Setting Up and Scheduling Finance Charges

A finance charge is a fee associated with using new credit or extending existing credit.

Finance charges encourage customers using credit to make timely payments, give businesses an additional source of income, and in turn, increase the revenue of the business.

Objectives

- Setting up Finance Charges
- Scheduling a Finance Charge
- Editing a Finance Charge

Setting up Finance Charges

Finance charges encourages your customers to pay on time. The finance charges can be automatically added during a statement run. Let us set up the parameters.

Follow the onscreen prompts to set up the finance charges. Select **NEXT** to begin the simulation.

Follow the menu path to set up Finance charges. Under **Main Menu** > **Accounts Receivable** > **Setup > choose AR Settings**.

If the **Finance Charge Percent** field is blank, then finance charges will not be added to past due accounts. Enter the finance charge percentage as **10%** in the **Finance Charge Percent** field and press **Enter**.

Adding finance charges to very small past due amounts can be a source of annoying administrative work for both you and your customer. In this field, you can minimize those problems. If the amount due is equal to or less than the amount you enter here, no finance charges will be applied. Enter **10** dollars as the amount in the **No Finance Charge if Account Balance is Less Than** field and press **Enter**.

You can select the default credit term for a customer from the **Customer Default Credit Terms** dropdown list. Open the **Customer Default Credit Terms** dropdown list. Select **YG13 – Credit Terms Description Update**.

The **Grace Periods** field helps in determining the grace period for customers to receive discounts if their terms have discounts. Enter the grace period of **30** days in the **Grace Period** field and press **Enter**.

The system considers the finance charge entered in this field if the calculated finance charge is less than or equal to the entered amount. Enter **20** dollars as the minimum finance charge in the **Minimum Finance Charge Amount** field and press **Enter**.

Switch on the **Compound Finance Charges** toggle to combine the previous finance charge with the current one.

You can switch on the **Allow Special Pricing if Over Credit Limit** toggle to allow special pricing for a customer even when they are over the credit limit.

An account which is past due may have terms discounts. Terms discounts are applied when a customer makes their payment within a certain schedule. Usually, when an account is past due, it is common for these terms discounts to be temporarily suspended. Here, you can switch on the **Do Not Allow Terms Discounts on Past Due Accounts** toggle to prevent any term discounts for those accounts that are past due. Select the *Save* icon to save your changes.

Good work setting up the finance charge! Select **NEXT** to continue to the next topic.

Now, let us select a customer and define the parameters for the finance charge. For example, when to add a finance charge.

Follow the onscreen prompts to define finance charges parameters for a customer. Select NEXT to begin the simulation.

Follow the menu path to setup the parameters for a customer. Under **Main Menu** > **Customers** > choose **Customers** again**.** Select the **Table View** icon to see the details in the table view.

Enter the customer's name as **John** in the search box and press **Enter**. Select **SEARCH** to search for the customer. Enable the checkbox next to **John's** record to mark it for modifications. Choose the **Edit** icon to modify the customer.

In the customer information screen that appears, Select the **CREDIT INFO** tab. Here you can see the customer's current credit information. Open the **Finance Charges** dropdown menu. You can add the finance charges when the customer is past due, past due by a specific number of days, or never add any finance charges. Choose **When past due**. Select *Save* icon to save your changes.

Nice work, you have successfully defined finance charge parameters for a customer. Select **NEXT** to continue to the next topic.

Scheduling a Finance Charge

Finance charges are calculated automatically, based on a pre-defined schedule. For this to happen, the account must first have the finance charges scheduled. Let us schedule the finance charges for a customer account.

Follow the onscreen prompts to schedules a finance charge. Select NEXT to begin the simulation.

Follow the Menu path to schedule a finance charge. Under **Main Menu** > **Accounts Receivable** > **Setup >** choose **Schedule Finance Charges.**

Select the **Add** icon to add a new finance charge. In the **Record Selection** section, use the **Statement Delivery** drop-down menu to include customers based on their statement delivery method. Open the **Statement Delivery** drop-down menu. Select **Email Only** option. Use the customers, customer tags, and credit term toggles to include or exclude specific codes. Now, select the **SCHEDULE TASK** button.

Select the **Schedule as a Stand-Alone Task** drop-down list. In the list that appears, we see options that have already been created. Here, you can select the desired option, or you can choose **Add New Scheduler** to add a new schedule. For example, let us add a new schedule. Select **Add New Scheduler**.

Give the new schedule a name. Here, in the Schedule Name field, we enter Daily, and press **Enter**. Select **Start Date** to add a start date for the schedule. Select **End Date** to add an end date for the schedule.

From the **Select Frequency** drop-down menu, select the schedule frequency. If you select **Daily** the schedule will run daily. You can select **Weekly** to run the schedule on specific days. If you choose **Monthly**, you can choose specific days or relative dates to run this schedule.

For our example let us select **Daily**. Open the **Select Frequency** dropdown menu. Select **Daily** option from the dropdown menu. Select **Load Time** to add a load time for the schedule. Open the **Time Zone** dropdown menu. Choose **US/Alaska** from the dropdown list. Choose **US/Alaska** from the dropdown list. Select **SAVE** to save the

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changes. Select **SAVE & ENABLE** to save and activate the task. The *Create AR Finance Charge* task will run according to your configured schedule. The system sends an alert when the task is complete.

Nice work, you have successfully scheduled the finance charge. Select **NEXT** to continue to the next topic.

Editing a Finance Charge

If you want to edit, delete, enable, or disable the finance charges, follow the steps to make the changes.

Follow the onscreen prompts to edit a finance charge. Select NEXT to begin the simulation.

Follow the Menu path to add a finance charge. Under **Main Menu** > **Accounts Receivable** > **Setup >** choose **Schedule Finance Charges**

Here you can see all the existing finance charges. You can use the filters to search for a particular finance charge. Select the **Schedule Name** field. Enter the name as **Daily**. Choose **Daily** from the dropdown results and press **Enter**. Then select **SEARCH**. Enable the checkbox next to the finance charge you want to edit. Select the **Edit** icon. Make the necessary changes in the **Record Selection** page. For our example let us add a customer in the Customers field. Enter **John** in the Customers field and press Enter. Select **John Roe** from the dropdown results. Choose **SCHEDULE TASK** to move to the Schedule Task page. Select **SAVE** to save the changes.

To export the finance charge details to a spreadsheet file, first enable the checkbox next to the finance charge. Then select the Export to Excel icon. You'll download the details in a spreadsheet file.

You can enable or disable a finance charge by selecting **Set Enable/Disable** from the **Actions** dropdown menu. Enable the checkbox next to the finance charge you want to enable or disable. Open the **Actions** dropdown menu. Select **Set Enable/Disable** option. Choose whether you want to enable or disable the finance charge. For our example let us disable the finance charge. Select **Disable** option. Choose **SAVE** to save the changes. Now, you can see that the finance charge is disabled. Select NEXT to continue to the next topic.

To delete a finance charge, enable the checkbox next to the finance charge you want to delete. Open the **Actions** dropdown menu. Choose the **Delete Task** to remove the finance charge. Select **YES** in the confirmation window.

Good work editing the finance charge. Select **NEXT** to continue to the next topic.

Recap

With some initial setup, Finance charges help customers to make purchases on credit and make timely payments, giving businesses an additional source of income and in turn, increasing the revenue of the business.

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