

What Is It?

Zero Balance Account (ZBA) structures help customers simplify account balance monitoring. Customers maintain the right number of collection and disbursement accounts to meet their needs and funds are automatically transferred between a master account and the subsidiary accounts. ZBA structures minimize excess idle funds and overdraft situations in the operating accounts and eliminate the need for manual transfers between accounts.

How It Works

- ◆ The customer establishes one master operating account and as many subsidiary ZBAs as needed for disbursements and/or collections.
 - ◆ For **disbursement** subsidiary accounts:
 - ◆ Checks are written on a ZBA just as on any other account; however, the need to manually fund the checks is eliminated.
 - ◆ The total of all checks presented against the ZBA is offset by a debit to the master operating account, bringing the ZBA back to zero or a pre-established target balance at the end of each day.
 - ◆ For **collection** subsidiary accounts:
 - ◆ Deposits are made to a ZBA just as with any other account. The total of all deposits made each day to the ZBA will be transferred automatically to the master operating account, keeping funds concentrated in one main account, bringing the ZBA back to zero or a pre-established target balance at the end of each day.
 - ◆ Transfers are easily tracked through cross referencing account numbers on bank statements.
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Benefits

- ◆ Funds are transferred as-needed
 - ◆ Minimize idle funds
 - ◆ Anticipatory funding eliminated
 - ◆ Funds transferred automatically
 - ◆ Provides local disbursing/collecting authority with centralized cash control
 - ◆ Minimizes the risk of costly overdrafts
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