The evolution of payments

the challenges
and opportunities
for corporate treasury

pwc

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Turning evolution into opportunity: How corporate treasury is reframing payments in a real-time, fragmented world

The role of corporate treasury is changing rapidly. What used to be a function focused mainly on liquidity, funding, and risk management is now expanding into control and orchestration of payments in a global, real-time economy.

Regulatory changes, technological acceleration, and geopolitical fragmentation sharpen the need for resilience, control, efficiency and interoperability. In this context, payments are no longer merely operational. They have become a strategic link between treasury, risk management, technology, and the wider organisation.

If done well, payments can directly influence both treasury and the overall business by:

- Optimizing working capital, while respecting due dates of payments and cut-off constraints,
- Enhancing transparency in cross-border transactions,
- Elevating data quality, which increasingly determines payment success,
- Increasing straight through processing and automated reconciliation, and
- Reducing fraud exposure and operational risk.

The transformation of payments is not only a corporate challenge - it is an industry-wide shift. The financial ecosystem is moving towards faster, cheaper, more transparent, and more accessible payments in line with G20 targets. Initiatives across Europe and globally focus on reducing cross-border friction, extending real-time settlement across borders, and rethinking payment journeys to deliver greater speed, visibility, and control at lower cost.

The changes underway highlight why payments are one of the most dynamic and actively evolving aspects of treasury operations today.

To explore what this means in practice, treasury and payment specialists from PwC Belgium and ING met to discuss recent market trends shaping the future of payments in Europe, drawing on insights from PwC's bi-annual Global Treasury Survey and hands-on experience working with corporates globally. The discussion highlighted where expectations still diverge from reality, and provided actionable insights for treasury leaders on what they can do next.

The rise of payment factories: Control before efficiency

A prominent indication of change is the rapid adoption of payment factories. A payment factory in corporate treasury is a centralised structure or system operated by one of the group companies that manages and executes payments for multiple entities, business units, or regions.

PwC's 2025 bi-annual Global Treasury Survey, based on responses from around 350 corporates globally, shows that the share of companies operating a payment factory increased from 33% in 2021 to 47% in 2025. This is the largest structural change observed across all payment related topics in the survey.

This trend is not limited to large multinationals. For corporates with revenues below €1 billion, adoption rose from 21% to 37%, reflecting a broader shift in how organisations think about payment risk and governance.

While payment factories are often linked to efficiency gains, treasury teams cite different motivations:

- Greater control over execution,
- Improved visibility across banks and entities,
- Fraud prevention, and
- Standardised governance in a multi-bank environment.

For many corporates, a lack of control and even incidents of fraud, have been the catalyst to centralise payment initiation. Although a payment factory does not resolve every upstream challenge, it gives the treasury oversight of the final and most sensitive step: the moment cash exits the organisation.

A payment factory delivers benefits beyond improved payment-execution efficiency. By adopting standardised approach, it also strengthens downstream processes and systems. For instance, by ensuring bank statements are automatically delivered to cash-application systems in the correct format companies can significantly increase automatic reconciliation rates.

The effort to set up a payment factory depends directly on the number of bank-country combinations required. Therefore, it is recommended to conduct a bank rationalisation exercise before implementing a payment hub.

Instant payments:
Availability matters more than speed

Instant payments are often framed as a breakthrough in speed. From a treasury perspective, this is usually misleading. Most corporates do not suffer from a lack of speed. As treasurers often put it, *"there are no urgent payments - only late ones"*. Supplier payments remain scheduled, batched and predictable. Ultimately, for corporates forecasting accuracy is more important than speed.

What instant payments really change is availability and certainty:

- No traditional cut off times
- 24/7 execution capability, 365 days a year
- Confirmation that funds have reached the beneficiary
- Reduced 'cash in transit'

These characteristics open up new use cases, particularly for intercompany payments and liquidity positioning, rather than day to day supplier payments.

While instant payments clearly show advantages, they can be rejected in specific situations. When such payments are scheduled outside of office hours, with no one available for immediate follow up, this can become problematic.

Real-time execution significantly compresses the window for a bank's control. Banks must complete all relevant compliance checks within seconds and may apply multiple screening steps depending on the client profile and the characteristics of the payment. As a result, poor or incomplete data has immediate consequences: payment rejections, the need to resubmit transactions, delayed settlement, and additional operational effort. In such cases, it may be better to re initiate a rejected instant payment as a regular credit transfer.

Instant payments cannot be 'paused' for investigation. Any potential screening hit will result in an automatic rejection due to the 10 second processing rule. By contrast, regular SEPA credit transfer can be placed in a 'pending' status while investigations are completed and then processed once cleared. This is particularly relevant as in the majority of cases, screening hits prove to be false positives. Treasury teams therefore need to have clear rules on what to do when an instant payment is rejected – whether to delay, reroute or manually intervene. ING therefore suggests monitoring payment execution and paying close attention to possible rejected payments. The bank advises corporates to have a robust process in place to efficiently resubmit rejected instant payments or to initiate those as regular credit transfers. When payments are rejected outside office hours, treasury teams take a risk of late payment as non-execution may be recovered the next business day only. As a result, many corporates are still cautious.

Currently, instant payments are primarily used in the intragroup context to support international liquidity centralisation and the execution of intercompany payments, with a particular focus on avoiding 'cash-in-transit' positions at quarter- and year-end. Instant payments are being adopted selectively, layered onto existing processes rather than replacing them.

The momentum for instant payments is however growing, moving beyond domestic schemes as bilateral and multilateral projects gain traction. Initiatives such as the European Payment Council (EPC)'s "One-Leg Out Instant Credit Transfer" scheme (OCT Inst), the European Central Bank's cross-currency initiative or Project Nexus, are aiming to standardise the way instant payments systems can connect with each other. These are examples proving that the reality of real-time payments going beyond borders will gradually unfold.

Interconnected instant payments schemes can play a role in reducing friction, serving as a bridge to more efficient cross-country transactions. OCT Inst is a European example aiming to use existing real-time infrastructure for international payments. While potential efficiency gains depend on market adoption, OCT Inst can be an important tool offering corporates faster and more predictable international payments when one leg is part of the Single Euro Payments Area.

Verification of Payee (VOP) and ISO20022: Robust and structured data for increased control and efficiency

When payments become instant, automation takes centre stage. Across the payments ecosystem, robust and structured data enables efficiency at scale: powering automation, improving security and connecting corporate and financial systems. And with speed and automation, mitigating risks becomes increasingly crucial part of the payments landscape.

In Europe, Verification of Payee (VOP) addresses the vulnerabilities introduced by payments speed. VOP acts as an additional safety-check prior to payment execution, helping mitigate the risk of invoice fraud and errors. However, to seamlessly integrate with payment processes, it requires robust data and design, adequate exception handling and a bank that enables the corporate to make use of VOP without interrupting or impacting existing payment flows.

Verification of Payee (VOP): A powerful tool with practical constraints

Although the introduction of VOP is expected to reduce payment fraud and errors across Europe, it is not instantly frictionless for corporates.

Key challenges include:

- High initial mismatch rates due to poor counterparty master data in corporate client records,
- Legal name versus commercial name discrepancies, next to accountholder name versus counterparty name, particularly in Collection on behalf of (COBO) and virtual account structures,
- Uneven maturity across European markets regarding matching performance levels,
- Lack of availability of VOP functionality in certain corporate payments channels (e.g. certain host-2-host channels),
- Different approaches among banks for batch (bulk) payments and how to deal with 'no match' results.

The implication for treasurers is clear: VOP is as much a data governance challenge as a payments one. Rather than embedding VOP into every payment run, many corporates achieve better results by:

- Integrating checks into supplier onboarding and data update processes
- Running periodic validation exercises rather than for every payment
- Cleaning master data incrementally over time

ISO 20022 and structured data: The unavoidable foundation

Poor counterparty master data matters beyond VOP checks. As the market moves to XML (ISO 20022) for payments and reporting, also corporates need more accurate data in their own systems. However, ISO 20022 migration has progressed unevenly in the corporate environment. At the time of PwC's survey:

- 45% of corporates had a defined XML transition plan
- 30% were monitoring but had not acted
- 25% had taken no action

The transition towards .xml-based formats pave the way forward, amplifying the need for accurate, harmonised and standardised data in increasingly digital and interconnected world of payments. However, with 55% of corporates surveyed not taken any concrete action or planning to do so, the reality is less straightforward.

As of November 2026, SEPA and SWIFT international payments are expected to complete migration to more structured address format. This change also requires changes on the corporate side. To reduce the risk of rejections (for example, for international payments, or SEPA Direct Debits initiated outside the European Economic Area), corporates should use at least a hybrid address format that includes city/town and country information as structured fields. Payments with missing or unstructured address data may be rejected, delayed or suspended as additional information is required. While the hybrid format is allowed, moving to fully structured addresses is a future-proof option. Structured data helps reduce processing errors, limits payments disruptions and improves reconciliation and straight-through-processing.

Many corporates have assumed that banks would absorb the impact of ISO 20022 transition. In practice, that would mean adding address information or converting information included as a non-structured into structured format. While banks offer enriching payments, they do not maintain the legal entity address details of all corporates worldwide. As a result, it is not feasible for banks to enrich payments with structured address data of payee on behalf of corporates. Besides compliance and risk concerns connected to modifying payments at bank's level, converting unstructured address data into a structured format is challenging without manual intervention which potentially can lead to manual repair fees. Moving to the new ISO 20022 format will help preventing such issues.

Therefore, corporates are strongly recommended to take the following steps:

- **Assess data availability**
  Verify whether supplier address details are available. If not, collect relevant information.
- **Assess data structuring at source**
  Verify whether address information is maintained in a structured format within the ERP or procurement system. If not, confirm whether the system allows for capturing address data in a structured way. Where this is not the case, involve IT to enhance the system accordingly.
- **Assess inclusion in payment files**
  Verify that structured address data available in the source system is also included in a structured format in the payment file. There are numerous cases where, despite structured capture in the ERP, the payment file still contains unstructured data due to legacy configurations. If required, involve IT to enhance the payment file generation.

Completing these steps may require significant time and effort. We therefore strongly recommend that corporates take action as soon as possible to be ready by November 2026 and to avoid payment rejections or delays.

Beyond the challenges, the ISO 20022 migration also brings significant benefits. It enables the inclusion of richer reference data in payment files, increases transparency and readability due to more structured format. For example, dedicated fields are now available to indicate on whose behalf a payment is executed and data truncation is less likely to occur.

VOP, Virtual Cash Management and COBO:
Match or no match?

Virtual accounts and POBO/COBO models are widely used to improve reconciliation, control and centralisation. However, when payer adopts VOP, the efficiency of sending payments process relies on accurately identifying the legal account owner.

VOP checks typically validate the legal name of the IBAN owner or a [recognised] commercial name. In a COBO structure, the name of the virtual account holder might not match the name of the account's legal owner, which leads to a "No Match" status which may cause late or even non-payments and queries from your clients.

Only in October 2025, European Instant Payments Regulation (IPR) introduced VOP checks to SEPA payments processing, yet payers can opt-out of applying VOP on batch payments. Suppliers with a COBO model in place may not be aware that lack of information about account holder name could lead to payment disruptions and operational hassle on the payer side once VOP becomes broadly adopted. For corporates applying a "collection on behalf" model, it is strongly recommended to clearly indicate the legal entity name of the collecting entity on the invoice. This allows customers to reference the correct legal entity in the payment file and helps prevent payments being not consented to because of the 'No Match' VOP result.

Treasuries that get this right treat it as a data discipline, on both sides of payment flow. They ensure invoice and payment data are consistently aligned with legal and commercial names, correctly populate initiating party and ultimate debtor or creditor fields, and rigorously test outcomes before scaling across entities and markets.

Other best practices include using payment solutions that prefill invoicing details (such as payee name, payee IBAN and payment reference) through e-invoices combined with payment links, QR codes, or automated payment requests. Not all banks that offer cash management and pooling structures provide these more advanced digital collection capabilities.

Having both sets of capabilities fully integrated with a single transaction bank significantly simplifies operations, reduces payment errors, lowers reconciliation effort, prevents delay of receipts and does so while keeping existing cash management structures fully intact.

Payment sovereignty: A strategic consideration, not an immediate driver

Sovereignty is getting more attention at board and policy level, particularly around reliance on US technologies, cards and payment networks and cloud providers. Most treasuries still treat this as a strategic backdrop rather than an operating driver. Large corporates are global and cannot avoid US exposure, diversification of banking partners is already standard practice and technology alternatives are limited.

European initiatives will strengthen infrastructure over time. However, resilient and sovereign digital payments in Europe will not be achieved with a single solution. They will emerge from the alignment of complementary initiatives across the ecosystem, bringing together private sector driven retail payment schemes (e.g. Wero), euro denominated stablecoins (e.g. Qivalis), and wholesale central bank digital currencies (wholesale CBDCs), intended for interbank or financial market settlement.

From a corporate perspective, the pragmatic approach is to preserve optionality. This means maintaining a multi bank, multi rail setup in the payment factory and clearly understanding exposures, without re platforming purely for sovereignty considerations. Even if a business is not inclined to adopt digital payment instruments, change may be unavoidable. Some new solutions may come with mandatory acceptance requirements (as expected for the digital euro), or existing payment methods may be phased out or replaced (for example, iDEAL evolving into Wero).

Stablecoin in corporate treasury: Going beyond traditional payment rails

Stablecoins are no longer an abstract digital asset concept; they are emerging as a practical settlement and liquidity tool in areas where traditional payment rails show structural limitations.

For corporate finance teams, they can complement traditional payment instruments by reducing friction in cross border payments and enabling faster, more flexible liquidity mobilisation, particularly where traditional correspondent banking chains are slow, costly, or operationally opaque.

By settling on distributed ledger infrastructure, stablecoins (blockchain based digital currencies pegged to fiat assets such as EUR or USD) can enable near real-time, irrevocable settlement, with a clear, auditable record of value movement. In practice, this does not remove the need for treasury controls, but it does change when certainty is achieved from T+1 or T+2 to direct settlement finality.

This timing shift has practical treasury consequences. Settlement-level certainty can shorten cash circulation cycles, improve visibility across legal entities and regions, and where buffers exist to manage settlement timing, reduce the need for pre-funding and excess liquidity reserves. These effects tend to be most visible in environments shaped by structural constraints, such as long correspondent banking chains, limited intraday liquidity, or pronounced time zone and cut off effects. Corporates operating in these environments or facing unfavorable FX pricing due to corridor concentration or limited competition, may therefore see disproportionate benefits.

An important differentiator of stablecoins is programmability by design. Treasury relevance lies in how it reshapes control, timing, and certainty rather than in automation for its own sake. Payments can be automated by smart contracts, triggered by predefined conditions such as delivery confirmation, FX thresholds, or intragroup approvals and settled atomically once conditions are met. This collapses what are traditionally separate steps of instruction, settlement, and reconciliation into a single event with immediate finality.

For treasury teams, this has the potential to reduce operational latency and manual intervention particularly in intercompany flows or structured B2B payments. At the same time, moving to condition based, on chain settlement requires treasury to rethink approval frameworks, exception handling, and auditability in an environment where settlement precedes many traditional controls. The value is in selectively applying programmability where greater certainty and faster settlement materially improve liquidity or risk outcomes.

In practice, corporates may want to adopt stablecoins for specific flows where existing arrangements are structurally inefficient or commercially unattractive. Areas where meaningful traction is most likely include:

- B2B flows where timing, settlement certainty, and FX exposure materially affect outcomes
- Cross border corridors involving volatile currencies, underbanked markets, or capital controls
- Payout models where recipients prefer or expect settlement in USD or EUR
- Treasury operations requiring 24/7 liquidity repositioning across regions and legal entities.

At the same time, stablecoins do not remove all friction. Regulatory reporting obligations, local currency controls, stablecoin conversion and uneven 24/7 readiness across banks, market participants and infrastructures mean there can still be payment delays. Moving beyond pilots therefore requires more than a simple vendor plug in.

In most companies, this burden falls to treasury, IT, and risk teams rather than the business, meaning benefits must be clear enough to justify non-trivial internal change. Treasury teams considering adoption must often redesign processes and systems to operate with real-time settlement and automated reconciliation across on chain and off chain records. Key constraints include:

- Limited ERP, TMS, and bank connectivity readiness for wallet and smart contract integration
- New reconciliation, audit, and control models when flows bypass traditional bank statements
- Operational and control risks, including private key management and transaction authorisation
- Fragmented and evolving regulatory treatment across jurisdictions
- Uneven support from banking partners (improving, but not yet universal).

Beyond core treasury functions, stablecoins also play a growing role in the digital economy, particularly where payments and assets converge on chain. Examples include settlement for tokenised real-world assets such as carbon credits, guarantees of origin, or energy trading instruments, where stablecoins enable atomic delivery-versus-payment and automated settlement aligned with real world events. In these models, treasury is not a passive payment function but an enabler of how value, risk, and liquidity move through digital supply chains. In such contexts, stablecoins extend treasury relevance beyond payments into the infrastructure layer of emerging tokenised markets.

Regulated stablecoins from trusted issuers are emerging as programmable settlement instruments rather than speculative assets, with concrete corporate treasury use cases. For most corporates, the objective is selective and targeted adoption, not full replacement of existing payment infrastructure. Used appropriately stablecoins can reduce working capital needs and improve how corporate cash is deployed.

The cost of doing nothing

Inaction has a clear price:

- Without VOP, misdirected payments, errors and fraud risk remain unnecessarily high.
- Without updated master data, payments may be delayed.
- Delaying ISO 20022 keeps truncation and reconciliation issues alive and locks in the expense of maintaining dual standards or rejection of payments.
- Treasuries miss out on efficiency gains unlocked by 24/7 availability, later-day intercompany moves, smarter concentrations and structured data, and risk rushed, expensive remediation as structured data deadlines approach.

The remedy is disciplined execution:

- Confirm your payment factory's decision rules (which bank, which rails, which controls).
- Standardise on ISO 20022 payment messages (pain.001) across all banks and structured names and addresses.
- Run a VOP pre-check on your largest suppliers and embed an onboarding check.
- Ensure that your invoices specify the correct account holder and a registered commercial name to prevent *No Match* VOP results shown to debtors paying you.
- Define instant payment rules including weekend controls, retrigger procedures for potential rejects, monitoring and governance of failed payments and dual approvals.
- Switch on real-time reporting where it unlocks immediate commercial value such as goods release or live M&A funding.

Corporates that act on these basics convert real-time into reliability; fragmentation into resilience; and complexity into controllable value.

Glossary

COBO

Collection on behalf of. A structure where a central entity collects incoming payments on behalf of multiple operating entities and allocates them internally.

Payment factory

A payment factory in corporate treasury is a centralized structure that manages and executes payments for multiple entities, business units, or regions from one place. Its main purpose is to standardize payment processes, improve control, reduce bank and transaction costs, and increase visibility over cash and payments.

Payment sovereignty

A country's or region's control over the systems and technologies used for making payments, both online and in physical stores. It emphasises independence from foreign payment networks and the ability to manage domestic payment infrastructures effectively and independently.

POBO

Payment on behalf of. A structure where a central entity initiates payments on behalf of multiple legal entities, often using virtual accounts or internal sub-ledgers.

Programmable treasury

The ability to automate and optimise cash flows and treasury functions using programmable money, which embeds logic and rules directly into financial transactions. This allows for real-time, conditional execution of payments.

SEPA

Single Euro Payments Area. An European scheme that provides standards, rules and conditions for euro-denominated payments, such as credit transfers, direct debits, and instant payments, across the participating countries.

Settlement risk

The risk that one or more parties in a transaction fails to deliver on their obligations by the date agreed upon in a contract.

Stablecoin

A stablecoin is a type of digital currency that is pegged to a specific asset, pool, or basket of assets, such as a fiat currency, commodity, or other cryptocurrency. Despite the name, it is worth noting that stablecoins can still experience price volatility and can be risky.

Tokenised treasury approach

Tokenised treasury is the shift to a different technical representation of value - cash and assets recorded as tokens - so that treasury can operate with automated, rule based workflows. By enabling atomic/instant settlement, continuous availability, and integrated controls, it changes how cash movements, collateral and asset management are executed across entities and markets

VOP

Verification of payee. VOP is a real-time check that ensures the payee data matches the name and account number held at the recipient's bank.

Participants

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PwC

50 countries, 800 professionals, 1 team. PwC's global Corporate Treasury network combines a variety of professional backgrounds, including treasurers, bankers, system developers, accountants, integrators and management consultants. We work with your treasury to enable management across the whole business to make the right financial decisions. We help you develop your Treasury function to enhance your organisation – be that increased shareholder value, informed management decision making or efficient processing. Because every Treasury is unique, we co-create solutions that work for you. And, you get constant access to a comprehensive range of specialists – treasury, systems, FinTech, accounting, tax, regulatory and change management - to ensure you capture the value you're looking for.

- **Didier Vandenhaute**
  Risk Consulting Partner, PwC Global Treasury Network Lead
  PwC
- **Ilse van Aalst**
  Vice President, Transaction Services Sales
  ING
- **Jeroen Crijns**
  Partner, Strategy& Netherlands Financial Services lead
  PwC
- **Kamila Lisowska**
  Value Proposition Manager PCM
  ING
- **Kevin Braeckman**
  Risk Consulting Director
  PwC
- **Kristof Segers**
  Director, Head Transaction Services Account Management Belgium and Nordics
  ING
- **Laurens Schretlen**
  Global Head Product Management - Payments and Collections
  ING
- **Saskia van Loon**
  Director, Value Proposition Manager PCM
  ING
- **Stéphanie van der Haert**
  Risk Consulting Director
  PwC