

Non-bank Financial Institution Casebook

Innovative Solutions for Clients in Asia Pacific



Treasury and Trade Solutions



Foreword

Digitization Opens Up Vast New Possibilities for NBFIs



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Digital adoption has now become the focus of organizations to thrive as the world has taken a different direction with the pandemic outbreak. While digital transformation has steadily increased over recent years shaping the sector with new business models, new commercial partnerships and different consumer relationships the current pandemic has accelerated this.

Treasury's strategic partnership with the business puts it in the driving seat when it comes to digital adoption. The pressure is on to deliver solutions that are seamless, reliable and fully automated. As a result, the pace of centralization and standardization across businesses and markets is getting faster.

To succeed in this environment and capture new opportunities, you need cost-effective access to a wide range of solutions such as digitising payments and collections with cutting edge technologies that identify and quantify your exposures, and manage and mitigate risks effectively.

Digitization is critical to success on both the top and bottom lines. Automating processes can help reduce expenses, while better customer experiences and more productive processes can lead to more revenue. While digitization and technology important, there is a need to instill the human element in our businesses.

Our clients have tackled these challenges and have created pockets of excellence and innovation. The case studies highlighted in this casebook demonstrate how our client partnerships lead to ideation of new solutions that help deliver valuable results to their organizations.

We hope this casebook of client stories prompts consideration and provides interesting insights to you. We look forward to collaborating with you to put these best practices to work for your organization. Please contact us to find out how we can help you.

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Why Citi in Asia Pacific

Citi's depth and breadth in APAC aims to offer beyond on-the-ground expertise and a full range of transactional banking services across Asia.

Over
100 years
of history in Asia



Over **230** branches,
185,000 collection
points and **2,000** ATMs



Direct member of all
major clearing systems
#1 in SWIFT
volumes



62,000
employees across
17 markets



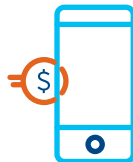
Provides cash management
services to **300+**
shared service
centers (SSC)



Supports **215+**
regional treasury centers



#1 bank for
instant payment
with 10 markets in Asia



Local service
support
and relationship
management team
in each country



Our Integrated Set of Solutions

Citi offers a comprehensive and innovative range of solutions. Together, we assess your objectives and find a solution that works best for you.

CITI'S DIGITAL SUITE OFFERING	
Connect Digitally, Market Faster	<ul style="list-style-type: none"> ✓ Digital Account Onboarding to get started on the go ✓ Ability to collect B2C through multi-channels-instantly – Request to Pay (RTP), scan and pay. Static and dynamic QR ✓ Unified Collection Solutions available in China, India and Vietnam, wallets and alternative payment methods ✓ Direct debit through e-mandate for subscription models (Korea, Malaysia, India and Australia) ✓ Leverage Citi's consumer bank presence for sales acceleration
Cash Application	<ul style="list-style-type: none"> ✓ Payer ID aiding reconciliation at individual client level ✓ Reconciliation and reporting – Live transaction status, granular transaction details, consolidated file across payment methods, itemized reporting of bulk credits and auto-matching to open receivables
Simplify User Experience	<ul style="list-style-type: none"> ✓ Real-time APIs: Credit notification, payment status, transaction inquiry and refund APIs
Local Currency Pricing	<ul style="list-style-type: none"> ✓ Citi Cross Currency Payments – WorldLink wires/ACH ✓ FX risk management solutions including Instant FX for pricing and billing ✓ Local currency pricing/invoicing foreign currency collections ✓ Daily or intra-day rates, automated solution ✓ Limited FX exposure. Wholesale FX spreads
Process Efficiency	<ul style="list-style-type: none"> ✓ Automated liquidity pooling structures ✓ Citi Payment Insight – for full visibility ✓ Citi's Liquidity Manager – Single portal for liquidity management across all Citi branches ✓ Citi Payment Outlier Detection to manage payment anomalies ✓ CitiDirect BE Mobile and biometrics authentication for security and efficiency
Working Capital	<ul style="list-style-type: none"> ✓ Virtual Cards payments for vendor payments, online advertising, logistics and web services



Singapore

A Simpler, Faster and More Convenient Customer Experience in Premiums Payment

AXA Group is one of the world's leading insurance and asset management companies, providing innovative insurance solutions for both personal and business needs. They serve 108 million clients in 57 countries globally. AXA Singapore operates as a wholly owned subsidiary of the AXA Group.

The Problem

As part of AXA Singapore's corporate strategy to digitize their business, they sought to redesign their payment and collections process. In their current process, they were accepting multiple payment channels such as credit cards and checks, but each channel had its shortcomings. For instance, accepting credit card payments was costly due to Merchant Discount Rate (MDR) paid to merchant acquirers, whereas accepting checks was costly due to the need for manual processing and vulnerability to fraud. With their policyholders being increasingly digital savvy, AXA sought to create a simpler, faster and more convenient customer experience in premiums payment, while at the same time reducing friction in the company's collection process to realize cost and time efficiencies.

The Solution

To realize its objectives, AXA partnered with Citi to reimagine their end-to-end payment and receivables journey. Citi's team worked with AXA to streamline collections from policyholders by setting up the Dynamic PayNow QR solution with the Push Credit Notification API. AXA's policyholders who purchase insurance through their online portal can now opt to pay via PayNow FAST for their insurance premiums. Upon checkout, a dynamic PayNow QR code with the transaction reference and amount embedded will be generated for policyholders to scan and pay seamlessly using their mobile banking applications. Upon successful receipt of funds instantly via FAST, Singapore's instant payment rail, AXA will be notified via Citi's Push Credit Notification API and inform the policyholder of successful payment.

The Result

With the solution available around the clock, AXA Singapore collects and receives funds instantly from customers anytime, at lower costs than current channels. This unlocked greater working capital value compared to other collection methods, such as by accepting credit cards or checks, where they would have to wait for the credit card settlement cycle or check receipt and deposit before receiving funds. Payments received via PayNow FAST allowed AXA enhanced control of their cash flow and facilitated forecasting and planning activities, eliminating uncertainty around collection lead times. With the transaction reference embedded in the payment process, AXA was able to reconcile receivables easily with their bank statements, increasing overall operational efficiency.

» With the solution available around the clock, AXA Singapore collects and receives funds instantly from customers anytime, at lower costs than current channels. «







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Ping An

China

Full Visibility of Cash Positions and Transaction Statuses in Real-time

Ping An is a diversified financial services conglomerate with businesses in insurance, banking, asset management, brokerage and investment business. The company provides financial products and services under an integrated financial business model of “one customer, multiple products, and one-stop services.” Across their broad digital ecosystem, they have more than 500 million internet users and 200 million retail customers.

The Problem

With strong business growth in recent years, Ping An saw significant increase in its payment volumes. A new challenge arose for the new-age insurer – to manage its payments timely and efficiently. To optimize working capital, Ping An sought full visibility of its cash positions and transaction statuses in real time. As their insurance business was split into four subsidiary entities, they sought a banking solution that could provide a single connectivity across all four entities.

The Solution

Partnering with Citi, Ping An implemented a suite of Application Programming Interfaces (APIs) that enabled the insurer to retrieve its account balance and statements in real time. When Ping An triggers this on their demand, updated account information is received in Ping An's own treasury management system directly, providing a high level of visibility across its accounts, without logging into the CitiDirect banking portal. This allowed Ping An's treasury to make swift and informed decisions around working capital management throughout the day.



Partnering with Citi, Ping An implemented a suite of Application Programming Interfaces (APIs) that enabled the insurer to retrieve its account balance and statements in real time.

With the CitiConnect for Files solution, payments files could be sent straight-through into Ping An's claims platform for their processing and reconciliation. This connectivity is also established across all four of its subsidiary companies, supporting Ping An's centralized operating model as files can be delivered and received via a single secure banking channel. The high level of automation in this process enabled it to support Ping An's large claim payment volumes with on average 300,000 to 350,000 transactions a month. At the end of day, Citi automatically generates a file with the status of all of Ping An's payments back to its system for reconciliation. This reduced the error rate and cost of manual reconciliation.

To make claim payments overseas out of China, Ping An was required to submit paper copies of the insurance contract and claim calculation letter to Citi for validation and processing before the payment can be released. Citi was able to provide Ping An a streamlined digital process to initiate cross-border fund transfer payments via CitiDirect, where supporting documentation for the transfers could be

uploaded instead of provided in physical copies. This helped to eliminate costs related to printing and courier and also increased the ease and efficiency of initiating cross-border payments.

The Result

With Citi's API solution, Ping An was able to retrieve accurate liquidity positions on demand and benefited from end-to-end transparency on its transactions and cash positions, empowering its treasurers to manage liquidity and working capital strategically. The implementation of CitiConnect for Files enabled them increase operational efficiency by receiving consolidated payment files securely via a single channel, optimal for timely and accurate payment processing. Manual efforts across document submission, payment initiation and reconciliation were also eliminated, reducing cost and the chance for error. As a result of standardization and centralization of their banking needs with Citi, Ping An was able to enhance its own customer experience through timely and seamless payouts.

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Shriram City Union Finance

India

Differentiate Itself Through Exemplary Customer Experience

Shriram City Union Finance (SCUF) is part of the three decade-old Shriram Group. As a deposit-accepting, non-banking financial company, Shriram City is today India's premier financial services company specializing in retail finance.

The Problem

In the highly competitive landscape of retail finance, SCUF needed a solution that digitizes its gold loan services where approved loans may be disbursed to the borrower electronically. Post demonetization in November 2016 and with the government's initiative to promote digital transactions and reduce cash transactions, digitization was a key priority for the company. For SCUF, the objective was not just to digitize but differentiate itself through exemplary customer experience by ensuring that the loan disbursement is instantaneous while the customer is in the branch premises at the time of loan disbursal.

The Solution

SCUF worked with Citi to develop a comprehensive solution that met its needs. Using Citi's API interface to initiate payments and leverage the Open Banking APIs to provide real-time loan disbursements, the company managed to digitize the flows, as opposed to the former process that ended up with cash disbursements to the loan applicant.

There is significant cost reduction and enhanced security on account of reduction in cash handling at SCUF branches.



The Result

Post implementation of the solution, SCUF and its clients are able to reap continuous benefits using the API based solution that has resulted in:

- End-to-end digitized disbursement service that reduces the risk of fraud
- Elimination of risk of theft or misdirected payments as all disbursements is cashless, electronic and instant
- Enhanced customer experience, where loans may be disbursed in as little as 15 minutes
- Faster rate of loan asset growth through differentiation of service levels against the company's competitors

Key Benefits

- Significant cost reduction and enhanced security on account of reduction in cash handling at SCUF branches
- Adherence to the government's digitization initiative to disburse (less than USD3,000) only into bank accounts, with the exception of borrowers that need credit confirmation before leaving the branch
- Reduce frauds and thefts

» SCUF needed a solution that digitizes its gold loan services where approved loans may be disbursed to the borrower electronically.



Shriram Transport Finance

India

Reduce Bank Guarantees Issuance and Renewal Costs, and Also Increase the Payment Cycle for Cash Outflow

Shriram Transport Finance (STFC) is a large commercial vehicle non-banking financing company. The company has niche presence in financing pre-owned trucks for small truck owners (STOs) and has a network of 1,585 branches, 856 rural centers and tie up over 500 private financiers across the country.

The Problem

STFC cross-sells insurance of the commercial vehicles financed through its tie-ups with a number of insurers. STFC pays the insurance premium to the insurers for all the insurance policies issued for its customers, and adds this to overall financing amount. STFC would pay the insurers at month end for all the insurance policies issued during the month. Policy issuances throughout the month were supported by bank guarantees (BG), replenished as and when the limit was reached. However, guarantee issuances incurred additional costs for the company.

STFC wanted to move away from the existing BG arrangement and make payments to insurers on a regular basis as and when insurance policies

were issued. The company was looking to reduce BG issuance and renewal costs, and also increase the payment cycle for cash outflow. Overall, STFC wanted a solution that would not increase the overall cost of funding for the insurance premium payments.

The Solution

To realize its objectives, STFC partnered with Citi to implement a purchase card solution, the first of its kind in the market for insurance payout flows. With the purchase card, STFC could now pay insurers as and when the insurance policies were issued. This extended STFC's days payables outstanding (DPO) and also helped them move away from the guarantee issuance arrangements, thereby

eliminating related costs. Through this solution, the days sales outstanding (DSO) cycle for the insurance companies was also reduced, which acted as a catalyst for insurers to agree to the change in payment terms.

The Result

With Citi's purchase card solution, STFC now pays insurers on a daily basis for the policies purchased for its customers. Previously, STFC had a traditional banking method using BG arrangements to fund insurance payments. This solution was expensive, with STFC being charged for its payables to insurance companies. Post-implementation of the solution, STFC can make regular monthly payments that are captured on purchase cards on a daily basis. This gives STFC an advantage of increased credit period at no addition cost wherein Citi

pays the insurance companies upfront. STFC pays Citi on the due date as per agreed cycle, freeing up working capital and reducing its expenses. The insurers also receive funds earlier compared to previous monthly payment cycle. STFC has realized cash flow optimization at both ends, as well as strengthening its working partnerships.

» With the purchase card, STFC could now pay insurers as and when the insurance policies were issued. «

Benefits for STFC

- Interest free increased credit period at no additional cost
- Elimination of charges incurred for incumbent bank guarantee solution
- Extended payment cycle compared to bank guarantee thereby leading to working capital efficiency (estimated 20% increase in payment cycle)

Benefits for Insurers

- Upfront and early receipt of payments leading to increased working capital efficiency
- Opportunity to increase investment gains from collected premium



STFC partnered with Citi to implement a purchase card solution, the first of its kind in the market for insurance payout flows.



StashAway

Singapore

Accelerating Product Development and Rolling Out to New Markets Quickly and Efficiently

StashAway is a digital wealth management platform for both retail and accredited investors. Its technology delivers automated, personalized portfolio management for each client's individual portfolios.

The Problem

StashAway sought to expand their presence in the fast-growing APAC markets and deliver their proposition of intelligent and personalized portfolio management to individual investors. StashAway's priorities included accelerating product development and rolling out to new markets quickly and efficiently using digital automation, with minimal manual touchpoints.

To address these specific needs, Stashaway sought a strategic banking partner with the geographical footprint to support their Asia expansion plans, with the ability to deliver a standardized product suite consistent across several fast-paced operating environments while catering to local demands and conditions.

The Solution

Stashaway worked with Citi to develop a comprehensive solution across three markets – Malaysia, Singapore and Thailand to help meet its needs regionally.

With Citi's Digital Onboarding process, StashAway could open bank accounts electronically with other Citi branches as they expanded their presence regionally, leveraging on existing documentation already provided for the shortest turnaround time. They were able to get their accounts up and running in Singapore in seven days.

To handle its cross-border fund transfer process for investment funds received from individual customers in local currencies (Singapore dollar, Malaysian Ringgit, Thai Baht), Stashaway leveraged Citi's Transaction Initiation Application Programming Interface (API) to streamline this process. With the initiation from their treasury

management system, payments to their broker or fund houses and redemptions to investors are automatically queued for trustee approval. Trustees would subsequently provide their authorization via the online CitiDirect BE platform, keeping the flow digital, seamless and secure. Once approved, the transactions are routed to Citi's dealing desk and automated FX conversions take place at preferential spreads and straight through as part of the cross-border fund transfer process, eliminating the need for manual intervention.

The Result

StashAway's partnership with Citi enabled them to expedite their entry into new markets, with accounts operational quickly and fully functional. Automated instruction initiation and competitive regional pricing helped StashAway to eliminate time and cost associated with manual dealing, as they no longer require an active in-house FX dealer to manage the daily cross-border transactions. The customer experience to their end customers was also improved, as trustee authorization was included as part of the digital transaction flow, reducing the time needed for channeling funds to investments or liquidating and withdrawing funds.

» With the initiation from their treasury management system, payments to their broker or fund houses and redemptions to investors are automatically queued for trustee approval.







StashAway's partnership with Citi enabled them to expedite their entry into new markets by having Citi accounts that were fully operational in a new country very quickly.

YeePay

China

Inefficiency of the International Aviation Market Provided Opportunities

YeePay is a leading one-stop e-payment service provider in China. With 30 branches in China, its portfolio of solutions cover multiple sectors such as airline, travel, education, insurance, utilities, telecommunications, internet and consumer finance. YeePay offers a single platform that integrates both online and offline electronic payments, and over 20 tailor-made payment products for consumers and merchants to transact securely, conveniently and economically across various channels.

The Problem

YeePay sought to replicate its current model with domestic online travel aggregators (OTAs) offering overseas airline tickets and hotels to their end customers after the success achieved in the B2B domestic flight booking market. The inefficiency of the international aviation market provided YeePay an opportunity for its payment services.

The majority of travel agents procure international air tickets through a few selected industry intermediaries. Such an existing arrangement is not that favorable for the global airlines given that the intermediaries usually charge them fees per route for facilitating

ticket sales. While this cost adversely impacts the airlines' ticketing revenues, there are limited alternative distribution channels that can rival the current one in terms of efficiency and accommodating the high volumes of timely ticket issuances crucial to OTAs' daily operations. Even though some airlines attempted to offer lower pricing tickets via their direct sales channels, the challenge in terms of the complex workflow restructuring made it infeasible for OTAs to adopt given their need to make constant seamless bookings. As a result, the intermediary model continued to dominate the market, accounting for 60% of overseas airline ticket issuances to travel agencies.

The Solution

With the focus on the aviation industry, YeePay recognized this friction and sought to address it with a unique proposition. In the second half of 2019, YeePay decided to harness its 100% owned subsidiary, a licensed travel agent company to set up a Virtual Cards Account (VCA) Program with Citi. Under the program, Citi generates virtual cards for the subsidiary company to issue to overseas travel vendors such as airlines and hotels to charge upon making bookings.


Leveraging YeePay's network and Citi's solid product capability, YeePay led an industry-wide improvement with a new ticket issue process that mitigates current pain points. Now, as customers book international air tickets with travel agencies, the agents place the order with YeePay's VCA platform; the pertinent virtual cards could then be authorized, generated and ready for settlement; when global travel vendors accept and charge the virtual card, the corresponding booking would be confirmed. Similar to a regular credit card, YeePay's subsidiary eventually pays Citi the outstanding sum during each statement cycle with the funding sources from ultimate customers.

The Result

The solution benefited the travel ecosystem in multiple dimensions. Firstly, more local OTAs can now offer overseas travel options through YeePay's ecosystem while maintaining the same quality of transaction efficiency given processing, settlement and information exchange are seamless under the Virtual Card program.

Additionally, this solution can benefit travel aggregators in terms of cost savings and eventually end consumers. Leveraging this, YeePay has strengthened its market status in the global travel and aviation ecosystem.

» This solution can benefit travel aggregators in terms of cost savings and eventually end consumers. «

A person's hands are holding a white smartphone. In the background, there is a blurred view of a building and greenery. Overlaid on the right side of the image is a digital graphic consisting of several white circles, each containing a dollar sign (\$). These circles are interconnected by a network of thin white lines, creating a mesh-like structure. The overall lighting is warm and golden, suggesting a sunset or sunrise.

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