Intermediaries are used to handling large amounts of information and processing a high volume of financial transactions and other processes.

But many are still using manual, paper-based processes – processes which take time, are prone to error and are redundant set against the technology advances taking place today.

Switching to automated, non-paper processes can help intermediaries improve payment and transaction times, meet compliance requirements and enjoy better overall control.

Clear view

It is crucial that intermediaries—be they internal ‘vehicle’ firms that transfer funds between affiliates, or external ones such as brokers working in insurance and property—can see into their spending and processes as much as possible.

But as Mark Johnson, associate professor of operations management at the Warwick Business School explains, many companies are operating blind when it comes to managing and tracking their spend and transactions.

“A lot of organizations don’t know exactly how much they are spending and who they are spending it with so payment solutions do provide a way of doing that,” he said.

Yet many firms are still failing to get full control of their operations – largely because of antiquated, paper processing systems. Research by Basware in 2012, for example, found that over half of businesses (53 percent) still scan and capture physical documents in-house, with a quarter not scanning them at all.

Basware’s 2012 Global E-Invoicing Study, which polled nearly 1,000 finance professionals in the US and around the world, found that just 25 percent of enterprises outsource the scanning of invoices into electronic format. In the field of intermediaries, such processes are risky. Managing physical documents in this way takes up a large amount of internal resources – having staff manually scan and enter data onto a system – delaying processes and hindering cash flow.

According to Bill Michels, a supply management consultant and the president of ADR North America, smart companies are adopting electronic and automated systems to get a grip on their processes, and see enhanced benefits as a result.

“Going paperless provides everyone in the business with real time information, facilitates faster and more accurate information, eliminates duplication of effort, generates less waste and promotes efficiency,” he said.

Compliance – omnibus accounts

Intermediaries have a number of compliance requirements they need to meet. External brokers can deal with sensitive information, and internal intermediary channels often operate across departments, dealing with different teams and managing a variety of data. Adhering to industry standards is crucial.

According to Effective Intermediary Governance, a 2012 report by the National Investment Company Service Association, one
recent change for brokers and third-party record-keepers is the rise of omnibus accounts. These allow intermediaries to handle all aspects of mutual fund record-keeping for their investors.

The white paper explains that brokers with established record-keeping arrangements with mutual funds are “increasingly” being asked by agents to meet a number of criteria, including that they have established adequate controls over the recordkeeping processes.

“With direct accounts, fund transfer agents have direct responsibility for establishing policies and procedures designed to ensure accuracy and compliance—and then for monitoring transactions to confirm that they have been followed,” the report states.

Strategic importance

In all companies, automated expense and record management systems are assuming strategic importance as firms seek to meet compliance requirements, grasp spend and use data to make business decisions.

Aberdeen Group’s 2012 white paper, Expense Management for a New Decade, states that expense management has found “high prominence” in today’s organizations with 41 percent perceiving expense management as a function that is just as critical as other internal departments.

In 2013, economic volatility is set to be standard. As intermediaries continue to look for ways to streamline costs and free-up resources, automated processes will present a genuine solution to achieving that aim.

Schedule a consultation to learn more at http://corporate.americanexpress.com/content/more-info