

# Merchant payment routing

merchant-payment-routing-v1 - v1.0

Effective: 2026-04-25

Owner: Treasury / vendor management

Applies to: pay\_invoice, debit

---

## Purpose

This policy defines the routing-by-recipient-class control for disbursement actions. It is the first layer of AP controls and ensures customer-to-customer "payments" are forced through the more rigorous wire-transfer policy regardless of amount.

## Routing rules

- PAYMENT or DEBIT to a verified merchant account -- recipient identifier starts with M (the canonical merchant prefix in the payments routing table). Auto-approve up to \$5,000 with no further review required.
- PAYMENT or DEBIT to a merchant above \$5,000 -- hold for review for vendor onboarding compliance. The reviewer must confirm the vendor is on the approved-supplier list and has current W-9 documentation.
- \*\*PAYMENT or DEBIT where the recipient identifier starts with C (customer)\*\* -- deny. This is not a supported payment type for automated approval. Customer-to-customer payments must always go through the wire-transfer policy regardless of amount.

## Required action

Auto-approve qualifying merchant payments. Hold \$5,000-and-above merchant payments for review with reason\_code='vendor\_onboarding\_check'. Deny customer-prefix recipients with reason\_code='unsupported\_recipient\_class'.

## Why this rule exists

In production AP systems, routing by recipient class -- vetted vendor vs. ad-hoc customer -- is the first layer of disbursement controls. Customer-to-customer "payments" are almost always either an intermediary step in a layering scheme or a misclassified transfer. Forcing them through the wire policy ensures the larger AML scrutiny applies. The \$5,000 threshold for vendor review aligns with the IRS 1099-MISC reporting threshold for non-employee compensation -- vendors below this typically don't trigger vendor-master onboarding burdens.