



# The Cash Application Advantage

Strategies to Maximize Financial Efficiency and Cash Flow



# Does this sound familiar?

Your finance team is closing out another month, scrambling to reconcile payments with incomplete remittance data, mismatched invoices, and manual processes that slow everything down.

You're not alone! For most finance leaders, cash application is a balancing act between accuracy, efficiency, and time crunches. It's one of those tasks that you know is critical but can also be frustrating.

The good news is that there is a better way. With the right tools - powered by automation, AI, and machine learning - finance teams are

finally able to move away from the grind of manual reconciliations and redirect that time and energy toward driving strategy, improving the customer experience, and contributing to the company's bottom line.

Cash application isn't just a back-office process. With intelligent data recognition, near-perfect match rates, and insights that don't just solve today's problems but anticipate tomorrow's opportunities, it can position your **accounts receivable (AR)** team as a strategic partner.

Ready to take the first step? Let's go!

## What you'll learn

- > A Formula for Cash Application
- > The Strategic Impact of Improving Match Rates
- > Turning Cash Application into a Competitive Advantage
- > The Future of Your Cash Application Process



# A Formula for Cash Application

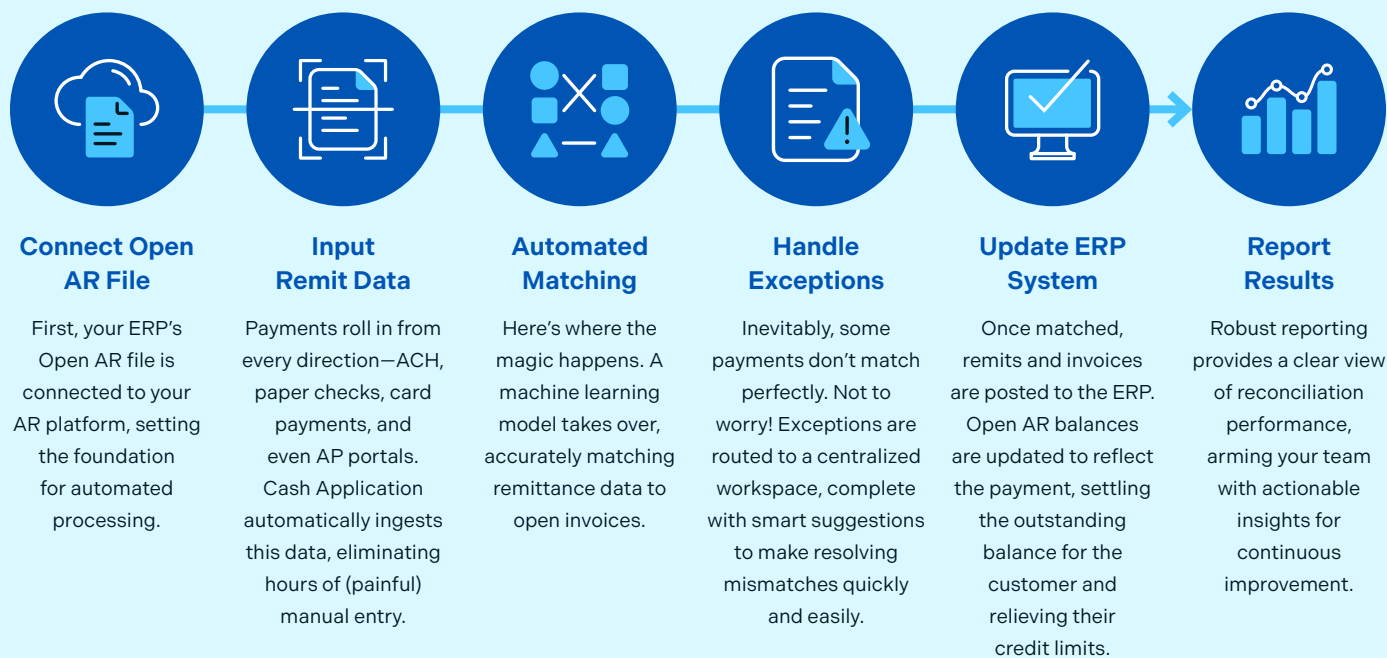
At its core, cash application is the lifeblood of your AR operations—the process that transforms sales into usable cash. It's more than just bookkeeping; it's about keeping your business moving forward by ensuring customer payments are accurately and quickly matched to outstanding invoices. It sounds straightforward, but as I'm sure you know, the process can be anything but simple.

The cash application process varies from company to company, depending on factors like customer volume, invoice complexity, and payment methods. However, at

its core, the formula stays largely the same—a sequence of steps that, when done right, can unlock faster cash flow and smoother operations.

Let's break down the process to ensure we have a common framework and to make it easier to see where automation and intelligence can step in to save your team time and drive better results. Whether you're dealing with high payment volumes or tackling exceptions, a smarter approach to cash application can make all the difference.

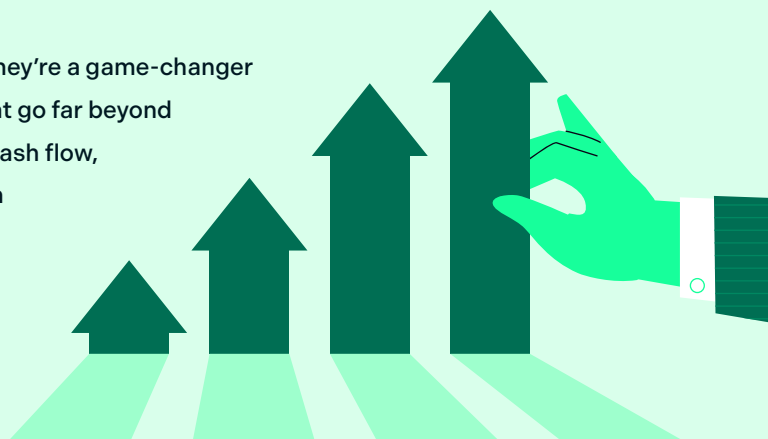
## How cash application works



# The Strategic Impact of Improving Match Rates

Let's face it—high match rates aren't just about hitting a target. They're a game-changer for your cash application process, delivering tangible benefits that go far beyond the AR department. By lowering operational costs, accelerating cash flow, and enhancing customer relationships, improved match rates can transform your financial ecosystem into a strategic powerhouse.

Here's how higher match rates create a ripple effect of positive outcomes:



## Enhanced Efficiency

Think of the hours your team spends manually matching payments to invoices. Higher match rates drastically reduce this burden, freeing up your team to focus on higher-value tasks—like resolving complex exceptions or building stronger customer relationships. The result? A leaner, more effective AR operation.

## Faster Cash Flow and Better Working Capital

When match rates improve, so does your cash flow. Payments are applied faster, Days Sales Outstanding (DSO) shrinks, and funds are available sooner. This strengthens your working capital and gives you the flexibility to confidently invest in growth opportunities.

## Cost Savings Through Automation

Manual remittance matching isn't just time-consuming—it's error-prone. And those errors? They lead to delays and higher costs. A [PYMNTS report](#) found that **45% of CFOs have faced payment disruptions due to invoicing errors**. By leveraging automation and

AI-driven cash application solutions, you can minimize errors and manual labor, lowering operational costs and inefficiencies.

## Improved Financial Forecasting

Accurate, timely payment postings mean better data. Better data means better decisions. With AI-powered analytics, your team can produce forecasts and reports that are reliable and provide you with actionable insights, helping you navigate the road ahead with confidence.

## Stronger Customer Relationships

Your customers expect accurate, timely postings - and when you deliver, it builds trust. Strengthening these relationships pays off in the long run, too. According to [PYMNTS' B2B Payments Innovation Report](#), **75% of firms with automated AR functions reported a significant boost in customer satisfaction**.

Improving match rates isn't just about efficiency; it can unlock strategic value across your entire financial operation.

# Turning Cash Application into a Competitive Advantage

Improving your cash application process doesn't happen overnight, but with the right steps, you can unlock its full potential. It all boils down to the successful alignment of people, processes, and technology.

Whether you're looking to boost efficiency, reduce costs, or strengthen customer relationships, these practical strategies will help you turn cash application into a true competitive advantage.



## 8 Ways to Turn Cash Application into a Competitive Advantage

### 1. Improve Remittance Data Quality

High match rates start with high-quality data. Work with customers to provide detailed remittance advice for every payment. Standardizing remittance formats can make data easier to process, reducing errors and saving valuable time for your team and your customers.

### 2. Encourage Digital Payments

Manual payment methods like paper checks create challenges for data extraction and matching. Help your customers transition to digital payment options like ACH, wire transfers, or electronic invoices, which often include standardized, detailed remittance data. Not only will your match rates improve, but your customers will benefit from faster, more reliable payment processing.

### 3. Optimize Customer Onboarding

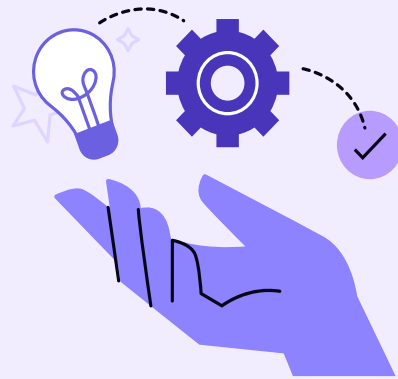
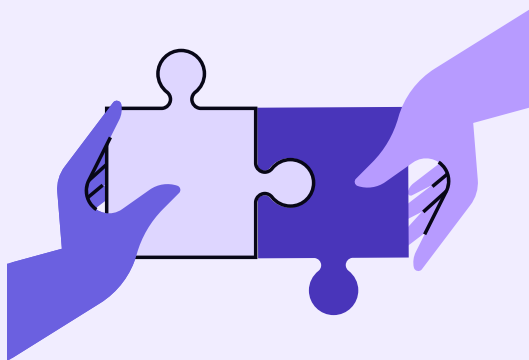
Set your customers - and your AR team - up for success from day one. During onboarding, clearly communicate your payment and remittance requirements, preferred payment methods, and tips to avoid common errors. A little extra guidance upfront can prevent big headaches down the line.

### 4. Analyze and Address Exceptions

Unmatched payments aren't just problems to fix; they're opportunities to learn. Regularly review exceptions to spot trends or recurring issues, whether they stem from internal processes or customer behavior. Use these insights to refine your matching rules and remittance guidelines, driving long-term improvement.

### 5. Emphasize Collaboration Across Departments

Cash application isn't just an AR issue, it's a company-wide effort. Bring together your AR, sales, and customer service teams to ensure consistent communication with customers about payment processes. This alignment can resolve disputes faster and prevent mismatches before they happen.



### 6. Automate, Automate, Automate

Manual processes slow your team down and leave unnecessary room for error. Invest in technologies that leverage technology like optical character recognition (OCR), intelligent exception handling, and AI-driven automation to handle remittance matching with speed and precision. Advanced solutions can even flag and resolve exceptions, making your process smarter every day.

### 7. Leverage Data Analytics

Your data is one of your greatest assets. Use it to drive continuous improvement. Track match rate performance by customer, payment method, or time period to identify trends and gaps. For instance, if certain customers consistently have lower match rates, targeted outreach can address their specific issues and improve results.

### 8. Establish a Feedback Loop

The best cash application processes are not static. Regularly revisit your payment workflows, remittance requirements, and matching rules to keep pace with changing customer behaviors and technological advancements. A continuous improvement mindset will ensure your processes stay ahead of the curve.

# The Future of Your Cash Application Process

Transforming your cash application process is about more than just technology. A true transformation means creating a system that adapts, learns, and grows with your business. By focusing on the actionable strategies in this book, you'll unlock not only higher match rates but also a more efficient, strategic, and customer-centric AR operation.

Remember, achieving high match rates is an ongoing journey that starts with understanding your current performance, identifying opportunities, and investing in the right tools to unlock the next level of efficiency. Every improvement gets you closer to a smarter, more efficient, and customer-focused AR process.

Start small, think big, and watch as your cash application evolves into a true driver of success!



## Ready to transform your cash application process from a cost center to a strategic advantage?

**Billtrust can help you streamline and optimize your cash application process, achieving industry-leading match rates.**



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