APIs: A Game Changer in the Digital Transformation

Digitization continues to disrupt and transform organizations of every size and in every industry, as consumers, employees and partners alike expect everything to be on demand and fully connected. As a result, every company and in every industry is highly motivated to make digital transformation a reality. As a leader in digital banking*, Citi is focusing on helping clients achieve this transition in a frictionless and efficient way. While traditionally our dialogue with clients has been with individual departments such as treasury, banking services are now becoming integral to clients' commercial proposition, expanding this dialogue to the chief digital officer.

Driss Temsamani
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APIs for a digital generation

APIs (application programming interfaces) are a crucial way of creating a digital experience. Using APIs to build digital platforms opens up new customer segments and revenue streams, unlocks the value of data, and enables consumers, employees and other stakeholders to access services, applications and data in an easy and standardized way.

As the use of APIs becomes more prevalent, the interaction between banks and their corporate customers is changing radically. Firstly, new and real-time payment methods and the growth of e-commerce business models and digital platforms are resulting in many companies seeking more dynamic connectivity than more familiar web-based and host-to-host communication allows, together with the ability to integrate payments and collections directly into their platforms. Secondly, as banking services become integral to our clients' commercial proposition, the dialogue is becoming more democratized, allowing us to increasingly work as a strategic partner to their chief digital officer and directly engage with their sales teams, mobile developers, and customer loyalty departments.

*Citi won 29 out of 32 of Global Finance's 2019 World's Best Corporate/Institutional Digital Banks Awards in Latin America.

APIs for dynamic connectivity

To respond to these changing connectivity and integration needs, in 2018, we launched CitiConnect® APIs to support real-time banking services, such as payments, receiving FX rates, remittance data, proof of payment and account statements. CitiConnect APIs are supported in more than 90 countries globally across Treasury and Trade Solutions. In the first seven months, we processed more than 140 million API calls for clients in every major geography, including Latin America. These results have been recognized by the Global Finance Magazine in their "2019 World's Best Corporate/Institutional Digital Banks Awards in Latin America", honoring us with the "Best Open Banking APIs" award, among other 28 distinctions, both at the regional and country level.

By using APIs, clients can send and receive data from one or more banks directly into their internal systems in real-time, from small business accounting systems such as Xero through to large ERPs such as SAP and Oracle, without the need to maintain separate banking systems. Real-time visibility and dynamic connectivity is a 'game changer' for many corporations. For example, for those processing large volumes of collections, real-time data can make a big difference to working capital and liquidity management, and enable reconciliation and account posting to be undertaken dynamically, creating a real-time view of liquidity and risk, and freeing up credit limits to do more business with customers.

APIs in e-commerce

APIs also allow clients to embed payment, collection and other services directly into their digital platforms to enhance the experience of both customers and suppliers. For e-commerce platforms (e.g. MercadoLibre, Amazon, B2Digital and Alibaba), and businesses based on digital models, such as ride sharing (e.g. Uber, 99, Easy Taxi, Cabify), food delivery (e.g. iFood, Delivery Hero), media subscriptions (e.g. Spotify) and property rental platforms (e.g. AirBnB), payments and collections, which are increasingly conducted in real-time, are not ancillary, but core to their business.

For example, ride platforms use APIs to embed payments into the customer smartphone app and promptly make payments to drivers, enhancing the experience of each participant in the value chain. For food delivery companies, the ability to process real-time payments and collections, and the information around these flows, is particularly important in regions such as Latin America where credit card use is not widespread. In the past, the food delivery model was characterised by friction and risk: a company had to negotiate with each restaurant, post collateral and obtain bank financing. Today, this sector is the fastest growing user of CitiConnect APIs, as the industry experiences rapid expansion. A customer can order food and make payment instantly, and the restaurant is immediately alerted. Restaurants and riders can be promptly and conveniently paid, businesses flourish, and the need for credit is greatly reduced.

APIs in traditional industries

It is not only 'disruptive' industries that are seeking to integrate cash management and other banking services directly into their core business. Many companies, both operating in the B2B and B2C space, are establishing a closer, more direct relationship with end customers, instead of buying and selling through distributors and intermediaries. Traditionally, when inventory was stored in warehouses and shipped to stores, batch processing was the norm. As companies embrace e-commerce, they need to meet consumer expectations for fast fulfilment and delivery. This requires convenient payment and immediate validation of customer payment to release stock or enable access to media or other services, such as pay TV.

Among those early adopters of CitiConnect APIs in the region is Moni Online (the first Argentinean e-lending company in an app). "The solution has allowed Moni Online to process payments automatically, without any kind of manual intervention. Additionally, the solution has helped reduce the time that our customers have to wait to get the loan disbursed into their account, from approximately an hour to now a couple of seconds, even on weekends", explains their CFO, Florencia Bellasi. Real-time payments are now live in countries such as Argentina and Mexico, and will exist across the region by 2021, creating new opportunities for efficient digital payment and collection models.

E-commerce models are rapidly expanding as internet and smartphone use proliferates, and companies in all industries and countries are engaged in digital transformation to remain efficient, relevant and competitive. Consequently, we are already seeing significant levels of interest in CitiConnect APIs from clients in the region, a trend we expect to rise sharply in the coming months as chief digital officers seek to leverage and integrate banking services into their digital strategy more closely, and more conveniently.

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