Treasury Trends

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Good governance dictates 'regular' review of transactional banking arrangements

For many corporate and public sector organisations, transactional banking is viewed primarily as an operational necessity. As long as payments are processed, payroll runs on time, direct debits are collected, and bank accounts remain functional, there is often little impetus to revisit existing banking arrangements. Yet this perspective overlooks the significant strategic value that modern banking services can provide.

A structured review of transactional banking arrangements every three to five years enables organisations to ensure their banking services continue to support evolving business needs, technological developments, customer expectations and organisational strategy. In an environment where digital transformation is accelerating, payment technologies continue to evolve, and financial resilience is increasingly important, periodic banking reviews should be regarded as good governance rather than an optional administrative exercise.

Pace of change

One of the strongest reasons for regular reviews is the pace of technological change. The banking landscape today is markedly different from that of just a few years ago. Real-time payments, virtual accounts, embedded banking services, enhanced fraud prevention tools, API connectivity, automated reconciliation, digital onboarding and sophisticated cash management platforms have become commonplace.

Automation is perhaps the most immediate area of benefit. Straight-through processing of payments and receipts, automated bank reconciliation, richer payment data and real-time account reporting reduce administrative workloads while improving financial accuracy and timeliness. Finance teams can spend less time processing transactions and more time analysing financial performance and supporting strategic decision-making.

Cash and liquidity management is another area where regular reviews can deliver substantial value. Organisations today have access to more sophisticated liquidity solutions than ever before. Cash pooling, automated sweeping, notional pooling, improved forecasting tools and enhanced visibility across multiple accounts enable treasury and finance teams to optimise working capital and make better-informed funding decisions.

Key Points

- Transactional banking should be recognised as strategic infrastructure that needs to be reviewed regularly
- The rapidly changing banking landscape and digital transformation mean that businesses may be left behind if processes and solutions are not reviewed and enhanced on an ongoing basis
- In most cases, changing banks is not a requirement to get the benefits of these improvements

Improved visibility over cash positions is particularly valuable during periods of economic uncertainty. Rather than relying on end-of-day balances or manually consolidated reports, organisations can often access real-time information that supports more responsive financial management. Better liquidity management reduces financing costs, improves investment decisions and strengthens organisational resilience.

Fit for purpose

A banking review should also examine whether payment and receipting channels continue to meet the needs of customers, suppliers and other stakeholders. Customer expectations have changed dramatically over recent years. Individuals and businesses increasingly expect fast, convenient and digital payment options. Suppliers similarly value e-invoices, efficient payment processes, timely remittance information and predictable settlement.

Providing modern payment channels can improve both customer satisfaction and supplier relationships. Flexible payment methods, digital invoicing, online payment portals, real-time payment capabilities and simplified receipting processes reduce friction throughout the transaction lifecycle.

Similarly, organisations should consider whether existing banking arrangements support their broader digital transformation objectives. Many strategic plans include commitments around customer experience, operational excellence, innovation and service improvement. Transactional banking can make a meaningful contribution to each of these objectives. Rather than existing as a standalone operational function, banking should be viewed as an enabler of organisational strategy.

Benefits of new banking platforms

Cybersecurity and fraud prevention represent another compelling reason to review banking relationships regularly. Banks, payment gateways and fintechs continually invest in enhanced authentication methods, behavioural monitoring, payment verification tools and fraud detection technologies. Organisations relying on older banking platforms may not be taking full advantage of these protections.

Regular reviews also provide an opportunity to assess internal controls, user permissions, payment approval workflows and segregation of duties. Governance frameworks should evolve alongside organisational growth and changing risk profiles. Banking reviews can therefore strengthen both operational security and regulatory compliance.

It's not just about the dollars

Cost is naturally an important consideration, although it should not be the only driver. Banking fees often remain largely unchanged over extended periods simply because organisations rarely benchmark pricing. Competitive procurement exercises or relationship reviews frequently identify opportunities to reduce transaction costs or access improved services at comparable pricing. The greatest value often lies not in lower fees but in greater efficiency, automation and improved service outcomes.

For public sector organisations, regular reviews demonstrate sound stewardship of public funds. Governance bodies increasingly expect evidence that financial service providers continue to offer value for money, appropriate risk management and modern capabilities. Even where procurement regulations do not require immediate retendering, market testing helps validate that existing arrangements remain fit for purpose.

Don't have to change banks

Importantly, a banking review does not necessarily mean changing banks. The majority of our reviews conclude that the incumbent provider remains the best fit. However, the review process itself creates informed decision-making. Existing providers are often able to introduce new products, improve pricing or implement additional functionality. The discussion becomes one of continuous improvement rather than supplier replacement.

And while the existing bank may remain the best fit for the core transactional banking needs there may also be opportunities to consider third party providers for particular niche requirements such as global merchant acquiring, open banking solutions or payment gateway tools including network tokenisation and payment orchestration.

An organisation wide issue

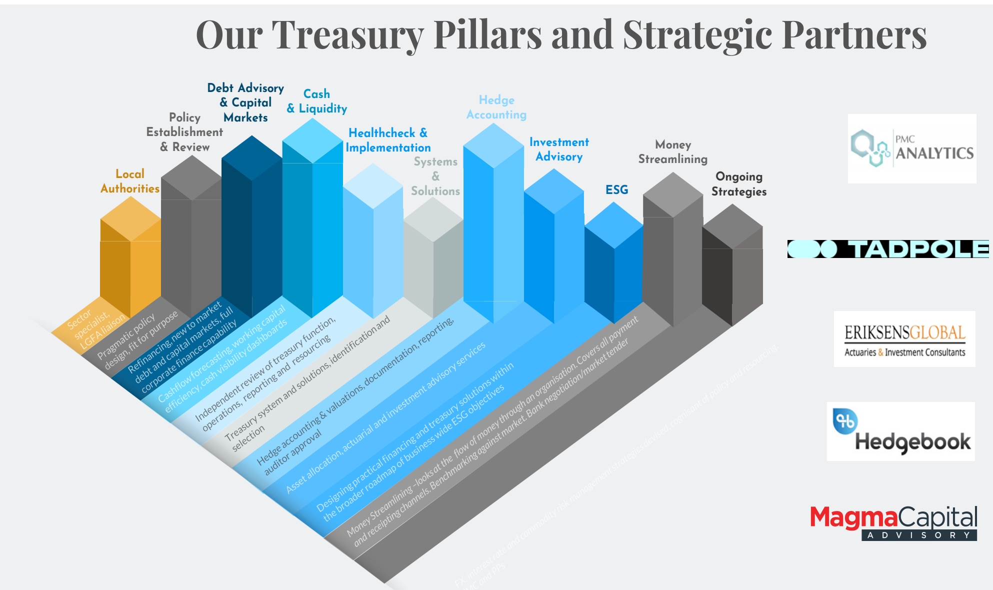
The review process should extend beyond finance alone. Procurement, IT, customer service and operational business units can all provide valuable perspectives. Understanding how funds flow throughout an organisation often uncovers inefficiencies or opportunities that would otherwise remain hidden. A cross-functional review ensures banking arrangements support the wider organisation rather than simply meeting finance department requirements.

It is also important to consider future needs rather than solely current operations. Expansion into new markets, mergers, organisational restructuring, digital service delivery, evolving payment regulations and sustainability initiatives may all influence future banking requirements.

Ultimately, transactional banking should be recognised as strategic infrastructure rather than simply operational plumbing. Reviewing transactional banking every three to five years is therefore not merely a procurement exercise or an administrative task. It is an opportunity to ensure that banking services continue to support organisational strategy, embrace technological innovation, improve financial resilience and meet the expectations of customers and suppliers.

Organisations that adopt this mindset are more likely to realise the full strategic value of one of their most fundamental business relationships. If you would like to discuss a peer review, cash and liquidity healthcheck or the pros/cons of going to tender, please talk to your advisor or contact us as below.

WHAT WE DO



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