Activate Letter of Credit in SD documents

Purpose

The purpose of this wiki page is to clarify how to activate Letter of Credit in the SD documents.

Overview

A letter of credit is required for example if a customer is selling expensive goods to a poor country and needs a guarantee of payment. It works as follows:

The customer in the poor country contacts his bank who issues a letter of credit supporting the payment of the goods. They contact the sellers bank and the process is fulfilled through the banks. Local bank = opening bank foreign bank = notifying bank. The material is delivered to the bank in the foreign country. When they receive payment it is passed to the customer. The money is then passed to the local bank and then on to the customer.

Customizing:

Path: sales & dist > Foreign trade > documentary payments > basic settings > risk management for FI

- some prerequisites necessary in the customizing of the Credit Management area (SD-BF-CM) -> see note 18613
- activate credit check for sales document types -> OVA7
- assign document determination schema to order type -> OVFI
- assign customer determination schema to customer master record (payer) -> XD02 -> sales area -> billing document -> field “payment guarantee procedure”
- customer determination schema + document determination schema -> payment guarantee procedure ( OVFJ )
- payment guarantee procedure defines which forms of payment guarantee can be used ( more than one allowed )
- the form of payment guarantee determines financial document category and financial document type ( VI52 )
- financial document category and financial document define financial document indicator and bank indicator ( VX53 )
- bank indicator defines which bank functions can be used in the FD ( VX54 )
- financial document indicator defines: ( VX52 )
  - which documents must be used for the FD
  - how does the FD look like: attributes, required fields, which fields must be checked when the FD is used in the order
- VX52 you set the criteria for the LOC, open/hidden/optional fields etc. If you set a flag by the field it will create an incompletion entry when you create the letter of credit in VX11n

Creating a Financial Document

- either transaction VX11N
Assigning an FD number to an sales order

- must be done manually in the order on header or item level
if the FD no. is assigned in the header it is valid for all order items (provided that credit check is set to ‘active’ in the item category customizing)

system checks if the assigned FD no. fulfils the necessary requirements (values, dates, payer data etc.)

1. if the check is ‘okay’
   1. credit status set to ‘okay’,
   2. open value is reduced in the FD record (VX13N)
   3. table S131 is updated (SE16)

2. if the check is ‘not okay’
   1. credit status is set to ‘not okay’
   2. order is blocked for delivery

In VA01 the log is only visible once, you can make a change to the payment terms and it is available again. Also you must call the customer address manually or you get an incompletion entry

Remarks

- if no FD no. is assigned but required the credit status is set to ‘not okay’ (header -> status)
- status of the FD must be set to ‘D’ so it can be used
- either the whole value of an order item can be covered by the FD or nothing!
- FD no. is split criteria for delivery creation! FD. no. is part of the delivery header. FD is also checked during delivery note creation.
- FD. no. is also part of the invoice header. Used just as a information field.
- there’s no FD check in the invoice

Important transactions:

- VKM3 Release of a blocked SD documents
- VX11N Create a financial document
- VXA1 Assigned sales documents (display all assigned)
- VXA2 Available FDs
- VXA3 Blocked SD documents
- VXA7 To simulate the assignment of an FD doc

Relevant coding
• Order check: function unit RV_LOC_CHECK_ORDER_LINE_ITEM
• Delivery check: RV_LOC_CHECK_DELIV_LINE_ITEM
• Tables:
  • VBKD-LCNUM FD no. order (header and items)
  • LIKP-LCNUM FD no. delivery header
  • VBRK-LCNUM FD no. invoice header

Related Content

Related Notes

SAP Note: 1739363 LIPS-ABGES : Outbound Delivery Guaranteed with Zero %
SAP Note: 1744831 Letter of credit for import
SAP Note: 409393 Dokumentengeschäft: Wertfortschreibung Auftrag, Lieferung