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# Optimising Cross Currency Transactions

Citi's Solutions for Global Reach and Integrated Foreign Exchange in Transactional Flows

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# 1. Market Trends – Overview

# We are Living in Exciting and Challenging Times – Mega Trends

Globalisation



Digitisation



Urbanisation



Regulation



Volatility



Reputation



Emerging Markets are Very Diverse

Emerging Market Flows are Growing Faster than the Developed Markets

Standardisation of FX Processes is Becoming an Efficiency Priority

Technology is the Key Change Driver and Solution Enabler

The Challenges of Managing the Finance of an International Organisation are Immense

## Challenges



Complex and Separate FX and Payment Process



FX Purchase and Exposure Management across Several Markets



Risk of Trapped Liquidity with Multiple Local Currency Accounts



Diverse Local Regulations and Payment Requirements



Limited Tracking, Reconciliation and Reporting

# The Growing Importance of Cross Currency Transactions

Cross Currency Flows are increasing, requiring global corporations to implement more integrated solutions, embedding FX in the transactional process to achieve greater levels of process efficiency, visibility and control

## Global Themes

Globalisation and Digitisation Fuelling Imports & Exports and e-Commerce

Effective Currency Management on the Back of Expanded Growth

Clients Focus on Efficiency, Risk Reduction, Transparency and Control

## Client Challenges and Objectives

Support Efficiency, Visibility and Control. Reduce Costs and Risk

FX Exposure Management – Core vs. Non-core Currencies

Integrate FX Payments into Cash Management Solutions

Local Currency Account Management and Risk of Trapped Liquidity

Treasury Capacity – Do More with Less

## Solutions and Benefits

Tailored and Packaged Solutions encompassing FX, Cash Management and Trade

Leverage Citi's Global Presence and Network

Process Efficiency and Greater Automation

Certainty, Control and Pricing Transparency

Drive Cost Reductions and Revenue Opportunities

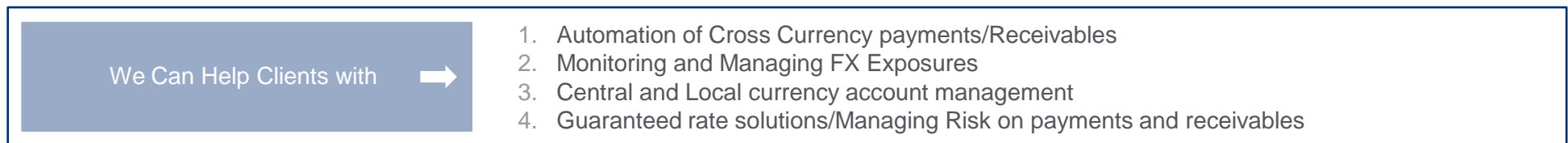
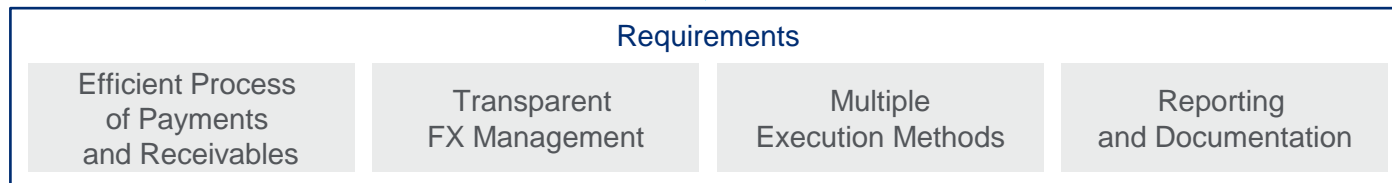
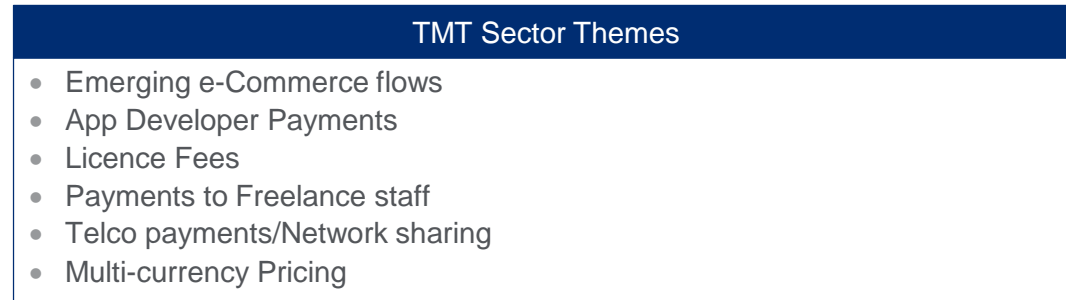
Documentation in Restricted Markets

Manage Data and Changing Local Regulations

Distinguishing the **Primary Driver for Cross Currency Transactions** and Segregating **Strategic FX Management**

# Technology, Media and Telecom – Key Focus Areas

Cross Currency solutions has historically been more relevant within certain sectors, as their operations entail a strong emphasis on cross border and cross currency flows, which are prevalent for companies focused on IT, Software, Communications and Hardware



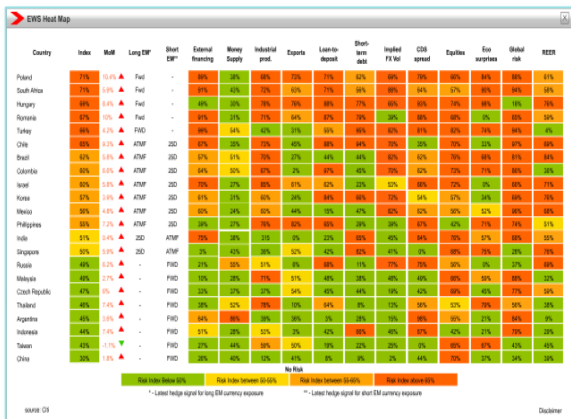
## Citi's Solution Set



## 2. Products and Solutions

# CitiFX Pulse: The Complete FX Trading Package

A holistic, web-based platform that includes pre-trade, execution, and post-trade modules



## Pre-trade

- CitiFX Wire commentary
- WERM and EWS valuations
- Corporate Solutions Group publications library
- Multi-asset research
- Exposure management tools
- Currency holiday and economic release calendar
- Advanced, multi-asset charting tools
- Bulk upload trades pending execution

## Execution

- Request for price on hundreds of currency pairs
- Continuously streaming prices on common currency pairs
- Window forwards
- Non-deliverable forwards
- Vanilla and structured options
- Algorithmic execution strategies
- CitiFX benchmark execution
- Desk-watched and electronic resting orders
- Money market deposits
- Dual currency contracts
- Granular entitlement governance for each user

## Post-trade

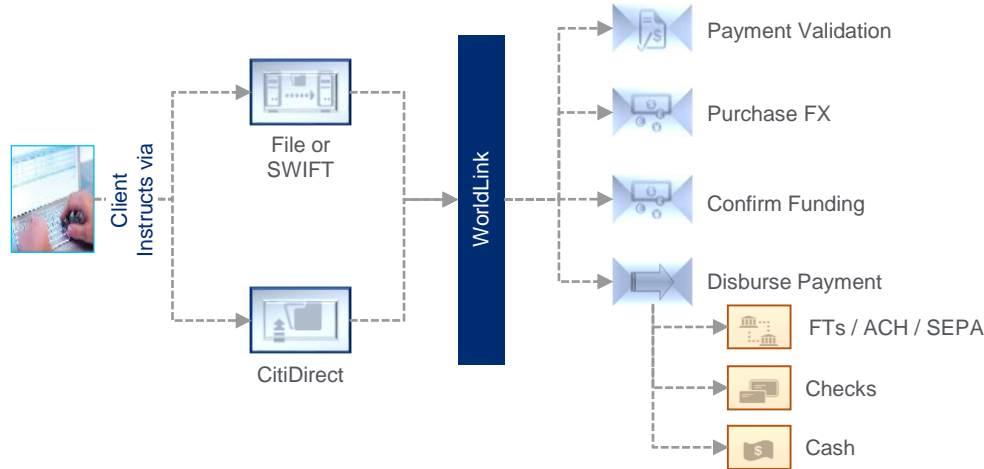
- Real-time MTMs of outstanding positions
- Online confirmations of spot/forward/swap and NDF trades
- Net trades
- Create and apply settlement instructions
- Customisable, exportable reports
- Multiple STP solutions for automating trade detail entry into local systems



# Citi Transactional FX – International Payments and Collections



**WorldLink** Empowers Clients to Achieve Global Payments Requirements in Multiple Currencies, All Funded from One Bank Account



## Comprehensive Solutions

- Funds Transfer: 132 currencies
- Onsite Checks: 16 currencies, 30 countries
- Remote Checks: 30 currencies, 44 countries
- ACH: 23 countries
- SEPA: 34 countries
- Cash: 190 countries

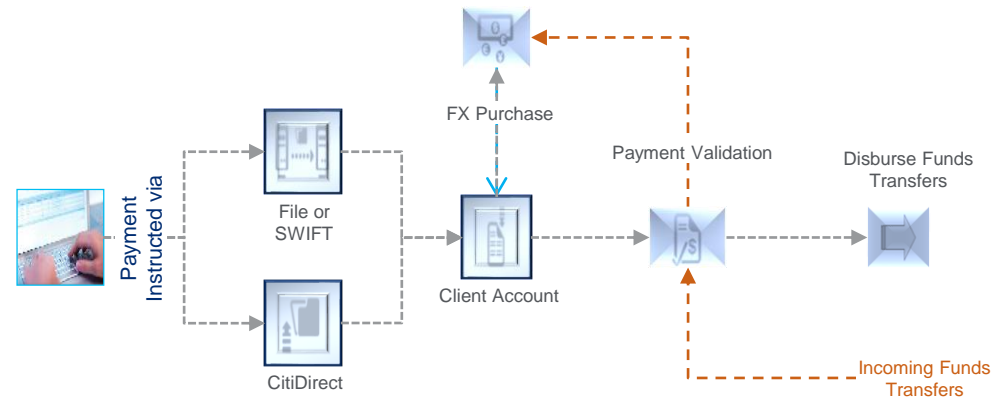
Currency Reach and Channels  
Centralisation and Control  
Simplify Banking Relationships

Efficiency  
Reporting and Reconciliation  
Flexibility

Reduce Payment Process Costs  
Competitive FX Pricing  
Streamline in country Accounts



**CBFT** Provides a Solution for Both Incoming and Outgoing Wire Transfers (Same Currency and Cross Currency)

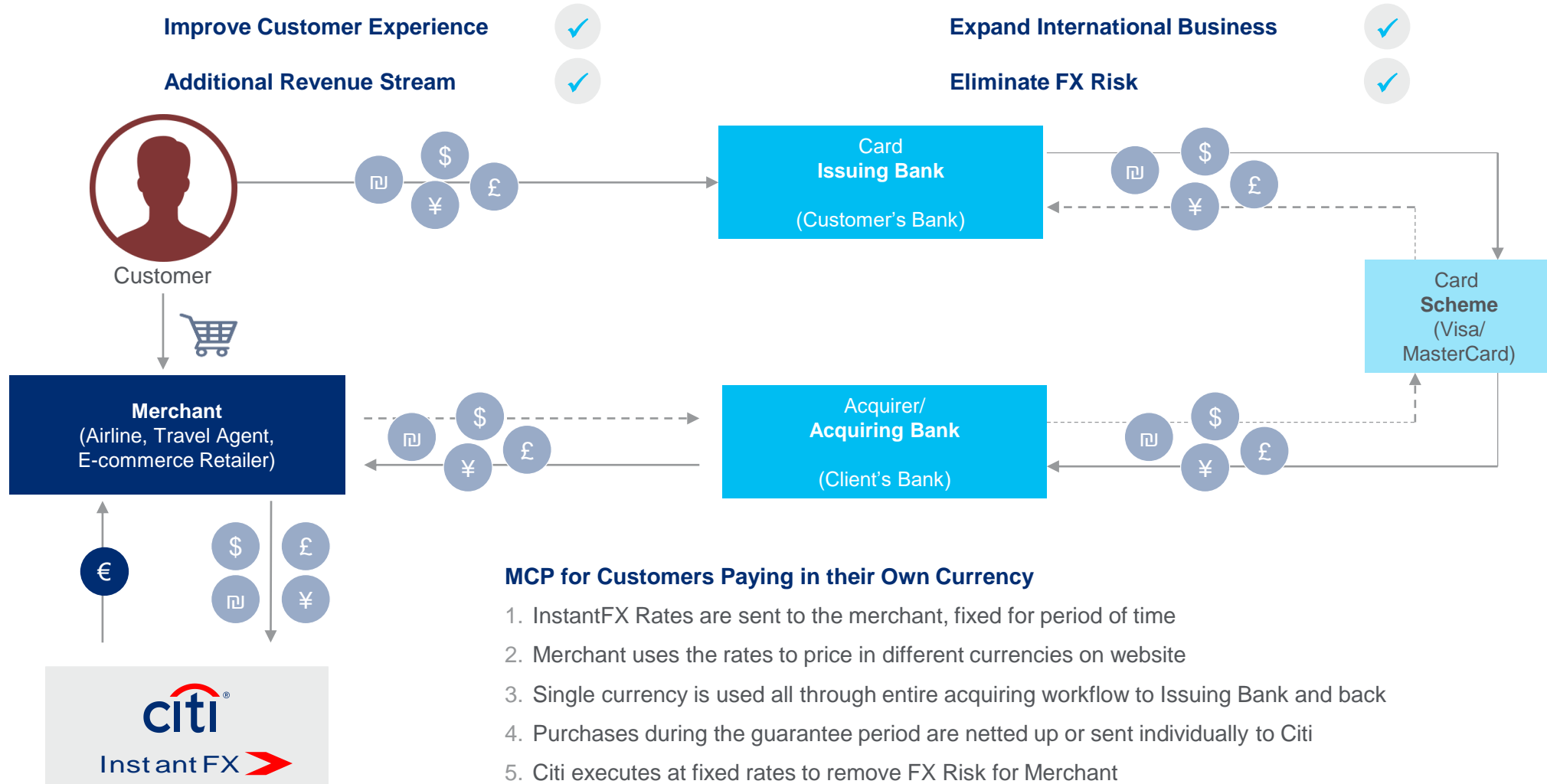


## Comprehensive Solutions

- Receivables: 39 currencies
- Funds Transfer: 90+ currencies
- Capabilities by Branch

# Citi InstantFX – Enabling Multi-currency Pricing

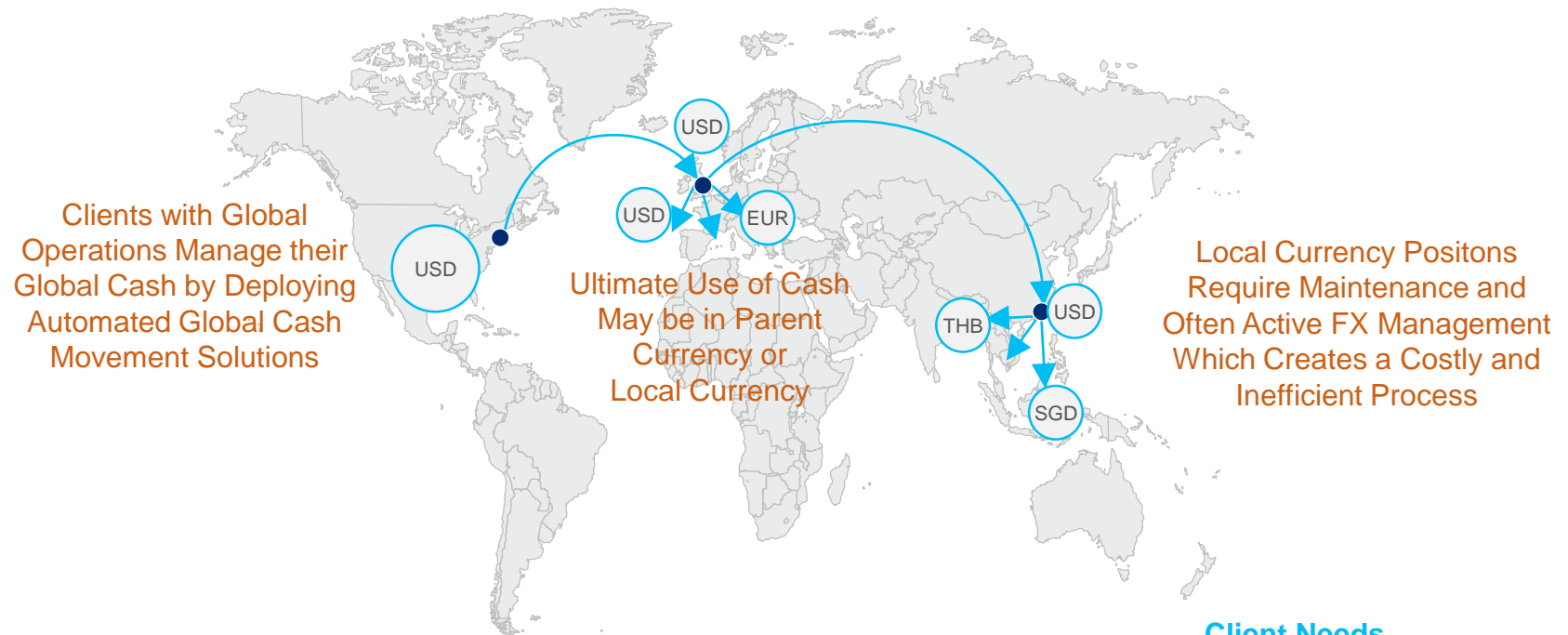
A customised tool for streaming FX rates, allowing clients to price goods and services in local currencies and expand international business whilst earning an additional revenue stream and automatically managing FX risk



# Cross Currency Innovation: Global Sweeps

Cash deployment efficiency and automation is evolving. Global corporations and institutions are looking for ways to manage cash movement and resulting foreign exchange exposure more dynamically

## Current State and Challenges



## Challenges

- Exposure to a basket of functional currencies
- Manual nature of FX conversion
- FX rates and resulting complexity in manual calculations
- Cut off times and ensuring timely funding
- Cash visibility, adequate FX rates and cash movement across the globe



## Client Needs

- Automation
- Risk management
- Control
- Account structure rationalisation
- Transparency in pricing
- Liquidity efficiency

# Leveraging the World's Broadest Proprietary Bank Network

Over 80% of Global Payment flow of our Clients is through our Citi Proprietary Network

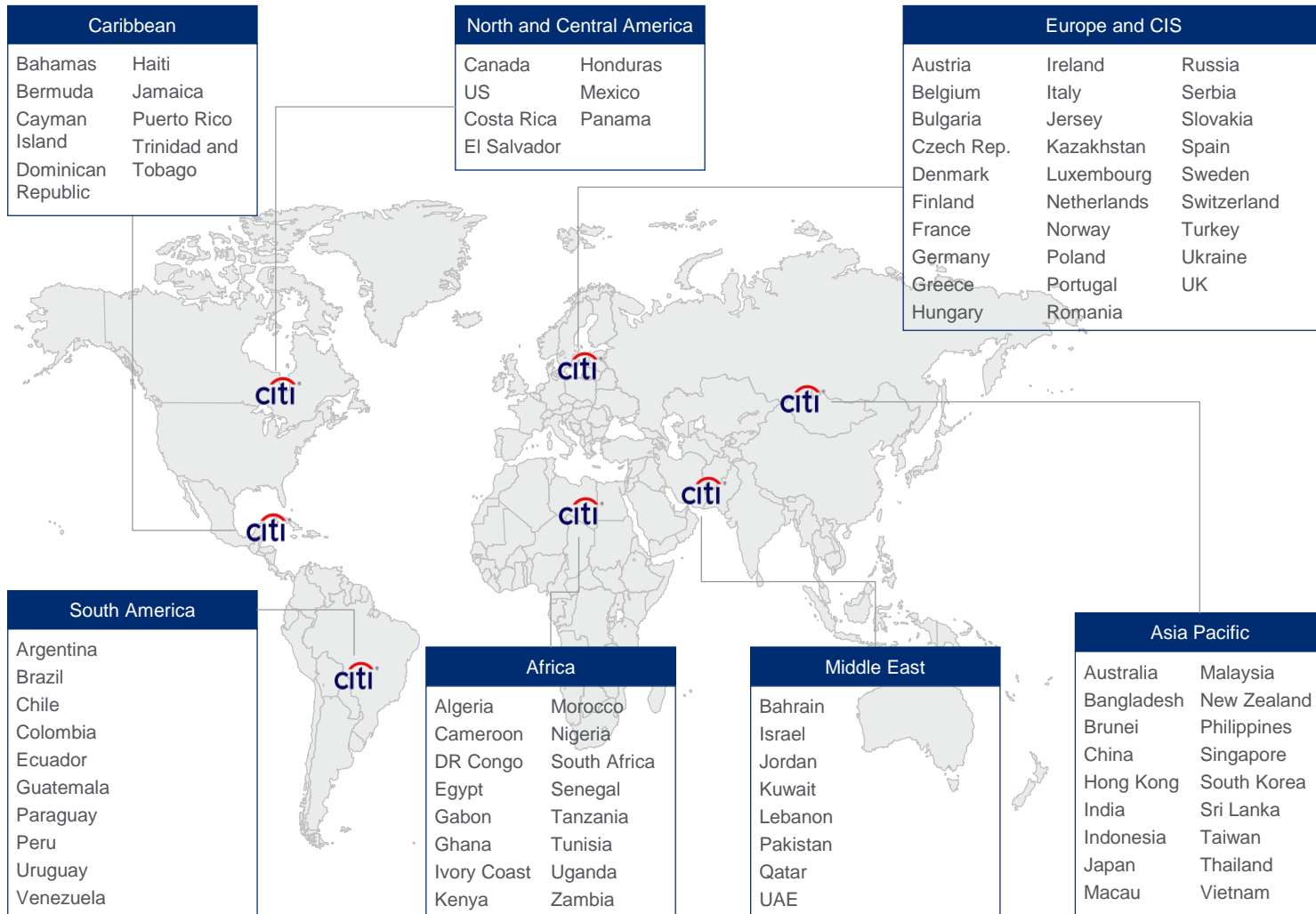
## Benefits of Citi's Proprietary vs. "Rented" Network

### Local Depth

- Licensed to operate in 97 countries with 202 cash clearing memberships
- Local market knowledge and regulatory relationships
- Deep talent base with breadth of local knowledge
- Customised local solutions
- Longer transaction windows
- Greater range of investment options
- Competitive FX and interest rates

### Global Breadth

- Domestic capabilities that are seamless and globally integrated
- Direct control over standardised product and service capabilities
- Substantial investments to evolve capabilities and infrastructure
- Greater transparency and visibility with real-time access
- Local accounts supported if required giving access to full suits of Cross Currency Funds Transfer



## 3. Case Studies

# Case Studies

## Global Technology Firm

Client Background	<ul style="list-style-type: none"> <li>• A Global tech organisation, wanted to make payments to publishers and app developers globally</li> <li>• Given the exponential business growth in a very short period of time, our client did not necessarily have a physical presence in many of the markets where its publishers and app developers were based</li> </ul>
The Challenge	<ul style="list-style-type: none"> <li>• Client sought to make multiple currency payments while retaining the number of central accounts with Citi London</li> <li>• Requirement of payees to be paid through a range of different payment methods</li> </ul>
The Solution	<ul style="list-style-type: none"> <li>• Allowed our client set up new payees very quickly in line with rapidly expanding business</li> <li>• A Cross Currency solution allowed client to make multiple currency payments from its central accounts with Citi London</li> <li>• Client enabled to make payments to suppliers through a combination of ACH, Wires and Cross-border cheques</li> </ul>

Key Themes
<ul style="list-style-type: none"> <li>• Globalisation of supply chain but nimble access to growth markets</li> <li>• Currency Optimisation – ability to pay providers in exotic currencies while not having to retain accounts in those currencies</li> <li>• Process Efficiency – with improved international beneficiary experience</li> <li>• Centralisation – access to global suppliers from regional hub while improving risk management through greater oversight</li> </ul>

## Global e-Commerce Payments Company

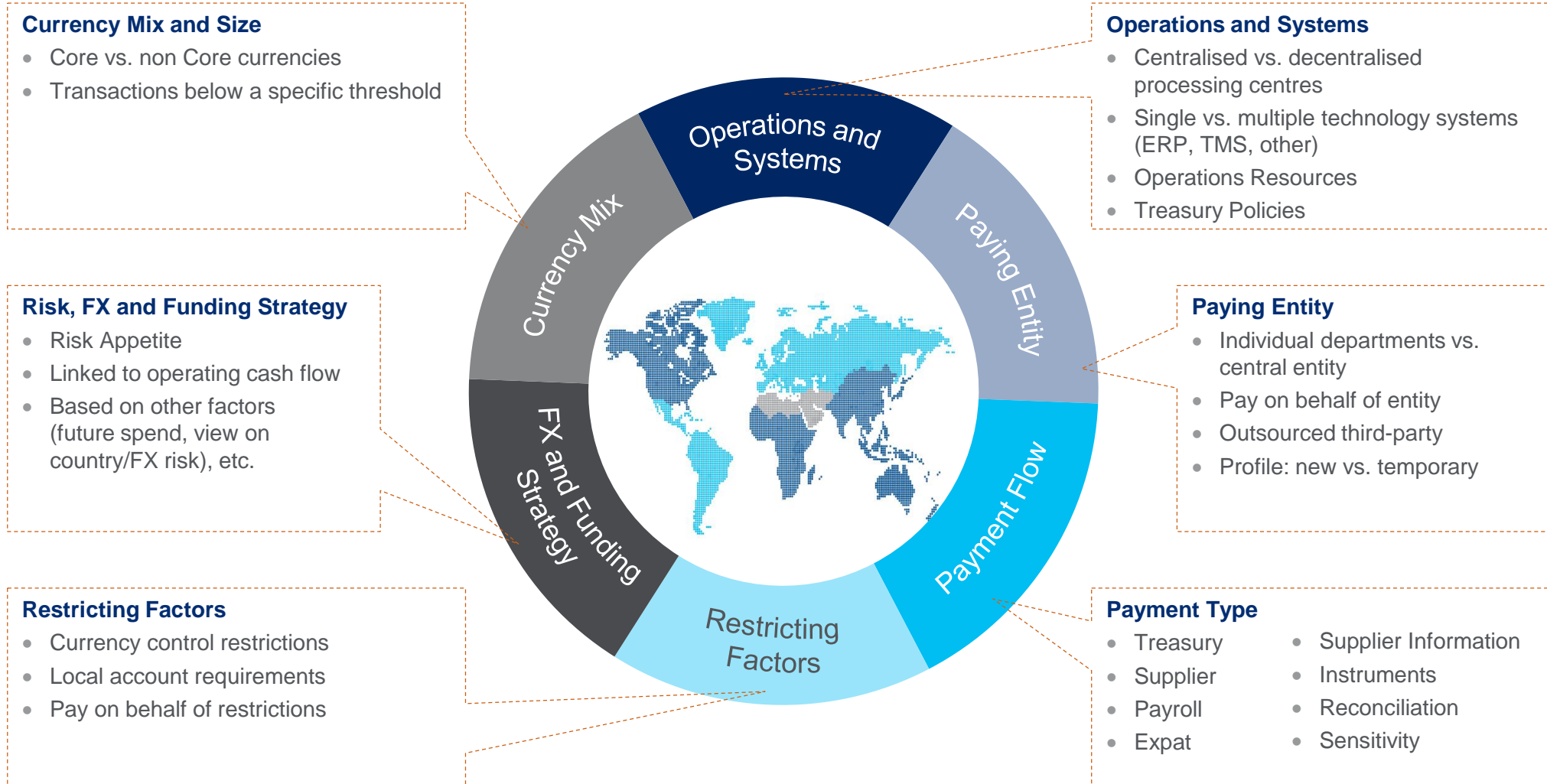
Client Background	<ul style="list-style-type: none"> <li>• Leading technology platform company enabling digital and mobile payments on behalf of consumers and merchants worldwide</li> </ul>
The Challenge	<ul style="list-style-type: none"> <li>• No capabilities to process payments to merchants in local currency</li> <li>• Visibility and control of FX rate in local markets with a fully automated and integrated process</li> <li>• Fluctuation of FX rates in Emerging Markets may change the business dynamics for the client</li> <li>• Expand existing revenue stream in the local market</li> </ul>
The Solution	<ul style="list-style-type: none"> <li>• WorldLink with guaranteed FX rates</li> <li>• Rates are loaded into a portal and Merchants can select to be paid in LCY rather than USD</li> <li>• Client sends a payment file via WorldLink to Citi which process onshore LCY payments</li> <li>• Client makes FX revenue from their mark up</li> <li>• Merchants get a better deal from pricing, certainty and timing standpoints</li> </ul>

Key Themes
<ul style="list-style-type: none"> <li>• Enabling the client to get better control of the FX element and take an active part in it</li> <li>• Combined solution using both guaranteed rates and WorldLink payments capabilities</li> <li>• Client benefits from a superior offering to its merchants, strengthens market position, grows clients base, all while generating additional revenue</li> </ul>

# Appendix

# Some Factors that Clients Use to Determine Appropriate Solution

Some or all of the below factors are considered when determining how best to automate and embed the FX in their transactions process.





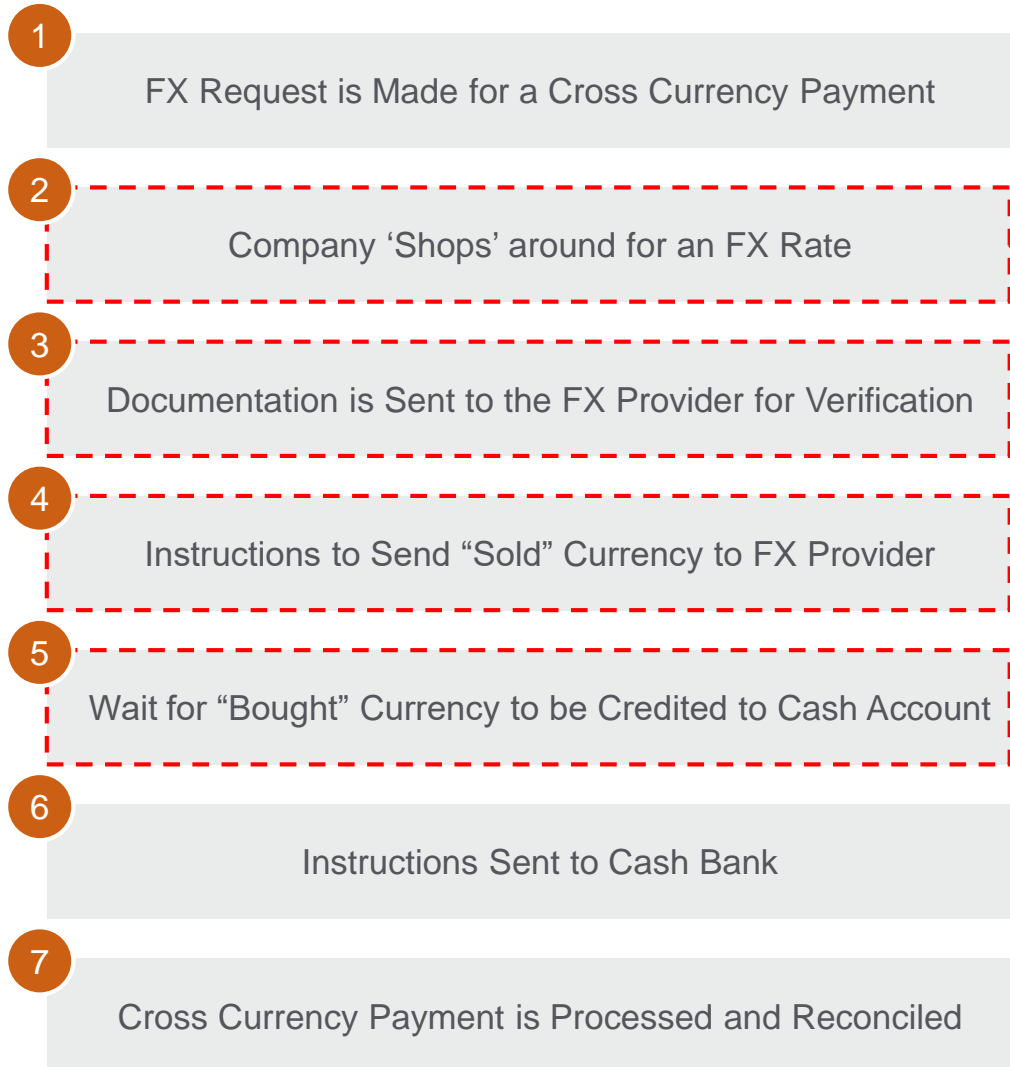
# Making a Typical Cross Currency Payment

Multiple Steps and Multiple Parties are Involved per Payment

Treasury Team

Cash Management Team

In Country AP/Finance Teams



Avoidable Steps

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