SAP Taulia

5th Edition

CFO Perspectives: Unlocking Insights Through Conversation

Next-Gen Payments

Summary

Interactive buttons

Featured Executives

Industry leaders contributing their expertise to this e-book have offered valuable insights.

Rebecca Carvatt

Global Client Service Partner, EY

Richard Widmann

Global Head of Strategy, Web3, Google Cloud

Larry Wade

Sr. Director - Global Head of Risk & Compliance, BCDC-Xoom and Corporate Staff Units, PayPal

Bernhard Schweizer

Head of Digital Currency Hub, SAP

Kirby Montgomery

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General Manager and Head of Working Capital Management & Treasury CoE, SAP

I.

Executive Summary

The transformation of global payments: From traditional banking rails to real-time digital money and instant payments

Payment rails are the lines that link banks, individuals, and businesses. By 2028, at least *32% of global transactions* are expected to be conducted via instant payments, e-money, and direct debit.

Schemes such as the Single Euro Payments Area (SEPA) in Europe, the United Payments Interface (UPI) in India, and the Faster Payment System (FPS) in Hong Kong are increasingly being adopted by consumers and businesses alike.

This reimagining of financial services is both fuelling and responding to an ecosystem where costs, speed, and availability matter for companies, with fewer pauses and delays across borders leading to less friction and greater efficiency. Much has changed in the global payment system since the days of walking into a bank and talking to a clerk – and more change is still to come.

Embrace digital payments now: Harness the power of integrating financial data with operational data

Businesses will feel increasing pressure to offer faster payment options as customer interest grows in this area. A record *92% of US consumers* have used some form of digital payment in the past year, while the number of EU instant payment transactions is forecast to grow from 3 billion in 2024 to 30 billion in 2028 according to McKinsey.

Meanwhile, Deloitte estimated that global e-commerce volumes have *more than quadrupled in the past decade,* with total sales projected to reach $6.3 trillion by year-end 2024.

Businesses are keen to tap into the world of e-commerce growth, new global customer bases, and access to data insights about spending behavior that digital payments can bring.

By integrating secure, fast, and convenient digital payment solutions, enterprises of all sizes can position themselves for growth in a more global, digital-first economy.

A range of global payment innovations are driving a shift in financial transactions

The global blockchain in banking and financial services market *is growing rapidly,* from $6.98 billion in 2024 to $10.85 billion in 2025, and is projected to reach $40.9 billion by 2029. This has been driven by demand for real-time transfers, digital banking and by government initiatives.

Stablecoins – built on blockchain networks and pegged to the value of a stable asset to maintain a fixed value and reduce volatility – are a practical option for cross-border payments.

Central Bank Digital Currencies (CBDCs) provide trusted benchmarks for digital currencies. *More than 90% of central banks* are pursuing or considering CBDC projects, and more than 30 have already rolled out pilots. However, President Trump's executive order in January 2025 *that prohibits CBDCs in the US* could be disruptive, at a time when many countries are actively exploring how to make use of them.

Meanwhile, virtual cards help both businesses and consumers manage recurring automated payments to drive efficiency, as well as providing expenses control for businesses.

Put together, these solutions enable more efficient and automated payment processes. When used effectively, they can help both businesses and individuals transact seamlessly in a constantly evolving digital economy.

The strategic impact on liquidity management, global commerce and business efficiency

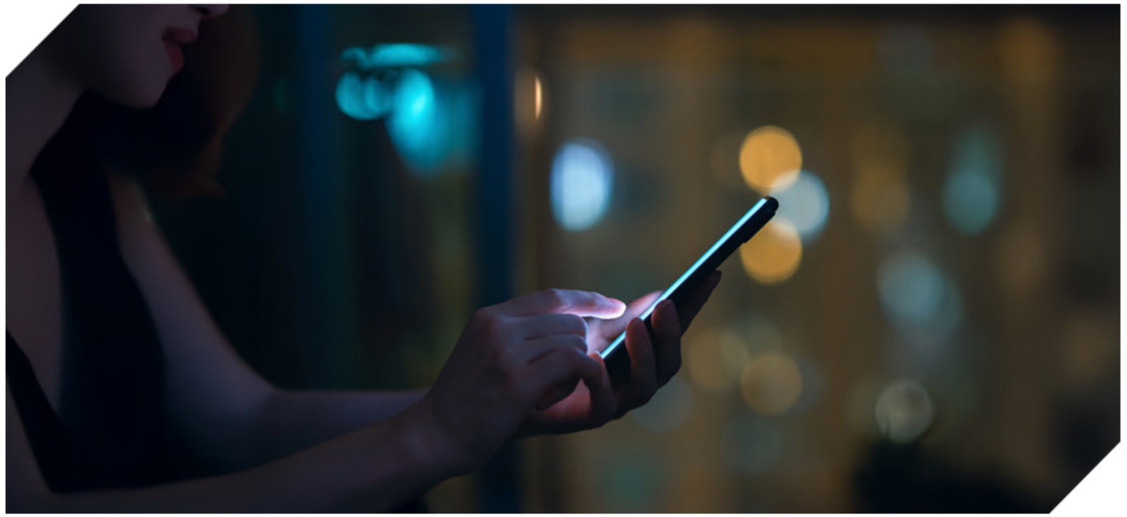
While 51% of respondents from *SAP Taulia's 2024-25 survey* into supplier mindsets and behaviors said their buyers typically pay late, the most significant benefit of faster payments was access to liquidity and/or cash that is not debt on the balance sheet.

> *"Faster payments will bring greater certainty, enabling businesses to both optimize their working capital and reduce their reliance on other forms of credit to finance their operations,"* **noted Sébastien Delasnerie, executive vice president, commercial cards, Mastercard, in *SAP Taulia's Virtual Cards report.***

Digital currencies have created an entirely new payment rail, one that runs 24/7, boosts efficiency and is effectively borderless. The outcome for liquidity management is a scenario that allows companies to settle instantly at low costs, streamlines transactions, responds faster to market changes, and reduces friction in global commerce.

II.

The Power of Real-Time, Global Payments



In today's interconnected world, businesses and customers alike are increasingly demanding speed, convenience and efficiency from those they pay to serve their needs. People now expect instant access to funds they're transferring or receiving, not to have to wait days or pay high fees.

In a globalized economy, real-time payments provide cost-cutting and time-saving efficiencies that traditional banking systems cannot compete. With no delays holding up money coming in or going out, businesses can get an improved view of cash flow and access to funds for operational needs, enabling them to make faster, more focused decisions.

01. The new standard: 24/7 instant transactions

Businesses and individuals now demand immediacy combined with efficiency. By eliminating the delays associated with traditional banking systems, real-time transactions allow for faster settlement of payments and responsive transactions such as bill payments, e-commerce, immediate fund transfers, and real-time remittances.

For global payments, this enables immediate, secure cross-border transactions without having to consider time zone differences, bank hours or lengthy processing times, and provides financial inclusion for those without access to traditional banking services.

The result is a dynamic, connected ecosystem where payments are faster, more secure and easier to manage.

How digital money eliminates settlement delays & banking hours as limitations?

Digital currencies eliminate the need for intermediaries, and allow for streamlined payment processes, lower transaction costs and reduced settlement delays.

Larry Wade
Sr. Director - Global Head of Risk & Compliance, BCDC-Xoom and Corporate Staff Units, PayPal

"Digital currencies and the power of the blockchain enable us to shift the dynamic for how money moves across the globe," **according to Larry Wade, Sr. Director - Global Head of Risk & Compliance, BCDC-Xoom and Corporate Staff Units from PayPal.**

"From reducing transaction costs and settlement times to the ability to make transactions after business hours, digital currencies have created an entirely new payment rail that runs 24/7 and is effectively borderless," **he added.**

Unlike conventional payment methods, which can take days to process, decentralised digital money transactions take place instantaneously.

"*This isn't just about more efficient transactions; it's about reimagining financial services,"* **he added.**

"The future of finance increasingly operates on demand, with fewer pauses and borders. We believe that this creates significant opportunities for businesses and consumers alike."

The benefits of digital currencies and other real-time payment methods across businesses

The benefits of using digital currencies go beyond the above-mentioned factors that simplify transactions without being constrained by traditional banking schedules.

"There are many different and varied dimensions where we can see the benefits of digital currencies. The enhanced treasury management allows for more efficient capital allocation, while streamlined cross-border transactions reduce friction in global commerce," **said Wade from PayPal,** *"There are many use cases where we could see this come to life in the future, such as in micropayments and global payouts."*

Digital currencies could also allow businesses to tap into emerging markets where traditional banking infrastructure is lacking.

As Wade says: *"Programmable money – which uses smart contracts and blockchain technology to execute transactions automatically in line with predefined rules – has the potential to automate complex payment schedules and create more inclusive financial services for underserved business segments.*

The most promising applications will be those that solve genuine challenges, rather than simply implementing technology for its own sake."

Key sectors benefiting from always-on financial transactions

When payments and settlements are instant, 24/7 and secure, some sectors are particularly well-placed to take full advantage.

The e-commerce industry, for example, thrives on being able to use instant payments, with the efficiency of especially speedy and frictionless cross-border transactions crucial for retaining customer trust and loyalty.

There are also benefits to the financial services sector, with improvements in liquidity management that can enable real-time trading, faster settlement of investments, and quicker insurance underwriting.

Meanwhile, supply chain management can be strengthened with quicker, smoother payments to vendors and suppliers, while startups and small businesses may be able to access quicker funding to help them become more agile.

02. Cross-border payments reinvented

It's not an exaggeration to say that blockchain technology has the potential to revolutionize the way cross-border payments are made. With traditional financial networks, including SWIFT and correspondent banking systems, payments are typically subject to hurdles such as intermediary banks, delays due to time zone differences and manual regulatory checks, and fees for service provision and currency conversions.

Advances in digital currencies, however, allow for cost-effective, real-time transfers that bypass traditional financial institutions. This reinvention of global payments makes for secure, transparent, and immediate lower-cost transactions. Lowering geographical barriers allows greater financial inclusion from regions excluded from traditional banking systems, sparking growth in emerging markets.

The inefficiencies of traditional SWIFT and correspondent banking

The limitations of conventional banking systems arguably hinder the efficiency of international payments, adding layers of compliance, delays and costs.

"B2B cross-border transactions through traditional channels may involve multiple intermediaries, potentially extending settlement timeframes and adding complexity to reconciliation processes," **Wade from PayPal said.**

He added that because global businesses often navigate varying operating hours across financial institutions in different regions, it can affect the consistency and predictability of their cash flow management.

"The innovation we're seeing in cross-border payments is largely focused on complementing these established systems with solutions that address specific friction points," **he said.**

"By integrating modern technologies alongside traditional infrastructure, we're working towards a more seamless global payment ecosystem, one that maintains the necessary security and compliance frameworks while improving the experience for businesses of all sizes. As this evolution continues, we will begin to see a more interconnected financial system."

How blockchain-powered payments reduce settlement from days to seconds

Organizations that choose to use blockchain technology for cross-border payments are well-placed to gain a competitive advantage over those using non-blockchain alternatives. The shift from costly wire transfers to blockchain-supported transactions can enable companies to realize faster settlement times and lower transaction costs.

Rebecca Carvatt
Global Client Service Partner, EY

> *"Blockchain transactions are highly programmable, so companies can have scheduled, time-limited orders running 24/7, which reduces the overall organizational infrastructure and cost required to run these processes today,"* **Rebecca Carvatt from EY notes.**
>
> *"As more companies adopt blockchain-based payments to realize these benefits, we expect them to then pass on a portion of the value realized to consumers as a competitive advantage. Over time, we anticipate that the cost of payments will lessen broadly as blockchain payments become a common payment rail."*

Meanwhile, increased transparency in transaction status and routing could provide businesses with more visibility into their global cash flows.

"This enhanced traceability could transform how organizations manage liquidity across markets and currencies," **Wade from PayPal noted,** *"As the ecosystem matures, it will further enhance capabilities around timing, predictability and process efficiency for finance teams."*

III.

The Rise of Digital Currencies: Stablecoins, CBDCs & CBMTs

The new wave of digital payment rails is centered around technologies that address specific needs in modern automated payment workflows.

The rise of digital currencies reflects a global shift toward faster, more efficient, and programmable money in a digital economy.

03. Understanding the three key forms of digital money

It is first worth looking at how stablecoins, CBDCs and Commercial Bank Money Tokens (CBMTs) differ in issuer and use.

Stablecoins are privately issued cryptocurrencies, built on blockchain networks and pegged to the value of a stable asset to maintain a fixed value and reduce volatility. Because of this, they can be a practical option for cross-border payments.

Meanwhile, CBDCs offer an alternative to private digital currencies or cryptocurrencies, with state-backed trust and stability. The regulatory compliance they bring helps boost confidence that they will maintain value with the traditional fiat currencies they are aligned with.

CBMTs, however, are commercial bank deposits represented on a blockchain, backed 1:1 by actual bank reserves, allowing programmable finance while remaining within the regulated banking system.

To sum up, stablecoins are private, CBDCs are public, and CBMTs combine traditional banking with blockchain technology.

CBDCs: How central banks are digitizing sovereign money

CBDCs have the potential to become a foundational layer for the future financial ecosystem and to reach a wide range of unbanked populations, especially in developing countries, with *17% of adults worldwide* lacking access to a bank account.

With the right design in place, according to Richard Widmann from Google, they could enhance global monetary system efficiency, promote financial inclusion, and enable innovative solutions such as programmability and micropayments.

However, for the benefits to come into fruition, complex policy and technical challenges will need to be addressed in areas such as privacy, security and resilience, as well as interoperability with existing systems.

Richard Widmann
Global Head of Strategy, Web3, Google Cloud

> *"We believe CBDCs could foster a more open and accessible global financial infrastructure, but their ultimate impact depends heavily on design choices made by issuing authorities,"* **said Widmann from Google.**

Stablecoins: The most widely used bridge between traditional finance and blockchain

With traditional finance cross-border payments taking on average 2-3 days to settle, at a cost of at least $50 per transaction, instant settlement with stablecoins on blockchain rails can cost just a few cents in comparison.

Bernhard Schweizer
Head of Digital Currency Hub, SAP

> *"Stablecoins, or more specifically fiat-pegged stablecoins like USDC or PYUSD, are essentially cash in digital form. This digital form of money is particularly appealing in use cases where costs, speed, and availability matter, specifically cross-border payments and very time-critical domestic payments after cut-off times,"* **said Bernhard Schweizer, Head of Digital Currency Hub, SAP.**

The only way to execute domestic payments after the cut-off times of banks is via this new payment rail, as it is available 24/7 with near-instant settlement. Nonetheless, traditional finance won't go away any time soon, **Schweizer adds, as** *"it forms the bridge between fiat money and privately issued e-money like stablecoins."*

Commercial bank money tokens (CBMTs): Digitizing bank deposits for intra-bank instant payments

The need to ensure interoperability between different forms of digital money is crucial for creating a seamless digital financial future.

"This interoperability is baked into our design principles for this space, with a flexible and open infrastructure on platforms such as Google Cloud Universal Ledger that can connect disparate systems, offer standardized APIs and support multiple currencies and asset representations," **said Widmann from Google Cloud.**

The digitization of bank deposits via CMBTs presents an opportunity for banks to modernize their infrastructure and offer innovative services. Evolution, rather than revolution.

"CBMTs running on modern platforms could enable 24/7 real-time settlement, programmability for automated workflows, and reduced costs for domestic and cross-border payments," **Widmann added.** *"This shift empowers banks to leverage their existing strengths – trust, regulatory compliance and customer relationships – while competing more effectively in the digital age."*

All forms of digital money, whether CBDCs, CBMTs or stablecoins are characterised by near-instant settlement at low costs, says Schweizer, and this can significantly increase the efficiency of cross-border payments - but he adds that it's not only about efficiency gains.

"The programmability of payments will lift global trade practices to the next level. For example, the electronic bill of lading (loading a ship with cargo), once tokenized, can trigger on-chain payments once conditions are met, such as arrival at a certain port."

04. The blockchain infrastructure powering digital payments

Blockchain infrastructure is revolutionizing digital payments by offering a decentralized, secure, and transparent system for recording and verifying transactions. Because data within a blockchain is immutable, meaning it can't be altered, once a user enters data, it is secure. Every transaction is recorded on the blockchain, making it verifiable and auditable.

This cryptographic encryption limits the need for any kind of third party, such as auditors or additional checks, which may lead to inconsistencies or errors, and makes it difficult for fraudsters to alter or manipulate transactions.

Consequently, blockchain infrastructure helps facilitate faster, more cost-effective, and accessible payments and reduces reliance on traditional intermediaries like banks.

The role of distributed ledger technology and smart contracts in payments

Distributed ledger technology (DLT) records the details of asset transactions in several places at the same time, without a central data store.

The potential for DLT and smart contracts to modernize payment systems is significant, with gains to be found primarily in enhancing transparency, efficiency and programmability.

DLT provides a shared record which reduces the need for complex reconciliation processes. Meanwhile, smart contracts enable automation of agreements and workflows, which facilitate a faster, potentially atomic settlement (a simultaneous and instantaneous exchange of assets between parties) and reduce counterparty risk.

Moreover, there are potential benefits to be had from these technologies in enhancing transaction efficiencies. Using these technologies helps underpin global, always-on payment rails, supporting multi-currency operations and streamlining complex transactions.

"While challenges remain, the potential for DLT and smart contracts to reduce costs, increase speed, and unlock new payment models is substantial, driving greater efficiency across the financial landscape," **said Widmann from Google.**

Public vs. private blockchain solutions: How they impact payment ecosystems

While public blockchains offer broad accessibility and censorship resistance, they can face challenges with scalability, transaction finality speed, cost volatility, and meeting stringent regulatory requirements (like KYC/AML) for institutional payments, says Widmann from Google.

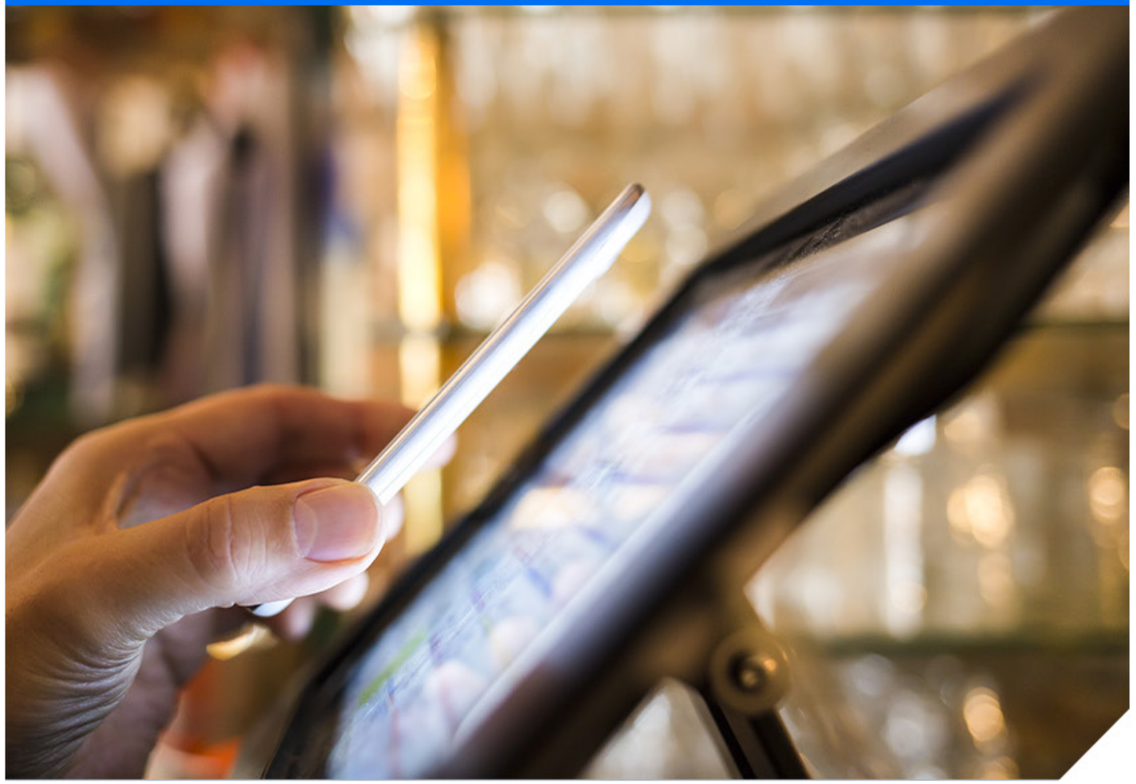
Meanwhile, private/permissioned ledgers provide greater control over participation, governance, privacy, and performance. This can make them better suited for enterprise and regulated financial applications, where compliance and confidentiality are critical.

Leaders at major financial services organizations are now beginning to understand the trade-offs between public and private blockchain networks. They are looking for technology solutions that allow them to extract the benefits of public blockchain networks without the downsides.

Schweizer notes that security and transparency considerations differ between public and private blockchains. *"Public blockchains are, by nature, more open and appealing to a wider audience. However, concerns are often raised over compliance and the privacy of payments."*

One way to address privacy issues is by working with a custody provider that uses so-called omnibus accounts, rather than making the payment from a dedicated, pseudonymized wallet that can be traced back to an individual owner.

"This hides the original sender on the blockchain. Security concerns can be addressed through stablecoin issuers, who can block funds on certain wallets in case of misuse," **he adds.**



The regulatory landscape: MiCA (Europe), SEC (US) and global compliance

The adoption of stablecoins as a means of payment will require regulatory clarity for companies to provide uniform market rules for crypto assets.

The Market in Crypto Assets (MiCA) regulation, which covers crypto assets not currently regulated by existing financial services legislation, came into force in June 2023 in the EU, and the US Securities and Exchange Commission (SEC) is set to follow in 2025.

Schweizer says that clear regulatory guardrails are the precondition for enterprise adoption.

"The new US administration has taken a positive stance on digital assets and is heavily pushing for a new legal framework, and new laws like the GENIUS (Guiding and Establishing National Innovation for US Stablecoins) act are currently under discussion. In fact, the focus is very much on stablecoins, having ruled out the issuance of a central bank digital currency for the US."

As most regulatory frameworks address financial services providers, SAP is not directly affected.

"However, we design our system in such a way that the financial services providers receive all information such as legal entity identifiers (LEI) from the core ERP system, to comply with their duties such as anti-money laundering checks," **he adds.**

05. High-value and time-sensitive transactions

When time is critical, digital payments offer benefits that traditional payment rails simply cannot. They allow money to move quickly—often in seconds—across borders, without delays from banks or intermediaries, with lower fees and less paperwork.

SAP handles high-value and time-sensitive transactions with robust controls, real-time processing, and advanced security features. Through its SAP S/4HANA platform, it provides in-memory computing, enabling instant data access and faster transaction execution. This is crucial for scenarios such as large financial transfers, procurement, and inventory management.

And for industries such as banking and manufacturing, and for supply chains, where speed and accuracy are critical, SAP provides customizable alerts and dashboards to monitor transaction status in real time.

Why instant payments matter for M&A deals, cash flow management, and global trade

> *"If companies want to gain a strategic advantage, they need a strategic approach to payments,"* **says Kirby Montgomery, VP of Product Management, SAP Taulia.**

Kirby Montgomery
VP of Product Management, SAP Taulia.

"Want to win deals or become a preferred partner by paying faster? Offer instant stablecoin transfers, real-time ACH, or instant virtual cards. Want to work with suppliers in regions your competitors can't reach? Pay with stablecoins. Want to improve working capital? Pay suppliers with virtual cards and create win-win terms with both your bank and your suppliers. Embedded payments are strategic. Payments aren't a liability — they're an asset." **he notes.**

The desire for speedy transactions is hardly unique for corporations and global trade. No one likes to wait for longer than necessary, especially in today's 24/7 world. Digital money allows payments to be available 24/7, 365 days without a 'closed for business' sign anywhere.

The global mergers and acquisitions (M&A) landscape is arguably *back on an upward* trajectory after a tough couple of years. To be successful, stakeholders need to act quickly and confidently during critical stages of the process.

Instant payments could reshape how this process operates by streamlining and accelerating financial transactions, both results that are crucial for the efficiency and speed demanded in M&A. Being able to transfer funds in real-time during deal closures can ensure faster completion of what can often be complex, time-sensitive transactions.

Immediate confirmation of payment enables quicker and more accurate cash flow forecasting and liquidity management. If companies know that their money is coming in now and not next week, they can plan to use it now and not next week.

As said previously, blockchain technology can allow for speedier, more streamlined cross-border transactions, with ISO 20022 having created standardization across jurisdictions. Instant payments can also help promote international trade and economic growth by allowing businesses to expand into new markets that may have been excluded from traditional banking systems and, subsequently, reach a broader customer base.

With the SAP Digital Currency Hub, enterprises can make and receive payments using digital currencies at any time - instantly, globally, and at low fees.

How digital money optimizes 828 settlements and corporate treasury management

Digital money, enabled by blockchain, is well suited to meeting the challenges of corporate treasury management, such as managing liquidity, mitigating financial risks, and dealing with currency volatility through faster, cheaper, and safer payment transactions.

"By moving money on blockchain rails, digital money bypasses much of the legacy banking and payment infrastructure," **says Rebecca Carvatt from EY.**

"The always-on nature of many blockchain networks means that corporations can move payments, large and small, free from traditional business hours limitations. For example, being able to close a large M&A transaction on the weekend."

"As interest in stablecoins has grown, we've seen more examples of large corporations using them in day-to-day financial operations," **Carvatt notes.**

"For example, global FinTechs are using stablecoins for weekend settlements to take advantage of 24/7 instant settlement, which helps companies avoid large trade imbalances accumulating over weekends."

Companies are also using stablecoins for treasury management. By holding a portion of cash reserves in the currency, they can benefit from the flexibility and speed of digital asset transactions while maintaining stability in asset value.

"Enterprises are now exploring using stablecoins for employee payroll, which allows companies to offer employees more choice and potentially rethink the overall model of how people are paid," **Carvatt adds.**

For global businesses, employees may opt to receive a portion of their salaries in a stable digital asset instead of their local currency. For 'gig economy' companies, stablecoin-based payroll offers increased programmability of payments, compared with traditional rails that use weekly or bi-weekly frequencies.

Real-world adoption: Enterprises using stablecoins for large-scale transactions

Stablecoins enable programmable payments, such as automatically releasing funds upon delivery confirmation, which improves trust and efficiency. It's not surprising that the real-world adoption of stablecoins has grown so significantly across complex, high-value transactions. However, this can come with its own risks.

"Digital asset payments present novel forms of risk, given the dynamic nature of the underlying technology, evolving industry standards and emerging regulatory frameworks," **notes Rebecca Carvatt.** *"Firms must also consider novel blockchain challenges such as network governance, development, and deployment,"* **she adds.**

Additionally, public blockchains allow actors to interact anonymously, posing significant risk challenges in terms of anti-money laundering (AML), Know Your Business / Know Your Customer (KYB/KYC), and financial crime compliance.

When looking to integrate digital payments into enterprise finance and treasury processes, companies need to find a compelling business case and overall cash management strategy that maximizes the advantages of digital payments.

"Without a business case, the required investment in infrastructure, assets, training, and change management may not be justified," **Carvatt adds.**

"Companies should evaluate the specific rights and obligations associated with holding stablecoins to ensure proper accounting treatment. The tax implications of stablecoin transactions can vary based on the stablecoin's structure and the nature of the transactions."

Finally, companies need to consider how digital payments operations integrate into their existing processes, governance frameworks, and technology infrastructure.

IV.

Payment Factories 2.0

How companies strategically integrate digital payments into financial operations and payment factories

Given the compelling reasons to pilot and adopt payment innovations such as digital money and virtual cards, more and more companies are looking into how these payment innovations can be managed and combined with more traditional payments. Creating silos or different processes is not an option, as it not only harms the often very automated payment processes, but would also create challenges in terms of visibility and required approvals.

Kolja Ewering
Head of Product Management
I2P/I2C/Payments, SAP

> *"Powered by centralized, cloud-based payment factories, SAP helps companies identify the most efficient payment rails to optimize costs, improve visibility and predictability, and increase execution speed,"* **says Kolja Ewering, Head of Product Management - I2P/I2C/Payments, SAP.**

"Integration with programmable money and smart contracts also enables tailored, automated payments, helping businesses adopt new technologies while maintaining financial and operational efficiency."

There are several strategic benefits to using secure, real-time payment platforms that integrate seamlessly with ERP systems, such as S/4HANA through SAP Multi-Bank Connectivity.

APIs (Application Programming Interface) and payment gateways enable automated approvals and instant payment tracking

Multi-factor authentication ensures security and compliance

Standardized formats ensure frictionless cross-border transactions

Real-time reporting helps smooth out decision-making and improve cash flow

Furthermore, a seamless integration into working capital solutions is crucial to truly provide organizations with real-time visibility into cash flow and working capital, enabling efficient liquidity management and minimizing financial risk. SAP Taulia's working capital solution also connects to SAP's Business Network to streamline procurement and invoicing processes, thus fostering an end-to-end approach to optimizing payments.

By adopting secure, scalable payment platforms and linking them with ERP systems, companies can support a more agile and efficient corporate finance structure.

Treasury system integration: How digital currencies, virtual cards, and other digital payment connect to corporate finance

"Corporations are transitioning. They see their payables as liabilities and are moving to a strategic exchange that can drive a top-level KPI for their company," **according to Kirby Montgomery.**

More importantly, he adds, in areas where they want to gain a strategic advantage, companies should use strategic payments - for example, using stablecoins for suppliers in 'exotic' locations, or instant virtual cards in cases such as payroll or expense management.

With SAP, facilitating the integration of digital currencies into ERP and treasury systems is much like any other payment method. For example, to make regular payments via stablecoin, a client only needs to assign a new payment method. The file with the payment instructions is sent to the multi-bank connectivity module and either forwarded to the respective bank or SAP Digital Currency Hub for execution.

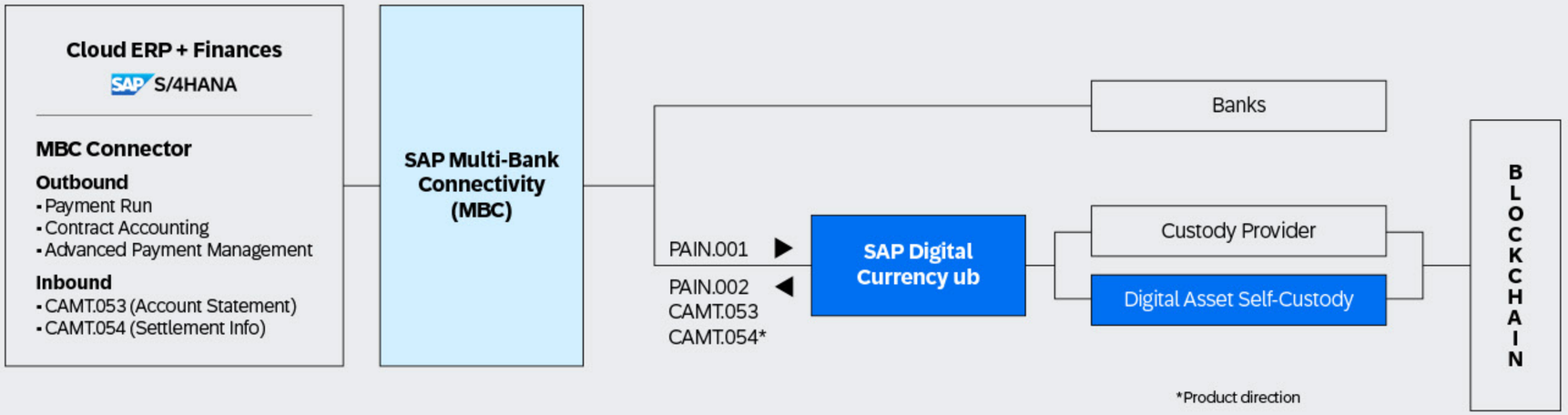
A common challenge companies face is finding a way to link their finance and treasury systems to blockchain and crypto asset service providers. *The SAP Digital Currency Hub* works as a bridge between blockchain, digital assets and ERP worlds.

"While the benefits of digital currencies are clear, they can only be reaped when digital currency payments are tightly integrated into the existing payment operations," **notes Bernhard Schweizer.**

Designing new, parallel payment processes for digital currencies runs the risk of losing those benefits. That's why the SAP Digital Currency Hub simply adds another payment rail onto existing processes.

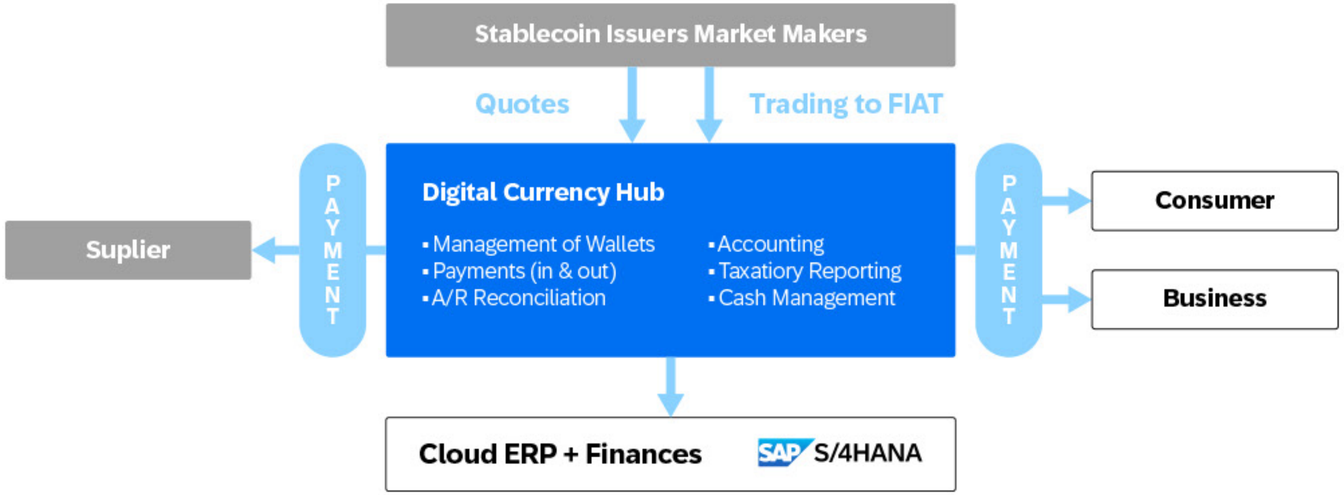
"Treating digital currencies like any other currency, without process changes, allows for smooth payment execution together with the benefits of blockchain-based payments," **Schweizer adds.**

Figure shows the integration of digital currency payments into existing system landscapes using SAP Digital Currency Hub. Integration of digital currency payments into the system landscape:



SAP Digital Currency Hub & other enterprise solutions

The core functionality of the SAP Digital Currency Hub is that it allows customers to make and receive payments using stablecoins. Figure shows the key capabilities of SAP Digital Currency Hub.



The SAP Digital Currency Hub supports companies in managing their stablecoin holdings, either through self-custodial wallets or integration with their custody provider.

Stablecoin holdings are presented in the form of accounts that combine assets residing in different wallets on the same blockchain. All incoming and outgoing stablecoin payments feature remittance information and are included in a daily account statement formatted like any bank account statement in the core financial system, for processing by the ERP system.

The Hub holds all the necessary data required for tax filing and statutory reporting. The Hub connects to stablecoin issuers, market makers, and exchanges to transfer purchased stablecoins – whether to the Hub (on-ramping) or from the Hub for redemption (off-ramping).

As an example of how world-leading organizations have been successfully using the SAP Digital Currency Hub for their digital payment operations, PayPal has been paying EY from its core ERP system using PayPal USD (PYUSD stablecoin), with Coinbase as the payee's custodian.

This enables PayPal to make near-instant payments 24/7, even outside banking hours.

Bridging fiat and digital money: Setting up stablecoin payment workflows

To minimize potential financial and operational risks for companies that use stablecoin payment workflows, SAP has identified several risk management strategies worth considering.

- Ensure that the stablecoin issuer is thoroughly vetted for compliance and counterparty risk. Check whether it segregates the funds backing the stablecoins from its own operations, and that it is transparent in its backing strategy.
- Evaluate whether you want to hold your stablecoins in self-custody or with a custody provider. In the first instance, make sure that your company understands that access to the private key is the same as having access to cash.
- Bear in mind that stablecoin payments are irrevocable. Consequently, ensure that you have recorded the correct wallet address of your business partner. SAP Digital Currency Hub stores business partners' wallet addresses as master data. Set the system authorizations in such a way that no same person can both maintain the master data and initiate payments.
- Before paying a real invoice, make a 'penny test' to test the validity of the account and that integrations have been set up successfully. Depositing a small amount first will help ensure everything is in order.

V.

The Future of Payments: What's Next?

Predicting the future – especially when it comes to technological developments - is never an exact science. But we can expect to see increasing digitization, faster and more convenient payment methods, the continued rise of alternative payment systems like cryptocurrencies, and software-as-a-service (SaaS) solutions for 24/7 payments, instant, globally, and secure, such as ***SAP's Digital Currency Hub.***

The globalization of access to mobile devices will ensure that this remains the primary platform for initiating and managing payments. Meanwhile, the convenience of mobile wallets to replace physical cards and contactless payments to replace chip and PIN is not going away soon.

We expect to see more integration of digital currencies into existing payment factories to allow the combination of traditional and new forms of payments.

Improving the user experience is also key to how payments will increasingly be embedded and streamlined within applications such as e-commerce, delivery, and other fast-transaction platforms.

Without a doubt, artificial intelligence (AI)-powered tools will play a major role in creating the future of payment factories for corporates. The inexorable rise of AI and machine learning has already begun to automate tasks, improve risk assessment, and provide insights for better decision-making, both for companies and, with chatbots, for customers.

06. Trends shaping the next decade of payments

So, what comes next? The next decade is likely to be shaped by the continued rise of real-time payment solutions, digital and mobile payments, the increasing popularity of embedded payments, and the rise of AI and machine learning in the industry.

We also anticipate seeing more growth in Buy Now, Pay Later (BNPL) options, the expansion of open banking and API integration, and an expansion of CBDCs as financial inclusion becomes a priority and payments become increasingly globalised.

Also, look out for a rise in near-field communication (NFC) technology and more adoption of digital wallets on smartphones and smartwatches.

AI-powered transactions and fraud prevention

Fraud detection and prevention is the biggest opportunity for AI in payments, *according to a 2025 NYPAY survey* of financial services senior executives. SAP's innovative solution uses powerful tools that use AI to detect fraud and anomalies in real-time, flagging suspicious activities before they escalate, directly embedded into payment processes.

Thomas Mehlkopf
General Manager and Head of Working Capital Management & Treasury CoE, SAP

> *"SAP leverages AI to enhance transaction efficiency and accuracy by integrating intelligent automation and predictive analytics into its systems. AI-driven solutions in SAP automate complex processes, reduce human intervention, and improve accuracy by learning from historical data and predicting outcomes,"* **says Thomas Mehlkopf, General Manager and Head of Working Capital Management & Treasury CoE, SAP.**

Mehlkopf predicts that AI applications will play a key role in payment processes in the next decade, in real-time fraud detection, personalized payment experiences through biometric verification and voice commands, and seamless cross-border transactions.

"It will also optimize payments in terms of speed and cost, such as transaction and foreign exchange fees. These advancements will transform the payments landscape, making transactions faster, more secure, and highly personalized," **he adds.**

Indeed, *SAP Taulia research recently found* that nine in 10 finance leaders (92%) believe they will be using AI-generated data insights within the next 12 months, and 57% already use these insights to inform key decision-making. Meanwhile, in *SAP Taulia's 2024-25 Supplier Survey,* more than one-third (38%) of suppliers highlighted AI as top of mind.

As for the next step, Mehlkopf notes: *"Corporates should focus on creating centralized payment factories where all payments are centrally visible or even managed from centrally operated bank accounts. SAP's Advanced Payment Management (APM) and SAP Assurance and Compliance Software solutions are instrumental in this process."*

Taking these steps will enable businesses to harness AI's full potential, ensuring more secure, efficient, and integrated payment processes.

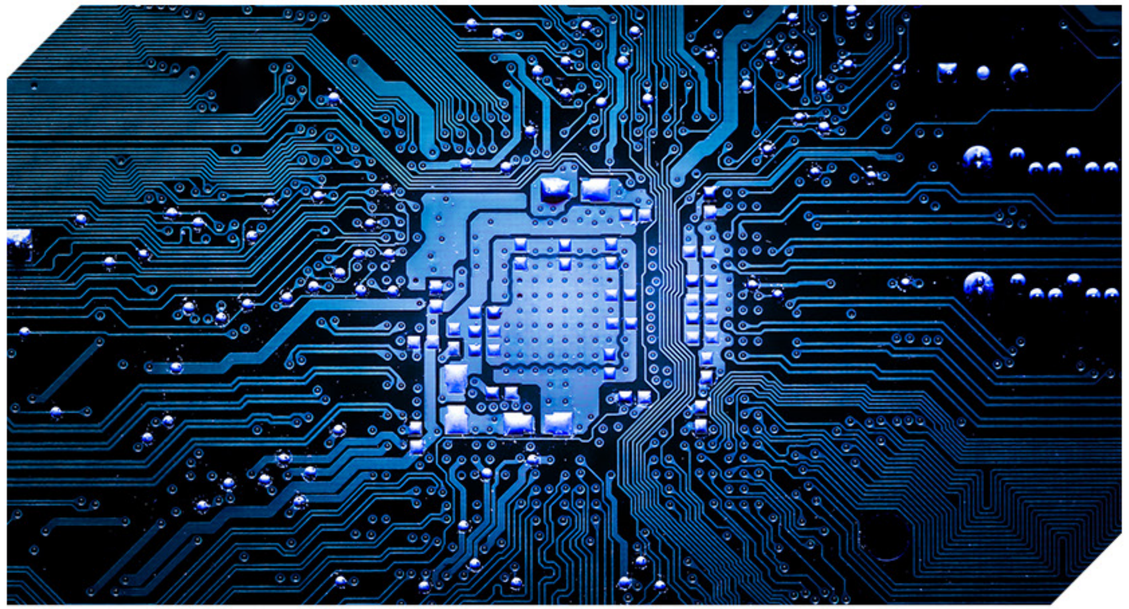
The power of data and AI

Besides fraud protection, data and AI are set to make payments faster, smarter, and safer by personalizing experiences, automating processes, and enabling seamless, invisible transactions. The potential is there to transform how people and businesses move money globally.

"At SAP, we leverage our deep understanding of business processes to automate and optimize payments while providing actionable insights into company data in real time. This allows our customers to link payments to key business events, such as triggering early payments in cases of cash surplus or proactively preventing cash shortages with an adaptive payment strategy," **Kolja Ewering says.**

"Serving as personal assistants to cash managers and payment specialists, AI agents can forecast cash flow and working capital needs, providing tailored recommendations or even triggering actions based on insights from both SAP data and external sources," **he adds.**

"This proactive approach not only secures an organization's financial health, but also enables low-touch finance, fostering highly efficient and automated processes. For example, AI agents can suggest payment transactions or financing opportunities based on specific business scenarios, empowering cash managers to respond quickly, enabling them to prevent liquidity issues before they arise or capitalize on emerging cost-saving opportunities."



Programmable money: Automating financial processes through smart contracts

Programmable money is one of the most significant innovations in automating payments. It uses smart contracts and blockchain technology to execute transactions automatically in line with predefined rules once those conditions have been met.

The integration of programmable money within S/4HANA Public Cloud systems can enhance payment efficiency and automation, as Kolja Ewering explains.

"At SAP, we leverage our deep understanding of business processes to automate and optimize payments while providing actionable insights into company data in real time. This allows our customers to link payments to key business events, such as triggering early payments in cases of cash surplus or proactively preventing cash shortages with an adaptive payment strategy."

Leveraging AI and programmable money effectively within S/4HANA Public Cloud systems is transforming how users interact with SAP solutions. Integrating AI with programmable money can amplify these capabilities, reducing time and costs, enabling businesses to better manage liquidity in a dynamic financial environment.

The shift from traditional banking to fully decentralized financial ecosystems

Blockchain technology is the power behind fulfilling the demand for greater financial autonomy, transparency, and inclusivity. It has a clear appeal to those disillusioned with centralized control and outdated banking infrastructures.

The SAP Digital Currency Hub, a SaaS solution that enables enterprises to make and receive payments using digital currencies, is the first step in incorporating blockchain-based finance into a traditional *enterprise resource planning (ERP) system.* Presently, its focus is on payments, but SAP is planning to expand the solution to also manage blockchain-based investment vehicles.

Bernhard Schweizer says: *"We are seeing an interesting trend of tokenizing further financial instruments like money market funds, and trading these via on-chain exchanges, enabling instant payment versus delivery. Rather than converting stablecoins to fiat, these emerging financial products and technical services will enable treasury departments to manage investment on-chain."*

This trend will be increasingly complemented by modern blockchain-based financing instruments, such as tokenized corporate bonds, which can be issued faster and cheaper than traditional bonds.

"Within the next couple of years, on-chain finance, payments, investments, and financing will have become the new norm for corporate treasurers," **Schweizer adds,** *"so it is better to prepare for the future right now."*

Payment Innovation Updates

01. Global Transactions

32%

of global transactions will be conducted via instant payments, e-money, and direct debit by 2028

22% → Instant Payments

8% → E-money

2% → Direct Debit

B2B buyers demand simple, automated, cost-efficient payment options.

02. Global B2B Payments

$1.1T → $2.1T

Valued at **$1.1T** in 2023, projected to reach **$2.11T** by 2032.

03. Untapped Digital Payments

$362B **43%**

In Latin America, 43% of $362B in B2C sales are cash-based - a **$155B** digital opportunity.

$293,4B **90%**

In B2B, 90% of $293.4B in payments remain manual (cash, checks, transfers).

04. Taulia's Virtual Cards

39%

using wire transfers faced fraud

66%

using checks faced fraud

Virtual cards let companies pay suppliers without a physical card, helping them extend cash flow and reduce fraud with minimal effort.

05. Companies & Stablecoin

Companies are developing and testing ways to use its own stablecoin. In September 2024, PayPal used its own, PYUSD, to pay Ernst & Young and Google for B2B services.

The transaction was enabled through SAP Digital Currency Hub. This solution allows enterprises to send and receive digital currency payments instantly, around the clock, globally, and securely—with low fees. Ideal for cross-border transactions, it removes payment barriers for SAP customers.

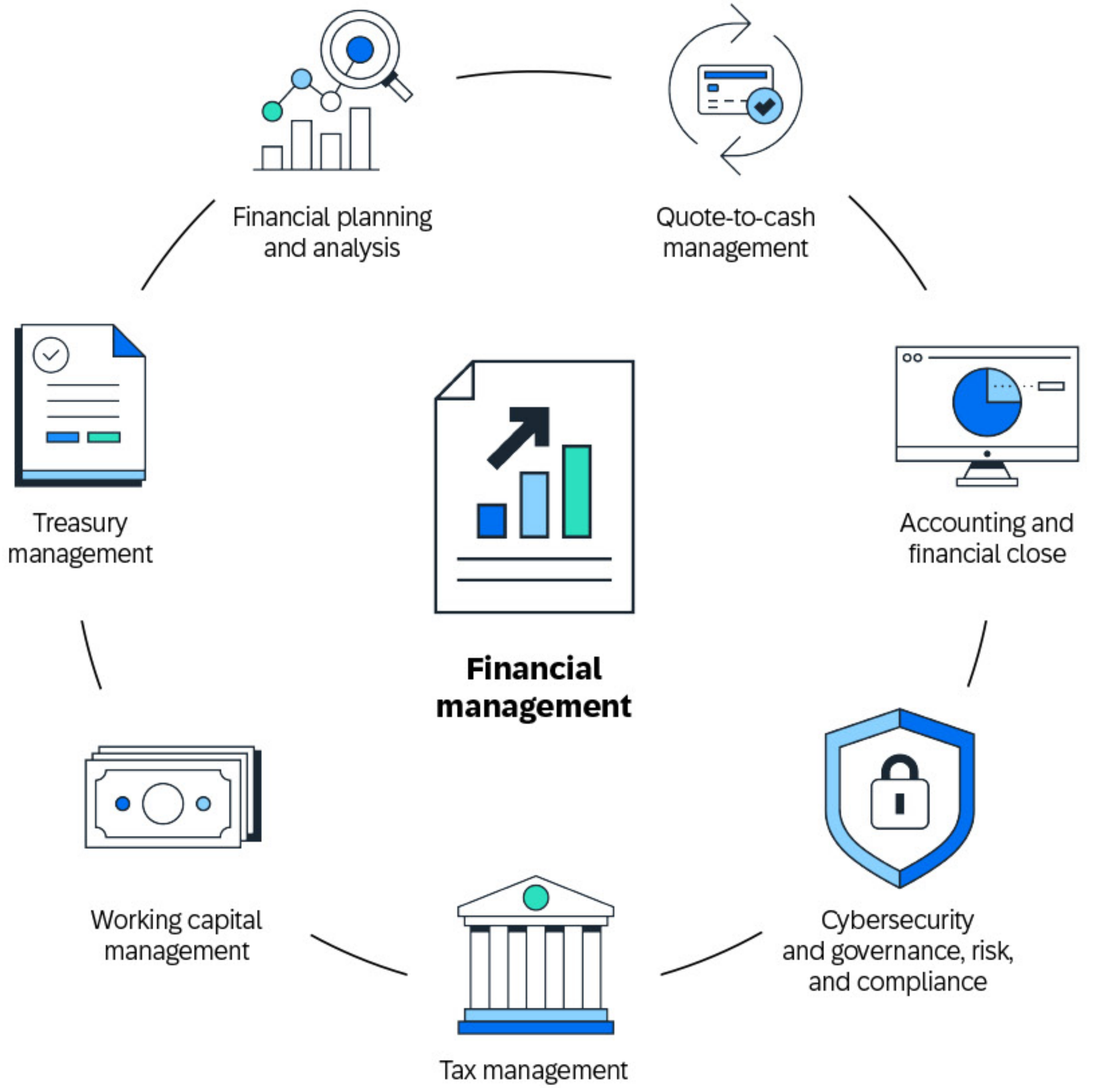
Sources: 1. World Payments Report 2025 | Capgemini Research Institute, 2. B2B Payments Market Report by Payment Type, Payment Mode, Enterprise Size, Industry Vertical, and Region 2024-2032, 3. Transforming payments: Digital solutions for traditional trade in the CPG industry | By Mastercard and Payments and Commerce Market Intelligence (PCMI), 4. Taking control of your payables? Simplicity itself | SAP Taulia,. 5. Mastercard, PayPal mull stablecoins for B2B payments | Payments Dive

Appendix | SAP financial management solutions in a snapshot

Unlock the potential of your finances to deliver new business models, optimize working capital, increase efficiency, and reduce risk – all while creating positive social and environmental impact.

Explore SAP Solutions for Financial Management:

CLICK HERE



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