

Local intelligence and global reach

Meeting the challenges of international trade in the Asia-Pacific region is *Andrew Au's* mission. He is Asia-Pacific trade business head for Citigroup Global Transaction Services and responsible for providing trade services to corporate and financial institution clients in 18 countries. He explains here why Citibank's commitment and capability in the Asia-Pacific region is second to none.

In a century characterised by change and complexity, the Citibank commitment to the Asian marketplace has remained constant, growing from six original branches at the turn of the 20th century – located in Shanghai, Hong Kong, Yokohama, Manila and Singapore – to more than 400 offices across Asia-Pacific. Today, Citibank serves corporate clients all over the region, including multinational corporations and financial institutions, government agencies, large local corporations and medium-sized local enterprises. For clients large and small, Citibank provides unparalleled processing capability and service quality, delivering efficiency, consistent service and uniform business practices for all and enhancing the ability of small to mid-sized businesses to optimise their credit facilities for efficient use of working capital. In the last decade, the combination of economic expansion and advances in web-based communication has created unprecedented new business opportunities. Companies worldwide, ranging in size and sophistication from multinational corporations to small manufacturers, are now doing business with counterparties in Asia-Pacific. Citibank's proven ability to meet the demands of this shifting and varied marketplace is driven by the delivery of end-to-end business solutions. For practitioners of international trade this has particular application.

Integrating trade services along the entire supply chain

The simultaneous management of merchandise flows, multiple currencies and ongoing changes is a given in the international trade arena – with a high possibility for costly errors and delays. The Citibank solution is to integrate the flow of information along the entire supply chain, joining risk mitigation (letters of credit, LC confirmations and standby letters of credit) to information (payments tracking, status reporting, real-time data retrieval for local and global subsidiaries, customised reporting and client service), financing (advances under LCs, discount bills and notes, receivables and payables financing, pre-export finance, supplier/distributor finance) and settlement (documentary collections, letters of credit and open account trade processing).

Providing superior processing and clearing

As the only bank in Asia with regional processing centres (RPCs) for both trade and cash management, Citibank processing is unmatched by any other bank. The trade RPCs are located in Penang, Malaysia; Tampa, US; Lewisham, UK; and Mumbai, India, providing client service for their regions, in addition to processing global transactions. Each RPC is also a centre of excellence in a different specialty. The RPC in Penang, for example, also handles import letters of credit from

other regions in addition to transactions originating from the Asia region.

Combining local intelligence and global reach

With roots in Asia-Pacific as deep as any indigenous bank, a broad regional client base, participation in the local community and active recruitment of staff and management from the local population, Citibank can well identify itself as an established regional bank. But it is the ability to combine this deep local presence with global scale that provides special advantages for clients. For example:

- With the emergence of China as the 'manufacturer to the world' and the corresponding growth in global trade flows, the need for a global trade bank has assumed first priority. It is here that Citibank provides an unmatched edge in Asia-Pacific. Only Citibank has the ability to be on the ground, understand the needs of both counterparties, and by leveraging a network of more than 3,000 correspondent banks, reduce risk on both sides of the transaction.
- With more than a million transactions per year, Citibank is one of the largest, most experienced global trade banks. The implications for clients are significant, including lowered transaction costs through economies of scale, the ongoing development of solutions with application across multiple markets, and the ability to provide standardisation and uniformity to both centralised

and decentralised service models.

- Contrary to popular wisdom that 'specialisation drives excellence', by serving a broad range of clients including multinational corporations and financial institutions, as well as regional companies, Citibank is able to deliver solutions with numerous local variations, providing consistent, quality service to a diverse and varied marketplace.

Setting global standards

Unlike competitors who initially developed solutions for narrow regional needs that were later adopted as global standards, Citibank developed its trade architecture as a global solution during the design stage.

- Today, a single point of contact delivers streamlined access to cash management and trade services and a common web banking platform provides easy access and control.
- Through CitiDirect® Online Banking, Citibank's browser-based delivery channel, importers can issue and amend LCs online; settle and track import collections; monitor transaction status, track history and prepare import LC applications.
- Exporters can track and transfer LCs and amendments online; create export LC presentation letters; initiate and track direct collections; monitor transactions or choose to outsource these processes to Citibank.

Accessible in the language you speak

For Citibank, the issues of language, local law and business customs are the basic ingredients of our global infrastructure. Everywhere in the world our people are trained to conduct business consistently, in the native languages of our clients. In addition, clients can access their accounts online in 21 languages, including simplified and traditional Chinese, Japanese, Korean, and Thai.

Service excellence

Dedicated to clients in Asia, CitiService™ provides easy access to accurate answers – in the shortest time possible. By accessing a local phone number, clients' calls are routed directly to officers who can answer their queries online. A state-of-the-art tracking system logs every query for speed and efficiency.

Market-driven solutions

Innovation and leadership drive the development of pragmatic client solutions.

For example:

[1] Client issue:

When the Asian technology subsidiary of a multinational manufacturer wanted to optimise its open account export sales to more than 50 clients in Asia, it asked Citibank to design and deliver an effective financing solution.

Solution:

Citibank recommended a unique structure involving the limited recourse purchase of insured receivables, with payment terms up to one year. Unlike similar insurance-backed deals, Citibank outsourced the management of the collection process to the client, receiving indemnification from the company for the buyers' uninsured exposures. Most open account programmes are initiated by the

importer, who looks to a bank with an on-the-ground presence in the countries of operation, for assistance on structuring and implementation. In this case, the vendor looked to Citibank to assist with the transactions and as a possible source of financing, in the absence of the letter of credit.

Result:

The Citibank programme provided important benefits including accelerated receipt of payments and reduced dependence on trade credit lines – while meeting financial and regulatory requirements for 'true sale' of an open account receivables portfolio, satisfying conditions for obtaining offshore insurance.

[2] Client issue:

When one of the largest textile manufacturers in Asia, with annual sales turnover of US\$150 million asked Citibank to help improve its export collection times, business was booming. But its reliance on letter of credit (LC) terms for export was creating serious bottlenecks. For this company, a short cycle time on export collections was not only desirable but also essential.

Solution:

On Citibank's recommendation, the client outsourced its letter of credit document preparation to Citibank Electronic Documents, including invoices, packing lists, beneficiary certificates, and insurance certificates. This allowed it to eliminate the time consuming manual processing of document preparation and speed up the collections cycle. Using a secure internet channel, the company sends its back-end data files directly to Citibank's trade document preparation system, which automatically populates templates that have been customised with the company's branding and layout. Documents are then checked for discrepancies against the

LC and amended, if necessary, against a pre-approved list or through direct contact with the client. The company now monitors and retrieves the status of its documents in real-time, through Citibank's secure internet banking platform.

Result:

The improvements for this company were dramatic; with document processing time reduced from 17 days to five days, and a drop in discrepancy rates from 90% to less than 5%. As a result, the company is once again able to focus on growth and expansion into new markets.

[3] Client Issue:

When a mid-sized company in Hong Kong made a deal to export raw materials to a novelty manufacturer in Bangladesh, it asked Citibank to confirm the letter of credit, to ensure it would be paid by the importer.

Solution:

Citibank was able to take on the risk and confirm the LC, through either its branch office in Bangladesh or a local correspondent bank that is part of its global network. This allowed the exporter to do business for the first time with an importer whom he did not know.

Result:

With the largest proprietary network in the world, and a network of more than 3,000 correspondent banks, no one is better positioned than Citibank to help clients expand into new markets, negotiate with new partners in risky environments and minimise risk while remaining competitive. The growing trade flows in high risk countries have created an understandable demand for risk mitigation on the part of exporters in OECD markets. In every location in Asia and around the world, Citibank continues to enhance its trade capabilities to provide market-specific solutions that will meet our clients' needs for

standardisation, conformity and consistency.

Local intelligence and global reach

In the competitive and fast changing Asia-Pacific marketplace, practitioners of international trade rely on Citibank for the essentials that put them ahead of competitors. Our on-the-ground presence and deep knowledge of local markets provides the intelligence required for fact-based decision-making. The extensive capabilities of our global platform support the full range of trade services and our web based delivery, provides easy access to an end-to-end business solution. Whether you are an exporter, an importer or a financial intermediary, it adds up to an unusual ability to support you, wherever in the world you do business.



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For more information about trade services in Asia, please contact your local Citibank trade representative or visit www.citigroup.com/transactionservices