How CFOs of leading academic institutions are reframing payments, liquidity, and risk management

Global Payments & Liquidity

WELLS FARGO

A structural shift

Today's higher education landscape is placing unprecedented demands on CFOs and Treasurers, compelling a reassessment of long-standing financial and operating models. Across both public and private institutions, finance leaders are navigating an environment marked by research funding constraints, enrollment volatility, margin compression, rising operating costs, emerging implications of artificial intelligence, and heightened regulatory and reputational risk. In this context, operational efficiency and resilience are paramount—making strategic banking partnerships increasingly critical as institutions rethink student payment strategies, liquidity management, and enterprise risk.

One of the most consequential shifts has been the elevation of student financial operations from a transactional back-office function to a strategic component of an institution's financial health. Historically, payments, collections, and refunds were viewed primarily as bursar responsibilities—focused on accepting tuition and posting activity to the general ledger. Today, these activities directly influence liquidity, working capital, enterprise risk management, student experience, and retention.

From the vantage point of a financial institution, the most forward-looking colleges and universities view student payments as the driving force behind their financial infrastructure. Modern payment platforms now sit at the intersection of student engagement, ERP systems, banking rails, and treasury operations. How these systems are configured, integrated, governed, and aligned increasingly determines not only operational efficiency, but financial resilience.

As we explore the major themes shaping this evolution, Wells Fargo will share best practices on how Higher Education finance leaders can modernize payments, strengthen liquidity management, and embed risk controls to support their institution's mission over the long term.

In a recent survey, three-quarters of finance leaders representing 150 colleges considered their receivable operations "only somewhat" effective.

Source: Smart Receivables Playbook: Education | PYMNTS.com

The new student payment integration model

The old way

For decades, the core objective of student payment systems was straightforward: accept tuition payments, apply them to student accounts, and reconcile activity to institutional ledgers. That paradigm is no longer sufficient.

The way forward

Student payment platforms have evolved into comprehensive ecosystems that are inclusive of the cafeteria, meal plans, ticketing, donations, and parking. Each of those unique elements, and their payments, should be integrated with student information systems, financial aid platforms, ERP, general ledger systems, merchant processors, banking and liquidity platforms. This ultimately presents more opportunities for centralization.

Key question for CFOs

Are your payment systems actively improving cash flow, reducing cost, and strengthening control?

From a treasury perspective, **three priorities** now dominate:

1 Institutions are focused on accelerating collections by reducing payment friction.

The design of payment experiences — ACH enrollment, payment plans, and international payment options — directly affects days sales outstanding. Streamlined, intuitive payment pathways translate into earlier and more predictable cash inflows which can help identify cash for investments.

2 Payment data is being integrated into liquidity decision making.

Visibility into pending tuition, installment plans, and expected inflows enables treasury teams to reduce conservative cash buffers and more precisely time investments or borrowing. Student payments, once purely transactional, now function as dynamic working capital levers.

3 Acceptance cost discipline has become increasingly important.

Payment collection is often one of the most overlooked cost drivers in tuition and auxiliary operations. Configuration choices within bursar platforms — such as encouraging lower cost payment methods and rationalizing gateway structures — can materially improve net tuition revenue.

Liquidity and forecasting:
Turning payment data into financial agility

The old way

Historically, treasury teams relied primarily on ERP batch reporting to manage cash in and cash out. While reliable, this created blind spots for working capital management and short-term forecasting precision. These blind spots are exacerbated by fractionalized legacy banking relationships.

Consistently, higher education cash flow is uniquely seasonal and highly sensitive to enrollment patterns. Tuition billing cycles, refund periods, financial aid disbursements, and installment plans create complex liquidity dynamics that challenge traditional forecasting approaches.

The way forward

The solution lies in visibility and predictive models through robust data. Treasury teams need to get creative to refine daily cash positioning, short-term investment timing, and borrowing decisions across all depository partners.

Leading, tech-forward institutions are integrating their data feeds directly into treasury workstations, bank portals, and automated cash positioning tools while also experimenting with the benefits that AI can provide from a financial management and planning perspective. The result is a transformative shift from reactive liquidity to a predictive liquidity strategy.

Universities are **increasingly using AI** for cash forecasting through a myriad of innovative approaches.

AI-powered financial analysis

Institutions are leveraging AI tools for forecasting, reporting, and optimizing portfolio allocation.

Automated cash flow forecasting

AI models can analyze large volumes of data to identify patterns, leading to more accurate cash flow forecasts and more informed decision-making.

Net tuition revenue volatility analysis

AI can support multi-scenario cash flow modeling, particularly around tuition revenue, and impacts on net tuition revenue due to demographic pressure, tuition discounting, and alternative enrollment outcomes.

Operational control, automation, and cost discipline

The old way

CFOs are increasingly recognizing that student payments are no longer just a bursar issue — they are a treasury and control issue. Manual reconciliation across bursar platforms, merchant processors, bank accounts, and ERP subledgers introduces delay, cost, and operational risk.

The way forward

This realization is driving closer alignment across bursar operations, treasury, and accounting functions. To address this, institutions are pursuing straight through processing from payment initiation to general ledger posting, supported by automated reconciliation tools, ERP payment hubs, and API -driven bank connectivity.

These initiatives deliver efficiency, but their strategic value extends further. Automation strengthens governance and auditability by reducing manual intervention, improving data lineage, and enhancing control consistency.

Refund modernization represents a parallel opportunity. When refunds are initiated in bursar systems but executed through treasury channels, institutions can:

- Replace checks with ACH and digital disbursements
- Reduce escheatment exposure
- Lower per refund costs
- Improve controls
- Outsource remaining esheatment items

With government funding, especially research grants, being more volatile and therefore less predictable, institutions are forced to rely on their endowments and other sources of funding and liquidity to maintain operations and navigate through cycles of uncertainty. This has a direct impact on the CFO, treasurer, and CIO. Downstream implications can include scholarships, athletics, ancillary activities, tech spend, and infrastructure.

Payments fraud and enterprise risk convergence

The old way

Payments fraud has been around for as long as universities have. Common exposure areas have historically included refund redirection fraud, account takeovers, unauthorized payment method changes, and governance of PCI scope and tokenization. Modern fraudsters have gotten even more clever in their techniques, with "ghost students" (fake students registering under stolen or fabricated identities) rising as a serious threat.

The way forward

While student payment platforms manage critical PCI components, responsibility does not end there. Effective risk mitigation aligns:

- Bursar platform configuration
- ERP access controls and dual controls
- Bank entitlements
- Segregation of duties
- Fund approval workflows

One clear-cut solution is for payments to be fully embedded within the institution's enterprise risk framework. This risk management mindset necessitates closer collaboration among CFOs, treasurers, CIOs, bursars, and internal audit teams — resulting in fewer siloes.

*The Department of Education reported that it dispersed $150 million in aid in 2025 to ineligible students due to identify theft.**

*Source: Ghost Student Fraud Is a Digital Identity Failure | Blogs | Mar 2, 2026 | ITIF

How to seamlessly converge old and new tech

The old way

Clunky technology stacks that have evolved organically over time: a legacy ERP, a long standing bursar platform, multiple merchant processors, separate bank portals, and a treasury workstation layered on top. While functional, these environments are often complex and costly to maintain.

The way forward

CFOs are taking a step back to reassess and reevaluate. Is there overlapping vendor functionality? Are certain configuration choices driving unnecessary card expense? Is the quality of data flow from student payment systems to liquidity tools effective? Can reconciliation and settlement timing be further optimized?

Fragmented platforms and legacy systems expand the cyber attack surface, complicate patching, and impede visibility into access and authentication activity—key contributors to ransomware and phishing incidents. A thorough evaluation of your institution's technology stack can go a long way towards enhancing your college or university's compliance and cybersecurity posture, along with driving institution-wide operating cost efficiencies.

Furthermore, disconnected financial and administrative systems undermine enterprise risk management (ERM) by limiting institutions' ability to aggregate risk signals across finance/treasury, operations, and compliance functions.

Key question for CFOs:

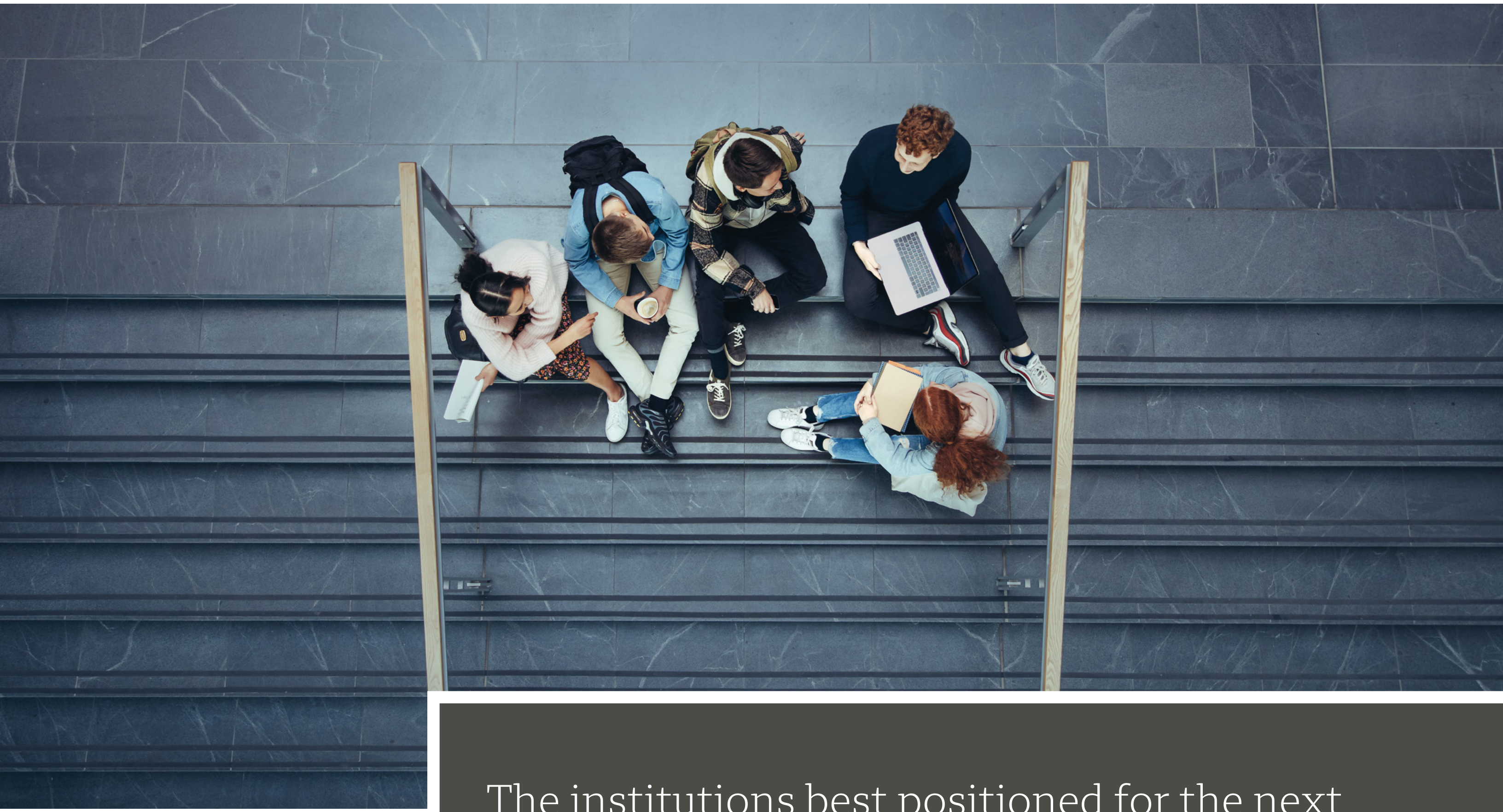
Is the tech stack optimized — or merely inherited?

Next steps

Power in payments and relationships

When payment ecosystems, treasury systems, and banking partners operate in alignment, institutions can benefit from faster collections, lower costs, stronger controls, improved forecasting, and a better overall student experience.

At Wells Fargo, our role in Higher Education extends beyond transaction processing. We act as your strategic consultant supporting payments modernization, liquidity optimization, working capital strategy, fraud mitigation, and treasury integration. Ultimately, this alignment can drive greater financial resilience — an outcome that is no longer optional for today's Higher Education CFOs and treasurers, but mission critical.



The institutions best positioned for the next decade are those that recognize student financial operations as core financial infrastructure.

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