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Citi's plans for its $1 billion tech budget in corporate banking

By Penny Crosman **May 02, 2022, 1:59 p.m. EDT**

Citi is stepping up technology spending on its corporate banking side to $1 billion, 40% more than its 2020 expenditures.

The $2.3 trillion-asset bank hopes to use the investment to offer clients faster onboarding of additional accounts through the use of automation, make more banking tasks doable through self-service and embed more banking services into software programs clients already use. It will also improve communication between clients and Citi and help the bank increase client satisfaction, according to Naveed Anwar, who joined the bank in November as global head of digital for Treasury & Trade Solutions. Prior to that, he spent six years at Capital One.

"We want to make sure that when we're building the interfaces for our clients on CitiDirect, they're as good as what you get from a consumer experience when you sit in an Uber or book through Airbnb," says Naveed Anwar, global head of digital for Treasury & Trade Solutions at Citi.

"That's the thing that matters the most, the voice of the customer," Anwar said in a recent interview. "If the customer says, build these full capabilities, can I get them in my backlog faster? Can I use more of an agile methodology of software development in two-week sprints, rather than a waterfall transition? Those are some of the key elements that you'll start seeing come to life at the end of 2022."

The tech budget increase in Citi Treasury & Trade Solutions business, which provides corporate banking services like payments, liquidity management and working capital to business clients, goes with the bank's 30% tech spend increase across the board and its exiting of consumer banking in 13 markets and refocusing on being a global institutional bank and a consumer bank in the U.S.

All of this is exactly what Citi should be doing, according to Ken Usdin, managing director for equity research at Jefferies & Co., who follows large-cap banks.

"Citi is clearly in the midst of a multiyear transformation and incremental spend across the business, so a meaningful increase in their TT&S business is absolutely warranted," Usdin said. "This is an extremely important business inside of Citi. It's one of their competitive advantages. It's one where they distinctly have scale from a client perspective and a geographic perspective. It is an area where it is paramount to spend a meaningful amount of money on making sure this business stays competitive in an increasingly digital world where the competitive threat is ever present and rising."

New York-based Citi has been working to upgrade its digital operations for the last four years, Anwar said. It's been trying to digitize systems and processes, become a digital-first bank and make better use of data.

Treasurers at Citi's corporate clients "don't want to call their bank just to check the status of a payment or request a foreign transaction rate," Anwar said. "They want to

do these types of things on their own and they want to get answers quickly any time of the day or week. That end-to-end experience is digital first, rather than having manual touches. We build it in such a way that our clients can do more in self service rather than pick up the phone every single time and call."

Phone calls are not going to go away, he said. "But I think our clients demand things in real time, in a more intelligent manner," Anwar said. "Those are the kinds of experiences that we want to build."

The self-service portal CitiDirect is already international, so "when a big client wants to move money from one account to another account, we already do cross border transactions and transfers for them within the Citi rails," Anwar said.

But Anwar wants to make sure those rails are modernized. His group is upgrading its payment options for TT&S clients to include mobile wallets and instant payments, and hiring technology and product management people to make this happen.

The bank hopes to shift clients from the self-service portal CitiDirect to CitiConnect embedded banking. For instance, today, a client can log in to CitiDirect to do a balance inquiry. In the future, Citi may embed this capability into software the customer already uses through an API.

"In North America, EMEA and Latin America, we find that our clients want to take more of an API-based approach," Anwar said. Big Tech companies like Google especially want to do their banking through APIs. Clients in Asia Pacific also use APIs but want more of a bespoke approach, Anwar said.

The bank has already developed APIs that corporate clients can use to do their banking within, say, Oracle, SAP or Kyriba enterprise resource programming software or cash management systems.

Other banks, including Silicon Valley Bank and Wells Fargo, offer API-based services to corporate clients, also specifically designed to appeal to technology companies. Citi may be a step ahead.

"Citi has long been a leader in both their online digital solution CitiDirect as well as connectivity solutions in CitiConnect," said Patricia Hines, head of corporate banking at Celent. "They were a very early mover in the API space, and one of the few global banks that offer a full suite of commercial banking APIs across their global footprint. Citi's expansion of API portal functionality follows industry leaders such as Twitter and Plaid. I see Citi as a step ahead of Wells Fargo, Goldman Sachs and others in regards to developer portal user experience."

Anwar says that what makes Citi different is its network scale.

"If you go to our developer portal today, across our payments, liquidity and trade products, we've got more than 90 APIs that are already connected through our CitiConnect platform," he said. "When a treasurer comes to us, they're looking at a global solution so that they can move more money between accounts for different entities that they have in different countries. They don't want to be deploying a solution for North America with one bank and in Asia another bank, and in Europe another bank."

Citi's APIs are available in multiple languages and use XML standards.

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The bank is moving toward modern standards such as version 3 of the OpenAPI specification, which makes APIs easier to understand and use, and the JSON data interchange format, which helps with sharing data between applications and servers.

"We want to make sure that we meet the developers where they are," Anwar said, rather than sticking to older programming languages that young developers are unlikely to know.

Citi also participates in standards working groups within the Swift network and API organizations. Anwar's former employer, Capital One, is heavily also involved in standards groups, especially in the open source community.

"Citi is really starting to think like a tech company, versus being a traditional bank," Anwar said. "And that's where the opportunity of investment comes in, because we want to work with these working groups, to make sure that we're at the leading edge versus lagging behind," within regulatory requirements.

His developers are creating the ability for customers to try out APIs before deploying them.

"It's kind of like the agile example of, you can do some window shopping before you actually buy something," Anwar said.

Anwar's group is also involved in the issuance of central bank digital currencies. It is one of the 33 banks that are integrated into eNaira, the digital coin the Central Bank of Nigeria released in October. It is working with other governments launching their own central bank currencies.

"Those are places where we are investing, investigating, piloting and exploring, when it comes to digital assets," Anwar said. "Central bank digital currencies will eliminate the latency and friction from money movement, and bring down the cost of the transaction."

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