

Unlocking the door to financial modernisation.

The finance leader's guide to increasing
visibility and profitability using
statement reconciliation.



The push and pull of financial transformation.

Across every industry, CFOs and financial leaders are looking for new opportunities to improve how their finance departments approach all aspects of operations. From increasing working capital and boosting operational efficiencies, to improving the accuracy and timeliness of their forecasting, everything is up for grabs.

And as technology and finance increasingly converge, it's the responsibility of the modern CFO to leave no stone unturned on the journey of innovation, optimisation, and strategic leadership.

In this guide we'll examine how the often-overlooked area of automated statement reconciliation can be the next logical step on the journey of technological transformation – and how it can help you to unlock the door to greater financial modernisation.

The scale of the challenge.



The aspirations of transformation.

According to PwC's Pulse Survey on CFOs and finance leaders more than half (53%) of CFOs surveyed express their desire to increase agility. This is being driven by the need to navigate turbulent business environments, characterised by rapid changes, economic uncertainties, and technological advancements.

A 2023 report from Gartner went further, revealing that as many as 83% of CFOs are actively planning and sequencing finance transformation initiatives. The same report added that 90% are also evaluating the strategy, scope, and design of the entire finance function as a priority.

As a financial leader, you'll know that change is not just an option but a necessity for survival and success. Embracing transformation isn't merely a buzzword; it's a strategic imperative.



The era of automation.

Across all industries there's a clear desire for modernisation in finance and accounting, with a particular emphasis on leveraging the likes of robotic process automation (RPA), real-time analytics, and data visualisation as part of this transformational effort.

PwC also found that nearly 40% of CFOs plan to use automation to streamline transactional processes, which can bring the added benefit of giving more time back to teams. Meanwhile, Deloitte recently predicted that routine financial forecasts will soon be handled by algorithms.

These in turn will need to be continuously evaluated by small resource pools, including data scientists, storytellers, and cognitive psychologists. This indicates a significant shift towards automation and artificial intelligence (AI), as organisations turn to technology to generate forecasts with greater accuracy and efficiency.

Accounts Payable (AP) is one area where automation is already taking healthy root, with many companies making great strides in digitising a vast amount of their purchase to pay processes. At the same time as helping AP teams to boost process efficiency and reduce cost, it saves a significant amount of time. This gives members more capacity to focus on tasks that can add greater value, such as data analysis, strategic planning, and decision support.

But looking beyond the immediate horizon of financial responsibility, Ernst & Young found that 45% of finance leaders surveyed aspire to eventually progress into CEO roles. Therefore, expanding the remit of your role into more of a strategic, innovative arm of the business is an important stepping stone if you are planning a progress into the top leadership position within your organisation.

As a financial leader in the digital age, you have the potential to be a catalyst for transformation – and the statistics confirm that many of your peers are actively embracing this role. By increasing agility, planning finance transformation initiatives, embracing automation, you'll harness the power to redefine your role and the functions of your team.

But what challenges might you be facing on the path to bringing finance and accounting into the digital age?

A man with a beard and glasses is working on a laptop at night. The background is dark with some blurred lights. The text is overlaid on the right side of the image.

Overcoming challenges on the path to financial transformation.

While the desire for modernisation in finance and accounting among your peers is clear, it's crucial to acknowledge that there are challenges that can significantly impede your own transformation efforts.

In a 2023 report by Oracle , one of the top challenges identified for CFOs in relation to the finance transformation journey was how to achieve more frequent and more accurate forecasting.

Of course, there are many moving parts to harmonise with forecasting, but one of the often-overlooked areas of financial operations that can be a potential blocker in this regard, is inefficient or minimal statement reconciliation.

While not necessarily a terminal issue at first glance, manual statement reconciliation is perhaps better viewed as a 'slow puncture' – quietly hindering progress and making the journey far less efficient.

Despite statement reconciliation being widely acknowledged as an important financial control, most companies typically only reconcile 5-10 of their suppliers monthly. But why?

Time, cost, return.

For the most part, 'the juice isn't worth the squeeze' for a lot of companies. The time it takes to manually reconcile statements simply doesn't yield enough of a financial return to justify dedicating so much valuable resource to the activity.

This is primarily down to the complexity and laborious nature of the task. Vast and tangled webs of parent companies, suppliers, and thousands of line items need to be manually unpicked in the hope that there's a nugget of gold hidden in there somewhere. Plus, the capacity for human error is significant.

So, it's little wonder that many organisations don't invest more time in this aspect of their financial operations. But in an era when you are expected to provide accurate financial insights and facilitate data-driven decision-making, inefficient or minimal statement reconciliation can lead to a range of broader problems.



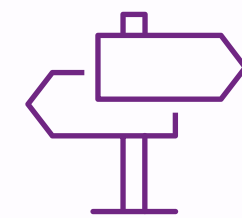
Inaccurate financial reporting:

This can affect an organisation's ability to communicate its financial health to stakeholders, investors, and regulatory authorities.



Cash flow management issues:

Accurate cash flow predictions are essential for decision-making and financial planning, and any discrepancies can disrupt this critical aspect of financial management.



Delayed decision making:

The lack of accurate and up-to-date financial information due to inefficient reconciliation processes deprives CFOs of the reliable data they need to make timely, strategic choices.



Resource drain and operational inefficiencies:

Manual reconciliation not only takes longer, but it uses up valuable resources that could be deployed for more strategic activities, such as decision making and analysis.



Reduced margins and financial losses:

Inefficient statement reconciliation can contribute to weaker overall financial performance, limiting the amount that can be investing in new initiatives.

With your role no longer limited to being the steward of financial records, you can become a strategic partner in actively leading your organisation toward greater agility and competitiveness. To achieve this, you must actively seek out and address the challenges that can hinder progress.

As Nick Priday, Chief Financial Officer at Dentsu Group Inc., aptly suggested in the previously referenced EY report, CFOs **"have to proactively seek out opportunities and have to be really intellectually curious."**



Unpicking the lock with automated statement reconciliation.

Rather than let a slow puncture limit the value you can get from other technologies, you can instead turn to automation to help unlock the door to successful financial transformation.

Many companies have already used the power of automation to improve the volume and efficiency of their invoicing. But despite the productivity gains, errors and duplicates will still slip through the net.

While a comparatively small part of the overall AP remit, statement reconciliation is a vital task that is a prime candidate for automation. Digitising this function allows teams to massively increase the scope of their reconciliation while significantly cutting the time spent on the task.

The benefits of automated statement reconciliation

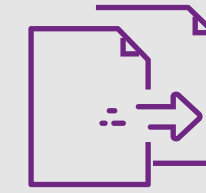
- Rapidly batch process all types of supplier statements.
- Discover credit notes, rebates, discounts, duplicate statements, and previous overpayments.
- Recover lost cash.

Using software allows for far greater accuracy, and the speed at which it performs the task provides a real opportunity to scale this part of your operation.

Processing reconciliations in higher volumes increases the accuracy of your ledger, while also while flagging discrepancies, duplicates, rebates and more that can be recovered to increase working capital that would otherwise be written off or go unnoticed.

This remarkable efficiency also translates into substantial time savings, allowing you and your teams to redirect your focus towards strategic initiatives, rather than being bogged down in the quagmire of manual data entry and verification.

While the most immediate and obvious efficiency and accuracy improvements will be felt by your AP team, automated statement reconciliation is a potent catalyst for change that can positively impact your wider decision-making, financial visibility, cash flow management, forecasting accuracy, and cost savings.



Increase your recovery:

Organisations often identify discrepancies and recover credit, notes, rebates, and overpayments worth thousands.



Save on your costs:

As well as recovering funds, more streamlined and accurate financial processes remove the cost associated with manual reconciliation, leading to annual savings which may stretch into the hundreds of thousands of pounds for larger businesses.



Better supplier relationships:

Accurate and efficient reconciliation fosters better relationships with suppliers, with timely and accurate payments leading to stronger partnerships.



Time savings and audit preparedness:

Extensive time savings also extend into audit preparedness by providing an accurate and easily accessible record of financial transactions.

Positive ripple effects.

With automated statement reconciliation in place, you can trust that your financial data is accurate, reliable, and up to date – creating a strong foundation for financial transparency and accountability. The integrity, visibility and speed of data creates a far more fertile ground in which wider transformation can take root, giving you and your teams.



More accurate and faster decision-making:

With more accurate financial data available sooner, informed decisions can be made without delay and uncertainty, allowing for more a more agile response to opportunities and risks.



Enhanced visibility into financial positions:

Gaining a clear and complete picture of the organisation's financial position is invaluable for strategic planning and to ensure better overall financial health.



Improved cash flow management:

Efficient reconciliation processes lead to more reliable cash flow management, enabling you to optimise your cash reserves and respond effectively to financial fluctuations.



Enhanced forecasting accuracy and speed:

With up-to-date financial data offering more accurate predictions, you can act with greater confidence when adapting to changing market conditions.



Increased margins and cost savings:

Recovering the financial losses associated with inefficient manual reconciliation and making better use of employee time all positively impact on the company's bottom line.

By automating reconciliation processes, you can eliminate human errors and ensure the integrity of financial records. And when you can trust that their financial data is accurate, reliable, and up to date, you'll have a solid platform for further investment in building a modern finance function.

Opening the door to modernisation.

In today's dynamic business environment, the ability to respond swiftly to market changes and industry trends is essential. In your role as a finance leader, automated statement reconciliation represents a powerful tool for creating the right conditions for wider transformation.

Armed with real-time data and enhanced financial visibility, the finance department no longer relies on outdated, manually reconciled information that may no longer reflect the current financial reality.

And from speed and accuracy to enhanced decision-making and financial visibility, automated statement reconciliation can create a ripple effect that extends beyond the balance sheet – giving you the potential to unlock broader transformation opportunities and become leaders of change.

We automate the discovery, so you can focus on recovery.

At FISCAL TECHNOLOGIES our intuitive, easy-to-use software automates supplier statement reconciliation, helping our customers to find multiple credits with an average value of £13,000.

It also enables you to look at a greater volume of your supplier base, which in large companies could be as much as 80%. With many AP teams typically only reconciling their top 10 suppliers, this represents a significant improvement over manual methods, and opens the door for greater insight and accuracy across your ledger.

We have found the automated statement reconciliation module has eliminated the pain points in this process. AP resources have been freed up, supplier relationships have been improved, and supplier interactions have been reduced, highlighting errors before payments are made. This has improved Payment Practice Reporting and importantly, kept cash within the organisation.

Sarah Jinks

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Learn how our statement reconciliation automation technology can help you discover credit notes, rebates, duplicates and overpayments, as well as improve your ledger accuracy.

Book a demonstration today or speak to our team.

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