributes are used to group bank statement lines. In One to Many matching the grouping attributes are used to group system transactions.

The following is a list of common grouping attributes that can be used to group bank statement lines:

- Transaction date
- Transaction currency
- Transaction type
- Reconciliation reference
- Transaction code
- Counterparty bank account

The following is a list of common grouping attributes that can be used to group system transactions:

- Bank deposit number
- Transaction type
- Counterparty bank account
- Counterparty name
- Payment file reference
- Payment method
- Receipt batch number
- Receipt class
- Reconciliation match date
- Reconciliation reference
- Remittance batch number
- Transaction currency
- Transaction date
- Transaction source
- Business unit

- Matching Criteria: Includes a list of commonly used matching attributes. You can simply select the attributes to include them in the matching rule you selected. The selected attributes define the matching conditions between the bank statement lines and the system transactions to be matched successfully when they're reconciled.

  Note: On the Create Reconciliation Matching Rule page the delivered setting for the matching type is One to One, and the check boxes for **Reconciliation Reference**, **Date** and **Transaction Type** are enabled. When you change the matching type to One to Many or Many to One or Many to Many, the check boxes are disabled.

  The matching criteria attributes are:

  - Amount
  - Date
  - Reconciliation reference
  - Transaction type

- Advanced Matching Criteria: Enables you to specify additional matching logic or filtering conditions that must be true for the bank statement lines and system transactions to match successfully. Consider the following:

  - You have the option to enable or disable the **Case Sensitive Comparison** check box while creating a condition.
  - The data type of the left-hand side attribute and the right-hand side attribute must be the same if they're selected to match in the criteria. For example, if Statement.Booking date is selected on the left-hand side of the criteria, then Transaction.Transaction date can be selected as the matching criteria on the right-hand side.
  - For literal expression type, the operand value should match the database value. For example: Statement.Transaction Type equals ACH

  The list of statement and transaction attributes available in the Create Condition page differs according to the matching type you select. The following table lists some of the common statement and transaction attributes:

Statement Attributes	Transaction Attributes
Statement. Account servicer reference	Transaction. Bank deposit number
Statement. Additional entry information	Transaction. Business unit
Statement. Booking date	Transaction. Counterparty name
Statement. Check number	Transaction. Counterparty site
Statement. Clearing system reference	Transaction. Party bank account
Statement. Contract ID	Transaction. Payment file reference
Statement. Counterparty bank account	Transaction. Receipt batch number
Statement. Customer reference	Transaction. Reconciliation reference

Statement Attributes	Transaction Attributes
Statement.End to End ID	Transaction. Remittance batch number
Statement. Instruction ID	Transaction. Transaction currency
Statement. Reconciliation match amount	Transaction. Transaction date
Statement. Reconciliation reference	Transaction. Transaction source
Statement. Transaction ID	Transaction. Transaction type
Statement. Transaction currency	Transaction. Transaction method
Statement. Transaction type	Transaction. Receipt class
Statement. Value date	Transaction. Reconciliation match date

You can select one or multiple transaction sources in a rule. Consider the following:

- If multiple sources are selected in a one to one or many to one matching rule, the autoreconciliation program looks for a matching transaction across the selected sources.
- If multiple sources are selected in a one to many or many to many matching rule, the program first finds all available transactions across the selected sources and then applies grouping rule to the whole data pool. This means that the statement lines can be reconciled to a group that includes transactions across the different sources.
- If you want transactions included in a group to be from the same transaction source then you can specify Transaction Source as a grouping attribute.

Related Topics

- Automatic Reconciliation: Explained

Reconciliation Rules Sets: Overview

Bank statement reconciliation rule sets are a group of matching rules and tolerance rules. They are assigned to a bank account and used to reconcile bank statement lines with transactions.

Consider the following when creating your rules:

- Build the rule set and the rule set detail as a parent-child relationship.
- Each rule set consists of one or more matching rules that can be prioritized or sequenced.
- The rules should be ordered to achieve a greater reconciliation success rate. It is strongly recommended that one to one rules be sequenced above rules of other types.
- To provide an optimum reconciliation rate, you should change the sequence number depending on how accurately the given rule is likely to reconcile against the correct bank transactions.

For example, transactions from sources for which the bank provides you a reference ID are likely to have a higher reconciliation rate. These rules should be placed at the top with a lower sequence number. Conversely, transactions with no reference ID are likely to have duplicates or lower reconciliation rates, and you should place them at the bottom with a higher sequence number.

Bank Statement Transaction Codes: Overview

Bank statement transaction codes are the internal codes that are used on a bank statement line to identify the type of transaction being reported. These are also referred to as:

- Transaction codes
- Statement codes

Oracle Fusion Cash Management maintains a single set of these codes and transform externally reported transaction codes from other formats into this single normalized set. This configuration is done through Oracle Fusion Payments code map setup.

Bank Statement Transaction Creation Rules: Overview

Bank Statement Transaction Creation Rules are used by Oracle Fusion Cash Management to identify an unreconciled bank statement line or lines and create and account for a transaction.

Configure **Bank Statement Transaction Creation Rules** by specifying some of the attributes and characteristics of the created transactions. Consider the following when configuring your rules:

- Create as a separate business object.
- Assign to a bank account in the Manage Bank Account page.
- Arrange in order and group to be processed sequentially.

The group of sequenced rules on the bank account constitutes the bank accounts rule set that is used when running the Bank Statement Transaction Creation program.

Process the **Bank Statement Transaction Creation Rules** by running the Bank Statement Transaction Creation program to create transactions from unreconciled bank statement lines. The program is used to create transactions and account for first notice items such as bank charges, fees, or interest. You must perform the following prior to running the program.

- Run autoreconciliation for the bank statement.
- Perform any manual reconciliation on the bank statement.

This avoids creating external transaction from bank statement lines that already have transactions recorded in the application.

Create Banks, Branches, and Accounts in Spreadsheet

Cash Management Rapid Implementation: Overview

Use Microsoft Excel templates to rapidly implement the following setup objects:

- Banks
- Bank Branches
- Bank Accounts

Functional Setup Manager Tasks

The following are the Functional Setup Manager tasks that are required to be performed to rapidly create the setup objects data:

- Create Banks, Branches, and Accounts in Spreadsheet: Downloads the rapid implementation excel spreadsheet template. Enter the bank, branch, and bank account data in this spreadsheet, and generate the data file to be loaded.
- Upload Banks, Branches, and Accounts: Launches the Upload Banks, Branches, and Accounts process with the data file to be uploaded as the parameter. You must upload the data file generated from the previous task.

Preparing Data

Prepare your bank, branch, and account information to enter into the spreadsheet template.

- Bank information requires the country, name, and number.
- Branch information requires name, number, BIC code, and alternate name.
- Account information requires name, number, currency, legal entity, type, and IBAN.

After you finish preparing the data in the spreadsheet, click the Generate Banks, Branches, and Accounts File button. Save the generated XML file.

Loading Data

Use the following steps to load your data.

- From Functional Setup Manager, search for and select Upload Banks, Branches, and Accounts task. This task launches the Upload Banks, Branches, and Accounts process.
- Select the XML file you have saved earlier and submit the process.
- Verify in the process monitor that the process completed successfully.
- Review the banks, branches, and accounts created.

Best Practices

The following are recommended best practices:

- Determine the Legal Entity for each bank account. The Legal Entity must be associated to a primary ledger.
- Determine the use for each bank account: Payable, Receivable, or both.
- Determine the Cash and Cash Clearing account for each bank account. Enter the entire account combination based on your chart of accounts, for example 01-000-1110-0000-000.

Related Topics

- Processing Electronic Bank Statements: Explained

Setting Up Cash Positioning and Forecasting

Setting up Oracle Fusion Payments for Cash Management: Worked Example

To make ad hoc payments you must do the following:

- Create payee in Oracle Fusion Cash Management.
- Review Payment Methods under the tab; Usage Rules, for Cash Management in Oracle Fusion Payments.
- Review the payment method defaulting rules in Oracle Fusion Payments and prioritize the Cash Management Payment Method accordingly.

Creating a payee in Cash Management is a separate task than setting up suppliers in procurement. The setup done in Cash Management is strictly used for making ad hoc payments from the application. You must also review and edit the set ups in Payments to successfully make payments.

Creating a Payee in Cash Management

1. Create the payee in Cash Management. Enter the following payee information:

Field	Required	Description
Name	Yes	Name of the payee.
Tax Registration Number	No	Description of the payee.
Tax Registration Number	No	Unique identifier assigned to a payee by a tax authority.
Active	No, but recommended.	Check box indicating if the payee is active or inactive.

2. Create the bank account information. Enter the following bank account information:

Field	Description
Country	Country of the bank where the bank account belongs.
Account Number	Bank account number of the payee bank account.
Currency	Currency of the payee bank account

Field	Description
Account Type	Type of payee bank account. For example, checking or savings.
Check Digit	The account number validation.
Account Name	Name of the bank account holder.
Secondary Account Reference	Additional account reference such as the Building Society Role Number in the UK.
Bank	Name of the payee bank.
Bank Branch	Name of the payee bank branch.
Routing Transit Number	The routing transit number for electronic transfers.
BIC Code	The code used to SWIFT to identify the bank or bank branch.
Active	Flag to indicating if the bank account is active. The default is set to active.

3. Click the Save and Close button to save your information.

Setting Up Usage Rules in Oracle Fusion Payments for Cash Management

1. Navigate to Oracle Fusion Payments and the Create Payment Methods page.
2. Enter the following required fields: Name, Code, and From Date.
3. Select the Usage Rules tab.
4. Select the Cash Management tab
5. Select the check box Enable for use in Cash Management.
6. Determine select All or Specific.
7. Review the delivered Payment Process Transaction Types for Cash Management. Apply the appropriate payment types. The valid values are:
    - Bank Account Transfer
    - Ad Hoc Payment
8. Review the payment method defaulting rules in Oracle Fusion Payments and prioritize the Cash Management Payment Method accordingly.

Related Topics

- Payment Methods: Explained
- Payment Method Defaulting: Explained
- Usage Rules: Explained

Setting Up Cash Positioning and Forecasting: Explained

Use the following to set up your cash positioning and forecasting reporting requirements:

- Specify Cash Positioning and Forecasting Options
- Manage Cash Positioning and Forecasting Transaction Grouping

Specify Cash Positioning and Forecasting Options

Use the options page to define the extraction period used to transfer data to the Essbase cube. Transactions with transaction dates within that period are extracted to the cube. You can also select different GL accounting calendars to lay out the time dimension structure in the cubes.

Configure the following options:

Field Name	Available Values	Default Value
Extraction Duration	• Last 3 months • Last 6 months • Last 1 year • Last 2 years • Last 3 years	Last 2 years
Reporting Currency	List of currencies defined in the application	USD - US Dollars
Balance Code	Internal Balance Codes lookups (LOV)	Closing booked
Balance Date Threshold Days	Number days defined before a missing bank statement is reported	2
Transaction Calendar	List of transaction calendars defined in the application, if not defined, everyday (7) is considered a business day.	No default
Time Periods	List of accounting calendars defined in the application	No default

Note: Once the cube is created and locked, the update is disabled in this page. You can't update the cube until you submit the Cash Position Data Deletion program to clear the details in the cube.

Manage Cash Positioning and Forecasting Transaction Grouping

You create or edit custom dimensions for cash positioning and forecasting from this page. You must have the Manage Cash Positioning and Forecasting Transaction Grouping privilege to access the Create or Edit Cash Position Dimension page:

- Search for the custom dimensions defined in the application.
- Create custom dimensions to meet company-specific requirements
- Modify and edit custom dimension to meet reporting requirements.
- Entering a description is optional but recommended.

The following table contains the fields to be completed:

Field Name	Description
Name	Required and must be unique
Application	Required and valid values are Oracle Fusion Applications or Other.
Source	Required and the following are possible values: • Payables invoices • Payables payments • Receivables receipts • Receivables transactions • Bank statement • External cash transactions
Source Table	List of tables from the selected Application and Source
Source Column	List of the columns from the selected Source Table.

Note: Once the cube is created and locked, you can't update this page. You must submit the Cash Position Data Deletion program to clear the details in the cube to do an update.

Related Topics

- Cash Positioning and Forecasting: Explained
- Cash Positioning: Explained
- Cash Forecasting: Points to Consider

Bank Account Validation

Bank Account Validation by Country: Andorra to Guadeloupe

This outlines the country specific bank account validation rules performed in Oracle Fusion Cash Management.

The following countries have country specific validations:

- Andorra
- Australia
- Austria
- Belgium
- Bosnia and Herzegovina
- Brazil
- Bulgaria
- Canada
- Columbia
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- French Guiana
- Germany
- Gibraltar
- Greece
- Guadeloupe

When entering bank accounts, different countries can have certain rules governing the format and content of the following related fields:

1. **Bank Code**
2. **Branch Number**
3. **Account Number**
4. **Check Digit**
5. **IBAN**

Use the **Disable Country Specific Bank Validations** profile option to disable the country-specific validations pertaining to the bank code, branch number, account number, check digit, and IBAN. You can set this profile option at the site, product, or user level. The profile is predefined with a default value of **No** at the site level. If the profile is set to **Yes**, these validations

are not performed. The checks for unique banks, branches, accounts, and the mandatory requirement of bank account number are not affected by this profile.

Andorra

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 24 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Australia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, the length should be either 2 or 3 numeric characters.
Branch Number	• Mandatory • The combined length of the Branch Number and Bank Code should be 6 numeric characters. Hence, the valid length values (3,4,6) depend upon the Bank Code (3,2,0). • This field is labeled as **Bank State Branch**.
Account Number	• Mandatory • Length should be between 5 to 10 characters. • If the account currency is Australian Dollar, account number should be numeric. For foreign currencies, alphanumeric values are allowed
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters.

Field	Rule
	• The third and fourth characters are numbers.

Austria

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • Length should be of 5 numeric characters.
Branch Number	• Optional • Length should be of 5 numeric characters.
Account Number	• Mandatory • Length should be between 4 to 11 numeric characters.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 20 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Belgium

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory • Length should be of 12 numeric characters. • It should be in the format 999-9999999-99. • A check algorithm is applied on the Account Number.
Check Digit	• Optional
IBAN	• Mandatory

Field	Rule
	• If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 16 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for **Account Number**

1. The entered check digit**CD1**, is the last two digits of the Account Number
2. The calculated check digit **CD2**, is derived by concatenating the first two sections of the Account Number and calculating the remainder on dividing this by 97. If the remainder is equal to **0**, then the calculated check digit is taken to be **97**.
3. If the entered check digit (CD1) and calculated check digit (CD2) are equal, then the Account Number is valid, else the check has failed.
4. Additionally, if the entered check digit (that is, the last section) is '00', then the Account Number is invalid because the calculated check digit can never be **00** as per the 3rd point.

   Example using account number 123-4567890-78

   - The entered check digit (CD1) is '78'. The concatenation of the first two sections gives '1234567890'
   - Divide the result by '97'. 1234567890 / 97 = 12727504
   - Derive the remainder. 1234567890 - (12727504 * 97) = 2 Therefore CD2 = 2
   - Here CD1 <> CD2, therefore the Account Number is not valid.

     In this case, a valid Account Number would be '123456789-02'.

Bosnia and Herzegovina

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 20 characters. Spaces are removed from the left and right. Spaces in the middle are not removed.

Field	Rule
	• The first 2 characters are letters. • The third and fourth characters are numbers.

Brazil

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be a maximum of 3 numeric characters. • If the length is less than 3, then it is converted to a 3 digit number by prefixing it with as many leading zeroes as is necessary.
Branch Number	• Mandatory • Length should be a maximum of 5 numeric characters.
Account Number	• Mandatory
Check Digit	• Optional
Company Code	• Optional. • This is entered in the Account Creation form. • If entered, length should be a maximum of 15 numeric characters
Secondary Account Reference	• This field is labeled as **Company Code**.
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Bulgaria

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Canada

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional • This field is labeled as **Routing Transit Number**.
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Columbia

For Colombia, there are no validations for Bank Code, Branch Number, Account Number, or Check Digit fields

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
Tax Payer ID	• Optional • Length should be a maximum of 15 numeric characters 14 digits for Tax Payer ID plus the last digit for check digit. • It is unique within the country. • Cross Validations of Tax Payer ID in Customers, Suppliers, and Companies. If the Tax Payer ID is used by a Customer, Supplier, or a Company, then the Customer name, Supplier name, or the Company name should match with the Bank name. • A check digit is applied on the Tax Payer ID.
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Tax Payer ID

The first 15 digits are multiplied by the associated factor.

Digit	Factor
1st	71
2nd	67
3rd	59
4th	53
5th	47
6th	43
7th	41

Digit	Factor
8th	37
9th	29
10th	23
11th	19
12th	17
13th	13
14th	7
15th	3

1. These 15 products are added and the sum is divided by 11.
2. If the remainder is 1 or 0, then the Check Digit should be 1 or 0 respectively.
3. If the remainder is not 1 or 0, then the remainder is subtracted by 11 and that should be the Check Digit.

Croatia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 21 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Cyprus

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 28 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Czech Republic

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 24 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Denmark

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Length should be a maximum of 10 numeric characters
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 18 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Estonia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 20 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Finland

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional • If entered, it should be 6 numeric characters.
Account Number	• Mandatory • Length should be between 8 to 14 numeric characters. • A check algorithm is applied on the Account Number.
Check Digit	• Optional • If entered, it should be 1 numeric digit.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 18 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

If 1st digit of Account Number is:	Check Value Method
1	1
2	1
3	1
4	2
5	2
6	1
7	2
8	1
9	1

Method 1

The check is formed in the following two parts:

- The first part of the check is formed from the first 6 digits of the Account Number. To illustrate, if the account number is 123456789, then the first part of check would be created as 123456.
- The second part of check is formed as an eight digit value, comprising the 8th to 15th digits of the Account Number. If the length is less than 8, then it is converted to an 8 digit number by prefixing it with as many leading zeroes as is necessary. Using the same example, the second part of check would be created as 00000089. check is then formed by concatenating the two parts. So, in our example the check is formed as 12345600000089.

Method 2

The check is formed in the following three parts:

- The first part of the check is formed from the first 6 digits of the Account Number. To illustrate, if the account number is 123456789, then the first part of check would be created as 123456.
- The second part of check is formed as the 8th digit of the Account Number. Using the same example, the second part of check would be created as 8.
- The third part of check is formed as a seven digit value, comprising the 9th to 15th digits of the Account Number. If the length is less than 7, then it is converted to a 7 digit number by prefixing it with as many leading zeroes as is necessary. Using the same example, the second part of check would be created as 0000009. The check is then formed by concatenating the three parts. So, in our example the check is formed as 12345680000009.

A computed sum is then calculated based on the value of the check. Different calculations are performed depending on the first two digits of the formed check value.

If the first two digits of the check are '88', then:

- The Finnish government provides the following factor table. The 8th to 13th digits of the check number are multiplied by the associated factor. The computed sum is then calculated by summing the totals.

Digit	Factor
8th	1
9th	3
10th	7
11th	1
12th	3
13th	7

Example using check number 88345600000089: Multiply the given digits with the given factor.

Digit	Value	Factor	Result
8th Digit	0	1	0

Digit	Value	Factor	Result
9th Digit	0	3	0
10th Digit	0	7	0
11th Digit	0	7	0
12th Digit	0	3	0
13th Digit	8	7	56
Total			56

So the computed sum for this example is 56.

The test fails unless either of the following applies:

- The 14th digit of the check should equal the value of 10 minus the last digit of the computed sum. For the check value is '88345600000089', the last digit of the computed sum is 6. So 10 - 6 = 4. So, the 14th digit of the check should equal 4. The test fails here as the 14th digit is 9.
- Both the 14th digit of the check and the last digit of the computed sum are 0. Using the same example, the test fails here as both values are not 0.

If the first two digits of the check are NOT '88', then the computed sum is calculated for each of the first 13 digits by adding the even numbered digits to the following calculated sum for each odd numbered digit :

- Multiply the digit by 2.
- Divide the result by 10.
- From the result add the integer to the remainder.

Example using account number 123456800000089:

Digit	Value	Multiply (a)	Divide (b)	Integer	Remainder	Result
1st	1	2	0.2	0	2	2
2nd	2					2
3rd	3	6	0.6	0	6	6
4th	4					4
5th	5	10	1	1	0	1
6th	6					6
7th	0	16	1.6	1	6	0

Digit	Value	Multiply (a)	Divide (b)	Integer	Remainder	Result
8th	0					0
9th	0	0	0	0	0	0
10th	0					0
11th	0	0	0	0	0	0
12th	0					0
13th	8	16	1.6	1	6	7
Total						28

The computed sum is then converted using the following process, before being used to see if the Account Number is valid:

1. Computed sum is added to 9.
2. The result is divided by 10.
3. The integer result is multiplied by 10.
4. The result is subtracted by the original computed sum.

So the computed sum '282 is converted to '2' as:

1. 28 + 9 = 37
2. 37/10 = 3.7. Integer result therefore = 3
3. 3 * 10 = 30
4. 30 - 28 = 2

This number is then compared to the 14th digit of the Account Number. If it matches, then the test is passed, else it is failed.

In our example, the test fails as the 14th digit of the account number is 9. If the 14th digit had been 2, then the test would have been passed.

France

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be a maximum of 5 numeric characters. • If the length is less than 5, then it is converted to a 5 digit number by prefixing it with as many leading zeroes as is necessary.
Branch Number	• Mandatory • Length should be a maximum of 5 numeric characters.

Field	Rule
	• If the length is less than 5, then it is converted to a 5 digit number by prefixing it with as many leading zeroes as is necessary.
Account Number	• Mandatory • Length should be a maximum of 11 numeric characters • Special characters and spaces are not allowed
Check Digit	• Optional • If entered, length should be a maximum of 2 numeric characters. • A check algorithm is applied on the check digit.
Account Type	• This field is labeled as **Deposit Type**.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 27 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Check Digit

A check digit is calculated (CD1) from the Account Number, Bank Code, and Branch Number in the following manner. This is then used as the basis for the check digit validity test.

CDI

For the check algorithm, the digits of the Account Number entered as characters A to Z. are converted to numeric values, the French government provides the following conversion table:

Value	Conversion
A, J	1
B, K, S	2
C, L, T	3
D, M, U	4
E, N, V	5
F, O, W	6
G, P, X	7
H, Q, Y	8

Value	Conversion
I, R, Z	9

Example using account number A1234567890:

The letter A is converted by applying the above table to 1, so the account number becomes 11234567890.

A value for CD1 is formed by joining together the bank fields in the following way:

- The Bank Code is concatenated with Branch Number concatenated to the converted Account Number. To illustrate with the Bank Code as 12345, the Branch Number as 67890 and the converted Account Number as 11234567890. Then CD1 is created as 123456789011234567890.
- To this concatenated value, 00 is added as a suffix and the resulting value is divided by 97. The remainder obtained as result of this division is then subtracted from 97. The result of this subtraction is the calculated check digit.
- In our example, suffixing 00 gives 12345678901123456789000. Dividing by 97 and deriving the remainder. Mod (12345678901123456789000, 97) = 86 Subtract from 97. 97 - 86 = 11
- If the user entered Check Digit is equal to this calculated value, then the validation is successful.

In the given example, as the user entered check digit is not 11, the check is not valid.

French Guiana

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Germany

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be 8 numeric characters.
Branch Number	• Optional • If entered, then the length should be 8 numeric characters. • If the Bank Code and Branch Number are entered, then both values must match.
Account Number	• Mandatory • Length should be a maximum of 10 numeric characters.
Check Digit	• Optional • If a value is entered for the check digit, then it must be a single digit and must match the last digit of the Account Number.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Gibraltar

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 23 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Greece

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be of 3 numeric characters.
Branch Number	• Optional • If entered, then the length should be of 4 numeric characters.
Account Number	• Mandatory • Length should be between 8 to 16 alphanumeric characters.
Check Digit	• Optional • If a value is entered, then it must be one numeric character.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 27 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Guadeloupe

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 34 characters. Leading and trailing spaces are ignored. There should be no spaces in the middle. . • The first 2 characters are letters.

Field	Rule
	• The third and fourth characters are numbers.

Bank Account Validation by Country: Hungary to Norway

This outlines the country-specific bank account validation rules performed in Oracle Fusion Cash Management.

The following countries have country-specific validations:

- Hungary
- Iceland
- Ireland
- Israel
- Italy
- Japan
- Kuwait
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Martinique
- Mauritius
- Mayotte
- Mexico
- Monaco
- Montenegro
- Netherlands
- New Zealand
- Norway

When entering bank accounts, different countries can have certain rules governing the format and content of the following related fields:

1. **Bank Code**
2. **Branch Number**
3. **Account Number**
4. **Check Digit**
5. **IBAN**

Use the **Disable Country Specific Bank Validations** profile option to disable the country-specific validations pertaining to the bank code, branch number, account number, check digit, and IBAN. You can set this profile option at the site, product, or user level. The profile is predefined with a default value of **No** at the site level. If the profile is set to **Yes**, these validations are not performed. The checks for unique banks, branches, accounts, and the mandatory requirement of bank account number are not affected by this profile.

Hungary

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 28 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Iceland

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be of 4 numeric characters. • If the length is less than 4, then it is converted to a 4 digit number by prefixing it with as many leading zeroes as is necessary.
Branch Number	• Optional • If entered, then the length should be of 4 numeric characters. • If the Bank Code and Branch Number are entered, then both values must match.
Account Number	• Mandatory • Length should be a maximum of 18 numeric characters. • If the length is less than 18, then it is converted to an 18 digit number by prefixing it with as many leading zeroes as is necessary.

Field	Rule
	• A check algorithm is applied on the Account Number.
Check Digit	• Optional • If a value is entered for the check digit, then it must be a single digit and must match the seventeenth digit of the Account Number.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 26 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Account Number

1. Check algorithm is performed against the Account Number (from digit 9 to 16). Each of these digits is multiplied with the factors as given in the following table:

Digit	Factor
9th	3
10th	2
11th	7
12th	6
13th	5
14th	4
15th	3
16th	2

These products are added and the sum is divided by 11. The remainder obtained as a result of this division is subtracted from 11 to obtain the calculated check digit. If remainder is 0, then calculated check digit is taken as 0.

This calculated check digit should match the entered check digit (seventeenth digit of the Account Number), else the Account Number is not valid.

Ireland

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be of 6 numeric characters.
Branch Number	• Optional • If entered, then the length should be of 6 numeric characters. • If the Bank Code and Branch Number are entered, then both values must match.
Account Number	• Mandatory • Length should be a maximum of 8 numeric characters.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Israel

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • If entered, the length should be a maximum 2 numeric characters
Branch Number	• Mandatory • Length should be 3 numeric characters.
Account Number	• Mandatory • Length should be 9 numeric characters.
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Italy

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be a maximum of 5 numeric characters.
Branch Number	• Mandatory • Length should be a maximum of 5 numeric characters.
Account Number	• Mandatory • Length should be a maximum of 12 alphanumeric characters. • If the length is less than 12, then it is converted to a 12 digit number by prefixing it with as many leading zeroes as is necessary.
Check Digit	• Optional • If entered, length should be a single alphabetic character and a check algorithm is applied on the Check Digit.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 27 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Check Digit

The check digit is used to validate against the Bank Code, Branch Number, and Account Number. These are concatenated to obtain a 22 character string.

Each character is assigned a value depending upon whether the character is in an odd position or an even position in the string as given in the following table:

Even Position Values	Odd Position Values
A/0 = 0	A/0 = 1
B/1 = 1	B/1 = 0
C/2 = 2	C/2 = 5
D/3 = 3	D/3 = 7
E/4 = 4	E/4 = 9

Even Position Values	Odd Position Values
F/5 = 5	F/5 = 13
G/6 = 6	G/6 = 15
H/7 = 7	H/7 = 17
I/8 = 8	I/8 = 19
J/9 = 9	J/9 = 21
K = 10	K = 2
L = 11	L = 4
M = 12	M = 18
N = 13	N = 20
O = 14	O = 11
P = 15	P = 3
Q = 16	Q = 6
R = 17	R = 8
S = 18	S = 12
T = 19	T = 14
U = 20	U = 16
V = 21	V = 10
W = 22	W = 22
X = 23	X = 25
Y = 24	Y = 24
Z = 25	Z = 23

The first character on the left is an odd position. The values assigned are added up and the sum is divided 26.

The remainder obtained as a result of this division is converted into an alphabet as given in the following table:

Transformation Algorithm

Calculation	Calculation	Calculation
0 = A	9 = J	18 = S
1 = B	10 = K	19 = T
2 = C	11 = L	20 = U
3 = D	12 = M	21 = V
4 = E	13 = N	22 = W
5 = F	14 = O	23 = X
6 = G	15 = P	24 = Y
7 = H	16 = Q	25 = Z
8 = I	17 = R	

This value should be the same as the user entered check digit or else the Check Digit validation fails.

Japan

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be 4 numeric characters
Alternate Bank Name	• Optional
Branch Number	• Mandatory • Length should be 3 numeric characters.
Alternate Branch Name	• Optional
Account Number	• Mandatory
Account Type	• Mandatory

Field	Rule
	• This field is labeled as **Deposit Type**.
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Kuwait

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, the length should be a maximum of 4 characters.
Branch Number	• Optional
Account Number	• Mandatory • Length should be a maximum of 21 characters.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Latvia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 21 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Liechtenstein

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 21 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Lithuania

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 20 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Luxembourg

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be 3 numeric characters.
Branch Number	• Optional • If entered, then the length should be 3 numeric characters. • If the Bank Code and Branch Number are entered, then both values must match.
Account Number	• Mandatory • Length should be 13 alphanumeric characters.
Check Digit	• Optional • If entered, then the length should be 2 numeric characters
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 20 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Malta

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 31 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Martinique

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Mauritius

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 30 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Mayotte

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Mexico

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Optional

Secondary Account Reference	• Optional
	• If entered:
	  ○ Should be of 18 digits
	  ○ Should be numeric

Monaco

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Montenegro

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Netherlands

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional

Account Number	• Mandatory
	• Two types of account numbers are validated:
	• If the bank account number is numeric and consists of one of the following then bank account will be considered as Post or Giro Account.
	  ○ length is 7 digits or less, or
	  ○ prefixed with 000, or
	  ○ prefixed with P or G
	There is no check digit validation for Post or Giro accounts.

Field	Rule
	• For other account numbers, the length should be between 9 and 10 numeric characters. A check algorithm is applied on the Account Number.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 18 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Non-Post or Giro Account Number

1. If the length is less than 10, then it is converted to a 10 digit number by prefixing it with as many leading zeroes as is necessary.
2. The Netherlands government provides the following factor table for each of the 10 digits:

Digit	Factor
1st	10
2nd	9
3rd	8
4th	7
5th	6
6th	5
7th	4
8th	3
9th	2
10th	1

These are multiplied and the sum of the products is calculated 4.

If the result so obtained is perfectly divisible by 11 (that is, no remainder on division by 11), then the test is successful, otherwise the account number entered is not valid.

New Zealand

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be 2 numeric characters.
Branch Number	• Mandatory • Length should be 4 numeric characters. • This field is labeled **Bank State Branch**.
Account Number	• Mandatory
Check Digit	• Optional
Description	• This field is labeled **Reference**.
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Norway

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory • Length should be of 11 numeric characters. • A check algorithm is applied on the Account Number, if the 5th and 6th digits of the account number are not 00. For example, for Account Number, **1234001234**, the check algorithm will not be applied but for Account Number 02056439653, the check algorithm will be applied as outlined below.
Check Digit	• Optional
IBAN	• Mandatory

Field	Rule
	• If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 15 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Account Number

1. The check digit is set as the last (that is, the 11th digit) of the Account Number. For example, if the account number is 02056439653, then the check digit is set to 3.

2. The Norwegian government provides the following factor table:

Digit	Factor
1st	5
2nd	4
3rd	3
4th	2
5th	7
6th	6
7th	5
8th	4
9th	3
10th	2

The first ten digits of the account number are multiplied by the associated factor. The computed sum is then calculated by summing the totals.

3. Example using account number 02056439653:

Multiply each digit with the given factor.

Digit	Value	Factor	Result
1st	0	5	0

Digit	Value	Factor	Result
2nd	2	4	8
3rd	0	3	0
4th	5	2	10
5th	6	7	42
6th	4	6	24
7th	3	5	15
8th	9	4	36
9th	6	3	18
10th	5	2	10
Total			163

So the computed sum for this example is 163.

4. The computed sum is then added to the check digit. In the above example, 163 + 3 = 166.

5. Divide the result by 11. 166 / 11 = 15 6.

6. Derive the remainder. 166 - (11 * 15) = 1.

7. If the remainder is '0', then the validation is successful, else the check fails.

8. In the given example, the check fails the Account Number as the remainder is 1. If the 11th digit of the Account Number was 2 (that is, the check digit would be 2), then the remainder would be 165 - (11 * 15) = 0 and the check on the Account Number would be successful.

Bank Account Validation by Country: Poland to the United States

This outlines the country specific bank account validation rules performed in Oracle Fusion Cash Management.

The following countries have country specific validations:

- Poland
- Portugal
- Reunion
- Romania
- Saint Barthelemy
- Saint Martin
- Saint Pierre and Miquelon
- Saudi Arabia
- Serbia
- Serbia and Montenegro
- Singapore
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- The Former Yugoslav Republic of Macedonia
- Tunisia
- Turkey
- United Arab Emirates
- United Kingdom
- United States

When entering bank accounts, different countries can have certain rules governing the format and content of the following related fields:

1. **Bank Code**
2. **Branch Number**
3. **Account Number**
4. **Check Digit**
5. **IBAN**

Use the **Disable Country Specific Bank Validations** profile option to disable the country-specific validations pertaining to the bank code, branch number, account number, check digit, and IBAN. You can set this profile option at the site, product, or user level. The profile is predefined with a default value of **No** at the site level. If the profile is set to **Yes**, these validations are not performed. The checks for unique banks, branches, accounts, and the mandatory requirement of bank account number are not affected by this profile.

Poland

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, the length should be of 8 numeric characters.
Branch Number	• Optional • If entered, the length should be of 8 numeric characters. • If the Bank Code and Branch Number are entered, then both values must match
Account Number	• Mandatory • Length should be a maximum of 16 alphanumeric characters.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 28 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Portugal

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be of 4 numeric characters.
Branch Number	• Mandatory • Length should be of 4 numeric characters.
Account Number	• Mandatory • Length should be a maximum of 11 numeric characters.
Check Digit	• Optional • Length should be of 2 numeric characters.

Field	Rule
	• If entered, a check algorithm is applied on the Check Digit.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 25 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Check Digit

- A check digit is formed (CD1) from the Bank Code, Branch Number, and Account Number by concatenating the three numbers.
- For example, using Bank Code 1234, Branch Number 5678, and Account Number 12345678901. Then CD1 is set as 1234567812345678901.
- The Portuguese government provides the following factor table:

Digit	Factor
1st	73
2nd	17
3rd	89
4th	38
5th	62
6th	45
7th	53
8th	15
9th	50
10th	5
11th	49
12th	34
13th	81

Digit	Factor
14th	76
15th	27
16th	90
17th	9
18th	30
19th	3

The nineteen digits of the created check digit (CD1) are multiplied by the associated factor. The multiple sum is then calculated by summing the totals.

Example using the above value for CD1:

Digit	Value	Factor	Result
1st	1	73	73
2nd	2	17	34
3rd	3	89	267
4th	4	38	152
5th	5	62	310
6th	6	45	270
7th	7	53	371
8th	8	15	120
9th	1	50	50
10th	2	5	10
11th	3	49	147
12th	4	34	136
13th	5	81	405

Digit	Value	Factor	Result
14th	6	76	456
15th	7	27	189
16th	8	90	720
17th	9	9	81
18th	0	30	0
19th	1	3	3
Total			3794

- Divide the result by 97. 3794 / 97 = 39
- Derive the remainder. 3794 - (39 * 97) = 11
- CD1 is then derived by subtracting the remainder from 97. 97 - 11 = 86. So for this example CD1 = 86
- If the calculated value for CD1 is not the same as the user entered check digit, then the check digit fails the validation. In the given example, unless the user entered check digit is 86, the validation will fail.

Reunion

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Romania

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 24 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Saint Barthelemy

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Saint Martin (French Section)

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Saint Pierre and Miquelon

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Saudi Arabia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be a maximum of 4 characters
Branch Number	• Optional
Account Number	• Mandatory • Length should be a maximum of 25 characters.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Serbia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory.
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Serbia and Montenegro

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Singapore

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be 4 numeric characters.
Branch Number	• Mandatory • Length should be 3 numeric characters.
Account Number	• Mandatory • Length should be a maximum of 12 numeric characters.
Check Digit	• Optional
IBAN	• Optional, if entered, the rules below apply. • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Slovakia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 24 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Slovenia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length cannot be more than 19 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Spain

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Mandatory • Length should be a maximum of 4 numeric characters. • If the bank code is less than 4 digits, then it is converted to a 4 digit number by prefixing it with as many leading zeroes as is necessary.
Branch Number	• Mandatory • Length should be a maximum of 4 numeric characters. • If the bank code is less than 4 digits, then it is converted to a 4 digit number by prefixing it with as many leading zeroes as is necessary.
Account Number	• Mandatory • Length should be 10 numeric characters.
Check Digit	• Optional • If entered, length should be a maximum of 2 numeric characters. • A check algorithm is applied on the Check Digit.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 24 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Check Digit

Two check digits are calculated, CD1 from the Bank Code and Branch Number and CD2 from Account Number in the following manner; these are then used as the basis for the check digit validity test:

CD1

1. For the Bank Code, the Spanish government provides the following factor table:

Digit	Factor
1st	4
2nd	8
3rd	5
4th	10

The four digits of the Bank Code are multiplied by the associated factor. The computed sum is then calculated by summing the totals.

Example using Bank Code '1234':

Multiply each digit with the given factor.

Digit Value Factor Result	Digit Value Factor Result	Digit Value Factor Result	Digit Value Factor Result
1st	1	4	4
2nd	2	8	16
3rd	3	5	15
4th	4	10	40
Total			75

So the computed sum for this example is 75.

2. For the Branch Number, the Spanish government provides the following factor table:

Digit	Factor
1st	9
2nd	7
3rd	3
4th	6

The four digits of the Branch Number are multiplied by the associated factor. The computed sum is then calculated by summing the totals.

Example using Branch Number '5678':

Multiply each digit with the given factor.

Digit	Value	Factor	Result
1st	5	9	45
2nd	6	7	42
3rd	7	3	21

Digit	Value	Factor	Result
4th	8	6	48
Total			156

So the computed sum for this example is 156.

3. The computed sums from both the Bank Code and Branch Number calculations are then summed up. From the above example, it is 75 + 156 = 231.

4. Divide the result by 11.

231 / 11 = 21

5. Derive the remainder

231 - (11 * 21) = 0.

6.CD1 is then derived by subtracting the remainder from 11. If difference is 11, then CD1 is 0 and if difference is 10, then CD1 is 1 11 - 0 = 11. So for this example, **CD1 = 11 = 0**.

CD2

1. For the Account Number, the Spanish government provides the following factor table:

Digit	Factor
1st	1
2nd	2
3rd	4
4th	8
5th	5
6th	10
7th	9
8th	7
9th	3
10th	6

The ten digits of the bank number are multiplied by the associated factor. The computed sum is then calculated by summing the totals.

Example using account number '1234567890':

Multiply each digit with the given factor.

Digit	Value	Factor	Result
1st	1	1	1
2nd	2	2	4
3rd	3	4	12
4th	4	8	32
5th	5	5	25
6th	6	10	60
7th	7	9	63
8th	8	7	56
9th	9	3	27
10th	0	6	0
Total			280

So the computed sum for this example is 280.

2. Divide the result by 11

280 / 11 = 25

3. Derive the remainder.

280 - (11 * 25) = 5

4. CD2 is then derived by subtracting the remainder from 11. 11 - 5 = 6. So for this example **CD2 = 6**.

Check Digit Validity Test

The value in the user entered check digit field is compared to the calculated CD1 and CD2 using the following checks, if both of the checks are true, then the validation is unsuccessful.

Check	Description
1	CD1 is compared to the first digit of the entered check digit field.
2	CD2 is compared to the second digit of the entered check digit field.

Check	Description

Example of the test using the previously calculated CD1 and CD2:

Where CD1 = 0 and CD2 = 6 and suppose the user entered Check Digit Value is '05'. As CD2 does not match, the check digit is invalid.

Sweden

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be between 4 to 5 numeric characters.
Branch Number	• Optional • If entered, then the length should be between 4 to 5 numeric characters. • If the Bank Code and Branch Number are entered, then both values must match.
Account Number	• Mandatory • Length should be a maximum of 16 numeric characters.
Check Digit	• Optional • Length should be a single numeric character.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 24 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Switzerland

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be between 3 to 5 numeric characters.
Branch Number	• Optional • If entered, then the length should be between 3 to 9 numeric characters.
Account Number	• Mandatory

Field	Rule
	• Length should be a maximum of 17 numeric characters.
Check Digit	• Optional
Account Type	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 21 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

The Former Yugoslav Republic of Macedonia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed: **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN • Length should be 19 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Tunisia

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory.
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Turkey

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional
Branch Number	• Optional
Account Number	• Mandatory.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed, **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 26 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

United Arab Emirates

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, the length should be a maximum of 4 characters.
Branch Number	• Optional
Account Number	• Mandatory • Length should be a maximum of 21 characters.
Check Digit	• Optional
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed. • The module-97 rule is used to calculate the validity of the IBAN. • Length should be 23 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The first 2 digits is AE, followed by 21 alphanumeric digits (format: AE + 21 digits).

United Kingdom

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional • If entered, then the length should be 6 numeric characters.
Branch Number	• Mandatory • It is unique within the country. • Length should be a maximum of 6 numeric characters. • If the length is less than 6, then it is converted to a 6 digit number by prefixing it with as many leading zeroes as is necessary. • This field is labeled as **Sort Code**.
Account Number	• Mandatory • Length should be a maximum of 8 numeric characters.
Check Digit	• Optional
Secondary Account Reference	• Optional • If entered, length should be a maximum of 18 characters. • This field is labeled as **Building Society Roll Number**.
IBAN	• Mandatory • If the IBAN is not entered, a warning message is displayed, **IBAN has not been entered. This bank account is defined in a country that requires IBAN for payment processing.** • The module-97 rule is used to calculate the validity of the IBAN.

Field	Rule
	• Length should be 22 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

United States

Validation Rules

The fields are checked for validity by adopting the following rules:

Field	Rule
Bank Code	• Optional.
Branch Number	• This field is labeled as **Routing Transit Number**. • Length should be a maximum of 9 numeric characters. • If the length is less than 9, then it is converted to a 9 digit number by prefixing it with as many leading zeroes as is necessary. • Note that on padding the number to 9 digits, the first 8 digits cannot be all zeroes. • For example, 001 and 000007 are invalid Routing Transit Numbers because on padding to 9 digits, they become - 000000001, 000000007, and thus having 8 leading zeroes. • A check algorithm is applied on the Routing Transit Number.
Account Number	• Mandatory
Check Digit	• Optional
IBAN	• Optional, if entered, the below rules apply. • The module-97 rule is used to calculate the validity of the IBAN. • Length cannot be more than 34 characters. Spaces are removed from the left and right. Spaces in the middle are not removed. • The first 2 characters are letters. • The third and fourth characters are numbers.

Check Algorithm for Routing Transit Number

1. The ninth digit of the Number field is used to represent the Check Digit.
2. A calculated Check Digit is computed from the remaining 8 digits using Modulus 10 algorithm.
3. Multiply each digit in the Routing Transit Number by a weighting factor. The weighting factors for each digit areas given in the following table:

Digit	1st	2nd	3rd	4th	5th	6th	7th	8th
Factor	3	7	1	3	7	1	3	7

- The digits of the Routing Transit Number are multiplied by the associated factor. The computed sum is then calculated by summing the totals.

- Subtract the sum from the next highest multiple of 10. The result is the calculated Check Digit. This should be the same as the 9th digit of the Branch Number or Routing Transit Number; otherwise the Branch Number or Routing Transit Number is invalid.

For Example:

Routing Number	0	7	6	4	0	1	2	5	Total
Multiply by	3	7	1	3	7	1	3	7	
Sum	0	49	6	12	0	1	6	35	= **109**

So the Check Digit = 1 (110 minus 109).

In this example, the Routing Transit Number 076401251 passes validation.

Glossary

accounting flexfield

The structure that determines the chart of accounts, including the number and order of the individual segments, as well as assigning the value sets to the segments.

automatic offset

A method for balancing invoice and payment journal entries that cross primary balancing segment values.

balancing segment

A chart of accounts segment used to automatically balance all journal entries for each value of this segment.

balancing segment value

The value of a balancing segment used to automatically balance journal entries.

bill payable

Payment documents that are payable at maturity.

business unit

A unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy.

data role template

A set of instructions that specifies which base roles to combine with which dimension values to create a set of data security policies.

descriptive flexfield

Customizable expansion space, such as fields used to capture additional descriptive information or attributes about an entity, such as a customer case. You may configure information collection and storage based on the context.

destination type

The destination type, expense or inventory, determines the accounting behavior of the transaction line.

determinant type

The value that affects sharing of reference data in a transaction across organizations, such as a business unit or a cost organization.

disbursement bank account

The deploying company's bank account.

distribution set

A predefined set of accounts, with or without percentages, that automatically creates invoice distributions for invoices that aren't matched to purchase orders.

document category

A high level grouping of person documents such as visas, licenses, and medical certificates. Document subcategories provide further grouping of document categories.

document payable

An item that is ready to be paid. Equivalent to an installment in Oracle Fusion Payables.

EFT

Acronym for Electronic Funds Transfer. A direct transfer of money from one account to another, such as an electronic payment of an amount owed a supplier by transferring money from a payer's disbursement bank account into the supplier's bank account.

extract

An XML file that contains the superset of data relevant to a payment file.

first party payer

The deploying company making disbursements. The first party payer disburses funds to pay suppliers, customer refunds, and to reimburse employee expenses.

format

A key setup entity in Oracle Fusion Payments, which ties together formatting attributes, such those used by Oracle Fusion Business Intelligence Publisher (BI Publisher) templates and validations to execute during transaction processing.

FTP

Acronym for File Transfer Protocol. A system for transferring computer files, generally by the Internet.

funds capture payment profile

A key setup entity that holds rules for funds capture processing.

HTTP

Acronym for Hypertext Transfer Protocol. A request and response standard typical of client-server computing. In HTTP, web browsers or spiders act as clients, while an application running on the computer hosting the web site acts as a server. The client, which submits HTTP requests, is also referred to as the user agent. The responding server, which stores or creates resources such as HTML files and images, may be called the origin server. In between the user agent and origin server may be several intermediaries, such as proxies, gateways, and tunnels.

HTTPS

Acronym for Hyper Text Transfer Protocol Secure. A protocol primarily developed for secure, safe Internet transactions. HTTPS allows secure e-commerce transactions, such as online banking.

installment

Any of several parts into which a debt or other sum payable is divided for payment at successive fixed times.

internal payee

The deploying company or any of its business units that receive funds from their customers, the payers. Payees receive funds from their customers by credit card payments, debit card payments, direct debits to bank accounts, or bills receivable transactions sent to banks.

invoice business unit

Business unit with the Payables Invoicing business function that is responsible for processing invoice transactions.

invoice distribution

Accounting information for an invoice line, such as accounting date, amount, and distribution combination.

job role

A role, such as an accounts payable manager or application implementation consultant, that usually identifies and aggregates the duties or responsibilities that make up the job.

key flexfield structure

The arrangement of segments in a key flexfield. In some cases, you can define multiple structures for a single key flexfield.

lookup code

An option available within a lookup type, such as the lookup code BLUE within the lookup type COLORS.

lookup type

The label for a static list that has lookup codes as its values.

lossy

A data encoding method that compresses data by discarding some of it.

natural account

Categorizes account segment values by account type, asset, liability, expense, revenue, or equity, and sets posting, budgeting, and other options.

natural account segment

A chart of accounts segment used to categorize your accounting transactions by account type: asset, liability, owner's equity, revenue, or expense.

payee

A supplier or employee who receives payment.

payment document

A set of documents, such as check stock, on which checks and promissory notes can be printed or written. This term can also refer to an individual document upon which a payment is printed.

payment process profile

A setup entity which drives processing behavior for each document payable, payment, and payment file.

payment process request

A grouping of documents payable, for which a calling product requests payment. Synonymous with Pay Run in Oracle Fusion Payables.

payment system

An external organization that provides financial settlement services. The payment system can be the bank at which the deploying company has its bank accounts or it can be a third-party processor that connects companies and financial networks.

payment system account

In the funds capture flow, a representation of the relationship between a payment system and the internal payee, that allows an authorization, settlement, or settlement batch to be transmitted to a payment system. In the disbursement flow, a representation of the relationship between a payment system and the internal payer that allows a payment file or positive pay file to be transmitted to a bank or other payment system.

primary balancing segment value

A segment value used to represent a legal entity in the chart of accounts and automatically balance all intercompany and intracompany transactions and journal entries.

quick payment

A single payment that you create for one more invoices without submitting a payment process request.

reference data sharing

Facilitates sharing and reuse of common transactional data entities within the parts of a business flow or across organizations.

reference group

A logical collection of reference data sets that correspond to logical entities, such as payment terms defined across multiple tables or views. Based on the common partitioning requirements across entities, the reference data sets are grouped to facilitate data sharing among them.

reporting entity

A person or organization that has a unique tax identification number for United States 1099 tax reporting.

separate remittance advice

A notice sent to a payee that lists the invoices that the deploying company has paid electronically to that payee's bank account.

servlet

A Java programming language class used to extend the capabilities of servers that host applications accessed via a request-response programming model. Although servlets can respond to any type of request, they are commonly used to extend the applications hosted by Web servers. For such applications, Java Servlet technology defines HTTP-specific servlet classes.

settlement batch

A group of transactions, typically settlements and credits, that are sent to the payment system together in a file. Settlement batches are generally used with a processor-model payment system.

source product

The product that owns a transaction and submits the request for disbursement or funds capture to Oracle Fusion Payments.

transmission configuration

Configuration for transmitting files such as payment files.

transmission protocol

A method used to electronically transmit data, such as FTP and Secure HTTP.

usage rules

Rules that determine when payment methods and payment process profiles can be assigned for use on documents payable.

validations

Rules that ensure that transactions are valid before they are printed or submitted electronically to payment systems. You use validations to ensure that disbursement transactions, such as invoices, payments, and payment files meet specific conditions before they can be paid.

value-added tax (VAT)

An indirect tax on consumer expenditures that is collected on business transactions and imported goods. Value-added tax (VAT) is added to products at each stage of their production. If customers are registered for VAT and use the supplies for taxable business purposes, then they typically receive credit for the VAT that is paid.

withholding tax classification

A collection of one or more withholding tax codes.