

Highly Commended Winner Harnessing the Power of Technology

Alibaba.com Pay

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Alibaba.com Pay

Alibaba.com Pay is the in-house Fintech brand of Alibaba.com, which is the largest cross-border B2B platform in China in terms of gross merchandise value fully owned by Alibaba Group.

AI Smart Hub empowers Alibaba.com merchants

The challenge

The rise in cross-border e-commerce driven by increased purchasing power (projected US\$12trn by 2030) presents unprecedented opportunities for global trade. However, this growth is limited by payment challenges prevalent in emerging markets. Alibaba.com merchants face hurdles in receiving payments due to under-developed financial infrastructures, volatile currencies and complex regulatory landscapes.

These challenges present four critical friction points:

- **Inefficient onboarding** – poor accuracy in processing know your customer (KYC) documentation due to verification and language barriers creates bottlenecks and delays in onboarding.
- **Compliance conflicts** – navigating disparate foreign exchange (FX) controls across 60+ countries presents a significant compliance challenge.
- **High FX costs and volatility** – emerging markets suffer from high FX costs (up to three times higher than established markets), significant currency fluctuations (±15%), and slow settlement times (exceeding five business days).
- **Resistance to innovation** – poor user understanding of complex payment processes, coupled with a reliance on manual operations and limited adoption of AI-driven solutions.

The solution

In collaboration with Citi, Alibaba.com Pay engineered a transformative solution; a cutting-edge AI-powered ecosystem, the AI Smart Hub. This integrated platform streamlines cross-border trade finance by automating KYC/AML compliance, optimises FX transactions and simplifies payment processes through access to local clearing networks in over 40 countries.

The AI Smart Hub showcases the power of AI in action:

- **Intelligent onboarding** – computer vision revolutionises client onboarding. It can analyse multilingual documents and perform complex visual authentication. It dramatically improves the speed and accuracy of KYC processes.
- **Automated compliance** – sophisticated AI models, trained on vast datasets of international regulations and sanctions lists, automate compliance checks across multiple jurisdictions, mitigating risk and ensuring adherence to local laws.
- **Dynamic FX management** – an AI-driven mechanism automatically responds to currency fluctuations, effectively reducing FX risk (limiting exposure to within ±2%). Real-time exchange rate monitoring and optimised execution algorithms further enhance cost efficiency.
- **Real-time FX pricing and execution API** – embeds live executable rates directly into the merchant platform, enabling automatic currency conversion. Alibaba.com Pay also enables a fixed rate mechanism that allows the merchants to lock-in FX rates over weekends, providing 24/7 FX coverage.

Launched in 2024 with a focus on empowering SMEs in emerging markets like Nigeria and Brazil, the AI Smart Hub has rapidly proven its value, delivering tangible results.

This innovative approach demonstrates the transformative power of AI as a tangible force for positive change in the world of payments.

Best practice and innovation

Alibaba.com Pay demonstrates best practice and innovation in cross-border factoring through its AI-powered platform. Dual-mode accounts in mainland China and Hong Kong with legally binding repayment paths ensure secure transactions. An AI+API driven platform boosts factoring

risk control efficiency by 200%, streamlining processes and reducing manual intervention. Integrating local clearing and AI-powered routing dramatically accelerates fund arrival times, reducing settlement time from days to hours. Lastly, the AI Defence matrix automates FX booking, reducing market exposure by 20% and granting SME clients access to preferential interbank FX quotes. This comprehensive approach transforms traditional factoring, empowering SMEs with faster, safer and more cost-effective access to global trade finance.

Key benefits

- Cost savings.
- Process efficiencies.
- Increased automation.
- Risk mitigated.
- Improved visibility.
- Errors reduced.
- Future-proof solution.

This is a success story for Chen, the founder of a China textile factory, who leveraged the capabilities of the AI Smart Hub to achieve remarkable success. Chen faced significant challenges due to payment delays from Nigeria, a key market for his business. These delays caused supply chain disruptions, resulting in missed material purchases and operational losses. Furthermore, volatile FX rates eroded up to 15% of his profits (over US\$5,000 monthly), compounded by high costs associated with managing five to eight different banking intermediaries.

Chen's success is a testament to the power of technology to democratise trade. In his own words, "Every order felt like gambling before. Now AI is my financial guardian."

Alibaba.com, a leading Global B2B online sourcing platform implemented an AI-driven solution with Citi to transform its global B2B funds collection and payments processes. This solution accelerates processing, improves accuracy and provides real-time visibility. A key feature is the fully automated FX execution process with Citi which eliminates manual steps and mitigates FX exposure risk around the clock, enabling seamless FX settlement. This allows Alibaba.com Pay teams to concentrate on higher-value tasks, improve liquidity management, and achieve consistent results even during market volatility. Citi is proud to support this innovative solution, which delivers faster cycle times, fewer errors and enhanced scalability.

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