

Client case study

Effective liquidity management allows Klook to streamline and automate FX processing



About Klook

Founded in 2014, Klook is now one of Asia's leading platforms for experiences and travel services, specializing in unique adventures and personalized tours. Today, it offers hundreds and thousands of activities across 3,400 destinations. In recent years, Klook has expanded into new verticals, including live entertainment. The company has served as the official experience partner for major events featuring artists such as Coldplay and Lady Gaga, collaborating closely with entertainment partners to offer exclusive or priority ticket sales. Notably, Klook was the Official Experience Partner for Taylor Swift's *The Eras Tour* in Singapore in March 2024, where it bundled concert tickets with local hotel stays and curated experiences, contributing to increased tourism spending in the country.

Business challenge

If you are a growing business specializing in travel and experiences, then you are going to need robust FX capability. Klook, one of Asia's leading platforms, operates globally and offers cross-border travel services to clients who mostly pay in their local currency. Managing inflows and outflows across 39 different currencies is a formidable challenge, and a growing one as volumes have surged alongside post-Covid tourism across APAC.

Klook's four-person treasury team tackles this currency challenge, operating hundreds of bank accounts in 20+ different countries and across multiple currencies. The team wanted Citi to explore a solution that would automate this process.

There was a need to streamline FX management within treasury – both for booking and settlement and centralizing FX in Hong Kong. The company has been establishing the FX API connection with Citi for daily trading but needed to set up the best way to fund it.

Client objectives

- To centralize cash and FX processing in Hong Kong
- To optimize interest yield by pooling idle cash balances

Product used

-  Citi FX API
-  Cross border cash sweeping
-  Citi Real-Time funding
-  Citi Interest Optimization

There were additional challenges for some currencies: GBP receivables and payables involved a third-party bank, while Hong Kong overdraft limits in place to facilitate direct AUD/USD conversion needed to be quickly offset too.

There was also the issue of idle balances and the need to optimize the interest yields across Klook's various accounts in multiple jurisdictions.

Results

Citi has put liquidity management structures in place to help concentrate FX related funds in Hong Kong. It has achieved this through cross-border cash and currency sweeping which automatically transfers surplus collections from every jurisdiction to Hong Kong every day. "Before we would do this manually so we would not do it every day because it would just take too much time," explains Ma. "Now it is automatically swept at the end of each day."

Japanese Yen is one of the largest currencies that Klook deals with, and cash sweeping is set up so that whenever JPY in Hong Kong breaches a certain threshold Citi will automatically send the excess to Citi Japan on a daily basis.

Why Klook chose Citi

Citi has been Klook's primary operating bank since 2016 – having seen the potential in the business at a very early stage. As Klook grew so did the relationship which expanded into new areas such as host-to-host payments and virtual credit cards.

"Citi is our strategic partner and also one of our most important partners," says Lucia Ma, treasurer at Klook. "Our relationship with Citi has extended to 16 countries. Citi is international, and they have the local support team in every region."

Klook has a dedicated Citi relationship manager but also has local relationship managers to provide support to subsidiaries in every country that it operates in. This is important if the firm encounters problems around, for example, local regulations or specific currency policies¹ because it can turn to Citi for the answer. "Citi has really supported our global expansion in all of these last nine years," says Ma.

¹ Citi is not a legal or tax advisor.

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Citi has been very supportive in this whole process. Firstly, they provided very comprehensive documentation and technical resources. Then they provided expertise to help us troubleshoot any issues quickly. They offered customized solutions tailored to our specific needs that have enabled us to streamline our FX execution process and automate all our workflows.”

Lucia Ma,
Treasurer, Klook

Citi Real-Time Funding solution has also been put in place to deal with the funding of AUD for FX conversion to USD. Instead of sweeping all the AUD to Hong Kong for FX, the client prefers to only fund the necessary AUD for such FX. A real-time transfer will now be triggered to offset this amount in Hong Kong. Also, a multi-bank sweeping solution will now be in place to manage GBP balances efficiently.

Consolidating surplus cash positions using the Citi Interest Optimization has allowed Klook to optimize its cash position from an interest yield perspective. Citi can consolidate the Klook account balances across various jurisdictions allowing the maximum balance to be applied to interest rate thresholds.

- Cash and currency sweeping has enabled automated daily transfers for centralized FX booking and settlement
- Citi Real-Time funding has allowed the settlement of FX in HK for AUD and GBP to be offset faster and more efficiently
- Citi Interest Optimization allows Klook to receive the best interest yield across all its Citi account balances.

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