PAYMENTS OUTLOOK

Five shifts powering payments

J.P.Morgan PAYMENTS

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Introduction

The global economy is expected to remain resilient in 2026, although trade tensions and the risk of conflict are impacting growth, according to J.P. Morgan Global Research.[1] One bright spot is the ongoing technological advances enabled by artificial intelligence. AI-led investment is expected to be a core driver for the economy over the next five years and will open up vast possibilities for companies, from greater efficiency to powerful new services and capabilities. Payments is one area that will see huge benefits.

Payments and the wider treasury function have gone through a major period of digital transformation over the past decade, as core processes have been brought online and manual tasks have been automated. Over the next few years, technologies like AI, blockchain and API connectivity will further accelerate digitalization.

Transactions are expected to become even more frictionless, fast and convenient. From a one-dimensional transfer of value, payments have evolved into multifaceted tools that help drive loyalty, customer experience, data insights and value-added services. Closed-loop ecosystems give companies greater control over the payments process and an even more seamless checkout process for customers, including via AI agents, which will increasingly complete transactions on behalf of shoppers.

Meanwhile, across the treasury function, payment technology is already helping to optimize working capital and create visibility to support informed decision-making. This is leading to concepts like always-on treasury, where funds can be moved around an organization 24/7, based on programmable automation and solutions such as blockchain-based smart contracts.

However, with increased transaction speed comes greater risk. Unfortunately, just as companies are leveraging AI, cybercriminals are also using it to power up their fraud attempts. Companies will have to

use every tool at their disposal—including the skill of their teams—to protect their organization and create fast and secure payments systems.

Through proprietary research and the expertise of our global Payments leaders, we've revealed these key shifts. In this report, we explore the changes and analyze how companies may adapt to them, and capitalize on them, in coming years.

The five shifts powering payments in 2026

1. **LIQUIDITY REIMAGINED**
   Creating visibility through treasury transformation
   The economic environment and new technologies are accelerating the move to real-time, borderless and resilient liquidity and transforming working capital management.

2. **FRAUD DEFENSE**
   Tackling evolving threats with digital identity and AI
   In response to rising AI-driven fraud, companies are competing in the "contest of relentlessness" with stronger digital ID and tighter counterparty validation.

3. **PAYMENTS EVOLUTION**
   Delivering personalized payments experiences
   From the rise of agentic commerce to embedded payments, the next wave of innovation is making payments even more frictionless and personalized.

4. **CONNECTED TREASURY**
   Building data-enabled, always-on systems
   The finance function is being transformed by data, AI and increased connectivity as companies strive for efficient, automated and transparent treasury systems.

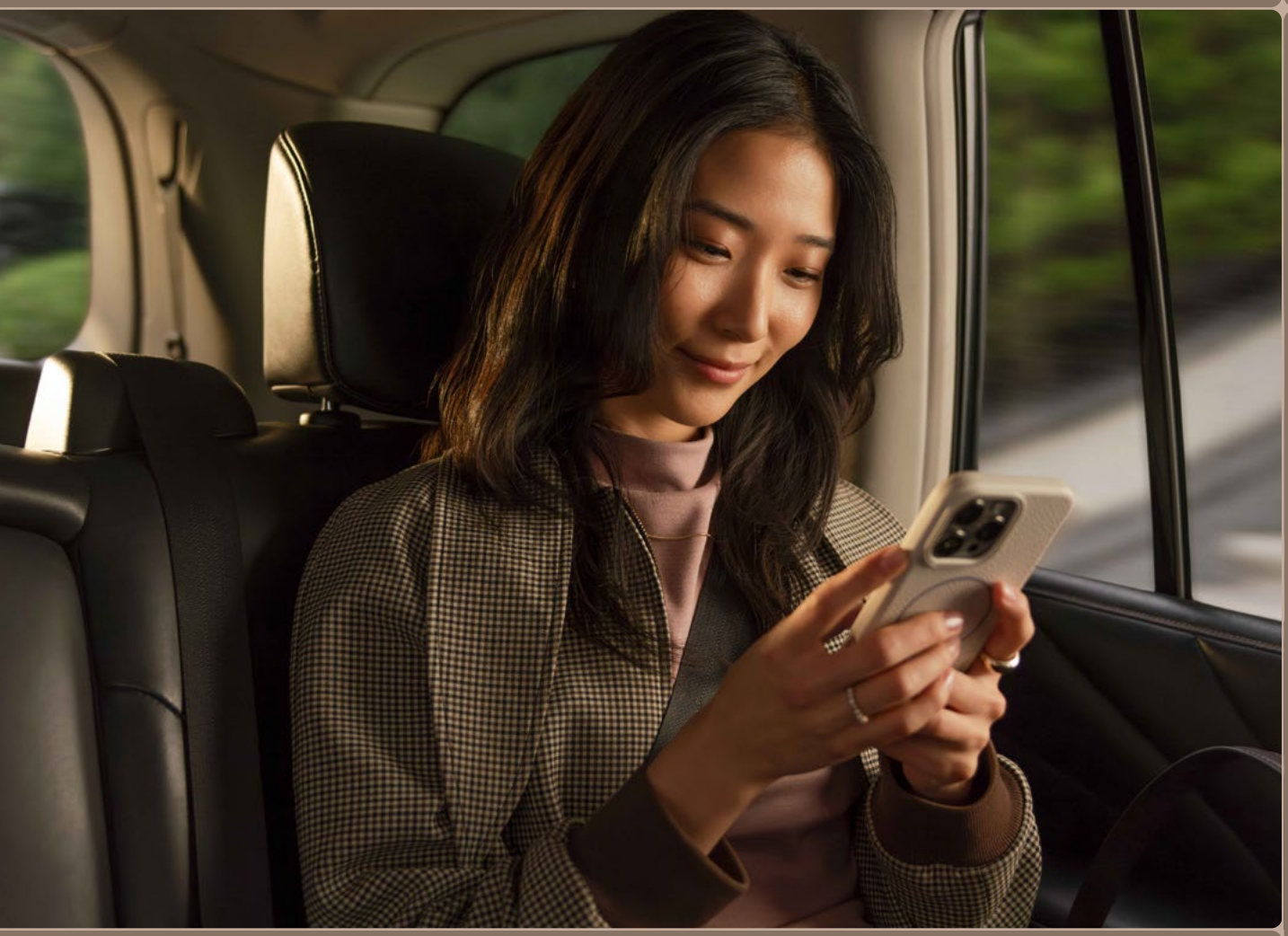
5. **BLOCKCHAIN UNLOCKED**
   Near real-time, secure 24/7 payments and asset tokenization
   Institutional adoption of blockchain technology, including stablecoins and tokenization, is growing rapidly, opening up new opportunities for organizations.

Over the next few years, technologies like AI, blockchain and API connectivity will further accelerate digitalization.

1

LIQUIDITY REIMAGINED

Delivering real-time clarity and control



In today's volatile global economic environment, being able to access liquidity quickly, across any location or currency, is more important than ever. To keep operations stable and secure through market fluctuations, treasurers need to be able to manage liquidity in real time and proactively optimize cash flow.

To create the visibility and control they need, we are seeing finance leaders increasingly focus on real-time liquidity, borderless liquidity and resilient liquidity, as well as dynamic working capital solutions.

Real-time liquidity creates much-needed visibility

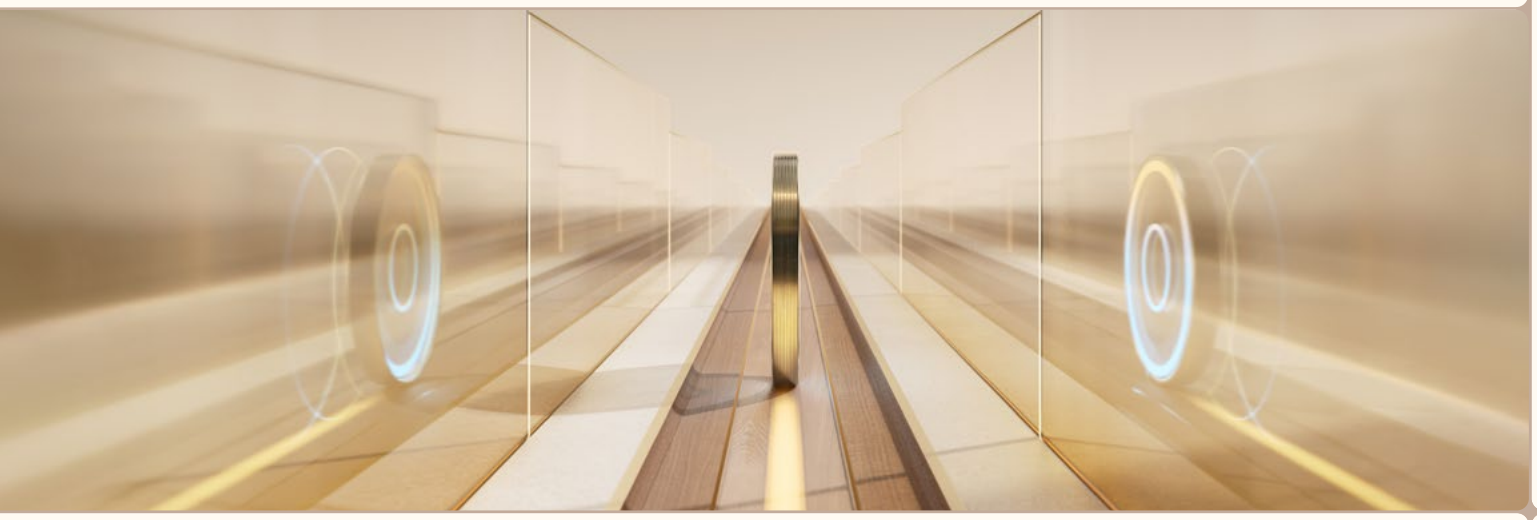
To plan ahead effectively and make informed decisions quickly, treasurers need a real-time view of liquidity.

Real-time liquidity creates visibility into a company's cash position at any given time, across all operating entities. This centralized line of sight is made possible by streamlining legal entities and bank account footprints and integrating banking portals with either treasury management systems (TMS) or enterprise resource planning (ERP) software via API connectivity.

This centralized view of liquidity also allows for programmable automation. According to a recent survey by J.P. Morgan in collaboration with the Americas SAP User Group (ASUG), manual processing is the biggest pain point when it comes to payments infrastructure.[2] But while 87% of organizations have some form of treasury automation, for many (48%) this is only partial.[3]

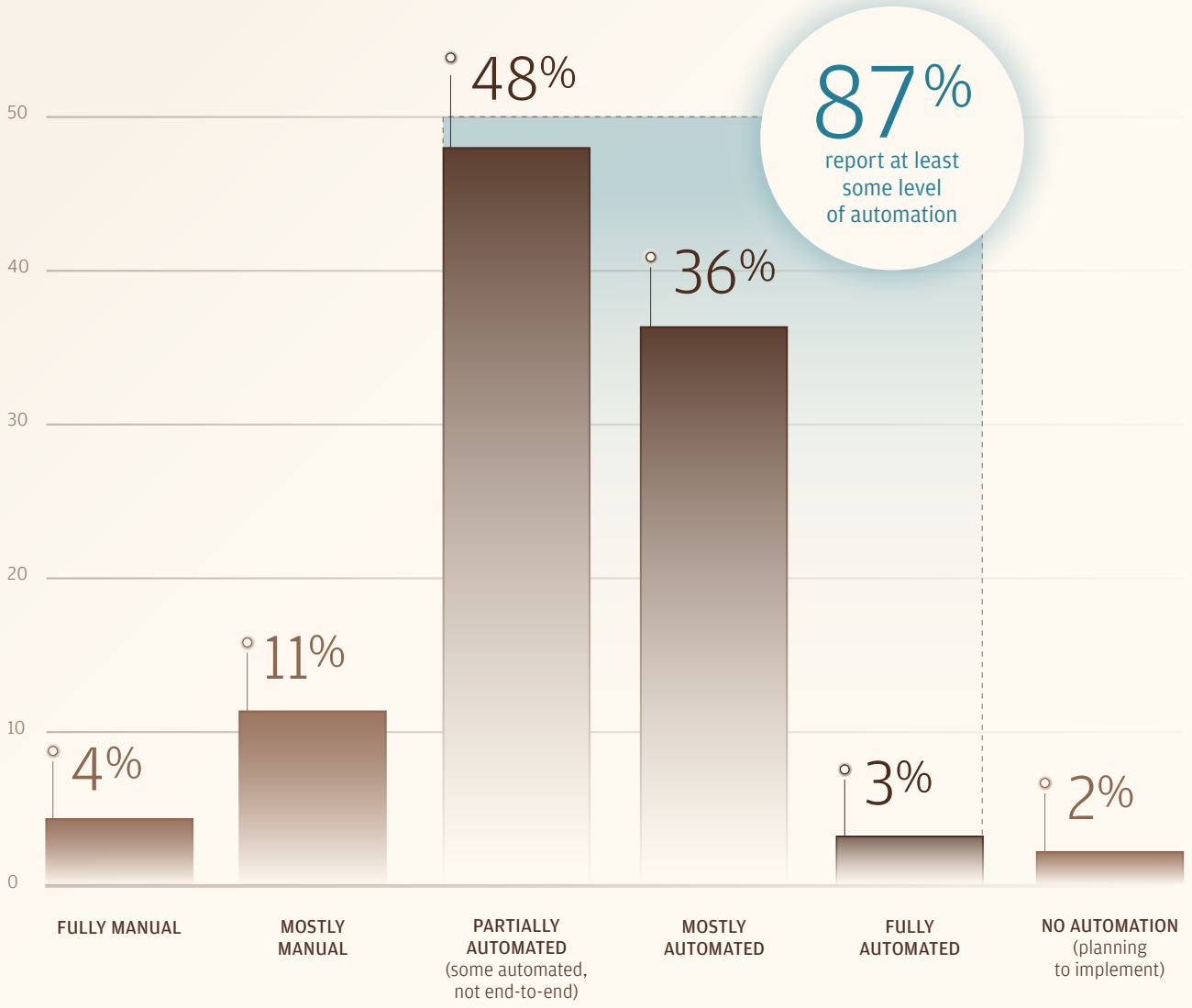
There is, therefore, a significant opportunity for further automation of key processes to enable streamlined, efficient and intelligent cash movement. For example, through automation, funds can be moved between accounts based on predefined events, without the need for manual intervention. Additionally, automated sweeping allows treasurers to deploy cash just-in-time and automatically redeploy it where it is needed most, removing friction caused by different time zones and cut-off times.

> "Automation is transforming receivables and payment reconciliation by drastically reducing manual intervention and enabling near real-time posting of payments to invoices. These advancements help companies minimize exceptions, improve their DSO (days sales outstanding) and achieve higher straight-through processing rates, freeing teams to focus on strategic activities."
>
> **Michelle Conklin**
> Managing Director,
> Head of Receivables Solutions
> J.P. Morgan



Most organizations have adopted automation—but there is opportunity to do more[4]

87% of organizations have some level of automation in treasury and payments infrastructure, but only 39% describe their systems as mostly or fully automated.



Q. How would you describe the current state of your organization's treasury and payments infrastructure? (Please select all that apply.) (n=107)
Note: 1% selected 'Don't know/not sure'.

Respondents were provided the following definition for reference: For the following questions, automation refers to the end-to-end integration of treasury and payment processes, including payables and receivables systems, bank connectivity, and use of automated reconciliation, exception handling, and straight-through processing with minimal manual effort.

Source: J.P. MORGAN, ASUG

Borderless liquidity is becoming more achievable

The move towards real-time liquidity also opens up the possibility of borderless liquidity, in which treasurers can rapidly facilitate instant payments or intra-group financing, in multiple countries or currencies.

By replacing physical fund movements with virtual account structures for intercompany trade settlement, finance teams can manage internal cash flows and optimize foreign exchange without moving funds between accounts or locations. This boosts visibility and improves overall liquidity, while bypassing the traditional complexities of currency conversions and making international operations even more seamless.

Real-time payments (RTP) also offer the possibility of speeding up cross-border liquidity and transforming B2B transactions. Although RTP schemes have traditionally been domestic in focus, they are expected to become more sophisticated and interlinked with other countries.

India's Unified Payments Interface (UPI)—the world's largest RTP network, processing more than 640 million transactions a day—will expand to more than 20 countries by March 2029.[5] Meanwhile, the EU's Single Euro Payments Area (SEPA), which now covers 41 countries,[6] is planning to upgrade its transaction limit of €100,000 to a theoretical maximum of just under €1 billion.[7] For businesses across Europe, this means that large-scale payments that once would have taken hours or days to settle will clear in seconds.

Liquidity focus

Real-time liquidity	Real-time payments, streamlined infrastructure
Borderless liquidity	Multicurrency management, VAMs, inter-company payment optimization
Resilient liquidity	API connectivity, notional pooling, automated sweeping

Centralization is key to resilient liquidity

When treasury is integrated, agile and adaptable, then it also supports resilient liquidity. If turbulent conditions disrupt cash flow or cause expenses to spike, being able to move funds or collateral quickly from different areas of the business can be a vital safeguard. To better manage this, treasury departments could consider payment centralization. Instead of relying on local offices, a regional treasury center or an in-house bank is used to consolidate cash, providing greater control and visibility over liquidity.

Another key tool is multicurrency notional pooling, where the balances of multiple different bank accounts are aggregated to provide a single cash position. This allows treasuries to use surplus cash from one currency account to offset the deficit in another, limiting the need for complex intercompany loans and FX hedges. Notional pooling can also ensure that trade settlement and automated cash deployment continues even in instances of temporary currency shortages or mismatches.

Meanwhile, by integrating cash-generating entities and/or shared service centers into multicurrency notional pools, treasury and other entities critical to the company's supply chain gain efficient access to liquidity.

If turbulent conditions disrupt cash flow or cause expenses to spike, being able to move funds quickly from different areas of the business can be a vital safeguard.

Dynamic markets require a new approach to working capital

Due to changing trade dynamics and increasing threats, companies are increasingly looking to reorganize their supply chains with a much greater focus on regionalization or "friend-shoring." This is forcing organizations to rethink their approach to trade and working capital management.

> "In response to increased tariffs, many companies are moving production back to the U.S. or neighboring countries such as Mexico. Relocating supply chains in this way requires both higher CapEx (capital expenditure), as well as the negotiation of new buyer-supplier relationships. Manufacturing in countries with higher labor costs also increases overall demand for working capital."
>
> **Keith Murphy**
> Managing Director, Head of North America Sales,
> Trade & Working Capital Finance,
> J.P. Morgan

To enable more intelligent capital orchestration, treasurers are using digital platforms and AI to improve connectivity. With real-time visibility of their accounts receivables ecosystem, they can monitor incoming payments, automate workflows and detect fraud.

Automation is also being embedded into treasury platforms to cut the administrative load and make it easier to access non-debt financing. Instead of a financial provider asking for specific information on an invoice, they can access the details in their ERP system, validate the information and automate decisioning.

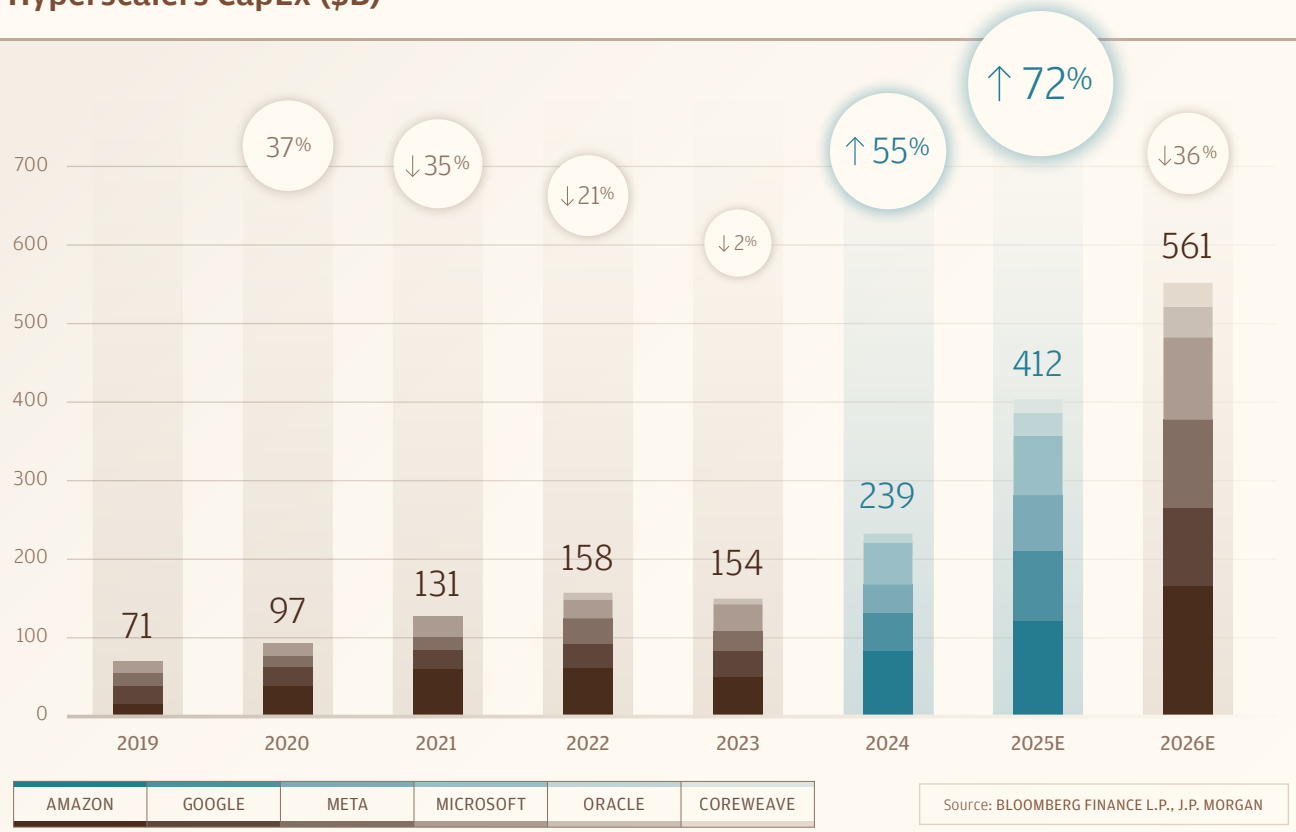
"The majority of companies are increasing their investments in payments technology. There's a desire for greater digital adoption using artificial intelligence, machine learning, robotics and advanced analytics to improve visibility, drive decision-making and accelerate cash flow."

Michelle Conklin

MANAGING DIRECTOR, HEAD OF RECEIVABLES SOLUTIONS
J.P. MORGAN

AI uptake is driving working capital demands

Hyperscalers CapEx ($B)



Data center CapEx from hyperscalers is estimated to reach $561B in 2026

An intelligent approach to working capital is also critical to finance the ongoing surge in AI investment. According to J.P. Morgan estimates, between 122 gigawatts in global data center infrastructure will be installed between 2026 and 2030. In 2026, there is estimated to be approximately $561 billion in CapEx from hyperscalers alone.[8]

Large corporations may push out the payment terms for their vendors to conserve capital, which could create greater demand for supply chain finance to bridge the gap. In turn, by using digital solutions to remove friction and more accurately calculate risk, supply chain finance will likely become more affordable for small to medium-sized enterprises, helping to build resilience.

"It is not just the hyperscalers that are impacted. There are equipment suppliers, constructions firms, energy companies and many more that will be involved across the AI value chain and will also require flexible access to working capital," says Murphy.

2

FRAUD DEFENSE

Tackling evolving threats
with digital identity and AI

In today's 24/7 on-demand economy, businesses and consumers increasingly expect transactions to clear instantly. Against this backdrop, digital identity verification matters more than ever. Because money is changing hands faster (for example, through account-to-account transfers), businesses need to be confident the person on the other side of the transaction is who they say they are.

A contest of relentlessness

According to J.P. Morgan Strategic Research, the cost of global cybercrime was an estimated $10.5 trillion in 2025.[9] The money at stake is fueling a contest of relentlessness between businesses and fraudsters, as companies rush to invest in technology and tools to stay one step ahead of the scammers. At the same time, cyber criminals are adopting more sophisticated technology, including AI-powered deepfake attacks, to try and sidestep corporate defenses. More than a million cases of identity theft were reported to the FTC in 2024,[10] many of those with the intention to commit bank fraud.

The race against fraud

$10.5T — Projected global cost of cyberfraud in 2025[11]

1M+ — Cases of identity theft reported to the FTC in 2024[12]

40% — Deepfakes now account for 40% of biometric fraud[13]

79% — Of U.S. businesses were hit by payments fraud in 2024[14]

Sources: J.P. MORGAN, FTC, BIOMETRICUPDATE.COM, U.S. BANK

In parallel to this increased fraud risk, money movement is speeding up. A2A transactions, for example, are gaining traction as they offer a fast, low-cost alternative to traditional payment methods. The value of A2A payments is expected to grow by 113% to $195 billion globally by 2030,[15] with many of those transactions completing in seconds.

A2A payments are an attractive target for cyber criminals because they are near-instant. By 2028, losses from fraud, such as authorized push payments, are forecast to reach over $3 billion.[16] Tackling these evolving risks will require a combination of AI-powered strategies and a mindset shift.

"When you are using something like A2A payments, you need to onboard people carefully and ensure that the information being provided is validated. And then you also need the behavioral component, which is, 'Are they behaving correctly? Are they acting like themselves?' Getting this right is vital, as no one's going to want to do business with a company if they don't feel like they can trust being on their platform."

Vincent Meluzio
Payments Product Solutions Director and Trust & Safety Solutions Lead
J.P. Morgan

The future of digital ID is AI

In recent years, finance teams have deployed pre-transaction controls, such as biometrics, passwords, authenticator apps or one-time passcodes, to make the payments process more secure. Increasingly, however, companies are recognizing the need to think about digital ID in broader terms. Teams are now looking to supplement existing verification controls with behavioral data that builds a clearer picture of a customer's digital footprint.

In this way, while AI is fueling growing fraud risks, it can simultaneously provide protection against fraudulent activity, even when threats are uncertain or unknown.

AI can flag anomalies, such as if a counterparty is making a payment in a different location than normal, or if the transaction type or purchase is unusual, making it easier to spot when something seems off.

> "Identity verification can no longer be a moment in time—it must be a continuous process. Companies should be able to use biometrics, combined with behavioral signals, to authenticate users in the background and to minimize friction without sacrificing security,"
>
> **Prashant Sharma**
> Global Head of Product,
> Biometric Payments and Agentic Commerce
> J.P. Morgan

A new era of digital ID

Advanced digital ID systems use a combination of verified data and behavioral patterns.

VERIFIED DATA

- Password
- Biometric identifier (fingerprint, facial scan, palm scan, etc.)
- Authenticator apps
- One-time passcode
- SMS/text message
- Hardware key
- Push notification

BEHAVIORAL PATTERNS

- Different location or geography than normal
- Unusual transaction amount
- Unusual transaction time
- Non-typical purchases
- Repeated login attempts
- Different typing speed or swipe gestures

Acceptance of digital ID is growing

Digital ID systems are already being planned or adopted in many parts of the world amid increased social and regulatory acceptance. In the U.S., for example, the NIST SP 800-63 Digital Identity Guidelines provide technical requirements for meeting digital identity assurance levels for identity proofing, authentication and federation.[17]

In Europe, the European Union has been introducing legislation, such as the EU Data Act and eIDAS 2.0 Regulation, to support the launch of an EU Digital Identity Wallet, which will enable citizens to verify their identity for online transactions.[18, 19]

Several projects are up and running in Asia. In India, for example, the Aadhaar national ID scheme, where ID cards are linked to a user's biometric data, is already underpinning more than 2 billion payment authentications a month.[20] Meanwhile in Singapore, 5 million people were using Singpass digital ID in 2025 to access public and private services.[21]

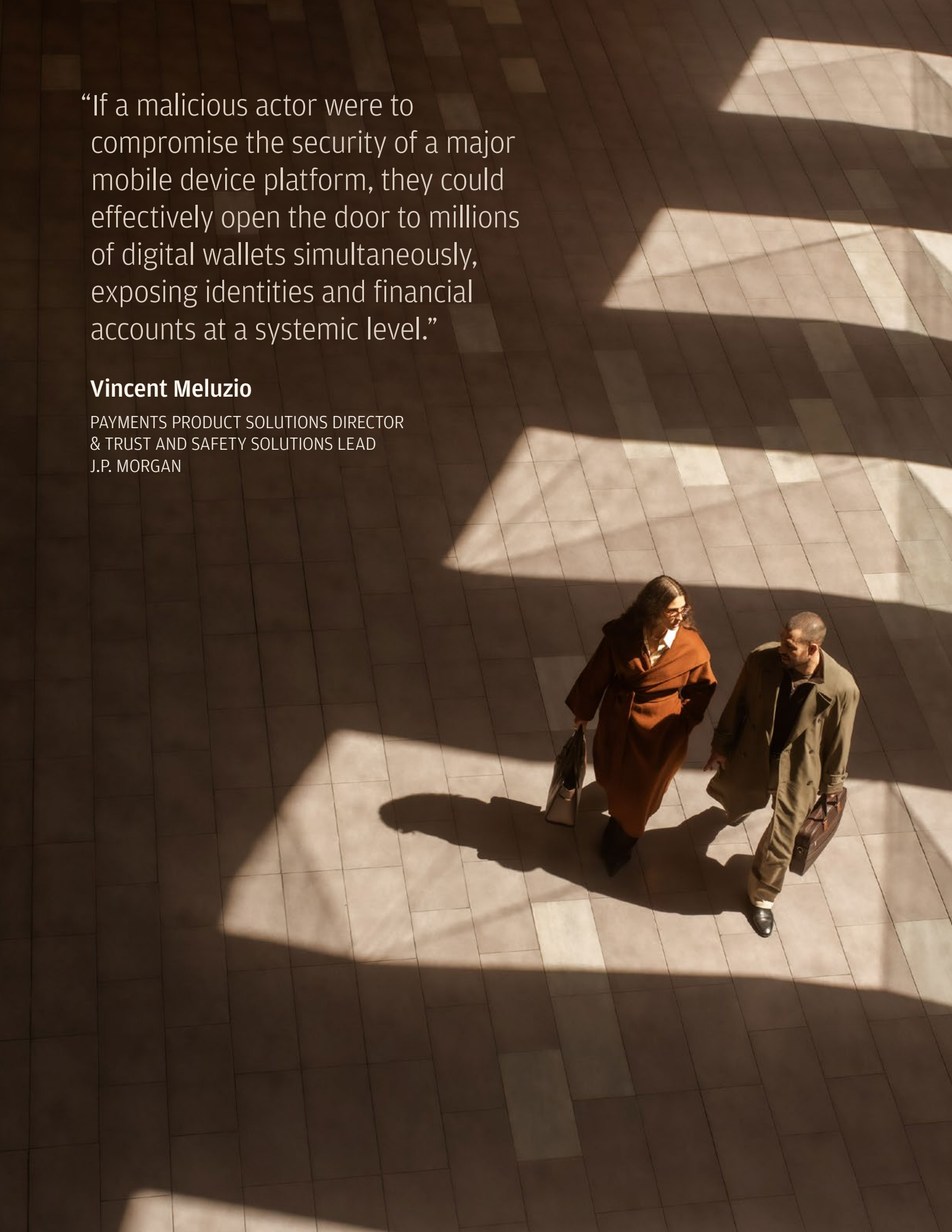
While digital IDs can help improve online identity verification, there are also potential risks that need to be considered, such as security vulnerabilities and privacy issues. Such risks are also amplified by state-sponsored hackers and emerging technology, including quantum computing, which is expected to be powerful enough by 2035 to be able to break current cryptographic standards.[22] This could allow cyber criminals to quickly break through even the strongest cyber defenses and steal digital IDs in bulk.

Meluzio explains the emerging risks: "The issue is fundamentally one of scale. If a malicious actor were to compromise the security of a major mobile device platform, they could effectively open the door to millions of digital wallets simultaneously—exposing identities and financial accounts at a systemic level. By contrast, a physical pickpocket harms one individual at a time. It is devastating for that person, but it doesn't move the needle from a systemic-risk perspective. There are only so many wallets someone can steal in a day, and those cards and IDs are typically cancelled quickly. In cyber, the ability to scale an attack is what changes the risk calculus—and it's what we must stay ahead of."

Global Digital ID programs

Brazil GOV.BR	A government platform that enables access to a range of digital services that are linked to a user's digital identity.[23]
Denmark MITID	Enables holders to access digitized public services as well as online banking services.[24]
Estonia E-ID	Allows holders to vote online, sign documents digitally, access healthcare records, and much more.[25]
EU EUDI	Enables EU citizens to store and share ID-related documents and digitally sign documents across all member states.[26]
India AADHAAR	A biometric data-based digital ID card to access government welfare schemes and financial services, and provide digital authentication.[27]
Kenya MAISHA NAMBA	Part of a broader government program to expand the country's digital public infrastructure and provide access to digital financial services.[28]
Singapore SINGPASS	Allows holders to access online government and business services.[29]
Sweden BANKID	Enables holders to authenticate their identity with companies and government authorities.[30]
UAE UAE PASS	Gives users a single account to access thousands of government, semi-government and private sector services.[31]

Source: ATLANTIC COUNCIL



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Vincent Meluzio

PAYMENTS PRODUCT SOLUTIONS DIRECTOR
& TRUST AND SAFETY SOLUTIONS LEAD
J.P. MORGAN

Fraud defense should be high-tech and human

As organizations gear up to fight back against fraudsters, a comprehensive risk management framework that combines a robust control environment with the right cultural mindset is critical.

Part of this framework involves upgrading legacy technology and adopting AI and automation to help detect external threats, but not all measures need to be high-tech.

Given that humans are often the weakest link in cyber defenses,[32] educating and training finance teams on AI fraud risk is critical. Such programs might involve how to identify deepfake attacks through visual clues, such as smoothness of skin or asynchronous lip movements. Other risk-management measures include modernizing accounts payable processes to increase automation and reduce manual intervention and minimizing the risk of employees being tricked by fraudsters.

3

PAYMENTS EVOLUTION

Delivering personalized payment experiences

Digital transformation and advancements in AI are changing commerce and the way people make payments. At the same time, consumer behavior and expectations are also shifting, with consumers increasingly demanding a fluid experience between online and in-store shopping. This is fueling a rise in omnichannel offerings that are designed to meet customers wherever they are with streamlined, one-stop shopping and payment processes.

"There are so many more touchpoints for viewing merchandise, deciding what to buy and making the purchase than ever before," says Norah Coelho, Managing Director, E-Commerce Merchant Products & Solutions, J.P. Morgan. "We experience that when payment credentials stored in our car allow us to pay for EV charging or toll fees. In streaming services, there are prompts to click and buy products while you're watching a movie or a show. It is happening across all sectors. Payments are central to connected commerce because that is the moment of truth that can turn browsing in one channel into an actual purchase in another."

Agentic commerce is the new frontier of payments

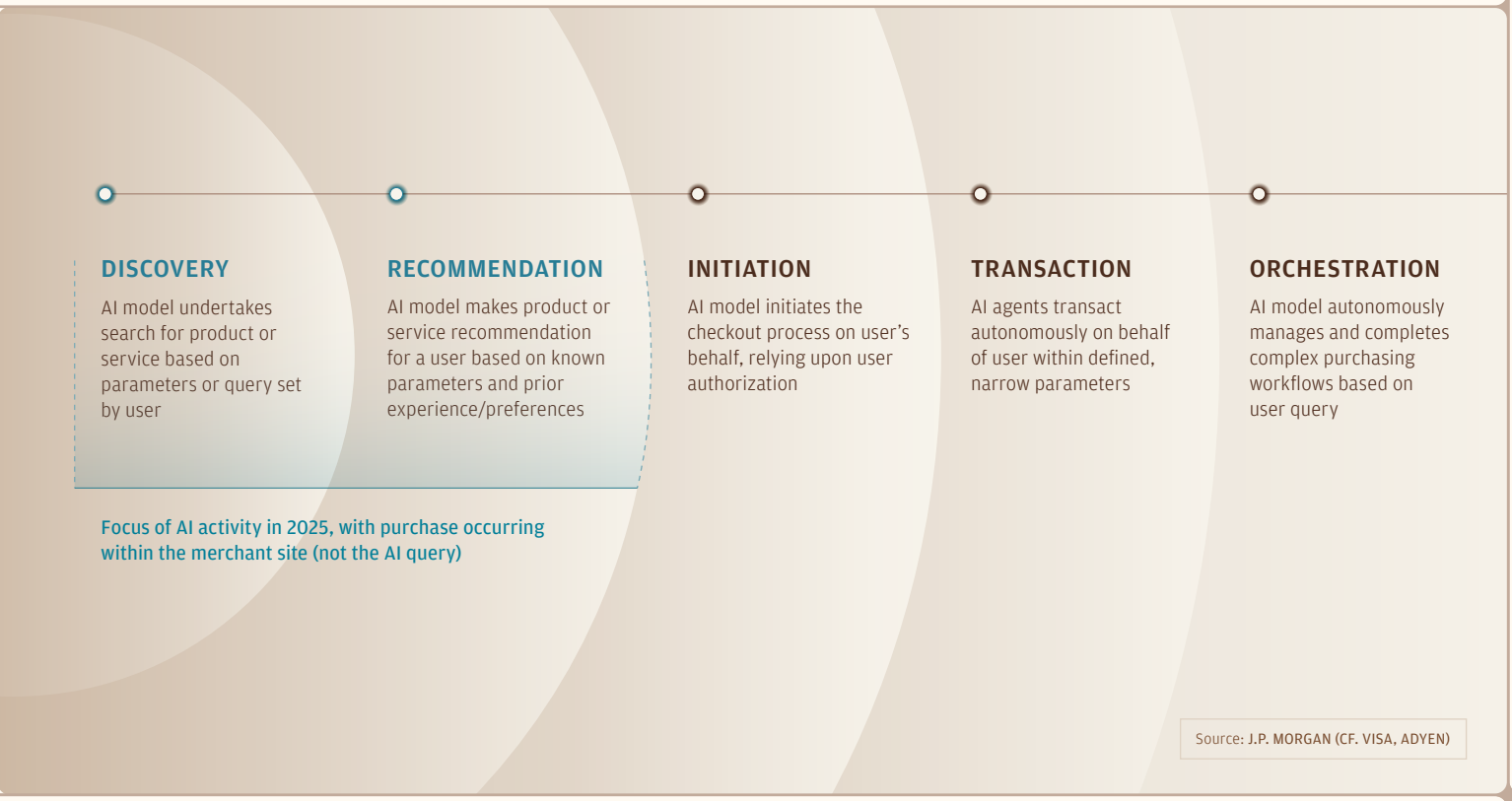
In this omnichannel world, a new form of shopping has the potential to change the way people shop forever—agentic commerce.

Agentic AI is expected to be responsible for up to a quarter of the U.S. e-commerce market by 2030.[33] Consumers can use agentic AI to autonomously perform a range of shopping tasks including searching for products; searching for where to buy those products; reading reviews or product specifications; making recommendations; and finally, completing the purchasing journey on their behalf.

For now, agentic commerce is primarily used for product discovery: 30% of consumers now use AI tools to research products and compare options.[34] However, we believe agentic AI will rapidly move up the commerce value chain, starting with repeat, low-risk items like groceries, before including more high-value items like tickets, travel and even automobiles.

By 2030, agentic commerce is expected to total around $2-$5 trillion, representing between 3-7% of global payment volumes.[35]

Agentic commerce will move up the value chain in coming years



Source: J.P. MORGAN (CF. VISA, ADYEN)

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Source: J.P. MORGAN, EUROPE EQUITY RESEARCH

Adapting to AI shoppers

For businesses, adapting to agentic commerce means adopting "sell-side" AI agents that will manage inventory and pricing, and interacting with "buy-side" AI agents by marketing their goods to them and ensuring their products are chosen over a competitor's. In a world where AI agents are making purchase decisions, the concept of brand loyalty may no longer be as powerful. AI agents may turn their focus on objective factors such as price, stock availability and how fast purchases can be delivered. This can be both a challenge and an opportunity for merchants.

"Merchants are losing their brand identity in a sea of search results. The solution? Rich catalog data paired with conversational AI—turning product information into meaningful interactions that drive loyalty," says Sharma.

These processes may not only exist online. AI is also going to transform areas such as customer support, where AI-powered chatbots or virtual assistants can provide on-demand or proactive support to help customers with queries or resolve issues such as returns or payment problems. Gartner believes that by 2028, 60% of brands will use AI agents to interact with customers, which will act like "digital concierges."[36]

"After searching for a product, what stops the AI agent from recommending a store to go buy it in? Or imagine you are in a store, roaming around the aisles trying to find a product. Why can't you ask an AI agent to find it in the online inventory and buy it, then you go pick it up from the check-out?" asks Oseyi Ikuenobe, Managing Director, Head of Omnichannel Solutions, J.P. Morgan.

Driving customer loyalty with personalized payments

Providing tailored payment options is an essential part of this new world of commerce. Research shows, however, that there is a gap between what consumers want when it comes to payments and what retailers think is important. While 65% of consumers expect frictionless payments, only 45% of merchants are prioritizing one-click checkout experiences.[37]

This is creating opportunities for businesses to differentiate themselves by offering the payment experiences that customers actually want. This means going beyond traditional card payments and providing emerging payment options. One option is bank transfers such as Request for Pay, which allows businesses to send a payment request to customers, who can then transfer the funds directly into a business's bank account. This can speed up transaction times and improve cash flow for that business. Other new payment experiences may feature cryptocurrencies, digital wallets or QR codes.

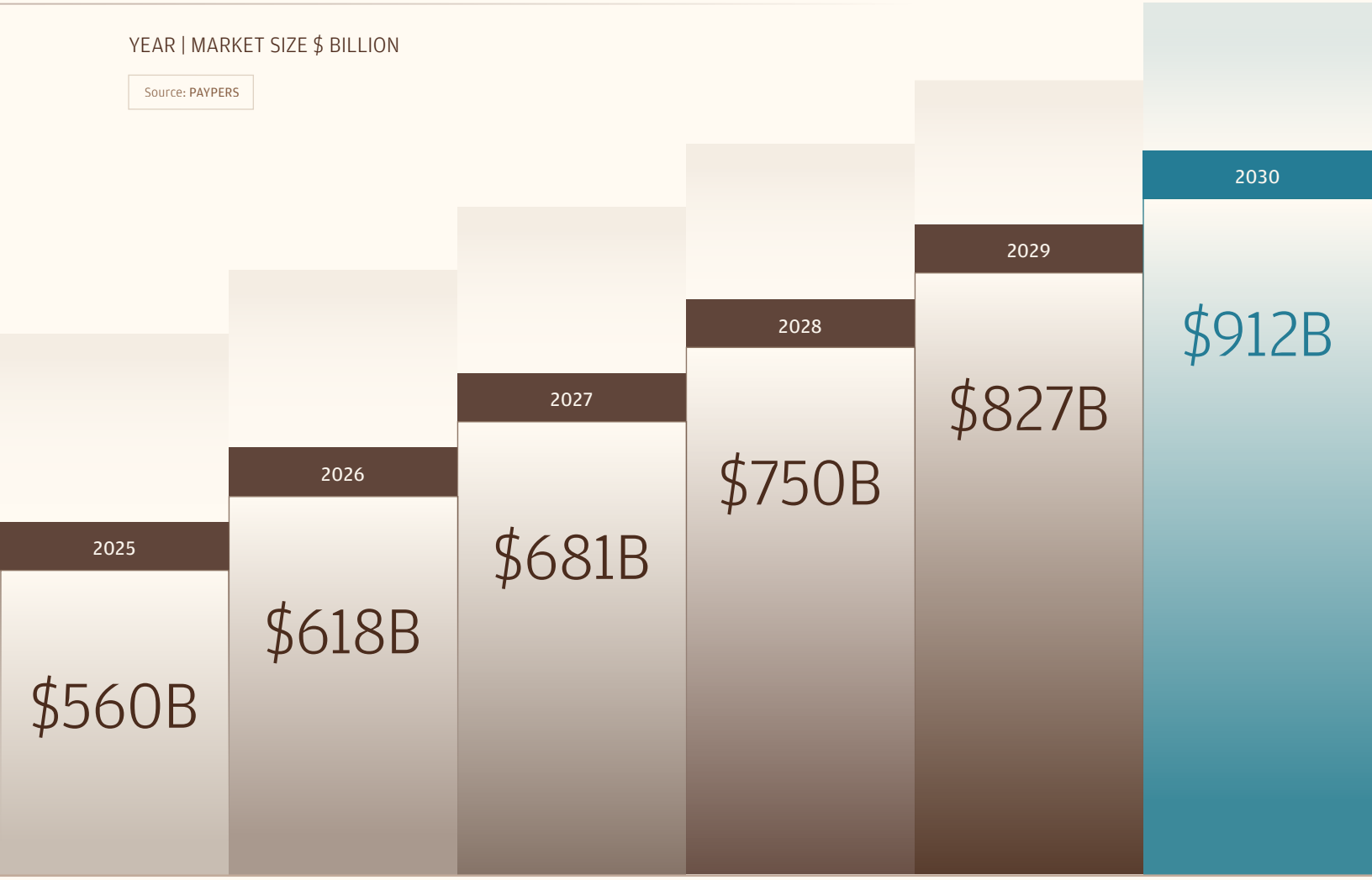
> **"Payments have to evolve with what consumers want, and they have to evolve to continue to be near seamless. People also want their payments to follow them across channels. They don't want to have to use a different payment instrument just because they are shopping online."**
>
> **Oseyi Ikuenobe**
> Managing Director, Head of Omnichannel Solutions
> J.P. Morgan

In addition to offering multiple payment methods, businesses can consider other options, such as installment plans. While buy now, pay later (BNPL) was once a feature solely of online checkouts, it is now increasingly being offered in stores, too. To that end, the size of the global BNPL market is expected to grow to $911.8 billion by 2030, from $560 billion in 2025.[38]

"While buy now, pay later may seem like a loan, it's really just giving people flexibility and more control over their spending, without the overhead of a credit card" said Ikuenobe.

Another way to personalize the payments experience is to offer loyalty schemes that reward customers for using certain payment methods, such as the brand's digital wallet or card. By leveraging transaction data and purchase history, businesses can create targeted programs that offer personalized special offers, discounts, loyalty points or cash back if a customer chooses a qualifying payment option. In the U.S., about 25% of consumers say the ability to collect reward points or discounts drives their payment choice, compared to 17% in Europe, according to a McKinsey survey.[39]

Global BNPL market size



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Oseyi Ikuenobe

MANAGING DIRECTOR, HEAD OF OMNICHANNEL SOLUTIONS
J.P. MORGAN

Embracing the potential of embedded finance

Businesses can go one step further when enhancing payments experiences by building new payment ecosystems through embedded finance, giving customers the frictionless checkout experience they expect. Notably, 84% of consumers say they want one-click checkouts.[40]

A closed-loop banking network enables merchants to process customer payments directly without an intermediary, saving costs and streamlining the checkout journey. Closed-loop systems also open up opportunities for businesses to create extensive marketplaces where they can sell their own goods and related goods from other companies. This expands customer choice and drives sales growth all within a business's own payments ecosystem. Businesses can also offer "stored value" rewards where customers get credit for future purchases, which can boost loyalty and drive revenue.

The business opportunity is significant. BCG estimates the potential market for embedded finance in the U.S., Canada and Europe is roughly $185 billion across payments, capital solutions, accounts and card issuing.[41]

> "In order to embrace all the opportunities that the connected commerce era offers, merchants need to partner with a payments provider that allows them to take advantage of it. That includes offering a variety of payment methods that are as simple to integrate as possible, and neat customer-facing experiences like simple hosted checkouts that mask the complexity of the payments environment behind it."
>
> **Norah Coelho**
> Managing Director,
> E-Commerce Merchant Products & Solutions
> J.P. Morgan

4

CONNECTED TREASURY

Building data-enabled always-on systems

While we've explored how finance teams are reimagining liquidity to create more visibility and control, many businesses are going further. The ambition is to create always-on, digital-first and data-enabled treasury operations, characterized by connectivity, automation and embedded banking. This transformation can drive time and cost efficiencies and unlock greater clarity and control, freeing up treasury teams to drive even more strategic value for the business.

What digital transformation looks like

To move to a digital-first treasury, organizations might consider migrating away from legacy technology and siloed systems and replacing them with cloud-based, API-ready technology that supports modern connectivity.

Connectivity needs vary across organization size

Small and medium-sized businesses

Expect to accomplish most tasks in their banking portal alongside a self-service mobile experience. But they also want simple and intuitive banking that helps them manage cash burn and scale payments.

Late-stage startups and mid-market businesses

Likewise expect to carry out most banking tasks via an online portal, but with bulk tasks executed via APIs. They also want enhanced cash flow forecasting, and payments to be a revenue source, as they seek to fund growth and access capital markets.

For the largest businesses

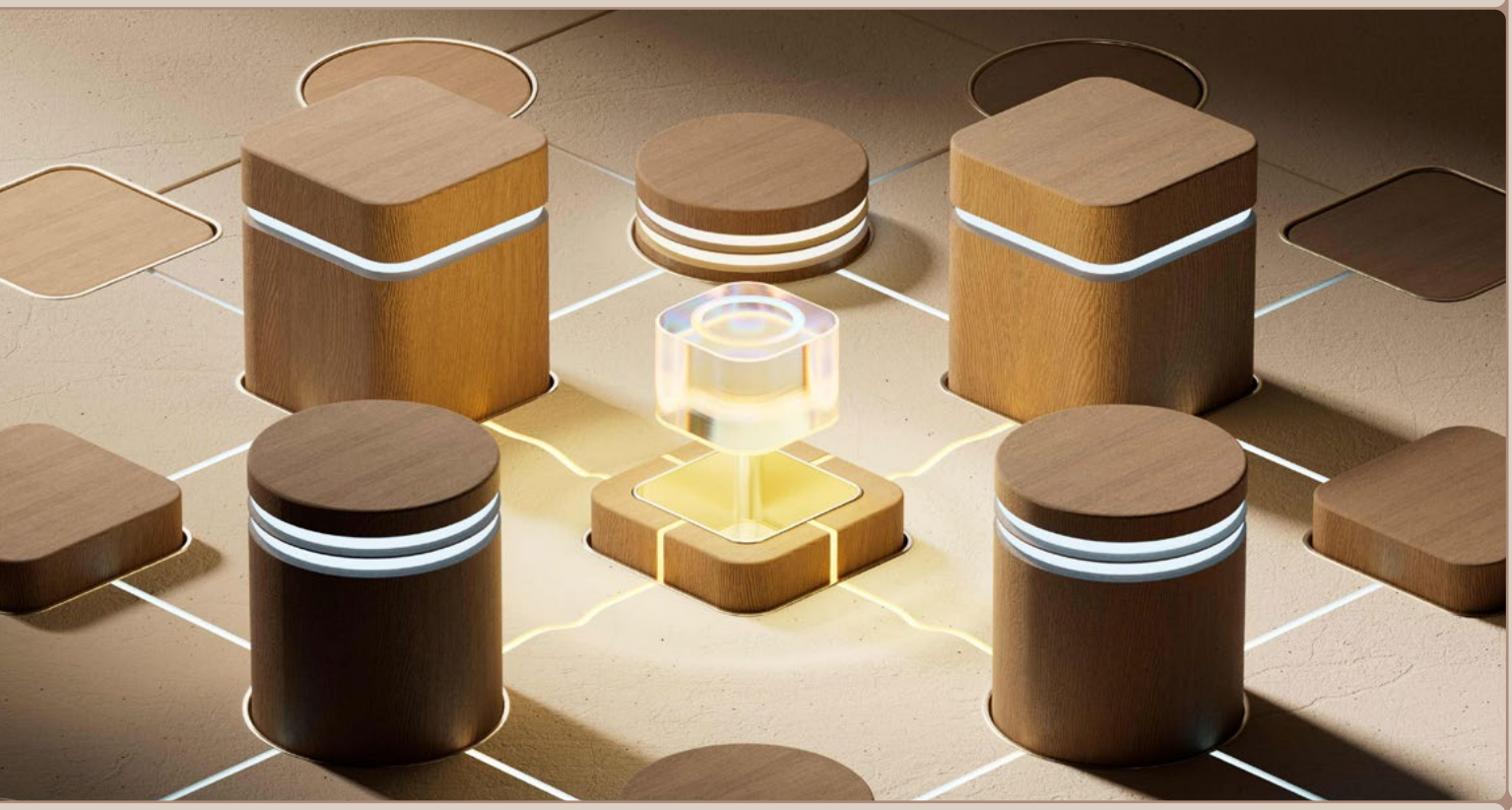
Expect to access banking capabilities through their own technology using API connectivity, but they also want enhanced security, AI automation and data to drive decision-making.

Transforming treasury relies on data-enabled systems

No matter what size an organization is, new systems will need the capacity to handle and process enormous amounts of data. Data harmonization initiatives, such as the ISO 20022 data standard and CBPR+ (cross-border payments and reporting plus), represent a pivotal moment for the financial industry and underscore the appetite for sharing richer payments data.

SWIFT estimated that about 80% of high-value payments would be sent using the ISO 20022 format by the end of 2025, standardizing how information is shared globally.[42] But as the flow of data expands, organizations may become increasingly constrained by the oldest technology in their system chains. Without the right infrastructure, companies will be unable to access the modern banking tools needed to improve transaction speeds and combat fraud.

> "Legacy systems are like yesterday's phones—functional, but fundamentally limiting. If we want real-time intelligence, AI-driven automation and always-on resiliency, we can't build it on yesterday's architecture. Transformation is what turns us from basic connectivity into intelligent, scalable, future-ready platforms."
>
> **Patrick Burgess**
> Global Head of Connectivity and Developer Experience
> J.P. Morgan



AI can help elevate the role of treasury

By putting data processing at the heart of modernization efforts, treasury teams will be well-positioned to take advantage of AI tools in areas like risk management, transaction analysis and cash flow forecasting.

"AI has the potential to reshape the treasury function by making finance teams more productive and better informed, enabling them to move away from traditional data-entry tasks and focusing more on strategic advisory work," says Chip McArthur, Head of Product, Treasury Services Data & Analytics, J.P. Morgan.

Take cash flow forecasting, for example. AI can assist in gathering and cleaning up data to build a forecast, so that treasury teams can spend more time on analysis. This in turn allows them to provide more timely insights to the business.

Research also suggests organizations that have advanced insights capabilities are three times more likely to generate double-digit revenue growth than businesses without those capabilities.[43]

Use cases for AI and GenAI in treasury

- **RISK MANAGEMENT** (including fraud detection)
- **REVENUE/SPEND CLASSIFICATION AND ANALYSIS**
- **FINANCIAL FORECASTING** (including sales, cost, cash flow, payments)
- **DATA MANAGEMENT** (including updates, cleansing)
- **REPORT GENERATION** (including visualization)
- **INVESTMENT ANALYSIS AND PRIORITIZATION**
- **SCENARIO PLANNING AND ANALYSIS**

"While AI will streamline workflows, it won't entirely replace treasury team members," McArthur explains. "AI agents, for example, will propose actions or highlight anomalies, but humans will continue to have the final say. In other words, it will be human plus AI."

For instance, AI can assist with fraud detection by monitoring transactions and flagging suspicious payments for human review. "Advanced AI can also offer up predictive insights, such as anticipating cash flow shortages due to, say, changes in sales orders," adds Lisa Davis, Global Head of Enterprise Application Solutions, J.P. Morgan, AI has the potential to free up treasury teams to focus on more value-added work, allowing them to be more efficient and effective at what they do.

“AI has the potential to reshape the treasury function by making finance teams more productive and better informed, enabling them to move away from traditional data-entry tasks and focusing more on strategic advisory work.”

Chip McArthur

HEAD OF PRODUCT, TREASURY SERVICES DATA & ANALYTICS
J.P. MORGAN

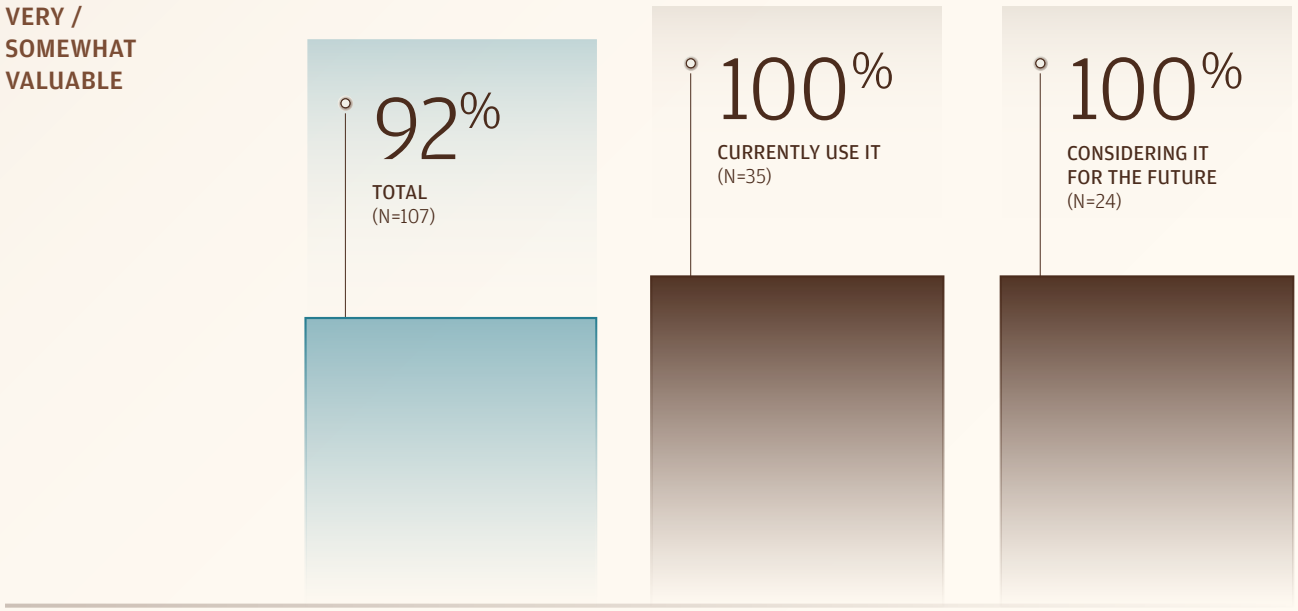
Embedded services open up new opportunities

Part of the digital-first treasury experience will include embedding banking and finance capabilities across the treasury function—92% of treasury professionals view embedded payments or banking directly into their ERP software as very or somewhat valuable,[44] according to J.P. Morgan Research conducted with ASUG.

Embedding banking and finance services within an ERP or TMS via API technology can improve real-time visibility into an organization's financial position, giving an instant snapshot of a business's financial health. This is especially useful for large global organizations that operate in multiple locations and with many banking providers. Not only does it save time and effort, it reduces the risk of errors associated with manually gathering banking data.

Embedded banking is perceived as highly valuable by treasury professionals

Ninety two percent of users view embedded payments or banking as valuable, with all current and prospective users rating it as very or somewhat valuable.



Source: J.P. MORGAN, ASUG

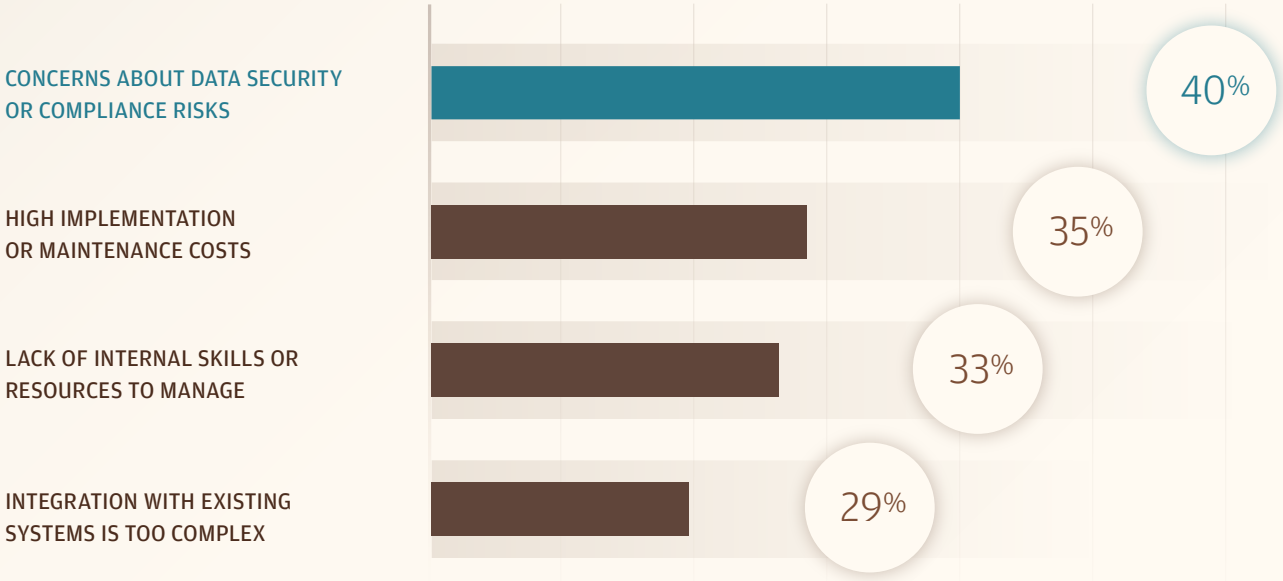
Embedded finance services can also open up fresh innovation opportunities, for example, automating cross-border reconciliation, improving forecasting and liquidity management, speeding up settlements and accessing non-traditional payment rails, such as blockchain.

By embracing these opportunities, organizations can accelerate modernization and prepare their treasury function to be fit for the future. “Building up these core capabilities allows teams to do even more sophisticated treasury management,” says Davis.

While finance teams recognize the value of embedded banking, adoption is far from simple. Many factors threaten to limit implementation. Our research shows that 40% of treasury professionals have concerns about data security or compliance risks, while others are daunted by implementation costs, a lack of internal skills and resources, and the complexity of integrating with existing systems.

Despite the perceived value, key barriers limit the adoption of embedded finance

Security concerns, costs and internal resource shortages are the top obstacles standing between treasury teams and embedded finance.



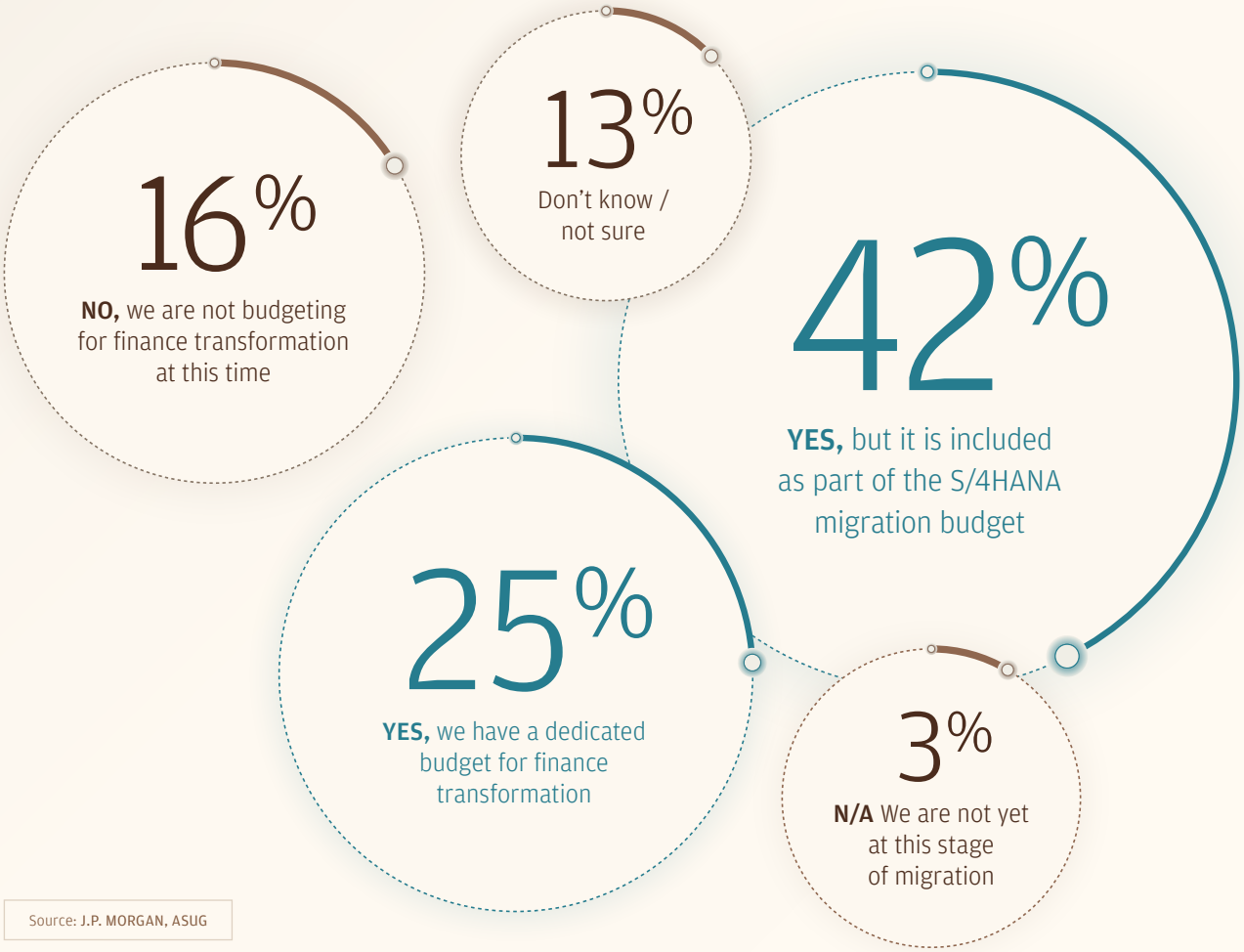
Source: EMARKETER

While finance teams recognize the value of embedded banking, adoption is far from simple. Many factors threaten to limit implementation.

There may be no better time to overcome these barriers. "Major ERP providers such as SAP are requiring users to migrate from old systems to the cloud before the end of the decade," says Davis. "While IT teams are in upgrade mode, there is a generational opportunity in ERP."

Teams can modernize their treasury systems by joining broader IT transformation efforts through bundled migration. Our findings show that 42% of treasury professionals say they have a budget for finance transformation as part of their broader migration budget.[45]

Is your organization budgeting for finance transformation alongside your S/4HANA migration?



Source: J.P. MORGAN, ASUG

5

BLOCKCHAIN UNLOCKED

Near real-time,
secure 24/7 payments
and asset tokenization

The potential for blockchain to transform the financial landscape is shifting from theory to reality. Businesses are moving from exploring use cases to adoption: 60% of Fortune 500 companies say they are planning to implement blockchain initiatives, with many of those focused on payments and settlements.[46]

Blockchain is powering secure, 24/7 payments

Blockchain technology can speed up payments and make it easier to move money across borders at any time, avoiding potential delays associated with traditional banking hours, settlement frictions or foreign exchange. This can improve liquidity and also make payments more cost-efficient.

This is made possible by blockchain-powered digital money, such as tokenized money like blockchain deposit accounts (BDAs) and deposit tokens.

BDAs

Programmable blockchain-based accounts denominated in 8 major currencies that can be utilized to move funds on a 24/7 near real-time basis for the purpose of cross-border payments and liquidity optimization.

Deposit tokens

Behave in much the same way as commercial bank deposits, but as deposits that are issued on the blockchain. Businesses can use those deposit tokens for faster payments, trading and settlement, or as a form of collateral. They can also be programmably transferred. Deposit tokens are designed for institutional usage as an alternative to stablecoins, as they use existing banking infrastructures that are regulated and can include fraud checks, claw-backs, refunded transactions and the freezing of accounts where necessary.[47]

Asset tokenization is picking up speed

The flow of assets mirrors that of capital, where blockchain technology is enabling the creation of digital assets that are backed by physical or financial assets. The market for these tokenized assets is gaining momentum, with 60% of institutions looking to increase their exposure to digital assets.[48]

Currently there's a total market cap of around $25 billion.[49] In the future, all assets may evolve with tokenization, including money, bonds, investment funds, money market funds, private equity funds, securities and repos, as well as illiquid assets such as infrastructure and real estate. The question for businesses therefore is how they can operate in this new world and take advantage of the opportunities it presents.

Tokenization has the potential to expand significantly

Tokenized assets — $M, EXCLUDING STABLECOINS

9,527 U.S. TREASURY DEBT	5,199 COMMODITIES	2,646 PRIVATE CREDIT
2,175 INSTITUTIONAL ALTERNATIVE FUNDS	2,058 NON–U.S. GOVERNMENT DEBT	1,619 CORPORATE BONDS
966 PUBLIC EQUITY	376 PRIVATE EQUITY	186 ACTIVELY MANAGED STRATEGIES
3 STRUCTURED CREDIT	24,755 Total	

Source: J.P. MORGAN, RWA.XYZ

A key opportunity for businesses will be to use tokenization to help improve liquidity. As it is easier to track and manage ownership of tokenized assets, they are often easier to buy and sell than the underlying assets. "In a traditional world, some of the processes associated with acquiring an asset can span multiple days. Tokenization gives you nearly immediate access to an asset and the ability for it to be leveraged to unlock liquidity," says Abhinav Natarajan, Global Product Lead, Kinexys by J.P. Morgan.

Meanwhile, for the asset management industry, tokenization could represent a $400 billion opportunity by making it easier to distribute alternative investments to individuals, such as private equity, private credit, real estate and hedge fund assets.[50]

Use cases for tokenized assets

- Tokenized cash and deposits as settlement methods
- Tokenization of assets as collateral for margin and financing, with faster settlement and improved transparency
- Tokenized money market funds (MMFs) for enhanced liquidity, transferability, and real-time ownership tracking
- Issuance, settlement, and servicing of digital securities on-chain with automated workflows
- Streamlined capital events and investor data management for alternative asset funds

Network-based infrastructure enables programmability that can further improve efficiency in payment processes and help improve customer experiences.

Network-based infrastructure is refiguring financial systems

Distributed ledger technology such as blockchain is making it possible to move away from the disparate systems-based world that underpins banking today to a world that is network-based and far more connected. This is creating an opportunity for businesses to change the way they think about and interact with their money and other assets.

In a systems-based world, financial infrastructure is fragmented across different channels, payment systems processes and multiple ledgers at every bank. This tends to increase frictions and delays, leading to poor customer experiences.

Shifting systems

SYSTEMS-BASED ARCHITECTURE

- Separate banking channels (API, web, SWIFT, host-to-host) specific to each bank
- Separate payment systems processes (KYC, fraud, sanctions, AML, funds control)
- Separate ledger for each bank = frictions, delays and fragmentation

NETWORK-BASED ARCHITECTURE

- Single wallets for KYC and multi-assets
- Smart contracts underpinning how assets move
- A shared ledger for all assets = seamless payments, automation, real-time transactions and new use cases, as well as recording asset ownership and value held

NETWORK-BASED CAPABILITIES

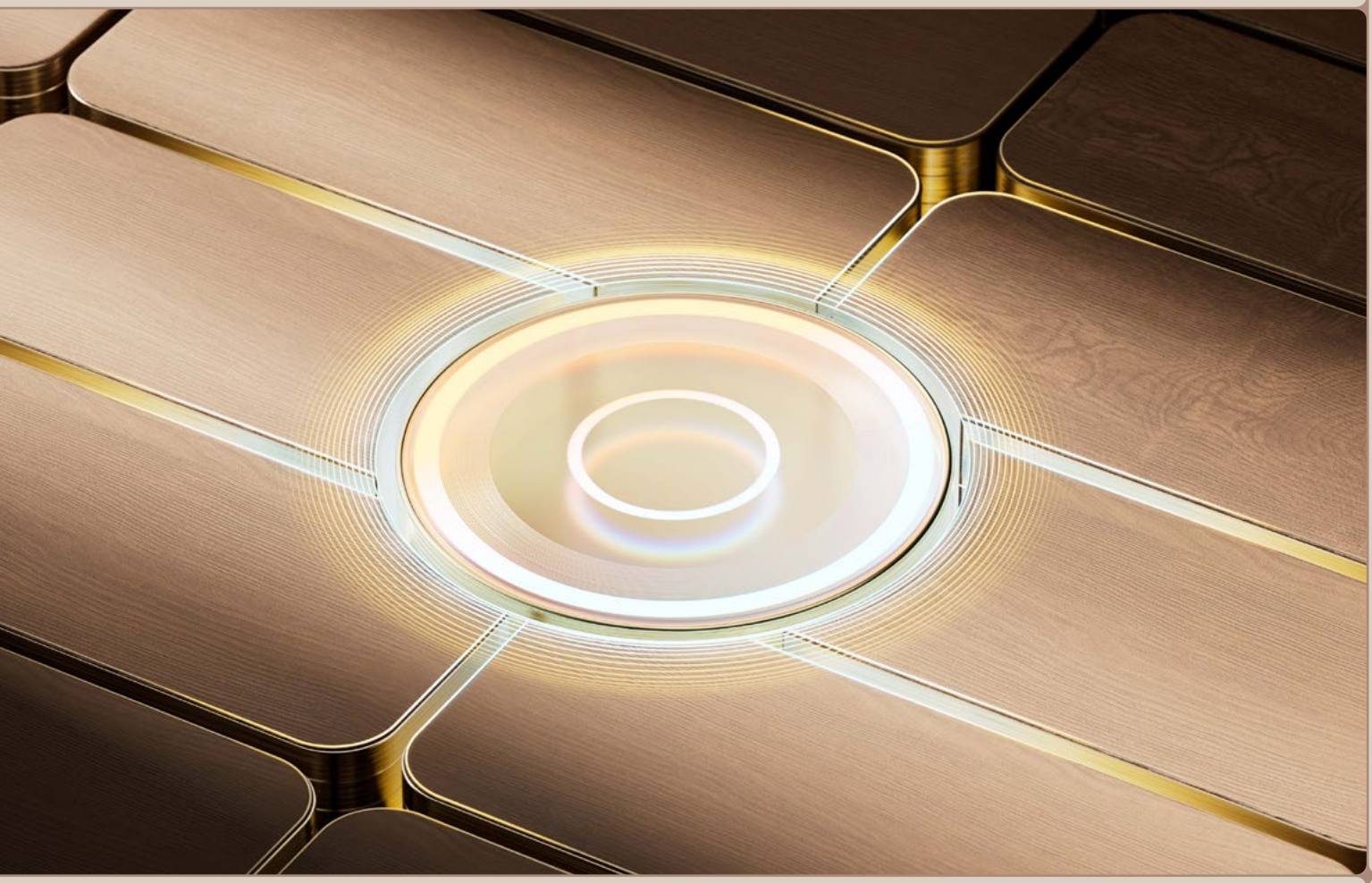
- **Composability**
  The ability to connect different blockchain protocols, smart contracts and apps in a modular way, making it easier and faster for developers to create new products and services.
- **Atomic settlements**
  The ability for instant and simultaneous transaction settlements, accelerating completion times; a prerequisite for composability.
- **Programmability**
  The ability to customize trigger events for payments and movement of asset ownership if certain conditions are met.

By contrast, in a world of network-based infrastructure, customers would be able to use a single wallet as a digital ID and a single account to store all their assets in one place (including cash, deposit tokens, securities, repos and more). All of those assets would be held on a shared ledger and governed by smart contracts that are recognized across financial institutions. This opens up capabilities such as composability, atomic settlements and new clearing gateways, creating fertile ground for innovation.

Network-based infrastructure enables programmability that can further improve efficiency in payment processes and help improve customer experiences.

Systems-based architecture today typically requires multiple disparate financial processes to be run sequentially and manually, sometimes across different legal entities in different geographies.

By bringing cash and assets onto a single common ledger, tokenization enables seamless interaction between different asset types in ways that were previously impossible. One example would be the ability to provide 24/7 liquidity in tokenized money market fund products, unlike traditional offerings that are constrained by banking hours and settlement windows. This always-on network architecture provides accessibility and transforms how organizations can deploy and access their capital at any time.



"When existing payment systems and on-chain instruments, such as deposit tokens, interoperate, money stops being constrained by infrastructure and becomes a lever to power entirely new use cases."

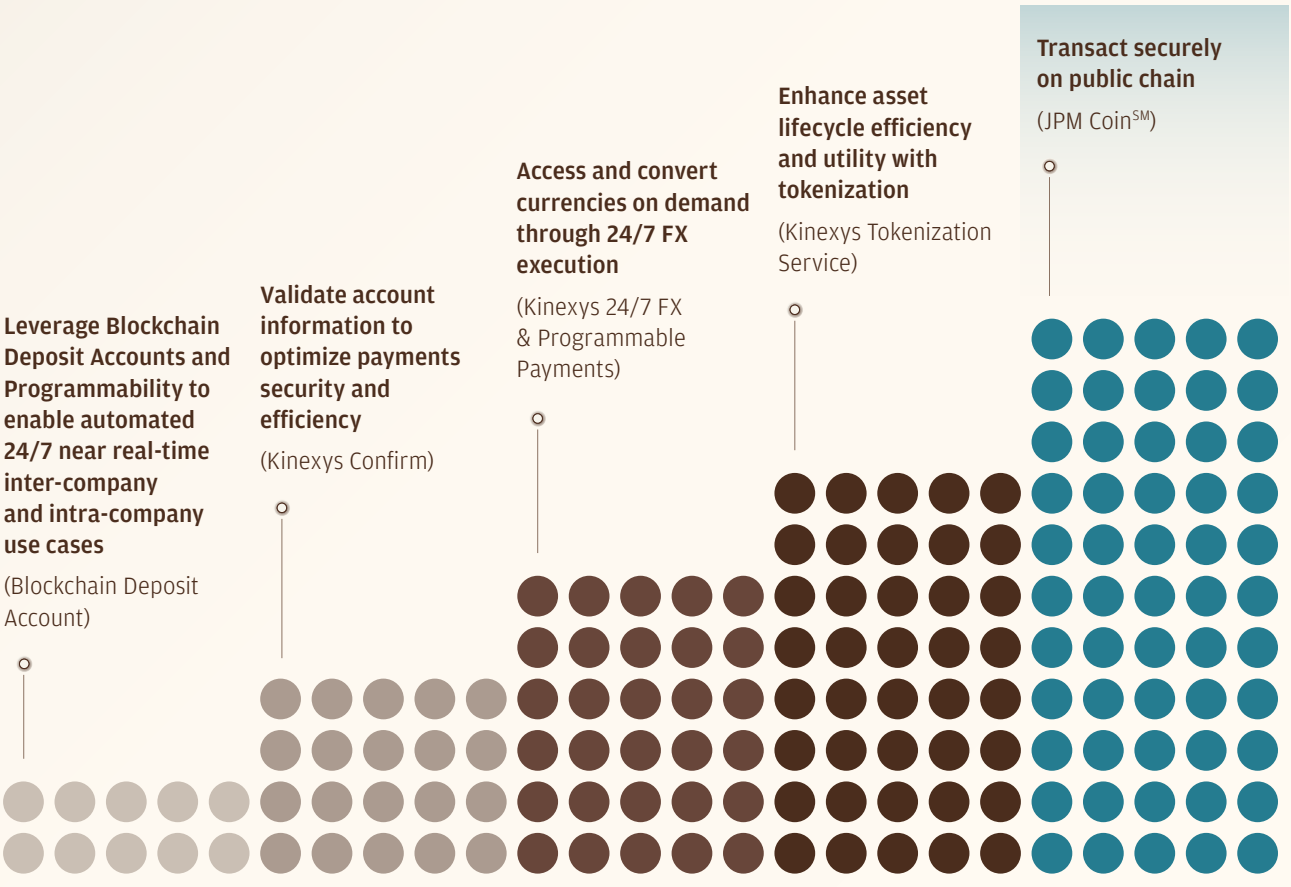
Abhinav Natarajan

GLOBAL PRODUCT LEAD
KINEXYS BY J.P. MORGAN

The journey to a fully-tokenized blockchain future is underway

Given the scale of transformation involved in moving to a fully tokenized blockchain future, businesses will adapt incrementally. For example, organizations can ease into this technology by implementing intra-company 24/7, multicurrency, near real-time settlements using blockchain deposit accounts. They can then selectively start to explore and interoperate with use cases where they can leverage deposit tokens for payments on public blockchain.

Stepping towards a 24/7, real-time, global tokenized future



Source: J.P. MORGAN, ASUG

Looking ahead: Visibility, control and value creation

The pace and scale of technological change is creating new risks for businesses, but it is also opening up an exciting opportunity to modernize payments and transform how treasury and finance teams support their wider organizations.

Across the topics we've explored, one theme connects them all: the continual evolution of the role of treasury and finance teams. As technologies like AI, API connectivity and blockchain continue to automate routine functions, finance and tech leaders will spend more time on strategic decision-making and other value-adding activities. By harnessing the power of technology, payments will become more creative, proactive and insightful—it will become more human, not less. From being a mainly operational function, treasury and finance will increasingly take a leadership role, guiding the future direction of their organization.

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