Innovation at the Core:
How Marketplaces Are Transforming Revenue, Cost, and Risk Strategies

Global marketplaces are evolving rapidly, driven by an ambition to move beyond transactional platforms into dynamic, experience-led ecosystems. As they scale across borders, marketplaces are rethinking how they generate revenue, optimize costs, and manage risk – with innovation at the center of each strategy.

From embedded finance and early pay models to reimagined payout structures and licensing strategies, marketplaces are seeking not just to serve, but to own the financial flows that power their networks.

For CFOs and treasurers, this shift offers both a challenge and an opportunity. As they increasingly operate like financial institutions, choosing the right partners that can help support their growth with infrastructure designed to be scalable, secure, and cost effective will be vital.

At the heart of marketplaces' transformation is the drive *to create new, monetizable services that extend beyond the checkout.*

Reimagining Revenue: From Transactions to Ecosystems

At the heart of marketplaces' transformation is the drive to create new, monetizable services that extend beyond the checkout. Marketplaces are investing in value-added offerings – such as bundled services or experiences – that help them increase customer engagement and capture a larger share of the value chain.

When it comes to supplier relationships, validation solutions play an increasingly important role. Streamlined validation – confirming the identity, credentials, or account details of sellers – can help with reducing fraud risk, and helps marketplaces position themselves as more secure, trusted platforms for suppliers.

Validation can be a point of competitive differentiation, particularly when attracting high-quality merchants in crowded sectors. Citi supports these efforts with our validation capabilities, helping marketplaces scale responsibly in today's evolving regulatory landscape.

Another key trend is the focus on early pay solutions. By enabling sellers on their platforms to access revenue more quickly – using risk-based models – marketplaces can create a service designed to drive loyalty while opening up a new source of revenue. This approach is particularly relevant in sectors like mobility and app-based services, where participants often need immediate access to cash for operational requirements.

Another growing area of focus is the use of virtual card accounts (VCAs) for supplier payouts, such as fuel payments to drivers. Instead of releasing cash immediately, platforms can issue virtual cards that delay the outflow of funds – often by up to 45 days – while still addressing supplier needs. Over time, this creates meaningful working capital benefits. For high-volume businesses, the impact can be significant, with added potential to capture rebates or cashback, depending on card structures. These benefits can potentially be shared with customers to enhance loyalty.

Marketplaces are also pursuing greater ownership of financial infrastructure. In the past, many outsourced onboarding and payment flows to third-party fintechs that offered lighter know-your-customer (KYC) models than banks when onboarding merchants.

Now, platforms are looking to bring more of this in-house – particularly where they believe their intellectual property, customer data, or scale give them a strategic advantage. This strategy can help reduce dependence on intermediaries which could potentially become competitors. In some cases, marketplaces are securing regulatory licenses to operate as payment institutions. Citi's model is designed to avoid competition with our clients' core business.

Finally, as marketplaces expand internationally, they are exploring new ways to optimize cross-border flows. Rather than routing every transaction through a bank or payment service provider (PSP), they are leveraging their visibility into buy and sell flows to net positions wherever possible. While this may reduce traditional cross-border volumes, Citi supports this evolution by offering borderless infrastructure – acting as a domestic bank on both sides of a transaction and helping clients retain scale without sacrificing efficiency.

Cost Optimization: Bringing Efficiency into Focus

Alongside revenue growth, marketplaces are prioritizing cost reduction – especially as they look to scale sustainably in new regions. One of the most immediate opportunities lies in replacing cross-border payments with local payment methods.

From e-wallets to domestic bank transfers, local payment options are often cheaper, faster, and better aligned with consumer preferences. With a presence in over 90 countries, Citi enables marketplaces to localize payments while maintaining a globally consistent infrastructure.

Another important shift is the move toward account-to-account (A2A) payments and open banking. Particularly in markets where open banking frameworks are mature, A2A offers a more cost-efficient alternative to card-based payments. With fewer intermediaries and lower fees, this model is gaining traction – especially when paired with Citi's direct connections to local clearing systems. Citi supports account-to-account payments in multiple markets globally.

There is also a broader trend toward disintermediation. As marketplaces build the scale and capability to manage more of their own payment flows, they are seeking to reduce reliance on PSPs. By going direct to banks like Citi for collection and disbursement services, they not only streamline operations but unlock opportunities for better pricing and integration.

The underlying theme across all of these strategies is consolidation. As platforms bring capabilities in-house, they look for global providers that can support them end-to-end – offering unified systems, standardized servicing, and the ability to co-create preferred solutions. This positions banks like Citi not just as enablers of cost savings, but as collaborators in long-term transformation.

Risk Management: Building Trust at Scale

As marketplaces scale, so too do their exposures – to compliance obligations, counterparty risk, and operational complexity. Managing this risk effectively is becoming a critical part of marketplaces' agenda.

Regulatory scrutiny is increasing, particularly in regions like Europe where payment service providers are facing tighter controls. The European Union's PSD3 framework, due to be finalized by the end of 2025 and transposed into national law within 18 months of finalization, is expected to raise the bar for compliance, transparency, and operational oversight.

For marketplaces, this is prompting a rethink of existing models – including the role of outsourcing versus in-house capabilities. Some platforms are exploring their own licensing strategies, particularly where they believe they can deliver services more efficiently or protect proprietary intellectual property. Others are doubling down on alliances/working relationships with regulated institutions that can help them navigate the evolving environment.

Platforms that once worked exclusively with unregulated fintechs are re-evaluating their, providers, looking to balance agility with stability. Citi, as both a regulated bank and a licensed PSP, can help bring credibility and resilience to fast-growing ecosystems and supporting them on their end-to-end needs.

Counterparty diversification is another key theme. Marketplaces operating 24/7 cannot afford single points of failure, and are now building resilience into their operations by working with multiple, trusted providers. Having a bank in the mix not only improves redundancy but also enhances transparency and regulatory oversight.

Operationally, simplifying the payment chain also reduces risk. Fewer intermediaries mean fewer potential points of failure, faster issue resolution, and better control. Citi is also exploring the use of standardized compliance through automated workflows to help reduce delays caused by transaction screening. Rather than relying on manual information exchange and email escalations, APIs and automation can help resolve false positives quickly – drawing on institutional knowledge from both sides while maintaining strict compliance standards.

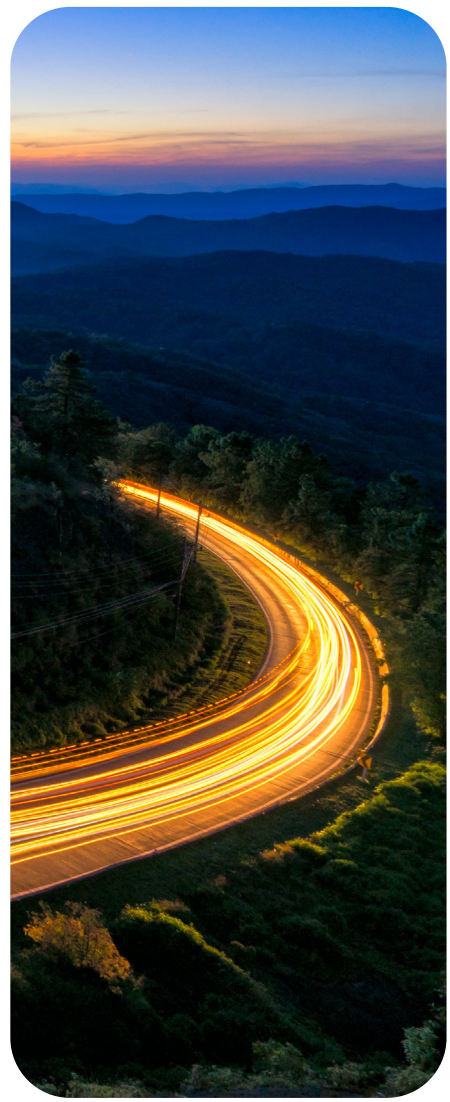
The Path Ahead

As marketplaces continue to evolve, their financial strategies are becoming more sophisticated, integrated, and data-driven. The shift from a platform to an ecosystem model is well underway for many marketplaces, with innovation driving not only product development but also the core mechanics of revenue, cost, and risk.

For platforms, there is a growing opportunity to deliver value by embedding smarter financial infrastructure, building new revenue streams, and leveraging operational scale. Whether through local payment methods, cross-border optimization, licensing strategy, or standardized compliance, we believe the institutions that succeed will be those that blend flexibility with trust, and innovation with standardized compliance with automated tools.

Citi is proud to support this evolution – offering tools, scale, and regulatory strength that modern marketplaces need to grow with confidence.

As marketplaces continue to evolve, their financial strategies are becoming more *sophisticated, integrated, and data-driven.*



Powering Cross-Border Growth in Latin America

Cross-border e-commerce platforms are rapidly gaining ground in Latin America, driven by rising consumer demand for international goods. Yet success in the region requires more than just global reach.

To thrive, marketplaces must navigate a complex web of financial and regulatory challenges. They must also deliver a localized shopping experience – from language and currency to delivery and payments – typically without physical stores or local inventory.

A central pillar of this strategy is the ability to support local payment methods, such as:

- **PIX, Boleto Bancário (Brazil)**
- **PSE (Colombia)**
- **Yape, Plin (Peru)**
- **OXXO, SPEI (Mexico)**
- **Pago Fácil, Rapipago, MercadoPago (Argentina)**

To make this possible, marketplaces often partner with banks or connect through PSPs and financial aggregators. These intermediaries collect funds in the shopper's local currency on behalf of international sellers, then remit them globally –enabling compliance with local regulations while delivering a seamless payment experience and a scalable solution for merchants.

Delivering a Strategic Advantage

Local collection models deliver tangible benefits:

- **Higher Conversion Rates:** Offering familiar payment options builds trust and increases accessibility for consumers.
- **Regulatory Compliance:** PSPs manage foreign exchange, anti-money laundering (AML), and tax reporting requirements on behalf of international sellers.
- **Faster Settlement:** Payments are collected and settled locally, then aggregated and transferred abroad — improving cash flow and reducing settlement times for platforms.

For marketplaces, this model is a scalable way to unlock new demand and simplify entry into high-growth markets. It enables them to connect sellers in Asia, Europe, or North America with buyers across Latin America, without requiring a local legal entity.

As the region's digital economy matures, the ability to implement global business models while collecting locally is set to be a competitive advantage for cross-border marketplaces seeking long-term growth in Latin America.

Gabriel Angeloro

Latin America Head of Technology, Media, Telecoms and E-Commerce Sales, Treasury and Trade Solutions, Citi

Selva Ganesan

Global E-Commerce Lead for Mobility, Treasury and Trade Solutions, Citi

Samantha Winter

Global Solutions Sales, Treasury and Trade Solutions, Citi

Monica Wu

China E-Commerce Sales, Treasury and Trade Solutions, Citi

Services
citi.com/services

25-2317074F 11/25