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# BANK ACCOUNT MANAGEMENT

A Treasurer's Guide





Complexity is not your friend when it comes to managing, closing or opening bank accounts worldwide.

- Do you have real-time information and visibility about signing authorities, local bank accounts and bank fees?
- Are you ready for an audit with the information you currently have?
- Do you have sufficient audit trails, security and compliance elements in place?

We understand the wealth of information at hand, as well as the importance of making use of it in an efficient, safe and cost-effective manner. The TIS SaaS solution enables organizations regardless of industry or ERP environment to maneuver their bank account landscape by providing a user-friendly and central “single source of truth”—all in one platform. Complete transparency across users, workflows and bank accounts along with the rights to manage these is what empowers our users.

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## Introduction

Risk and liquidity management are top of mind for treasurers in today's business climate highlighting the importance of bank accounts. They are necessary to pay, receive and store money and also to protect resources and facilitate treasury management. Companies must have at least one bank account, some have hundreds and a few require thousands of bank accounts to conduct their business. Bank accounts are also the means by which companies are connected to other businesses, people and the banks where the accounts are held. This makes the business of bank account management not only an important task but in the current hyper-connected environment of cybercrime, terrorism, fraud and tax evasion a mission critical function. Failure to properly manage bank accounts has the potential to cause material disruption or business failure for the account holders.



### **i** BAM Definition

Bank Account Management (BAM) consists of the policies, procedures and actions taken to open, close or modify accounts held by a business with a financial institution. This includes the negotiation and management of account services and fees, mandates governing the account, authorized users of the account and methods of communication regarding account activity. It also includes managing the interrelationships among accounts, regulatory reporting and compliance.

Companies address bank account management (BAM) in many different ways but may not be addressing all of the elements in an expanding universe of tasks. The dimensions of the challenge include:

- The need for banks to know their customers and the customers of those customers to protect against money laundering and the financing of terrorism. This is familiar to treasurers through KYC, KYCC, FCPA and AML.
- The requirement by some governments for reporting on bank accounts held in other countries to ensure proper payment of taxes—known in treasury from FBAR and FATCA.
- The concern of account holders that the current account mandates and authorized signers listed in corporate resolutions match those held by their banks.
- The business requirement for companies to know their positions with banks and other counterparties which are addressed primarily through global balance and activity reporting and required in SOX compliance.
- The need to ensure that the fees assessed for the services used are accurate and reflect market norms and specific agreements with bank counterparties.

Many products and services have been developed to help the treasury team with BAM. SWIFT enables companies to obtain visibility of bank accounts worldwide and in some cases manage those bank accounts through eBAM. TMS modules can include a complete inventory of all bank accounts and authorized signers on those accounts. Best of breed software can manage complex transactions and audit bank fees. The ecosystem of providers and solutions is a large one and the challenge for treasurers is making sure that the selected solution is capable of handling the entire set of user requirements for the company not just those of a single business function such as corporate treasury.

This is important because BAM takes place in a complex world where lack of compliance with regulations or internal control policies can result in significant fines, incarceration, financial loss and damage to valuable brands and reputations. Bank account management is now a strategic imperative that must be fully recognized by corporate treasurers.

## Preview

This white paper is divided into three parts. Part one outlines the full dimensions of the BAM challenge. This includes functional perspectives on bank account management—from treasury, accounting, IT, banks and others. It also encompasses the various elements that define a bank account including the bank, location, currency, connectivity, fees and more.

Part two examines the broad range of current approaches to BAM which can include a compensation focus on fee auditing for competitive and RAROC purposes, reporting requirements for FBAR and SOX or automation of certain BAM tasks.

There are gaps between the dimensions of the problem outlined in part one and the current approaches to management reviewed in part two. Addressing these shortfalls demands an updated strategic vision which is the focus of part three. A disciplined approach that uses a comprehensive inventory of user tasks to help develop a complete set of business requirements is required to identify effective BAM solutions.

### **BAM and Compliance Failures**

Cybercrime and fraud impose burdens on many companies in terms of remediation, legal costs, regulatory costs and fines along with reputational damage. Conservative estimates place the global cost of cybercrime at more than \$50 billion annually. Corporate account takeover, a new and popular fraud, can be directly linked to failures in bank account management.

The FCPA is a long-standing US regulation prohibiting bribery and corruption of foreign officials enforced by the Justice Department and the SEC. Siemens paid a \$450 million fine in 2008 for violating the FCPA, KBR paid \$402 million for the second largest FCPA fine in 2009 and Alcoa paid more than \$200 million plus disgorgement of revenues in 2014.

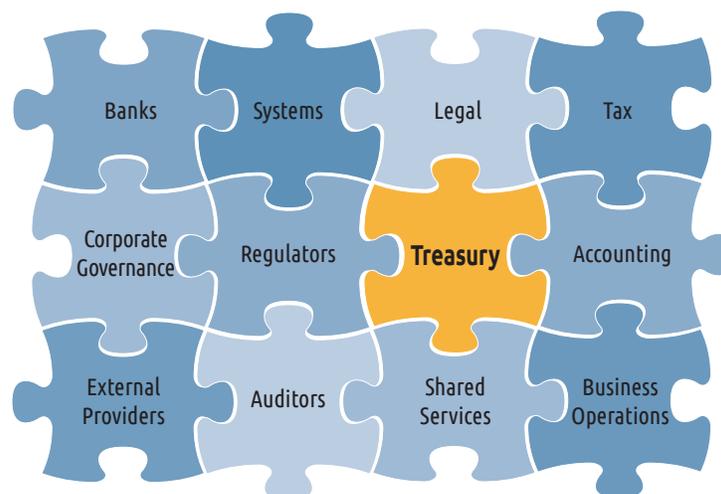
AML is important to banks and therefore to corporate users. Recent fines associated with AML include \$1.9 billion to HSBC in 2012 and more than \$300 million to Standard Chartered in 2014. Sources: US Department of Justice ([justice.gov](http://justice.gov)), US Office of the Comptroller of the Currency ([occ.gov](http://occ.gov)) and New York State Department of Financial Services ([dfs.ny.gov](http://dfs.ny.gov)).

# Part 1

## Dimensions of the Challenge

It's important to start with the basics. A bank account is defined by many pieces of information such as currency, address of bank branch where it is held and the authorized users of the account. The same bank account is also of interest to many different business functions from auditors to accountants to the legal team. The challenge comes from the fact that while the information needs of the different functions overlap, they are not the same. Members of the accounting team tend to have little interest in counterparty risk management or balancing the RAROC concerns of their partner banks and so have no need for the pieces of bank account information that would enable them to perform that task. They focus on the links between bank accounts and the general ledger or bank accounts and a payables file and the reconciliation processes that monitor activities. Corporate tax is concerned with bank account location and legal entity ownership while legal has other priorities. Broadly speaking, the key corporate stakeholders in BAM are interlinked as portrayed in the graphic:

### The BAM Puzzle



- Treasury has the primary role in bank account management from bank selection, negotiation of mandates and choice of connectivity model all the way through to compensation, risk management and compliance reporting. In larger companies, some of the operating businesses may attempt to assume parts of the treasury role which only adds to the management challenge, not to mention the risk to the overall enterprise, given the importance of regulatory compliance.
- Accounting looks at bank account management from the perspective of the corporate ERP, internal control and statutory reporting. There is particular interest in data sources for entries into the systems along with the individuals and business functions making the entries and adding and deleting accounts as required.
- Systems/IT supports treasury and accounting providing and maintaining a number of the solutions employed by these business functions. Systems/IT also manages enterprise standards such as the use of SaaS systems, virtual computing and cloud solutions in general.
- Tax concerns with bank accounts center around location, ownership, control and the ability to make timely payments to tax authorities in various states, provinces and countries.
- Legal, the corporate secretary's office, deals with maintenance of key legal entity parameters for regulatory filings as well as the documentation and mandates surrounding the bank accounts held by the enterprise.
- Business operations require bank accounts to conduct their business and therefore rely on all of the above being performed accurately and on time in order to achieve their business objectives while CFOs and CEOs hold ultimate accountability for performance in this arena.

In addition to these internal stakeholders, there are external stakeholders including auditors and banks. Therefore the challenge is to provide each of the stakeholders with the bank account information they require as efficiently and accurately as possible.



**The universe of bank account information required by stakeholders includes:**

- **Bank name**—The short and full legal names of the bank where the account is held. Given the many bank mergers it is not uncommon to find the names of banks that no longer exist in a company's bank account database. Further, the short names assigned to the banks may differ from one region to another. This can make the sorting and aggregation of bank relationships difficult.
- **Branch name**—The name of the branch where the account is held. Depending on the country and the bank the number of branches could run from a small handful to hundreds or thousands of branches. The precise branch name therefore matters for routing instructions and control purposes.
- **Bank contact names and contact details**—The names and details of the relationship and servicing team supporting the account and the overall banking relationship. Depending on when and where the account is set up the contact details are likely to be incomplete with corporate treasury often missing local contact information and local operating companies often being unaware of a larger bank relationship. Relationship team members often change frequently which further complicates control and maintenance.
- **Address**—The geographic address of the bank where the account is held.
- **Bank System Coding**—The digital address details such as TRN, ABA and SWIFT BIC.
- **Account Number**—The unique identifier for the account in the bank or corporate system such as the IBAN.
- **Currency**—The currency of the account.
- **Account Capabilities**—The service features of a bank account such as being able to incur overdraft, accrue interest, exist with zero balance as part of a larger structure or sweep automatically to another account. In addition to these functional features there are also technical capabilities such as debit filters and blocks.
- **Signatories**—The names, titles and contact details of the corporate personnel able to open or close accounts and initiate or review transactions on the account. Depending on the account structure and purpose there may be several different types of activity permitted for each signatory. Signatory management tends to be one of the most poorly handled elements of bank account management with many databases. Often—on the bank and corporate side—files contain the names of staff no longer with the company or in positions within the company that no longer require account access.
- **Mandate**—The mandate is the legal instruction from the corporation approved and delegated by the Board for the operation of the account.

- **Fee Structure**—The fees that will be assessed on the account for maintenance and operation. Fees are assessed in different ways by different banks and often within banks by region and the classification of the customer. They are also assessed on a wide variety of activities making fee comparisons an extremely complex task. Even where fees are coded to a particular standard such as TWIST or AFP proper comparison can be difficult.
- **Information Reporting**—At the most basic level the bank will deliver a daily, weekly or monthly statement to a single entity within the corporation. However, digital information on the account can come in a variety of forms such as delivery through bank portals, aggregation of SWIFT messages through a TMS or various combinations of the two.
- **Access Method**—How the signatories to the account will initiate transactions across the account such as through the bank portal, through a mobile device, direct corporate to bank connection or through a TMS.

The volume of detail for even a modest number of accounts—and the need for accuracy and timeliness require a tool kit to accomplish the task. This can be as simple as a spreadsheet or for more complex requirements the specialized module of a TMS. The number and variety of approaches to managing bank accounts tend to reflect the perspective of the stakeholder administering the system and have varying strengths and weaknesses.

The next section of this paper examines the current solution environment including the gaps between business requirements and available solutions. Minimizing or eliminating these gaps is important because virtually all of the elements in this listing of bank account information have control or compliance implications which reinforce the importance of BAM as a mission critical discipline within the organization. A single true source of all bank account information is therefore an important and essential tool in not only supporting business operations but also in preventing fraud, legal violations and financial loss.

# Part 2

## Current Environment

Current marketing of available BAM solutions uses attention-getting themes centered on enhanced visibility, control and compliance. Vendors with BAM solutions point to how they deliver real-time views and updates of bank account data along with enhanced control and reporting capabilities that reflect the sense of urgency over BAM. Like many solutions that leverage technology the implementation of these approaches may also drive the centralization, standardization and automation of business processes. Leveraging this combination of centralized control and technology provides a framework for a business case that can drive changes in a treasury organization.



BAM solutions currently in use fall into two broad categories: in-house and third-party solutions.

Existing in-house BAM solutions can be stand-alone spreadsheets that store inventories of banks, bank accounts and related data. These are sometime supplemented with in-house developments that expand upon the use of spreadsheets by adding an Access database and/or an integrated combination of workflow management techniques and existing spreadsheets. They can be developed quickly but integrating them into the larger enterprise infrastructures is problematic.

Third-party BAM solutions come in at least four different types. The ERP solutions generally provide basic BAM functionality through the steps required to set up and update master data files for banks and bank accounts as part of the payment processes. TMS solutions provide separate modules with varying functionality, often bundling modules to achieve their BAM approach. Bank provided solutions are sometimes white-labeled TMS products or applications within the bank's online offering. Lastly, there are standalone modular products in place with varying degrees of specialized capabilities that sometimes can be integrated into existing infrastructure.

The number of different combinations within these two categories has much to do with the strategies and the priority individual companies have assigned to BAM functionality. Historically, an effective and efficient bank account management process was viewed as a necessary, but not terribly important housekeeping function. BAM is now receiving more attention from the C-suite



### Corporate Pain Points

Specific problems at a company are often drivers for a more robust approach to BAM. Common examples include:

- Conflicting data from various sources and systems
- Complex, poorly understood and non-standardized BAM processes
- Ambiguity over use of dual authorities and proper segregation of duties
- Concern about governance and control methods for distribution of information
- Over reliance on email, fax and courier for exchanging information
- De-centralized access and control over documentation
- Missing or haphazard approaches to validating bank fees
- Lack of timely reporting
- Resource constraints due to compliance and reporting requirements
- Inefficient and unreliable manual processes
- Costly archiving, printing and posting procedures

anxious to avoid appearing on the front page of a major newspaper. This attention has exposed the deficiencies of many current approaches and is driving change in attitudes and solutions.

## In-house Approaches

The in-house BAM approaches that often employ Excel spreadsheets and an Access database are mostly static systems where various events of BAM—opening, modification, closing of accounts—are not dynamically linked. In addition, authorities need to be separately managed and signature cards, banking resolutions and service profiles need to be manually updated as a result of on-going event-dictated changes. This saddles companies with weak control environments due to redundant, error-prone manual processes, inaccurate inventories and authorization profiles, compliance risks, increased exposure to fraud and suboptimal bank relationships. Further, manual processes tend not to include tailored approval workflow—a gap that introduces further risk and inefficiency. Manual administration increases the likelihood of a weak control environment and makes reporting and internal audit nearly impossible.

## Third-party Approaches

ERP functionality has sometimes been considered because it makes use of the required master data file that supports payment processes in an efficient straightforward manner. These systems centralize management of bank accounts by generating structured views of banks and bank accounts supported by the bank account master data and the workflow processes for opening, changing, closing and confirming bank accounts. This offers some upside over the static in-house approaches. The downside of the ERP approach is that functionality is quite limited and therefore does not address the full list of stakeholder business requirements, introducing gaps in required BAM functionality.

The solutions offered by TMS providers and the standalone modular products go part of the way in dealing with the downside of ERP solutions and also reflect aspects of industry best practices. The TMS solutions offer broad functionality but address BAM in the context of their larger system, which is more of an all or nothing approach. Standalone modules offer similar functionality with an ability to more easily integrate into existing infrastructure.

The offerings from the major TMS vendors tend to deliver the specific BAM functionality in the following ways:

- Granting authorized users the right to manage data entry to open, change, close and track all bank accounts, covering the specific details required for each, including the authorized signatories and their authority levels.
- Triggering the system's capability to cascade changes across all relevant accounts and modules.
- Generating required reports to monitor status and meet business requirements, including FBAR reporting to comply with US requirements.
- Providing audit trails for control purposes and confirmation letters as necessary.
- To varying degrees, the TMS modules incorporate automated workflows to handle and track the processes and details for bank accounts, centralized and accessible document and file storage (including signature cards), and the ability to communicate with banks via eBAM messages where available.

In aggregate, this functionality enables centralized bank account and signatory management for all bank relationships across all geographies.



## EBAM

BAM is a good thing and it makes sense that an even more digital version of BAM such as eBAM is better. That has been the promise of eBAM for some time. The concept is secure electronic communication via the SWIFT eBAM platform using a limited set of standardized messages and certified processes. These cover most bank account and mandate workflows relating to the opening, changing, closing and confirming processes in order to achieve consistent straight-through-processing and the many benefits that accrue from that. The concept is powerful, but full adoption is proceeding slowly for several reasons. First, eBAM only deals with existing corporate-to-bank relationships. It cannot deal with processes such as KYC that are required at the beginning of new relationships. Second, it is platform dependent on SWIFT messaging and the SWIFT network. Finally, eBAM is a communication methodology that has absolute dependence on the legal and compliance rules of every country where a company would choose to maintain a bank account. It is a brave company that will substitute an eBAM message for court-tested legacy methods of communication and record keeping.

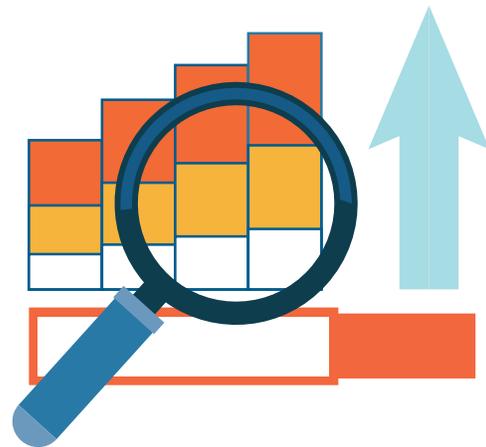
Bank provided systems share the strengths and weaknesses of the TMS solutions. TMS BAM solutions are only available as part of the full system. Similarly, bank solutions bind users even more tightly to the overall banking relationship because they require use of the particular bank.

Standalone BAM modules by their very nature must contain sufficient functionality to handle the required management tasks at hand, placing a greater control burden on the internal workings of the module itself. Even so, the alternatives vary in how they deliver the necessary functionality.

The overall focus for these standalone modules is reflected in the choice of approach—from a control repository and a process tool to a comprehensive tool set to a consolidator of all information into one workstation. Each of these approaches allow for centralized management and tracking of worldwide bank accounts, signature rights, and users and bank contacts, including the opening, changing and closing of accounts, as well as the real-time monitoring and reporting necessary to meet business requirements.

Flexible functionality appeals to many companies who routinely grapple with many of the complexities within this arena. As such, many have sought standalone solutions that offer greater flexibility for certain detailed aspects of bank structure, account maintenance and the compliance with policies, authorizations and limits, often in conjunction with the use of customized workflows, disciplined process management and centralized document storage.

The functionalities of TMS BAM solutions and standalone BAM modules are similar in that they require an external solution option for bank fee management. Since this is an essential element of a comprehensive BAM solution, TMS solutions often include a separate module for this purpose, while standalone BAM modules must seamlessly interface with another standalone module that easily integrates into existing infrastructures.



The approaches to deliver fee management functionality vary widely but in aggregate include:

- Automatic capture, processing, analysis, validation and reconciliation of month-ending fee statements, including tests for accuracy, the identification of discrepancies, variances, and exceptions and reports of findings.
- Storage of all of the data in a central repository, enabling detailed reporting of bank volumes, activity, price discrepancies, trends and fees across banks, as well as the source data base for cash management RFPs.
- Analysis of service volumes to flag audit violations.
- Uploading of spreadsheets for other purposes as well as the ability to permit manual entries.
- Analytics that uncover not only pricing inconsistencies, but more complex issues and higher-level discrepancies such as spikes in volume or ambiguous and unexpected service charges and the tools to investigate and resolve them.
- Ability to match service codes across banks and more effectively compare bank fees across each bank partner, generating meaningful bank performance reports.
- Comprehensive comparisons of services, banks and benchmarks to optimize service use and achieve maximum savings.

In summary, an objective assessment of the current environment shows considerable functionality among the many solutions and perhaps some unwelcome news in the following observations:

- For existing in-house solutions, inefficiencies and gaps in functionality likely offset any savings obtained by implementing these solutions.
- For the ERP and TMS solutions already in place, the overriding requirement to subscribe to an entire ecosystem likely triggers greater cost, complexity and time commitments than may have been expected.
- Among the standalone solutions, implementation may be quicker, easier and less costly but this likely came at the cost of more complex integrations into the corporate infrastructure and the risk of an incomplete solution.

A final word of caution—the current state of BAM has many gaps, both known and unknown, as it reflects the:

- Different perspectives of the solutions providers with each provider approaching BAM as they define it.
- Historical demands of the corporate user community that often do not reflect the current strategic importance of the functions they represent.

# Part 3

## Strategic Vision

The many gaps in current BAM solutions coupled with its importance may require companies to reassess their current approach to the task. This effort requires a redefinition of the strategic vision for this function and must start with the details before building up to a comprehensive approach that fits the current circumstances. What follows is a three step approach to this BAM reassessment effort.



A strategic approach to identifying the right BAM approach for a company looks to the robust definition offered in this paper and optimizes the problem's solution from an enterprise perspective. The strategic approach to bank account management includes all stakeholders, providing each with the information and control required to fulfill their tasks while at the same time providing the appropriate tools and oversight to compel compliance.

For companies, getting to a fully integrated and comprehensive approach involves three steps:

1. Defining the universe of stakeholder functions in the company and the tasks performed by these teams.
2. Developing the business requirements—technical, functional and operational—that a BAM solution needs to meet.
3. Creating the business case to demonstrate that the qualitative and quantitative requirements justify the type of solution indicated in points 1 and 2.

## Stakeholder Functions and Tasks

The nature of BAM is such that the number of potential stakeholders is large, the number of tasks they must perform is substantial and the needs of stakeholder groups are quite different. It is also possible that in some cases the user community and tasks they perform can be quite modest with all needs being met by a simple spreadsheet-based BAM solution providing that it can deliver on the needs of the operating businesses. Given this, it can be tempting to fast forward to a “good enough” solution without a full analysis of the situation. This is dangerous for two reasons:

1. Growth and complexity can come quite quickly making a simple system obsolete and adding considerable burden to the selection and implementation of an appropriate system when needed. In technology terms, this is referred to as scalability.

2. BAM has not traditionally received the careful analysis that other compliance sensitive tasks have received so there may not be full awareness of all the stakeholders and their various requirements.

It is better to plan for a complex set of user tasks and be pleasantly surprised when the list is small than discover analytical flaws further into the process. The best way to capture this is through a detailed inventory of current BAM practices within the company combined with a survey to identify additional needs. A grid-based concept similar to that illustrated below is a good way to accomplish both tasks.

In the concept shown both the need and relative importance of the task to a given stakeholder group are shown with yes's appearing where there is a need and with high, medium or no priority listed for those stakeholders relying on successful outcomes from a particular task.

## Grid-Based Stakeholder Tasks

Tasks	Stakeholders						
	Treasury	Accounting	Legal	Tax	Business Operations	Systems	Other
Request new bank account	High				Medium		
Approve new bank account	Yes			Yes			
Close or modify bank account	Yes				Medium		
Account documentation review	Yes		Yes				
Link account to ERP	Yes	Yes				Yes	
Connect to bank	Yes					Yes	

The complete list of tasks will be considerably more substantial and the completion of this needs analysis is the precursor to developing the business requirements that must be met in a prospective solution.

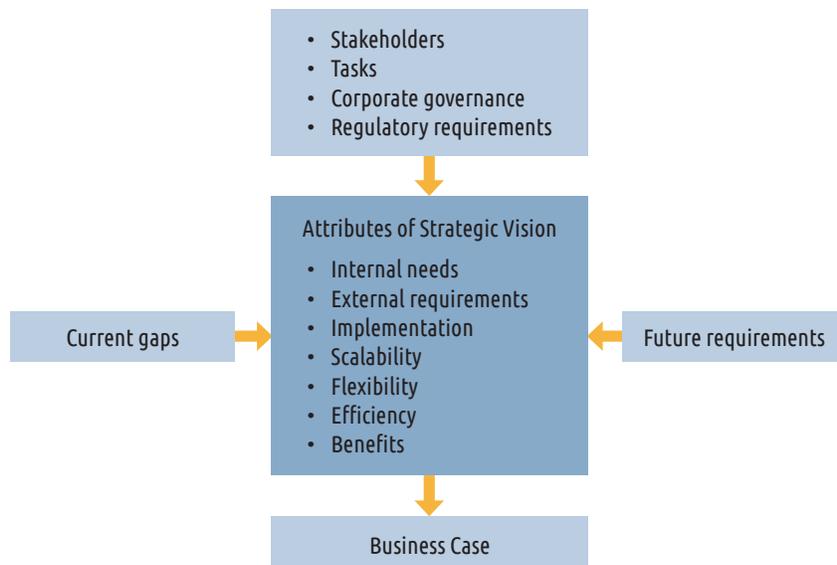
## Business Requirements

The development of business requirements achieves two goals: it focuses inward on the company's requirements and can also be used as an external tool in dealing with prospective BAM solution providers. The most fundamental element within business requirements is the governance model, the policies that are to be followed within the company. These are developed to guide and influence the tasks identified in the previous step and like all good policies should include:

- **Scope**—the business entities, functions and geographies covered by the policy
- **Objective**—the purpose of the policy
- **Policy**—explicit direction of what is permitted and the consequence of non-compliance
- **Procedure**—specific guidelines on how to comply with the policy including forms or technology tools
- **Exception**—a procedure for requesting an exception to the policy

At a minimum, policies should be in place to cover bank account opening, closing and modification; bank fee management, bank information reporting and regulatory compliance. Separate policies are recommended as short, clear documents are easier for users to understand and issuers to enforce.

## Strategic Vision



The technical and functional business requirements which follow the governance model and provide the basis for framing a strategic vision for BAM typically fall into the following major elements.

- 1. Database**—The database represents the single source of truth with respect to all accounts and associated details. This would include requests for opening, changing or closing bank accounts; information about each account, documents associated with each account and an audit trail of all activity. If an item of information is part of a user requirement, it exists within the database.
- 2. Document Management System**—This is the repository of legal, banking and other externally generated documents associated with the accounts such as mandates, audit letters, signature cards and other bank and company documents. A good document management system will be able to securely store and easily retrieve the large amount of technical and legal information required by those using the system.
- 3. Workflow Management System**—The workflow management system would notify stakeholders of required action and monitor compliance with the defined process. For example, a prompt to corporate treasury that an account has been requested, the reasons for the request and the ability to approve and act on the request. The same system would be used by account users to request an account and by others to audit accounts. The purpose of a workflow system is to reflect the roles and responsibilities of the various stakeholders making it easy for them to do their jobs through prompts and reports. It also acts as a set of rails enforcing compliance with BAM processes.
- 4. Integration Methodology**—This methodology would enable synchronization with other corporate systems so that common data from various ERP, HR and other systems is reflected in the BAM system in a timely and efficient manner without the need to retype information, manually transfer data files from one system to another or query another system to complete a task. A good example of the latter point is ensuring that any change in an employee's status in corporate HR systems updates bank interfacing systems removing an employee as a signatory once they have left the company.
- 5. Management and Regulatory Reporting**—The BAM system would have a reporting engine that would generate custom reports for management and provide information for regulatory reports required of the company. Examples of management reports include business unit compliance with bank account maintenance requirements or a daily report of required actions. Regulatory reports include SOX, FBAR and other documents required by regulators in the regions where the company operates. In addition the reporting engine would be able to generate correspondence to banks, auditors and regulators.
- 6. Analytics**—The ability to model and analyze data contained within the system for the purposes of counterparty risk analysis, hypothetical RAROC calculations and for the audit of bank fees.

The technical and business requirements should also reflect a number of best practices which follow below, resulting in a more robust strategic vision:

7. The BAM system should be platform independent. It should not require acquisition of a core system such as an ERP or TMS, or mandate a particular bank relationship in order to function. While this requirement could seem to needlessly add to the number of systems used by the company the reality is the opposite. An analogy makes this clear. It is easier to design a house that is fit for purpose than make a city plan including all of the houses that might be required. Adding functionality to a TMS is not unlike urban sprawl, things work, but not well. The BAM system should also be complete and not obtain its functionality from other systems such as an entity management system or a bank portal. All user requirements must be addressed by the selected system and not require subscription to other systems in order to use its functionality.
8. The system should be cloud-based rather than an installed system or an ASP delivered version of an installed system. Cloud systems offer the resilience and scalability that are necessary where user requirements are dynamic and evolving. There must also be redundancy in the cloud with data mirrored in more than one location and without the reliance on a single network backbone for connectivity. Strict availability and latency standards must be observed. The cloud solution should also be a private one supported by at least two data centers all of which are ISO 27001 certified.
9. The system should also be highly scalable providing for an unlimited number of concurrent users with uptime averaging 99.99%. This should be reflected in vendor KPIs and customers should be able to view performance data on a reasonably frequent basis.
10. Security standards must reflect the highly proprietary nature of the data required for BAM. System access should require dual-factor authentication with encrypted transmission from user to the system. Strict protocols must govern access to client data by the vendor and also protect against access to the data by another vendor client. Data within the system including all database information, audit logs and reports are owned by the client with the right to receive a complete copy of the data in an open format should the client terminate the particular BAM service. No data should be stranded and need to be rekeyed into another system.
11. Most elements of the BAM system should be user configurable with all common ERP, bank, TMS and other treasury systems commonly in use. User self-service is an absolute requirement as is 24/7 support in common global business languages.
12. Implementation should not be a major project requiring extensive vendor or third-party resources. The target time from acquisition to operation should be less than three months for most common applications.

The agreed upon business and technical requirements define the strategic BAM vision for the company and can provide the information required to form a system or application specification that can be used to select vendor solutions that match these requirements through an RFP, RFI or other process.

## Business Case

The final step in the strategic approach is to build the business case for a new/updated BAM solution consistent with the strategic vision. The business case demonstrates why the corporate decision makers should fund and support the outcomes defined by the management model and technology structure that has been developed. The main elements of the business case are:

1. The business requirements developed earlier. This should also include estimated acquisition and running costs of the prospective solution. The data for this can come from vendor discussions or engagement in an RFI process.
2. Internal systems costs required to support the type of system needed, such as the building of connections to company systems or the assisting of vendor personnel in this task. Assuming a cloud solution is selected, incremental hardware costs should be nominal, but there can be additional systems costs in the area of bandwidth and user maintenance.
3. Other internal costs especially including the estimated time that needs to be spent following the governance model and using any installed technology. Also include any training or other support costs required by the governance or technology model.
4. Quantitative benefits including reduced staff time required in the new BAM model and any reductions in systems costs such as the licensing of systems or the maintenance of

internal systems. Also include reductions in bank charges due to better negotiation, monitoring of billing errors and the reduction in unneeded bank services.

5. Qualitative benefits including compliance, control, visibility over information, improved liquidity management and reduced bank charges.
6. Avoiding worst case scenarios such as the loss of or a diminished reputation, impaired license to operate, business interruptions, etc.

While it may be stating the obvious, a general rule in developing a business case is to be conservative in estimating benefits and costs. Changes of the magnitude of BAM receive careful scrutiny by management—and stakeholders are reluctant to change without an incentive to do so. It is important to present a highly credible case for this change.



# Summary

**B**ank account management is the most impactful and common treasury task ever denied the discipline of a comprehensive and strategic focus. Some of this reflects the fact that historical approaches have not kept up with contemporary demands of compliance, centralization and geographic scope. Some reflects the market for solutions which cater to parts of the overall challenge such as selected actions or the needs of a small group of stakeholders. Both can be overcome with a methodical and informed approach to the task.

This approach begins with a complete understanding of the bank account management constituencies inside and outside the company and their specific information needs. This robust inventory of requirements is joined by a governance model of policies and procedures that are clear and complete. The final element is the approval to develop or acquire a tool equal to the task.

The result is a smoothly running BAM solution that is efficient to run and protects the significant value resident in the corporation's global bank account architecture.



## About TIS

TIS is the leading cloud platform for managing corporate payments, liquidity and bank relationships worldwide. The company delivers SMART PAYMENTS to help customers make BETTER DECISIONS. TIS enables companies to make more efficient, more secure and more cost-effective payment transactions. In addition, TIS enables customers across all industries globally to make better decisions when analyzing financial and operational performance based on real-time payment flows.

The development of our TIS SaaS solution reflects our many years of international experience, with a track record of proven successes in payments optimization, and in developing, selling and operating innovative cloud-based software. We strive to make businesses more profitable, more secure and more efficient.

Speak to us to discover how you can improve payment processes, create a tangible business case, and ultimately, make smart payments and better decisions.

[www.tis.biz](http://www.tis.biz) | [info@tis.biz](mailto:info@tis.biz)



## About TAG

Treasury Alliance Group consults with clients globally in the areas of treasury operations, banking, payments, technology and risk. With decades of experience our consultants deliver practical, realistic solutions that meet each client's unique requirements. We welcome the opportunity to discuss how our experience can help meet your challenges.

Contact us by email at [contact@treasuryalliance.com](mailto:contact@treasuryalliance.com)  
or call +1 630-717-9732.

