

ASSOCIATION FOR FINANCIAL PROFESSIONALS

2026 AFP®

LIQUIDITY SURVEY REPORT

Key Highlights

Underwritten by Invesco





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June 2026

This summary report includes highlights from the comprehensive *2026 AFP® Liquidity Survey Report*. The comprehensive report comprising all findings and detailed analysis is exclusively available to AFP members.

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Purchase the comprehensive report.

Underwritten by Invesco

Invesco

Dear Financial Professional/Corporate Practitioner:

Invesco is once again proud to partner with the Association of Financial Professionals (AFP) to sponsor the 21st annual *AFP Liquidity Survey Report*. This marks the seventh year that Invesco has supported this industry-leading exploration of current and emerging corporate cash management trends.

As highlighted in this year's AFP Survey, the global economy faced numerous challenges and uncertainty from Liberation Day tariffs to continued, and new, geopolitical conflicts. After easing in the second half of 2025, the Federal Reserve (Fed) has since held policy rates steady. There is current uncertainty as to the future path of policy rates as new leadership is about to take over at the Fed with inflation elevated and the labor market on solid footing.

Even amid this uncertainty, financial professionals remain disciplined in their approach, continuing to prioritize safety and liquidity. U.S. cash balances increased for 46% of organizations over the past 12 months, while 40% reported no significant change. This cautious stance is further reflected in portfolio allocations, with an average of 83% of short-term investment balances held in traditional, highly liquid vehicles such as bank deposits, money market funds, and U.S. Treasury securities. While bank deposits remain the largest allocation at 42%, this represents the lowest share in more than a decade, with some reallocation toward Treasury securities signaling a growing emphasis on diversification.

Formal liquidity governance also remains firmly in place, with 75% of organizations maintaining written investment policies, rising to over 80% among larger, public, and investment-grade firms. At the same time, innovation remains measured, with only 1% of organizations actively using stablecoins and a small portion exploring their potential. Decision-making continues to be driven primarily by relationship strength, credit quality, counterparty risk, and yield, while interest in real-time liquidity solutions continues to grow as organizations seek greater flexibility in managing cash.

Regardless of market conditions, Invesco remains committed to supporting financial professionals and institutional investors with more than 45 years of experience in global liquidity management. We understand the critical balance between principal preservation, liquidity, and yield, and we are dedicated to helping you navigate an increasingly complex environment.

We hope you find the *2026 AFP Liquidity Survey* valuable to your organization as we continue to evolve as an industry, and we look forward to working together for many years to come.

Sincerely,



Laurie Brignac
CIO, Head of Invesco Global Liquidity



Jim Griffin
MD, Head of Invesco Global Liquidity Relationship Management

TOPICS COVERED IN THE COMPREHENSIVE 2026 AFP® LIQUIDITY SURVEY REPORT

CASH AND SHORT-TERM INVESTMENTS/SECURITIES

- Change In Cash and Short-Term Balances Over the Past 12 Months: U.S. and Non-U.S. Cash Holdings
- Drivers of Changes in Cash Holdings Over the Past 12 Months
- Looking Ahead: Anticipated Changes in Cash Holdings During Q2 2026 and Q3 2026

INVESTMENT POLICIES

- Prevalence of Written Cash Investment Policies
- Objectives of Cash Investment Policy
- Review of Cash Investment Policy
- Rating Requirements for Money Market Funds
- Investment Policy Changes
- Investment Vehicles Approved within Investment Policies

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- Maturity

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- Primary Drivers in Selection of Money Market Funds
- Real-time Payments Operating in a 24/7 Environment – Real-timeTreasury



INTRODUCTION

Since April of 2025, the global economy has faced numerous challenges, resulting in substantial uncertainty. The situation commenced in early April of 2025 with "Liberation Day" with significant tariffs on imports. Subsequently, stock markets experienced a sharp decline. Many nations successfully negotiated reduced tariffs for their exports, but businesses remained uncertain about their cost structures, prompting price increases that were ultimately passed on to consumers. In February 2026, the Supreme Court determined that the president does not possess the authority to enforce such widespread tariffs. As of the time of this writing, the process for refunding these tariffs had begun.

Global geopolitical risks persist. The Russia-Ukraine conflict is in its fifth year. Tensions in the Middle East are heightened due to ongoing hostilities between Israel and Palestine, and recent developments involving the conflict in Iran which began in February 2026 have further destabilized the region, leading to surging oil prices worldwide. **Inflation in March 2026 – as measured by the Consumer Price Index (CPI) – rose to an annual rate of 3.3%, up from 2.4% in February**. Although the Federal Open Market Committee (FOMC) of the Federal Reserve lowered interest rates in late 2025, it has since maintained them at a **3.50%-3.75% range**. With growing concerns surrounding inflation, there is potential for either a pause or an increase in the Federal Funds target rate. The labor market remains tight, with **unemployment registering 4.3% in March 2026**.

In the current volatile economic environment marked by geopolitical tensions, fluctuating tariffs, rising inflation and persistent uncertainty, business leaders are forced to take proactive steps to manage liquidity effectively. Facing unpredictable shifts in cost structures and supply-chain disruptions, treasury practitioners are compelled to maintain robust cash reserves and optimize working capital to ensure operational flexibility. The ongoing instability – as well as surging oil prices and tight labor markets – requires leaders to closely monitor cash flow, renegotiate payment terms and diversify funding sources in order to mitigate risk. Additionally, with interest rates potentially rising and inflation accelerating, strategic planning for short-term financing and investment decisions has become crucial in safeguarding a company's financial health and sustained growth in an uncertain global landscape.

To understand current and emerging trends in organizations' cash and short-term investment holdings, investment policies and strategies in the current economic environment, the Association for Financial Professionals (AFP®) conducted its 21st annual *AFP® Liquidity Survey* in March 2026. The survey generated 309 responses, which are the basis of this report. Results from this survey will provide treasury and finance professionals with critical benchmarks on short-term investment holdings and strategies.



KEY FINDINGS



U.S. cash balances continue to increase year over year.

Forty-six percent of organizations increased U.S. cash as of March 2026 compared to 38% reported in last year's report; 14% experienced decreases; 40% saw no significant change.



Bank relationships and risk surpass innovation in deposit decisions.

The primary factors organizations consider when selecting a bank are the strength of the relationship (81%), credit quality (60%), counterparty risk – which has increased by 11 percentage points year over year to 54% – and yield (51%).

Yield is currently the most important factor when choosing a money market fund, followed by fund ratings and a stable net asset value; 77% of organizations require rated funds, and 82% prefer S&P as their primary rating agency.



Formal liquidity governance is the norm.

Seventy-five percent of organizations have a written investment policy that dictates their short-term investment strategy. Eighty-two percent of larger companies (those with annual revenue of at least $1 billion) have written investment policies, as do 84% of those that are net investors, 79% of investment grade companies and 80% of publicly owned companies.



Stablecoins remain peripheral to treasury strategies.

A small portion of organizations are piloting or using stablecoins in a limited capacity (1%), while 9% are actively exploring the technology. A majority of respondents reports that their companies are aware of stablecoins but are not currently taking steps to explore them; many consider them irrelevant for the coming years. Only 7% are considering including stablecoins in their investment policy.



Portfolios remain conservative but increasingly diversified.

Most organizations continue to allocate a large share of their short-term investment balances – an average of 83% – in safe and liquid investment vehicles, i.e., bank deposits, money market funds (MMFs) and Treasury securities.

The typical organization currently maintains 42% of its short-term investments in bank deposits – the smallest share of such investments since 2011. The percent of short-term investments held in bank deposits declined; much of the reduction was redirected into treasury securities, suggesting a preference for safer assets and possibly a greater focus on diversification.



Interest in real-time liquidity is growing, but uncertainty remains.

Currently, 41% of organizations expect money market funds (MMFs) to offer 24/7 liquidity – an increase from 38% in 2025 – while 33% remain uncertain. If such MMFs are policy compliant, 86% would select real-time MMFs and 68% would opt for real-time sweeps.

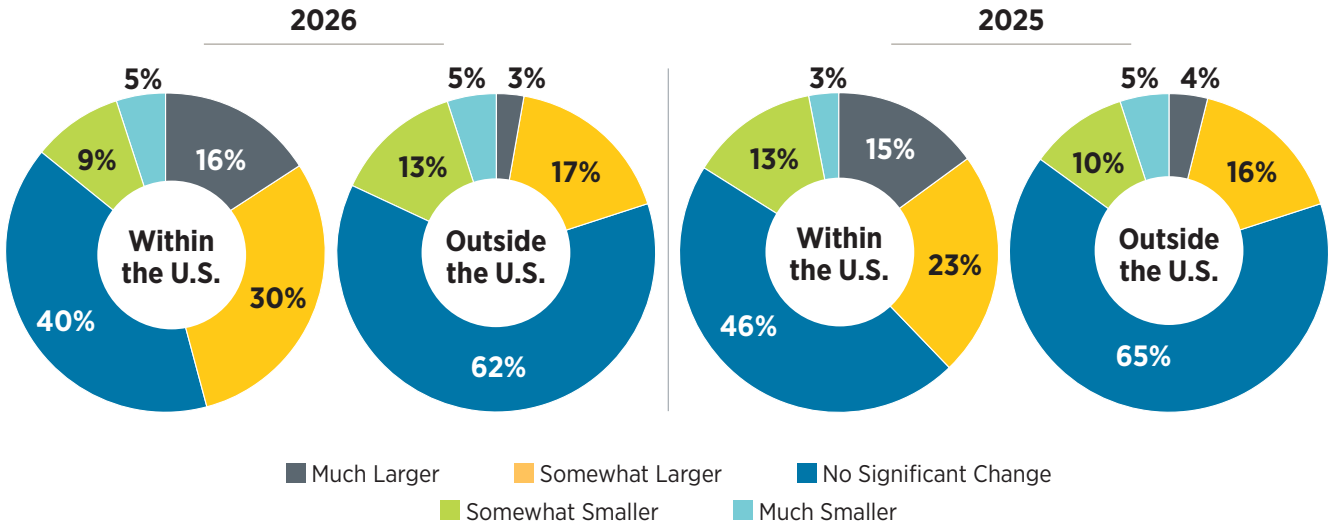
CHANGE IN CASH AND SHORT-TERM BALANCES OVER THE PAST 12 MONTHS: U.S. AND NON-U.S. CASH HOLDINGS

Forty-six percent of corporate practitioners report an increase in their organizations' cash holdings within the U.S. in the past 12 months (through March 2026) – 8 percentage points higher than the 38% reported in the *2025 AFP® Liquidity Survey Report*. The share of those respondents reporting a decrease in their companies' cash holdings within the U.S. decreased by two percentage points – from 16% in last year's survey to 14% in the current survey. These findings suggest organizations are holding onto their cash balances at a higher rate compared to last year. Forty percent of respondents report that there was no significant change in their companies' cash and short-term balances within the U.S. over the past 12 months, lower than the 46% reported last year.

The distribution of organizations' cash and short-term balances outside the U.S. closely resembles the result in last year's survey. Sixty-two percent of respondents indicate that in the past 12 months their organizations' investments outside the U.S. were unchanged – slightly lower than the 65% reported last year. Twenty percent report an increase in cash and short-term balances, similar to last year's finding, while 18% of organizations decreased cash and short-term balances outside the U.S., higher than the 15% in last year's report.

Within the U.S., survey results suggest the rate of holding onto cash balances is higher than last year. This could be a result of the current uncertainty in the economic environment due to the geopolitical tensions with Iran that had recently begun at the time this survey was in the field. Only 20% of organizations with investments outside the U.S. utilized offshore deposits to increase yield for cash investments.

Change in Cash and Short-term Balances over the Past 12 Months: U.S. and Non-U.S. Cash Holdings
(Percentage Distribution of Organizations)



Offshore Deposits Seeking Increasing Yield for Cash Investments
(Percentage Distribution of Organizations)

	2026	ANNUAL REVENUE LESS THAN $1 BILLION	ANNUAL REVENUE AT LEAST $1 BILLION	NET BORROWER	NET INVESTOR	INVESTMENT GRADE	NON-INVESTMENT GRADE	PUBLICLY OWNED	PRIVATELY HELD
Yes	20%	10%	26%	18%	23%	23%	15%	31%	15%
No	80%	90%	74%	82%	77%	77%	85%	69%	85%

DRIVERS OF CHANGES IN CASH HOLDINGS OVER THE PAST 12 MONTHS

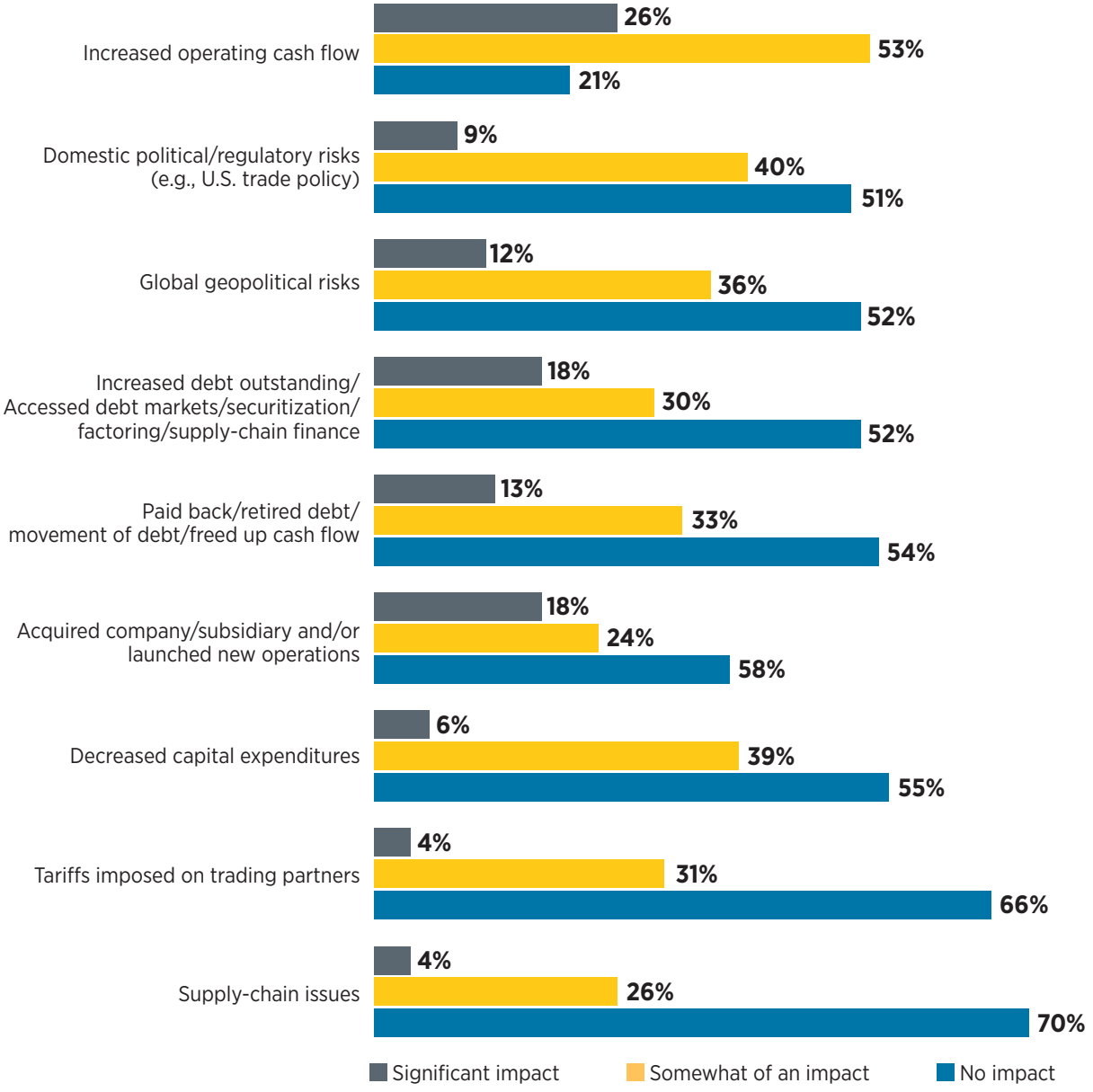
Increase in Cash Holdings

Changes in cash holdings are driven by various factors. Seventy-nine percent of respondents report that increased operating cash flow has had either a significant impact or some impact on the increase in their organizations' cash holdings in the past 12 months – a 5-percentage-point increase from the 74% in last year's survey. Other drivers contributing to increased cash holdings at organizations include domestic political/regulatory risks (e.g., U.S. trade policy) – cited by 49% of respondents, increased debt outstanding/ accessed best markets/securitization/factoring/supply-chain finance and global geopolitical risks (each cited by 48% of respondents). Businesses are also building cash due to tariffs imposed on trading partners as noted by 35% of organizations.

Over the past year, tariff policies have been unclear. Negotiations aimed to lower tariffs imposed on "Liberation Day;" this was followed a Supreme Court ruling stating that the International Emergency Powers Act (IEEPA) does not allow the president to impose tariffs on imports. In response, President Trump added a temporary three-month tariff. As a result, businesses are uncertain about their financial impact and are increasing cash reserves as a precaution and lowering expenses.

The Russia-Ukraine conflict has continued unresolved, and the October 2023 hostage crisis has intensified tensions in the Middle East. Following the deployment of military personnel and equipment to the region, the U.S. and Israel launched an attack on Iran on February 28, 2026, further escalating the conflict and uncertainty in the Middle East. These conflicts were ongoing throughout the survey period. This may account for the 49% of organizations indicating that global and geopolitical risks are a factor influencing their decision to enhance cash reserves.

Impact of Drivers on the Increase in Organization's Cash Holdings in the Past 12 Months
(Percentage Distribution of Organizations)



DRIVERS OF CHANGES IN CASH HOLDINGS OVER THE PAST 12 MONTHS

Survey respondents cite several additional factors that have contributed to the increase in organizations' cash holdings.

- Weather impacts and rising energy prices have prompted a more cautious approach to liquidity management.
- Organizations have realized earnings on short-term investments and benefited from investment gains in non-operating activities, while government changes in research funding and increased tax rates have further influenced cash strategies.
- Some organizations have focused on share repurchases and managing debt, strategically paying down obligations with increased cash flow from business growth and operational expansion.
- Improvements in collections, creation of specialized billing teams and internal operating metrics have helped optimize cash flow, as has trimming waste and controlling expenses and capital expenditures.
- Sale of subsidiaries, divestiture of operations, asset sales and preparation for opportunistic capital deployment have also played a role.
- Discipline in financial expenses, rebalancing target allocations and avoidance of long-term securities have supported liquidity, especially in the current interest-rate environment and with the shape of the inverted yield curve.
- Regulatory changes around cash repatriation and cuts in federal grant funding, along with improved results and a decision to hold more liquidity given geopolitical uncertainties, have all impacted cash holdings.

Overall, organizations are responding dynamically to both internal and external pressures to ensure adequate cash reserves.



DRIVERS OF CHANGES IN CASH HOLDINGS OVER THE PAST 12 MONTHS

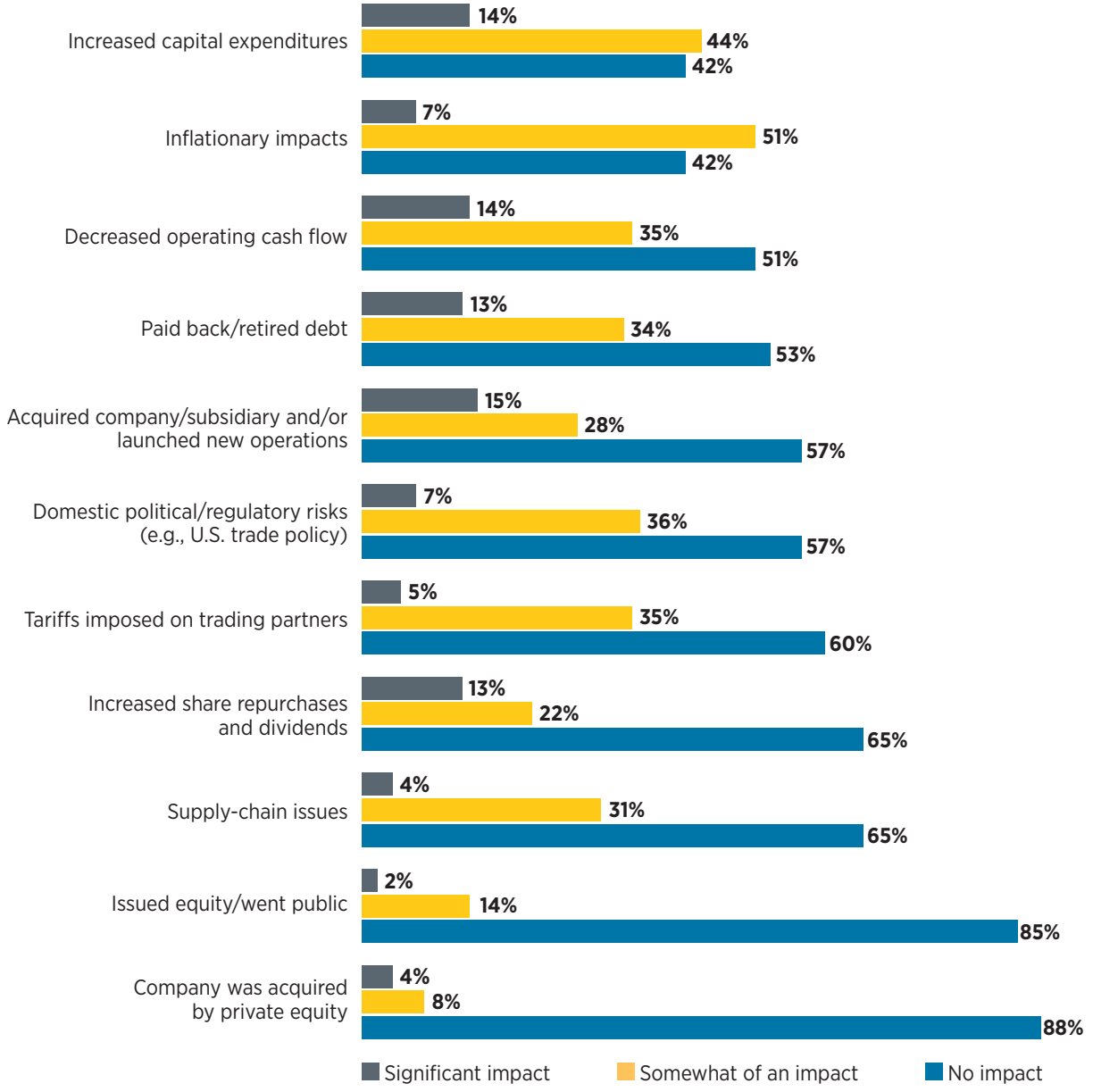
Decrease in Cash Holdings

Fifty-eight percent of survey respondents indicate that inflation has significantly or somewhat decreased their organizations' cash holdings over the past year, identical to last year's result. Inflationary pressures continue, worsened by Middle East tensions and rising oil prices. Equally, 58% of respondents report increased capital expenditures as a factor in lower cash holdings. Other reasons cited include reduced operating cash flow (49%) and debt repayment (47%).

Over 40% of respondents believe U.S. trade policy and tariffs will also affect their organization's cash reserves, reflecting ongoing uncertainty about their impact.

Several factors have contributed to the decrease in cash holdings, including foreign exchange fluctuations and the need for upfront cash flow when launching new businesses. Additionally, timing mismatches in cash flows, rising labor costs, and higher interest rates have posed further challenges.

Impact of Drivers on the Decrease in Organization's Cash Holdings in the Past 12 Months
(Percentage Distribution of Organizations)



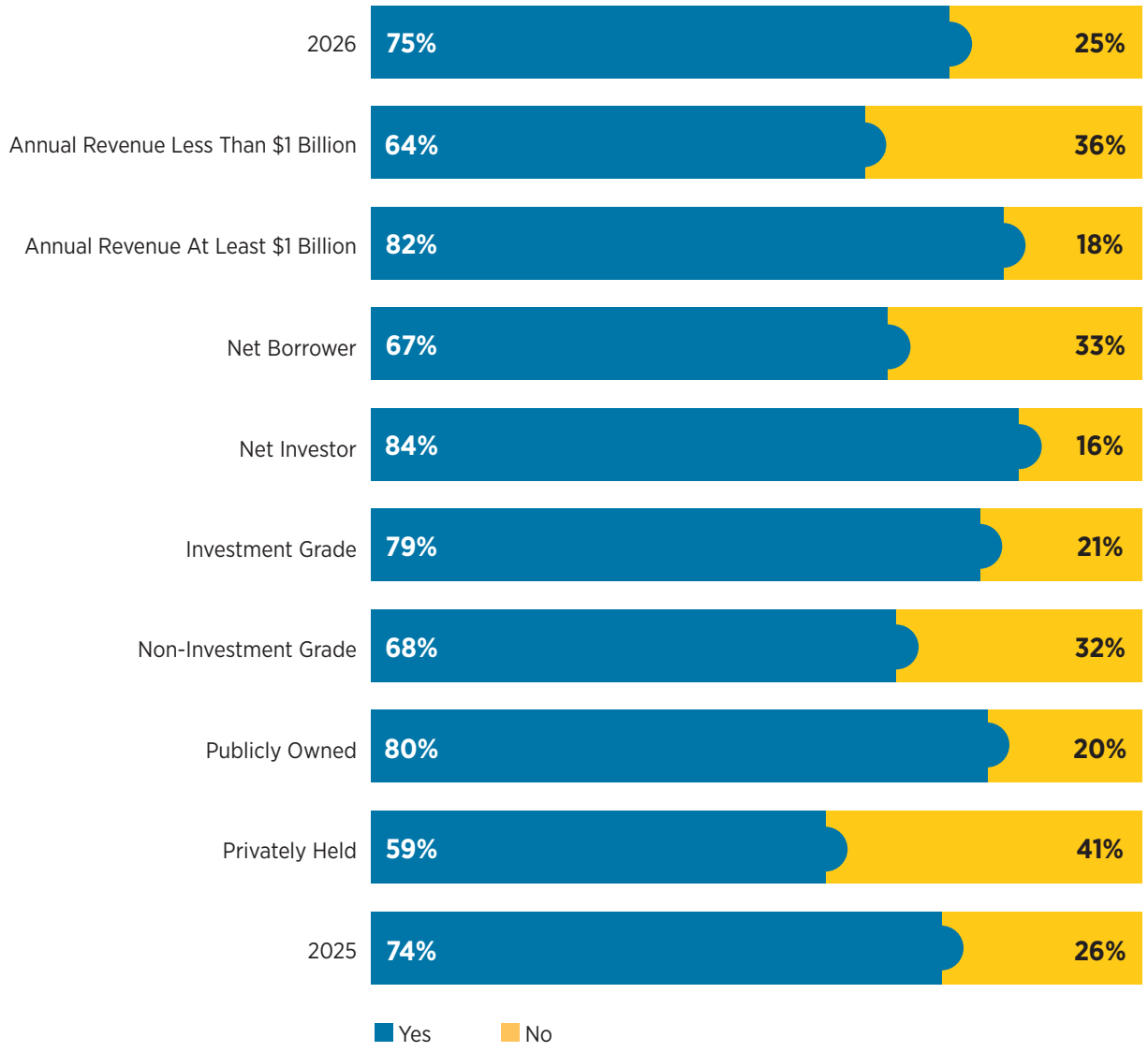
PREVALENCE OF WRITTEN CASH INVESTMENT POLICIES

Written investment policies set guidelines for managing cash holdings, including permitted vehicles, allocation limits and credit rating requirements. Many companies use these policies alongside written strategies as tactical tools. Policies cover the investment purpose, authorized investors, approval processes, credit standards, approved vehicles, risk parameters and escalation procedures.

Seventy-five percent of organizations have a written investment policy that dictates their short-term investment strategy. This is one percentage point higher than the figure reported in last year's survey. If economic uncertainty leads to a recession, more companies are likely to adopt written investment policies, as was seen during the COVID-19 pandemic. In 2021 and 2022, the percentage of organizations with such policies rose to 80% and 82%, probably due to an increased focus on liquidity planning. Written policies provide clarity on investment procedures and help companies strengthen their balance sheets in uncertain times.

Eighty-two percent of larger companies (those with annual revenue of at least $1 billion) have written investment policies, as do 84% of those that are net investors, 79% of investment grade companies and 80% of publicly owned companies.

Prevalence of Written Cash Investment Policies
(Percentage Distribution of Organizations)



OBJECTIVES OF CASH INVESTMENT POLICY

Organizations aim to balance safety, liquidity, and returns, but 61% prioritize safety for short-term investments, unchanged from last year. Safety is especially important for non-investment grade organizations (66%). Amid the war with Iran, rising oil prices and volatile markets (March 2026), investors unsurprisingly favor safety over liquidity.

Thirty-four percent of survey respondents report that their organizations' most important objective is liquidity – slightly lower than the 35% reported in 2025. Liquidity is a far greater priority for those organizations which are privately held (44%) than for other organizations.

Yield continues to be the least important objective of an organization's cash investment policy. The share of organizations ranking yield as most important is 5%, unchanged from the figure in last year's survey.

The Most Important Objective of Organization's Cash Investment Policy
(Percentage Distribution of Organizations with a Written Cash Investment Policy)

	2026	ANNUAL REVENUE LESS THAN $1 BILLION	ANNUAL REVENUE AT LEAST $1 BILLION	NET BORROWER	NET INVESTOR	INVESTMENT GRADE	NON-INVESTMENT GRADE	PUBLICLY OWNED	PRIVATELY HELD	2025
Safety	61%	67%	59%	64%	59%	60%	66%	58%	52%	61%
Liquidity	34%	27%	37%	30%	38%	35%	31%	36%	44%	35%
Yield	4%	6%	4%	6%	3%	5%	3%	6%	3%	4%

"Primary liquidity priorities remain safety, same-day access, and operational efficiency. The organization continues to monitor real-time liquidity and investment innovations while maintaining a conservative risk posture appropriate for our industry."

INVESTMENT POLICY CHANGES

Twenty-four percent of respondents report that their organizations are considering changes in their investment policies. Changes in duration and/or maturity management are influencing 12% of organizations' investment policy revisions; 5% of organizations are adding stablecoin capabilities. (No respondents in last year's survey reported their organizations were including stablecoin capabilities.) Five percent of organizations are considering money market ETFs, and 5% are considering including provisions on counterparty risk or concentration risk for bank deposits. Only 3% are adding cryptocurrency provisions.

A larger share of organizations categorized as non-investment grade (85%) are not considering any changes in their investment policies compared to other organizations.

Changes under Consideration for Investment Policies
(Percent of Organizations)

	2026	ANNUAL REVENUE LESS THAN $1 BILLION	ANNUAL REVENUE AT LEAST $1 BILLION	NET BORROWER	NET INVESTOR	INVESTMENT GRADE	NON-INVESTMENT GRADE	PUBLICLY OWNED	PRIVATELY HELD	2025
No changes are being considered currently	76%	77%	75%	81%	71%	72%	85%	77%	74%	71%
Changes in duration and/or maturity management	12%	11%	13%	8%	16%	15%	5%	14%	13%	16%
Adding stablecoin capabilities	5%	6%	4%	5%	4%	5%	5%	3%	10%	--
Money Market ETFs	5%	5%	5%	3%	6%	6%	2%	2%	7%	9%
Adding provisions on counterparty risk or concentration risk for bank deposits	5%	6%	5%	3%	7%	6%	3%	5%	5%	7%
Include private equity/Sponsor changes/Credit agreement limits (within bank agreement)	3%	3%	3%	1%	5%	4%	2%	5%	2%	2%
Restricting category of investments- by geography	3%	2%	3%	1%	4%	4%	--	3%	3%	2%
Investment in DEI share classes or DEI-specific counterparty initiatives	3%	2%	3%	3%	3%	4%	--	7%	--	1%
Restricting category of investments- by industry (e.g., gas/oil, fossil fuels)	3%	3%	3%	1%	4%	3%	3%	3%	3%	4%
Adding cryptocurrency provisions	3%	6%	2%	4%	3%	4%	2%	3%	5%	3%
Adding tokenization capabilities	3%	6%	1%	4%	2%	3%	2%	5%	3%	--
Creating/changing limits on hold to maturity or available for sale (AFS) securities	3%	2%	3%	2%	3%	3%	2%	5%	3%	3%
Adding unrated short duration funds	1%	--	2%	1%	2%	2%	--	3%	--	2%
Adding in roles and responsibilities in an inverted yield curve environment	--	--	1%	--	1%	1%	--	--	2%	3%
Other	4%	--	5%	3%	4%	5%	2%	--	2%	5%

Other includes:

- Adding equities to investment portfolio
- Change percentage limits on certain types of investments
- Adding a small exposure to separately managed accounts with fixed income securities
- Adding more authorized investments not in policy but allowed by state law e.g., corporate notes and SUPRA

INVESTMENT VEHICLES APPROVED WITHIN INVESTMENT POLICIES

The investment vehicles that are most often approved by organizations are:

- **Bank deposits** (cited by 80% of respondents)
- **Treasury securities** (79%)
- **Government/Treasury money market mutual funds** (77%)
- **Commercial paper** (53%)

The investment policies establish comprehensive guidelines for treasury leaders to inform their investment selections. Generally, these professionals exercise discretion in allocating investments within these parameters. However, organizations may refrain from investing in certain securities permitted by the policies due to additional constraints. Decisions are influenced by multiple considerations, prioritizing safety, liquidity and yield, respectively. Investment policies frequently specify allocation percentages, concentration limits and credit rating requirements.

The approved investment vehicles selections (as reported in this year's survey) reflect a slight increase in approvals for bank deposits; the 80% share of organizations approving this investment has increased by two percentage points compared to last year, but is still 11 percentage points lower than in 2024. There have been increases in approvals for other investments – most notably Treasury securities and ETF bond or cash strategies.

Investment Vehicles Approved within Investment Policies
(Percent of Organizations)

	2026	2025	2024
Bank deposits (DDAs, Time deposits, CDs, etc.)	80%	78%	91%
Treasury securities (includes, bills, notes and bonds)	79%	76%	80%
Government/Treasury money market mutual funds	77%	80%	75%
Commercial paper	53%	58%	55%
Repurchase agreements	35%	32%	37%
Agency securities	35%	31%	39%
Municipal securities	34%	33%	35%
Prime/Diversified money market mutual funds	30%	34%	32%
Asset-backed securities	30%	28%	30%
Muni/Tax-exempt money market funds	29%	30%	22%
Separately managed accounts	22%	20%	19%
ETF bond or cash strategies	19%	15%	10%
Eurodollar deposits (U.S. dollar-denominated time deposits at banks outside the United States)	16%	15%	22%
Enhanced cash/Conservative income/Ultrashort bond funds (e.g., cash plus)	16%	16%	7%
Variable rate demand notes	9%	13%	9%
SSA securities (Sovereigns, Supranationals and Agencies)	9%	8%	13%
ESG investments	8%	13%	--
DEI Initiatives	6%	4%	--
Unrated/Private funds	6%	5%	1%
Auction rate securities	4%	6%	2%
Unregistered funds that have a stable NAV but no fees or gates	2%	2%	1%
3(C)(7) private partnerships	2%	2%	1%
Cryptocurrencies/Wallets	1%	1%	1%
Stablecoins/Tokenized deposits or MMFs	1%	*	*
Other	5%	5%	4%

**Not an option in 2025 and 2024*

Other includes:

- Corporate bonds/Securities
- Managed in broader category of investments
- Public equity funds and indexes
- Banker acceptances

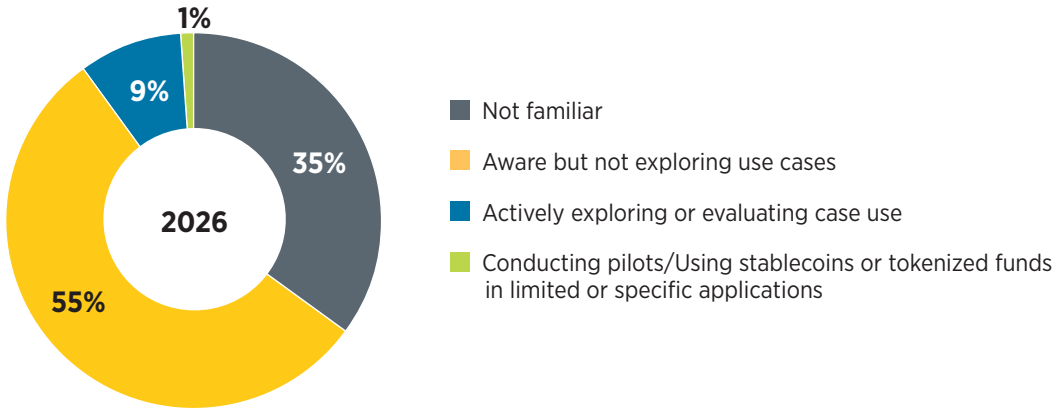
STABLECOIN AND TOKENIZED PRODUCTS

Utilization of Stablecoin/Tokenized Products

Over one-third of respondents are unfamiliar regarding the status of stablecoin/tokenized utilization at their organizations, while 55% are aware but not exploring case use. Only 1% are conducting pilots using stablecoins or tokenized funds, while the remaining 9% are in the process of actively exploring use cases.

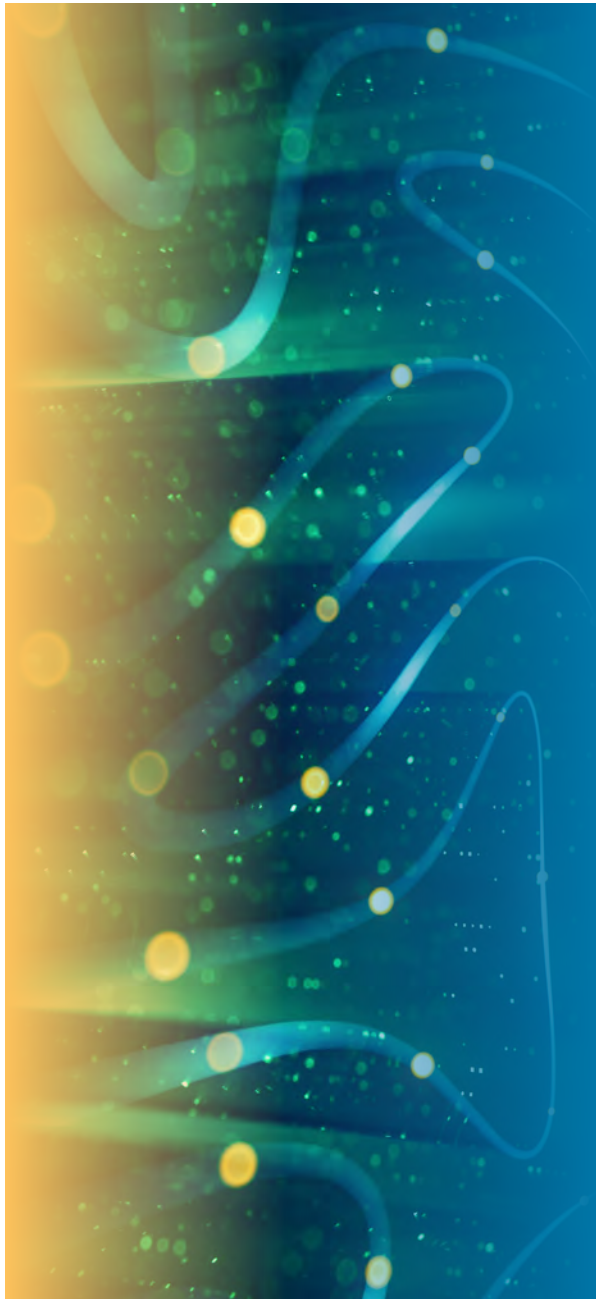
Status of Stablecoin or Tokenized Product Utilization Within Your Organization

(Percentage Distribution of Organizations)



Comparison of Stablecoin/Tokenized Deposits

Feature	STABLECOIN	TOKENIZED DEPOSIT	TOKENIZED MMF
Issuer	Nonbank / fintech	Regulated bank	Asset manager
Legal nature	Private digital money	Bank deposit	Fund security
Yield	Usually none	Usually none	Yes
FDIC insured	✗	✓ (structure dependent)	✗
Claim on bank	✗	✓	✗
Blockchain	Public	Permissioned / hybrid	Public or permissioned
Primary role	Payments	Settlement cash	Yield + collateral
	STABLECOINS private digital cash backed by strong reserves	**TOKENIZED DEPOSITS** bank deposits with blockchain rails	**TOKENIZED MMFS** yield bearing cash investments, tokenized



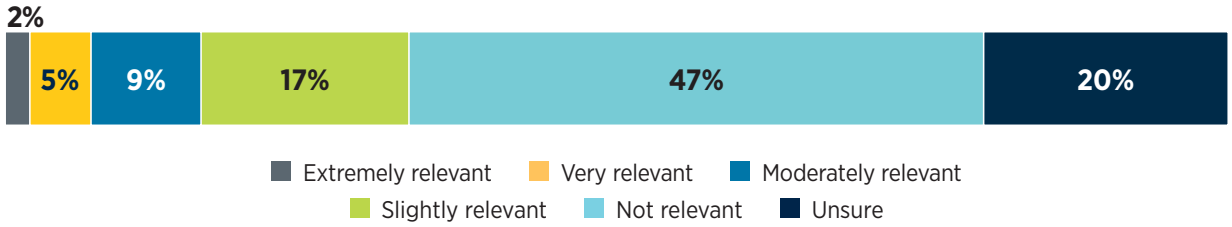
STABLECOIN AND TOKENIZED PRODUCTS

Relevance of Projected Evolution of Stablecoin or Tokenized Products

Stablecoins and tokenized products are new, and most treasury professionals continue to be cautious of them until regulations are clear. The GENIUS Act, passed in July 2025, set a federal framework with 1:1 reserves and banking-like oversight. Regulators such as the Office of the Comptroller of the Currency (OCC) and FinCEN are working on rules, expected to be fully implemented by 2027. Tax and accounting regulations are also pending.

Nearly half of all respondents (47%) say that tokenized products or stablecoin will not matter at their organizations in the next three years, while 20% are unsure. Only 7% report that the evolution of stablecoin/tokenized products will be either extremely or very relevant at their organizations in the next three years, while 26% think these products will be moderately or slightly relevant.

Relevance of Projected Evolution of Stablecoin or Tokenized Products (Next 3 Years)
(Percentage Distribution of Organizations)



"I believe Stablecoins will grow in popularity and disrupt current FX related flows."



SIGNIFICANT DETERMINANTS THAT BANKS CONSIDER WHEN INVESTING IN BANK DEPOSITS

Banks continue to be major depositories for companies' U.S.-based cash and short-term investment holdings. This year's survey results show that the percentage of cash and short-term investments being held currently at banks is 42%. While that is lower than percentages reported in the past few years, bank deposits continue to be the investment vehicle currently holding the largest share of organization's cash and short-term investment holdings.

Several factors can impact which bank an organization selects for placing its cash and short-term investments. Most respondents, 81%, consider their organizations' overall relationship with their banks to be a significant determinant in bank selection – three percentage points lower than in 2025. Sixty percent of financial professionals say that the credit quality of a bank is a deciding factor – 8 percentage points lower than in 2025. Other factors determining bank selection are counterparty risks, which at 54% is an 11-percentage-point increase from last year. This is closely followed by yield/interest rates offered on deposits, cited by 51% of organizations.

Significant Determinants for Bank Selection when Investing in Bank Deposits
(Percent of Organizations)

	2026	ANNUAL REVENUE LESS THAN $1 BILLION	ANNUAL REVENUE AT LEAST $1 BILLION	NET BORROWER	NET INVESTOR	INVESTMENT GRADE	NON-INVESTMENT GRADE	PUBLICLY OWNED	PRIVATELY HELD	2025
Not approved to invest in bank deposits	4%	3%	4%	4%	4%	3%	5%	2%	4%	4%
Overall relationship with bank	81%	79%	82%	84%	78%	80%	84%	91%	83%	84%
Credit quality of the bank	60%	56%	62%	60%	59%	59%	61%	62%	55%	52%
Counterparty risk	54%	39%	62%	54%	53%	56%	47%	62%	49%	43%
Yield/interest rate offered	51%	47%	54%	52%	51%	52%	49%	53%	53%	*
Compelling interest rates offered on deposits	42%	38%	44%	45%	38%	43%	40%	47%	42%	44%
Overall size of bank in terms of assets	41%	37%	43%	42%	41%	41%	42%	45%	39%	30%
Earnings credit rates (ECR)	35%	38%	34%	34%	36%	38%	27%	32%	34%	29%
Simplicity of working with bank	31%	37%	29%	34%	29%	34%	25%	30%	31%	32%
"Know your customer" (KYC) process the bank uses	20%	22%	18%	22%	17%	22%	14%	19%	19%	15%
Regulatory considerations	20%	13%	23%	18%	21%	23%	12%	21%	15%	17%
Transparency in ECR rate to a benchmark rate	10%	11%	9%	8%	11%	11%	6%	8%	11%	9%
Ability to determine how to apply ECR	8%	10%	7%	8%	8%	10%	4%	6%	12%	5%
Other	3%	3%	3%	3%	4%	3%	4%	4%	3%	4%

**Not an option in 2025*

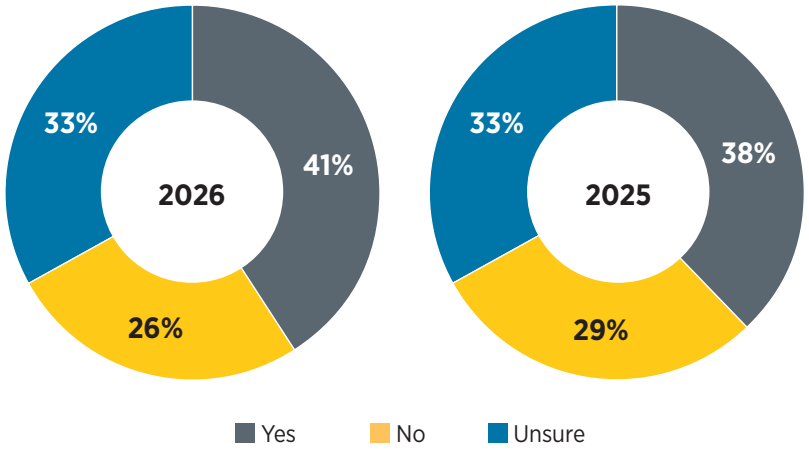
Other includes:

- Part of bank group/credit syndicate
- FX support
- Insured product offering
- Bank needs to be on the state list of qualified public depositories
- Geography of bank locations in relation to organization's physical locations

REAL-TIME PAYMENTS OPERATING IN A 24/7 ENVIRONMENT – REAL-TIME TREASURY

Forty-one percent of respondents expect that, with the advent of real-time payments, the money market industry will provide 24/7 liquidity – higher than the 38% who expressed this view in the 2025 survey. Thirty-three percent of respondents are unsure if real-time payments operating in a 24/7 environment will require the money market industry to provide 24/7 liquidity. Tokenized products like money market funds are making this scenario increasingly probable. After much discussion, optimism about the future is now rising.

Expectations that Money Market Industry will Provide 24/7 Liquidity with Real-time Payments Operating in a 24/7 Environment
(Percentage Distribution of Organizations)



INVESTMENT VEHICLES OF CHOICE BASED ON INVESTMENT POLICY PARAMETERS

Eighty-six percent of respondents report that their organizations would select real-time money market funds and 68% would choose real-time investment sweeps if those options fit within the parameters of their companies' investment policies. Real-time earnings credit rates and real-time investment options to "follow the sun" are less likely preferred choices for organizations when selecting investment vehicles (cited by 45% and 24% of respondents, respectively).

Real-time Payment Investment Vehicles of Choice Based on Investment Policy Parameters
(Percent of Organizations)

	2026	2025
Real-time money market fund	86%	89%
Real-time investment sweep	68%	73%
Real-time earnings credit rates	45%	53%
Real-time investment options "to follow the sun"	24%	18%

CONCLUSION

Nearly half of organizations' cash holdings within the U.S. increased during the 12 months from March 2025 to March 2026, Fewer respondents report a decrease in their companies' cash holdings within the U.S., indicating that organizations are retaining their cash balances at a greater rate than last year.

Various factors are responsible for changes in cash holdings. Most respondents say that increased operating cash flow has played a pivotal role in the rise of their organizations' cash holdings over the past year. Other key influences include domestic political and regulatory risks such as U.S. trade policy, increased debt activity, supply-chain finance, global geopolitical risks and tariffs on trading partners.

Inflation continues to have a negative effect on organizations' cash holdings. Ongoing inflationary pressures – compounded by tensions in the Middle East and rising oil prices – persist. Increased capital expenditures also contribute to lower cash holdings. Additional factors influencing companies' cash holdings include decreased operating cash flow and repayment of debt. A significant percentage of respondents believe that U.S. trade policy and tariffs will affect their organizations' cash reserves, reflecting ongoing uncertainty about impact of such policies.

The majority of respondents anticipates that their organizations' current cash and short-term investment holdings will remain steady during the second and third quarters of 2026. Some expect an increase, while a smaller share anticipates a decrease over the same period.

Most organizations have a written investment policy guiding their short-term investment strategy. If economic uncertainty were to lead to a recession, more companies are likely to adopt written investment policies, as was observed during the COVID-19 pandemic. Liquidity is considered the most important objective for cash investment policy by many respondents. Yield remains the least important objective for cash investment policy.

Most organizations allocate a large portion of their short-term investment balances to safe and liquid investment vehicles such as bank deposits, money market funds and



Treasury securities. Banks continue to be the principal depositories for companies' U.S.-based cash and short-term investment holdings. Although the share of cash and short-term investments held at banks is lower than in previous years. bank deposits remain the leading investment vehicles for these holdings.

Several criteria influence which bank an organization chooses for its cash and short-term investments. The overall relationship with the bank is considered the most significant factor in bank selection. Credit quality is also a major consideration, while counterparty risks have become more prominent, followed closely by yield or interest rates offered on deposits.

Selection of money market funds is influenced by several factors. The most important are yield, fund ratings and stable net asset value (NAV).

In summary, organizations continue to navigate a complex landscape of economic and geopolitical factors that shape their cash and short-term investment strategies. Despite ongoing challenges such as inflation, trade policy uncertainties, and fluctuating oil prices, many companies remain committed to prudent liquidity management, prioritizing safe and accessible investment vehicles. The emphasis on written investment policies and careful selection of banking and money market partners underscores the importance of stability and flexibility in an unpredictable environment. As businesses look ahead, maintaining a balanced approach to cash holdings will be essential for responding to both opportunities and risks in the months to come.

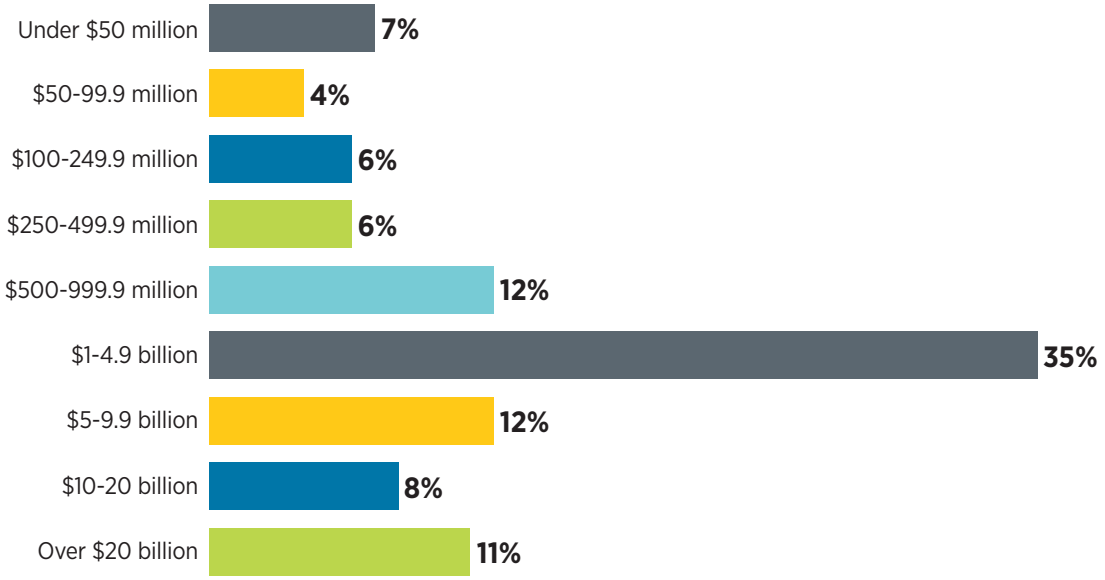
ABOUT THE SURVEY PARTICIPANTS

In March 2026, the Association for Financial Professionals (AFP®) conducted its 21st annual Liquidity Survey, examining how organizations are managing cash and short-term investments amid shifting market conditions. The survey explores trends in cash balances, liquidity positioning, investment strategies, and the influence of economic, regulatory, and operational risks on liquidity management decisions.

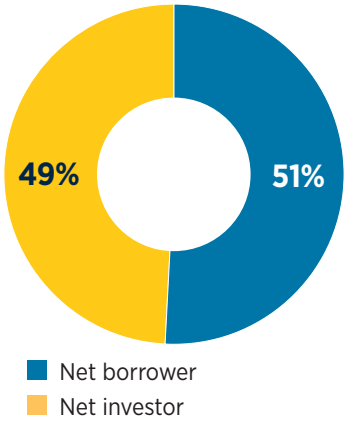
A total of 309 responses were submitted by corporate practitioner members and prospects holding senior-level and practitioner titles, including Vice President of Treasury Management, Treasurer, Director of Treasury, Director of Cash Management, Assistant Treasurer, Manager of Treasury, Cash Manager, Senior Treasury Analyst, and Treasury Analyst. These responses form the basis of this report.

The survey questionnaire and the report were produced by the Research Department of the Association for Financial Professionals which is solely responsible for the content of the report. The following tables summarize the characteristics of the survey respondents where organization-level demographics are provided.

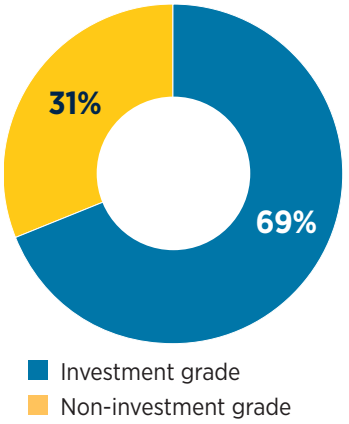
Annual Revenue (USD)
(Percentage Distribution of Organizations)



Net Borrower or Net Investor
(Percentage Distribution of Organizations)

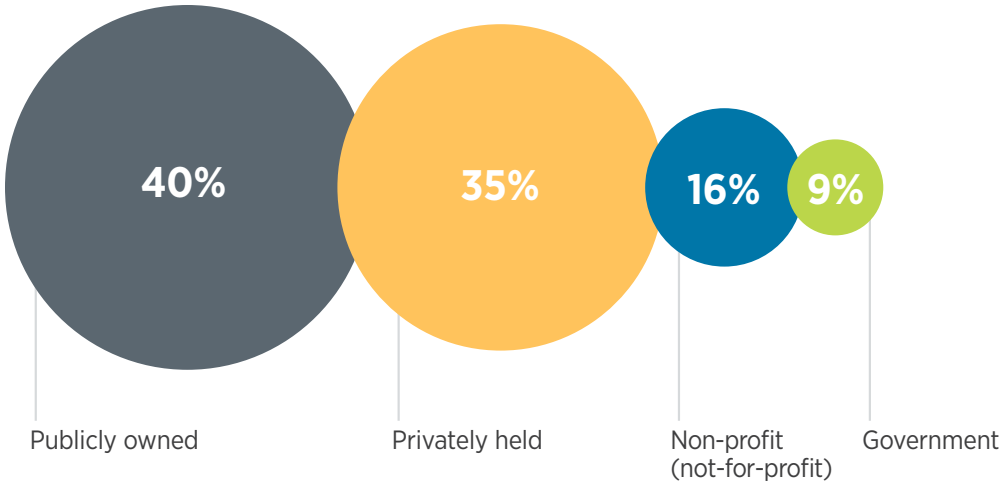


Organizations' Credit Ratings
(Percentage Distribution of Organizations)



ABOUT THE SURVEY PARTICIPANTS CONTINUED

Organization's Ownership Type
(Percentage Distribution of Organizations)



Industry
(Percentage Distribution of Organizations)

Agricultural, Forestry, Fishing & Hunting	2%
Administrative Support/Business services/ Consulting	3%
Banking/Financial services	9%
Construction	2%
Education (K-12, public or private institution)	2%
University or other Higher Education	7%
Energy	4%
Government	5%
Health Care and Social Assistance	9%
Hospitality/Travel/Food Services	2%
Insurance	6%
Manufacturing	15%
Nonprofit	4%
Petroleum	1%
Professional/Scientific/Technical Services	3%
Real estate/Rental/Leasing	6%
Retail Trade	4%
Wholesale Distribution	1%
Software/Technology	6%
Telecommunications/Media	4%
Transportation and Warehousing	3%
Utilities	4%

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