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Cross-border payments in 2040: five hypotheses for a multi-rail future

Deutsche Bank

Cross-border payments in 2040: five hypotheses for a multi-rail future

The world of cross-border payments has proven remarkably resilient over recent decades, but some of its fundamental assumptions are beginning to shift. Changing currency dynamics, geopolitical and regulatory fragmentation, new payment systems and forms of money, and advances in artificial intelligence are creating a more diverse, interconnected and complex landscape. This paper explores five hypotheses for how these forces could reshape correspondent banking by 2040 – and why the ability to connect and orchestrate across multiple payment ecosystems is likely to become increasingly important.

Deutsche Bank editors

Desirée Buchholz, Editorial Director, Corporate Bank Marketing
Will Monroe, Digital Editorial Marketing Manager, Corporate Bank Marketing

Deutsche Bank contributors

Ciaran Byrne, Global Head of Product & Market Management, Institutional Cash Management
Jonas Stepczynski, Head of Market Management, Institutional Cash Management
Sabih Behzad, Global Head of Digital Assets & Currencies Transformation
Kirsten-Anne Bremke, Data and AI Tribe Lead
Stefan Fruschki, Head of Transaction Surveillance
Monika Jacob-Schnitzius, Head of Institutional Cash and Trade, Controls and Advisory
Elena Hergass, Head of Product Management, Institutional Cash Management
Bradley Lonnen, Head of Go to Market, Institutional Cash Management
Pradipta Banerjee, Head of Product Strategy, Institutional Cash Management
Marvin Ulbrich, Product Manager, Emerging Payment Rails, Institutional Cash Management
Felix Mann, Sales Strategy Specialist, Institutional Cash Management

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Foreword

Jonas Stepczynski,
Head of Market Management, Institutional Cash Management

For much of the past five decades, cross-border payments appeared to be moving towards greater global integration, common standards and convergence around a small number of dominant infrastructures.

That assumption can no longer be taken for granted.

New payment systems, new forms of money, geopolitical fragmentation, regulatory divergence and advances in artificial intelligence (AI) are creating multiple possible futures for cross-border payments. Some point towards greater interoperability, others towards greater fragmentation.

At the same time, clients continue to expect cross-border payments to become faster, more transparent, and more seamlessly integrated into their business activities. So, how will these developments shape correspondent banking by 2040?

This paper does not attempt to predict the future with certainty. Instead, it explores five hypotheses that we believe are likely to shape the direction of cross-border payments over the next fifteen years.

While the conclusions of each hypothesis differ, a common theme emerges throughout the paper: the future value of correspondent banking is unlikely to be defined by ownership of a particular rail, network or technology. Instead, value resides in the ability to connect disparate ecosystems, mobilise liquidity between them, and apply consistent risk, compliance and governance standards across an increasingly diverse payments landscape.

At Deutsche Bank, we see this future emerging today. Through our continued investment in correspondent banking, digital money initiatives, new payment infrastructures, and AI-enabled capabilities, we are working to ensure that our clients can access the opportunities created by this transformation while navigating its challenges with confidence.

We hope this paper contributes to the broader industry discussion about how payments evolve between now and 2040, offering useful perspectives for financial institutions (FIs) preparing for what comes next.

Hypothesis 1

The dollar paradox – reserves diversify, payments remain dollar-led

Few questions attract more attention in global finance today than whether the dominance of the US dollar is beginning to weaken. Yet the answer depends on which aspect of dollar dominance we are discussing. The dollar's international role rests on two interconnected pillars: its use as a reserve and savings currency, and its use as a currency for international payments, trade invoicing and settlement.

These two pillars have historically reinforced one another. Today, however, the two sides of this relationship are beginning to tell different stories. Central banks are gradually reducing the dollar's share of their reserves, but there is little evidence of comparable displacement in international payments, as this chapter will show.

This situation creates a dollar paradox. Reserve portfolios may diversify even as global payments remain predominantly dollar based.

However, while the US dollar is likely to remain the leading payments currency, other currencies, such as the euro and renminbi, may continue to expand their international roles, contributing to a more multipolar currency landscape by 2040.

1.1 Reserve diversification is primarily a gold story

The dollar's share of global reserves has fallen significantly from its peak of 72% in 2001, but focusing only on that decline misses the more important question: what is replacing it?

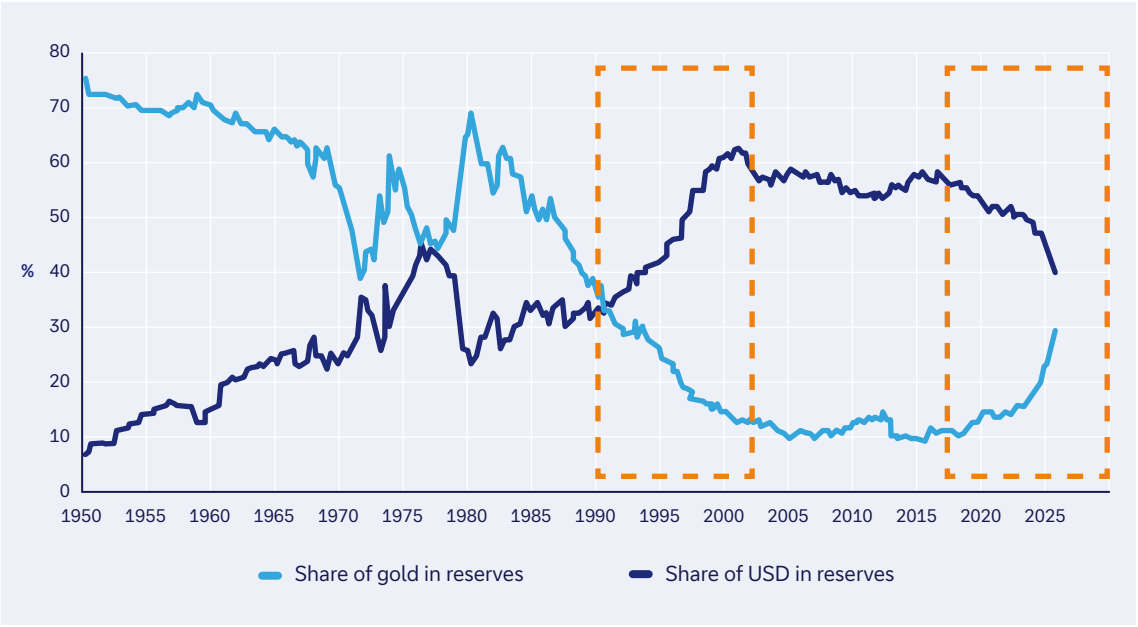
The Deutsche Bank Research Institute's *The return of history: gold, the dollar, and the monetary future*, published on 27 April 2026, shows that the dollar's declining share has not translated into comparable gains for other major currencies.* Instead, gold has been the principal beneficiary. Its share of global central bank reserves has doubled in the past four years to nearly 30%, leaving a gap of only around ten percentage points between gold and the dollar (*see* Figure 1).[1]

This matters for how de-dollarisation is interpreted. If the dollar's lost share were being absorbed primarily by the euro or renminbi, it could indicate that another international currency was beginning to displace it. A shift towards gold points instead to diversification rather than currency substitution – central banks reducing their exposure to the dollar without necessarily embracing another fiat currency in its place. However, movements in gold's share of reserves may also reflect changes in the market value of gold, rather than central bank allocation decisions alone.

Viewed over a longer period, this trend may also be less exceptional than it first appears. Before the 1990s, gold routinely accounted for a much larger share of global central bank reserves, fluctuating between 40% and 70%. Its renewed importance could therefore represent a partial return towards a historically more diversified reserve system.[2]

* Note: The views presented throughout Hypothesis One draw on historical public material from the Deutsche Bank Research Institute and should not be interpreted as reflecting its current or updated position.

Figure 1: Share of US dollar vs gold in reserves globally



Source: Deutsche Bank Research Institute

1.2 Why the dollar remains the world's payments currency

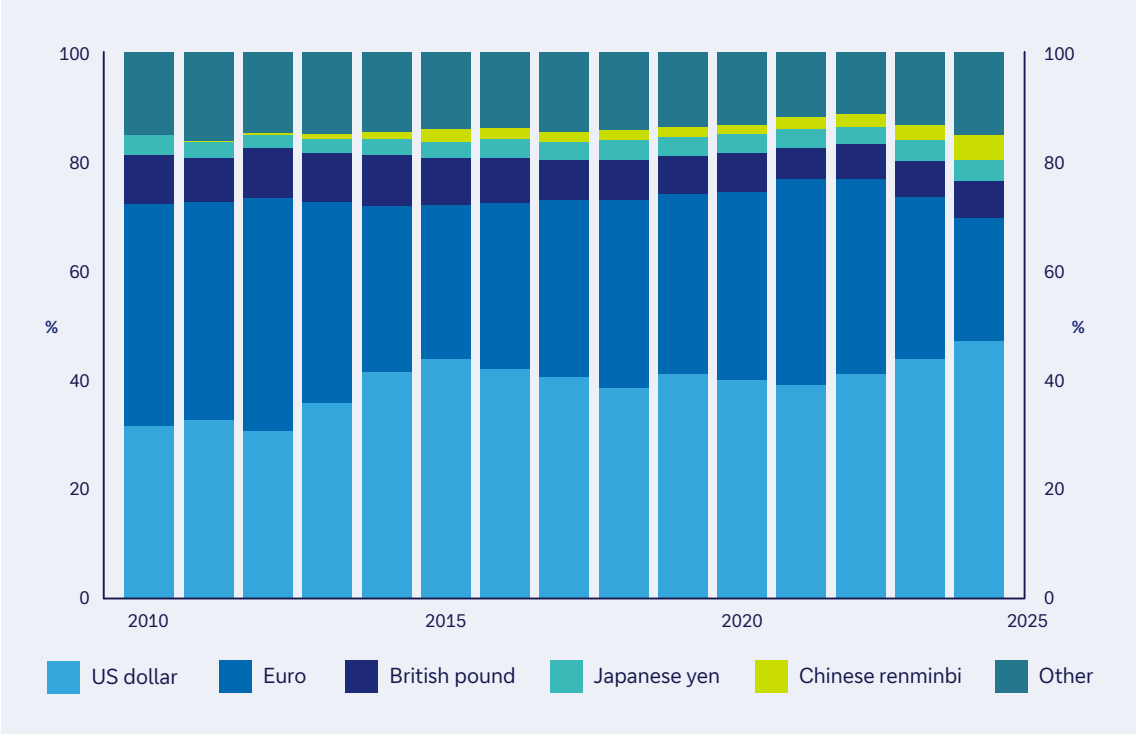
Though many central banks are diversifying their savings, there is little evidence that the dollar is experiencing comparable erosion in international payments. In June 2026, for example, the US dollar dominated global payments, accounting for approximately 50.10% of total transaction value, according to Swift data (*see* Figure 2).[3]

Liquidity is a major part of this advantage. The US benefits from a single, highly liquid Treasury market that provides a deep pool of safe assets and supports extensive repo, derivatives and collateral markets. Approximately US$4trn of Treasury-backed repo transactions are conducted each day, reinforcing the dollar's role as the world's primary funding and liquidity currency.[4]

The depth of dollar liquidity is also evident in global foreign exchange (FX) markets. According to the Bank for International Settlements' (BIS) 2025 Triennial Central Bank Survey, the dollar was on one side of 89% of all FX trades in April 2025, when global FX turnover averaged US$9.6trn a day.[5] All ten of the world's most traded currency pairs involved the dollar, reflecting its role as the principal vehicle currency for exchanging one currency into another.

The US dollar's position is also reinforced by a much wider dollar-based financial and trading ecosystem. The dollar's longstanding role in the pricing and settlement of globally traded commodities generates demand for dollar liquidity and has historically helped channel trade surpluses back into dollar assets.

Figure 2: Major currencies' share of international payments (2010-2024)



Source: Federal Reserve, based on Swift data[6]

In addition, around 55% of international and foreign-currency banking claims – primarily loans – and 60% of liabilities – primarily deposits – are denominated in dollars, while the currency also accounts for around 60% of foreign-currency debt issuance – debt issued by firms in a currency other than their domestic currency.[7]

The result is a powerful network effect: banks and corporates already receive, hold, borrow, lend and hedge in dollars, creating both the liquidity and counterparties needed to make continued dollar use attractive. Access to cheaper dollar financing can then reinforce firms' preference to invoice in the currency, creating a self-reinforcing cycle between payments and savings.

Technology may strengthen the dollar's position further: US-dollar-backed stablecoins could make dollar-denominated financial assets easier for international investors to access (*see* Hypothesis 4: Tokenised money advances from pilots to platforms). In its September 2025 report *What do stablecoins mean for dollar dominance?*, Deutsche Bank Research Institute analysts argue that their real strategic significance lies in whether they can "secure – or ideally expand – the private sector's commitment to dollar-based payments".[8]

The passage of the GENIUS Act, establishing a federal regulatory framework for payment stablecoins in the US, adds weight to this argument.[9] Rather than pursuing a retail central bank digital currency, the US has backed a private-sector model in which regulated issuers can provide digital, dollar-denominated instruments for payment and settlement. More than 98% of the stablecoin market was already dollar-backed when the report was published.

This would extend the reach of the dollar as a payments currency. Stablecoins allow dollar-denominated value to be held and transferred over blockchain networks, giving companies and individuals access to dollars without relying on the same network of correspondent banking relationships required by the traditional system. This could be particularly transformatory in markets where demand for dollars is high but access to conventional dollar banking infrastructure is limited or expensive.

Stablecoin reserve requirements may also generate additional demand for short-dated US government securities, although this is likely to be secondary to their impact on international dollar use.[10]

1.3 Europe: extending the euro's international role

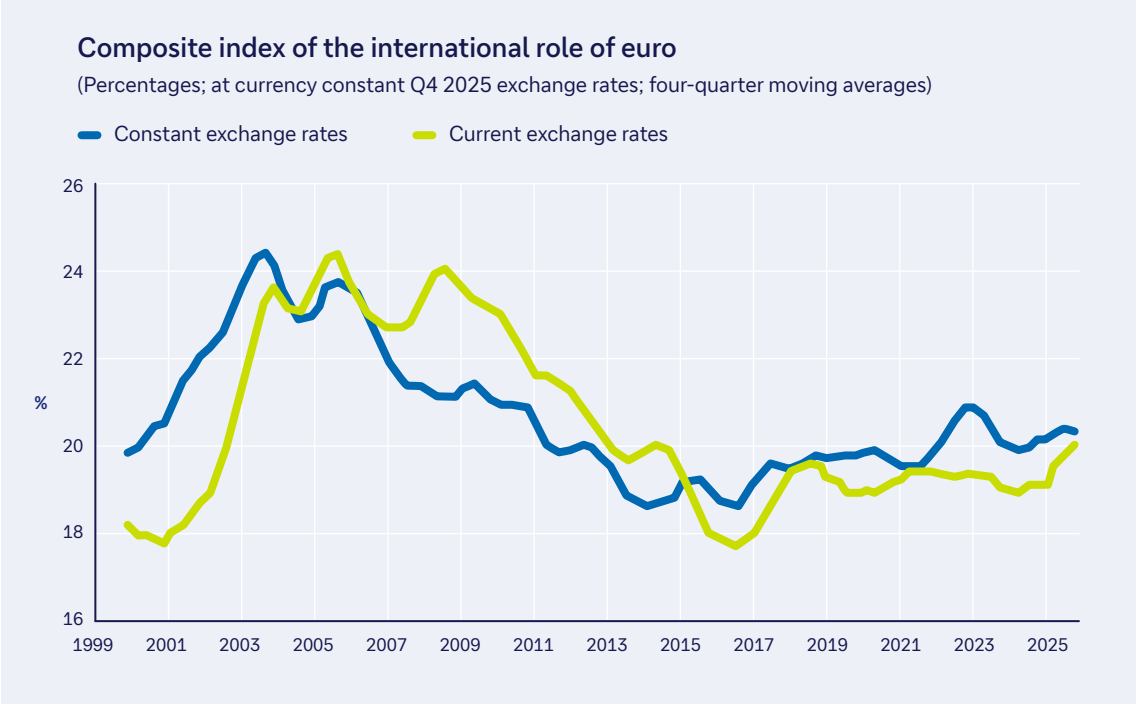
Europe is well placed to strengthen the euro's international role. The European Union (EU) is the world's largest trading bloc in goods and services combined, accounting for an estimated 15.9% of global trade in 2025 – more than the US at 13.5% and China at 13%.[11]

Consequently, the euro already has a significant role in international trade: in 2025, the euro accounted for almost 60% of euro-area goods exports outside the euro area and around 64% of services exports.[12] More broadly, the euro remains the world's second most important international currency, with a share of around 20% and growing – roughly 5% above the euro area's share of global output (*see* Figure 3).

The euro's international role is supported by highly integrated payment infrastructure. The Single Euro Payments Area (SEPA) provides a harmonised framework for euro payments across 41 countries and territories, extending efficient cross-border euro payments – including instant payments – well beyond the EU.

More is underway. In March 2026, the Eurosystem made strengthening the euro's international role one of four objectives in its new payments strategy, covering wholesale, business-to-business (B2B), retail and cross-border payments.[13] Initiatives include the European Payments Council's (EPC) One-Leg-Out (OLO) Instant Credit Transfer (OCT Inst) scheme (*see* 3.2 One-Leg-Out: extending today's infrastructure) and links between TARGET Instant Payment Settlement (TIPS) and faster payment systems such as India's Unified Payments Interface (UPI) and Project Nexus in Asia-Pacific (*see* 2.1 Geopolitics and alternative payment networks).

Figure 3: The international role of the euro grew moderately in 2025[14]



Source: BIS, International Monetary Fund, CLS Bank International, Ilzetzki, Reinhart and Rogoff (2019) and ECB staff calculations

At the same time, the Eurosystem is developing central bank money settlement for distributed ledger technology (DLT)-based wholesale transactions through initiatives such as Pontes and Appia (*see* 4.2 Building the tokenised settlement infrastructure).[15] These initiatives are intended to ensure that the euro remains fit for purpose as financial markets become increasingly tokenised.

While Europe's strong economic footprint, modern payment infrastructure and resilient regulatory framework back the euro's international role, the bloc's fragmented capital markets remain the greatest hurdle for an even broader use of the euro. Unlike the US, with its single, highly liquid Treasury market, Europe continues to rely on a patchwork of national sovereign debt markets, with no equivalent pool of safe assets at comparable scale.

Commenting on the way forward, Christine Lagarde, President of the European Central Bank (ECB), wrote in June 2026: "For the euro to evolve into a truly global international currency, the euro area must build scale and deeper, more liquid capital markets. Therefore, we must integrate and deepen our capital markets, taking concrete steps towards completing the savings and investments union (SIU), for which an ambitious timetable remains critical."[16]

Delivering that deeper and more integrated market will require action on several fronts. Greater EU-level financing could expand the supply of common euro-denominated assets, while the SIU aims to deepen capital-market integration and improve liquidity across Europe.[17] Together, these initiatives could strengthen the euro's attractiveness as a funding, investment and payments currency.

There are already encouraging signs that international demand for euro-denominated financing is strengthening. In 2025, the issuance of international loans and bonds in euro increased by around 30% compared with 2024, surpassing US$1.1trn, which is the highest level since the euro's inception.[18]

So, as FIs and corporates seek to diversify payment, funding and liquidity flows across a broader set of currencies, the euro is well positioned to capture a greater share of international activity. The rationale is not necessarily a shift away from the US dollar, but a desire to reduce concentration risk and increase optionality in an increasingly fragmented world.

By 2040, the euro may serve as the anchor of a broader European financial ecosystem spanning payments, capital markets, trade finance and digital assets. Its influence may expand through deeper market integration, continued financial innovation and growing demand for trusted and resilient financial infrastructure. As trust becomes an increasingly important component of global financial infrastructure, the euro's greatest strength may lie not only in the size of the European economy but in the institutional credibility underpinning it.

1.4 China: converting trade power into currency power

Historically, international currencies have tended to follow economic activity rather than precede it. As China's role in global trade, manufacturing and supply chains continues to expand, the long-term question may not be whether renminbi usage increases, but how quickly that increase occurs.

This dynamic may be most evident across emerging-market trade corridors where China already occupies a central commercial position. The UN Industrial Development Organisation (UNIDO) ranks China as the world's largest manufacturing economy by share of global manufacturing value added,[19] as well as the world's largest crude oil importer.[20] UN Trade and Development (UNCTAD) estimates that trade among developing economies (including China) – often referred to as South–South trade – increased from around US$500bn in 1995 to US$6.8trn in 2025, when it accounted for more than a quarter of global trade.[21]

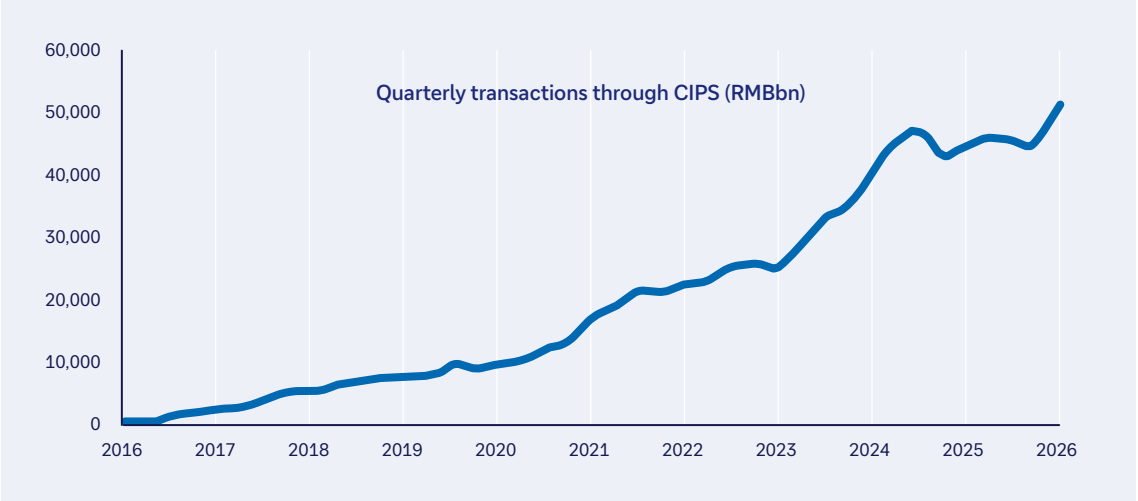
As trade, investment and financial ties deepen across Asia, Africa, Latin America and the Middle East, renminbi internationalisation could advance through a gradual but durable expansion of renminbi-denominated trade, financing and settlement. Rather than being driven primarily by reserve diversification, the renminbi's international role may increasingly reflect China's growing commercial footprint and economic connectivity.

China also has considerable scope to accelerate renminbi internationalisation through its extensive network of overseas corporates and trading relationships. Deutsche Bank Research's *RMB Internationalization Blog (5): From Johannesburg to Budapest*, published on 25 June 2026, points out that "transactions between Chinese overseas subsidiaries and their parent companies are increasingly being settled in renminbi, moving away from the US dollar and other major currencies". Furthermore, Yi Xiong, Deutsche Bank's Chief Economist for China and author of the paper, notes that many Chinese overseas subsidiaries are exploring renminbi as an invoicing currency with local partners, as "these local counterparts often find renminbi payments attractive due to lower funding costs and a more stable exchange rate compared with other available currencies".

Yet, the renminbi's internationalisation depends not only on economic activity, but also on the supporting financial infrastructure. In recent years, China has steadily expanded the ecosystem underpinning cross-border renminbi usage through offshore clearing centres, liquidity pools, trade-finance capabilities and dedicated payment infrastructure.

Central to this effort is the Cross-Border Interbank Payment System (CIPS) launched by China in 2015 to facilitate the clearing and settlement of renminbi-denominated cross-border payments and provide an alternative channel to established infrastructure.[22] CIPS has seen strong growth in both transaction volumes and activity over the past five years (*see* Figure 4).

Figure 4: A more active use of renminbi in trade settlement



Source: Deutsche Bank Research Institute

Constraints remain, however. Around 30% of China's trade is now invoiced in renminbi, but converting this into broader international currency use requires companies and investors to be able to access, hold and invest the currency at scale. China's managed capital account and relatively shallow offshore renminbi market limit that process. Offshore renminbi deposits in Hong Kong SAR stand at around RMB882bn – just 0.3% of China's onshore deposit base – compared with an offshore dollar market estimated at around 75% of the size of the onshore US deposit market.[23]

Yet, China is aware of this and has actively been working to transform the renminbi from a trade-heavy currency into a global currency for investment and financing. As Deutsche Bank Research Institute's July 2026 report – *The Rise of the RMB Financing Ecosystem* – emphasises, capital and financial account transactions now constitute around 75% of total renminbi settlements.[24]

The infrastructure supporting greater international use of the renminbi outside China is also continuing to expand. In August 2026, Deutsche Bank was appointed by the People's Bank of China as a renminbi clearing bank for Europe in Frankfurt, strengthening access to renminbi clearing and settlement for European institutions and corporates. While this does not remove the structural constraints outlined above, it illustrates the steps being taken to broaden the currency's international reach and support greater use of the renminbi outside China.[25]

By 2040, the renminbi is unlikely to challenge the US dollar as the leading currency, but it could play a much larger role in trade, investment and cross-border payments as China's economic weight and global trade links grow. As renminbi adoption grows, the ability of correspondent banks to provide access to liquidity, clearing, settlement and risk management across both established and emerging payment corridors may become an increasingly important source of client value.

What this means for FIs

- **Plan around the US dollar remaining the world's leading currency.** Deep capital markets, unparalleled funding depth and powerful network effects are likely to sustain its central role in global trade and finance.
- **Position for greater euro activity.** Europe's established institutions, deepening financial integration and growing digital finance capabilities could expand the euro's role across trade, investment and cross-border payments.
- **Prepare for the renminbi's expanding international role.** China's growing economic reach, evolving financial infrastructure and increasing use of renminbi across trade and investment corridors provide a strong foundation for long-term growth.
- **Plan for a multipolar currency landscape.** The likely result will not be a new dominant currency, but a broader distribution of currency usage across distinct economic spheres.

"The dollar will remain the most relevant international payments currency for the foreseeable future, so we are doubling down on our US dollar capabilities today. At the same time, we are extending our capabilities in euro and positioning ourselves for the future growth of the renminbi. Our role is to ensure clients can access the currencies and corridors that matter today, while being ready for how global trade and payments evolve"

Ciaran Byrne, Global Head of Product & Market Management, Institutional Cash Management

Hypothesis 2

The convergence assumption breaks down as payment networks fragment

Cross-border payments have traditionally relied on correspondent banking relationships, with Swift providing the messaging network for payment instructions and domestic real-time gross settlement systems settling the resulting obligations. For years, the prevailing assumption was that, building on these foundations, cross-border payments would continue to move towards greater global standardisation and convergence.

Today, that assumption is becoming less certain. Rather than converging around a common model, the payments landscape is becoming more fragmented, shaped by geopolitical considerations and the pursuit of greater payment autonomy, the regionalisation of economic activity, the emergence of alternative payment infrastructures and new forms of money, and diverging regulatory and compliance requirements.

2.1 Geopolitics and alternative payment networks

Geopolitics is increasingly shaping the structure of cross-border payments, as sanctions and concerns over dependence on external infrastructure encourage countries and regions to develop alternative payment arrangements as part of a wider push for strategic autonomy.

The most prominent recent example of the growing use of international financial infrastructure for sanctions followed Russia's invasion of Ukraine in 2022, when selected Russian FIs were excluded from the Swift messaging network to restrict their access to the international financial system, disrupt cross-border transactions and increase economic pressure on the Russian government.[26]

In response to – or anticipation of – such measures, some countries have developed alternative infrastructure to reduce their exposure to global payment networks. Russia began work on its System for Transfer of Financial Messages, known by its Russian abbreviation SPFS, following the sanctions imposed after its annexation of Crimea in 2014 and concerns that it could be excluded from Swift.[27]

China's CIPS has also continued to expand since its launch in 2015. While the currency remains a relatively small part of global payments – accounting for around 3.1% by value in June 2026 – its cross-border use continues to grow,[28] with the value of cross-border renminbi settlement in China reaching approximately RMB70.6trn in 2025, up 10.2% on the previous year (*see* 1.4 China: converting trade power into currency power).[29]

As McKinsey points out in its September 2025 report, *Global Payments Report: Competing Systems, Contested Outcomes*,[30] if geopolitical tensions stabilise and common standards remain strong, multiple rails may coexist without undermining global interoperability. If tensions worsen, however, diversification could give way to deeper regionalisation, with countries and regions prioritising resilience, sovereignty and self-reliance over global integration.

A second source of fragmentation is the extension of domestic and regional payment systems across borders. Rather than converging around a single new global infrastructure, countries are increasingly connecting existing systems bilaterally or through regional or multilateral arrangements.

Asia-Pacific remains at the forefront of this trend. India's UPI and Singapore's PayNow have been linked to support real-time cross-border payments,[31] while Nexus is being developed as a multilateral network connecting the instant payment systems of India, Malaysia, the Philippines, Singapore, Thailand and Indonesia.[32] The region is also experimenting with cross-border QR payments, alias-based transfers, local-currency settlement and other forms of interoperability between domestic systems.

These developments may improve interoperability between individual markets, but they do not necessarily point towards global convergence. Instead, the emerging model may consist of multiple interoperable ecosystems that retain distinct governance models, liquidity arrangements and rulebooks. The systems countries choose to connect – and the connections that do not emerge – are themselves increasingly shaped by geopolitical relationships. A 2025 study by the ECB and the Centre for Economic Policy Research (CEPR), for example, found that geopolitical tensions can reduce the likelihood of central banks linking their fast payment systems, potentially reinforcing separate clusters of connectivity rather than bridging them.[33]

Fragmentation also has implications for liquidity management. As institutions connect to a wider range of payment systems, currencies and settlement assets, liquidity becomes distributed across multiple ecosystems. Banks may therefore need to mobilise and optimise liquidity across a growing number of networks rather than within a single settlement environment.

2.2 Diverging regulatory and compliance requirements

Another aspect of fragmentation is diverging payment regulations. One of the fundamental challenges is that cross-border payments are global, while the authority to regulate them is not. As Martin Moloney, Deputy Secretary General of the Financial Stability Board, noted in 2026, political and regulatory responsibility is widely distributed: there is no single global authority with a mandate to govern cross-border payments, while responsibilities are divided between central banks, finance ministries, regulators and numerous international standard-setting bodies.[34]

While this is not a new challenge, it is becoming more pronounced as geopolitical tensions and differing domestic priorities make regulatory alignment harder to achieve. The result is a gap between setting international standards and applying them consistently in individual markets.

"With additional rails emerging, the means for circumvention obviously grow, making it much more complex for banks to navigate in this ecosystem"

Stefan Fruschki, Head of Transaction Surveillance

The challenge for FIs is that a lack of alignment creates complexity in:

- **Applying global standards:** This is illustrated by Financial Action Task Force Recommendation 16, which sets minimum information requirements for payments and other value transfers to support sanctions and anti-money laundering (AML) checks. As countries implement these standards through domestic law, requirements can vary.

- **Meeting specific local requirements:** In a growing number of markets – such as India, Brazil and Nigeria – certain categories of data must be stored or processed within national borders. The scope and design of these requirements vary significantly between jurisdictions, reflecting different approaches to sovereignty, security and regulatory oversight, and further complicating how transaction data is accessed and shared across borders.[35]

- **Navigating differing sanctions obligations:** Definitions of prohibited services, activities and dual-use goods can vary between the EU, UK, US and other jurisdictions, meaning that a transaction permitted under one regime may be restricted under another. Banks must therefore understand not only who is involved in a payment, but also the underlying activity and which sanctions regimes apply.

A more diverse, multi-rail ecosystem may compound these challenges by creating additional intervention points across networks, institutions and forms of money. These can make the origin, purpose and ultimate destination of a transaction harder to establish, increasing the potential for sanctions circumvention and money laundering.

If effective controls become too costly or difficult to maintain, banks may withdraw from certain corridors, customer segments or transaction types. In particular, smaller institutions with less specialist expertise and technology may also limit correspondent banking services to affiliated institutions, potentially triggering a new period of de-risking.

To address this challenge, Deutsche Bank has invested in partnership programmes that help FI clients strengthen their risk management frameworks.[36]

2.3 What this means for risk management

Payment system fragmentation makes risk management more complex because it becomes even more difficult to ensure full visibility across the transaction chain, client network or relevant data. At the same time, clients need someone who maintains a holistic, cohesive risk framework across payment ecosystems.

This is why partnership matters. Institutions need to move beyond transaction-level controls towards ecosystem-level risk management, underpinned by better data, stronger partnerships and more adaptive risk appetite frameworks. Sharing intelligence across banks, corporates and authorities would help to enable network-level detection of fraud, money laundering and sanctions circumvention.

This shift is accelerating as financial crime itself becomes more networked, technology-driven and geopolitically shaped. Factors driving the change in financial crime include:

Sanctions

- Increasing use of complex evasion typologies (e.g. trade-based money laundering, shadow fleets, indirect routing via third countries).
- Growth of Russia- and Iran-linked circumvention networks.
- Rising risk from inconsistent global sanctions regimes leading to fragmentation and compliance gaps.

Crypto and digital asset misuse

- Continued use of crypto-assets for laundering, sanctions evasion, and fraud proceeds movement.
- Growth of privacy-enhancing technologies reducing traceability.

Fraud and cyber-enabled financial crime

- Use of artificial intelligence (AI)-generated content (deepfakes, synthetic identities) to bypass controls.
- Blurring lines between fraud and money laundering, requiring integrated detection approaches.

Trade-based money laundering

- Persistent use of mis-invoicing, dual-use goods, and phantom shipments.

> "The risk is becoming an ecosystem problem. The response to this is partnership – partnership with our FI correspondent banking clients, with regulators, with industry bodies, and also with public-private partnerships"
>
> **Monika Jacob-Schnitzius**, Head of Institutional Cash and Trade, Controls and Advisory

However, collective intelligence does not mean that regulatory responsibility will transfer to the ecosystem. The provider of the respective payment rail is unlikely to take full responsibility for risk management. Shared information can make a transaction easier to assess, but each bank remains accountable for the controls it applies and the decision it ultimately makes.

By 2040, the central challenge will therefore be one of applying consistent controls across a fragmenting landscape. Banks will need to connect to a broader range of rails while ensuring cohesive governance across them. Clients will continue to expect payments to feel simple. The institutions best positioned to serve them will be those that can absorb complexity on their behalf.

What this means for FIs

- **Manage multi-rail complexity with consistent controls.** As FIs operate across a wider range of payment rails, applying the same standards and controls across each environment will become more challenging – and more costly. Correspondent banking partners can help absorb that complexity by providing broad connectivity alongside consistent risk and control frameworks.

- **Strengthen end-to-end risk visibility through collaboration.** As payments move across more networks, institutions and jurisdictions, achieving end-to-end risk visibility will require greater information sharing and collaboration with correspondent banks, payment networks, regulators and industry bodies – even as each institution remains accountable for its own controls.

- **Leverage strong connectivity partners.** Rather than building and maintaining direct access to every network themselves, FIs can rely on partners with broad connectivity across payment environments, helping them preserve reach while managing the associated complexity.

Hypothesis 3

From legacy to leverage – scaling what already runs

The future of correspondent banking will be shaped by two parallel forces: the continued evolution of established payment rails and the more fundamental transformation promised by new, blockchain-based networks (*see* Hypothesis 4: Tokenised money advances from pilots to platforms).

Established rails already benefit from extensive reach, liquidity, and trust, allowing incremental improvements in speed, transparency and efficiency to be implemented relatively quickly and realised at scale. However, to remain relevant in an increasingly instant and digital world by 2040, existing correspondent banking infrastructure needs to be modernised.

3.1 Today's cross-border payments landscape and the last-mile friction

For all its reach and resilience, the traditional correspondent banking model was not designed for a world of instant, always-on payments. A cross-border payment may pass sequentially from the originating bank through one or more correspondent institutions before reaching the beneficiary bank, with each participant performing its own processing, compliance checks, liquidity management and, where required, FX conversion. The longer the chain, the more opportunities there are for delays and manual intervention.

Investment in correspondent banking infrastructure has already addressed some of these frictions, particularly the speed with which payments move between institutions. Swift data shows that 75% of payments travelling over its network now reach the beneficiary bank within ten minutes, and over 90% within an hour.[37]

The more persistent challenge lies at the end of the journey. Swift estimates that the international leg accounts, on average, for less than 20% of total payment journey time, while around 80% is spent in the final domestic, or 'last-mile', stage – after the payment has reached the FI holding the beneficiary's account or wallet.[38]

Addressing these frictions is a major strand of the G20 Roadmap for Enhancing Cross-border Payments.[39] The Roadmap is pursuing improvements across multiple fronts, but an important part of the agenda is evolutionary: making existing payment infrastructure work better rather than replacing it outright.

"Greater interoperability between domestic instant payment ecosystems and global payment infrastructures is reshaping the future of cross-border payments. One-Leg-Out schemes and the Swift payments scheme are accelerating this transition by combining the reach of existing rails with clearer service commitments, standardised expectations and enhanced transparency. The result is a more predictable, efficient and seamless payment experience for retail and SME customers worldwide"

Elena Hergass, Head of Product Management, Institutional Cash Management

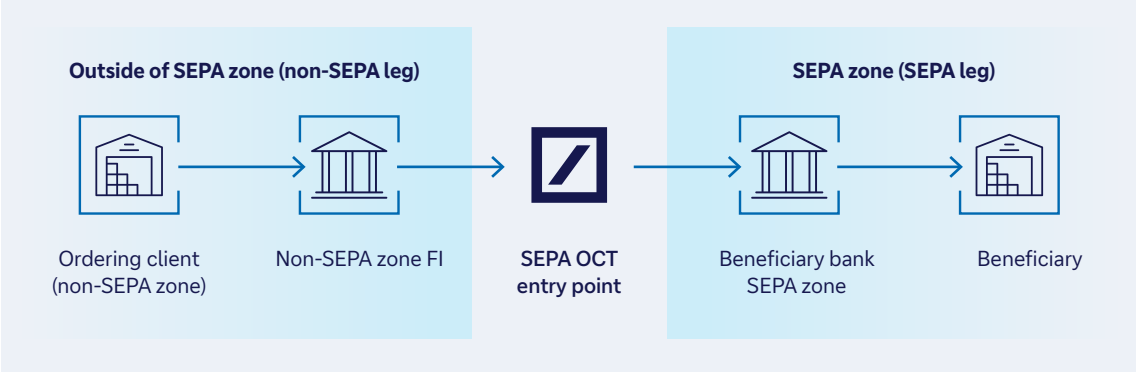
3.2 One-Leg-Out: extending today's infrastructure

One avenue is to build on the significant investment already made in domestic instant payment infrastructure and extend its benefits across borders. As the March 2026 report *Cross-border payment technologies: innovations and challenges* from the BIS emphasises, "enhancing cross-border payments must take into account the evolution of domestic systems, as the first and last miles of cross-border payments are typically processed through domestic infrastructures".[40]

OLO models do this by using a domestic instant payment system to process either the incoming or outgoing leg of an international transaction in real time.[41] The remaining leg continues to move through correspondent banking or another international payment mechanism, with an intermediary connecting the domestic and cross-border components and managing the operational flow between them. OLO therefore allows existing real-time infrastructure to improve part of the cross-border journey without requiring the entire transaction to move onto a new rail. It enables real-time delivery of the final payment leg, improving speed, transparency and certainty while carrying all required data end to end.[42]

Several such schemes are already in place. In Europe, the EPC's OCT Inst scheme uses existing infrastructure, standards and procedures to enable instant processing of the euro leg of cross-border transactions. An example of how this scheme operates is outlined in Figure 5.

Figure 5: OLO example: SEPA OCT Inst scheme



Source: Deutsche Bank

Elsewhere, domestic instant payment systems such as Singapore's Fast And Secure Transfers and Australia's New Payments Platform are also being extended to support cross-border payments.

OLO schemes will deliver their full value only if they achieve broad adoption, which requires market participants to invest in new capabilities. However, these models may challenge established correspondent banking pricing, including deductions applied by creditor or beneficiary banks, and could reduce revenues from cross-border flows. A compelling commercial case is therefore essential to secure investment. Scaling OLO from individual corridors into a broader cross-border framework will also require industry cooperation.

Building reach for OCT Inst

In September 2025, Deutsche Bank was among 10 large banks that announced plans to build up reach for OCT Inst payments. These institutions will leverage EBA CLEARING's pan-European RT1 System to build critical mass for OCT Inst across Europe.

The plan is to be reachable for OCT Inst via RT1 by 2027, which would be in line with the target date of the G20 Roadmap for Enhancing Cross-Border Payments. The announcement shows Deutsche Bank's commitment to the timely implementation of OCT Inst.[43]

3.3 The Swift payments scheme: setting common standards for faster cross-border payments

Alongside efforts to extend domestic instant payment infrastructure into cross-border use cases, Swift is seeking to raise standards around speed, transparency and predictability of payments over the existing correspondent banking network through a common rulebook for cross-border payments.

The new scheme can be seen as the successor to Swift Go, the service launched in 2021 to help banks provide faster, more predictable low-value cross-border payments with greater upfront visibility on costs and processing times.[44] It addresses many of the same pain points, but through a different model.

While Swift Go relied on voluntary, best-efforts implementation, participants in the new Swift scheme sign up to a formal arrangement – comparable in approach to SEPA or card schemes – with binding rules covering areas such as upfront fee and FX disclosure, full-value delivery, end-to-end traceability, data validation and straight-through processing. This gives the scheme a stronger framework for addressing friction across the payment journey, including the 'last mile', where much of the remaining delay in cross-border payments occurs.

Where domestic infrastructure allows – including through OLO arrangements – payments can also be routed into instant payment systems for faster delivery to the beneficiary.

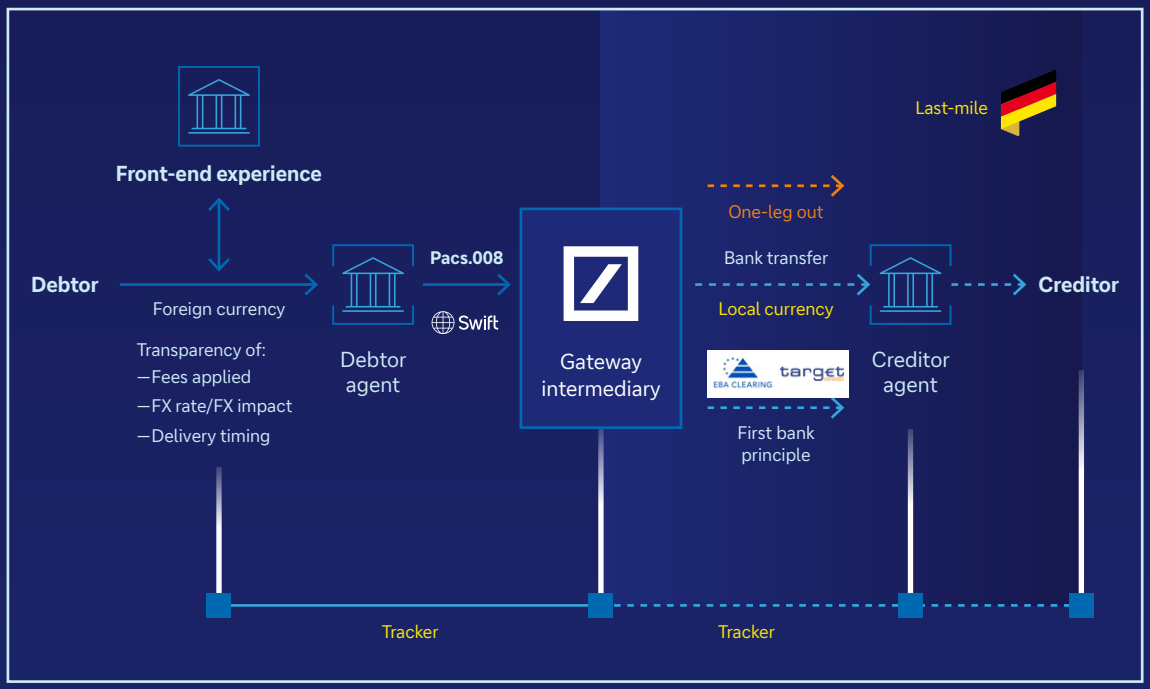
Taken together, these developments point to two complementary strands of improvement. Domestic real-time payment systems provide the infrastructure needed to move funds quickly at the edge of the payment chain, while initiatives such as the Swift payments scheme seek to ensure that the institutions connecting those rails operate to more consistent standards. Both are necessary if faster cross-border processing is to translate into a faster, more transparent and predictable experience for the end customer.

The scheme is now moving from framework to implementation. More than 60 banks across 25 countries are participating in the current minimum viable product (MVP) phase, with Swift targeting a broader expansion to around 300 banks across 30 creditor markets by 2027. An updated rulebook is planned for December 2026 as the framework develops further.

How the first live transactions on the scheme worked

In mid-June 2026, Deutsche Bank successfully completed its first live transactions under the scheme, acting as the gateway intermediary and central point of entry for cross-border euro payments into Germany. In this role, Deutsche Bank processed payments from Australia, in collaboration with Westpac, and from Brazil, with Itaú, demonstrating how the scheme can connect global corridors directly into the German market (*see* Figure 6).

Figure 6: How the Swift payments scheme works



Source: Deutsche Bank

The gateway intermediary sits at the heart of the scheme's last-mile execution. Positioned between the debtor agent and the creditor agent, it ensures payments are processed in line with scheme rules – supporting full-principal transfer, providing real-time tracking updates and enabling settlement via instant payment systems where available, or through book transfers to mimic near-instant cross-border payments.

The debtor agent is the FI serving the payer. It is responsible for the customer-facing initiation experience: capturing and validating the required data, checking payment eligibility, providing upfront transparency on fees, FX and expected delivery, and giving the payer visibility of the payment status.

By 2040, established correspondent banking networks will remain central to cross-border payments. Their significant existing reach and adoption provide an important advantage: improvements can be brought to market relatively quickly and scaled across a broad base of FIs. Continued investment will nevertheless be essential to ensure these channels meet the needs of an instant, always-on payments world.

What this means for FIs

—**Invest in today's infrastructure.** Established correspondent banking networks retain major advantages in reach, liquidity and adoption and will remain central to cross-border payments.

—**Use today's foundations to deliver progress sooner.** OLO and Swift's new scheme can improve cross-border payments in the near term without waiting for entirely new infrastructure to mature.

—**Scale the models that work.** The value of these initiatives depends on broad participation across markets, so banks have an important role in adopting, testing and helping shape the frameworks needed for them to scale.

Hypothesis 4

Tokenised money advances from pilots to platforms

A widespread assumption is that DLT could eventually remove the need for correspondent banks by replacing their intermediary role. In practice, however, the transition is unlikely to be that straightforward. While DLT may change how transactions are executed, many of the functions surrounding those transactions will still be required.

Tokenised forms of money, including stablecoins and tokenised deposits, will continue to rely on mechanisms that enable the movement of funds between tokenised and traditional fiat currency environments. They will also require established risk and compliance frameworks including know-your-customer (KYC), AML, counter-terrorist financing, sanctions screening, and transaction monitoring controls.

DLT may therefore change the infrastructure underpinning cross-border payments, but it does not remove the need for many of the services that correspondent banks provide today. Platforming, governance, control and risk management will remain essential – and correspondent banks are well placed to continue providing these functions in a DLT-enabled payments ecosystem.

Building on our May 2026 white paper, *Digital Money – a perspective on stablecoins, tokenised deposits and CBDCs*, this chapter focuses specifically on how tokenised deposits and stablecoins could reshape correspondent banking by 2040, highlighting some of the most promising initiatives and use cases emerging so far and the remaining challenges.

4.1 Tokenised deposits and stablecoins: complementary not competing

Tokenised deposits are on-chain representations of commercial bank deposits that retain their existing legal, regulatory, and prudential characteristics. Stablecoins, by contrast, are digital representations of fiat currency issued on blockchain networks and typically backed by bank deposits, cash equivalents, or high-quality liquid assets to maintain a stable value (*see* Figure 7).

While both represent forms of digital money, they differ fundamentally in their design and operating models. Stablecoins can generally be transferred between compatible wallets on a blockchain network, subject to the rules of the respective blockchain, stablecoin issuer, and applicable regulatory requirements. This enables broad accessibility and seamless value transfer across participants. Tokenised deposits, in contrast, remain liabilities of regulated banks and therefore stay within the banking and regulatory perimeter.

"The relationship is best understood through the 'stock and flow' concept. Stablecoins primarily facilitate transactions rather than serve as long-term stores of value, while conventional and tokenised deposits provide a natural home for institutional liquidity"

Sabih Behzad, Global Head of Digital Assets & Currencies Transformation

These differences suggest that tokenised deposits and stablecoins are unlikely to compete directly. Rather, they are expected to serve complementary roles within a broader digital financial ecosystem. While stablecoins may facilitate activity across open blockchain networks, tokenised deposits are better positioned where integration with existing banking infrastructure, regulatory certainty, and institutional-grade controls are required. Together, they may address different but increasingly interconnected payment, liquidity, and settlement needs.

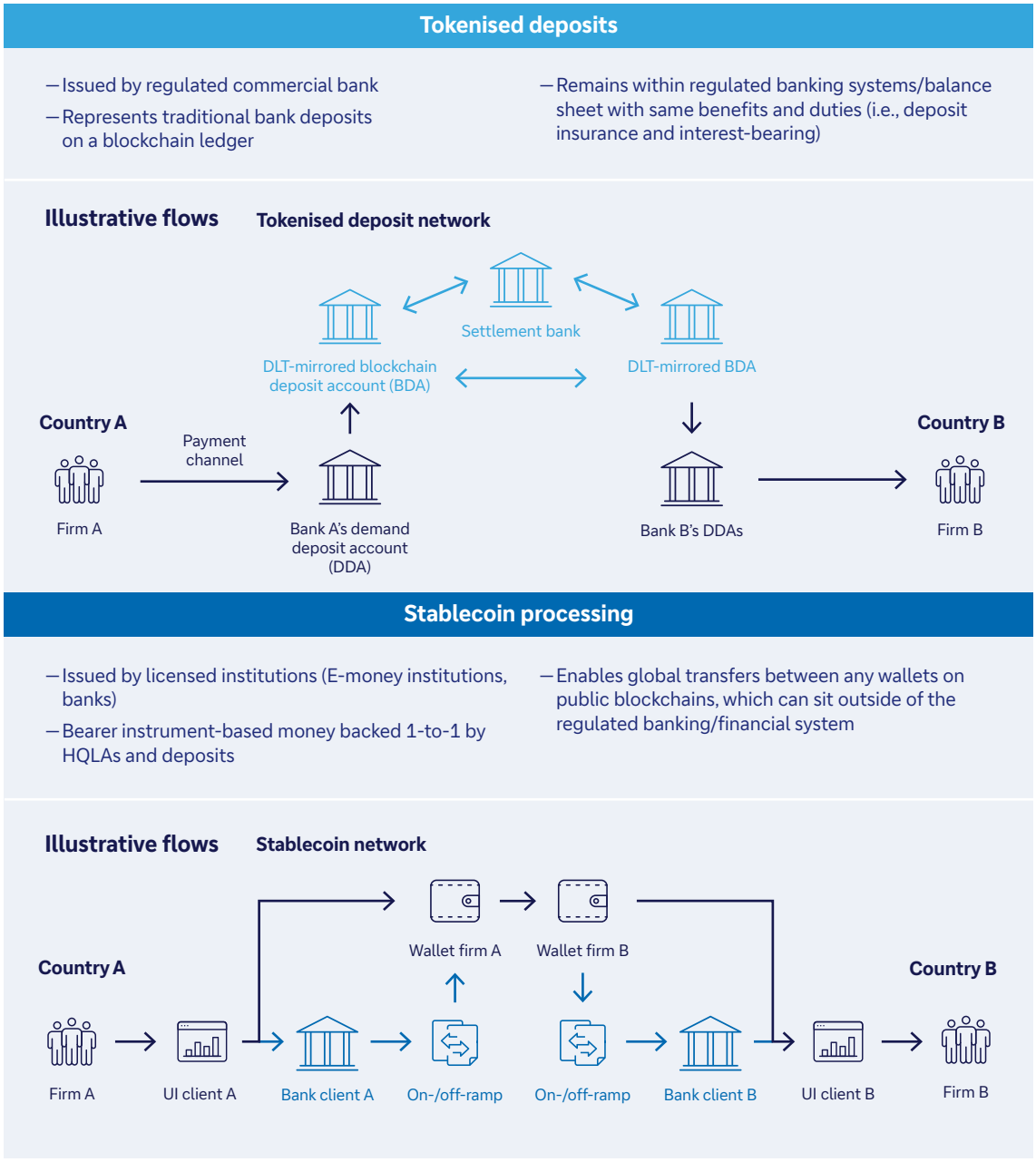
One way to view this relationship is through the 'stock and flow' concept, which should be seen as an illustrative framework rather than a rigid distinction. In the concept, stablecoins can be seen primarily as a flow instrument: their wallet-to-wallet infrastructure and broad accessibility make them well suited to moving value quickly across networks and borders. Traditional and tokenised deposits, by contrast, are more naturally suited to the stock role, where institutional liquidity is held.

Yet the value proposition of tokenised deposits extends well beyond this holding function. By bringing commercial bank money onto programmable infrastructures, tokenised deposits could unlock new transaction and settlement capabilities across correspondent banking, treasury and liquidity management, and capital markets settlement. In correspondent banking, for example, they could enable the programmable transfer of commercial bank money across interconnected banking networks, reducing operational friction, enhancing transparency, and supporting more coordinated or potentially atomic settlement.

At the same time, both models face distinct adoption challenges. Stablecoins require scalable custody, compliance, liquidity, and on-/off-ramping infrastructure, as well as deeper integration with existing treasury and payment systems. Tokenised deposits, meanwhile, must overcome challenges related to interoperability, network fragmentation, and the establishment of common settlement networks and multibank settlement assets across FIs.

As highlighted in Deutsche Bank's paper, *Digital Money – a perspective on stablecoins, tokenised deposits and CBDCs*, no single form of digital money is likely to address all market requirements. Instead, the future ecosystem may comprise multiple complementary forms of digital money, each optimised for different use cases, regulatory environments, and participant needs. As these challenges are addressed and market infrastructures mature, stablecoins and tokenised deposits may coexist, together enabling a broader range of payment, liquidity, and settlement use cases.

Figure 7: Tokenised deposits and stablecoins compared



Source: Deutsche Bank

4.2 Building the tokenised settlement infrastructure

Today, tokenised deposit models are developing along two broad paths. Bank-centric platforms allow individual banks to represent and transfer deposits on their own proprietary blockchain infrastructure, supporting capabilities such as 24/7 settlement, programmability and automated liquidity management. Their reach, however, is confined to the issuing bank and its clients.

A second model is emerging through multi-bank tokenised deposit platforms, where FIs participate in shared ledger infrastructure. These platforms aim to enable the coordinated movement and settlement of tokenised commercial bank money across banks, extending the benefits of tokenisation beyond the boundaries of a single institution. Different initiatives are pursuing this multi-bank model in different ways:

— **Partior – building a multi-bank settlement platform on-chain.** Partior is focused on creating shared settlement infrastructure across banks. Its shared-ledger network enables participating institutions to transfer and settle tokenised commercial bank money across institutions in real time, supporting 24/7 processing and atomic settlement.[45] In September 2025, Deutsche Bank conducted its first euro-denominated cross-border payment via the platform. The transaction was performed together with DBS, Southeast Asia's largest bank by assets.[46]

— **Swift Ledger – creating interoperability across bank-centric platforms.** The Swift Ledger is focused on connecting tokenised value across institutions and networks. Developed by Swift with participating FIs, the blockchain-based shared ledger is intended to provide common infrastructure and interoperability for regulated tokenised value, with an initial focus on 24/7 cross-border payments. In July 2026, Swift announced that 17 banks plan to participate in live pilot transactions via the MVP platform.[47]

— **Project Agorá – exploring a redesign of the financial system.** Project Agorá takes a broader approach, exploring how the existing two-tier monetary system could operate on tokenised infrastructure. Led by the BIS with eight central banks and more than 40 private-sector FIs, the project is examining how tokenised commercial bank deposits and tokenised wholesale central bank money could coexist on shared programmable infrastructure, enabling more integrated and potentially atomic cross-border settlement.[48] In July 2026, as part of one of Project Agorá's first real-value test transactions, Deutsche Bank acted as intermediary agent for a €10,000 treasury payment between Lloyds Banking Group and CaixaBank – with the Eurosystem acting as clearing agent. Beyond Deutsche Bank, 23 FIs participated across Asia, Europe and North America as well as five central banks. Together, participants completed transactions worth approximately CHF800,000 across six currencies.[49]

To date, tokenised deposit implementations have relied on private, permissioned blockchains accessible only to issuing banks or authorised institutions. As public blockchains gradually gain recognition as legitimate settlement infrastructure within the regulated financial sector, banks are starting to experiment with issuing deposit liabilities on public blockchains under whitelisted, KYC-bound access. This enables clients to use their bank deposits directly on these platforms without first converting funds into stablecoins and could, over time, open the way for transferability beyond the issuing bank's own client base. For now, however, such models remain experimental and provide an indication of how tokenised deposits could evolve.

Central bank money evolution

Central bank money is evolving alongside commercial bank money and financial assets as they increasingly move onto DLT-based infrastructure. As tokenisation gains traction, FIs will require mechanisms to settle transactions in central bank money within these new environments.

In Europe, the Eurosystem is pursuing this objective through a dual-track strategy with two complementary parts:[50]

- **Pontes** is the Eurosystem's solution to enable DLT-based transactions to settle in central bank money through interoperability with the existing TARGET infrastructure. Scheduled to go live in the third quarter of 2026, Pontes will act as a bridge between DLT platforms and Eurosystem settlement services.

- **Appia** complements Pontes. It brings together financial market participants and DLT platform operators to explore common approaches and requirements for the tokenised ecosystem. According to the ECB, lessons from Appia will help inform the future evolution of Pontes and support the development of a scalable and interoperable European tokenised financial ecosystem.

Outside Europe, the Monetary Authority of Singapore (MAS) has been at the forefront of tokenisation initiatives through Project Guardian, a collaborative programme involving regulators and FIs that explores tokenised assets, tokenised deposits and interoperable digital market infrastructure. Through a series of industry pilots and policy frameworks, the initiative has focused on developing common standards, governance models and connectivity across tokenised financial networks. Rather than concentrating primarily on the provision of wholesale central bank money, Project Guardian has emphasised industry-led tokenisation and the interoperability of regulated private-sector settlement assets, supporting the development of scalable tokenised capital markets and payment ecosystems.[51]

4.3 Stablecoins: extending digital money beyond the banking system

Stablecoins offer a different route to digital money by enabling value to be held and transferred through blockchain-based wallets rather than traditional bank accounts. This structure creates particular potential for cross-border retail remittances and lower-value B2B transactions, especially in markets where access to conventional banking services or major currencies may be limited or costly.

However, stablecoins do not eliminate the need for liquidity, funding, or financial intermediation. While they can improve the transfer of value, institutions must still source liquidity in the appropriate currency and manage funding, FX, and risk exposures. As payments become faster and more continuous, competitive differentiation may shift from moving money towards mobilising liquidity efficiently across interconnected financial ecosystems in real time.

Attitudes towards stablecoins continue to diverge across jurisdictions. The US has generally taken a more supportive approach to dollar-denominated stablecoins, while the Eurosystem has placed greater emphasis on tokenised financial infrastructure anchored in central bank money. These differing approaches may result in varying adoption models across regions, reinforcing the likelihood of a future digital money ecosystem built on multiple complementary forms of money rather than a single global standard.

Building a trusted stablecoin

Deutsche Bank is part of a consortium of 21 international FIs planning to launch a stablecoin solution in the first half of 2027. Announced on 1 September 2026, the planned product will be utilised for use cases covering wholesale, institutional and retail markets. The consortium says it will provide a trusted form of digital money for use cases such as cross-border payments and digital asset settlements.

The group will initially focus on a US-dollar-denominated stablecoin. Over time, it plans to expand into other G7 currencies, prioritising a euro offering.[52]

4.4 The future of tokenised money and financial institutions

Looking ahead to 2040, tokenisation could transform the mechanics of payments and settlement without fundamentally changing the need for trust, liquidity and financial intermediation. Rather than converging on a single form of digital money or a single technology stack, the future financial system is likely to consist of multiple interconnected rails spanning tokenised deposits, stablecoins, central bank money, tokenised assets and existing account-based infrastructures.

"Tokenisation does not remove the need for banks. It increases the importance of trusted institutions that can provide regulated money, mobilise liquidity and enable settlement across multiple ecosystems"

Marvin Ulbrich, Product Manager, Emerging Payment Rails

The key challenge will therefore shift from moving value within individual networks to orchestrating value, liquidity and risk seamlessly across them. Institutional investors and corporate treasurers will continue to require access to regulated, compliant and risk-managed settlement assets.

In this environment, banks could play an increasingly important role as multi-rail orchestrators, connecting traditional and tokenised ecosystems, enabling on- and off-ramping between different forms of money, and providing the regulated liquidity, governance and compliance capabilities that underpin financial trust. In that sense, tokenisation may not diminish the role of correspondent banking.

What this means for FIs

- **Prepare for multiple forms of digital money to coexist.** Tokenised deposits, stablecoins and central bank money are likely to fulfil different roles rather than converge around a single model.
- **Leverage the bank's role in regulated liquidity and settlement.** As financial activity moves on-chain, FIs remain central by providing regulated commercial bank money, liquidity and compliance capabilities within tokenised environments.
- **Be selective about where to invest.** As tokenised payment and settlement models proliferate, no institution will be able to build or own every solution and connection. FIs will need to prioritise the networks most relevant to their clients and use partnerships to extend their reach where direct investment cannot be justified.

Hypothesis 5

AI shifts value from payment execution to orchestration

We are on the cusp of a fundamental transformation in payments powered by AI. What began in retail and consumer payments is rapidly expanding across the broader payments ecosystem, improving how transactions are initiated, processed and monitored. As AI capabilities continue to advance, their impact is expected to extend beyond business-to-consumer and B2B payments into the complex world of cross-border correspondent banking, fundamentally reshaping how value moves globally by 2040.

The resulting shift could change where value sits in correspondent banking. The execution of an individual payment may become increasingly commoditised within the next 15 years, while greater value accrues to the intelligence, connectivity, liquidity and governance required to determine how that payment should move.

5.1 The evolution of AI in payments

Machine learning, a subset of AI that uses algorithms to identify patterns in training data and apply what they have learned to make accurate inferences about new data, has proved particularly effective for tightly defined predictive and anomaly-detection tasks. This includes:

—settlement-failure prediction;

—financial-crime monitoring; and

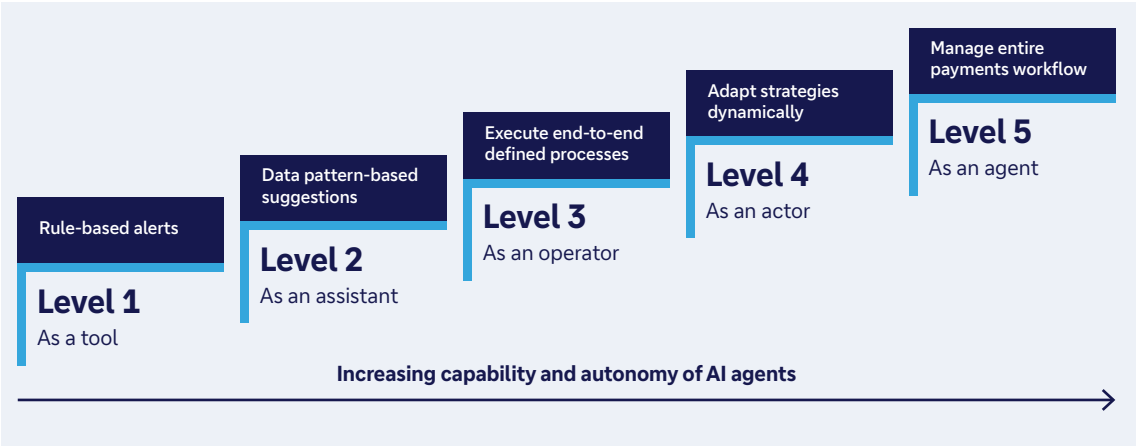
—transaction analysis.

These models can, for example, draw on historic payment-failure data and transaction attributes to identify patterns associated with potential settlement failures early enough for remedial action to be taken.

Similar techniques are also relevant to payment screening and exception investigation. This can support a gradual shift from purely rules-based controls towards more dynamic, risk-based assessment, while helping reduce the operational burden associated with false positives.

Agentic AI – as the next evolutionary step – extends this intelligence by introducing a greater ability to decide and act. At the lower end, AI may operate as a tool or assistant – generating alerts, identifying patterns or recommending actions. As autonomy increases, it can move towards executing defined processes, adapting its approach as circumstances change and, ultimately, managing much broader parts of a payment workflow (*see* Figure 8).

Figure 8: Progression framework for AI agents



Source: BIS[53]

Considering this highest level of capability, an agentic payment is a transaction initiated, negotiated or executed by an AI agent within limits its principal has defined in advance. The principal – a person, a corporate treasury, an FI – does not necessarily approve each transaction. Instead, they grant a mandate: a verifiable, revocable authorisation that defines what the agent may buy, from whom, at what price, and how much it may spend over what period. The agent then transacts autonomously inside that perimeter, and every action it takes is recorded.

Agentic commerce

Agentic payments have so far been concentrated on retail and consumer commerce.[54] McKinsey's 2025 *Global Payments Report* found that 10% of consumers worldwide already use AI to start their online shopping journey, while 20% would be comfortable asking AI to make a purchase on their behalf.[55]

By 2030, Accenture estimates that more than 30% of online commerce could run through AI agents, representing close to US$3trn in transactions. In parallel, commercial use cases are advancing with platforms such as Coupa, Oracle and SAP supporting automated procurement and payment within predefined enterprise policies.[56]

The same principle could apply for machine-to-machine commerce. An AI agent could, for example, purchase data or digital services on a pay-per-use basis rather than through a fixed subscription.[57]

These trends could indirectly reshape the economics of transaction processing for banks. As agents make smaller and more frequent transactions commercially viable, the number of payments generated by economic activity could rise significantly, potentially creating more continuous receivables, liquidity and settlement requirements for corporates and their banks.

5.2 Intelligent payment routing and orchestration

As the number of available payment rails and settlement assets grows, the route for an individual transaction is likely to become less predetermined – and, depending on the transaction, could involve dynamically switching between different payment infrastructures and forms of money.

This shift creates a growing routing challenge. Rather than following a largely static payment path, an agent could assess which available routes are admissible for a transaction and, from those options, determine in real time which best meets the client's objective. Variables could include:

- corridor;
- transaction size;
- operating hours;
- cut-off times;
- execution certainty;
- settlement model;
- FX requirements;
- available liquidity;
- regulatory requirements; and
- the client's own preferences.

For example, a client could communicate an outcome: that funds must reach South Africa by a defined time, while prioritising settlement certainty and remaining within agreed cost and risk parameters. The bank's agent could then interpret that objective and determine the route, timing and other actions required to achieve it.

Programmable digital money and the infrastructure supporting it could reinforce this model. Tokenised deposits, stablecoins and other forms of digital money can support conditional or automated transactions, while AI provides an intelligence layer capable of determining when those conditions should be triggered and which form of money or infrastructure is most appropriate for a particular transaction.

> "Building the AI agents will become easy over time. The real differentiator will be having the right access – to the data and payment rails – and the governance around that marketplace. That is where banks can differentiate themselves"
>
> **Kirsten-Anne Bremke,** Data and AI Tribe Lead

This scenario could support the emergence of a broader correspondent banking marketplace. Instead of providing a limited set of predetermined routes, a correspondent bank could connect clients to a range of payment infrastructures and settlement assets within a common operating and control framework. The bank provides the available options and underlying connectivity, while the AI agent determines which route should be used for a particular transaction.

Intelligent routing, managed by AI agents, therefore becomes one component of a broader orchestration model. Routing determines the most appropriate path for an individual payment, while a bank's orchestration layer manages the wider combination of systems, settlement assets, liquidity and controls required to execute the payment end to end.

5.3 Intelligent liquidity optimisation

Intelligent routing is only valuable if the liquidity required to execute the chosen payment is available in the right place and at the right time. Therefore, in an autonomous payment landscape, liquidity management requires continuous, real-time cash optimisation. This is particularly true in a multi-rail world, where FIs' liquidity will be spread across different currencies, payment networks and tokenised money systems.

Today, however, liquidity management typically remains characterised by periodic forecasting, significant manual intervention and limited end-of-day visibility. The result is frequently conservative liquidity positioning, including sizeable operational buffers and cash held across multiple accounts.

At its core, liquidity management involves balancing execution certainty against the cost of holding liquidity. Pre-positioning more funds can reduce queues and settlement delays but carries an opportunity cost; holding less liquidity improves efficiency but increases the risk that payments are delayed or additional funding has to be sourced at short notice and higher costs.

In the future, AI agents could be given authority, within clearly defined parameters and with human oversight, to continuously optimise liquidity – moving funds across accounts and settlement environments, sourcing FX or intraday funding where required, and balancing the need to minimise idle liquidity against ensuring payments can be executed.

Greater intelligence around liquidity positioning could also strengthen operational resilience. Agentic AI could continuously model alternative scenarios, including the outage of a major payment system, and assess whether payments or liquidity could be redirected through alternative infrastructures. Contingency planning could therefore become more dynamic, with fallback routes analysed and prepared before disruption occurs rather than identified only during a crisis.

Early experimental work suggests elements of this model are already technically feasible. In stylised wholesale payment-system scenarios, BIS researchers found that a general-purpose AI agent could preserve liquidity in anticipation of urgent payments, reprioritise transactions in response to expected inflows and balance the cost of holding liquidity against the potential cost of delayed settlement or subsequent borrowing. While these experiments were not conducted in a live payment system, they provide an early indication of how AI could move beyond forecasting towards actively supporting intraday payment and funding decisions.[58]

5.4 Trust, control and governance as foundational infrastructure

According to research by Accenture, 87% of financial and payments executives believe that trust will be the key barrier to agentic payment adoption.[59] This reflects a fundamental shift in the payments model. The question is no longer simply how money moves, but who – or what – is authorised to decide that it should move, and under what conditions.

Agentic payments will therefore require clearly defined permissions and boundaries. A corporate or FI might allow an agent to initiate payments independently within specified transaction limits, approved counterparties, liquidity or credit parameters and hedging policies, while requiring human approval for higher-risk or exceptional transactions. This element of delegated authority is what ultimately distinguishes agentic AI from workflow orchestration alone: within agreed parameters, the agent is deciding which actions should be taken.

A fundamental challenge is that AI remains probabilistic. Unlike a deterministic payment instruction, an AI model may not necessarily produce precisely the same outcome each time. Before agents can be entrusted with greater decision-making authority, institutions will therefore need to demonstrate that their outputs are sufficiently reliable and that probabilistic decision-making does not introduce new levels of risk into payment flows.

Regulatory and financial-crime controls will also need to operate as quickly as the increasingly autonomous payment decisions. AI will not replace sanctions policy, AML requirements or legal interpretation, but it could help apply them more dynamically and consistently – using richer data to identify unusual patterns, surface missing information and escalate transactions that fall outside defined parameters. AI-driven payment processes will also need protection against poor-quality data, cyber threats and model failures.

Greater autonomy will, in turn, make explainability and accountability more important. If something goes wrong, banks and regulators will be expected to explain clearly how a material decision was reached, what information was used, what authority had been delegated and who remains responsible for the outcome. Models should therefore be governed, tested and auditable, with human override and clear escalation mechanisms where required.

By 2040, these requirements will reinforce the role of correspondent banks as trust anchors within the future payments ecosystem. Their value will lie both in providing access to payment rails and liquidity and governing the environment in which autonomous decisions are made.

Accenture describes this as the emerging 'control layer' for agentic payments – governing how money can be spent through permissions and delegated authority, supported by consent management, user and agent identity verification, fraud controls, compliance and liability frameworks. It argues that FIs have a natural role to play within this layer given their existing regulatory responsibilities and customer relationships: "Banks are well positioned here, anchoring trust through identity, account ownership, regulatory compliance and risk management."[60]

What this means for FIs

- **Prepare for the shift from static routing to dynamic, real-time orchestration.** Agentic AI will increasingly determine the optimal route, timing and settlement asset for individual payments, requiring banks to provide connectivity across a broader range of rails and forms of money.

- **Move towards predictive, agent-led liquidity management.** AI agents will anticipate where liquidity will be needed and support or execute sweeps, rebalancing, FX and intraday funding across accounts, currencies and settlement environments.

- **Make trust and governance a differentiator.** As agents gain greater authority to act, banks will need robust permissions, controls and accountability. Those that can combine this trusted governance layer with access to payment rails, liquidity and high-quality data could be best placed to enable agentic payments at scale.

6

The future is multi-rail – and orchestrated

The five hypotheses explored in this paper all have different implications, but ultimately one common theme emerges: by 2040, the payment landscape will become more diverse, interconnected and complex. Established correspondent banking infrastructure will need to be ramped up, while digital money and other emerging rails create additional ways to move value. At the same time, geopolitical fragmentation, changing currency relationships and the emergence of agentic AI will influence not only which payment infrastructure is available, but how institutions decide which infrastructure to use.

For FIs, greater choice will therefore come with greater orchestration requirements. As the number of payment rails and settlement assets expands, banks will need the ability to assess the available options and dynamically route each payment based on factors such as speed, cost, liquidity, regulatory requirements, execution certainty and corridor-specific constraints. The growing importance of moving liquidity into and out of different payment ecosystems adds a further layer of complexity, requiring institutions to coordinate routing, liquidity management, compliance and the operational requirements associated with different forms of money.

> "The future of payments is no longer about owning a single rail or directing traffic down a predetermined route. Banks will increasingly need to coordinate activity across multiple networks, payment methods and forms of money simultaneously. We will continue to act as the connective tissue within this evolving ecosystem, deploying the right infrastructure and technologies for the right use cases to best serve our clients, while orchestrating across multiple payment environments on their behalf"
>
> **Jonas Stepczynski,** Head of Market Management, Institutional Cash Management

Supporting this environment will require significant investment. Banks will require:

- interoperable technology architectures capable of connecting existing and emerging rails;
- consistent financial-crime and surveillance frameworks that can operate across heterogeneous networks; and
- treasury capabilities that provide greater visibility and control over liquidity distributed across multiple settlement environments.

The ability to absorb these costs and continue investing at scale could therefore become an increasingly important competitive advantage.

This does not mean that global transaction banks will build every capability themselves. Partnerships are likely to remain important for specialised technology, faster product development and lower-cost solutions, including in markets and use cases that have historically been difficult for large international banks to serve economically.

As the correspondent banking model is substantially rewired, reach will no longer be measured simply by the number of accounts a bank maintains, but by the range of payment ecosystems it can connect. Trust and control will remain essential: institutions must still answer to regulators and apply consistent AML, KYC and governance standards across multiple platforms. Yet adopting and operating across those platforms will add significant investment costs to the existing burden of compliance and governance, likely accelerating market consolidation. Scale will therefore become not merely an advantage, but a necessity. The institutions best placed to succeed will be those that can operate at scale globally, orchestrate seamlessly across multiple payment ecosystems and mobilise liquidity across traditional and digital currencies.

To support this future, Deutsche Bank is strengthening its position across five strategic dimensions:

1. **Double down on US dollar capabilities and expand euro leadership**, while selectively expanding access to currencies that are expected to play a larger role in future trade and payment flows.
2. **Enable seamless client access** across multiple payment networks and forms of money, with the ability to intelligently route activity across traditional rails, instant payment schemes and emerging digital settlement infrastructures.
3. **Shape the future settlement landscape** by spearheading industry initiatives, tokenised money ecosystems and next-generation payment infrastructures.
4. **Embed AI and automation** throughout the payments value chain to evolve from transaction processing towards intelligent liquidity, risk and payment orchestration.
5. **Extend reach through trusted partnerships**, combining internal and external capabilities to provide best-in-class solutions to our clients.

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