

FI Credit Management



HELP.FIARCR

Release 4.0B



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FI Credit Management

FI - Credit Management

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Information on the Contents of the Online FI Manuals

The following list provides you with a brief overview of the contents of each of the online FI documents:

FI Implementation Guide (IMG)

You can use the IMG to help you carry out and document the configuration of your system.

FI - Document Posting

This document describes the basic principles behind document posting.

FI - Closing and Reporting

This document describes the closing operations that you can carry out using the system and the preparatory tasks necessary for them. It describes, for example, how to prepare balance sheets and profit and loss statements and how to archive data.

FI - Accounts Receivable and Accounts Payable

This document explains how to create and manage customer and vendor master data. It also explains how business transactions are posted and processed. A chapter on running the dunning program and carrying out payment transactions is also included.

FI General Ledger Accounting

This document describes how to enter and manage G/L account master data in the system. A chapter on balance interest calculation is included.

FI Financial Information System

This document describes the evaluations you can carry out with the financial information system and how to display the results of these on the screen. System configuration information is also provided.

FI Electronic Bank Statement

This document describes various procedures for processing electronic account statements, such as import, entry, posting and postprocessing. The document also provides information on configuring systems to support the electronic account statement.

FI Business Area

This document explains the role of the business area as an organizational unit within the R/3 System.

FI - General Topics

This document describes the system settings you need to make regarding different types of currencies and forms of taxation. It also includes a topic on data transfer.

FI - Credit Management

This document provides an overview of credit management and explains which tools are available for credit control in the R/3 System.

Credit Management

You can use the Accounts Receivable (A/R) application component to set a credit limit for each customer. This limit is checked in the accounting and sales departments every time a posting is made to that customer account. If the amount being posted exceeds this limit, the system issues a warning. You can obtain information on the customer's credit control limit at any time by using the evaluations in the system.

You can issue credit at different levels; these are described in the following sections:

[Introduction to Credit Management \[Page 8\]](#)

[Maintaining Credit Limits \[Page 10\]](#)

[Monitoring Credit Limits \[Page 14\]](#)

[DSO \(Day Sales Outstanding\) \[Page 15\]](#)

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Introduction to Credit Management

You can set credit limits for a customer in either a single credit control area or in several.

A **credit control area** consists of one or more company codes. For example, you can put your company codes in Japan, Korea, and Australia into one credit control area for Asia. To group together all your company codes that are within the European Union, you could specify a further credit control area, Europe. A company code cannot be assigned to more than one credit control area.

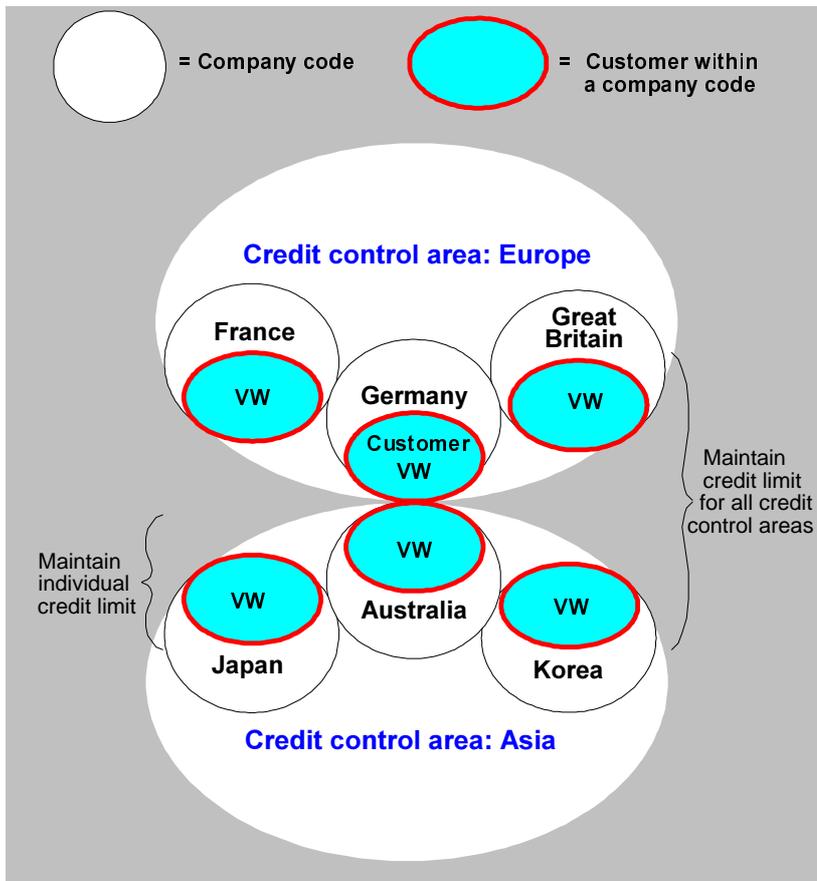
When you post a customer invoice with the *FI Financial Accounting* application, the system increases the following amounts (depending on the business transaction involved): the overall receivables, receivables from sales, and the special G/L transactions total. When you clear an invoice item (after the incoming payment has been made), the system reduces the relevant figures by the same amount.

You can maintain a total credit limit for all credit control areas and an individual credit limit for each credit control area.

For information on the creation of a credit control area, see the topic on organizational structures in *FI System Administration Guide*.

The following figure illustrates the relationship between credit control areas, customers, and company codes. It is based on the following assumptions:

- Your group consists of six company codes, which are divided up into two credit control areas in Europe and Asia.
- VW is a customer in all of these countries.



Maintaining Credit Limits

You set credit limits at different levels, always related to a single customer.

Total credit limit

This determines the total permissible credit for a customer across all credit control areas. The sum total of all the individual credit amounts granted to that customer in all the control areas he belongs to may **not** be greater than the total credit limit for that customer.

Maximum individual credit limit

Valid for all control areas, this limit sets a ceiling on the amount of credit that may be granted to the customer in **any one** credit control area in your system.

Individual credit limit

The individual credit limit determines the actual credit limit for a certain customer in a certain control area. This individual limit must not exceed the maximum individual credit limit for that customer (which is valid for all control areas). When setting up credit control areas in the *Accounting Configuration* screen, you can set a default value for the individual credit limit. Specifying a default value ensures that the credit limit is set at the appropriate amount when you create a customer in a company code. This means that credit master records are also created.

Setting the Total Credit Limit and the Maximum Individual Credit Limit per Control Area

Setting the Total Credit Limit and the Maximum Individual Credit Limit per Control Area

If you wish to set a total credit limit and a maximum individual credit limit, proceed as follows from the Accounts Receivable menu:

1. Choose *Master records* → *Credit management* → *Change*. You reach the initial screen for maintaining credit management data.
2. Enter the number of the customer account and the credit control area.
3. Choose *Edit* → *Select all* and then choose ENTER. You can then maintain both the general data and the data relevant for the credit control area. If you only want to make partial changes, only select the necessary fields for this.

On the following screens, the system displays the overview data, the customer address and the central data. Choose *Goto* → *Central data*.

Enter the limits in the section of the screen entitled *Fixed limits for credit management*.

Total limit

Here you enter the maximum total of credit permissible for this customer across all credit control areas.

Maximum Individual limit

Enter in this field the maximum amount of credit permissible for the customer within each credit control areas.

Currency

Enter the currency for the total limit and maximum individual limit.

The fields in the section entitled *Current assigned credit limits* show to what extent (as a percentage) the customer has exhausted the amount of credit granted to him and in which control area the maximum individual credit limit has been exhausted the most.

The *Last inquiry* field displays when the last information on the customer was obtained. This field is filled manually.

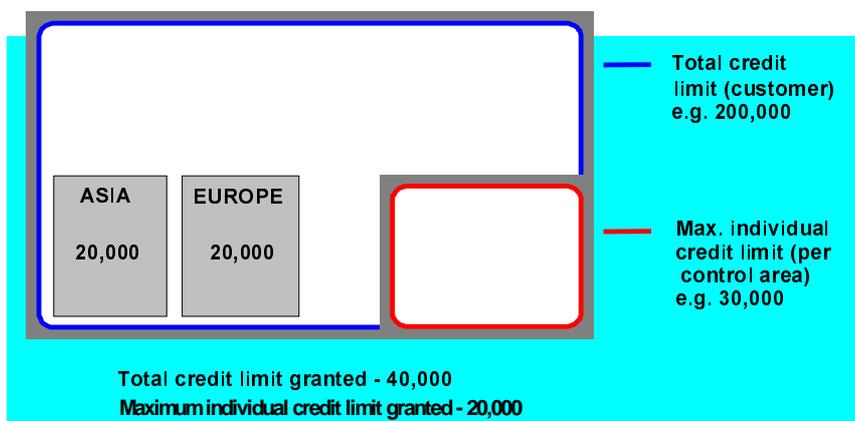
4. Choose *Goto* → *Control area data* → *Status*.

On the next screen, you can assign the customer a certain individual credit limit (which does not exceed the maximum individual limit that has been predefined for the customer) in that credit control area. To do this, enter the individual credit limit in the appropriate field.

The following figure illustrates the relationship between

- Predefined total credit limit
- Predefined maximum individual credit limit
- Assigned total credit limit
- Assigned maximum individual credit limit

Setting the Total Credit Limit and the Maximum Individual Credit Limit per Control Area



Assigning an Individual Credit Limit

You can also branch directly from the *Accounts Receivable* menu to the screen for assigning individual credit limits, by choosing *Master record* → *Credit management* → *Maintain* and selecting the *Status* field.

When you choose ENTER you reach the screen where you can assign the customer a certain individual credit limit (which does not exceed the maximum individual limit that has been predefined for the customer) in that credit control area. To do so, enter the credit limit in the appropriate field.

Assigning a Risk Category

In order to classify customers according to business risk and then be able to evaluate this risk, you can allocate a risk category to a customer. This risk category determines which checks the system should carry out when processing orders.

To enter a risk category, go to the *Change Customer Credit Management: status* screen and enter a value in the *Risk category* field. Use F4 to display the list of possible entries.

Assigning a Customer Group

You can group customers together into customer groups on the basis of whatever criteria you choose (for example industry or country). You can use this customer group as a basis for processing or evaluating the accounts within it.

Assigning a Credit Representative Group

You can assign the employees in the credit management department to a credit representative group. The credit representative group is transferred into the order and can be used as a selection criterion for evaluations and release functions.

Entering Texts

At credit control area level, you can enter memos for each customer. You define this memo as a certain text type (for example, internal information). Your system configuration determines which text types are relevant. For each text type, you can create a new text in another language.

Central texts for a customer are entered in the customer master record in the general data area.

Setting the Total Credit Limit and the Maximum Individual Credit Limit per Control Area

To store a text for a customer at credit control area level, choose *Extras* → *Texts* from the screen *Change Customer Credit Management: Status*. A dialog box appears in which you can enter the control area texts.

If texts for this customer exist, the *Text exists* field is marked.

For a detailed description of the procedure, see "Customer Master Data".

Storing Documents for the Customer

If you are using SAP's ArchiveLink, you can store documents for each customer. This enables you, for example, to scan annual reports into the system, assign them to a customer and display them using the master record display function.

The system creates documents for a customer in the general data area of the customer master record.

To display a document for a customer at the credit control area level, or assign a new document, choose *Extras* → *Documents* from the *Change Customer Credit Management: status* screen. The system displays a dialog box in which the connected documents are displayed. You can also assign a new document to the customer here.

For a more detailed description on this procedure, see *Allocating Documents* in the *Customer Master Data* section of the Accounts Receivable and Accounts Payable documentation.

Setting Credit Limits Using a Referenced Account

It is possible to assign a credit limit not merely to an individual customer but also to a group of customers. This can be useful for a company with several branches, for example.

In this case, you predefine the credit limit for just one customer of this group (for example, the head office). This customer account becomes the credit account.

To assign a credit account to a branch account, choose *Edit* → *Change credit account* from the *Change Customer Credit Management: Status* screen. In the dialog box that appears, you can enter the credit account, that is the account number of the customer you are using to set the credit limit for the entire group.

After you choose ENTER, the credit limit of the branch is displayed as 0.00. The field *Credit account* displays the account number of the customer which contains the reference credit limit.

You can only specify a credit account within a credit control area.

The accumulating total of receivables is recorded both with the reference customer and the "dependent" customer. However, the system checks *only* against the reference customer as to whether the credit limit has been exceeded.

You can display which customers refer to the credit account. To do this, choose the following menu path in the credit account master data: *Edit* → *Cust. for credit acct.*

Deleting Credit Limits

Both the central data and the control area data can be deleted at any time. Choose *Credit management* → *Delete* → *Central data or Credit management* → *Delete* → *Control area data*.

Monitoring Credit Limits

The system calculates the following data for every customer in a credit control area and displays it:

- Receivables from sales (unless they are marked as disputed items)
- Receivables from special G/L transactions which you marked as credit limit-relevant, (for example, down payments)
- Order value (consisting of open orders, deliveries and billing documents).
- Total receivables (sum of the rest)

When you post a customer invoice, the system automatically adds the amount to the existing receivables or to the receivables from special G/L transactions, depending on the posting key involved. When the customer incoming payment is posted, the appropriate amount is subtracted from the existing receivables.

You can view a customer's credit limit by choosing *Master records* → *Credit limit* → *Display* from the *Accounts Receivable* menu.

On the overview screen, the individual credit limit, the existing total liabilities, and the credit exhaustion percentage are displayed.

If you have marked in the master record of the customer that his payment history should be recorded or made other internal specifications, this data is also displayed.

DSO (Day Sales Outstanding)

The DSO figure shows the outstanding receivables amount as a proportion of the sales achieved over the past three months. The period of three months also includes the days elapsed in the current month. This gives you a more accurate view of the significance of the outstanding receivables amount than by merely displaying the amount by itself.

On the initial screen, select *Status*. This takes you directly to the appropriate screen.

The current status is displayed in the fields *Receivables* or *Special liabil.* The resulting total is displayed in the field *Tot.liabilities*.

The displayed total liabilities of the customer increase automatically when you post an invoice and are reduced when you post incoming payments. If the total liabilities exceed the credit limit for the customer in the credit control area, the system warns you; however, it is still possible to enter the customer invoice. The system records the date at which the credit limit was exceeded.

The credit limit is managed in a separate credit limit currency, which you determine for each control area. This currency is different from the local currency (the company code currency). The system converts the amounts in order to update the credit limit data. This has no effect on the updating of the transaction figures or on any postings.

You can enter the central data in any currency you choose, independently of the currencies of the control areas.

You can define the procedure parameters for DSO calculation in Customizing for *Financial Accounting*. You do so in the activity *Make basic settings for credit management*. For further information, see [Configuring the System Using the Implementation Guide \[Page 31\]](#).

Additional Display Functions

As well as the screens described above, you can also display the following:

Displaying the Company Codes in a Control Area

You can display which company codes are allocated to a control area, and in which of these company codes the customer is created. To do this, choose *Environment* → *Company codes* → *In control area* or *Environment* → *Company codes* → *For customer*.

Administrative Data

By selecting *Extras* → *Administrative data*, you can display the date of the last change to the master record or the last text change in the master record.

Displaying the Oldest Due Item

In order to display the oldest due item, choose *Details* → *Oldest item*. A dialog box appears with the most important data of this item (document number, amount, days in arrears).

Order value

By choosing *Extras* → *Order value*, you can display the entire customer order value, broken down into open orders, open deliveries, and open billing documents.

Last Payment

By choosing *Extras* → *Last payment*, you can display the date, amount, and currency of the last payment.

Displaying Line Items

In order to display line items for a customer, choose *Environment* → *Line items*. If the customer is created in several company codes, select the appropriate company code in the dialog box.

You reach the initial screen for line item display. For more information on displaying line items, see *Account Balances and Line Items* in the *Accounts Receivable and Accounts Payable* documentation.

Displaying Dunning and Payment Data

In order to display the dunning or payment data for a customer, choose *Environment* → *Dunning data* or *Environment* → *Payment data*. In the dialog box, you see the most important data, such as, dunning procedure, date of the last dunning notice, dunning level, or terms of payment, and check cashing time.

Displaying Payment History

If you maintain the customer so that the payment history is recorded, the data managed at company code level are displayed in cumulated form at control area level. To display the payment history, choose *Goto* → *Control area data* → *Payment history*.

Displaying Changes

By choosing *Environment* → *Display changes* → *Account changes* or *Field changes*, you can display either all the changes made to the customer account or those made to individual fields.

Sending Messages

If you discover critical data within credit management, you can at any time send an internal message to other accounting clerks to alert them to this situation or initiate further action such as a check on the customer's credit or a block on goods shipments to that customer.

To send an internal message, choose the following menu path from the credit management menu: *Environment* → *Correspondence* → *Send message*. A dialog box appears (*Message to Accounting Clerk/Credit Control*). Here you can enter the name(s) of the recipient, maybe change the message title and, where necessary, enter a long text. Select *Send* to send off this message.

Analyzing an Account

To analyze an account, proceed as follows:

1. Call up the menu *Accounts Receivable*.
2. Choose *Account* → *Analysis*.
3. Enter the number of the customer account, the company code, and the fiscal year.
Select ENTER.

The system displays the monthly debits and credits which have been posted for this account.
4. In order to call up the credit limit from this screen, choose *Goto* → *Credit limit*.

From the Account Analysis screen, you can also display the following data:

- Open items in a posting period
Choose *Edit* → *Line items*.
- Sales by posting period
Choose *Goto* → *Sales*.
- Special G/L transactions
Choose *Goto* → *Sp. G/L transactions*.
- Payment history
Choose *Goto* → *Payment history*.

Accessing the Information System

It is possible to call up the Financial Information System (FIS) from the credit management menu, in order to display customer evaluations. You can use FIS to carry out customer evaluations online, structuring them to meet your requirements.

Thus it is possible to run due date analyses, evaluate payment history, or calculate the DSO figure.

You can summarize or breakdown the data produced in these reports - from open item display to the customer credit management data - to whatever degree you require. You can also edit and present the data from the reports graphically.

To reach the information system, choose *Environment* → *Info.system* from the *Credit Management* menu.

For more information on the information system, refer to *FI Financial Information Systems*.

Credit Master Sheet

If you want information on the credit-related master data of a customer, or simply want to document this information, you can generate a credit master sheet. This function is available in various menus within the FI system, such as the line item display, account analysis and credit management.

The credit master sheet shows the following information for a customer:

- Address and communication data from the customer master record
- Central credit management data: the credit limit currently in force, the absolute credit limits and the date of the last information received on the customer
- All the important fields from the credit management master
- The total open deliveries, orders, and billing documents
- The balance in every company code in the control area
- Days in arrears of the open items in every company code in the control area
- Texts on the customer
- Payment history at control area level

To generate the credit master sheet, choose the following from the credit management menu or the open item display function: *Environment* → *Credit master sheet*. When displaying the master sheet, you can process it in the following ways:

- To display or maintain credit management master data, choose *Goto* → *Credit management* → *Display* or *Change*.
- To display or maintain texts, choose *Edit* → *Texts* → *Display* or *Maintain*.
- To display customer documents, choose *Extras* → *Documents*.
- To display line items, choose *Goto* → *Line items*.
- To display the customer master record, choose *Goto* → *Customer*.
- To display the payment history, choose *Goto* → *Payment history*.
- To display the account analysis, choose *Goto* → *Account analysis*.
- To change the display format for the displayed amounts, choose *Settings* → *Rounding*.

Credit Overview

To obtain an overview of the master data required for the credit management of a particular customer, you can generate a credit data directory.

First choose *Environment* → *Credit overview* from the credit management menu. You reach the selection screen for the credit overview. Here you can start by selecting by credit account, control area, and credit representative group. If you want to limit your selection still further, you can use any of the master record fields. In this way you can choose which of the following information you want in the overview:

- Address data
- Central credit management data
- Balance and special G/L balance of the customer in every company code that belongs to the control area in question; the highest balance from the last 6 periods and the last 12 periods are also issued.
- Customer dunning data in all dunning areas of the company code that belongs to the control area.
- Days in arrears of the open items in all company codes in the control area. The days in arrears are displayed as an interval, the length of which you must specify as a parameter, e.g. 0 to 30 days, 31 to 60 days or over 60 days.
- Open items in all company codes in the control area
- Texts on the customer
- Payment history with periods and net days in arrears, totaled at control area level

You can also use line layout variants, which you can modify especially to suit your information requirements, to control the output of certain fields that are of extra significance for you. To do this, choose *Settings* → *Line layout*.

You can also select a sort variant by choosing *Settings* → *Sort* → *Sort variants*.



You define days in arrears intervals in the *Accounting Configuration* menu via the path *Business volume* → *Credit management* → *Dys/arrears intervls*. For more information on this topic, refer to the *Implementation Guide*. For more information on configuring the system see [Monitoring Credit Limits \[Page 14\]](#).

You define line layout variants in the *Accounting Configuration* menu via the path *Bus.transactions* → *Base parameters* → *Display format* and then *Periodic processing* → *Credit management* → *Line layout*. For more information on this topic, refer to the *Implementation Guide*. For more information about system configuration, see [Monitoring Credit Limits \[Page 14\]](#).

The list is sorted by customers for credit limit and, if there is data in more than one control area, also within each customer for credit limit per control area.

When displaying the credit overview you have the same processing options as are available in the credit master sheet.

Using SD Functions

The credit management functionality also enables you to use the credit management-relevant functions from SD. Thus you can display SD documents from within the credit management menus and process these with the following functions:

- *Environment* → *Sales + Distrib.docs* → *Open orders*
- *Environment* → *Sales + Distrib.docs* → *Open delivs/invoices*
- *Environment* → *Sales + Distrib.docs* → *Release blocked itms*
- *Environment* → *Sales + Distrib.docs* → *Chck authorized itms*

For more information on credit management from the SD side, refer to the SD application documentation.

Assigning a Company Code to a Credit Control Area

You have to assign company codes to credit control areas under the menu option *Global parameters*. For more information on configuring the system, see [Configuring the System Using the Implementation Guide \[Page 31\]](#)

When you assign a company code for the first time or change this assignment, you must reset the credit limit. To find out how to do this, see [Resetting Credit Limits \[Page 26\]](#).

Displaying Changes

Displaying Changes

In order to display any changes that have been made to the credit limits, choose *Master records* → *Credit management* → *Display changes* from the *Accounts Receivable* menu. On the next screen, you can select by customer, control area, or change date. When you choose ENTER, the changes are displayed.

To display changes in credit management for several accounts at the same time, use program RFDKLIAB. For information on running programs, see [Credit Management Reports \[Page 27\]](#).

Making Mass Changes

To avoid postings to customers being refused simply because the date of the next credit limit check has been exceeded, you can reset the date to a later date for a certain specified number of customers. To do this, choose *Periodic processing* → *Credit management* → *Mass changes* from the *Accounts Receivable* menu.

Resetting Credit Limits

You must reset credit limits if:

- You have allocated a company code to a new control area
- You have changed the allocation of company codes to control areas
- You have changed the currency of a control area
- You have altered the classification of a difference reason code from disputed to non-disputed (or vice versa).

To reset credit limits, choose *Credit management* → *Reset*. As this program reads all the open items for the customer and makes changes to documents, this may run for some time. Another way of doing the same thing is to run program RFDKLI20 (the program for resetting credit limits) in the background. For more information, refer to the program documentation.

Credit Management Reports

In addition to the functions in the credit management menu, you can run certain programs to carry out extra evaluations.

Credit management programs

Program	Function
RFDKLI10	Search for customers without credit limits
RFDKLI20	Reset credit limits for selected credit control areas
RFDKLI30	Summary credit limit overview. this program lists the central and control area-related data for each customer
RFDKLI40	Credit limit overview (extended)
RFDKLI41	Credit master sheet
RFDKLI50	Mass change
RFDKLIAB	Cross-account change display

To run one of the programs, carry out the following steps:

1. Choose *System* → *Services* → *Reporting*.
2. Enter the name of the report.
3. Choose *Program* → *Execute*.
4. Enter the selection criteria.
5. Choose *Program* → *Execute* or *Program* → *Execute and print*.

Posting Without Credit Limit Checks (Release 4.0)

Posting Without Credit Limit Checks (Release 4.0)

You can exclude the following postings from the credit limit check:

- Special G/L transactions
- Postings with an alternative reconciliation account

Special G/L Transactions

For each special G/L transaction, you can specify whether it should be included in the credit limit check. The standard system includes down payments, but does not include down payment requests.

The system updates three comparison totals for the credit limit check. These are:

- Open receivables
- Special G/L transactions (e.g. down payments and bills of exchange)
- Sales order values, value of goods to be delivered, and billing document value from SD

When the check is made to see whether the credit limit has been exceeded, down payments received are deducted from the receivables. If you do not want them to be deducted, you will need to change the system default values.

Alternative Reconciliation Account

You can use an additional reconciliation account to switch of the credit management update for certain postings. You define this account in Customizing for Financial Accounting and then set the indicator *Recon. acct ready for input* in the G/L account master record.

This function is particularly useful in Japan, where various “safe” receivables often need to be excluded from the credit management update. “Safe” receivables include prepayments and accrued income, and payment by letters of credit.

For further information, see the Implementation Guide for Financial Accounting. Choose *Accounts Receivable and Accounts Payable → Credit management → Credit control account* to reach the activity *Define recon. accounts without credit management update*.

Current Settings and the Implementation Guide

There are various ways to make system settings.

- You can use the current settings in the Accounts Receivable.
- You can use the Implementation Guide (IMG) in Customizing.

See also:

[Maintaining Current Settings \[Page 30\]](#)

[Configuring the System Using the Implementation Guide \[Page 31\]](#)

Maintaining Current Settings

Maintaining Current Settings

You access current settings by choosing *Environment* → *Current settings* in the Accounts Receivable menu.

You can then carry out the following activities:

- Specify currency translation rates
- Open and close posting periods
- Enter planned amounts for the payment program
- Enter dunning interest rates
- Maintain worklists for displaying open items and balances
- Maintain worklists for processing line items

To carry out one of these activities, click the *Execute* icon next to it. You can display documentation about each current setting by placing the cursor on the title of the activity and choosing *Activity* → *Display documentation*.

Configuring the System Using the Implementation Guide

Some system settings for Credit Management must be made in Customizing.

The following descriptions are based on the SAP Reference IMG. If you are working with an Enterprise IMG or your own projects, you may see slightly different paths than the ones listed here.

The SAP Reference IMG lists all activities which must be carried out to configure the SAP R/3 System.

You can execute functions and display documentation about these functions from the IMG structure.

For more information about system settings (function descriptions and instruction manuals), see the cross-application Customizing Manual.

See also:

[Accessing the SAP Reference IMG \[Page 32\]](#)

[Searching for Activities in the SAP Reference IMG \[Page 33\]](#)

Accessing the SAP Reference IMG

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To display the SAP Reference IMG, proceed as follows:

1. From the SAP R/3 System main menu, choose *Tools* → *Business Engineering* → *Customizing, Implement. projects* → *SAP Reference IMG*.
The IMG structure appears.
2. Place the cursor on *Financial Accounting* and choose *Edit* → *Expand* or click on the plus sign to display the subheadings under Financial Accounting.
You will see the IMGs for “Financial Accounting Global Settings”, “General Ledger Accounting” and “Accounts Receivable and Accounts Payable”.
3. Place the cursor on either “Financial Accounting Global Settings”, “General Ledger Accounting” or “Accounts Payable and Accounts Receivable” and expand the tree structure until you find the configuration activity you require.
4. Read the documentation about the relevant configuration activities by double-clicking on the text icon, then go to the views for making or maintaining the settings in these activities by clicking on the *Execute* icon.
5. Make the required configuration settings and save them.
6. Return to the IMG structure display by clicking *Goto* → *Back*.

Searching for Activities in the SAP Reference IMG

Using the *Find* function, you can search for a specific word or character string within the IMG's structure titles.

Proceed as follows:

1. From the IMG structure display screen, choose *Edit* → *Find*.
2. Enter your search term (word or character string). You can make a generic search by specifying "*" after the word, for example, "Accounts*".
3. Select the type of search and hit list display.
4. Confirm your entries.

Credit Management 4.0

Credit management contains the following enhancements as of Release 4.0:

- Positioning the credit control area
- Distributed credit management
- Payment guarantee management

Positioning the Credit Control Area.

The credit control area is no longer a combination of company codes, but can be entered in the line item or determined in an order from order data, customer data, or a user exit. This means that the control area can be used flexibly as an internal control instrument, and data that needs to be posted in the same company code for accounting reasons need no longer be managed in the same control area.

The control area additionally allocated to the company code is only a default and is used, for example, for crediting commitments for those incoming payments to the customer that cannot be allocated. Otherwise, the credit amount is deducted in the control area in which it was also added. As before, this is the case for every payment.

There is an additional check table of the control areas that are permitted for each company code.

For all item-related checks that take place at control area level, only data which has been posted to this control area will be included.

Data from all the company codes which are allowed in the relevant control area is used for all evaluations that take place at company code level (e.g. payment history, dunning data).

Distributed Credit Management

A scenario is supported which allows several decentralized SD systems to operate active credit management against a central FI system.

An **A/R summary** is created in the FI system for this purpose. This contains all the information on a credit management account (in a control area) that is necessary for the credit check in SD. This information is in compressed form.

A program which should be run periodically creates this A/R summary and sends it to the decentralized SD systems via the ALE customer distribution model. Methods from the Business Object Repository are used to do this. The data is received by the decentralized SD systems and stored in the database. The locally called checks are not then run against the database, which is only a reflection of local activities, but against the A/R summary and therefore against all the open items. If the A/R summary is out of date, you can use the Remote Function Call to update the data in the FI system.

Even in a non-distributed system, it may be beneficial to run the SD credit check against this A/R summary. The repeated reading of open items is then exchanged for the repeated reading of the results of one of these inquiries.

The data determined in this way from the A/R summary can be integrated in the credit overview in line layout variants. This makes it possible to identify those credit management accounts for which the credit check will report an error when the next incoming orders are made.

Payment Guarantee Management

As well as the total of open receivables (= not guaranteed for payment, therefore at your own risk), a second total of receivables guaranteed for payment is recorded in credit management.

Items can be guaranteed for payment in different ways and are then no longer at your own risk:

- By an export credit insurance
- By a letter of credit
- By using a payment card

The payment guarantee amount is produced from a payment guarantee procedure defined in SD. It can include a percentage of the invoice amount.

For example, an amount of 600 USD can be guaranteed for a receivable of 800 USD using a letter of credit. This has the following effect in credit management:

- Total of receivables (at own risk): before 4,500 USD, after 4,700 USD.
- Total of guaranteed receivables: before 300 USD, after 900 USD.

The amount of a receivable guaranteed for payment is, like the credit amount of a receivable, in the line item and can therefore be displayed in the document display, the line item display, and the credit overview (with line layout variants).

Change System Parameters in Customizing

For further information on Customizing for credit management, see the Implementation Guide for Financial Accounting under *Accounts Receivable and Accounts Payable -> Credit Management -> Credit Control Account*. See the activities "Allocate permitted credit control areas to company code" and "Make basic settings for credit management".

The field *Payment guarantee amount* (field name ABSBT) can be included in line layout variants.

For further information on the ALE scenario "Distributed credit management", see the activity "Distributed credit management" in the Implementation Guide.