



Payments Modernization For Treasurers: Is it Dead...or Just Beginning?

Presented by J.D. Penner, CTP(CD)

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J.D. Penner, CTP(CD)

- Post-university: accountant and HR administrator for a multigenerational housing provider and community center – responsible for all financial areas, including treasury management
- Moved into banking with RBC, managing branches
- Progressively more senior roles in cash management and payments with RBC, Bank of America, BNS, and CIBC
- Formed JD Penner Enterprises in 2019 – treasury management and payments training for bankers and financial service providers
- 2019-2024 IBM Payments Center Offering Manager
- May 2025 – Wholesale Banking and Payments Practice Lead, Intellect
- Earned my CTP in 2004, Mastery of Canadian Treasury Management (CD) in 2006
- CTP Certification Committee volunteer incl. setting CTP exam
- Presenter at various forums and conferences



Payments Modernization for Treasurers: Is It Dead...or Just Beginning

Agenda

Foundations: Business and FI Views

A Decade of Trends & Developments

- Commercial and Corporate Clients
- Small and Medium Enterprises

Business Use Cases

Audience Polls

- How Ready are You?

Modernization: Challenges & Opportunities

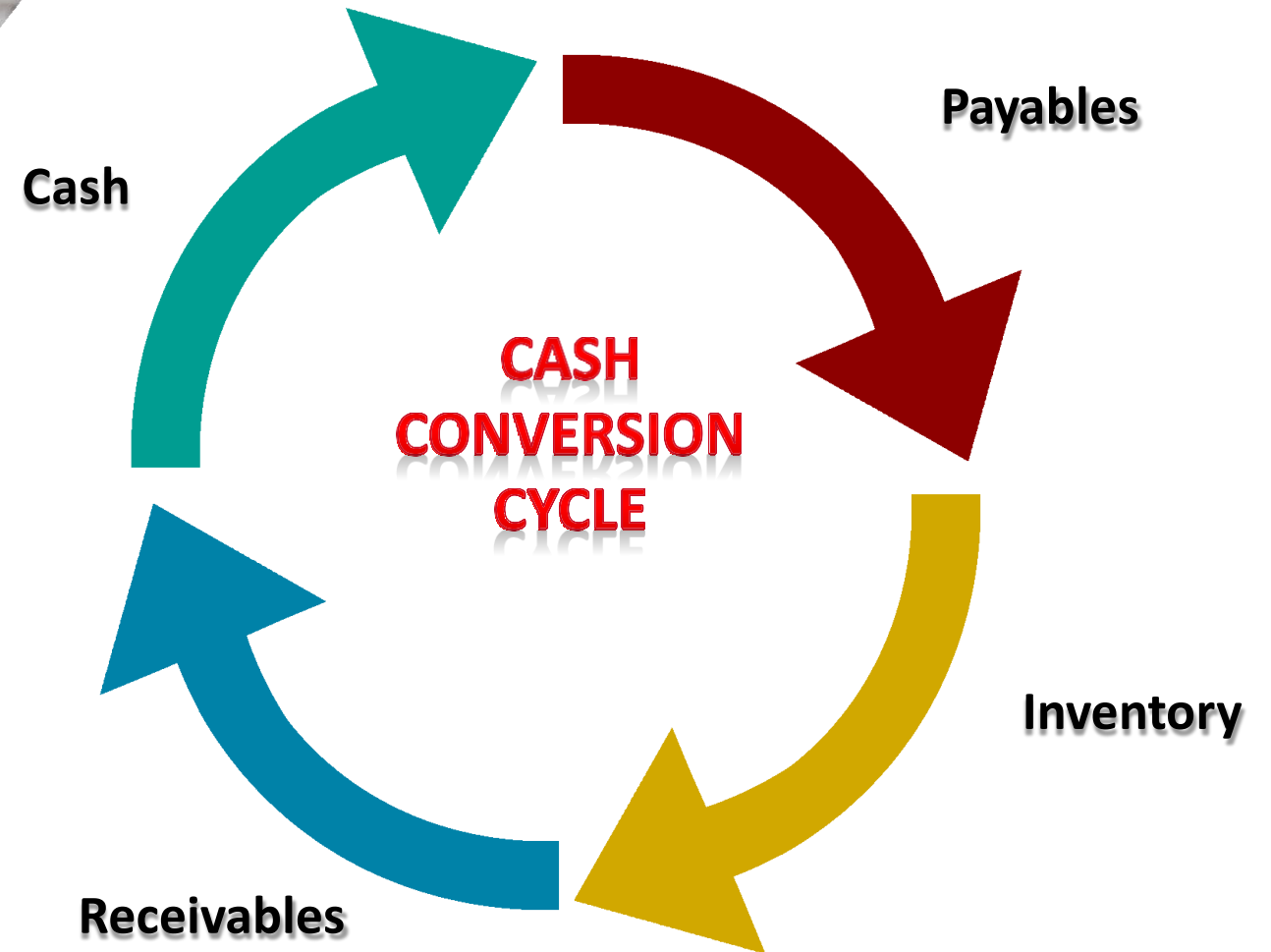
- ISO 20022 Adoption
- Digital Currencies
- Modularity, Integration and Resilience
- Artificial Intelligence

Summary & Concluding Thoughts

Data Sources

FOUNDATIONS: BUSINESS AND FI VIEWS

CLIENT/MEMBER **VIEW**



BUSINESS CLIENT/MEMBER VIEW

KEY CASH MANAGEMENT OBJECTIVES

Treasurers focus on five objectives:

- Maintain liquidity
- Optimize cash resources / working capital
- Manage risk
- Maintain access to short-term financing
- Manage investments



CLIENT/MEMBER VIEW

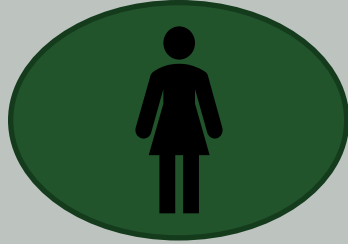
WHAT'S IMPORTANT ABOUT A PAYMENT?

To businesses, there are four things that are important about a payment:

- **AMOUNT \$**
- **PAYEE/PAYOR**
- **DATE/TIME THE PAYMENT WILL BE MADE**
- **WHY THE PAYMENT IS BEING MADE (E.G. REMITTANCE/INVOICE INFORMATION)**

Note that none of the foregoing indicates the method being used (e.g. wire, AFT, Interac e-Transfer, real-time payment, cheque, card, etc.). If a chosen method can't support the desired data in the four elements, another method will be chosen.

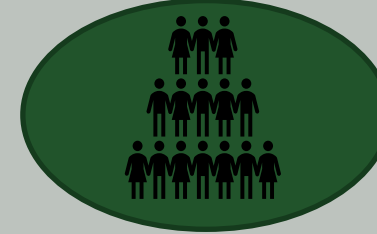
HOW FIs VIEW BUSINESS PAYMENT NEEDS



Retail & Small Business



Commercial Banking



Capital Markets
(Large Corporates)

Small volumes of
payments

Single
User/Approver
using online
banking

Simple receivables

Basic US/Int'l

Groups of
payments

Need online,
segregated access
for multiple users

Some integration
with banking

Varied forms of
receivables

Some F/X

Large numbers of
payments

Complex IT
infrastructure

Online for
exceptions

Diverse, large
volumes of
receivables

Significant F/X

A DECADE OF TRENDS & DEVELOPMENTS



FUNCTIONAL CHANGES IN TREASURY MANAGEMENT

Commercial & Corporate cash management is changing with improved functionality, but adoption is not universal:

Real-Time
Visibility &
Data-Driven
Forecasting

Centralization of
Cash Flows/
Liquidity
Structures

Adoption of Faster
Payments &
Richer Messaging

Increased Use of
Technology &
Automation

FUNCTIONAL CHANGES IN TREASURY MANAGEMENT

Commercial & Corporate cash management is changing with improved functionality, but adoption is not universal:

63% of firms say
have real-time
visibility

67% of firms have
adopted in-house
banks

37% very
interested & 58%
some interest in
Canadian real-
time payments

82% of treasury
platforms are
SaaS
45% of teams use
APIs for info.

GOVERNANCE & RELATIONAL CHANGES

Commercial and Corporate enterprises are reconfiguring how they manage their operations :



Banking
Relationship &
Partner
Rationalization

Increased
Emphasis on
Risk, Resilience,
Regulation &
Governance

Treasurer
Becoming Key
Strategic Advisor

SMALL AND MEDIUM ENTERPRISES ARE EVOLVING MORE SLOWLY

SMEs are slowly adopting changes but are more reliant on partners to deliver value:

Growing Use of
Technology

Emphasis on
Payment & Cash
Flow Speed

Persistent Risk
& Increased
Vulnerability

Gaps Between
Willingness and
Implementation

Changing
Payment
Method
Preferences

SMALL AND MEDIUM ENTERPRISES ARE EVOLVING MORE SLOWLY

SMEs are slowly adopting changes but are more reliant on partners to deliver value:

42% still use
manual
processes; 81%
willing to adopt
new tech.

69% would use
real-time
payments if
available

42% believe one
more cost surge
could force
closure

60% report
ongoing
challenges
managing cash
flow

67% would
move away from
cheques if
alternatives
were viable

BUSINESS EXPERIENCES



USE CASE EXAMPLES FROM THE FIELD

How businesses are or are not modernizing and why:
 (Some live examples provided during the session)

- Industries use payments differently – cash declining but may still be needed; some are waiting to replace cheques
- Real-time information is critical for liquidity management
- Rich data is not an immediate need for some businesses
- Fraud interdiction is crucial
- Proxies for account numbers (e.g. SMS or email) are valuable for some businesses
- FI's and market infrastructures are investing in operational improvements

AUDIENCE POLL: HOW READY ARE YOU FOR MODERNIZATION?



On a scale of 1-5, with 5 being the most ready, how prepared is your own organization to adopt/utilize modernized payments, such as a real time rail and ISO 20022 messaging?



Do you believe the Canadian business ecosystem will rapidly or slowly adopt modernized payment practices?



What is the biggest barrier for your organization to adopt modernized payment systems?

MODERNIZATION – CHALLENGES AND OPPORTUNITIES



MOVING FROM ISO 20022 COMPLIANCE TO DATA MONETIZATION

FIIs are moving from basic compliance with messaging schemes to using data for improved operations and insights, leading to revenue opportunities

Progression from Compliance to Data Monetization

Increasing Sophistication

Basic Schema Compliance



Use translation tools to buy time while meeting messaging mandates



Acquire native ISO 20022 capabilities within payment orchestration and engine components and sunset older translation models

Operational and Capability Improvements



Use additional data in payment objects to enhance fraud, AML, and sanctions screening activities, reducing false positives and improving client satisfaction



Provide ISO 20022 native payment capabilities to clients for deliveries, responses, and real-time status transparency

Data Driven Insights and Revenue Opportunities



Integrate payments data with other client data to drive behavioural insights



Realize upsell and cross-sell opportunities based on pattern analysis



Benchmark clients against each other & perform portfolio analysis to identify risks, exposures and opportunities

DLT and CBDC / CAUTIOUS OPTIMISM

DLT

More than 60%
of EU banks are
exploring or
experimenting
with DLT

Only 22%
have moved
beyond DLT
pilots to live
deployments

JPMorgan's Kinexys

2B/day in tokenized
payments for repo, FX,
and intraday liquidity
with programmable
payments/settlements

CBDC

114 countries
representing over 95
per cent of global GDP,
are exploring a CBDC

90% of central banks
are investigating CBDCs,
including 19 of the G-20
countries and the European
Union block

Digital Dollar

Digital Pound and Digital
Euro Discussion papers in
progress but no success
story in production on a
large scale

What's holding it back



Fragmentation

No shared standard
across platforms,
Closed platforms
(Corda, Quorum) block
interoperability



Regulatory Uncertainty

Legal clarity on
settlement finality and
digital assets still
evolving



Throughput Constraints:

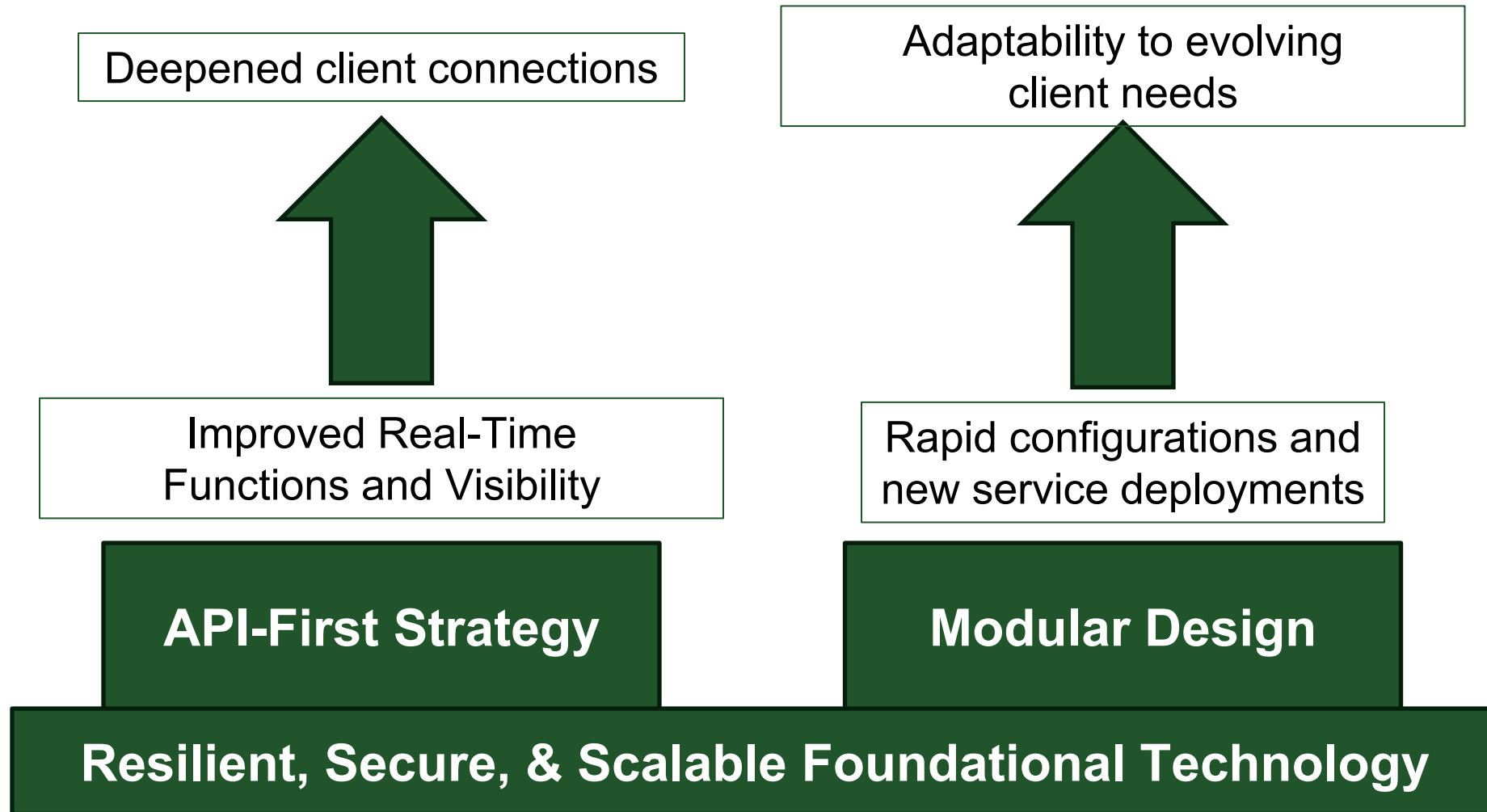
Not yet viable for high-
volume, low-latency
payment use cases.
FedNow, RTP, UPI, PIX,
etc., are already fast
enough for most uses

Fears

CBDCs raise fears of
government overreach
and data misuse.

CM & PAYMENTS: MODULARITY, INTEGRATION and RESILIENCY

FIs are challenged to provide configurable, easier integration points while building resiliency, to meet clients' treasury and payment demands



ARTIFICIAL INTELLIGENCE – A TOOL FOR CHANGE

Financial institutions, payments market infrastructures, fintechs, treasury management system providers, ERP providers, and treasurers are figuring out how to use AI tools...

THE EVOLUTION OF THE
Bicycle

TYPES OF BICYCLES TODAY – THE TOOL HAS EVOLVED!



Mountain bike



Road bicycle



BMX bike



Electric bikes



Hybrid bicycle



Folding bicycle



Gravel bikes



Recumbent bicycle



Cruiser bicycle



Touring Bike



Cargo bike



Cyclo-cross bicycle



Fatbike



Fixed gear



City bikes



Tandem bicycle



Triathlon bikes



Tricycles



Balance bike



Bikepacking



Single speed bikes



Training wheel bikes



Artificial Intelligence – An Evolving Tool

The use of artificial intelligence to manage business behaviours is evolving:

- Movement from robotic process automation (RPA) and machine learning (ML) to artificial intelligence (AI)
- Varying levels of sophistication by industry and enterprise
- Not all tools are built the same, just as not all bikes are the same
- There is no single approach
- Most cash management and payment platforms have already built in some robotic process automation, machine learning and AI tooling
- Financial institutions are all considering usages, mostly starting with less mission-critical areas

Artificial Intelligence – A Tool Already in Use

Your people are already using it – is it enterprise grade?

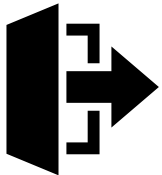
In a study commissioned by IBM, results published Sept. 3, 2025 showed:



79% of Canadian office workers use AI tools – only 1 in 4 use enterprise-grade AI solutions



97% said AI improves productivity; nearly 80% said it enhances strategic or creative work



46% of employees would leave their job for a company that uses AI more effectively

AI FOR FINANCIAL SERVICES AND PAYMENTS

Guidelines for successful deployments

- **Build a modern data foundation**
- **Integrate AI governance**
- **Implement a Responsible AI Framework**
- **Focus on business-driven use cases**
- **Invest in inclusive skilling and adoption**

The background of the slide is a blurred image of a person in a blue suit holding a smartphone. Overlaid on the image are several glowing, semi-transparent circular icons connected by lines, representing various digital concepts like email, Wi-Fi, a smartphone, a globe, a gear, a building, a magnifying glass, a document, and a bar chart. A dark green rectangular box is positioned on the left side of the image, containing the section header text in white.

SUMMARY AND CONCLUDING THOUGHTS

SUMMARY: MARKET DIRECTIONS & OPPORTUNITIES

MARKET DEMANDS

- Real-time payments and visibility
- Ease of connection and integration
- Advisory services to improve cash flow management
- Lower cost of servicing treasury management

FI IMPLICATIONS

- Move to real-time and ISO 20022 messaging as the standard
- Enable API usage for members/clients and partners
- Provide tools for liquidity optimization, forecasting and business intelligence
- Implement AI tools for internal and external services to reduce total cost of operations, e.g. service, fraud mitigation, self-service, etc.,

DATA SOURCES:

High Radius, The Future of Corporate Cash Management: <https://www.highradius.com/finsider/future-of-corporate-treasury>

PwC, 2025 Global Treasury Survey, <https://www.pwc.com/us/en/services/consulting/business-transformation/library/2025-global-treasury-survey.html>

KPMG, 2024 KPMG Global Tech Survey, <https://kpmg.com/ca/en/home/media/press-releases/2024/10/canadian-organizations-outspending-global-peers-on-technology.html#survey>

EY, How can treasurers transform to realize new value in a world of uncertainty? https://www.ey.com/en_us/cfo-agenda/dna-treasurer-survey

Canadian Western Bank, Modernizing Cash Flow Management, <https://www.cwbank.com/modernizing-cash-flow>

Deloitte, 2024 Global Treasury Survey, <https://www.deloitte.com/us/en/services/consulting/articles/global-corporate-treasury-survey.html>

Payments Canada, A Spotlight on Small Business Payments, <https://www.payments.ca/insights/research/spotlight-small-business-payments>

Association for Financial Professionals, 2025 AFP Payments Fraud & Control Survey Report, <https://www.financialprofessionals.org/training-resources/resources/survey-research-economic-data/details/payments-fraud>

TIS, 2023-2024 Strategic Treasurer & TIS Treasury Technology Survey, <https://insights.tispayments.com/hubfs/Content%20Files/EN%20pdf/00%20New%20Content%20Library/2023/Whitpapers/11%202023-24%20Treasury%20Technology%20Survey%20Results/2023-2024%20%20Strategic%20Treasurer%20%26%20TIS%20Treasury%20Technology%20Survey.pdf>

Thank You For
Participating!

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