What Is Treasury Management?
How Treasury Management Services Can Help Your Business Work Smarter
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What Is “Treasury Management”?

There is romance to that word “treasury.” It invokes images of subterranean passageways to torch-lit rooms filled with precious coins and objets d’art. No wonder many business decision makers wonder if “treasury management” applies not to them but rather to monarchies and governments. Yet most are surprised to learn that treasury management not only applies to them, but applies in a big way.

In business today, treasury refers to a company’s funds. Treasury management refers, quite simply, to making the most of those funds.

The term may sound highfalutin, but in fact treasury management can be remarkably simple to implement and sustain. Once in place, a good suite of treasury management services can all but run itself. That means less work and, often, lower cost. “Lower cost,” of course, is another way of saying “higher profits.”

Treasury management is no longer the exclusive domain of corporate giants that can afford in-house departments. Even small to midsize companies can have easy, low-cost access to proficient treasury management tools. All it takes is a bank that is forward-thinking enough to provide them.

The right mix of treasury management services can help simplify and accelerate the day-to-day financial operations of a business.
Categories of Treasury Management

Most Treasury Management services fit within four basic categories: collections, disbursements, information reporting, and capital management. Some banks, aware that today’s business needs run deeper, add employee management and risk management services.

Collections
A large number in the “Receivables” column is a good thing, provided that the funds represented by that number move in a timely fashion to the “Received” column. Treasury management helps simplify and speed collections by providing an innovative array of convenient ways for customers to pay and offering collection tools that are faster, more convenient, and more reliable than paper invoices.

The right mix of treasury management tools will automate creating, sending, and reconciling invoices. That alone lifts a substantial burden.

Disbursements
The manual payment and reconciliation of bills, salaries, and other expenses is time-consuming, and it invites human error. By automating payments and reconciliation, treasury management can save time and labor, and virtually eliminates human error from the disbursement stage. You retain complete control while funds are distributed in an efficient, timely manner.

Information Reporting
In an information age, real-time data should be readily accessible to you at all times. Day or night, you should be able to log on to review receivables, payments, balances, and more. The applications that provide this information should be, at a glance, easy to understand, navigate, and use. And, since questions rarely arise when it’s convenient, help should be available 24/7.

Capital Management
After funds are collected but before they are disbursed, it only makes sense to put them to work earning a return. “Earning a return” may refer to placing funds in an interest-bearing account, investing them, or using them to pay down a short-term credit line debt to reduce interest expense.
Employee Management
Employee benefits fall squarely within the banking realm. A good treasury management suite provides options for 401(k) and other retirement and tax-deferred plans, as well as health plans and worker’s compensation.

Insurance services are offered through Zions Insurance Agency, Inc., a licensed affiliate of Zions Bank. Insurance products are offered through various non-affiliated licensed agencies selected by Zions Insurance Agency. Insurance products and services are not insured by the FDIC or any federal or state governmental agency, are not deposits or other obligations of, or guaranteed by Zions, Zions Bancorporation or its affiliates, and are subject to the claims-paying ability of the issuer.

Risk Management
It’s important to safeguard all accounts, but the business arena calls for extra precautions and internal controls.

A good treasury management suite includes Positive Pay, which helps protect from costly internal and external fraud by matching cleared checks and ACH transactions with your records. Providers should also offer a protective software application in addition to your current protection software, that helps provide additional protection for online transactions. Rapport by Trusteer, Inc. can do just that. Moreover, an experienced treasury management officer who has been around the block a few times can offer guidance on pitfalls to avoid and help provide solutions to specific challenges.

Common Treasury Management Tools and How They Can Benefit Your Business

e-Invoicing and Payments
Manually issuing invoices is a tedious process. So is manually receiving and reconciling payments. For your customers, paying invoices manually is a tedious process, too.

With e-Invoicing and Payments, one software application can create an invoice, transmit it as an email, and allow the customer to pay by clicking within the body of the email. Payment may be made from a checking account, by a credit or debit card, over the phone, and via a hosted web page. It is an ideal way to help speed collections, reduce error, and drive down labor costs.

Automated Clearing House (ACH)
In 1972, bankers and other business leaders in California foresaw a need for a safe, secure and reliable means of making direct account-to-account consumer, business, and government payments. The idea
led to the creation of an Automated Clearing House (ACH), designed to speed paperless transactions through the Federal Reserve System. When the idea worked, ACHs began appearing throughout the nation. In 1974, many of these were nationally networked. By 2000, over 4.8 billion payments worth more than $12 trillion were processed by ACHs through the Federal Reserve System. Today’s national ACH network connects more than 12,000 financial institutions.

You can rely on the ACH network to efficiently and securely transfer funds from your own accounts. Businesses rely on the ACH for a variety of types of fund transfers, including direct deposit, large transactions, and batches to and from large customer bases.

**Merchant Services by Transfirst®, LLC**  
*(Credit and Debit Card Acceptance)*

The near universal use of credit and debit cards makes accepting them for payment a necessity. Credit and debit card acceptance is a popular feature of treasury management. A bank with a solid program will let you accept Visa®, MasterCard®, Discover®, American Express®, Diners Club®, and JCB®, and even accommodate reward and loyalty programs.

Thanks to technology, there’s no longer a need to purchase and install an expensive terminal. If you have a smart phone or tablet, there’s an application that will let you swipe, approve, and accept cards.

*Merchant Services products and services are provided by TransFirst®, LLC. Zions Bank is not affiliated with TransFirst and does not provide, warrant or guaranty TransFirst products or services.*

**Automated Receipt and Deposit of Payments (Retail Lockbox)**

Opening, recording, and depositing checks arriving daily from large customer bases can be time-consuming, unwieldy, and an invitation for human error. The solution is a lockbox service, where payments are read on high-speed, highly accurate scanners and deposited straight to your account, where they can be available for use the next business day.

Using a lockbox service is cost-efficient and can be more economical than having staff spend hours doing what a state-of-the-art scanning equipment can do in minutes. Plus, it eliminates postal delays, speeds deposits, and virtually eliminates human error at the processing end. It is ideal for organizations that receive high-volume check payments (with or without the use of payment coupons), such as utilities, health clubs, medical and dental practices, hospitals, insurers, charitable organizations, newspapers, homeowners associations, etc.
Sweep Accounts
As noted in the previous pages, it’s a good idea to use funds where they can earn a return between the time they are collected and the time they are disbursed. To move funds manually consumes time and can invite error. A sweep account is a treasury management service that automates moving idle funds to an interest-bearing or investment account, and moving them back again to a checking account when it’s time to disburse them.

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Commercial Cards (Corporate Expense Control)
The day may come when a company must trust one or more employees to spend on its behalf. That much is good business, but to proceed without controls and safeguards is to invite needless risk. A smart solution is to furnish a corporate card with the flexibility to handle petty cash, purchasing, travel expenses, even fleet management; that lets you set individual spending limits and restrict purchases by merchandise and supplier type; and whose reporting features integrate easily with your accounting system. In fact such cards exist, and are a feature of a good treasury management suite of services.
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This white paper only scratches the surface as to the myriad ways treasury management can help any business of any size. We hope we have piqued your interest so you’ll seek guidance on how treasury management products and services can make your business run more smoothly and more profitably.

*Certain Treasury Management products and services may require credit approval, contract or agreement, and fees may apply. Other terms and conditions apply. See a financial specialist for details.*

As a leader in the field, Zions Bank would be pleased to answer questions and assist in any way. To speak to a Zions Bank Treasury Management Specialist, please call:

888-674-5161

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