Declutter Your Chart of Accounts With the New Bank Account Ledger

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SAPinsider
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In This Session

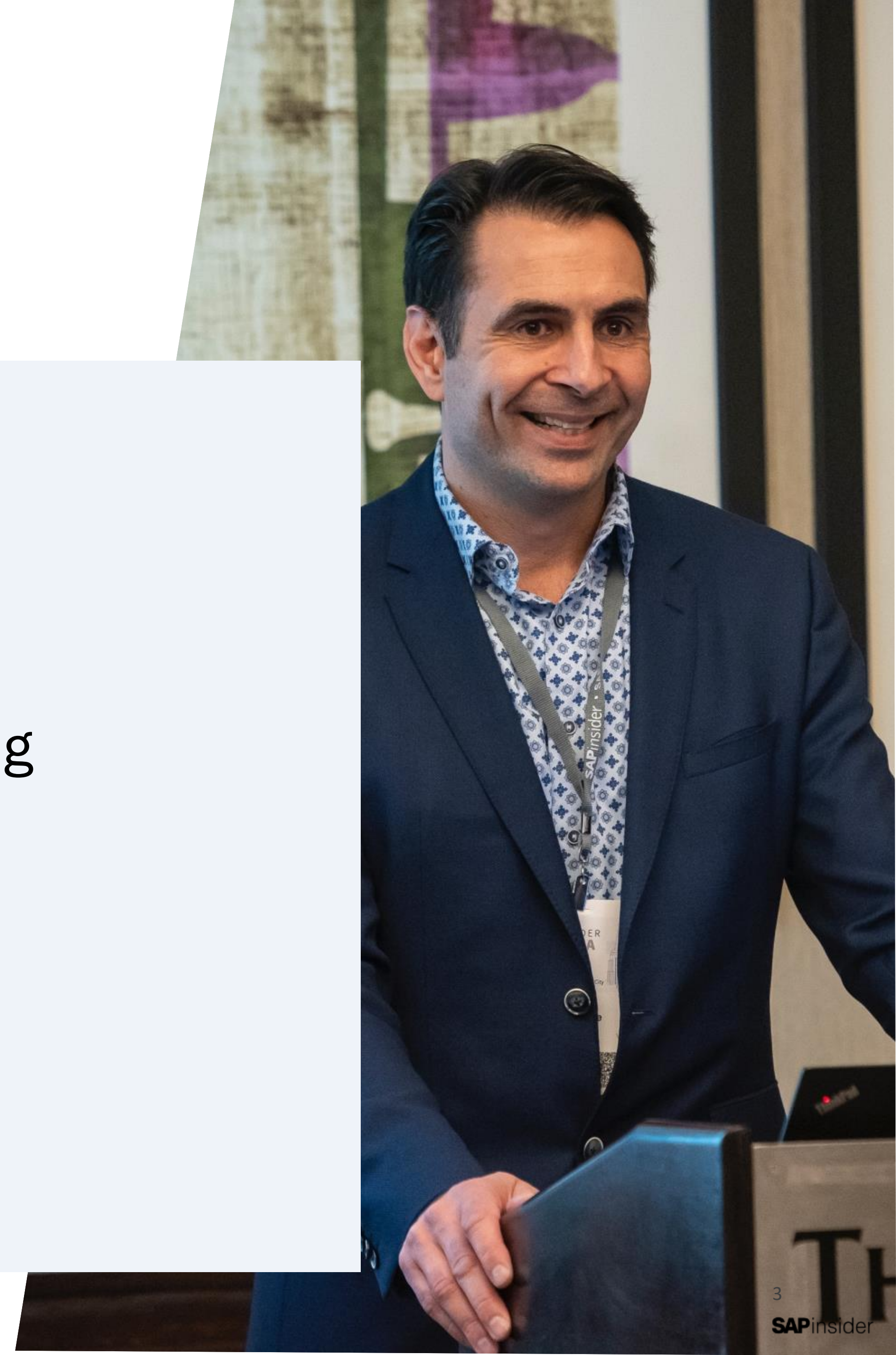
"How are bank accounts modeled in SAP?"

"SAP has subledgers for payables, receivables, and fixed assets so there's one for banks too, right?"

"We've been running R/3 and ECC for 20+ years. Now we are upgrading to S/4HANA and want to know if what the practical benefits and changes are in SAP Finance"

What We'll Cover

- Problem and Solution Driver
- Solution Overview
- Master Data Changes
- Bank Account Lifecycle & Reporting
- Migration
- Wrap Up



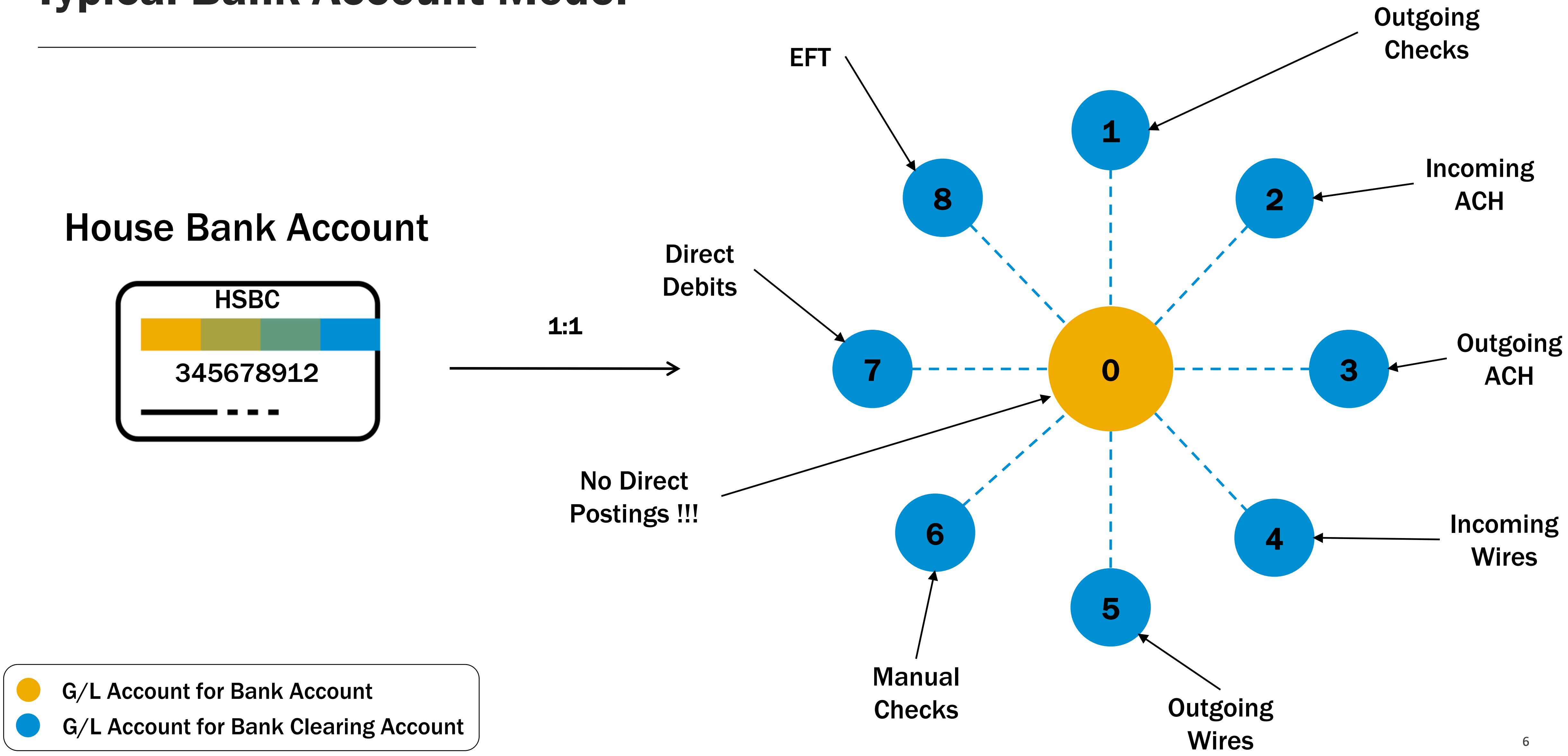
Problem and Solution Driver

How to Manage Bank Accounts in SAP (R/3)?

In the past where we didn't have a true bank subledger…

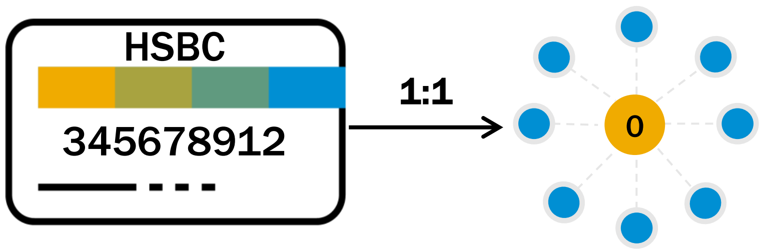
- A significant amount of G/L accounts are required to model a single bank account
- This can lead to a large percentage of the chart of accounts devoted solely to bank accounts
- 25-40% on average
- Creating new bank accounts requires involvement from non-Treasury resources

Typical Bank Account Model



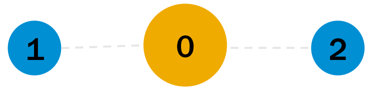
Pain Point 1 – Does it Scale?

House Bank Account



Example A

For Bank Account A

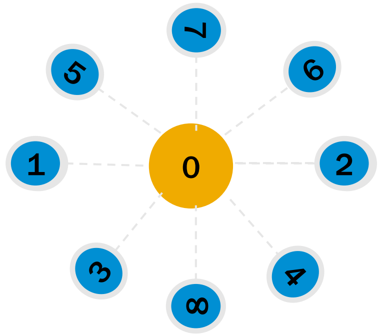


3 G/L accounts needed

2 Clearing for outgoing and incoming payments

Example, B

For Bank Account B



9 G/L accounts needed

2 Clearing for check payments

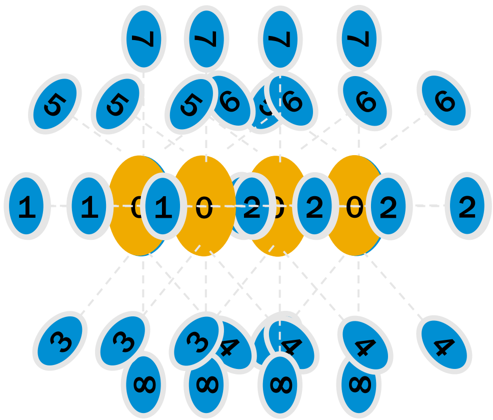
2 Clearing for electronic payments

2 Clearing for direct debit

2 Clearing for treasury payments

Example C

For 100 Bank Account

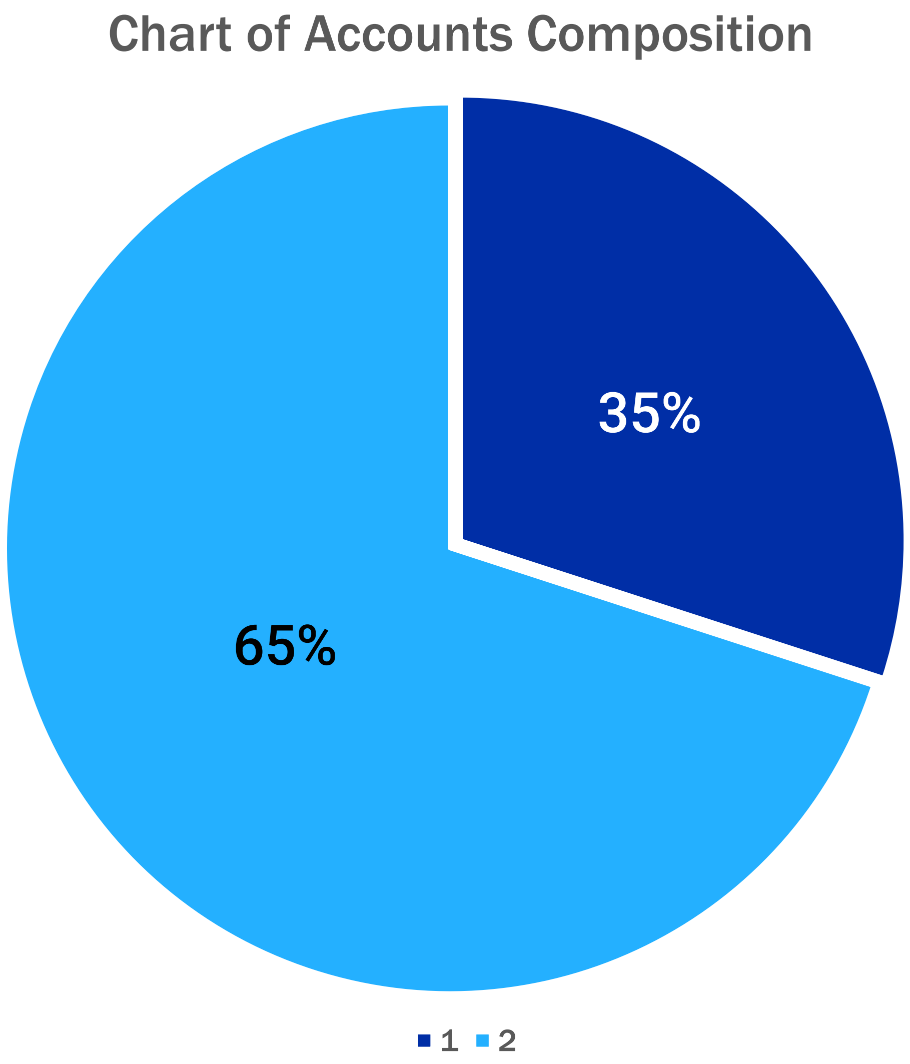


900 G/L accounts needed

100*9= 900 G/L accounts

- G/L Account for Bank Account
- G/L Account for Bank Clearing Account

Pain Point 2 – Impacts on the Chart of Accounts



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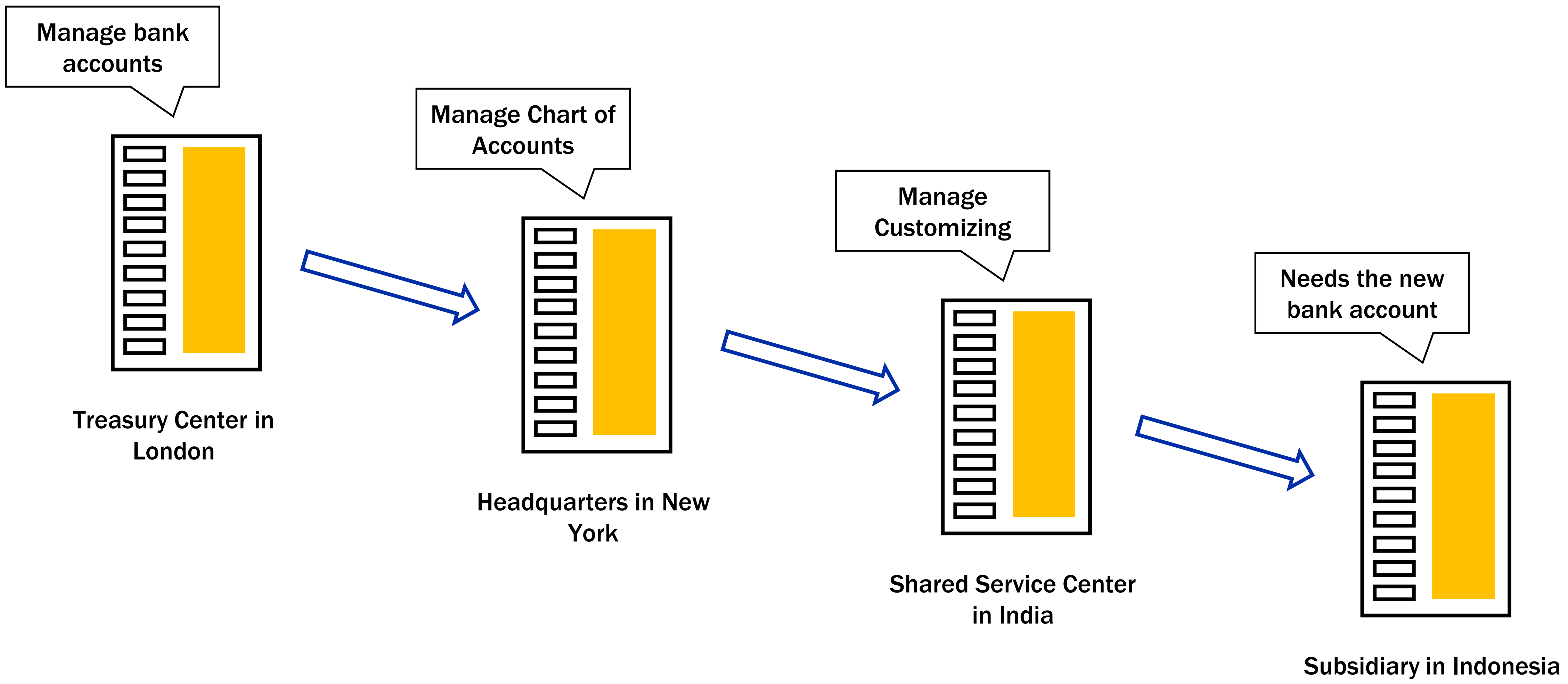
Pain Point 2 – Impacts on the Chart of Accounts

SAP's delivered chart of accounts YCOA contains 14 GL accounts per bank account

Bank 1 - Bank (Main) Account	1710	11001000
Bank 1 - Cash Payment	1710	11001010
Bank 1 - Bank Transfer (Domestic/SEPA/Foreign)	1710	11001020
Bank 1 - Other Interim Transfers	1710	11001030
Bank 1 - Direct Debit	1710	11001040
Bank 1 - Returns	1710	11001045
Bank 1 - Checks Out	1710	11001050
Bank 1 - Checks In	1710	11001060
Bank 1 - Check Clearing Account	1710	11001070
Bank 1 - Cash Receipt	1710	11001080
Bank 1 - Technical Account for Bank Statement	1710	11001090
Bank 1 - Foreign Currency Adjustment	1710	11001099
Bank 1 - Bank (Main) Account Foreign Currency	1710	11001100
Bank 1 - Bank (Lockbox) Account	1710	11001200
Bank 2 - Bank (Main) Account	1710	11002000
Bank 2 - Cash Payment	1710	11002010
Bank 2 - Bank Transfer (Domestic/SEPA/Foreign)	1710	11002020
Bank 2 - Other Interim Transfers	1710	11002030
Bank 2 - Direct Debit	1710	11002040
Bank 2 - Returns	1710	11002045
Bank 2 - Checks Out	1710	11002050
Bank 2 - Checks In	1710	11002060
Bank 2 - Check Clearing Account	1710	11002070
Bank 2 - Cash Receipt	1710	11002080
Bank 2 - Technical Account for Bank Statement	1710	11002090
Bank 2 - Foreign Currency Adjustment	1710	11002099
Bank 3 - Digital Payments Acquirer Bank	1710	11008000
Bank 3 - Digital Payments Transfer Account	1710	11008030
Bank 3 - Digital Payments Acquirer Clrng (Stlmnt)	1710	11008070
Bank 3 - Foreign Currency Adjustment	1710	11008099

Pain Point 3 – Managing Bank Accounts



New Bank Account Ledger

Goals

- Reduce the number of G/L accounts required to model a bank account
- Simplify the chart of accounts
- Re-use G/L accounts for multiple bank accounts
- Reduce administration and TCO
- Process simplification particularly when creating and closing bank accounts
- Easy migration path and timeline

New Bank Account Ledger

Solution and Intent

- House bank account represents a bank account in all payment and posting processes
  - G/L account is no longer an alternative ID to the bank account itself
  - Semantical decoupling of bank account from G/L account(s)
  - The bank account is the object that has the focus
- Old and new solutions must run side-by-side
- Migration: handled Bank Account –by– Bank Account

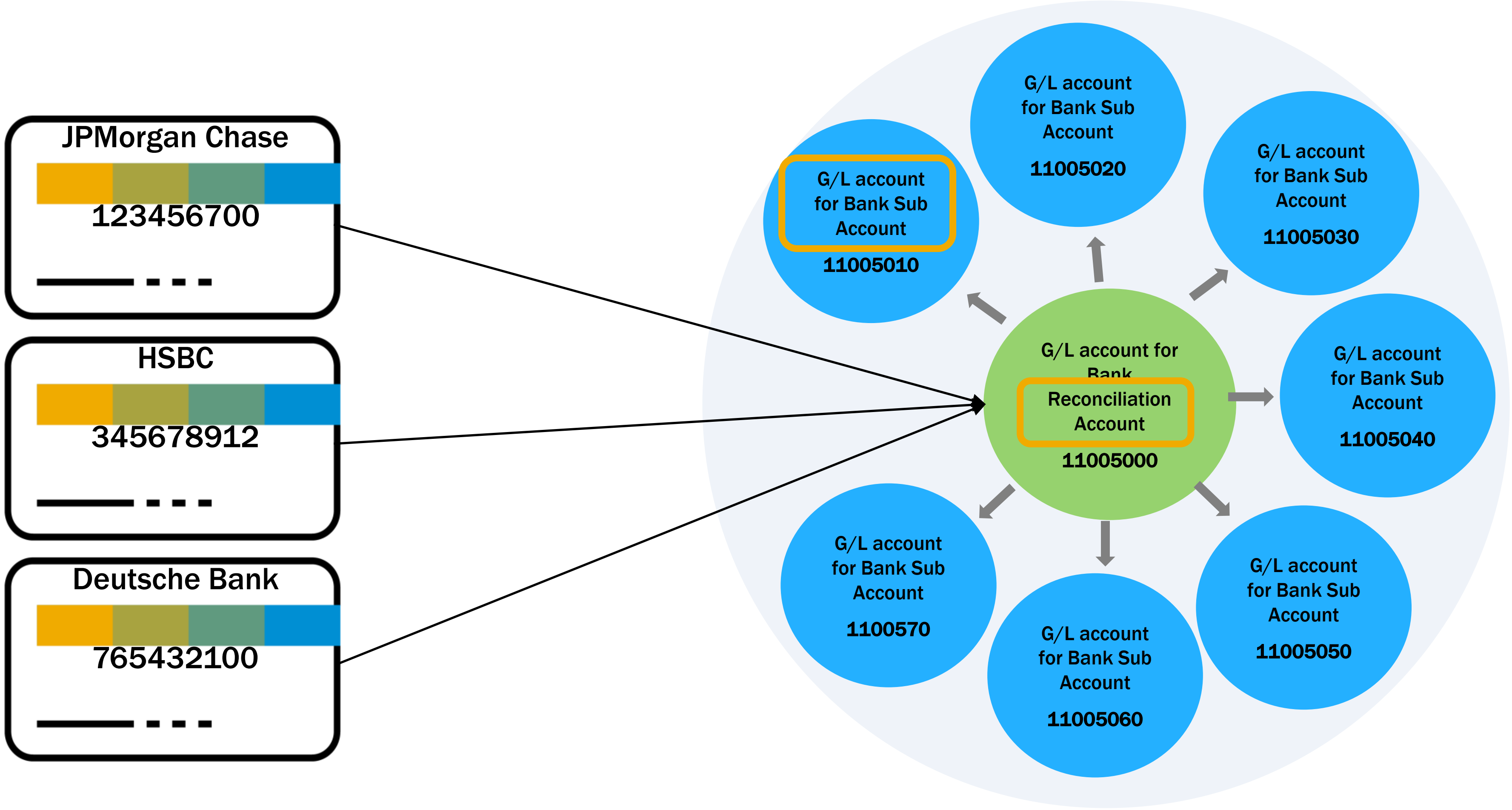
New Bank Account Ledger

Benefits

- Greatly reduce the number of the G/L accounts
- Design is consistent with other ledger/subledger solutions in S/4HANA
- Improve treasury efficiency
  - Faster opening of new bank accounts to support business expansion
- Harmonized payment configuration, faster enabling of new payment methods
- Allow customers to use bank account ledger step-by-step

Solution Overview

New Design in the Bank Account Ledger



Reporting per bank account according to:

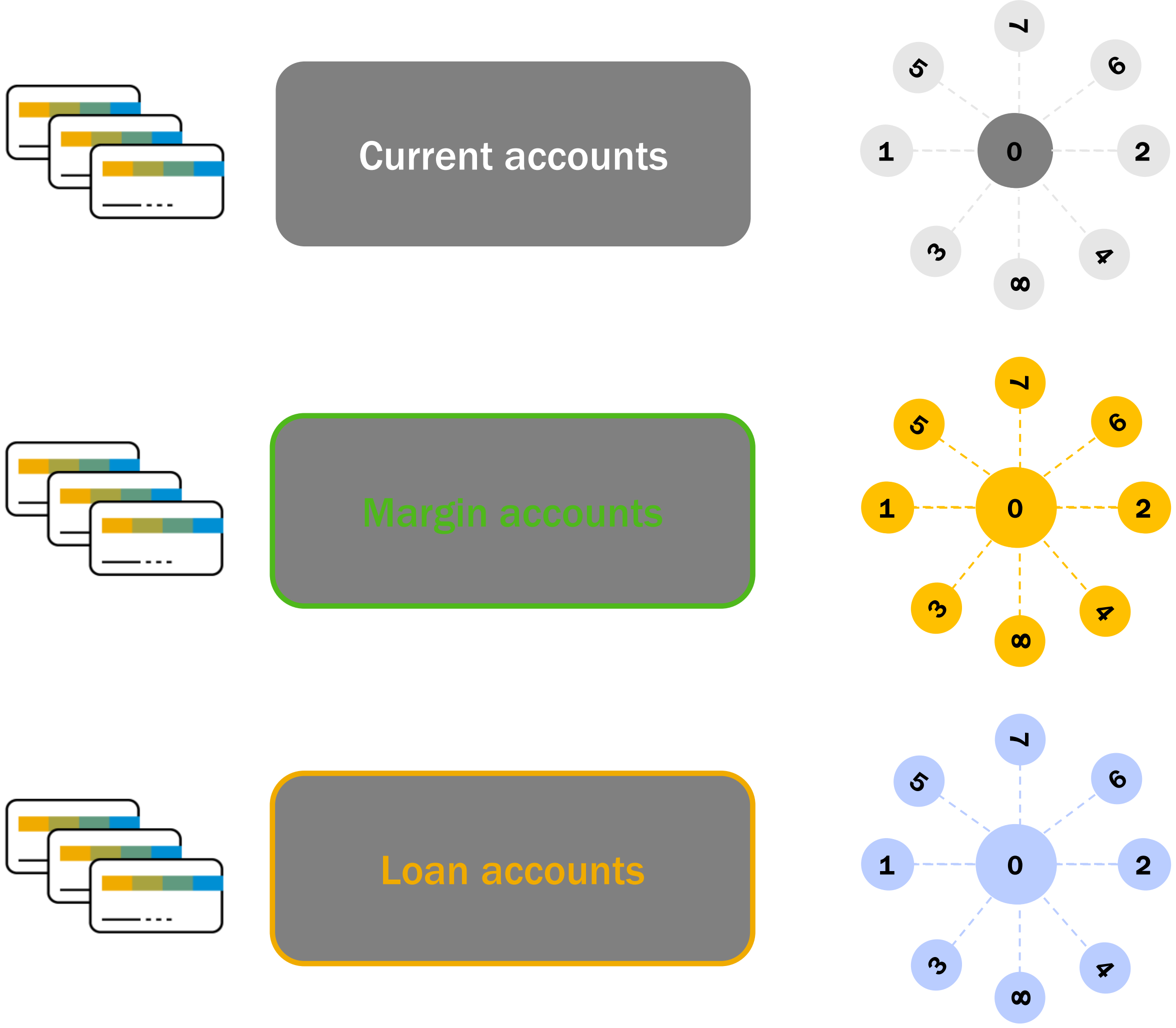
- House Bank
- House Bank Account

How Many Models Are Needed?

Example: Different types of bank accounts need to be placed in different position in balance sheet

- i.e., current account vs. margin account

Result: Only 3 sets of G/L account groups with a total of 27 G/L accounts



Old and New Solutions

Classic and New solutions work side-by-side

- No changes for the existing solution
- Migration from the classic to new solution is handled bank account –by– bank account in the Migration Cockpit

There is no (current) requirement to switch to the new bank account ledger or adopt the master data changes

- Customers can choose which solution they want to use/implement

Master Data Changes

Required Changes

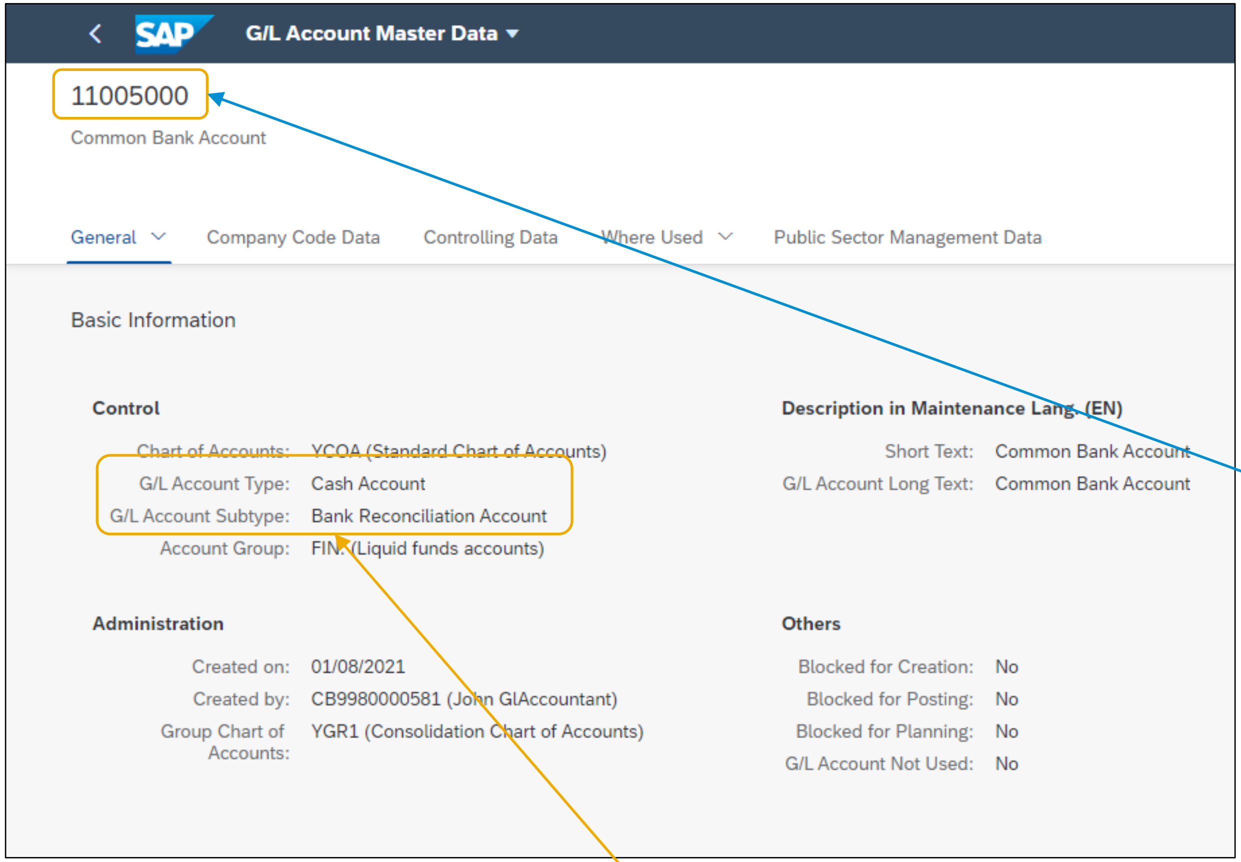
All G/L Accounts are specified as [Cash Account] in the [GL Account Type] field

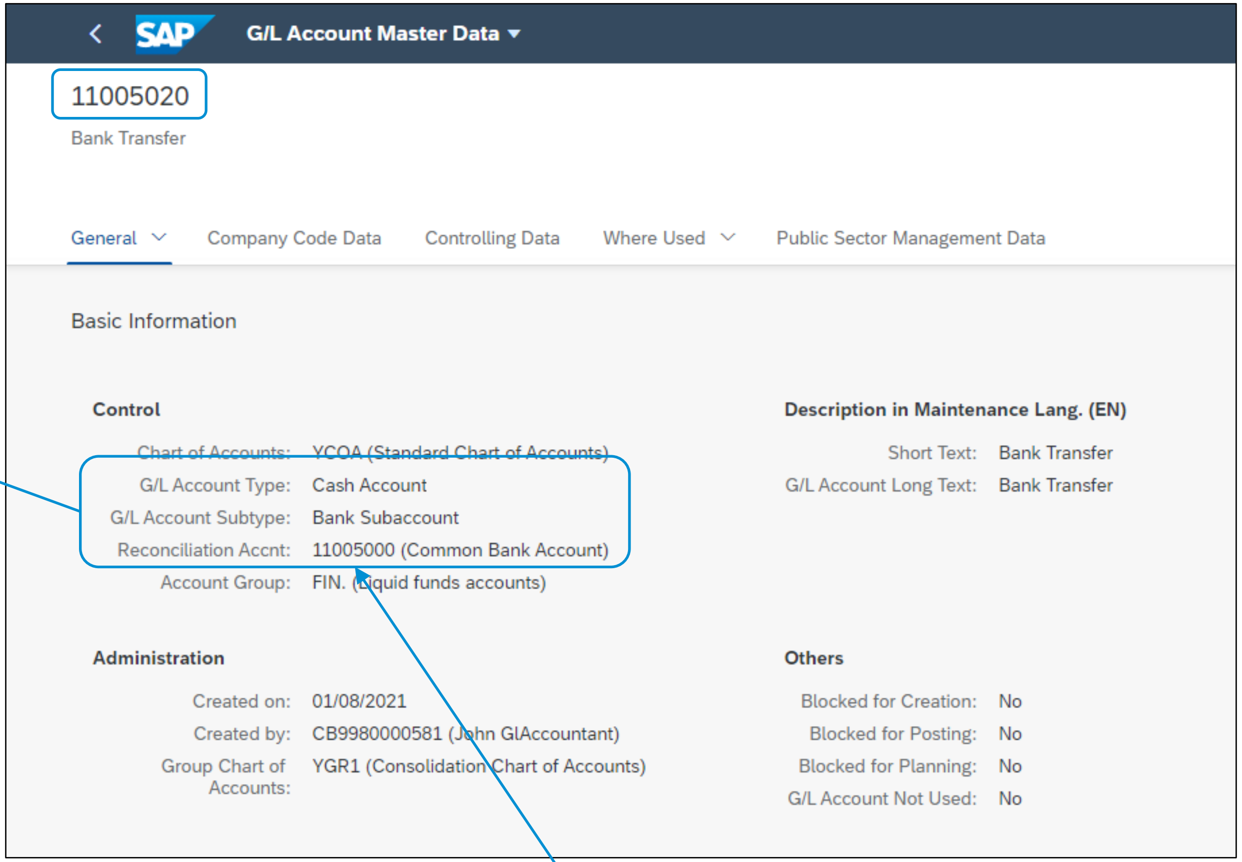
Bank account subtype must be specified

Assign all House Bank Accounts to Reconciliation G/L Account

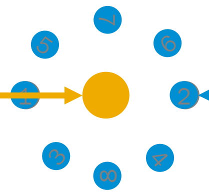
Configuration for bank statements stay unchanged

New G/L Account Settings



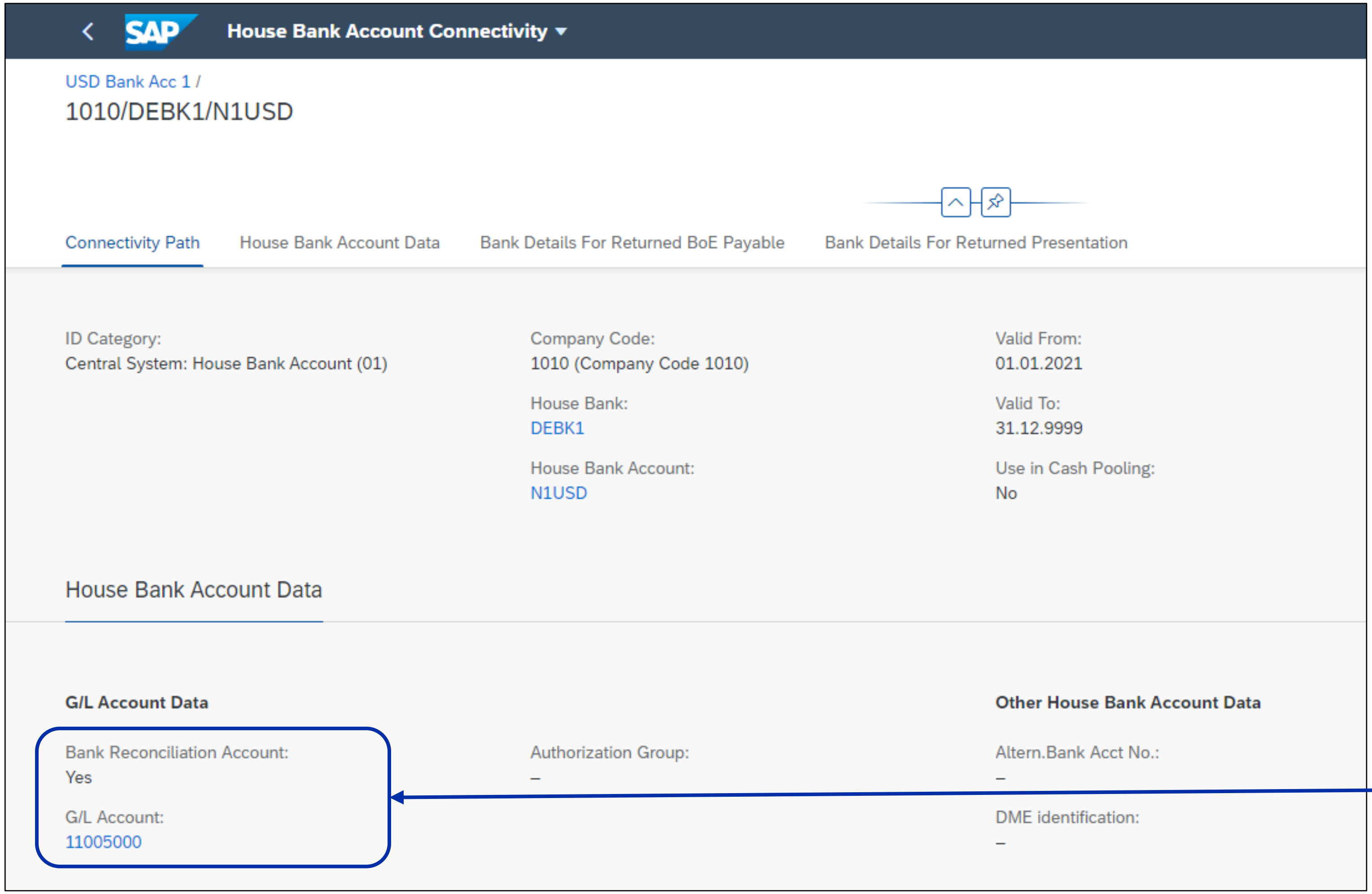


For main bank account:
G/L Account Type: Cash Account
G/L Account Subtype: Bank Reconciliation Account



For the clearing accounts:
G/L Account Type: Cash Account
G/L Account Subtype: Bank Sub Account
Reconciliation Account: Associated GL account

Assignment of House Bank Account to G/L Account



Classic and New Logic work side-by-side

No changes for classic logic

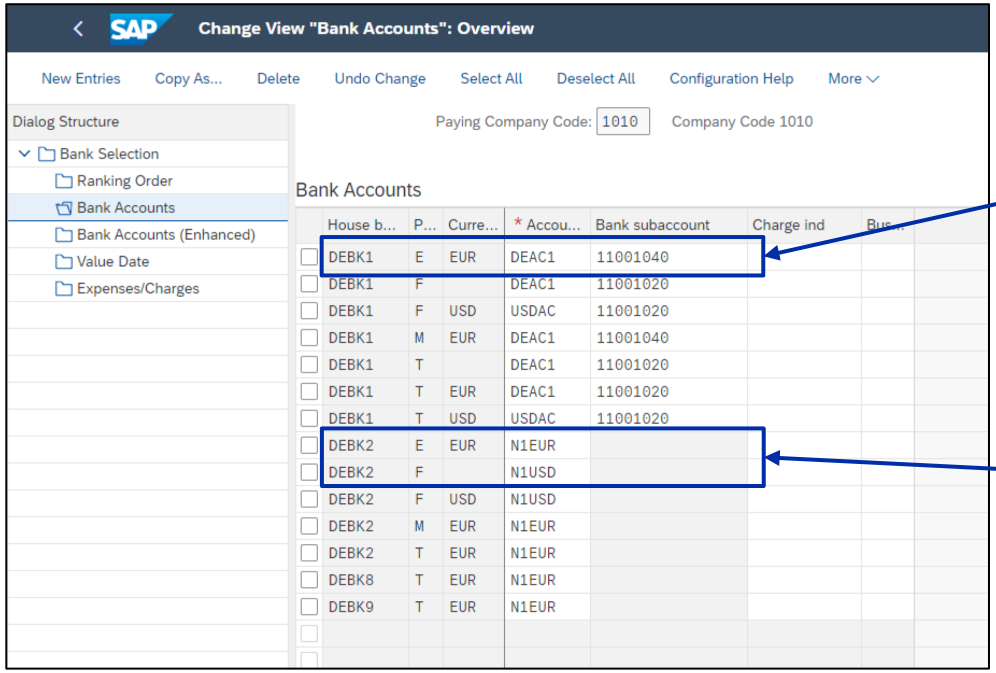
Migration from classic to new logic bank account by bank account with the Migration Cockpit

If G/L Account is specified as [Cash Account] then [Bank Reconciliation Account] is set to [Yes]

Configuration Changes – Finding Bank Accounts for Payments

Assign House Bank Account to House Bank and Payment Method

If House Bank Account is of the new type then “Bank subaccount” is not relevant

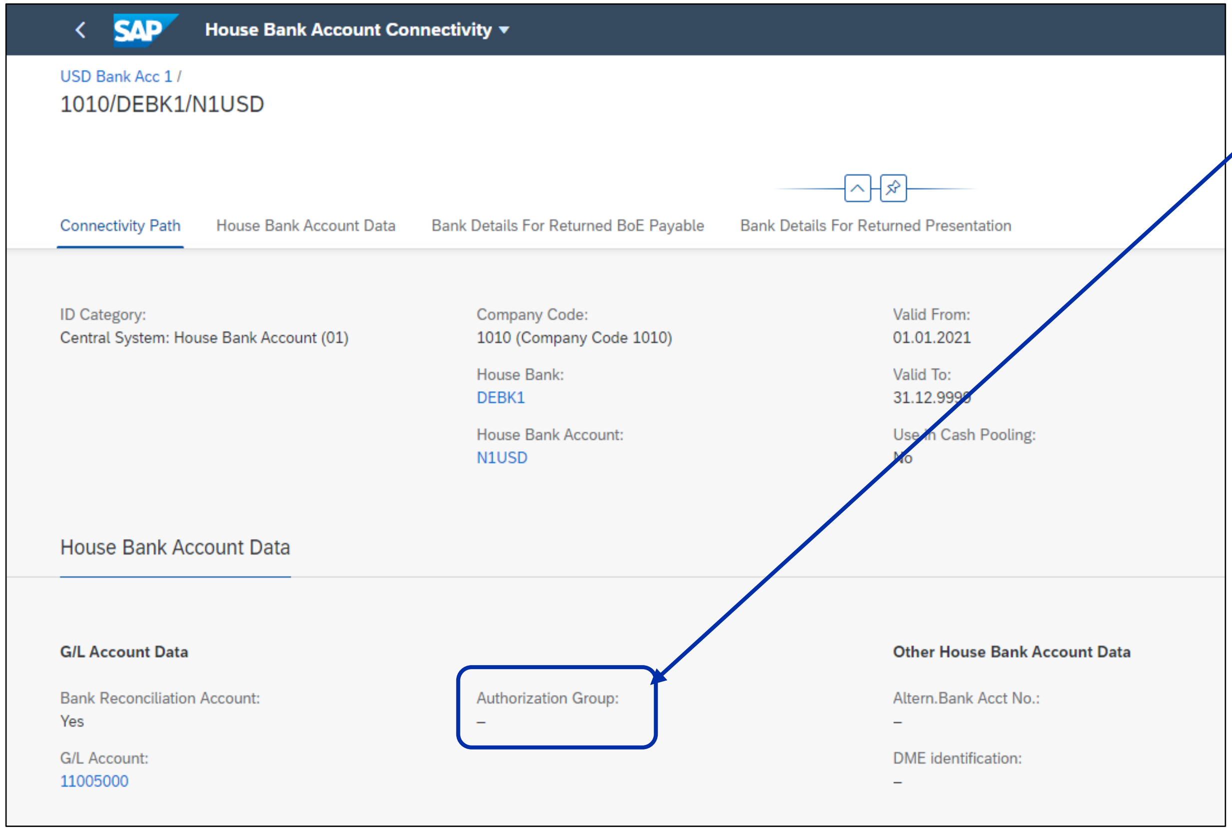


House b...	P...	Curre...	* Accou...	Bank subaccount	Charge ind	Bus...
DEBK1	E	EUR	DEAC1	11001040		
DEBK1	F		DEAC1	11001020		
DEBK1	F	USD	USDAC	11001020		
DEBK1	M	EUR	DEAC1	11001040		
DEBK1	T		DEAC1	11001020		
DEBK1	T	EUR	DEAC1	11001020		
DEBK1	T	USD	USDAC	11001020		
DEBK2	E	EUR	N1EUR			
DEBK2	F		N1USD			
DEBK2	F	USD	N1USD			
DEBK2	M	EUR	N1EUR			
DEBK2	T	EUR	N1EUR			
DEBK8	T	EUR	N1EUR			
DEBK9	T	EUR	N1EUR			

House Bank Account DEAC1 is assigned to a normal GL account and therefore the “Bank subaccount” is still needed

House Bank Account N1EUR and N1USD are both of the new type and therefore the “Bank subaccount” is not needed

Configuration Changes – New Authorization Group



- New optional customizing entity "Bank Account Authorization Group"
- Assigned to the House Bank Account and controls who can post to the bank account
- Example Values
    - AR Group
    - Treasury Group
    - HR Payments
    - Vendor Payments
    - Etc.

Bank Account Lifecycle & Reporting

Closing a Bank Account (in ECC without BAM)

Typical legacy process to close out a bank account in ECC:

- There is no official SAP process
- Key element: Block for Posting of the corresponding G/L Account (in FS00)

Issues:

- This cannot be used for Cash Accounts, since blocking for posting of a G/L Account of GL Account Type [Cash Account] would block posting for all assigned House Bank Accounts

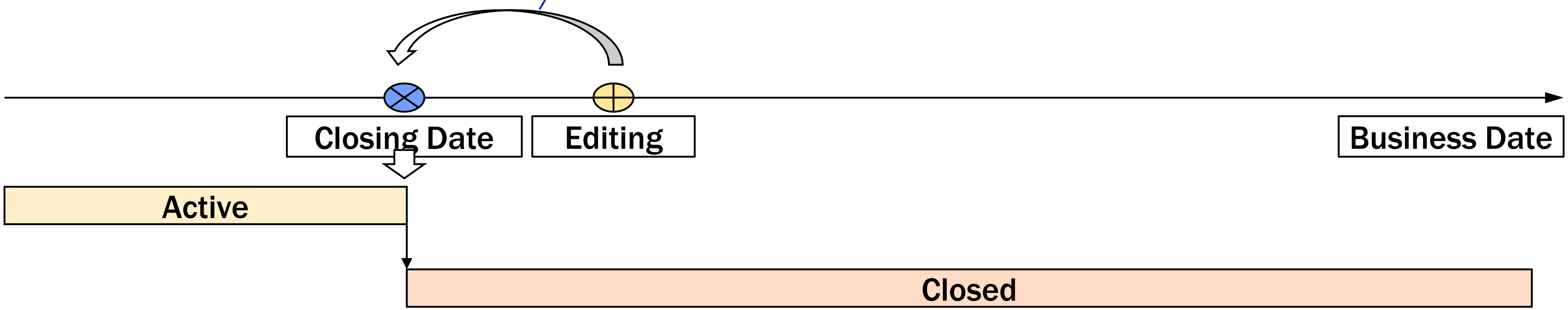
Idea:

- Control must be done in BAM on House Bank Account ID level.

Closing a Bank Account (in BAM)

Setting the Closing Date:

- Can only specify a past date
- Can only be done if balance of account is zero
- Exception: User has special authorization

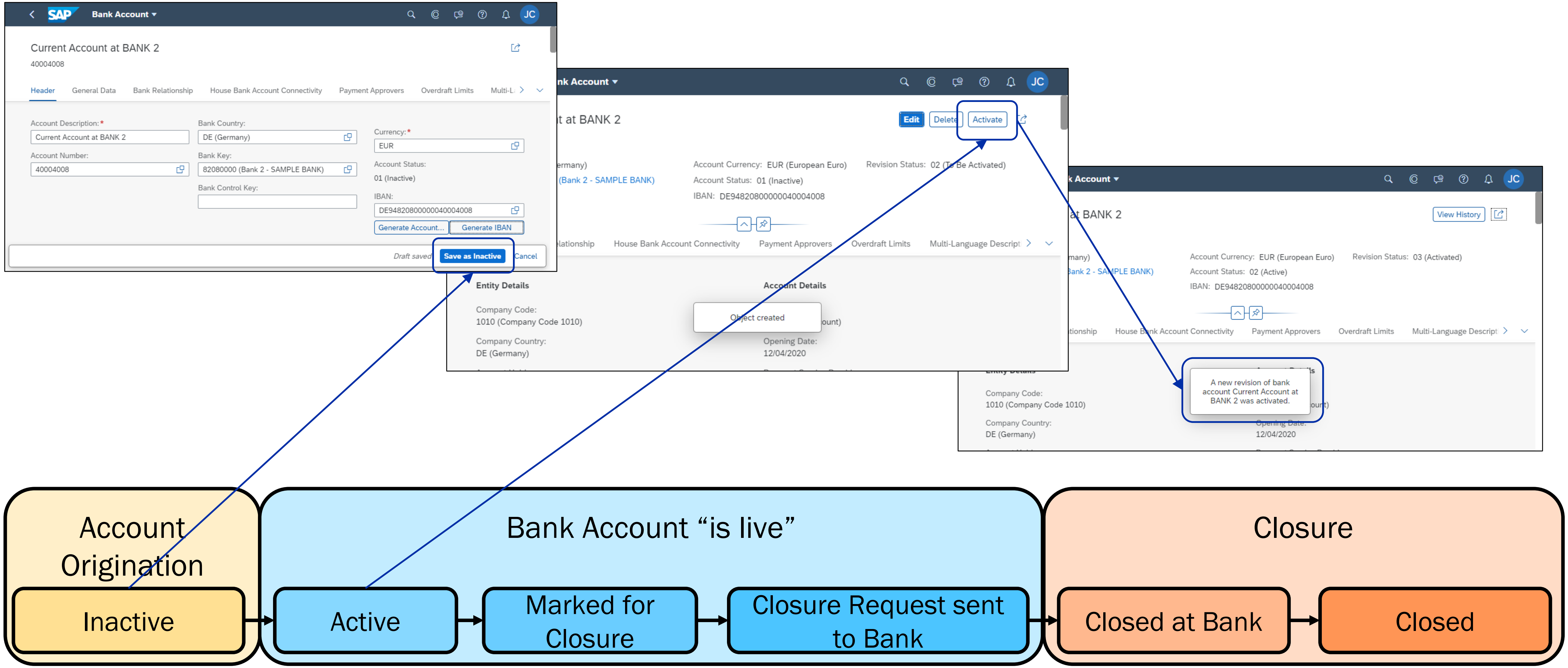


Bank Account Lifecycle

New process for managing the lifecycle of a bank account

- Identity of bank account is independent of G/L account
- Opening of a bank account should be independent of G/L account creation
- Closing of a bank account should be independent of ability to post to G/L account
- System representation of bank account lifecycle should reflect what is happening in real world
- Lifecycle of a bank account is managed in Bank Account Management

Bank Account Lifecycle – Account Creation



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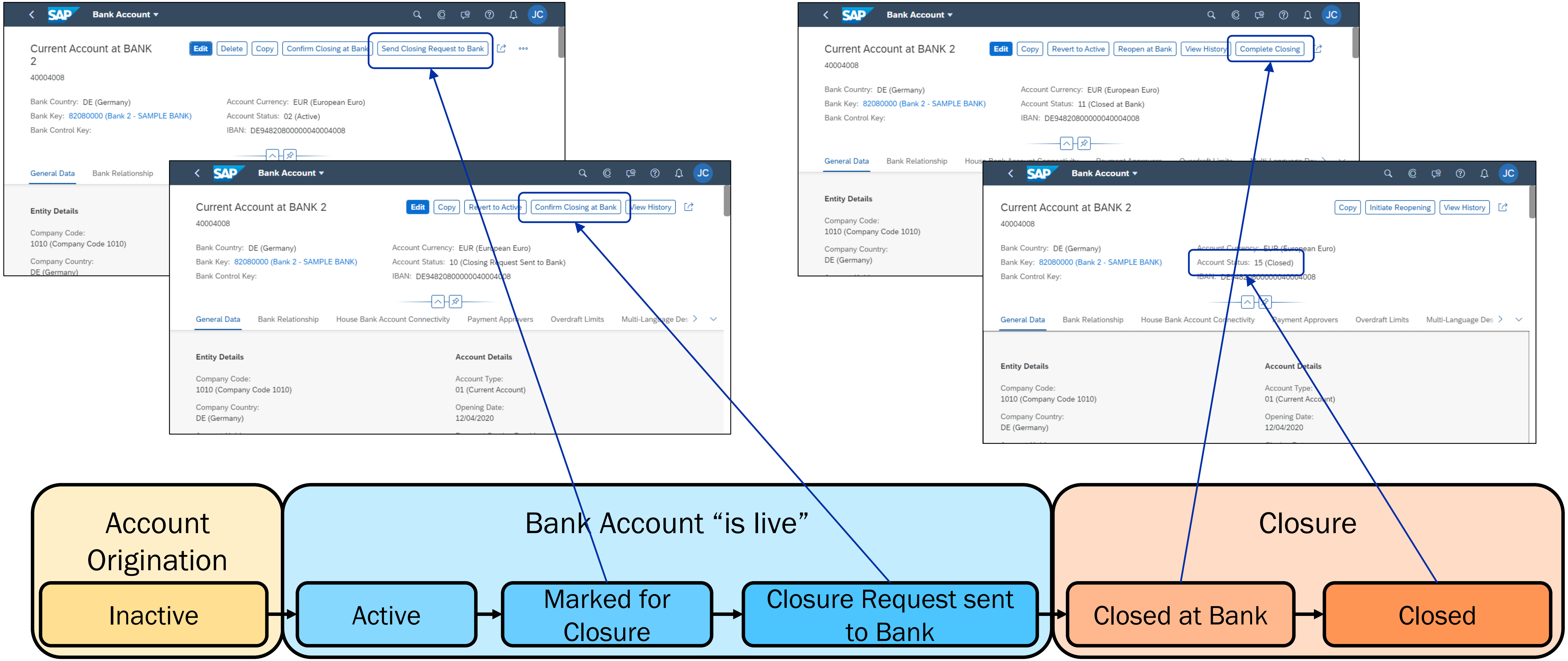
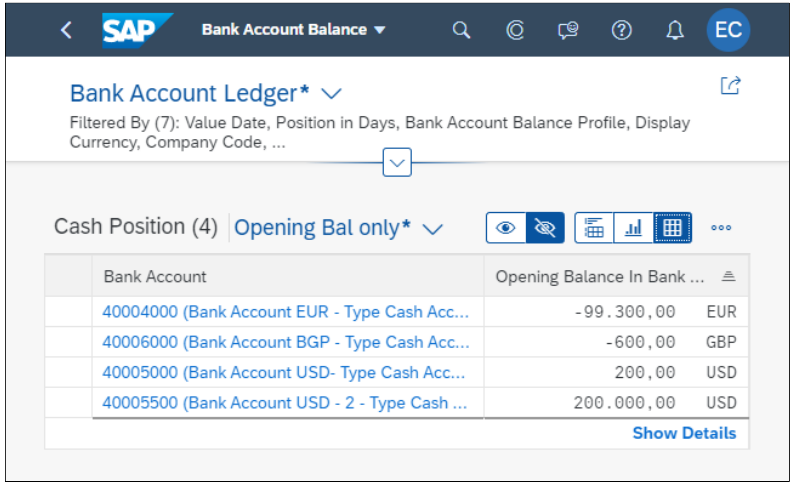
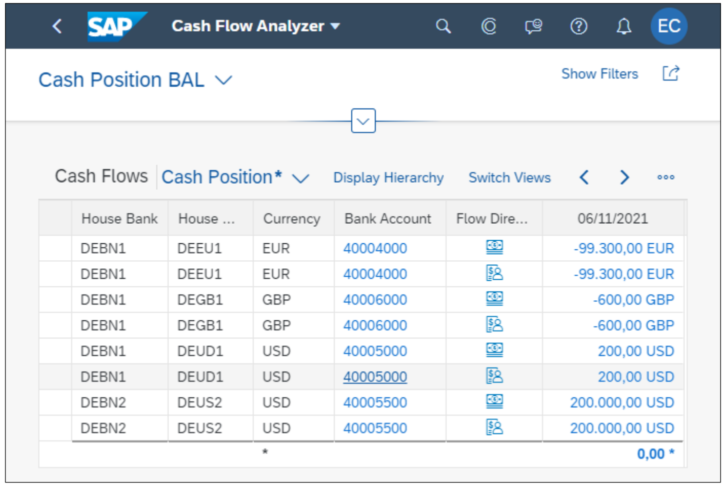
Bank Account Lifecycle – Account Closure



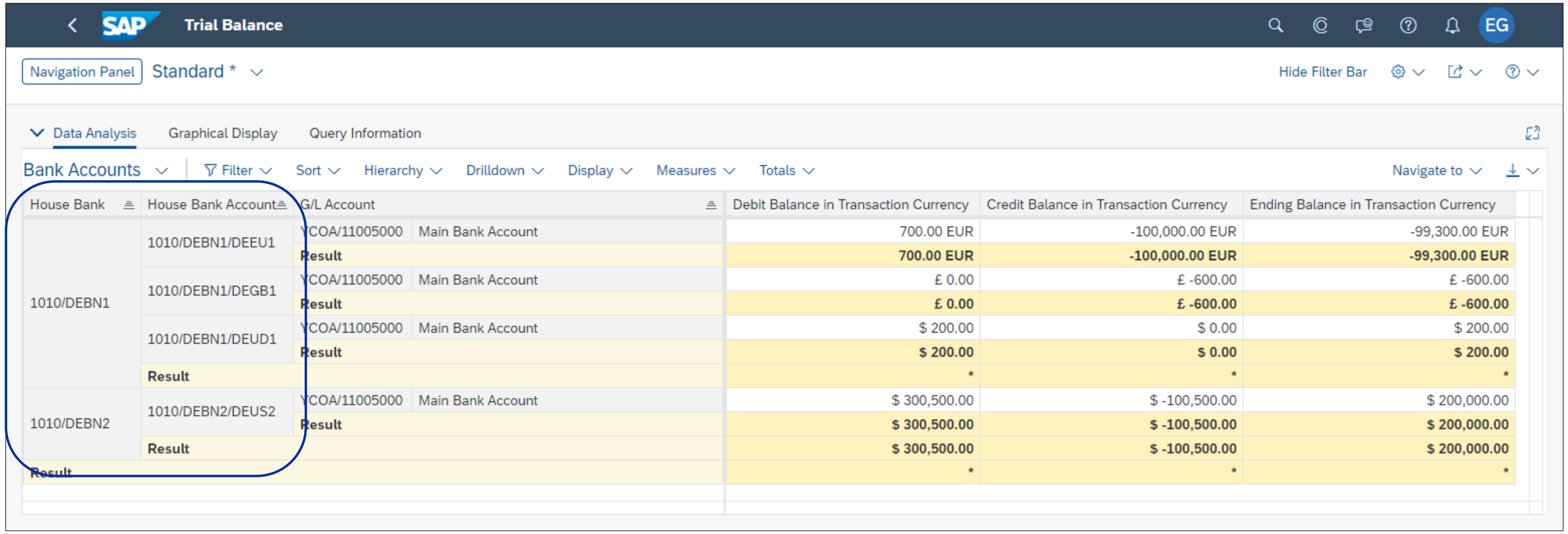
Reporting on Cash Balances on Bank Accounts

Reporting on individual bank account balances in **Cash Management:**

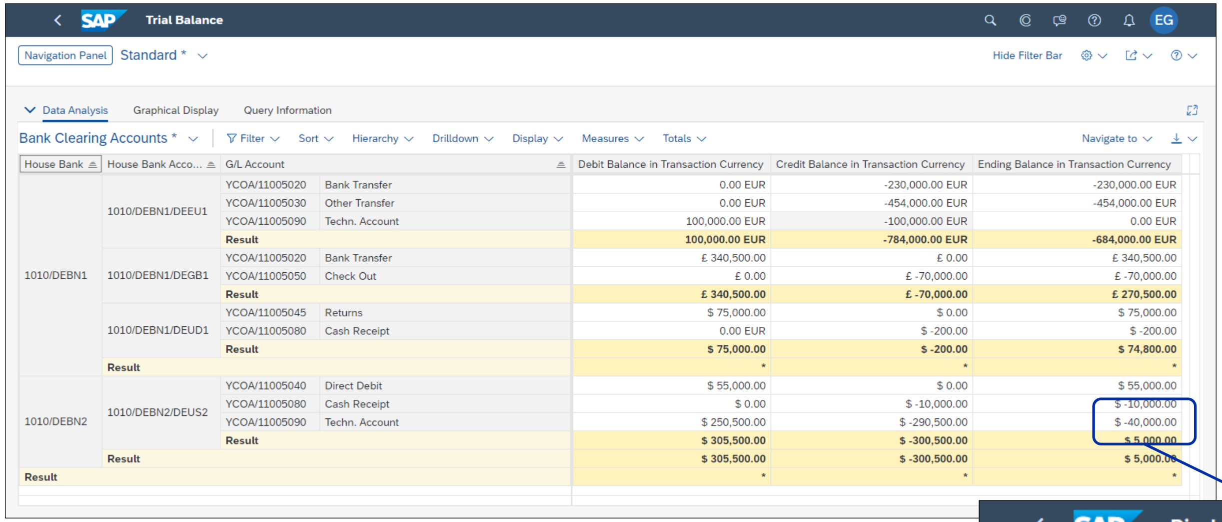




Reporting on individual bank account balances in **General Ledger:**

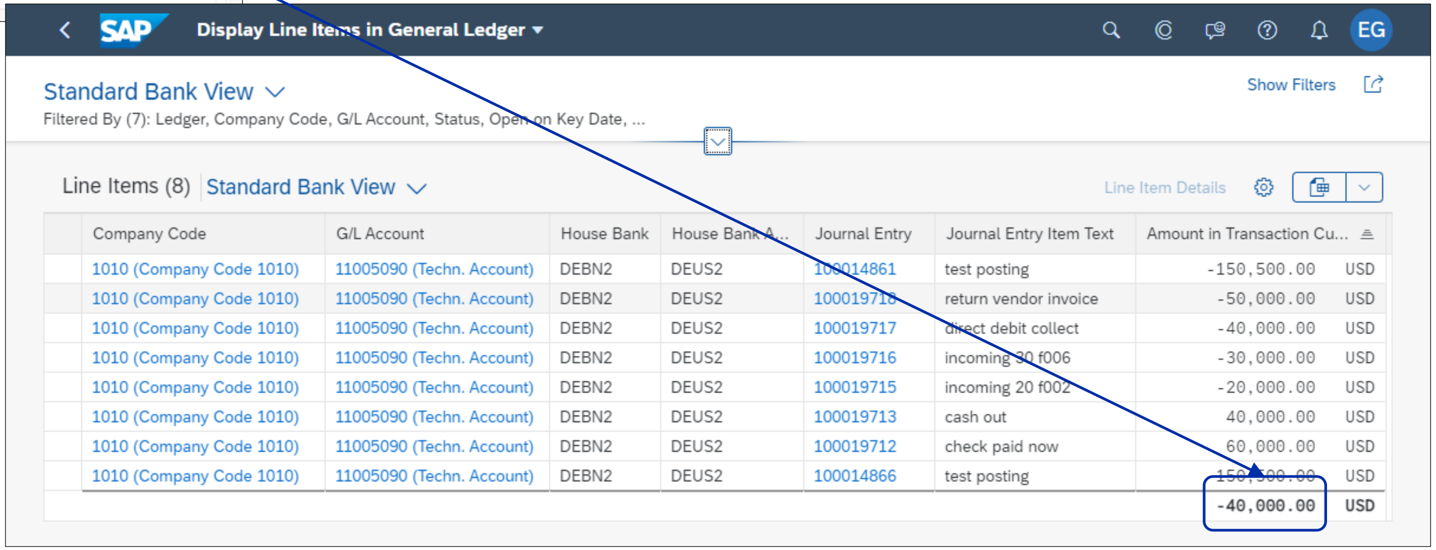


Reporting on Clearing Accounts



House Bank	House Bank Acco...	G/L Account		Debit Balance in Transaction Currency	Credit Balance in Transaction Currency	Ending Balance in Transaction Currency
1010/DEBN1	1010/DEBN1/DEEU1	YCOA/11005020	Bank Transfer	0.00 EUR	-230,000.00 EUR	-230,000.00 EUR
		YCOA/11005030	Other Transfer	0.00 EUR	-454,000.00 EUR	-454,000.00 EUR
		YCOA/11005090	Techn. Account	100,000.00 EUR	-100,000.00 EUR	0.00 EUR
		Result		**100,000.00 EUR**	**-784,000.00 EUR**	**-684,000.00 EUR**
	1010/DEBN1/DEGB1	YCOA/11005020	Bank Transfer	£ 340,500.00	£ 0.00	£ 340,500.00
		YCOA/11005050	Check Out	£ 0.00	£ -70,000.00	£ -70,000.00
		Result		**£ 340,500.00**	**£ -70,000.00**	**£ 270,500.00**
	1010/DEBN1/DEUD1	YCOA/11005045	Returns	$ 75,000.00	$ 0.00	$ 75,000.00
		YCOA/11005080	Cash Receipt	0.00 EUR	$ -200.00	$ -200.00
		Result		**$ 75,000.00**	**$ -200.00**	**$ 74,800.00**
	Result			*	*	*
1010/DEBN2	1010/DEBN2/DEUS2	YCOA/11005040	Direct Debit	$ 55,000.00	$ 0.00	$ 55,000.00
		YCOA/11005080	Cash Receipt	$ 0.00	$ -10,000.00	$ -10,000.00
		YCOA/11005090	Techn. Account	$ 250,500.00	$ -290,500.00	$ -40,000.00
		Result		**$ 305,500.00**	**$ -300,500.00**	**$ 5,000.00**
	Result			**$ 305,500.00**	**$ -300,500.00**	**$ 5,000.00**
Result				*	*	*

Reporting on clearing accounts with open balances using Trail Balance report



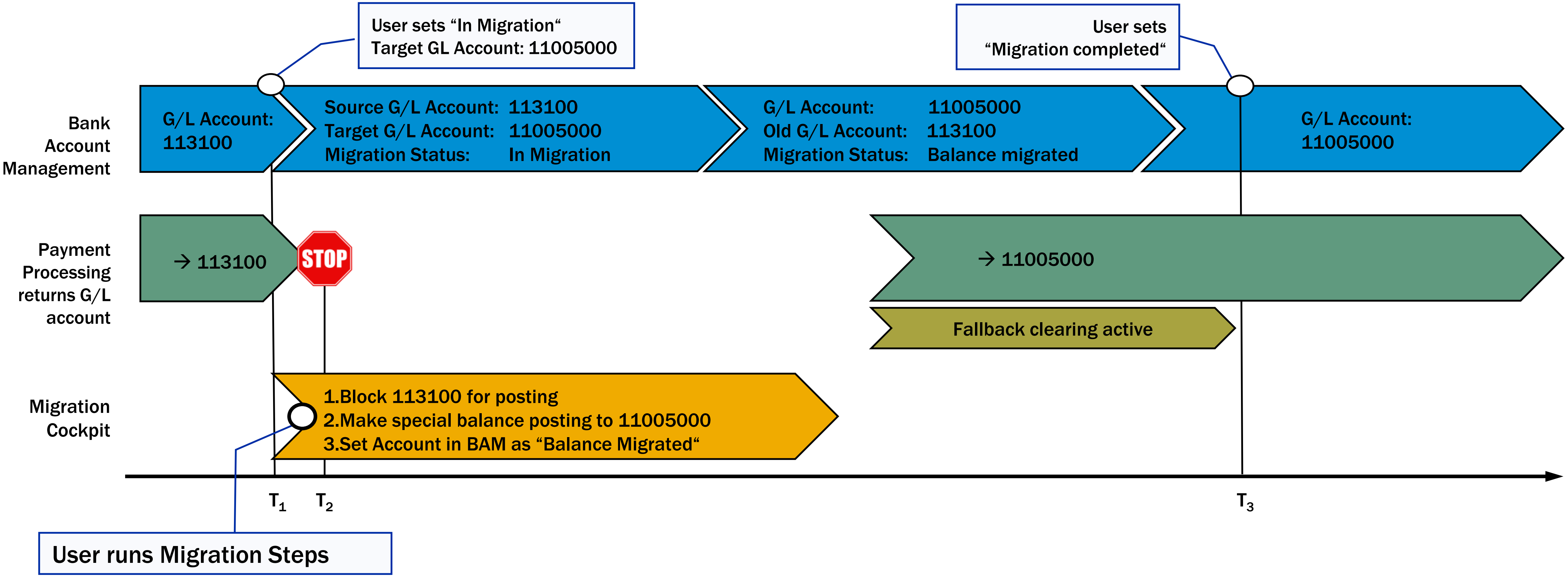
Company Code	G/L Account	House Bank	House Bank A...	Journal Entry	Journal Entry Item Text	Amount in Transaction Cu...	
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100014861	test posting	-150,500.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100019718	return vendor invoice	-50,000.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100019717	direct debit collect	-40,000.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100019716	incoming 30 f006	-30,000.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100019715	incoming 20 f002	-20,000.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100019713	cash out	40,000.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100019712	check paid now	60,000.00	USD
1010 (Company Code 1010)	11005090 (Techn. Account)	DEBN2	DEUS2	100014866	test posting	150,500.00	USD
						-40,000.00	**USD**

Examination of open balance using Display Line Items in General Ledger

Select open items for:
House Bank and House Bank Account

Migration

Migration Process

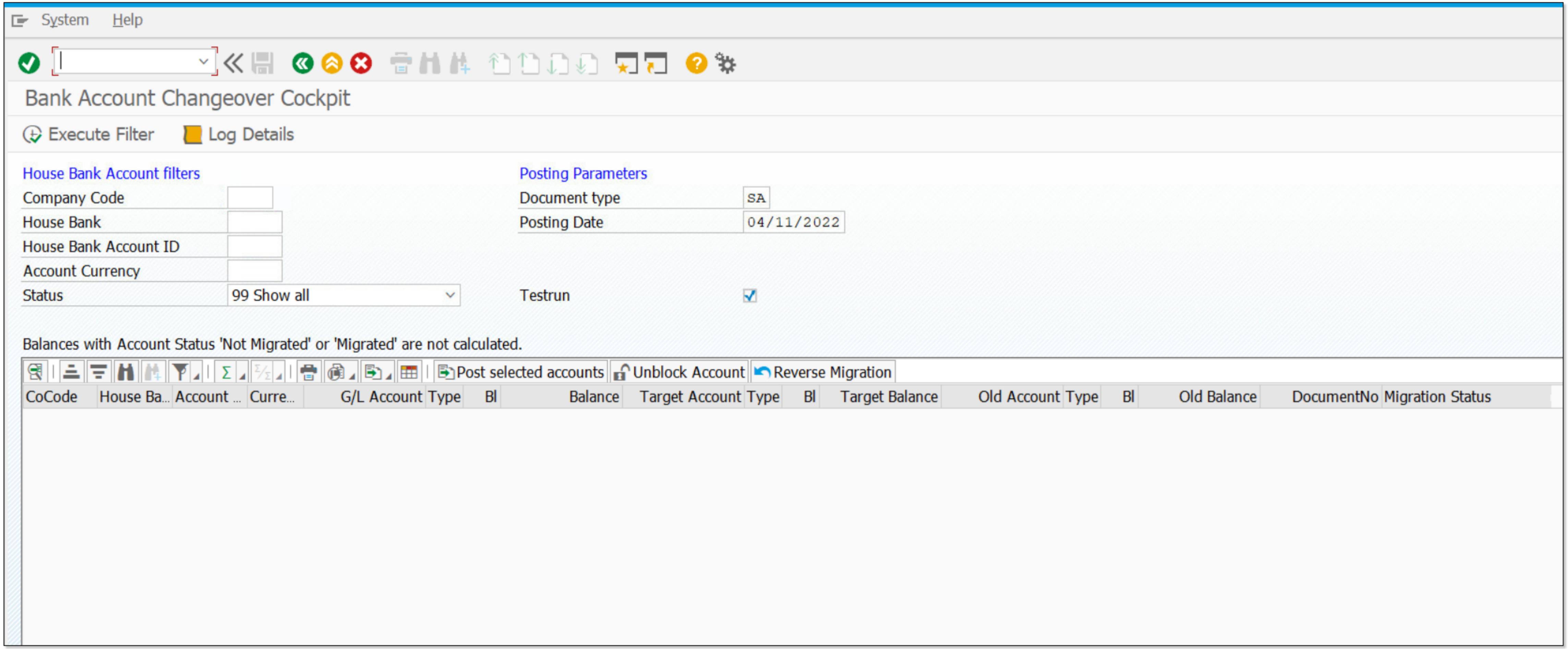


Migration Process

There is a delivered process to make a balance posting to the new bank reconciliation accounts

- Only the bank balance accounts (i.e., *0-accounts) are migrated
- Bank sub accounts (clearing accounts) receive no transfer posting

Migration Cockpit



Need to Know

Implementation Considerations

No separate license required

Minor configuration changes

Supported in Central Finance

- SAP Note 3208210

Provides a major benefit to cleaning up the Chart of Accounts

Allows Treasury to handle their master data requirements on their own without burdening FI

Implementation Considerations

Are there are Payment Process Changes?

- All payment relevant transactions/apps keep retain their historical capability… no changes to what you have already.
- No new transactions, apps, or parallel payment process for the new solution

Migration is simple and can be handled at your own speed

Bank Account Ledger Capabilities

Released in S/4HANA OP 2020, also available in S/4HANA Cloud

G/L Account Master Data

- New G/L Accounts Type Cash Account
- Setup of Bank Reconciliation Account and Bank Sub Accounts

Bank Account Management

- Link House Bank Account to G/L Account (must be specified as Cash Account)
- Updated process to better handle bank account activation and closure

Bank Account Ledger Capabilities

Cash Management

- Cash management updated with cashflows according to House Bank and House Bank Account

Migration

- Classic and New Bank Account Sub-Ledger work side-by-side
- Migration from classic to new logic is handled bank account –by– bank account

Posting in General Ledger

- Accounting Interface (RWIN) accepts postings only if…
  - House Bank and House Bank Account are populated, AND
  - House Bank Account has GL Account assigned to it in BAM

Limitations

Please refer to SAP Note 3007105 for more information.

- Tip: search on "Single Reconciliation Account for Bank Accounts"

Localization limitations for Japan, Poland, Portugal, Czech and Slovak Republics

- SAP Note 3107606 and 2953103

Migration in S/4HANA Cloud

- Currently it is not possible to use the migration in the cloud

Balance Sheet by Profit Center

- Automatically assign a profit center to bank account balance sheet posting depending on bank account (=G/L account)

Limitations

Bill of Exchange

- Planned for S/4HANA OP 2021

Automatic display of Bank Account in Financial Statement

- House Bank Accounts are not individually visible on the Balance Sheet of the Financial Statement
- Planned for S/4HANA OP 2021

FX valuation of G/L accounts

- FX valuation can only be done on the G/L Account and not for each House Bank Account
- Should be fixed in S/4HANA OP 2022

Limitations

Interest Calculation

- The interest calculation on a G/L Account to model the interest on a bank account is not supported

DART and Advanced Compliance Reports (German Audit Z3) are not supported

- SAP Note 3143577

Retail POS inbound IDocs do not support BAcL

- SAP Note 3228180

Wrap Up

Where to Find More Information

[S/4HANA What's New Viewer - Bank Reconciliation Accounts]

[SAP Online Help: Migrate GL Account Balances]

[SAP S/4HANA Cash Management – What is new in release 2020]

- SAP Community blog post with brief overview of Bank Account Ledger

[Serio Consulting Blogs]

- Coming blog series on Bank Account Ledger detailed settings and migration process

Key Points to Take Home

- What release of S/4HANA are you on?
- Do you need a justification 'win' for an upgrade?
- Review your chart of accounts
- Get familiar with the Bank Account Management app
- Review your configuration for the payment program and electronic bank statement
- Review the list of limitations and the release notes for your current S/4HANA release
- You can migrate at any time, account-by-account

Thank you! Any Questions?

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