



# Always on: real-time treasury is coming to the Middle East and Africa

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As instant payments grow and business models evolve in the region and globally, treasuries need innovative liquidity management solutions that support rapid business growth and 24/7 cash flows.

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Banking, liquidity, corporate treasury technology and payment systems are moving towards an always-on, real-time future. Key enablers such as cloud computing application programming interfaces (APIs) and blockchain may link payments and experiences with unprecedented speed.

There are some hurdles to overcome: well-structured and clean data is a prerequisite, for instance. Likewise, real-time will be a process, not a big bang event: host-to-host connectivity with banks could presage an API-driven future. But a real-time treasury – supporting 24/7 commercial, operational, and financial goals – is on the way. Ultimately, therefore, companies may need to be sufficiently agile as they explore new technologies in support of their evolving business models.

## Soaring intra-regional growth

While the drivers for a real-time treasury are similar worldwide, the Middle East and Africa (MEA) has unique characteristics that highlight its potential and will shape its implementation.

Many companies in MEA are expanding cross-border, often within the region. For example, in the Gulf Cooperation Council (GCC) countries – United Arab Emirates (UAE), Bahrain, Kuwait, Oman and Qatar – intra-regional trade flows [grew from \\$58bn in 2010 to more than \\$143bn in 2021](#). And close commercial ties exist between the GCC countries and Africa. According to the [World Economic Forum \(WEF\)](#), for example, the last decade has seen GCC countries collectively invest more than \$100bn in Africa.

However, the MEA region remains fragmented, especially in financial infrastructure. In the immediate term, companies require advanced treasury technology for efficiency, risk mitigation and informed decision-making. Long-term success may also depend on a more supportive regulatory framework and regulatory cooperation.

## Instant payments powerhouse

MEA is a leader in instant payments, live in 11 MEA markets including Bahrain, Nigeria, Zambia, Pakistan, UAE, Egypt, Tanzania, Jordan, Kenya, Cameroon and Gabon. Most systems have been driven by central bank initiatives, mobile network operators and consumer needs, rather than B2B transactions. One promising example is the Pan-African Payment and Settlement System (PAPSS), which is striving to ensure instant or near-instant transfers of funds between originators in one African country and beneficiaries in another.

Given the region's currency complexity, companies implementing instant payouts may need real-time information to manage payments, as corporates' functional currencies may differ from transaction currencies and broader payment methods. This may be facilitated through an API that provides real-time pricing for FX transactions, as well as initiating instant payments into digital wallets.

Cross-border payments are also crucial, reflecting MEA's strong focus on trade. Citi's near 24/7 capabilities allow companies to

transact without the constraints of typical cut-off times, which is important given the different working week in many MEA countries. Citi also extends these capabilities to financial institutions, enabling them to offer them to their corporate and consumer clients.

### Servicing a multi-banked region

In advance of API adoption, host-to-host bank connectivity is usually a first step for real-time treasury, enabling automation and near seamless information exchange. Citi currently has around 450 host-to-host connections in MEA.

Many companies in the region work with multiple banks because of local nuances such as cash transactions and over-the-counter dealings that a single banking relationship cannot accommodate. As a result, corporates need immediate access to balance details across multiple banks, and the ability to mobilise liquidity across all their bank relationships and to streamline their receivables management.

MT942 SWIFT messages, which provide intraday statements, are becoming more popular as MEA companies seek to increase their cash visibility. Citi has a direct presence in 29 MEA countries and supports clients in an additional 30. Citi is already helping more than 600 companies across MEA to aggregate and harmonise account balance data from more than 500 different banks from across the region. This data is accessed via a single host-to-host connection with Citi rather than requiring integration with multiple banks, which remains a reality for many – especially in markets across Southeast Africa.

While MT942s may not be sufficient for real-time treasury, their increased use across MEA indicates progress towards real-time target balancing or cash pooling.

### Business critical

E-commerce demands faster payments linked with data to enhance customer experiences and streamline internal processes. Real-time information boosts customer satisfaction by simplifying

tasks such as refunds and faster delivery times of purchased goods or services. Internally, enriched data aids pattern identification and decision-making, which may help drive revenue.

As a result, functions such as corporate treasury can better manage traditional risks – markets, currencies, counterparties – and new challenges in real-time cross-border commerce.

With speed comes additional risks that must be detected and mitigated in real-time. Advanced systems are needed to spot anomalies, address AML issues, authenticate users and counterparties, and encrypt data. A strong culture of audits and controls is crucial, as well as an ability for systems to be integrated with each other.

### Collaboration is crucial

The core foundations of data, technology, connectivity, and payments and liquidity are here to support the transition to real-time treasury management.

In addition, MEA corporates may have an advantage over those in developed markets burdened with legacy technology. MEA clients without outdated systems may seamlessly adopt new technologies, moving directly to cloud-based rather than on-premises solutions, and potentially even implement real-time systems instead of relying on interim intraday liquidity management.

Forward-thinking MEA businesses should assess their needs and invest in technologies that enable real-time information processing and payment decisions across their organisations.

Citi is ready to support clients on this journey by establishing integrations with their own proprietary tools and apps. However, industry-wide collaboration – among banks to standardise APIs, and with treasury management, enterprise resource planning, procurement systems and other relevant treasury technology providers to support real-time flows – is crucial to making real-time treasury a reality in MEA and beyond.

### Light-touch implementation

Citi understands that clients want to minimise integration costs and length of time to implement products, so it offers real-time solutions that help support this. Citi's clients can access real-time solutions through their internet banking platform, CitiDirect®, including:

- **Citi Payment Insights** for payment status updates;
- **Citi Payment Outlier Detection**, which identifies and halts outlier payments before processing;
- **Citi Global Beneficiary Services Payment Tracker**, allowing beneficiaries to track the status of their payments, reducing service inquiries and related expenses;
- Citi next-gen sanctions screening to assess transactions more accurately and quickly, reducing false positives and improving transaction speed.

Citi also offers a **CitiConnect API Developer Portal**, which accelerates implementation and the ability to go live by allowing clients to easily access the API catalogue and perform technical testing upfront in a sandbox environment.

### Potential of tokenisation

One emerging concept that has the potential to improve trade processes across MEA is the tokenisation of payments.

Citi Token Services for Trade intends to combine interbranch tokenised deposits with secure smart contracts, essentially creating a new instrument type for conditional payments, digitising every component of the transaction, and replacing the risk and complexity of paper-based trade.

What's more, although the solution is backed by tokens, clients don't need to interact with them. From their perspective, funds are paid and received directly from their bank account with Citi and using fiat money only. In addition to investing in proprietary solutions, Citi also recognises the need to work collectively on large-scale questions, such as the future of sovereign currencies in the digital economy. Citi is participating in industry concepts, such as the Regulated Liability Network (RLN), in which commercial bank money is tokenised alongside central bank money on a shared ledger.