



Citi Commercial Cards Conference

Banking on Tomorrow

B2B Commercial Cards

Supplier Payments: A Refreshing New Approach

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“Innovation is the ability
to see change as an
opportunity,
not a threat.”

Commercial Cards have supported businesses for decades...

When was the **first** Commercial Card launched?

1.

1948

2.

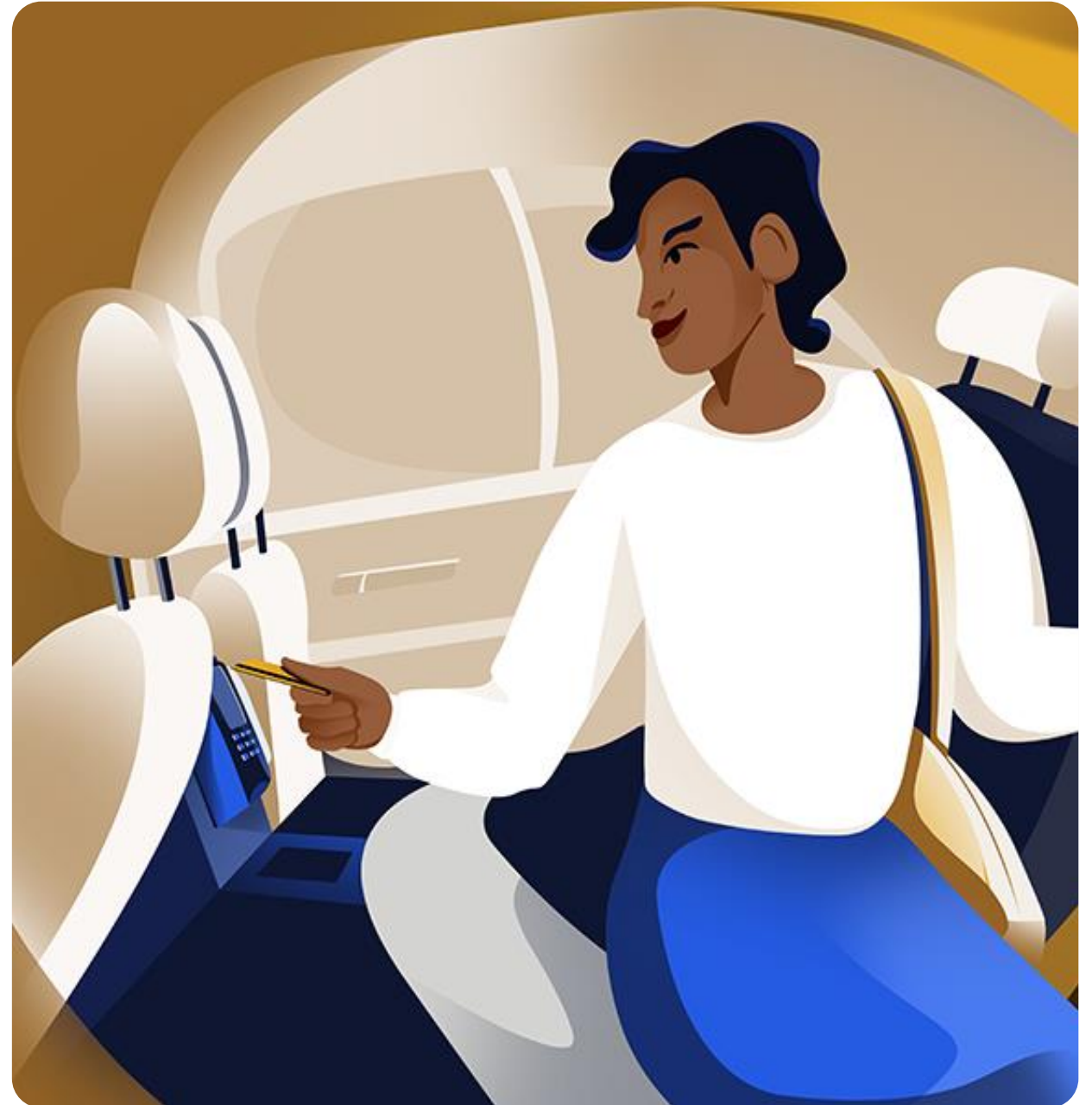
1955

3.

1963

4.

1971



Commercial Cards have supported businesses for decades...

When was the **first** Commercial Card launched?

1. 1948

2. **1955**

3. 1963

4. 1971

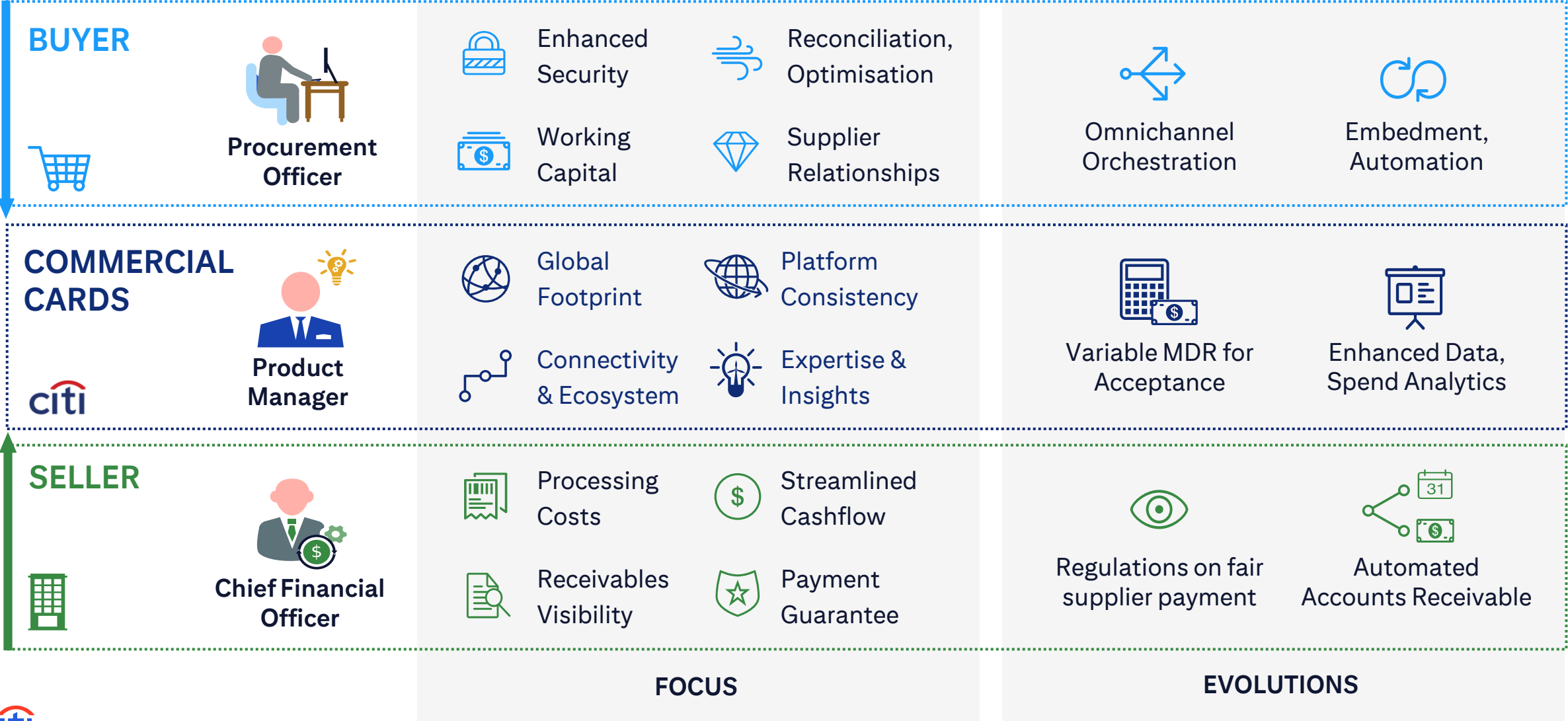


Launched in **1955**, the first Charge Card was issued by Diners Club to cover restaurant bills in NYC.

BONUS FACT!

This Card had a merchant fee of **7%**!

Commercial Cards deliver unique value for B2B payments



Virtual Card adoption for payables is growing exponentially...

What was the total EMEA **spend** processed on virtual cards in 2023 ?

1.

30B €

2.

90B €

3.

150B €

4.

250B €



Virtual Card adoption for payables is growing exponentially...

What was the total EMEA spend processed on virtual cards in 2023 ?

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4.

250B €

Growing at ~20% YoY, Virtual Cards became the dominant card type globally in 2023.

BONUS FACT!

Citi's largest VCA program reached \$1,6B€ in 2023.

Cards' Evolution from Expense on Plastic, to Procurement on VCA

PURCHASING CARD



+90%
corporates
activated

~3%
Spend as share of
annual revenue

- Working Capital Optimization
- Fraud & Misuse Protection
- Instant Payment Confirmation
- Enhanced Level 3 Data

VIRTUAL PURCHASING CARD



+55%
corporates
activated

~7%
Spend as share of
annual revenue

- Real-time Payment Issuance
- Tailored Card-Level Controls
- Custom Data & Reconciliation
- Automation & Embedment

**SUPPLIER
INVOICES¹**



**MAINTENANCE
& REPAIR**



**SOFTWARE
& CLOUD**



**TAX
PAYMENTS**

**MARKETING
& ADS.**

**PROFESSIONAL
SERVICES**



**IT
EQUIPMENT**



**CORPORATE
UTILITIES**



**FLEET &
FUEL**

**MEETINGS,
EVENTS**



OFFICE SUPPLIES

¹Captures Corporate expenses initiated via Corporate's ERP, EMS setup.

The uses for virtual cards are evolving in line with technology...

What is the **average transaction value** on virtual cards for AP?

1.

500€

2.

1.000€

3.

1.500€

4.

2.000€



The uses for virtual cards are evolving in line with technology...

What is the **average transaction value** on virtual cards for AP?

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500€

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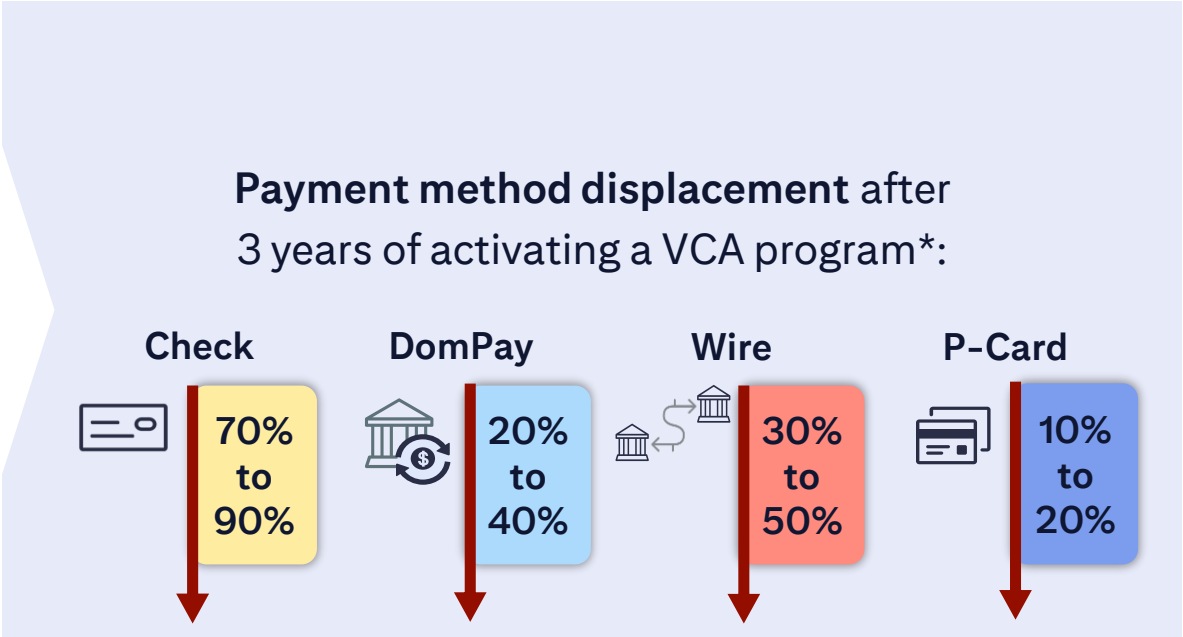
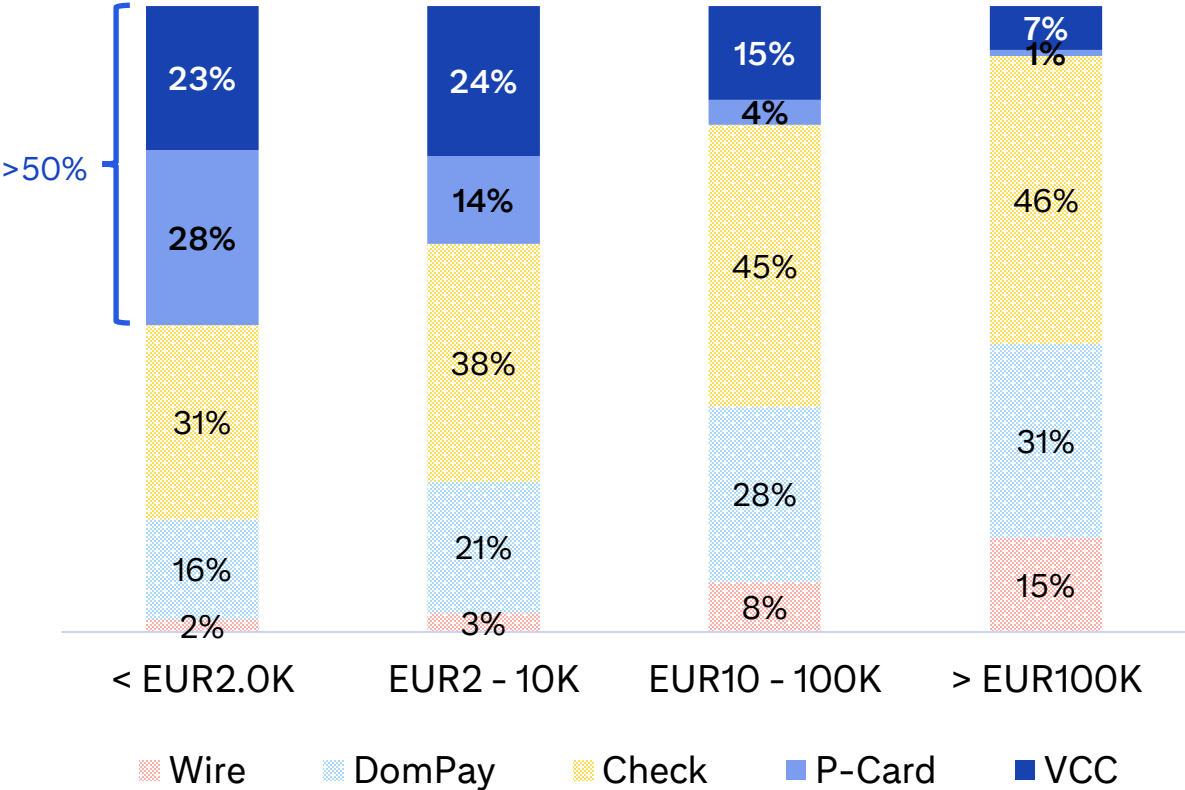
The ATV on virtual cards exceeded **2.000€** in 2023, having more than doubled in the past 5 years.

BONUS FACT!

Citi's largest VCA transaction was a **\$98MM** tax liability payment.

Market Trends: Commercial Cards displace traditional methods

B2B Form of Payment adoption across transaction values:



With rising interest rates,
cashflow is a priority for
merchants...

What is the current average
Day Sales Outstanding for suppliers?

1. 36

2. 41

3. 49

4. 55



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cashflow is a priority for
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2. 41

3. 49

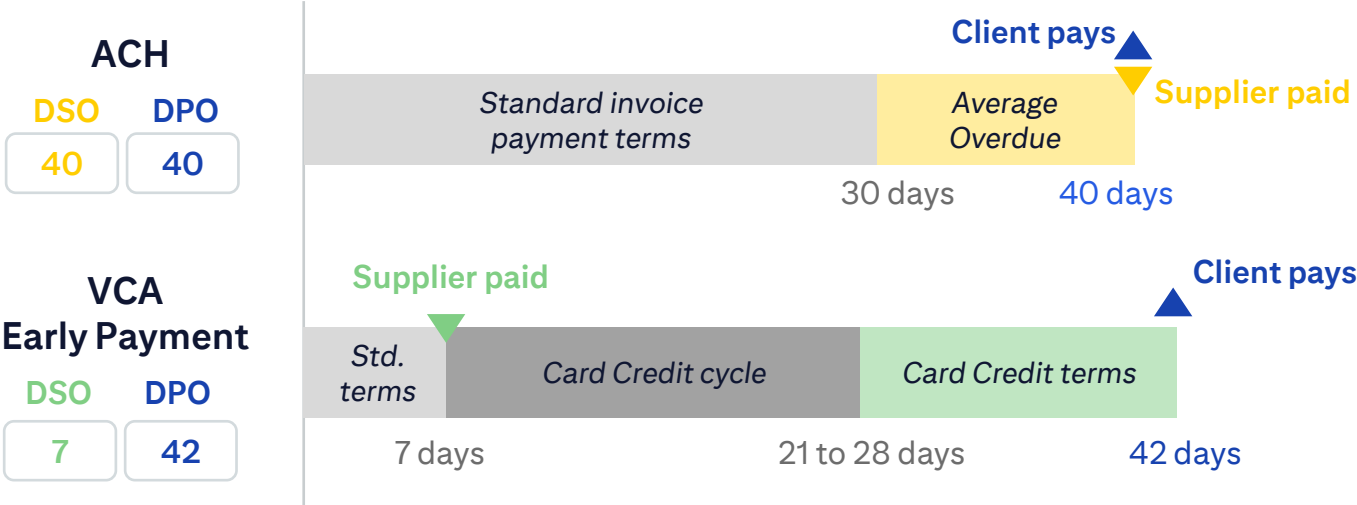
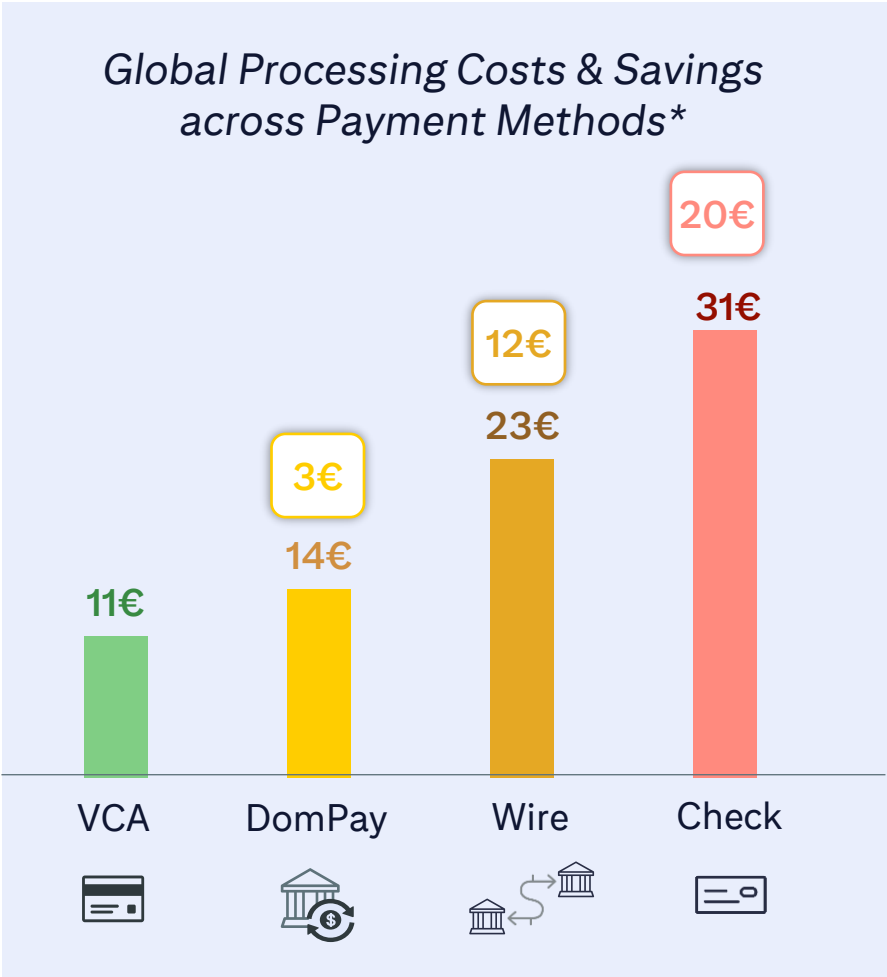
4. 55

Having increased by a further 3 days
since the pandemic, global average DSO
is currently at **49 days***.

NOT SO FUN FACT

Invoices are paid on average with
a delay of **12 days**.

Buyer's Viewpoint: VCA adoption driven by financial savings



With VCA...

- Suppliers paid on avg. 2 to 3 weeks earlier
- Buyers gains 1 to 2 weeks in Days Payables
- No Float Costs on Card spend
- Incentive Potential to Buyers via rebates

Just like for suppliers, interest rates drive working capital pressure for buyers...

What **share** of invoices are paid outside of payment terms?

1. >40%

2. >30%

3. >20%

4. >10%



Just like for suppliers, interest rates drive working capital pressure for buyers...

What **share** of invoices are paid outside of payment terms?

- | | |
|---------|---------|
| 1. >40% | 2. >30% |
| 3. >20% | 4. >10% |

Over **40%** of supplier invoices are paid late, twice more than before the pandemic*.

NOT SO FUN FACT!

Uncollectable invoices have also **more than doubled** vs 2019.

Supplier's Viewpoint: VCA use progressing from need of certainty



6%

Un-collectables invoices increasing with interest rates.

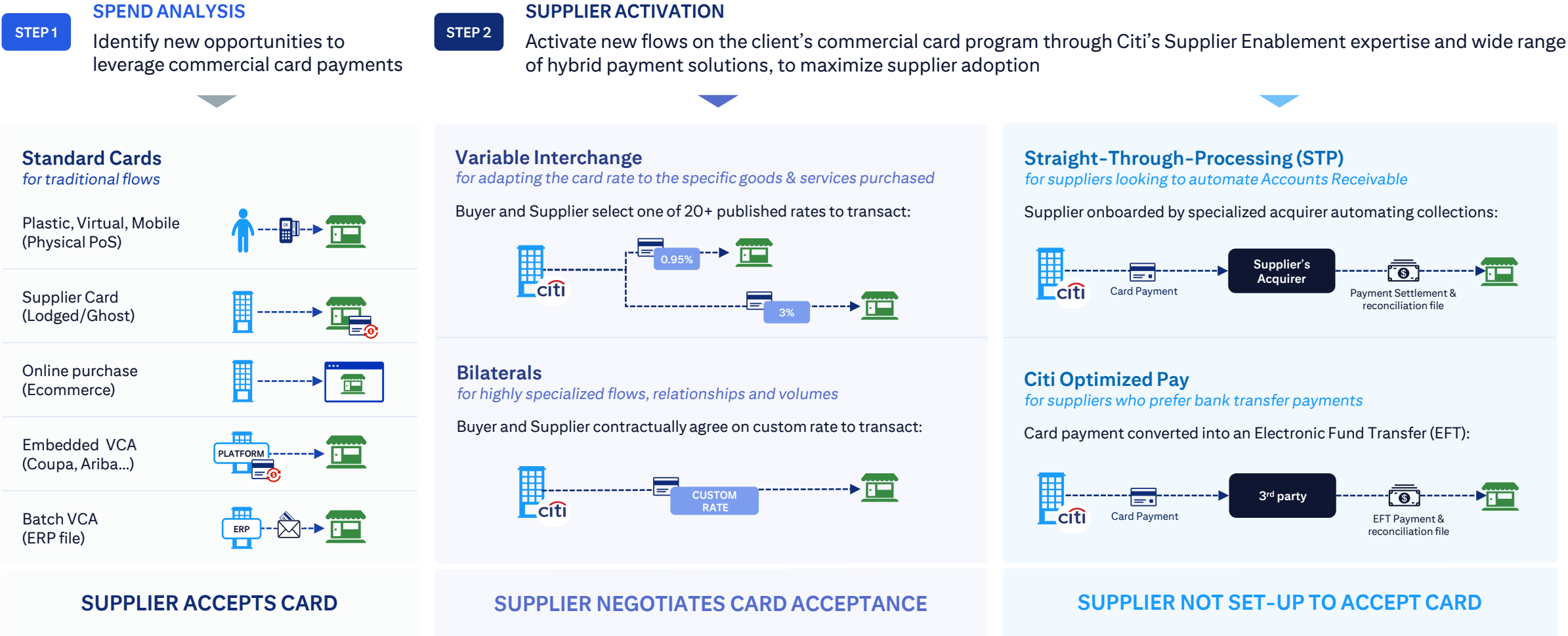
15

Average number of days VCA acceptance **reduces DSO**.

30%

Card transactions processed with **custom Buyer-Supplier rates**.

Citi offers Card solutions to address a wide range of needs





Citi Optimized Pay

Drivers of Adoption and Case Studies

Citi Optimized Pay – Drivers of Adoption

Challenging commercial card acceptance landscape in EMEA



Low Supplier willingness to invest in card accepting Technology



Prevalence of pricing structures hindering commercial card acceptance



High cost of acceptance: 2.50% – 3.50% MDRs

Optimized Pay: Buyers benefit from card payments; Suppliers do not have to incur high fees



Buyer

1



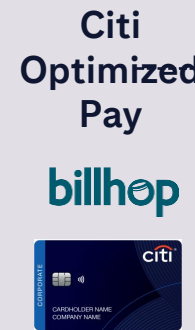
Payment Instruction

2

Charges Buyer's Citi Commercial Card

4

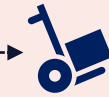
Pays



3



Funds Transfer



Supplier



Working Capital benefit for Buyers – extended DPO



Increased card spend



Increased operational efficiencies






No supplier onboarding








Reduced DSO / improved liquidity for Suppliers

Citi Optimized Pay Case Study – Working Capital Benefit

Client A large leading global life sciences and diagnostics innovator operating in the Healthcare sector	8 Legal Entities Onboarded	€ 17 Million Processed in 2024 (Aug YTD)
	Before	Optimized Pay
Working Capital	 Cash flows subject to periodic fluctuation	 Extended DPO for our client Reduced DSO for suppliers
Supplier Onboarding	 Expensive supplier onboarding  Lengthy onboarding campaigns	 No supplier onboarding resulting in significant savings Straight forward implementation with basic Purchase Card
Early Payment Discounts	 Limited understanding of client cost structure	 Scalability of early payment discount flows across vendors with lengthier payment terms Clear understanding of client's cost structures and margins Actively approached vendors with potential liquidity issues

Citi Optimized Pay Case Study – Tail End Spend

Client Multinational financial institution and a leader in provision of investment management services	17 Legal Entities Onboarded	€ 7 Million Processed in 2023
Maximize operational efficiencies	Before  Costly one-off vendors with low value invoices	Citi Optimized Pay  Process automation savings per PO/Invoice
Access to rebates	 Expensive supplier onboarding	 Supplier Rationalization
Risk mitigation	 Lengthy onboarding campaigns	 No supplier onboarding resulting in significant cost efficiencies Straight forward implementation with basic Purchase Card
	 Supplier's low willingness to invest in card accepting technology	

Switch to *Commercial Cards* to maximize the
value of your *supplier payments* !



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