

Disbursements with Zelle®

# Reconciliation Implementation Guide



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## Introduction

Zelle® transactions impact two different workflows: Accounts Payable (AP) and payment creation, as well as General Ledger and Accounting entries. This document outlines some recommendations on how to update *Zelle* payments when performing one of the following workflows:

- [Perform Accounts Payable Workflow](#) with the Acknowledgement and *Zelle* Notification files from *Payment Manager*®
- [Perform General Ledger and Accounting Workflow](#) with Previous Day Composite Bank Administration Institute (BAI) file or Treasury Information Reporting (TIR).

## Pro Tips

Though not required, the following tips will help simplify your reconciliation automation:

- Your payment ID is the data key which aides in reconciliation automation. To have the system automatically populate your payment ID in the BAI file or TIR report, include the payment ID as the first few characters of descriptive text for each Disbursements with *Zelle* payment request. Contact your Payables technical data analyst for implementation guidance.
- As transactions process in near real time, both origination and failure statuses could be reported on the same file. The sort of your *Zelle* Notification file is critical to support reconciliation automation as sequential batch processing may lead to unexpected results. The following will optimally prepare the *Zelle* Notification file:
  - Sort the file in chronological order by time stamp.
  - Process the file first for completed statuses.
  - Process the file a second time for informational and failure statuses.

## Payment Statuses

There are multiple statuses because *Zelle* transactions are processed in two steps:

1. The *Zelle* network authorizes origination to confirm that the *Zelle* token (email or mobile phone number) is active and open for payments.
2. The depository financial institution processes the payment to settle into the recipient's account.

## Completed Status

Completed statuses mean the transactions have been accepted and originated.

|                           |            |                |              |                                  |
|---------------------------|------------|----------------|--------------|----------------------------------|
| DELIVERED TO PAYEE        | 01/30/20XX | XXXXXXXXXX4567 | 01/30/20XX   | XXXXXXXXXXXXXXXXXXXXXXXXXXXX6789 |
| 1,000.00 USD              | 01/30/20XX | 15:23:01       | WFCDtFPKhHwa | JOHN DOE                         |
| XXXXXXXXXX1234            |            |                |              | XXXXXXXXXXXXXXXXXXXXXXXXXXXX4321 |
| john.doe@gmail.com        |            |                |              |                                  |
| Funds real time available |            |                |              |                                  |

Below is a chart of completed status types:

| Status               | Description                   | ISO Transaction Status |
|----------------------|-------------------------------|------------------------|
| Delivered to Payee   | Funds real time available     | ACCC                   |
| Sent to Payee        | May require payee acceptance  | ACSP                   |
| Sent to Payee        | Funds not real time available | ACSP                   |
| Sent to Unregistered | Pending payee registration    | ACWP                   |

## Informational Statuses

Informational statuses provide additional information on a transaction that previously received a completed status.

|  |
|--|
| PAYEE REGISTERED 01/30/20XX XXXXXXXXXX4567 01/30/20XX XXXXXXXXXXXXXXXXXXXXXXXXXX6789<br>21.00 USD 01/30/20XX 07:23:02 WFCDtFPKhHwe JOHN DOE<br>XXXXXXXXXX1234<br>john.doe@hotmail.com<br>Funds not real time available |
|--|

Below is a chart of informational status types, which are limited to the Unregistered Payee option:

| Status           | Description                                      | ISO Transaction Status |
|------------------|--|------------------------|
| Payee Registered | May require payee acceptance                     | ACSP                   |
| Payee Registered | Funds not real time available                    | ACWP                   |
| Cancel Failed    | <i>Reason in Failed Return Description field</i> | RJCT                   |

## Failure Statuses

Failure statuses mean the transaction failed origination or settlement.

|  |
|--|
| RETURNED 01/30/20XX XXXXXXXXXX4567 01/30/20XX XXXXXXXXXXXXXXXXXXXXXXXXXX6789<br>60.00 USD 01/30/20XX 07:23:02 WFCDtFPKhHwa SAM LEE<br>XXXXXXXXXX1234<br>XXXXXX6789<br>RECEIVING BANK RETURNED FUNDS<br>Payee depository bank issue. Payee contact depository bank for details. |
|--|

Below is a chart of failure status types:

| Status                    | Description                                      | ISO Transaction Status |
|---------------------------|--|------------------------|
| <i>Zelle Failed</i>       | <i>Reason in Failed Return Description field</i> | RJCT                   |
| Returned                  | <i>Reason in Failed Return Description field</i> | RJCT                   |
| <i>Zelle Pymt Expired</i> | <i>Reason in Failed Return Description field</i> | CANC                   |
| <i>Zelle Cancelled</i>    | <i>Reason in Failed Return Description field</i> | CANC                   |

## Perform Accounts Payable Workflow

The Accounts Payable Workflow moves a created payment's status to either Payment Complete or Payment Failed with accompanying journal entries. *Payment Manager* files are used to update the AP workflow payment statuses.

To update an AP payment status to either Payment Complete or Payment Failed with accompanying journal entries:

1. Create a *Zelle* Payment, then assign a payment ID.
2. Update your AP payment status to Sent to Bank. You will receive a *Payment Manager* Acknowledgement file which acknowledges the receipt of transaction.
3. Did Wells Fargo accept the payment?
  - **Yes:** Update your AP status to Accepted by Bank, then go to the next step.
  - **No:** The payment was not accepted due to data integrity failure. Update your status to Payment Failed, then repair and recreate the payment.
4. After the *Zelle* network authorizes origination of transaction, the status is reported in the *Payment Manager Zelle* Notification file. Determine an action based on the status reported:
  - **Delivered to Payee:** Update the status to Payment Complete.
  - **Sent to Payee:** Update the status to Payment Complete
  - **Sent to Unregistered:** Limited to the Unregistered Payee option. Update the status to Payment Complete.
  - **Payee Registered:** Limited to the Unregistered Payee option. Update the transaction with this additional information.
  - **Zelle PYMT Expired:** Limited to the Unregistered Payee option. Update the status to Payment Failed.
  - **Zelle Failed:** Update the status to Payment Failed.
    - If you receive the status *Zelle* Failed for a transaction not associated with an AP status of Payment Complete, this indicates the *Zelle* network did not authorize payment origination and there will not be a debit, nor credit reversal to the bank account.
  - **Returned:** Update the status to Payment Failed.
  - **Zelle Cancelled:** Limited to the Unregistered Payee option. Update the status to Payment Failed.
    - This status indicates your request to cancel the *Zelle* payment that is pending registration was processed successfully.
    - You can attempt to cancel within the 14-day registration window by submitting a request.
  - **Cancel Failed:** Limited to the Unregistered Payee option. Update the transaction with this additional information.
    - This status means your request to cancel the *Zelle* payment was not successful and the *Zelle* payment is attempting a settlement.
    - Cancel Failed can be followed by a subsequent reject status of *Zelle* Failed or Returned.
5. If your AP status is Payment Failed then create another payment transaction with a different payment method.

## Perform General Ledger and Accounting Workflow

The General Ledger and Accounting Workflow creates journal entries for each debit and credit in a bank account such as cash and AP clearing. The Previous Day Composite report in a BAI file or TIR format is used to update general ledger and accounting information.

The difference between a BAI Code 501 to a BAI Code 201 or 173:

- **BAI Code 501:** Account debits reported as Automatic Transfer Debit transactions.
  - Account debits occur when *Zelle* payments originate successfully and funds are sent to the recipient's depository financial institution for settlement
- **BAI Code 201 and 173:** Account credits are reported as Miscellaneous Credits/Automated Transfer Credit (BAI code 201) and Bank-Prepared Deposit (BAI code 173) transactions.

- Account credits occur when *Zelle* payments fail settlement to payment recipients and the funds are returned.
- Depository banks typically return funds that cannot settle into recipient accounts within five days of payment origination.
- For the Unregistered Payee Option, when a payee does not complete enrollment on the *Zelle* network, payments expire 15 days from payment origination and funds are returned.

**Note:** As transactions may process in near real time, both the debit for origination and the reversal credit for the failure of the same transaction could occur on the same business day. If this occurs, both entries may be reported on the same Previous Day Composite report.

Below is a suggested General Ledger and Accounting Workflow:

1. Create a *Zelle* Payment, then assign a payment ID.
2. Update your AP payment status to Sent to Bank. You will receive a *Payment Manager* Acknowledgement file which acknowledges the receipt of transaction.
3. Did Wells Fargo accept the payment?
  - **Yes:** Update your AP status to Accepted by Bank, then go to the next step.
  - **No:** The payment was not accepted due to data integrity failure. Update your status to Payment Failed, then repair and recreate the payment.
4. After the *Zelle* network authorizes origination of transaction, the status is reported in the *Payment Manager Zelle* Notification file. Money movement occurs when you receive a **completed status**. That transaction reflects the next day in the Previous Day Composite report as a 501 BAI code. Update AP clearing account or an offset account with this information.

**Note:** The 16 Record reports the BAI code as well as the payment amount and the 88 Record reports the *Zelle* payment ID that the bank created along with the descriptive text you provided with your *Zelle* payment instruction.

```
16,501,100000,,,/
88,OTHER REFERENCE:IA009900007258/
88,TRANSFER TO JOHN DOE REF # WFCDtfPKhHwa R151044KUB ZELLEDC1000/
88,20026366012021 /
```

5. Transactions that cannot settle are returned and reported in the *Payment Manager Zelle* Notification file as **failed statuses**. Those transactions reflect the next day in the Previous Day Composite report as either code 201 or 173; however, the impact on the bank account is the same. Update AP clearing account or an offset account with this information.
  - Depository banks typically return funds that cannot settle into recipient accounts within five days of payment origination.
  - For the Unregistered Payee Option, when a payee does not complete enrollment on the *Zelle* network, payments expire 15 days from payment origination and funds are returned.
  - Debit the amount to either an AP clearing account or an offset account, then credit your cash account.

**Note:** The 16 Record reports the BAI code as well as the payment amount and the 88 Record reports the *Zelle* payment ID that the bank created along with the descriptive text you provided with your *Zelle* payment instruction.

```
16,201,40000,,,/
88,OTHER REFERENCE:IA009900007258/
88,REVERSE TRANSFER TO DARIUS AHUJA REF # WFCDtfPKhHwh R06104XWVB ZELLEDC1000/
88,20026366012027 /
```