

Highly Commended Winner

Best AP Solution

The Hut Group

Ian Armstrong, Group Treasurer

THG

THG (www.thg.com) is a vertically integrated, digital-first consumer brands group, retailing its own brands in beauty and nutrition, plus third-party brands, via its proprietary, end-to-end, e-commerce technology, infrastructure and brand-building platform (THG Ingenuity) to an online and global customer base. THG spans 169 countries, 39 currencies and corresponds in 31 different languages.



An overhaul of THG's payment methods in line with the company's expansion and evolution

The challenge

As THG grew, the company developed its marketing and sales strategy to be even more directly integrated with its customers in processes that involved leveraging three distinct strategies: engagement with micro influencers on various social media platforms; the ability to offer services in our consumers' local language involving partnering with translators through our translation business; to process refunds in a more streamlined and faster way. Challenges posed included refunding customers with no deductions via the same method they paid for goods, and paying suppliers such as influencers and translators for their services, many of whom don't have traditional bank accounts or were only due "one-off" payments.

The solution

THG partnered with Citi and treasury management system provider Kyriba to build an end-to-end payment system integrated via SWIFTNet FileAct that had the

ability to make instant payments to digital wallets in 20+ different currencies across almost 200 countries, from a centralised account in London.

The new system meant THG no longer needed to ask suppliers for their bank account details or SWIFT codes, information that influencers, translators and consumers often find a chore to source. All THG requires to process a payment is an email address. Now influencers, translator or consumers requiring a refund are instantly paid in a simple, yet sophisticated process.

THG pre-agreed an FX spread with Citi, so that if the payment currency is different to the currency of THG's account, Citi will auto convert the funds to the currency of the beneficiary's preference. THG is using PayPal wallet. Even if the company's beneficiaries don't have a PayPal wallet, when THG sends funds to their email address, PayPal can trigger a notification to them, guiding them on how to open a new wallet. The company is currently exploring the option of integrating payments to Union Pay Cards in China.

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Best practice and innovation

The traditional approach for managing these types of payments is to pay individuals using cross border wires. This is expensive, as it carries incremental correspondent bank charges that increase the cost of the transaction. Moreover, full value to beneficiaries is not always guaranteed.

It would also require THG to hold large sets of data for each beneficiary – bank account details, sort code information, SWIFT codes and bank addresses. THG pioneered a payment solution together with its partners that has helped the company achieve speedy payments to influencers, transparency and convenience in a cost-efficient way.

Key benefits

- **Speed:** payments into the wallets are close to real time.
- **Transparency:** the transaction status is instantly visible.
- **Convenience:** payment formatting is so much simpler and more straightforward than traditional cross-border wires.
- **Cost efficiency:** payment chain involves 2 financial institutions – Citi and PayPal. There are no intermediary costs or lifting fees. Furthermore, THG's influencers receives full value with zero deductions.
- **Security:** the solution is fully digital, allowing us to initiate payments from the THG TMS that feeds instructions to Citi via SWIFTNet FileAct using an XML v3 file. There is zero paper trail and rationalisation of expenditures.

"The automated, streamlined and transparent solution we created together with Citi and Kyriba will change the way companies think about cross border payments to individuals. Whether it be for influencer payments, or for consumer refunds or payments to small freelancers all over the world. There is a growing demand from individuals to be paid in a smarter way. In a world that is becoming increasingly digital, why should we rely on multiple pieces of hard to gather account related data points?" says Ian Armstrong, THG's Group Treasurer.



The Hut Group's objective was to design and implement a digital payment solution that was not dependant on traditional payment rails. They were paying a new class of suppliers and beneficiaries, and needed a solution which was real time, digital, transparent and cost efficient. At Citi, across our global network, we have recently launched the capability to pay directly to digital wallets and card schemes. We were able to structure a solution whereby The Hut Group was able to pay their influencers, translators and their customers into PayPal wallets all over the world in multiple currencies without the need of account details on a 24/7 basis.

**Sheharyar Butt, Global Sales Head Cross Border Payments,
Treasury and Trade Solutions, Citi**

in partnership with 