

Treasury Management in Modern Fintech: A Comprehensive Guide

Introduction

Treasury is the lifeblood of a financial company, responsible for managing cash, investments, and financial risks to keep the business running smoothly and safely. In a startup building a digital wallet, understanding treasury is crucial – it ensures you have enough liquidity to meet customer withdrawals, manages currency exchanges behind the scenes, and safeguards funds through proper banking and compliance structures. This guide serves as a comprehensive “book” on treasury management, with a focus on modern fintech practices. We will explore the fundamentals of treasury (what it does and why it’s important), dive into how new fintech architectures (like Banking-as-a-Service and APIs) are transforming treasury operations, and examine case studies of **Airwallex** and **Brex** – two cutting-edge fintechs – to see how they design and run their treasury functions. Along the way, we will include diagrams and workflow examples to visualize how treasury integrates with broader finance and product systems. Finally, we provide practical frameworks and a step-by-step roadmap for a startup founder to implement treasury management in a digital wallet company.

Whether you’re a founder, CFO, or product manager, this guide will help you navigate the world of treasury – turning what might seem like a complex back-office function into a strategic asset for your startup’s growth and stability. Let’s begin with the basics of what treasury is and why it matters, then progress to modern innovations and real-world fintech examples, and conclude with actionable advice for building your own treasury operations.

(In this guide, we use “treasury” to refer to the treasury management function within a company, not a government treasury. All currency symbols are in USD unless otherwise noted.)

Chapter 1: Treasury Fundamentals – Role, Responsibilities, and Importance

Every company – from a two-person startup to a Fortune 500 giant – needs to manage its money. This is the core mission of the treasury function. But treasury is more than just keeping the checkbook. It is the *strategic oversight of an organization's financial assets, liquidity, investments, and risk management activities* ¹. In other words, treasury acts as the financial nerve center of a business, optimizing daily cash needs and shaping long-term financial strategy.

1.1 What Does a Treasury Department Do?

At its core, the treasury team ensures the company always has the cash it needs, invests any excess funds wisely, and controls financial risks. Key responsibilities of treasury include:

- **Cash and Liquidity Management:** Monitoring and forecasting cash flows to ensure the company can meet its obligations at all times. This involves maintaining optimal working capital and liquidity buffers for unexpected needs, while finding ways to earn yield on idle cash ². For

example, a treasury might sweep excess cash into short-term investments overnight and bring it back for operations by morning.

- **Financial Risk Management:** Identifying and mitigating risks related to finances, especially foreign exchange (FX) and interest rate risks. Treasury uses hedging strategies, such as forwards or swaps, to protect against currency or rate fluctuations that could impact the company's earnings ³. Treasury also manages **counterparty risk** (ensuring banks or partners holding your money are safe) and ensures **compliance** with financial regulations in all jurisdictions.
- **Banking Relationships:** Serving as the main interface between the company and banks or financial institutions. Treasury negotiates banking services and fees, sets up credit lines or loans for the company, and maintains a network of banking partners in different regions ⁴. Strong banking relationships are crucial if the company needs additional cash (e.g. drawing on a credit facility) or face an economic downturn – banks that know the company can be more supportive.
- **Funding and Capital Management:** Deciding how to fund the business's growth and operations. Treasury might manage issuance of debt, working with lenders, or optimize the mix of debt vs. equity. They also oversee any *investment portfolios* the company has for its surplus cash, balancing safety, liquidity, and return ⁵. In a startup, this could mean managing the money raised from investors – keeping it safe, but also earning some return if possible.
- **Operational Support & Payments:** Overseeing the flow of money in and out of the company on a daily basis. Treasury often controls accounts payable and receivable processes, ensuring vendors get paid on time and customers pay what is owed. They optimize payment processes and may implement systems for **cash collections**, billing, etc., to streamline operations ⁶. In many companies, treasury also handles *cash flow forecasting* – predicting when money will come in or go out – to avoid surprises.
- **Strategic Insight:** Beyond day-to-day operations, a good treasury provides insights for big decisions. Treasury analyzes the company's financial position and can advise on major moves like mergers & acquisitions or entering new markets ⁷ ⁸. For example, if a startup is expanding to a new country, treasury would plan how to bank in that country, how to handle currency conversion, and ensure funds are available for the expansion.

In essence, treasury balances **safety** (protecting the company from running out of cash or losing money to risks) with **efficiency** (making every dollar work as hard as possible). It's a continuous juggling act between liquidity, risk, and profit.

1.2 Treasury in Startups vs. Large Enterprises

While the goals of treasury are similar in any company, the *scope and approach* can differ greatly between a bootstrapped startup and a global enterprise:

- **Early-Stage Startups:** In a young startup, there might not be a formal treasury team at all – often the CEO or CFO handles basic treasury tasks. The focus at this stage is very simple: make sure there's enough cash to pay the bills and keep the business running. For example, a seed-stage startup that has raised \$1M will keep most of it in a basic business bank account (and perhaps a bit in a savings or money market for slight interest) ⁹. They'll do basic cash flow management: monitoring how many months of runway (cash) are left, planning for upcoming expenses like payroll, and maybe setting aside a small buffer for surprises. **Liquidity** is king at this stage – sophisticated investments or FX hedging are usually not relevant if the business is only in one currency and burning cash. Many very early startups simply use one bank account and focus on not overspending.
- **Growth-Stage Startups:** As a startup raises larger rounds (Series B, C, etc.) and starts generating meaningful revenue, its cash balances grow and financial operations become more

complex. At this point, it's common to **hire a dedicated person or small team for treasury** (often a Finance Manager or CFO with a treasury analyst). The treasury focus expands to *optimizing and protecting a larger cash reserve*. For example, a Series C startup with \50M in the bank will not want that all sitting idle in a checking account. They might use **treasury management services** to sweep funds into safe investments like government money market funds or short-term bonds ¹⁰. They will also start more detailed cash forecasting – projecting cash needs 12+ months out – and possibly manage **foreign currency** if the company is selling internationally. At this stage, startups start to implement more automation (using finance software) to handle payments and collections, and they may use multiple bank accounts for different purposes (operational cash vs. investment accounts, etc.). A growth-stage startup often has *one or two team members* focused on treasury, using modern tools to manage finances efficiently ¹¹.

- **Late-Stage and Enterprises:** When a startup “graduates” to become a large enterprise (think companies on track for IPO or already public), treasury becomes a *specialized department* with multiple teams. For instance, **Apple’s treasury manages over \200 billion in cash reserves** – more than the reserves of many countries’ central banks ¹². Large enterprises have *entire teams for different treasury functions*: one team might focus on FX risk management (hedging the company’s global currency exposures), another on investments of excess cash, another on debt issuance and capital markets, and another on daily cash operations. They use sophisticated **Treasury Management Systems (TMS)** – software that connects to dozens of bank accounts globally, aggregates real-time balances, and helps automate transactions. The importance of treasury in a large firm is huge: mismanaging a \1B portfolio by a small percentage could mean losing millions. So enterprises emphasize strong **internal controls** (multiple approvals for movements of cash), detailed policies, and contingency plans (like backup credit lines or disaster recovery for payments). Treasury in big companies is not just protecting against downside; it’s also about *strategic value*. For example, a well-run treasury can contribute to profits by reducing interest costs or capturing favorable FX rates, and it can support strategic deals (having cash ready for an acquisition at the right time). As one guide puts it, as businesses mature, “smart corporate treasury management isn’t just nice to have – it’s essential” ¹³.

- **Example – Working Capital at Different Scales:** A startup and an enterprise will both manage *working capital* (the cash tied up in day-to-day operations), but how they do so differs. A small startup might simply delay some vendor payments to manage cash, or use a credit card (like Brex) to extend their payables by 30 days. A large enterprise might run a *sophisticated working capital program* using instruments like supplier financing or dynamic discounting with dozens of suppliers, and use short-term commercial paper to fund inventory – all overseen by treasury. The sophistication grows with the scale.

Despite the differences, the **core principles** of treasury remain: understand where your cash is, where it’s going, and how to deploy it for the best interest of the company while controlling risks. The good news for startups today is that they can leverage modern banking and software solutions to achieve *outsized treasury capabilities* even with a small team ¹⁴. We will explore these modern tools in the next chapter.

1.3 Why is Treasury Important for a Startup?

For a startup founder, “treasury management” might sound like something only big corporations worry about. But even at a startup, treasury is extremely important. Here’s why:

- **Preventing Cash Crises:** Startups often operate with tight cash runway. Treasury practices (like cash forecasting and maintaining liquidity buffers) help ensure you don’t wake up one day and find you can’t make payroll. It imposes discipline to plan for the *valley of death* periods of negative cash flow.
- **Optimizing Use of Investor Funds:** If you raised a few million dollars, that money needs to last perhaps 18-24 months. Sitting it all in a no-interest bank account is a missed opportunity, especially in 2025’s higher interest environment. A basic treasury step is to put surplus cash into safe, interest-bearing accounts so you **maximize returns on idle funds** ¹⁵. For example, moving excess cash into a money market fund yielding 4-5% can generate extra months of runway without any operational effort.
- **Risk Mitigation (Even for Small Firms):** While a tiny startup might not deal in multiple currencies or complex derivatives, they still face risks. For instance, if your startup stores all funds in one bank, you have *single-bank risk* – as many learned during the 2023 Silicon Valley Bank collapse. Good treasury practice would diversify funds (using multiple banks or an insured cash sweep – more on this later) to protect against a bank failure ¹⁶ ¹⁷. Another example: if your startup relies on revenue from overseas or remote contractors, currency swings could affect you; treasury might decide to convert currency right when a payment is received to avoid FX risk.
- **Enabling Growth and Strategy:** As soon as a startup begins expanding (new markets, new products), having treasury basics in place smooths the journey. Want to launch in Europe? Treasury will handle setting up EUR accounts and moving money abroad. Considering an acquisition? Treasury input on how to finance it (debt vs equity) and how it affects cash flow is vital. Essentially, treasury management is *foundational* to execute ambitious plans without stumbling financially.
- **Investor and Stakeholder Confidence:** Savvy investors ask questions about how a startup’s cash is managed. Showing that you have a handle on treasury – e.g., “We keep 6 months of expenses in a liquidity reserve and invest the rest in T-bills” – signals that the team is responsible and won’t squander the funding. It can also be the difference in weathering a downturn. A company that manages its cash well might survive a recession where others fail. As one startup-focused analysis noted, *enhanced decision-making, improved cash flow, reduced risk, and increased efficiency* are key benefits of even a basic treasury program ¹⁸.

In summary, **treasury is important at any size**. In a startup, it might be 20% of someone’s job rather than a full department, but those few tasks (like planning cash and optimizing accounts) can make an outsized difference. As the startup grows, treasury naturally evolves from a simple set of tasks into a more structured function with greater impact on strategy and operations.

Before diving into modern approaches, here’s a quick glossary of treasury terms that will be used throughout this guide:

- **Liquidity:** The ability to meet short-term obligations – often measured by cash on hand and assets that can quickly be turned into cash. A “liquidity buffer” is extra cash set aside for emergencies.
- **Working Capital:** The capital used in day-to-day operations (current assets minus current liabilities). Managing working capital involves timing of payables and receivables to ensure liquidity.

- **Hedging:** Using financial instruments to reduce risk. For example, buying a forward contract to lock in an exchange rate is hedging against FX risk.
- **Cash Sweep:** An automated movement of excess cash into a higher-interest account or investment (and back, when needed). Many fintech bank accounts offer sweep into money market funds or across banks for insurance.
- **TMS (Treasury Management System):** Software that helps manage treasury operations, from tracking bank balances to executing trades and payments, often with connectivity to banks.

(We will expand on more terms in the Glossary at the end of the book.)

Now that we've covered what treasury is and why it matters, let's look at how technology is revolutionizing treasury management – especially relevant for fintech startups building digital wallets.

Chapter 2: Modern Fintech Treasury – Banking-as-a-Service, APIs, and Real-Time Data

Treasury management has been around for decades, but **today's fintech environment has transformed how treasury operates**. Historically, corporate treasury was dominated by manual processes and legacy systems: logging into bank portals or even faxing wire instructions, waiting for end-of-day bank statements to see balances, and using spreadsheets to track cash positions. Modern fintech startups, by contrast, are built on real-time, automated financial infrastructure. This chapter explores how new technologies – particularly Banking-as-a-Service platforms and APIs (Application Programming Interfaces) – enable a *real-time, embedded* approach to treasury. The result is faster, more efficient, and more integrated treasury operations than ever before.

2.1 From Legacy to API-Driven Treasury

In traditional treasury operations, if a treasurer wanted to know the company's cash position across, say, 10 bank accounts, they might wait for each bank to send a daily statement or log into each bank's website to check balances. Payments were initiated by uploading files or using bank proprietary software. This was slow and siloed. Enter the era of **open banking and APIs**: now, software can directly interact with banks in real-time.

APIs (Application Programming Interfaces) allow different software systems to communicate instantly in a structured way. In treasury context, APIs let a company connect its internal finance software directly to bank systems and other financial services. Instead of a human logging in to a bank, the *treasury system can pull data or push transactions automatically via code*. As a 2025 treasury report notes, APIs have become “a cornerstone of modern treasury operations,” enabling real-time data access and process automation ¹⁹ ²⁰ .

Some key changes with API-driven treasury are:

- **Real-Time Cash Visibility:** Treasury can obtain *on-demand, real-time bank balances* and transaction details from multiple banks via API ²¹ . Gone are the days of waiting for yesterday's closing balance reports. A treasurer can see a consolidated dashboard of all cash across the world up to the last few seconds. This up-to-the-minute view greatly improves decision-making – for example, knowing exact cash available right now to invest or needing to transfer funds between accounts.
- **Embedded Payments and Collections:** Through payment APIs, companies can initiate payments (ACH transfers, wires, even real-time payments like RTP or FedNow) directly from their

internal systems ²² . For a digital wallet startup, this means your platform could programmatically instruct the bank to send money to a user or pull money from a user's linked account without human intervention. It's faster and less error-prone than file uploads or manual entry. APIs also provide immediate feedback on payment status (confirmation, errors) ²³ , allowing treasury to react quickly if something fails.

- **Automation of Treasury Workflows:** Many treasury tasks that were manual can be automated. For example, reconciling payments – matching incoming payments to invoices or user accounts – can be handled by software that listens for real-time transaction data via APIs and matches it with records, drastically reducing human workload ²⁴ . One treasury technology provider notes that an API-first approach “allows businesses to automate their finance operations and gain real-time visibility into cash flow” ²⁵ . This automation frees treasury staff from repetitive tasks (like data entry) so they can focus on analysis and strategy ²⁶ .
- **Better Integration with Internal Systems:** Modern treasury connects seamlessly with ERP (Enterprise Resource Planning) systems or accounting software. APIs enable pushing and pulling data between the company's general ledger, its treasury management system, and banks. This means when treasury executes a transaction, it can automatically update accounting records. It also means treasury can incorporate operational data (like sales figures or payables due) in real-time to forecast cash. The treasury system effectively becomes a hub linking banks and the company's own systems into one coherent flow of data ²⁷ .
- **Open Banking and Regulatory Support:** Regulatory initiatives like **PSD2** in Europe mandate banks to offer APIs for account information and payment initiation to third-party providers (with customer consent) ²⁸ ²⁹ . This has accelerated banks in building modern API platforms. For fintech startups, this is a boon – you can often leverage these APIs (directly or through aggregators) to connect to customers' bank accounts, or to use banking services in your app. Open banking essentially cracked open the data that was locked in banks, allowing fintechs to build on top of banking infrastructure. Corporate treasuries benefit as well, as banks now often provide premium API services for treasury (for example, JP Morgan's treasury APIs or Citi's API portal).
- **Banking-as-a-Service (BaaS):** Parallel to open banking, **Banking-as-a-Service** platforms emerged. These are tech companies that have integrated with multiple banks and offer fintechs a “bank-in-a-box” via APIs. Instead of a fintech building connections to each bank and dealing with each one's API nuances, BaaS providers like Treasury Prime, Synapse, or Unit (to name a few) provide a unified API and handle the banking relationships behind the scenes. For a digital wallet startup, a BaaS can allow you to open and hold bank accounts, issue cards, and move money through an API without directly managing each bank integration. BaaS effectively outsources much of the heavy lifting of banking connectivity and compliance (they often provide the licensed bank partnership). This means a startup's small treasury/engineering team can plug into a robust banking infrastructure from day one. Both **Airwallex** and **Brex** – our case studies – can be thought of as advanced BaaS platforms in some respects, offering their customers integrated financial services.

Illustration: Modern Treasury Integration. The following diagram shows a simplified view of how a treasury function in a fintech integrates with various systems through APIs and real-time data. The “Treasury System & Team” is at the center, connected to the digital wallet platform, banking partners, FX/Investment providers, Finance/Accounting systems, and Risk/Compliance systems. Solid lines indicate the flow of funds or instructions, while dashed lines indicate reporting and data flows (often regulatory or compliance-related):

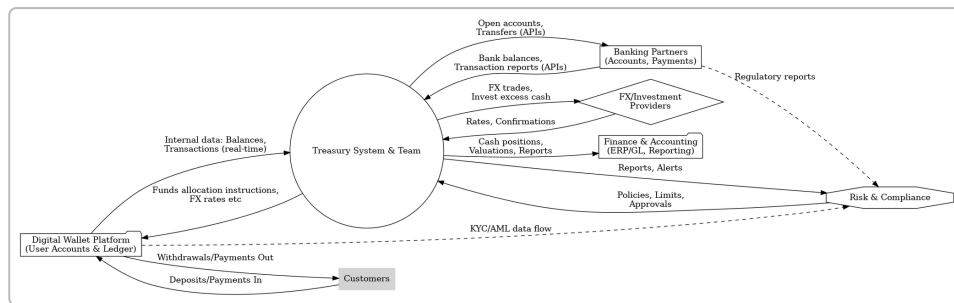


Figure 2.1: Treasury Integration in a Fintech Architecture. *In a modern fintech, the treasury system (center) acts as a hub connecting internal product systems (digital wallet ledger and app) with external financial partners (banks for accounts/payments, FX and investment providers for currency conversion or investing surplus). It also links with internal finance/accounting for reporting, and risk/compliance for oversight. Customers interact with the wallet platform (e.g., depositing or withdrawing money), and treasury ensures those funds are properly managed across bank accounts and currencies. APIs and real-time data allow instant flow of information: for example, the treasury system can query bank balances or initiate transfers via API, and can get real-time FX rates. This connectivity yields a unified, timely view of cash and a high degree of automation in managing it.*

The diagram highlights how **embedded** treasury has become. Instead of a siloed department working through emails and spreadsheets, treasury now is often built into the fintech's platform from the start. For instance, in a digital wallet product, when a user adds money, an API call might automatically move that money from a user's bank into a pooled account and update the internal ledger – that's treasury operations happening in real-time in the product flow.

2.2 Benefits of Real-Time, API-Driven Treasury

Adopting modern API-based treasury operations offers several tangible benefits ³⁰ ³¹ :

- **Enhanced Visibility:** Real-time balance info from multiple banks means a treasurer always knows exactly how much cash is available and where it is. This improves cash management – you can make quicker decisions such as moving funds from a low-balance account to another to cover payments, or investing surplus immediately when it appears. Improved visibility also means better **cash flow forecasting**, since you're working with up-to-date data rather than yesterday's figures ³² .
- **Speed and Efficiency:** Processes that took hours or days can be done in seconds. For example, initiating a wire transfer via an API can happen instantly, rather than preparing a file and waiting for a bank's cut-off time. Real-time payment status updates mean you don't waste time wondering if a transfer went through ³³ . Automation of reconciliation means the books are always almost up-to-date without a person reconciling line by line. Overall, treasury teams can be much leaner because software handles the heavy lifting – it's reported that leading firms using automation save thousands of man-hours per year in their finance operations ³⁴ .
- **Integrated Risk Management:** APIs can pull not just internal data but also market data (like FX rates, interest rates) in real time. This allows treasury systems to, for example, automatically alert if an exchange rate moves beyond a threshold or even execute a hedge trade via an API to an FX platform instantly. Treasury can set rules in their system (like "if our cash in EUR exceeds €X, convert the rest to USD") that the system carries out automatically. In essence, real-time data enables a proactive approach to risk – you see things as they change, not weeks later in a report.
- **Cost Reduction:** Maintaining multiple proprietary bank connections or manual processes has costs – either direct (bank fees for file transmissions) or indirect (staff time, errors). Standardized APIs reduce these costs by simplifying connections and enabling straight-through processing

³¹ . Also, better cash visibility often means lower financing costs: e.g., if treasury knows there's excess cash in one account, they can use it to pay down a debt facility sooner and save interest.

- **Innovation and Flexibility:** Perhaps the biggest benefit is that treasury is no longer stuck with whatever old system the bank provides. With APIs, a corporate treasury can plug in new fintech services easily. Want better FX rates? Connect to a fintech FX broker's API. Need a more powerful analytics dashboard? Pull your data into a business intelligence tool. The modular, API-driven approach means treasuries can customize their tech stack. They can even embed banking services into other workflows – for instance, integrating payment initiation into the company's internal tools (like triggering vendor payments directly from the procurement software). This also allows **treasury-as-a-service** models, where a fintech (like Airwallex) provides treasury infrastructure to clients via APIs (we will discuss this more with Airwallex's case).

In short, the modern treasury is **real-time, automated, and integrated**. As one industry source put it, the question now is not *if* treasury will be API-driven, but *how quickly* companies will adopt it, as those who do will be best positioned to optimize operations and manage risk ³⁵ .

2.3 Fintech Architecture in Practice: Banking Partners and Safeguards

For a startup building a digital wallet, there are some practical architectural components to consider, which modern treasury approaches enable:

- **Pooled vs. Segregated Accounts:** Many fintech wallets operate on a model where user funds are held in pooled accounts at a bank (often called FBO – “For Benefit Of” accounts, where one legal account holds many customers’ funds tracked internally). Treasury’s job is to manage that pool: making sure the total in the bank matches the sum of user balances on the platform, and moving money in/out as users transact. APIs allow constant monitoring of that and even transaction-by-transaction updates. Some setups use **segregated accounts** (each user gets their own sub-account at the bank). Modern treasury infrastructure (like Airwallex's platform) actually allows fintechs to *automate the creation of sub-accounts via API* ³⁶ – meaning you can give each customer their own bank account details instantly, something impossible at scale without fintech APIs.
- **Safeguarding and Insurance:** Fintech startups must consider how to protect customer funds. We saw with SVB's collapse that holding more than the insured limit in one bank is risky. Fintech platforms today use **insured cash sweep networks** to spread funds. For example, Brex and Mercury use sweep networks to distribute deposits across 20 or more partner banks so that up to \$5–6 million can be FDIC-insured for each customer ³⁷ . And they do this behind the scenes automatically. Treasury operations need to handle this: one part of the cash may sit in Bank A, another in Bank B, etc. Modern treasury software will track that splitting and ensure liquidity (Brex's solution, for instance, keeps all funds accessible even while spread, by letting users withdraw from the network seamlessly) ³⁸ . We'll detail this in Brex's case study.
- **Compliance and Regtech Integration:** A fintech dealing with money must adhere to KYC (Know Your Customer), AML (Anti-Money Laundering), and other regulations. Modern treasury systems often integrate compliance checks into money flows. For instance, if a large withdrawal is initiated, an automated check might query an AML database or flag for review. Fintechs also often have to report customer fund levels to regulators or safeguarding trustees; having real-time records and API queries makes generating compliance reports much easier. We mention this here because it's an area where treasury, tech, and compliance intersect heavily in fintech. Airwallex, for example, provides APIs and tools for compliance needs as part of its platform ³⁹ ⁴⁰ , so fintechs building on it can meet requirements more easily.
- **Use of Third-Party Platforms:** A startup doesn't have to build everything from scratch. There are fintech SaaS tools focused on treasury (e.g., Modern Treasury for payments reconciliation

⁴¹, Trovata for cash forecasting, etc.) that can be part of your architecture. Many startups use such tools to get going quickly. However, others like Brex decided to build a lot in-house (Brex built their own ledger, integrations, and even an AI-driven finance automation suite ⁴²).

To concretely illustrate modern treasury in action, let's now turn to two case studies: **Airwallex** and **Brex**. We'll see how each of these fintech companies has built their treasury operations and infrastructure – and how they offer treasury solutions as part of their product. These will provide real-world context that will inform our later guidance for your own startup's treasury implementation.

Chapter 3: Case Study – Airwallex's Global Treasury Platform

Airwallex is a fintech unicorn founded in 2015, known for its global payments and foreign exchange solutions. It provides businesses with multi-currency accounts, international fund transfers, card issuance, and more – essentially a financial platform to operate globally without a traditional bank. A key part of Airwallex's secret sauce is its **treasury infrastructure**: it built a network of banking partnerships and a software platform that allow money to move and be managed worldwide in a seamless way. In this chapter, we examine how Airwallex approaches treasury management, both for its own operations and as a service to customers, and what a digital wallet startup can learn from it.

3.1 Overview: Airwallex as a "Treasury Infrastructure" Provider

From the beginning, Airwallex's business model has been about making international finance easier. One way to think of Airwallex is as a **global treasury outsource** for companies. Instead of a business needing to open bank accounts in each country, handle FX conversions manually, and juggle banking portals, Airwallex provides a one-stop platform to do all that through a web app or API. In fact, Airwallex explicitly markets a product called "**Global Treasury**" for platforms and businesses ⁴³ ⁴⁴.

So what does Airwallex's treasury platform offer? According to their documentation and interviews:

- The ability to **open local bank accounts on-demand** in various countries (these are often called Global Accounts). These accounts come with local bank details (like an account number, routing code, IBAN, etc.), and can be created with just a few clicks or API calls ⁴⁵. This solves a big treasury headache: traditionally, if a company wanted a bank account in, say, Germany, they'd have to apply at a German bank, provide documentation, and wait weeks. With Airwallex, a user can instantly get, for example, a EUR account in France or GBP account in the UK, which is actually a sub-account under Airwallex's network.
- **Collect and hold funds in multiple currencies** without forced conversion. Businesses using Airwallex can receive payments from customers or partners in different countries into local accounts and *store those funds in the original currency* in a multi-currency wallet ⁴⁶ ⁴⁷. This avoids the typical bank practice of auto-converting everything to your home currency (with high fees). Airwallex essentially lets you be your own mini bank – you only convert when you want to, and at very good FX rates.
- **Make payouts and transfers globally** through a single interface. Airwallex connects to local payment networks in 150+ countries, meaning it can route payments efficiently and cheaply. If you need to pay a supplier in China or reimburse an employee in Australia, you instruct Airwallex and they handle sending the money through the appropriate local clearing (often much cheaper than an international wire) ⁴⁸.
- **FX conversion at interbank rates**: Airwallex provides a FX engine so you can swap currencies in your wallet at near-market rates (plus a small spread). Treasury-wise, this means you can manage currency exposure: e.g., convert USD to GBP when the rate is favorable, or if you have

GBP expenses coming up ⁴⁹. They give you control to convert funds when you choose, instead of every transaction individually at whatever rate the bank offers.

- **Integrated controls and visibility:** The platform offers fine-grained user permissions and approval workflows for transactions ⁵⁰. For instance, a company's treasurer can set that any transfer above \$100k needs two approvers, etc., all managed in the app (no forms to submit to a bank). Airwallex also supports **multi-entity management**, meaning if your company has subsidiaries in different countries, you can manage all their accounts from one dashboard, rather than logging into different bank accounts for each entity ⁵¹. This unified view is a boon for treasury teams managing complex structures.
- **Developer-friendly API:** Everything Airwallex offers on its platform is also available via API, so fintech startups (or any business) can embed Airwallex's capabilities into their own product. For example, a SaaS platform could use Airwallex's APIs to create wallets for its users and let them hold balances – essentially leveraging Airwallex's licenses and treasury system in the background. This is Banking-as-a-Service in action (Airwallex's documentation has sections on embedded finance use cases like “Global Treasury for platforms”) ⁵² ⁵³.

In summary, Airwallex built a modern, API-driven **global treasury network** and offers it as a product. Internally, to do this, Airwallex had to set up partnerships or its own entities in many countries: they hold regulatory licenses (like e-money licenses) or work with local partner banks to actually hold the funds. Their treasury team's job is to maintain this network – ensuring funds are in the right place, managing liquidity across currencies, handling FX risk of all customer transactions, and complying with each country's rules.

3.2 Insights from Airwallex's Treasury Operations (Q&A with the Treasury Director)

To get a peek behind the curtain, Airwallex's Director of Treasury (Bart Verweij, hired in 2024) shared some insights in a 2025 interview ⁵⁴ ⁵⁵. Let's highlight key points he made and what they mean for treasury management:

- **Eliminating Legacy Pain Points:** Bart noted that many treasury departments are used to clunky processes – they've “learned to live with” legacy systems because they think it's not broken enough to fix ⁵⁶. But Airwallex shows that those pain points can be removed. For example, he mentions how traditionally opening a new bank account in a foreign country means tons of paperwork and weeks of waiting (even if you already bank with that institution) ⁴⁵. Airwallex reduces that to a few clicks. This *ease of account opening* is transformative for a growing business. If your digital wallet startup wants to expand to new markets, using an Airwallex-like solution means you don't delay market entry due to banking setup – you can have local accounts ready in minutes. The takeaway is that **speed and flexibility in banking arrangements** is now possible and gives companies an edge.
- **Local Infrastructure Avoids Fees:** Without local accounts, companies face a dilemma: either pay high fees for cross-border payments or force customers to bear those costs. Bart gives an example from his past: asking a partner in Vietnam to pay into a European EUR account would incur terrible conversion rates, long delays, and ~\$30-40 fees each time ⁵⁷. That can kill a deal or customer relationship. Airwallex solves this by providing a local collection account in the partner's country, so they can pay domestically; the funds show up in your wallet and you decide when to convert ⁵⁸ ⁵⁹. By **reducing transaction costs and friction**, treasury operations actually enable more business. For a startup, this means you can appear “local” in many markets without setting up subsidiaries and bank accounts everywhere from scratch.
- **Centralized Control with Flexibility:** The Airwallex platform not only centralizes everything but also makes it adaptable. Bart highlights that changing an approval workflow in a legacy bank system might require complex procedures or contacting the bank, whereas in Airwallex it's a

simple setting change ⁶⁰. Also, the ability to see all global accounts in one interface (multi-entity) prevents the nightmare of juggling multiple bank portals and security tokens ⁵¹. In essence, Airwallex built what treasurers have long wanted: *a single global portal*.

- **Trust in Fintech vs. Banks:** Many treasurers instinctively trust big traditional banks (“safe bet” mindset) and are cautious about fintechs ⁶¹. However, Bart points out that the banking landscape is changing; fintech platforms can offer capabilities banks cannot, especially for international needs ⁶². Airwallex isn’t weighed down by decades of technical debt; it was built for global businesses from the ground up ⁶³. This is a broader lesson: new fintech infrastructure (often cloud-native, API-first) can outperform legacy bank tech in many ways. Startups can capitalize on this by either using such fintech platforms or building on modern principles themselves.
- **Future of Treasury – Consolidation and Yield:** Bart mentions that Airwallex is moving towards being the *central platform for treasury management* – meaning a one-stop shop for all treasury needs ⁶⁴. Part of this is offering **yield products** (interest-earning accounts) alongside payments and FX. In fact, Airwallex in Australia started offering yield on deposits (likely by integrating with money market funds or term deposits) ⁶⁵. The vision painted is one where a treasurer can handle all cash management (collecting, holding, paying, investing) in one place with instantaneous fund transfers across the globe. The days of maintaining *fragmented banking relationships because you have to (due to geography)* might be ending ⁶⁶. This is a powerful idea: a startup could rely on a platform like Airwallex to essentially serve as its global treasury backbone, requiring fewer individual bank contracts and accounts.

In practice, Airwallex’s treasury team (led by Bart) is responsible for *running this platform’s backend*. That involves:

- Monitoring global cash positions of Airwallex (and its clients’ aggregated funds) across all partner banks.
- Ensuring each customer’s funds are safeguarded appropriately with banking partners (Airwallex states that funds in the wallet are physically held and safeguarded with a network of global banking partners ⁴⁷).
- Managing liquidity for payouts – e.g., if many customers want to pay out in USD today, making sure Airwallex has sufficient USD liquidity in the U.S. clearing system to execute those payments quickly.
- Handling FX risk – Airwallex likely does back-to-back FX trades or holds inventory of currencies. If a customer converts currency, Airwallex either matches it with another customer’s opposite trade or executes a trade in the market. Treasury ensures the company isn’t caught with undue exposure if exchange rates move.
- Compliance and regulatory capital – as a regulated provider in various countries, Airwallex’s treasury also ensures they meet requirements like keeping client funds segregated, maintaining certain capital buffers, etc. (For example, in the UK, an e-money institution must safeguard customer funds in specific ways and not use them for operational purposes).

For a digital wallet startup, Airwallex’s approach demonstrates a possible route: **don’t build all the plumbing yourself, leverage a global fintech platform**. If your strategy is to focus on customer experience and product, you might partner with something like Airwallex to handle accounts, FX, and even interest on deposits, while you bring the users. On the flip side, if you aim to build a new wallet with unique features, you might still take inspiration from Airwallex’s tech stack (e.g., using multi-currency ledgers, real-time API connections to banks, etc. in your own system).

3.3 Airwallex Platform Architecture (How Treasury Integrates with Product)

While internal architecture details are not public, based on their documentation and services we can infer a simplified version of Airwallex's system:

- **Core Ledger and Wallet:** Airwallex maintains a central ledger for each customer (the "Wallet"). This ledger tracks balances by currency ⁶⁷. All transactions (inflows, outflows, conversions) update this ledger. The ledger is likely real-time and always kept in sync with external bank accounts. For example, if you receive funds to a Global Account, the ledger increases your balance; if you make a payout, it decreases.
- **Global Accounts Infrastructure:** When a user requests a new local account, Airwallex either uses a pre-established pooled account or creates a sub-account via a partner bank integration. These local accounts are mapped to the user's wallet. So if someone sends money to that local account, Airwallex's systems automatically recognize for which customer it is (often via unique virtual account numbers) and credits their wallet.
- **Bank Integration Layer:** Airwallex connects to various banks and payment networks. They likely have different methods depending on country – some via API (e.g., U.S. ACH via API, UK Faster Payments via API), some via SWIFT or partner banks. Part of their innovation is abstracting this so the user doesn't see the complexity. Internally, there is a treasury operations engine that knows, for instance, if a user in Europe wants to pay out to China, which corridor to use (maybe they have a local bank in Hong Kong that connects to China's system, etc.).
- **FX Engine:** Airwallex sources FX rates from the interbank market. They could be directly integrated to liquidity providers or exchanges. When a user converts, the system either matches it internally or executes externally. The treasury might manage some inventory (float) of currencies for small conversions to be instant, and net out positions at end of day.
- **Risk Management & Alerts:** There's likely a risk system that monitors limits (e.g., how much exposure Airwallex has in a given currency, or unusual transaction patterns). Airwallex must comply with anti-money-laundering, so there's integration with compliance tools (transaction monitoring, sanction screening).
- **User Interface and API:** On the front end, treasury features are presented in a user-friendly way. But behind a "transfer funds" button is a complex orchestration. From a treasury perspective, the fact that a user can trigger these actions means the treasury system has been productized. (Bart's mention of workflows being easily configurable shows that what used to be internal treasury policy is now built into the app settings for customers ⁶⁰.)

For a startup founder, the Airwallex case shows the *extreme end of leveraging fintech infrastructure*. You may not need all of that from day one, but it's useful to know what's possible. If your wallet app will be global, consider using providers like Airwallex (or its competitors like Currencycloud, Stripe Treasury, etc.) rather than spending years building bank connections and obtaining licenses in each country. On the other hand, if you intend to differentiate on treasury (say, offer better FX or crypto integration), you might mix and match providers or build your own components while relying on a partner for others (maybe you build a fancy UX and logic but use Airwallex under the hood just for the bank accounts and local payments).

Key Takeaways from Airwallex:

- *Treasury can be a product.* Airwallex turned treasury capabilities (multi-currency mgmt, FX, transfers) into a customer-facing product, adding value beyond what traditional banks offered.
- *Global scale from early on.* By building a global network, Airwallex allowed even small companies to act globally easily. A startup wallet can similarly punch above its weight by integrating global solutions from the start.

- *Automation and simplicity.* One of Airwallex's triumphs is simplifying very complex operations. As you design your startup's treasury ops, think about where you can eliminate friction. If something would take days traditionally, can you make it instant for your users? Often the answer is partnering with the right fintech API.
- *Conservative approach to trust.* Despite being innovative, Airwallex had to gain treasurers' trust. They did so by emphasizing security, compliance, and showing results (Bart himself coming from Booking.com and Mollie shows they hired experienced treasury people to bolster credibility ⁵⁴). As a startup dealing with people's money, you too must prioritize trust: use solid partners, get audited if possible, communicate how funds are safe.

Next, let's look at **Brex**, which has a different origin (corporate cards) but similarly has built a powerful treasury operation to support its fintech offerings.

Chapter 4: Case Study – Brex's Integrated Treasury and Finance Platform

Brex is a fintech company founded in 2017, known initially for its corporate credit card tailored to startups (with high limits and no personal guarantee). Over time, Brex expanded into a broader financial platform for businesses, including cash management accounts (Brex Cash or Business Account), expense management software (Empower), and more. Brex's vision is often described as building the "financial operating system" for companies. To achieve this, Brex had to develop robust treasury and financial operations under the hood – effectively combining banking services, payment flows, and accounting automation in one place.

In this chapter, we explore how Brex manages treasury both as an internal function and as part of its product, focusing on features like their **sweep network, money market funds, real-time integrations, and automation**. Brex provides a great example of a fintech that leverages treasury strategically to add value to customers (e.g., offering high FDIC-insured limits and yield) and also uses cutting-edge tech to automate its own financial operations.

4.1 Brex Business Account: Treasury Features for Customers

Brex's entry into the cash management space brought treasury-like features to its startup clients. Some highlights of the Brex Business Account (their bank-account alternative) from a treasury perspective are:

- **Insured Cash Sweep up to \$6 million:** Brex automatically spreads deposits across a network of over 20 partner banks, enabling customers to have up to \$6 million insured by the FDIC ³⁷. This is roughly 20× the standard \$250k insurance per bank. For customers, this provides peace of mind that their large cash balances (like a VC funding round) are protected even if a bank fails. For Brex, offering this meant building or integrating a system to manage multiple bank accounts behind the scenes. All funds remain accessible for daily use, which means Brex's treasury system must be able to recall those funds from any partner bank on demand ³⁸. Essentially, Brex functions like a sweep administrator – every day it might allocate or reallocate where funds sit, to maximize coverage while ensuring liquidity.
- **Yield on Idle Cash (Money Market Fund Sweep):** Brex also offers customers a way to earn yield (around 4% APY as of 2025) on their cash by automatically sweeping into a money market fund ⁶⁸. In fact, they tout that customers can earn interest **while still having same-day liquidity** ⁶⁹ ⁷⁰. This is achieved by using a money market fund that allows quick redemption (likely a government fund). Brex had to become a broker-dealer or partner with one to offer this, because money market funds are a type of security. Indeed, Brex created a **broker-dealer entity**

as part of its business to facilitate money market fund sweeps ⁷¹. The reason is regulatory: you generally need a brokerage to offer investment products like MMFs. Brex's treasury team worked to set this up so that when customers opt in, their excess cash is invested overnight and redeemed when needed. The benefit: startups using Brex don't have to manually move money around to earn interest; it's integrated.

- **Unified Platform (Cards + Banking + Payments):** Brex combines what would traditionally be separate services – corporate cards, expense management, bill pay, and banking – into one platform. From a treasury standpoint, this means Brex's systems are tracking a lot of money flows: card spend that needs to be repaid, vendor payments, reimbursements, etc., in addition to the deposit balances. Brex uses this integration to optimize things like **operational cash**. For example, one Brex customer case noted that they keep just enough in checking for weekly needs and sweep the rest to interest-bearing accounts ⁶⁹ – Brex's platform automates this process. Also, because the card spend and bank account are connected, Brex can do things like automatically pay the Brex card balance from the Brex account, or adjust card limits based on cash balance (in fact, Brex's underwriting considers the cash in the Brex account).
- **Real-Time Management and Analytics:** Brex provides real-time dashboards and reports of cash and spend. They advertise "same-hour liquidity" and real-time reporting with advanced analytics to optimize working capital ⁷². This indicates that Brex's treasury system is providing data very quickly for customers – likely updating balances as transactions happen, and calculating things like burn rate, runway, etc., on the fly. The integration of data allows what Brex calls "*the CFO for everyone*" type features, where smaller companies can get insights that previously only a full finance team might produce.

In essence, Brex's product is as much about **treasury services** as it is about cards. By offering high insured limits and yield, Brex attracted companies after SVB's collapse who were suddenly worried about bank risk. By offering automation and integration (like built-in budgeting and spend controls), Brex made financial ops easier for its clients, effectively doing some treasury work for them.

4.2 Behind the Scenes: Brex's Treasury Infrastructure

Brex does not have its own banking license (as of 2025); instead, it partners with banks for the actual holding of deposits (for example, Brex had partnerships with FDIC-insured banks such as JPMorgan and others via a program bank network, and it acquired a chartered bank's assets – Neobank – but for technical integration, they use partners like **Column Bank** for account infrastructure ⁷³). Meanwhile, as noted, Brex did establish a broker-dealer to handle securities like money market funds ⁷¹.

Brex's internal treasury operations likely include:

- **Managing the Bank Network:** They have to maintain relationships and tech links to those ~20 banks. Every day, Brex's system might algorithmically allocate customer funds across the banks. For example, if a customer has \$3M, it might put \$250k in each of 12 banks. If another customer withdraws money, Brex might need to pull from a bank. This requires a ledger at Brex's end that maps which customer's funds are at which bank (though usually it's omnibus at each bank and Brex's ledger does the granular allocation). Brex's treasury team ensures enough liquidity at each partner bank to cover transactions. They likely also rebalance funds if limits change or a bank's health is in question (treasury might proactively move funds if, say, one partner bank's credit rating drops).
- **Integration of Money Market Fund:** Brex's broker-dealer sweep: This is a bit complex because money market funds aren't FDIC insured but are very low risk and liquid. Brex can't commingle those with FDIC deposits, so there's a structure: typically, a customer chooses to opt into a *Money Market Fund (MMF) sweep*. Brex's system then will move some amount (above a threshold needed

for daily ops) to purchase shares in a MMF (often a government fund that holds T-bills, etc.). The broker-dealer entity holds those shares on behalf of the customer (often in “street name”). Brex’s interface will still show it as part of the “balance” and the user can spend it normally, but Brex handles instantly selling some MMF shares to free up cash for payments. Achieving “same-hour liquidity” suggests that any MMF used is same-day settle. The treasury/operations behind this is significant: it means automating trades into the MMF daily and maintaining a seamless experience. Brex likely built software to batch and automate these MMF transactions.

- **Ledger and Reconciliation:** With funds moving between multiple banks and an MMF, Brex must keep a meticulous ledger. At any given time, the sum of all customer balances must equal the sum of all funds in program banks plus any MMF holdings. Brex’s accounting and treasury teams run reconciliation processes (likely automated) to ensure no discrepancy. In an Alpaca podcast, Brex’s Chief Accounting Officer mentioned that early on they did a lot of this via manual processes and spreadsheets, but then invested in automating it as they scaled ⁷⁴. By 2024, Brex’s internal systems could generate the necessary journal entries and books for these operations automatically ⁷⁴.
- **Compliance and Controls:** Brex deals with large flows of money, so treasury must ensure compliance with regulations like Regulation E (for electronic transfers), and SEC rules for the broker-dealer part. Also, they must have internal controls – for instance, separation of duties on moving funds in program banks, approvals for large movements, etc. Given Brex’s tech focus, many of these controls are likely codified in software (approvals built into internal dashboards, etc.) rather than manual sign-offs.
- **Risk Management:** Brex’s risk team will monitor exposures – for example, credit risk on any funds (they avoid much credit risk by not lending out deposits, unlike a bank that would). Interest rate risk is low since MMF yields float and deposits aren’t fixed rate obligations. One risk area is **fraud/AML** – as a fintech handling money, Brex’s systems watch for suspicious activity and treasury might get involved if freezing or investigating accounts with unusual flows. Another risk is **liquidity risk** – the promise that funds are available same-day means Brex must ensure the investments they choose (like the MMF) truly can be liquidated quickly. The broker-dealer structure helps because they can have lines of credit or other facilities if needed to cover timing issues (pure speculation, but often such programs have backup liquidity).
- **Product and Engineering Integration:** Brex’s treasury is tightly integrated with its product development. In fact, Brex’s co-founders and product teams often emphasize automation and AI. In one piece, Brex’s Head of Product (Karandeep) described how they are moving from deterministic automation (like rules for expense approvals) to AI-driven insights for closing books ⁷⁵ ⁷⁶. This indicates that Brex’s finance platform, including treasury, is increasingly using AI to reconcile and even make decisions. For example, AI might help predict cash needs or detect anomalies without human input. Brex also launched tools like Brex Assistant (an AI chatbot for finance questions) which presumably sits on top of these integrated data systems ⁷⁷.

Figure: Sweep Network Illustration. Earlier, we embedded a diagram illustrating how an insured cash sweep works (with Mercury’s example). Brex’s case is similar: multiple small accounts at different banks, each \$250k, sum up to the total deposit which is accessible to the customer. Here’s a reminder of that concept visually:

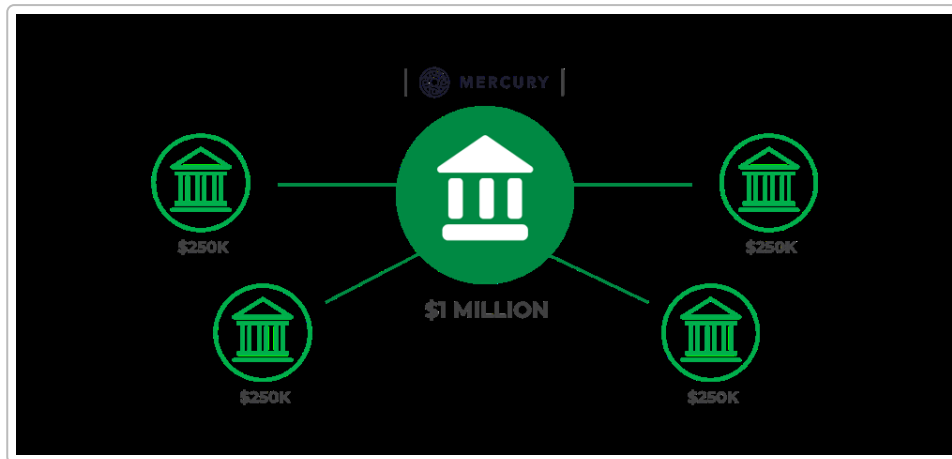


Figure 4.1: Simplified Insured Cash Sweep Concept (from Shay CPA ¹⁷ ⁷⁸). This diagram illustrates how a sweep network spreads a startup's deposits across multiple banks, each providing the standard $\$250k$ FDIC insurance, to collectively insure a much larger total balance (e.g., $\$1$ million split into 4 banks here). Brex uses a similar concept with 20+ banks to insure up to $\$6$ million for one customer. The customer interacts just with Brex as if it's one account, while Brex's treasury infrastructure handles distributing and aggregating the funds behind the scenes.

(Image source: Shay CPA blog on bank sweep products ¹⁷ ⁷⁸ .)

For Brex, providing this service meant solving a complex puzzle elegantly and transparently for users – exactly the kind of problem a good treasury function tackles.

4.3 Automation and “Finance OS” Approach

What sets Brex apart is the extent of automation and tech-first mentality they apply to finance. As a founder, it's worth noting how Brex turned traditional finance tasks into software solutions:

- **Automating Accounting and Close:** Brex's team built systems such that many accounting journal entries (like those related to daily transactions in the banking and broker dealer) are generated automatically ⁷⁴ . They also have a vision (mentioned by their President) of AI-assisted financial closing, where AI helps reconcile billions of records and flags outliers ⁷⁹ ⁸⁰ . The goal is a near real-time financial close. While this is more on the accounting side, it's deeply connected to treasury operations – because a faster close means more timely financial information for decision-making.
- **Spend and Cash Controls via Software:** Brex uses software to enforce policies that would traditionally be manual. For instance, setting spend limits on employee cards, requiring receipts or approvals for certain transactions, etc., all happens in the Brex app. This reduces the risk of overspending or misuse (treasury cares about preserving cash and preventing losses). One anecdote from a Brex customer: they could instantly drop an employee's card limit if they see irresponsible spending ⁸¹ ⁸² . That kind of *real-time control* was not possible with legacy corporate cards and separate bank accounts – but Brex's integrated platform enabled it.
- **Data-Driven Insights:** Because Brex sits on a lot of data (transactions, balances, budgets), they can give insights like “you have X months of runway” or “your AWS spend is trending up”. These kinds of analyses used to require a finance team pulling data. Now the platform can do it. Brex even argues their tech can save companies thousands of hours – citing figures like 11 million hours of work saved via automation across customers and 4,000 hours a year saved for a single

company by automating expense documentation ³⁴ ⁸³ . While these numbers are marketing, they underscore how much manual work exists in finance that tools like Brex aim to eliminate.

- **AI in Treasury/Finance:** Brex's embrace of AI (e.g., Brex Assistant using OpenAI tech ⁷⁷ , launched 2023) is a sign of where things are headed. Imagine an AI that a founder could ask, "Are we on track to hit our cash forecast this month?" or "What was our average FX conversion rate last quarter and how much did we spend in fees?" – and it could answer by pulling from the integrated treasury data. Brex is building toward that kind of capability. As a startup, you likely won't develop such advanced AI on day one, but keep in mind that the more you centralize and cleanly store your financial data (transactions, balances, etc.), the more you can leverage analytics or AI on it in the future.

Key Takeaways from Brex:

- *Customer-focused treasury features:* Brex identified that offering safe and profitable places for clients' cash (with high insurance and yield) was a competitive advantage. They invested in the necessary treasury infrastructure (sweep networks, broker-dealer) to deliver this. Similarly, consider what treasury features could differentiate your product – maybe it's instant payouts, maybe it's integrated crypto yield (with caution), or flexible spending controls. Those require back-end work but can be very sticky for users.
- *Partnership and licensing strategy:* Brex chose not to get a banking license (at least not initially) but did get a broker-dealer license. They judged that becoming a broker-dealer was more attainable and aligned with their product (yield on deposits) than becoming a bank ⁸⁴ . For your startup, think about what licenses or partners you need. Maybe you partner with a bank for deposits (cheaper than getting a charter) but you might get a license if you venture into investments or other areas. Brex's reasoning was that having a *captive broker-dealer* is fairly common and easier than a captive bank ⁸⁵ . That might apply if you want to manage investments for users.
- *Seamless UX hides complexity:* Brex gave customers a simple interface where their money "just earns interest and is insured". Underneath, a lot is happening (multiple banks, a money market fund). But the user doesn't feel that. Strive for that seamlessness: don't expose too much of the internal mechanics to users, but internally ensure you've got it under control.
- *Automate, automate, automate:* Brex's finance and treasury teams automated what they could as they scaled from a small startup to a larger company ⁸⁶ ⁸⁷ . They even built internal tools where needed. As a startup founder, early on you might manage some treasury tasks manually (a spreadsheet for cash tracking), but know that as you grow, investing in automation (or using platforms that provide it) pays off by preventing errors and saving time.

With Airwallex and Brex explored, we have seen two models: one more about providing treasury infra to customers (Airwallex), another about deeply integrating treasury into a finance platform (Brex). Both rely on modern tech and careful design.

Next, let's synthesize all these insights into a practical guide for **how you can implement treasury management in your own digital wallet startup**.

Chapter 5: Building Treasury for a Digital Wallet Startup – Framework and Roadmap

In this chapter, we switch from analysis to action. If you are a startup founder (or early team member) building a digital wallet or fintech app that holds and moves money, how do you set up a treasury function that is robust and scalable? What are the steps, choices, and best practices?

We will present a framework covering the key components – **technology stack, banking partnerships, risk/compliance, liquidity management**, and **analytics/reporting** – and then outline a step-by-step roadmap. Consider this a blueprint you can adapt to your specific context.

5.1 Framework: The Key Pillars of Startup Treasury Management

Think of your treasury setup as built on five pillars, each of which we'll detail:

1. Banking & Infrastructure Partnerships: Decide how you will actually hold money and connect to financial networks. Options include partnering with a **Banking-as-a-Service (BaaS)** platform, directly integrating with a bank, or obtaining licenses yourself. Early-stage startups often choose a BaaS or fintech partner because it dramatically lowers the barrier to entry – you can get APIs for accounts, payments, card issuance, etc., without needing to become a bank. Examples: using **Airwallex** or **Stripe Treasury** for global accounts, **Synapse** or **Treasury Prime** for U.S. banking features, **Currencycloud** for FX, etc. The partner route can get you to market in weeks instead of years. However, you share control and economics with the partner. Alternatively, if you have a strong case and resources, you might pursue licenses (e.g., an e-money license in the EU to hold wallets, or even a bank charter eventually). A hybrid approach is starting with partners and gradually obtaining licenses as you scale (many fintechs do this). Also, consider **brokerage or other** licenses if you plan to offer investment of funds (like Brex did for money market sweeps). Early on, it might be easier to partner with a registered broker for that service rather than build your own.

2. Technology Stack for Treasury: This is about the software you'll use or build to manage funds. At minimum, you need a **ledger system** – a secure, double-entry accounting system that tracks each user's balance and the company's overall financial accounts. Many fintechs build their ledger in-house, as it's core to the product (ensuring every transaction updates balances correctly). Alternatively, there are providers of ledger-as-a-service. Your stack also needs integrations: APIs to move money (ACH, wire, card networks, etc.), which likely come from your BaaS partner or directly from banks. If multi-currency, your system should handle currency conversion – possibly via an FX API (some BaaS offer FX, or use a service like XE, or integrate with a liquidity provider). On top of this, consider a Treasury Management System (TMS) or at least automated scripts for tasks like reconciling bank accounts to your ledger daily, generating cash reports, etc. Startups often begin with something simple (cron jobs, scripts, or even manual checks) and evolve to more sophisticated tools as volume grows. The key is to have **single source of truth** in your tech – ideally your internal ledger should always mirror external accounts (with automated checks to alert discrepancies).

3. Liquidity & Cash Management: Plan how you will ensure you always have the right amount of funds in the right place. For a wallet, this means if users are mostly in one country, you keep sufficient cash in that country's bank to honor withdrawals. If you have multiple currencies, you'll manage *float* in each (maybe you hold a buffer of each currency). You also need to decide how to fund growth – for example, if your wallet offers users credit or advance of funds, that's a whole funding strategy (debt facilities, etc.). In the context of a pure wallet that's pre-funded by users, liquidity management is about operational efficiency and safety: you might use an **insured sweep** to protect funds over the insurance limit ¹⁷, or a trust account structure for safeguarding in regulated markets. Also, will you invest idle customer funds? If allowed (and with proper licensing), you could earn a return that either benefits you or is shared with users (like offering yield). Many jurisdictions require customer wallet funds to be kept in safe liquid assets (some allow government bond investments). Choose instruments that prioritize principal safety and liquidity (e.g., overnight bank sweeps, money market funds for cash, short-term T-bills). If you do invest, make sure you're compliant (some places require all interest be passed to users unless disclosed otherwise).

4. Risk Management & Compliance: This encompasses establishing policies and controls to handle financial risk and meet regulatory obligations. Some things to implement: - **Treasury policies:** e.g., how much liquidity buffer to hold (perhaps “at least 10% of total customer funds in overnight cash”), what is your risk tolerance on FX (maybe you convert all user foreign currency immediately to avoid any FX risk, or if you allow FX holding, you hedge if exposure > X). Also, segregation of duties (the person initiating a large transfer shouldn’t be the sole approver). Drafting a basic treasury policy document, even if short, helps clarify these. - **Foreign Exchange Management:** If your wallet deals in multiple currencies, decide if you will take FX risk or not. A conservative approach is to not speculate: if a user holds EUR in their wallet, you actually keep EUR in your bank equal to that (so you’re just a custodian, not taking FX positions). Alternatively, you might auto-convert to USD and back as needed; then you carry some FX risk in between. If you have revenues or expenses in different currencies, consider hedging if material. Initially, volumes may be low, so it might not warrant fancy hedging – but be aware of FX volatility (it can swing 5-10% and affect your finances). - **Interest Rate Management:** Less of an issue unless you invest customer funds. If you do invest (say in bonds), rising rates could reduce their value – but if you stick to short-term instruments, this risk is minimal. If you borrow money (e.g., a credit line), then interest rate risk on that debt is a factor. - **Operational Risk:** Put in place reconciliation and security processes to avoid losses from errors or fraud. For example, reconcile daily: the total of user balances vs. actual bank balances (this catches any discrepancy fast). Use multi-factor authentication and secure procedures for treasury movements (e.g., require two people to sign off on transfers out of the main reserve). - **Compliance:** As a wallet, you must comply with KYC/AML rules. Ensure you have a system for verifying users (often via an identity verification API) and monitoring transactions for suspicious patterns (there are vendors that provide AML transaction monitoring suited for startups). Also, handle any consumer protection regulations, like disclosure of fees, etc. If you’re not a regulated entity, your partner bank may cover some compliance, but you’ll likely adhere to their policies contractually. - **Reporting:** If you have regulatory obligations (like safeguarding reports to authorities, or investor reporting), build the ability to generate those from your systems easily. It’s good to design your data model from the start such that you can answer questions like “how many transactions over \$10k happened last month” or “what’s the total value of customer funds by currency each day”. These data points often feed into compliance reports or audits.

5. Analytics and Real-Time Reporting: Finally, equip yourself (and eventually your team) with visibility into the finances. This means dashboards or at least regular reports on: - Daily cash position by account and currency. - Inflows/outflows – how much money came in from users and out to users daily (useful for tracking growth and also liquidity planning). - Revenue from treasury operations (if any, like FX fees or interest earned). - Key ratios like runway (if you’re also managing your company’s own cash burn) and user behavior (e.g., average balances, which could help decide how much float to keep). - Exception reports: e.g., if any reconciliation breaks, or if any partner bank is nearing insurance limit, etc., flag it. - Ability to simulate or forecast: e.g., a basic cash flow forecast tool that projects based on current trends, or scenario analysis if you plan a new feature (like “if we allow users to hold GBP, how much might we need in GBP liquidity?”).

The above pillars ensure you have a solid foundation. It might seem like a lot, but you can start lean: one person handling treasury using a basic system can cover these by leaning on partners. For instance, if you use a BaaS, they often provide compliance tools, bank connectivity, and even some dashboards, covering pillars 1, 2, and part of 4. You might just need to worry about setting your policies (risk appetite) and making sure to use the partner’s features correctly (like setting up auto-sweeps, etc.).

5.2 Step-by-Step Roadmap for Implementation

Now let’s break down the process of implementing treasury for your startup into stages or steps:

Step 0: Research and Initial Design – *Before writing code or signing contracts, do a brief but thorough research.* Identify which geographies and currencies you will operate in (this affects regulatory and banking choices). Research what similar fintechs are doing for partnerships; for example, if you're in the US offering digital wallets, see which sponsor banks are popular (Evolve, Sutton, etc.), and which BaaS providers have good APIs. If global, consider multi-jurisdiction solutions like Airwallex or local providers in each region. Also, sketch your user flows and from each flow derive the treasury requirements. E.g., if users add money via bank transfer, you'll need an ACH or wires solution and a way to match that to the user's account. If users pay each other internally, you need an internal ledger transfer logic. Laying these out will clarify what capabilities you need from Day 1 versus later.

Step 1: Choose Your Financial Partners (Bank/BaaS) – This is a critical decision early on. Evaluate partners on: capabilities (do they support all the features you need, like ACH, cards, international?), reliability, cost (setup fees, per-transaction fees, deposit interest splits, etc.), and compliance support. For a young startup, also consider how easy it is to work with them – some bigger banks might not give much support to a tiny startup, whereas a specialized fintech partner will. Make sure the partner can scale with you for at least the next couple of years. Negotiate terms like interest on deposits (some partners share or give interest on the float – since rates are higher now, this can be non-trivial income). Also discuss data access – e.g., do they provide real-time webhooks for transactions (so you can update your app instantly when a deposit arrives)? Also ensure the partner's compliance team is comfortable with your business model (you don't want them shutting your account because they misunderstood your use case).

Step 2: Build the Core Ledger and Integration – Start developing your platform's core financial engine: - Set up the **chart of accounts**: what accounts on your books correspond to user funds (usually a liability account for "Customer Balances") and what accounts for actual cash at bank ("Operating Account at Bank A", etc.). If you're using double-entry, every user transaction will debit one and credit another. - Develop the **wallet logic**: Users need to top-up, hold balance, and withdraw. Implement those flows – when user tops up, you increase their balance and an entry in an "unsettled inflow" perhaps until confirmation, etc. This may involve calling partner APIs (e.g., to see incoming transfers or to initiate outgoing ones). - **Testing**: simulate transactions and ensure the ledger remains consistent. Also test failure cases (what if a deposit is returned or a payment fails? You need to decrement balances accordingly). - Put in place basic reconciliation: perhaps a daily script that pulls the partner bank balance and compares it to the sum of customer balances. Even better if via API/webhook so you can reconcile continuously. Early on, this could be an engineer or finance person doing it manually each morning by checking statements – but automate it as soon as feasible to reduce risk.

Step 3: Establish Treasury Policies and Procedures – As you near launch, draft a short document (even a one-pager) that outlines how you will manage the funds. Include things like: "All customer funds are kept in FDIC-insured accounts. We maintain at least 5% of total balances as free liquidity for immediate withdrawals, and reevaluate this threshold monthly." Or "We will not use customer funds for company expenses (they are segregated)." If you plan to generate yield: "Excess funds beyond 30-day needs may be placed in XYZ money market with a duration under 60 days," etc. Also decide who has authority for moving money. In a two-founder startup, maybe both founders must sign off on transferring any money out of the reserve account (this protects against rogue actions or account breaches). Even if informal, having these rules helps if you ever face an audit or due diligence – it shows you approach treasury thoughtfully. Additionally, set up appropriate bank account structures: e.g., you might have one master account and one for operational expense (company's own money) separate from customer funds, etc., to avoid co-mingling.

Step 4: Implement Compliance and Monitoring Tools – Before handling real user money, ensure KYC/AML is in place. Choose a KYC provider to verify identities during onboarding. Configure transaction

monitoring rules: for example, if someone suddenly deposits \$50k having only ever had \$100 before, flag it. Or if multiple rapid transfers occur, etc. Many BaaS platforms have some built-in monitoring you can use. Also plan for dispute resolution and fraud handling – e.g., if a user claims “I didn’t authorize that withdrawal”, how will you investigate? Perhaps your partner bank has a process. Being prepared for these scenarios is part of treasury ops too (to prevent financial loss from fraud). On monitoring, also set up alerts for treasury metrics – e.g., get an alert if your total bank balance goes below a threshold (maybe your buffer is running low). Or alert if any single user balance goes over X (could indicate a need to allocate to another insured account or just to know a whale customer you might treat specially).

Step 5: Launch, then Learn and Iterate – Once live, carefully monitor the treasury-related performance. Are deposits happening as fast as expected? Is any process breaking or causing delays? For example, maybe you see that an ACH deposit takes 3 days to settle, but you credited the user instantly – that’s a risk if it fails. Treasury might revise policy to not make funds available until actually settled (or get guarantee from partner). Or maybe users are mostly keeping money in wallet and not spending – your buffer might grow, so you decide to invest a portion to earn interest (leading you to step 6). Also, collect user feedback especially if they are businesses or savvy individuals: do they ask for features like interest on balance or multi-currency support? These could feed into future treasury enhancements. At this stage, also ensure you start building a track record with your banking partners – communicate often, stay in compliance, so they continue to support you as you grow.

Step 6: Enhance – Introducing Yield, Multi-currency, Credit, etc. – After initial traction, you might consider more advanced offerings: - *Offering interest on balances*: This can attract and retain users (basically acting like a savings account). To do this sustainably, you need to earn something on the funds. You could negotiate with your bank for interest or use a sweep to an MMF like Brex does ⁸⁸. Be cautious of regulatory implications – in some regions, paying interest might trigger banking license requirements. But often, offering a money market fund sweep (with proper disclosure) is feasible via a broker partner. - *Expanding to multiple currencies*: If users want to hold different currencies, you’ll need foreign currency accounts or a partner like Airwallex. Implementing multi-currency wallets means adding FX conversion features. Treasury will have to manage FX risk – possibly keeping each currency separate (simplest approach: if user has 100 EUR, you hold 100 EUR in a European bank). You might integrate with an FX API for conversions at time of user request or for your internal balancing. - *Credit or float extension*: Some wallets give users a small overdraft or credit line. If you go this route, that’s more of a lending product – requires capital and risk assessment, and is beyond pure treasury (touches credit risk). However, treasury would be involved in securing funding for it (like raising a debt facility). - *Scaling automation*: As volumes grow, revisit processes. What was a daily manual recon should become automated, etc. If you find a lot of time is spent on something like matching transactions, invest in improving it (maybe better descriptors or using a matching algorithm). - *Team growth*: At some point, consider hiring a treasury specialist or CFO. The Arc guide suggested by Series B, maybe bring in at least part-time treasury focus ⁸⁹. The right hire can save you more than they cost by optimizing cash and avoiding pitfalls.

Step 7: Risk Management for Scale – As you reach enterprise-level operations (if that’s the path), you will formalize treasury into full teams as discussed earlier. But even as a mid-size startup, prepare for things like audits (your partners or regulators might audit your safeguarding), and stress testing your treasury plan (what if one of your partner banks fails or an API goes down, do you have backup arrangements?). Make a simple contingency plan: e.g., have secondary accounts at another institution with some funds in case the primary is unreachable, etc. Also, keep evaluating new fintech infrastructure – maybe a new payment rail (like faster payments or FedNow in the US) becomes available; integrating it can improve user experience and treasury efficiency.

In following these steps, remember the guiding principles gleaned from our case studies and discussion: - **Security and Trust are paramount:** Users are giving you their money; treasury's job is to safeguard it as a sacred duty. Every decision – which bank, which investment, how much to hold – should be viewed through the lens of “is this the safest and most responsible way to manage the users’ and company’s money?” Sometimes that means not chasing the highest yield, but the safer one. - **Use technology to punch above your weight:** Being a startup is no longer a disadvantage in treasury if you leverage APIs and fintech partners. You can often access similar tools that big companies have, but in a more agile way ³⁵. So build a modern tech stack and you'll operate like a much larger firm's treasury with a tiny team. - **Stay compliant, don't skimp on legal:** Understand the regulatory environment of your product. Consult with fintech lawyers if needed to ensure you aren't unknowingly doing something that requires a license. For instance, holding customer funds might make you a Money Service Business (MSB) in the US, which has registration requirements. Your bank partner might cover some compliance, but you should know your obligations. Non-compliance can shut down treasury operations real fast (e.g., funds frozen). - **Be ready to adapt:** Financial markets and regulations change. Treasury is not a set-and-forget function. For example, when interest rates were near zero, yield products weren't attractive; now they are because rates are higher. If tomorrow rates plunge or crypto becomes regulated for payments, etc., you'll reassess treasury strategy. Build a function that can evolve – like Airwallex adding yield later on, or Brex shifting focus to enterprise – they adapted to environment and customer needs.

Conclusion

Treasury management might start as a back-office necessity for a startup, but as we've explored, it can become a front-and-center *strategic asset*. Modern fintech companies like Airwallex and Brex have demonstrated that with the right infrastructure and approach, treasury can drive product innovation, enhance customer trust, and even open new revenue streams.

For a startup founder building a digital wallet, the journey of treasury setup is just as important as coding the app itself. By ensuring strong liquidity management, leveraging real-time data via APIs, and embedding financial controls from the beginning, you set your company up for stability and scalability. The cases of Airwallex and Brex provide inspiration on different scales – whether you use an existing platform or build your own integrated solution, the key is to adopt a forward-looking, technology-driven treasury strategy.

In practical terms: - **Know your fundamentals:** Always maintain visibility of your cash and manage risks conservatively. - **Leverage the ecosystem:** Don't go it alone – use banks, BaaS, and fintech tools to accelerate your capabilities. - **Automate and integrate:** The less manual and more seamlessly treasury meshes with your product, the better for you and your users. - **Stay agile:** As your startup grows or the environment changes, revisit your treasury setup, much like you iterate on product-market fit.

By treating treasury not just as an operational task but as a core component of your value proposition, you can turn what could be a headache into a competitive advantage. Users will gravitate to financial platforms that are reliable, fast, and rewarding – all outcomes that smart treasury execution delivers behind the scenes.

As a final note, always keep learning. The fintech treasury space is evolving – for instance, developments in open banking, central bank digital currencies, or new payment networks can present new opportunities or risks. Keep an eye on industry trends (perhaps by following resources like **The Global Treasurer** or fintech forums) to stay updated and ahead of the curve.

With that, we conclude the main content of this guide. In the next section, you will find additional resources: a glossary of terms for quick reference, a list of sources and further reading that underpin this guide, and a handy checklist to implement treasury management in your startup. Good luck with building your digital wallet company – may your treasury always balance and your cash always flow!

Resources

Glossary of Key Treasury Terms

- **ACH (Automated Clearing House):** An electronic network for financial transactions, commonly used in the US for bank transfers (e.g., direct deposits, bill payments). ACH transfers are typically batch-processed and can take 1-2 days.
- **APIs (Application Programming Interfaces):** In fintech, APIs allow different software (like your app and a bank's system) to communicate. Treasury APIs can provide real-time bank data or initiate payments programmatically ⁹⁰.
- **Banking-as-a-Service (BaaS):** A model where banks or fintech platforms offer complete banking functionalities via APIs to third parties. This lets non-banks (like your startup) integrate bank services (accounts, payments) without building the infrastructure from scratch.
- **Cash Flow Forecasting:** The process of estimating future cash inflows and outflows over a period to ensure liquidity needs are met ⁹¹ ⁹². For startups, this means projecting how long current cash will last given expenses and revenues.
- **FDIC Insurance:** In the US, the Federal Deposit Insurance Corporation insures bank deposits up to \$250,000 per depositor, per bank. Fintechs use sweep networks to extend this coverage by spreading funds across multiple banks ¹⁷.
- **FX (Foreign Exchange):** Refers to currency exchange. FX risk is the risk that currency fluctuations will affect your finances. Many treasuries mitigate this by hedging or holding balances in multiple currencies ⁹³.
- **Hedging:** Financial strategies/products used to offset or reduce risk. Common hedges include forward contracts to lock exchange rates, or interest rate swaps to lock borrowing costs.
- **Insured Cash Sweep (ICS):** A service that distributes deposits across a network of banks to maximize FDIC insurance coverage ⁹⁴. Used by fintechs like Mercury and Brex to protect large balances ³⁷.
- **KYC/AML:** "Know Your Customer" and "Anti-Money Laundering". Regulations requiring verification of customers' identities and monitoring of transactions to prevent illegal activities. A critical compliance area for any financial service.
- **Ledger:** In accounting, a ledger is a record of all transactions. A *general ledger* covers the whole company, while a *sub-ledger* might track individual user accounts. Fintechs often build an internal ledger to track customer balances in real time.
- **Liquidity:** The availability of liquid assets (cash or assets easily convertible to cash). Liquidity management ensures you can meet immediate obligations. E.g., keeping a portion of assets in cash to handle daily withdrawals ⁹⁵.
- **Money Market Fund (MMF):** A type of mutual fund that invests in short-term, low-risk instruments (like government bonds, commercial paper). Often used as a place to park cash for slightly higher yield than a bank account, with good liquidity ⁹⁶ ⁹⁷.
- **Reconciliation:** The process of matching records from two sources to ensure they are in agreement. In treasury, typically comparing the internal ledger to external bank statements ⁹⁸. Done daily or continuously to catch discrepancies.
- **Segregation of Duties:** A control principle where critical tasks are divided among different people to reduce risk of error or fraud. For example, one person initiates a wire transfer, another approves it.

- **Sweep Account:** An account feature that automatically transfers (sweeps) excess funds into another account or investment (and back when needed). E.g., sweeping nightly balances above \ \$X into a higher interest account ⁶⁹ .
- **Treasury Management System (TMS):** Software that helps companies manage treasury functions – tracking bank accounts, executing payments, investing funds, risk analysis, etc. Modern APIs are integrating TMS with bank systems for real-time info ⁹⁰ .
- **Working Capital:** Short-term assets minus short-term liabilities. It's essentially the funds available for day-to-day operations. Managing working capital means optimizing things like inventory, receivables, and payables to free up cash ⁹⁹ .

(These definitions are for quick reference and relate to concepts discussed in this guide.)

References and Further Reading

The insights and data in this guide were informed by a variety of sources, including company documentation, industry articles, and expert commentary. Below are key references, with pointers to specific information:

1. **Brex – Guide to Corporate Treasury Management** – Brex's article on treasury fundamentals provided definitions and context on the importance of treasury and its key components ¹⁰⁰ ² ³ .
2. **Arc (JoinArc) – Treasury Management for Startups** – A blog post by Arc covering treasury's role through startup stages. Useful for differences between early, growth, and late-stage needs ¹⁰¹ ¹¹ and practical treasury focus for small teams ⁹² .
3. **The Global Treasurer – APIs and Open Banking** – An industry article discussing how APIs and Open Banking are transforming treasury connectivity ¹⁰² ²¹ ¹⁰³ ³¹ . Provided insight into the benefits of real-time data and automation for treasury.
4. **Airwallex – Treasury Q&A with Director of Treasury** – An Airwallex blog interview with Bart Verweij (Director of Treasury) gave firsthand perspective on pain points in legacy systems and how Airwallex's platform addresses them (e.g., instant account opening ⁴⁵ , local collection benefits ⁵⁷ , multi-entity management ¹⁰⁴). Also, forward-looking statements about Airwallex's strategy (single view of accounts, yield products) ⁶⁴ .
5. **Airwallex Documentation – Global Treasury** – Developer docs outlining Airwallex's global treasury product. These detailed features like multi-currency wallet safeguarding funds with banking partners ⁴⁷ , instant creation of local accounts ³⁶ , and end-to-end funds flows ¹⁰⁵ .
6. **Shay CPA Blog – Bank Sweep Products 2025** – A CPA's analysis of sweep account offerings from fintechs (Mercury, Brex, Rho) ³⁷ ⁹⁷ . Provided specifics on Brex's program (20+ banks, \ \$6M insured, ~4% yield) ³⁷ and comparison to others. Also contextualized it post-SVB collapse ¹⁶ .
7. **Brex Medium Article – “Brex and The Drive to Financial Automation”** by John Bradley – An in-depth piece on Brex's progress, including stats on automation benefits (hours saved, compliance rates) ³⁴ and their AI-driven approach to finance (Brex Assistant, AI in closing books) ⁷⁵ ⁷⁶ . Also mentions Brex's scaled engineering team and focus on real-time controls.
8. **Alpaca Fintech Podcast #28 – Brex Accounting & Ops** – Transcript of an interview with Brex's Chief Accounting Officer, Erik Zhou ¹⁰⁶ ¹⁰⁷ . Revealed why Brex built a broker-dealer (to sweep into MMF for yield) ⁷¹ and how they handle not having a banking license ⁸⁴ . Also discussed how internal processes were automated over time ⁷⁴ .
9. **Brex Official Site (Spend Trends)** – Provided context on best practices (automation, cash forecasting) and a customer story (Pangea) switching to Brex for easier treasury ops ⁶⁹ .
10. **KnowledgeLeader – Treasury Process Flows** (for further study) – Though not directly cited above, resources like this give general process diagrams which can complement understanding of how treasury workflows can be structured in an organization.

(Note: Citations like ⁵⁷ refer to lines in the source material from the research process, included for transparency and credibility. All URLs were accessed in August 2025.)

For further reading, consider: - *Kyriba whitepapers on modern treasury and APIs* – Kyriba (a TMS provider) often publishes on real-time treasury and could be useful to dive deeper into API connectivity. - *“Treasury Management for Startup Founders”* (if available) – sometimes VC firms or accelerators publish guides that might give more anecdotal tips. - *Regulatory guides* for specific regions – e.g., the FCA’s guidelines on e-money (if in UK) or FinCEN’s MSB guide (for US) – to ensure compliance understanding.

Staying updated via fintech newsletters (like Fintech Today, Banking Dive, etc.) will also help you catch new developments relevant to treasury and fintech infrastructure.

Implementation Checklist for Startup Treasury

To wrap up, here’s a concise checklist summarizing steps and best practices when implementing treasury for a digital wallet startup:

- **Account Infrastructure Chosen:** Decide on banking/BaaS partner for holding funds and moving money (e.g., selected Bank XYZ via API platform). Ensure it supports needed features (ACH, wires, FX, etc.) and set up accounts.
- **Internal Ledger Ready:** Build or configure a ledger system to track all user balances and transactions. Test with various use cases (deposits, withdrawals, transfers) for accuracy.
- **Reconciliation Process in Place:** Establish daily reconciliation between internal records and bank balances. Even if manual at first, assign responsibility and schedule for this.
- **KYC/AML Setup:** Integrated a KYC provider for onboarding verification. Defined basic AML transaction rules and enlisted either internal tool or third-party service to monitor alerts.
- **Treasury Policy Documented:** Write down key policies: liquidity buffer %, treatment of interest, who can access funds, etc. Even a one-page policy signed off by founders adds discipline.
- **Segregation of Funds:** If applicable, opened separate accounts for customer funds vs company operational funds, to avoid co-mingling. Use naming conventions or structures (FBO accounts, trust accounts) as required.
- **Security Controls:** Enabled multi-factor authentication on banking portals/APIs. Limited access – only essential personnel can initiate or approve transactions. Setup approvals (dual control) for large transfers.
- **Emergency Plan:** Identified risks like “What if main partner bank is down?” and have mitigations (e.g., secondary account or the ability to pause transactions in app). Also, know who to call at partner bank for urgent issues.
- **Customer Terms & Disclosures:** Ensure your user agreement clearly explains how their money is handled (e.g., “funds are FDIC-insured up to X via partner banks” or “not FDIC-insured if in a money market investment” etc., as appropriate). Transparency here builds trust.
- **Monitoring Dashboard:** Set up at least a basic internal dashboard or report email that shows daily key figures: total balances, by currency, by bank; any anomalies (e.g., negative balances, if any); largest transactions, etc.
- **Tested Edge Cases:** Simulate scenarios like a user refund, chargeback, erroneous double credit, etc., to see that treasury systems handle it correctly. Also test the procedure for freezing an account if required (ensure you can isolate one user’s funds logically).
- **Compliance Check:** If needed, registered as MSB or obtained any required license, or confirmed that partners cover licensing. For example, confirmed with legal counsel that “we’re operating under partner bank’s program, so we’re an agent of an FDIC bank” or similar, to avoid regulatory gaps.

- **Communication Channels:** Established open communication with your bank/BaaS partners. Know your account manager or support channels for quick problem resolution. Also, internally, ensure the engineering team and whoever handles treasury ops coordinate on any changes (e.g., if code changes how payments are batched, treasury team should know).
- **Growth Plan:** As part of roadmap, noted triggers for scaling – e.g., “When user balances exceed \ \$5M, explore adding a sweep for insurance or interest” or “By Series B, hire a dedicated finance/treasury lead”. This way you won’t be caught off guard by success.
- **Continual Learning:** Subscribed to or set aside time for treasury-related learning (could be following blogs, attending a webinar by your BaaS on new features, etc.). The landscape evolves, and being proactive is key.

By following this checklist, you cover both the **necessary safeguards** and the **strategic enablers** of a sound treasury operation.

With the knowledge from this guide and the above checklist at hand, you are well-equipped to build a treasury function that not only protects your startup from financial pitfalls but also enhances your product’s value. Treasury may operate in the background, but its successful implementation will be reflected in a smoother user experience, a more financially resilient business, and ultimately, a platform users trust with their money.

Good luck, and may your startup’s treasury be ever in balance!

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