Oracle Fusion Cloud Financials

J.P. Morgan Supply Chain Finance Questions and Answers

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Contents

Get Help i

1 Questions and Answers 1

How does Supply Chain Finance integration work? 1
Does Supply Chain Finance work in different countries or geographies? 1
Is the Supply Chain Finance program treated as debt on my balance sheet? 1
Do I need to be an existing banking client to use Supply Chain Finance? 2
Do I need to pay from a J.P. Morgan bank account to use Supply Chain Finance? 2
When do bank connectivity keys expire, and what is the process to renew expired keys? 2
Does bank connectivity impact existing host-to-host (H2H) connectivity? 2
Are there any prerequisites for enabling the connectivity for Supply Chain Finance? 2
How do I know if a Supply Chain Finance program has value to the business? 3
Why would my suppliers voluntarily participate in Supply Chain Finance? 3
Do I need to contact all my suppliers before I agree to use Supply Chain Finance? 3
Can a supplier terminate their participation in the Supply Chain Finance program? 3
After selecting my provider, what are the next steps to begin using Supply Chain Finance? 4
Do I need to hire consultants to implement Supply Chain Finance? 4
What's the best practice for testing Supply Chain Finance? 4
Why don’t all my suppliers qualify for Supply Chain Finance? 4
Who determines the number of days to extend payment terms for Supply Chain Finance? 5
Does the bank or Oracle assist to extend supplier payment terms for Supply Chain Finance? 5
If I can't extend payment terms with my supplier, do I still ask them to participate in Supply Chain Finance? 5
How does the supplier sign up for Supply Chain Finance? 5
Do my suppliers need to bank with J.P. Morgan for Supply Chain Finance? 6
Is the supplier automatically registered in Oracle Fusion once they complete registration with the bank for Supply Chain Finance? 6
How does the supplier use the bank’s supplier portal for Supply Chain Finance? 6
Do I need a different Accounts Payable workflow to accommodate Supply Chain Finance suppliers? 6
Can we still use Supply Chain Finance if non-Fusion third-party systems are integrated into our procurement and Accounts Payable flow? 7
How do I cancel an approved supplier invoice when using Supply Chain Finance? 7

Do I need to review and approve the supplier invoice file before it's transmitted to the bank when using Supply Chain Finance? 7
How do I know when to pay the bank or the supplier directly when using Supply Chain Finance? 7
What form of payment can I use to pay the bank when using Supply Chain Finance? 8
Will I know when suppliers choose to get paid early with Supply Chain Finance? 8
What if I don't pay the bank by the invoice maturity date with Supply Chain Finance? 8
Can I void a payment or make a stop payment for suppliers participating in Supply Chain Finance? 8
What if invoices were approved and sent to the bank by accident with Supply Chain Finance? 9
What if the invoice maturity date falls on a bank holiday or weekend with Supply Chain Finance? 9
Do I include early payments made by the bank to the supplier in my 1099 amount? 9
What banks offer Supply Chain Finance embedded banking service? 9
Who do I contact for questions or issues regarding Supply Chain Finance? 9
How do I get notified about bug fixes, future enhancements, security updates, and regulatory changes within the Supply Chain Finance program? 10
Is the Supply Chain Finance invoice data transmitted between Oracle and the bank encrypted? 10

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You can email your feedback to *oracle_fusion_applications_help_ww_grp@oracle.com*.

Thanks for helping us improve our user assistance!

1 Questions and Answers

How does Supply Chain Finance integration work?

When suppliers are enrolled in the program, any approved supplier invoice in Oracle Fusion is automatically transmitted to the bank through the secure embedded banking connection.

The bank then makes those invoices available so suppliers can choose early payment and provides them with the discount amount, based on the number of days until the due date. The closer the due date, the lower the discount. Suppliers can get paid early on every invoice as soon as it's available, or log into the bank's system and select individual invoices for early payment based on specific cash flow needs. You pay the bank at invoice maturity, just as you do today when paying the supplier.

Here's the process:

1. Buyer consents to spend file transmission during the Supply Chain Finance program evaluation and signs an agreement with the bank.
2. Suppliers agree to extended payment terms, sign an agreement, and register with the bank.
3. Procurement updates Oracle Cloud ERP for participating suppliers.
4. Supplier remits invoices to the buyer for approval.
5. Oracle Fusion transmits approved supplier invoices to the bank for payment.
6. The bank funds the supplier early at the supplier's request or at maturity.
7. Buyer pays the bank upon maturity through automated payment settlement.

Does Supply Chain Finance work in different countries or geographies?

Yes. Supply Chain Finance is a global program available in many countries and currencies.

Contact your bank for country-specific limitations.

Is the Supply Chain Finance program treated as debt on my balance sheet?

No. The Supply Chain Finance program is treated as an off-balance sheet arrangement.

The bank acts as a payment agent on your behalf. The supplier must sign a separate, arm's-length agreement with the bank to sell their receivables. No accounting transactions are posted as a result of participating in Supply Chain Finance beyond existing Accounts Payable treatment. Consult your accounting professional for more information.

Do I need to be an existing banking client to use Supply Chain Finance?

No, you don't need to be a J.P. Morgan banking client.

However, your existing Demand Deposit Account (DDA) isn't required for the Supply Chain Finance program.

Do I need to pay from a J.P. Morgan bank account to use Supply Chain Finance?

You may use your current banking and payment structure when participating in Supply Chain Finance.

When do bank connectivity keys expire, and what is the process to renew expired keys?

Bank connectivity keys expire every two years.

Oracle and the bank manage the key renewal process automatically. No action is needed from you. This is one of the major benefits of embedded banking.

Does bank connectivity impact existing host-to-host (H2H) connectivity?

No, this embedded solution is independent of any existing H2H connections.

You can continue to process file transmissions with your existing H2H connections.

Are there any prerequisites for enabling the connectivity for Supply Chain Finance?

Yes. You must be an existing Fusion Oracle Cloud ERP customer and use the Accounts Payable module.

How do I know if a Supply Chain Finance program has value to the business?

The value of Supply Chain Finance is based on being able to extend payment terms with your most strategic, highest-spend suppliers.

Oracle Fusion provides a standard Supplier Spend Analysis report that you can provide to the bank to help you determine the size of your Supply Chain Finance working capital opportunity and which suppliers are most likely to participate. They will recommend an appropriate payment-term extension for each supplier and calculate the potential cash flow savings.

Why would my suppliers voluntarily participate in Supply Chain Finance?

Suppliers who participate can strengthen their relationship with buyers through faster, more predictable payments.

Instead of waiting 30 or 45 days for payment, suppliers can receive payment as soon as their invoice is approved in Oracle Fusion. With Oracle Fusion Accounts Payable automation, suppliers can be paid within days of submitting an invoice.

Do I need to contact all my suppliers before I agree to use Supply Chain Finance?

No. You must first enter into an agreement with the bank before contacting suppliers and enabling the service in Oracle Fusion.

Can a supplier terminate their participation in the Supply Chain Finance program?

Yes. A supplier can terminate their agreement with the bank at any time.

This doesn't automatically change the agreed extended terms. Contact the bank for more information.

After selecting my provider, what are the next steps to begin using Supply Chain Finance?

Working alongside the bank and leveraging insights from its supplier spend analysis, you'll identify and engage suppliers who are most likely to accept extended payment terms.

In return, those suppliers are offered access to Supply Chain Finance, giving them the opportunity to receive early payment at a discounted rate. Supplier onboarding typically occurs in phases, starting with suppliers most likely to participate and expanding over time.

Supply Chain Finance functionality in Oracle Fusion isn't activated until the first supplier has successfully enrolled with the bank.

Do I need to hire consultants to implement Supply Chain Finance?

No. Embedded banking services are designed to be enabled by any Oracle Fusion superuser or local IT team with limited technical expertise.

Resources and tools are available to assist.

What's the best practice for testing Supply Chain Finance?

The best practice is to enable one development or test pod to test the end-to-end Accounts Payable flow with the bank’s test environment before enabling the solution in production.

Why don’t all my suppliers qualify for Supply Chain Finance?

Typically, only your strategic, highest-spend suppliers qualify to participate in a Supply Chain Finance program.

Contact the bank for additional supplier qualification criteria.

Who determines the number of days to extend payment terms for Supply Chain Finance?

This is a negotiated agreement directly between you and the supplier.

Does the bank or Oracle assist to extend supplier payment terms for Supply Chain Finance?

No. Oracle doesn't offer supplier outreach solutions.

The bank may assist with supplier campaigns and provide guidance on how to position Supply Chain Finance when talking with suppliers. Contact the bank for more information.

If I can't extend payment terms with my supplier, do I still ask them to participate in Supply Chain Finance?

If you can't extend payment terms with a supplier, the program doesn't provide cash flow benefits.

However, supplier participation in the program and the opportunity for early payment may provide other benefits to your supplier relationship.

How does the supplier sign up for Supply Chain Finance?

After contacting the supplier to discuss extended payment terms and introduce the Supply Chain Finance program, the supplier enrolls directly with the bank and completes registration through the bank's supplier portal.

After registration is complete, the bank sends an email notification confirming that the supplier is ready to participate in the Supply Chain Finance program.

Do my suppliers need to bank with J.P. Morgan for Supply Chain Finance?

No. Suppliers don't need an existing or future J.P. Morgan banking relationship.

They maintain their bank payment instructions directly in the J.P. Morgan supplier portal.

Is the supplier automatically registered in Oracle Fusion once they complete registration with the bank for Supply Chain Finance?

No. Enabling supplier participation in Oracle Fusion is a manual activity completed only after you receive the email notification from the bank confirming that the supplier has completed registration.

How does the supplier use the bank's supplier portal for Supply Chain Finance?

The supplier registers with the bank to enable Supply Chain Finance participation.

After registration, the portal enables suppliers to view all approved invoices available for payment. They can log in once and elect to receive early payment for every invoice or log in as needed and select individual invoices for early payment based on their cash flow needs. As a buyer, you won't have access to the bank's supplier portal.

Do I need a different Accounts Payable workflow to accommodate Supply Chain Finance suppliers?

No. Supply Chain Finance is designed to work directly within the existing Oracle Fusion Accounts Payable flow.

After suppliers are enabled for the program, the Accounts Payable workflow from approval through payment includes Supply Chain Finance suppliers just as it does today. You may need to make minor change management adjustments based on differences between your current Accounts Payable workflow and the Oracle best practice workflow.

Can we still use Supply Chain Finance if non-Fusion third-party systems are integrated into our procurement and Accounts Payable flow?

It depends on the role of the third-party application. Oracle Fusion must remain your supplier master.

You must maintain approved supplier invoices in Oracle Fusion, and you must initiate supplier payments from Oracle Fusion. As a best practice, approve supplier invoices as quickly as possible after receipt so suppliers can maximize the benefit of early payment.

How do I cancel an approved supplier invoice when using Supply Chain Finance?

Because approved invoices are sent to the bank, often on the same day, and may already be paid to the supplier, you can't edit an invoice once it is approved.

Any changes to the invoice must be processed by issuing a subsequent debit note.

Do I need to review and approve the supplier invoice file before it's transmitted to the bank when using Supply Chain Finance?

No. The integration is designed to work seamlessly with the standard Accounts Payable workflow.

Once supplier invoices are approved, they are transmitted to the bank for early payment. You'll receive a copy of the file when it's transmitted.

How do I know when to pay the bank or the supplier directly when using Supply Chain Finance?

Once the supplier has completed registration with the bank, all future payments to that supplier go directly to the bank as a third-party payment agent.

The bank pays the supplier at maturity or earlier if the supplier chooses early payment.

What form of payment can I use to pay the bank when using Supply Chain Finance?

You must pay the bank electronically using EFT or wire on or before the invoice maturity date.

You can't pay by cash, check, or credit card. Banks also offer a direct debit service to pull funds from the bank account of your choice on the maturity date.

Will I know when suppliers choose to get paid early with Supply Chain Finance?

No. Oracle Fusion doesn't monitor or track early payment arrangements between the bank and the supplier.

From an Accounts Payable and days payable outstanding perspective, there is no operational difference between suppliers participating in Supply Chain Finance and those that aren't. Standard processes continue to apply, including the use of the new extended payment terms and payments made to the bank.

What if I don’t pay the bank by the invoice maturity date with Supply Chain Finance?

For invoices where the supplier doesn't elect early payment, the bank pays the supplier only after you pay the bank.

Late payments to the bank result in late payments to the supplier.

Contact the bank for information about late payments when the supplier has already received early payment.

Can I void a payment or make a stop payment for suppliers participating in Supply Chain Finance?

Avoid voiding or stopping payments for suppliers participating in Supply Chain Finance.

All future payments go directly to the bank at invoice maturity. You don’t know whether the supplier received early payment. Any void or stop payment prevents payment to the bank and has minimal impact on the supplier.

What if invoices were approved and sent to the bank by accident with Supply Chain Finance?

If you identify the issue before payment, contact the bank immediately to cancel the incorrect invoices.

If the bank has already paid the supplier, you must resolve the discrepancy using debit notes.

What if the invoice maturity date falls on a bank holiday or weekend with Supply Chain Finance?

The bank moves the due date to the next business day.

Do I include early payments made by the bank to the supplier in my 1099 amount?

Only payments made from Oracle Fusion are included in the 1099.

Contact your tax professional for more information.

What banks offer Supply Chain Finance embedded banking service?

Supply Chain Finance embedded banking service functionality is available with J.P. Morgan.

Who do I contact for questions or issues regarding Supply Chain Finance?

If you have questions or issues:

- Contact the bank for questions about the Supply Chain Finance program (for example, whether new suppliers qualify, reconciliation of payments, expansion to additional entities or geographies, and so on).

- Submit an Oracle Service Request if you've an issue within Oracle Cloud ERP (for example, connectivity, Supply Chain Finance enablement, supplier activation, approved invoice file processing, and so on).

How do I get notified about bug fixes, future enhancements, security updates, and regulatory changes within the Supply Chain Finance program?

Supply Chain Finance functionality is included in your Oracle Cloud ERP subscription.

Oracle provides regular updates through the standard quarterly release process, documentation, and communication channels.

Is the Supply Chain Finance invoice data transmitted between Oracle and the bank encrypted?

Yes. All embedded Supply Chain Finance files transmitted between the Oracle Cloud ERP instance and the bank's systems are encrypted and digitally signed for added security.

The keys required for encryption are automatically exchanged between your instance and the bank.

Keys expire at periodic intervals and are renewed automatically by Oracle and the bank. The administration experience is seamless for customers. For more information about Oracle's Corporate Security Solution Assurance Process (CSSAP), see *Corporate Security Architecture Oversight*.