



Virtual accounts: a convenient and efficient way to manage client funds

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Certain types of businesses can manage large sums of money on their clients' behalf. These businesses include councils and social care providers, debt and insolvency practitioners, law firms, pension fund providers, property managers and stockbrokers.

When holding client funds, they often have to comply with regulatory or client requirements relating to access, audit, interest administration, security and segregation. Since it is expensive and impractical for them to maintain a separate bank account for every client they work with, they usually pool money from all their clients into one, ring-fenced, 'client account'.

Advances in online banking mean that the manual process for managing client money is being superseded by virtual account platforms.

The problems with traditional accounts

In the past, the process of managing this single client account would have been a heavy drain on time and resources because of the need to accurately match monies with clients. Staff members would use spreadsheets to track the funds going in and out of the account, and manually reconcile payments with individual clients. Not only was this process laborious and prone to error, it did not provide a timely view of the account status, since reconciliation was usually only completed on a weekly or monthly basis.

The rise of virtual accounts

Advances in online banking mean that the manual process for managing client money is being superseded by virtual account platforms. The concept behind these software-based platforms is simple. While all client funds continue to be paid into one bank account, the money is then allocated to different virtual accounts associated with the main account.



The platforms also have useful reporting functionality and, crucially, the ability to produce a statement of account for clients.

Each virtual account has its own unique reference number and links to a specific client. Yet it only exists in the context of the software platform; it is not a 'real' bank account in the way that the main client account is.

With a virtual account platform, it is easy and quick for a business to open and close virtual accounts on behalf of clients, search for particular transactions, calculate interest owed and make payments. The platforms also have useful reporting functionality and, crucially, the ability to produce a statement of account for clients. Overall, they are a very convenient way for businesses to simultaneously pool and segregate client money while offering up-to-date visibility of funds.

The benefits of virtual accounts

Businesses that use virtual account platforms find that they reduce the workload and challenges associated with managing client money. Incoming payments to the main account are reconciled with the virtual accounts on a daily basis. It is a largely automated process, since a payment reference specifies the virtual account that the payment must be allocated to. As a result, staff members only need to manage a small percentage of transactions that do not automatically reconcile. This lessens the likelihood of them making an error and frees them up to focus on other important tasks.

Barclays' Multi-Account Platform (BMAP)

Barclays offers its own virtual account platform, known as the Barclays Multi-Account Platform (BMAP). Accessible via an internet browser, it can also be integrated into an in-house treasury or fund-management system. Essentially, it is a self-service facility that allows a business to manage high volumes of virtual accounts without needing to contact Barclays.

As well as offering account opening and closing functionality, visibility of balances, flexible interest rate management, automatic reconciliation and the ability to easily manage exceptions, BMAP has a host of other benefits. It can be used to make payments via Bacs, CHAPS or Faster Payments, or to transfer funds between accounts.

For businesses that generate large volumes of payments and have a treasury management system (TMS), BMAP supports secure straight-through processing of payments between the TMS and Barclays. It also has a rich suite of reports, which can be downloaded in CSV or PDF format, and a flexible authorisation model so that businesses can create user controls that meet their particular needs, as well as mandate requirements.

BMAP has advanced security features and maintains an audit trail of activities, with data being archived for up to seven years. Users of the platform receive automatic upgrades and additional features as soon as they are released and can access comprehensive training and ongoing customer support via a dedicated helpline. Soon BMAP will be integrated into Barclays iPortal, which gives Barclays' corporate clients a single point of access to all their products and services.

Find out more

Ultimately, virtual accounts are ideal for businesses that want to manage their client funds in a convenient, secure, straightforward and transparent way.

To find out more about virtual accounts and how the Barclays Multi-Account Platform can support your success, contact:

- **Your Relationship Team (if you are an existing Barclays client)**
- **Your Barclays contact or the New Client Team on 0800 015 4242 (if you are new to Barclays).**

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