Ping An – the adoption of emerging technologies to drive greater operational and financial efficiency

We are now in a world where the only constant is change. The treasury landscape is shifting as emerging technologies embracing intelligent automation, application programme interfaces, distributed ledger technology, cloud and big data provide a real opportunity to reimagine the treasury function. The time is right to take the first step in establishing a strategic foundation that delivers a new enterprise-wide digital experience. In this first article in the Citi Treasury Dialogues series, we discuss with Michael Fei, Board Secretary and Chief Strategy Officer at OneConnect, the fintech arm of Ping An Group, the firm’s experiences in leveraging API technology.

Application programming interfaces (API) have been around since the 1960s. If they aren’t a new concept, why have they become such a hot topic lately? Without APIs, the digital experiences that we expect every day as consumers (eg Google maps) simply would not be possible. APIs have evolved from the very early days, but it was the birth of web APIs in 2000 that really highlighted the potential opportunities.

In November 2000, eBay launched its API along with a developers’ programme. Adoption by Apple, Facebook, Amazon and Twitter increased the level of interest in API technology. In June 2009, Apple launched the iPhone 3G and its App Store began allowing iPod Touch and iPhone owners to download applications through the iTunes desktop software or the App Store on their iPhones. This opened up an entirely new world of mobile applications, all underpinned by API technology.

How does this relate to the world of banking? The drive for digitisation of banking services continues to gain momentum and APIs provide a clear opportunity for real-time services to enhance the overall customer experience, accelerating existing slower and typically manual processes.

Whilst Ping An Group has been using API technology for around six years, the adoption within its Treasury and Finance function is a more recent development. Ping An Group is one of the early adopters of financial API technology within the Asia region, having gone live with it in mid-2018. It initially focused on automated retrieval of real-time balance information. The group is now also using real-time API messaging to enable a fully automated and real-time account statement retrieval process.

Until Q1 2018, Ping An Group’s OneConnect Open Platform had developed several hundred interfaces; more than half of them were applicable. In 2018, its OneConnect AI Research Institute opened more than 20 core technology APIs, exporting AI capabilities to other companies.

With so many emerging technologies now available, albeit at different levels of maturity, resilience and scalability, Ping An Group’s strategy is to take a more layered approach to help move initiatives forward in a more timely manner. For group-wide problems, a broader analysis is undertaken, with decisions made at a management level. This ensures there is a clear understanding of commercial relevance at an individual business level. It also provides the top-down direction and support needed to help drive a smoother overall implementation on time and in line with quality and cost requirements. However, additional agility is provided by allowing enhanced flexibility at a subsidiary or business unit level where smaller scale initiatives would be more suitable, an example being the use of OCR technology to scan expense sheets.

With any digital transformation project, one of the key issues is around talent. The focus is on people who can understand the business models and challenges as well as the underlying technology. Having people with the skills to understand both aspects ensures the technology remains relevant to the business, and the resulting implementations deliver the required efficiency gains.

The digital transformation journey continues within Ping An Group with a focus on how to extend the use of API technology to solve real business issues. It’s about taking an enterprise level view through two different lenses. The first looks at today, while the second has a more strategic aim and looks to forecast the future. Within Ping An, the executive group views the initial adoption of financial APIs as having been a success. There are always lessons to be learnt from the development and execution process, but it is important to be bold and think big about what can be achieved, with clear focus, commitment and partnership.

Citi sees further opportunities to embed financial APIs to accelerate processes and drive greater operational and financial efficiencies. From a treasury perspective, more accurate liquidity positions could be ascertained to drive optimum hedging and funding decisions through fully automated real-time balance enquiries. At a shared service centre level, accelerating cash application through automated real-time credit notifications could help support the rise in real-time payments systems around the world.

Financial APIs are just one of the emerging technologies that will help treasury deliver on a digital transformation journey. The Ping An Group’s journey will continue as it explores other emerging technologies that will create more impact, help solve business issues and drive enterprise-wide value.