

Evolution of payments and receivables in Asia

From instant payments to QR codes and APIs, the payments landscape in Asia Pacific is changing rapidly – and the role of the treasurer is evolving accordingly, says Citi’s Sanjeev Jain.



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The payments landscape in Asia Pacific (APAC) has evolved rapidly in the last few years. As Sanjeev Jain, Payments and Receivables Head for APAC at Citi, observes, “I’ve been in the industry for 25 years, and the speed of change in the last five years has been phenomenal.”

For one thing, says Jain, payments in Asia Pacific previously revolved around high value, low volume B2B transactions, with a focus on wire, automated clearing house (ACH) and cheque payments. All that started to change with the rise of e-commerce, although as Jain notes, banking and payment systems were not initially able to match the 24/7 nature of e-commerce.

“In the last five or six years, we’ve seen significant progress driven by regulators and banks,” he adds. “Almost all Asian countries now operate some sort of 24/7 payments system, and that was a necessity – you can’t have commerce seven days a week if banking is only available five days a week.”

Streamlining payments and collections

Companies are also increasingly embracing the direct-to-consumer model to sell directly to their customers via websites and digital stores – an approach which requires businesses to offer customers multiple payment options. In 2020 Citi launched its Spring by Citi service, which enables businesses to offer their customers a range of digital payment methods.

“For example, an online furniture retailer who is selling furniture online, needs to collect payment from its customers,” says Jain. “At the checkout point on the website, the company uses Spring by Citi to collect from its end consumers using credit cards in the first instance, followed by bank accounts and wallets. We are widening the choice of payment options available to our clients’ end customers.”

At the same time, developments such as APIs and the use of QR codes are opening up new services that can streamline different elements of the payments process:

- **APIs.** A few years ago, opening an account with an asset management company overseas was a lengthy process that included sending physical cheques in the post – but today, says Jain, “I could register myself on the app and key in my account number, which they would send to Citi via API for verification.” At the transaction level, the asset management company can also use APIs to confirm that funds have been credited to the beneficiary account.

- **QR codes.** Increasingly widespread in many parts of Asia, QR codes not only streamline customer payments but also instantly provide companies with information related to those payments, such as the invoice number, invoice amount and customer name. “Reconciliation is completed immediately, and the whole experience is very positive for the end customer,” Jain notes.

Harnessing change

So, what do these developments mean for corporate treasurers? Traditionally, Citi’s conversations with treasurers have focused on the efficiency of cash flows and how best to manage liquidity. “But today, as companies move to more digital methods of selling, they are being challenged by their procurement and sales functions to look at cutting-edge solutions from their banking partners.”

Banks are increasingly broadening their interactions with corporate clients by engaging with people within the organisation beyond treasury – and at the same time, treasurers are starting to play a more significant role by helping the sales, commercial and procurement functions achieve their goals. As such, Jain notes, “treasurers are coming to us for solutions that will help them enter new markets and create new business lines.”

A further significant shift in the payments landscape is the SWIFT-led adoption of ISO 20022. A key milestone was reached in March 2023 with the start of the migration to ISO 20022 for cross-border payments and reporting (CBPR+). Jain points out that the arrival of rich data has significant benefits for corporations: “You can send a lot more detail using the ISO 20022 format, including full invoice details.” In addition, more accurate data enables more effective sanctions screening and greater levels of straight through processing.

Tackling fraud risk

Where security is concerned, Jain points out that fraud represents a tiny fraction of the trillions of dollars of payments that flow through transaction banking systems – “but security is clearly very important. Clients can connect with us through file, through online banking portals and, increasingly in the real-time economy, through APIs. And for each of these, we’ve invested in state-of-the-art security.”

As well as employing the highest level of encryption, Citi has also created additional functionalities within its payments services. “Based on our clients’ historical patterns, we can start mining that data and flagging payments that look like outliers,” says Jain. “So, if you’re making a rent payment every month for the same amount, and one month it is three times the usual amount, we would flag that to the client.”

In summary, says Jain, “Innovation has helped to accelerate the growth of our payments business in the last few years. So, we see the innovation around payments as being very positive both for our clients, and for Citi.” ■