

Unlock Value by Paying to Digital Wallets

Citi · 2026-09-02 · English original

The use of digital wallets has increased significantly around the world. Near 24/7 and near real-time – digital wallets, which emerged as a convenient and user-friendly alternative option for payments, are now reshaping cross-border payments, financial inclusion, and business efficiencies globally. Peer-to-peer (P2P) and consumer-to-business (C2B) transactions are growing fast and new use cases for business-to-consumer (B2C) transactions are emerging. This growth is reflected in demand from Citi's institutional clients, where in a recent survey, eight in ten of Citi's financial institution clients said that demand for alternative payment methods is material or increasing. 1 By 2026, it is projected that over 60% of the global population will be using digital wallets. 2 Unlock Value by Paying to Digital Wallets The growing importance of digital wallet payments Services Thomas Swenson Domestic Payments Commercialization Aashi Khemka Cross-Border Payments Commercialization 1 2024 Citi Survey: Banks: The Industry's Perspective Survey on AI, Innovation and key themes 2 Citi GPS: Global Perspectives & Solutions, October 2024 Emerging markets have experienced especially swift growth in digital wallet use. The more limited reach of traditional banking services and material unbanked populations in some of these markets has helped propel their adoption.

“At One Acre Fund, our Kenya program proudly serves over 1 million hardworking farmers in Kenya, generating approximately \$25 million in revenue. A crucial alliance in making farmer collections effortless is our collaboration with M-PESA, where we utilize a dedicated paybill linked to our Citibank Revenue Account to receive payments made via M-PESA digital wallets, reducing friction and increasing efficiency. By automating transfers and simplifying account reconciliation, this collaboration has been transformative, allowing us to spend less time on administrative tasks and more time delivering real impact to the farmers we serve — helping smallholder farmers grow more food, plant more trees, and increase their incomes. Our collaboration with Citi isn't just about banking — it's about empowerment, resilience, and assuring that farmers we serve have the financial infrastructure needed to thrive.” Gideon Maina Chief Financial Officer of One Acre Fund The rapid adoption of digital wallets is fuelled by speed (near instant payment), extended availability (near 24/7), simplified formatting, full-value delivery, transparency, and trackability compared to traditional cross-border payments. Several digital wallet providers are expanding their services to include cross-border payment options, responding to the growing demand for cross-border payment solutions. At the same time, banks are introducing pay-to-wallet capabilities to cater to this shift in customer preferences. This article explores the key use cases for digital wallets for corporates and non-bank financial institutions, highlighting the value they can deliver across a range of use cases and industries. Unlock value with payments to digital wallets through key use cases Corporates and non-bank financial institutions – in particular those with payments to, or collections from consumers – should recognise that supporting payments to digital wallets is not just a likely value add: it is a crucial part of operating locally. Incorporating payments to wallets as a payment endpoint can help companies further digitize payments and can also enable a better beneficiary experience. For example, by paying in near real-time and to a contractor's wallet, companies operating in the gig economy can bolster independent contractors' loyalty and improve their competitive edge. The widespread prevalence of wallets in many countries means that it is essential to offer them as part of customer collections methods in order to help drive sales by improving payment acceptance and enhancing access to unbanked customer bases. Unlock Value by Paying to Digital Wallets 2 | Services

3 Subject to technical and market availability, may change without prior notice “Our business relies heavily on localization and translation services, and thanks to Citi’s digital wallet payment solutions, we’ve achieved remarkable improvements in our payment processing. Payments are now faster and more reliable, ensuring our partners are compensated promptly.” Ivana Golcova Treasury Manager of RWS Group Payment interoperability brings payment ubiquity As instant payment schemes are introduced and adopted in a growing number of countries, rather than competing with or replacing digital wallets, recent developments demonstrate that these schemes are being built to accommodate digital wallets through interoperability – indicating that digital wallets will continue to play an important role in the payments ecosystem. In some places, instant payments scheme operators have allowed non-bank participants, such as wallet providers, to directly participate in clearing; thereby enabling interoperability. This is true in markets such as Argentina, Hong Kong and Singapore. In other markets, scheme operators and regulators have deployed national payment switches which link the instant payments scheme to the domestic wallet ecosystem. Whether through national switches, or direct participation of digital wallet providers in clearing schemes, interoperability has become increasingly common and leading to a state of payment ubiquity. This ‘ecosystem interoperability’ is just the start. Recent developments indicate a move towards even greater interoperability, with cross-border interoperability introduced in some markets. For example, the instant payments scheme in Singapore has established connectivity to schemes in India, Malaysia and Thailand. Shoppers and travelers can make near real-time payments via low-cost, near real-time bank transfers, benefiting payers and merchants alike. How Citi can help Citi recognizes the importance of digital wallets to our clients’ payments needs. We can support local payments to wallets in over 15 countries and cross-border pay to wallet capability that can reach over 95 countries. 3 This complements our extensive instant payments capabilities – reaching over 65 countries for domestic instant payments as well as seven currency corridors with cross-border instant payments, including cross-border SEPA (Single Euro Payments Area) Instant payments. Contact your Citi representative to learn more about how our payment solutions can help you improve your payments processing and meet your business objectives around the world. Examples of popular use cases One-off payments, e.g. compensation payments to customers Pay gig economy workers using their preferred method Digitize processes, replace checks with payments to wallets for payments such as insurance claim pay-outs Reach unbanked customers – replacement for cash collections Broaden acceptance of digital payments Unlock Value by Paying to Digital Wallets Services | 3

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