



Citi Dialogues

divit

divit: a rewarding bank partnership delivering real-time value

divit was set up in 2019 to link loyalty with real-time payments. Established in Hong Kong, divit is the first and only payment platform where consumers can earn, win and spend divit miles. Through divit's partnership with Cathay, 1 divit mile can be converted instantly into 1 Asia Miles and vice versa.

For divit, Hong Kong is just the beginning. Its goal is to build partnerships across the world's leading loyalty programmes to create the biggest and most rewarding loyalty community.

Citi's real-time payments technology is at the heart of divit's solution, and a strategic growth partner to the business, as co-founder [Julian Anderson](#) explains.

What was divit's vision when you first started out?

When I left university, I set up a business to build websites, initially focused on the burgeoning eCommerce sector in Australia. I soon found a niche in insurance, working with insurance brokers and underwriters for the following 12 years. Increasingly, I became interested in digital payment innovations that were taking place around the world.

In late 2019, I made the decision to set up divit with my high-school friend David Yu. We researched where people in Hong Kong were spending their money; what drove consumers to choose particular merchants over others; and how they chose their payment methods. Our research highlighted the importance of rewards, particularly airline loyalty programmes, who have unique influence over the world's most valuable customers. With this in mind, we approached Cathay to develop an innovative, instant, two-way miles exchange.

We believe that everyone deserves to be rewarded. From a consumer perspective, we want to make it easier to earn, win and spend miles, which we achieve through an instant API connection with Cathay's Asia Miles.



Instead of linking divit miles to a credit card, we decided to link our rewards platform to FPS (Hong Kong's Faster Payment System), enabling anyone with a Hong Kong bank account to benefit from our rewards platform. From a merchant perspective, divit's low-cost FPS payment solution gives merchants a significant cost saving that can meaningfully improve profit margins.

However, establishing FPS payment infrastructure with local banking providers was troublesome. Citi on the other hand, understood our needs and enabled API-based, straight-through connectivity for end-to-end real-time payment and information flows. Using FPS, we were able to create a simple user experience linking instant payments with instant rewards. Citi's API Catalogue also gives us the capacity to scale globally, a key consideration given our growth ambition.

Why did you decide to use real-time bank transfers as opposed to digital wallets?

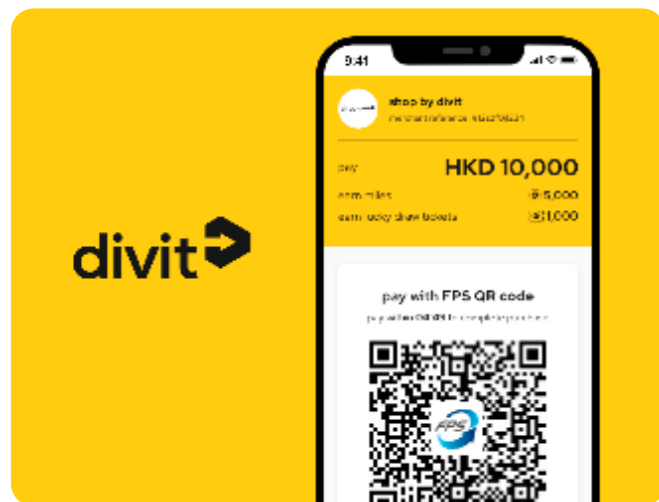
We don't see the need for digital wallets in markets with real-time bank transfers. After all why go to the trouble of loading and withdrawing funds from a digital wallet when you can make simple and secure instant payments from your bank account instead?



We believe that everyone deserves to be rewarded. We want to make it easier to earn, win and spend miles."

Julian Anderson
Co-Founder, divit

In Hong Kong, there are nearly 12m individual FPS accounts and over 1m FPS transactions per day. It's already common to use FPS for P2P payments and payments to utilities and the Government. We are now educating consumers and merchants of the benefit of using FPS in eCommerce and mobile apps too.



What are the factors that have driven your success to date?

Hong Kong consumers are unique in Asia, as they hold around 2.7 credit cards each. A key reason for this is their ability to earn rewards. We knew that while we could improve the consumer and merchant eCommerce experience using FPS as opposed to cards, our proposition could only succeed if we were able to provide a comparable – or ideally better – rewards offering.

We discovered that consumers respond positively to competitions and launched weekly draws of 20,000 divit miles. To enter, consumers simply need to pay with FPS by divit, at any of our merchant partners. For our merchants, this has helped them drive significant consumer adoption of FPS at the checkout. With every FPS payment, our merchant partners earn more, by saving significantly on credit card payments.

How are you working with Citi on your future expansion plans?

We have been working on an electronic direct debit solution over the past 18 months, making it even easier for customers to make FPS payments without the use of QR codes. Instead, customers simply approve FPS payments using phone biometrics, such as facial and fingerprint recognition. This is a great payment solution for mobile apps (e.g. food delivery) and subscription payments (e.g. gym memberships).

We are also excited about request to pay functionality, which can dramatically improve customer experience.

divit is also exploring opportunities in markets like Singapore and Australia with their own real-time bank transfer infrastructure, and will also look to expand into the United States once FedNow is operational. Underpinning our expansion strategy is the importance of scalability, which we have achieved by working with Citi to implement API-based connectivity and automatic reconciliation, our platform has been built to actively manage and resolve issues to support the instant nature of our business, so that we can allocate human capital to the most value-added areas of our business. Overall, our intention is to deliver an instant experience, which includes real-time alerts and immediate resolution wherever possible. This is essential in improving our customer service, analytics and cash flow management.

Overall, our business proposition is not linked to any single company or industry. Instead, the value we can offer extends to any consumer-facing business that wants to develop its eCommerce offering using an efficient payments process, and highly competitive customer incentives. While the travel industry is an obvious area of future growth, there is also potential in areas such as insurance, education and healthcare, which have been cash-dominated in the past, but where the value of real-time payment is considerable.



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In what other ways is Citi helping to drive your success?

We are grateful for the proactive and positive partnership we have with Citi. As a fintech, we want to move quickly, but we also recognise that there are regulatory considerations when entering a new market. Citi has helped us to both accelerate our pace of growth, whilst supporting us in building local relationships and ensuring regulatory compliance in each new market.

We have also benefited from Citi's broad corporate relationships in the region, working with cross functional teams, to deliver collaborative solutions. It truly has been a wonderful partnership.



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CTA 4448