

# Resolving Top Challenges in Accounts Payable Reconciliation



Reconciliation absorbs a wealth of time and effort from accounts payable (AP) teams. According to Deluxe research, 70% of mid-sized organizations reconcile payments either weekly or daily. The process takes between one and four hours for 64% of organizations — likely because 81% of organizations at least partly rely on manual methods to reconcile payments.

“Many processes are necessary to ensure that a company’s invoice payment and reconciliation do not fall behind,” says Shiela Howarter, Director of Digital Payments at Deluxe. “It demands extensive attention to detail, which unfortunately takes a lot of time.”

If manual processes are not executed properly, the consequences of getting AP reconciliation wrong can be steep. Not only can it lead to penalties, legal actions, and lower bottom lines, but it can also have a negative impact on an organization’s [relationships with suppliers](#).

Automating reconciliation, however, can have a positive impact by reducing errors, augmenting the efforts of AP teams, and equipping organizations with robust payment insights. Automation takes the time and effort of manual reconciliation off of accounts payable team members’ plates while helping organizations get reconciliation right — resolving the challenges that result from organizations’ current processes.

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— **Shiela Howarter**  
Director of Digital Payments  
Products, Deluxe

While Deluxe research shows that 22% of companies rely entirely on manual processes in AP reconciliation, a full 59% use a mix of manual and automated methods.<sup>1</sup> On average, AP reconciliation typically involves the work of five employees reconciling six payment types.

Reconciliation is a critical part of AP but leaves organizations more vulnerable to avoidable errors — missed double entries, incorrect invoice numbers, or mis-entered data in balance sheets and accounts payable aging reports. As the number of invoices rises, so does the opportunity for human errors and extended AP timelines.

“As workloads and the volume of invoices grow, so do the risks of keying errors that may cause missed payments,” says Howarter.

Another key issue that organizations experience in reconciliation is an inability to efficiently store, access, and manage information. Organizations’ various spreadsheets and reports may live in disparate systems, for example, leading to a lack of visibility, control, and transparency.

“When data and reports are not housed in a centralized location, it inhibits organizations’ ability to make accurate and timely decisions,” says Howarter. “Managers and other accounts payable stakeholders need to approve outbound payments or make decisions based on payment histories, for example, so they need a high degree of visibility. It can be a challenge giving decision-makers access to and control of that data.”

Manual reconciliation processes also tend to be expensive — with companies incurring costly fees from sending payments multiple ways — and susceptible to fraud.

Paper checks and paper-based processes can be vulnerable to

fraud due to the need for physical signatures, for example. And if a company's AP processes (including reconciliation) aren't streamlined and auditable, there's always potential for someone from the company to fill in fraudulent entries or hide fraudulent transactions.



## Potential AP Benefits

Companies can resolve their reconciliation challenges by thinking more holistically about all of their accounts payable activities. Using Deluxe's suite of payment solutions, for example, companies can harness automation — resulting in a seamless cash flow.

“Whether printing and mailing checks, sending ACH payments, or leveraging virtual card technology, our Deluxe solution is payment-

type agnostic to support optionality for our customers,” says Howarter. “This makes reconciliation easier down the line because all payments are recorded in one place, so AP teams do not have to go through different platforms and applications in order to review and manage them.”

It’s also important for companies to use a solution with tools that empower them with control and authority over their accounts payable workflows. The ability to approve payments digitally, from any location, can be especially valuable.

“Managers no longer need to go into an office to review paperwork and sign outgoing checks, which can cause a lot of bottlenecks and delay the payments,” says Howarter.

Reduced reliance on paper checks also helps reduce fraud risk. [Deluxe Payment Exchange](#) is specifically designed for the segregation of duties within the company’s payments processes — adding an auditable layer of security to reconciliation and other tasks — and provide companies with robust visibility into their payments, allowing them to make more informed business decisions moving forward.

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## Achieving Streamlined AP

Embracing automation in AP — including reconciliation — can help companies streamline their processes, improve supplier relationships, and take tedious, time-consuming work from their team members while driving up payment accuracy.

“Having accurate and complete financial statements requires companies to have a robust AP process,” says Howarter. “Automated reconciliation frees up more time and possibilities for companies to focus on initiatives that will grow their business, all while having an optimized AP process. The benefits speak for themselves.”



## About Deluxe

Deluxe, a Trusted Payments and Data Company, champions business so communities thrive. Our solutions help businesses pay, get paid, and grow. For more than 100 years, Deluxe customers have relied on our solutions and platforms at all stages of their lifecycle, from start-up to maturity.

Our powerful scale supports millions of small businesses, thousands of vital financial institutions and hundreds of the world's largest consumer brands, while processing approximately \$3 trillion in annual payment volume. Our reach, scale and distribution channels position Deluxe to be our customers' most trusted business partner.

Learn more about how **Deluxe Payment Exchange+** can provide smart AP automation for businesses and experience the Deluxe difference during a **free, no obligation demo**.

Visit us at [www.deluxe.com/dpxplus](https://www.deluxe.com/dpxplus) or call **800.257.8208**.