

Corridors in focus: Europe-Africa

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Connecting European treasury priorities with Africa's local market realities requires a balance of central control and local execution.

Key takeaways

- Growth across the Europe-Africa corridor is increasing treasury complexity, placing greater demands on working capital efficiency, funding and risk oversight.
- Treasury leaders face a paradox: they need the governance and control that come with centralisation, while retaining the local insight required to navigate Africa's currency and regulatory environments.
- Successful regional treasury centres do not centralise everything; they connect regional oversight with local execution, supported by clear decision rights.
- As commercial activity deepens across the corridor, treasury will play a greater role in allocating capital and supporting sustainable expansion.

Europe-Africa corridor by the numbers

Corporate treasurers are shifting towards sharper risk management, liquidity discipline and more deliberate capital deployment.

56 per cent

Corporates ranking FX risk management as their top treasury priority

49 per cent

Corporates planning to maintain current liquidity levels

51 per cent

Corporates deploying surplus cash into growth investment

A corridor shaped by two treasury realities

Treasury teams supporting Europe-Africa expansion face a challenge that technology alone cannot solve: how to maintain central control while operating effectively across markets with different liquidity and banking conditions.

This challenge is playing out across a substantial commercial corridor. EU-Africa trade in goods reached almost EUR355 billion in 2024, while trade in services exceeded EUR110 billion.

European treasury teams are under pressure to make capital work harder across an expanding operational footprint. Treasurers are expected to improve cash visibility, release working capital and direct funding towards the businesses that can deploy it most effectively. Across Europe's largest non-financial companies, an estimated EUR1.4 trillion is tied up in excess working capital.

These priorities meet a more fragmented execution environment across Africa. Some entities can connect efficiently to central platforms, while others depend more heavily on local processes and banking relationships. As a result, centrally designed policies may need local interpretation before they can be executed effectively.

The corridor question is therefore not simply whether to centralise. It is how to translate European treasury priorities into an operating model that can function across distinct African market conditions without weakening control or slowing the business.

The Europe-Africa treasury paradox

Centralisation gives European treasury teams a clearer view of group liquidity and funding needs. It can also support stronger governance and more deliberate capital allocation. Yet, the value of central visibility depends on whether decisions can be executed in each local market.

Across Africa, where more than 40 currencies are in circulation, the same transaction can carry different operational implications. The ability to move surplus cash, convert currency or execute a payment may depend on local regulation and market liquidity. In some markets, automated channels and established liquidity structures may be available. In others, execution may require more manual intervention or closer engagement with local banks.

The tension is reflected in how risk is held: nearly 50 per cent of organisations hold FX exposure at country level, while 35 per cent use a hybrid model in which central purchasing entities hold the risk. The more integrated an organisation becomes, the greater its need for central oversight. But the more diverse its footprint, the more important local intelligence becomes to funding and risk decisions.

Proprietary insights across the Europe-Africa corridor

Across the Europe-Africa corridor, one recurring theme we see is the gap between global treasury visibility and local executability. European-headquartered corporates increasingly seek to centralise liquidity, funding and risk management, but cash visible at group level is not always equally accessible or deployable across African markets.

Currency convertibility, local liquidity and regulatory requirements can influence how quickly surplus cash is redeployed, whether subsidiaries are funded centrally or locally, and which hedging solutions are practically available.

The most efficient group-level solution is therefore not always the most executable locally. Successful models combine central governance with market-specific flexibility, such as maintaining local banking arrangements for domestic collections while centralising visibility, or combining intercompany funding with local borrowing where required.

Standard Chartered's ability to connect European headquarters with execution across key African markets helps clients identify regulatory, liquidity and FX constraints early. Treasury structures can then be designed around what is practically deployable, creating an operating model that is globally consistent but locally executable.

Designing a regional treasury centre for corridor realities

A resilient regional treasury centre establishes a common control architecture while defining where local judgment is essential. Some 67 per cent of organisations with more than USD10 billion in annual revenue have adopted in-house banks.

- Centralise visibility, policy and capital discipline: Consolidated oversight of cash, funding and capital allocation should remain a central treasury responsibility. Common data standards help decision-makers compare needs across markets and identify idle liquidity.
- Segment markets by execution conditions: A single African operating model is unlikely to be effective. Markets can be grouped according to currency convertibility, regulatory requirements and treasury maturity. This allows decision rights to reflect actual operating conditions.
- Connect central oversight with local execution: Local teams should have clearly defined authority to manage time-sensitive regulatory and liquidity issues, supported by banking relationships that address domestic collections and market-specific execution. Their role is to translate central policy into executable decisions and flag where escalation is required.
- Build governance around decisions, not reporting alone: Effective governance sets out who decides, who executes and when an issue must be escalated. This is especially important when central capital objectives conflict with local constraints.

What a resilient treasury model looks like

A resilient Europe-Africa treasury model is defined less by where activity sits than by how effectively information and authority are connected. It gives central treasury sufficient visibility to manage capital allocation and working capital, while giving local teams the mandate to navigate market-specific conditions.

Technology can improve information, but it does not guarantee visibility or remove differences in regulation and currency liquidity. Some 38 per cent of organisations with more than USD10 billion in revenue still collect forecasting data manually, while 76 per cent cite poor data quality as a challenge. The strongest models therefore combine a common treasury architecture with controls and banking arrangements calibrated to each market.

Treasury as an enabler of corridor growth

As commercial links between Europe and Africa deepen, treasury will play a larger role in determining how confidently organisations can allocate capital and manage risk across the corridor.

Standard Chartered supports corporates through liquidity management, payments and FX solutions, combined with on-the-ground expertise across Europe and Africa. By identifying potential constraints early, the Bank can help treasury teams develop structures that are both centrally governed and locally executable.

The priority is to determine where consistency creates value, where local variation is necessary and how both can operate within one corridor model.

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