

International Humanitarian Organization

Centralized cross-border payments solution lowers costs and improves efficiency

Case Study

The Client This leading non-government agency provides a wide range of humanitarian assistance around the world.

The Challenge This humanitarian non-governmental organization (NGO) operates in multiple countries in Africa, Asia, South America and the Caribbean providing assistance to people in need. In order to fund projects, pay its vendors and staff, and make other payments, the NGO maintained US dollar and local currency accounts in over 10 countries. The US dollar accounts were funded from headquarters and local teams executed foreign exchange (FX) conversions when funds were transferred to the local currency accounts to make local payments. This decentralized structure resulted in poor visibility and control and high costs, both because of the high fees associated with maintaining a large number of accounts and due to uncompetitive rates associated with FX trades executed by local banks.

The NGO wanted to rationalize its account structure, centralize payments and funding of local accounts, and fund accounts using local currencies. Its objectives were to reduce account and FX costs, enhance visibility and control and improve its reporting capabilities.

The Solution Citi proposed a solution that enables the agency's headquarters to fund its local accounts in local currency using WorldLink via CitiDirect BE® online banking. The solution allows the NGO to eliminate US dollar accounts, rationalizing its account structure by approximately 50% and lowering account fees. As currency information is known in advance via WorldLink, all payments are processed on a straight-through basis. The solution utilizes competitive Citi wholesale FX rates that are visible to the NGO before payments are made. Where possible recurring payments will be migrated to electronic methods to improve efficiency; check and cash will be used only where recipients are unbanked.

The Result The solution significantly advances the agency's goal of account rationalisation and achieves its objectives of lowering account and FX costs, centralising liquidity and payments to improve visibility, control and security, and enhancing reporting. The solution frees up local teams to focus on operational objectives, such as implementing projects, rather than FX transactions. It is flexible to accommodate the NGO's diverse operational structure: in some regions funds are first sent to a regional hub before being distributed to individual countries. The NGO has successfully implemented WorldLink file transmission for eight currencies, paving the way for payment automation.