

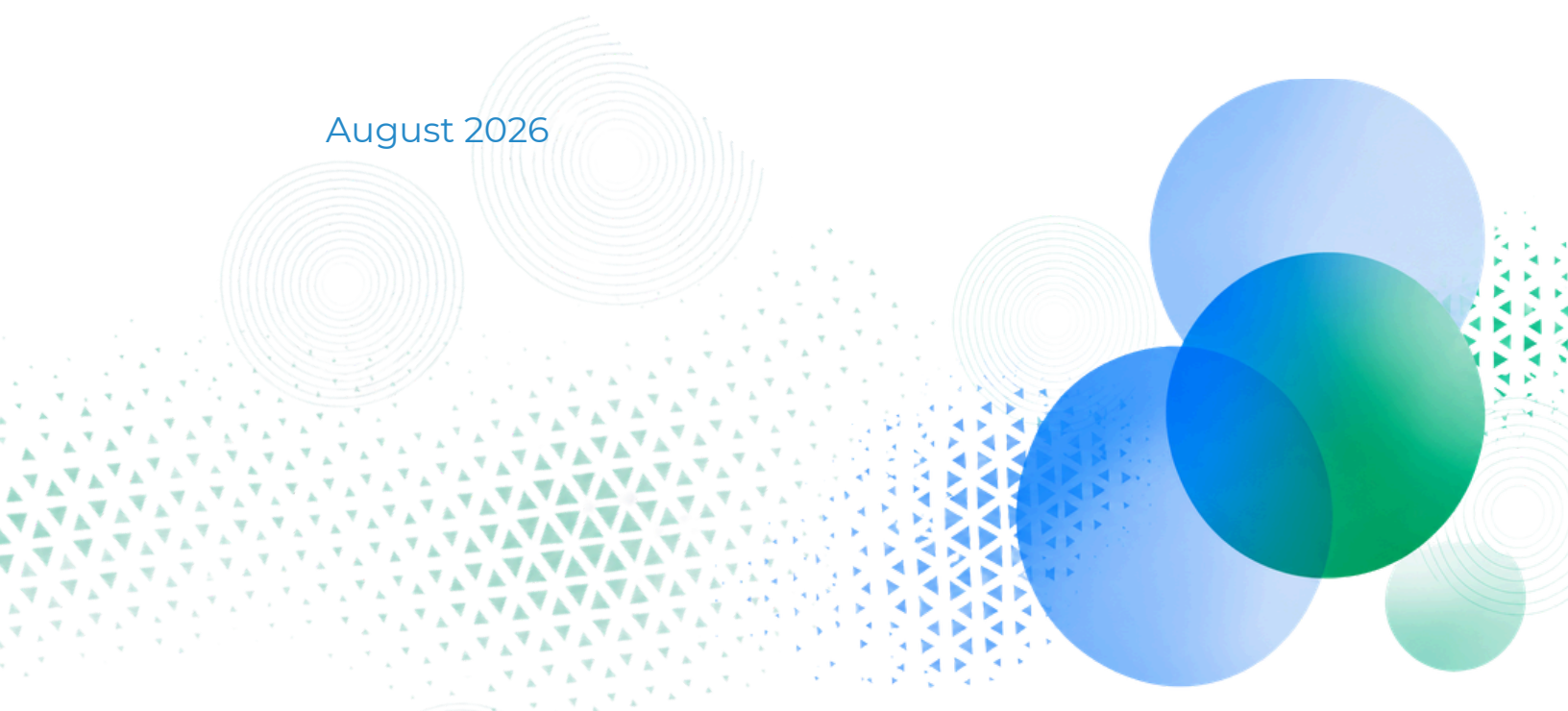


WHITEPAPER

THE CFO'S GUIDE TO CHOOSING THE RIGHT CASH MANAGEMENT PARTNER

Five Areas CFOs Should Look for in a Cash
Management Firm

August 2026



Executive Summary

For many mid-market companies, cash management has traditionally been treated as a routine banking function. Operating cash stayed in a primary account, reserve funds were placed in savings or money market accounts, and rates were reviewed only periodically.

That approach is becoming harder to justify.

Higher rates have increased the opportunity cost of idle cash, while recent bank failures, cybersecurity risks, and economic uncertainty have made safety and liquidity more important than ever. CFOs are now expected to protect principal, preserve access, and earn a competitive return—all while managing lean finance teams and growing operational demands.

Doing that well requires more than finding the highest rate. It means monitoring deposit exposure, comparing institutions, aligning cash with liquidity needs, and maintaining clear reporting across accounts.

That is why more organizations are turning to specialized cash management firms. But not all providers are built the same.



On a constant \$10 million balance, **each additional 0.25 percentage** point of annual yield **represents approximately \$25,000** in gross annual interest

This whitepaper explores the five areas you should focus on while evaluating a cash management firm:

- Safety
- Liquidity
- Return optimization
- Transparency
- Operational support

For each one, you'll find the reasoning behind why it matters, the data behind it, and a set of direct questions you can bring into your next conversation with a bank or provider, whether that's a new relationship or a hard look at the one you already have.

A Clearly Defined Approach to Safety and Risk Management

Begin with the structure—not the rate

For most corporations, safety begins with evaluating where funds will be held, how exposure will be distributed, what protections apply, and how the organization will maintain access to its cash if a financial institution experiences stress.

This is particularly important when corporate balances exceed applicable deposit insurance limits. Balances above the applicable limit may be uninsured unless they are structured across eligible institutions or placed in other appropriate instruments.

**At the end of 2022,
close to**

45%

**of all deposits in the U.S.
banking system were
uninsured.**

*S&P Global Market Intelligence

The bank failures of 2023 also demonstrated that finance teams are paying closer attention to banking concentration. According to the 2024 Association for Financial Professionals Liquidity Survey, **45% of organizations moved deposits to larger banks in response to safety concerns, while 35% diversified deposits across a greater number of banks to reduce counterparty exposure.**

Safety remains the leading short-term investment priority. In AFP's 2025 Liquidity Survey, **61% of respondents named safety as their organization's primary short-term investment objective.** Liquidity ranked second, while yield ranked a distant third.

That does not mean CFOs should disregard return. It means return should be evaluated within a defined risk framework.

What a CFO should evaluate

A cash management firm should be able to explain:

- Where client funds are held
- Whether funds remain titled in the client's name or for the client's benefit
- How deposit insurance eligibility is tracked
- How financial institutions are reviewed and monitored
- What happens if an institution's condition changes
- Whether the firm has discretion to move funds
- Which regulatory, audit, cybersecurity, and compliance standards apply
- How client funds are separated from the provider's own operating assets

The answer should be more substantive than, "We work with highly rated banks."

*S&P Global Market Intelligence, International Banker (July 2023) <https://internationalbanker.com/banking/us-banking-failures-bring-effectiveness-of-deposit-insurance-sharply-into-focus/>

Liquidity Designed Around the Business

Access should reflect actual operating needs

Corporate cash rarely has a single purpose. Some funds may be needed tomorrow for payroll, vendor payments, taxes, or debt service. Other balances may support seasonal needs, acquisitions, capital projects, insurance reserves, or longer-term strategic initiatives.

Treating all excess cash the same can lead to two costly outcomes:

- Too much cash remains immediately available but earns a noncompetitive return.
- Too much cash is committed to longer-term products and becomes unavailable when the business needs it.

An effective provider should help the CFO divide cash into practical liquidity tiers rather than begin with a product recommendation.

A common framework includes:

OPERATING LIQUIDITY

Funds required for immediate and near-term obligations. Accessibility, transaction capability, and principal stability generally matter more than maximizing yield.

RESERVE LIQUIDITY

Cash not expected to be used immediately but that may be needed within several weeks or months. These funds may have greater earning potential while still requiring predictable access.

STRATEGIC CASH

Funds with a longer and more certain time horizon. Depending on the organization's policies and risk tolerance, these balances may be suitable for term deposits, securities, ladders, or other strategies.

Liquidity risk management continues to rank among the top priorities identified by corporate treasury leaders. Deloitte's 2024 Global Corporate Treasury Survey also found that companies continue to focus on improving cash-flow forecasting and cash-positioning capabilities.

The lesson is straightforward: a cash strategy can only be as effective as the assumptions behind it.

What a CFO should evaluate

- Typical daily and monthly cash flows
- Payroll and accounts-payable cycles
- Seasonal fluctuations
- Minimum operating balances
- Capital expenditure plans
- Acquisition or expansion activity
- Unexpected liquidity scenarios
- Internal investment policies
- Required authorization and transfer procedures

A Disciplined Process for Improving Return

Look beyond the advertised rate

Yield matters. For companies maintaining millions of dollars in excess cash, even a modest difference in annual percentage yield can translate into tens—or even hundreds—of thousands of dollars in additional annual interest income.

However, evaluating a cash management firm should go far beyond comparing today's advertised rate. Market conditions change, bank funding needs fluctuate, and competitive rates can vary significantly from one institution to another. The question isn't whether a firm can secure a competitive rate today—it's whether they have a disciplined process for identifying and capturing the best available opportunities over time.

Rather than requiring finance teams to call multiple banks, compare offers, and manually move funds, the firm should have an established process for reviewing opportunities on an ongoing basis to help maximize interest earnings without sacrificing the organization's cash objectives.

A strong cash management firm continuously monitors rates across its network of financial institutions, evaluates where excess cash can earn the greatest return while meeting liquidity and safety requirements, and proactively adjusts allocations as market conditions change.

The FDIC's national deposit-rate data provides a useful benchmark. **As of July 2026, the national average money market deposit rate was approximately 1.40%**, although actual institutional rates vary based on account type, balance, institution, and market conditions. The purpose of this benchmark isn't to suggest every organization should achieve a specific return, but rather to highlight the potential opportunity cost of leaving excess cash unmanaged.



CFO Earnings Opportunity

Assume a company maintains an average excess cash balance of \$10 million for one year.

Average Annual Yield Approximate Annual Interest

1.40%	\$140,000
2.50%	\$250,000
3.50%	\$350,000
4.00%	\$400,000

Cash does not have to be dramatically underperforming for the opportunity cost to become significant.

Transparency, Reporting, and Financial Controls

Better information produces better decisions

Cash management becomes more difficult when balances are spread across multiple entities, accounts, institutions, and products.

Diversification may reduce concentration risk, but a poorly designed structure can also increase reconciliation work, create fragmented reporting, and make it harder to answer basic questions such as:

- How much cash do we have?
- Where is it held?
- How much is immediately available?
- What rate are we earning?
- When do deposits or investments mature?
- Is any balance uninsured?
- Who moved the funds, and who approved the transaction?

A cash management firm should reduce that complexity rather than transfer it to the internal finance team.

AFP has highlighted consolidated cash visibility, centralized control, and faster reconciliation as key potential benefits of modern treasury structures and virtual account management.

Technology alone, however, is not the solution. CFOs should evaluate the quality, completeness, accessibility, and control environment surrounding the information.

Controls and cybersecurity

A provider that can move or report on corporate cash should maintain clearly defined security and authorization controls

What a CFO should evaluate

- Multifactor authentication
- Role-based user access
- Dual approval or segregation of duties
- Transaction alerts
- Changes to payment instructions
- Business continuity procedures
- Incident-response plans
- Independent control examinations
- Employee access to client information
- Procedures for adding or removing authorized users

A Service Model That Reduces Work and Scales with the Company

The operational model matters as much as the financial product

Mid-market finance teams frequently manage broad responsibilities with limited headcount. Treasury activities may be divided among the CFO, controller, accounting team, and banking partners rather than assigned to a dedicated treasury department.

That makes the provider's service model especially important.

A cash management relationship should not require the company to become an expert in every participating bank, continuously request updated rates, manually monitor insurance limits, initiate repetitive transfers, and reconcile a growing collection of statements.

The provider should create capacity for the finance team while preserving appropriate client approvals and control.

This need is reflected in broader treasury research. **Deloitte reported that 49% of respondents to its 2024 Global Corporate Treasury Survey were prioritizing the creation of a more scalable treasury function, up from 39% in 2022.**

The value of a provider may therefore extend beyond incremental yield. Potential operational benefits can include:

- Fewer banking relationships to manage directly
- Centralized account administration
- Consolidated statements and reporting
- Reduced rate-shopping activity
- Support with account openings and documentation
- Faster access to cash expertise
- More consistent policy and governance processes
- Reduced reliance on a single internal employee

These benefits should be evaluated carefully rather than assumed. Use the worksheet on the next page to understand how to measure time savings for your organization.

Worksheet: Time Savings Measurements

When cash management is handled entirely in-house, finance teams may spend hours each month comparing rates, contacting banks, monitoring deposit insurance limits, opening and maintaining accounts, moving funds, tracking maturities, reconciling statements, and preparing reports. Each task may seem manageable on its own, but together they can create a significant administrative burden—especially for lean finance teams.

This worksheet is designed to help quantify that workload. By estimating the time your team currently spends on each activity, you can better understand the true operational cost of managing excess cash internally and compare it with the potential efficiency gained by working with a specialized cash management firm.

Time Spend Weekly - For four to six weeks, estimate the amount of staff time spent on:

- _____ Gathering bank balances
- _____ Comparing rates
- _____ Opening and maintaining accounts
- _____ Initiating transfers
- _____ Tracking deposit insurance
- _____ Managing maturities
- _____ Reconciling statements
- _____ Preparing management reports
- _____ Responding to audit requests
- _____ Resolving bank-service issues

_____ **Weekly Spend:**

_____ **x4 Total Monthly Time Spend:**

The goal is not to assume that every task will disappear. Rather, it is to identify which responsibilities could be consolidated, automated, or supported by an external partner—freeing your finance team to focus on forecasting, strategic planning, and other higher-value priorities.

When reviewing the results, consider both the hours saved and the value of that time. Even a few hours each month can become meaningful when multiplied across multiple employees, entities, accounts, and reporting periods.

Questions to ask a Potential Cash Management Firm

Safety	• How do you determine which institutions are eligible to receive client deposits? • How frequently do you review the financial condition of those institutions? • How do you monitor each client's exposure to deposit insurance limits? • Can we see exactly where our funds are held? • Who has legal custody of the funds? • What protections apply if your firm experiences financial difficulty? • What is your process if a participating bank's risk profile changes? • Which independent audits, control reports, or regulatory examinations apply to your organization?
Liquidity	• What forecasting information will you request from our team? • How quickly can we access funds? • Are there notice periods, transaction limits, or early-withdrawal penalties? • How are weekends, holidays, and bank cutoff times handled? • Can the strategy adapt if our cash needs change unexpectedly? • How often will our liquidity assumptions be reviewed?
Rate	• How is our rate consistently optimized? • Are rates set or negotiated for clients within your network? • How many institutions or product options do you evaluate? • Will we receive a clear net yield after all fees? • How do you prevent balances from remaining uninvested during transfers or maturities? • What happens to the strategy if rates decline? • Are you compensated differently depending on which product or institution is selected?
Reporting & Controls	• Can we view all balances, locations, rates, and maturities in one place? • How frequently is account information updated? • Can reports be segmented by entity, fund, department, or purpose? • Can data be exported into our accounting or treasury systems? • What approval controls apply to transactions? • What independent security and control assessments have been completed? • What documentation will our auditors receive? • Who owns our data, and how can we retrieve it if the relationship ends?
Time Savings	• Which tasks will your team perform, and which will remain with ours? • What are your standard response and transaction-processing times? • How often will you conduct strategic reviews? • How will you support us as our balances, entities, or geographic footprint grow? • What is involved in adding a new entity or authorized user? • Can you provide references from companies with a similar structure and level of complexity? • How difficult is it to terminate the relationship or transfer the funds elsewhere?

CFO Scorecard

Score each category from one to five. The weighting can be adjusted based on the organization's priorities, but CFOs should avoid selecting a provider based on yield alone.

Evaluation Area	Consider	Weight
Safety and risk management	Are protections, custody, institutional standards, monitoring, and contingency procedures clearly documented?	25%
Liquidity structure	Does the strategy align with operating needs, cash-flow volatility, and access requirements?	20%
Return and optimization	Is the process for rate comparison, allocation, benchmarking, and ongoing review transparent?	20%
Reporting and controls	Will the organization gain consolidated visibility, strong authorization controls, and audit-ready reporting?	20%
Service and efficiency	Will the relationship reduce internal work, provide access to expertise, and scale with the business?	15%



Red Flags to Watch Out For

A provider deserves additional scrutiny when it:

- Leads almost exclusively with the highest available rate
- Cannot clearly explain where funds will be held
- Uses broad safety claims without defining the applicable protections
- Provides limited visibility into underlying institutions
- Is unclear about custody or ownership of funds
- Offers a promotional rate without a process for ongoing review
- Requires significant manual reconciliation
- Lacks appropriate transaction-approval controls
- Cannot provide independent security or control documentation
- Has no documented process for managing a bank failure or liquidity disruption
- Makes guaranteed claims about yield, savings, or future rate movements
- Makes it difficult to understand how funds can be withdrawn or the relationship terminated

Conclusion

The right cash management firm should do more than provide access to accounts or investment products.

It should help the CFO create a repeatable operating system for corporate cash—one that defines how funds are protected, how liquidity is maintained, how return is evaluated, how information is reported, and how decisions are reviewed over time.

The most effective strategies do not depend on predicting the next Federal Reserve meeting. They are designed to remain disciplined as rates, balances, banking conditions, and business priorities change.

For mid-market CFOs, the evaluation should ultimately come back to five questions:

- Is our cash appropriately protected and diversified?
- Can we access it when the business needs it?
- Are we earning a reasonable return for the level of risk and liquidity required?
- Do we have clear visibility and control?
- Does the relationship reduce work and support better decisions?

A provider that can answer those questions clearly—and support its answers with documented processes, transparent reporting, and measurable service standards—is more likely to contribute lasting strategic value.

The objective is not simply to find a better place to hold cash. It is to build a better way to manage it.

About American Deposit Management [ADM]

Trusted since 2009, ADM has built a national reputation as a leader in deposit management. Our team of experts brings unparalleled knowledge and experience, ensuring your funds are managed with precision and care. Clients trust us for our credibility and reliability, knowing that their cash is in capable hands.

We prioritize building strong relationships with our clients. Whether you connect with us online, by email, or over the phone, you can count on speaking to a real person.

At ADM, personalized service and genuine human interaction are at the heart of what we do.