Gartner

Market Guide for Commercial Banking Cash Management and Trade Finance Solutions

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Initiatives: Financial Services Technology Modernization and Transformation; Financial Services Digital Business Strategy and Innovation

Modernizing cash management and trade finance solutions has become essential for banks to bring greater intelligence to institutional clients' working capital management. Bank CIOs can use this Market Guide to understand the direction of these solutions and the provider landscape.

Overview

Key Findings

- Most market solutions are designed primarily for either cash management or trade finance software solutions; fewer vendors offer integrated solutions that cover all functionalities for both cash management and trade finance.
- Cash management and trade finance solutions are increasingly becoming platform-based approaches (integrated technology, workflows, data analytics and product features), rather than isolated, a la carte offerings.
- Providers are starting to add enhancements such as basic supply chain finance functionality to their offerings, but more sophisticated functionality like multicurrency, cross-border e-commerce supply chain finance may be offered only as an additional add-on during the implementation phase.
- Market demand and technology advancements are making the integration of supply chain finance easy to achieve. For example, platform technologies and multi-independent software vendor (ISV) application stacks can aggregate different vendors' capabilities and help banks reduce barriers to adoption and simplify regulatory, risk and compliance operations.

Recommendations

Bank CIOs responsible for technology modernization and transformation and for selecting commercial banking cash management and trade finance solutions should:

- Determine whether an integrated offering or a partial upgrade of stand-alone solutions supports the business goal and is best placed to serve target segments and geographies.
- For cash management: Prioritize features such as implementation experience with ISO 20022, flexible end-client self-service tools, digital experience layers and built-in ESG compliance features. Features should include supplier carbon footprints and cash forecasting tools powered by real-time cash flow data.
- For trade finance: Request documentation and vendor demos of integrated supply chain finance features, distributed ledger technology and cross-border e-commerce capabilities.
- For integrated cash management and trade finance: Rrequest specs for pluggable and extensible architecture. Also request documentation of contextual and predictive features through machine learning, API-enabled composability of UI to allow flexible UX, design of integration layers and interoperability with external or internal core systems.

Market Definition

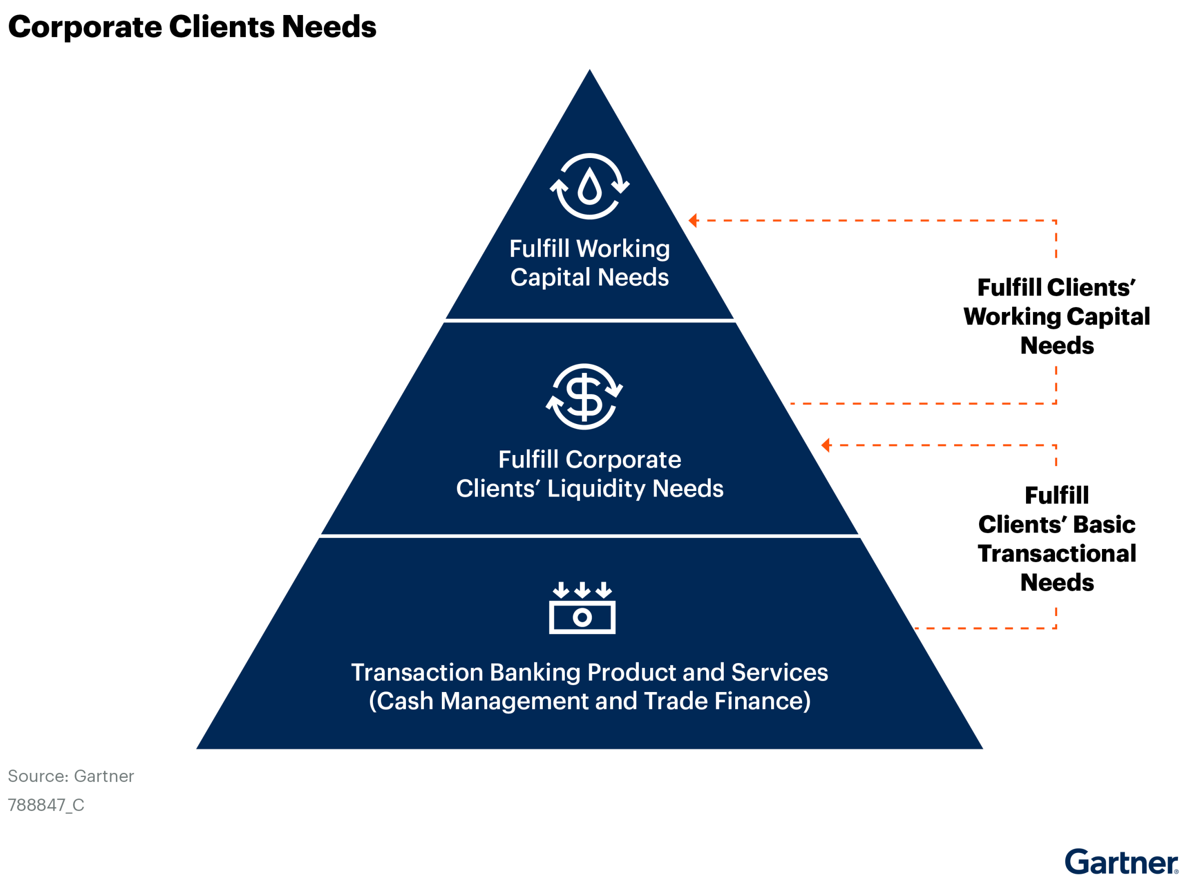
Gartner defines global banking cash management and trade finance solutions as capabilities that support end-to-end business and product processes, a consistent operating model, and client services in the corporate treasury and working capital domains. This could be a combination of architecture, software, product and/or service solutions integrated on a platform or as stand-alone software, systems and/or service solutions (see Note 1).

Market Description

Fulfilling the corporate clients' working capital needs has become a key consideration of commercial/corporate banks as they seek to acquire and retain clients (see Figure 1). Digitization of banks' transaction banking capabilities requests vary. In the existing market landscape, we have observed that vendors are actually building their own competitive edges through various solutions to serve diversified needs from the banks, such as:

- One-stop solutions for integrated transaction banking offerings
- Open banking solutions
- Embedded data analytics functions in different transaction banking solutions
- Distributed ledger technology (DLT)-enabled platforms

Figure 1: Corporate Banking Clients' Working Capital Needs



Source: Gartner
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There are many cash management and trade finance vendors globally, but only a small number can offer integrated cash management and trade finance software suites or platforms to banks as a one-stop solution. A one-stop platform solution is not just a question of offering a product suite, but also of integrating it with advanced technology, streamlined workflows, simplified and smooth client services (i.e., chatbot, self-service tools, DIY MIS) and data analytics. Such integrated approaches are advantageous for banks as they ensure seamless processes and interoperability.

Open banking solutions for cash management and trade finance have their own defined product and service scope from different vendors. Some popular open banking solutions are built on a single integrated platform with API-first microservices or open architecture to enable innovative trade finance and supply chain finance solutions, an e-commerce ecosystem or an industry marketplace. However, such open banking solutions lack a standard practice or requirements across markets that would allow benchmarking of capabilities and service quality.

Data analytics features are built into different software modules, such as treasurer BI, account management BI and critical index monitoring, to mitigate operational risks, manage regulatory capital, improve client experience or enhance management of funding cost. Such functions are critical for banks' internal analytics and also broaden service support by connecting core systems with clients' ERP, thus generating real-time financial data insights, including risk analytics and data modeling.

In the past two years, there have been a number of significant changes in this market. For example, ERP vendor SAP launched SAP Fioneer in 2021 as a joint venture to become a financial services software solution and platform. [1] Another example is IBM, which leveraged distributed ledger technology, smart contracts, enhanced security, built-in governance and extensive control capabilities for real-time access to trade finance and supply chain.

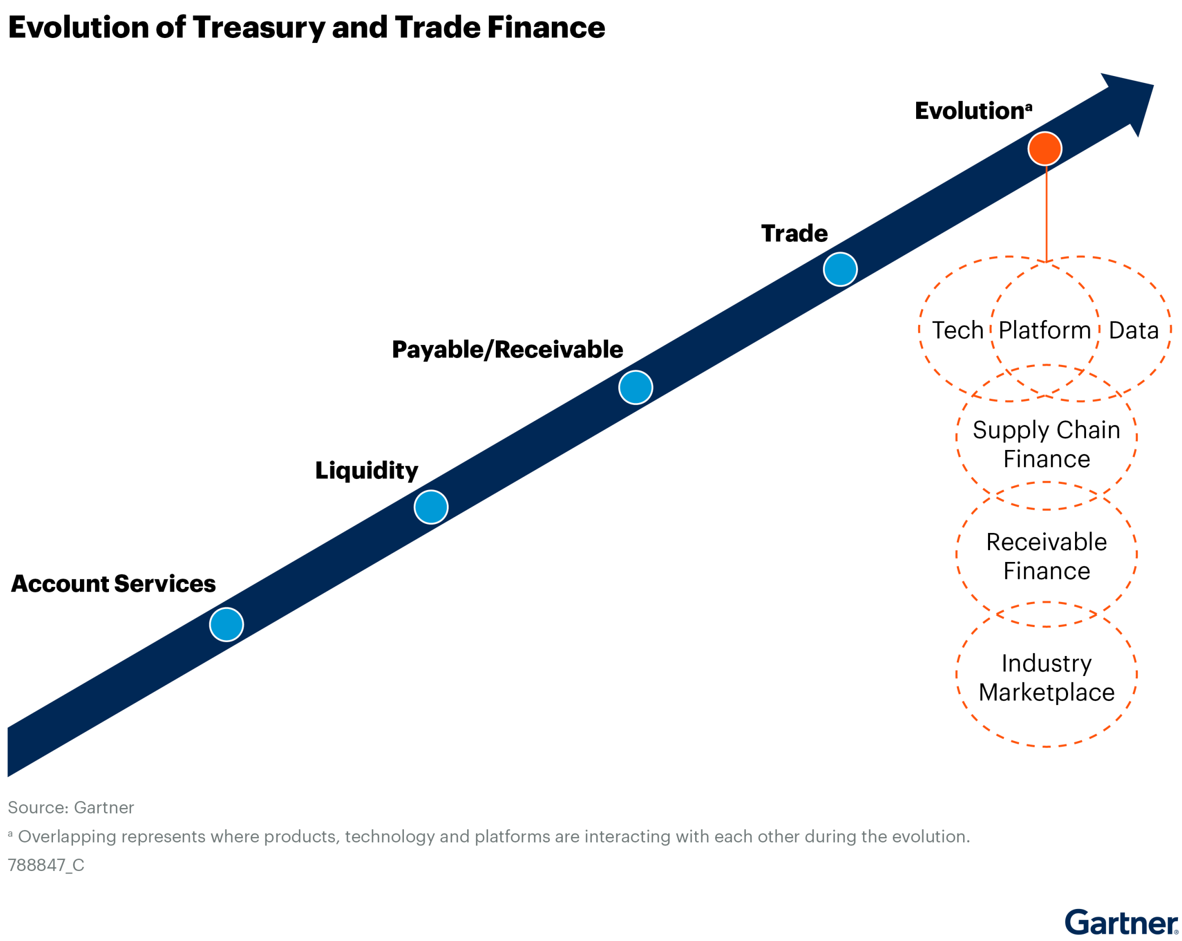
Market Direction

Cash management and trade finance systems will continue to be a hot competitive area between banks and fintechs as they seek to win and retain commercial banking clients (How Banks Can Address Challenges From NBFIs in Corporate Liquidity Products and Services).

Aggregation of Disparate Solutions

The most advanced vendor solutions tend to focus on aggregating cash management, trade and supply chain finance, consistent operating models, client services, core banking systems, advanced technologies, analytics and AI tools. Such providers are aware of the growing demand to overcome the fragmentation and lack of standardization that long characterized trade finance offerings. Working capital management, for instance, was offered by financial institutions through individual products and services (e.g., payable, receivable, liquidity, trade finance, working capital facilities). Today, though, clients are seeking the most advanced software and one-stop platform solutions capable of supporting scalable and robust products (see Figure 2).

Figure 2: Evolution of Treasury and Trade Finance



Such solutions offer an optimal customer experience thanks to real-time treasury and working capital management and forecasting, data analytics, risk management tools and an open platform. Some providers are creating platforms that bring together independent software vendors and compose their business processes through an API-based structure, which in turn, can foster greater digitization and standardization of trade finance and cash management.

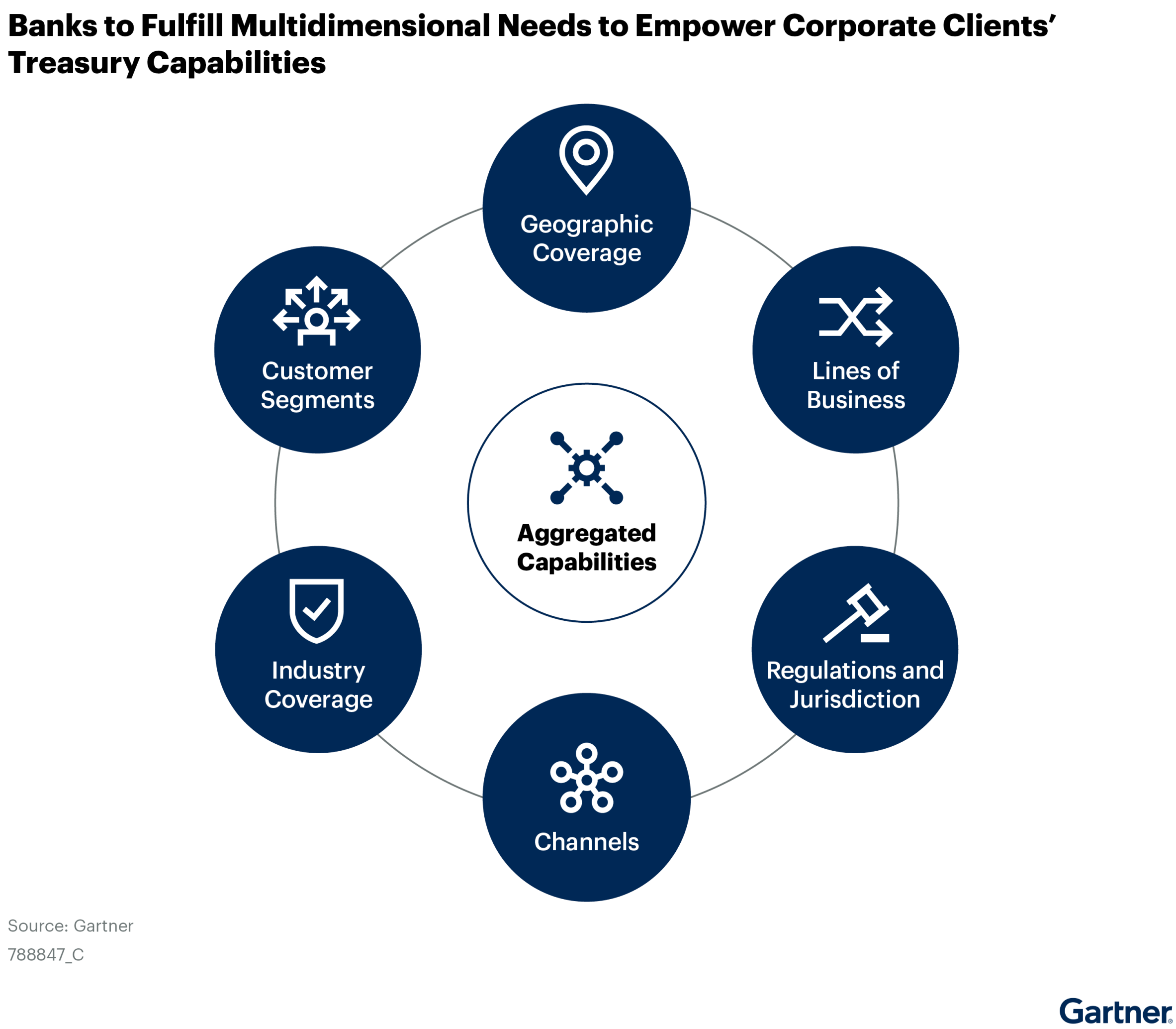
Increasingly, supply chain solutions that overlap with trade finance are being incorporated into solution suites. According to a supply chain survey conducted by HSBC in 2022, 67% of organizations in Asia/Pacific were planning to reduce the number of their supply chain partners. [2] That appears to be part of an ongoing refocus by companies on rationalizing supply chains and reducing risk in the wake of the supply chain breakages that occurred during the pandemic. Given this broader attention to supply chains, banks should be looking to vendors that can offer a comprehensive and one-stop trade and supply chain solution for institutional clients.

Because cash management and trade finance are both very broad types of business, vendors leverage different technologies to bundle and provide solutions in their respective areas of superiority. We believe some vendors will build solutions that more directly and effectively address specific vertical markets in the near future.

More Attention to Multidimensional Needs

There is also a trend for solutions to address multidimensional bank needs. Cash management and trade finance are dedicated to assisting banks in partnering with their institutional clients and in fulfilling corporate clients' treasury management needs, as well as internal banking risk control needs and funding management. Increasingly, solutions will have to address the kinds of multidimensional needs illustrated in Figure 3 as banks seek to maintain business sustainability and broad market coverage. For instance, trade finance solutions will incorporate real-time foreign currency features and address regulatory requirements specific to local jurisdictions, and both cash management and trade finance will be tailored to the needs and preferences of specific commercial and corporate client segments and industries.

Figure 3: Banks to Fulfill Multidimensional Needs to Empower Corporate Clients' Treasury Capabilities



Market Analysis

This section will provide a deep analysis of three types of vendor solutions:

- Integrated cash management and trade finance solutions
- Stand-alone cash management and trade finance solutions
- New business and product solution models

Integrated Cash Management and Trade Finance Solutions

Only a few vendors are able to provide truly integrated and complete cash management/trade finance solutions. Such solutions generally must have the following systems and product capabilities to be considered full cash management/trade finance solutions suites.

System Capabilities:

- Strong compatibility with core banking systems (CBS) and other back-end systems, with a scalable and flexible integration layer for assisting banks in deploying integrations between different systems
- Specific applications and process capabilities, including payments, clearing and interest settlement, all of which work together as one solution
- Interoperability between different architectures, such as the ability to handle nonsensitive data on the public cloud while keeping financial transaction data on private clouds or on-premises infrastructure
- Process payments on the public cloud but store payment data on a private cloud.

Product Capabilities

- Multiple cash management and trade finance product lines covering virtually every aspect of an enterprise's working capital needs, including payables, receivables, payments on behalf of (POBO) and collections on behalf of (COBO), netting, liquidity, and the different forms of trade finance
- Products that comply with any local requirements, though few vendors have the experience and capabilities required for installing such localized products within their global operations, although such products are necessary for truly integrated solutions

Cloud Migrations Banks started to move cash management and trade finance to the cloud for the sake of:

- More flexible customer-facing transaction and dashboard interfaces
- Seamless, real-time flow of data between the bank and customers
- Integrating with open banking solutions

- Expanding new client segments with flexibility and agility
- Enabling real-time payments processing without on-premises infrastructure bottlenecks

Leading vendors offer flexible cloud deployment to banks for cash management and trade finance solutions through cloud deployment (hybrid/private/public cloud and SaaS).

Stand-Alone Cash Management and Trade Finance Solutions

In contrast to such integrated solutions, most vendors offer modular or stand-alone solutions, which can be attractive to banks due to budget, project scope, delivery time, and architectural and risk mitigation considerations. We divide such vendors into two types:

- Vendors that provide either cash management or trade finance solutions
- Vendors that provide additional or supporting components for cash management or trade finance functionalities, such as mobile architecture, omnichannel solutions or discrete supply chain finance components

Such providers can:

1. **Offer a platform solution for a vertical industry.** One example is e-commerce cross-border trade platform providers. These vendors work with clients to improve cross-border trade processes by increasing access to finance with market-leading technology and intelligent processes. Another example of a platform solution for a vertical is an APAC local vendor trying to solve pain points on trade loan settlement by leveraging smart contracts and ClearPar by S&P Global in loan processing.

2. **Provide a product platform to fulfill banks' specific client segment needs.** Classic examples we see from the market include cash management vendors offering automated working capital platforms that help banks in Asia/Pacific:

- Accelerate time to market.
- Modernize their working capital systems with market-leading functionality.
- Create stickiness with corporate clients.
- Offer an actionable working capital cockpit to corporate clients.

- Expand assets through receivables financing or purchase order financing, thus helping banks grow fee-based income.

Vendors offering partial and/or stand-alone solutions, for instance:

- Leverage the platform as a solution to improve end-to-end flow and client journeys, integrate with ecosystem partners, and manage both internal and external services for specific product lines and business functions.
- Integrate different kinds of technologies on a platform such as AI, data analytics, business intelligence (BI), blockchain, hyperautomation and low code to make everything work together to achieve multiple business goals.
- Build out-of-box applications on a platform to accelerate configuration, features and functions. There are also partnerships with fintechs using a marketplace to provide some of the additional functionality.

New Business and Product Solution Models

Gartner observes new business models emerging in the market:

- While banks used to leverage trade finance to engage corporate clients for global trading activities, in recent years, supply chain finance has gradually become a new global trading program to facilitate financing activities of global traders.
- Open banking solutions have evolved from a vague concept into real use cases.

New Model — Supply Chain Finance: Supply chain finance becomes an integrated solution and bundles with trade finance to serve both large corporate and small and midsize (SME) needs. While supply chain finance can often be considered a subcategory of trade finance, most vendors today offer only basic supply chain finance solutions with limited features, such as receivables financing, forfaiting, payables financing and bank payment obligation (BPO). Other supply chain features like distributor finance, warehouse finance, preshipment finance and trade finance securitization are currently lacking from most vendors' offerings in the market. The major challenges that limit the fast development of digitized supply chain finance are lack of transparency and interoperability, legislation, regulation and the potential for fincrime across multiple participants (e.g., buyers, sellers, financial institutions, insurers, logistics) from different countries in a deal. It is Gartner's view that these impediments are yielding to market demand and to technology advancements that are making the integration of supply chain finance easy to achieve.

New Model — Open Banking Solutions: Banking as a service (BaaS) becomes a new approach to enable banks to deliver embedded finance, enrich client experience and generate new streams of revenue. Two examples already exist:

- **BaaS for underserved groups —** Embedded finance built on a platform to serve small-business owners who run their business finances out of a personal bank account. The integrated platform solutions are making financial services available that this group might not otherwise have had access to.

- **B2B digital platform —** A sourcing platform that links buyers and suppliers to optimize the management of working capital and liquidity among different parties.

Representative Vendors

The vendors listed in this Market Guide do not imply an exhaustive list. This section is intended to provide more understanding of the market and its offerings.

Vendor Selection

The vendors listed in Table 1 of this Market Guide provide integrated or stand-alone cash management and trade finance solutions. The list contains both technology and service solution providers. The vendors represented in this Market Guide are not intended to be exhaustive and were selected based on Gartner SRS search results and share of voice (e.g., Gartner client interest and Gartner internal teams).

Table 1: Representative Vendors

(Enlarged table in Appendix)

Vendor Company Name	Cash Management Product Name	Trade Finance Product Name
Advance Innovations (AdIns)	CONFINS.R3	Not Applicable
Aurionpro	iCashpro +	iCashpro +
Bantotal Banking Platform	Bantotal	Bantotal
COBIS (Topaz)	COBIS TOPAZ Core Banking Platform	COBIS TOPAZ Core Banking Platform
Comarch	Comarch Open Platform	Comarch Open Platform
CSI	NuPoint	Not Applicable
Fennech Financial	Fennech F ^{3} Platform	Not Applicable
Infosys Finacle	Finacle Corporate Banking	Finacle Corporate Banking Suite
Finastra	Finastra Cash Management	Finastra Trade and Working Capital
FIS	Get Paid Integrated Payables Digital One	Modern Banking Platform
Fiserv	Fiserv Solution	Not Applicable
IBM	Not Applicable	IBM Trade Finance Business Platform
i-exceed technology solutions	Appzillon SME and Corporate Banking	Appzillon SME and Corporate Banking
Intellect Design Arena	Digital Transaction Banking (DTB)	Digital Transaction Banking (DTB)
Jack Henry	Banno for Business Treasury Management	Not Applicable
Kyriba	Kyriba Solution	Kyriba Solution
Nelito Systems	Fincraft Core Banking System	Not Applicable
Newgen	NewgeONE Platform for Connected Banking	NewgeONE Platform for Connected Banking
Nucleus Software	FinnAxia	Not Applicable
OneConnect Financial Technology	OneConnect (OC) Digital Core OneConnect (OC) E-KYC, Mobile & Web Channel Solutions	OneConnect (OC) E-KYC, Mobile & Web Channel Solutions OneConnect (OC) Smart Lending Platform (SLP) —
Oracle	Oracle Banking Cash Management Oracle Banking Liquidity Management Oracle Banking Virtual Account Management Oracle Banking Payments Oracle Banking Digital Experience (OBDX) Oracle Banking APIs	Oracle Banking Trade Finance Oracle Banking Supply Chain Finance (OBSCF)
SAP Fioneer	SAP Fioneer Solution	Not Applicable
Sopra Banking Software	Sopra Banking Platform	Sopra Financing Platform
Tagit	Mobeix Corporate Banking	Mobeix Corporate Banking
Tata Consultancy Services	TCS BaNCS	TCS BaNCS
Temenos	Temenos Solution	Temenos Solution
Thoughtworks	Thoughtworks Services	Thoughtworks Services
TurnKey Lender	Not Applicable	TurnKey Lender Platform

Source: Gartner (October 2023)

Market Recommendations

Upgrading or switching to a new cash management or trade finance system or platform is not done lightly and can be challenging for both vendors and banks. Regardless of geography, bank CIOs in the transaction banking sector should:

- Define your transaction banking technology strategy. Define an overall transaction banking digitalization strategy, and determine whether your best approach is to acquire an integrated offering or choose a selective, stand-alone solution.
- Have a clear picture of client segmentation. Ensure that RFIs and RFPs focus on the current and future target client segments for your cash management and trade finance services.

- For cash management, ask vendors about emerging solutions, such as hands-on experience with ISO 20022; client self-service tools; global or regional cash management digital platform; ESG; cash forecast tools.
- For trade finance, ask vendors about supply chain finance solutions and their related counterparty onboarding service; distributed ledger technology solutions; digital documentation; and cross border e-commerce platform, cost saving and efficiency improvement.
- For integrated cash management and trade finance, ask about pluggable and extensible architecture; contextual and predictive features through machine learning; capabilities to offer UX and componentized UI for high self-service adoption; branding and product packaging; integration layers and experience with external and internal systems/core banking systems.
- Request a demo. Banks looking to long-term modernization of both cash management and trade finance should ask vendors for a demo of their existing product and system capabilities and inquire about the overall cash management and trade finance architecture. They should also request a future development roadmap to ensure that the vendor can support their continuous evolution and ability to adjust to rapidly changing market needs.

Evidence

[1] Engineering the Next Generation of Financial Services, Together, SAP Fioneer

[2] Global Supply Chains — Networks of Tomorrow, HSBC

Note 1: Gartner's Initial Market Coverage

This Market Guide provides Gartner's initial coverage of the market and focuses on the market definition, rationale for the market and market dynamics.

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

How Banks Can Address Challenges From NBFIs in Corporate Liquidity Products and Services

Fintechs' Disruptive Threats to Banks Within the Payments Space

Fintechs' Strengths in D&A and Innovation Expose Banks' Vulnerabilities With SMEs

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CSI	NuPoint	Not Applicable
Fennech Financial	Fennech F ^{3} Platform	Not Applicable
Infosys Finacle	Finacle Corporate Banking	Finacle Corporate Banking Suite
Finastra	Finastra Cash Management	Finastra Trade and Working Capital
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