



Cross-Border Instant Payments:

Unlocking Brand Loyalty, Improving Supply Chain Relationships and Optimizing Working Capital Efficiency

As the world of commerce continues to become more global and digitally enabled, corporates are demanding access to faster and smarter ways to pay customers, suppliers and to enhance day-to-day cash management.

This demand for faster and smarter payments is fueled by the opportunity to unlock brand loyalty, improve supply chain relationships and optimize working capital efficiency. To meet these needs, innovations in cross-border instant payments have been emerging that promise to revolutionize international payments.



Unlocking brand loyalty: From refunds, to commission payments, to paying shareholder dividends

The delivery of payments to the end beneficiary and their experience along the way determines a customer's trust and brand loyalty. This is especially important when paying individuals. Imagine the scenario where a customer cancels an order for goods or services and within seconds they receive a refund. That customer has had a good experience. Brand trust and loyalty has been established and the customer is likely to return. However, for every day it takes for funds to be returned, trust will likely be diluted and customer loyalty is impacted. This highlights the importance of speeding up cross-border payments with extended availability, no longer bound by cut offs.



Improving supply chain relationships: Paying suppliers instantly and with full value

With the growth of e-commerce, small businesses are increasingly accessing global markets, but often small businesses are faced with the task of balancing fragile cash flows. Days Receivables Outstanding (DSO) is a critical measurement for small businesses; one that has to be managed very carefully. When buyers are able to offer suppliers, both businesses and individuals, with the option of receiving payments instantly and with full value, this inherently unlocks improvements to supply chain relationships, creates resiliency for the supplier in terms of cash flow and helps to minimize liquidity risk. From small value business-consumer flows, to larger business-business flows, emerging cross-border instant payments capabilities are helping corporates strengthen supply chain relationships, fuelling both traditional and digital economies.

Similarly to paying suppliers that are individuals, corporates can also unlock material benefits when using cross-border instant payments to pay staff payroll.



Balance sheet control: Instant cross-border intra-company funding to reduce the cost of borrowing

One of the most important key performance indicators (KPIs) for any company, large or small, is to reduce the cost of borrowing, as this uses up precious capital that could otherwise be used for investing in growth. For those companies operating in multiple jurisdictions, the ability to move money quickly between accounts 24/7, is key to executing effective intra-company funding, subsequently avoiding or reducing the cost of borrowing.



Reducing costs: Cross-border instant payments eliminates beneficiary bank charges and reduces operating costs

The emergence of digital economies has led to a sharp increase in higher-volume, lower-value payments, especially across consumer-business and business-consumers payments. As an example, certain e-commerce industries, such as ride-hailing services, providers of property rentals, or data streaming "influencer" services, can often have thousands of cross-border payments a month. Managing such high-volume, lower-value payments can be expensive, especially when paying individuals overseas. These costs often materialize from beneficiary bank charges and the costs associated with managing beneficiary inquiries around receipt of funds. Recently introduced cross-border instant payments solutions are exempt from beneficiary bank charges, delivering the full amount to the end beneficiary. This in turn removes costs associated with managing inquiries from beneficiaries regarding the receipt of funds, as payments are received near instantly. Furthermore, real-time payments status updates through API connectivity can further enhance both the payor and payee's experience.



Providing payees with choice and convenience: Cross-border instant payments to digital wallets

The rise of digital wallets is one of the most material shifts in the payments landscape over the last five years. Having access to cross-border payments through digital wallets is becoming increasingly important for both traditional and digital companies. This is especially relevant when paying to freelancers, app developers and influencers - a trend largely driven by the fact that many people in these roles are millennials, who are more enthusiastic adopters of digital wallets. Citi's recent launch of cross-border payments to digital wallets in Kenya, Pakistan and the bank's ability to pay directly into PayPal wallets is an important development that meets the needs of both traditional and digital native customers. Such payments offer real-time delivery of funds, with full value guaranteed and extended availability, near 24/7. The COVID-19 pandemic has also highlighted the importance of such a solution, where it is possible to get urgent funds to beneficiaries, without having their bank account information.



The future is now... and we want to keep building it with you

To help our clients unlock brand loyalty, improve supply chain relationships and optimize working capital efficiency, Citi recently launched Cross-Border Instant Payments in the UK and Singapore, with many more corridors planned for 2021, including India, Indonesia, Thailand, Mexico and Canada.* Citi has also launched cross-border instant payments between its own branches across select markets, supporting larger value payments. Citi's Cross-Border Instant Payment solutions are fast becoming a game-changer for corporates doing business around the world, delivering near instant, full value payments, with extended availability; near 24/7.

If you are interested in exploring further, we would be delighted to hear from you.

*Note: Future capabilities are subject to change.

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