# Automated Reconciliation Is a Stepping Stone to the Digital Financial Future

In today's world of rapid innovation, almost all industries are undergoing some degree of digital transformation, including the transformation of financial processes. Due to their very nature, it is not always practical to leap directly to a full digital overhaul of these processes, but this is not an all or nothing situation. Organizations can benefit significantly by identifying specific areas in which to cut inefficiencies and streamline workflows. One such area is reconciliation. Automating this time-consuming and error-prone process can make a significant impact on the bottom line and reduce the risk of compliance misses and mistakes.

For organizations with millions of transactions, closing the books is no easy feat. Quarterly, half-year and annual financial reports – along with other forms required by regulatory agencies – keep the accounting team working to meet deadlines year-round.

Financial statements face external scrutiny from regulatory agencies in every country in which the company operates. Additionally, there are shareholders, boards of directors and in-house audit and compliance teams analyzing the numbers.

There is great pressure to avoid mistakes, and no one feels that pressure quite like the CFO who signs off on the books. By attesting to their veracity, he or she assumes a great deal of personal liability.

But manual reconciliation processes used by many companies today provide no audit trail showing how the balance sheet was derived. As a result, executives must certify the data without visibility into how the numbers were achieved. And once financial leaders sign off, there isn't an easy way to backtrack and gain visibility into the data they approved.

Without an automated process, reconciling items such as payments, disbursements, commissions and bank accounts at the transaction level is a labor-intensive and error-prone process. In addition, due to the lack of an audit trail, companies often write off unresolved exceptions because they cannot trace an error back to the source – raising the question of possible fraud.

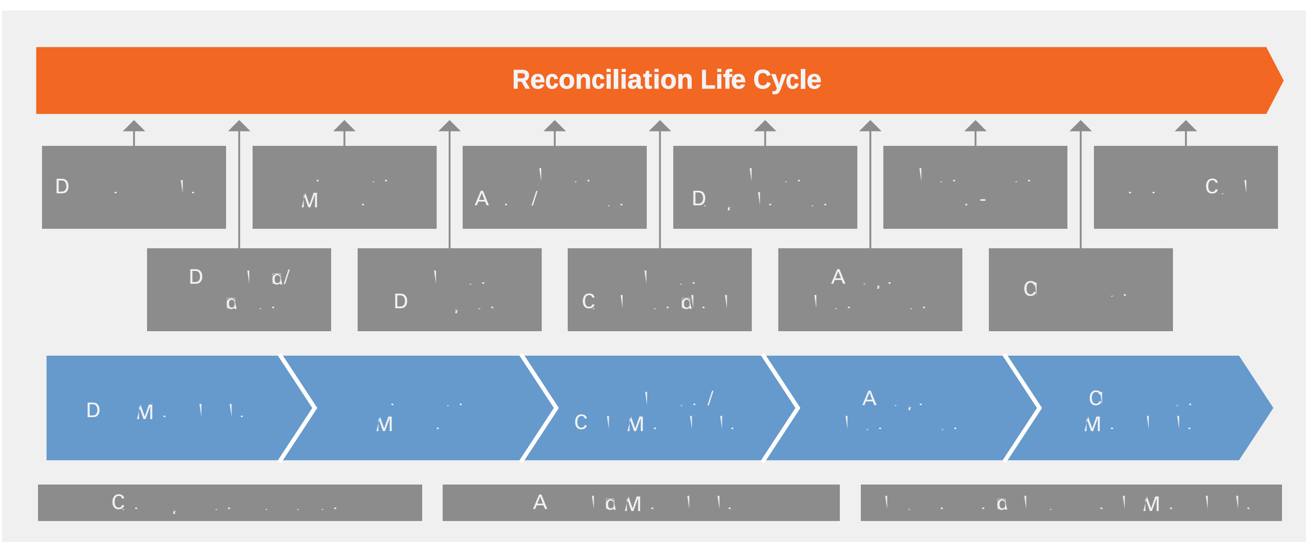
Exacerbating the problem are the large stores of disparate data that must be taken into account during the reconciliation process. Data can come from internal departments or third parties; in the form of text files, spreadsheets or PDFs; it can involve multiple currencies; and it can refer to a payment, customer information or a myriad of other data. Different sources and different structures of data make manual reconciliation difficult.

Automated reconciliation can enable companies managing high volumes of transactions to track, match and archive all incoming data, and connect that data processing directly to certification. Reducing the risk of error could save companies thousands of dollars in noncompliance fines and protect the company's reputation among customers, peers and regulators.

By bringing the full range of transaction-level and balance-level data together into a single system and automating the entire reconciliation process, from data acquisition and matching through period-end approvals and reviews, companies can form a complete account reconciliation picture. This enhances visibility into exceptions, helps eliminate manual interventions and facilitates rapid, cost-effective resolutions. Automated checks help ensure compliance with corporate and regulatory controls.

Centralizing data in one place and integrating automated reconciliation and certification processes allows the data to be traced to its source throughout the entire financial close cycle – from data ingestion through matching, exception management, reconciliation, certification and signoff. It becomes trackable and transparent.

Integration of data and matching transactions using an



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