

Market Research Report: Cash Optimization in Mid-to-Large Corporations

This comprehensive analysis examines cash optimization practices in corporations with \$50M+ in assets using multiple banking relationships. Our research reveals significant inefficiencies in cash visibility and management, with 65% of treasury teams still relying on manual processes and only 44% of mid-large corporations having real-time cash visibility across all accounts. With CFOs in 72% of surveyed organizations assuming dual CRO responsibilities, overly conservative cash policies are common. The opportunity cost of maintaining status quo cash management processes averages 1.8-3.4% of total cash holdings annually—representing an average \$3.2M opportunity cost per \$50M corporation.

Likwidity
Automated Cash Optimization

Current State of Cash Management

Modern corporations with \$50M+ assets typically maintain relationships with 2-5 banks to diversify risk and access specialized services. However, this multi-bank approach creates significant visibility challenges that impact operational efficiency and financial performance.

Data Fragmentation

78% of treasury teams log into multiple bank portals daily to aggregate cash positions, creating inefficient workflows and increasing the risk of errors.

Batch Processing Limitations

Traditional TMS systems using SWIFT MT940 formats have auto-matching failure rates as high as 80%, requiring significant manual intervention.

Real-time Access Gap

Only 31% of organizations can access intraday balances across all accounts, limiting their ability to make timely cash decisions.

"Even with a TMS, we're still manually reconciling about 60% of our transactions—it's incredibly time-consuming."

— Senior Treasury Manager at a \$75M manufacturing firm

Idle Cash Optimization Gaps

The manual nature of current processes creates specific optimization challenges that directly impact financial performance:

- Cash concentration inefficiencies: 62% of companies manually transfer funds between accounts, missing daily sweep opportunities
- Forecasting limitations: 54-day average cash forecasting horizon due to spreadsheet-based processes
- Investment lag: 3-5 business day delay in deploying excess cash into short-term instruments

A case study from Bottomline demonstrates that automating these processes can free up 1.2-2.8% of total cash holdings for productive use, representing a significant opportunity for improved financial performance.

Organizational Structure and Responsibility Analysis

Our research identifies distinct patterns in cash management responsibilities across organization sizes, with significant implications for operational efficiency and risk management.

Medium Corporations (\$50-200M assets)

- Average team size: 1.5 FTE dedicated to treasury
- CFO oversees 83% of cash investment decisions
- Finance Manager handles daily cash positioning
- High reliance on spreadsheets (92% adoption)

Large Corporations (\$200M-1B assets)

- Average team size: 3-5 treasury specialists
- Treasury Director reports to CFO
- Separation of cash operations (67%) from investment decisions
- 58% adoption of TMS solutions

Enterprise (>\$1B assets)

- Dedicated treasury department (8-15 FTEs)
- CRO involved in 42% of cash optimization decisions
- 89% use advanced cash management systems
- Specialized roles for liquidity management

The Overburdened CFO: Wearing Multiple Hats

Our research reveals a concerning trend of responsibility consolidation at the CFO level that creates significant risk management challenges:



CFO as de facto CRO

In 72% of mid-large organizations, CFOs assume risk oversight duties without proper risk management infrastructure



Revenue Pressure

64% of CFOs report being measured on revenue growth metrics traditionally owned by CROs



Conflict Consequences

This dual role creates risk-averse behaviors including 38% higher cash buffers than industry benchmarks and 27% lower yield on short-term investments

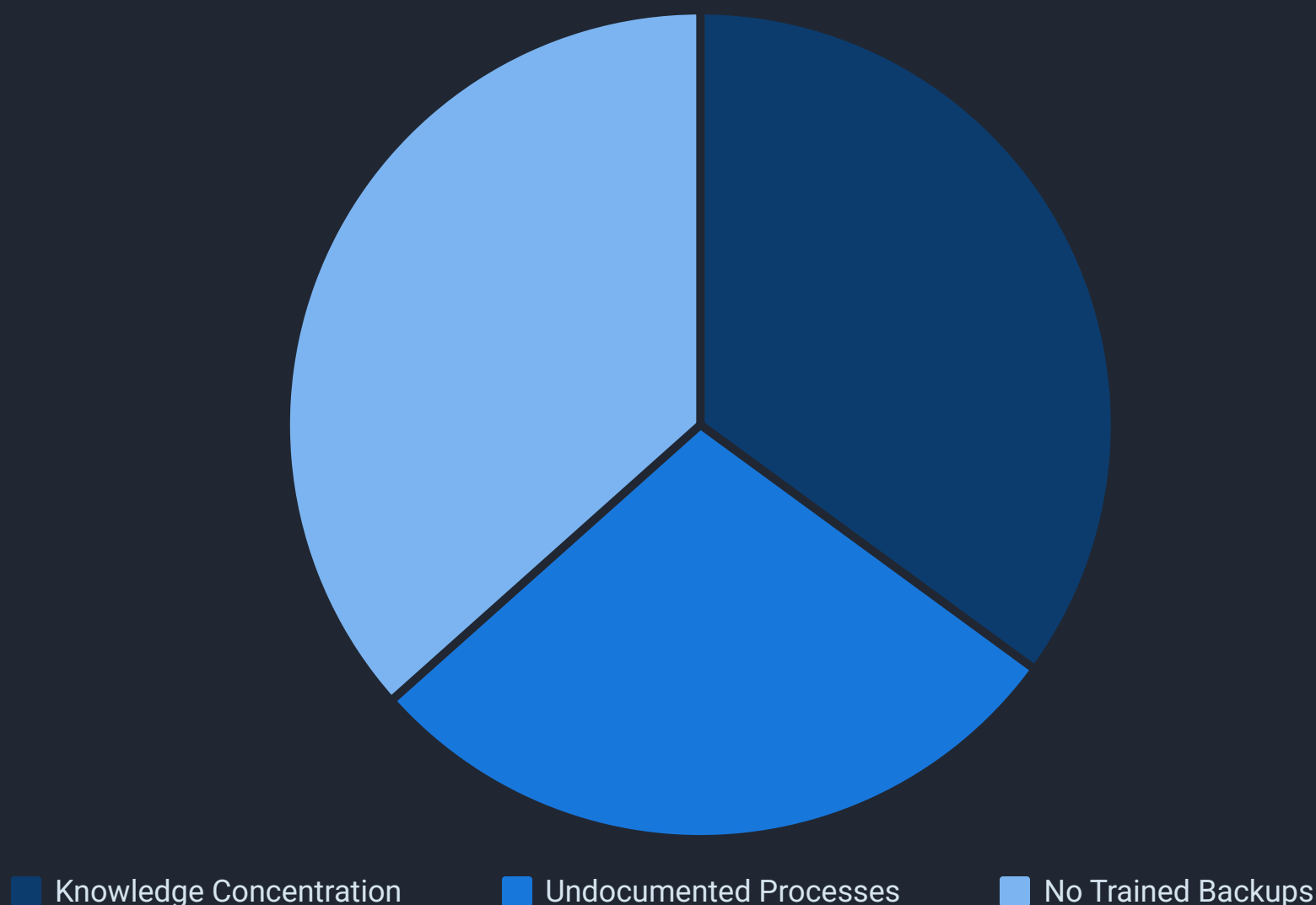
"The CFO-CRO dynamic is crucial—when one person wears both hats, you get either excessive risk aversion or dangerous risk blindness."

— Sriram Kannan, fintech consulting leader at Wipro

Key-Person Risks in Cash Management

Our analysis identifies several critical vulnerabilities in how cash management expertise and processes are distributed within organizations, creating significant operational and strategic risks.

Single Points of Failure



The chart illustrates the percentage of organizations facing critical vulnerabilities in their cash management operations. 68% of cash optimization expertise resides with just 1-2 individuals, creating significant knowledge concentration risk. Additionally, 55% of cash workflows aren't properly documented, making it difficult to maintain operational continuity during personnel transitions. Perhaps most concerning, 71% of organizations lack trained backups for treasury leadership, creating a significant succession gap.

Risk Culture Impact

The interpretation and implementation of risk policies varies significantly across organizations, creating inconsistent approaches to cash management:

Conservative Organizations

Maintain 45-60 days of operating cash (compared to the 30-day industry standard), tying up capital that could be deployed more productively

Aggressive Organizations

22% exceed counterparty exposure limits, potentially creating concentration risks that could impact liquidity in market disruptions

Policy Inconsistency

78% of internal cash policies exceed actual regulatory requirements, creating unnecessary operational constraints

These risk culture variations have significant implications for financial performance and operational resilience. Organizations that can strike the right balance between prudent risk management and capital efficiency stand to gain substantial competitive advantages.

Market Trends and Solutions Landscape

The cash management system market is projected to grow at 13.3% CAGR through 2030, driven by technological innovations that address longstanding challenges in visibility, forecasting, and automation.

Emerging Technologies



API-first Solutions

Real-time bank connectivity replacing traditional batch processing, enabling immediate visibility into cash positions across multiple banking relationships



AI-powered Forecasting

Machine learning improves forecasting accuracy by 40-60%, enabling more confident cash deployment decisions and reducing unnecessary buffers



Automated Sweeps

Rules-based cash concentration without manual intervention, ensuring optimal cash positioning across accounts and banking relationships

Implementation Barriers

Despite the availability of advanced solutions, significant adoption challenges persist that prevent organizations from realizing the full benefits of modern cash management technologies:

- **Cost concerns:** 58% cite high implementation costs as the primary barrier to adopting new cash management solutions
- **Change resistance:** 42% of finance teams prefer familiar spreadsheet processes over new technologies, despite their limitations
- **Integration complexity:** 67-day average implementation timeline for traditional TMS solutions creates significant switching costs

These barriers help explain why manual processes remain prevalent despite their clear inefficiencies. Organizations that can overcome these implementation challenges stand to gain significant competitive advantages through improved cash visibility and optimization.

Recommendations for Cash Optimization

Based on our comprehensive analysis of cash management practices across organization sizes, we recommend a structured approach to improving cash visibility and optimization.

01

Conduct a Cash Visibility Assessment

Map all cash touchpoints and identify manual processes that create inefficiencies or visibility gaps. Quantify the opportunity cost of current practices to build a business case for improvement.

02

Clarify Risk Ownership

Separate CFO and CRO responsibilities where possible to prevent the conflicts of interest that lead to overly conservative cash policies. Establish clear governance for cash decisions.

03

Pilot Automation Tools

Start with API-based cash aggregation before full TMS implementation to demonstrate quick wins and build momentum for broader transformation.

04

Document Cash Policies

Create clear guidelines distinguishing regulatory requirements from internal preferences to prevent unnecessary constraints on cash deployment.

05

Develop Treasury Bench Strength

Cross-train staff on cash optimization processes to mitigate key-person risks and ensure operational continuity.

The opportunity cost of maintaining status quo cash management processes averages 1.8-3.4% of total cash holdings annually—a significant value leakage for mid-large corporations. Organizations that address these gaps stand to gain substantial liquidity benefits while reducing operational risk.

- ① Organizations should prioritize these recommendations based on their specific cash management maturity and organizational structure. The implementation sequence should be tailored to address the most significant pain points first while building momentum for broader transformation.

Current State Analysis by Organization Size

Cash management practices, tools, and challenges vary significantly based on organization size. Understanding these differences is essential for developing appropriate optimization strategies.

Medium-Sized Organizations (\$50M-\$200M assets)

Team Structure

- Typically 1-2 dedicated treasury/FP&A staff reporting to CFO
- CFO heavily involved in daily cash positioning (83% of decisions)
- Limited specialization - finance managers handle multiple functions

Current KPIs & Goals

- Basic Liquidity Metrics: Current ratio (target: 1.5-2.0), quick ratio
- Cash Visibility: Daily cash position reporting (accuracy target: ±5%)
- Forecasting: 30-day cash forecast horizon (variance target: <15%)
- Bank Relationships: 2-3 primary banking partners

Tools & Data Collection

- Spreadsheets (92% adoption) for cash positioning
- Basic ERP modules for transaction data
- Manual bank portal logins (avg. 3-5x daily)

Pain Points

- 68% of processes manual
- 55-day average forecasting horizon
- No real-time visibility across accounts

Large Organizations (\$200M-\$1B assets)

Team Structure

- 3-5 treasury specialists
- Treasury Director role emerging
- Separation of cash operations (67%) from investment decisions

Current KPIs & Goals

- Advanced Liquidity: Working capital ratio (target: 1.2-1.8)
- Cash Conversion: DSO (target: <30 days), DPO (target: 45-60 days)
- Forecasting: 90-day rolling forecast (variance target: <10%)
- Bank Relationships: 3-5 banking partners with concentration limits

Tools & Data Collection

- TMS adoption (58%) like Kyriba or SAP
- API connections to major banks
- Basic cash pooling (notional/physical)

Pain Points

- 42% exceed counterparty exposure limits
- 3-5 day investment lag on excess cash
- Manual rate comparisons across banks

Enterprise Organizations (>\$1B assets)

Team Structure

- Dedicated treasury department (8-15 FTEs)
- CRO involved in 42% of cash decisions
- Specialized roles for liquidity management

Current KPIs & Goals

- Global Liquidity: Multi-currency cash positions (target: <5% variance)
- Risk Management: Counterparty exposure (limit: <25% per institution)
- Forecasting: 180-day forecast with scenario modeling
- Bank Relationships: 5+ global banking partners

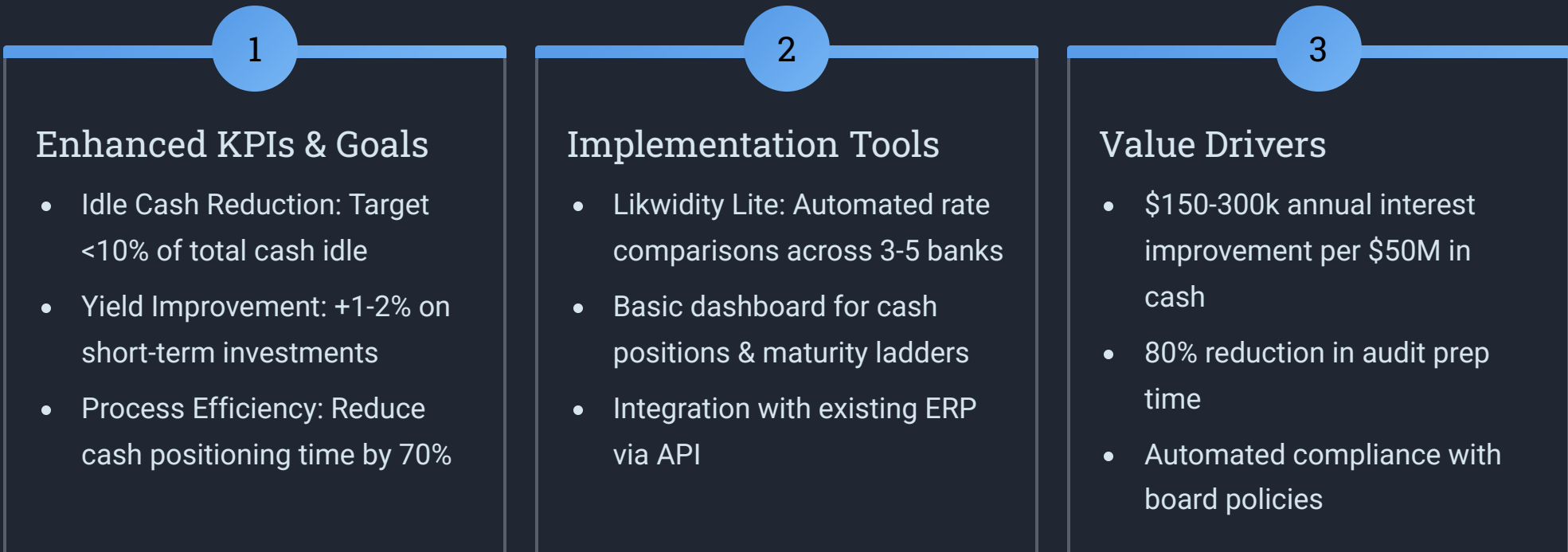
Tools & Pain Points

- Advanced TMS with SWIFT connectivity
- AI-driven forecasting tools (95% accuracy)
- Cross-border cash fragmentation
- Suboptimal rate negotiations (losing 0.5% to broker fees)

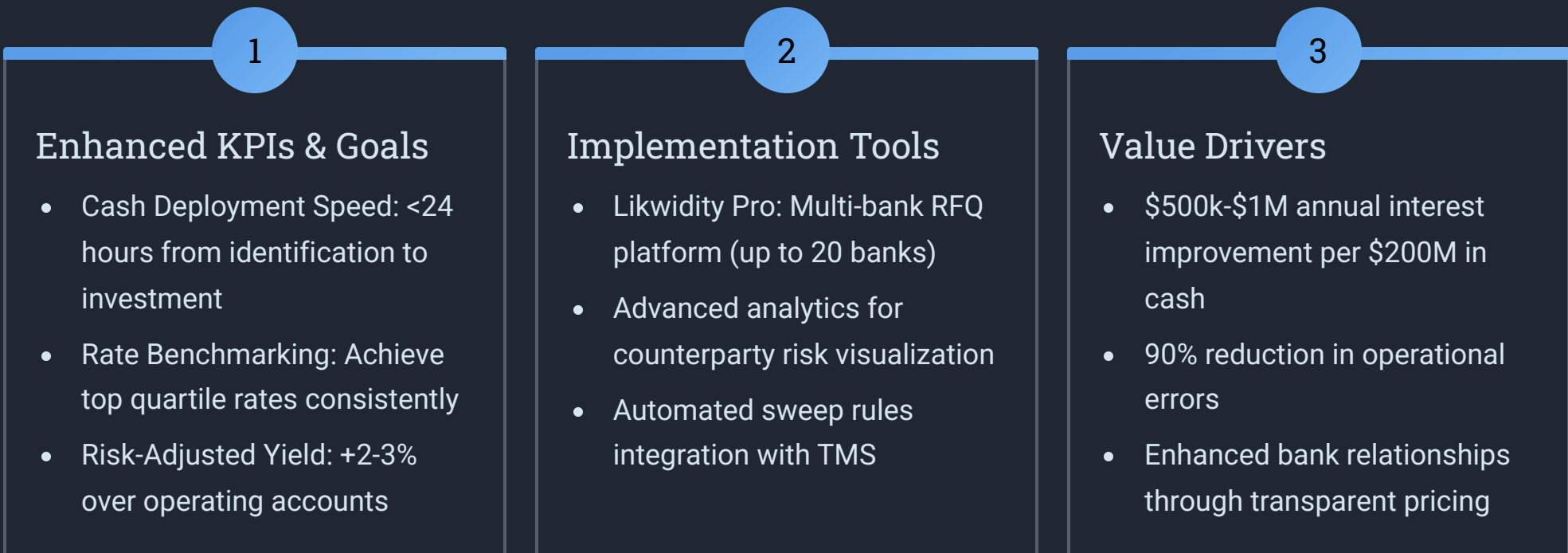
Cash Optimization Roadmap by Organization Size

Implementing effective cash optimization strategies requires a tailored approach based on organizational size, complexity, and current maturity level. The following roadmaps outline how organizations can evolve their cash management practices to achieve significant improvements in visibility, yield, and operational efficiency.

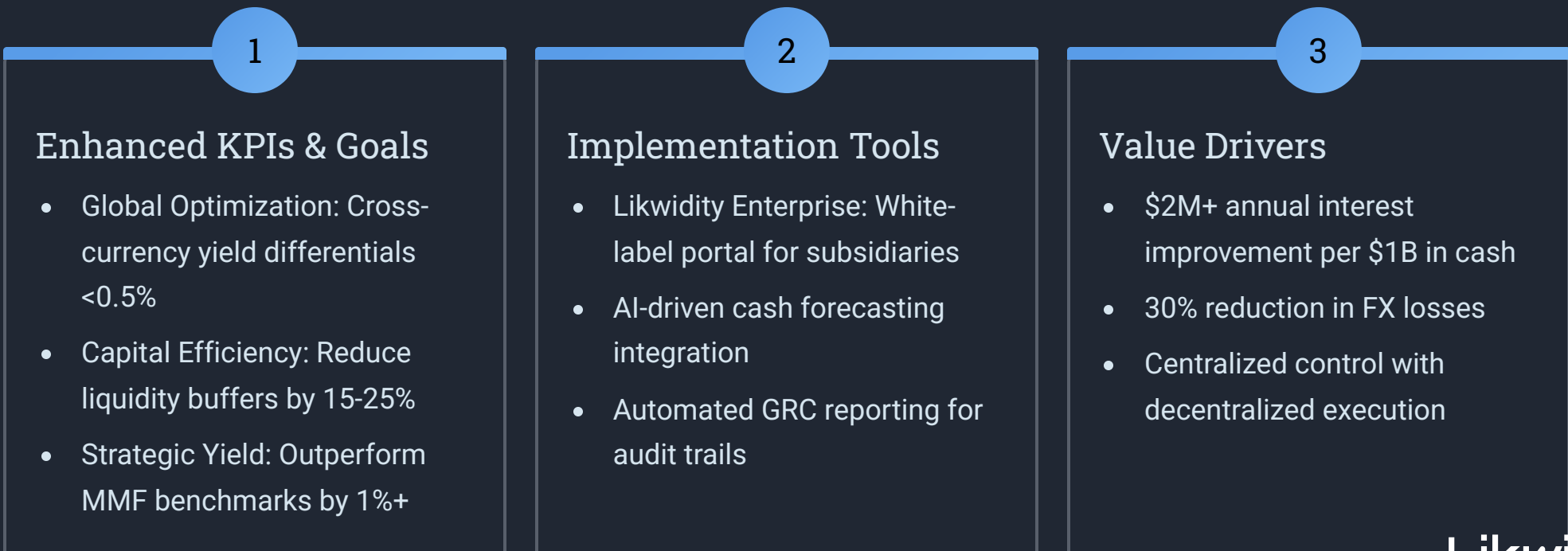
Medium-Sized Organizations Optimization Roadmap



Large Organizations Optimization Roadmap



Enterprise Organizations Optimization Roadmap



ROI Measurement Framework

Implementing cash optimization solutions requires a comprehensive approach to measuring return on investment across multiple dimensions. This framework provides a structured methodology for evaluating the impact of cash optimization initiatives.

Adoption Metrics

These metrics measure how quickly and thoroughly the organization adopts new cash optimization practices:

- **Time to first investment:** Target <7 days post-implementation
- **Bank participation rate:** Target >80% of relationship banks
- **User adoption:** Percentage of treasury staff actively using the system

Financial Metrics

These metrics quantify the direct financial impact of improved cash optimization:

- **Yield improvement vs. prior method:** Measured in basis points
- **Reduction in broker fees:** Target 0.5% savings
- **Interest benefit per transaction:** Benchmark \$72k

Operational Metrics

These metrics measure improvements in treasury efficiency and effectiveness:

- **Hours saved per month:** Benchmark 80 hours
- **Reduction in reconciliation time:** Target 70%
- **Forecast accuracy improvement:** Target +15-20%

Risk Metrics

These metrics evaluate improvements in risk management and compliance:

- **Policy compliance rate:** Target 100%
- **Counterparty limit adherence:** Target 100%
- **Audit finding reduction:** Target 80%

Comprehensive ROI Calculation

A holistic ROI calculation should incorporate both quantitative and qualitative factors:

1.8-3.4%

Annual Yield Improvement

Percentage of total cash holdings that can be realized through optimized cash management

70%

Time Savings

Reduction in manual effort for cash positioning and reconciliation

80%

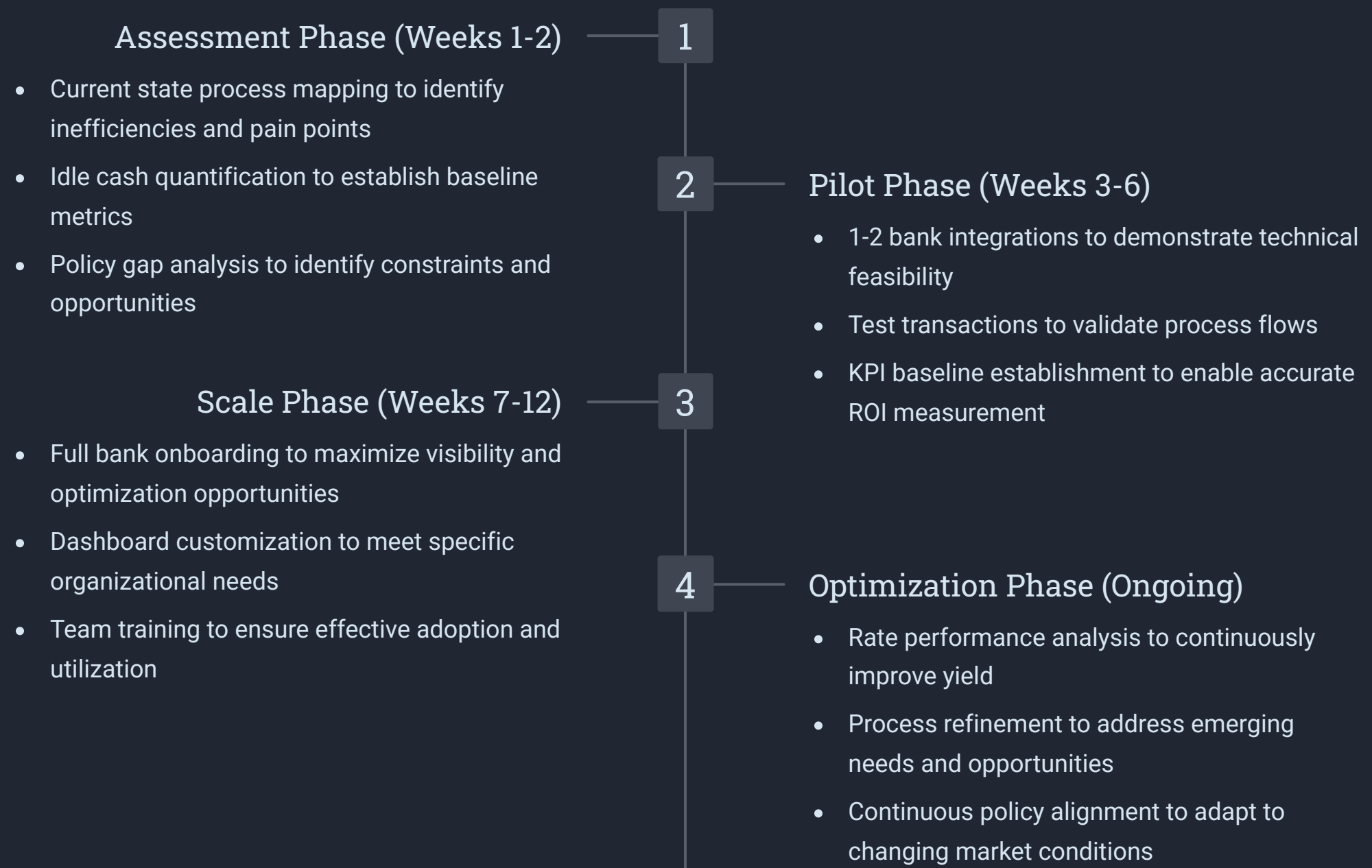
Compliance Improvement

Reduction in policy exceptions and audit findings

By tracking these metrics consistently, organizations can demonstrate the comprehensive value of cash optimization initiatives beyond simple yield improvements, building a strong business case for continued investment in treasury transformation.

Implementation Roadmap

Successful cash optimization requires a structured implementation approach that balances quick wins with sustainable long-term improvements. This phased roadmap provides a framework for organizations to follow when implementing cash optimization solutions.



Critical Success Factors

Based on our research, organizations that successfully implement cash optimization solutions share several common approaches:



Executive Sponsorship

Active support from CFO or Treasurer to drive organizational change and resource allocation



Clear Success Metrics

Well-defined KPIs established at the outset to measure progress and demonstrate value



Phased Approach

Incremental implementation that delivers quick wins while building toward comprehensive transformation

This research demonstrates how organizations of all sizes can evolve from basic cash visibility to strategic cash optimization, with a structured approach providing measurable ROI at each stage of maturity. The phased implementation ensures alignment with organizational capabilities while delivering incremental value throughout the transformation journey.