

WHITEPAPER

# APIs

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Transforming Cash, Liquidity and Payments

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**CFOs are investing more than ever on enterprise platforms, with organizations spending an estimated \$675 billion in 2022, according to Statista.** Much of this investment is for organizations to move their enterprise resource planning (ERP) systems to cloud platforms, such as SAP S/4 Hana Oracle Cloud, and Microsoft Dynamics 365 leading the large corporate market.

For CIOs looking to effectively support their CFO business partners, connectivity from ERP to internal and external systems and data sets remains a costly challenge, often delaying go-live dates and driving significant cost overruns.

Application programming interfaces (APIs) offer a lifeline for CIOs and CFOs who are looking for both innovation and cost improvements. And while many CFOs think of APIs as an expedited pathway for bank connectivity, bank connections are just the tip of the iceberg. APIs open integration to a variety of systems, introducing capabilities and process automation that had not previously been possible. APIs offer an information and processing gateway to realizing digital transformation.

## WHAT IS AN API?

An API is a program that allows multiple pieces of software to “talk” to each other. Applications on your phone and embedded widgets on a website all use APIs to request or deliver information.



## Why APIs Matter for Finance

Gartner research revealed that nearly 50 percent of financial leaders will incorporate a “composable financial management system” by 2024 “to deliver capabilities and outcomes that keep up with the rapid pace of business change.” APIs are enabling that change. They are transforming the way finance leaders consume data and are allowing a coupling of multiple applications that was previously impractical to support, creating a gateway to real-time business intelligence and digital solutions.

Unlike file transfer protocol (FTP), APIs do not require files to be sent or downloaded. Data is exchanged point to point between the systems immediately, allowing for instant data transmission and eliminating substantial risk. They enable the development and use of faster, pre-built connectors to reduce implementation times and facilitate real-time payments and security.



**With APIs, your platforms evolve from being systems of record to systems of engagement,” said Bob Stark, Global Head of Market Strategy at Kyriba. “Your platform is connected with any number of internal and external systems to be continuously up to date.”**

## Open API Platforms

APIs facilitate open networks. Using developer portals, technology providers can build applications on top of the API provider’s platform. Open banking is a perfect example.

The Revised Payments Services Directive (PSD2) in 2018 helped to make APIs even more relevant for corporate treasury and finance. The EU Directive requires banks to open their platforms to payment technology providers – with APIs being a leading solution to manage this compliance.

Although PSD2 only applies to the European Union, similar initiatives in other regions also quickly emerged as banks in the United States and throughout APAC have recognized the opportunity to offer real-time, data-driven services to corporate clients.



**The PSD2 movement has really encouraged banks to start to open APIs for corporates.”**

— Felix Grevy, VP of Product, Open API and Connectivity for Kyriba

A common frustration among treasury and finance leaders is a lack of centralized visibility across multiple departments, liquidity and payments. Open API platforms act as a conduit between disparate teams and systems, allowing for real-time connections to apps, data, and new products and services. Open API platforms reduce manual processes, and deliver composable technology solutions, enabling corporate and bank users to inject data-driven decision-making into every financial operation.

### APIs for Bank Connectivity

It's important to note that banks and technology solutions providers that are managing open platforms are not replacing legacy formats like FTP and SWIFT with APIs. Instead, they are offering APIs as a complement to these formats. Following the advent of PSD2, European banks have begun using “premium” APIs, which are open APIs with greater functionality.



**The difference between the PSD2 APIs and premium APIs is that premium APIs are more powerful,” Grevy said. “You can retrieve balances and do instant payments. And they are much more secure, and much more appropriate for integration with an ERP or treasury management system (TMS).”**

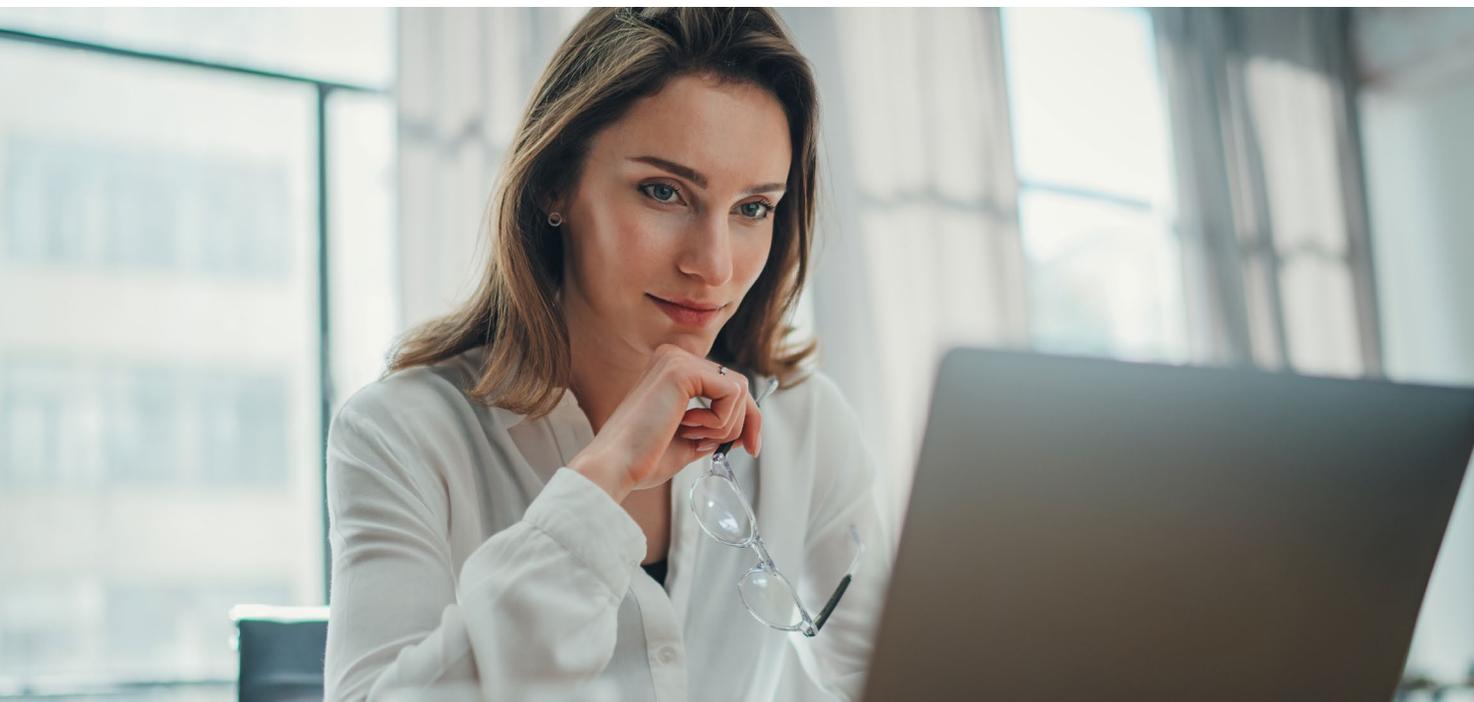
Banking services optimized via API vary, some examples include:

- **Bank Groups**
- **Branch Reporting**
- **Bank Account Groups**
- **Cash and Cash Flow Reporting**



However, the rollout has been slow. Most banks are not using APIs in live production yet, and many of the ones that do use APIs only offer them for certain real-time services—meaning that multiple connectivity options are needed to fully support a treasury and finance team. Furthermore, most technology vendors only offer no functionality beyond bank connectivity and can only connect one ERP to a bank.

Nevertheless, API connectivity brings key advantages over a file-based approach, such as immediate response from banks, and the ability to receive new data and notifications in real-time. So while adoption may be slow and gradual, the advantages to the end user are clear.



### ERP Connectors

ERP platforms like SAP, Oracle and MS Dynamics have major efforts to develop and embed APIs into a wide array of functions and workflows. Luckily, for IT and Finance functions aren't required to do the heavy lift; these APIs are plug-and-play and enabling more and more core integrations and reporting capabilities.

### Cash Management

APIs offer organizations the ability to manage cash continuously and in real-time. Rather than relying on batch reporting that is constrained to pre-determined times throughout the day, treasury teams can now access reports as needed.

Receiving un-batched, real-time liquidity information greatly improves cash reconciliations, cash application, and accuracy of liquidity overall.

This will, in turn, change the mechanics for best-practice cash forecasting and lead to the production of intraday liquidity products, such as hourly investing.

Allowing treasury professionals to access their cash outside of previously "normal" hours not only expands the scope in which organizations can leverage their liquidity, but also allows treasury to make greater strategic contributions.

APIs also allow treasury and finance to track sufficient movements in and out of the accounts throughout the day. That visibility can help organizations to make significant intraday decisions instead of end of day or overnight.

**REAL-TIME DATA EXCHANGE =**  
**Investing and Borrowing in Real-Time**  
→ **Intra-day Liquidity Products**



## Payments

APIs can streamline the entire payment journey. Instead of relying on batch processes that transmit at several pre-determined times each day, APIs allow payments to be initiated from treasury management systems and ERP systems as needed—even in real time.

In fact, real-time payments require APIs. Simply put, if you want payments to settle instantly, you can't rely on file transfers. Using File Transfer, bank files are extracted, reformatted, encrypted, and downloaded by the treasury platform—a process that takes five to ten minutes at least. Once balances are known, the process to send and confirm a payment is another five to ten minutes at minimum. APIs, in contrast, can query a bank balance and then send a real-time payment instantly without the transfer of any files. With the rapid increase of both domestic real-time payment systems (The Clearing House's RTP and FedNow in the U.S.) and cross-border platforms (SEPA Instant, SWIFT Go, and Nexus) APIs are a necessity for businesses who want to deliver instant payments.

Leveraging APIs to utilize real-time payments not only revolutionizes the initiation and acknowledgement process, but also the ability to mitigate fraud.

While the 2022 AFP Payments Fraud & Control Survey found that business email compromise scams have decreased recently, they are nevertheless still a persistent threat. Since real-time payments don't afford users the opportunity to identify fraudulent transactions after transmission, fraud mitigation strategies must now be included in the approval process. Building APIs into the payment platform allows users to fully automate bank account validation and payment policy screening, identifying exceptions. Outliers can be flagged and set aside for review, while all other payments travel seamlessly as intended.



## Creating Flexible Reporting and Information Systems

APIs are far more than just connectors to banks and ERPs. APIs can revolutionize the ways in which treasury and finance operate both internally and holistically.

APIs offer the ability to create a flexible, custom, data warehouse that could exist within your TMS, as some treasury systems can act as a single source of record. When other systems have limited functionality, your data warehouse can fill the gaps through provision of market data, financial transaction specifics such as portfolio, project or risk-related information to deliver a quick, flexible source of weekly treasury reporting. Regardless of where your data is stored, APIs establish the means to integrate various data sources within a single repository or warehouse. Second, APIs allow treasury and finance to automate beyond task automation, which streamlines the organization's own capabilities. APIs enable process automation, which simplifies and entire workflow like the entire payment journey. Entire systems and processes can be brought together more easily via APIs.

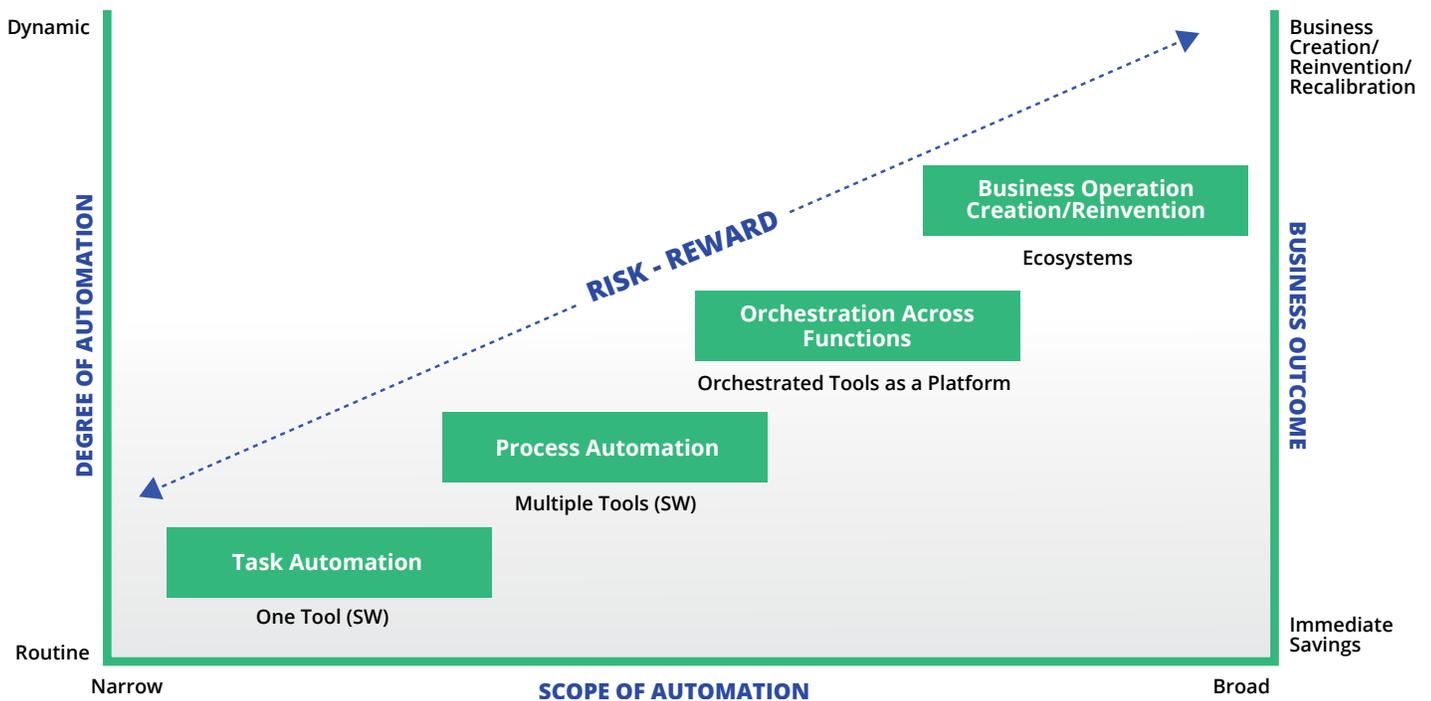
Both automation and the extent of the functional coverage facilitate composable financial management systems. When networks of personalized systems, reports, dashboards, and efficient workstreams are enabled and integrated by APIs, treasury and finance teams can then focus on accelerating innovation and cost-reduction projects. ERPs, while critical, are not the only system requiring strong integration and the exchange of information for stronger decision-making. APIs are the glue that holds all of these components together and APIs change the efficiency and real-time capabilities for treasury and finance leaders.

APIs are more than just pre-built, pre-developed connections. They change the way that treasury and finance leaders consume information and take action on that information.



**CFOs and CIOs, hand in hand, are recognizing that we need APIs to bring everything together to accelerate the innovation,” Stark said. “Before APIs, the way that you’re making a composable financial system is by using custom interfaces, manual clicking and logging into systems and, if you’re lucky, a little bit of RPA. APIs are perfectly suited to improve process automation, linking multiple systems and workflows together, because they allow finance teams to build a system of multiple components.”**

**Figure 1. Progression of Hyperautomation Initiatives**



Source: Gartner, 2021

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## About Kyriba Corp.

Kyriba empowers CFOs, Treasurers and their IT counterparts to transform liquidity as a dynamic, real-time vehicle for growth and value creation. Kyriba is a secure, scalable SaaS platform that leverages artificial intelligence, automates payments workflows, and enables thousands of multinational corporations and banks to maximize growth, protect against loss from fraud and financial risk and reduce operational costs. For more than 2,500 clients worldwide, including 25% of Fortune 500 and Euro Stoxx 50 companies, Kyriba manages more than 1.3 billion bank transactions per year, and 250 million payments for a total value of \$15 Trillion annually. Kyriba is headquartered in San Diego, with offices globally. For more information, visit [www.kyriba.com](http://www.kyriba.com).