



Digital Treasury Isn't Managing Money. It's Racing to Keep Up

Bank treasury functions were built for a financial system that moved in defined windows. Liquidity was monitored through daily and intraday routines. Settlement followed established market conventions. Deposit behavior was modeled using historical assumptions. Collateral movement depended on custodians, documentation, operating hours and market infrastructure.

That operating model is beginning to change.

Real-time payments, stablecoins, tokenized deposits, tokenized money market funds, tokenized Treasuries and AI-enabled treasury tools are reshaping how value may move across the financial system. The issue is not whether every digital asset use case will scale. The more important question is whether treasury is prepared for a world where money, collateral and settlement activity can move faster, across more rails and with less tolerance for delayed visibility.

This is not simply a digital assets issue. It is a treasury infrastructure issue.



Speeding Innovation + Stalled Frameworks = Exposed Balance Sheets

Many treasury frameworks still reflect a slower operating environment. Liquidity stress testing often relies on historical runoff assumptions. Asset liability management models may not fully capture faster client mobility. Funds transfer pricing may not distinguish between balances that are stable, mobile, programmable or intraday intensive.

At the same time, digital money initiatives often begin with innovation, payments, technology or product teams. That can create a gap between product ambition and balance sheet readiness. A payment or tokenization initiative may appear attractive, but treasury still needs to understand the implications for liquidity, funding, collateral, capital, legal rights, controls, reporting and operational resilience.

Banks face risk on both sides. Moving too quickly without treasury discipline can create exposure. Waiting too long can allow client behavior, payment flows and competitive positioning to shift around the institution.

One Balance Sheet Fed by Many Rails

Banks need a treasury-led framework for modern financial infrastructure. The framework should not assume one winning rail. The more likely outcome is coexistence: stablecoins, tokenized deposits, tokenized funds, tokenized Treasuries, real-time payment networks, card networks, correspondent banking and central bank infrastructure operating in parallel.

Treasury's role is to assess how each instrument and rail affects liquidity, funding stability, collateral mobility, client behavior, balance sheet classification, reporting, governance and controls. The objective is not to chase innovation. It is to build disciplined optionality.



Solution: Frameworks Built For Managed Optionality

- **Establish a digital money taxonomy.** Banks need a shared language across treasury, payments, risk, legal, compliance, technology and product teams. Stablecoins, tokenized deposits, tokenized money market funds and tokenized Treasuries are not interchangeable. Each creates a different claim, use case, risk profile and treasury implication.
- **Measure liquidity velocity.** Treasury should assess not only how much liquidity the bank holds, but how quickly liquidity can move, where it can move, through which rail, under what legal rights and with what operational controls. Faster settlement can reduce friction, but it can also compress reaction time during stress.
- **Evaluate stablecoin participation models.** A bank does not need to issue a stablecoin to need a stablecoin strategy. Banks may participate as issuers, reserve banks, custodians, distributors, settlement banks or treasury services providers. Each role has different implications for reserve management, redemption funding, deposit concentration, liquidity buffers, client ownership, compliance and economics.
- **Embed controls into the operating model.** In programmable infrastructure, controls need to operate closer to the transaction layer. Banks should define who can approve, pause, reroute or restrict movement; who monitors abnormal flows; who owns reconciliation breaks; and who decides whether to limit or stop activity during stress.
- **Reassess tokenized deposits.** Tokenized deposits may allow bank money to move on programmable rails while preserving the deposit relationship. But the tokenized form can still change behavior. Treasury should assess whether balances are operational or investment-like, whether they can move outside normal windows and how they should be treated for liquidity, funding and stress planning.
- **Build tokenized collateral readiness.** Tokenized collateral may improve intraday liquidity, margin workflows, secured funding, repo and cross-border liquidity movement. But collateral is only useful if it can be identified, valued, transferred, pledged and monetized when needed. Treasury should assess legal enforceability, custody, eligibility, haircuts, transferability and stress usability.
- **Modernize treasury data and AI-enabled intelligence.** Treasury will need better visibility into cash, collateral, payment flows, deposit behavior, funding needs and digital money exposures. AI-enabled tools can support forecasting, segmentation, anomaly detection, scenario design and collateral optimization. But AI should enhance judgment, not replace it. Governance, explainability, validation and human accountability remain essential.

The Path to Success: Clarity, Ownership, and Discipline – Before Scale

A treasury-led framework can help banks protect deposit relationships, improve intraday liquidity management, strengthen collateral efficiency, enhance client treasury services, modernize reporting and create a more dynamic view of balance sheet risk. It can also help executives evaluate opportunities through risk-adjusted economics rather than innovation value alone.

The main barriers are organizational fragmentation, unclear ownership, legacy data infrastructure, regulatory uncertainty, limited board understanding and weak links between product strategy and balance sheet strategy.

Banks can overcome these barriers by starting with executive education, completing a treasury readiness assessment, prioritizing practical use cases, defining governance before scale and launching controlled pilots only where economics, controls and accountability are clear.

Where Innovation Meets Economic Discipline

Treasury leaders should prepare for a fragmented financial system, not a single winning rail. The immediate priority is to build the capabilities to manage liquidity, collateral, payments and risk across both legacy and emerging infrastructure.

The future of financial infrastructure will not reduce the importance of treasury. It will elevate it. In a faster, more programmable market, treasury becomes the control center for liquidity, funding, collateral, balance sheet risk and client relevance.



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