

Liquidity management: Navigating volatility, regulation, and technological change

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ABSTRACT

The European liquidity management landscape is undergoing a fundamental transformation. Once anchored in predictable conventions and stable relationships, the ecosystem now faces a convergence of macroeconomic volatility, sweeping regulatory reform and rapid technological innovation. This paper provides a detailed analytical examination of these shifts, exploring the evolving interdependencies between banks, corporates and payment service providers (PSPs). Key themes include the impact of persistent inflation, fluctuating interest rates and geopolitical uncertainty; the far-reaching effects of regulatory reforms such as the third Capital Requirements Regulation, the Instant Payments Regulation, and the proposed third Payment Services Directive and Payment Services Regulation; and the accelerating adoption of real-time payments, data automation and digital treasury solutions. Through practical examples, operational analysis and actionable recommendations, this paper equips finance professionals, treasurers, bankers and PSPs to navigate the evolving European liquidity management environment and prepare for the challenges and opportunities ahead. This article is also included in

the **Business & Management Collection** which can be accessed at <http://hstalks/business>.

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INTRODUCTION

Liquidity management is at the heart of the relationship between banks and their corporate clients. Banks' funding partly comes from deposits placed by businesses and retail customers, while companies use bank loans to finance their businesses and support their operations and activities. This mutual reliance forms the core of the liquidity management ecosystem.

This ecosystem is characterised by a continuous flow of funds and information between corporates and banks. Companies depend on banks for access to credit, payment services and liquidity solutions, while banks depend on corporate deposits and transactional flows to fund lending and manage regulatory requirements. The health of one side directly impacts the other, especially in times of market stress or regulatory change.

The corporate liquidity management ecosystem stands at a crossroads. In recent years, the stability that historically defined the relationships among banks, corporates and payment service providers (PSPs) has given way to complexity and unpredictability. This transformation is being driven by three primary forces: macroeconomic



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volatility (eg interest, foreign exchange and commodities), regulatory reform and technological advancement.

The post pandemic period has been characterised by persistent inflation, rapidly shifting interest rates and geopolitical uncertainty, fundamentally altering the landscape for liquidity management. At the same time, a wave of regulatory changes — most notably the implementation of the third Capital Requirements Regulation (CRR3), the introduction of the Instant Payments Regulation (IPR) and the forthcoming Payment Services Directive (PSD3) and Payment Services Regulation (PSR) — are redefining operational requirements and strategic priorities for all market participants. Finally, technological innovation is accelerating the move toward real-time payments, data-driven decision-making and digital treasury platforms, demanding a new level of agility, resilience and collaboration.

It is essential to recognise that every payment, transaction or transfer of value originates and concludes with liquidity. The process in between, whether a payment, transfer (or simply a movement of value), or exchange, simply represents the flow of value. Even when a deposit is transformed into a loan, liquidity remains the constant thread connecting each stage of the chain.

At its core, the ability to initiate transfers of value within the European (indeed, every) financial ecosystem relies not only on having sufficient liquidity to exchange value at that specific moment but also on whether the initiating party possesses excess funds or can access the necessary liquidity (via loans or credit lines) to start the payment (movement) process. Adding further complexity is the nuanced art of currency management. Having ample liquidity in one currency does not guarantee equivalent value or transactional capability in another; the true art lies in the ability to efficiently convert and transfer liquidity across currencies. This requires keen insight into foreign exchange

markets, cross-currency transfer mechanisms and the strategic deployment of multi-currency liquidity tools. Consequently, both the initiator's financial strength and their mastery of currency conversion and portability are essential for navigating and sustaining success in the evolving landscape of European liquidity management.

This paper seeks to provide a holistic framework for understanding and responding to these profound changes. It explores the mutual reliance and systemic interdependence of ecosystem participants, analyses the operational and strategic implications of current trends, and offers concrete recommendations for adapting liquidity and cash management strategies in a rapidly evolving environment.

THE LIQUIDITY ECOSYSTEM

At the core of the European liquidity management ecosystem lies a complex web of interdependencies. Banks, corporates and non-bank PSPs are bound together by mutual reliance: banks depend on deposits from corporate and retail clients for funding and regulatory compliance, while corporates rely on banks for credit, payment services and liquidity solutions. Non-bank PSPs, meanwhile, facilitate the movement of funds and information, increasingly serving as both competitors and collaborators.

The health of each participant has direct and indirect effects on the others. During periods of economic stress or regulatory change, disruptions can quickly propagate across the system, amplifying risks and exposing vulnerabilities. For example, a sudden withdrawal of corporate deposits can trigger liquidity pressures for banks, while tighter conditions imposed by banks can restrict large corporate investments due to counterparty concentration limits or liquidity constraints.

This ecosystem is characterised by a continuous exchange of funds, data and

risk. Corporates manage assets such as cash, receivables and inventory, often leveraging bank credit and deposit services to support their business models. Banks, in turn, optimise a mix of retail and corporate deposits, loans and high-quality liquid assets, balancing the need for profitability against regulatory capital and liquidity requirements. Non-bank PSPs are increasingly integral, offering innovative payment solutions, account consolidation and direct participation in core payment infrastructures.

Recent market events, such as the COVID-19 pandemic and subsequent economic turbulence, have highlighted both the fragility and resilience of this ecosystem. The rapid flight to liquidity during the early stages of the pandemic, for instance, underscored the importance of real-time visibility, contingency planning and close collaboration in managing liquidity crises. As the landscape continues to evolve, all participants must reassess their strategies, risk appetites and operational models to remain resilient and competitive.

The balance sheet connection

Cash plays a vital role for any company, providing the working capital necessary to sustain day-to-day operations and meet both immediate and future financial commitments. Managing the asset cash on the balance sheet is equally important, as keeping funds with a bank exposes the business to counterparty risk and may give rise to explicit costs, such as account and transaction fees, as well as opportunity costs. To determine its liquidity requirements, a company relies on bank balance reports and internal cash flow forecasts. Various strategies, such as cash pooling, are employed to optimise the use of available funds. This entire process is supported by technologies offered by banks (including balance reporting and cash pooling solutions) as well as specialist treasury management systems, with Excel frequently used for operational tasks and reporting.

For banks, cash held as customer deposits constitutes a core source of funding for the assets on their balance sheet, such as loans. At the same time, banks must carefully manage counterparty and liquidity risks, along with the interest and regulatory costs associated with these liabilities.

Figure 1 illustrates how companies and banks interact in this context. The left side shows a typical company's balance sheet, with assets including work-in-progress, inventories of raw materials and finished goods, and receivables owed by customers (order-to-cash). Surplus cash and cash equivalents, which may be held in various currencies, also form part of these assets. On the liabilities side, the company is committed to paying its suppliers (procure-to-pay), again in multiple currencies.

Companies typically hold their short-term liquidity with banks in deposit accounts, and sometimes with asset managers, until the funds are required for operating expenses. The right side of the figure depicts a standard bank balance sheet. For banks, corporate deposits are recorded as liabilities, representing repayable obligations either on demand or at maturity. Banks manage these liabilities through pricing and incentive structures for depositors, and such deposits are fundamental to funding the bank's asset portfolio, particularly its loan book.

Liquidity risks

The interconnectedness of the liquidity ecosystem means that shocks in one area can quickly reverberate throughout the system. As seen with the failures of Silicon Valley Bank and Credit Suisse, the collapse of a major financial institution or a sudden shift in depositor behaviour can trigger funding stress for banks and disrupt the availability of credit to corporates. Conversely, changes in corporate treasury strategies, such as increasing liquidity buffers or shifting payment patterns, can affect an individual bank's funding profile and regulatory ratios.

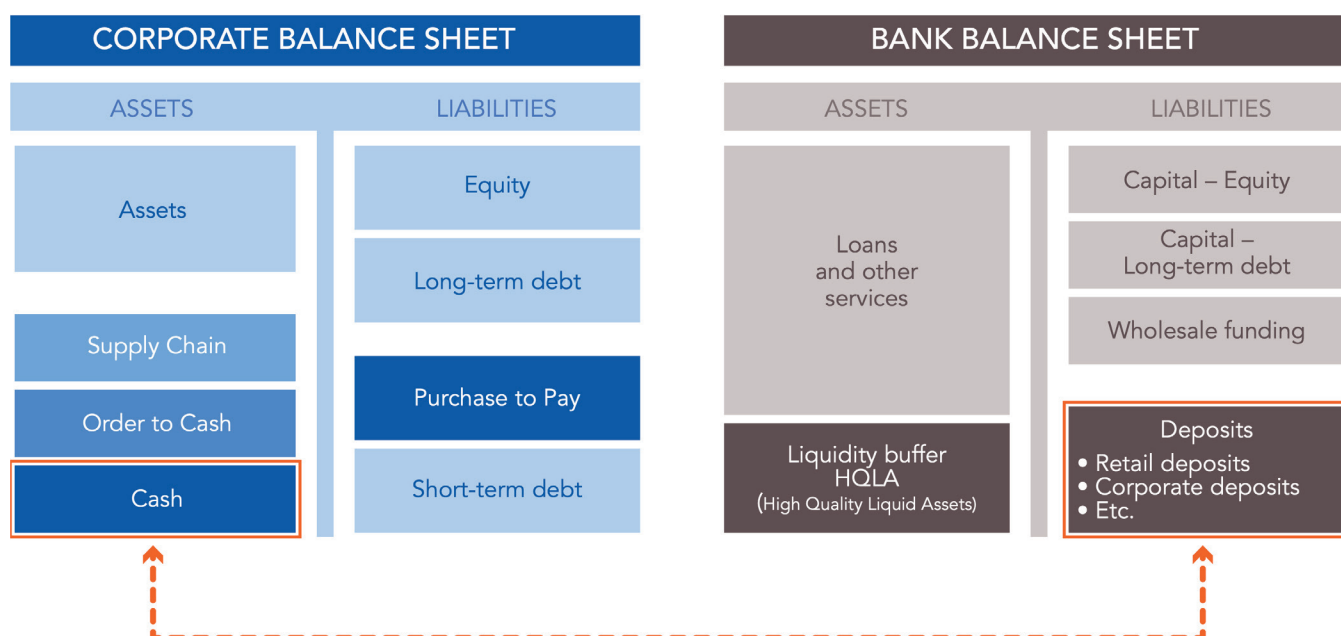


Figure 1: The European liquidity management ecosystem

Source: Euro Banking Association (2023) 'Achieving Liquidity Efficiency in an Imperfect Storm', available at: https://www.abe-eba.eu/wp-content/uploads/2025/11/EBA_20230918_LMWG_Achieving-liquidity-efficiency-in-an-imperfect-storm_v1.0-6.pdf (accessed 13th February, 2026)

To mitigate these risks, participants maintain higher liquidity buffers. This includes keeping adequate liquidity buffers, investing in contingency planning and ensuring rapid access to cash in times of market disruption. The experience of recent market volatility has demonstrated the value of flexibility, real-time data and proactive risk management in navigating periods of volatility.

During March 2020, at the start of COVID-19, the commercial paper market underwent a severe freeze. Investors rapidly withdrew from money market funds and became unwilling to roll over commercial paper except at very short maturities, causing yields to spike and liquidity to evaporate. This left companies unable to refinance their maturing commercial paper and facing immediate funding stress. As a result, firms that normally relied on the commercial paper market were forced to draw on bank credit, turning to revolving

credit facilities as the key instrument to maintain access to liquidity when market-based funding dried up.

Strategic implications

In response to these evolving dynamics, both banks and corporates are rethinking their approaches to liquidity management. Corporates are seeking to reduce dependence on external financing, optimise working capital efficiency and enhance cash visibility through advanced analytics and real-time data integration. Banks are reassessing the composition of their funding base, the pricing of deposits and the design of liquidity products to ensure resilience and compliance.

PSPs, meanwhile, are carving out new roles as both enablers and disruptors, offering innovative payment solutions and challenging traditional models of liquidity provision. The need for agility, collaboration and data analytics has never been greater.

The relevance of liquidity management in connection with working capital for corporates

Effective liquidity management is closely connected with how corporates manage their working capital. Figure 2 illustrates the full cash conversion cycle from the moment cash is put into the operational process to the moment it is returned through customer payments.

The cycle begins with purchasing raw materials and paying suppliers. Cash then becomes locked up in the operational cycle, moving from production through warehousing and inventory to sales, issuing invoices and finally collecting payments from clients. Often, customers do not fulfil their payment obligations within the agreed terms. For instance, as illustrated in the figure, payment may be received on day 62 rather than within the agreed 45-day payment terms. Only after this time does cash flow return to the organisation.

Throughout this cycle, capital is continuously locked in inventory, receivables and production activities. The longer this period, the greater the liquidity required to fund daily operations. This is why liquidity management is so critical:

- it ensures the company can provide adequate funding for working capital and

fulfil its financial obligations without interruption;

- it coordinates cash inflows and outflows efficiently to optimise liquidity utilisation; and
- it supports strategic decision making by ensuring sufficient liquidity is available to fund working capital requirements, enable growth and accommodate volatility or seasonality.

In essence, understanding and actively managing the cash tied up in the steps shown in the figure is the key to improving liquidity position. Shortening the cycle or improving its predictability reduces the need for external financing, lowers cost and strengthens financial resilience.

As discussed previously, the cash positions of companies, which are held in bank accounts, are the balances that banks are looking for as an important source of funding.

MACROECONOMIC VOLATILITY

Macroeconomic volatility has become a defining characteristic of the European liquidity environment. Persistent inflation, unpredictable interest rate movements and geopolitical uncertainty are reshaping the cost and availability of liquidity for banks, corporates and PSPs alike.

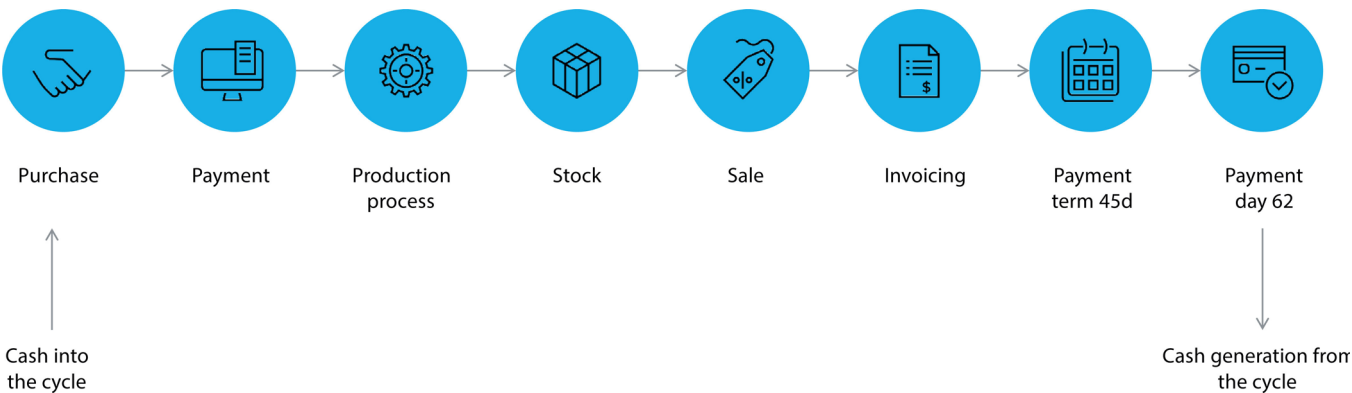


Figure 2: The cash-to-cash conversion cycle

Inflation and the cost of liquidity

The post-pandemic era has been marked by a resurgence of inflation across Europe, driven by supply chain disruptions, energy price increases and expansive fiscal policies. For corporates, rising input costs and pricing pressures have heightened the need for efficient working capital management and flexible liquidity solutions. Banks, meanwhile, must manage the impact of inflation on interest margins, deposit behaviours and credit quality.

Practical measures for corporates include implementing dynamic hedging strategies, renegotiating supplier terms and leveraging trade finance solutions to mitigate the impact of inflation on cash flow and liquidity. Banks can support these efforts by offering tailored financing products and advisory services.

Interest rates and funding dynamics

Rapid shifts in interest rates have fundamentally altered the economics of liquidity management. The tightening cycle initiated by the European Central Bank has increased the cost of borrowing, incentivising corporates to optimise internal cash flows and reduce reliance on external debt. For banks, higher rates have improved net interest margins but also intensified competition for deposits and heightened funding risks.

Banks may respond by adjusting deposit pricing, introducing tiered rates for corporate clients and developing innovative liquidity products to attract and retain stable funding. Corporates, on the other hand, are increasingly focused on maximising working capital efficiency and minimising interest expenses as the cost of cash rises.

Geopolitical uncertainty and market stress

Ongoing geopolitical tensions, including conflicts, trade disputes and sanctions regimes, have amplified volatility in financial markets. These shocks can disrupt capital flows, trigger flight-to-safety behaviour and impose new compliance burdens on banks and corporates.

To address these shocks from a liquidity perspective, many companies have adopted the practice of maintaining larger liquidity buffers as an absorption cushion to support these shocks. These buffers may be held as actual balances on the balance sheet of the company, including bank accounts, term deposits or other short-term liquid investment instruments. Alternatively, they may agree with their banks on committed credit lines, such as revolving credit facilities.

Corporates operating in affected regions must adapt their treasury policies, ensure compliance with evolving sanctions and maintain liquidity in multiple jurisdictions. Banks and PSPs play a critical role in supporting these efforts through flexible payment routing, compliance solutions and real-time information sharing.

REGULATORY REFORMS

Regulatory reform is a primary driver of change in European liquidity management. Recent and forthcoming regulations, including CRR3, the IPR, and PSD3/PSR, are introducing new requirements for transparency, operational resilience and market access, with far-reaching implications for banks, corporates and PSPs.

CRR3: Enhanced transparency and capital standards

CRR3 updates the EU capital adequacy framework to ensure that banks hold sufficient, risk-sensitive capital. It introduces significant changes to capital requirements, risk calculation methodologies, and other aspects of banking supervision. Key features include the implementation of an output floor, revised risk weights for certain exposures, and enhanced disclosure requirements under updated reporting frameworks.

Under CRR3, banks must provide detailed prudential disclosures on credit, market and operational risks, as well as on exposures to emerging asset classes such

as crypto-assets. The centralised, publicly accessible Pillar 3 Data Hub will make these disclosures available to regulators and market participants, strengthening both market discipline and regulatory oversight.

The revised technical standards under CRR3 require banks to overhaul data infrastructure and reporting processes, with many requirements taking effect from March 2025. For banks, this means higher capital costs under the output floor for some liquidity products such as trade finance, nostro accounts and credit lines. Data management and automation become critical for regulatory compliance, while corporates benefit from greater transparency but may face higher pricing and stricter credit terms.

A practical example of CRR3 implementation can be seen in the multi-year transformation programmes undertaken by large European banks. Investments in data automation, risk modelling and reporting systems enable these institutions to streamline

disclosures and optimise capital allocation for liquidity products, ultimately delivering improved transparency and tailored solutions to corporate clients.

The Basel regulations have evolved significantly since their inception in the late 1980s, driven by the need to address evolving risks and vulnerabilities in the global banking system. Each iteration has aimed to enhance the stability and resilience of financial institutions, reflecting lessons learned from past financial crises. Figure 3 summarises how the Basel regulations have evolved over the past few decades, culminating in the latest Basel III revisions and adaptation into CRR3.

The European Instant Payments Regulation (IPR): 24/7 liquidity and operational readiness

Instant payment adoption is increasing in Europe, with countries like Spain and the Netherlands leading ahead of Germany and

Historical Basel Regulation Timeline

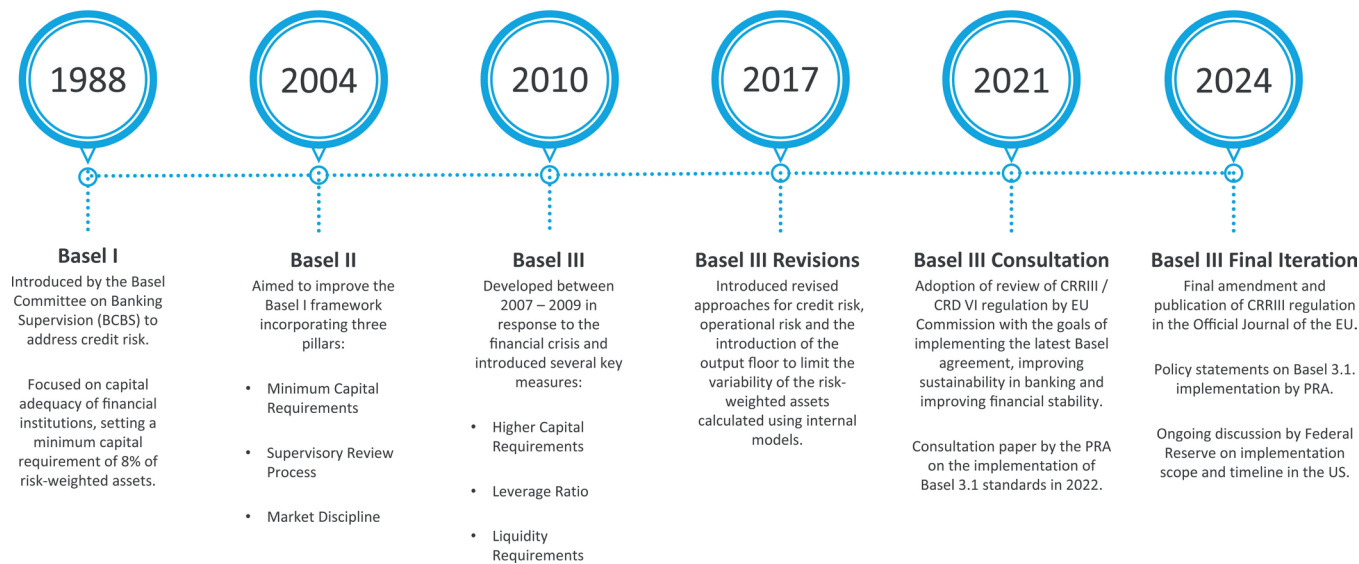


Figure 3: Timeline of Basel regulations

Source: Euro Banking Association Liquidity Management Group (2025) ‘Navigating New Waters: The Ripple Effects of Regulation on Liquidity Management’, available at: <https://www.abe-eba.eu/thought-leadership-innovation/liquidity-management-working-group/> (accessed 19th February, 2026).

France. However, the IPR aims to boost adoption throughout the region.

The IPR mandates the availability of instant payments, requiring banks and PSPs to provide settlement on a 24/7/365 basis and to harmonise the pricing of instant and traditional credit transfers. This shift from batch-based to real-time, gross settlement fundamentally alters liquidity management practices.

While the infrastructure for instant payments has matured, adoption in the business-to-business (B2B) sector remains limited due to maximum transaction amounts set by banks and operational challenges. Many organisations have not designed their operational processes with instant payments in mind.

As discussed, when examining the cash-to-cash cycle of companies, the value of an instant payment at the end of the cycle is limited if your payment term is 45 days. However, there are certain use cases where instant payments provide significant value and serve as a risk mitigant; for example, making an irrevocable real-time payment before delivery.

As these barriers are lifted, corporate treasurers must adapt forecasting models, cash-pooling structures and intraday liquidity management processes to operate effectively in a real-time environment.

Operational challenges include maintaining sufficient liquidity at all times, integrating real-time data and analytics into treasury systems and coordinating across multiple banks and payment platforms. Successful migration to instant payments can yield significant benefits in certain cases, but requires close collaboration between corporates, banks and PSPs.

PSD3/PSR: Broadening access and competition

The forthcoming PSD3 and PSR aim to further open payment infrastructures to non-bank PSPs, fostering competition and innovation. Key provisions are expected to

include direct participation of non-bank PSPs in payment systems, enhanced consumer protection and standardised requirements regarding data sharing and application programming interfaces (APIs).

These changes introduce new operational and risk management challenges, including the need to manage counterparty risk, ensure interoperability and comply with evolving regulatory standards. Banks face increased competition but can leverage partnerships with FinTechs and PSPs to develop integrated payment and liquidity solutions. Corporates gain access to a broader range of payment options, potentially reducing costs and improving efficiency.

For example, FinTechs securing direct access to instant payment schemes can partner with banks to offer integrated payment and liquidity solutions to small and medium-sized enterprises, enhancing service speed and flexibility for clients.

TECHNOLOGICAL ADVANCES

Technological innovation is accelerating the transformation of liquidity management across Europe. The expansion of real-time payments infrastructures, advances in data automation and the adoption of digital treasury platforms are enabling banks, corporates and PSPs to respond more effectively to market volatility and regulatory demands.

Real-time payments infrastructure

The rollout of instant payment schemes, particularly the SEPA Instant Credit Transfer (SCT Inst) scheme, supported by infrastructures such as RT1 (operated by EBA Clearing) and TARGET Instant Payment Settlement (TIPS) operated by the European Central Bank, is accelerating the adoption of real-time clearing and settlement across the euro area. Banks and PSPs must upgrade core systems, enhance fraud prevention measures and integrate real-time data analytics to support round-the-clock operations.

The migration of payment infrastructures from SWIFT MT messaging to the ISO 20022 standard represents a fundamental structural change in financial messaging, enabling richer data exchange between parties. Unlike the legacy MT formats, which are limited in structure and data capacity, ISO 20022 uses a flexible, XML-based messaging standard that supports the inclusion of more detailed and structured information within each transaction. This transition allows for the capture and transmission of additional data fields, such as invoice numbers, purpose codes and remittance details, making payment processing more transparent and efficient.

With ISO 20022, banks, corporates and payment service providers can automate reconciliation processes, reduce manual intervention and improve compliance with regulatory requirements due to the availability of more granular data.

Other initiatives impacting the payment infrastructures

Central bank digital currencies (CBDCs) are also being explored as a means to further enhance settlement speed, security and transparency. Unlike traditional commercial bank money, CBDCs are a direct liability to the central bank, meaning that holders of CBDCs have a claim on the central bank itself rather than on a private institution as commercial banks. This distinction can provide an added layer of security and trust, particularly during periods of market stress. While still in the early stages of development, CBDCs could eventually play a significant role in cross-border liquidity management and financial stability by offering instant, risk-free settlement and reducing counterparty risk in payment systems.

The newest developments are stablecoins and tokenised assets. These digital innovations are beginning to play a transformative role in liquidity management

and payment systems. Stablecoins, which rely on tokenised value pegged to stable assets such as fiat currencies or other high-quality liquid assets, offer the potential for near-instant settlement and reduced transaction costs, making them attractive for both cross-border and domestic payments. Their programmable nature also allows for automated treasury functions, such as real-time reconciliation and conditional payments, which align closely with the broader shift toward real-time payments and automation discussed in this paper. It is important to monitor future developments in this area and assess how treasury system vendors incorporate these capabilities into their software solutions.

Tokenised assets and deposits refer to digital representations of ownership recorded on a ledger. These tokenised assets create opportunities for liquidity management by allowing ownership and continuous, round-the-clock exchange and trading with immediate finality. In practice, tokenised assets may enable more flexible access to liquidity and potentially improve capital allocation for corporates and financial institutions, although the extent of these benefits depends on factors such as market adoption, regulatory frameworks and interoperability with traditional fiat systems. While this theory assumes ideal conditions, it is essential to evaluate how it will actually affect real-world scenarios.

In the context of regulatory changes such as PSD3 and PSR, stablecoins and tokenised assets may also benefit from enhanced standardisation and interoperability requirements. Non-bank PSPs could leverage these technologies to offer innovative payment and liquidity solutions, further promoting competition and efficiency in the financial ecosystem. As central banks explore digital currencies and the industry continues to digitise, the adoption of stablecoins and tokenised assets may further accelerate, reshaping the way liquidity is managed and

payments are processed across Europe and further ahead.

Data automation and artificial intelligence in treasury

The combination of advanced data automation and artificial intelligence (AI) may transform treasury operations. It may positively impact automated reconciliation, improve cash forecasting and enhance predictive analytics, enabling treasurers to strengthen liquidity management and respond more effectively to emerging liquidity risks.

For instance, large retail groups are implementing AI solutions that reduce forecasting errors, increase predictability and enable more efficient deployment of surplus cash. These systems often integrate seamlessly with banking APIs, supporting real-time decision-making and enhancing resilience.

Digital transformation in banking

Banks are making significant investments in digital platforms to deliver integrated cash management, liquidity reporting and self-service features. Open banking and standardised APIs enable real-time account access, payment initiation and cross-institution liquidity management. This API-driven connectivity represents a structural shift from fragmented, bilateral integrations towards interoperable, multi-bank ecosystems, increasing transparency and operational agility for corporate treasurers. The next question is whether AI and other emerging technologies have the potential to further reshape the liquidity ecosystem.

For example, banks now have the ability to deploy an open banking platform that aggregates multi-geography account information into a single dashboard, enabling corporates to initiate payments and dynamically allocate liquidity across entities. Such advances are reshaping the competitive

landscape, enabling both banks and PSPs to deliver greater value to their clients.

CHALLENGES AND SOLUTIONS

The convergence of macroeconomic, regulatory and technological changes presents a range of operational challenges for banks and corporates. Successfully navigating this environment requires investment in people, processes and technology, as well as a commitment to ongoing collaboration and adaptation.

Banks: Profitability, compliance, and client service

Banks must navigate higher capital costs, increased competition and more demanding regulatory reporting requirements. Key operational priorities include upgrading IT and data infrastructure to support real-time payments and regulatory disclosures, enhancing risk management frameworks to address new sources of liquidity and operational risk and developing innovative liquidity solutions to attract and retain corporate deposits.

Leading banks are using integrated liquidity platforms that offer real-time data visibility, automated multi-currency sweeps, flexible cash concentration tools, and virtual accounts. These solutions help clients optimise liquidity and achieve transparency across jurisdictions and currencies in their daily positions.

Corporates: Enhancing forecasting and cash visibility

Corporates face the challenge of adapting to real-time liquidity requirements, tighter credit conditions and increased operational complexity. Key focus areas include implementing new versions of treasury management systems and real-time data analytics, revising cash pooling, virtual account and forecasting models to reflect instant payment dynamics (when adoption increases) and

strengthening contingency planning and liquidity buffer policies.

Adopting a dynamic liquidity management framework that integrates real-time data feeds from multiple banks and automates intercompany funding can reduce manual intervention, improve accuracy and enhance resilience to market shocks.

Payment service providers: Competing in a fast-evolving market

PSPs must balance the opportunities of open access and innovation with the risks of heightened competition and regulatory scrutiny. Operational imperatives include investing in compliance, cyber security and anti-fraud capabilities; building scalable, interoperable payment platforms; and partnering with banks and corporates to deliver value-added services.

For instance, leading PSPs may partner with multiple banks to offer integrated merchant acquiring and liquidity management solutions, enabling clients to access real-time settlements and automated reconciliation.

THE OUTLOOK

Looking ahead, the liquidity management landscape globally — and Europe specifically — will continue to evolve in response to macroeconomic shifts, regulatory developments and technological innovation within the ecosystem. A number of key trends and scenarios are likely to define the future of the ecosystem:

- *Widespread adoption of instant payments:* The B2B sector is expected to see further integration of real-time liquidity management as transaction caps are lifted and operational barriers are addressed.
- *Increased competition and innovation:* The opening of payment infrastructures to non-bank PSPs and the expansion of open banking will challenge traditional

banking models and foster new entrants and partnerships.

- *Emphasis on real-time data decision models:* Data analytics, automation and AI models will become increasingly central to liquidity management, enabling faster, more accurate and more resilient operations.
- *Greater resilience to market shocks:* Enhanced stress testing, scenario analysis and contingency planning will be critical to mitigating systemic risks and ensuring operational continuity.
- *Expanded role of digital currencies, stablecoins and tokenised assets:* Development and adoption may further accelerate the shift to real-time, transparent, secure settlement systems and exchange of value globally.

Stakeholders that invest in agility, collaboration and technology will be best positioned to capture opportunities and mitigate risks in this dynamic environment.

CONCLUSION

The transformation of the liquidity management ecosystem presents both significant challenges and substantial opportunities for banks, corporates and PSPs. Macroeconomic volatility, regulatory reform and technological innovation are reshaping the roles, responsibilities and interdependencies of all participants. By embracing digital transformation, strengthening operational resilience and fostering closer collaboration, stakeholders can navigate the new liquidity paradigm and drive sustainable value.

Actionable recommendations include the following:

- prioritise the adoption of real-time data, automation and advanced analytics in liquidity management;
- maintain robust liquidity buffers and contingency plans to withstand market shocks;

- engage proactively with regulatory developments and leverage increased transparency for competitive advantage;
- build strategic partnerships across the ecosystem to drive innovation and resilience; and
- invest in digital infrastructure and talent development to support ongoing adaptation and growth.

As the liquidity management landscape continues to evolve, finance professionals, treasurers, bankers and PSPs must remain vigilant, proactive and adaptable. By understanding the drivers of change and implementing forward-looking strategies, all ecosystem participants can thrive in an increasingly complex and interconnected financial environment.