

Factsheet

Fusion Virtual Account Management

To respond to an increasingly competitive market for cash and liquidity, in parallel with a surge in corporate demands, improve your cash management offering to customers, with an integrated virtual accounts solution.

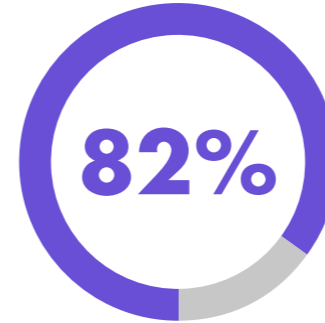


Give businesses the functionality they require and become the go-to bank for smart cash management services.

Powerful virtual banking system for corporates

Corporates' expectations are changing as a result of enhanced consumer experiences. They are increasingly demanding self-service experiences as they have grown accustomed to improved retail banking experiences, and come to expect this in corporate banking.

Corporates are looking for solutions that address their liquidity challenges to help optimize cash flow, lower risk, and automate processes. In fact, 91% of banks say that digital, automated processes would become more important in cash management over the next 5 years.



82% of banks are looking to add liquidity and payments solutions to their cash management offerings as a priority.

Source: East and Partners and Finastra

This demand for complex products comes in parallel with an increasingly competitive market, where 82% of banks are investing in adding advanced liquidity and payments solutions for their cash management offering as a priority.

It's easy to see that banks must act now to remain relevant to their corporate customers' needs and get ahead of the competition.

Typically, corporates open a limited number of physical accounts with banks to process payables and receivables.

This limits their ability to reconcile and mark the transactions against their own business books. Virtual accounts solve this problem.

Corporates want the flexibility to self-serve the creation of their accounts. They want a much clearer view of those accounts to help treasury play a more strategic role. They want a scalable way for treasurers to automate processes and simplify liquidity management.



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Key drivers



Competition for non-traditional players

Fintechs and treasury management service providers are entering the market and offering virtual accounts. This competitive pressure represents a risk of disintermediation and consequent potential loss of the customer relationship for banks. Established banks need to arm themselves to compete with these players.



Seeking new revenue streams

By sharing access to their own APIs and those of innovative FinTechs and third parties, banks can open up new avenues to generate revenue, accelerate innovation and deliver the types of new services customers are demanding.

A 'bank as a platform' approach will be a key competitive differentiator in the future of financial services – particularly at a time when banks are faced with diminishing returns from their existing portfolio.



Treasury complexity driving market demand

When asking a treasurer about their business, they typically cite the number of physical bank accounts as a measure of the scale and complexity of the treasury function.

Every bank account adds complexity: it needs to be reported on and reconciled, balances managed, and authorized signatories maintained. Every account also has a related cost and represents a potential security risk without adequate oversight over signatories and balances.



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Virtual accounts and their applications

Setting up multiple physical accounts for a single corporate customer incurs significant overheads for banks. The need to meet KYC and other compliance requirements means high overheads and costs, as well as complexity. Equally, for corporate customers, many physical accounts can be hard to manage and track – yet corporates need to be able to ringfence cash by specific segments such as regional operations or customer subscriptions.

Virtual accounts, which are used to make and receive payments on behalf of a physical account, provide a smarter transaction banking solution for both banks and corporates.

Traditionally, they have been used to identify receivables more accurately, by allocating payees an individual virtual account number to pay into. This makes straight-through processing possible for receivable notification.

However, virtual accounts can also enable corporates to ringfence cash more effectively for reporting and reconciliation, while holding funds in the same physical account. For banks, they can empower corporate customers to create and manage their own treasury functions, to solve today's cash and liquidity management challenges.

Virtual accounts allow businesses to:

- Use virtual accounts to make and receive payments**
- Generate new virtual accounts based on pre-defined logic**
- Virtual accounts can be opened:**
 - By clients
 - By business unit
 - By transactions – incoming, or outgoing

Virtual Accounts



Segregation

To identify different business units, functions, product lines, etc.



Control

To gain control over internal cash management and authorisation processes.



Identify

To be able to pay, receive and store value.



Confidentiality

To maintain confidentiality for business critical payments such as payroll and taxes.



Reconciliation

For the reconciliation of payments to and from suppliers and buyers.



Visibility

To fully understand all cash positions on a real-time basis.



Virtual accounts for better customer service

From a single physical account, your customers can create an unlimited number of virtual accounts, which they can utilize across their supply chain. All movements across virtual accounts have an immediate impact on the underlying physical account.



Improved Reconciliation

Corporates and banks alike desire automated reconciliation with simplified liquidity management for treasuries of all sizes and levels of sophistication.

Manual processing is resource-intensive and this effort could be applied to other value-add activities – and is now becoming a “must have” for banks and corporates. Automating certain processes enables corporate treasurers to have a more up to date view of their cash position.

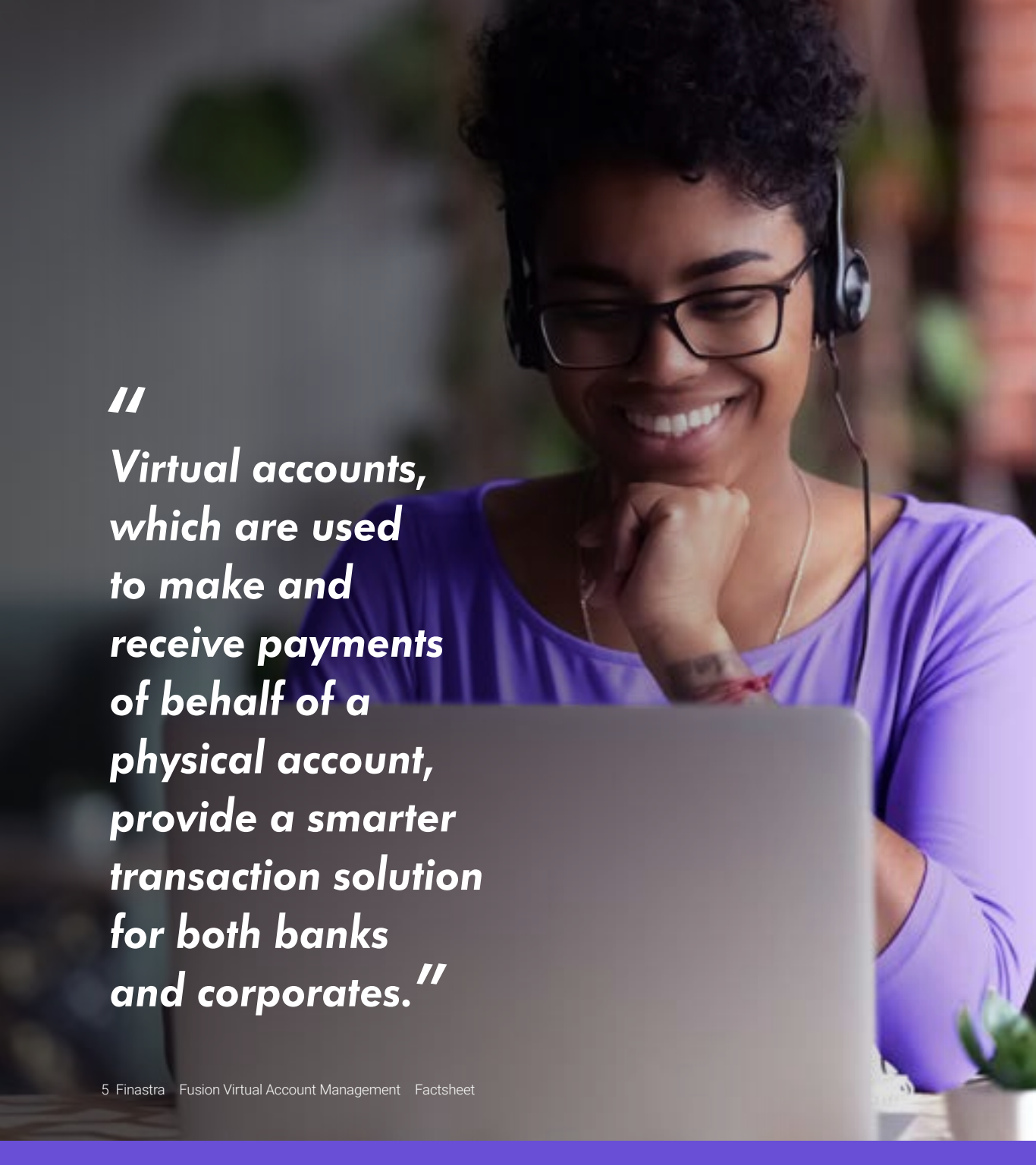
Benefits

For banks

- ✓ Cloud service makes virtual accounts easily deployable
- ✓ API-driven for easy integration with existing systems
- ✓ Achieve faster time to value by leveraging virtual accounts as a service, through a service-based cloud deployment
- ✓ Reduce operational complexity through a self-service enabled solution
- ✓ Provide a real-time view of usage and revenue at a customer or customer segment level

For businesses

- ✓ Flexible virtual accounts for better working capital management
- ✓ Shorter payment cycles for businesses as virtual accounts assists in reconciliation of outstanding receivables with greater speed.
- ✓ Streamlined and efficient tracking of payment receipts and invoices raised as both are linked to virtual accounts, enhanced by the reconciliation engine



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Key Features

Better tracking of receivables

Virtual accounts streamline receivables processing and enabling treasuries to manage receivables on behalf of virtual subsidiaries.

Track payments and users

Assign virtual accounts to customers or specific transactions to help track different payments made by users, or to reconcile against invoices with ease.

Easier reconciliation

Invoice details can be fetched directly from the corporate ERP system or uploaded by the corporate user.

Self-service virtual account issuance & maintenance

Businesses can service their needs directly or via integration to the corporate back-office, all in an open, multi-bank world.

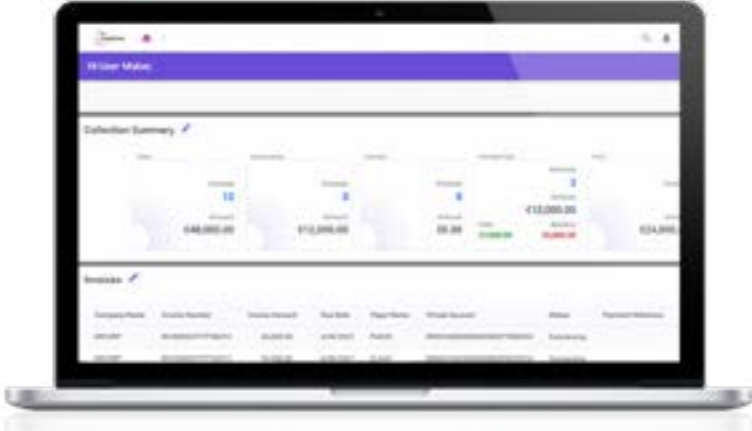
Better control

View virtual accounts data at a greater level of detail: single use, multiple use, expiry date, fixed amount.

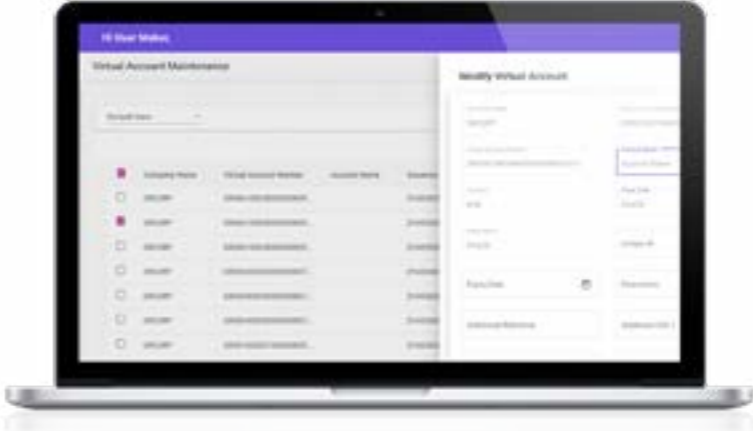
Improved records

Flexible virtual account number generation can improve ease of use and enable better record keeping, whilst maintaining payment system compliance.

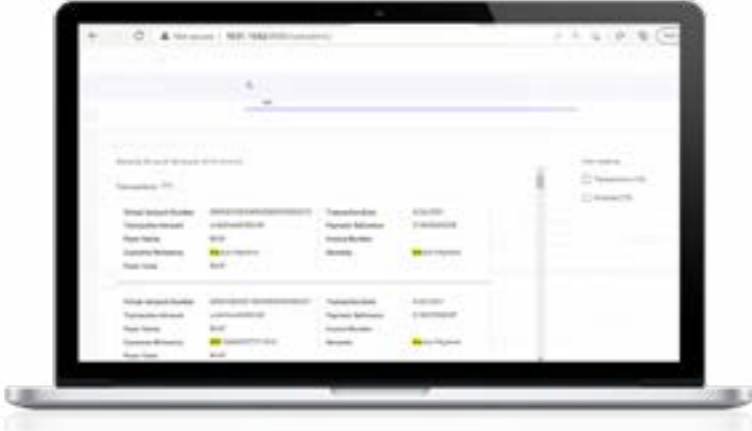
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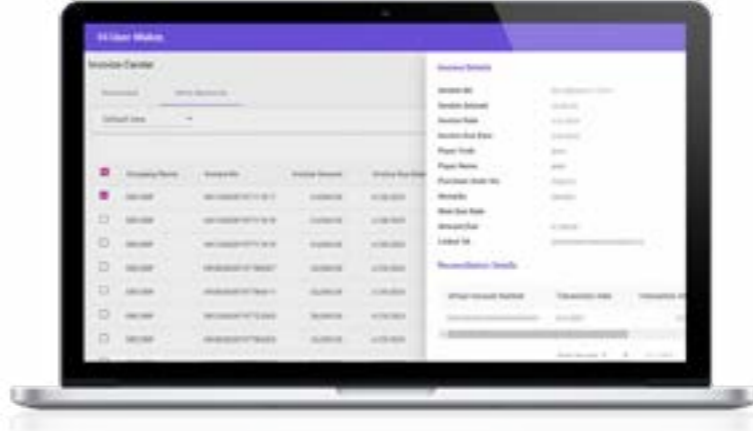
Fusion Virtual Account Management main dashboard



Virtual account maintenance



Global search



Invoice center

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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