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A number of misconceptions exist about the MENAPT region, not least that the local economic and business outlook is clouded by geopolitical instability. Certainly, there have been challenges, even in relatively stable territories such as Qatar – and of course the commodity markets have given the oil-producing nations something of a rough ride over the past few years, creating reserve and foreign exchange issues for many. Nevertheless, there is far more to MENAPT than meets the eye, and in recent years, the region has done much to part itself from the stereotypes of yesteryear.

As an example, the governments of oil producing economies across the region have become far more visionary, setting out clear plans to diversify away from their dependency on ‘black gold’. To this end, significant gains have been made in the region’s commercial and financial markets. In particular, there has been substantial investment – in terms of

Digital disruption is exploding across the Middle East, North Africa, Pakistan and Turkey (MENA) region. With some of the highest smartphone penetration rates in the world, digitisation across these markets is being driven by new technologies, consumers, governments and businesses alike. For treasurers already operating in this market, or those looking to support their organisation’s growth plans into it, there are exciting opportunities to embrace this digitisation wave, improve workflows, optimise working capital, and deliver even greater strategic value to the business.

Strength in Numbers:
Delivering the Power of Digital in MENA

By David Aldred, TTS Sales Head for Middle East, North Africa, Pakistan and Turkey, Citi and Jagadeshwaran Kothandapani, Cash Management Head for Middle East, North Africa, Pakistan and Turkey, Citi
money, effort and creativity – in both digital and physical infrastructure across MENAPT. Doing so is both facilitating and encouraging a significant amount of further investment from corporates as they seek to develop and optimise their own systems and channels of delivery.

Digital leadership
This is particularly evident in the United Arab Emirates (UAE), which continues to show leadership around achieving ‘smart city’ status. Dubai is especially keen to be seen as the ‘smartest’ city in the UAE, but Abu Dhabi is also running an ambitious project in this space. As such, the country is investing heavily in its own infrastructure, creating a genuine paradigm shift in the digital space.

In fact, the country is almost at the point of leapfrogging its Western counterparts in some respects, like financial inclusion for example. This was a key topic of discussion at the World Government Summit hosted in Dubai earlier this year and will be an interesting development to watch in the months ahead – especially since any such government initiatives will have benefits for businesses too.

Ultimately, the more consumers are ‘reachable’ through bank accounts, and the more of their lives they spend online, the more they can become part of a company’s e-commerce strategy. And by getting more customers onto their digital channels, it becomes easier for businesses of all shapes and sizes to maintain customer loyalty, both by embedding a superior payments and collections experience into that relationship, and by using data harvesting and analytics to better understand and respond to customer behaviours.

To achieve these desired financial inclusion goals, governments will not only be working closely with banks, but also with the growing fintech community across the MENAPT region. Examples include the FinTech Hive at the Dubai International Financial Centre (DIFC) within the UAE. Bahrain also boasts FinTech Bay, which is pushing to become the go-to ‘sandbox’ in terms of new solution development.

Payments evolution
In tandem with fintech developments, e-payment and e-commerce innovations are a significant focus in the region. Governments are investing heavily in payments infrastructures, looking to embrace the global move towards 24/7/365 real-time digital payments as a means to support the growing e-commerce market – and the demands of millennial consumers.

Of course, this kind of evolution does not happen overnight, but individual governments across MENAPT are taking steps in the right direction. Not only are they innovating, but they are also calling for systemic efficiency across the payments landscape, with much of the momentum derived from the application programming interface (API) revolution seen across other marketplaces.

Turkey already has a thriving e-commerce ecosystem that leverages both payment and card payment infrastructure with the government also driving digital solutions for social and tax payments. Jordan was a frontrunner here, delivering its eFawateer project in 2014. This electronic bill presentment and payment (EBPP) platform enables consumers to pay their bills online, at ATMs and POS terminals nationwide. It has proved so successful that the format is now being replicated across the region. Egypt has also delivered eFinance and eFawry, a multi-channel consumer and businesses e-payment network and gateway solution for the development of e-commerce and automation of the government’s payables and receivables.

Box 1 Juggling treasury priorities

As the groundwork for a new digital future in MENA continues, corporates, of course, have other issues with which to contend, notably around optimising internal structures and developing efficiencies that work in harmony with the new digital way of thinking.

An immediate example of this is the introduction of the VAT regime on 1 January 2018 in UAE and Saudi, with other regional countries set to follow between now and 1 January 2019. All companies will be seeking clarity here, since it is a significant taxation shift and they will be looking to protect their interests as they grow.

With so many different priorities to address, treasurers must get a solid support framework in place – from their teams, the board, banks and vendors – to enable them to be in the best position to take advantage of market developments.
In addition, the UAE is setting up an e-commerce city; Bahrain is also purposely attracting e-commerce players and is set to become a regional hub for Amazon Web Services. Other recent developments include the acquisition by Amazon in UAE of the largest e-commerce platform in the Arab world, souq.com, while Alibaba recently acquired Daraz in Pakistan. The potential for growth driven by e-commerce is enormous in MENAPT, given the size of markets such as Pakistan and Egypt - homes to 213 million and 100 million people respectively.

**Treasury call to action**

Although different countries in the region are approaching digital transformation in their own way, it is apparent that they are doing so with the same themes in mind. Despite the uneven progress, it is clear that digital innovation is a significant catalyst for change within the MENAPT business landscape. With this evolution, corporates must learn to reach further across the B2B and B2C divide in order to take full advantage of the digital opportunities on offer. Treasurers, too, must step up to the plate and understand the possibilities that digitisation brings – whilst still paying attention to all of the other developments in the market that matter (see box 1).

After all, treasurers are now strategic advisors to the business; they can facilitate economies and efficiencies through shared service centre-type activities; and they are the key interface with the banks, both personally and through technologies such as APIs between core systems.

While each treasury department – whether already present in the region or planning to enter it – will have different needs and reasons for embracing digital developments, all will likely appreciate the fact that effective digitisation of the payments and collections process through the use of e-commerce, APIs, and request-to-pay enablement (see box 2), for example, can positively impact the whole working capital management cycle. Just the ability to collect, reconcile and allocate cash quicker creates a stronger corporate asset in terms of working capital, from immediate visibility of enterprise cash, right through to forecasting and funding.

In addition, with the right tools, treasurers can make use of the data that digitisation offers as a means to garner further working capital efficiencies. This need for unlocking working capital from within the business is being driven in part by the drop in oil prices in the last 12 months and the tightening that has been seen of late in the banking market from a funding perspective. But it is also a global trend, and a growing one.

The role of transactional data in addressing this need is broad, but as an example, it can deliver significant insights.

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**Box 2 Understanding request-to-pay**

Request-to-pay (RTP) schemes are emerging around the world as a new way to collect from consumers and businesses. Essentially, RTP is a collective term for schemes that trigger payments from bank accounts. In contrast with Direct Debits, RTPs are real-time and suitable for single or ad hoc payments. They do not require a static upfront mandate from the payer and are not subject to extended rights of revocation. RTP may also be thought of as an upgrade of EBPP, enabling the payer to approve and execute the requested payment in real time.

RTP has potential benefits over existing card, Direct Debit and EBPP mechanisms: reduced costs, fraud, chargebacks and better information. Moreover, RTP is part of a broader transformation — the shift from batch to real-time processing and a more open banking system.


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Dave is the regional TTS Corporate and Public Sector Sales Head for Middle East, North Africa, Turkey and Pakistan and is based in Dubai, UAE. His key responsibility is leading client sales across the TTS Cash, Commercial Card and Trade solutions. In total, Dave has 30 years of banking experience.

Before moving to Dubai in 2014, Dave was the EMEA TTS Sales Head for Industrial, Energy, Power, Chemicals, Metals and Mining clients and was based in London.
Some treasurers in the MENAPT region are also starting to look at the possibilities of disruptive technologies.

Jagadeshwaran Kothandapani (Jags)
Managing Director, Cash Management Head, Middle East, North Africa, Pakistan & Turkey, Treasury and Trade Solutions, Citi

Jags is responsible for cash management which includes P&L management, implementing the business strategy, innovation and also managing risk across the business. His role covers providing both onshore and cross-border cash management solutions to fortune 500 names, top tier local corporates, public sector and financial institutions.

Jags has been with Citi for more than 15 years and has international work experience of over 19 years across India, US, the UK and the Middle East.

Partnering for growth
Against this backdrop of rapid and ambitious digitisation, it is clear that corporates in MENAPT, and those planning how to successfully support the business as it expands into the region, have an opportunity not only to adapt to the new digital world order, but also to assume positions of growth. Executing on these possibilities, however, will require a good understanding of what is achievable now through digitisation, and what is likely to happen in the longer term. Global banks such as Citi have a role to play here.

We constantly monitor trends in the marketplace to determine which developments will make a sustainable difference for corporates. We then invest in our own capabilities, building them out in line with those trends. In doing so, we are amplifying the strength of our network. We are working to facilitate near-instant 24/7 payments, directly into four million accounts, across the fourteen MENAPT markets. Soon, customers will also be able to receive from as many accounts through multiple billing and e-invoicing solutions, and financial market infrastructures like eFawateer, eFinance, the payment gateway of UAE, Bahrain EBPP, BKM Turkey and 1LINK in Pakistan, again almost instantly, 24/7.

So, on the payments side, corporates will be able to connect to each of these market infrastructures, paying into beneficiary accounts 24/7, where supported. Citi will also be able to present outstanding receivables to our clients’ customers across a variety of channels (including email, SMS, WhatsApp and QR code) enabling them to collect digitally by connecting to the appropriate financial market infrastructure.

In addition, Citi’s liquidity solutions – including cash concentration into a single location, and the provision of interest optimisation and other enhancement techniques – can be bundled with value-added digital solutions, such as virtual accounts, for easier and quicker cash application. So, ultimately, our vision is to provide clients with a common platform through which they can route their payment files and collect outstanding receivables, whilst benefiting from significant process efficiencies, data insights, and a strategic edge.

The power of digital
Taking all of this into account, MENAPT is clearly a market of great opportunity for businesses and treasurers who are prepared to engage with the right digital solutions. Pinpointing the most appropriate solution, gaining access to it in a cost-effective way, and deploying it with maximum effect is not always easy, however.

An experienced and knowledgeable banking partner is therefore essential if the plan is to thrive, not just survive, in this new digital era. Hand-in-hand with their banks, treasurers must become ever more digitally astute, staying attuned to digital developments in the payments and collections space: not only to understand how these allow for operational and working capital efficiencies, but also how they can directly support the commercial success of the organisation.