

Speaker

Debopama Sen, Head of Payments

Thank you, Stephen, and good morning everyone. My name is Debo Sen, and I'm delighted to be here with all of you today. Let me start with a quick introduction. I'm the head of our global payments business, and I'm lucky enough to have spent close to three decades here at Citi. During that time, I've held a wide variety of roles across Payments, Trade, Liquidity, and our Securities Services business, working in India, Singapore, and now in New York.

Now let's talk about the heart of TTS, our payments business. I'd like to walk you through on this page what we do, how we address our client's needs and the clients that we serve. Simply put, we enable our clients to make and pay receive payments globally to support their commercial and treasury needs. We operate the largest digital proprietary network globally, allowing our clients to make payments as if there are no borders, no currencies or constraints. This makes us the number one payments bank for corporate and institutional clients.

Now, how do we do this? As you can see on the left-hand side, we have a broad suite of products and solutions in four core areas. First is domestic payments and payment acceptance, which supports local payment and collection solutions in about 90 countries and territories, including our instant payments network and our payment acceptance platform, Spring by Citi. Next, our industry-leading cross-border network, which facilitates cross-border, cross-currency payments with integrated FX in over 135 currencies and to over 180 countries. Then clearing, which enables our financial institution clients with timely cost-efficient payments across major currencies. And finally, our commercial cards enable corporates to manage expenses and commercial procurement of goods and services with over 55 local issuance markets. Through this product suite, we are addressing our client's key needs, on the right-hand side, along the full payments continuum of accept, hold, pay and finance – from facilitating payroll payments to gig economy payouts, like paying app developers, to managing receivables from their customers, and so on.

And that brings me to the bottom of the page. We are already number one in payments for large corporates, public sector clients and financial institutions with steady growth over the last several years, and we expect to see continued momentum as we grow our share of wallet. As you heard Shahmir say a bit earlier, our industry is rapidly changing impacted by the shift to digital commerce, which has been accelerated by the pandemic, and therefore we are also extremely focused on three segments which are seeing disproportionate growth. For our commercial banking clients, where the wallet is growing at 25%, we see the opportunity to increase our current share as these clients become increasingly more digital. As you can see on the bottom right, we are expecting double-digit industry growth annually in eCommerce, FinTechs and payment intermediaries, and we serve many of the largest clients through our innovative capabilities.

Now that I've shared where we are investing for growth, I want to spend a few minutes on what this means for our business. Now, as commerce moves increasingly online and our clients' business models shift to scale for digital solutions, we see strong momentum in our core areas. On the top half of the page, you'll see that our cross-border transaction value and commercial cards spend volume grew robustly between '21 and '23, and our USD Clearing volume far outpaced the growth of the M2 money supply during that period. It's also telling that in the same period we saw domestic

instant payments volume grow from close to 2 million transactions a day to around 10 million transactions a day, reflecting the growth of digital commerce. Bringing it all together, as you can see, payments contribute 74% of services NIR enabling the business to deliver strong returns through the rate cycle.

I think we can all agree these are very healthy numbers. Now, we are well positioned to continue this momentum as we invest in innovative capabilities to meet the demands of the digital economy. Our strategy and hence our investments are focused on the three growth areas for the business you'll see here at the bottom of the page. First, we will continue to enable corporate cash management where we will extend our number one position through our increasingly digital multi-domestic network and extensive set of capabilities that I spoke about earlier. Second, we will keep the momentum on enabling our financial institution clients with extreme focus on speed, cost efficiency and transparency that their own clients are demanding from them today. And last, but certainly not the least, we are laser focused on enabling digital commerce. We have already demonstrated significant growth with integrated solutions across the end-to-end spectrum of our client's needs. Over the next few slides, I'll share more on each area and our investments for growth.

First up is corporate cash management. We serve over 17,000 corporate clients, including 80% of Fortune 500, leveraging our next generation CitiDirect® platform, which my colleague, Naveed, will talk about later. Now, I'll go through how we support these clients through the corporate cash lifecycle, what differentiates us today and how we are getting ready in anticipation of their evolving needs.

Now we are often the first port of call for our clients on the end-to-end corporate cash lifecycle across the three phases that you can see outlined here. First we deliver a global and comprehensive set of receivable solutions, which include both traditional and digital payment methods. Our receivable solutions help our clients manage the first phase of the cycle from when they actually receive an order to then realizing the cash. Then as you heard from Stephen, they leverage our best-in-class liquidity management tools to get visibility to and then manage this cash.

And finally, our global payout capabilities finish the cycle from invoicing to payment across both domestic and cross-border payouts with embedded FX. Our fully integrated payments and liquidity solutions across the breadth of the cycle are crucial to our clients' working capital management.

And how are we doing this? On the bottom left-hand side, we've got the market leading capabilities to support multi-domestic and cross-border needs, including over 290 connections to major clearing systems around the world, access to local instant payments and commercial cards in the most critical market, not to mention a wide range of currencies, but what differentiates us are our end-to-end sophisticated solutions integrated with liquidity and FX at scale across the breadth of our network along with deep local expertise in these 90 countries. This is quite unmatched and not easy to replicate. But we are constantly building on this advantage by innovating for the digital future of tomorrow as you'll see on the bottom right, with solutions like virtual cards, data services, real-time payments across borders, tokenization and many others.

Just as an example, a popular global internet company has been working with us to meet their cash management needs. We not only support the client in over 50 countries for payroll, vendor

payments and receivables, but we also help them to pay their app developers in 100 countries, proudly processing more than 10 million transactions a year. This is a truly global cash management relationship, leveraging the breadth and depth of the Citi network. There are many examples like this demonstrating why we are the established market leader in this space and well-positioned to continue growing wallet share.

Up next, we have financial institutions, where we are the trusted advisor and supplier of services to 1,500 FIs around the world, and we serve the top banks and FIs in 149 countries. We are one of the largest wallet shares in this segment, processing over 2 million payments daily. Now our FI clients are under pressure to meet the demands of their customers who want a very different payment experience. Today they've been candid with us that they potentially stand to lose wallet share to new digital players and disruptors, and they're looking for solutions that offer speed, cost efficiency and transparency. In the gray boxes here, you'll see how we are addressing and investing in solutions to address all three. Starting with speed, our 24/7 USD Clearing solutions enables FIs to effectively make USD payments in real time globally with minimal effort on their part. We've seen great adoption to date making this the biggest 24/7 USD clearing network in the market.

We recently announced our first-of-its-kind collaboration with our partner, Emirates NBD, leveraging Citi's 24/7 USD Clearing service to make cross-border USD payments available to their corporate and retail clients at any time, end-to-end, across their branch network. This is an important milestone for us as it marks yet another use case going live on Citi's multi-bank 24/7/365 Clearing.

On cost efficiency in the middle, we also offer our FI clients a one-stop shop for a variety of cost-efficient methods like paying into local schemes, cards and wallets, as well as leveraging 135 plus cross currency network. They work with us through a singular digital platform, which they embed through APIs into their mobile and internet banking solutions.

And finally, transparency is a huge pain point with traditional cross-border payment flows as payments pass through multiple entities have varying currency fees and beneficiaries typically don't have access to payment tracking tools. We have solutions our clients are adopting at scale to offer their clients this visibility. What is gratifying to see is that our clients are quickly adopting our innovations and seeing the benefits.

As an example, a large bank client had lost market share in their domestic market to rival FinTechs for their global payment flows from their retail bank. By partnering with Citi, they've been able to leverage APIs to power a truly best-in-class payments experience on their app and website, combined with leveraging our cross-border FX solutions to expand their currency footprint. Through this partnership, our client has managed to regain the lost retail flow market share. This is why our clients will continue to choose Citi. Between clearing, cross-border and sub-custody capabilities, which my colleague, Okan, will speak about later. We are truly the bank's bank.

Finally, we enable digital commerce, which continues to be a priority area for us. What's happening here? As you know, consumers and companies that support them are increasingly looking to embed finance into the digital journey and transform how goods and services are delivered and consumed. To do this successfully, our clients need to offer almost invisible payment experiences, as you heard from the CEO of Veem during Shahmir's presentation. For example, when was the last

time you used the right-hailing app or bought something on a marketplace in the middle of the night and actually stopped to think about the payment process?

Our clients are looking for fully integrated solutions across the entire continuum of accept, hold, pay and finance as they look to scale quickly and globally. And we have the unique network and platform that they need.

As you can see on the bottom left, we have our acceptance capabilities powered by Spring by Citi and end-to-end digital payment acceptance solution. Our hold capabilities, which include our integrated liquidity and banking as a service offering that allows eCommerce clients to serve their merchants and seller customers. And our payment solutions then enable clients to manage payouts globally, including navigating cross-border complexities seamlessly. And finally, for finance, we offer a suite of options tailored to the needs of eCommerce businesses, including the ability to offer flexible financing options and working capital management solutions, which my colleague, Chris, will talk about shortly.

The entire eCommerce space represents a tremendous growth driver for us. We bank thousands of corporates that are at a different stage of their digital commerce journey, and with our presence in the top 50 eCommerce markets and our comprehensive solutions, we are well positioned to support them. We also bank 90% of the top eCommerce companies and 15 of the world's 20 largest FinTechs, and many more. But let me take a moment to share a video to bring to life how exactly we are innovating in eCommerce.

Video

We will continue to invest in our client's digital commerce evolution as the video just showed you. Now, a key trend in eCommerce companies is our clients localizing as their businesses scale, and instant payments is a key enabler of this trend. Citi is at the forefront of this movement driven by our platform investments in Citi Payments Express, which is a reimagined 24/7, highly scalable, resilient, and cloud-enabled digital commerce solution. It's built through co-creation with some of our largest clients, one of whom you're going to hear from very shortly. We are currently live in five markets with a goal to deploy it in the top 30 markets globally in the next 30 months, accounting for over 90% of global commerce. Citi® Payments Express is built using Citi's proprietary technology stack using patented components and including our Citi Connect® APIs, which you'll hear Naveed talk about later. This gives us the volume to scale to 100x of volume, ensure high availability, and operate at a much lower cost, while also allowing us to continuously innovate. I'd like to take a moment to share a video from our client, Stripe.

Video

I'm really proud of the work we are doing together with Stripe to build innovative solutions to address their needs. A big thank you to Jeanne and the entire Stripe team. In closing, we enable our clients through an increasingly digital global proprietary network with local expertise. We offer seamless, cost-effective and transparent payment experiences, and we support our client needs through the end-to-end digital commerce lifecycle. We enable payments to happen anytime, anywhere and in any currency, so the next time you make a purchase online, you'll know that Citi

is working in the background. I'm really excited about what lies ahead in this business for both our clients and our firm. Thank you so much for your time. Now we'll take a quick break and when you get back, you'll hear from my colleague, Chris Cox, the Head of Working Capital and Trade Solutions. Thank you very much.

Certain statements in this transcript are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as believe, expect, anticipate, intend, estimate, may increase, may fluctuate, target, illustrative and similar expressions or future or conditional verbs such as will, should, would and could. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances and are not guarantees of future results or occurrences. Actual results and capital and other financial condition may differ materially from those included in these statements due to a variety of factors. These factors may include, among others, the execution and efficacy of Citi's transformation, simplification and other strategic and other initiatives, including those related to its investment, expense and capital-related actions; the potential outcomes of the extensive legal and regulatory proceedings, examinations, investigations, consent orders and related compliance efforts and other inquiries to which Citi is or may be subject; ongoing regulatory and legislative uncertainties and changes, including changes in regulatory capital rules; macroeconomic, geopolitical and other challenges and uncertainties, including those related to economic growth, inflation and interest rates; and the precautionary statements included in this transcript. These factors also consist of those contained in Citigroup's filings with the U.S. Securities and Exchange Commission, including without limitation the "Risk Factors" section of Citigroup's 2023 Form 10-K. Any forward-looking statements made by or on behalf of Citigroup speak only as to the date they are made, and Citi does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.