

Citi Institute



Exec-X

Ten Global Insights for Leaders

February 2026

Must-reads for busy executives

Citi Institute's Exec-X is our regular selection of ten (X) insights from across the bank that we think you need to see. This edition includes four interconnected themes that are helping to reshape the global economy: the AI transformation, geopolitical realignment, the evolution of financial markets and the impact of digital assets.

- While AI is starting to drive productivity gains, it is also creating new fraud risks, as deepfake incidents surged 47x since 2022.¹
- Rising geopolitical tensions are redirecting capital flows, with family offices citing trade disputes as their top concern, and defense spending now exceeding development aid by 2:1.
- Financial infrastructure is undergoing radical change through private market democratization, 24/7 settlement cycles and European market harmonization.
- Stablecoins and bank tokens are transitioning from crypto novelty to core financial infrastructure, with the market projected to reach \$1.9 trillion by 2030.

Data highlights

AI growth

\$780 billion

Estimated AI revenues by 2030²

Geopolitical risk

60%

Percentage of family offices that saw trade disputes/tariffs as a near-term concern in 2025, up from 14% in 2024⁴

Deepfake fraud

5%

Percentage fraud attempts involving deepfakes in 2024 – a 47x increase from 2022³

Digital assets

\$1.9 trillion

Estimated size of stablecoin market by 2030⁵

Contents

I

VI

II

VII

III

VIII

IV

IX

V

X

I

AI: The Information Era's Apex Technology

AI investment continues to accelerate, but will this investment pay off? Two recent notes from Citi Research – ‘[AI: The Information Era's Apex Technology](#)’ and ‘[Productivity & the AI Revolution](#)’ explore this so-called “\$600 billion question”⁶ and broadly answer “yes, it’s likely”. The two notes consider investors’ returns and macroeconomic productivity gains respectively.

Investment in AI and enabling infrastructure is booming

Heath Terry, Head of Technology and Communications at Citi Research, observes that venture capital investment in AI in the first half of 2025 reached \$104 billion, marking annualized growth of almost 180%.

The Citi AI Model also forecasts that revenues to the companies that provide foundation models could reach \$780 billion by 2030, marking almost an 80% compound annual growth rate.

And it’s not only direct investment in startups and AI providers showing this trend. Nathan Sheets, the Chief Global Economist at Citi Research, casts the net wider to include spending on technology enablement – hardware, software, the electrical grid, and data centers. This spending now exceeds \$1.5 trillion, the highest figure in a decade (figure 1).

Cost efficiencies expected to drive investment returns

Terry argues that, so far, returns on AI investment are expected to come from cost efficiencies. He estimates that three established use cases – customer service, code development, and knowledge retrieval – could drive a 30% efficiency gain, equating to a \$275 billion cost saving.

Many other use cases are also emerging. For instance, healthcare, industrials and media are ripe for innovation and the relative size of these industries could drive a significant multiplier on the \$275 billion generated by cost savings from more established use cases.

Productivity boost seems likely, but it’s not here yet

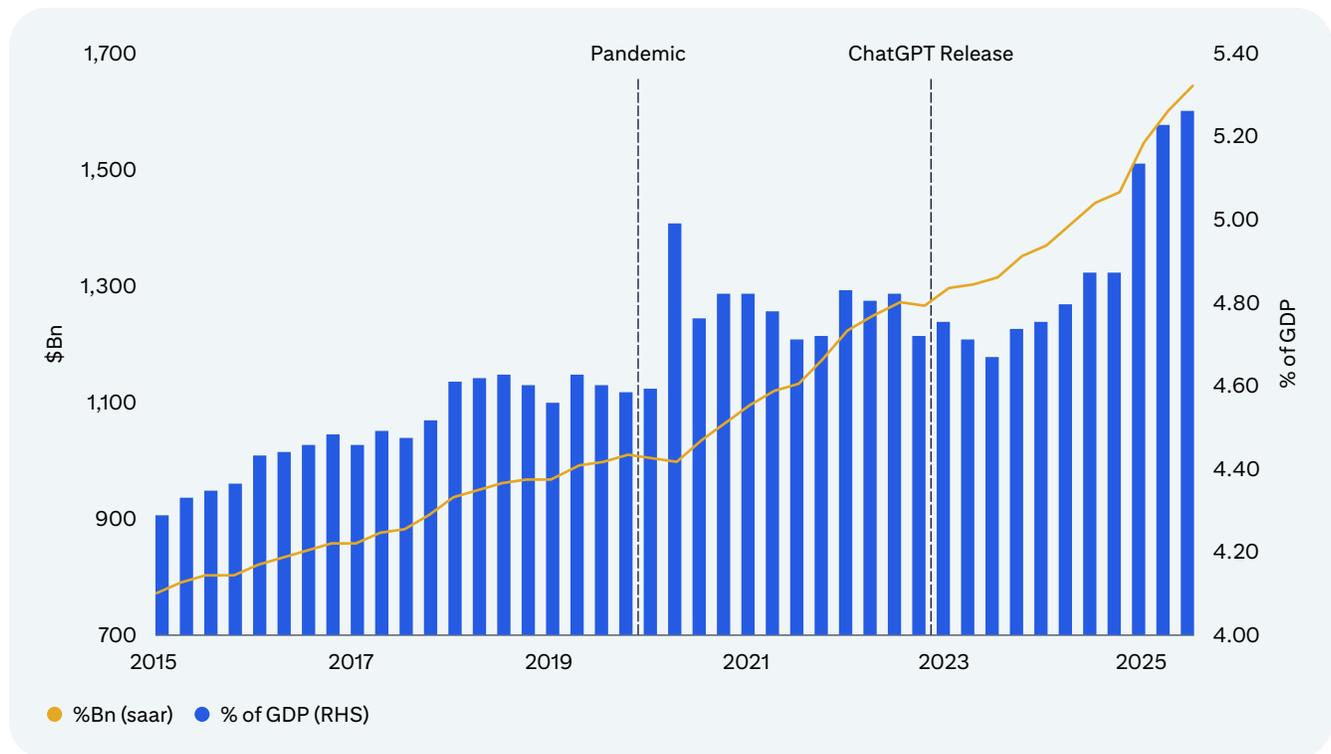
Beyond direct investors in AI technologies, governments worldwide are also hoping that AI will bring economic benefits. AI is expected to be the next in a long line of innovations that catalyze productivity and drive economic growth.

Sheets argues that while AI has only supported growth through demand-side effects so far, there is reason to be optimistic about a productivity uptick in the near future. In the United States, he thinks that AI could drive a productivity uptick like that seen in the 1990s within the next few years.

AI adoption at work is critical to unlocking productivity gains. Surveying historic innovations – like the advent of electricity and the internet – Sheets and his team show that productivity gains generally do not emerge until the supply-side of the economy adjusts and the new technology is widely adopted.

For instance, according to research by the economist Paul David, electricity did not drive a meaningful uptick in productivity until it met half of industrial power needs.

Figure 1. Total tech-enabling investment



Source: Citi Research, BEA, Bureau of the Census, Haver Analytics.

This 50% threshold for AI adoption may be coming into view. Surveys of corporate America found that 40% of workers have used AI a couple of times in the last 12 months.⁷ And a Citi survey showed that about 4 in every 5 US companies are piloting or scaling the technology.⁸

However, this 50% threshold seems further away when it comes to depth and maturity of AI integration. 8% of workers report using AI daily. And a study from MIT found the majority of pilots for AI use cases recorded no measurable impact on company finances.

Risks to ROI and productivity gains remain

But boosting adoption is not the only hurdle. As Sheets puts it in his note “there is significant work to be done to reap these gains”.

Terry draws attention to the potential limitations on the technology itself – AI use cases might turn out to be more limited than expected, especially if the accuracy cannot be improved. Delays in scaling up infrastructure could also slow down the roll-out, and the cost of delivering AI might outstrip the cost savings.

Sheets and his team also highlight the need to put productivity gains in context and consider net impact. The mass displacement of workers could overshadow any economic boost from productivity gains.

As we discuss in Article III, the challenge of ensuring that text, video, and sounds generated by AI are both reliable and authentic is already clear.

This section is a summary of two Citi Research reports that were first published in August and September 2025.

Sources

[AI: The Information Era's Apex Technology](#)
[Productivity & the AI Revolution](#)

Citi Research

II

AI in Investment Management: Beyond Efficiency Gains

Investment management is one industry that is scaling up its use of artificial intelligence with productivity gains expected to follow. A new report from Citi Institute – [‘AI in Investment Management: Beyond Efficiency Gains’](#) – finds that the question for executives is no longer whether to adopt AI, but how to leverage the technology and deliver return on investment beyond productivity boosts, while being transparent about AI use and managing risks.

AI adoption is increasing as use cases expand

Citi Institute reported in 2024 that investors were at an early stage of their AI journey – see [‘AI in Investment Management: The Pursuit of a Competitive Edge’](#). Priorities at that stage included understanding the technology’s full potential and establishing guardrails for its use. Use cases were confined to operations and distribution, while front-office tasks like making investment decisions were largely insulated from the impact of AI.

Now, investors have not only expanded their applications in operations and distribution, but they are also transitioning from an efficiency-focused approach toward an investment-centric one which sees AI leveraged in front-office tasks like investment decision making. In the words of the Citi Institute report, “as internal risk and control frameworks mature, asset managers are more inclined to experiment with front-office use cases in sandbox environments.”

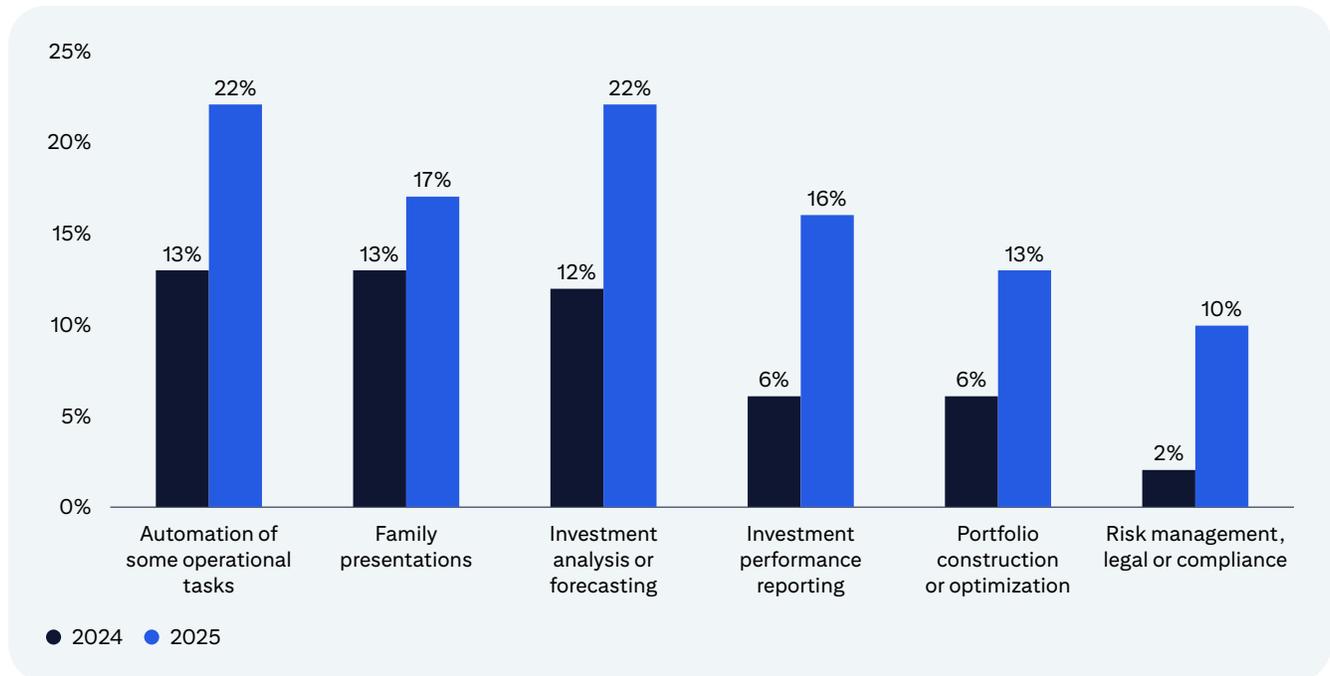
Citi Wealth’s [2025 Global Family Office Report](#) shows that AI has also proliferated among family offices. 22% reported using AI to automate operational tasks, up from about 13% the year before. Demonstrating the widening of use cases, investment analysis and forecasting also overtook family presentations as the second most commonly reported use of AI (figure 2). As Citi Wealth says in their 2025 report, this shows that “AI deployment is becoming a reality.”

The Citi Institute report isolates a variety of AI use cases that emerged in 2025. In the investment space, these include AI as research and trade idea assistants and as a co-pilot in investment or execution (including risk management and compliance). In distribution, AI is now being used for customer social media monitoring and direct to customer chatbots. In operations, AI is delivering attribution analytics and streamlining both workflow and task planning.

Generative and Agentic AI enable investment research

AI is increasingly being used in investment research and is already making a tangible impact on both fundamental and quantitative analysis. Helen Krause, Head of Global Data Insights at Citi, said on the Citi Institute podcast – [‘The AI Revolution: Unlock Your Potential’](#) – that “some firms are already talking about managing a team of virtual AI research assistants right now”.

In this context, AI is being used to analyze more sources of information – including sell-side reports, news articles, call transcripts and filings – than humans could manually process, and more quickly too. This volume of inputs can uncover hidden insights, offering a more comprehensive understanding of a company or market. Generative AI can also be used to articulate an investment thesis, and investors can “chat” with it to interrogate the hypothesis.

Figure 2. AI adoption by family offices has increased

Sources: Citi Wealth Global Family Office Reports 2024 and 2025

The rise of agentic AI and its deployment alongside generative AI could take this even further. Agentic systems can be proactive, autonomously planning, executing and adapting tasks. In investment research, this could include monitoring economic indicators, conducting deep-dive research on a company or industry, and even suggesting investment portfolio adjustments.

Challenges persist, but industry commitment to advanced AI is strong

Investment research is just one use case. The Citi Institute report also describes how AI is likely to catalyze

the electrification of financial markets, with implications for trade execution, communications, and data handling. The biggest changes could be seen in fixed income and derivatives – asset classes that have so far resisted electrification.

But, just as the Citi Research notes highlighted in the previous article describe challenges to unlocking efficiency and productivity gains, an AI revolution in investment management is not guaranteed. Trust, data security and the need for regulatory frameworks are among the well-known hurdles.

Finding a balanced adoption in which AI is neither under- nor over-utilized has emerged as another concern. Where the previous article described the concern that employees may not embrace AI, because they do not have the skills or fear that the technology will replace them, overreliance has emerged as a related worry in the opposite direction. Excess AI use could be costly if it introduces groupthink or reduces critical thinking. Finding balance will be key.

This section is a summary of a Citi Institute report that was first published in October 2025.

Source

[AI in Investment Management – Beyond Efficiency Gains](#)

Citi Institute

III

AI Deepfakes: When Seeing and Hearing Can't Be Trusted

As the positive potential of AI technologies evolves, so do the risks. Deepfake fraud is on the rise, and these AI-generated voices, images, and videos are getting harder to distinguish from their real counterparts. But a Citi Institute report, [‘AI Deepfakes: When Seeing and Hearing Can't Be Trusted’](#), concludes that the fight against them is winnable through a zero trust approach to communication and using the very technologies that generate deepfakes to combat them.

Deepfakes are getting more common and more sophisticated

In 2024, almost 5% of all fraud attempts involved deepfakes, marking a 47x increase from 0.1% two years earlier (figure 3). This growth was driven by increasingly easy access to AI tools and data sets large enough to train them.

As their volume multiplies, deepfakes – especially AI-generated voices – are also getting harder to detect. Gone are the noticeable pauses in audio calls, while operators typed a response. Now, AI-generated voices sound natural and the speech they produce is seamless.

Deepfake voices can increasingly convey emotions too. Bots have been reported synthesizing empathy, which further boosts their credibility as a real interlocutor.

Deepfakes turbocharge high-stakes financial fraud...

Failing to spot deepfakes can have major financial consequences for businesses.

Cases of deepfakes impersonating senior leaders for immediate financial gain have been widely reported in the media. For instance, an employee based in the Hong Kong office of one British multinational company transferred \$25 million to an offshore account after deepfakes of the chief financial officer and other senior leaders requested a series of transfers.

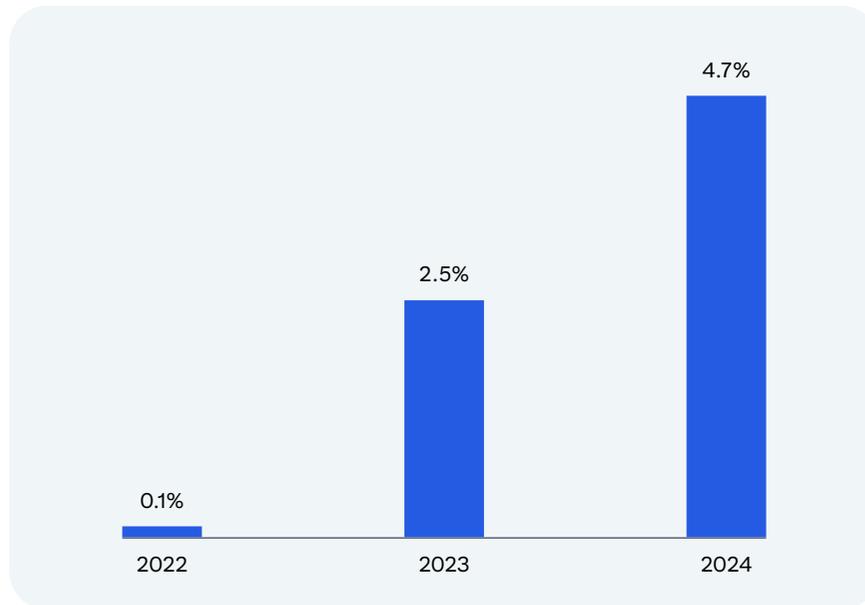
Many corporates are responding to the potential for deepfake impersonations of senior executives in the wake of these high-profile cases. But Citi Institute's [AI Deepfakes](#) report highlights a new wave of deception that gives scammers longer-term access to a company's intelligence and operations – a threat they think corporates are yet to fully recognize.

...And increasingly enable long-term, systemic infiltration

Malign actors are now using deepfakes to infiltrate global companies for the longer term, where they can install malware, leak trade secrets, and steal customer data or intellectual property.

They achieve this by posing as job applicants and employees. In fact, in some sectors, between 25 and 50% of job applications may be fake.

Vijay Balasubramanian, the co-founder and CEO of Pindrop Security, says in the Citi Institute report that for a recent vacancy, “over one-third [of applications] were outright fraudulent [...] leveraging AI-generated resumes, manipulated credentials, and, most concerning, deepfake video interviews”.

Figure 3. Deepfake fraud as percentage of all fraud attempts

Source: Signicat VideoID data, full-year 2021–2024, from “The Battle in the Dark”

Some of this infiltration is state-sponsored, and North Korea is a particular hotspot. As many as 320 companies are thought to have been infiltrated by North Korean IT workers in the 12 months to August 2025.⁹ Many are supported by onshore collaborators who receive deliveries of company hardware like laptops and authenticators that allow them to connect remotely.

The rise of virtual recruitment processes with basic background checks and limited in-person onboarding fuels the opportunity for deepfake job applications.

Identity verification must become continuous and multi-layered

The Citi Institute report argues that businesses need to do more to protect themselves as traditional checks – like reviewing scans of identity documents or liveness tests – become insufficient.

For example, companies can adopt biometric voiceprints or device-level identity tokens as part of so-called “zero trust communication” to authenticate every message in real time.

The AI technologies that generate deepfakes can also be used to detect them. For instance, by flagging audio and video that has been manipulated.

The cost of cybercrime is increasing: eSentire forecasts that the burden will surpass \$10 trillion by 2025. The business imperative of shifting beyond analogue identity checks has never been clearer.

This section is a summary of a Citi Institute report that was first published in November 2025.

Source

[AI Deepfakes – When Seeing and Hearing Can’t Be Trusted](#)

Citi Institute

IV

Private Markets: Access, Innovation and New Pathways to Progress

Companies are staying private for longer rather than listing on public exchanges. This has made investing in private companies no longer a niche alternative asset reserved for institutional investors but a major pillar of sophisticated portfolio construction. A recent Citi Institute report '[Private Markets – Access, Innovation and New Pathways to Progress](#)' explores how increasing interest from individual investors is driving innovation among investment managers.

Individual investors seek access to private markets

Wealthy individual investors have shown an increasing interest in backing private companies, seeking to diversify their portfolios beyond public markets and to tap into higher rates of return.

A Citi Wealth report – [2025 Global Family Office Report](#) – found that family offices continued to show a keen interest in private equity investments in 2025.

Direct investments were a particularly common strategy, with 70% of family offices engaged. 40% also reported increased exposure in 2025 (figure 4).

It has been High Net Worth and Ultra High Net Worth investors that have invested in private assets so far, but mass affluent and even retail investors could be the next frontier.

Indeed, defined contribution (DC) pensions are already moving into the asset class. In the UK, 11 pension plans signed the Mansion House Compact in 2023 which commits them to investing 5% of their funds in unlisted equities by 2030.

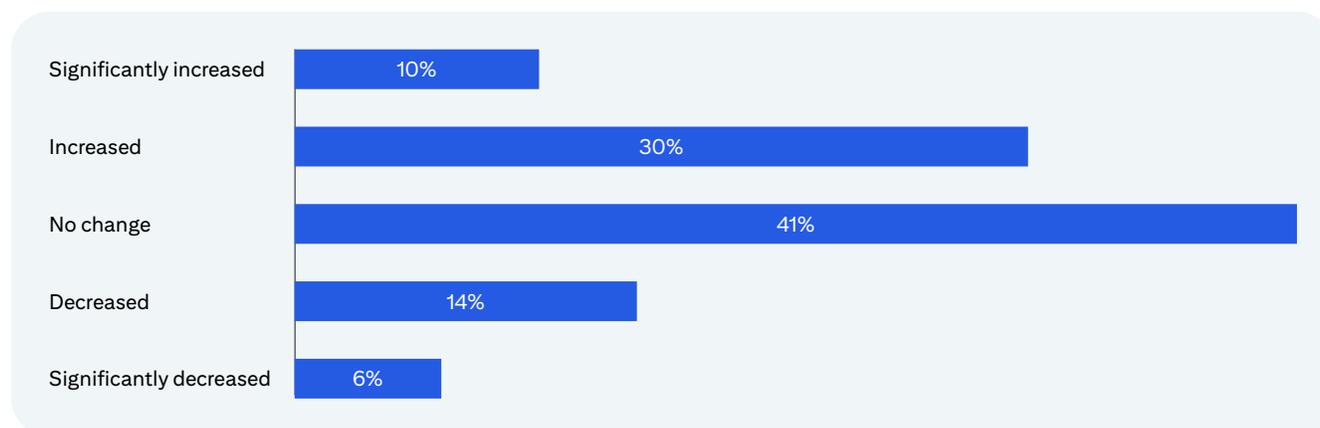
An evolving policy landscape may further support allocations to private markets. For instance, an executive order signed by U.S. President Donald Trump in August 2025¹⁰ could reduce the barriers to DC pension funds investing in alternative assets – including private markets.

This gives some individuals exposure to private assets through their pension, but there are hesitations about wider retail participation in the market. One reason is that private assets are less transparent than their listed counterparts, so regulators like the UK's Financial Conduct Authority¹¹ are considering guardrails that would ensure investors still make informed choices.

Wealth investors drive innovation in investment vehicles

Serving individual investors can help fund managers to navigate a challenging fundraising landscape. Capital raising by private markets funds has slowed down since the boom in 2021, and the biggest funds account for an ever-increasing share of fundraising.

However, unlocking the so-called 'Wealth Channel' in capital raising will require product innovation, to address these investors' different expectations. Based on interviews with 85 investors, industry experts, and service providers, Citi Institute highlights two key areas.

Figure 4. Family offices reporting increases or decreases in direct investments (%)

Source: Citi Wealth, 2025 Family Office Report

Evergreen funds boost liquidity and reduce investment minimums

First, evergreen funds are part of the toolkit for appealing to wealth investors. In contrast to closed-ended drawdown funds that have been traditional in private markets, evergreen funds provide some liquidity by allowing investors to redeem their capital at set intervals (within conditions and limits). These funds have also typically had lower investment minimums further boosting accessibility.

However, this may reduce the illiquidity premium that private assets usually attract.

Evergreen funds are also a trade-off for fund managers. On the positive side, having no fixed lifespan might open new investment opportunities, but having to plan for potential redemptions could counter this by limiting opportunities. Smaller ticket sizes also scale up the administrative burden of a fund by lengthening fundraising and onboarding processes.

Secondaries trading also addresses illiquidity

A deepening secondaries market is another way that wealth investors' liquidity expectations can be met. This allows investors to sell their interest in a fund before the end of its life.

In the first half of 2025, deal volume in the secondaries market increased 50% year on year, marking the most active six months for secondaries yet.

Tokenization could turbocharge democratization in private markets. It would facilitate sales of investors' interests in a fund before the end of its life as well as breaking interests into smaller, more affordable units through fractional ownership.

The shift to tokenization in the wider finance industry is expected to boost transparency and decrease transaction settlement times. Many of these benefits can also be expected to accrue to a tokenized private markets industry.

This section is a summary of a Citi Institute report that was first published in November 2025.

Source

[Private Markets – Access, Innovation, and New Pathways to Progress](#)

Citi Institute GPS



Global Family Offices Navigate a Changing World Order

A changing global order and geopolitical instability emerge as the thematic focus for family offices, according to a survey of almost 350 single family offices across 45 countries conducted by Citi Wealth. The [2025 Global Family Office Report](#) explores how family offices are professionalizing to offer a wider range of services and reviews the forces shaping family office investments.

Trade disputes and tariffs top the list of family offices' near-term worries

Trade wars and tariffs were the most common worry about financial markets and economies among family offices in 2025 (figure 5). This marked a major adjustment in focus from 2024, when interest rates were the most common concern and trade disputes were a distant eighth place.

In absolute terms, 60% of family offices said in the 2025 survey that trade disputes and tariffs were a near-term concern for financial markets and economies, up from 14% the year prior.

Commentary from the Citi Wealth Chief Investment Office echoes this sentiment, noting in the report that the impacts of tariffs are “only just beginning to be felt in the real economy”. Kate Moore, the CIO for Citi Wealth, observes that companies are still determining how much of the tariff costs can be passed on to consumers, posing a threat to both macroeconomic growth and corporate profit margins.

There was also a geographical shift in the perception of trade wars as a financial risk. In 2024, only 10% of family offices in North America saw trade wars as a near-term worry; it was those in Asia Pacific (APAC) and Latin America that really focused on them.

Family offices in Asia Pacific (APAC) were still more likely than the global average to worry about trade wars, reflecting the region's commercial ties to the U.S. They were also more likely to cite the risk that tensions between the U.S. and China could escalate as a further concern.

But “Liberation Day” and the Trump Administration's announcement of higher tariffs on imports in April 2025 brought a contagion – the share of North American family offices focused on the market impact of trade disputes went up to 65%.

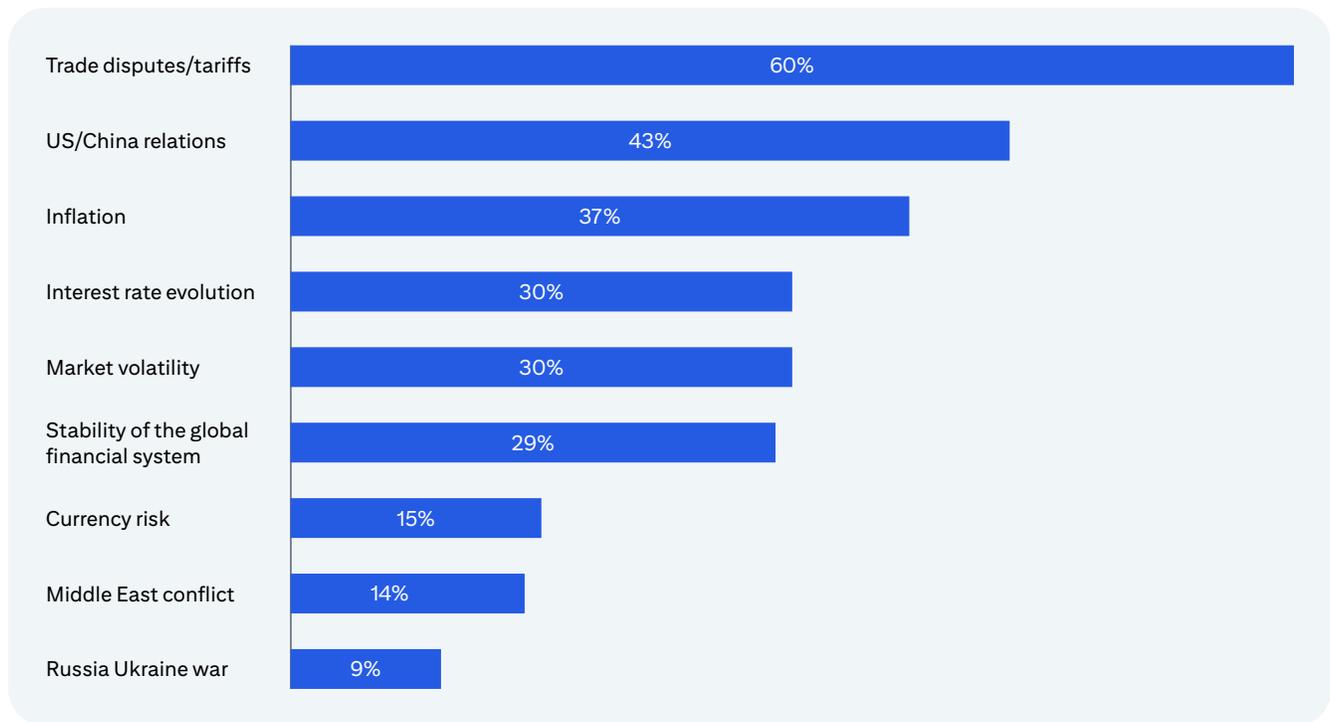
Market volatility drove a response from global family offices

Perhaps explaining why family offices continue to keep a watch on trade disputes and tariffs, the market volatility that followed the Trump Administration's tariff announcements in April 2025 prompted a response from almost two thirds of investors.

Almost four in ten family offices responded to the announcement of tariffs with active investment management. Others – especially smaller family offices – pivoted toward perceived defensive asset classes and sectors.

This response primarily came from outside North America. About 50% of family offices in North America did not respond to the tariff announcement, compared with less than 30% who did not respond across APAC and Europe, the Middle East and Africa.

Figure 5. Family offices’ near-term worries for financial markets and economies



Source: Citi Wealth, 2025 Family Office Report.

Security – personal, cyber, and geopolitical – is coming into focus

Family offices saw investment risk as the biggest risk faced by families, far eclipsing operational risk which was a distant second. The Citi Wealth report notes that the experience of the market sell-off in March and April might have been one of the driving forces behind this trend.

While it was the most common risk to cite, almost all family offices said that investment risk was at least somewhat well managed.

Three other risks were less likely to be considered well managed and might therefore see family offices spend more time and resources ahead. Those are geopolitical risk which 11% of family offices reported as not well managed, personal security (16%), and cybersecurity (16%).

Cybersecurity is also one of the services most likely to be outsourced with only 16% of family offices performing the function entirely internally. Indeed, a striking number of family offices do not offer

cybersecurity services at all: more than half of Latin American and 42% of smaller family offices reported that they do not offer cybersecurity services at all.

As investors accelerate their adoption of technology – as we discussed in Article II – and geopolitical tensions remain high, cybersecurity will come into ever sharper focus.

This section is a summary of a Citi Wealth report that was first published in September 2025.

Source [2025 Global Family Office Report](#)

Citi Wealth

VI

Public Sector Perspectives: Financing National Security Priorities

Not only a concern for investors, rising geopolitical tensions also emerge as a major focus in a recent report published by Citi's Public Sector Banking team – [‘2026 Public Sector Perspectives’](#).

Stephanie von Friedeburg, Citi's Global Head of Public Sector, notes in her introduction to the piece: "rising geopolitical tensions have led to ballooning defense budgets across both the developed and developing world". Indeed, according to the Stockholm International Peace Research Institute, military spending in 2024 reached \$2.7 trillion, a 37% increase from 2015.

The Citi report explores what increased defense spending means for public sector financial priorities and where there will be opportunities for the private sector in the emergence of a new world order that drives these increases.

Three ways national security agenda shapes development finance

As focus on national security increases, defense budgets have increased, and aid budgets shrunk. Indeed, NATO countries now spend more than twice as much on defense as all donor countries do on development assistance (figure 6). Moreover, while defense spending has come to be considered urgent, the efficacy of aid has been brought under increasing scrutiny.

This will not only shape how much money is available for development, but also which countries and goals receive financing and which development financing tools are applied.

Development as a theatre of geopolitical alignment

First, the distribution of development finance increasingly skews toward nations with useful, i.e., geopolitically expedient, natural resources, like minerals or waterways.

Some countries will be able to leverage their natural resources to crowd in capital or negotiate better terms.

National security prompts new development priorities

Second, the development goals within recipient countries are evolving. While health and education were among the goals set by the UN Sustainable Development agenda, securing energy supply and ensuring the arteries of global trade remain unblocked are now emerging as development priorities.

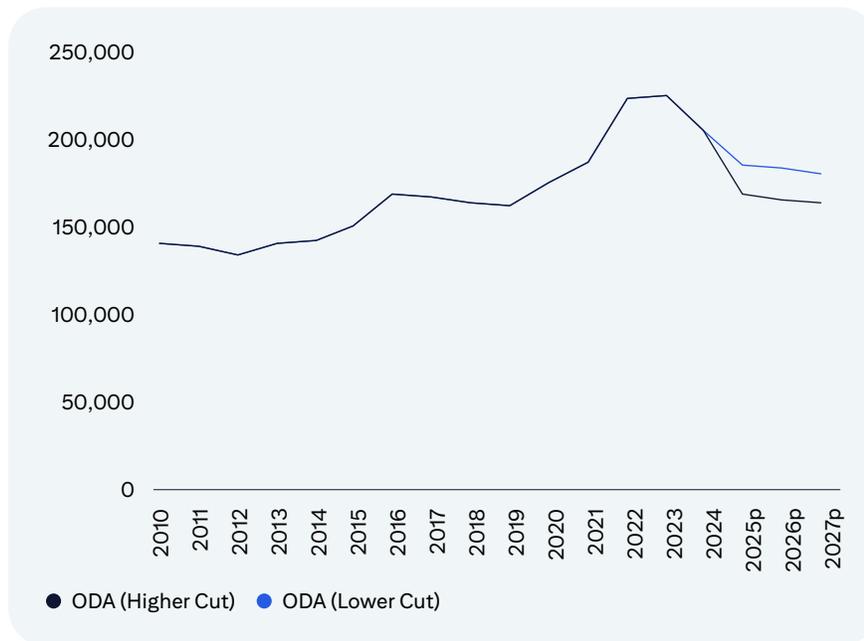
Energy resilience is particularly urgent, not least given that demand is growing as developed economies seek economic growth through digitization and artificial intelligence. As the Citi report puts it "if defense spending represents one pole of this new order, energy is the other". This manifests as building secure supply chains for critical minerals, sourcing alternatives to Russian gas, and diversifying solar production so that China does not dominate.

Engaging private capital becomes increasingly vital

Finally, the transition towards blended finance structures and public-private partnerships to unlock private capital will be turbocharged as gaps in foreign aid continue to grow.

As Chris Tynan, one of Citi's Public Sector bankers, puts it in the report: development finance is shifting "from multilateral humanitarianism towards a strategic, security-centered model". Looking ahead, he expects only deeper integration of development and security, with "more emphasis on minerals, energy, and digital infrastructure."

Figure 6. Net official development assistance from Development Assistance Committee countries, 2010 to 2024 and 2025-2027 OECD projections



Source: [OECD](#)

Beyond development, private finance can support security

It is not only in development that private capital will find opportunities in the new world order. Michael Paulus, Head of Public Sector for Asia, highlights that increased defense spending is here to stay – not least in Europe which they put at the center of a new arms race – and as a result, “private investment remains critical to the modernization of global defense capabilities”.

Specifically, private finance can address some of the challenges facing Original Equipment Manufacturers in the defense supply chain – like high capital intensity, long payback periods, working capital constraints, and currency and interest rate risks.

For instance, Ministries of Defense can hedge their exposure to high oil prices gained through their transport fleets; they can monetize their land and assets; and supply chain finance can support short-term liquidity.

As the report concludes, “ensuring governments possess the right capabilities to protect public interests will require close collaboration with private partners – bringing not only the innovations needed to counter emerging and established threats, but also the financing to make these advancements possible”.

This section is a summary of a Citi Banking report that was first published in January 2026.

Source [2026 Public Sector Perspectives](#)

Citi Public Sector Banking

VII

APEC: The New Connections Driving Trade

Geopolitical tensions and geoeconomic fragmentation have long been on the agenda of the 21 countries¹² that constitute the Asia Pacific Economic Cooperation (APEC) group.

Collectively, these countries accounted for 61% of global GDP and more than 60% of foreign direct investment in 2024, up from 55% and 40% respectively vs. two decades earlier. But global trade relationships have significantly realigned during this period of growth – and continue to.

A Citi Institute report published on the eve of the forum's meeting in late-2025 – '[APEC: The New Connections Driving Trade](#)' – presents a snapshot of the region today. The report argues that an increasingly protectionist trade agenda is beginning to show up in key measures of global trade.

Two shifts in U.S. trade policy stand out for APEC region

APEC economies “have been a cornerstone of the global supply chain”, according to the Citi Institute report, with these countries accounting for more than half of the world's export value.

Even as the nature of globalization has changed, the trade in goods between APEC countries has been relatively resilient. Albeit there are divergent pictures underneath this headline – for instance, bilateral trade between the United States and both Russia and China has declined.

One response to the changing face of global trade was the so-called China+1 strategy which emerged before 2024. This saw trade in key goods between the U.S. and China rerouted through connector countries. Indeed, Citi Institute analysis of the largest export flows found that intermediary hubs in Mexico and Southeast Asia increasingly connect the U.S. and China.

However, the report argues that changes in U.S. trade policy and the tariffs introduced by the second Trump administration mark a “structural break from the past” for two reasons:

1. Trade policy uncertainty is higher than any other time in modern U.S. history, not least because the President now has more discretionary powers to impose tariffs at will.
2. Tariffs now cover most trading partners and the additional tariffs on China compared with other Southeast Asian peers is less than expected.

Figure 7 Comparison of shipment-related metrics with and without U.S.



Source: Citi Global Data Insights, Dun & Broadstreet.

High-value supply chains are reshaping in response

The report analyzes the global movement of shipping containers and their value to provide an early indication of the impact that the tariffs announced by President Trump in April 2025 have had on trade between APEC economies.

First, while there has been significant volatility especially around the tariff uncertainties brought by the 2024 U.S. presidential election, the number of containers being shipped between APEC economies has not changed dramatically.

However, the total value of shipments which involve the United States has declined. Combining this with the volume metrics suggests that the average value of goods shipped between APEC and the U.S. has

declined, while the average value of goods shipped between APEC countries excluding the U.S. has stayed the same (figure 7).

In other words, while lower cost goods have continued shipping normally, higher value goods en route to the U.S. have either moved to other modes of shipping or have seen their supply chains reconfigured. It remains to be seen whether this is a temporary effect or a permanent move.

Gunjan Kalra, Head of Citi's Commercial Bank for Japan, Asia North & Australia, and Asia South, argues that global trade is indeed reaching a new normal: "There is an acceptance now," she says, "that tariffs and trade barriers are not a short-term issue. In fact they are driving a new normal in global trade that forces companies to be agile, diversified and digitally enabled."

Insights from Citi's Trade and Treasury Solutions payment flows supplement this picture. Uncertainty weighed on payment volumes throughout 2025 and compared to the same period in 2024, growth was muted.

The Citi Institute report notes that while APEC members were less impacted than the rest of the world, as foreign payments from the U.S. to non-APEC countries fell further, "the effects of increasingly protectionist trade policy are already noticeable" in corporate payment flows.

This section is a summary of a Citi Institute report that was first published in October 2025.

Source
[APEC – The New Connections Driving Trade](#)

Citi Institute GPS

VIII

The Future of Post-Trade: Custody and Settlement in an Always-On World

The infrastructure that supports post-trade services – like clearing and custody – is being fundamentally rebuilt. Technologies like digital assets and artificial intelligence are enabling greater efficiency in the shift to an always-on financial system. But a recent Citi Institute report – [‘The Future of Post-Trade: Custody and Settlement in an Always-On World’](#) – argues that the biggest transformation will be the new business models and market structures that emerge.

Post-trade services are those that are performed after a trade is executed – including clearing and settlement, asset servicing, cash, liquidity and foreign exchange. These services are interconnected building blocks which are all evolving toward a real time, 24x7 custody function.

Changing expectations and technology drive evolution in custody

Settlement cycles are shortening. 40% of trades across the world are already settled within one day. This is set to rise as the UK, Europe, Brazil and others also move to a T+1 cycle. Investors, asset managers and broker-dealers all support this shift because it reduces the complexity of their operations and increases their potential capital mobilization.

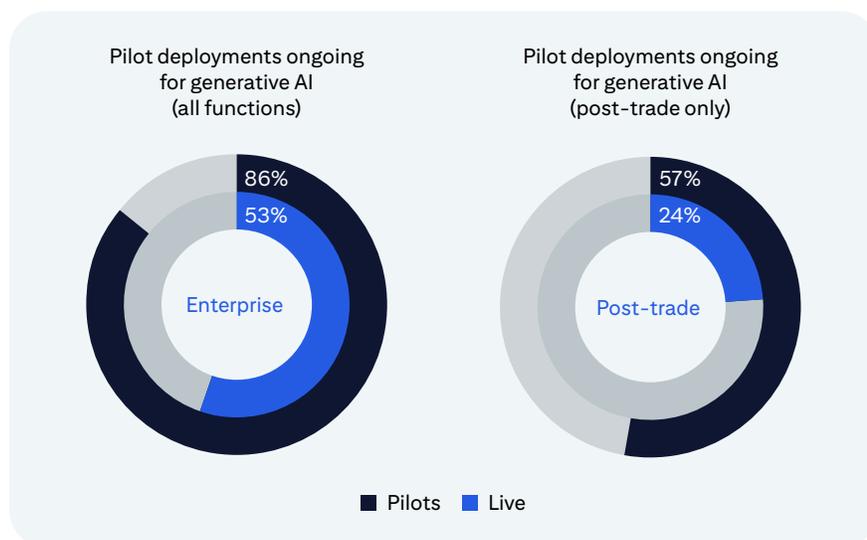
New technologies which have so far been restricted to the innovation theatre are increasingly shifting to core business, with the potential to compress settlement cycles further and bring a 24x7 financial market into view. The institutional adoption of digital assets would set a new industry standard in for post-trade services as the delays that currently arise from risk and friction in settlement processes would be eliminated.

As Michael Roberts, the Chief Commercial Officer at Copper, a company that provides institutional investors with infrastructure for digital assets, says in the Citi Institute report: “tokenized digital assets could settle in minutes as opposed to days”. Indeed, participants in the post-trade market see the adoption of digital assets among the most significant changes taking hold in the industry today, second only to the compression of settlement cycles.

Generative artificial intelligence could further accelerate the evolution of post-trade services, not only making things faster but transforming operations. For instance, AI could shift regulatory reporting from a backward-looking process toward dynamic, real-time dashboards that update as new transactions happen. Wider services could also become more predictive as AI forecasts and eventually prevents settlement failures, boosting efficiency and reducing costs.

However, AI use cases in post-trade services lag wider financial services (figure 8). The focus has so far been on reducing operational costs rather than deploying AI to create new products and services, where the most value likely lies. Just as the industry has innovated with digital assets, the Citi Institute report expects that a similar focus on AI in post-trade services lies ahead.

Figure 8. Generative AI adoption in post-trade business is lower than other functions (% of respondents)



Source: Citi Securities Services Evolution 2025 Whitepaper.

Partnerships – not technology – are the real revolution

This transition towards a real-time financial market infrastructure, driven by both technological innovation and a changing regulatory framework, requires a re-evaluation of custody business models, technology investments and a shift from transactional relationships toward strategic partnerships. These shifts could help firms to remain competitive in the face of cost pressures.

It is likely that digitally native fintech companies and platforms will not only cut costs but rewire the whole custody function through partnerships across post-trade processes. Specifically, Citi Institute expects that custody will move away from vertical integration toward the orchestration and harmonization of multiple service providers and platforms.

One innovation will be bridging access to a range of asset classes, which could be issued on different infrastructures – i.e., both traditionally issued assets and assets issued on blockchain. Investors will expect a single access point which integrates all asset classes, regardless of the infrastructure underpinning them. Partnerships could allow custody platforms to fill this role.

Partnerships could also help asset owners to navigate an increasingly complex geopolitical environment. A changing world order and fragmenting geopolitical landscape, marked in part by a push for data localization and data sovereignty, could push asset owners toward custodians that have the global reach to navigate cross border infrastructure and regulations.

The Citi Institute report therefore concludes that “the next wave of post-trade transformation will be driven less by a single technology and more by new business structures, especially digitally native platforms and fintech custodian partners”.

This section is a summary of a Citi Institute report that was first published in September 2025.

Source

[The Future of Post-Trade – Custody and Settlement in an Always-On World](#)

Citi Institute GPS

IX

Reimagining European Capital Markets: From Fragmentation to Harmonization

European financial market infrastructure is fragmented: across 29 markets (including the EU, UK, and Switzerland), there are 36 central securities depositories and 13 central counterparties. A new Citi Institute report – [‘Reimagining European Capital Markets: From Fragmentation to Harmonization’](#) – argues that as the post-trade services discussed in the previous article evolve, new technologies could help harmonize the continent’s financial market infrastructure, boosting competitiveness and making the region a more attractive destination for investment.

Fragmented European financial market infrastructure is costly

Financial market infrastructures in Europe “consist of an array of often unconnected trading venues, clearing houses, settlement systems, central counterparties and data and technology providers”. This high number of these infrastructures, each suffering from a lack of scale, emerges as the biggest obstacle to harmonization, according to a survey of banks, investors, custodians and broker-dealers run by Citi Investor Services (figure 9).

Operational processes, taxation and regulation also vary between countries as tax frameworks and corporate and securities laws are all determined at the national level. The outcome is a host of different market practices and procedures across the region, resulting in frictional transaction processes. These are among the other obstacles survey respondents highlighted.

Friction has economic consequences for market participants. Analysis by the Association for Financial Markets in Europe found that those operating in European markets faced much higher costs than those operating in North America. For instance, settlement costs are about 65% higher and custody costs between 160% and 500% higher in Europe than North America.

There are also consequences for Europe’s economy. Perhaps most notably, companies do not choose to list in Europe. The value of IPOs in Europe between 2020 and 2025 was about 0.6% of GDP, while in the United States, it was 2.1%. It has been estimated that a unified capital market could add €150 billion in annual investments, with a 1.5% uplift in GDP over the next decade.

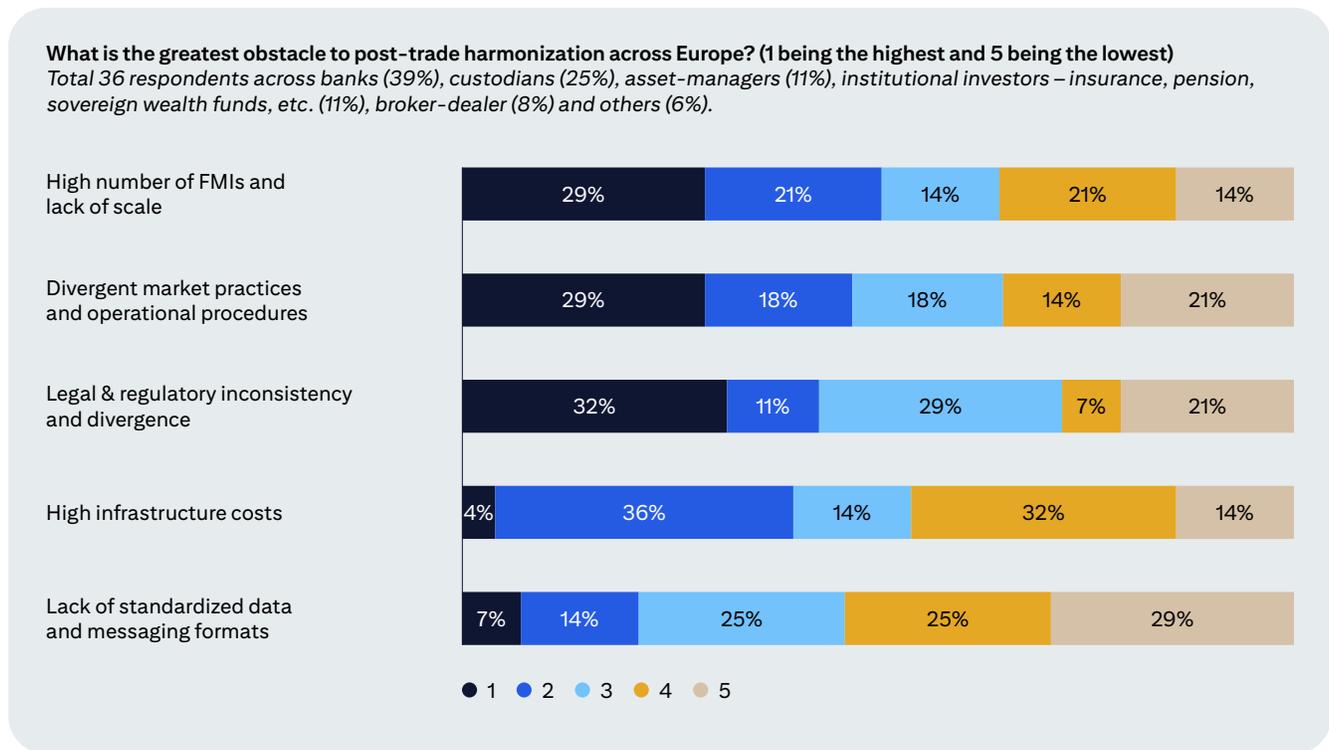
Nacho Gutiérrez-Orrantia, Citi’s CEO and Banking Head of Europe and Head of UK Europe Middle East and

Africa Investment Banking Coverage, highlights the economic imperative of European capital market reform and integration. “This is essential,” he says in the report, “to retain Europe’s capital, fuel domestic growth, ensure competitiveness vs. other regions, and unlock significant opportunities for equities within a more unified and efficient market.”

Harmonization agenda should focus on integration and competition

The Citi Institute report compares financial market infrastructure to telecommunications: settling a trade should be as easy as making a phone call. On this analogy, a harmonized capital market would allow investors to trade securities using only their unique identifier – i.e., their ISIN, which would work like a telephone number.

Figure 9. Drivers of European Capital Markets Fragmentation



Source: Citi Reimagining European Capital Markets Survey, Citi Institute.

Realizing this ambition requires a shift from individual infrastructures siloed along national lines to an interconnected and competitive ecosystem that is built on common standards. Actions include reducing the number of central securities depositories to single digits, simplifying fee structures, and establishing a central regulatory body parallel to the European Central Bank.

Boosting competition between market infrastructures – for example, by incentivizing central securities depositories to treat all European securities as local – is a second pillar of reform. This could reduce fees for investors transacting through European infrastructure.

Tokenization could be an entry point to harmonize

As described in Article VIII, tokenization and on-chain financial infrastructure are reshaping how post-trade services are provided. This evolution presents an opportunity to reduce trade friction and harmonize processes across European borders. Respondents to the Citi Investor Services survey highlighted tokenization of securities and collateral as the innovation most likely to drive harmonization in European post-trade services.

Indeed, the European Commission has issued updates to the EU DLT Pilot Regime to allow experimentation with digital assets at scale. These updates

include simplifying the processes to launch a pan-European tokenized fund and the creation of PEMO status: Pan-European Market Operators. The aim is to set technology in service of creating a harmonized European financial market infrastructure, which is streamlined and friction-free across borders.

However, while the creation of a parallel, digital asset-based system is one opportunity, legacy systems must also level up. A more immediate opportunity to upgrade Europe’s financial market infrastructure is the shift to T+1 settlement in October 2027. While it will not be without its challenges, this transition forces the post-trade industry to boost its efficiency.

This section is a summary of a Citi Institute report that was first published in January 2026.

Source

[Reimagining European Capital Markets – From Fragmentation to Harmonization](#)

Citi Institute GPS

X

Stablecoins 2030: Web3 to Wall Street

As post-trade services evolve to adopt new technologies, stablecoins are one beneficiary. According to the Citi Securities Services Evolution 2025 whitepaper, almost a quarter of post-trade market participants expect to use stablecoins by 2030, making them the most favored form of tokenized money among those surveyed.

No longer just a tool for trading crypto, a recent Citi Institute report – [‘Stablecoins 2030: Web3 to Wall Street’](#) says that stablecoins are increasingly the “infrastructure for 24x7 liquidity and real-time money movement”. Market momentum is accelerating in turn, and the report therefore revises Citi Institute’s estimate for the size of the stablecoin market upwards, to a base case of \$1.9 trillion by 2030, vs. \$1.6 trillion estimated in April 2025.

However, stablecoins are just one addition to the finance toolkit. Bank tokens will be another element of the shift to on-chain finance, which some will find easier to integrate. As a result, the report argues that turnover of bank tokens may well surpass the stablecoin market.

Regulation, integration, and tokenization drive stablecoins higher

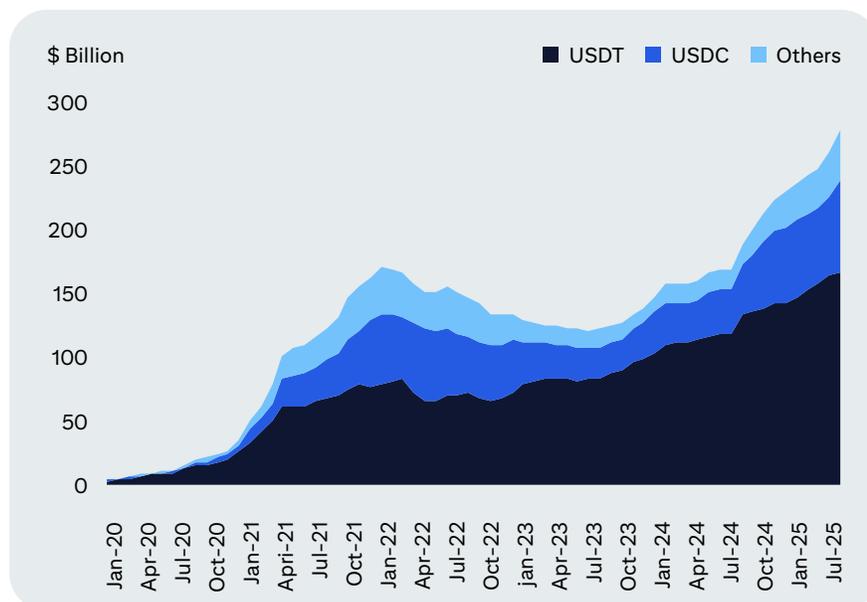
Supply of stablecoins reached \$280 billion in September 2025, up from \$200 billion at the start of that year (figure 10). Transaction volumes also now reach into the trillions of dollars each year.

David Cunningham, Head of Digital Assets Strategy and Partnerships in Citi’s Services division puts this down to a combination of regulatory support for and accelerating integration of digital assets. As he says in the report, “stablecoin issuance volume is up 40% this year as executive orders, the GENIUS Act, and major platforms remove friction and build confidence in adoption”.

Following the GENIUS Act, the President’s Working Group Report on Digital Assets has brought this theme into ever sharper focus. Building on the working group’s recommendations, Project Crypto was unveiled in July 2025 as an effort to modernize regulation for digital assets, including setting a clear framework for classifying tokens as securities, commodities, or otherwise.

Regulatory catalysts are also going global. Stablecoin licensing rules were introduced in Hong Kong in August 2025. Elsewhere in Asia and in the Middle East, central banks are creating regulatory sandboxes and licensing regimes for stablecoin providers. This all sets the stage for digital assets to move from the innovation theatre to core business.

Figure 10. Stablecoin Supply, 2020 to 2025



Note: Data aggregated monthly.

Source: Artemis Analytics, Citi Institute

Beyond regulation, the payments ecosystem is providing both consumers and merchants a familiar on-ramp to digital assets as payment processors and card networks increasingly support stablecoin settlement. This also applies to institutional finance – the Citi Institute report notes that for institutions, the “core infrastructure for issuing, storing, transferring and settling digital money is steadily improving and reaching production-grade maturity”.

Market for bank tokens could end up surpassing stablecoins

However, digital assets are not one-size-fits-all, and many different forms of digital assets are likely to flourish. The forms of on-chain money that are under development today have different characteristics which will make each more suitable for different use cases.

Large corporates, who are focused on regulation, audit and reputational risks, might prefer bank tokens over stablecoins for many reasons –

1. As stablecoins operate on public blockchains, they do not provide the same degree of privacy as bank tokens, which digitally represent money deposited with a bank.
2. Bank tokens use the same infrastructure as traditional money from the perspective of the end user, making them potentially easier to integrate into treasury workflows.
3. The advantages of on-chain money are less significant for large businesses which already have low banking fees and accessible lines of credit around the world.

All of this could make bank tokens rather than stablecoins the tokenized money of choice for some corporate treasuries and other institutional flows, potentially driving bank token volumes higher than stablecoins. Citi Institute estimates that if 5% of transactions shift to bank tokens, they would account for between \$100 trillion and \$140 trillion in transaction volume by 2030.

The Citi Institute report compares the development of digital assets to the construction of high-speed railways – in France, the TGV was built alongside existing train networks. Just so, stablecoins, bank tokens, and other on-chain money can expect to coexist with one another. In other words, the report concludes that “many digital form factors will flourish”.

This section is a summary of a Citi Institute report that was first published in September 2025.

Source

[Stablecoins 2030 – Web3 to Wall Street](#)

Citi Institute GPS

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I

AI: The Information Era's Apex Technology

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II

AI in Investment Management:
Beyond Efficiency Gains

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III

AI Deepfakes: When Seeing
and Hearing Can't Be Trusted

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IV

Private Markets: Access, Innovation
and New Pathways to Progress

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V

Global Family Offices Navigate
a Changing World Order

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VI

Public Sector Perspectives:
Financing National Security Priorities

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VII

APEC: The New Connections Driving Trade

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VIII

The Future of Post-Trade: Custody and
Settlement in an Always-On World

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IX

Reimagining European Capital Markets: From Fragmentation to Harmonization

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Endnotes

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