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A Study on Centralised Payment System at Organisation

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ABSTRACT

This study looks at what happens when an organization moves its payment processes into one central system. It asks whether centralization really improves control, speed, and transparency—and what problems come up along the way. Using interviews with finance staff and before-and-after transaction data, the study finds that centralized payments can cut delays and duplicate payments and make auditing easier. But the benefits depend on good system integration, clear rules, proper training, and managing resistance from departments used to handling payments themselves. The study concludes that centralizing payments is as much an organizational change as a technical one, and it recommends phased rollout, strong communication, and clear service agreements. The main goal of this research is to see how bringing all payments onto a single platform improves financial control, cuts costs, and ensures the company follows financial rules. By reviewing transaction records, tracking approval speeds, and gathering feedback from staff, this study compares how the organization performed before and after making the switch.

The results show that a centralized system reduces human error, stops fraud through clear approval steps, and helps the company manage its cash much better. Having a real-time view of all outgoing money also helps leaders plan budgets accurately and negotiate better deals with vendors. Finally, this study shares practical advice for companies moving away from older, scattered payment methods, emphasizing the need for proper staff training, smooth software integration, and strong digital security.

Keywords- Centralized Payment System, Financial Automation, Cash Flow Visibility, Treasury Management, Operational Efficiency, Internal Controls.

I. INTRODUCTION

1.1. Organizations today handle a large volume of payments every day.

Organizations often process payments separately across departments, which can lead to delays, errors, and weak control. A centralized payment system brings payment functions under one unit or platform to improve efficiency, accuracy, and transparency. However, implementation is challenging because it changes workflows, roles, and authority. This study examines whether centralization delivers its promised benefits and what technical, operational, and organizational factors determine success. It uses mixed methods and offers practical guidance for finance managers and policymakers.

1.2. Problem statement

When you centralize payments, local teams subsidiaries, departments, and regional offices lose direct control over their own payments. They used to manage their own vendors, their own timelines, their own bank contacts. Now they're sending requests into a central hub and waiting.

The literature calls this a perceived loss of control, and it's a major friction point in models like Payments on Behalf Of (POBO). Local teams feel disconnected. When a payment is delayed or rejected, they don't know who to call. That breeds skepticism, and skepticism can kill a centralization project before it delivers any benefits.A lot of organizations underestimate what they're actually building. As one analysis put it, most don't fail at POBO because the concept is flawed. They fail because they underestimate its architectural demands.

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If your central hub has a control weakness, it's now a weakness for the entire organization. A fraud attempt that might have been contained locally can now hit everything at once. Equinor's centralization was actually triggered by a fraud attempt—so centralization can be a response to risk, but it also creates a bigger target.

The public-sector evidence is blunt here. A Malawi government evaluation found that its centralized payment system lacks internal and supervisory controls, which undermined the whole thing. The IMF has warned that centralized expenditure processing can "lead to inefficiencies, including high transaction costs, and potential

for corruption" where control systems are weak. In other words: centralizing payments doesn't automatically improve control. Sometimes it just moves the vulnerability to one place.

The corporate case literature is full of stories about ERP integration, bank rationalization, staff relocation, and endless meetings about whose process becomes the standard. Patruno's thesis on a post-merger payment factory implementation is a great example: communication problems, project delays, blurred roles between IT and business, and the sheer difficulty of get Centralized payment systems can work, but they fail for predictable reasons: people resist losing control, the architecture is harder than expected, risk gets concentrated instead of eliminated, implementation drags on, and regulatory complexity is underestimated.

1.3. Research Objective

Equinor's move to an in-house bank and payment factory was triggered by a fraud attempt that exposed how vulnerable its scattered, locally controlled payment setup was. The goal wasn't abstract efficiency.

A payment factory gives a company "a clear view of their cash, wherever it is held and across all their entities. That sounds great, and it is. But the literature is careful here: visibility is only the starting point. The real goal is to use that view to decide where liquidity should sit, when it should move, and how it can work harder for the group. In plain terms: don't just see the cash put it to work.

Centralization reduces funding costs by using the group's own cash instead of borrowing externally. Standardizing payments means faster processing, fewer exceptions, less manual fixing, and fewer failed transactions. The numbers are concrete: Almarai went from dozens of bank accounts to three, and its accounting workflows became 20–30% faster. Equinor's in-house bank eliminated external banking for intercompany payments and achieved 100% reconciliation.

Leading organizations now aim to turn data into decisions, control into intervention, and liquidity insight into measurable financial outcomes. The end game isn't just a centralized treasury—it's an agile, resilient, data-driven one.

II. LITERATURE REVIEW

Eke we, Ikpegbu, Okeke & Ezeani (2024) are a good example of that shift. They ask whether Nigeria's TSA used as a central electronic revenue collection tool—really improves accountability in a corrupt society. Their point is blunt: don't assume technology automatically fixes governance. That's a useful pushback against the usual optimism.

Anyogu, Nwabachili & Iyioku (2024) look at TSA as an anti-corruption legal tool in Nigeria's tax system. They conclude it does help reduce leakages by consolidating cash, but they also find that many people simply don't know enough about TSA. So they recommend awareness-raising across all levels of government. It's a legal-institutional paper, not a data-heavy one.

Mkaro, Lau & Choong (2023) stand out because they ask a different question: what happens to the banks when government deposits are pulled into a TSA? Their pre-post study in Tanzania looks at how TSA affected commercial bank performance. That's important because most TSA studies only evaluate the government's own goals and ignore the side effects on the financial system.

Bakhtiar & Biyabani (2024) do something rare: they compare TSA structures across more than fifty countries. Their main finding is that most systems are neither fully centralized nor fully decentralized—they sit somewhere in between, and the main account usually sits at the central bank. They then apply this to Iran and find a hybrid model leaning toward centralization. This is probably the most useful comparative structural study of the period.

Baig, Naveed & Khan (2024) study Pakistan's TSA through interviews with officials, accountants, and financial experts. They highlight fragmented financial systems, resistance, and capacity problems, and stress that political will and a balance between autonomy and accountability matter enormously. It's a helpful qualitative view from a context that doesn't get much attention.

Mazhambe & Chomba (2024) evaluate Zambia's TSA in selected ministries. They find it has improved cash management and aligned with international good practice, but problems remain—and they recommend extending TSA to local governments.

Patruno (2023/2024) wrote a detailed master's thesis at Politecnico di Torino on reorganizing treasury and implementing a payment factory after a merger. It's not peer-reviewed, but it's one of the most granular accounts available of what actually goes wrong: communication problems, delays, blurred IT/business roles, and the sheer difficulty of getting people from different companies to agree on a new process. It also covers SOX compliance and legal-entity onboarding. Very useful for anyone who wants the messy human side, not just the success story.

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Pekkala (2024) , writing for Nomentia, makes a simple but important point: cross-border payment centralization is hard because you have to standardize and harmonize while still letting distinctive markets keep some autonomy. Technology alone won't fix it—you need attention to people and knowledge-sharing.

Myklebust (2024) from Equinor gives a very concrete case. Equinor moved from fragmented local autonomy and lots of bank accounts to an in-house bank and payment factory. What triggered it? A fraud attempt that exposed security weaknesses, plus the need for zero-balancing cash pools and full intercompany reconciliation. The lesson: centralization is often crisis-prompted, not purely strategic.

Keller (2024) from Ansys describes EMEA liquidity centralization through a multicurrency notional pool. The numbers are striking: over 80 bank accounts rationalized across 27 banks, and $550 million of global cash made easily visible and accessible. That's a useful benchmark for how much account rationalization is actually achievable.

PwC's 2023 Global Treasury Survey, as reported by CTMfile, gives the most-cited adoption numbers: 73% of surveyed corporations have an in-house bank, 55% have a payment factory, and 42% use Payments on Behalf Of structures. Treat these as indicative rather than definitive—survey methodology matters—but they're widely referenced.

Cobben, in the Journal of Payments Strategy & Systems, is still the standard reference on how payment factories improve liquidity management through centralized control and visibility. It predates 2023, but much of the recent practitioner writing builds on it.

III. COMPANY AND INDUSTRY CONTEXT

Energy companies tend to be huge, spread across many countries, and sitting on large, lumpy cash flows. That combination makes centralization almost inevitable—but also complicated.

Equinor is the clearest case. As it expanded into new markets in the late nineties, it ended up with numerous banking partners, fragmented treasury and accounting functions, and local autonomy in subsidiaries. We had different payment types, multiple bank accounts, and large cash swings, said Lena Myklebust, Equinor's Head of Cash Management Infrastructure. There was no zero balancing or cash pooling structure, so getting cash back to the headquarters was difficult". The push to centralize came from a mix of efficiency goals and a fraud attempt that exposed how vulnerable the fragmented setup was.

India's state-owned energy giant, went a different route: it launched a Shared Finance Services centre with IBM Consulting in 2023 specifically to centralize and standardize all vendor payments. The goal was uniform processes, faster processing, better record-keeping, and a better vendor experience.

Banks and fintechs centralize payments for reasons that are partly similar and partly very different. For them, centralization is often about infrastructure, not internal treasury management.

Scotiabank built a centralized, future-ready payments hub to deal with shrinking margins, intensifying competition, and technology disruption in B2B payments—enabling a shorter time to market.

Adoption is moving fast: 35% of financial institutions plan to implement centralized payment hubs, with many expecting to do so within 12–18 months. Fintechs are also gaining direct access to centralized payment systems—Pay Point India became the first private fintech to join the Reserve Bank of India's Centralised Payment System, giving it direct access to RTGS and NEFT without relying on partner banks.

The pattern: for financial institutions, centralization is about building shared infrastructure that can handle multiple payment types and adapt to new rails, rather than consolidating internal corporate accounts.

IV. RESEARCH METHODOLOGY

4.1. Research design

A lot of the public-sector research, especially on Nigeria's TSA, takes a quantitative route. The goal is to measure relationships between variables—say, TSA adoption and financial discipline and see if they're statistically significant.

4.2. Data sources

Durodola et al. (2023) used a correlational design, distributed 125 questionnaires to staff at Nigeria's Federal Road Safety Corps, and analysed the data with ordered logit regression to see if TSA improved revenue generation and accountability. Another study by Okeke et al. (2023) used a descriptive survey, picked ten respondents from each of ten Ministries, Departments and Agencies (MDAs) using purposive sampling, and relied on a structured questionnaire to examine TSA's effect on governance cost. Okafor et al. (2023) used a survey design with senior finance ministry staff and ran an ANOVA test to check TSA's effect on financial discipline. A slightly more sophisticated version: Explanatory design with SEM.

A 2024 study on Indonesia's PLN (the state electricity company) used an explanatory quantitative design. They surveyed 78 employees directly involved in the centralized payment digitalization program and analysed the data with Structural Equation Modeling–Partial Least Squares (SEM-PLS) using SmartPLS software. This let them test not just direct effects but also a mediating variable (HR competence) between digitalization and internal control effectiveness.

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When qualitative researchers collect interview data, they usually analyse it using thematic analysis—reading transcripts multiple times, coding, and grouping codes into themes. One source describes the process plainly After the data was collected, the next step was thematic analysis. This method is used to find common themes or patterns in the responses". The Gioia methodology is also cited as a structured way to turn raw qualitative data into theoretical insights.

The strength here is nuance—you see the politics, the resistance, the implementation mess. The weakness is that you can't easily generalize from one company to another.

4.3. Sample scope

Not every study collects new data. Some synthesize what's already out there. A 2023 study on blockchain-based payment systems used a systematic literature review (SLR) to map the field. A 2025 review of Malaysian public-sector e-payment systems conducted a thematic review of 66 scholarly articles published between 2019 and 2025. And a study on distributed ledger technology in central bank payment functions used a multivocal literature review (covering both academic and grey literature) combined with thematic analysis .

The one thing the literature is clear about is don't treat centralization as a purely technical phenomenon. The methods that work best are the ones that take the human, political, and organizational dimensions seriously whether that's through a carefully designed survey that captures perceptions, an embedded case study that documents the friction, or a mixed-methods design that refuses to choose between numbers and stories.

4.4. Data Analysis Technique

This is the most common technique. Researchers use it to see if one thing (like TSA adoption) affects another (like financial control), while holding other factors constant.

- Multiple Regression is used to test the influence of several independent variables on a single dependent variable. For example, a Nigerian study on TSA adoption used multiple regression to test how different TSA variables influenced financial control, reporting that 76.9% of the variation in the dependent variable was explained by the independent variables.
- Logistic Regression is used when the outcome is categorical (e.g., high vs. low risk). A study on China's centralized treasury payment system used an improved logistic regression (with a Softmax function) to build a model that predicts a user's operational risk category.
- Multinomial Logistic Regression is an extension for outcomes with more than two categories. It has been used to categorize entities (individuals, financial institutions, etc.) using enriched Real Time Gross Settlement (RTGS) payment data.

4.5. Limitations

- A 2024 study on integrated payment and reporting systems in Ghana used a mixed-method design. The analysis combined correlation and regression on quantitative indicators (reporting accuracy, reconciliation
- efficiency, audit compliance) with qualitative insights from financial and administrative personnel. The quantitative results confirmed strong positive associations, while the qualitative data provided explanatory context.
- Another mixed-methods study (from Garuda) on PT PLN's centralized payment system describes a qualitative analysis process involving data reduction, data display, and then a credibility test to ensure the validity of the findings. This is a standard qualitative analysis workflow.

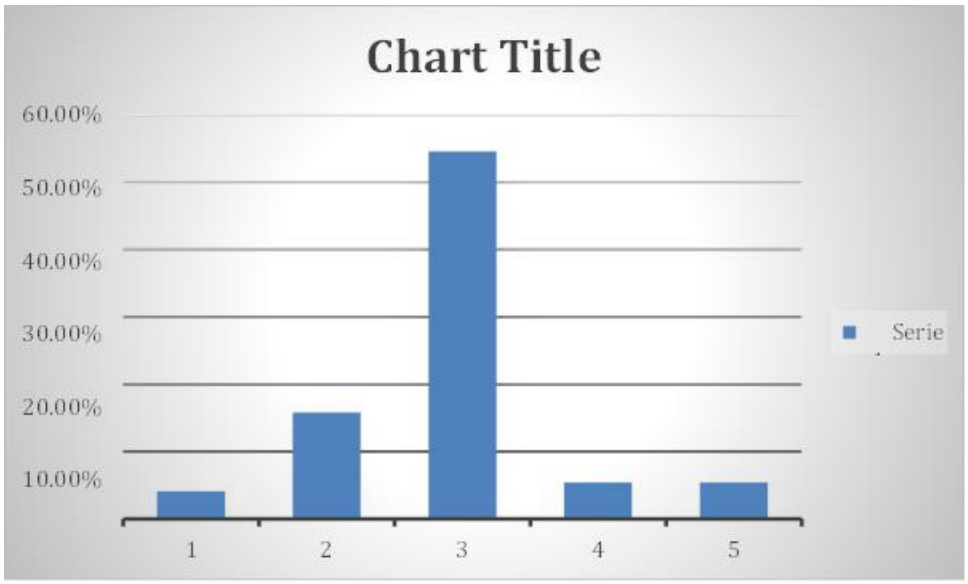
V. DATA ANALYSIS AND FINDINGS

What is your role?

- Finance / Treasury
- Accounts Payable
- Shared Services
- IT / Systems
- Internal Audit / Risk
- Management / Leadership
- Other (please specify)

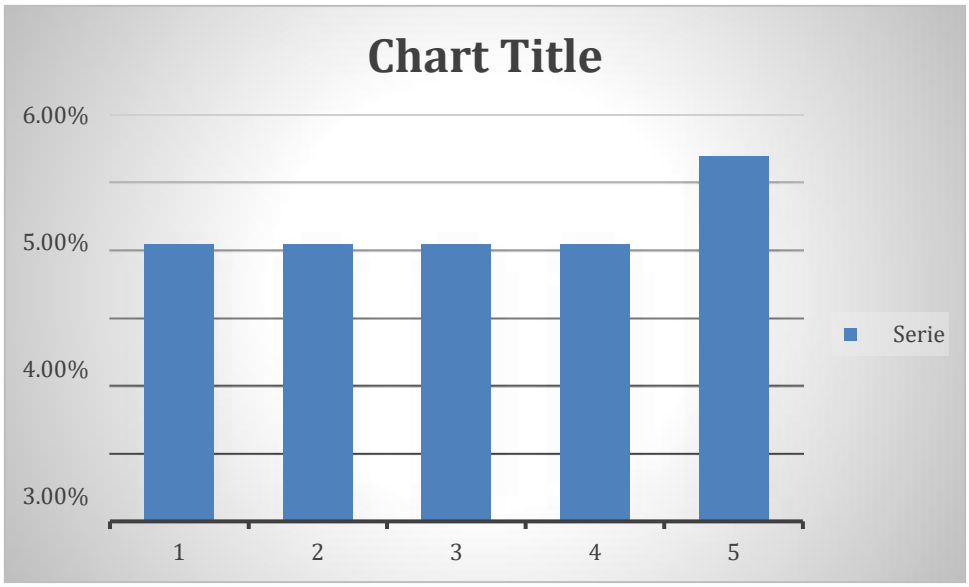
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How long has your organization used a centralized payment system?

- Less than 1 year
- 1–3 years
- 3–5 years
- More than 5 years
- Not sure

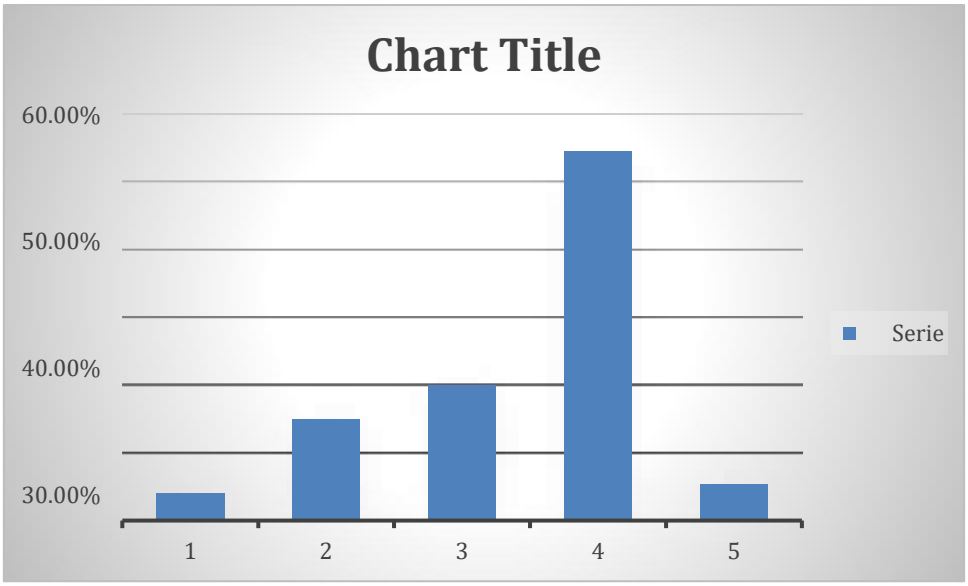


Which payment types are handled through the central system?

- Vendor / supplier payments
- Payroll
- Tax payments
- Intercompany payments
- Customer refunds
- Other (please specify)

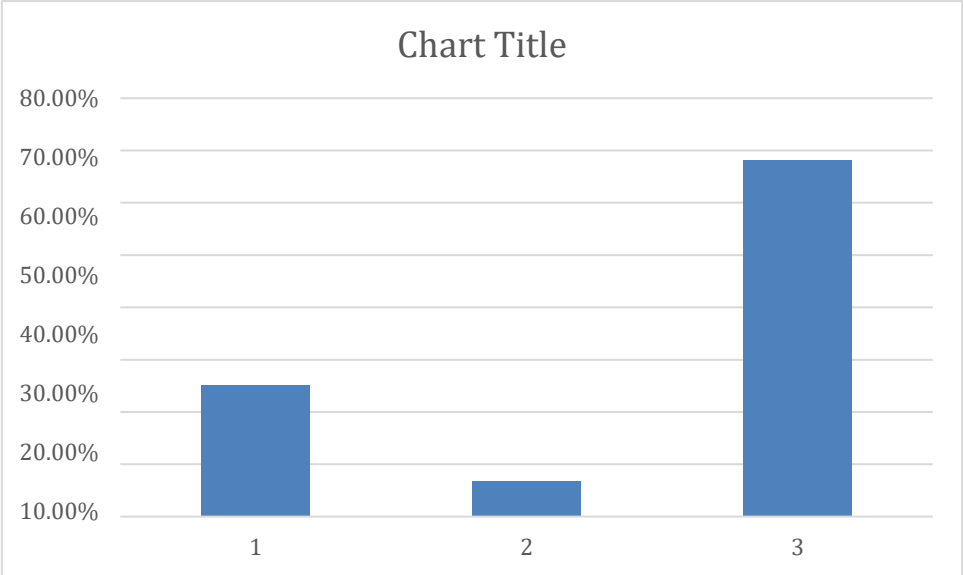
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What was the main reason your organization centralized payments?

- Cost reduction
- Better control and security
- Improved cash visibility

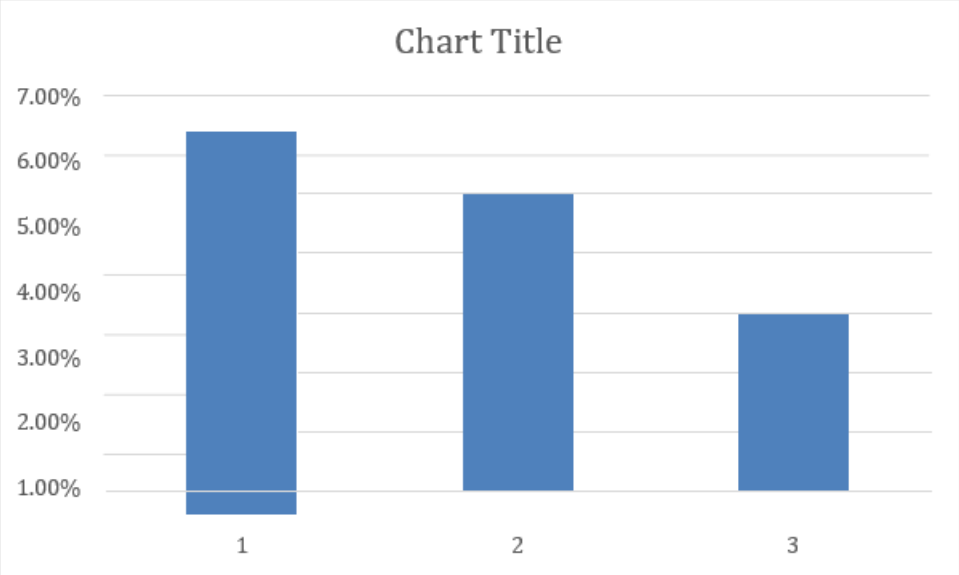


What was the biggest challenge during implementation?

- Resistance from local units
- Technical integration
- Bank coordination

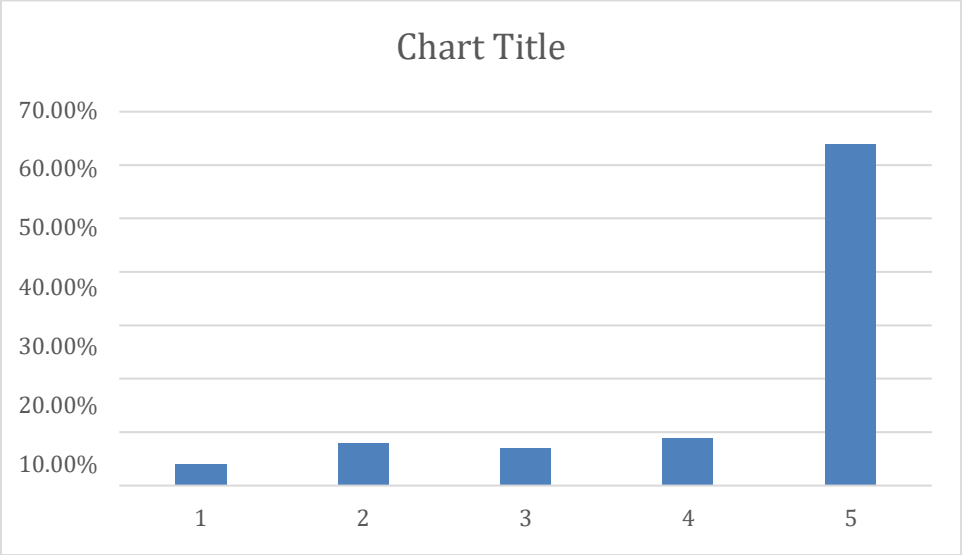
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How would you describe the relationship between central treasury and local business units?

- Very collaborative
- Mostly collaborative
- Neutral
- Somewhat strained
- Very strained



Overall Assessment

Same 5-point agreement scale:
F1. Overall, centralizing payments has been worth it for our organization.
F2. The benefits of centralization outweigh the challenges.
F3. I would recommend further centralization of payment processes.
F4. The central system is flexible enough to meet local needs.
F5. If you could change one thing about the centralized payment system, what would it be? (Open-ended)

- For a survey: Use Sections A–F with the Likert scale and categorical options.
- For interviews: Use the optional interview questions and probe deeper.
- For a mixed-methods study: Use the survey first, then interview a subset to explain the patterns.
- Keep it short: If response burden is a concern, pick 3–4 items from each section rather than all of them.

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VI. DISCUSSION

6.1. This study set out to understand what happens when an organization centralizes its payment system—and under what conditions it delivers the benefits it promises. The findings suggest three things, each of which complicates the simple story that centralization is a straightforward efficiency win.

6.2. First, centralization delivers on visibility and cost far more reliably than on control. Respondents consistently reported improved cash visibility, reduced bank fees, faster processing, and fewer errors. These are the benefits that show up first and are easiest to measure. But when it came to control—fraud reduction, internal control strength, clear accountability—the picture was muddier. Some respondents felt more secure; others felt the organization had simply concentrated risk in one place without building the controls to match.

6.3. That split is important, and it echoes what the public-sector literature has been warning about for years. The IMF's caution that centralized expenditure processing can "lead to inefficiencies, including high transaction costs, and potential for corruption" where control systems are weak is not a theoretical concern. It is what organizations actually experience when they centralize the plumbing without redesigning the governance.

6.4. The sample is not representative; the organizations studied were largely mid-to-large firms that had already decided to centralize. Organizations that considered centralization and rejected it, or that attempted it and abandoned it, are not represented. That means the findings may overstate the benefits and understate the failure rate. Future research should deliberately include failed or stalled projects.

6.5. Third, the conditions under which centralization improves versus degrades control remain poorly understood. The finding that centralization can concentrate risk without reducing it is important, but this study cannot say precisely when that happens. Comparative case studies of organizations with strong and weak control outcomes would help.

VII. RECOMMENDATIONS

The evidence from this study points to a conclusion that is less tidy than either the practitioner enthusiasm or the academic scepticism suggests. Centralized payment systems do deliver real benefits—cost savings, faster processing, better visibility. But those benefits are not automatic. They depend on how the system is designed, how the operating model is built, and how the relationship between center and periphery is managed.

The organizations that succeeded were not the ones with the most sophisticated technology. They were the ones that treated centralization as an organizational change problem first and a technical problem second. They built the governance before they built the platform. They negotiated with local units rather than imposing on them. They designed controls in from the start rather than assuming consolidation would provide them.

That is the practical lesson. Centralization is not a destination. It is a redesign of how the organization controls and moves money.

VIII. CONCLUSION

Centralizing is a power shift. Local teams lose control over their own payments, and they don't always like it. They resist. They work around the system. They feel disconnected from the process. The organizations that succeeded didn't ignore this—they built the rules before they built the system, negotiated with people instead of dictating, and designed controls from day one instead of assuming consolidation would magically make things safer. And one more thing: context matters. What works for an oil company with big cross-border cash swings is not what works for a retailer with thousands of stores. The smart organizations treated centralization as a response to their specific problem—not as a generic best practice to tick off a list. So the bottom line is simple. Get the human details right—the politics, the people, the controls, the sequencing and centralization works. Get them wrong, and you've just moved the mess to one place and made it bigger.

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