



## Services

# What's next in *real-time, 24/7 and efficient treasury management?*

## The journey started with differentiated 'real-time payments'

Treasurers today are expected to do more with less. Commercial and business teams focusing on end client needs expect their treasurer partners to support a wide range of collections and payment networks, from traditional ACH to e-wallets.

What emerged from a need to differentiate within the

ecosystem – with QR codes, wallet collections, best-in-class payment turnaround times and status visibility – are now basic evaluation criteria that treasurers expect from their operating banks.

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## 'Real-time liquidity visibility' milestone followed

Treasury teams support many multi-channel offline collections, from dealers and online collections from payment gateways to wallet service providers. These multi-channel collections create an eminent need for near real-time visibility for cash across multiple banks to ensure effective liquidity management. Adoption of near real-time multi-bank balance inquiry application interface programs (APIs) has risen over the last few years. India, Brazil, China, Korea and the UK were early adopters but the programs have spread rapidly across ASEAN markets.

Banks are partnering with fintechs to provide the capabilities to support expanding treasury needs.



For visibility and last-mile connectivity in growth markets, many treasurers are seeking a single integration with their main operating bank, which, in turn, connects with multiple collection banks. This reduces the ongoing risk assessments for information transmission, cloud security, platform access controls, data end-use and storage in direct partnership with fintechs.

Citi's multi-bank visibility APIs are used by insurance and mutual fund clients as well as e-commerce and industrial

companies to manage their intra-day liquidity across numerous distribution channels. Large multinational clients with tight liquidity buffers can manage their liquidity more actively using Citi's intra-day multi-bank visibility solutions and rule-based concentration tools to seamlessly fund operating payments. Clients can choose between on-demand API and once-a-day scheduled SWIFT message-led visibility according to industry nuances, information speed needs and cost thresholds.

### Citi provides

- on-demand API
- once-a-day scheduled SWIFT message
- Real-time Liquidity Sharing
- 7-day sweeps capability
- dynamic changes to sweep parameters
- Cross-Currency Sweeps solution
- Real-time Funding Sweeps

## 24/7 domestic liquidity mobilization in real-time

Once they achieve the multi-bank visibility milestone, companies embark on payments funding efficiency to cost-efficiently remove liquidity or funding friction from payments.

Several corporates have been investing in cash flow forecasting solutions. Large

corporates have either upgraded their Enterprise Resource Planning (ERP) capabilities or invested in treasury management systems (TMS) to forecast their liquidity needs. However, they continue to rely on their operating bank to provide intra-day and end-of-day liquidity management structures to support the

unforeseen variations in their actual cash flows resulting from delayed collections or ad hoc payments.

Citi's domestic real-time liquidity sharing (RTLS) solution enables intra-day, real-time and 24/7 sharing of liquidity across accounts and entities in the same country for the same currency to enable frictionless payments processing. The RTLS solution ensures improved straight-through payment processing rates and payment turnaround times. This is made possible by slashing the time taken for credit approvals and related delays. The solution ultimately enables a differentiated

supplier, merchant payment and customer refund experience.

Citi's RTLS solution is live across 24 markets globally and used extensively across Asia. The leading adopters are industrial, consumer and healthcare companies across India, China, Thailand, Singapore and Malaysia.

Citi also offers other value-added features, such as inter-account limits that allow intra-group lending and borrowing controls and interest re-allocation services. Clients can specify arm's length interest rates for the accompanying actual end-of-day sweeps that complement the RTLS solution.

*The solution ultimately enables a differentiated supplier, merchant payment and customer refund experience.*

## Truly 24/7 liquidity

With payments now being made on weekends and holidays, companies can risk cash flow mismatches or overdrafts on the weekends. Earlier this year, Citi expanded its 7-day sweep capability

available in the US and Korea to include Thailand. Combined with Citi's instant payment propositions, such as Payments Express, the 24/7 RTLS and 7-day sweep offering enables treasuries to achieve

frictionless real-time payments not only during business hours and after hours but also on weekends and public holidays.

Digital, app-driven clients providing food delivery and marketplace services in Thailand use the RTLS feature to enable seamless processing of their real-time, intra-day payments, along with 7-day sweeps to harmonize their suite of real-time cash management solutions. This enables them to fund weekend payments seamlessly while preventing overdrafts. The key differentiator of this Citi solution is that the accounting entries for 7-day sweeps are posted on weekends and holidays rather than with a back value on the following working day, which simplifies and reduces the reconciliation effort for the Treasury teams.



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## Dynamic liquidity structure management boosts efficiency

The dynamic nature of digital business models and an evolving regulatory and tax landscape impact cash flow and short-term working capital. These create a need for dynamic and intelligent liquidity management, with treasurers turning to their banking partners to help them constantly evolve. Treasurers often ask for assistance around the end of tax quarters to dynamically adjust their target balance amounts. Citi's Manage Structures Module accessed via

CitiDirect® is the go-to solution for treasury teams to view their liquidity structures and make dynamic changes to their sweep parameters on a near real-time basis.

Another common ask, especially in anticipation of imminent changes to the interest rate environment, is for regular updates to the arm's length interest reallocation rates. Treasury teams can now change these rates themselves within the Manage Structures module.

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## Rule-based intelligence and automation become essential

In ASEAN, the progress of regulation is enormously important in shaping the future of cross-border liquidity. Thailand, for example, operates under the Non-resident Qualified Company (NRQC) scheme, which governs transactions for non-residents regarding trade and investment in the country.



In September 2023<sup>1</sup>, the Bank of Thailand liberalized this scheme to allow non-residents providing cross-border payment services to participate. This applied to transactions in Thai baht with onshore financial institutions.

On the back of this regulatory relaxation, Citi expanded its cross-currency sweeps solution – which was already live in 28 markets – to include Thailand and provide its platinum clients with cross-currency liquidity movement.

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## Cross-border, real-time, 24/7 funding: The future is here

Citi recently launched its real-time funding sweeps in select markets, enabling real-time, 24/7, inter-company liquidity movement across geographies. This has been a latent need for treasuries with high velocity and unpredictable cash flows. The solution helps treasuries dynamically manage payment funding needs or excess liquidity deployment through their central teams. This rule-based cross border and domestic liquidity management solution requires just a one-time set-up by treasurers, with little ongoing intervention during or after business hours.

This solution is set to link Singapore with ASEAN and

other global treasury centre markets. This will support high-growth ASEAN companies working towards building centralized treasuries in Singapore. Clients both within and beyond this region will be able to achieve significant efficiency by minimizing their target balances and centralizing intra-day liquidity more efficiently into Singapore for onward payments, short-term debt retirement or centralized investments.

Companies looking to optimize short-term liquidity and working capital or clients managing liquidity and payment funding across both corporate and client accounts will also find this solution

an effective alternative to other real-time solutions that operate predominantly in-country or require cross-entity rights of set-off.

Real-time and cross-border liquidity efficiency is the common go-to focus of corporate treasuries today. There are many roads to get to this common goal.

Whether they use rule-based RTF sweeps on the fiat rails, leverage API or use CitiDirect-initiated Citi Token Services for Cash (CTS) transfers via intra-Citi blockchain rails depends on their treasury model and policies. An active, well-resourced treasury often prefers to self-initiate CTS transfers, whereas others with

regular ad hoc funding needs and lean treasury resources prefer rule-based RTF sweeps.

No matter which road is taken, the evolution of bank and market technology will continue to increase the ability of corporations to manage their liquidity on a cross-border, cross-currency and real-time basis.



## Is autonomous treasury next?

Is the role of technology likely to pivot beyond real-time treasury management to enable AI-powered autonomous treasuries? Will we see robotics, AI and machine learning (ML) technology go beyond automating complex tasks to playing an active ‘advisory bot’ role within treasuries through predictive insights and simulation-based decision-making support? Is the growing emphasis on AI and cognitive technologies ready to go beyond consumer buying insights, payments fraud detection and cash flow forecasting to predictive insights on yields, interest

rate, FX and counterparty risk reduction?

Intuitive data insights for real-time decision-making support through these technologies are being piloted and are already in the design stage. Its adoption will only grow. While these technologies will help drive further efficiency, a ‘treasurer-less, auto-pilot treasury’ is not in sight for the foreseeable future. Human-in-the loop (HITL) for ML will remain crucial to ensure model outputs are accurate and reliable. AI interspersed with human treasurer intelligence will be essential to train and optimize these models in line with

evolving regulations, business models and policies.

The future clearly lies in real-time integration via APIs of corporate treasury platforms – including ERP, TMS and bank platforms with business ecosystem blockchains, IOT, AI, HITL and ML models. Seamless and secured integration between the client and bank systems allow for real-time decisions and greater overall efficiency.

Source:

1. <https://www.bot.or.th/en/news-and-media/news/news-20230926.html>

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