

# The ITFA Muse

Thursday, 12 March 2015

## CHAIRMAN'S MESSAGE - Paolo Provera, Chairman ITFA / General Manager ABC International Bank Plc.- Milan Branch

Dear Members and Friends,

By the time you read this article, we will be well into the final stretch of the first quarter of 2015. I am sure you will all agree that the first few months of the year have flown by and you would most probably have found it difficult keeping up with your busy schedules. But that is definitely a good sign; it means that you are laying the foundations to ensure a fruitful and rewarding year ahead.



Unfortunately we are still experiencing the effects of the Russian crisis, and the sharp slowdown in Russia's economy is a significant shock for the economies of other sovereigns in the Commonwealth of Independent States (CIS) region. The impact on these countries' credit profiles varies

considerably; Armenia and Ukraine have the most direct exposure among Fitch-rated sovereigns, while the steep fall in oil prices has magnified the fallout in Kazakhstan and Azerbaijan, not to mention the continuous appreciation of the US dollar, which has adversely impacted emerging markets. Indirectly, the sharp fall in the rouble has been a major factor in significant currency adjustments across the region.

In fact the sanctions for Russia are so current and important that they will be addressed and discussed at the ITFA 42<sup>nd</sup> Annual Conference which will be held in Dubai at the Jumeirah Beach Hotel, between the 28<sup>th</sup> and the 30<sup>th</sup> of September. This year's conference will include an exceptional program including panels and a range of expert speakers. More details will be circulated in due course. So please.....save the date!

As always, the ITFA Board is working hard to lure new members to our society. To this effect, we are pleased and proud to announce that this month we have welcomed three new organisations to our growing family. In addition, we are currently in the process of concluding membership with another three institutions.

The recent successful Dubai Cocktail event of last month, with over 140 participants, gave us the possibility to expand our horizons and finally attract Middle East members to our family. The ITFA Board is fully committed to achieve important targets including, among others, an important increase in memberships.

New Regional Committees will be formed with the scope of divulging the ITFA mission to a broader community of Trade Finance practitioners.

Following our recent communications with all our fellow members, I am sure that you can appreciate the effort and commitment that ITFA has dedicated over recent months in attempting to increase the number of collaborations

The Newsletter of the International Trade & Forfeiting Association



March 2015



### Contact us

For information about ITFA please visit [www.itfa.org](http://www.itfa.org) or send an email to [info@itfa.org](mailto:info@itfa.org) [www.itfa.org](http://www.itfa.org)



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and affiliation agreements. The most recent one includes BAFT, a strategic partner for us!

Together with the various associations we collaborate with, we remain committed to bring more to you, our Members. We hope that you take advantage of the additional benefits/discounts that such collaborations provide, as well as enjoy the events we promote. We continue to strive to be a partner for you in business, deal generation and best practice, driving trade in the emerging markets.

We look forward to hearing from you with any feedback you may want to share with us by sending an email to myself, any of the Board Members or to our general email, [info@itfa.org](mailto:info@itfa.org).

Best wishes,

Paolo Provera

Posted by [Alexia Vella](#) at 03:07 No comments: 

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Wednesday, 11 March 2015

## THE GROWTH OF TRADE FINANCE IN CHINA AS THE ECONOMY IS IN THE MIDST OF 'NEW NORMAL' by Guo Lixin, Head of Forfaiting, Bank of China



Starting from the second quarter of the year of 2014, the sales people of foreign banks covering the trade finance business in mainland China became very concerned about the scarcity of the ever booming correspondent banking business, such as letters of credit (L/C) discounting, refinancing under L/C or TT remittance, or even the secondary market of forfaiting against domestic L/C denominated in the currency of Renminbi.

Many FI people in charge of trade products visited the Chinese banks and repeatedly asked the same question, "why the volume of trade finance of Chinese banks has dropped so quickly?" Actually this is also the pending issue we have tried to find an answer to in the past several months.

In a party organized in Beijing by ITFA's North East Asia Regional Committee (NEARC), representatives from major Chinese banks commented that the fall in commodity prices, tightened banking regulation for inter-bank business and enhanced risk management implemented by banks all contributed to the drastic decline of trade finance volume. Taking iron ore as an example, when a bank financed the import of cargo at USD140 per metric ton in 2013, it only needed 50% of financing for the same at USD70 per metric ton of iron ore in 2014. This trend of decline has been partially reflected by the trade finance data. By the end of 2014, the total outstanding of trade financing assets denominated in currency of USD of all Chinese banks decreased by 13% compared with that of 2013, while the financing denominated in currency of RMB decreased by 8%.


The weak demand for financing from Chinese banks has forced the foreign banks further lowered their offshore refinancing pricing to 40-50 bps over 3 month Libor. Meanwhile, major Chinese banks have plenty of liquidity in terms of foreign currencies. But banks in China are still very cautious about lending to private companies, as the average ratio of non-performing loan has risen to 1.25% by the end of 2014, 0.25% higher than the beginning of the year, according to data released by CBRC, the banking regulator of China. More and more banks in China are competing for the shrinking trade finance assets of lower credit risk.

Veterans of trade finance in Chinese banks cited that the slowdown of economic growth of China is the fundamental factor that caused trade financing to decline. According to statistics released by National Bureau of Statistics, the GDP growth of China in 2013 and 2014 was 7.7% and 7.4% respectively. Many people believed that the single digit growth rate of GDP will probably last for the next 10 years.

The Chinese government has defined that the economic development has entered into a stage of new normal, which means that its growth will aim to focus on the economic quality instead of speed, and it will depend more on innovations of mechanism and technology instead of heavily on consumption of natural resources. We learned from the recent conference of National People's Congress of China in March, the target GDP growth rate for 2015 has been set at around 7%, which is the slowest growth rate for the last 15 years.

In February of 2015, People's Bank of China cut rates by 25 basis points as concerns mount at the extent of the slowdown in the largest developing economy. However the funding cost for corporations operating in China remains at a relatively high level compared with that in the US and Europe. Analysts expected that the recent move to cut rate will somehow relieve the housing sector and encourage infrastructure investment, but its positive influence to the economy will be delayed until 6 months later.

People think that the year of 2015 will be a very challenging one for banks in China whilst there are still opportunities to explore. Firstly, there are lots of projects to be launched, likewise the planned investment to projects in railway and hydro power will be worth of RMB 1.6 trillion in 2015. Secondly, the banks will benefit from further development of RMB globalization and Free Trade Zone, from which the banks will continue to gain momentum this year. Lastly, but not least, the One Belt One Road strategic plan of China will boost the economic connectivity and development between China and other countries for the next 10 years.

Posted by [Alexia Vella](#) at 01:10 No comments: 

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Wednesday, 4 March 2015

## ON THE MOVE by Stefano Bellucci, SACE, Italy



Stefano Bellucci has joined SACE, the Italian export credit company, as Head of the Modena Office. He is now responsible for the company business in the Regions of Emilia Romagna and Marche (North-Centre of Italy), where the company serves over 2,000 businesses, most of them SMEs.

SACE offers export credit, credit assurance, foreign investment protection services, financial guarantees, sureties and factoring services, with a current business volume of €70 billion in 189 countries worldwide.


"I am proud to be part of a group whose main purpose is to sustain the international growth and competitiveness of Italian businesses. I had the chance to work with SACE few years ago and I am happy to be back in this new role in one of the most dynamic and export-oriented Regions of Italy".

Stefano has over ten years' experience in financial services for internationalization. Prior to SACE, he held the position of Head of international business & trade finance development at Cariparma Crédit Agricole, in Banca Popolare Emilia Romagna as Trade finance manager and in SACE as Senior account manager.

He was also responsible for Southern Europe regional committee of ITFA.

SACE can count on a large network of national and international offices in the major Italian cities (including Milan, Rome, Venice and Modena) and in the most dynamic emerging markets.

Contact: [s.bellucci@sace.it](mailto:s.bellucci@sace.it)

Posted by [Alexia Vella](#) at 03:00 No comments: 

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## NEW ITFA MEMBERS

The ITFA Board is pleased to announce the following three new members.

**The Access Bank UK** is wholly-owned subsidiary of Access Bank Plc, a Nigerian stock exchange listed company. TABUC was established to provide customers in the UK and in Africa with a broad range of business and personal banking services. These include trade finance, treasurer services, business and personal banking together with private banking and wealth management.

Our position as Access Bank Group's OECD operational hub supports the flow of investment into markets in Nigeria, Sub-Saharan and West Africa.

Wasiu Fatai, Head of Trade Finance, will be the main contact in relation to ITFA.

**Australia and New Zealand Banking Group Ltd (ANZ)** has a proud banking heritage spanning over 175 years. It has grown to become a leading financial institution and the largest Australian Bank operating in Asia Pacific. Rated (AA-/AA-/Aa2) by the leading agencies, ANZ provides a range of banking and financial products and services to over 9 million customers, employing over 50,000 people in 33 markets around the world.

ANZ aims to be the best bank for customers that have trade or capital flows in Asia Pacific, Australia, New Zealand and beyond.

ANZ will be represented by its Singapore branch through Anthony Drechsler, Associate Director, Portfolio Management, Global Transaction Banking.

**Abu Dhabi CommercialBank P.J.S.C. (ADCB)** is a public joint with limited liability incorporated in the emirate of Abu Dhabi, United Arab Emirates (UAE). ADCB is a full-service commercial bank which offers a wide range of products and services such as retail banking, wealth management, private banking, corporate banking, commercial banking, cash management, trade finance, investment banking, corporate finance, foreign exchange, interest rate and currency derivatives and Islamic products, project finance and property management services through its network of 50 branches and 4 pay offices in UAE, 2 branches in India and 1 offshore branch in Jersey, 1 representative office in London, its subsidiaries and associates. ADCB is owned by the Government of Abu Dhabi through the Abu Dhabi Investment Council with a share of 59.30%. The assets as of 31-Dec-14 are AED 204 Billion. ADCB is the 4<sup>th</sup> largest bank in UAE and 3<sup>rd</sup> largest in Abu Dhabi in terms of total assets. ADCB is serving over 590,000 retail clients and approximately 49,000 wholesale clients. Its market share in terms of loans is 10.6% and deposits is 8.9%.

ADCB is rated as A-1 by Standard & Poor's and F1 by Fitch on short term and rated A and A+ respectively on long term. ADCB have bagged various awards in 2014 across all products and won various awards especially on Trade.

ADCB provides clients with a distinct value proposition based on 3 key pillars, segmented focus, working capital solutions and market access. ADCB is a leader in Trade Finance including import and export finance, structured trade finance, documentary collections and guarantees.

The Wholesale Banking Group (WBG) consists of industry specific coverage

teams and product partners. While Government, Government related entities, Infrastructure asset, Financial institutions, Corporate and Business banking teams are part of coverage, Investment banking, Transaction Banking (Cash management and Trade finance) are product specialist supporting the client's needs. Client service department which is part of Transaction banking is a dedicated support engine (for all operational queries) for large and strategic clients across WBG.

ADCB will be represented through Krishnakumar Duraiswamy, Senior Vice President and Head of Trade Finance.

Posted by [Alexia Vella](#) at 02:58 No comments: 

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## UPCOMING EVENTS - SAVE THE DATE

As announced in our previous communication, ITFA is pleased to confirm that this year's 42nd Annual Trade and Forfaiting Conference is going to be held in Dubai between the 28th and 30th of September. Further details are available by clicking on the following [link](#).

This year's conference will include an outstanding program including panels and a range of expert speakers who will deliver presentations in their relative areas. A detailed program of the Conference will be available by the end of April, so please save the date! As always, we encourage our Members to attend this annual event which we all look forward to from year to year.

The ITFA Board looks forward to welcoming its Members to this much awaited event that ITFA will be hosting. We hope to see you all there!

Also, ITFA as one of the Institutional Sponsors of BAFT, is pleased to announce that BAFT will be holding its Annual Global Meeting - The Americas and Regulatory Compliance Forum, between the 3rd - 6th May in Miami, Florida. BAFT continues its tradition to deliver on its strengths of quality programming, leading industry speakers and networking opportunities all in one conference.

In order to register for the conference please [click here](#). Also, view the [complete program](#) and list of [esteemed speakers](#). With high profile industry experts and hot industry topics planned, this conference is sure to be a success.

Posted by [Alexia Vella](#) at 02:57 No comments: 

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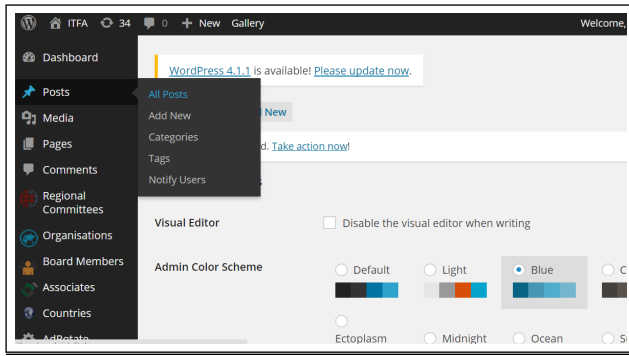
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## TUTORIAL - BECOMING FAMILIAR WITH VARIOUS FUNCTIONS ON THE ITFA WEBSITE

After the positive feedback we received from the February Newsletter with the inclusion of the tutorial page, in this issue we will be building on what was tackled in the previous month. The February issue took a step-by-step approach on how to create a new post on the ITFA website. This month we will take it a step further and will be instructing on how to update an existing post and on how to style the post text.

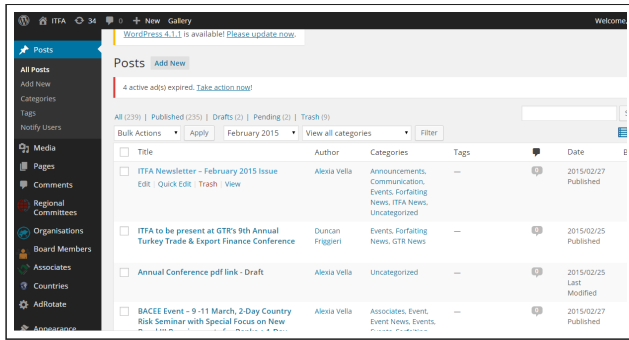
### **How would you go about updating a post?**

To update an existing post, one must hover on the post menu item from the dashboard page and select "All Posts" menu item.

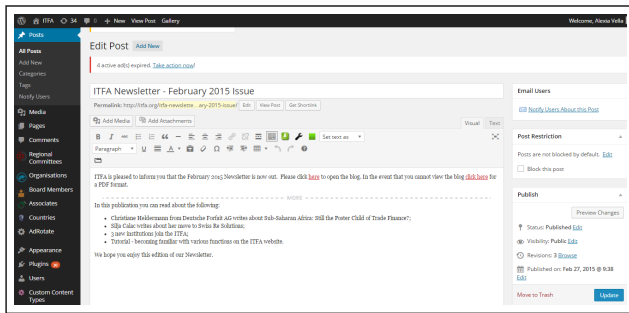


One must bear in mind that posts can only be edited as long as they were created by the same user. Moreover, to safeguard the information contained in a post, posts cannot be deleted.

You will then be directed to the following page. Select the post you would like to edit by clicking on the title post.

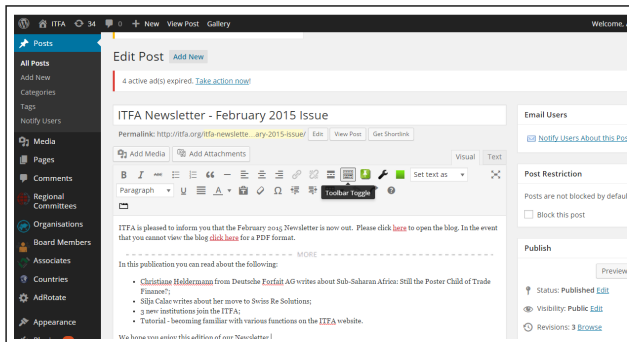


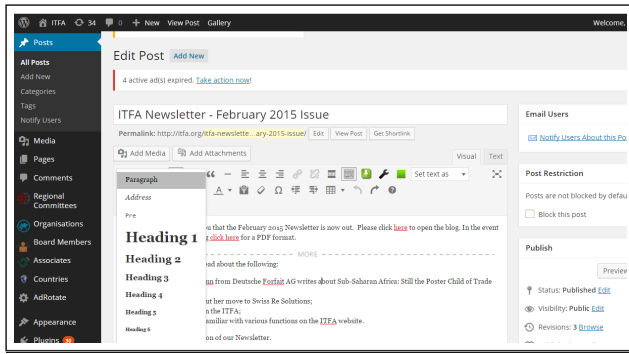
You may then update the page accordingly. Once the page has been updated click on "Update" to save the changes made.



**How would you go about styling post text?**


In order to be able to select the post text styling, click on the "Toggle Toolbar" icon. By clicking the "Paragraph" dropdown menu, you may select the text style accordingly.





It is important to distinguish between: -  
Heading 2 - which is used for the large grey text  
Heading 3 - which is used for the small grey text  
Heading 4 - which is used for the small red text  
Paragraph - which is used for the rest of the text

We truly hope that you've enjoyed learning with us and that the learning experience will come in handy in the near future. As ITFA members we must bear in mind that besides the administrators of the website it is also its members that keep the website active and alive! So we encourage you to participate and contribute towards the ITFA website.

Posted by **Alexia Vella** at 02:56 No comments: 

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