

Citi Digital Dispatch, E6: The Role of Partnerships in Delivering Innovative Solutions

00:02 Ryan Rugg

Welcome to Citi's Digital Asset podcast series. A show about all things digital asset from the team here at Citi. I am your host, Ryan Rugg, Head of Digital Assets for Treasury and Trade Solutions at Citi. This podcast is for everyone: entrepreneurs, corporate treasurers, strategists, and policymakers. We explore digital assets in the financial sector from tokenization, digital money, evolving regulatory market, insights from experts and much, much more. Thank you for tuning into our latest episode of Digital Dispatch. I'm excited to have our next guest who is not only a colleague, but also a dear friend, Kunal Bist. Kunal is our Global Head of Partnerships for TTS. And today, we are going to give our listeners a rare opportunity to glimpse into our strategy for Partnerships at Citi, which is becoming increasingly more digital. Kunal, tell me a little bit more about you and your role within Partnerships in TTS.

00:55 Kunal Bist

Thank you, Ryan. So, as you mentioned, I run Strategic Partnerships at TTS, within Services. I've been in the role for the last 2.5 years. I've been at Citi for a little over 20 years. I started my career in Operations with Citi in India, then moved to Sales, had the product (...) and also wanted to benefit from the Citi network so moved to Dubai to run the Middle East and North Africa cluster of ours and ran a few cash business lines there. Wanted to move to run cross-border payments for North America. And then prior to my current role, I was looking at TTS FX partnership and running a global product line within the payments business.

01:40 Ryan Rugg

That's very helpful. So, when I think about, you know, the strategy when it comes to, like, innovation and partnerships, it's always been built by partner. You know, when you start to look at the different partners out there and the different ecosystem, how does this connect to the rest of the bank? How does this fit into the overall strategy within TTS?

01:57 Kunal Bist

At the end of the day, we solve client problems. So to answer your question about where all our partnerships applicable, they're applicable in all components of our solution offerings to our clients, whether it is user interfaces or experiences that we deliver to our clients that many of our partners enable us to do, whether it's operational efficiency, that is actually ensuring that we are offering the best solution, the most cost efficient solutions to our clients, whether it is the mechanism from a risk and control perspective that our clients are seeking. And therefore, in all of those contexts, we are always looking for the best solution out there. We do realize that FinTech or technology solutions, or technology partners offer innovation and creativity, and they offer the ability to be agile around delivering solutions. And we offer the scale and client base that many of these partners could benefit from. So, in bringing those two components together, we try to look for the best solutions, or best needs out there, and therefore partner with the right partners out there.

03:06 Ryan Rugg

Pulling on those two last themes of, you know, FinTech, innovations and kind of payments altogether. We talk a lot about on Digital Dispatch, you know, frictionless borderless network, you know, what our clients want is really to enable that 24/7, 365, you know, always-on, you know, infrastructure that kind of matches the speed of digital commerce. You know, in your

experience, you have a vast amount of experience in payments. How have you kind of seen that ecosystem change within partnerships, but also within the broader organization?

03:38 Kunal Bist

I'll start with a slightly more broader perspective on that. And I think I always attach it to the advent of platform and e-commerce. And the reason why I always attach it to that is because in the traditional B2B commerce world, you had a set of counterparties that knew each other very, very well. There were larger dollar transactions happening, but there were fewer transactions happening. And that did not create a huge amount of challenge in the industry. And therefore, the existing products and offerings that were available, payment optionalities, et cetera, were fit for purpose. I think with the advent of platforms and e-commerce, that brought in a whole new set of counterparties. Counterparties like you and I, who could be manufacturing, on Etsy and Amazon could be selling, and therefore, we have an anticipation of getting paid in a particular way. And of course, we're now not buying products and solutions through traditional storefronts. We're buying it on e-commerce. We're buying it at the point in time that we want. Each of those, the advent of these new ways of doing commerce and introduction of new counterparties introduces a very new way of getting paid. And also offering solutions for me to actually pay into that ecosystem. And I think that's really what has fuelled the need for 24/7. We often use the example of imagine you're trying to buy a product on an online marketplace like Amazon, and you suddenly encounter, I'm sorry, the system is down. You cannot buy it. Come tomorrow morning at 8:00 in the morning. That doesn't work anymore. So, I think that's really fuelled the 24/7. I also bring in another component to this. And again, based on my experience in different jurisdictions, you also have to understand what is the relevant payment type for that jurisdiction? If you're going in Africa where account penetration is low, card penetration is low, you have to use the local payment systems available there. So, Asia and most of the emerging markets have really leapfrogged. And they've gone into alternate payment networks. They've also rationalized and revamped their payment systems, and they've brought in a huge array of new payment types. I would argue the rest of the developed world is catching up in some ways. So instant payment is really started out in many emerging market jurisdictions became 24/7 before it started becoming 24/7 in the developed market. So, I think all of those factors have led to the advent of 24/7, always-on, I want to pay in the best, and the most efficient manner possible, but that also has brought in complexity for our clients, because that complexity is now you have to suddenly deal with thousands of payment types. Clients can pay any which way they want. And that creates complexity, and many of our partnership approaches are towards providing solutions to simplify that complexity, both in offering those solutions, as well as in the ways in which our clients will interact with those solutions.

06:44 Ryan Rugg

So, what I'm hearing is our clients' business models have changed to be more 24/7, 365. In addition to several different countries having different advancements, Asia likely being on the more advanced side of it. What are some of the use cases that you're seeing in this space? Like, how is this being applied? Like, I know at Citi, we're updating our traditional infrastructure with 24/7, real-time liquidity, several different things, in addition to more innovative solutions and future looking like, you know, Citi Token Services. What are some use cases you're seeing out there?

07:16 Kunal Bist

I think the main use cases that we're seeing, and again, as a result of the fact that there are many new counterparties coming in is really going towards, let's start with corporates, right? So, if there is a 24/7, always-on payment system that is operating, I need to now know my liquidity position at any point in time because I don't know my funds could be suddenly in shortfall, I could have a long balance in certain other jurisdictions. And therefore, treasurers now increasingly need to know exactly what is it that their balances are across all the currencies and all the countries they operate in. And by the way, many large enterprises are not singularly banked. They're multi-banked. So now you suddenly have to understand exactly where are those balances lying? How do I need to mobilize my treasury to ensure that I don't have any liquidity position challenges, so to say. I think the second issue that comes in is, I talked about payment ubiquity. And as our clients, customers and their suppliers are demanding new forms of either paying or getting paid, our clients have to offer all of those feature functionalities to them. And again, this is back to the point about the complexity, they can't really code thousands of different payment types in unique different ways, right? So, I think all of that kind of introduces a payment complexity, which has to simplify, and by the way, the user journey that has to be simplified is not only for the client, but for their end customers. So, I need to ensure that I go to you, Ryan and say: hey, Ryan, how do you want to pay for this goods or service that you want me to deliver. And you choose a particular payment functionality. It should be very native to you. It should not entail an implementation. It should not entail a very complex ecosystem. So, I would have to simplify the journey for you. But then as I'm thinking about us as a bank, we need to simplify that journey for our clients as well as to how would they implement all of those feature functionalities and those interfaces for our clients. So, I think it kind of manifests itself in multiple different ways, and that kind of creates challenge for our clients that basically has to be solved for. So, payments, liquidity are the two key areas that we're seeing use cases. We're also seeing as a result of the large exponential increase in payments, we're also seeing risk and control becoming extremely important. Now, you've got to do that many more sanctions screenings. You got to do that much more AML monitoring. And therefore, you need to be very judicious about pattern recognitions and in ensuring that you are able to solve for the risk and control environment that we have to operate within as a bank, and what our clients could be potentially exposed to as risks.

10:01 Ryan Rugg

So, this sounds like there's a ton of interesting and exciting opportunities in this space. How do you prioritize and evaluate these different opportunities? Like, you know, is it based on client pain point? Is it based on, you know, total address of, like, market? Like, how do you, from a partnership, kind of strategize and, you know, assess these opportunities?

10:22 Kunal Bist

I kind of divide them into two categories. One is an outside in view. So, because we're constantly meeting market participants and FinTech and other providers in this space, we're getting to know what the industry is doing about this space. So therefore, that is informing in some ways our strategy. But at the end of the day, given the fact that we have products and solutions that we run as a firm, and TTS is a product franchise, we rely on our product partners to be able to define and strategize and prioritize the initiatives they want to run after. So, our book of work, our ability to bring in partners for specific use cases is very much driven by the prioritization that we work with the business partners, our product partners, to actually mobilize. And then as they prioritize the initiatives, we work on those types of use

cases and those types of partnerships that are most relevant for them that will bring the most value to our clients.

11:30 Ryan Rugg

It's really exciting. Innovating for the future, working with our business products to really solve client pain points, which I think is, you know, super exciting and it's great to hear that Citi is kind of focused on this from, you know, multiple areas. Like, bringing it back to digital assets to kind of align with the story. It's like, you know, as you said, it was our client pain point. They want multi-bank, multi-border, cross-border liquidity, always-on. So, we worked with our Liquidity product team and to really develop this into where it is today and, you know, successfully live between a couple branches and, you know, looking to scale. What excites you the most right now?

12:05 Kunal Bist

I think there are three specific use cases, and I think I'll talk more broadly because our FinTech partnerships are across almost every permissible area that you can think of, whether it's e-commerce or platform, we're modernizing a platform, so we're really working on those digitizing our client experiences, et cetera. But really the three that are very relevant to the real-time mobilization, kind of the theme that we were kind of talking towards are we're actively working for risk management as an example. And again, it's a little bit of a boring topic, right? Under normal circumstances. But think about it from a different context, if your payment goes out, and it's irrevocable, you want to ensure that your payment is going out to the right person. So, validation and enrichment services, things like how do you ensure that you're paying to the right counterparty, that your payment is likely to not get returned, and therefore, your service will not get rendered. So, so, that's one area of focus that we're actively working on. And again, we've got some partners that we're looking at at that particular space. I'm really excited I mentioned about the treasurer's objectives. So real-time multi-banking. I know you're also doing some work on the digital assets front, a lot of work on the digital assets front on the CTS side. But really, it's about ensuring that our clients, which, by definition, because the enterprise clients are multi-bank, are able to get access to their balances across multiple banks on the real-time basis, again, that's the need of the hour, and that's something that we're working towards. And again, we're partnering in that front as well with the leading FinTech, that will be able to get API native connectivity into banks. And therefore, we'll be able to provide our clients a balance reporting. Another area that we're very excited about is in facilitating commerce in the financing space. And by the way, it's both B2B marketplaces that are trying to ensure that their buyers have enough liquidity, and therefore credit to be able to make a payment, as well as you know, sellers on marketplaces to be able to finance. And I think what's exciting about all of them to answer your question is that all of these are fuelling the massive rise in e-commerce that we're seeing on the platform, and therefore, we're actually in the throes of ensuring that our clients, and therefore, the industry is overall benefiting from that approach.

14:15 Ryan Rugg

That's a great answer. You know, risk is boring until you actually need those kind of safety and soundness parameters there. And you know, as these new e-commerce clients evolve and emerge, and new clients emerge, I think safety, soundness scalability. They're gonna want a trusted partner on this journey as they kind of move on. So, it's been a great kind of opportunity to be able to understand more about our partnership strategy within TTS, how

we're looking to build, by, as well as partner with multiple, you know, FinTech third parties out there that to, like, really grow client solutions. Thank you.

14:50 Kunal Bist

Thank you. Thank you so much, Ryan.