

# Meituan-Dianping taps APIs to achieve instant FX processing



## Adam Smith Awards Asia *Winner – Best Foreign Exchange Solution*

### About

As China's leading e-commerce platform, Meituan Dianping (Meituan) operates well-known mobile apps in the country, including Meituan, Dianping, Meituan Waimai, among others.

The company offers over 200 service categories, including catering, on-demand delivery, car-hailing, bike-sharing, hotel and travel booking, movie ticketing as well as other entertainment and lifestyle services, spanning 2,800 cities and counties across China. As of June 2020, Meituan had over 457 million transacting users and 6.3 million active merchants.

### The challenge

To meet growing travel demand over the last few years, Meituan launched a new module on its one-stop e-commerce platform to provide users with access to high quality hotels and travel experiences.

As Meituan expanded its network of overseas travel providers in 2019, its treasury team was challenged with the growing volume of cross-currency transactions that exposed the company to FX and operational risks including:

- **Discrepancy between FX rates:** Different conversion rates used when pricing its services to customers and making payments to vendors resulted in significant FX exposures for Meituan. Separately, payments to vendors across foreign currencies were typically aggregated and hedged regularly, which exposed them to further currency risks.
- **Complex workflows:** Meituan needed to optimize its payment processing - particularly for non-convertible currencies which were manual and inefficient.

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## The solution

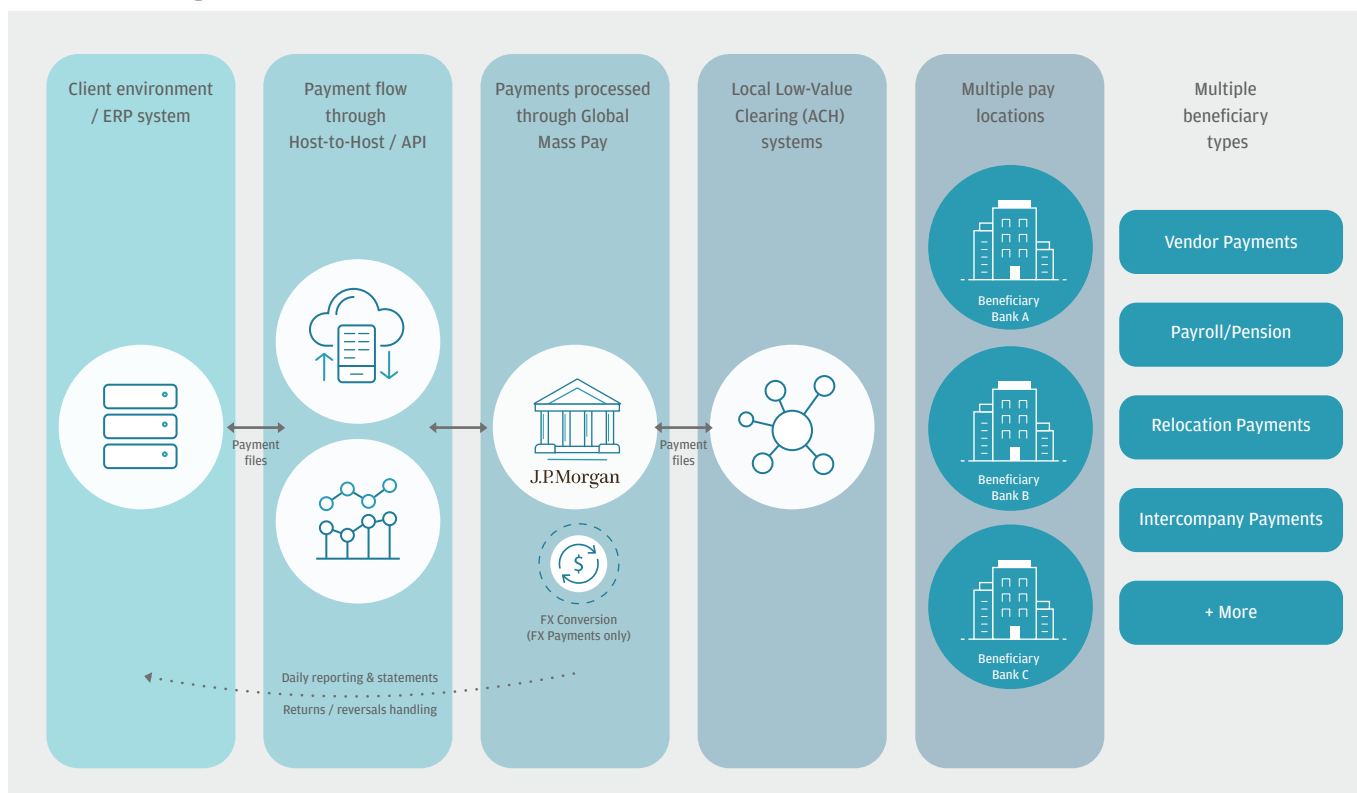
To address its challenges, Meituan collaborated with J.P. Morgan to design a robust application programming interface (API)-powered solution to streamline the firm's internal payments and FX management process. The company also deployed other innovative treasury solutions including the bank's Global Mass Pay and multicurrency pricing mechanisms to deliver enhanced experiences to more than 457 million transacting users and thousands of vendors.

A key part of the solution includes establishing new, efficient and automated treasury and FX workflows to transform the company's internal processes. This allows Meituan to access live FX rates, initiate cross currency payments, hedge exposures, track of processed transactions and download detailed reports in real time.

To improve its customer offering, Meituan further leveraged the bank's multicurrency pricing solution. The solution not only provides the most competitive prices to customers, but also enables the firm to seamlessly execute FX payments to vendors, and adopt a more proactive FX management approach.

In addition, Meituan also took steps to strengthen its relationships with vendors. Using J.P. Morgan's Global Mass Pay solution, Meituan can now process cross-border vendor payments in bulk through low-value clearing systems to effectively reduce associated banking fees while delivering an enhanced overall experience that ensures vendors receive principal payments in full in their designated currencies, quickly and efficiently.

## J.P.Morgan



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## The results

- Reduced FX exposures impact on sales margins and financial statements.
- Reduced man-hours spent on manual processes.
- Reduced turnaround time for payments.
- Increased visibility and control.

“By working closely with J.P. Morgan, Meituan-Dianping successfully deployed an API-powered treasury and FX management solution that allows the firm to access real-time and competitive FX rates to proactively hedge its cross-currency transactions and seamlessly manage payments, collections, FX and reporting - all within its own internal systems, to ensure operational efficiency”

- Nancy Cheng, Head of New Economy for Corporate Banking, Asia Pacific, J.P. Morgan





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