Stronger Together: Citi Partners with Fintechs to Co-Create New Innovation Across Payments, Trade and Receivables.

New fintech partnerships will significantly improve the banking experience for clients by creating and delivering a stronger value proposition than either partner could deliver on its own.

Today’s banking clients demand innovative and flexible solutions that can help reduce their costs and eliminate excessive complexity. They want to drive profitability while delivering a more intuitive, efficient and customer-centric experience. What’s more, they don’t just want all this now, in many instances, they want it yesterday.

To deliver products and services that live up to these expectations, Citi looks to adopt new technologies designed to help reinforce its position as an innovator and develop more value-added solutions.

In an effort to accelerate development of these solutions without significant uptime or investment spend, Citi has been aggressively pursuing collaborative partnerships with a select group of nimble, fast-moving financial technology companies, or fintechs. Together, with these fintechs, Citi is creating innovative, potentially game-changing solutions for our customers’ treasury and trade operations.
Automating complex, cumbersome processes

In July of this year, for example, Citi entered into a strategic partnership with the HighRadius Corporation, a software company specializing in cloud-based integrated receivables. One recent result of this partnership is Citi® Smart Match, a solution that leverages HighRadius’ proprietary artificial intelligence (AI) and machine learning technology to automate the process of matching open invoices to payments received.

By streamlining manually intensive processes, this solution can help to accelerate and simplify customers’ cash application processes. The result? Potentially reduced costs, fewer days sales outstanding (DSO), and greater operational efficiency due to the ability to manage exceptions more quickly. These gains in efficiency and productivity can significantly advance a company’s ability to optimize its working capital.

In the trade arena, Citi is also collaborating with fintechs particularly to help improve profitability and strengthen supply chain finance strategies by offering Dynamic Discounting. The goal is to potentially increase efficiencies in the provisioning of working capital between suppliers and buyers.

Companies who buy from suppliers may have an unwanted buildup of short-term operational cash on their balance sheets. These funds can essentially go unutilized, potentially generating limited or no return. At the same time, suppliers typically need greater liquidity. This can present a match made in digital heaven.

Changing the game for buyers and suppliers

Citi Dynamic Discounting provides companies with the option of an early payment platform that helps optimize discount returns by utilizing a supplier-initiated discounting model. By providing an intuitive and efficient mechanism for early payment negotiation, this solution can help create a win-win for both buyers and suppliers. Buyers may generate higher returns on cash, possibly increasing their gross margin and EBITA. At the same time, suppliers may improve their cash flow, help eliminate onerous paperwork and manual contracts while obtaining access to potential early payment opportunities with just a few mouse clicks.

Citi® Smart Match and Citi Dynamic Discounting are just two new solutions and strategies, respectively, that have resulted from a “get to know you” process that began with two global Fintech Days led by Citi Ventures. As the bank’s global fintech accelerator, Citi Ventures plays a part in scouting potential financial technology collaborators to identify ways that new thinking and technologies can help to significantly improve the banking experience.

Following these sessions, Citi identified fintechs from around the world that are operating in the payments and trade space. Working closely with Citi Ventures, Citi Treasury and Trade Solutions conducted a comprehensive vetting process that narrowed down the list of potential partners to a select few showing the most promise in helping Citi meet its clients’ most pressing needs.
Dramatically improving the customer experience

The process of identifying financial technology companies that can help the bank deliver next-generation experiences for its customers continues. Citi Treasury and Trade Solutions plans to implement this brainstorming, vetting and potential partner selection process regularly for the foreseeable future.

Central to the success of this process, and the collaborations that result, will be the bank’s ability to adapt its culture, embrace disruption and collaborate with internal and external partners to drive innovation throughout Citi.

The best strategic partnerships have always combined a synergy of strengths to create and deliver a stronger value proposition than either partner could deliver on its own. Citi is working to ensure that its fintech collaborations are no exception.

Maximizing strengths and synergies

Partnerships and collaboration require both an understanding of the strengths and limitations of both parties in the process. What’s more, it requires the ability – and the willingness – to learn from each other, adopt the best attributes of both organizations, and eliminate potential stumbling blocks.

Fintechs may offer expertise in advanced digital solutions and the agile work environment needed to build nimble digital enterprises. At the same time, fintechs can benefit from the legacy of experience and the robust global network that Citi brings to the table. These include:

- a diverse, trusted, deeply-rooted global financial servicing network
- decades of global business experience
- a captive customer base and global brand awareness
- an understanding of the global regulatory environment

At the same time, the bank’s fintech collaborators often will need to make adjustments of their own to fully capitalize on Citi’s global credibility.

To help ensure the success of these ventures – and enhance its ability to meet clients’ demands – Citi and its fintech collaborators are creating a powerful innovation ecosystem. This allows co-creation where banks and fintechs may learn valuable lessons from each other. By instilling leading practices and experience, Citi seeks to strike the right balance to embrace fintech innovation and help new solutions debut as quickly as possible with the clients’ needs at the center of collaboration.

Our goal is to make collaborative partnerships with fintech innovators a triple win: A win for our clients. A win for our partners. And, ultimately, a win for Citi.