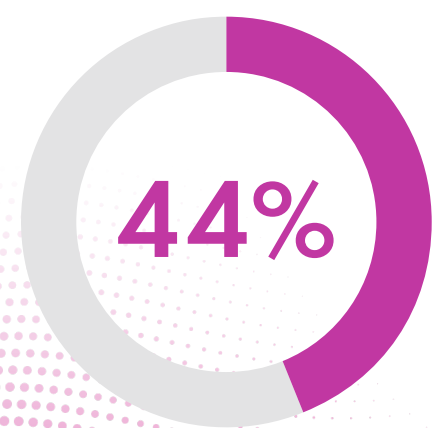


Finastra Europe Corporate Banking Day highlights the importance of digitization and AI amid industry changes



Audience poll finds the greatest challenge and/or opportunity faced by the industry is digitization

The Europe Corporate Banking Day in London on 6 March 2025 spotlighted key market and technological trends in corporate lending and trade finance. The event, which attracted senior executives across the banking, technology and sustainability sectors, was sponsored by Microsoft and Tech Mahindra.

Key insights from the event include:

The lending and trade finance markets are shifting:

Institutional investors and private credit are increasingly dominating the market, with growing appetite for direct lending as borrowers seek the best financing options. However, the lending industry still faces many challenges related to transparency, interconnectivity, inefficiencies and balancing regulation with innovation. Global political and economic fluctuations are also creating new trade corridors, requiring institutions to be agile and flexible to manage them effectively, and driving a shift from payables to receivables finance.

Corporates expect seamless services; yet digitization remains a challenge:

Corporates demand banking services that are personalized, digital, instant, and both local and global. However, an audience poll identified digitization as the highest challenge and/or opportunity, cited by 44% of institutions. Across the industry, data remains largely in paper form, creating significant barriers. Banks must invest in customer-centricity by implementing truly digital customer journeys, straight-through processing (STP) and automation, while reducing loan approval time. Technologies such as cloud, microservices, APIs, digital ecosystems and agentic AI play an important role.

Industry expertise is declining: As the next generation enters the workforce, institutions must capture knowledge from experienced workers before they retire, storing it in a structured database. More admin-focused roles must be migrated, upskilled and digitized to attract younger talent. An audience poll revealed that talent attraction and retention were the biggest challenge and / or opportunity for a quarter (24%) of respondents.

AI is here to stay: When implemented correctly, AI can augment human capabilities and deliver automation. Large language models (LLMs) serve as a valuable resource for information, bridging knowledge gaps and facilitating faster decision-making. With AI, institutions can, for example, issue more letters of credit (LCs) and digital trade agreements, and better track, report and fulfill sustainability commitments. It can speed up document processing, compliance checking and contract approval times. In the future, we may see autonomous supply chains and transaction processing, as well as augmented smart contracts with instant settlement.

Advancing tokenization in trade finance: Although it has been discussed for many years, banks today are increasingly experimenting with tokenization. Innovations such as smart contracts, stable and risk coins can drive greater efficiencies in trade settlement and post-trade processing, enhance risk management and provide more effective access to capital. With routers, multiple use cases can be created. Despite the opportunities, the lack of industry standards remains a challenge. However, some argue that standards can stifle innovation and therefore should be established once market connectivity is achieved.