

Beyond Treasury Efficiency: *How instant payments can power business operations*

The payments landscape is evolving rapidly and the expectations of consumers and corporates continue to grow. Today's consumers demand fast, convenient payout options; corporates want greater transparency and enhanced efficiency. The payments market is better served than ever, with a wide range of providers offering myriad payment options and the emergence of real-time payment solutions.

As payments have progressed to become an always-on, near 24/7 environment, instant payment clearing schemes have emerged across the globe. Approximately 80 countries now have one (or more) real-time payment options and the number is growing steadily.¹

The speed and greater visibility they offer have the potential to significantly enhance the efficiency of key treasury processes such as accounts payables. With instant payments, treasury departments can have more accurate and timely information about their cash positions, enabling them to make better-informed

decisions about cash and liquidity management. While the speed and data-rich nature of instant payments may offer treasury greater flexibility and efficiency, most instant payments systems today have value limits more suitable to consumer or operational payments.

However, the landscape is evolving. We already see that some instant payment schemes do not have payment value limits, and for others, where limits do exist, they are increasing. The U.S. and UK are two examples, where in 2022, local instant payments schemes in both countries increased their value limits from \$100,000 and £250,000, to \$1 million and £1 million, respectively. Treasurers should keep close watch on this development as instant payments become more relevant for their core activities.

¹ <https://www.pymnts.com/news/faster-payments/2023/new-map-shows-real-time-payments-progress-in-2023/>



Instant payments are *more than just a faster payment method*; real-time payments can serve as a driver for business growth.

While treasury adoption of instant payments may be a more long-term development as scheme value limits rise, instant payments can deliver immediate value-add where payments sit at the intersection of business operations and strategy. Instant payments are more than just a faster payment method — real-time payments can serve as a driver for business growth.

On-demand payments create new opportunities

On-demand payments are a key use case for instant payments. They fundamentally change how organizations process payments. Traditionally, companies collect payment orders, create batch files, and release those files to a payments provider using an established process and according to a fixed schedule. In contrast, on-demand payments can be individually initiated, triggered by an event or request. This enables the payment to be embedded into an end-user's experience. The instant payment is integrated into the relevant business process using application programming interface (API) connectivity, which seamlessly links the two processes.

On-demand payments can be applicable for a range of industries and sectors, including:

- Ride-hailing companies to pay drivers
- Food delivery companies to pay restaurants and drivers
- Insurance companies for payouts when they accept a claim
- Compensation payments for airlines

On-demand payments offer a wide range of benefits, including:

- Creating an additional revenue stream by charging payees for quicker access to funds
- Strengthen supply chain relationships with a more convenient and on demand payment experience
- Digitalization of paper-based flows, helping to reduce fraud risk
- Full value delivery of funds
- Extended availability for payments around the clock
- Near instant receipt of funds

Working with the right provider

By improving cash flow management, enhancing payee satisfaction, and offering a fast and convenient payment option, instant payments have already become an essential tool for many businesses in today's digital economy.

As the use of instant payments continues to grow, companies that embrace this technology will be well-positioned to succeed in the years ahead by evolving their business models to meet their customers' growing demand for instant experience.

However, deploying instant payments effectively can take some care, especially for corporates that operate in multiple markets. In addition to the challenges of managing multiple relationships, corporates must also consider the counterparty risks involved.

Corporates should seek to work with providers that can bring together multiple domestic instant payment schemes and cross-border solutions to deliver a seamless end-to-end payment experience wherever, and whenever, corporates operate. While the range of payment providers has increased dramatically in recent years, few have the reach or capabilities to help corporates achieve digital transformation, reduce payment costs and improve relationships with customers, suppliers and other stakeholders on a global scale.

Enhancing the payments experience for corporates and customers

Citi through its extensive global network has the ability to offer:

Direct Access to Clearing

Direct access to domestic instant payments schemes with a payments reach of more than 65 countries

Integrated Experiences

A digital payment experience can power clients to transform their business models and accelerate revenue growth

Extensive Cross-Border Reach

Cross-border instant payments to 41 countries; UK, Singapore, India, Thailand, Mexico, Canada and the 36-country SEPA zone

Expanded Payment Reach

Support for payments to wallets and cards in addition to instant payments — expand solutions to payee preferred endpoints. ■

As the use of instant payments continues to grow, companies that embrace this technology will be *well-positioned to succeed* in the years ahead by evolving their business models to *meet their customers' growing demand for instant experience.*

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