

What Are Banks Missing in the Blockchain Treasury Equation?

(12 September 2022 - Global) Corporates are open and willing to integrate blockchain into the treasury function, so what is holding them back?

Exclusive new East & Partners and PCM voice of the customer research reveals CFOs and corporate treasurers most pressing needs and expectations for blockchain and digital currencies within the treasury function.

The analysis outlines how proficiently they are being served by their bank and receptiveness to innovative new digital processes, StableCoins and central bank digital currencies (CBDCs) based on direct interviews with 850 treasury professional of the top 100 revenue ranked enterprises in each of nine countries globally.

CFOs are looking to blockchain/distributed ledger technology (DLT) for enhanced transaction security, faster settlement and lower costs. Trade finance, cross-border payments and cash management functions are the highest priorities for the implementation of blockchain and DLT solutions according to corporate treasurers from leading global corporations.

“Trade is definitely where we see big benefits and efficiencies in DLT payment solutions. We have a pilot planned with our trade bank for early 2023 to use as a learning experience – actually for both parties.”

Treasurer, Hong Kong, USD3.5Bn Importer Distributor

Perennial pain points remain ingrained as a result of creaking legacy systems and excessive complexity, with persistently high costs, slow settlement times and poor transparency leading to a high level of antagonism among leading treasury professionals.

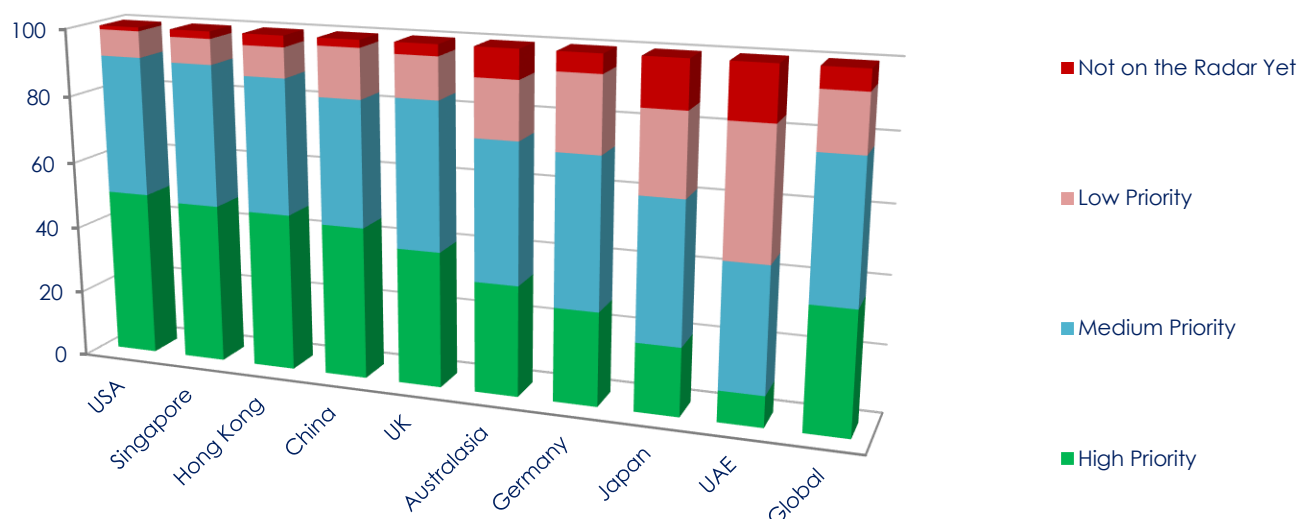
What are the most impregnable barriers to adopting DLT and blockchain systems? Perceived barriers to implementing blockchain solutions include a lack of connected partners, high set-up costs and low levels of support from banking partners.

Almost one in two large corporates reported a lack of connected partners as a critical obstacle (45 percent). Perceived inhibitive set-up costs (31 percent) and a lack of support from their banking partner (30 percent) were also major impediments, rising to as high as 59 percent in the UAE. Further concerns include exposure to cyber risk and fraud through the introduction of blockchain solutions.

Almost eight in ten major global companies said that blockchain systems in finance were either a high (36 percent) or medium (41 percent) priority. Companies from the world's two leading economies, the USA and China, place the greatest priority on blockchain investment with 49 percent and 46 percent of corporates from these markets declaring blockchain was a high priority, respectively.

Crypto Payment Priority Within Broader Digital Investment Plans

% of Total



A distinctive correlation emerges between the importance placed on blockchain and propensity for investment, with companies in China and the USA willing to invest the greatest value (US\$16.6 million and US\$13 million respectively) in blockchain/DLT systems. Across all nine markets, corporates are willing to invest US\$10.3 million on average into blockchain processes, with higher figures on average recorded in Asia.

A startling eight in ten corporates (77 percent) are unaware of their bank's existing offerings in cryptocurrencies and blockchain, with fewer than one in ten (8 percent) actually working with their bank in this year. Importantly the adoption rate varies widely between markets however, with almost one in five (18 percent) Chinese enterprises working with their bank on crypto and blockchain in payments, followed by Singapore.

“We’ve been looking at DLT and Blockchain for some time now but are struggling to get much traction or clarity around moving forward. Our banks aren’t especially helpful or informative yet there is a lot of noise out there”

Group Treasurer, German, USD10.0Bn Manufacturer

It is clear that Banks must do more to service their clients in both advisory and executional capacities for blockchain.

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About the research:

East & Partners and PCM have partnered to create the world's first guide to developing future strategies for corporate, B2B and consumer payments.

[The Great Switch: Major Companies are Ready for Blockchain – but can Banks Deliver?](#) features analysis and reporting by country based on direct interviews with 900 C-suite professionals across nine key markets in Europe, North America, the Middle East and Asia. We are observing evidence of corporates being seriously conflicted between the opportunities and risks of engaging with DLT / Stablecoin / CBDC payment solutions. CFOs are seeking support that in many instances is not yet forthcoming.

Topics covered include

- » Compliance challenges faced by those accepting digital currencies
- » The current user experience when using digital currencies and how to improve it
- » Key areas for early adoption of blockchain/digital currencies and risk factors
- » Current bank offerings in digital currencies/blockchain and where these need to improve
- » Where regulators should focus their efforts going forward in digital currencies

Report available now: <http://www.eastandpartners.com/research/thought-leadership/blockchain-adoption-research>

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