



Services



# How AI Will Transform Your Supply Chain and Receivables Finance Strategy

Trade Tech Series

Artificial intelligence (AI) features in almost every business discussion these days, and payables and receivables are no exception. Yet if you are a treasurer or CFO, the noise feels disconnected from day-to-day reality. Many are still asking: What can AI actually do for me?

An answer could now be imminent. AI, machine learning and advanced analytics are maturing and are poised to deliver usable, measurable improvements across supply chain finance (SCF) and receivables finance (RF). As a result, you should be able to make better-informed decisions, manage risk earlier, support suppliers more effectively and know you can always rely on your data. In short, AI is no longer an abstract cure-all but a pragmatic tool that can help you run your business.

There is certainly appetite for the functionality that AI can deliver. EY US's Voice of the Treasurer survey shows 90% of CFOs and treasurers are interested in an AI financial advisor that makes recommendations in response to financial issues, while 86% would value an AI treasury assistant that provided bespoke insights.<sup>1</sup> However, corporate readiness to implement such advances remains uneven. EY's survey shows nearly three in four CFOs and treasurers (73%) say managing real-time data feeds for accurate reporting is a challenge, highlighting a clear gap between ambition and execution.<sup>2</sup>

## Turning Raw Data Into Working Capital Optimization

You already know that not every supplier is suited to SCF. Some suppliers benefit more from dynamic discounting, while others may require card-based solutions or alternative arrangements. Citi has long operated a dedicated data analysis team that assesses clients' payment data to identify opportunities for both the client and the bank. But determining which solution fits which supplier has traditionally been time-consuming.

"AI has the potential to analyze payables across industry, product fit and segmentation," says Ayça Kara, Head of UK & Europe Trade Payables & Global Dynamic Discounting Product at Citi. "It can help address the working capital needs of underserved suppliers by analyzing diverse data points, including financial data, transaction history, and behavioral insights, to assess creditworthiness and facilitate access to financing, even for those with limited credit histories. Through this type of analytical capability, AI help identify which suppliers where the maximum potential working capital benefits are delivered. In addition, the use of AI enables more frequent updates to segmentation models as supplier behavior evolves, helping you reduce reliance on extensive manual assessment."

AI also makes it more straightforward to incorporate additional data sources – connecting flows with trade-corridor data and external datasets including macroeconomic and sentiment indicators and even logistics signals. This can help unlock additional strategic insights, including shifts at country level, price movements and spend forecasts.

## Stretching Payment Terms Responsibly – And Knowing Where the Boundaries Lie

Working-capital optimization always involves balancing your liquidity goals with supplier stability. Although you can extract value from extending terms, going too far increases operational and reputational risk. In some regions, such as EMEA, it is also critical to align with regulatory requirements designed to support suppliers. Citi provides regularly updated data to clients in markets that restrict payment-term extensions.

"AI is beginning to provide more objective visibility into the boundary between optimizing working capital and supporting suppliers," says Deepankar Sengupta, Senior Partner and Regional Technology Consulting Leader at EY US. "AI-driven risk models can benchmark the payment terms you assume to be in place against your actual terms, helping treasurers see when working-capital optimization crosses into financial strain. They can also incorporate the new IFRS disclosures on supplier-finance arrangements, giving you greater clarity on how those programs intersect with your financial reporting."

This is particularly valuable as scrutiny of payment practices increases across markets. Having data-driven visibility puts you on firmer ground – both in internal discussions and supplier negotiations.



## Seeing Supplier Distress Before It Impacts Your Supply Chain

Supplier resilience is now a board-level issue. AI is improving your ability to detect early signs of disruption. Monitoring no longer stops after onboarding. AI continuously screens for:

- Financial deterioration
- Operational anomalies
- Negative news (such as profit warnings or involvement in illegal activity)
- Changes in business activity

AI integrates these signals into predictive indicators that help you adjust sourcing strategies earlier.

“Modern supplier health models increasingly combine financial, operational and ESG data, giving treasurers earlier visibility into potential disruption,” says Sengupta at EY US. “You are no longer waiting for missed payments – you are seeing distress signals long before they crystallize.”

Citi delivers such insights to clients regularly. This gives you time to diversify, renegotiate or support critical suppliers before problems become production delays or contract failures.

## Smarter Risk Assessment: Identifying Anomalies Early and Accurately

Risk is an area where AI can already provide tangible value.

“Fraudulent or inflated invoices, unusual transaction volumes and sudden behavioral shifts often only become obvious after exposure has already built up,” says Saket Pandey, Global Head, Credit Insured Account Receivable Financing at Citi. “AI changes the timing, making risk management proactive rather than reactive.”

Using historical patterns across industries, sectors and geographies, models can recognize when a transaction is unusual or out of sync with comparable trading activity. For instance:

- Has your supplier suddenly sent invoices at double their usual size or frequency?
- Are values different from what is normal for that sector?
- Have payment delays begun to rise?
- Do dispute patterns suggest changes in buyer-seller relationships?

If so, AI can raise a flag immediately. Moreover, models can update their risk estimates in real time. This gives you a clearer view of receivables quality and underlying credit exposure. “As a result, credit decisions can be more accurate and responsive,” says Pandey. “It transforms the basis of funding from static historical data to a dynamic, real-time assessment of receivable quality.”

Banks are also beginning to incorporate alternative intelligence – including macro indicators, sentiment signals and logistics data – allowing models to anticipate deterioration in payment quality earlier.

As well as identifying potential fraud or financial stress, AI-driven analysis can highlight legitimate patterns such as seasonality, growth milestones or regular payment cycles (for example, higher weekend card sales) to help you improve your service.

## Toward Intelligent, Real-Time Anomaly Detection

If behavioral models help you spot emerging patterns, real-time anomaly detection focuses on the integrity of each transaction the moment it enters your system.

Most SCF and RF processes are now digital from end to end. Your ERP pushes data directly into financing platforms, eliminating much of the risk that used to exist from manual processes. AI builds on this foundation by checking each data point against expected patterns and historical behavior.

If an invoice is inconsistent with a buyer-supplier history, if a transaction deviates from expected currency or corridor patterns or if document content appears altered, AI can highlight the anomaly immediately. It reduces false positives, enhances fraud detection and strengthens your first line of defense.

AI also supports dilution-risk modeling. Models can analyze historic returns, dispute patterns and deduction behavior to identify where dilution may increase. If buyer communications shift or dispute volumes rise, credit risk estimates can be recalibrated instantly. This helps you maintain a more accurate view of true receivables quality.

These capabilities help you stay ahead of deteriorating exposures rather than reacting after losses emerge.

## Strengthening Your Risk Framework Across the Entire Lifecycle

AI does not operate in isolation. It embeds across the trade finance lifecycle – from document intelligence to transaction monitoring to portfolio-level stress testing. It helps you understand not only where isolated risks lie but how buyer or supplier shocks could ripple across your working-capital programs.

“AI is strengthening every stage of the trade finance lifecycle – from document intelligence that flags inconsistencies instantly to portfolio-level stress testing that models how buyer or supplier shocks could ripple through your financing arrangements,” says Sengupta at EY US.

For you, this means a more resilient control environment, better-informed decision-making and a more proactive posture toward risk.

## Agentic AI – A New Operational Toolkit for Your Treasury Team

One promising development is the rise of agentic AI – systems that can execute multi-step processes without requiring you to intervene. Potential use cases include:

- **Automated drawdowns:** If your treasury management system predicts a liquidity shortfall, an AI agent could analyze which receivables are eligible for funding, determine available capacity and prepare a drawdown request for your approval.
- **Buyer-eligibility analysis:** If you begin dealing with new customers, the agent could assess which accounts meet receivables-funding criteria and recommend them for onboarding.
- **Supplier support:** Suppliers often need help navigating financing platforms. AI agents can respond in natural language, guide them through onboarding or help them discount invoices, reducing the burden on your support teams and improving supplier satisfaction.

Over time, these agents will reduce your treasury function’s administrative burden and allow your team to focus on strategy.

## From Reactive to Predictive Finance

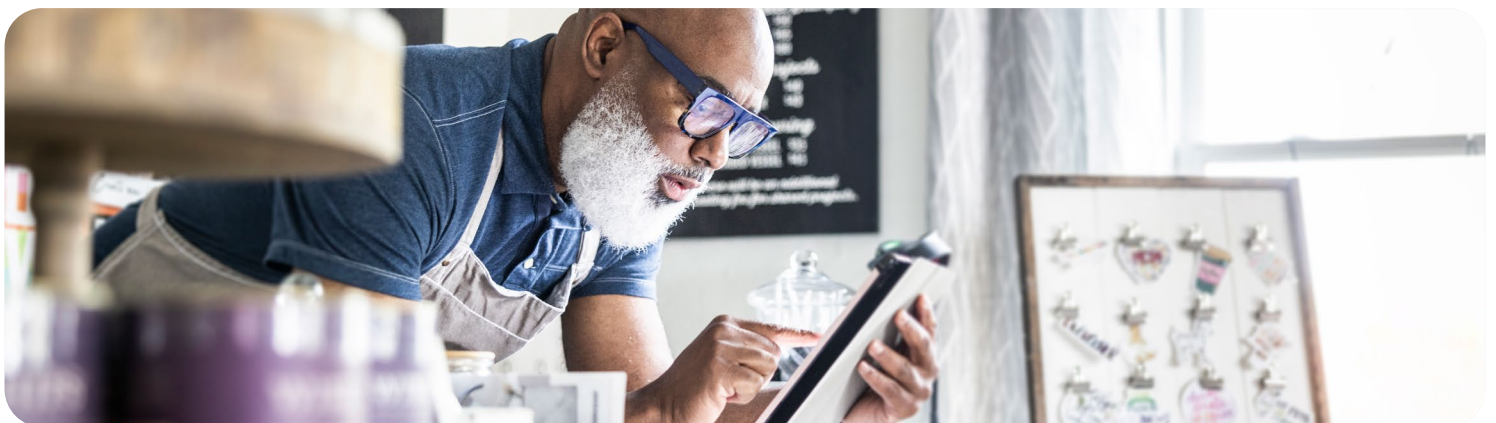
AI is no longer an abstract promise. It is a practical toolkit that helps you onboard suppliers faster, identify risks earlier, optimize working capital responsibly and operate with clearer foresight.

Perhaps the most important shift is that finance is becoming forward-looking rather than backward-facing. Instead of looking backward to understand what went wrong, you can increasingly look forward to understand what is likely to happen next – and act before issues escalate.

As adoption accelerates, the advantages will compound: deeper visibility, stronger supplier networks, better liquidity outcomes and greater resilience across your financial supply chain. The opportunity is already here, and the organizations that embrace it will be better positioned to navigate uncertainty and capture value.

However, AI comes with some risks that also need to be carefully managed. “Citi continues to advance its use of AI technologies,” says Citi’s Kara. “But with a strong emphasis on safety, oversight and responsible innovation. Equipping teams with the knowledge required to understand both the capabilities and the limitation of AI remains a core priority. Equally important is the rigorous validation of AI-enabled outcomes in partnership with legal, compliance and other control functions. Only once solutions meet Citi’s standards for governance, reliability and client value are they considered for broader deployment.”

Sengupta at EY US agrees that banks need to identify and develop the new skill sets needed to scale AI effectively – including capabilities in data science, analytics, and security – if they are to unlock client value. “The challenge is significant,” he explains. “An EY-sponsored report with MIT Technology Review Insights shows that 58% of banks cite a lack of technology skills and capabilities as a major barrier to realizing the full potential of AI.”<sup>3</sup>





## Endnotes

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- <sup>1</sup> <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/campaigns/the-future-of-treasury-services-and-the-opportunity-for-banks/documents/ey-gl-four-trends-redefining-cash-management-08-2025.pdf>
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