



Payment Services



MODERNISERINGSSTYRELSEN

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Market Developments

Instant Payments | Current & Future Trends

The introduction of domestic, low-value instant payment systems in multiple countries represents an inflection point which will likely lead to significant changes in how consumers and businesses send and receive payments

Instant payment schemes enable customers to **make electronic payments within seconds, seven days a week and 24 hours a day.**

These payment systems are the **building blocks** on which future payments innovation can be built

These systems in the corporate B2B space remain limited with many schemes focused on the retail market. **Though, exciting developments are expected ahead across all payment systems**

Instant Payment Market Evolution

More countries developing instant payments solutions – instant payments **will be present in all major markets by 2020**

Countries with instant payment solutions will **evolve to enable both 'push' and 'pull' instant transaction types**

Value limits will increase as banks become more comfortable with fraud and sanctions controls

Value added services will be built on top of Instant Payment schemes

Instant Settlement will evolve for both Payments and Collections

Payment traffic will **migrate from traditional Wires** and ACH/Low-Value Instruments; some countries may choose to retire legacy infrastructure

Payment traffic will also migrate from card schemes to instant payments

SWIFT's Global Payments Innovation

What does SWIFT gpi aim to achieve?

Visibility



- End-to-end tracking which will provide the ordering party visibility on the processing status of a payment right up to the beneficiary account
- Enhanced transparency on fees applied by each bank in the processing chain

Efficiency



- Enable cross border payments to reach beneficiaries quicker
- Improve customer experience for both payers and beneficiaries
- Provide framework for self service

Sustainability



- Upgrade existing value proposition
- Position strongly to compete with rising FinTech companies



Stats

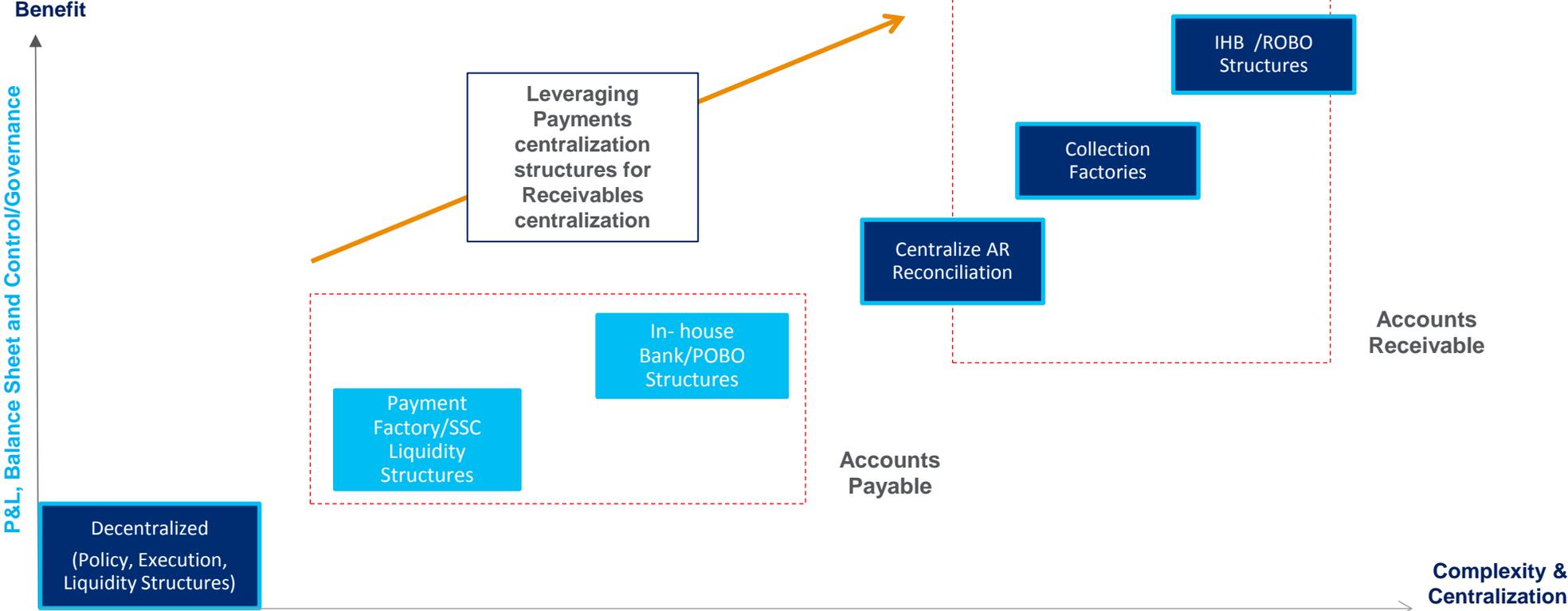


Live since Jan,17
Citi London and Citi NY

London for USD, EUR, GBP
Citi NY for USD (Book to Book)

Client Evolution: Payments and Receivables Centralisation

As an SSC evolves from supporting accounts payable, it will improve in both standardization and centralization by utilizing economies of scale, taking advantage of technology, and adopting best practices.

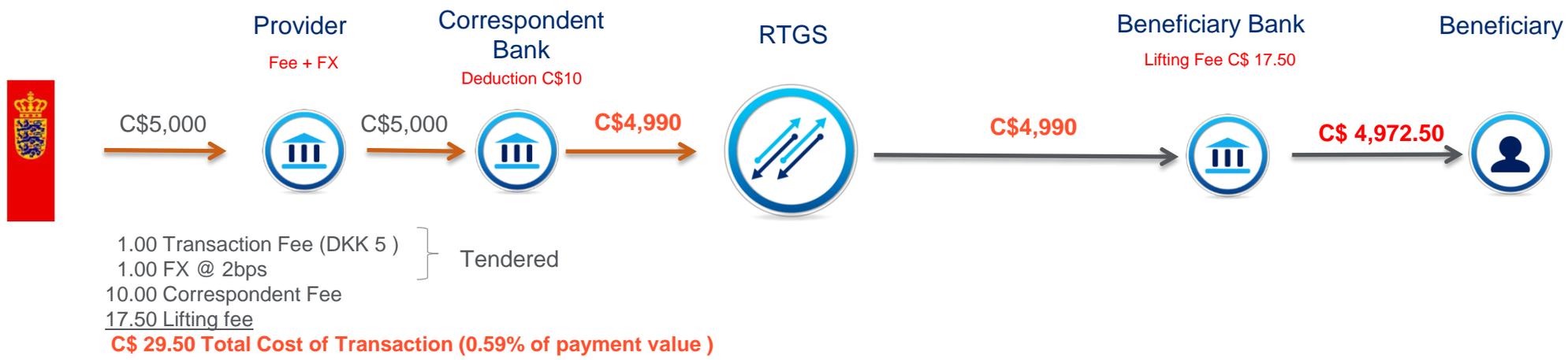


Foreign Payments

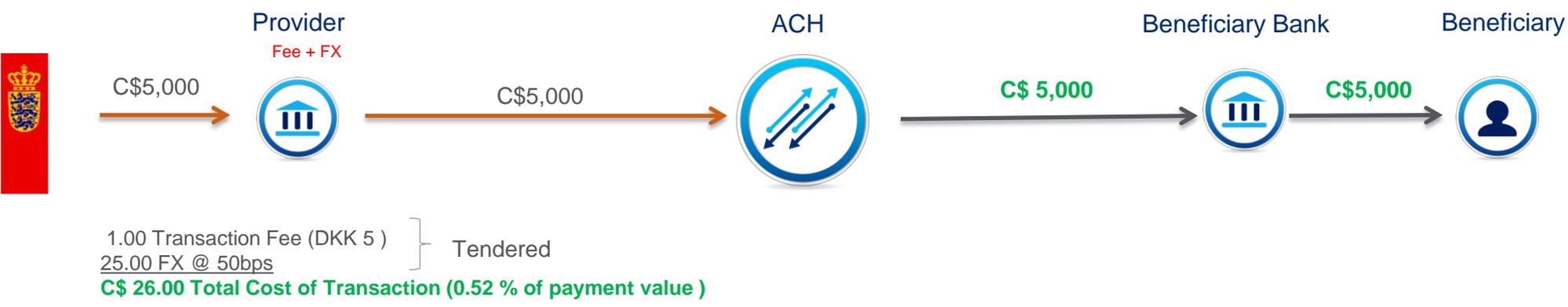
Efficient international payments

ACH payments can facilitate international payments centralisation and associated operational efficiencies

CAD Wire (SHA)



CAD ACH



International Payments – Public Sector Tenders in Western Europe

Recent foreign payment tenders in Western Europe have been procured separately, for specific type of flows and in most cases awarded to a single provider.

Government	UK	European Commission	Netherlands	Netherlands
Date of Issue	2014	2014	2016	2016
Issuing (and Contracting) Authority	HMRC	European Commission (EEAS)	Ministry of Finance	Sociale Verzekeringsbank
Type of Procedure	Restricted (based on Pre-qualifying Questionnaire)	Open	Open	Open
Lots & Scope	Lot 3: Bulk Foreign Exchange Services Making large numbers of regular, low value foreign payments to recipients overseas	Payments outside the EU for for European Commission and EEAS	Payments of Ministry of Foreign Affairs (SEPA and non-SEPA) and receivables by Regional Service Center	Lot 2: Pension payments outside SEPA (including the UK)
Number of Providers	Single contractor per Lot	Three providers	Single	Single provider per Lot
Award Criteria	Qualitative	Qualitative (45%)	Qualitative (70%)	Qualitative (40%)
	Quantitative	Quantitative (55%)	Quantitative (30%)	Quantitative (60%)
Language	English	English	English, Dutch	Dutch

Italy, Portugal, France also procure international payments separately

Case Study - Ministry of Foreign Affairs in Western Europe

Suite of banking solutions enables organizational transformation

The Client This Ministry of Foreign Affairs protects and promotes the country's overseas interests through an international network of posts.

The Challenge The Ministry operates regional shared service centers (SSCs) in different parts of the world, providing around-the-clock support to its network of missions in multiple time zones. The regional centres were only able to centralise a limited set of payment functions due to the Ministry maintaining over 20 different bank relationships. As a result, the regional centres had challenges with managing payment and reconciliation processes through an array of e-banking systems. The Ministry embarked on a transformation project to centralise banking services managed locally to the SSCs and rationalise bank relationships and accounts across their diplomatic posts network.

The Solution Citi's WorldLink® Payment Services facilitated the project by enabling centralised payments processing in local currency across the globe, and without the need for local bank accounts. Using WorldLink® the SSCs execute vendor and payroll payments in local currencies in over 40 countries across Americas and Eastern Europe. The Ministry funds all payments in their home currency, while foreign exchange is purchased upfront, resulting in FX transparency and economies of scale as compared to in-country purchase by diplomatic missions. The Ministry leverages its existing ERP platform for file based connectivity to Citi.

By using CitiDirect BE® Online Banking, the Ministry's is able to view all of its accounts globally and manage cash balances, even those not with Citi. In addition, the Ministry uses CitiDirect BE as a contingency tool to initiate payments from local embassy accounts held with third party banks.

Citi's solution allowed the Ministry to adopt a phased implementation approach, and realise early efficiency gains, while managing the workload ,

The Result The Ministry achieved significant cost and efficiency savings, through transparent foreign exchange pricing as well as reduced operating cost from bank and account rationalisation. The Ministry was able to preserve and redeploy resources to its core activities. Furthermore, the Ministry improved visibility and control over the cash management activities, and raised its continuity of business readiness.

Cards

Citi Commercial Cards - Overview

As an experienced Commercial Cards issuer with the largest global proprietary network, Citi has successfully served the needs of Public Sector and Multinational Organisations for over two decades



11,000+

Global commercial card programmes with 6 million cardholders worldwide



53

North American Fortune 100 Clients



US\$35+ Billion

In annual charge volume



43+ Million

Merchants accept Citi-issued Visa/MasterCard products



155

Global Fortune 500 Clients



132+ Million

Card transactions processed annually



64

Local currency markets for the largest local currency program available



160

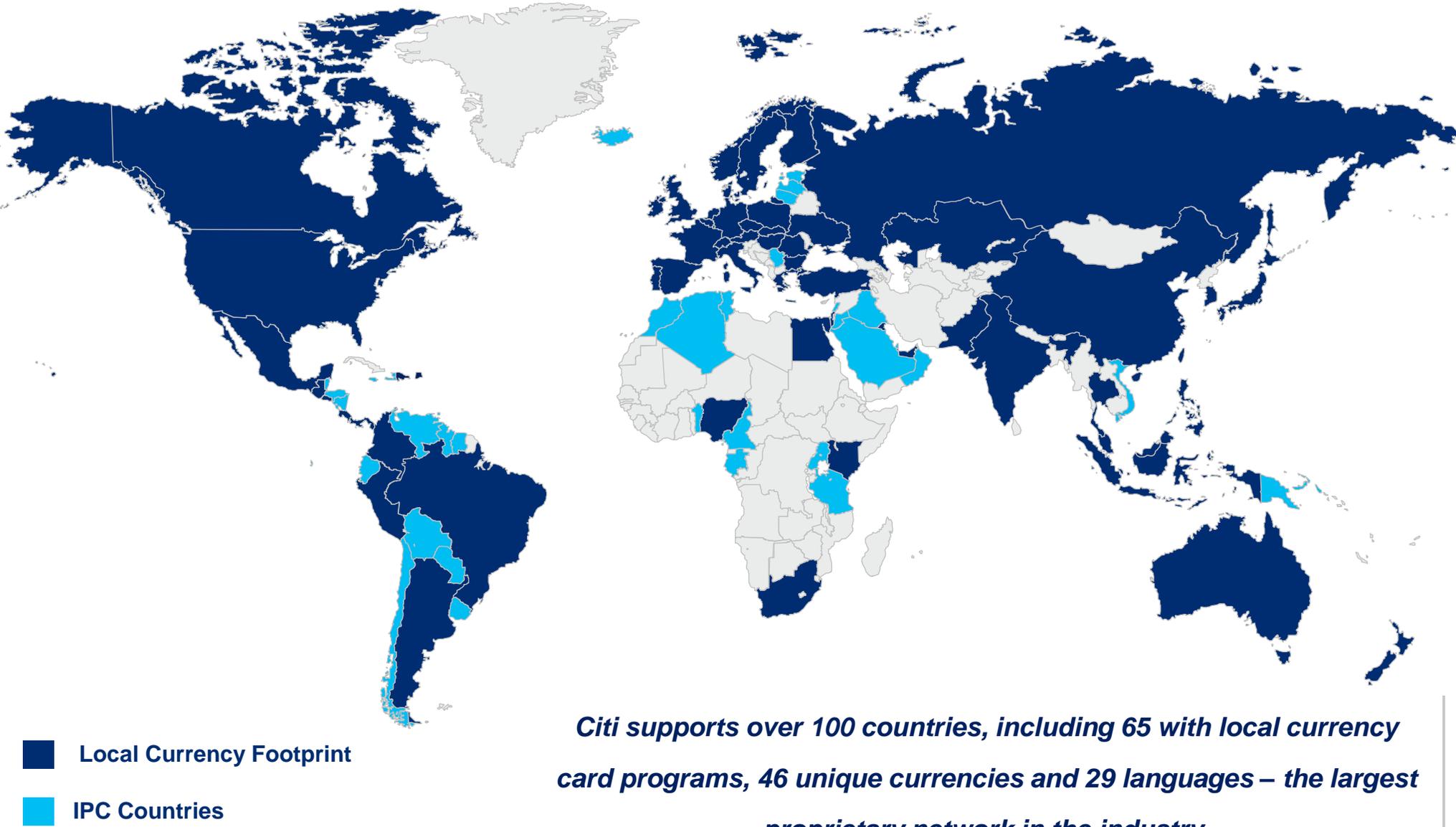
North America Fortune 500 Clients



Over 100

Countries supported across the world

Global Coverage. Local Expertise.



Solution Summary

Citi offers a wide range of commercial card products which will bring significant value and benefits

Corporate Card (T&E)

- Corporate T&E card utilised typically for Air, Rail, Hotel, Restaurant, Taxi etc.
- Citi issues both Visa and MasterCard delivering the highest level of card acceptance, controls and compliance.
- Corporate Liability

Purchasing Card

- Create payment efficiencies by reducing PO's in your 'long tail' of supplier relationships and ad-hoc purchases
- Spending restrictions to control buying (single transaction limits, merchant category blocks)
- Faster payment to suppliers

Central Travel Account

- Central Travel Account "lodged" with Travel Management Companies
- Enhanced data utilising invoice data from Travel Management Companies
- Centralised Statements and enhanced data Reporting

Virtual Card Account

- Virtual account numbers for card-not-present transactions with single-use, multiple-use, and declining balance functionality
- Capture enhanced data for better reporting and reconciliation
- API Integration into Accounts Payable

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