DRIVING XBRL GL FOR USE IN INTERNATIONAL TRADE TRANSACTIONS

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Background

Business Enterprises issue various Financial Documents (also called Vouchers) to counter-party(ies) for recording their Financial Transactions in Closed Formats. The advent of Electronic Data Interchange has led to a surge of Transmission of Information "electronically" but not necessarily "intelligently". Manual Extraction and Re-keying is largely prevalent in Book-keeping even after the advent and practice of XBRL – which is primarily used for Financial and Business Reporting purposes and the use of a Common Standard for Recording and Reporting Financial Transaction is absent.

The Challenge

At present, Business Enterprises receive and send Financial Transaction Vouchers – in closed formats - thus involve manual extraction & re-keying – in the recipient's Accounting Package /ERP. **The Challenge is to TRANSFORM this into a Scenario where the Accounting Package sends and receives these Financial Transaction Vouchers and also intelligently deciphers / decodes these Financial Transaction Vouchers to be put to meaningful use without manual extraction or re-keying.**

The Solution - XBRL GL

XBRL Global Ledger Taxonomy is a system and reporting independent, versatile Standard for representation of anything that is found in a chart of accounts, journal entries or historical transactions, financial or non-financial. XBRL GL provides an extensible, flexible, multinational solution that allows for electronic data exchange overcoming the limitations of other approaches such as Electronic Data Interchange (EDI).

In the words of Eric E Cohen, the founding father of XBRL GL, "*pieces of business information can be entered anywhere in a supply chain, flow into a company's general ledger, then be reported out in any form needed by the company or its trading Partners*"

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How to Drive XBRL GL Adoption?

Around the world, XBRL is driven by regulatory requirements (Securities or Companies Regulators, Exchanges, Accountancy Institutes, etc) on prepares to report in the uniform electronic Standard. Similarly, XBRL-GL could receive the much needed thrust, if it is driven / recommended for use by a Regulatory requirement.

As we all know in International Trade, starting from the Buyer's Purchase Order – a series of financial documents are generated along the entire Value Chain by the Exporter, Logistics & Shipping Agencies, Bankers & Foreign Exchange Compliance Authorities, Customs Authorities, etc, the genesis of all these documents is the Buyer's Purchase Order and bits and pieces of business information are manually extracted, re-keyed with or without additional pieces of business information and transmitted for onward use.

In this regard, use of XBRL GL for electronic recording and transmission of various documents created / transmitted in International Trade, traversing multiple entities and national jurisdictions poses both an exciting opportunity and a formidable challenge.

A host of multilateral organizations and treaties influence the International Trade including the World Customs Organization (WCO), World Trade Organization (WTO), etc. These organizations have already put in place a number of measures to regulate, facilitate and harmonize International Trade such as the Harmonized System of Classification and Nomenclature for Goods. **XBRL can make a giant stride, if XBRL Inc. communicates and collaborate with these agencies to drive forth the use of XBRL GL based Financial Documents across the Value Chain in Cross-Border International Trade.**