

Find the right tools

Treasury management services provide options for a more efficient business

INTERVIEWED BY MARK SCOTT

Treasury management services offer valuable tools to help your business run more smoothly, but it's not a one-size-fits-all approach, says Jarrod Long, Vice President and Treasury Management Officer at Westfield Bank.

"Just because you have two businesses in manufacturing doesn't mean they're both going to have the same treasury needs," Long says.

"It depends on the business owner and how he or she chooses to operate. With that thought in mind, you don't want a bank that is simply looking to take your order. It's best if your bank is taking steps to get to know you, offering input and making suggestions that it believes will help create efficiencies for your business and the people who run it on a daily basis."

Tools such as automatic clearinghouse check payments and credits (ACH), line of credit sweeps and Positive Pay can be quite helpful, but only if they are a fit for what your company is trying to do.

Smart Business spoke with Long about treasury management services and how to work with your bank to determine which products and services are right for your business.

What are the primary benefits of treasury management services?

There are a couple advantages that stand out. Everything in today's world, especially with technology, is about timing. Technology allows you to collect payments faster. If you want to go out and collect a payment via ACH, you can do it the next business day. Soon, you'll be able to do it the same day, since the Federal Reserve is implementing same-day ACH processing in three phases over

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the next two years. It's already available for credits and non-monetary entries.

It's not only being able to collect the payments faster, you are able to optimize the timing of those payments so you can hold on to your cash longer. Instead of having to send a payment a little earlier, you can hold on to it and send it the day before it's due. This allows you to have better control over your funds. If you are using remote check capture, you are able to make a deposit right from your office.

The fact that you don't have to leave the office saves you time and gives you flexibility since you don't have to worry about getting to the bank during normal banking hours. You can do it at 5:30 in the morning or at 6 at night. Flexibility creates efficiency and saves you, the business owner, both time and money.

What are some services that tend to be underused?

Positive Pay is a fraud prevention tool that allows you to upload data pertaining to the payments you're about to make for payroll, vendor payments or whatever it might be. You upload the check number, who it's made payable to, the date it was issued and the amount for each check, and upload it to a Positive Pay site. As those checks clear the bank, each one has to match up with the data in

that file. If a check is made payable for \$500 and a bank is trying to clear that company's account for \$1,000, it creates an exception because it doesn't match up with what is in the file. You would get an email notification saying that you have pending exceptions that you need to go in and look at.

In some cases, it may not be an instance of fraud, but rather an unintentional mistake that gets flagged. The benefit of the service is that you find out about it and have an opportunity to address it before it is processed.

Another fraud prevention tool is dual control. One user needs to initiate a payment and another user needs to approve the payment in order for it to be processed. This makes it more difficult for a fraudster to get in and move money out.

What's the key to finding the right level of service for your business?

Talk to your bank about what other companies in your space are doing. That doesn't mean you need to or should do the same thing, but it gives you a starting point. Treasury management services are meant to help a business operate more efficiently. If you approach it from that mindset, you should be able to find what you need. ●