23 ISSUE

MAY 2025

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Liquidity constraints force corporate banking shift

Rising volatility and fraud risks are driving lenders to rethink liquidity strategies and adopt smarter financial technologies

By Sarah Rizvi

Corporate lenders face a liquidity crunch as businesses struggle to maintain cash flow amid rising costs and tighter credit conditions. Credit constraints have worsened, with 5% of middle-market borrowers now heavily leveraged and unable to refinance, according to credit rating firm KBRA. At the same time, rising fraud and outdated payment infrastructures are compounding the liquidity challenge.

Payment fraud losses are expected to reach $26.4bn by 2028, according to GlobalData, making cash flow forecasting even more unpredictable. Increasing cyber threats, unauthorised fund transfers and fraudulent transactions directly impact liquidity buffers, forcing businesses to enhance treasury functions.

Slow settlement cycles and outdated infrastructure continue to choke liquidity, restricting businesses' ability to manage cash flow. To stay competitive, lenders must rethink their support for corporate clients by ensuring faster access to funds, smarter risk controls and seamless financial integration. The pressure to deliver faster, more secure and smarter financial solutions is increasing. Innovations such as real-time payments (RTPs), artificial intelligence (AI)-driven risk models and embedded finance address these needs by enhancing liquidity management, improving credit allocation and streamlining cross-border transactions. Lenders that fail to adapt risk losing corporate clients to more agile competitors.

AI reshapes liquidity strategy

Artificial intelligence is transforming liquidity management, shifting from a compliance and fraud detection tool to a key driver of treasury optimisation.

Lenders are using AI-powered forecasting to help improve treasury operations, helping businesses anticipate cash flow needs, automate funding decisions as well as optimise capital allocation.

HSBC's AI-driven treasury solutions have improved forecasting accuracy by 92%, reducing liquidity risk for businesses operating across multiple markets. JP Morgan has also adopted AI-driven liquidity forecasting, enabling clients to optimise cash reserves and enhance working capital efficiency.

AI optimises liquidity management while strengthening security, helping lenders counter fraud and financial crime in an increasingly digital landscape. Lenders are leveraging AI's predictive power to detect anomalies and security threats before they escalate.

Fraud detection remains a key priority as financial crime becomes more sophisticated. Many lenders are deploying AI to enhance fraud detection and risk mitigation. For instance, Mastercard and Stripe use AI-driven risk models, analysing over 1,000 transaction data points per second to detect fraud in real time.

Integrating AI into treasury services not only enhances operational efficiency but also positions lenders as strategic partners, offering data-driven insights that strengthen corporate client relationships.

Real-time payments drive liquidity optimisation
RTPs are now central to working capital strategies, not just a speed upgrade. Corporate clients increasingly expect instant settlements and real-time liquidity visibility as standard banking features.

The global RTP market is projected to surpass $700tn by 2028, according to GlobalData, as demand grows for seamless cross-border transactions, reduced credit dependency and faster cash conversion cycles. This shift is critical for treasury and finance teams, which require greater control over cash positions to navigate fluctuating market conditions.

Payment infrastructure providers such as Swift GPI and Visa B2B Connect have already streamlined high-value international transactions, reducing settlement times from days to minutes. These advancements are reshaping corporate banking priorities, with lenders expected to embed real-time payment capabilities within their broader treasury services.

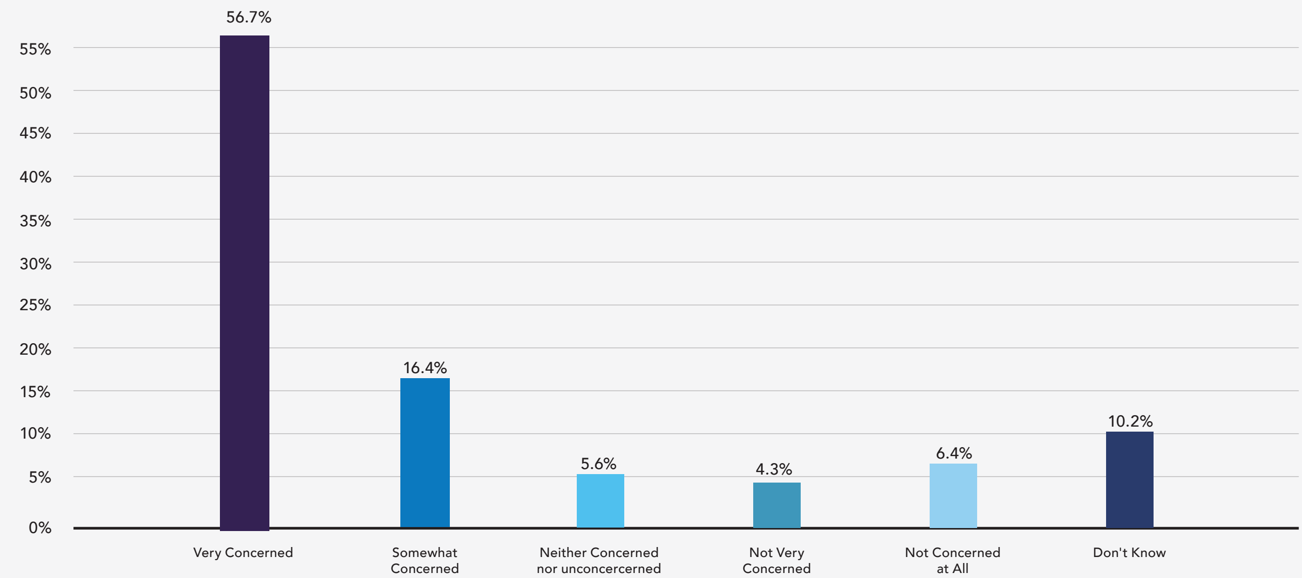
Embed finance or lose relevance
Corporate banking is shifting away from traditional, bank-led services as embedded finance transforms how businesses access payments, liquidity and credit directly within their operational platforms. By integrating financial products within enterprise platforms and enterprise resource planning (ERP) software, companies reduce dependence on external bank portals.

GlobalData forecasts that corporate embedded finance will exceed $7tn by 2030, driven by demand for frictionless cash flow management, instant access to financing and automated treasury functions. Businesses are embedding banking services within their digital ecosystems, integrating payments, lending and cash management into their core platforms.

Major banks are already adapting. Goldman Sachs and Citi have developed embedded lending and treasury tools that integrate directly into ERP systems, enabling businesses to initiate payments, access credit and manage liquidity without switching platforms.
Banks that fail to embed financial solutions risk losing visibility over corporate transactions. Institutions that successfully integrate embedded finance into their offerings will strengthen corporate relationships and secure long-term revenue streams. Conversely, delaying digital integration may result in businesses managing financial operations independently within their own platforms, reducing banks' role in liquidity management.

GlobalData Sentiment Monitoring

Privacy and data integrity risks from AI: Level of concern



Poll result as of March 2025; Source: Verdict Media (GlobalData)

How lenders must adapt to the liquidity shift
The future of corporate banking is being shaped by AI-driven treasury solutions, real-time payments and embedded finance—all of which are rapidly transitioning from competitive advantages to industry standards.

For banking leaders, this shift demands immediate action.

Corporate clients are no longer just looking for lenders – they need strategic partners who can provide seamless liquidity management, intelligent forecasting and embedded financial solutions. Banks that embrace these innovations will strengthen corporate relationships, drive new revenue models and maintain relevance in a shifting financial landscape. Those that hesitate risk being replaced by more agile, tech-driven competitors offering faster and more integrated financial services.

CASE STUDY

Ila Bank pioneers digital-only banking solutions

Ila Bank's seamless banking experience is easier, faster and more effortless, setting a new standard in the industry

In a world where technology is continually reshaping industries, the banking sector is no exception. The exponential growth of digital banking and the need to tailor services to the modern consumer has prompted many financial institutions to re-evaluate their traditional approach.

Recognising this shift, Bahrain's Ila Bank is redefining retail banking by merging technology with a human-centric design. The bank offers a range of digital-only solutions to empower consumers to enhance their lifestyle experiences and financial aspirations.

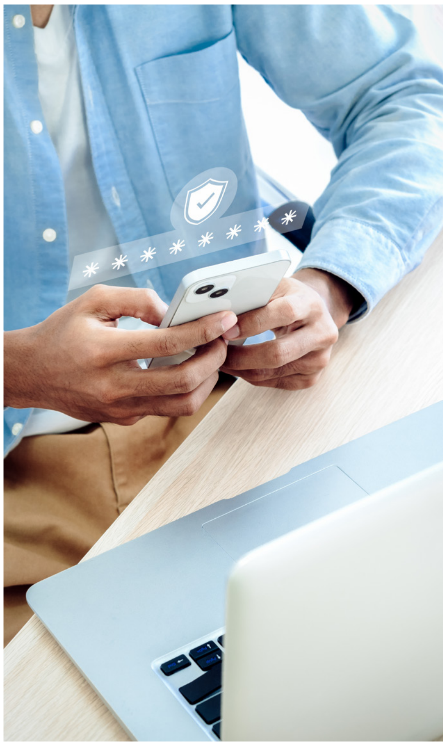
By eliminating the need for physical visits, paper-intensive transactions and complicated user interfaces, Ila Bank has quickly become one of the leading digital banks in Bahrain. The seamless experience it offers is not only easier and faster but also more effortless, setting a new standard in the industry.

56%
Rise in transaction volume by end of 2023 compared to 2022

Customer commitment

Ila Bank's commitment to customer-centricity has solidified its position as a forerunner in the digitisation shift prompted by the pandemic. The bank provides consumers with a highly personalised 24/7 banking experience at their fingertips, according to their needs and preferences.

Meanwhile, Ila Bank stays true to its DNA of disruptive innovation by leveraging cutting-edge digital capabilities and human-centric designs. With an agile banking model and active social media engagement, the bank remains adaptive and responsive to changing customer needs. It has deployed an impressive number of app releases, including user interface (UI) enhancements, new features and speed improvements, ensuring a seamless user experience.



Global footprint

Expanding beyond Bahrain, Ila Bank has launched its banking app in Jordan, tailoring its services to local consumer needs and preferences. Within six months, the Jordan subsidiary onboarded twice as many customers as traditional retail branches do in a year. Ila Bank aims to transform consumer banking across the Middle East and North Africa (Mena) region.

The bank's exponential growth underscores its position as the region's fastest-growing digital mobile-only bank. With significant increases in customer base, deposits and transaction volume, Ila Bank has maintained outstanding app ratings and achieved a remarkable net promoter score.

KEY TAKEAWAYS

- Ila Bank is pioneering digital-only banking solutions in the Mena region.
- With a customer-centric approach, the bank has set new standards for seamless banking experiences, prioritising client satisfaction above all.
- Continuous innovation and agility enable Ila Bank to stay ahead of evolving customer needs.
- The bank is expanding into new markets to promote financial inclusion and offer more people access to financial services.
- As a result of its exceptional growth and industry recognition, Ila Bank has become a significant player in the global mobile banking arena.

CASE STUDY

Commercial Bank of Qatar harnesses digital disruption

Commercial Bank of Qatar (CBQ) has become a pioneer in digital innovation, setting new standards in the banking industry

Technological advancements are reshaping the way financial institutions interact with their customers. The widespread use of smartphones and the internet has changed customer expectations, making convenience, speed, and security the most important features.

In this context, the Commercial Bank of Qatar (CBQ) has become a pioneer in digital innovation, setting new standards in the banking industry.

Pioneering digital banking

CBQ recognises the vital role of technology in enhancing the customer experience and driving business growth.

The bank's mobile banking app is at the forefront of this digital revolution, offering a comprehensive suite of services that cater to customers' diverse needs. With several first-to-Qatar and regional services, the app has redefined the banking experience, enabling customers to conduct a wide range of transactions quickly and securely from the palm of their hands.

Global acclaim

The mobile app has gained worldwide recognition due to its unwavering commitment to excellence. It has even surpassed some of the largest banks in the world.

With millions of customers logging in monthly, the app remains the top choice for banking among consumers. It boasts a net promoter score of 72 and a customer satisfaction rate of 93%.

Continuous innovation

Late 2022, CBQ made significant efforts to improve the functionality of its Internet Banking platform and Mobile Banking App, making digital services even more accessible for customers. With over 140 digital services available, including faster international remittances to over 40 countries, financial transactions have been streamlined, making them faster, easier and more convenient for customers.

Revolutionising remittance

CBQ's 60-second remittance service is a testament to its commitment to fast and accessible financial transactions. The service operates in 40 countries and ensures that credits are delivered within 60 seconds to one day.

The bank covers various transfer types, including account transfers and cash pickups. It serves key corridors such as India, the Philippines, Sri Lanka, Pakistan, Nepal, Bangladesh and Europe, facilitating quick payments and reducing reliance on traditional methods. Collaborations with fintech providers like Western Union and INPAY have extended their reach to African and European corridors.

4million

Number of successful logins per month via digital channels

KEY TAKEAWAYS

- CBQ's Mobile Banking App is leading the banking industry with its innovative features and unparalleled convenience.
- The app has a high customer satisfaction rate of 93% and a net promoter score rating of 72
- Over 99% of financial transactions are conducted through automated channels, highlighting the widespread adoption of digital banking.
- The bank has an extensive network that operates in over 40 countries and provides swift credit delivery within 60 seconds to one day.
- Collaborations with fintech providers such as Western Union and INPAY have extended the bank's reach to African and European corridors.