corfinancial.

# Pain Points in Fixed Income Accounting for Community and Regional Banks

A synthesis of practitioner perspectives from community and regional banking treasury and finance functions




BeaconVu.
by corfinancial.®

© COR Financial Solutions Limited 2026. All rights reserved.

# Introduction

Across a series of conversations, conducted by **corfinancial®**, with treasury and finance professionals at community and regional banks of varying size, a consistent picture emerges. Fixed income accounting, the discipline that tracks securities portfolios, brokered certificates of deposit, wholesale borrowings and related cash flows through to the general ledger, remains one of the more stubbornly manual corners of bank operations.

While payments, lending and digital banking have all undergone significant technological transformation in recent years, the platforms and processes underpinning fixed income accounting have, in many institutions, changed comparatively little.

This paper draws together recurring themes from those conversations to describe the practical pain points that banks continue to face, and to consider why these problems persist despite widespread recognition that they exist.

## The Persistence of Manual Processes

The single most consistent challenge across institutions of every size is the sheer volume of manual work required to keep fixed income records accurate. Transactions executed away from a bank's primary broker or correspondent relationship frequently have to be entered by hand, with trade and security details all keyed in individually. Principal and interest payments often must be retrieved from external sources such as safekeeping agents or home loan banks and then compiled manually into spreadsheets before being converted into journal entries.

Even where a platform or system is otherwise well regarded, small recurring frictions, such as manually refreshing payment dates or reconciling parallel spreadsheets, consume disproportionate amounts of staff time. None of this is glamorous work, but it is precisely the kind of low-value, repetitive activity that ties up scarce accounting and treasury resource that might otherwise be applied to higher-value activities.

## Fragmented Integration with the General Ledger

A related and equally persistent theme is the absence of seamless connectivity between fixed income accounting systems and the general ledger solution. Several institutions described a process in which journal entries generated by their accounting system must be exported and then manually uploaded into a separate ledger, rather than posting automatically. Others rely on staff to manually link estimated payments to the correct general ledger accounts and cost centres before entries can even be prepared.

The ideal state described repeatedly was a system capable of generating estimated payments automatically, mapping them to the correct accounts, and producing files ready for direct posting, with near real-time reconciliation that flags variances before they compound into a month-end scramble. The gap between this vision and current practice is, in most cases, still considerable.

## The Structured Products Gap

For banks holding more complex asset classes, structured products in particular expose a significant limitation in widely used accounting platforms. Several systems in use today treat structured products, such as collateralised mortgage obligations, as simple pass-throughs, which is inadequate for accurate cash flow modelling. This forces treasury teams into an iterative manual workaround in which cash flows are modelled in a specialist third-party analytics tool and then imported back into the core accounting system.

The process is time-consuming, prone to timing mismatches, and was repeatedly cited as the single change that would deliver the greatest immediate efficiency gain if it could be resolved. It is also a good illustration of a broader pattern: systems designed some years ago for simpler portfolios have not kept pace with the complexity of asset types that banks now hold for collateral and liquidity management purposes.

## Pricing Data: Cost Without Control

External pricing data from multiple parties is another recurring source of frustration. Institutions typically rely on third-party data providers for valuations and reporting cycles, and several noted that the cost of this data has grown steadily and disproportionately relative to the value it delivers. Compounding the expense is the lack of direct connectivity between data providers and core accounting platforms; data is frequently loaded via spreadsheet upload rather than through a live application programming interface, turning what should be a routine period-end task into an iterative, semi-manual exercise.

Institutions describe wanting either a substantial reduction in the cost of accounting data or, preferably, pricing that is integrated directly into the accounting platform itself, removing an entire category of reconciliation work.

## The Real-Time Deficit

A number of institutions still operate on essentially monthly reporting cycles, receiving portfolio updates and valuations only once a period has closed rather than on a continuous basis. This creates two distinct problems. First, it limits the ability of treasury staff to perform independent, real-time analysis, such as assessing the value of a potential securities swap, leaving them dependent on brokers or traders for timely information.

Second, it produces reconciliation headaches where two counterparties in the same transaction chain update records on different timing conventions. A recurring example involves discrepancies in reported par value between a safekeeping agent, which updates only once a payment is received, and an accounting or correspondent platform that updates in advance of payment using a look-ahead convention. The resulting variances require manual reconciliation every period and add no genuine value; they are simply an artefact of mismatched data timing between systems that ought to be synchronised.

## Impairment Analysis and the Audit Burden

Few banks described having any embedded functionality for impairment assessment within their core accounting platforms. Instead, identifying and documenting underwater securities is handled through separate manual processes, often involving spreadsheets built and maintained entirely outside the system of record.

At the same time, audit and regulatory reporting requirements continue to expand, and while some systems are praised for producing thorough audit trails, the cumulative burden of managing the core system, external data and increasingly detailed audit documentation now demands materially more staff time than institutions feel is proportionate to their size and portfolio complexity.

Smaller institutions in particular report that they are effectively carrying the compliance infrastructure of a much larger bank without the corresponding scale to absorb the cost.

## Reporting and the Reliance on Spreadsheets

Even where core systems offer reasonable reporting functionality, most banks still rely heavily on spreadsheets to translate raw data into a form usable by committees and senior management. Formulas are built to break securities down by category, calculate portfolio yield and determine unrealised gains and losses, essentially recreating analysis that a modern platform might reasonably be expected to generate natively.



## Vendor Consolidation and the Support Question

Several institutions described disruption arising from consolidation within the vendor landscape itself. Where a long-standing platform provider has recently been acquired, responsiveness and support quality have noticeably declined during the transition, even though the underlying system was previously well regarded. This is a source of particular anxiety for institutions with limited internal resource to absorb a period of degraded service, since fixed income accounting errors, once embedded, can be time-consuming to unwind. It also underscores a broader vulnerability: much of the sector's fixed income accounting infrastructure sits with a relatively small number of providers, meaning consolidation events ripple across many institutions simultaneously.

## The Economics of Modernisation

Despite the volume of pain points described, appetite for wholesale platform replacement is often muted, and the reasons are consistently economic rather than technical. Alternative solutions are frequently three to four times more expensive than current arrangements, making manual workarounds the rational economic choice even when they are operationally frustrating.

Treasury and finance functions are widely viewed internally as cost centres rather than revenue generators, which makes it difficult to secure budget for new systems when the return on investment is expressed in terms of risk mitigation and staff time saved rather than direct revenue. Some banks also benefit from accounting platforms provided at no direct cost by a broker in exchange for trading volume, an arrangement that, while economically attractive in isolation, can actively discourage adoption of more capable paid alternatives and occasionally comes with commercial pressure to route additional trading activity through that broker.

## Scale, Growth and the Limits of Manual Workarounds

For banks anticipating rapid growth, whether organic or through acquisition, the limitations of manual processes become existential rather than merely inconvenient. A securities portfolio that can be managed with current staffing at today's size may require a substantial increase in headcount to manage under the same manual processes once the bank has doubled or tripled in scale, an outcome that is rarely budgeted for and difficult to justify when growth is driven by acquisition rather than steady expansion.

Even institutions not anticipating near-term growth described estimates of how many times their current portfolio size a platform could scale to before processing times for cash flows became a material bottleneck, suggesting that capacity planning for fixed income accounting infrastructure is, at best, an informal exercise across much of the sector.

## Governance and the Cost of Switching

Finally, even where the case for replacing a platform is accepted in principle, the practical barriers to switching are substantial. Existing systems are typically deeply integrated with the general ledger, asset liability management systems and security purchasing workflows, meaning replacement would cause significant operational disruption.

Switching also requires re-documenting internal controls for audit and regulatory purposes, a governance lift that many institutions are reluctant to undertake unless forced to by genuine end-of-life system status or new regulatory requirements.

Decision-making processes vary by institution size, from a single treasurer or controller at smaller banks to formal committees weighing competing strategic priorities at large ones, but in nearly every case, fixed income accounting modernisation competes for scarce resource against payments modernisation and other initiatives perceived to carry clearer regulatory or revenue justification.

# Conclusion

Taken together, these conversations describe an industry segment where the pain points in fixed income accounting are well understood internally, yet rarely prioritised for resolution. The problems are consistent across banks of different sizes and geographies: manual data entry, weak general ledger integration, inadequate handling of structured products, expensive and poorly connected third-party data, a lack of real-time visibility, minimal embedded impairment functionality, and a persistent reliance on spreadsheets to bridge the gap between what systems produce and what committees and regulators actually need.

What restrains action is not a lack of awareness but a combination of unfavourable economics, integration risk and the difficulty of justifying investment in a function that is not seen as revenue generating. Any solution likely to gain traction in this space will need to address not only the functional gaps described here, but also the economic and governance barriers that have, to date, kept most banks tethered to systems they readily acknowledge are no longer fully fit for purpose.



# A Strategic Investment with Lasting Returns

In this current day and age, is the IT cost in resources and hardware of having an on-premise solution sustainable for many financial institutions' technology platforms? It is often the case that you can't easily change every on-premise platform to a cloud-hosted one very quickly, but new technology is making this easier.

When we look at fixed income accounting systems within community and regional banks, we often see frustration as to what is available on the market. The outsourcing models are usually quite inflexible, whilst the expensive systems have very extensive capabilities – but often with functionality that isn't needed.

With **BeaconVu by corfinancial®** , you don't have to fit into a limited outsourcing model and can benefit from data access and functionality based on your actual needs.

Harness the benefits of our next-generation fixed income accounting solution, **BeaconVu™.**

Fully delivered as a cloud-based Software as a Service solution with instant access to powerful fixed income accounting tools and reporting. No need for painful and lengthy projects to deploy a complex system – subscribe to an annual pricing tier that scales with your business. **BeaconVu** makes it easy and that includes the price.



BeaconVu.
by corfinancial.®

## Using BeaconVu couldn't be easier!

Contact us today to discuss our software and see for yourself.

# Want to know more about BeaconVu?

Visit: www.beaconvu.com
Or contact us at:
Email: info@beaconvu.com

COR-IBS Inc. 100 Front Street, Suite 400, Worcester, MA 01608, USA
Cor Financial Solutions Limited, 107 Cannon Street, 5th floor, London EC4N 5AF, UK

BeaconVu.
by corfinancial.®

## Legal disclaimer

*This document is for information purposes only and is designed to serve as a general overview on matters of interest.*

*COR Financial Solutions Limited and its subsidiaries assume no responsibility or liability for any errors or omissions in the content of this document. All information contained in this document is provided on an "as is" basis with no guarantees of completeness, fitness for purpose, accuracy, usefulness or timeliness or the results obtained from the use of this information, and without warranty of any kind, express or implied. It should therefore not be used as a substitute for any form of professional advice. Any action you take upon the information in this document is strictly upon your own risk and neither COR Financial Solutions Limited, nor any of its subsidiaries can be held responsible, in any way whatsoever, for any consequences related to your use of the information contained in or linked to from this document.*

*corfinancial is a trading name of COR Financial Solutions Limited and its subsidiaries.*

*COR Financial Solutions Limited and its subsidiaries are, unless stated otherwise, the owners of all copyright (along with all other intellectual property rights which protect this content) in relation to this document and its contents. No part of this document may be published, distributed, reproduced in any form or otherwise communicated to the public, except with the prior written approval of COR Financial Solutions Limited. All such rights are reserved.*

*®, CORFINANCIAL®, COR FINANCIAL®, BEACONVU BY CORFINANCIAL® and BeaconVu™ are all trademarks of COR Financial Solutions Limited or its subsidiaries, registered or otherwise in various countries. Full details of the relevant trademark rights can be found at:*
*https://www.beaconvu.com/terms-and-conditions/*

*©COR Financial Solutions Limited 2026. All rights reserved.*