

Accelerating Trade Digitalization through DLT

2021 Global Trade & Blockchain Forum – 30 March 2021, 10:00-18:00

Session 2 – 11:55-13:00 CET

Accelerating digitalization to support trade financing



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Moderator:
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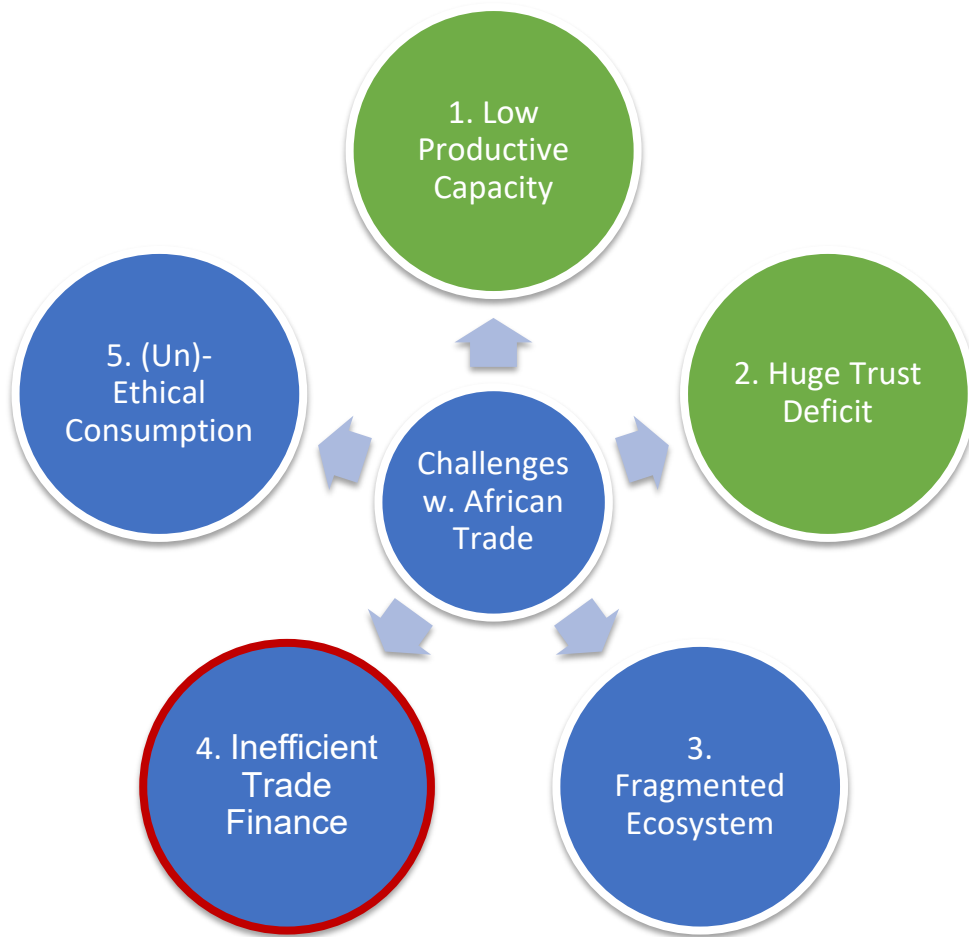
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“Trade – not Aid – is the way to help Africa.”

“If you want to help Africa, do business with her.”

- Ngozi Okonjo-Iweala, DG WTO
- Speaking at a TED talk in 2008
(<https://www.youtube.com/watch?v=-YpticqS9-8>)



Legend:

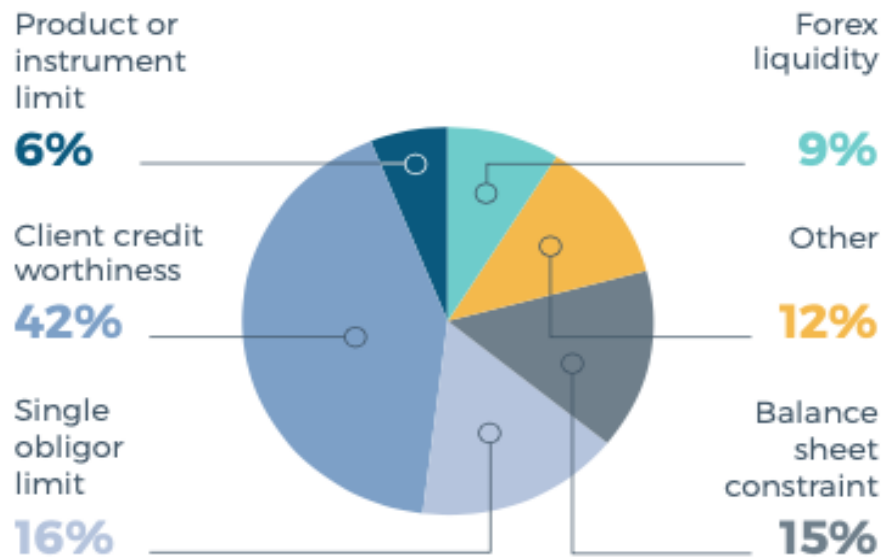
Quantity/Volume

Quality/Efficiency

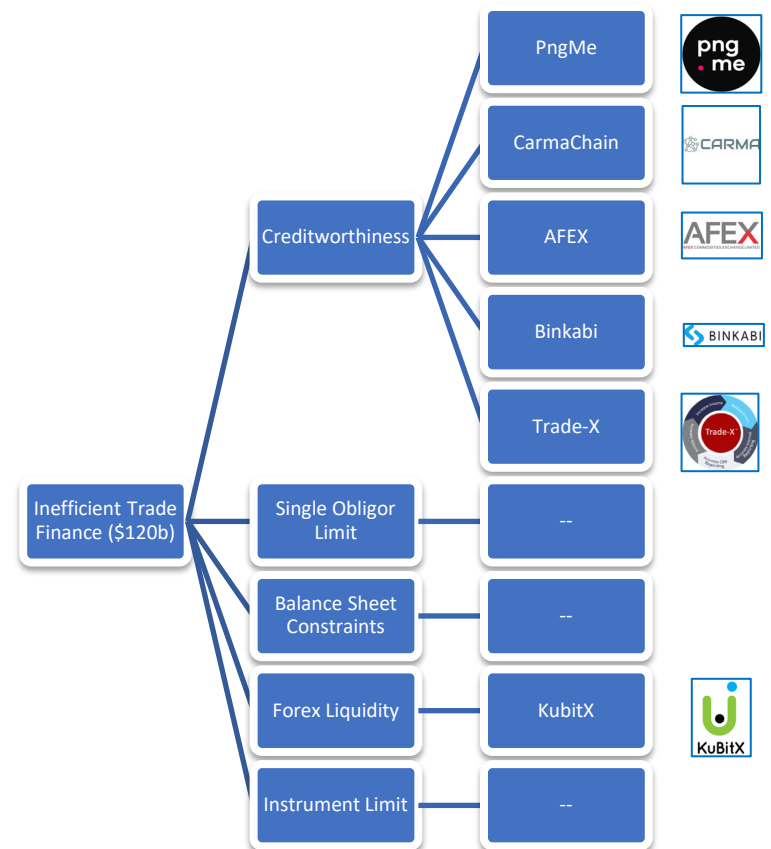
So, what are the challenges currently facing trade with – and in – Africa?

- Quantity/Volume of Trade (<5% of Global Trade):
 1. Low Productive Capacity
 2. Huge Trust Deficit
- Quality/Efficiency of Trade:
 3. Fragmented Trade Ecosystem
 4. **Inefficient Trade Finance (\$120b Gap)**
 5. (Un)-Ethical Consumption

Rejection of trade finance loan applications



Source: Trade Finance in Africa: Overcoming Challenges, African Development Bank (AfDB), 2016



An advanced blockchain based solution to simplify and digitize trade finance business processes



Connects banks, trade partners and corporates on a single DLT network



Driving Drastic reduction in cycle time, unprecedented efficiencies and customer value

Integrated with Trade Ecosystem Players



Network Effect

- The largest network of banks and corporates
- Connectivity to other business networks enabled using DLT like Corda, Hyperledger



Flexibility

- The most flexible solution (technology platform, infrastructure, network ownership, core integration etc.)



Production ready

- 500+ live corporates using Finacle Trade Connect



Open

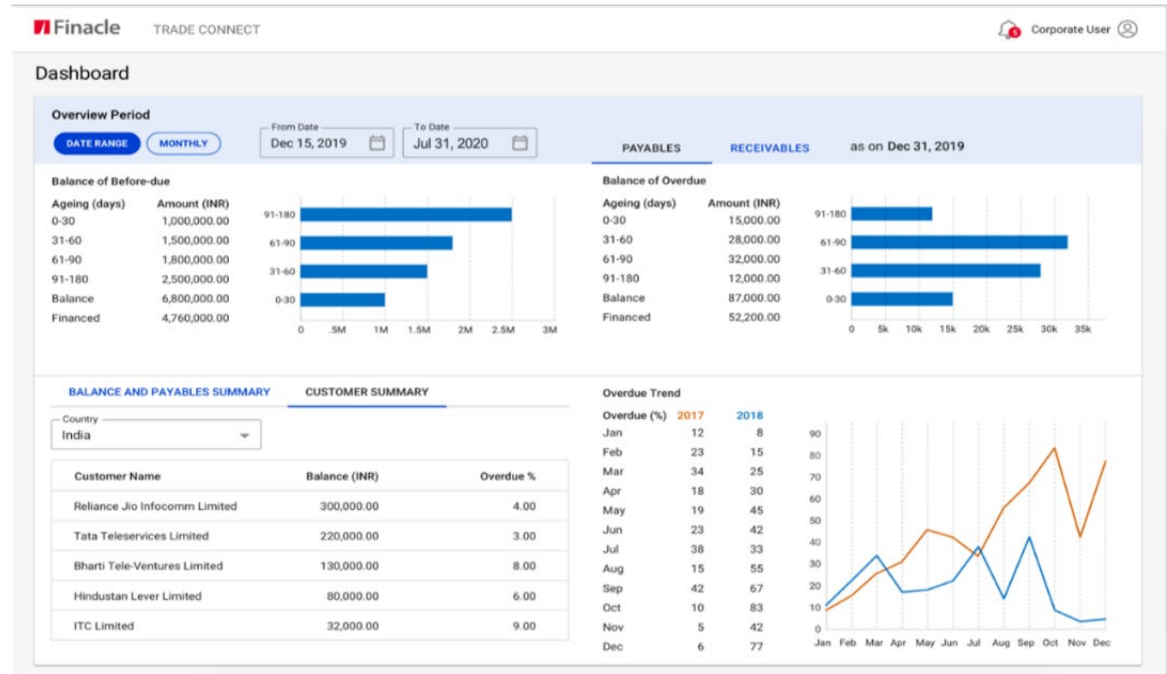
- Open to all banks and corporates
- Open to third party trade service providers



Completeness

- The only full trade finance offering (open account and documentary trade)
- Complementary Payment and KYC capabilities available
- Integrated with essDOCS, Traydstream for Digitization of Trade
- Transformation of Payments using VISA B2B

- Onboarding of buyers, suppliers and finance providers made easy
- Digitized documents – validation, transfer and checking
- Batch upload facility
- Automated finance options with smart-contracts
- Maker-Checker scrutiny
- Dashboard view of receivables and payables
- Timely alerts and notifications



UAE Trade Connect (UTC) at a glance

UTC Platform, Etisalat Digital and eight leading UAE banks co-created a solution to address an age old problem faced by the banking industry

Problem : Banks compete for trade finance business but worry about double financing

Risks in the present environment

Duplication of Invoices

Financing from
Multiple Banks

Fraudulent Documents

Partners



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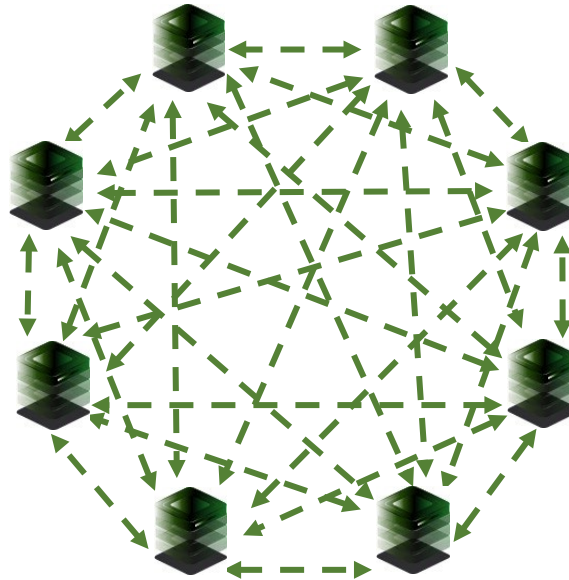
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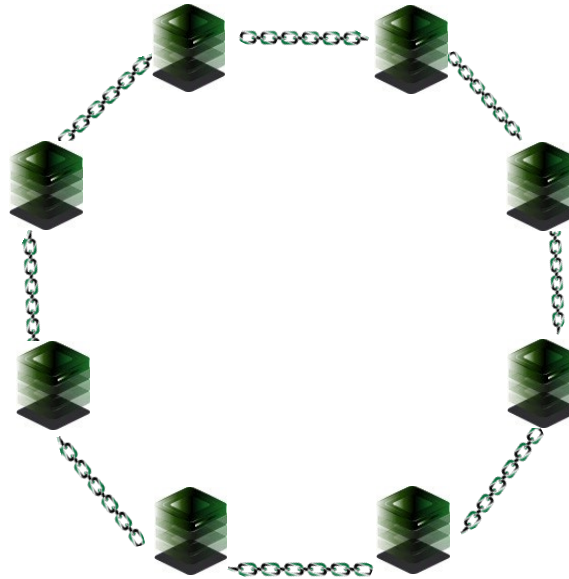
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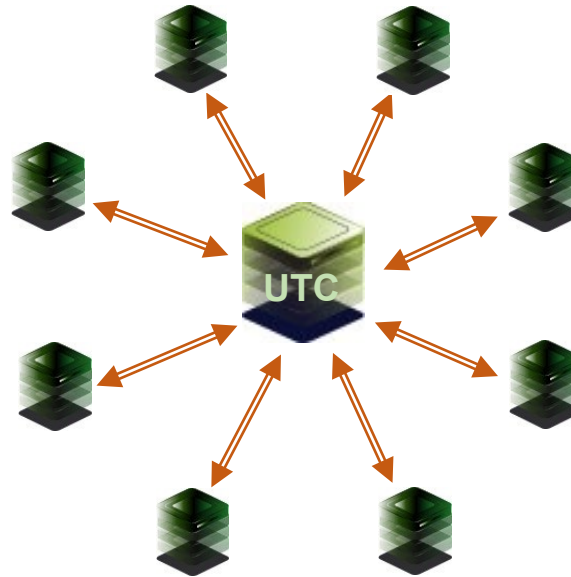
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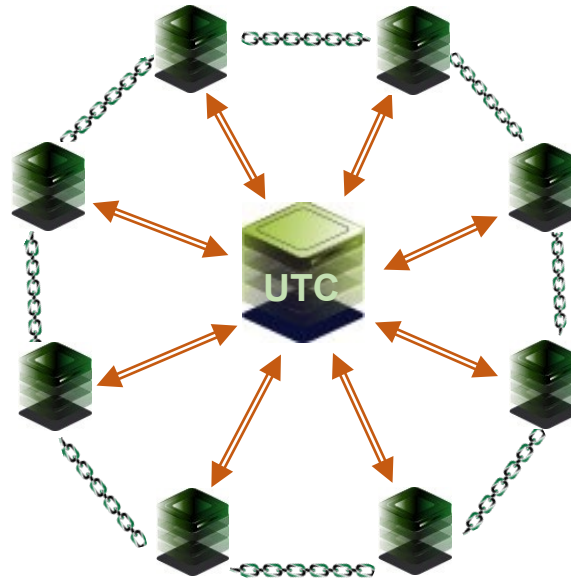
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Intelligent Advantage

Co-created with Banks

Secure Blockchain platform

AI & ML Engine

Cloud Native

Partners



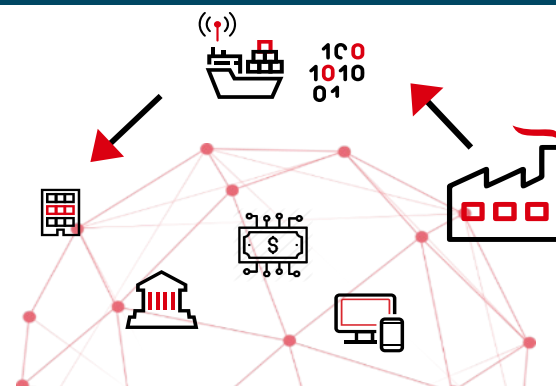
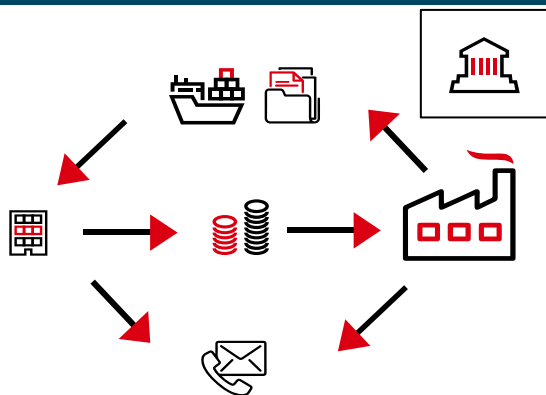
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THANK YOU



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How can digitisation make trade finance more accessible?



From...	To...
Trade finance on proprietary lending platforms	Trade finance as a Service across marketplaces and platforms where trade flows exist
Onerous, differing and paper based client onboarding	Digital, standardized KYC and onboarding
Costly and lengthy credit approvals relying on periodic financials	Instant decisioning based on trading data and predictive analytics
Riskier: paper frauds, lack of visibility and transparency	Safer: tamper-proof, golden source of data, digital and IoT feeds
Slow: Transfer of paper documents taking 5-10 days – lower sales and higher Working Capital costs	Faster: Digital data instantaneously accessed by parties, unlocking capital trapped in processing
Move from letters of credit to open account trade reduces avenues for MSMEs to access trade finance	Digitising letters of credit and making them efficient could reverse this trend and allow MSMEs more access to trade finance under LCs
Sophisticated products, targeted at large corporates and first tier suppliers	Extending these and taking financing deeper in supply chain ecosystems through tokenisation

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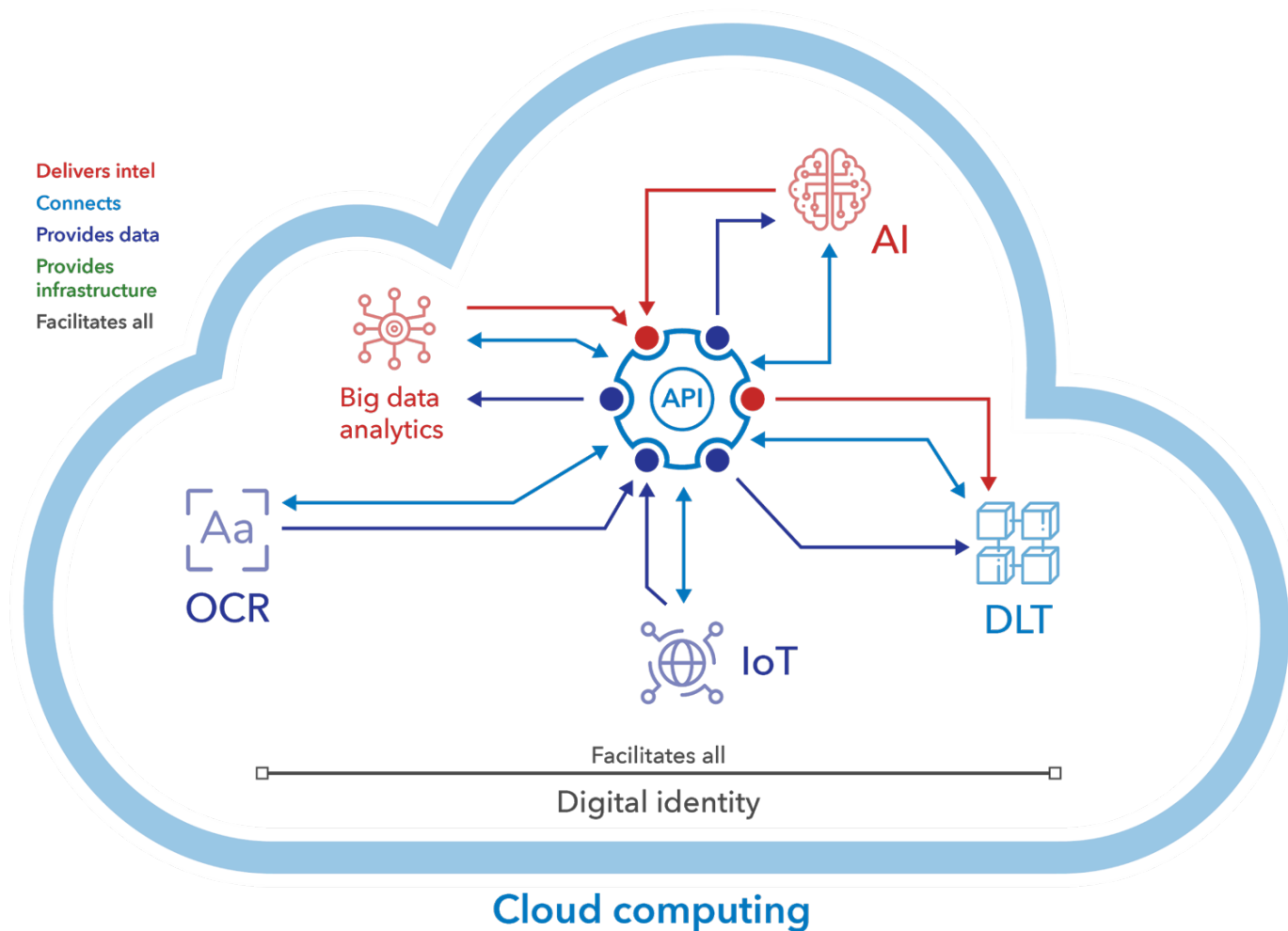
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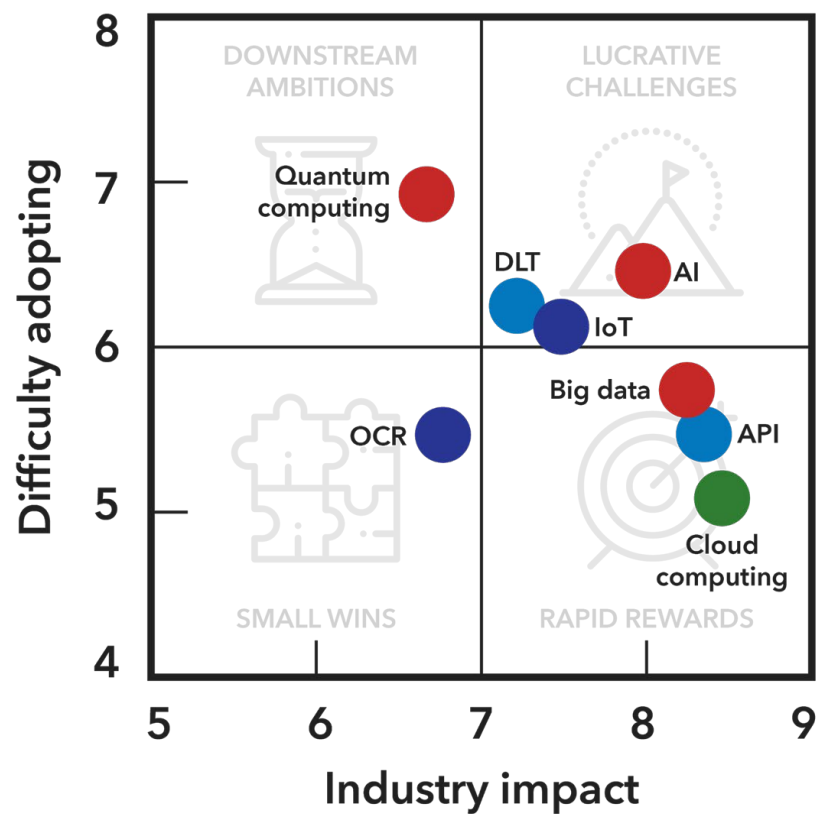


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PUBLICATION







Layer

Technologies

Analytical

Big Data Analytics

AI

Quantum Computing

Connectivity

API

DLT

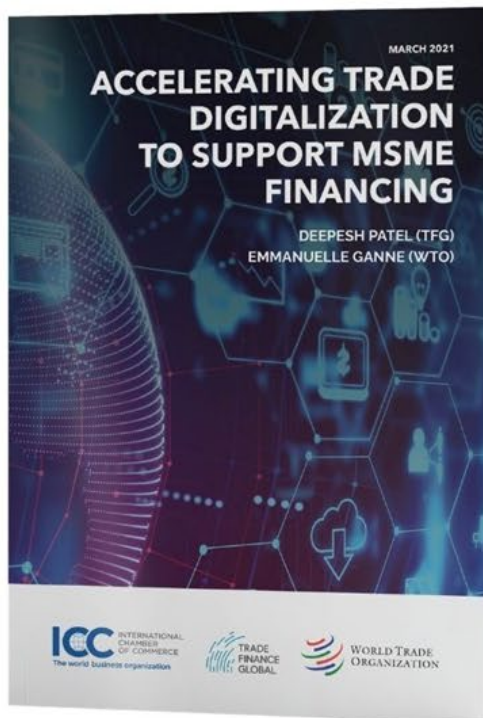
Data Input

OCR

IoT

Infrastructure

Cloud Computing



Conclusions

1. Develop globally accepted standards
2. Develop a common framework on how to leverage data to assess financing risk
3. Create an enabling regulatory framework
4. Create a trusted global digital identity system for companies
5. Bridge the digital divide and build MSME skills

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