

Vantage Finance & Tech

Cash Pooling in SAP S/4HANA

Cash Concentration, Bank Account Management and In-House Banking

A guide for FI and treasury consultants, treasury key users and cash managers: cash pooling theory, the SAP S/4HANA solutions, master data, configuration, Fiori apps and transactions, a step-by-step operating guide, intercompany postings and common errors.

Prepared by Vantage Finance & Tech · Precision Finance. Agile Delivery. Integrated Solutions. · November 2026

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1. Cash pooling in brief

Cash pooling centralises the liquidity of group companies on a header account or entity (the pool leader), so internal surpluses offset internal deficits and external borrowing goes down.

Type	How it works	Real transfers	Typical use
Zero balancing	Each sub-account is swept to zero against the header account at end of day	Yes	Strongly centralised groups, single currency
Target balancing	Each sub-account is brought back to a target balance	Yes	Entities that keep local operating cash
Threshold balancing	Transfers only above or below minimum and maximum thresholds	Yes, fewer	Fewer transfers and bank fees
Notional	Balances are summed only to calculate interest	No	Multi-currency, countries with transfer constraints
Internal (in-house bank)	Entities hold current accounts at the group's in-house bank	Book entries, settled externally	Groups using In-House Cash or In-House Banking

Flows can be concentration (sub-account to header), distribution (header to sub-account to cover overdrafts) or both. The **header account** belongs to the parent or treasury company; **sub-accounts** belong to participating companies; the **service provider** is whoever executes the sweep: the bank automatically, or the company through system-generated transfers.

Benefits

- Lower external debt and finance costs thanks to internal netting.
- Better return on excess cash, invested centrally.
- Daily visibility of the group cash position.
- Fewer bank accounts and fees, especially with payments and collections on behalf of other entities (POBO / COBO).

Risks, tax and legal points

- Transfer pricing: intercompany rates on pool balances must be at arm's length and documented.
- Interest deductibility limits apply (in Italy, article 96 of the income tax code: 30% of tax EBITDA).
- Company law: shareholder financing can be subordinated in some cases (in Italy, articles 2467 and 2497-quinquies of the civil code), so a formal cash pooling agreement is needed.
- Counterparty and insolvency risk: if a participant fails, the pool leader is left with a receivable.
- Currency and regulatory constraints on cross-border or notional pooling.

These notes are a general overview, not tax or legal advice. Check the specific situation of your group with your advisers.

2. The SAP S/4HANA solutions

The choice depends on the model: physical pooling between external bank accounts points to Cash Concentration; an internal bank with intercompany accounts points to In-House Cash or In-House Banking.

Solution	What it does	Notes
Cash Concentration (S/4HANA Cash Management)	Cash pools defined as master data in Bank Account Management; proposal and generation of transfers between header and sub-accounts	Reference solution in S/4HANA, with dedicated Fiori apps since 1809
Classic cash concentration (FF73 / FF74)	Pool defined as a grouping, proposal based on the cash position (FF7A)	Still available, superseded by the BAM approach
SAP In-House Cash (IHC)	In-house bank with current accounts for subsidiaries, intercompany payments, POBO / COBO, internal cash pooling	Mature, suited to complex multi-bank-area scenarios
SAP In-House Banking (IHB)	New in-house bank with Fiori apps, master data workflow, group limits, several transfers to accounting a day	Part of Advanced Payment Management; first in the cloud, then on-premise

Both IHC and IHB support internal pooling between accounts of the same in-house bank, but not between different in-house banks. IHB adds group limits and pays house banks without F111; IHC also updates Cash Management with in-house account balances.

3. Master data: Bank Account Management and the cash pool

In S/4HANA a cash pool is master data, not customizing: its structure is defined on the Cash Pool tab of the Manage Bank Accounts app.

Prerequisites

1. Banks (FI01 or Manage Banks).
2. House banks and account IDs (FI12_HBANK or Manage Banks).
3. Bank accounts in Bank Account Management, linked to house bank account, company code, currency and G/L account.
4. A bank account hierarchy (Manage Bank Account Hierarchies), grouping accounts by country, bank or company.
5. Business partners for intercompany counterparties, if pool receivables and payables are posted.

Cash pool attributes

Attribute	Meaning
ID and name	Unique identifier of the pool

Attribute	Meaning
Header account	Concentration account; an account can be header of one pool only
Sub-accounts	Participating accounts; a header can be a sub-account of another pool, which allows multi-level pools
Service provider	Enterprise: SAP proposes and executes the sweep. Bank: the bank executes it and SAP receives it with the bank statement
Usage	Concentration, distribution, both, or statistical only
Target, minimum and maximum balance	Per sub-account parameters that drive the proposed amount
Minimum transfer and rounding	Avoid transfers of irrelevant amounts
Currency	Accounts in a physical pool must share the same currency

Key rule: a bank account can appear in at most two pools, once as header and once, in another pool, as sub-account.

4. Configuration

Configuration sits in SPRO under Financial Supply Chain Management → Cash and Liquidity Management. The recommended order:

General Cash Management settings

1. Activate Cash Management for the company code (OBY6).
2. Define the basic settings for Cash Management.
3. Review flow types and source symbols; the standard is usually enough.
4. Define planning levels and groups, with a dedicated level for pool transfers if you want to see them separately in the cash position.
5. Assign planning levels to bank and bank clearing G/L accounts (FS00).

Bank Account Management

1. Number ranges for bank account technical IDs.
2. Settings for bank account master data: account types, attributes, field status.
3. Optional workflow and dual control for opening, changing and closing accounts.
4. Authorizations on bank accounts, hierarchies and cash pools (F_CLM_BAM, F_CLM_BAH and, where available, F_CLM_CP).

Cash Concentration

1. Number ranges for cash pools and, where required, concentration requests.
2. Payment requests: number ranges and posting variants; payment methods for bank transfers (FBZP) and the payment request program F111; bank clearing accounts per house bank and payment method.
3. Payment formats (DMEE / DMEEX for SEPA pain.001) and, if used, Bank Communication Management for approval and signature.
4. Electronic bank statement processing (FF_5, posting rules in OT83) with external transaction codes and posting rules for sweeps, essential with a Bank service provider.

5. Intercompany posting: pool receivable and payable accounts per company and clearing rules.

Classic concentration, In-House Cash and In-House Banking

- Classic FF73: groupings (V_T038), planning levels for concentration memo records; target account, minimum balances and rounding are entered when running FF73.
- In-House Cash: bank area, account products, interest conditions, payment orders and end-of-day processing; internal pooling as automatic transfers between in-house accounts.
- In-House Banking: configured in Advanced Payment Management with dedicated Fiori apps for accounts, conditions, limits and end of day.

Before go-live, record every step in a configuration workbook with release, transport and owner.

5. Fiori apps and transactions

App	Purpose
Manage Bank Accounts	Bank account master data; Cash Pool tab for the pool structure
Manage Bank Account Hierarchies	Account hierarchies on which pools are built
Manage Cash Pools	Create, change, display and delete cash pools
Manage Cash Concentration	Simulate and run concentration for Enterprise pools, generate payment requests, monitor status
Cash Pool Transfer Report	Transfers between header and sub-accounts over a period
Deficit Cash Pool	Pools and accounts in deficit
Cash Position (Today), Cash Flow Analyzer	Balances and flows by account, company and level
Make / Track Bank Transfers	Manual transfers and their monitoring
Approve Bank Payments	Approval of payment batches (BCM)
Manage Bank Statements, Bank Statement Monitor	Receipt and reconciliation of sweeps

Transaction	Description
OBY6	Activate Cash Management per company code
FS00	G/L account master (planning level)
FI01 / FI02 / FI03	Create / change / display bank
FF73 / FF74	Classic cash concentration: proposal / with payment generation
FF7A / FF7AN	Cash position and liquidity forecast
F111	Payment program for payment requests
FBZP	Payment program configuration
FF_5 / FEBAN / OT83	Bank statement import, post-processing, posting rules

Fiori app IDs vary by release: check them in the SAP Fiori Apps Reference Library.

6. Operating guide

A. One-off setup

1. In Manage Bank Accounts, check that header and sub-accounts are active, with the right house bank account, G/L account and currency.
2. In Manage Bank Account Hierarchies, create a node for the pool with the participating accounts below it.
3. In Manage Cash Pools, create the pool: ID, description, currency, service provider, header account, and for each sub-account direction, target, minimum and maximum balance and minimum transfer.
4. Save and check that the pool appears on the Cash Pool tab of each account.
5. Run a full simulation of the daily cycle in the quality system before go-live.

B. Daily cycle (Enterprise service provider)

1. Import the morning bank statements and check in Bank Statement Monitor that all pool accounts are up to date.
2. Check the cash position for the pool accounts and the flows expected during the day.
3. In Manage Cash Concentration, select pool and value date and simulate: the system proposes, per sub-account, the amount to reach the target, respecting minimums and rounding.
4. Review the proposal: change amounts or exclude an account (for example a large incoming payment not yet in the system).
5. Confirm: the system generates the transfer payment requests between header and sub-accounts.
6. Run the payments with F111 or a scheduled job, send the file to the bank and approve it in Approve Bank Payments when BCM is active.
7. Monitor the status in Manage Cash Concentration and Track Bank Transfers.
8. The next day, the bank statement clears the bank clearing accounts; check open items with FEBAN.
9. At month end, use the Cash Pool Transfer Report as the basis for intercompany interest.

The daily cycle typically takes the cash manager 15 to 30 minutes.

C. Bank service provider

The bank sweeps automatically at end of day. The sweep arrives with the bank statement under dedicated transaction codes and is posted by the OT83 rules; the cash manager checks amounts and counterparties in the Cash Pool Transfer Report and in the cash position.

D. Classic concentration

Run FF73 with grouping, date, target account and minimum amount; review and save the proposal, which creates concentration memo records; generate payment requests with FF74 and pay them with F111.

7. Postings, intercompany and interest

Every physical sweep between different companies creates an intercompany receivable or payable: the participant has a receivable from the pool leader when it hands over cash, and a payable when it receives it.

Zero balancing example

Company IT01 has EUR 100,000 on its sub-account; treasury company TR01 is the pool leader.

Step	Company	Debit	Credit	EUR
Payment (F111)	IT01	Receivable from pool leader	Outgoing bank clearing	100,000
Payment (F111)	TR01	Incoming bank clearing	Payable to IT01	100,000
Bank statement	IT01	Outgoing bank clearing	Bank account	100,000
Bank statement	TR01	Bank account	Incoming bank clearing	100,000

Cross-company postings need clearing accounts between companies (OBYA). Alternatively, post only from the bank statement, which is typical with a Bank service provider.

Intercompany interest

- Calculate interest monthly or quarterly on the daily balances of the pool accounts, at market rates (for example €STR plus a spread).
- Tools: G/L balance interest calculation, Treasury and Risk Management contracts, or interest conditions in In-House Cash / In-House Banking.
- Post the result with an intercompany invoice or note, backed by transfer pricing documentation.

Reconciliation

- Align intercompany balances at month end with the intercompany reconciliation apps.
- Check that bank clearing accounts are zero after the bank statement.

8. Best practices and common errors

- Define the pool in Bank Account Management as the single source; avoid parallel structures in FF73 and Manage Cash Pools.
- Use minimum transfers and rounding to reduce transfers and fees.
- Schedule concentration with a clear cut-off against bank times; use intraday statements if concentration happens during the day.
- Separate duties: whoever proposes the concentration does not approve the payments.
- Keep a signed cash pooling agreement with rates and limits for each participant.

Symptom	Likely cause	Fix
Account cannot be added to the pool	Already header of another pool, or sub-account of two pools	Review the structure: an account sits in at most two pools
Zero or wrong proposal	Bank statement not loaded, balances not updated	Check Bank Statement Monitor and reload the statement

Symptom	Likely cause	Fix
Hierarchy node not selectable	Node added after the first pool was created, without an organizational unit	Create the organizational unit or rebuild the hierarchy before the pool
Payment requests not paid	Payment method or house bank missing in FBZP	Complete FBZP and rerun F111
Bank clearing accounts not zero	Missing OT83 rules or external transaction codes	Add sweep rules and reprocess with FEBAN
Pool with accounts in different currencies	Physical pooling needs one currency	One pool per currency, or notional pooling / In-House Banking

Sources

- SAP Help Portal – Cash Management and Bank Account Management in SAP S/4HANA
- SAP Learning – Performing Cash Concentration
- SAP Community – Cash pools and cash concentration; From In-House Cash to In-House Banking
- SAP PRESS – Cash Management with SAP S/4HANA; Comparing In-House Banking and SAP In-House Cash
- Zanders – Cash pooling and Bank Account Management in S/4HANA; In-House Banking vs In-House Cash

Configuration paths, transactions and authorization objects can vary by SAP S/4HANA release: check them in your system. This guide is general information, not accounting, tax or legal advice.

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