

Netsuite “Receivables” Cash

Rocky Mountain Netsuite User Group
Nov 2023

Overview - Netsuite “Receivables” Cash

- Introductions
- Checks / Lockbox
- ACH
- Credit / Purchase Cards

Introductions: About the Speaker

Mike Kachline - mkachline@gmail.com

- Experienced with PCI-DSS, PA-DSS audits
- Have written credit card gateway interface software
- Actively manage a Netsuite system which transacts thousands of these payments per month.

Introductions: How Netsuite Represents Cash

“Booked” Cash

Typically, items on the GL which impact an account “of type bank.”

Payment Instruments / “Payment Methods”

Help: Payment Instruments

- Used by Netsuite to configure HOW payments are received.
- New Netsuite instances use “Payment Instruments” by default.
- Older Netsuite instances can migrate, but use “Payment Method” only.
- Migration has bumps, but also has benefits.

Note: Enabling Payment Instruments

- Page: Enable Features
 - “Transactions” tab
 - “Payment Processing” section

Payment Processing

CREDIT CARD PAYMENTS

RECEIVE CREDIT CARD PAYMENTS FROM CUSTOMERS. NETSUITE OFFERS MERCHANT ACCO

CREDIT CARD SOFT DESCRIPTORS

USE SOFT DESCRIPTORS FOR CREDIT CARD TRANSACTIONS.

PAYPAL INTEGRATION

PROCESS PAYMENTS THROUGH PAYPAL.

ELECTRONIC FUNDS TRANSFER

DEDUCT APPROVED AMOUNTS FROM YOUR CUSTOMERS' BANK ACCOUNTS.
BY ENABLING THIS FEATURE, YOU AGREE TO THE ACH PROCESSING [TERMS OF SERVICE](#)

ACH VENDOR PAYMENTS

USE ACH TRANSACTIONS TO DEPOSIT APPROVED AMOUNTS INTO YOUR VENDORS' BANK AC
BY ENABLING THIS FEATURE, YOU AGREE TO THE ACH PROCESSING [TERMS OF SERVICE](#)

PAYMENT INSTRUMENTS


IMPROVED HANDLING OF VARIOUS PAYMENT INSTRUMENTS, INCLUDING PAYMENT CARDS /

Introductions: How Cash is actually Received

Regardless of your ERP in use, in general, how does cash typically flow to your company?

- Cash
- Checks / Lockbox
- ACH
- Credit Cards / Purchase Cards
- Wires
- 3rd Party Payment Platforms

Checks / Lockbox

YOUR NAME 123 YOUR STREET YOUR CITY, STATE, ZIP (123)456-7890	9-5678/1234	0301
PAY TO THE ORDER OF _____	DATE _____	\$ _____
_____ DOLLARS		 <small>Security Features Guaranteed Authentic or Free</small>
YOUR FINANCIAL INSTITUTION ANYTOWN, USA		
MEMO _____	_____	MP
⑆ 123456780⑆ 0301 ⑆ 12345678⑆		

Paper Checks

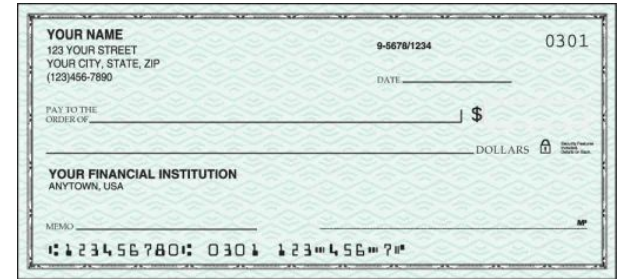
Paper (not cash) based payment method. Have been used since at least 1762.
Uses “MICR” for quicker processing.

Typical Process:

- Receive a paper check in the mail.
- Physically take the check to your bank for deposit
Or
Scan the check with a “check scanner” device which your bank has given you.

Considerations:

- Manually intensive process. Not Scalable.
- Frowned upon in audits, due to manual handling of incoming checks.
- Increases Days Sales Outstanding (DSO) due to use of postal mail.
- Often handwritten content.
- Only “Memo” field to identify purpose of the check



Lockbox

Bank-offered service for receiving, processing, and depositing checks received in the mail.

Typical Process:

- You pay your bank to provide you a “lockbox” service.
- Bank gives you a “lockbox address” (typically a PO box mailing address.)
- You tell your customers to send their paper checks to your lockbox address.
- Your bank opens, scans, validates and then deposits received checks into your account.
- As needed, you pull “lockbox details” from banking website, including scanned images, check OCR results, and BAI2 files.

Considerations:

- Lockbox fees could be high.
- Removes “audit concerns” with checks.
- High Days Sales Outstanding (DSO) due to use of postal mail.
- Other customer correspondence ending up in Lockbox.
- Additional automations are needed to automate “bank to book”.

----- Detach & Return Lower Portion with Payment -----

PLEASE MAKE CHECKS PAYABLE IN USD		INDIANA UNIVERSITY	
INVOICE DATE:	11/21/2018		
INVOICE:	Your Invoice Number Here	DUE DATE:	12/21/2018
CUSTOMER NBR:	Example Company	AMOUNT DUE IN	\$435.00
BL2129642			
ATTN:	Example Company 123 Example St Nowhere, IN 01234	REMIT TO: INDIANA UNIV ACCTS RECEIVABLE DEPT 78896 P.O. BOX 78000 DETROIT, MI 48278-0896 USA	

Checks in Netsuite

- Page: Payment Methods
- Manual - Not Connected to Bank Activity
 - “BAI2” available with most Lockbox accounts
- “Undeposited Funds” vs “Deposit to”
 - Posting vs Non-Posting
 - Page: Make Deposits

The screenshot shows the Netsuite 'Payment Method' configuration page. At the top, there are navigation buttons: 'Save' (blue), 'Cancel' (grey), and 'Actions' (dropdown). To the right, there are 'StickyNotes' and 'New:' with three colored buttons (pink, yellow, green). The main form area has a '* NAME' field containing 'Check' and a 'TYPE' dropdown menu also set to 'Check'. Below this is a checkbox for 'REQUIRES LINE-LEVEL DATA' which is currently unchecked. A dark blue header bar contains three tabs: 'Account' (selected), 'Payment Visuals', and 'Workflow'. Under the 'Account' tab, there are two radio buttons: 'GROUP WITH UNDEPOSITED FUNDS' (unselected) and 'DEPOSIT TO' (selected). To the right of the 'DEPOSIT TO' radio button is an 'ACCOUNT' dropdown menu. At the bottom, there are 'Save' (blue), 'Cancel' (grey), and 'Actions' (dropdown) buttons.

Summary - Checks / Lockbox

- Paper Checks mailed through postal system result in higher DSO and lower payment accuracy.
- As your business grows, you'll likely transition check processing from "in-house" to lockbox.
- Bank Reconciliation is challenging
 - "Who sent this check, and why?" is limited to a single, "Memo" field; often filled in by handwriting.
 - Bank statement "one-liner" vs Lockbox BAI2 details.
- If you implement lockbox, you should investigate tools to automate "bank to book" of those lockbox transactions.

Netsuite Resources:

- Help: Handling Returned/NSF Checks
- Page: Payment Methods
- Help: Making Deposits
- SuiteApp: Bank Statement Import
- SuiteApp: Bank Statement Parser

ACH

ACH - “Automated Clearing House”

Established in the 1970s as an improvement over Checks, ACH is an electronic protocol which allows bank-to-bank transfer of funds. ACH is typically used for US payments.

NACHA - National Automated Clearing House Association

<https://www.nacha.org/content/history-nacha-and-ach-network>

NACHA is a non-profit organization which works to define and maintain the computer protocols which the ACH network uses. “NACHA Files” are computer text files which are formatted to comply with specifications written by the NACHA organization.

Federal Reserve

https://www.federalreserve.gov/paymentsystems/fedach_about.htm

The US Federal Reserve owns and runs the underlying network computer systems which receives and responds to ACH transactions from banks.

ACH “EFT” Payments

“Electronic Funds Transfer”

Typical Process:

- Customer logs into their bank and initiates an ACH payment from their bank, into your bank.
- Banks transmit funds through the ACH network.

Considerations:

- Up to three day delay due to Federal Reserve
- Details of “Who sent this EFT?” could be challenging, depending on customer’s bank user-interface

ACH “Direct Debit” Payments

Typical Process:

- You initiate a request to your bank, asking your bank to “draft funds”, from your customer’s bank account, into your bank account.
- Customer’s bank confirms your ACH “Company ID” is authorized to draft funds.
- Banks transmit funds through the ACH network.

Considerations:

- Can be used for implementing ACH recurring payments.
- “Company ID authorization” may require your customers to talk to their bank before these payments work.

The screenshot displays a web-based payment configuration interface. At the top, there is a search bar and navigation buttons: 'Save', 'Reset', 'Cancel', and 'Actions'. The main section is titled 'Primary Information' and contains several fields: 'CUSTOM FORM' (set to 'Vertafore Customer Payment'), 'CUSTOMER' (with a placeholder '<Type then tab>'), 'PAYMENT #' (set to 'To Be Generated'), a table for 'BALANCE', 'PENDING', and 'CONSOLIDATED BALANCE' (all showing 0.00), 'CURRENCY' (set to 'US Dollar'), 'EXCHANGE RATE' (set to 1.00), and 'A/R ACCOUNT'. Below this is a 'Classification' section with a 'SUBSIDIARY' field. A navigation bar at the bottom includes 'Apply', 'Payment Method' (highlighted with a red box), 'Relationships', and 'Communication'. Under 'Payment Method', there is a dropdown menu. Below that, the 'Electronic Payment (Direct Debit)' section is active, with a red checkmark and the text 'FOR ELECTRONIC BANK PAYMENT (DIRECT DEBIT)'.

ACH in Netsuite

- Can be integrated with bank.
- Page: Payment Methods (ACH EFT)
 - Think of these as similar to Lockbox
 - Type = Offline, Deposit to - Your bank Account
- “Electronic Bank Payments” SuiteApp (ACH-DD)
 - Additional License and setup required.
 - Autopay capable.

The screenshot shows the Netsuite interface for configuring a Payment Method. At the top, there are navigation icons and a title bar. Below the title bar, the page is titled "Payment Method". There are two buttons: "Save" (with a dropdown arrow) and "Cancel".

The configuration fields are as follows:

- * NAME: My ACH Direct Debits
- TYPE: Offline (dropdown menu)
- REQUIRES LINE-LEVEL DATA:

Below these fields is a dark blue header bar with "Account" and "Payment Visuals" tabs. Under the "Account" tab, there are two radio buttons: "GROUP WITH UNDEPOSITED FUNDS" (which is unselected) and "DEPOSIT TO" (which is selected). To the right of the "DEPOSIT TO" radio button is a dropdown menu for "ACCOUNT" with the value "Cash - Checking".

At the bottom of the form, there are two buttons: "Save" (with a dropdown arrow) and "Cancel".

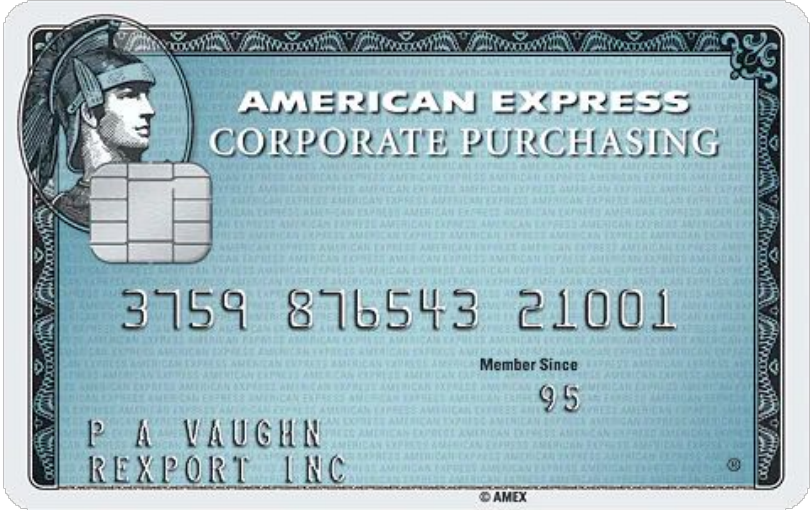
Summary - ACH

- Around since the 1970's, created as a “better alternative to Checks”
- Funds may take up to three days to transfer.
- Uses SFTP to transmit “NACHA Files” to the bank.
- There can be bank-specific “NACHA file” differences.
- Your Netsuite system CAN create “NACHA Files” and send those your bank, which would then send the files into the ACH Network.
- Your bank may also provide “NACHA Response Files”.
- Identifying “Who sent this ACH payment, and why?” can be dicey.
- Additional “Bank to Book” Automations are needed in Netsuite.

Netsuite Resources:

- User Guide: “Electronic Bank Payments”
- User Guide: Payments and Payment Processing
- SuiteApp: SFTP Connector
- SuiteApp: Bank Statement Import
- SuiteApp: Bank Feeds SuiteApp

Credit Cards



Credit Cards

Credit Cards

https://www.fdic.gov/regulations/examinations/credit_card/pdf_version/ch2.pdf

Simple, electronic mechanism for funds transfers. Easy, common, but usually comes with per-transaction fees, paid by the payee.

Payment Gateway

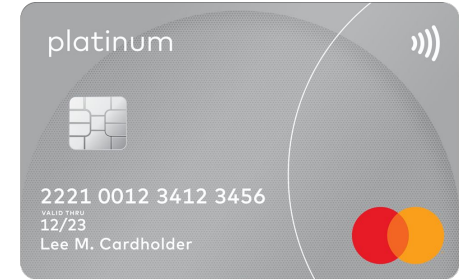
Computer which receives requests to transmit funds using credit card information.

Payment Processor

Company which processes traffic from a Credit Card Gateway, applies various business rules, and then routes financial requests to the appropriate Credit Card Bank

Credit Card Bank

In short... The companies Visa, MasterCard or Amex (there are other smaller players too.)



Purchase Cards

Purchase Cards / “Procurement Cards” / “P Cards”

https://en.wikipedia.org/wiki/Purchasing_card

Looks and feels like a CreditCard, however, underlying P-Card transactions typically involve a more detailed set of data. Vendors’ point-of-sale must support “PCard” transactions.

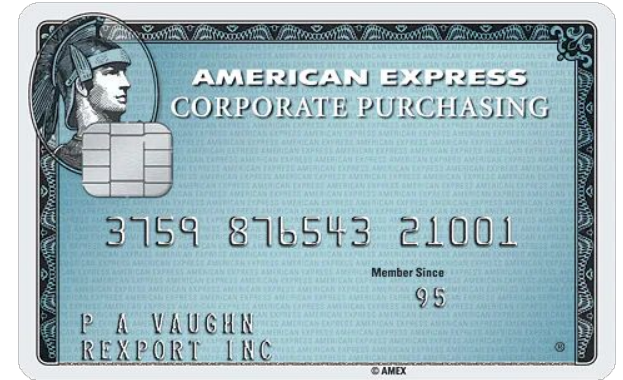
P-Cards benefit the buyer by providing streamlined electronic detail of “what was purchased?”

P-Cards can benefit the seller by having lower per-transaction fees.

“Level 2” and “Level 3” Purchase Card Data

https://dharmamerchantservices.com/faq/l2-l3_processing/

Detailed information which is sent, by the point-of-sale, to the Payment Gateway. “Level 2” data should include “subtotal” and “taxable amount” details, whereas “Level 3” would include everything from Level 2, AND SKU/line level details.



Note: Netsuite Credit Card Security

<https://www.pcisecuritystandards.org/>

NetSuite is Payment Card Industry Data Security Standard (PCI DSS) level 1 compliant.

Undergoing a PCI Audit or SaQ? Start at ...
Help: Payment Card Number Security and Compliance



(Minimizing) Credit Card Fees

Higher Fraud Risk, Higher Fees - Lower Fraud Risk, Lower Fees

- “MOTO” - Mail-Order / Telephone Order
 - Avoid MOTO if you can
 - If MOTO, provide AVS AND CVV
- Read your bill, ask your Payment Processor!
- A Note About Card Expiration Dates

Page: New Payment Processing Profile

List of Netsuite-supported
CC payment processors

Payment Gateway Integrations

ACTION	NAME
Add Profile	Demo Payment Plug-in
Install	Adyen
Install	AltaPay
Install	Cybersource
Install	eWAY
Install	FreedomPay
Install	MerchantE
Install	SecurePay
Install	Versapay
Install	Windcave
Install	Worldpay
Install	Braintree a PayPal service

Example: Cybersource “Processing Profile”

- Page: Payment Processing Profiles | Select “Cybersource”
- Will need a “MID” and “Security Key File” from Cybersource.
- Settlement Bank Account

Gateway Request Types

- AUTHENTIFICATIONS
- AUTHORIZATIONS
- CAPTURES
- SALES
- REFUNDS
- CREDITS
- VOIDS

NAME *
Type a Name Here

SUBSIDIARY *
Vertafore, Inc.

SETTLEMENT CURRENCY
US Dollar

CHARGE CURRENCIES *
Canadian Dollar
Euro
Indian Rupee
US Dollar

SETTLEMENT BANK ACCOUNT
JPM - Operating

SUPPORT LINE-LEVEL DATA
 PAYER AUTHENTICATION
 TEST MODE
 IGNORE AVS RESPONSE ON STAND ALONE CASH SALES
 IGNORE CSC RESPONSE ON STAND ALONE CASH SALES
 DISABLE SENDING THE RECURRING FLAG IN REQUESTS
 INACTIVE

Authentication Credentials

MERCHANT ID *
yourMIDHere

GO TO THE CYBERSOURCE BUSINESS CENTER TO GENERATE YOUR ACCOUNT SECURITY KEY.

SECURITY KEY FILE
Browse... No file selected.

Payment Information

SUPPORTED PAYMENT METHODS
American Express
Discover
Master Card
Tokenized Credit Card
VISA

Summary - Credit Cards

- Netsuite supports native integration with a number of CC processors.
- Netsuite has almost transparent support for “Purchase Level II,III” transactions.
- CC Processing fees can become significant. Drive these down by reducing risk.
- Customer Payments via CreditCard are well integrated into Netsuite
- Bank-to-Book Reconciliations more straightforward than Lockbox and ACH

Netsuite Resources

- User Guide: Payments and Payment Processing
- Help: Accepting Credit Card Payments
- Netsuite “Chargebacks” SuiteApp

Thank You! / Questions?

Rocky Mountain Netsuite User Group

Nov 2023

mkachline@gmail.com