citi®

Case Study

MDB: Virtual Accounts

The Client

Virtual Accounts allow MDBs/DFIs to segregate balances within a single or efficient number of physical accounts to optimize liquidity management, increase operational efficiencies by rationalizing accounts structures and enhance reconciliation.

Current State & Challenges

MDBs/DFIs often manage large and complex account structures, that have evolved over time. These account structures often span across multiple geographies and currencies in support of ongoing payments and receivables needs. For treasuries, key challenges arise, such as:

- Who is paying me?

- What is this payment for?

- Can I control access to confidential payments?

- How can I increase control of multi-entity transactions?

- How long before I access funds from the source account?

- How long before I access funds from the source account?

- How can I optimize the local liquidity structure?

The Solution

Header Account: Can be enabled on a MDB's Citi NY or HQ Account to support the existing reconciliation process, provide online, real-time information of its credits and debits activity, and facilitate a real-time access to liquidity within a client's ledger.

Efficiencies: Improve operational efficiency, reduce bank accounts and costs, greater oversight of ongoing funding activity for departments, offices and programs.

Centralization: Can be enabled on MDB's Citi NY or HQ Account to centralize the funding and liquidity of the various departments, offices and/or programs through a single Virtual Account Structure.

Account-level Reporting: Centrally-managed entitlements and consolidated statement/reporting capabilities allow for centralized oversight to govern funding and spending activities of each department, project or program, without the need to engage in lengthy audit reviews processes. VA is available in 19 countries.

Common MDB Use Cases

Consolidation & Segregation of Flows

Flexibility to assign virtual accounts to separate flows by:

✓ Business Lines and Strategic Projects/Investments

✓ Payments (Outflows) and Collections (Inflows) | OpEx

✓ Clients/End Beneficiaries

✓ Donors and Technical Assistance Funds (TA)

And depending on client's ongoing operational needs:

Liquidity Centralization

In House Banks (on behalf of)