

A brave new world of global payments

Bundling products and services improves
efficiencies and saves money

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Today, the ability to make payments around the world – in various currencies, with full transparency, and in a timely manner – is as important a consideration for treasurers as optimizing their cash flow and managing liquidity. In the rush to sharpen a bank's competitive edge, the outsourcing of cross-border payments to a trusted global banking partner is increasingly being adopted as the way forward.

As the world gets smaller, banks have a key role to play by making it cheaper and easier to facilitate transactions between countries. To achieve this, the functionality of banks must be finely tuned. The ability to provide online services that can be monitored in real time is an imperative as they service their clients' inter-day liquidity demands. This has led to creative solution sets designed to simplify operations and reduce costs – and thereby help business grow.

TRENDS ACROSS ASIA

A number of trends have become apparent among financial institutions across Asia. Broadly, they feature bundling products and services under one secure umbrella to enhance efficiency and reduce operating costs. Key trends include:

■ LIFTING THE BOTTOM LINE

With increased emphasis on profitability, banks are challenged to reduce their clients' operating costs. In this competitive environment, partnering with one provider, one solution provides an opportunity for improving efficiency. Without the benefit of cutting edge technology, processing international payments can be costly and time consuming. But there is a better way.

In order to better manage the challenges of today, banks need access to real-time information. A highly developed online platform is the gateway to a world of sophisticated corporate banking solutions that save their customers time and money. How much better could you serve your customers if you had real-time information, keeping your fingers on the pulse of their business, and effectively supporting their liquidity needs?

Banks who choose a global payments partner with best-in-class IT infrastructure, and experience in making cross-border payments on behalf of the world's most prominent financial institutions, know they have a partner they can trust. By leveraging that partner's global reach, local market knowledge and sophisticated solutions to work for them, banks can provide for their customers today, but far into the future.

■ STREAMLINING PROCESSES

Asia Pacific is a complex marketplace, with varying financial infrastructures, payer behavior and payer instruments. Regulators in Asia (and worldwide) are also putting increased pressure on banks to improve their risk management practices and policies, particularly in the areas of payment, credit and operational risks.

A key focus of all banks is to streamline their payments processes. The solution lies in flexible technology, with back-up support from trustworthy, on-the-ground intelligence to facilitate seamless transactions worldwide.

More banks are relying on the existing infrastructure of a trusted partner to process their cross-border payments efficiently, securely and at a reduced cost. This solution eliminates the need to sort through numerous country rules, regulations and the requirements of various payment types for the different currencies. Banks are finding they can easily initiate, track and reconcile payments globally without having to open an account. They benefit from accurate and flexible reporting, helping clients



Global businesses require global cash solutions

to better manage their financial positions, working capital, collections and disbursement networks.

For banks, outsourcing of their global payments is increasingly seen as a win-win situation.

■ REGAINING CONTROL

More banks in Asia who have large US Dollar flows are wanting greater transparency and control of their payments. To serve their client's business most effectively, they need detailed, real-time status of payments and balance information. Increasingly, banks are also looking to prioritize payments. The ability to dictate which payments should be processed first is regarded as critically important as banks manage end-of-day balances and funding.

At the same time, banks must provide creative management solutions for clients who today are moving money internationally in more ways, more currencies and to more countries. All this is posing new challenges for banks.

One way to gain greater control is for banks to first build an extensive global nostro network, and then learn the intricacies of sending payments to each corner of the globe, in various currencies. Another option is to partner with a reliable service provider.

Reporting is easier if banks have access to several secure electronic platforms such as SWIFT and proprietary bank tools and file transmissions. The right solution ensures the certainty of secure and efficient delivery of clients' funds worldwide. By processing all payments through a single window, counterparty risk is reduced. By managing their clients' payments via a sophisticated online platform, it is easier for banks to stop or cancel payments. Control is in their hands.

■ EXTENDED PRODUCT OFFERINGS

Doing business internationally requires a wide-ranging set of fully integrated global payment and risk management solutions. Clients require the full gamut of services – from managing local payment types, to authorizing and settling in multiple currencies, to managing fraud and compliance issues such as tax and export regulations. Individual financial institutions may have intimate knowledge of their customers' requirement, but they can't be all things to all people. Without a 24 hour, real-time online service tool, they certainly can't keep pace with business that transcends time zones.

Now, banks are taking advantage of a one-stop solution to all their customers' needs. The trend is delivering tangible results. By utilizing the resources of a global third party provider with an innovative, fully integrated system in place, financial institutions are freed up to focus on their core business. Their customers are happy because for them, nothing changes except the scope of their bank's product offerings. It's an investment that offers benefits to the bank and its customers alike.

■ ADDING VALUE

Banks are facing increasing pressure to offer effective foreign currency capabilities to their corporate clients. The key decision is whether to build the capability in-house – at significant expense – or identify a partner whom they can trust, with an established service and a proven track record. For banks that do not currently offer foreign currency account capabilities to their customers, the

best value proposition is to rely on the expertise of a third party which has been specializing in foreign transactions for decades.

A trusted partner can provide the solutions to banks' multicurrency account transactions, bundling their product offerings to streamline operational efficiency and reduce costs. Imagine the possibilities. By leveraging the partner bank's existing technology and processing infrastructure, banks can increase revenue while avoiding many of the costs and difficulties associated with building a similar solution in-house – such as technology investment, and management of nostro accounts at multiple institutions, and bringing a solution to market within an acceptable time frame. An established solution lets banks choose a flexible plan to manage customers' foreign currency traffic, and customize that solution based on their customers' specific requirements in each currency.

The benefits are multi-fold. Now, banks can add value for their clients by offering single-window customer service. A single invoice/billing process for all currencies enables institutions to efficiently pass on charges to their customers. A fast and efficient flow of information enhances client relationships. And with access to their trusted partner's online reporting tools, intra-day account information is available at their fingertips.

SUMMARY

To grow their business going forward, banks must be quick off the mark in response to their clients' global transaction requirements. The answer is to offer a single point of access for all cash management and trade. This one-stop solution should encompass global reach, local market knowledge, and sophisticated technology. It must be one that both the financial institutions and their clients can depend on, and trust. ■

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