

Asia Trade in focus: pandemic fast tracks digitisation and boosts demand for advisory

As part of our Citi Treasury Dialogues series, Kanika Thakur, Head of Trade for Asia Pacific at Citi in Hong Kong, reflects on the impact of the pandemic and notes how COVID-19 has fast-tracked digitisation in corporate treasury.



Kanika Thakur
Head of Trade for Asia Pacific



Holistic solutions

Kanika Thakur was named Head of Trade for Asia Pacific at Citi in August 2020, at a time of change and challenge.

In the year of the pandemic, her relationship with her clients evolved to reflect changes in their businesses and working situations as well as a shift in the very nature of trade itself.

She talks us through the learning curves of 2020 and highlights the disruption and innovation that digitisation and COVID-19 have brought to Asia and the world.

Corporates rushed to shore up liquidity and borrow in the immediate aftermath of the pandemic, says Kanika Thakur, Head of Trade for Asia Pacific at Citi, as she looks back over the tumultuous year. “Our clients were primarily focused on resilience.” Next, companies in the region quickly turned to finding solutions for their wider ecosystem of buyers and suppliers, solving problems beyond themselves in a holistic approach. “We advised on business-friendly solutions that allowed companies’ entire procurement chains to benefit from their corporate standing,” says Thakur, who is based in Hong Kong, upon her promotion.

“Clients increasingly looked at the sustainability of their supply chains and entire ecosystem to ensure they could buy from them. The ability for companies to interact with their buyers and sellers became critical.”

This led to an uptake in supply chain finance and receivable finance solutions. Citi also explored how its corporate clients could mitigate risk by partnering with export credit agencies. “We saw classic trade instruments like letters of credit and guarantees make a comeback. Open accounts based on trust and openness were not always feasible.”

Advisory demand

More than a year on from the initial impact, Thakur observes a new client demand for conversation and advice. Noting that

travel restrictions are not an impediment to the bank’s advisory role, she says Citi has successfully built on existing relationships with corporates in the region through ongoing client engagement. Regular webinars on topical ideas featuring expert speakers continue to see interest from clients.

In September 2020, when the bank hosted its Asia Pacific Treasury and Finance Virtual Week, over 3,300 participants attended the five-day conference.

Digital trends

The pandemic has also accelerated existing digital trends. Before the pandemic, trade was still paper intensive for many of Citi’s clients, but many are now focused on building up their technological efficiency. “Technology is shaping the future of trade and many businesses accelerating their digitisation efforts,” she says, counting Citi’s own ongoing digital transformation amongst the cohort. “COVID-19 has accelerated the digital journey for us. We are looking at how we as a bank process our transactions,” she says.

The pandemic has also led the bank to connect and engage with clients differently, including linkages via APIs rather than traditional transaction banking models.

On the digitisation of trade more broadly, Kanika points out that trade involves numerous third parties like shipping and insurance agents that need to be included on electronic platforms. “The really interesting part is getting all these different parties onto electronic platforms so it can truly be seamless and without paper,” she said. “We are linking with platforms to make trade more electronic and digital”.

This includes partnering with fintechs, and Citi has made a number of investments in platforms leveraging blockchain. “We are looking at this in a holistic fashion, so that we can make significant changes more broadly, in addition to client connectivity,” she says.

Thakur also notes that governments are increasingly pushing for digital reporting of the whole trade cycle. “Governments are coming to the fore and we are working with regulators through ongoing dialogue and discussion,” she says.

As we look to the rest of this year, it seems clear that there have been some lasting shifts that have taken place this year as digitisation has been accelerated and relationships have adapted and evolved within a very new situation.

Where things will go next remains to be seen, but it is clear that the evolution of trade will continue and that the journey to digitisation that Citi is navigating its clients through, is ongoing and irrevocable. ■

Disclaimer

IRS Circular 230 Disclosure: Citigroup Inc. and its affiliates do not provide tax or legal advice. Any discussion of tax matters in these materials (i) is not intended or written to be used, and cannot be used or relied upon, by you for the purpose of avoiding any tax penalties and (ii) may have been written in connection with the "promotion or marketing" of any transaction contemplated hereby ("Transaction"). Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

This communication is provided for informational purposes only and may not represent the views or opinions of Citigroup Inc. or its affiliates (collectively, "Citi"), employees or officers. The information contained herein does not constitute and shall not be construed to constitute legal, tax and/or accounting advice by Citi. Citi makes no representation as to the accuracy, completeness or timeliness of such information. This communication and any documents provided pursuant hereto should not be used or relied upon by any person/entity (i) for the purpose of making regulatory decisions or (ii) to provide regulatory advice to another person/entity based on matter(s) discussed herein. Recipients of this communication should obtain guidance and/or advice, based on their own particular circumstances, from their own legal, tax or accounting advisor.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This presentation is not a commitment or firm offer and does not obligate us to enter into such a commitment, nor are we acting as a fiduciary to you. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the information contained herein and the existence of and proposed terms for any Transaction.

We are required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with us. We will ask for your complete name, street address, and taxpayer ID number. We may also request corporate formation documents, or other forms of identification, to verify information provided.

Certain services and/or products mentioned in this communication may contain provisions that refer to a reference or benchmark rate which may change, cease to be published or be in customary market usage, become unavailable, have its use restricted and/or be calculated in a different way. As a result, those reference or benchmark rates that are the subject of such changes may cease to be appropriate for the services and/or products mentioned in this communication. We encourage you to keep up to date with the latest industry developments in relation to benchmark transitioning and to consider its impact on your business. You should consider, and continue to keep under review, the potential impact of benchmark transitioning on any existing services and/or product you have with Citi, or any new services (you avail) and/or product you enter into with Citi. Citi does not provide advice, or recommendations on the suitability of your service and/or product choice including with respect to any benchmark transitioning on any existing service and/or product you have with Citi. You should obtain professional independent advice (tax, accounting, regulatory, legal, financial or otherwise) in respect of the suitability of your service and/or products in light of benchmark transitioning as you consider necessary.

© 2021 Citibank, N.A. All rights reserved. Citi, Citi and Arc Design and othermarks used herein are service marks of Citigroup Inc. or its affiliates, used and registered throughout the world.