

# Citi's Chris Cox: Shaping the future of trade



**Chris Cox** is Citi's global head of trade and working capital solutions, a position he took up in December 2021 after carving out a 32-year career across markets and securities services, including assignments in Japan, Singapore and Australia. In this interview, the experienced transformation pioneer, now at the helm of a leading trade business, outlines his take on the industry, his mandate at the firm, and what he thinks is required to support the future of trade.

**Q: The world's physical and financial supply chains and trading relationships have been rocked by disruptive events, which have affected companies' trade priorities and strategies. How have you seen the situation evolve post-pandemic?**

**Cox:** Until Covid struck, everyone just assumed trade 'happened'. The industry has been in the headlines pretty consistently since then, whether it's geopolitical challenges or logistical disruptions to supply chains. The second-order effect of this, which has yet to fully play out, is the notion of who is – and isn't – a reliable party to do trade with, and what that means for the stability of supply chains.

The other important piece relates to financial supply chains and the fact that we've recently seen successive interest rate rises in the face of high inflation. The challenges of trade and supply chains have shifted from maintaining physical resilience during the pandemic and other disruptive events to ensuring financial resilience while dealing with higher credit spreads.

As a result, from a trade finance counterpart perspective, we've had a lot more opportunities to help our clients, who have truly needed our support. The

situation has certainly reinforced the importance of banks and our access to capital during periods of global market stress, which has been vital to supporting clients with their working capital cash flow needs.

**Q: As global head of trade at an industry-leading bank, what do you think the future of trade finance, and trade financiers, looks like?**

**Cox:** My background is in markets and securities services, where there's a lot of information sharing in terms of repositories and transaction reporting. Trade as an industry feels to me like it's 15 years behind that – but there's a very good reason why that is the case. Securities markets are dominated by the world's large trading centres, such as New York and London, whereas trade happens everywhere. Citi Treasury and Trade Solutions (TTS) alone is in 95 countries globally. I think as an industry we still haven't got our heads around how best to serve such a complex infrastructure. Banks replicate a lot of processes, and we don't share data to which we all have very similar access. There's a fair amount of wasted investment where banks are duplicating activity because the current view is 'if I

want to digitise, I'll have my own fintech do it'. My personal view is that trade finance banks can increase their impact by learning from other sectors that are embracing external technologies and being more open-minded about things like data sharing. We're seeing some progress here.

Similarly, things are changing in terms of banking partnerships. The traditional view of a trade finance bank was, 'you finance your corporate relationship and I'll finance mine'. It was very much a bilateral exercise. This is also shifting. Citi today is a much more multi-bank platform than people probably appreciate. We have north of 100 different banking partners to whom we distribute supply chain finance and other assets, volumes of which have grown more than 40% over the last 12 months.

For Citi, the most important way of looking at the future of trade finance is in terms of the client experience. How does the client want to access trade finance?

For us, the focus is on taking the friction out of the process of accessing trade finance. All the necessary steps that companies must take, from KYC to AML and suitability checks – before they even get close to doing the transaction – are very specific to individual banks. We're aware of that and are concentrating on how we can

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put our solutions in the hands of our clients as speedily and efficiently as possible. One of the ways we’re doing this is with our eLoans platform, which transforms the working capital loan process into a consumer-like online experience. We’ve seen some strong adoption globally and expect that trend to accelerate.

Likewise, our supplier finance programme is already significantly digitised. Our goal is to extend that application of technology in a way that gets finance to clients as frictionlessly and effectively as possible.

**Q: What role does Citi play in shaping the future of trade finance? What are the bank’s key focus points in the trade space?**

**Cox:** Given our significant – and very well-balanced – geographic footprint across all regions, we think we’re a great partner for multinational corporates. We’ve got one of the largest proprietary transaction banking networks.

We’re very focused on increasing the cross-border connectivity between the regions in which we have a considerable presence: North America, Latin America, EMEA and Asia Pacific. We’re very good at supporting clients that want to pivot

their supply chains from one location to another or develop their business in a new location. When it came to meeting food security needs last year, for example, countries that had relied on Russian and Ukrainian food imports had to shift to acquiring goods from other regions, such as Latin America, which is something we were able to support.

Also worth mentioning is that Global Trade and Working Capital sits within Citi’s TTS division, which includes liquidity management services and payments capabilities, making us a powerful partner for companies wanting the full suite of services across treasury management activities on a truly global basis.

Nevertheless, we admit that we’re a fraction of the size of some of our peers in the commercial banking segment by virtue of earlier versions of our corporate strategy. But that’s something that we’re committed to fixing and is a real growth opportunity for us. Last year, we began extending our trade product suite to Citi’s Commercial Bank (CCB), building out CCB trade in multiple target markets globally, including to SMEs.

**Q: Citi has been recognised as being at the forefront of digitalisation efforts in the trade finance industry. What’s the next step in the bank’s journey?**

**Cox:** We continue to evolve our digital efforts. We’re exploring beyond established technologies like optical character recognition (OCR) and application programming interfaces (APIs), into emerging technologies like artificial intelligence, machine learning and smart contracts, to power new solutions and improve our client experience. We also roughly doubled our technology investment over the last couple of years and plan to increase our active participation as an investor in emerging technologies that we think will deliver industry-wide benefits.

We want to boost our partnerships around the application of technology that will help us achieve our goal of improving the client experience in terms of frictionless access to capital. We acknowledge that collaborating on solutions can be quicker than trying to build them ourselves. We’re probably more interested in enterprise-ready big-tech solutions than we are in the more complex technologies that have high barriers to adoption. We want to keep it simple and scalable. We’re wary of over-fragmentation in the fintech space and ‘golden ages’ vs data.

And, to effectively implement these investments and focus on the evolution of the business, we have created a dedicated team to drive it.

**Q: Incorporating environmental, social and governance (ESG) solutions into trade and supply chain finance programmes has become a major target for many global banks. What are some of Citi’s priorities in terms of supporting environmental and social goals in trade?**

**Cox:** The bank announced a few years ago that it is committing US\$1tn to sustainable finance by 2030. This includes an extended commitment of US\$500bn to environmental finance as well as a pledge of US\$500bn in support of the Sustainable Development Goals outside of environmental finance, comprising investments into education, affordable housing and gender equality, among other areas. The bank is also committed to its own transition. We’ve just hired a new head of ESG for TTS to support both trade and the wider organisation.

We are doing everything in our power to help clients with their transition. Where we can, we’re building sustainability-linked objectives into our products. We already have that in supply chain finance and loans and will also be rolling it out in other areas. Likewise, we’re actively engaged in supporting new industries linked to clean energy, such as wind farms and electric vehicle battery plants.

As an industry, we have a tremendous opportunity to help finance the leading edge of what we need as a society from a sustainability perspective.

Trade is fundamental to economic development, even at a global corporate level, given the fact that corporates’ supply chains invariably filter down to the local micro and SME level, where they typically serve some social purpose.

Our partnership with Stenn is all about getting further down into deep-tier financing. We’ve also teamed up with a range of multilateral agencies, including the International Finance Corporation and the European Bank for Reconstruction and Development, to risk-share on driving more financing into the SME sector.

In a world where everyone is dealing with macro headwinds and great uncertainty, trade finance has a critical role to play. Being able to reach the grassroots and drive some form of social benefit really is the best part of what we do.