

# Cash Management Strategies in an Evolving Economic Landscape

The recent global banking headlines serve as a reminder of the changing economic environment. The uncertainty has had a particular impact on startups and those companies on a growth trajectory who may have had to add more staff or infrastructure to quickly and efficiently manage their cash, payments, and risk.

While treasury management is a crucial part of business strategy, it's often overlooked because finance teams commonly operate on reduced budgets.

This article outlines some practical and cost-effective strategies that companies of all sizes can implement to ensure their cash is protected and that they can respond quickly to unforeseen circumstances, from interest rate fluctuations to bank closures.



## Bank Optimization

Multiple factors play into deciding which banks your company should do business with and which types of accounts and services to purchase from which bank.

While there is not a one-size-fits-all answer to optimizing banking relationships, companies should not be afraid of having accounts across multiple banks if they are arming their finance teams with technologies to interface with the banks simply and efficiently.



## Cash Visibility

Having access to all your cash positions in real-time sounds simple, and many finance teams may argue they already have this capability.

However, many fail to recognize the inefficiencies, let alone the risks, of logging into multiple banking portals to manually extract and combine data into spreadsheets or other internal systems.

The goal should be a single finance portal to access all your cash positions in one place.



## Process Automation

Automation can improve your treasury management and allow you to more easily respond to the demands of your business, suppliers, and customers.

Consider what automation solutions you can put in place quickly and easily that will also contribute cost and time savings and functionality that helps you optimize your cash position.



## Sweeps and Transfers

To respond quickly to cash demands, setting up sweep accounts through your financial institution can be highly beneficial to your business.

An alternative approach, which can reduce risk and give more control, is to set up automated sweeps and transfers through a cash management system, allowing your finance team to transfer funds in an automated way without relying on the bank's online banking system.



## Electronic Payments

Instead of relying on paper checks, you can send and receive global payments electronically. Not only are electronic payments more secure and scalable, but they help send the message to customers that it's easy to transact with you.



## Forecasts and Reconciliation

As unforeseen circumstances arise, your finance team should prioritize updating forecasts and reconciling transactions, accounts payables, and accounts receivables. This helps ensure your financial period is closed quickly and accurately.

Integrating and automating the data feeds from your ERP with banking data and forecasts will help automatically reconcile transactions and post the information back to your ERP.

## Other Considerations:

### Compliance and Risk

It's important to highlight that your finance team must meet new or existing compliance and risk mandates when introducing enhanced controls and new capabilities.

### Bank Account Management

The authorized account signatories, documents and fees must be reviewed and stored in one place, ideally in a cash management system for tighter control.

### Report on Foreign Bank and Financial Accounts (FBAR)

For companies with operations in the United States, the Report on Foreign Bank and Financial Accounts (FBAR) is a requirement by the Internal Revenue Service that should be filed and reported yearly. Ideally, this report should be part of the bank account management process within your cash management system.

### Fraud and Risk Management

Preventing fraud and managing risk should always be at the forefront and integrated within the processes of your finance team, whether it's ensuring the correct accounts and beneficiaries are being paid, or the levels of approval and other electronic security controls are all in place.



## Bringing it All Together

Finance leaders and their teams are increasingly asked to help their organizations navigate external challenges, requiring them to adapt quickly and make cash management decisions.

There are multiple ways to address these challenges, and it starts by having a complete and real-time view of your entire cash management lifecycle.



## Is It Time to Modernize Your Cash Management Strategy?

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