

Life-Cycle Banking: The Next Frontier for Payments, Cash Management, and Treasury



Enrico Camerinelli
Strategic Advisor
Commercial Banking & Payments
Datos Insights

Banking That Moves With Your Business

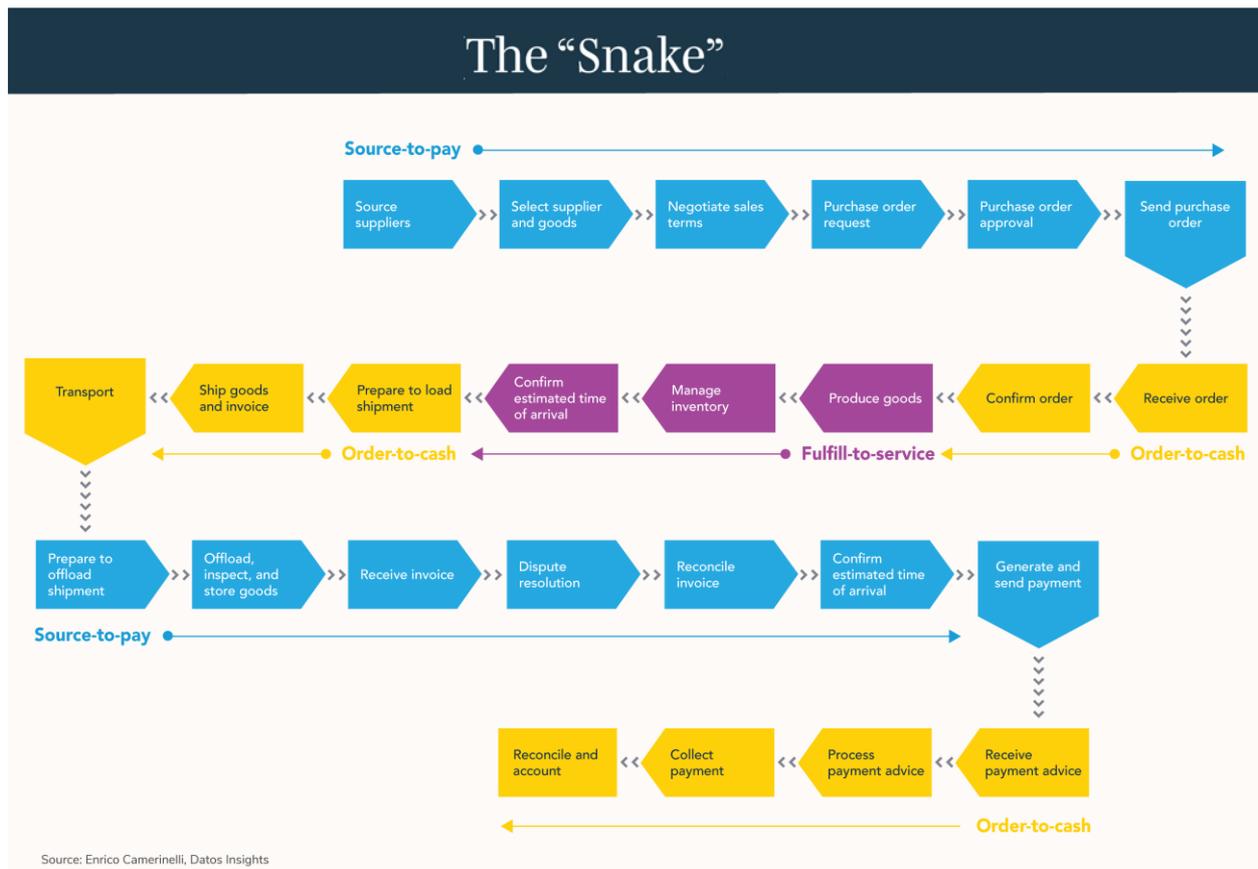
For decades, corporate banking ran on a fairly simple premise: a company has financial needs, it calls its bank, and the bank responds with a product. The relationship is transactional, episodic, and largely disconnected from how businesses actually run day to day.

That model is under real pressure now. Corporate clients do not want to manage their financial operations in one system and their banking relationship in another. They want banking that understands their business, speaks their language, and responds to what is actually happening in their operations, not just to what they explicitly request.

This is the promise of life-cycle banking: financial services structurally linked to the physical events of a company's supply chain, available when they are actually needed, and built around the specific dynamics of the industry rather than bolted on top of them.

What Life-Cycle Banking Actually Means

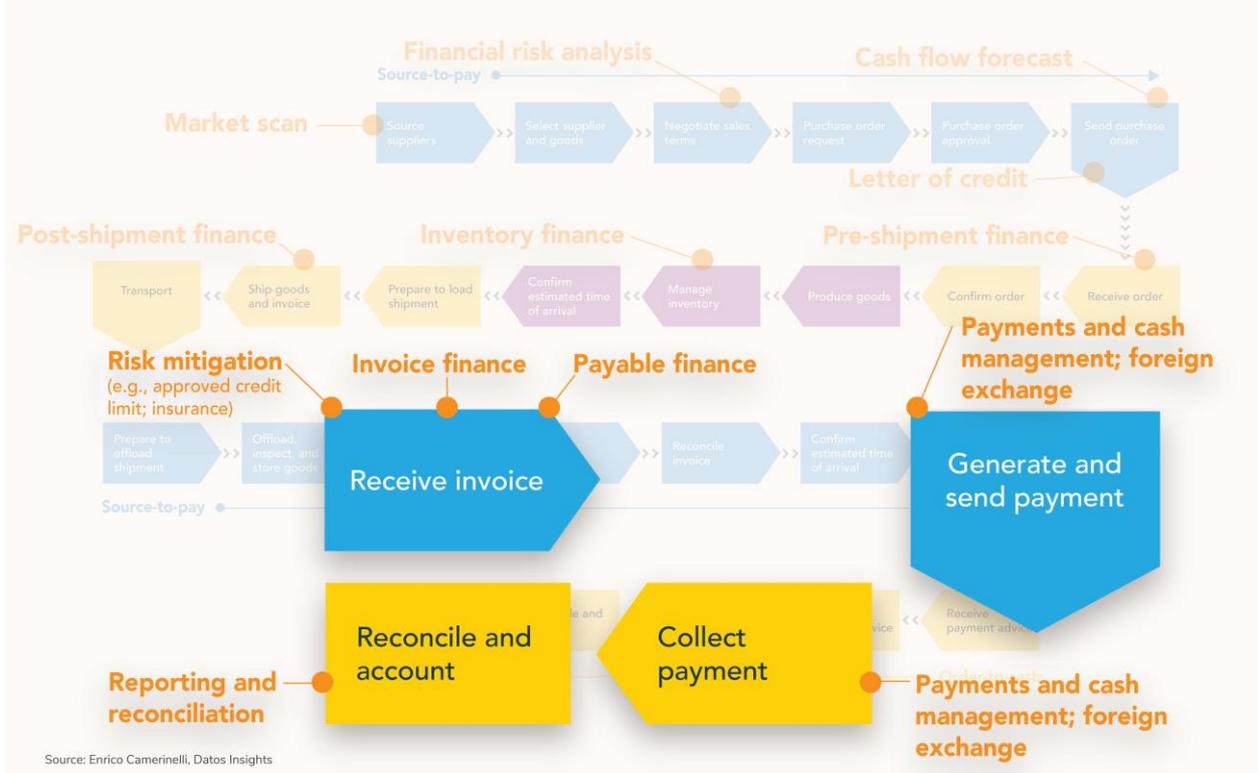
The concept starts from a fairly basic observation about how businesses work. Every company, whatever the sector, manages a set of physical processes: sourcing raw materials, handling inventory, fulfilling orders, shipping goods, collecting payment. Those processes throw off a constant stream of events as illustrated in the picture that shows the complexity of supply chains, called the "snake" because of its shape. A snake has different parts that work together to move and survive. Similarly, a supply chain has different components coordinating to deliver products and services.



A purchase order is raised, goods arrive, an invoice goes out, a shipment departs. Each of those moments carries a financial consequence.

Life-cycle banking connects those physical events directly to banking capabilities. When a purchase order is issued, that moment can trigger a cash flow forecast, a letter of credit request, or a pre-shipment financing arrangement. When goods ship and an invoice is raised, that same event can activate invoice financing or FX settlement. When payment lands, it flows straight into reconciliation and liquidity reporting. The picture illustrates an example of these supply chain “trigger points”.

Examples of Supply Chain “Triggers”



The outcome is a banking layer built into the company’s operational workflow, not sitting alongside it. Financial services are not requested after the fact. They are ready at the exact point in the process where they do the most good.

The model builds on two developments reshaping corporate banking over recent years: Banking-as-a-Service (BaaS) and Embedded banking. BaaS lets banks offer core capabilities (e.g., payments; lending; deposits; foreign exchange) as modular components that plug into other platforms. Embedded banking then places those components inside the enterprise tools businesses already rely on: ERP systems, procurement platforms, logistics software.

Life-cycle banking goes further than either. Embedded banking makes financial services accessible within non-banking environments. Life-cycle banking makes them responsive to the specific events and process flows of a given industry. The banking capability is not simply present in the platform. It is context-aware, triggered by what is actually happening in the physical supply chain at that particular moment.

Why This Matters for Payments Operations

For payments professionals, the implications run deep. In the traditional model, payment instructions get generated manually or through batch processing, often well after the commercial event that prompted them. That lag creates friction, slows reconciliation, and leaves treasury teams filling in information gaps that should not exist.

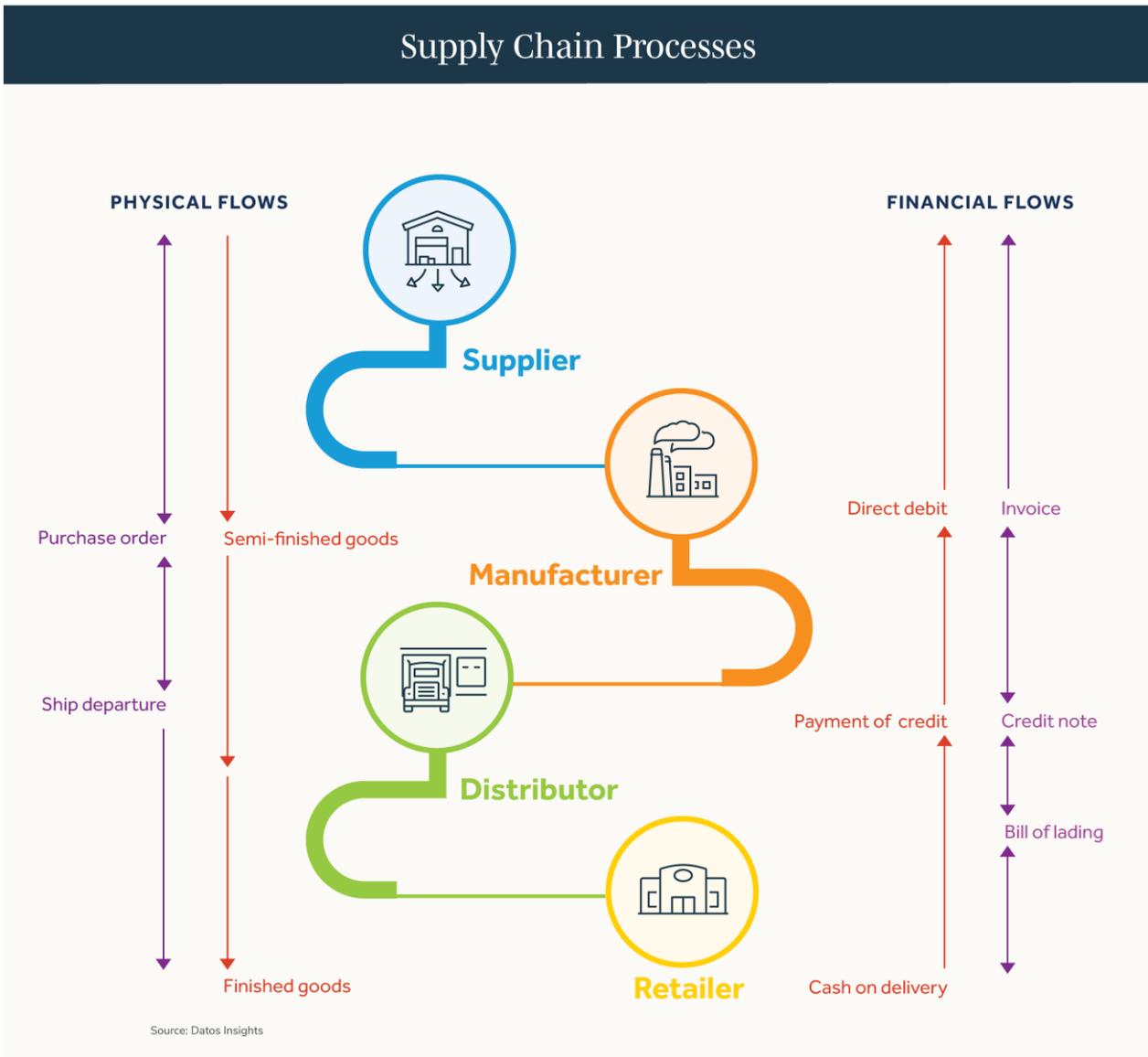
Life-cycle banking changes the underlying logic. Payment execution becomes an output of supply chain events rather than a separate process that has to be eventually coordinated with them. When goods are confirmed as received, the system can initiate payment on pre-agreed terms. When a shipment goes out, the corresponding invoice and payment advice can be generated and transmitted in the same workflow.

This matters directly for the migration to richer payment data standards. ISO 20022 adoption moves from legacy messaging formats to structured XML-based messages, creating the conditions for genuinely data-driven payment operations. Granular transaction details, real-time status visibility, and standardised message flows make it possible to connect payment execution far more tightly with the commercial events that trigger it. Life-cycle banking is the commercial application of what ISO 20022 makes technically possible: payments that carry enough context to be processed, reconciled, and reported without anyone having to intervene manually.

Cash Management and the Value of Contextual Data

Cash management has always depended on the quality of information treasury teams have access to. Forecasting liquidity, managing working capital, deploying funds efficiently across accounts: all of it requires a clear picture of what is coming in and going out, and when.

The problem is that in most organisations, that information is scattered across systems that were never designed to talk to each other. Procurement knows what orders have gone out. Logistics knows what has shipped. Finance knows what invoices are outstanding. Getting those data points into a coherent, real-time view of cash flow has generally meant heavy manual effort or expensive integration work.



Life-cycle banking addresses this by treating supply chain data as the primary input for financial decision-making. When a purchasing department issues a purchase order, that event represents a known future cash outflow. That information can flow directly to treasury, updating forecasts and prompting liquidity planning in real time. When inventory is in motion or goods are in transit, the relevant financing options (inventory finance, pre-shipment loans, supply chain finance facilities) can be surfaced and actioned through the same operational system.

For teams managing cash across multiple geographies and currencies, this also helps with one of the more persistent headaches of international operations. Cross-border payments remain operationally complex, still requiring manual intervention or running

into unexpected delays. Connecting payment instructions to verified supply chain events and embedding FX and multi-currency settlement into the same workflow takes a significant chunk of that manual coordination off the table.

Treasury as a Strategic Function

Perhaps the biggest opportunity life-cycle banking opens up is for the treasury function itself. Right now, too much of treasury's time goes on gathering information, reconciling data from systems that were never designed to work together, and bridging the gap between what the business is doing and what the bank actually knows about it. Life-cycle banking narrows that gap considerably.

With banking capabilities wired directly to operational events, treasury gets real-time data on payables, receivables, financing utilisation, and liquidity positions without waiting for end-of-day reports or running manual reconciliation cycles. That is a meaningfully different starting point for any decision that matters.

It creates room for more active liquidity management. Treasury can respond to cash flow pressures earlier, draw on supply chain finance instruments at the right point in the commercial cycle, and manage counterparty risk more precisely because visibility into financial health signals is built into the supply chain data rather than assembled retrospectively.

Risk management benefits too. Life-cycle banking brings financial risk analysis into the procurement process at the point where it is actually useful: during supplier negotiation, not after a commitment has already been signed. Credit assessments, cash flow data, and supplier financial health indicators can all feed into the sourcing workflow, so treasury and procurement are working from the same picture rather than running parallel assessments that rarely sync up.

The Sector-Specific Dimension

What separates life-cycle banking from generic embedded finance is how tightly it maps to the process flows of specific industries. A construction company's supply chain looks nothing like a manufacturer's or a hospitality business's. The financing needs, payment cycles, inventory dynamics, and counterparty relationships are genuinely different, and a model that ignores those differences ends up serving none of them particularly well.

Take a hotel. Its financial requirements are tied directly to its operational rhythm: reservations and advance payments; supplier invoices for maintenance linked to room

occupancy; foreign currency handling for international guests; payroll for seasonal staff; point-of-sale channels for F&B and ancillary services. Each is triggered by a specific event in the hotel's cycle (e.g., a booking; a check-in; a room turnover; a checkout), and the banking capability required shifts at each stage.

A manufacturer working within a Source-to-Pay framework has a completely different set of triggers: supplier market scans at the sourcing stage; financial risk assessments during contract negotiation; cash flow forecasting when purchase orders are issued; letters of credit while goods are in transit; and invoice finance or payables finance once goods arrive and invoices are processed.

Banks that want to compete here need genuine fluency in these sector-specific flows, not just familiarity with the terminology. Corporate clients expect their bank to understand the operational context their financial position sits in, not just the numbers. Banks that can demonstrate that understanding and build products reflecting it will have a real edge over those still selling off generic product catalogues.

Industry Sector Knowledge Is The Competitive Differentiator

The pressure to move in this direction is not really about innovation ambition. Corporate clients are already filling the gap where traditional banking falls short. Fintech vendors and specialist technology platforms are embedding financial services directly into procurement, ERP, and logistics systems, often with sector knowledge and process integration that established banks have been slow to develop.

The direction of travel is clear. Corporate customers will expect their banks to show working knowledge of their industry's supply chain and to offer banking capabilities built around those processes. Banks that cannot do that will lose ground to providers who can, and the shift is already underway.

None of that is an argument for throwing out what established banks are actually good at. Their regulatory standing, balance sheet depth, risk management capability, and relationship networks are genuine advantages. The trust, compliance infrastructure, and cross-border reach of established banks remain essential to global transaction banking, and technology alone cannot replicate them. But those strengths need to be delivered through service models that meet clients where they actually operate.

The path forward is where deep industry knowledge, sound banking infrastructure, and genuinely integrated financial services come together in a way that makes the

bank a useful, visible participant in the client's day-to-day commercial operations, not an external counterparty you call when something needs financing or paying.

Conclusion

Life-cycle banking is already reshaping how corporate banking gets delivered, and the shift is moving faster than most banks have acknowledged. The recommendations split into two sections because banks and fintech vendors are not solving the same problem.

For Banks

- Stop selling from a generic product catalogue. Corporate clients expect their bank to understand how their business actually runs, not just what their balance sheet looks like. A bank that knows how a hotel's cash cycle works differently from a manufacturer's will win relationships that a generic provider will eventually lose.
- Connect payment execution to supply chain events, not just instructions. ISO 20022 means payments can now carry enough context to be processed and reconciled without anyone touching them manually. Banks that build around this will stop treating payment initiation as a standalone action and start treating it as something the client's operations trigger automatically.
- Treat supply chain data as a primary input for cash management and liquidity planning. A purchase order sitting in the system is already a future cash outflow. Banks that pipe this directly into treasury workflows, updating forecasts as events happen, take a real chunk of manual work off the table. That is the kind of thing that makes clients stay.

For Fintech Vendors

- Deepen your sector specialisation rather than broadening too fast. Fintech vendors have been winning in corporate banking because they embedded financial services into procurement, ERP, and logistics systems with real sector knowledge. That edge erodes the moment a vendor tries to cover more ground than they actually understand.
- Build for trigger-point logic, not just product access. The difference between embedded finance and life-cycle banking is whether the platform responds to what is actually happening or just sits there waiting for someone to click something.
- Recognise what banks still bring to the table and position accordingly. No fintech platform has solved balance sheet depth, regulatory standing, or cross-border reach better than a financial institution at any meaningful scale. The vendors that build durable positions in this space will be the ones that work with banking infrastructure rather than pretending they can replace it.

About the Author



Enrico Camerinelli
Strategic Advisor
Commercial Banking & Payments
Datos Insights

Enrico Camerinelli is a Strategic Advisor at Datos Insights specializing in commercial banking, cash and trade finance, and payments. Based in Milan, he brings a strong European focus to the Commercial Banking practice at Datos Insights.

Enrico has been widely quoted by publications ranging from American Banker to the Financial Times. He has contributed editorial content to publications such as Supply Chain Europe, serves as a consulting editor with gtnews, and is the author of *Measuring the Value of the Supply Chain*, a book about linking financial performance to the supply chain. He has spoken at leading trade shows and conferences in Europe, including Sibos and EuroFinance.

Enrico has extensive experience within his areas of coverage as well as in providing research and consulting services to clients. Most recently, he served as a Senior Analyst with Celent, focusing on the financial supply chain and Single Euro Payments Area (SEPA). Prior to that, he was the European Director and Chief Analyst at the Supply Chain Council, a nonprofit serving the logistics and supply-chain industry. In that capacity, Enrico provided independent research and advisory services as well as business development and budget control for the organization. Before that, he was a Vice President and Research Leader at META Group's Electronic Business Strategies service, tracking trends in supply chain management, product life cycle management, e-procurement, and sourcing. He also spent 10 years working as a supply chain manager at various manufacturing and automotive companies.

Enrico graduated from Università degli Studi di Roma La Sapienza with a degree in Business Engineering. He speaks fluent Italian and English, and is proficient in Spanish.