



Supply Chain on SWIFT - Autumn 2014 Newsletter

Dear transaction banking professionals,

On behalf of SWIFT's global Corporate and Supply Chain team, I have the pleasure to share our latest trade-related news.

Sibos was very insightful and feedback from the community confirmed that we are on the right track to deliver on our ambitious Digital Trade agenda. One of the polls organised during the Corporate Forum revealed an excellent level of awareness regarding the initiatives that are sustaining our ambition. The poll asked attendees which of four options they regarded as the most important recent development in trade. The voting was as follows:

- Bank Payment Obligation (BPO) for open account trade: 35%
- Corporate-to-bank standards for documentary trade (MT 798): 26%
- Electronic bills of lading: 26%
- Approved payables financing: 13%

As reported by [GTNews](#), it is interesting to compare the top 3 innovations attracting 87% of the audience interest. As observed last year in [SWIFT's white paper "A new start for Supply Chain Finance"](#), the financing of approved payables has demonstrated the opportunity for banks to finance trade flows using digital data (vs. paper documents). Nevertheless, the current buyer-driven services face various obstacles as elaborated in the paper. There is a need for banks to rely on a standardised multi-bank industry scheme enabling such data-driven services to secure and finance purchase orders. This is what the BPO trade settlement instrument offers.

Over the last 18 months, the number of banking groups live on the new payment instrument has almost tripled. To-date, a total of [16 banking groups](#) offer BPO-based trade services to 45 corporate relationships. Thanks to Commerzbank and UniCredit, the first SMEs in Germany are taking advantage of the BPO too. Furthermore, UniCredit and The Bank of Tokyo Mitsubishi-UFJ recently became the first banks to move trading partners from Open Account terms to the BPO, which means importers and exporters will rely on banks for risk mitigation and/or financing rather than handling such risks on their own.

Whereas the current adoption trend may lead some of us to believe the BPO is of main relevance to the Asian market, my views are quite different and I predict the number of live BPO banks in EMEA will surpass those in Asia by end 2015. Trade bankers in EMEA have recently voiced their own opinions and ambitions as follows:

- **Claudio Camozzo, Global Transaction Banking Co-Head at UniCredit and SWIFT Board Member**, recently said: "It is a great honour for us to conclude the first BPO transaction with Bank of Tokyo-Mitsubishi, one of our most important and long standing correspondent banks. We fully believe in the concept of BPO which

allows us to leverage our broad correspondent banking network while also providing services in support of the ever growing volume of trade transactions that are handled on an open account basis.”

- **Frank-Oliver Wolf, Global Head of Cash Management & International Business of Commerzbank**, believes the BPO “marks the cornerstone for establishing a new form of payment security and financing in international commercial transactions. The BPO is a new instrument in foreign trade – alongside traditional letters of credit or open accounts – that is fast gaining prominence in the international market. Compared to the open account in particular, BPOs offer an optimal tool for the assurance of payment obligations, which may be financed if the supplier so wishes. Commerzbank seeks to enable its customers to benefit from these new opportunities and advantages.”
- **Ali Gülhan, Assistant Manager, Foreign Trade & Commercial Loan Operations Division, Türkiye İş Bankası (İsbank)**, commented: “İsbank wants to continue its forerunner mission and be able to present new products to its customers. The BPO offers us a great opportunity to achieve this as the risk is minimal thanks to the non-documentary process.”

Please see below for more recent news. We hope you will welcome those with interest. If you wish to keep updated on a continuous basis, feel free to join our “[Corporates and Supply Chains on SWIFT](#)” LinkedIn group.

Best regards,

André Casterman

Global Head Corporate and Supply Chain Markets, SWIFT
Member of Banking Executive Committee, ICC

Sibos videos

- [Corporate Forum](#): opening address by **Marcus Treacher, SWIFT Board Member and Chair of Corporate Advisory Group (CAG)** followed by **Paul Simpson, Global Head of Equity Asset Services, Bank of America Merrill Lynch**
- [Future of Corporate transaction banking](#): how payments & cash management, trade finance and receivables finance shape the future of corporate banking

Bank news

- [CIMB Bank completes Malaysia’ first cross-border Bank Payment Obligation](#)
- [Commerzbank handles first live transactions for a German SME](#)
- [COFCO completes BPO transaction through ANZ](#)
- [RBS implements SWIFT’s new corporate-to-bank SWIFT trade standard](#)
- [UniCredit’s innovative video on the BPO](#)

Press review

- Bloomberg: [Digitizing Trade-Related Information to Speed Up Trade, Financial Flows](#)
- CT: [BHP Billiton eyes BPO trials](#)
- CT: [Cargill’s digital drive to save industry millions](#)

- CT: [First ever Japan-Germany BPO is transacted](#)
- Finextra: [UniCredit and Bank of Tokyo-Mitsubishi complete first Germany/Japan BPO deal](#)
- Forbes: [SWIFT Gets Academic, But Usefully Academic](#)
- GTNews: [Commerce Goes Digital - Can Your Bank Support Your Business?](#)
- GTR: [Asia leading BPO adoption](#)
- TFR: [Two German banks make their BPO debuts with SME exporters](#)
- TFR: [Recollections from a Sibos Serial Dater](#)
- TFR: [Treasurers need to broaden their remit to compliance and technology say EuroFinance 2014 speakers](#)
- Treasury Today: [Trade finance – the future is electronic](#)
- TXF: [BPO ready to combine with eBL as both continue to grow](#)

SWIFT certified vendor news

- [GTC's @GlobalTrade platform awarded 2014 SWIFT certification](#)
- [Surecomp's SCF-PRO Supply Chain Finance Solution with Full BPO Module Earns 2014 SWIFT Certified Application Label](#)
- [TradeWiz announces the launch of their SWIFT certified Bank Payment Obligation application called Tr8Star](#) which enables banks to realise a quick time to market entry with BPO

SWIFT news

- [Fabian Vandenreydt named as one of the 40 leaders of fintech in Europe](#)
- [The latest BPO adoption report includes the list of the 16 live BPO banks](#)
- [RMB reaches record levels of payments activity between offshore centres](#)
- [The largest trade banks use SWIFT's trade industry standards with Corporate clients](#)
- [SWIFT offers free access to The KYC Registry for participating banks](#)
- [SWIFT addresses the Know Your Customer's Customer compliance challenge](#)
- [Make plans now for Sibos 2015 in Singapore](#)
- [SWIFT extends Alliance Lite2 to business applications](#)
- [SWIFT's Sanctions Screening service surpasses 200 customers worldwide](#)
- [Leading technology innovation in the Trade industry](#)

Next 2014 event

- [TXF - Trade & Treasury 2014 – Munich](#) – December 9-10, 2014 (free passes for Corporates via katy.rose@txfmedia.com)

For additional information,

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