Bank charges & Fees

Cause	Solutions & benefits
Excessive Account Maintenance Fees Banks charge a monthly fee per account held with them, hence organizations with a large number of accounts often find the fees can be excessive.	A commonly used tool to reduce the number of accounts required by an organization and increase efficiency is the use of an **In-House Bank (IHB).** By introducing an IHB structure with centralized FX settlements, inter-company netting and payments or collections 'on behalf of' (also known as POBO/COBO), an organization can drastically reduce the need for each business unit to maintain multiple foreign currency accounts in addition to local currency operating accounts, bringing efficiencies and cost savings to the organization. See here for more in-depth details of the benefits of introducing an IHB: How the in-house bank improves visibility and liquidity controls
Excessive Payment Fees Banks charge a fee for each payment processed, meaning not only external supplier payments but also inter-company transfers come at a cost.	The introduction of an IHB structure with a centralized 'payments on behalf of' arrangement further enables the use of a **Payment Factory** to aggregate payables from various business units to a single supplier, known as payment netting. An example of this is where 3 business units would make 3 separate payments to the same supplier, thus incurring 3 separate payment fees – by netting the 3 payments into one lump sum, fees are significantly reduced. Also, IHBs help to streamline inter-company cash transfers by enabling netting of inter-company payments across internal accounts with the IHB thereby reducing the number of payments processed through external banks.