



Simple. Global. Digital.

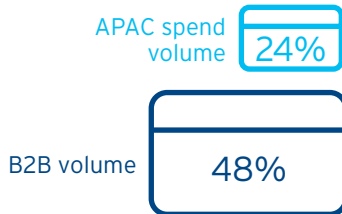
How Commercial Card Programs are transforming businesses across the Asia Pacific region

Executive Summary

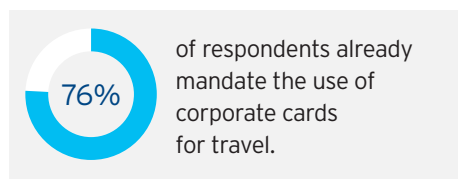
Commercial cards are among the most effective and efficient tools for the management of corporate spending. In compiling this research Citi spoke to 46 decision makers from 42 separate companies across a range of industries, each a senior corporate figure in the Asia Pacific region. The APAC survey gathered insights on both current programs and future initiatives from multinationals and top-tier corporates working in areas as diverse as technology, manufacturing, healthcare and the public sector.

Increasing global spend came out as the top priority for respondents.

2017 (increase from previous year)



Many corporates are expanding the use of commercial cards to alternative flows such as travel and entertainment (T&E) or procurement, while migrating from checks and ACH payments.



Program digitization and technological enhancements are also a key request from clients, as they seek to increase visibility and control amid more stringent compliance demands, improve operational strategies and enhance cardholders' convenience.

Survey Respondents Want Solutions That Are...

Simple

- 79%** have a shared service center (SSC)
- 45%** use SSC to manage their corporate card program in Asia
- 95%** use an expense management system (EMS)

Global

Clients value Citi's high levels of

- merchant acceptance **29%**
- global proprietary footprint **25%**
- global reporting tools **24%**

Digital

80%+ of respondent's cardholders use CitiManager to view their statements and apply for a card.

but only **44%** use CitiManager for over half of their requests.

This study sets out five areas of best practice where readers can benefit from the experiences and valuable insights of the multinationals and regional corporates that took part in the survey. This is coupled with Citi's long record of offering a wide range of commercial card programs in the region and worldwide.

Citi Commercial Cards is distinguished by its commitment to building solutions that are simple, global and digital. The findings here reveal that these aspirations are shared by leading companies in Asia Pacific and around the globe, and this report seeks to explain how they can best be realized.

Key Insights: Five Steps to Best Practice

To get the most from their commercial card program, companies should:

1. Choose the right partner

Citi Commercial Cards has proprietary issuance in 14 APAC markets with the recent addition of Vietnam in Q4 2018.

2. Measure

Mandate cards and enforce their use for all eligible purchases to maximize spend and controls.

3. Analyze

Manage and track card program expenditure and key parameters regularly. Get card providers to deliver analysis and trend information rather than simply transactional data or statistics.

4. Identify Opportunities

Manage spend centrally to gain greater visibility and to identify opportunities for cost reductions or controls.

5. Innovate

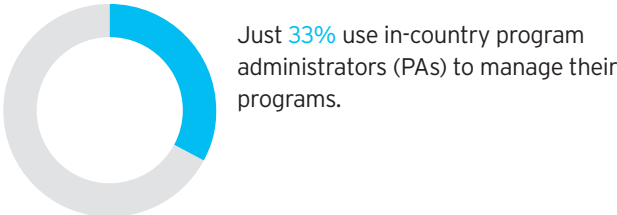
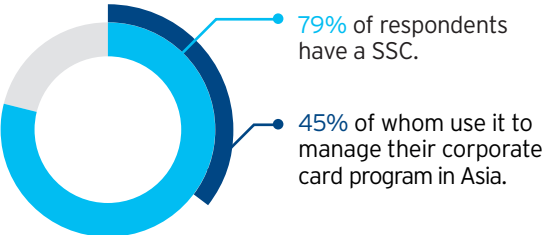
Improve process efficiency and cardholders' experience by going digital.

To support clients, Citi offers advisory events including our client academy and client conferences. These provide an opportunity to share best practices and benefit from Citi's network.

Best Practice:
Manage and track
card program
expenditure more
efficiently.

Leverage your Shared Service Centers (SSCs)

Centralization of travel and other spend makes it far easier to monitor card program expenditure and measure key metrics. Through SSCs and global tools such as CitiManager, companies can also drive operational efficiencies. Our survey showed that the vast majority of respondents have measures in place to do just that:



One particularly important aspect of ensuring program compliance is delinquency management. Depending on the size of the company, these activities might require a specialized team or a tailored set of tools to conduct effective transaction data analysis.

- Only 7% of respondents do not monitor card delinquency in their organizations.
- Among the large majority of respondents that do monitor card delinquencies, 48% use a combination of tools, such as expense management systems and Citi Custom Reporting Systems (CCRS).

Keep a Close Eye on Spending

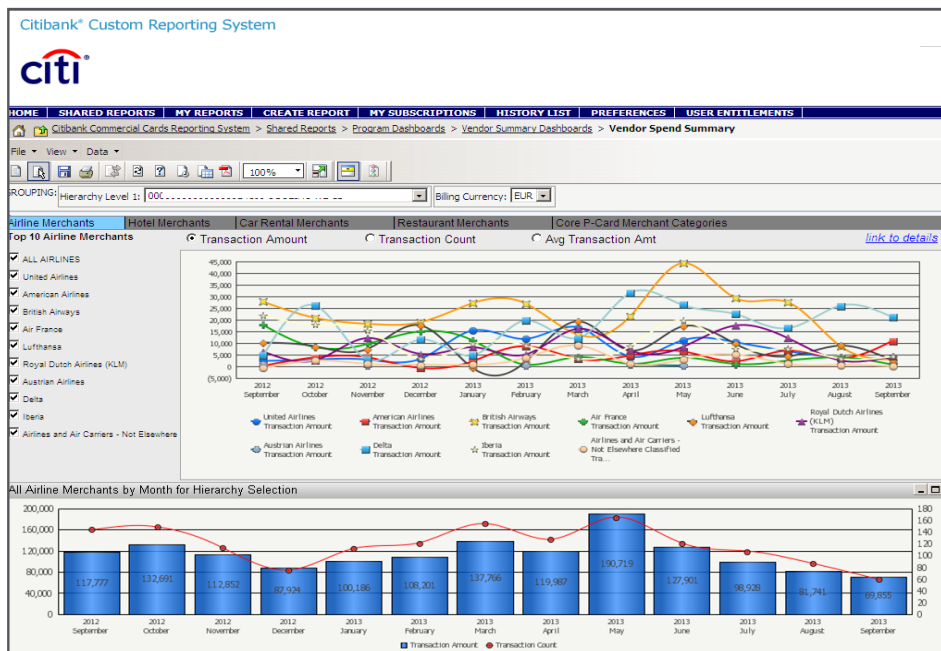
Citi offers a range of products to help clients with their management and tracking of program spend. In addition to the Citibank Custom Reporting System (CCRS), CitiManager offers graphical program dashboards which provide a snapshot of the entire card program. These can easily be shared with executives as a high-level summary.

There are three types of dashboards:

The **Program Performance Dashboard** allows users to track key program metrics related to credit usage and compliance trends, including monthly delinquency statuses, fees charged, credit losses and counts, as well as active cards.

The **Vendor Summary Dashboard** provides three summary reports for users to analyze and leverage vendor data. This can be used to optimize procurement spending and capitalize on economies of scale.

The **Transaction Summary Dashboard** provides key analytics on card usage and program growth. It can be used to generate intra-company comparisons and benchmarking metrics on trends related to card spend and transactions.



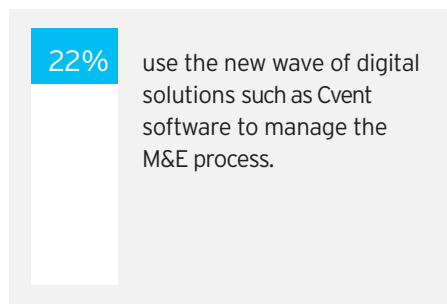
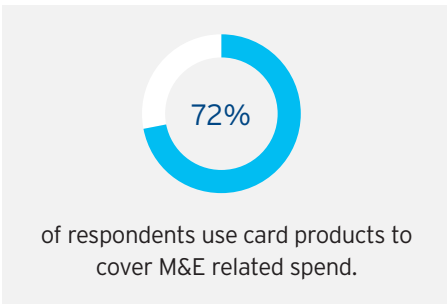
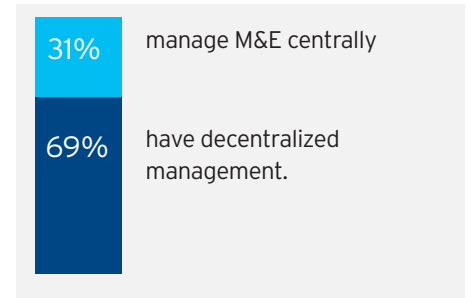
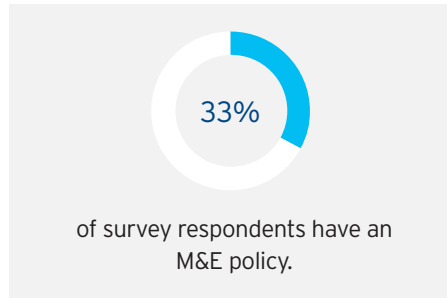
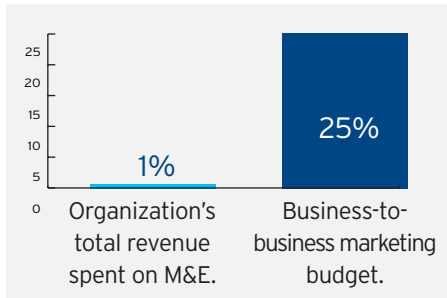
Remain Alert at all Times

Citi offers over **30** specifically tailored email and SMS alerts. Cardholders and PAs can elect to receive important account information (such as statement ready, payment due, declined transactions, fraud management) directly and promptly to their designated smartphone for immediate action.



Analyze Your M&E Spend

Meeting and Events spend is core in generating business: among marketing activities, it is seen as the second largest revenue driver for many organizations after website marketing.



Best Practice:
Put digital and payment tools in place that drive compliance and provide transparency.

Companies are therefore missing out on an opportunity to gain potentially significant benefits such as compliance, control and transparency. Citi has partnered with Cvent to help address these challenges. Our goal is to simplify the meetings management process, while eliminating costs associated with manual processing due to a lack of integration. As a result, we can provide increased overall control and visibility for the organization.

Solution Recommendation

Citi VCA and traditional cards are integrated into the Cvent tool to support vendor payment directly from the Cvent platform. The solution simplifies budgeting, payment, reconciliation, and management. It supports approval-based entitlement, spending controls, enhanced data and consolidated reporting for meetings management and financial control.

Choose the Right Bank for You

Different banks have widely varying capabilities and footprints and it is essential to opt for the most suitable partner. Our survey found that corporates need globally consistent tailored, customized card solutions, developed in collaboration with their bank.

The right bank can deliver a full suite of payment options across a firm's geographic footprint, adapting and customizing the program in line with a company's objectives. Astute banks also take a consultative approach, understanding geographic and industry nuances to help identify and quantify the opportunity across your footprint and support the business case for change.

Moreover, banks help translate stakeholder input, requirements, and objectives into a comprehensive program design. Citi is seen by clients as having a competitive edge over other card providers for a number of reasons:



Citi cards are accepted at over **40 million** merchant locations and **1.9 million** ATMs in over 200 countries and territories (a capability valued by 29% of survey respondents).

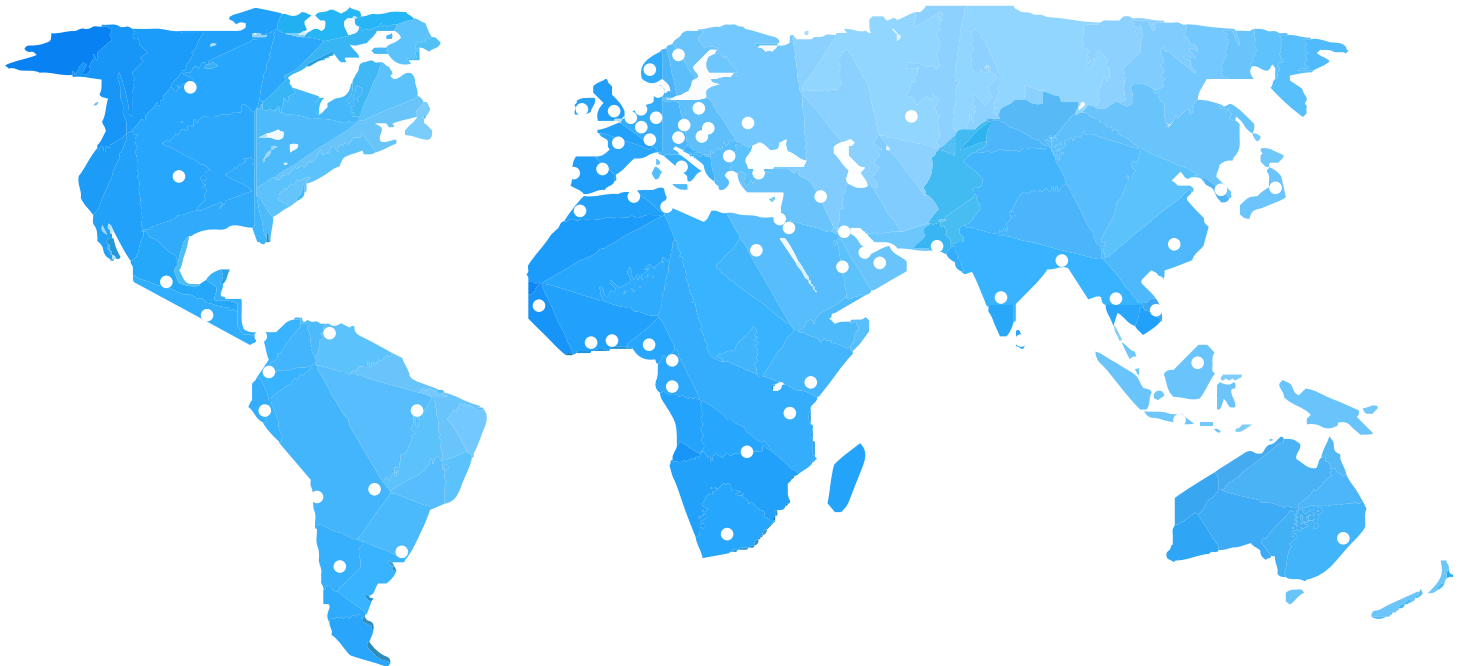


Citi has the broadest **proprietary** network, with a footprint in **14** markets in APAC.



More than a third of respondents value Citi's global capabilities, which facilitate expansion for the region's companies.

Citi operates in over **100** countries and offers **64** local currency card programs, **45** currencies and over **27** languages. To enable clients to achieve efficiency, visibility and control, Citi delivers consistent programs, products, implementation and service around the globe.



Technology Makes the Difference

Survey respondents particularly value Citi's global reporting tools, with **24%** citing them as a key reason for choosing Citi.

Global
Reporting
Tools

24%



Citi's unified global technology system and single data repository provides PAs with a complete view into global program data, through a minimal number of reporting tools (CCRS/CitiManager), with extractable common data attributes and standardized reporting. As a result, they have unmatched control and visibility.

Many of Citi's competitors rely on partner banks or their consumer cards platforms for issuance. Citi's proprietary footprint means that clients always experience high-quality, Citi-managed global programs with consistent capabilities and service.

30%+

Citi Asia Commercial Cards continues to re-invest over **30%** of net income into our products and services. We are focused on global expansion, streamlined management and servicing and our core capabilities.

Citi also goes the extra mile for clients by offering global file integration for EMS and enterprise resource planning (ERP) systems, such as SAP, Concur, Oracle and JD Edwards. Both format and frequency can be customized.

Best Practice: Make full use of Citi's online global reporting and file integration tools for more streamlined management.



SIMPLE

GLOBAL

DIGITAL

Commercial Card Programs Work Best When All Stakeholders Buy In

Senior management support is vital for a commercial card program to reach its full potential. It is important to educate all stakeholders on the benefits of a card program in order to make sure the program is followed through.

- A card based payment platform is especially relevant to corporate treasurers, as a useful tool in assisting global expense management and cashflow while balancing companies' liquidity and profitability.
- Unsurprisingly, corporate treasury is involved in making decisions regarding the choice of corporate card provider for **90%** of survey respondents.

Citi's internal data corresponds with the survey finding that global spend growth is the top priority for clients.

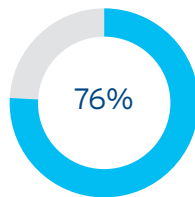
Jan-Apr 2018

(increase from previous year)

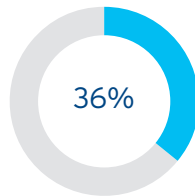
Top ten commercial card clients spend increase

23%

T&E expenses can account for a significant proportion of a company's budget. So it is no surprise that many companies are now shifting from traditional payment tools to the use of commercial cards.



76% of respondents mandate the use of corporate cards for travel.



36% of respondents do not have a P-Card program.



Around half of those plan to adopt P-Cards to replace checks, ACH and other methods

Best Practice:
Mandate cards and enforce use of cards for all eligible purchases, to maximize spend and controls.

Programs are Available to Meet a Variety of Requirements

Citi offers a wide range of commercial card products to meet your needs and deliver significant value.

- T&E card programs capture spend such as air, rail, hotel, restaurant and taxis and have flexible program parameters. They simplify employee travel and streamline administration by using data feeds into Expense Management Systems (EMS), helping to improve efficiency and cut costs.
- Central travel accounts store 'lodged' account details with a corporate's Travel Management Company (TMC) to capture air and hotel spend for employees without cards.
- P-Card programs offer flexible controls, with a variety of spend restrictions (such as single transaction limits and merchant category code blocks) to control buying and facilitate compliance. This method eliminates purchase orders and invoice processing (saving administrative costs) and is available as plastic or a 'ghost' card.
- Virtual Card Account (VCA) programs can be used for card-not-present transactions via three flexible interface options: web, file and application programming interface (API). VCA generates unique virtual card numbers with transaction-level controls such as amount, validity period, and supplier. They also enable additional data capture at time of virtual card number request, making reconciliation more straightforward.

Ensure Effective Use of Digital Tools

Online Applications (OLA)

Citi offers many useful digital tools which enhance cardholders' experience and enable PAs to focus their efforts on program optimization and growth. Online Applications (OLA) allow employees to apply for a card and/or PIN simply and conveniently. Furthermore, they can track the end-to-end status of their card application, including approvals. With OLA, the processing of applications is quicker and cards are delivered faster.

Online Maintenance (OLM)

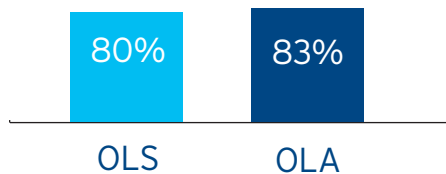
Online Maintenance (OLM) enhances the digital footprint of the program, making available real-time maintenance updates such as changes to card credit limits, changes to address, block/unblock and card cancellation.

Online Statements (OLS)

Online Statements (OLS) offer benefits such as faster access to account statements, access to statements anytime, anywhere, the ability to retrieve up to 36 months of statements and statements directly via email.

However, these tools are only valuable if they are used effectively.

CitiManager is used to access



Tellingly, just **44%** of respondents use CitiManager for more than half of their requests. As a result, they are missing out on process efficiencies and failing to give their cardholders the best possible experience.

Citi intends to address these challenges and encourage greater use of online tools by communicating more effectively with PAs and providing WebEx training sessions to facilitate familiarity with CitiManager. WebEx training sessions are particularly valuable for clients as they are available at a time that suits the organization or individual.

Citi also plans to push e-statements directly to cardholders' registered emails and will run an e-campaign to remind all PAs and cardholders to access CitiManager for their e-statements and program performance (against established objectives). Meanwhile, Citi is in the process of eliminating paper statements in all markets.

Best Practice:
Improve process efficiency and cardholders' experience by going digital.

Partnering for Success

The findings from our study show remarkable consistency with a similar survey conducted by Citi Commercial Cards in North America in 2017. Companies in both regions are growing their programs and spend while looking for opportunities to further centralize, in order to improve efficiency and lower costs.

In Asia Pacific more than three-quarters of respondents use the same commercial card provider in every market across the region, for example.

To a large extent, this outcome is to be expected. The world is more connected than ever and companies which operate globally are working to align their business practices.

Yet the significant advances made by companies in Asia Pacific are not just the preserve of multinationals. Top tier corporates from the region are fast catching up with North American and other global corporates in terms of digital adoption. In many cases, their fast pace of regional and global growth is driving a strong push for simplification. This, in turn, is spurring the demand for greater global consistency from their partners.

In such an environment, it has never been more important to work with a truly global bank that can help you build globally consistent digital cards programs. Citi looks forward to working closely with its valued partners in 2018 and beyond to achieve these important goals.

For more information, please visit

<https://www.citibank.com/tts/solutions/commercial-cards/>

