The ITFA Muse

Wednesday, 13 April 2016

CHAIRMAN'S MESSAGE - Sean Edwards, ITFA Chairman / Head of Legal at SMBC

Dear Members and Friends,

I write this fresh upon my return from the ICC Banking Commission Conference in Johannesburg where, I am pleased to say, the ITFA contribution to the development of international trade was evident. The panel on the new Standard Definitions for Techniques of Supply Chain Finance drew a large crowd and I was able to make the point that forfaiting offers a number of advantages over some of the other techniques. This does not mean, of course, that forfaiting is always the most appropriate choice for a given situation. The opening up of the supply chain, especially for SMEs, operating at the lower levels, was a big theme of the conference. It is clear that help is still needed from government and multilaterals and opportunities for our members, whether that is in offering forfaiting or other products.

Looking at the macro picture, Q1 saw large and sometimes contradictory swings ranging from improvements in capital markets due to supportive Central Bank stances and a turnaround in EM fortunes to political instability in some regions coupled with the recent terrorist attacks and immigration crisis hitting the MENA region and Southern Europe.

One of the key concerns will clearly be the direction EM have taken over recent weeks. Since the start of the year, emerging markets have had their fair share of negative market-related news, from disappointing economic data to an ever strong dollar, emerging markets bore the brunt of the major part of a marked decline in global economic activity. Though the sharp decline in a select few commodities (such as oil and steel) could have been interpreted as beneficial for emerging markets (resulting in lower input costs), it is no secret that a large part of the livelihood of EM depend on profitability from commodities most notably grains.

However, EM saw a sharp turnaround during March, mainly on the back of accommodative stances by the ECB and Chinese Central Bank but most importantly a more dovish than expected US Federal Reserve, the result of which was a significant decline of the dollar against many emerging market currencies easing US Dollar debt burdens. This has spurred on demand within EM and we are sure to see significant improvements in economic data over the coming weeks, with improvements in commodity prices, especially oil, already apparent. Chinese economic indicators are additionally pointing towards a shift, albeit slight, in investor sentiment towards the region.

In this month's Newsletter, we keep you informed on the ITFA Young Professional roundtable which was held earlier in January. We also keep you up-to-date on the cross-industry initiative, which establishes standard definitions for techniques of Supply Chain Finance.

I wish to remind our readers of the events organised by ITFA. The upcoming event which is being held on 12 May in Amsterdam is the Annual Spring event which is eagerly anticipated and attended by many. For more details, please click here.

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.

The Newsletter of the International Trade & Forfaiting Association

March 2016

Contact us

For information about ITFA please visit www.itfa.org or send an email to info@itfa.org www.itfa.org

ITFA Upcoming Events

- APR 13 - ITFA Annual Traditional Spring Event, Vienna
- APR 21 - ITFA GRC Stammtisch, Frankfurt
- MAY 12 - ITFA Seminar on "Standardisation of documentation/BAFT/ICC", Amsterdam
- MAY 12 - VEFI Annual General Meeting
- MAY 25 - Trade Finance Masterclass, Paris
- AUG 24 - VEFI Summer Cocktail, Zurich
- SEP 7-9 - ITFA Annual Conference, Warsaw
- OCT 27 - VEFI Networking Lunch, Zurich
- NOV TBA - ITFA GRC Workshop, Germany
- DEC 1 - VEFI and ITFA Annual Christmas Cocktail, Zürich
- DEC 12 - ITFA Christmas Party and Educational Event, London

Issue Contents

Best wishes,
Sean Edwards

Posted by Alexia Vella at 07:57 No comments:

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ITFA ROUNDTABLE: PROFILING TRADE'S YOUNG PROFESSIONALS by GTR

GTR and the ITFA Young Professionals network hosted a roundtable in January to discuss technology and innovation, measures to attract more young talent to the business and participants' advice for the industry, among other topics relating to the future of trade finance.

Roundtable participants:

- **Chris Hall**, head of trade asset management, global transaction banking, Lloyds Bank and ITFA board member *(chair)*
- **Michel Meylacq**, underwriter, AIG
- **Andrew Low**, vice-president – global forfaiting & risk distribution, HSBC
- **Philipp Moulas**, trade risk manager, UniCredit Bank
- **David Quehenberger**, assistant vice-president, underwriter trade finance, Swiss Re Corporate Solutions
- **Tora Olsson**, trade product sales specialist, GTS Emea, Bank of America Merrill Lynch
- **Johanna Wissing**, vice-president, trade finance syndications, Barclays
- **Ben Williamson**, manager, trade finance, LFC
- **Tom Glinka**, associate, Sullivan & Worcester
- **Rebecca Wang**, senior associate, Bank of China

Hall: Welcome to today's GTR and ITFA Young Professionals roundtable. Although regulation has featured highly on the agenda in previous years, this year we will start by looking at the hot topic of technology and innovation. In 1997 Bill Gates stated that: 'We need banking, but we do not need banks'. That is a thought-provoking and interesting statement – which has not yet been proved right – but there are lots of so-called disruptors and it is interesting to see to what lengths they force more traditional companies to up their game. For example, at Lloyds, we are investing in a new trade platform to enable us to better support our clients and we have a large digital business which ensures that we meet our clients' changing technological needs. What is your firm doing to keep up to speed with technology and innovation?

Williamson: At London Forfaiting Company, we are a niche business and we provide a relatively bespoke service. For us it is mainly maintaining and developing in-house systems to bring all of our departments together. Our documentation team is based in Malta, which provides some difficulties, but we are trying to develop and work towards a system that integrates various departments and offices, including the trading desk, accounts, documentation and compliance into one system.
Wissing: It is an interesting one, particularly in trade finance because it is still quite a paper-intensive industry and, obviously, investing in systems is extremely important. At Barclays we are running various projects at the moment, such as a major trade portfolio management system which we have all been working on. As important as creating a system to show the transaction on the origination end is, it is equally important to have a risk distribution function that can then show you where the risk mitigation benefit has come from, and that needs to go through a system as well. These days, in all other areas of trade finance we see lots of system providers, such as in the supply chain finance space. In the foreseeable future, there is clearly

still work to be done and an opportunity for all to catch up. We see some initiatives that have not really taken off the first time round, but might come back, such as the BPO – a proposition that, although quiet at the moment, I would say we have not seen the back of. We see this with other technologies which might not get massive traction the first time around, but slowly increase market penetration over time, such as bitcoin.

Williamson: Do you think that it is a case of how banks and companies embrace these technologies?

Wissing: It certainly is, but that is exactly the thing. If it doesn't make it the first time around, you just try to come back and do it again. That is the case where we are trying to optimise certain processes within the bank. For example, one of the counterparties we work with has offered a one-stop-shop where we can interact electronically with their systems rather than sending the usual paper documents. The first time around, two years ago, when we were asked whether we would be interested in that we were reluctant to say yes, given some internal sign-off processes but now, we very much want to consider it again. Sometimes it is just about trying again, and seeing where innovation can push through and where it might not.

Glinka: That is right. With any new technology there is an educational element to it, but also – from a legal and regulatory perspective – it takes a while for legislation and regulation to catch up with innovation. The UK and Europe tend to be quicker in putting in place the framework for banks to work this way, but a lot of jurisdictions in which we work are a bit slower on the uptake of online documentation, especially in trade. A lot of jurisdictions still work in 'wet-ink' signatures and hard-copy documents.

Hall: Given that we all work in global institutions and firms, do we then need to do more to evolve and innovate?

Low: I definitely agree. We need to collaborate more, which we are already doing. For example, as I am sure that most of you know, there is the R3 consortium where financial firms and banks, HSBC included, have come together to create this framework in order to use blockchain technology in our type of industry and markets. Through collaboration this is a great opportunity to work together and find solutions for our clients, whatever our clients need.

Wang: Yes, I agree. Bank of China has worked with a lot of customers who require the bank to work with them for e-documentation. It is very customer-driven. We take on board customers' opinions to speed up the operation process. Trade finance, as you mentioned, is very paper-intensive, so as long as we can work with a compliant legal perspective for e-documentation, banks are in the position to take customers' requirements on board. Bank of China also has another angle, where we see e-commerce from Chinese markets, which is a very interesting aspect. A lot of cross-border trade activities are now very popular, especially from the UK to China, so the bank has been investing a lot of funds to support these cross-border trade activities. Bank of China also works with UKTI to build up this bridge for exporters from the UK to work with Chinese importers. Exporters in the UK can use this platform to find end-users in China. They can also find a business partner in China. We promote the e-commerce platform together with a legally safe procedure for business here in the UK. UKTI provides legal advice on how to build up business in China. Bank of China is continuously making much more effort in terms of technology and innovation, especially in e-commerce.

Olsson: It is a multi-tiered question, right? Obviously we are living in an era of evolving and constantly changing technology, both on a small scale and in the wider sense. As a trade finance business, there are areas we are developing to help our clients from a day-to-day perspective: for example, upgrading our platforms to upload scanned documents and including data capture software – which can enable our customers to search for an invoice number, locate it in that particular invoice and quickly find data from previous years. These may seem like very simple things, but can actually make the process more efficient for clients and save their time.

Then there are the larger industry initiatives where it is very important that banks keep up to date – but banks also have a responsibility towards their clients to maybe not take the first steps and evaluate these developments before signing up to them. I think our clients would trust us to adopt appropriate caution when it comes to those wider-ranging technological developments.

Moulas: We see a lot of innovation on the receivable financing side as well. For example, we launched the first BPO in Germany and Italy. We are continuously investing in our platforms and Big Data is definitely an important topic here. Furthermore, the matching of the trade flows with the payment flows is becoming more crucial especially in terms of Know Your Transaction and the ability to provide the necessary information to your clients.

On the distribution side there are still some issues because our customers are increasingly asking for multi-bank or multi-participant solutions and there is no standardisation. Every time you work with another bank you have to go through different documentation and you have different platforms, so it is really a lot of work, which we should work on in the future.

Hall: It comes back to Andrea's point about working together and being more in harmony. Would you have any different views to that, from an insurance point of view?

Meylacq: As background, insurance is a 'conditional' product. Technology allows us to reduce the 'conditions' as it provides more data and gives greater visibility. As an example within insurance, take supply chain finance: historically, trade finance was generally more available to big companies and buyers – because of their investment grade or financial strength. Insurance, with buyers and funders being covered, really opens up access to supply chain finance because it is based on insight to the quality of invoices rather than solely on the quality of the buyers.

As a company, our supply chain finance platform gives banks the ability to participate as funders. Banks can participate either as part of a pool or through their own structure, but that really gives funders the ability to utilise the existing technology rather than purely investing constantly in new technology. It would be a different approach to investing, through the development of a technology that is already there, and available.

Quehenberger: Speaking from the perspective of Swiss Re Corporate Solutions, I would like to come back to what Tora said earlier: the difference between the larger trends that could go on to transform our entire industry, and the small, simple changes that make our day-to-day lives easier.

In our role as commercial insurer, our clients are the trade finance banks. We participate in the risks they originate and our main role is to follow them in their approach to doing business. Consequently, we focus on being adaptive and able to evolve our product and service offerings alongside our client banks, while ensuring we don't interfere in the way that they interact with their own customers. Of course, if eventually there is an industry-wide standard for a risk distribution platform, it would be interesting from an insurer's perspective as it would make risk participations easier and more straightforward. Still, we would see ourselves more in the backseat and waiting to see how the industry develops.

On the administrative side, for example, policy applications or e-signatures, we are being much more proactive. As an example, we have started to develop a platform that offers automated and instant policy issuance for transactions, as long as they fit within pre-defined criteria.

Hall: We have heard about some of what the insurance industry is doing and we have spoken about some of the client issues, but what else are our clients asking for – in particular for those of us here from a bank?

Wissing: If we look particularly, for example, at the supply chain finance space, that is exactly what clients are looking for, complete automation: 'I can upload my invoices on to a platform or a system and as long as I have fulfilled certain criteria I get my discounted funds and I can plan my working capital around it.'

In that space, I see banks increasingly using third-party providers, so hopefully there is some harmonisation happening. We have embarked on this as well now, so we are going to be using a third-party supplier in the supply chain finance space. That will also certainly help when we are looking at bringing partners into these facilities on a primary syndication basis from the outset, or as a risk participant later on. That is probably more in the bigger, more global, picture for the larger clients.

Olsson: I think your last point is important to note: we should recognise that there are different types of clients who may have varying requirements. As banks, we need to stay close to them and develop their trade finance strategies along with them, rather than developing something we think is needed and relevant, and then offering it as a completed solution. I would say that the BPO is perhaps an example of the kind of bank-led development for which we have not seen as much uptake for from clients yet.

Having said that, clients are different. One aspect we are seeing across the board is a need for holistic solutions: one which is not only a trade finance solution but where, for example, your trade finance platform can link up to your FX business, or perhaps you can see your trade finance transactions and account balances in your cash management dashboard. It also includes simple things like having one login which allows you to access your full banking platform. This is something banks can really offer.

Glinka: What you were saying about supply chain finance in particular is interesting because we increasingly see banks whose clients have come to them and said: ‘We use this platform already, we have a commercial relationship with this platform provider, we need you to be a financer on that platform.’ From our perspective it is hard to tell how much of that is a move away from proprietary systems, but there has certainly been more of a push towards getting banks onto existing third-party platforms. It has taken a while for banks to get their heads around that and the risks surrounding that. It is a very different analysis on all counterparty, data protection, confidentiality and credit risk fronts, where you have an intermediary in a supply chain finance structure, but we are seeing more and more of that.

Williamson: We touched on a paperless system, which is what technology in the trade finance space is trying to work towards. However, we are finding that our clients are not necessarily wanting paperless transactions because the forfaiting market has always been a paper-based market and there is a sense of familiarity around the documentation process. We find that our clients are asking for the process of each transaction to speed up and the challenge we face is how to achieve this. With the ever-increasing KYC regulations that we face, a central database for KYC documents would certainly go some way to achieving a more efficient process especially within the forfaiting market. That would help us massively, but our clients are looking for a speedier process as opposed to specific tech advances. Of course these go hand in hand and I think the trade finance industry would benefit a great deal from such an advance.

Glinka: Again, a lot of the concerns that people have, particularly around outsourced or third-party applications, are KYC and sanctions-related. We have seen quite a few providers on the sanctions front where you can check names against sanctions lists, but with a trend in regulation towards knowing your customer and knowing your customer’s customer and understanding the underlying transaction a lot better, it is something that perhaps is not quite as easy just to check against. It requires real trade knowledge, which perhaps is an obstacle for automation and outsourcing of these kinds of things.

Moulas: Coming back to the KYC point that Ben just raised: it is quite interesting because certain banks here as well, like UniCredit, are working as pilot banks with Swift on the KYC register and we believe that it is definitely a step in the right direction. Especially in correspondent banking it would make our lives much easier to have a centralised database where you can just get the KYC data.

Hall: Swift is a really great example of banks and other people in the industry working together, but if you look across other industries, the world’s largest taxi firm, Uber, owns no vehicles. The world’s most popular media company, Facebook, creates no content. The world’s most valuable retailer, Alibaba, has no stock. The last one on that would be: the world’s largest accommodation provider, Airbnb, owns no property.

What is your view on what we could be doing with other vendors and third parties across the trade finance tech space to help our clients, with all of these disruptors coming into the market?

Wang: One of Alibaba's partners is Tmall, which has a successful e-commerce platform. They are like banks. They provide credit, incentive schemes and online bonuses for purchasing from their platform and doing business with them. They provide customers with extra benefits for providing services or, as a customer, buying products from their online platform.

A lot of Chinese banks in China have worked with an online retailer such as Tmall and Alibaba. What they tried to do was to create cross-border trade activities like trades and relationships with other exporters from outside of Asian countries, such as America, the UK, Australia and New Zealand, etc. From China's angle, about Alibaba: what they do is to also provide services via apps with which customers can make payments for a variety of purposes. The multiple services from the online retailer gives the banks the opportunity to see what kind of product they can provide them, including Big Data information exchange, settlements services and eventually financing requirements. The bank can also find the customer's requirement for more retail business as well as wholesale business. E-commerce creates the opportunity for banks to join those successful online retailers.

For the third-party opportunities, this is where e-commerce provides banks the opportunity to see a more straightforward way to meet the needs of their customers.

Hall: The next topic for today is young professionals. As you know, ITFA has long been a proponent and supporter of young professionals, but this is the first year that there has actually been a board member seat devoted to it. I see that as a responsibility for all of us, both in this room and in the industry, to develop ourselves and others for the good of the industry and the future of it. What path did you follow to enter trade finance?

Low: My initial interest in trade was built at school, based on learning about trade flows, cycles, in subjects such as geography and economics during A levels. Following that, I decided that I had interest in those subjects and went on to university, studying the same topics. I moved to Malaysia, and at that point I decided I wanted to join a global bank, so I joined HSBC in Malaysia on a graduate programme. A six-month stint in trade turned into a permanent role and I became a trade sales manager for two years there. I then moved on to HSBC UK to become a risk distribution manager. Through this path I have been able to build on my initial interest and become a trade specialist.

Olsson: I did a humanities and Arabic degree as I was interested in the Middle East, but I eventually decided that I wanted to move away from academia and pursue an international role. By chance I ended up in trade finance and have found it to be a very rewarding and ever-developing career.

Hall: We all had different routes into the industry, which makes my next question even more important. What more can the industry do to attract young talent? People view, often from a banking perspective, DCM or coverage as being more 'interesting'. That is historic and that is changing, but we have lots of people who have been in the industry for many years and love it.

Quehenberger: If I were to make a suggestion to the industry it would really be: 'Go out to the universities and talk to the students. Be visible at information events, career events and tell young people that trade finance is a great job in a fascinating field.'

Williamson: You do not realise how big this industry is until you are actually in it. It is a broad, diverse, enjoyable and ever-changing market to work in. Moving on to what the industry could do to attract young talent, I feel trade finance is often seen as a stepping stone on the way to other areas of banking. The way that we can stop that and make people realise that it is actually not a stepping stone, but that it is a very interesting career path, is initiatives like the ITFA Young Professionals to bridge the gap left in the trade finance market. We need to grow this initiative and make it widespread to different markets, to different geographies and as a result we will begin to see a rise in young talent in the market.

Wissing: As Chris has already hinted, people know about the debt capital markets roles out there, but who really knows what trade finance does? It is

the marketing effort which we really all need to step up to. When I say 'we', we obviously have got the privilege to be in this industry and we came in to it at a very young age, so we can certainly still attract the fresh talent.
Glinka: There is a retention point as well. Perhaps trade finance has a reputation for having a lot of very experienced practitioners who have been in the industry for a long time, and there is certainly plenty of jargon. It can be difficult for a young practitioner to break into trade but initiatives like this, where you are able to get together with other people at a similar level and talk about the issues, are a great thing.
Olsson: I wanted to mention promotion from within as well. I think that there is a great tradition within trade finance to promote people in operations or servicing roles, which I think would be a pity to lose. There are a lot of valuable skillsets that are learned in those types of roles that are still very relevant in the trade finance front office. Another great thing about trade finance is the international aspect and the possibility to move from one region to another. Bank of America Merrill Lynch is very supportive of internal mobility which I think benefits both the development of the individual and the teams.
Moulas: The internationality is a good selling point for our industry, and one we should highlight. I think the nature of our business is another unique point in this respect: in our industry you can see the underlying business of your transaction and how it is linked to the real economy. A large extent of our business is related to emerging markets and contributing to economic growth in such countries. In my opinion, more and more young people care about such aspects.

Hall: At the back-end of last year, ITFA formally launched its mentoring programme. The first group who will be partaking in that is a group of master's students from one of the universities in Madrid. It is pleasing to see that some of your suggestions about going and doing more at universities will bear fruit.
Today we have looked at some emerging trends in the industry, both from a fintech perspective, but also from a development perspective. There are other imperatives that impact all of us, whatever type of organisation we work for. If you were the global head of trade finance at your organisation, what would be at the top of your agenda for 2016?

Meylacq: I have a more technical answer to that really, but it will be completely based on an insurance perspective. I would be looking into a platform that would be bringing together several sellers of invoices but also multiple underwriters, in order to facilitate for funders the access to emerging markets. This is where we see a significant difference between the banking and insurance sectors from a regulatory point of view – so the difference between Basel III and Solvency II. The insurance sector generally has more appetite than banks due to capital requirements. But this is also an opportunity because insurers could be an unlocking element here: insured risks often have lower capital requirements. So, if the banks are policyholders, this may provide them with capital relief – and technology is something that can help with both simplifying and accelerating these steps. That would be what I would be looking for in the future: to potentially fuse or ease the fusion between the banking and the insurance sectors.

Hall: Innovation and regulation in one idea, perfect.

Wissing: I completely agree in terms of fintech. It is definitely an important thing on the agenda. I would say that 2016 is going to be an interesting year. There are various themes and topics that I would love to look at if I was in the shoes of the global head of trade. Certainly one thing is that, looking at it from a UK perspective, the UK is a massive exporting economy, but people do tend to forget that nowadays, especially when we see emerging markets struggle. It is the right time to be investing and to encourage our clients as well to embrace the global landscape a lot more. Maybe also to educate some clients who have not seen the opportunities that are out there, and look at how we as banks can help them to manage finances, and manage the risks. That is definitely one thing where I think a lot of focus should be on: how the UK exporting economy can thrive.
Another very important aspect is what can be done for developing nations and emerging markets that are facing big challenges at the moment. We have worked in the past with multilaterals and development banks, but I

think that they could be doing a lot more actually. That also needs to be driven, to a certain extent, by the banks because if we are more demanding in terms of what we want from MLAs then hopefully in turn we can get a lot more bespoke solutions than what we are currently being offered. I see so many opportunities that are basically being left on the table that would massively help some emerging markets in Africa. In Sub-Saharan Africa, for example, one would like to see a bit more of the right kind of flexibility and bespoke focus from an MLA to actually do more.

GTR: Something that we are increasingly seeing of is the idea of sustainable trade, or green financing. How does that measure on your scale of what is going to be important in, say, 10 to 20 years' time?

Olsson: Coming back slightly to the last question – but also in line with this one: I think we are moving towards a time when maybe trade can no longer be viewed in a silo. Our clients are not asking us for a trade finance product per se. Our clients come to us with an issue or a problem, or something that they would like guidance on and we develop a solution for them. It is also important to be able to look outside of 'trade' and see the products within the wider context, as well as how they can be integrated as part of the broader bank offering, perhaps with the help of new technology. Green and sustainable financing is also a topic which is relevant for banks to look at across the company, not only from a trade finance perspective.
Quehenberger: I agree – this is a topic that goes beyond trade finance. From an insurer's perspective, it really matters to have a robust understanding of the assets and projects that we support and participate in. We also need to have good knowledge on how they impact stakeholders and the environment. If banks are putting a stronger focus here, this will ideally become an important parameter and discussion point by itself, for every transaction. I am also very convinced that it will only become more important going forward, as insurers and investors are increasingly implementing sustainability guidelines that go well beyond the regulatory minimum.
In the trade finance industry, we are actually often at the forefront of this discussion. What Johanna said earlier, about co-operating with development banks, is a good case in point. Here, there is an opportunity to look at projects not only from a purely commercial perspective, but from a development angle as well. In Sub-Saharan Africa in particular, trade finance, if done right, can generate large benefits to people. This is a unique chance for the industry to not only have a positive influence locally, but to deliver a strong message to the public, investors, and regulators.

Hall: That is a nice place to sum up. Firstly, thank you to Barclays for hosting us today. It is very much appreciated. It is great to have seen and heard so much from many young professionals from a broad range of different parts of our marketplace. I hope that we are able to continue to expand our networks and bring talent into the industry, and work together more cohesively. That has been one of the key takeaways from today. We have all added great potential to our teams over the years and the people here are very much the epitome of that. It is important to make sure that we continue to provide that bridge between entrants to the industry and those with many years of experience, making sure that together we can keep trade finance vibrant, successful and holding in line with our clients' requirements.

Many thanks to Barclays for kindly hosting this roundtable at its London office.

Posted by Alexia Vella at 07:56 No comments:

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CROSS-INDUSTRY INITIATIVE ESTABLISHES STANDARD DEFINITIONS FOR TECHNIQUES OF SUPPLY CHAIN FINANCE

Cross-industry initiative establishes Standard Definitions for Techniques of Supply Chain Finance - a step ahead in the common understanding of terminology and techniques in supply chain finance.

BAFT and a diverse industry coalition establish standard definitions for Supply Chain Finance.

A new set of definitions recently launched will help address the global need for a common understanding of terminology, nomenclature and techniques related to supply chain finance.

Unveiled during a dedicated panel discussion at an ICC Academy hosted Supply Chain Finance Summit in Singapore, the Standard Definitions for Techniques of Supply Chain Finance are the result of a collaborative, inclusive and consensus-based joint initiative of the International Chamber of Commerce (ICC) Banking Commission as project facilitator, BAFT, the Euro Banking Association (EBA), Factors Chain International (FCI) and the International Trade and Forfaiting Association (ITFA).The International Factors Group (IFG), one of the original sponsoring associations is now integrated with FCI.

Elaborated by members of the Drafting Group, under the guidance of the Global Supply Chain Finance Forum Steering Committee, the Definitions were compiled based upon views and feedback provided by a large representation of industry specialists and other interested parties. Including definitions and descriptions of eight identified core techniques and the Bank Payment Obligation as an enabling framework for Supply Chain Finance, they provide clarity for users, including finance providers, corporates, commercial and SME clients, investors, regulators, legal practitioners, information technology and infrastructure providers, as well as other trade finance related communities.

Supply Chain Finance is defined as the 'use of financing and risk mitigation practices and techniques to optimise the management of the working capital and liquidity invested in supply chain processes and transactions. SCF is typically applied to open account trade and is triggered by supply chain events. Visibility of underlying trade flows by the finance provider(s) is a necessary component of such financing arrangements which can be enabled by a technology platform'.

''Standardized Supply Chain Finance terminology will ensure a much clearer communication in this rather complex ecosystem of providers, clients, accounting and legal professionals, regulatory authorities and others involved in international supply chains,'' said Kah Chye Tan, immediate past Chair of the ICC Banking Commission and Chair of the Global Supply Chain Finance Forum Steering Group.

Tod Burwell, BAFT President and Chief Executive Officer and Vice-chair of the Global Supply Chain Finance Forum Steering Group said: ''Supply Chain Finance has grown and evolved in recent years in response to shifts in corporate supply chains and the ever-growing demand for trade finance. This publication should aid the market, regulators and other stakeholders in gaining clarity and consistency on the various terms and techniques used.''

Issued as a ''living'' document, the definitions will be regularly updated to remain aligned with market developments and be widely disseminated to promote the global adoption of the suggested terminology.

Both the SCF Definitions and accompanying FAQ's are available to ITFA members. Please click here, Member Area, to review both documents. Please note that login details are necessary to access this restricted area on the ITFA website.

Posted by Alexia Vella at 07:55 No comments:

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NEW ITFA MEMBERS

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

Ghana International Bank plc (GHIB) is a niche commercial bank, based in the city of London. The Bank is authorised by the Prudential Regulatory Authority (PRA) and regulated by the PRA and Financial Conduct Authority.

Operating from 67 Cheapside office, GHIB provides the full range of International Trade Finance services. Their product offering includes Correspondent and Corporate Banking services, Treasury services, and Transactional Banking services mainly to Financial Institutions and Corporate entities across Africa.

They do business in numerous African countries and in various sectors, including financial services, oil & gas, telecoms, mining and agriculture. They are also an active player in the loan syndications and the risk distribution markets in London.

Mark Arthur will be the main delegate for all ITFA related matters.

Landesbank Hessen-Thuringen Helaba (Helaba) is one of Germany's leading banks with a total business volume of around Eur180bn and 6,300 employees. Based on a strong market position as the S-centre bank for 166 Sparkassen (40% of all German savings banks), it offers all the products of a commercial bank across its home market and all over Germany.

As a well-accepted partner and provider of financing to large corporate customers as well as small and medium-sized enterprises (''SMEs''), Helaba is also present in major financial centres - London, Madrid, Moscow, Paris, New York, Shanghai and Singapore. With a market share of 20% in Germany and 8% of the total EURO payment zone, reflecting more than 3.5bn transactions annually, Helaba is a market leader for Cash Management.

Additionally, Helaba aims to become a leading institution in German Trade & Export Finance by covering all aspects of trade and export finance activities including ECA covered solutions. Being connected in more than 120 countries, Helaba offers this international network to its corporate clients as well as to all Sparkassen and their clients in Germany.

Irina Bauer will be the main delegate for all ITFA related matters.

Posted by Alexia Vella at 07:54 No comments:

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Labels: April 2016

UPCOMING EVENTS - SAVE THE DATE

ITFA wishes to remind its members of the NERC Amsterdam Spring event, which is being held on Tuesday 12 May at 5&33 Gallery (part of art'otel). The event will consist of an Educational Seminar, including a panel discussion, followed by a reception. For further information, including the event invite, please click here.

Another event not to be missed, being held on 25 May 2016, is the Paris Masterclass - Supply Chain Finance: the state of the art after recent industry developments and the new Supply Chain Finance Standard Definitions - a Masterclass presented by ITFA and TFR on this rapidly evolving area of trade finance Paris. Click here for more details.

Also, we wish to remind you all about ITFA's 43rd Annual International Trade & Forfaiting Conference, which this year is being held in Warsaw, Poland between the 7 - 9 September at Sheraton Warsaw Hotel. As we are currently working on the Agenda and list of speakers, more information on this well awaited event will be out shortly.

Posted by Alexia Vella at 07:52 No comments:

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Labels: April 2016

ITFA ANNOUNCES A NEW ASSOCIATE, CHINA CHAMBER OF INTERNATIONAL COMMERCE/ICC CHINA (CCOIC)

ITFA works closely with many external organisations to enhance the quality of its services and keep its members up-to-date with recent developments. The ITFA Board is pleased to announce that with the help of NEARC - North East Asia Regional Committee, we have reached an agreement with China Chamber of International Commerce (CCOIC), and proudly have CCOIC as another of our ITFA Associates.

CCOIC is a nationwide business organization in China, representing the most dynamic and internationalized Chinese companies of all sizes, sectors, and regions, as well as national and local non-governmental organizations.

CCOIC's mission is, in accordance with the laws and regulations of the People's Republic of China, to expand the international business relationship to the benefit of its membership and, more broadly, the Chinese economy. It favours constructive engagement with foreign countries to eliminate trade and investment barriers and a rules-based commercial environment; improvement of business self-regulation in China and representation of China in the setting of international business rules and standards.

CCOIC served as the National Committee of International Chamber of Commerce (ICC) since China's entry into ICC in 1994. Headquartered in Beijing, CCOIC maintains a professional staff of policy experts, lawyers, trainers, event organizers, and communicators. Special initiatives covering banking rules, new energy, recycling resources, infrastructure, education and training, debt collection, and real estate mobilize the involvement and contribution of members with the backup of CCOIC branches and expert commissions.

We look forward to a successful collaboration between ITFA and CCOIC.

Posted by Alexia Vella at 07:50 No comments:

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