# Four trends redefining cash management

The future of corporate, commercial and small business banking

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## About the future of EY banking research and thought leadership

EY research into the future of commercial, corporate and small business banking informs our thought leadership series, which is a continuation of studies and reports originally published in 2020. This *Future of cash management* report will be followed by a *Future of corporate financing* report to be released later this year.

# Executive summary

The old quote that **"the future ain't what it used to be"** very much applies to the outlook for cash management services in Corporate, Commerical and Small business banking. In many ways, the future has already arrived. The boldest banks are seizing opportunities to enrich their value propositions, expand their portfolios of cash management products and services, and strengthen their client relationships with tailored offerings and experiences.

These steps are especially pertinent in today's economic environment, where geopolitical factors, shifting trade dynamics and fluctuations in interest and exchange rates are heightening the demand for robust liquidity and cash management strategies. During these turbulent times, clients are looking to banks for solutions that make treasury operations more resilient and future-ready, safeguard financial stability and mitigate risks associated with increased credit exposure and potential loan defaults.

Cash management is progressing rapidly from transaction-oriented products to more strategic and data-driven services that require deep human expertise as well as smart tools and integrated data flows. Advanced solutions are being built with artificial intelligence (AI) and machine learning (ML), and for digital assets like stablecoins and tokenized funds. Chief financial officers (CFOs), treasurers and other finance executives from companies of all sizes and across sectors recognize how automated digital solutions and richer data sets create new possibilities. A forward-looking posture in adopting the most advanced technologies sets the stage for further innovation and transformation, enabling finance teams to reposition as strategic advisors to the business.

## Four emerging trends reshaping cash management

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**03** Industry-specific solutions become the standard in corporate banking.

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This report features findings from **EY Voice of the Treasurer research**, which included more than 1,800 survey responses and in-depth interviews with 21 CFOs and treasurers across multiple industries and markets. The findings provide a snapshot of where treasury management is today and what businesses across a range of industries are looking for. We also highlight the myriad innovations that are already in the market and redefining the cash management landscape. The forward-looking insights on the following pages are based on the perspectives of senior leaders, domain specialists, technologists and subject matter professionals from our global banking practice.

## Evolving toward strategic cash management

Our findings and market analysis make clear that treasury leaders face pressures in transforming operations and have evolving needs that necessitate new forms of engagement. Banks can add more value by consulting on growth strategies and engaging directly with profit and loss (P&L) owners and business leaders, in addition to CFOs and treasurers. Maximizing the usage of internal liquidity and reducing the need for external borrowing are common objectives for all types of clients. But, because different companies will achieve those goals in different ways, banks will need to design flexible solutions, evolve their go-to-market approaches and refine their service models.

From optimized real-time liquidity and streamlined core cash management processes to actionable insights for the business and industry-specific expertise, clients expect more from their banking relationships. Business leaders increasingly look to finance to provide more value, which means CFOs and treasurers want more value and support from their bank. Some clients are looking to FinTechs and other nonbanks to provide services once provided only by banks. The developments of clearer legislative and regulatory frameworks for stablecoins in the US may lead to more nonbanks offering cash management solutions.

With core transaction banking activities largely commoditized, business clients now expect the intuitive and personalized experiences that are the norm in the consumer market. Banks that fail to meet this expectation with new solutions and engagement models risk losing relevance, revenue, market share and, ultimately, the client relationship itself.

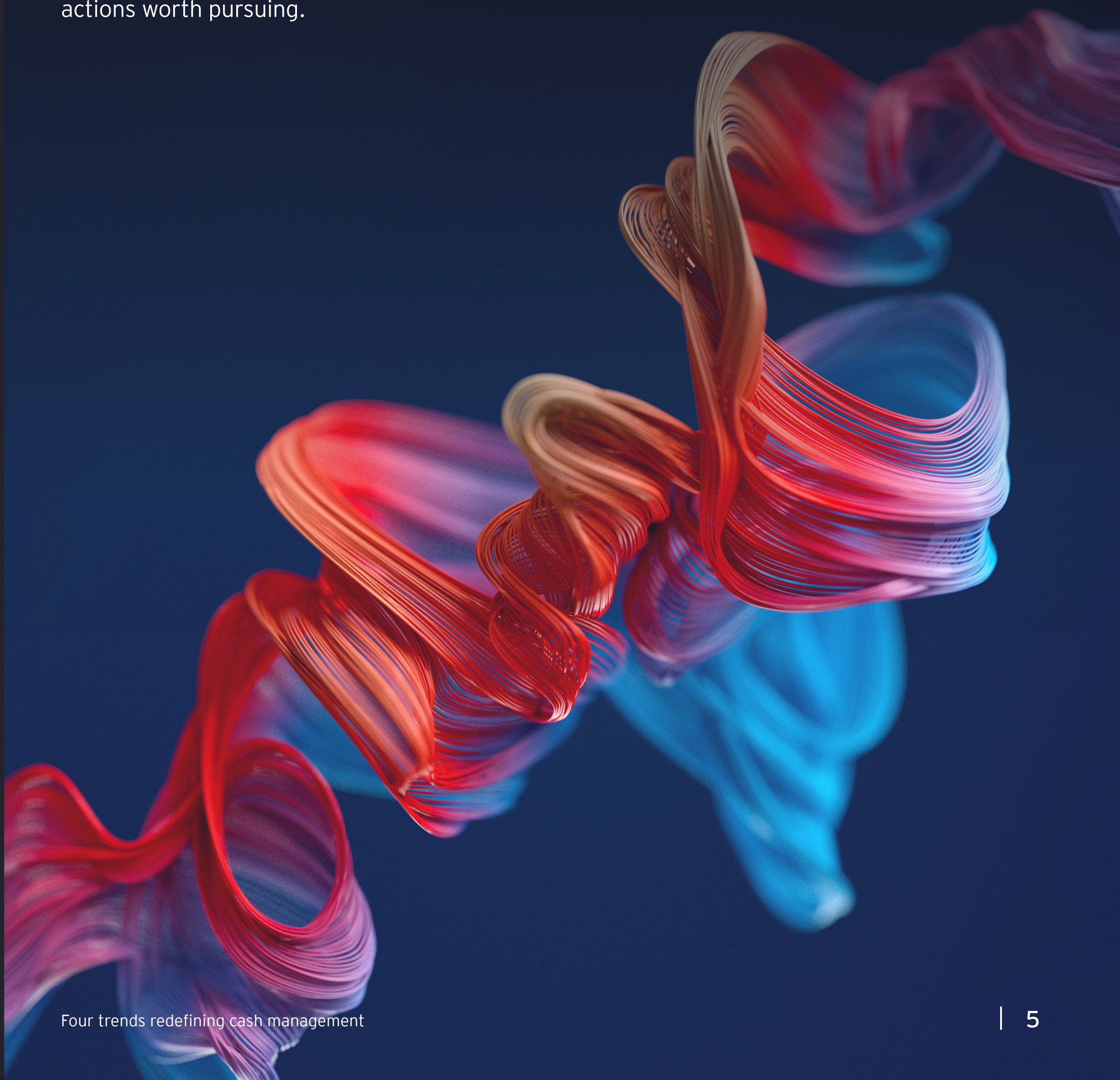
The emerging cash management trends described in this report reflect likely market developments in the next few years. They show, for instance, how intelligent automation and virtual services can optimize the full range of cash management processes — from payments and reconciliation to cross-border transactions, liquidity and currency risk management, to reporting — in ways that were unimaginable just a few years ago. Indeed, firms that establish a baseline of strong virtual services for cash management described in the first section will be able to take advantage of the benefits and value creation opportunities highlighted in the other sections. We also depict a future in which application programming interface (API) connectivity to microservices and natively programmable digital assets can free large corporates to design and customize their own self-service cash management solutions as necessary.

The trends speak to the most important issues to be addressed, the most formidable challenges to be navigated and the most compelling opportunities to be seized in the realm of cash management, transaction banking and treasury services. Collectively, they highlight why the transformation of cash management has become urgent and how banks might enact such transformation.

There is ample reason to be optimistic about the future of cash management. Powerful technology and innovative tools to leverage existing data more effectively are well within reach. Banking leaders are ready to drive change and serve their clients in new ways, with flexible high-value solutions aligned to unique company objectives and industry priorities.

Large recent investments in technology infrastructure, advanced analytics, generative AI (GenAI) and other enabling technology have put banks in a strong position to transform their offerings and boost their own bottom-line performance. But nontraditional competitors also have access to such tools and capabilities, meaning other players can provide the cash management services traditionally provided by incumbent banks. It is imperative for banks to continue to invest in technology infrastructure so they can take advantage of new technologies and move quickly to capitalize on new market opportunities.

We hope you will find the insights on the following pages to be useful and the recommended actions worth pursuing.



01

# Treasury automation evolves from process efficiency to business intelligence

## What's ahead:

- Virtual account structures centralize visibility, automate intraday sweeps and reduce idle cash across subsidiaries – giving clients greater control of cash management.
- AI-based forecasting models give treasurers early warnings on funding gaps and surplus liquidity, helping improve the short-term investment decisions.
- Algorithmic liquidity engines optimize cash pooling and automate intercompany movements.

As transaction volumes grow and liquidity pressures intensify, large corporates increasingly demand real-time, automated treasury solutions that replace batch processing and manual reconciliation. It is inevitable that nearly every cash management process will be digitized. The development of effective virtual services will unlock new possibilities for advanced analytics, the delivery of tailored insights and the next generation of cash management innovation. The benefits for clients include increased liquidity, improvements in working capital management and more informed and confident short-term investment decisions.

The tools are ready, and the business case is clear. Though clients are looking to banks to drive the next level of digitization and automation, they are cautious on adoption. Yes, they want automation, but only if they can understand the logic and retain control over key decisions. Thus, banks that offer configurable automation with clear rules, user-defined thresholds, and real-time override options will be best positioned to drive adoption and trust.

Many clients have made impressive progress in digitizing back-office operations. But the job is not yet done; a large majority of corporate finance leaders say they are challenged in digitizing treasury functions, according to our EY Voice of the Treasurer research. Certainly, they are ready for banks to help them digitize key processes, though with certain limitations.

## Client readiness to digitize treasury functions

**73%** of survey respondents say digitizing treasury functions is a challenge.

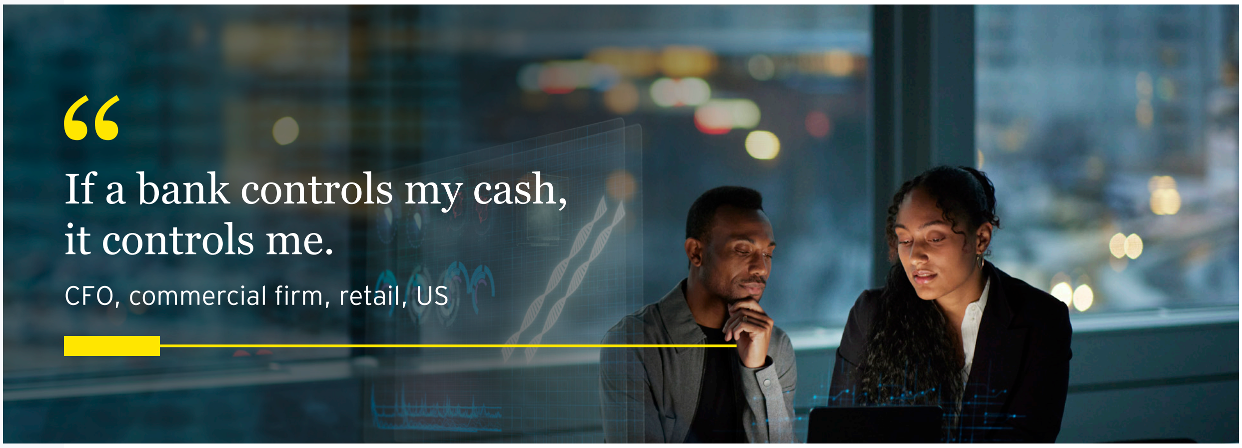
**78%** say they are comfortable with banks handling cash and liquidity management.

**83%** say they are comfortable with banks handling payment processing.

**44%** will use managed services from banks to address the challenges of digitization.

*Source: EY Voice of the Treasurer research, 2024.*

A substantial proportion – 44% of respondents to our study – say they will use managed services from banks to address these challenges. That means well over half of treasurers aren't prioritizing banks' managed services for key processes, a concern that was made clear in our qualitative research. As one survey participant told us, "What I don't like about outsourcing to banks is that it's handing over too much. If a bank controls my cash, it controls me." Another commented that, "If we're going to share our data, it has to be a very strong contractual relationship because cybersecurity is a real risk." Our survey results signal a clear opportunity for banks to expand their offerings and strengthen their relationships and highlight the challenges they'll have to navigate to do so.



## How banks can better serve clients

In the future, the vast majority of data will be accessible in real time via advanced cloud storage models, which are designed to facilitate insight generation and decision support. Core services (e.g., account management for cash and liquidity management) will be virtualized. Basic transactions (e.g., inter-account transfers and intraday sweeps) will be executed via AI-powered tools in line with predefined business rules and parameters aligned to clients' unique risk profiles, business objectives and working capital needs. Natively programmable assets like stablecoins, tokenized deposits and tokenized funds will further enable customized automation of cash management in line with clients' preferences.

Banks will need to address a range of client concerns (privacy chief among them) to attract more of them to fully outsourced solutions or to expand their usage of managed services. Enhanced security measures, transparent data usage policies (particularly for using bank-provided chatbots) and strong contractual agreements are among the ways banks can address client concerns and boost adoption of new offerings. Banks that crack the code on virtual services will gain a huge advantage in driving the next evolution of cash management.

Banks can address the concerns of clients skeptical about adopting managed services offerings by:

- Implementing rigorous quality control and offering hybrid solutions that combine the best of internal management and outsourcing
- Offering configuration options for automated processes with user-defined rules, thresholds and override capabilities, as well as a range of flexible features clients can choose based on their needs
- Providing customizable dashboards for better oversight and control, especially relative to data management and protections
- Pricing solutions competitively and communicating transparently about costs and long-term savings

The path forward starts with robo-treasury offerings in support of robust treasury-as-a-service (TaaS) and CFO-as-a-service (CFOaaS) solutions that they will develop over time in partnership with clients. Virtual account management reduces the number of accounts to be managed – a big benefit for large banks. It also increases visibility for treasury teams into liquidity across subsidiaries, with automated intraday sweeps helping to reduce idle cash across the enterprise. Winning with virtual account management will require banks to better integrate services and offerings that are currently disconnected. Digital assets (e.g., stablecoins, tokenized deposits and tokenized funds) will further advance new capabilities in payments, cash concentration and automated reconciliation.

There's no talking about digitizing any business function or process without talking about GenAI. Certainly, that revolutionary technology is poised to enhance treasury services by optimizing workflows, providing real-time insights and driving more efficient customer engagement. Specifically, it can support more intelligent and sophisticated cash flow forecasting, offer tailored recommendations to optimize liquidity and track anomalies in reconciliation processes.

Consider how AI-based forecasting models can be embedded into portals and dashboards and deliver advance notice of funding shortfalls and cash surpluses. Similarly, algorithmic liquidity engines are being piloted to optimize cash pooling and suggest automated intercompany movements, reducing the need for manual treasury actions.

Copilots will enable chat-based interactions, automating a range of tasks and the delivery of customized insights. Clients can use natural language queries to get quick answers about, for example, the timing of client payments, cash forecasts versus actual and various hedging strategies. Additionally, synthetic data can refine model building across various banking functions, from product development to risk mitigation.

These advancements will lead to streamlined operations, better decision-making and more tailored experiences for customers. For large clients, these services can be seamlessly integrated into treasury management systems (TMS) and enterprise resource planning (ERP) systems. This integration represents the cash management equivalent of embedded finance, facilitating a deeper connection between finance and accounting functions. For SMEs, banks may offer TMS-as-a-service, with offerings that go beyond payment execution to include more advanced analytics.

## The benefits for clients

- Efficiency and effectiveness gains in core functions – reporting, invoice management, account management, payments and transaction management
- Greater responsiveness to sudden changes in trade policies through automated forecasting and real-time liquidity management
- Elimination of manual processes and the higher risk of errors
- Increased capacity for client teams to focus on value-adding activities and growing the business
- Access to advanced AI and analytics capabilities
- Reduced pressure to make big tech investments

## Upside for banks

Banks that directly support their clients in digitizing cash management services will be less vulnerable to FinTechs and other nontraditional competitors offering targeted solutions. Further, they will be less exposed to the risk of commoditization as transactional costs inevitably fall. Highly efficient, accurate and personalized cash management solutions will provide the foundation for strong clients and generate revenue, spark growth opportunities and create a competitive advantage for banks.

## Emerging trends in the market today

Banks around the globe have invested aggressively in virtual account management and tailored cash management processes that offer clients more flexibility and transparency.

HSBC's Virtual Account Management (VAM) offering includes self-service tools to design and manage virtual account structures for customized reporting, control, and enhanced security. By centralizing treasury functions across multiple entities, the solution supports sector-specific applications seeking to segregate project-related funding and collections.
*Source: HSBC*

One Trade Multinacionales from Santander helps improve visibility and control for treasurers by providing real-time insights into subsidiary accounts across different markets. The solution, which is managed by PagoNxt, integrates with Santander's online banking systems and supports payments via developer APIs that allow FinTechs to connect to these services.
*Source: Santander*

## Key questions for banks to answer today

- Do we have sufficient cloud and AI expertise to develop robo-treasury solutions? What capabilities and skills would we need to source externally?
- What would an ecosystem of ancillary services look like? Who would be the best partners?
- How do we define the robo-treasury value proposition and articulate it to clients?
- Which of our existing clients are most likely to embrace TaaS solutions?
- Which cash management processes should be automated first?
- What types of talent and personalities do we need to recruit now? What training and development is necessary?
- What is the optimal work experience, compensation model and career path for relationship managers?

02

# Data-driven services redefine the role of banks in corporate cash management

## What's ahead:

- Proactive insights for clients and embedded analytics help clients anticipate liquidity risks, optimize cash positions and inform funding and investment decisions.
- High-value external data (e.g., macroeconomic indicators, supply chain disruptions and sector benchmarks) is fully integrated with banks' transaction data.
- Clear, actionable recommendations align directly to clients' sectors, business models and operating contexts.

Because they possess loads of high-value data, banks have a compelling opportunity to move beyond transaction processing and become strategic advisors for decision support. CFOs and treasurers increasingly expect predictive insights and proactive alerts about emerging risks and opportunities, which makes the transition to data-powered services an imperative for banks. As one CFO told us, "I don't need a traditional bank or custodian for cash management but rather an institution that is able to perform real-time projections, forecasting, analysis and scenario planning."

The key is not simply accessing data but integrating different sources so that many fragmented inputs can be converted to clear, timely and actionable recommendations that map to clients' specific operational needs, business objectives and industry standards. Delivering insight-driven, data-enabled services will allow banks to maintain relevance, boost retention and differentiate as long-term enterprise partners, rather than primarily as transactional and tactical service providers.

> I don't need a traditional bank but rather an institution that is able to perform real-time projections, forecasting, analysis and scenario planning.

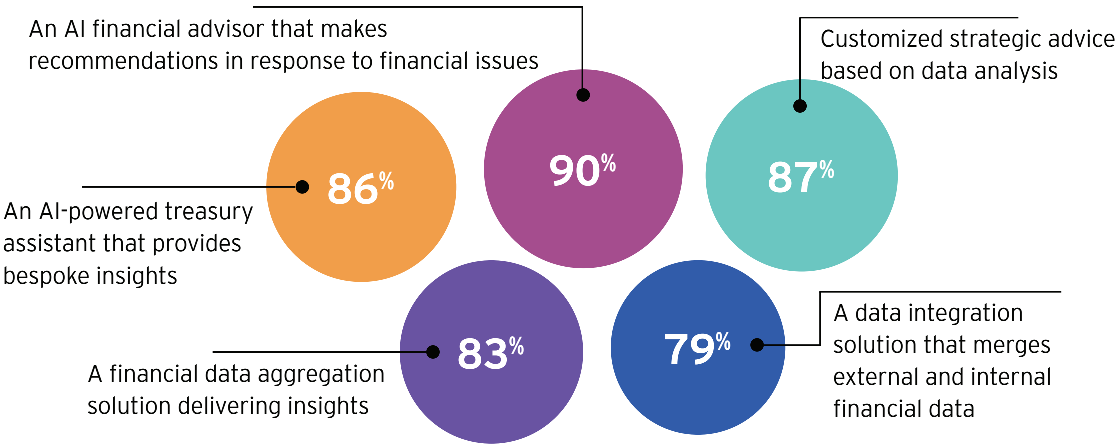
Senior treasurer, large corporate, advanced manufacturing, Singapore

## Client demand for data

The EY Voice of the Treasurer survey confirms client interest in both AI-enabled solutions that provide timely recommendations and bespoke insights, as well as access to external data sets. Sizable percentages of corporate treasurers would also turn to **managed services solutions** to address their data challenges and seize data-related opportunities.

Advancements in data strategies (including data collection, aggregation, mining and visualization) are likely to be among the most impactful technology innovations within corporate treasury.

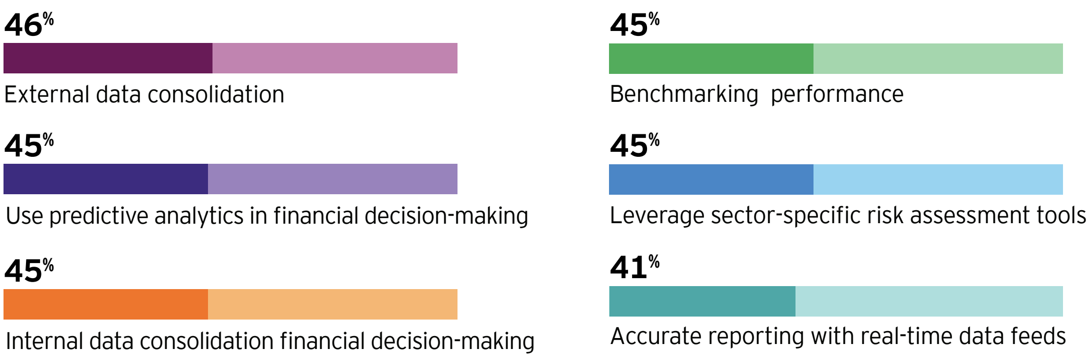
### CFOs and treasurers comfortable using managed data analytics services (%)




*Source: EY Voice of the Treasurer research, 2024.*

### How organizations are planning to address data challenges

**% of survey respondents who plan to use managed services from banks for ...**




*Source: EY Voice of the Treasurer research, 2024.*

## How banks can better serve clients

By supplementing their existing data assets with a broader range of external data types, banks can strategically position themselves to win with tailored services. The varied information that could enhance their cash management offerings includes:

- Macroeconomic data
- Consumer behavioral trends
- Supply chain data
- Sector-specific reports and analysis
- Regulatory and government data

Clients can combine rich data sets provided by banks with their own data in support of more accurate forecasting, timely and actionable insights and more confident decision-making, especially relative to allocating resources, prioritizing capital investments and shaping growth strategies. Corporate and transaction banking teams can learn from their peers in the markets division, who support institutional clients by running scenarios and offering recommendations based on macro trends and forecasts and client data.

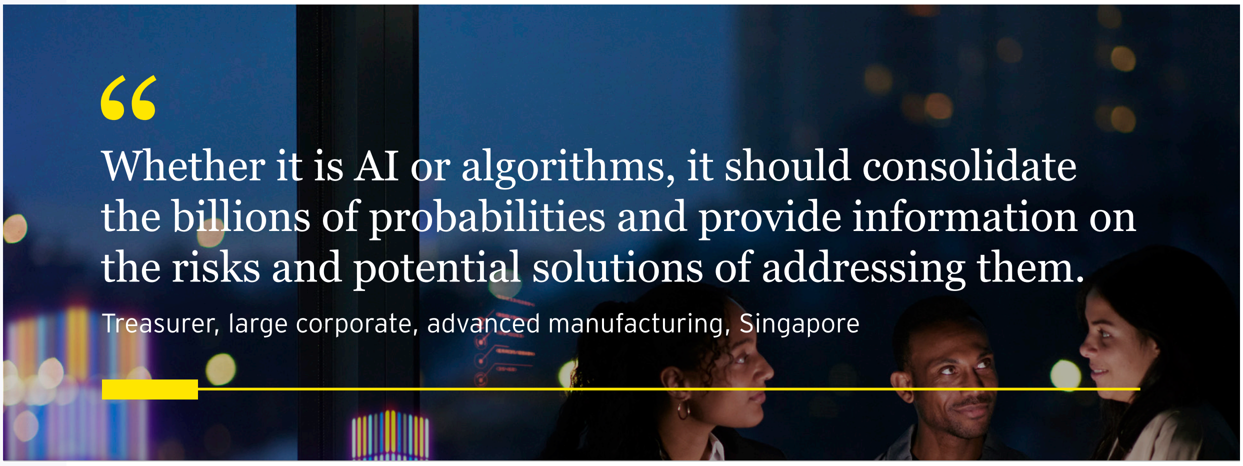
For small and mid-sized clients, banks can augment internal teams. One treasurer we interviewed said, "We'd like a data science team to work on macro modeling and complex simulations, but don't have in-house resources. We can certainly outsource this role to banks."

Sophisticated deployments of GenAI, ML, analytics and natively programmable digital assets will enhance clients' ability to benefit from such data, whether via customized reporting, sophisticated economic modeling or intuitive interfaces that make it easy to explore diverse data sets.

A treasurer we interviewed described how banks could help: "Whether it is AI or algorithms, it should consolidate the billions of probabilities and provide information on the risks and potential solutions of addressing them."

Beyond supporting treasurers as they handle routine tasks, shifting to data-enabled services lays the foundation for banks to become strategic partners for clients seeking to execute their growth strategies. In addition to providing funding, banks can offer advice and counsel for both near-term performance management decisions and long-term strategic planning.

When clients need to stress-test a potential session or assess the likelihood of different market scenarios, they may turn to their banks for insights and experience-based perspectives. Banks are well positioned to extend and deepen their client relationships because they have the ability to tailor recommendations for different business units, product lines, geographical operations, back-office functions and segments of clients' customer bases.




## The benefits for clients

- More informed and confident decision-making, performance management and strategic planning
- Validation of growth strategies
- More sophisticated use of off-the-shelf software via advanced modeling
- Access to proven models for risk management
- Broader views of performance against peers in their own and other sectors
- More accurate cash flow forecasting
- Clearer understanding of working capital performance
- Enhanced value from existing data assets

## Upside for banks

By increasing their ability to monetize data and exploring new avenues for this modernization, banks can strengthen their competitive positioning against big tech and FinTechs. Serving as strategic advisors with tailored offerings will make relationships much stickier and more durable, counteracting the risk of commoditization of cash management services.

## Emerging trends in the market today

TIS CashOptix offers cloud-based solutions for liquidity and account management as well as forecasting. Users can view cash positions nearly in real-time across accounts, currencies and entities, with sophisticated capabilities built on advanced data analytics.
*Source: Treasury Intelligence Solutions*

## Key questions for banks to answer today

- What is the value of the data we have today? How can we enhance its value?
- Do we have all the data we need to understand our clients' businesses?
- How can aggregated data strengthen client relationships?
- Which types of insights are valuable for different clients? Which would they be willing to pay for?
- What tools do we need to generate robust insights repeatably? Should we build, buy or partner to access the right technology?
- How do we prepare our people and teams to evolve from our traditional role as a service provider to become a true, long-term partner?

03

# Industry-specific solutions become the standard in corporate banking

## What's ahead:

- Cash flow tools, liquidity structures and payment terms are tailored to the unique dynamics of each client's sector and become a baseline in cash management.
- Industry-specific playbooks and templates accelerate onboarding, enhance the relevance of advisory services and deepen wallet share for banks.
- Fully verticalized solutions combine technology, data-driven insights and embedded human expertise to address the risk triggers, regulatory workflows and billing and payment needs of each sector.

As CFOs and corporate treasurers grapple with complexity and uncertainty, they expect banks to deliver services that reflect the realities of their industry, not just generic financial products. The unique nature of different sectors – think capital cycles in manufacturing, claims lags in insurance and just-in-time operations in retail – demands tailored cash management services and tools. That's why leading banks are building and investing in sector-specific solutions.

This shift is becoming visible in client behaviors: They increasingly evaluate financial services partners based on their ability to speak the client's operational language, not just because of price or product breadth. One CFO who participated in our research told us that "sector-specific knowledge is definitely very important. Without understanding our segment, banks cannot help us skillfully." Another pointed out the need to "find a partner or service provider that has the knowledge and the understanding of the business to carry out that role efficiently and effectively."

> "
>
> Without understanding our segment, banks cannot help us skillfully.
>
> Treasurer, commercial firm, automotive and transportation, Hong Kong

Banks that can develop verticalized cash management solutions will be best positioned to build trust and drive long-term relationships in an increasingly competitive market. Sector-oriented solutions with a range of customizable services will build a strong foundation for innovation and growth. Such offerings will prominently feature digital services available through virtual channels, with ancillary services available via an ecosystem of third-party providers vetted by the bank.

But they also may include on-demand access to specialist expertise and advisory services. Ultimately, some banks may choose to build full "business-in-a-box" capabilities that offer corporate treasurers a robust set of tools and capabilities that are fully adaptable to their unique needs and objectives.

## Client readiness for sector-specific solutions

The EY Voice of the Treasurer survey shows strong client interest in sector-specific solutions, with nearly three out of four finance executives saying it is moderately to extremely important for banks to offer tailored products and services. An even larger proportion of our survey respondents (92%) said they are comfortable using sector-specific platforms tailored to their industry's unique needs. That number is slightly higher (96%) among treasurers at mid-sized firms (100-249 employees) and slightly lower (88%) at large organizations (500+ employees). Those differences are likely due to larger firms having more in-house capabilities and potentially greater challenges integrating new external platforms.

Respondents are most interested in platforms offering strategic services, where industry knowledge can produce a clear advantage. Interest in operational services is considerably lower. Despite the interest, our survey shows that banks have work to do to develop these offerings; 71% of our survey respondents saw a lack of suitable sector-centric tools to address their unique financial situation.

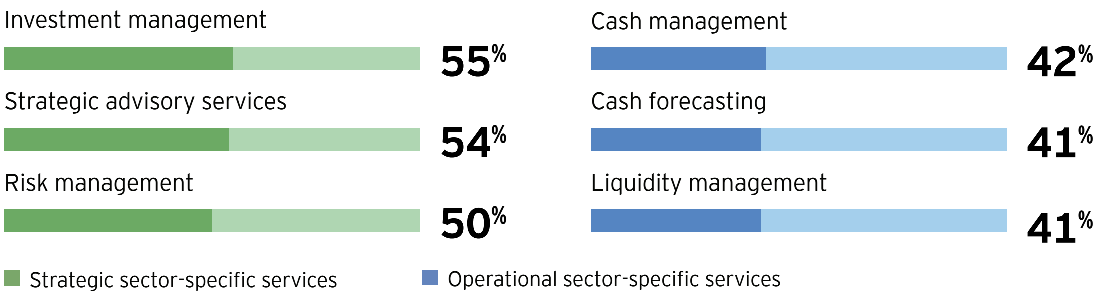
### High demand for sector-specific offerings among corporate treasurers:

92% are comfortable using sector-specific platform tailored to their industry's unique needs.

71% say it's important for financial services providers to have products customized for their industry and sector.

71% say there is a lack of suitable sector-centric tools to address their unique financial situation.

### Most sought-after sector-specific services




Note: Percentages may not total 100% due to question allowing multiple selections.

*Source: Voice of the Treasurer research, 2024.*

## How banks can better serve clients

First and foremost, sector-specific solutions should streamline core functions and transactions (e.g., invoicing, payments and onboarding). Because different sectors will have seasonal cash flow cycles or varying patterns in payments and billing, bank treasury systems must be flexible enough to reflect these differences.

But technology platforms will be enhanced and complemented by human experts who offer advice to clients facing unique and challenging circumstances or asking specific questions. Indeed, forward-looking banks will collaborate with industry experts to design tools that accurately reflect the financial intricacies of that sector.

Sector-specific solutions that deliver data-driven insights via accessible platforms will help support finance leaders facing strategic risk management and investment decisions (e.g., expanding into new geographies, launching new product lines or brand extensions and adding new finance capabilities). Here again, flexibility in design is key, given the varying priorities across industries (e.g., in terms of asset classes).

Consider how priorities and needs for health care firms, for instance, will differ from those of agricultural companies. In health care, integrated solutions for payment processing will need to offer connectivity to a wide range of payer and provider organizations and account for extensive regulatory requirements related to data-sharing. In agriculture, marketplaces and exchanges will use tokenization to streamline commodities trading and settlement processes. Similarly, the most successful sector-specific platforms will embed unique regulations, workflows and financial models for each industry.

Vertical solutions for industries and embedded finance provide the foundation for banks to empower companies with advanced do-it-yourself tools. Banks will no longer provide just the rails or plumbing, but an integrated end-to-end client experience and full suite of rich financial capabilities that clients can deploy to suit their own needs. Most companies will likely use APIs to connect to banks' systems and enrich the services they provide through their own platforms and ecosystems.

## The benefits for clients

- Richer technology capabilities with minimal investments
- Access to proven solutions tailored to specific industry needs
- Increased ability to enrich the experiences and services they offer customers

## Upside for banks

Offering access to more services can unlock revenue growth for banks, even as they strengthen loyalty and retention by increasing client reliance on the bank's unique expertise. Well-designed platforms can also boost returns on banks' huge investments in technology and data. Though advanced technology will be central to the effectiveness of these solutions, they truly are all about client engagement, and furthering banks' evolution from being transaction-led to relationship-driven. The most sophisticated banks will be able to use their deep understanding of sectors to identify new leads and opportunities including with other businesses in their clients' ecosystems.

## Emerging trends in the market today

Many large banks have acquired technology companies or launched solutions with partners to deliver tailored, industry-specific solutions:

JPMorgan Payments partnered with Loop to enhance freight payment processes and improve working capital for shippers and carriers. The AI-based solution accelerates payments and removes the inefficiencies of legacy payment systems in the trucking industry.
*Source: PYMNTS*

PNC offers tailored Treasury Management Solutions to health care providers looking to streamline processes, strengthen cash flow and increase patient satisfaction. Core services include integration with patient accounting systems, consolidated payment reconciliation, remote deposit and a National Lockbox Network for efficient receivables administration. Payables options like electronic funds transfer, commercial card solutions and fraud protection are supported by detailed reporting through PNC's banking portal.
*Source: PNC*

Westpac's Presto is an app for Android, developed in collaboration with mx51, that expedites merchant transactions and cuts down the risk of keying errors. Presto wirelessly connects terminals to leading hospitality and retail POS systems and offers a dashboard for real-time sales and performance analytics.
*Source: Westpac*

## Key questions for banks to answer today

- In which industries are we best positioned to develop tailored solutions?
- What are the biggest challenges and opportunities in these industries? How can we help our clients address them?
- What additional skills, knowledge and expertise would most enhance our technology platforms? Which partners could provide those services?
- What specific technology and assets (e.g., APIs) do we need to develop first? Which elements of existing infrastructure can provide the foundation for new platforms?
- How can we extend and customize our existing ecosystems for different types of clients?
- Do we have the talent and knowledge we need to develop platform-based solutions? Do our people and teams have the skills they need to serve as industry experts and specialists?
- Do we have the depth and breadth to support multiple industries?

04

# Blockchain market infrastructure creates new methods of value exchange — and growth opportunities for banks

## What's ahead:

- Banks facilitate clients' increasing adoption of digital asset investments.
- Next-generation solutions developed by digital native firms, tech companies, payments firms and banks accelerate the mainstream use of stablecoins for payments.
- The gap between onchain and traditional financial services shrinks as banks enable tokenization to enhance collateralization, reconciliation, settlement and other processes.

Growing adoption of digital assets like stablecoins, tokenized deposits and tokenized funds, coupled with increasing legislative and regulatory clarity in the US, presents opportunities and poses threats to banks' cash management solutions. While capital markets and institutional investors have been leading the way in exploring these technologies, the full range of impacts and opportunities continues to evolve, and is accelerating with increased regulatory clarity.

Banks also have the opportunity to expand their client base by providing cash management and other core banking services to new digital-native clients in the cryptocurrency and digital assets sector. Pursuing new relationships with this sector provides banks with a dual opportunity to simultaneously grow their client base and enhance existing solutions by introducing digital assets and new technologies to cash management solutions. In other words, crypto and digital assets firms are both potential clients and business partners.

## How convergence can drive growth

All signs point to a greater convergence of traditional and digital-native institutions. Research from EY-Parthenon shows considerable interest in digital assets among institutional investors, as well as a clear consensus that regulatory clarity will drive even more activity. Several high-profile banks have already announced plans to issue and engage with stablecoins and tokenized deposits, while some digital-native cryptocurrency firms are pursuing or plan to pursue traditional banking licenses. It's inevitable that the services offered by traditional banks and digital-native institutions will continue to converge going forward.

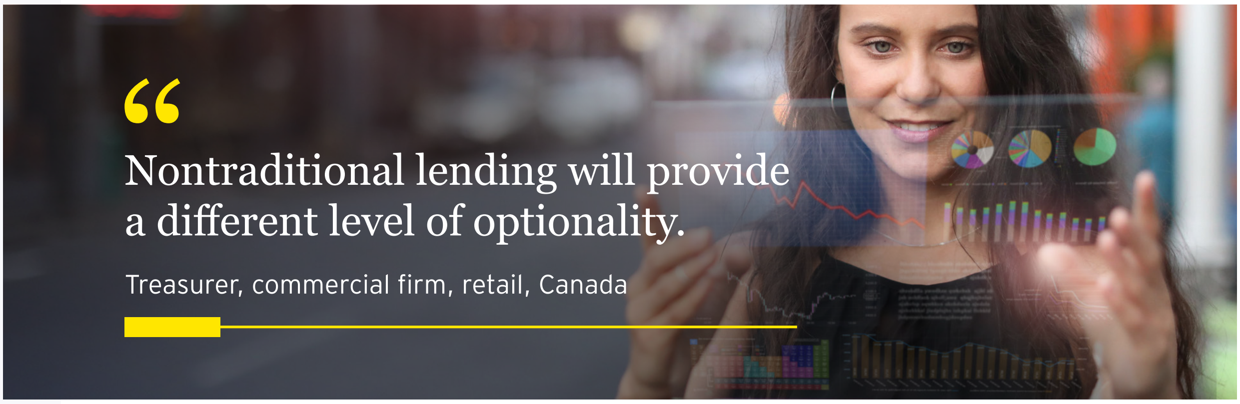
**>75%** proportion of institutional investors expecting to increase their allocations to digital assets in 2025.

**59%** say they will allocate more than **5%** of assets under management (AuM) to digital assets or related products.

*Source: EY-Parthenon and Coinbase, 2025 Institutional Investors Digital Assets Survey.*

Many global corporations are evaluating how this technology can bring business benefits, with an emphasis on cross-border payments as an initial use case. Global software companies are rapidly launching software-as-a-service (SaaS) solutions to meet rising market demand and prepare for future needs – for example, SAP's Digital Currency Hub, which automates journaling and reconciliation of onchain transactions into ERP entries. Large corporates are beginning to accept stablecoin payments after conducting rigorous risk and compliance reviews on the specific digital assets, the blockchain rails used for payment facilitation, and revisions to accounting and tax policies.

Cash management processes will look different in the world of digital assets, but they will remain critically important to corporate clients. That means banks can still center their relationships on these key services. Consider how stablecoins or tokenization can streamline settlement and collateral delivery. Banks can act as an issuer of a stablecoin or tokenized asset which can be used for settling cross-charges among legal entities and business units. Banks could also use tokenization in their own lending and credit offerings, as well as in bank-to-bank lending programs. Some first movers have already completed experiments in these areas.



> "Nontraditional lending will provide a different level of optionality.
>
> Treasurer, commercial firm, retail, Canada

## How banks can better serve clients

Banks that provide essential and compliant market infrastructure can develop enhanced and premium features that extend components of that infrastructure. The pace of innovation in stablecoin, tokenized deposits, and other onchain financial products will be accelerated by regulatory clarity and supported by the development of a strong global market infrastructure.

Banks will inevitably expand the use of tokenization and digital assets across more parts of their business. Digital asset trading between banks is likely to increase, as is the use of tokenization in commodities futures markets. Trade finance, liquidity management and cross-border funds movements is another area where client demand will drive banks to do more. As one treasurer told us, "Nontraditional lending will provide a different level of optionality." Banks may be able to provide solutions for clients in some sectors (e.g., retail, travel and hospitality) that want to create their own digital assets or advanced client engagement strategies or new loyalty programs.

In the past five years, because the regulatory environment remained unclear, banks have approached digital asset initiatives with some trepidation — which often turned initial pilots into "hobby projects." That's understandable. With the current accelerated pace of clear regulation across multiple major global markets, there is ample reason to believe that the institutions showing leadership in establishing core infrastructure and industry standards today will be well positioned for overall market leadership in the crypto-driven industry of tomorrow.

## The benefits for clients

- Faster and more accurate settlement processes
- Reduced fees and lower finance and capital management cost
- Support for richer customer experiences, and better engagement with the next generation of digital native customers
- Increased liquidity and asset interoperability
- Faster and frictionless movement of funds and increased automation via programmability
- Decreased reliance on intermediaries, including traditional banks

## Upside for banks

A central role in the development of new forms of payments will help open new revenue streams from asset tokenization and digital currencies. Transaction processing (e.g., settlement, collateralization, foreign exchange (FX)) can be greatly streamlined based on increased use of tokenization and blockchain-based functions.

## Emerging trends in the market today

Many large banks and well-known institutions have announced plans to offer more services related to cryptocurrencies and digital assets.

Citi Token Services for Cash, a blockchain-based digital asset solution for institutional clients, enhances cash management clients through 24/7 cross-border liquidity and payments between branches. The private blockchain processes transactions without requiring clients to hold or manage tokens, simplifying access and reducing operational complexities.
*Source: Citi*

SAP announced the launch of Digital Currency Hub, an API-enabled ERP connector to automate firms' blockchain-based payments into standard ERP processes.
*Source: SAP*

Robinhood is building on its popular retail trading app with broader wealth and banking solutions. Partnering with the Global Dollar Network, Robinhood is demonstrating how stablecoins can drive innovation via instant and "after-hours" settlements.
*Source: Robinhood*

## Key questions for banks to answer today

- Which agencies should we engage to understand the likely direction of regulation around digital assets and tokenization?
- How can we engage in dialogue with key stakeholders to shape rules and guidelines?
- Which cash management processes can tokenization make more efficient and effective?
- What are the required capabilities to execute on a digital asset strategy for cash management and will we build, buy or partner to acquire these capabilities?
- How can we expand our relationships with crypto and digital asset firms to partner on enhanced future cash management solutions?
- What is the best way to experiment with or pilot digital currency solutions?
- How large are the potential revenue impacts?
- What volume of payments and FX transactions will be handled via digital currencies in the future?

## Recommended actions

Every bank will transform its cash management capabilities differently, based on its unique strategic objectives, go-to-market approach, customer base and organizational culture. But every bank will need a clear strategic vision, fully modernized technology, strong data management capabilities, new types of talent working collaboratively and unwavering management commitment to experimentation and innovation.

Transformation is necessary because the cash management market is being transformed via rising customer expectations and new technology and data that make unprecedented capabilities well within reach. The business case starts with near-term steps that deliver tangible benefits now, while simultaneously setting the stage for dramatically different cash management solutions and relationships in the future. The following actions will do just that.

1

### Link next-generation cash management to strategic priorities

- Position cash management offerings in line with broader goals, like stronger client relationships, ecosystem development and collaboration with FinTechs.
- Consider optimizing cash management solutions for specific sectors to differentiate and boost client engagement and loyalty.
- Target technology investments (especially AI) in ways that will directly enhance core cash management offerings.
- Clarify the value proposition and articulate it clearly to the market.

2

### Be rigorously client-centric in shaping cash management offerings

- Design new offerings to deliver tangible client benefits and value, especially relative to clients' growth strategies and transformation agendas.
- Develop solutions aligned to key points and milestones on clients' growth journeys.
- Build solutions with high degrees of flexibility and customization so clients feel empowered to use tech and tools based on their unique preferences.
- Create self-service capabilities across all offerings, with the ability to access human advisors and specialists when necessary.

## 3

### Build, buy or partner to gain access to critical data and technology

- Identify the most valuable external data streams for clients in different industries to enhance existing data sets.
- Promote collaboration among IT and business leaders in building new cash management and robo-treasury solutions.
- Assess opportunities to partner with managed services providers and other third parties to build the foundation for robo-treasury, TaaS and other advanced offerings.
- Engage with FinTechs and other technology providers to define a sense of the possible and determine the best candidates for partnerships or acquisitions.
- Focus on AI, data science and cloud-based skills in assembling the right team and talent to modernize cash management.

## 4

### Focus on the transformation approach and change management

- Define a clear vision for the future of cash management and the treasury function as a whole.
- Create momentum for change via senior-level leadership and advocacy.
- Ensure that both clients and employees understand why change is important and what it means to them.
- Address internal barriers to change, including talent gaps and cultural resistance.

# How EY can help

The globally connected EY team of corporate, commerical and small business banking professionals work with leading organizations to create a brighter future for the banking industry. We help senior business and finance leaders define a clear vision for treasury and cash management, devise and execute strategies to achieve that vision and establish a target operating model that will allow their institutions to thrive in an uncertain and ever-evolving market.

We have deep and broad experience in strategic change, transactions, product development, operations, technology, digitization and robotics, data and analytics, digital assets, and risk and compliance. Our team members have long and successful track records in serving as product owners, underwriters, lenders, credit officers, treasury and payments senior managers, and bank examiners. We apply our skills, knowledge and passion to help banks reframe their future and create the client experiences that are unimaginable today but are necessary to win in the market tomorrow.

## Further reading

- The future of treasury services and the opportunity for banks
- The five-step journey to SME banking transformation
- How will banks transform to build the next generation of businesses?
- Why effective cash management can be crucial for business success (podcast)

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EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

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EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.



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