



## CASH MANAGEMENT IS KING

By Marc Pelletier and Jason Rose

“*Cash is King*” is a phrase coined in the late 1980’s by the CEO of the Swedish car manufacturer, Volvo. In response to the global stock market crash, the expression referred to the superiority of cash compared to other asset classes such as stocks or real estate during an economic crisis.

The expression “*Cash is King*” remains as relevant today as it did thirty-five years ago. By employing new cash management tools and technology, entrepreneurs can automate their cash cycle and run their business more efficiently. Meridian’s modern expression, “*Cash Management is King*” encourages entrepreneurs to build a strong balance sheet, free of external threats from fraudsters.

The pandemic highlighted to Meridian that many entrepreneurs are underutilizing online banking channels. Many commercial banks and credit unions were not able to service business customers at the local retail branch during the height of the pandemic. Making routine check deposits or transferring money via wire transfers proved to be problematic. Overreliance on a “Bricks and Mortar” banking partner could be considered a business risk if you cannot efficiently pay employees or suppliers. Online banking allows you to manage your cash cycle data in real-time to make faster business decisions. By automating to online banking services, it will be easier to outsource this administrative function to accounting and bookkeeping professionals. Finally, online banking is convenient as you eliminate unnecessary trips to your local retail branch.

Meridian strongly suggests you explore all online banking channels to automate your account collections. Collection products include Remote Deposit Capture, Mobile Deposit, and Automated Clearing House or “ACH” transactions. The Remote Deposit and Mobile Deposit allows you to scan checks with a desktop scanner or a smartphone and eliminate the need to drive to the bank branch. The ACH service allows you to initiate electronic payments to/from your customers, vendors, and employees; reducing the usage of paper checks. As you will read, there are legitimate business reasons to aim to reduce paper checks.

Meridian employs multiple layers of data security to protect your company information. The latest in virus detection software, firewalls, and heavily encrypted transmissions to keep your company’s transactions protected.

Meridian wants to highlight that fraud schemes have become increasingly more sophisticated. According to a report by the *American Bankers Association*, check fraud accounted for 47% or \$1.3 billion of industry deposit account fraud losses. 9% or \$265 million was associated with electronic banking channels including bill pay, wire transfers, and ACH transactions. The leading check fraud categories were counterfeit checks, forged signatures, and return deposited items.

Meridian encourages commercial clients to embrace online banking channels to reduce the volume of checks and use new tools to monitor your business accounts.

- (1) Rather than waiting for a monthly bank account statement, use online banking to monitor daily transactions.
- (2) Sign-up for text or email alerts for certain types of transactions or dollar thresholds to help detect potential fraud.
- (3) Establish a “Dual Control System” to add an additional layer of protection so no single user has the authority to input and approve a disbursement transaction.
- (4) Customize employee or vendor access to all business accounts. Design a system that creates password protection for each employee’s account access.
- (5) Finally, report any suspected fraud to your bank immediately.

The modern expression “Cash Management is King” encourages entrepreneurs to utilize new tools and technology to build a strong balance sheet, free of external threats from fraudsters.



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**Website Link:**

Meridian Commercial Cash Management

<https://www.meridianbanker.com/business-banking/cash-management/>

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