OCTOBER 2020

MASTERING MULTICHANNEL COMMERCE PLAYBOOK

Digital Payments And The Road To Growth

The Mastering Multichannel Commerce Playbook: Digital Payments And The Road To Growth is a research-based report examining what treasury leaders and financial executives should know to leverage the shifting dynamics of global digital commerce. The study was done in collaboration with Citi.

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The Mastering Multichannel Commerce Playbook: Digital Payments And The Road To Growth was done in collaboration with Citi, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

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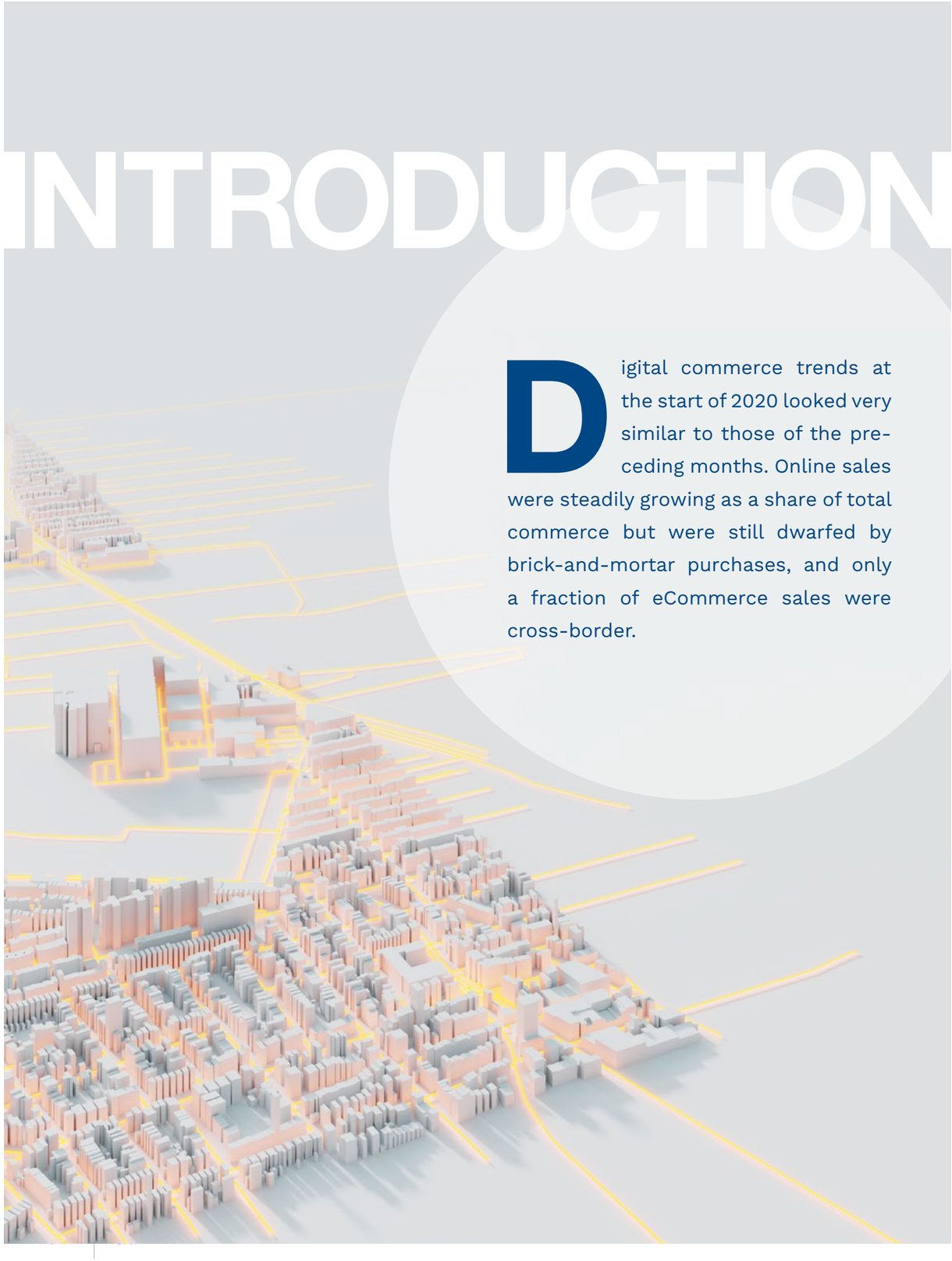
INTRODUCTION



Digital commerce trends at the start of 2020 looked very similar to those of the preceding months. Online sales were steadily growing as a share of total commerce but were still dwarfed by brick-and-mortar purchases, and only a fraction of eCommerce sales were cross-border.

The whole world knows what happened next. The COVID-19 pandemic prompted a massive online shift as stores closed and consumers became wary about venturing out. There was another inconspicuous but remarkable dimension to these trends, however. Cross-border online sales in the United States as a share of total eCommerce surged by 40 percent in May compared to the same month in 2019, and the rate of growth was six times higher than in the previous month. The year-over-year increase in cross-border online sales was even more dramatic in other regions.[1]

These statistics illuminate the dramatic way consumer demands — and the supply chains that fulfill them — have shifted in just a matter of months. Consumers and businesses are going online in unprecedented numbers to find the products and services they want and need — even if it means procuring them internationally. These shifts carry great significance for established brands and companies, which can no longer view strengthening their online presence and capabilities as

CROSS-BORDER eCOMMERCE SALES INCREASED **40%** IN MAY 2020 YEAR OVER YEAR.

[1] Evans. K. Global cross-border ecommerce grows 21%. Digital Commerce 360. 2020. https://www.digitalcommerce360.com/2020/07/28/global-cross-border-ecommerce-grows-21/. Accessed October 2020.

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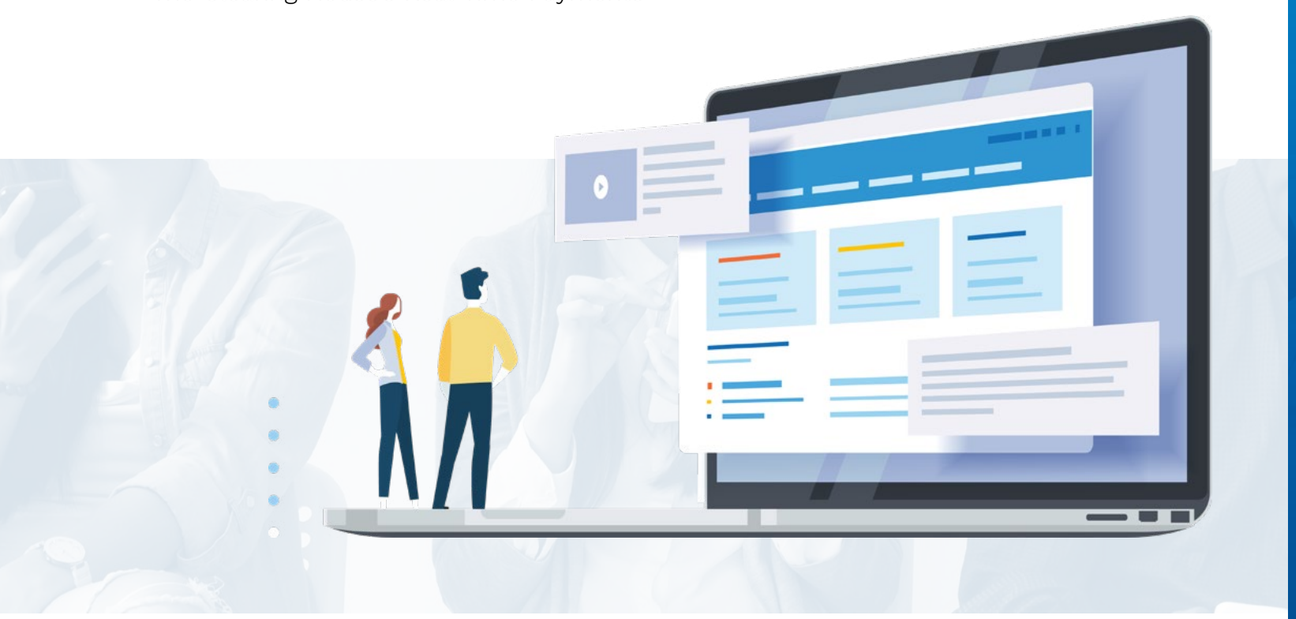
a mere side project. A high-quality digital foundation is essential to maintain market position and forge new relationships with consumers and businesses through channels like direct-to-consumer (D2C), subscription and online B2B commerce.

Robust, cross-border online commerce operations rely on effective payments, so company treasury officials must lead the way. It is incumbent on firms to break out of siloed payment flows and accommodate multiple payment types, including contactless and mobile wallet transactions. They must also leverage the potential offered by instant payment networks like The Clearing House's Real-Time Payments (RTP) and manage the complexities of cross-border commerce, including various regulatory regimes and banking systems — all while protecting against existing and emerging fraud threats.

The Mastering Multichannel Commerce Playbook: Digital Payments And The Road To Growth — the second playbook of the series — lays out what treasury leaders and financial executives must know about the shifting dynamics of digital commerce — and how they can make the most of these emerging opportunities.



THE C-SUITE CHECKLIST

DIGITAL PAYMENTS AND GROWTH

THESE ARE THE TOP CONSIDERATIONS FINANCE LEADERS SHOULD BEAR IN MIND WHEN ADOPTING AND ENHANCING MORE ROBUST DIGITAL PAYMENT CAPABILITIES:

EMBEDDING DIGITAL PAYMENTS INTO TREASURY OPERATIONS

Firms should be able to accept multiple forms of digital payments, including those from mobile wallets, and be able to manage the flows in an integrated way.

REAL-TIME PAYMENTS

Instant payment rails can eliminate settlement lag time and other frictions, particularly when it comes to cross-border payments.

MINDING THE B2B GAP

Digital optimization is particularly vital in B2B payments today, as it provides choice and convenience for business partners and helps improve supply chain efficiency and durability.

THE HAZARDS OF PAYMENT FRICTION

Conversion is key to successful eCommerce operations. Driving it requires finance officials to address matters like payment formatting requirements, beneficiary inquiries and regulatory compliance.

GOING GLOBAL

Firms operating digitally and internationally must have plans to address matters like foreign exchange (FX) risk and varying regulatory regimes.

SEAMLESS DIGITAL PAYMENTS FROM SMARTPHONES TO THE BACK OFFICE

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The most conspicuous manifestations of payments' digitization can be found at consumers' fingertips — the apps and mobile wallets that a growing share of individuals use to pay businesses and each other. Use of these payment methods was up before the COVID-19 pandemic, but the pandemic has dramatically accelerated adoption. Smartphones have allowed consumers to set the point of sale (POS), even when they enter stores and use technologies like contactless payments and QR code scanning.

Smartphones have, in essence, increasingly become the center of consumers' financial lives, especially for those in younger age groups. Three-quarters of the adult population in developed economies have smartphones — and the share is over 90 percent among those 18 to 34 years old. Smartphone ownership is also on the rise in emerging economies like Mexico, India and Brazil: a median 45 percent of adults possess them in countries with such economies.

Mobile devices have the potential to rapidly connect billions of consumers living in these countries to the global banking systems from which they have historically been disconnected.[2]

[2] Silver,L. Smartphone Ownership Is Growing Rapidly Around the World, but Not Always Equally. Pew Research Center. 2019. https://www.pewresearch.org/global/2019/02/05/smartphone-ownership-is-growing-rapidly-around-the-world-but-not-always-equally/. Accessed October 2020.

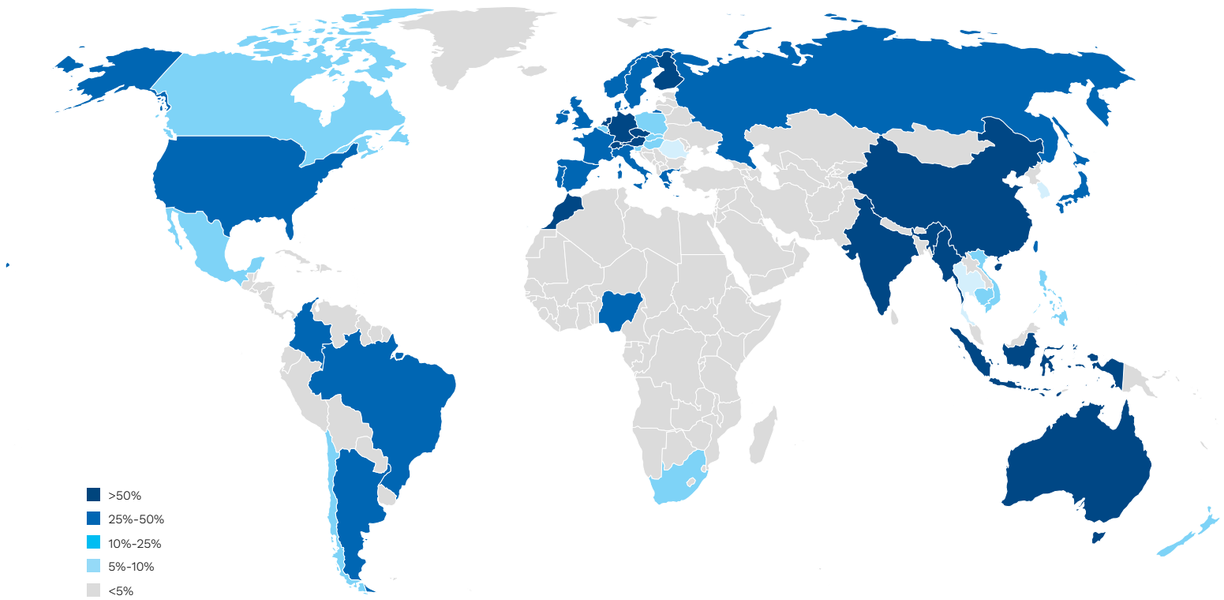
Digital payments have come to make up a significant share of all payments in Europe, North America and parts of Asia. A study found that 10 percent to 25 percent of total transactions in North America were digital in late 2019, as were more than half of transactions in China.[3]

95%

OF U.S. MILLENNIALS AND GENERATION Z INDIVIDUALS OWN **SMARTPHONES.**

FIGURE 1:

Alternative payments methods
Share using alternative payments methods in 2018, by country



[3] Digital commerce and the rise of alternative payments methods. McKinsey & Co. 2019. https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/digital-commerce-and-the-rise-of-alternative-payments-methods. Accessed October 2020.

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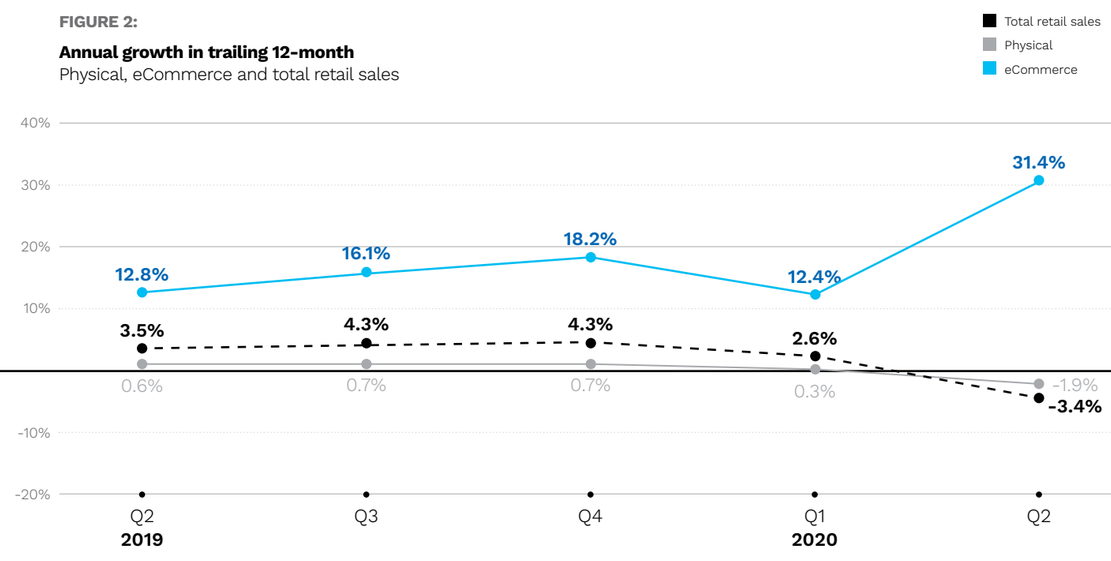
THE PANDEMIC'S IMPACT

The public health crisis's effect on these trends has been profound. The share of commerce transacted online has surged since March 2020 as widespread closure orders have taken effect. Sales via eCommerce in the second quarter of 2020 were 31.4 percent higher than during the same period in 2019, and the rate of growth was nearly three times that of the previous quarter.[4]

The rise in mobile wallet use has been particularly dramatic among consumers in the U.S., where adoption had trailed other advanced economies. A recent report found that 45 percent of U.S. consumers made mobile wallet payments in May, and the usage rate was 61 percent among those aged 29 to 39.[5]

FIGURE 2:

Annual growth in trailing 12-month
Physical, eCommerce and total retail sales



[4] Webster, K. The Rise Of The Auto-Refill Economy. PYMNTS.com. 2020. https://www.pymnts.com/subscription-commerce/2020/the-rise-of-the-auto-refill-economy/. Accessed October 2020.

[5] Mobile wallets becoming the way to pay amid the pandemic. FIS Global. 2020. https://www.fisglobal.com/en/insights/what-we-think/2020/june/mobile-wallets-becoming-the-way-to-pay-amid-the-pandemic. Accessed October 2020.

THE B2B SPACE

The pandemic has been a powerful catalyst for digital adoption, especially in the realm of B2B commerce, where legacy payment methods have remained common. It is not difficult to see why digital payment platforms are gaining supporters: The disruption of supply chains and longstanding supplier relationships has directed many companies to quickly establish protocols to pay new suppliers promptly and securely. Assuring a new vendor that "the check is in the mail" will likely not suffice.

One recent study found that more than three-quarters of SMBs in North America have turned to digital services for receiving and sending B2B payments. The reasons for doing so were clear: 91 percent of SMBs cited speed and security as important factors in adopting digital payments, and nearly the same share cited transparency as a key factor. Also important was the belief held by 81 percent of SMB respondents: that switching to digital B2B payment systems resulted in greater customer satisfaction.[6]

Diversifying and digitizing payments is not necessarily a simple matter, however, especially if a company's payment flows are separated by division and banking systems. These factors further underscore the importance of working with trusted financial partners that can make digital payments integral to a company's existing ERP system — and permit financial decision-makers to leverage the data that comes from these processes.

[6] Mastercard: 73 Pct Of SMBs Say Digital Payments Are 'New Normal'. PYMNTS.com. 2020. https://www.pymnts.com/news/b2b-payments/2020/mastercard-73-percent-smbs-say-digital-payments-are-new-normal/. Accessed October 2020.

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RIDING REAL-TIME PAYMENT RAILS

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A high-tech bullet train would find its speed limited if it could only travel on old train tracks with signals that force frequent stops. Something similar is at play with payment methods: Making a payment with a credit card or mobile app may feel instant from the user's perspective, but the underlying financial infrastructure that actually moves funds from one bank account to another is often anything but high-speed.

Many businesses are keenly aware of the reality of settlement lag time, which not only characterizes check payments but also credit card transactions, ACH and wire transfers. Dayslong delays can exert a heavy toll on businesses' cash flows and strain relationships with suppliers. They impose a collective drag on economic activity on a macroeconomic level.

These circumstances have given rise to the creation of rapid payment rails around the world that can convey funds nearly instantly and operate 24/7 year-round — a far cry from the batch processing and bankers' hours that contribute to the delays associated with traditional ACH and checks. There were 14 instant payment networks around the world by 2014, and the number has more than quadrupled to 57 since then, including the United States' RTP, which went live in 2017.[7]

The RTP rail is steadily gaining traction in the U.S. after a slow start. The Clearing House (TCH) — the consortium of banks that operates the network — estimates that 70 percent of checking accounts in the U.S. are able to access the RTP network and that it settles more than $2 trillion on a daily basis.[8]

[7] Simplifying Cross-Border Payments. PYMNTS.com. 2020. https://www.pymnts.com/study/simplifying-cross-border-payments/. Accessed October 2020.

[8] RTP Network Reaches 56 Pct Of US Checking Account Holders. PYMNTS.com. 2020. https://www.pymnts.com/news/faster-payments/2020/rtp-network-reaches-more-than-half-united-states-checking-accounts/. Accessed October 2020.

TABLE 1:

Instant payment schemes in CPMI countries
Instant payment networks employed by countries belonging to the Committee on Payments and Market Infrastructures

COUNTRY	IMPLEMENTATION	RELEASE YEAR	NOTES
AUSTRALIA	New Payments Platform (NPP)	**2018**	NPP was launched in February 2018 (New Payments Platform, 2018).
CHINA	Internet Banking Payment System (IBPS)	**2010**	
HONG KONG	Faster Payment System (HK FPS)	**2018**	HK FPS was launched in September 2019 (Hong Kong Monetary Authority, 2018)
INDIA	Immediate Payment Service (IMPS)	**2010**	
ITALY	Jiffy	**2014**	
REPUBLIC OF KOREA	Electronic Banking System (EBS)/ CD/ATM System	**2001/ 2007**	"The CD/ATM System has provided near-real-time payments since 1988 with operations on a near-to-24/7 basis... since 2017" (BIS, 2016)
MEXICO	SPEI	**2015**	"The SPEI began conducting near-real-time payments in 2004 with operations on a 21/7 basis for mobile payments since March 2015 and on a 24/7 basis since November 2015" (BIS, 2016)
SELECTED COUNTRIES IN THE EUROPEAN UNION	SEPA Credit Transfer Instant (SCT Inst)	**2017**	SCT Inst is a voluntary real-time payments system for PSPs in the European Union and selected European countries. It initially launched in 2017 with participation by PSPs in four countries: Austria, Estonia, Latvia and Spain. Since introduction, PSPs in an additional 13 countries have joined the scheme, including from the United Kingdom and Sweden which already operate separate instant payment schemes.
SINGAPORE	Fast and Secure Transfers (FAST)	**2014**	
SOUTH AFRICA	Real-Time Clearing (RTC)	**2006**	
SWEDEN	Payments in Real-time (BiR)	**2012**	
SWITZERLAND	Twint	**2017**	In its 2016 report, BIS notes Twint as being launched in 2015; however, SIX Group, the central financial infrastructure provider in Switzerland, reports that Twint was launched in April 2017.
TURKEY	BKM Express	**2013**	
UNITED KINGDOM	Faster Payments Service (UK FPS)	**2008**	
UNITED STATES	Real-Time Payments (RTP)	**2017**	

Sources: BIS, 2016; The Clearing House, 2018; New Payments Platform, 2018; Hong Kong Monetary Authority, 2018; European Payments Council, 2017; European Payments Council, 2018.

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These instant payment rails could have a transformative effect on businesses. They can eliminate settlement lag time and also reduce the likelihood of costly errors and the risk of fraud associated with legacy payment processes. Remittance information and other data is embedded in RTP and other fast payment networks, offering greater payments visibility and more opportunities to leverage data, which can inform everything from expansion strategies to loyalty programs.[9]

The pandemic has further illuminated instant payment networks' advantages. Issuing and depositing checks has become increasingly complicated, with many bank branches operating with limited hours and other restrictions. Payment speed and security have at the same time taken on an elevated importance, since companies may need to establish relationships with new suppliers in the wake of the disruptions caused by the pandemic and economic downturn. These circumstances have led to a sharp increase in large-dollar B2B payments via RTP, according to TCH.[10]

Using instant payment networks is not as simple as throwing a switch, however — especially if a company intends to employ them in multiple countries. Companies must ensure their financial partners employ AI-based security systems that can keep pace with real-time rails, since instant payments are irrevocable. Anti-fraud mechanisms must thus function in real-time and be capable of detecting and stopping fraud when it happens — not just flag it after the fact.[11]

[9] The Link Between FIs, RTP, Data And New Mobile Use Cases. PYMNTS.com. 2020. https://www.pymnts.com/news/faster-payments/2020/real-time-payments-fi-innovations/. Accessed October 2020.

[10] Heun, D. Coronavirus puts Real Time Payments to the test. PaymentsSource. 2020. https://www.paymentssource.com/news/coronavirus-puts-real-time-payments-network-to-the-test. Accessed October 2020.

[11] Making Real-Time Payments a Reality. PYMNTS.com. 2020. https://www.pymnts.com/study/the-making-real-time-payments-a-reality-report-january-2020/. Accessed October 2020.

FOUR FAST FACTS ABOUT RTP AND INSTANT PAYMENT NETWORKS

57
Number of instant payment networks around the world

70%
Share of checking accounts in the U.S. that are capable of using the RTP network

$2T
Amount settled daily on the RTP network

83%
Share of U.S. companies with at least $1 billion in annual revenue that are in the process of adopting RTP

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EXPANDING **DIGITAL COMMERCE** ACROSS **BORDERS**

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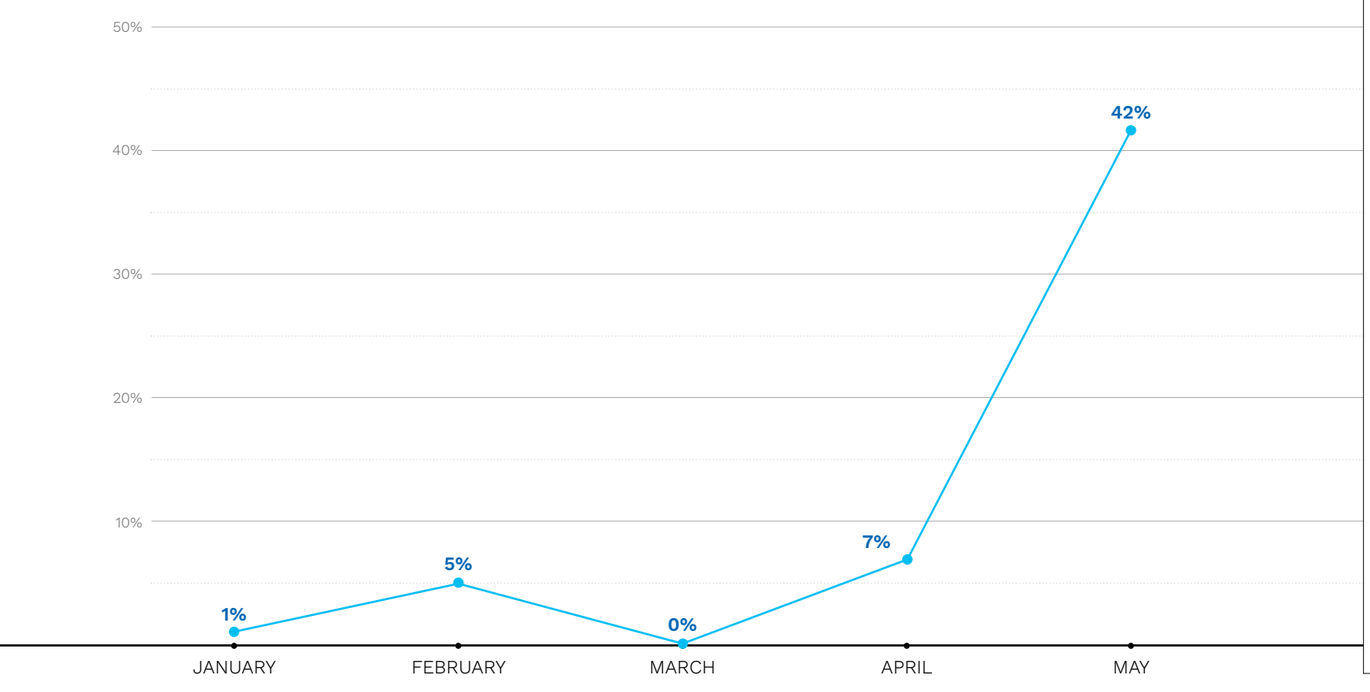
Going global and scaling up at a rapid pace has long been pages of the playbook for platform-based businesses that have become the current era's economic titans, such as Amazon and Uber. This potential for scale extends well beyond these technology giants, however. A good idea for a product or service can rapidly take flight, and even small businesses have quickly expanded into cross-border commerce as suppliers and as D2C merchants. At the same time, firms operating across borders — or those with ambitions to do so — must possess robust payment operations capable of handling the complexities of FX risk, global data security and diverse regulations.

FIGURE 3:

U.S. cross-border eCommerce growth
Year-over-year cross-border web sales growth by month for 2020



THE PANDEMIC HAS LED TO A SURGE IN CROSS-BORDER eCOMMERCE SALES.

The pandemic has greatly expanded cross-border commerce's potential. The share of commerce transacted across national boundaries has grown significantly over the past year, and the most pronounced spike occurred in late spring. The month of May saw a 42 percent year-over-year increase in U.S. cross-border sales as a share of total online commerce. These shifts were not confined to the U.S., as cross-border eCommerce grew by 30 percent in May year-over-year in Europe. Cross-border sales surged by more than 236 percent in the Arab Gulf region during the same time.[12]

[12] Evans. K. Global cross-border ecommerce grows 21%. Digital Commerce 360. 2020. https://www.digitalcommerce360.com/2020/07/28/global-cross-border-ecommerce-grows-21/. Accessed October 2020.

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41%

OF INTERNATIONAL FIRMS MAKE PAYMENTS IN **SIX OR MORE CURRENCIES.**

The shift suggests that a growing share of consumers are willing to turn to new outlets to find the products they are looking for, even to foreign countries — and that merchants based in these countries have ramped up their capabilities to meet this demand.

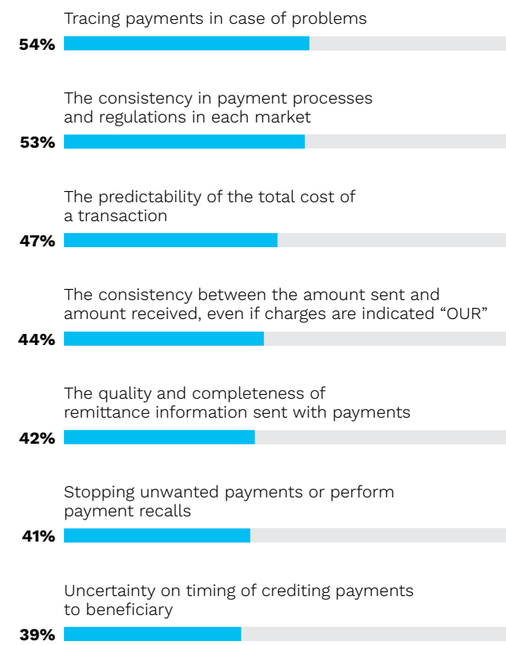
Operating digital channels globally is complex, however. Fifty-seven percent of global companies work with at least six banks on average, and 41 percent of them make payments in at least six currencies. These circumstances can generate many points of friction, including the varying operating hours of foreign banks, the challenge of working through multiple payment intermediaries and heavy fees.[13]

[13] Enhancing cross-border payments: building blocks of a global roadmap. Committee on Payments and Market Infrastructures. 2020. https://www.bis.org/cpmi/publ/d194.pdf. Accessed October 2020.

FIGURE 4:

Pressing issues in cross-border payments

Issues that treasurers marked as extremely challenging



These challenges can be especially daunting for B2B firms, which typically deal with far larger payment volumes than consumers. Finance executives have cited a number of pain points, topmost tracing payments and a lack of consistent payment processes and regulations in different markets. This is one reason that cross-border payments are emerging as a key use case for instant payment networks.[14]

The current economic environment highlights another important dimension of cross-border commerce: FX risk — the financial impacts a company can face due to fluctuations in the currency values of the countries where it operates. This is something any business with a global footprint must be mindful of, but the concern is heightened in this current economic climate of uncertainty and stock market volatility.[15]

[14] The future of payments: a corporate treasury perspective. EuroFinance Corporate Treasury Network. 2017. https://www.swift.com/sites/default/files/documents/swift_corporates_surveypaper_eurofinance-final.pdf. Accessed October 2020.

[15] FX Review: Pandemics and Uncertainty: The Challenges for FX Managers. Citi. 2020. https://www.citibank.com/commercialbank/insights/pandemics-uncertainty/en/. Accessed October 2020.

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REGULATIONS, SECURITY AND OTHER PAYMENTS FRICTION POINTS

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One of the hallmarks of the internet is its ability to cross borders. This does not mean that a company's eCommerce operations can sidestep the regulatory regimes of the various countries where they may have customers, however. Regulations in multiple jurisdictions are in fact changing to specifically address the unique data and security concerns that go along with digital commerce.

The European Union has long been the center of this changing environment. Its revised Payment Services Directive (PSD2) requires two-factor authentication for digital payments made from member countries, among other security provisions. A companion set of rules, the General Data Protection Regulation (GDPR), established standards for protecting consumers' data online.[16]

The EU is not alone in implementing regulations regarding the global, digitally connected economy. India has enacted its own regulations around data protection and open banking, for example, and new rules are being implemented in the U.S. and elsewhere.[17]

Every business must contend with security concerns and regulations, but these matters loom particularly large for those that want to expand their digital commerce operations. The paramount importance of conversion when selling through digital channels is the reason. It is all too easy for consumers to find other options in a few clicks when legitimate purchases of customers are blocked — an occurrence sometimes referred to as a false positive. This may not only deprive merchants of one-time sales but the opportunity to forge direct and lasting relationships with customers.

PYMNTS has found that nearly $100 billion in sales in the U.S. are at risk due to checkout friction. Imprecise fraud detection is a key pain point of conversion friction: False positives are among the top operational pain points cited by digital platforms.[18]

CONVERSION, SECURITY AND COMPLIANCE

ARE KEY CONSIDERATIONS FOR FIRMS THAT WANT TO EXPAND THEIR DIGITAL COMMERCE OPERATIONS GLOBALLY.

These concerns are especially important for subscription providers. Many consumers are already juggling multiple plans for streaming services like Netflix or fashion boxes. Declined payments are one of several important factors that correlate with users abandoning their subscriptions. PYMNTS' research has shown that the more often consumers have to update their payment information, the more likely they are to cancel their streaming and digital media services.[19]

These barriers are by no means insurmountable, however. Firms that adopt sound strategies for addressing FX risk, regulatory complexity and security — and make them fundamental components of their treasury operations — could gain market share and possess lasting competitive advantages.

[16] EU Says GDPR A Success; Consumers Still Skeptical Of Open Banking Security. PYMNTS.com. 2020. https://www.pymnts.com/news/regulation/2020/eu-says-gdpr-a-success-consumers-still-fear-open-banking-security/. Accessed October 2020.

[17] Fintech and Payments Regulation: Analytical Framework. International Monetary Fund. 2020. https://www.imf.org/en/Publications/WP/Issues/2020/05/29/Fintech-and-Payments-Regulation-Analytical-Framework-49086. Accessed October 2020.

[18] Payments 2022 Study: Building A High-Performance Payments Team For Fraud Detection. PYMNTS.com. 2019. https://www.pymnts.com/study/payments-2022-study-june-2019/. Accessed October 2020.

[19] The Subscription Commerce Conversion Index. PYMNTS.com. 2020. https://www.pymnts.com/study/subscription-commerce-conversion-index-2/. Accessed October 2020.

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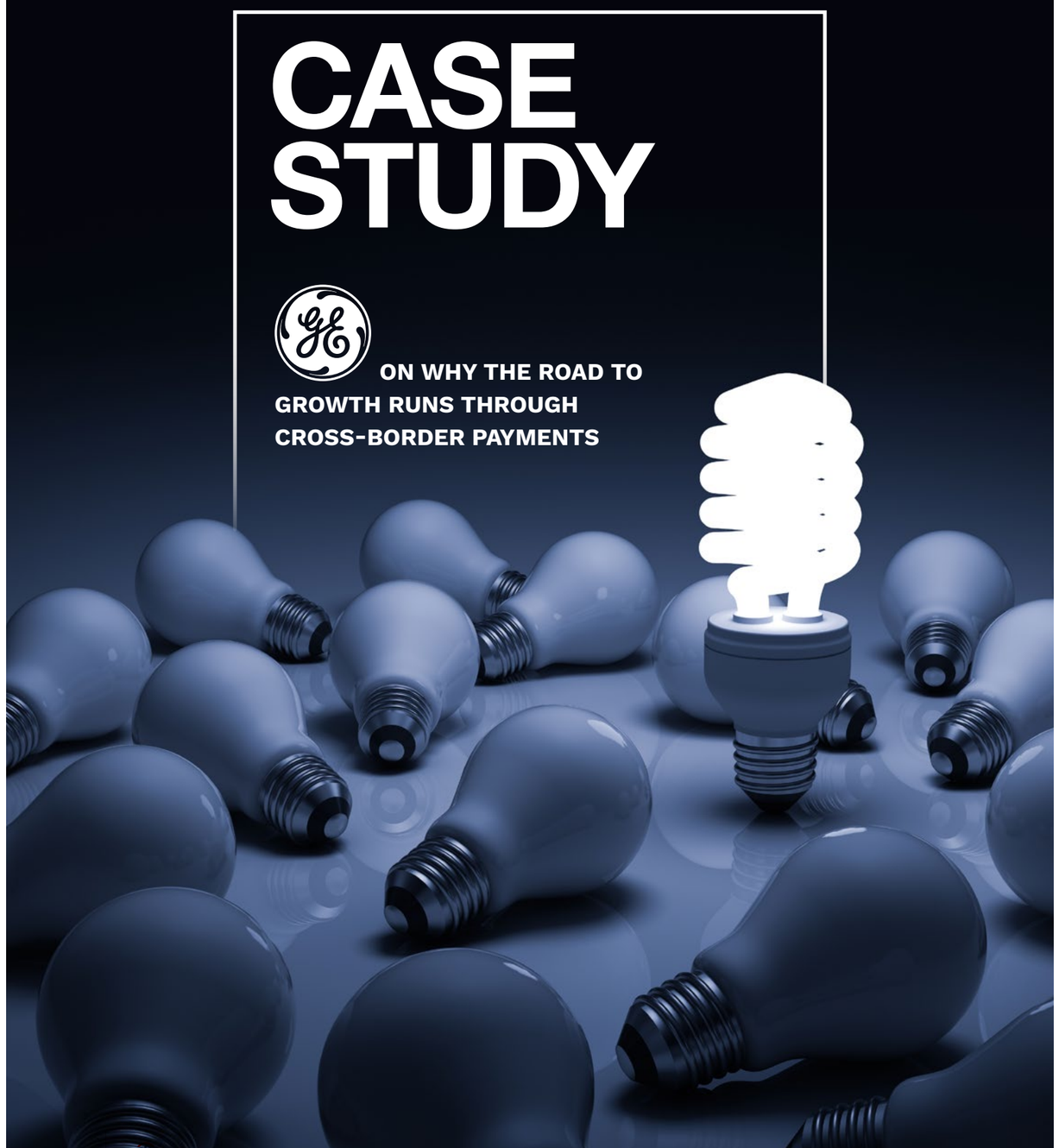
CASE STUDY

ON WHY THE ROAD TO GROWTH RUNS THROUGH CROSS-BORDER PAYMENTS



General Electric (GE) is the one of the world's oldest and largest industrial manufacturers, and it has roots that can be traced back to the late 1800s and Thomas Edison's lab. The 142-year-old company touches nearly every aspect of today's economy, including healthcare, aviation, energy production and finance.

The company has become known for the sophisticated digital technologies and engineering that go into many of its front-end commercial applications. GE has recently sought to bring digital optimization to its back-office payments processes as well. A key part of this effort is cross-border payments, which are vital to keeping supply chains running smoothly and securely in the more than 100 countries in which GE operates.

The pandemic's ongoing economic impact has naturally raised the stakes for effective and efficient cross-border payments, according to Shreya Fatehpuria, intercompany and FX payments leader at GE.

> **There's always a continuous assessment regarding your top line [as a company], but you also have to think about the bottom line, and cost efficiency becomes a huge metric in that space.**

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"There's always a continuous assessment regarding your top line [as a company], but you also have to think about the bottom line, and cost efficiency becomes a huge metric in that space," Fatehpuria said in a recent interview with PYMNTS. GE has thus embarked on a large-scale ongoing effort to digitize its cross-border payments processes.

The company is hardly alone in facing headwinds in the current economic climate, either, which can pose additional challenges for multinational companies. The average global company works with at least six banks, and 40 percent of them make payments in at least six currencies. This can give rise to many friction points, such as document-intensive approval processes, varying bank operating hours and onerous fees.[20]

Addressing these pain points are among GE's key priorities as it upgrades its FX operations.

"We've always wanted to make [payments] as efficient and quick as possible at the lowest possible price, without compromising the quality," Fatehpuria said. "The quicker we can get the money out the door and to the end supplier with as low cost as possible — that's what drives this."

This process has been fairly manageable when it comes to developed economies, but it can be a different story in the developing world. Fatehpuria credits the company's banking partner with being instrumental in helping GE manage some of the more complicated aspects of optimizing cross-border payment flows.

"We have our own challenges which we will need to work through [when it comes to] automating and digitizing payment flows and reducing touchpoints," she said. "It ... also depends on the bank your partnering with, so ... us moving to Citi was a pretty strategic move for us last year, because it has a global presence and we have been able partner really well in this space."

Fatehpuria added that GE is working toward integrating real-time payments into its cross-border operations, which could help mitigate many of the challenges endemic to transnational B2B payments, including limited banking hours and batch processing.

[20] Enhancing cross-border payments: Building blocks of a global roadmap. Committee on Payments and Market Infrastructures. 2020. https://www.bis.org/cpmi/publ/d194.pdf. Accessed October 2020.

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> **GE can actually make a lot of difference and do good at times like these, which is what matters at the end of the day.**

"Treasury is in the middle of upgrading our FX infrastructure," she said. "We're still a ways away from [real-time payments], but we're laying down the foundation blocks now so that we can actually start thinking about more concrete steps as we progress through the current activity that we have laid out in front of us."

The pandemic has clearly exposed the shortcomings of many legacy business practices, particularly those that rely on in-person, manual processes. The cross-border element further complicates matters for multinational companies.

GE's treasury department experienced this firsthand in the early days of the pandemic, when China imposed a full shutdown on businesses. The company could not perform vital activities without its in-person staff at its office in Shanghai.

"Our treasury operations team was considered essential and had to go in with the full PPE in order to make sure that the lights didn't go out," Fatehpuria said. "So, these are things that we had to accommodate at the time, but ... I expect these processes to become easier in future — at least I hope so."

GE is doing on a very large scale what businesses across different industries and around the world are doing: strategically adapting to a changing economic and social reality.

"GE can actually make a lot of difference and do good at times like these, which is what matters at the end of the day," Fatehpuria said.

Treasury can help enable that, as more efficient and effective cross-border payment operations can help keep a company focused on its essential mission.

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EXECUTIVE INSIGHT

EXPANDING AND OPERATING GLOBALLY CARRIES OPPORTUNITIES AND CHALLENGES IN THE CURRENT ECONOMIC CLIMATE. WHAT SHOULD COMPANIES KNOW TO SUCCEED IN THIS ARENA?

[The] COVID-19 [pandemic] has been a stark reminder of the challenges of operating globally. Established supply chains and ways of reaching consumers were upended overnight, compelling companies to seek alternative suppliers and find new ways to reach customers. Despite the unprecedented disruptions caused by the pandemic, growing geopolitical tensions, and the threat of protectionism, corporates will continue to grow internationally, evolve new business models and seek opportunities wherever they emerge to attract new customers and remove any friction in their supply chains.

Our clients are placing increasing importance on engaging more effectively with customers and suppliers in order to strengthen relationships and build sustainable growth. Payments, both domestic and cross-border, are critical to realizing this growth. They are no longer a tangential aspect of commerce but have become an instrument that helps build loyalty and transparency, often underpinning the end consumers' experience. At the same time, going global creates new challenges to manage. In this crucible, it is critical that treasury works with the right internal partners when decisions are being made around expanding into new markets, changing suppliers or looking at new ways to engage with customers. The integration of treasury and accounts payables experts into such processes can enable companies to effectively mitigate risks early on, ensuring important decisions can be relayed to and supported by the right banking partner — ideally one that offers access to cost-effective, reliable, fast and efficient cross-border payment capabilities.

AMIT AGARWAL
global head of cross-border payments at **Citi**

CONCLUSION

It is an understatement to say the past year has been one of disruption to societies around the world, yet remarkable adaptation has occurred in the months since the onset of the COVID-19 pandemic, thanks in large part to digital technology and the internet. Our research has clearly shown that digital adoption among both consumers and businesses is not fleeting but may fundamentally alter consumer habits and business practices in the months and years ahead.

Companies and the finance officials who lead them must reckon with this new reality. Having a robust online presence and commerce capabilities can no longer be seen as mere value-added services. They will instead be essential to reach existing and prospective customers in domestic and foreign markets through D2C channels, subscriptions and online B2B commerce platforms.

Branching into multichannel digital commerce requires planning, strategy and vision, however. Firms must be able to transact in multiple digital payment methods, tap instant payment rails like RTP, and negotiate the complexities of cross-border commerce, including FX risk, compliance and security. Companies that view the current moment as an opportunity to innovate could very well emerge stronger, possessing more diversified revenue streams and greater resiliency in the face of other unexpected events — provided their financial partners are up to the task.

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