

Getting started with Auto Bank Reconciliation

A practical guide to getting started with Auto Bank Reconciliation in your practice. It helps you choose where to begin, review the first pass with confidence and build from there. Your expertise stays at the centre: you review every line and keep the final say.



What Auto Bank Reconciliation does

Auto Bank Reconciliation, powered by JAX, completes the first pass on routine bank transactions as they arrive. When it has high confidence, it auto-reconciles the transaction. When it doesn't, the transaction is left for you to reconcile manually.

How it works

Auto Bank Reconciliation uses four reconciliation methods: Match, Rule, Memory and Prediction. Each auto-reconciled line shows the method used, with a brief explanation available on hover. Lines you reconcile yourself are labelled Manual.



Match

A confirmed invoice or bill matched to the transaction.



Rule

A bank rule you've set that applies to this transaction.



Memory

A pattern from this client's own reconciliation history.



Prediction

A pattern from how similar transactions are typically reconciled.

Note

A note on the 'Memory' method. Memory uses the history of similar reconciliations in that client organisation. It doesn't transfer across your practice portfolio.

Reviewing your auto-reconciled transactions

Auto Bank Reconciliation doesn't take your judgement out of reconciliation. It works alongside it. The more you use it with a client, the more it adapts to how that client's business works. Your corrections, such as an edit to an account code, help improve how it handles similar transactions for that account in future.

You stay in control

- ✓ You can review every auto-reconciled line and keep the final say.
- ✓ You can view, add and manage supporting documents from the Reconciled page, alongside the transaction.
- ✓ You can edit account codes and tax rates* directly in-row.
- ✓ You can use Remove & Redo if the wrong contact or transaction has been created.
- ✓ You can turn Auto Bank Reconciliation on or off at any time (see 'Managing your settings' below).

If you see a mistake, correct it and this helps JAX learn for next time. Your corrections help JAX learn the client organisation's patterns and improve how it handles similar transactions in future.

*Tax rate editing is not available in the United States.

Managing your settings

⚙️ **Auto-reconcile** ● OFF

Find it on the Reconcile page

- Go to the Reconcile page and select the **Auto-reconcile settings** button.
- Turn Auto Bank Reconciliation on or off for an individual bank account, or for all of a client's bank accounts at once.
- Settings history shows who last changed the setting and when.

Understand what to expect

A settling-in period is normal.

Think of Auto Bank Reconciliation like a new team member settling into your practice. A few corrections early on are expected, and your review is what keeps the books right. The better it's set up early, the more useful it can become.

Auto Bank Reconciliation works best when it has clean data to learn from. So make sure the books are current and accurate first, then treat the first few weeks as a settling-in period: review the results regularly, correct anything that doesn't look right, and use what you learn to plan your wider rollout.

What 'good' actually looks like

Based on Xero data from a rolling three-month average, April to July 2026, Auto Bank Reconciliation auto-reconciled over 60% of the transactions it saw. Of the transactions it auto-reconciled, users made no corrections to approximately 96% of the lines it completed, and every result was ready for review.

Over 60%**

of the transactions it saw were auto-reconciled



~96%*

of the lines it auto-reconciled had no corrections from users



*Xero data based on the percentage of auto-reconciled lines not corrected by users on a rolling three-month average, April to July 2026.

**Xero data based on a rolling three-month average, April to July 2026.

What this means

Accuracy

Of the transactions Auto Bank Reconciliation auto-reconciles, users made no corrections to approximately 96% of the lines it completed.* A few lines may still need a correction. That's what your review is for. Build time into your practice workflow to review every auto-reconciled line, especially during the early stages.

If something doesn't look right, correct it. Your correction helps JAX improve how it handles similar transactions in future.

Coverage

Auto Bank Reconciliation will run on over 60%** of transactions it sees. Your own coverage may be higher or lower depending on your transaction types, bank rules and how much history the system has learned from your account. The remaining lines stay in the existing Reconcile workflow because the confidence threshold was not met. You should expect some lines to still need manual reconciliation.

This is deliberate: the feature is designed to favour precision over processing every line automatically.

Where your role changes

If you already review your clients' reconciliation, your role stays the same. You still review every line, make any corrections and keep the final say. The difference is that Auto Bank Reconciliation completes the first pass on over 60%** of them, so you start from a cleaner set of work on the Reconciled page.

One more expectation

Auto Bank Reconciliation works on new statement lines and documents as they arrive. It won't go back and reconcile transactions already in Xero.

*Xero data based on the percentage of auto-reconciled lines not corrected by users on a rolling three-month average, April to July 2026. **Xero data based on a rolling three-month average, April to July 2026.

Getting started in four steps

Start small, review as you go and build from there.

1 Get your set-up ready

- Review and refine existing bank rules. One of the most effective ways to help accuracy from day one, and one you can set at practice level.
- Make sure the chart of accounts is clean and consistent, and clean up duplicate contacts.
- Agree your review schedule before you start (see 'Your review process' on page 4), so it's part of your routine from day one.



2 Choose your first clients

- Review your portfolio and identify lower-complexity clients and bank accounts. Typically those with consistent coding, and fewer unusual or one-off transactions.
- Reviewing your client base and segmenting based on complexity will help you understand who to get started with and who you might choose once you're comfortable with how it works and the review process.



3 Start small and review

- Choose two or three clients or accounts, and review the results after a bank feed has arrived and it's been auto-reconciled.
- Make any adjustments where it doesn't look right. Your corrections help JAX adapt to how the client's organisation works and helps to prevent the mistake happening again.
- Use what you learn from the first clients to build a sequenced rollout plan for the rest of your portfolio.



4 Prepare your clients

- Prepare clients for the change: let them know you're using Auto Bank Reconciliation, agree who will review, explain what they should expect, and make sure they know where to check and correct reconciled transactions.
- See 'The First Pass, Done. The Final Say, Yours.' for a client-ready version of this conversation.



How to choose first clients

This is a practical selection based on transaction profile.

Good places to start

- ✓ Clients with straightforward repetitive transactions
- ✓ Clients with well-established bank rules already in place
- ✓ Merchant settlement accounts (daily deposits)
- ✓ Bank transfer accounts between a client's own multiple accounts

Add later, once you're comfortable

These may need more review time built in at the start.

- Clients with multiple same-amount invoices on the go at once
- Clients with inconsistent reconciliation patterns
- Clients requiring frequent manual adjustments
- Brand new clients with no transaction history yet

Decide where Auto Bank Reconciliation fits now, and which clients to bring in later.

Your review process

Some tips to help you get started.

Week one

Check every day

Go to Bank Reconciliation, select **Review Reconciled**. You'll see how many transactions have been auto-reconciled in the last 30 days, and can see which method reconciled each one.

First cycle

Focus your attention using the method filter

Each auto-reconciled line shows the method used. Hover over it for a brief explanation of why that transaction was reconciled the way it was. During the first cycle, review every reconciliation to build your confidence in how the system works with your data. As patterns emerge and you understand what's working, you can decide where to focus future reviews.

Match

Rule

Memory

Prediction

Manual

As you go

Fixing what you find



If you need to update an account code or tax rate*

Correct it in-row, directly on the Reconciled page.



If you need to start over

Use Remove & Redo. This removes the auto-created entry and leaves the bank statement line ready to reconcile.

Both of these fixes help teach the feature to avoid repeating that specific mistake, for that specific client. Corrections don't transfer across your other clients.

A few weeks in

Move to a regular cadence

Weekly may be enough for some clients, once you've seen a full cycle settle in cleanly. Reviewing often pays off: keep a daily check for your highest-volume or newest clients.

*Tax rate editing is not available in the United States.

Where to look more closely

Auto Bank Reconciliation is deliberately tuned to protect accuracy over coverage. It auto-reconciles what it's highly confident about and leaves anything uncertain for manual reconciliation.

Below are situations where confidence might not be reached, and what you can do to help:

Example	Why it may stay manual	The fix
Same-amount recurring payments (for example, subscriptions)	If 20 customers all pay the same amount, it can't tell them apart on amount alone	Ask your client's customers to include a name, invoice number or account number in the payment reference
Split payments (one payment across several invoices, or vice versa)	It expects one payment to match one invoice; partial payments need a harder comparison	Where possible, collect or pay the exact invoice amount to support a clean match. If a payment covers multiple invoices or differs from the invoice amount, expect to review it manually and split or match it as needed.
Spend or receive money with no matching bill or invoice yet	There's no document in Xero to match against	Get the bill or invoice into Xero as soon as it is available.
Payment arrives before the bill or invoice has been captured in Xero, for example while it is still in Hubdoc or Dext	There's nothing yet to match to.	Get bills and invoices into Xero as soon as possible. Pay particular attention to the first transactions for new contacts or suppliers.

Note

This is not a reason to avoid Auto Bank Reconciliation. For established contacts, Auto Bank Reconciliation can recognise that a document is likely to arrive, wait for it and reconcile automatically once it is available. The main risk is with new contacts or suppliers, where there is not yet enough history for Auto Bank Reconciliation to know to wait.

Judgement-heavy transactions (tax rate calls, one-off adjustments)	These need real accounting judgement, not pattern-matching	These stay manual by design. Review them as you normally would.
Rare transaction types, such as overpayments and credit adjustments	There are fewer historical examples for the system to learn from.	Expect closer review here; performance can improve as more relevant data builds up.
New bank accounts or new clients with no history	There's nothing yet on that account to draw on.	Use Auto Bank Reconciliation account by account, starting with the simplest, cleanest accounts.

If something doesn't look right

Spotting something that needs fixing is a normal part of reviewing, and it doesn't mean Auto Bank Reconciliation isn't working. Make the correction in-row or use Remove & Redo (see 'Your review process' on page 4), then carry on.

[See how it works](#)

