



Unlock Hidden Cash:

Working Capital Strategies for Business Growth

July 2026



Executive Summary

As costs continue to rise and high-growth companies look to scale, working capital management often becomes an overlooked constraint on growth. Inefficient processes and limited visibility can quietly tie up cash that could otherwise be reinvested in the business. Unlocking this “hidden cash” presents a meaningful opportunity, particularly by modernizing manual workflows across procurement and accounts payable.

This paper examines how Corporate Card solutions can help organizations address common challenges that limit working capital flexibility. In the context of this paper, “Corporate Card” refers to all Commercial Card products including One Card, Travel & Entertainment cards (T&E), Purchasing Cards (P-Cards), and virtual cards. These challenges include a heavy reliance on traditional payment methods, such as cheques, and legacy programs that provide limited insight into cash flow and spending patterns.

By adopting Corporate Card programs, finance and procurement teams can take a more strategic approach to payments. Through vendor card analysis, payment mix conversion, and enhanced spend visibility, organizations can better manage cash, improve operational efficiency, and reduce exposure to fraud. Additionally, suppliers benefit from faster, more predictable payments and detailed remittance information that simplifies reconciliation. Overall, these improvements strengthen cash flow while building stronger supplier relationships and more sustainable growth.



Contents

What is “Hidden Cash”? 4

Key Working Capital Pain Points as Companies Scale 5

 Cash Strain – Inefficient Payment Practices 5

 Cheques Slowing Payments and Creating Greater Variability..... 6

 Elevated Fraud Risk 6

 Limited Visibility of Cash Flow and Inventory 7

 Strengthening Financial Control Through Payment Modernization 7

Strategies to Unlock Hidden Cash 8

 Strategy Deep Dive..... 8

 Working Capital Optimization Example 10

 Benefits for Buyers and Suppliers 11

Partner with BMO to Enhance Working Capital 12

What is “Hidden Cash”?

Working capital, or the money available to meet operational obligations, is the result of the difference between short-term assets and liabilities. In an ideal world, the amount of working capital needed would be timed so that accounts receivable would perfectly match accounts payable. However, uncertainty exists around when payments will be received and settled, and when upcoming payments and expenses will be made. This uncertainty comes from:

- **Process inefficiencies** including slow billing or collections, costly error resolutions, or slow approvals
- **Payment mix** including cheque, EFT, and card
- **Timing gaps** such as misaligned payables and receivables
- **Visibility gaps** due to limited forecasting accuracy or fragmented data across Enterprise Resource Planning (ERP) systems, banking, and sales systems

As the amount of uncertainty increases, more liquidity is needed to be able to consistently pay expenses on time. To mitigate the risk of being unable to pay suppliers, companies often decide to hold an excess cash buffer.

“Hidden cash” is the amount of liquid assets that can be reclaimed from day-to-day operations and excessive cash buffer.



Key Working Capital Pain Points as Companies Scale

Canadian companies play a critical role in the economy, supporting millions of jobs and driving growth across industries. As businesses scale by adding new teams, expanding supplier networks, and rising demand, operational complexity increases. However, growth in revenue and operations does not always result in available cash.

In a survey of North American CFOs, the two most commonly ranked priorities for 2026 are “digital transformation of finance” and “cash management optimization” with 50% and 45% respectively of CFOs noting those as top priorities.¹ Working capital optimization sits squarely between digital transformation and cash management optimization.

Cash Strain - Inefficient Payment Practices

Many growth-oriented companies experience cash strain, with more than a third of Canadian businesses citing planned investment towards cash flow management.² For finance leaders, this strain puts pressure on decision making, such as responding to urgent payments, managing liquidity, and making key decisions towards reinvesting in the business.

Finance leaders often begin evaluating internal payment practices by asking fundamental questions to help optimize cash flow, including:



This cash strain is rarely a result of a single cause. It is most often influenced by both payment and system processes, notably the use of legacy payment methods (such as cheques), limited visibility into cash flow, and manual processes that introduce variability and reduce control over cash management. If left unaddressed, these challenges can have meaningful downstream effects, including increased reliance on credit, reduced capacity to reinvest in the business, and strained supplier relationships, ultimately constraining a company’s ability to sustain its growth trajectory.

¹Deloitte: The year ahead: North American CFOs reveal their top 6 expectations for 2026
²National Center For The Middle Market The Canadian Middle Market in 2025

Cheques Slowing Payments and Creating Greater Variability

Cheques can directly strain cash reserves by introducing high processing costs, manual reconciliation effort, and frequent exception handling. Cheque settlement timing often varies, requiring teams to rely on time consuming reconciliation and manual reviews. Cheque exception handling, such as lost, delayed, or disputed cheques, further increases administrative burden by triggering additional approval flows and follow-ups. When all associated activities are considered, cheques cost businesses \$38 per transaction.³

Elevated Fraud Risk

Beyond operational inefficiency, cheques also introduce elevated fraud risk. Around 1 in 5 Canadian businesses experience cheque fraud in a 6-month period⁴, leading to direct financial losses and further manual review. These impacts can also strain supplier relationships and exacerbate cash flow volatility, compounding overall cash strain.

Despite these drawbacks, cheques remain widely in use for commercial payments, with 50% of businesses using cheques for commercial payments⁵, often due to uncertainty around how to modernize legacy payment processes. This persistence highlights a significant opportunity for businesses to transition toward more efficient, controlled alternatives such as Corporate Card solutions, to improve liquidity, reduce risk, and streamline payables operations.

³RPMG 2022 Virtual Card Benchmark Survey Results

⁴Payments Canada One in five Canadian businesses experienced payment fraud in the past six months

⁵Javelin Advisory Service North America Commercial Card Market Review and Forecast 2022-2027

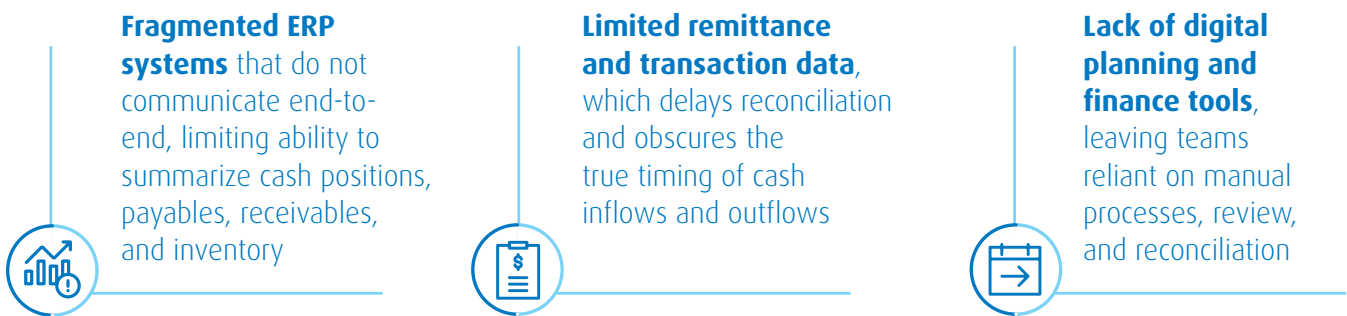


Limited Visibility of Cash Flow and Inventory

Limited visibility into cash flow and inventory is a significant source of working capital inefficiency. A lack of visibility can hinder investment and operational decisions, which is especially crucial in times of economic uncertainty. As a result, many organizations struggle to forecast required liquidity with confidence, pushing a more conservative approach to capital management.

Finance leaders can diagnose this challenge through missed forecasts and excess inventory held as a buffer against uncertainty. Over time, these buffers trap capital, extend the cash conversion cycle, and reduce financial flexibility.

These visibility gaps are primarily driven by payment and system constraints, including:



Strengthening Financial Control Through Payment Modernization

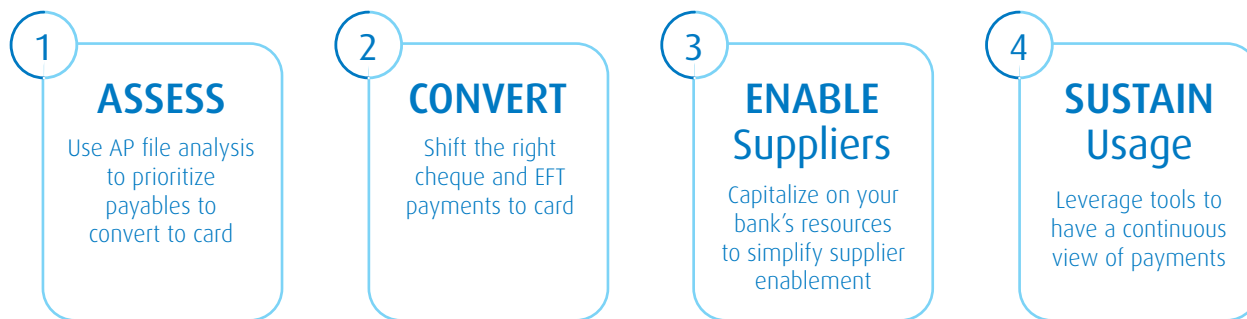
For most businesses, visibility concerns can be addressed by adopting payment methods with strong Enterprise Resource Planning (ERP) integrations, such as Corporate Cards, which provide rich remittance data, spend visibility, and controls that support forecasting. Importantly, finance leaders are better equipped to make informed decisions and respond to unexpected expenses, disruptions, or economic uncertainty.

As high-growth companies tackle cash strain, addressing legacy payment methods and limited cash-flow visibility can reduce volatility, unlock trapped working capital, and improve financial control.



Strategies to Unlock Hidden Cash

Finance leaders at high growth companies typically think about working capital through three primary lenses: receivables, payables, and inventory. While each is important, accounts payable (AP) is one of the fastest, most controllable sources to unlock hidden cash. This section outlines a practical approach to unlock liquidity by modernizing payables. While Corporate Cards are one part of the payments mix, shifting appropriate B2B payments away from legacy methods such as cheques and EFT to card-enabled, integrated payables can unlock hidden cash while improving control, speed, and visibility.



Strategy Deep Dive

1 ASSESS - Use AP file analysis to prioritize payables to convert to card

The goal of this step is to prioritize payments based on their impact and feasibility. The following should be analyzed:

- **Vendor spend amount:** larger annual payables have more opportunity to unlock hidden cash
- **Payment method:** cheques provide the greatest opportunity to convert, while manual EFTs provide the next greatest opportunity
- **Frequency:** high frequency transactions offer greatest efficiency gains
- **Exception rates:** a high rate of exceptions such as voids, reissues, disputes result in greater opportunity to improve payments timing consistency
- **Acceptance likelihood:** a vendor's likelihood to accept card for payment results in easier implementation



② **CONVERT – shift the right payments from cheque & EFT payments to card**

Once priority vendors and payment types are identified, the Convert phase focuses on moving transactions that maximize liquidity and efficiency while maintaining appropriate controls to Corporate Card rails and integrated payables workflows. This typically includes:

- **High-frequency suppliers:** repetitive transactions which can reduce operational overhead through reduced manual handling and fewer exceptions
- **Tail spend:** smaller purchases that have disproportionate processing costs when paid by cheque or manual EFT
- **Repeat or recurring purchases:** subscriptions or routine services are a good fit for virtual card controls

③ **ENABLE – capitalize on your bank's resources to simplify supplier enablement**

The goal of supplier enablement is to make the process seamless for suppliers without excessive onboarding overhead. Commercial banking partners offer tools and resources to assist with communicating benefits and easing onboarding.

④ **SUSTAIN – leverage tools to have a continuous view of payment flows to reduce the need for an excessive cash buffer**

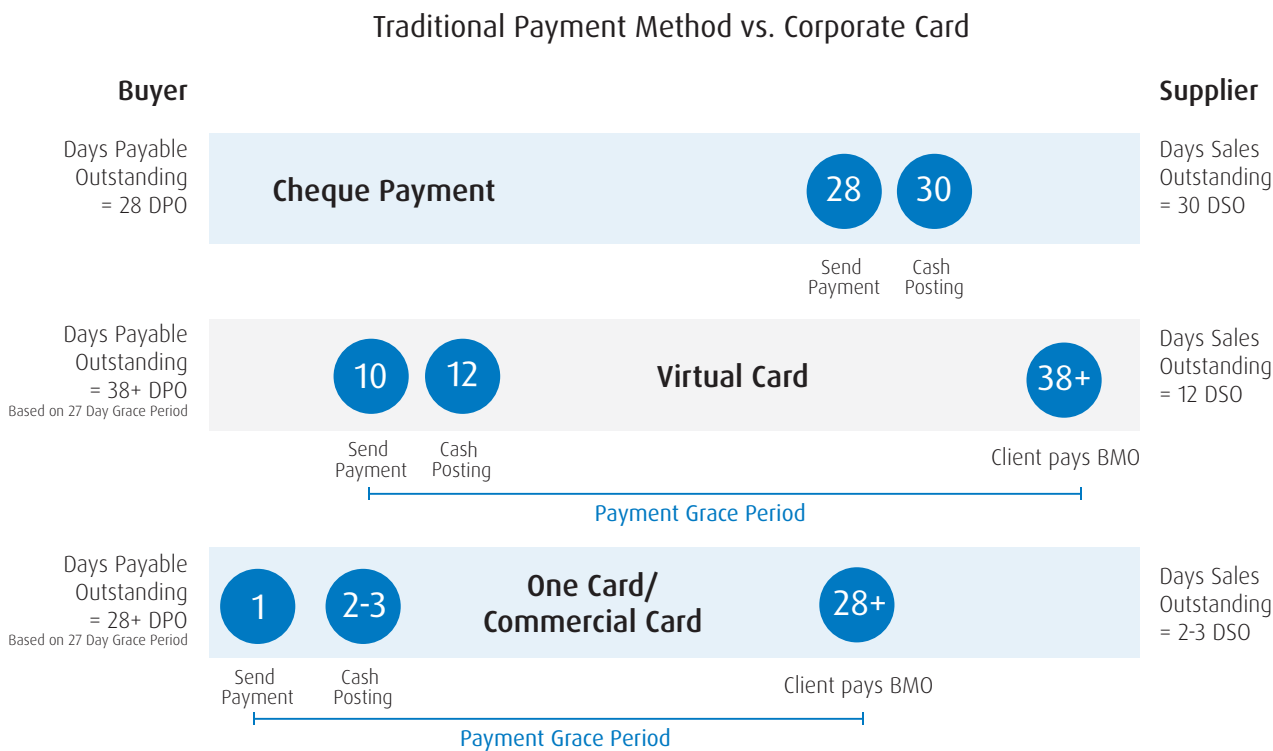
To ensure value from working capital optimization is achieved long term, companies should continuously leverage tools that improve visibility and automate payments. Key levers to ensure sustained working capital optimization include:



- **Improve visibility and forecasting:** consolidate payment status, upcoming obligations, and spend insights into regular cash routines
- **Automate payments:** reduce manual touches across approvals, issuance, reconciliation, and reporting to lower exceptions and cycle time

Beyond core payment solutions, commercial banking partners should be evaluated on their ability to support this ongoing feedback loop, by providing tools that adapt as payment behaviors evolve, improve visibility as adoption grows, and enable continuous optimization of automation and controls.

Working Capital Optimization Example



Commercial banking partners can extend payment cycles to free up capital while maintaining supplier relationships. Corporate Card solutions enable buyers to pay later while ensuring suppliers get paid faster; buyers benefit from extended Days Payable Outstanding (DPO), while suppliers receive accelerated payment, improving Days Sales Outstanding (DSO).

The above model assumes a standard N30 for Cheque payments, accelerating Virtual Card payments to N10. DPO's do not include additional days between transaction date & Corporate Card billing cycle, which adds an additional 15 days of DPO on average. (eg. N10 Invoice term on virtual card: 10 days invoice approval + avg 15 days until statement cycle + 27 days grace = avg 52DPO)

Benefits for Buyers and Suppliers

As organizations aim to scale, preserving liquidity and minimizing payment costs become increasingly important. Corporate Cards support working capital optimization by extending payment cycles to strategically manage cash flow, and providing direct cost savings from reduced processing costs associated with traditional methods.

Working capital optimization is most durable when it improves outcomes for both sides of the transaction. Payment modernization results in both buyers and suppliers benefiting from operational efficiencies and reduced fraud compared to traditional payment methods. Buyers further benefit from improved liquidity, while suppliers get paid faster and with more certainty.

Strategic Value of Corporate Card Payments

Strategic value for buyers	Strategic value for suppliers
• Unlock working capital by extending DPO • Improve efficiency by minimizing manual processing and exception handling • Reduce fraud exposure by shifting away from cheque • Improve visibility and forecasting by leveraging dashboards and reports • Offset AP operating costs through rewards tied to card spend	• Accelerate cash flow by receiving payments faster and more predictably • Streamline receivables using rich remittance data that enables automated reconciliation • Eliminate payment uncertainty by avoiding cheque delays, bounces, and fraud • Strengthen buyer preference by accepting cards and offering a more convenient payment experience

Partner with BMO to Enhance Working Capital



BMO is committed to serving as a long-term Canadian partner, leveraging deep market expertise and prioritizing partnerships that support local communities and sustainable economic growth. Together, BMO's commercial solutions help organizations simplify payments, improve security, and gain clearer control and visibility across the payments lifecycle.



To learn more or begin an intake discussion, contact your BMO Relationship Manager or contact TPS.partner.referral@bmo.com

Banking products are subject to approval and are provided in Canada by Bank of Montreal, a CDIC member.

As cost pressures rise and cash-flow cycles become more complex, working capital optimization has become a priority for growth-oriented businesses. Improving how cash moves through payables and supplier payments can unlock liquidity, reduce administrative burden, and create greater control over day-to-day cash management.

BMO offers an integrated ecosystem of commercial payment solutions that helps organizations modernize their financial operations, streamline supplier payments, and unlock new efficiencies across their working capital cycle.

Payment Vehicles

- **BMO Commercial Card:** Consolidate purchasing and travel spending while benefiting from enhanced spend visibility, risk mitigation, and rewards, with specialized support for key integrations
- **Extend for BMO:** Instantly issue unique virtual cards through mobile or online channels, with dynamic controls and spend tracking by project or category
- **BMO V-PAYO:** Issue virtual card payments for selected vendors via integrated files from your ERP, streamlining approvals and reconciliation, while driving revenue sharing and unlocking working capital. Compatible with other payment methods, including card, EFT, and cheques with option to initiate payments

BMO Tools and Services

- **Card Management Platform:** A centralized card management and reporting platform that provides clients with real-time visibility into card activity, reporting, and program administration
- **Payment Optimization and Strategy:** Our consulting team delivers tailored, actionable payment-strategy recommendations that simplify the shift from legacy to digital solutions for both buyers and suppliers. You'll receive clear options, expert guidance, and support implementing payment solutions that unlock working capital, enhance payment efficiency, and expand revenue share opportunities
- **Card Optimization Insights:** Accelerate supplier enablement through targeted analysis that identifies card-eligible vendors and evaluates acceptance readiness, settlement terms, payment behavior, and potential cost and efficiency gains