Agentic AI in Treasury: Navigating Trust and Realizing Potential

Explore how agentic AI is transforming treasury management, addressing the crucial trust gap and unlocking AI's powerful potential.

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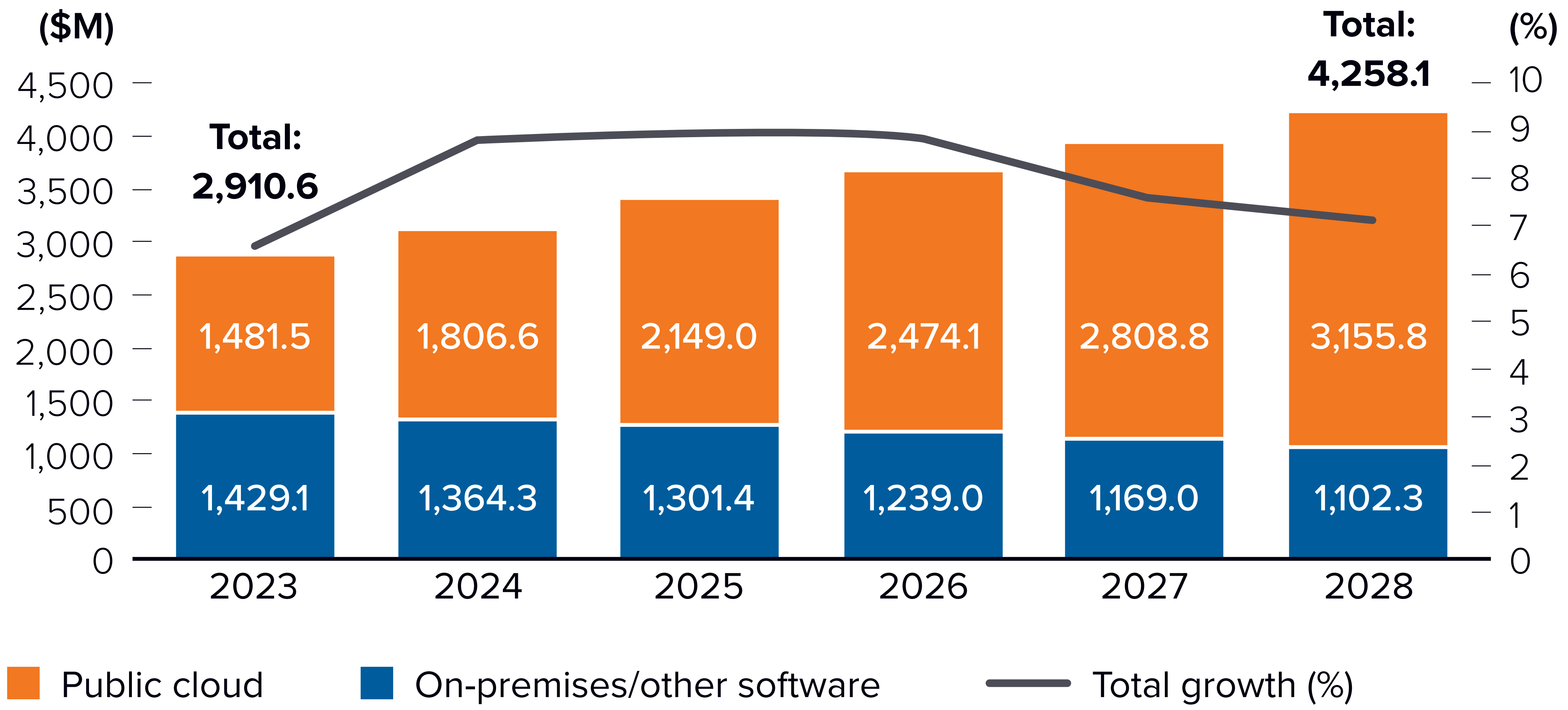
Worldwide Treasury Management Market Forecast

The treasury management software systems market is recording significant growth, driven by factors like increasing financial regulation complexity and the need for real-time financial visibility.

Key Growth Drivers

- Increased focus on real-time visibility
- Emphasis on regulatory compliance
- Increased need for automation
- Heightened cybersecurity concerns

2023-2028 Revenue ($M) with Growth (%)



Selected Segment Growth Rate

On-premises/other software: CAGR -5%

Public cloud: CAGR 16%

Total Market CAGR

8%

Worldwide Treasury and Risk Management Applications Forecast, 2024–2028 (IDC #US51659024, August 2024)

Top Priorities for Treasurers in 2025 and Beyond

78%

of treasury professionals cited contribution to the bottom line as a “high” or “very high” priority.

67%

of treasury professionals cited liquidity risk management as a “high” or “very high” priority.

72%

of treasury professionals cited stewardship of financial transactions as a “high” or “very high” priority.

Source: *IDC SaaS Path Survey,* March 2024

Key Challenges and Concerns Driving Need for Advanced Technology

Changing financial regulations:

Almost 30% of organizations cited changing regulations as their top concern for treasury and risk management.

Fraud detection:

Over 54.5% of treasury professionals find financial fraud detection “challenging” or “very challenging.”

Bank connectivity:

Bank connectivity limitations were cited by just over 30% of survey respondents as one of their top two concerns for 2024 and beyond.

Source: *IDC SaaS Path Survey,* March 2024

Impact of AI on Treasury Management

Over

84%

of treasury professionals "agree" or "strongly agree" that generative AI will greatly impact treasury processes in the next 24 months.

Areas where AI will make its biggest impact

Source: *IDC SaaS Path Survey*, March 2024;
IDC *Office of the CFO Survey 2024*, August 2024

Decoding AI in Finance: Key Takeaways from CFO Leaders

Banking Use Cases

“With my company operating in so many parts of the world, we don't always get straight answers from the banks in terms of what is required to move this money. If AI could have dynamic access to the repository of banking data, it would work for us. But in my dream scenarios, you could tell an AI agent, ‘Hey, I need to move money from here to there’.”

Optimism for AI

“When thinking of what we are doing today and where this is going in the coming years, AI makes our lives and the lives of our folks on the operations side easier and better."

Freeing up Time

“With AI, there's going to be an enhancement, it's going to be an efficiency tool. But in doing that, it's going to be freeing up time for skilled resources to be able to upskill in other capacities.”

Trust as an Issue

“Trust is phenomenally important for us at this stage as a key pivot issue for AI adoption — being able to determine if the ‘right’ answer is a ‘true’ answer. Trust is critical right now in helping to build confidence."

Cash Forecasting

“I think one of the big use cases that that we'd like to see, particularly as we focus on treasury, is helping with the accuracy of cash forecasting.”

Embeddedness of AI

“The key for us is not necessarily going out to ChatGPT and asking a question or asking for help with something. Instead, what we want is to have it embedded within the applications that we use on a daily basis, working so seamlessly that we don't even really think about it.”

Decoding AI in Finance: Key Takeaways from CFO Leaders (cont.)

People in our department are getting super excited once they realized AI is not here to take their job, AI is here to make some of the repetitive tasks like checking bank reconciliations way easier and faster.”

We know AI agents wouldn't be 100% correct in the beginning. It would be like you're training an analyst. Eventually, you will trust it as it grows and learns.”

For treasury, we would need a combination of several different AI agents to help us do a better job. Right now, AI can help with basics, like helping us automate a lot of day-to-day jobs. For example, AI can tell me which country needs funding or liquidity by when in which currency.”

I think global cash, liquidity management, and investment are really the bread and butter for probably all treasury teams. That will be the first place where we use GenAI and agentic AI.”

Data is a challenge for AI as well. I say data because data is the foundation for everything. I think as of today, a lot of treasury teams are just struggling with data integrity.”

I can use AI for something like currency analysis and all of a sudden you free up all that mental energy, not just time.”

Decoding AI in Finance: Key Takeaways from CFO Leaders (cont.)

Most of the daily treasury tasks that relate to data — gathering, analysis, reconciliations — I believe all of that can be done right now by AI."

If AI has access to the same information as humans, then I believe it's fully capable of making the right decisions."

The first and most important benefit of these LLMs within our treasury department is being able to work with large data sets and come back with reliable analyses."

For the time being, I don't know of any large language models that are specifically developed for treasury available on the market. I believe that is exactly what Kyriba is trying to do."

A treasurer's job is not only data and working with numbers; it is also working with human beings. Gen AI's collaboration/ communication capabilities will be critical."

It could soon be that treasurers are more like spokespeople for the company in finance-related matters, translating AI data into a story."

AI in Treasury: Trust Is the Foundation of AI Implementations

Trust is the foundation upon which finance leaders can confidently leverage the transformative potential of generative AI. Therefore, finance leaders must prioritize building trust in GenAI to unlock its benefits while mitigating its risks.

Data Sensitivity and Accuracy:

- Finance deals with highly sensitive data. Trust in the AI's ability to handle this data securely and accurately is non-negotiable.
- Generative AI's potential for "hallucinations" (generating false information) poses a significant risk to financial reporting and decision-making. Finance leaders must have confidence in the AI's reliability.

Risk Management:

- Generative AI introduces new risks, such as algorithmic bias and security vulnerabilities.
- Finance leaders need to trust that the AI's risks are properly managed and mitigated.

Stakeholder Confidence:

- Investors, customers, and employees need to trust that the organization is using AI responsibly.
- Transparent and ethical AI practices are crucial for building and maintaining stakeholder confidence.

Internal Adoption:

- Finance teams need to trust the AI's capabilities to effectively integrate it into their workflows.
- Building trust through clear communication and demonstration of the AI's value is essential for successful adoption.

The Trust Gap for Adoption of Advanced AI Among CFOs

The "trust gap"* in AI adoption among chief financial officers (CFOs) is a multifaceted issue, stemming from the unique pressures and responsibilities that finance leaders face.

Here's a deeper look at the key components of this trust gap:

Risk Aversion

CFOs are inherently risk-averse, as their role involves safeguarding the financial health of the organization. AI's "black box" nature, where the decision-making process is opaque, creates significant unease.

Regulatory Scrutiny

The finance industry is heavily regulated. CFOs must ensure compliance with strict reporting requirements and financial controls.

Data Security and Privacy

Financial data is highly sensitive and confidential. CFOs are acutely aware of the risks associated with data breaches and unauthorized access.

Fear of Job Displacement

Finance professionals may fear that AI will automate their jobs, leading to job losses. This fear can create resistance to AI adoption within finance teams. CFOs must address these concerns by emphasizing that AI is a tool to augment human capabilities, not replace them.

Data Quality Concerns

AI's accuracy is heavily dependent on the quality of the data it processes. CFOs are concerned about the potential for biased or inaccurate data to skew AI-driven financial insights.

Skill Gap and Training

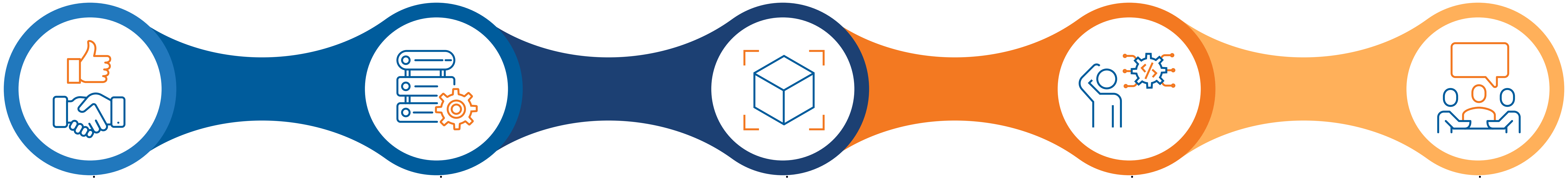
Many finance professionals lack the technical skills needed to work effectively with AI. CFOs must invest in training and upskilling programs to bridge this skill gap and build confidence in AI.

* The "trust gap" is the divide between the promise of AI-driven financial transformation and the fear of security risks that could jeopardize an organization's financial health.

Building Trust in Advanced AI

Building trust in generative AI within the financial sector is a multifaceted endeavor, requiring a strategic and comprehensive approach.

Here's a deeper dive into key elements:



Building a Culture of Trust

Fostering a culture of open communication and collaboration between humans and AI is essential for building trust. Encouraging feedback and input from finance professionals can help improve the AI's performance and build confidence in its capabilities.

Data Provenance

Transparency regarding the data used to train the AI is essential. Finance leaders must understand the sources, quality, and potential biases of the training data. Clear documentation of data lineage builds confidence in the AI's reliability.

Understanding the "Black Box"

Generative AI models can be complex, making it difficult to understand how they arrive at specific outputs. This involves developing methods to visualize and interpret the model's internal workings, allowing finance professionals to understand the rationale behind its recommendations.

Implementing Strong Oversight Mechanisms

Human oversight is essential to ensure that AI-driven decisions align with regulatory requirements and organizational policies. Regular audits and monitoring of AI performance are crucial for detecting and mitigating potential risks.

Human-Centered Approach

Generative AI should be viewed as a tool to augment, rather than replace, human expertise. Providing finance professionals with the training and resources they need to effectively use AI is essential.

Differentiating Value of Advanced AI in Finance and Treasury

Generative AI is bringing about significant changes in finance operations, with a differentiating value that stems from its ability to:

Enhance Operational Efficiency

Generative AI automates repetitive tasks, freeing up finance professionals for higher-value activities.

Related KPIs:

- **Cycle Time Reduction**
  Decrease in the time it takes to complete financial tasks.
- **Cost Reduction**
  Lower operational costs due to reduced manual labor and errors
- **Data Entry Accuracy**
  Reduction in data entry errors

Improve Risk Management and Fraud Detection

Generative AI can analyze large datasets to identify patterns and anomalies that may indicate fraud or other risks. It can also generate synthetic data to test risk models and improve their accuracy.

Related KPIs:

- **Fraud Detection Rate**
  Percentage of fraudulent activities detected
- **Risk Mitigation Effectiveness**
  Reduction in financial losses due to risks
- **Completeness of Reporting**
  Reduced number of financial discrepancies

Strengthen Compliance and Regulatory Reporting

Generative AI can automate the process of generating compliance reports, ensuring accuracy and timeliness.

Related KPIs:

- **Compliance Reporting Accuracy**
  Reduction in errors in compliance reports
- **Regulatory Compliance Rate**
  Percentage of compliance requirements met
- **Audit Readiness**
  Improved efficiency and accuracy of audits
- **Penalty Reduction**
  Reduction of compliance violation penalties

Generate Financial Documentation and Analysis

Generative AI can condense complex financial documents into easy-to-understand summaries.

Related KPIs:

- **Report Generation Time**
  Reduction in the time it takes to generate financial reports
- **Data Analysis Speed**
  Faster analysis of financial data
- **Financial Forecasting Accuracy**
  Improved accuracy of financial predictions

Which of the following treasury processes will see the biggest benefit from the use of generative AI and other intelligent technology?
An intelligent treasury is a treasury solution whose functionality is augmented with some combination of artificial intelligence, cognitive computing, natural language processing, machine learning, and generative AI.

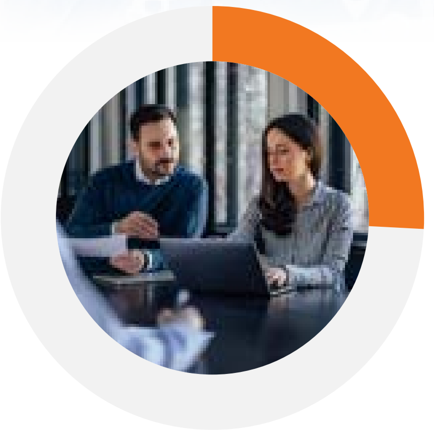
Row %	Valuable now	Valuable in next 12 months	Valuable in 12-36 months	Not valuable	Don't know/not applicable
Cash management	44%	37%	15%	4%	1%
In-house banking	41%	30%	20%	6%	3%
Multi-bank payments	35%	49%	11%	4%	2%
Control and compliance	41%	43%	12%	4%	1%
Working capital	35%	40%	19%	2%	4%
Risk management	46%	35%	15%	3%	1%
Financial fraud detection	50%	35%	13%	2%	0%
Reporting/analytics	38%	47%	12%	3%	0%

Source: *IDC SaaS Path Survey,* March 2024

Implementation Challenges with Generative AI in Treasury Management

Implementing GenAI in treasury management presents challenges related to data security, model interpretability, and ensuring compliance with evolving financial regulations.

28%
Lack of GenAI skills or expertise within organization



26%
Concerns about accuracy or potential toxicity

25%
Excessive costs for GenAI enhanced app software

Additional Concerns

- Ethical considerations in AI-driven decision-making
- The need for human oversight and expertise
- Potential regulatory hurdles

Source: IDC *Future Enterprise Resiliency & Spending Survey Wave 1 and 10*; January and November 2024 (January n = 896, November n = 889)

The Cornerstone of AI Adoption: Confidence in Responsible AI

Data Security/ Privacy

Financial data is highly confidential. Trust is essential to protect against breaches and maintain customer confidence.

Unbiased & Monitored Outcomes

AI bias can lead to discriminatory outcomes.
Trust is built by ensuring fairness, transparency, and responsible AI usage.

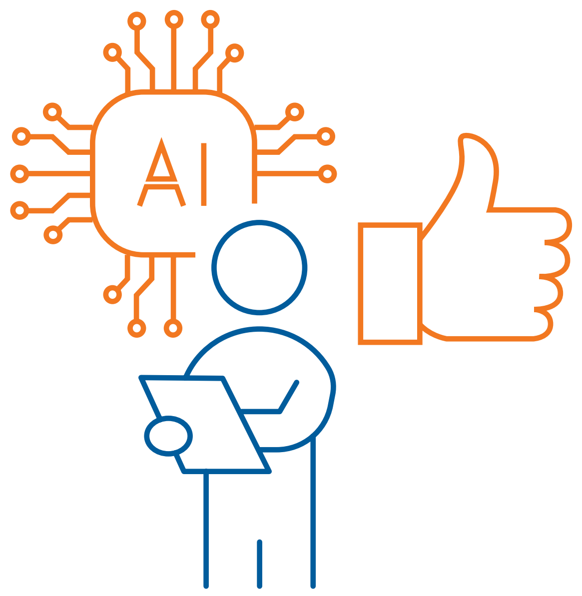
Explainability & Transparency

"Black box" AI erodes trust. Financial institutions must strive for clear, understandable AI decision-making.

Reliability of Output

Customers must trust AI for accurate financial advice and services. Any perceived errors damage credibility.

Top factors that would accelerate AI spending



36%

Having confidence in global IT users to ensure responsible AI practices to minimize bias & confabulation

Source: IDC *Future Enterprise Resiliency & Spending Survey Wave 10*, November 2024 (N = 888)

The Cultural Shift Required for AI Success

Addressing AI Strategically

Pitch an AI-driven treasury strategy to a high-level committee supervising AI decisions and investments.

Change Management

Allocate time and resources to facilitating change management. Communicate the vision for AI-driven treasury to attain employee buy-in.

Upskilling the Treasury Function

Invest in upskilling and educating finance professionals with the skills needed to collaborate effectively with AI-driven systems.

Collaborate with IT

Tap into the AI expertise center of IT to accelerate AI projects and to access complete relevant data.

Next Steps

Accelerate Digital Adoption

Cash management priorities and compliance mandates are accelerating the move away from legacy processes and are prioritizing the adoption of automated clearing house (ACH), wire, positive pay, and real-time payment systems.

Expand Treasury's Scope

Broaden the role of treasury to include adjacent areas such as accounts receivable and financial reporting for a more integrated approach to revenue management.

Increase Automation

Identify treasury activities—like cash flow forecasting, hedging, and working capital optimization—that can be partially or fully automated to increase efficiency and accuracy.

Embrace Intelligent Technologies

Leverage AI and machine learning not just for routine tasks (e.g., payments, connectivity, formatting) but also for strategic analytics and ESG reporting to drive innovation and decision-making.

Message from the Sponsor:

Kyriba

Kyriba is a global leader in liquidity performance that empowers CFOs, Treasurers, and IT leaders to connect, protect, forecast, and optimize their liquidity. As a secure and scalable SaaS solution, Kyriba brings intelligence and financial automation that enables companies and banks of all sizes to improve their financial performance and increase operational efficiency. Kyriba's real-time data and AI-driven tools empower its close to 3,000 customers worldwide to quantify exposures, project cash and liquidity, and take action to protect balance sheets, income statements, and cash flows. Kyriba manages more than 3 billion bank transactions and $15 trillion in payments across multiple banks annually and gives customers complete visibility and actionability, so they can optimize and fully harness liquidity across the enterprise and outperform their business strategy.

To find out more about Kyriba visit:

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