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Point of View Paper

Streamline Your Entire Financial Close

Five Advantages of Automated, Integrated Accounting and Reconciliation

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Automated accounting tools can streamline back-office processes, improve balance sheet accuracy and reduce compliance risks. But those benefits start to diminish when they're followed by paper-heavy, manual reconciliation efforts. To maximize efficiency, financial institutions can extend automation and integration through reconciliation and the financial close.

Many financial institutions have adopted automated general ledger and accounting solutions. By automating and integrating accounting processes, finance leaders gain reliable, accurate and timely financial information, especially when core financial applications are connected.

When staff members pick up spreadsheets and highlighters to complete the reconciliation and certification processes, the efficiency fades. By automating and integrating reconciliation, staff members can import data from any source, match transactions and pinpoint exceptions from a single platform, whether they're working in the office or from home.

Fully integrating reconciliation and an accounting solution offers financial institutions five major advantages.

1. Better Visibility
2. Fewer Exceptions and Write-Offs
3. Tighter Compliance
4. Greater Efficiency
5. More Resilient Operations

Step 1:

Better Visibility

During the reconciliation process, many financial institutions face two challenges: a heavy reliance on spreadsheets and the need to pull data from multiple systems. Both problems blur the financial picture and can be resolved by integrating accounting and reconciliation solutions.

When those solutions work together, data is automatically imported and exported between the two. Balance- and transaction-level data stays in sync, giving financial leaders a single version of the truth. With just a few clicks, staff can trace transactions through the entire financial close life cycle, from data ingestion through matching, exception management, reconciliation, certification and sign off.

Financial data becomes more traceable and transparent, which is beneficial for financial leaders and auditors. Leaders can see exactly how the figures were achieved before they certify the data. Automated reconciliation and certification increases everyone's visibility into – and confidence in – balance sheet data.

Step 2:

Fewer Exceptions and Write-Offs

Manual reconciliation works fine when everything is in balance. But when data doesn't match up or there's too much data, it can be impossible for staff to locate the source of an error in time to close the books. At the end of each month, financial institutions are forced to write off exceptions they can't resolve, which is costly and increases concerns of fraud.

Automated reconciliation and certification can minimize write-offs by as much as 75 percent, according to internal analyses of Fiserv clients. That's because rules engines match transactions faster and with greater accuracy than human workers. When exceptions exist, they're found and flagged automatically, which speeds up resolution processes. And all the data needed to investigate and resolve exceptions is accessible through a single, auditable system.

Step 3:

Tighter Compliance

Paper is harder to protect and trace than digital financial tools. By reducing manual, paper-based processes, many financial institutions find it easier to ensure audit and regulatory compliance.

To start, automatically loaded data eliminates the risk of error, so duplicate entries and mis-keyed information never enter the financial record.

With an integrated reconciliation solution, access can be restricted at the user level to strengthen internal controls. Only authorized individuals can see, update and certify financial information, and every action is tracked and digitally time-stamped. Changes are visible to internal and external auditors, which strengthens compliance and reduces risk.

Internal and external teams also have easy, remote access to reports and supporting documentation. That means attestation procedures and audits can continue uncompromised and uninterrupted if work locations change or physical access becomes restricted.

Step 4:

Greater Efficiency

Automated, integrated reconciliation adds efficiency to the month-end close, no matter where staff works. Integrating core financial applications eliminates rekeying and other redundancies that cause mistakes and drain productivity. Automation speeds up recurring processes such as transaction matching and approval workflows and can shorten processing and closing times.

Minimizing manual research and intervention during reconciliation can lead to efficiency improvements of up to 80 percent and lower operational costs, based on internal analyses of Fiserv clients. Time is valuable, especially when it's reallocated to higher priority work.

Step 5:

More Resilient Operations

Financial institutions that use spreadsheets or semi-automated reconciliation processes may struggle to maintain accuracy and productivity as they grow. If there's a sudden influx of accounts (such as Paycheck Protection Program loans), small errors can become big, unmanageable problems.

Automated solutions are easier to scale than manual workflows. Most automated processes can continue "business as usual" regardless of transaction or account volume and can scale without overloading staff or delaying schedules. Fully integrated solutions aren't location-bound, so finance teams can ensure business process continuity (including compliance and internal controls) from any office or remote-work location.

Key benefits of automation – accuracy, speed and efficiency – support institutional resiliency. As such, automated reconciliation prepares financial institutions to face new and unexpected challenges.

Increase the Value of Automated Accounting

Digital transformation is usually connected to consumer-facing initiatives, but improving back-office operations can be just as meaningful.

Transformative digital initiatives integrate and automate end-to-end processes – not just portions. Financial institutions can increase the value of their automated accounting solution by also automating and integrating their reconciliation processes.

About the Author

Danny Baker is a vice president, market strategy, for Fiserv. He is responsible for the overall market strategy and business development of risk management, performance management and enterprise financial accounting solutions. During his 39 years in the financial services field, he has gained expertise in all facets of financial services technology, including data analytics and decisioning, business intelligence and integrated strategic risk management.

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