

An Importer's View: Efficiency and Differentiation Make a Compelling Case for the BPO

**An interview with
Stefanie Stanzel, Vice
President Commercial,
Polytrade Global GmbH**

The Bank Payment Obligation (BPO) offers a range of benefits to suit companies moving from a variety of settlement options and perspectives. One perspective that is often overlooked when it comes to the BPO is that of the importer. Polytrade, a global supplier of raw materials, additives and marketing services, however, has considerable experience using the BPO to settle its import business. Stefanie Stanzel, Vice President Commercial, Polytrade Global GmbH, answers questions about Polytrade's experience with the BPO – including the advantages for importers, the benefits of switching from letters of credit, and the value of a strong banking partner to help smooth the process.



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Why did you decide to switch to the BPO?

When UniCredit – one of the leading market players in terms of implementation and coverage of the BPO – approached us about using the instrument to settle trades with a Thai supplier, we were immediately interested. With BPO settlement becoming increasingly popular throughout Asia, we felt we could gain a competitive advantage by including it in our portfolio of payment options – especially since it would position us as one of the first such companies not only in Germany, but also in Europe. Furthermore, this was a chance for us to gain experience in this new settlement method – giving us an insight into how it works and the advantages and disadvantages of offering it to our suppliers and customers.

The advantages of the BPO are usually given from the point of view of the exporter. Having used the BPO as an importer, what do you see as the benefits from this perspective?

Of course, exporters stand to gain a great deal from using the BPO – particularly in terms of financing, risk mitigation and balance sheet optimisation – but it is also a highly valuable instrument from the importer's perspective. The benefits here come primarily from the speed and simplicity of its processes – helped by its digital compatibility. These have enabled us to optimise our processes and costs, saving time and money when compared to our previous settlement process using letters of credit.

Are there particular advantages when moving from settlement via letters of credit?

Yes – the BPO's simpler documentation and processes bring a number of advantages for firms switching from letters of credit. For a start, the whole process is much faster, as documents are exchanged digitally and sent directly to us, rather than taking regular detours via the two mediating banks. On top of this, UniCredit offers an intuitive online tool that makes it easy to track the progress of a payment throughout its life cycle.

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“When partnering with corporate companies, every deal is different. We understood the particular complexities and challenges that would affect the BPO transaction between Polytrade and its supplier. And this understanding, combined with our considerable knowledge and experience with the BPO, meant we were confident we could be an effective partner for this transaction – guiding Polytrade through every step, and providing them with the tools to execute quickly and simply.”

Thomas Benirschke

Key Account Manager, Global Transaction Banking, UniCredit

And, what’s more, there is no fee for verifying documents – making the BPO a more cost-effective option when compared to letters of credit. This confers a considerable competitive advantage, particularly for companies in low-margin industries such as the commodities business.

You have carried out BPO transactions with other banks as well. What makes UniCredit different?

Even by the standards of an economically advanced country such as Germany, UniCredit is way ahead of the curve in terms of its implementation and coverage of the BPO. For us, however, what sets it apart is its highly professional and co-operative approach to partnership – offering quick and effective solutions when challenges arise. For example, before their online tool was implemented, we were quickly provided with a physical copy of the BPO, which made it significantly easier to co-ordinate with our supplier.

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Can you describe the BPO implementation process? What challenges did you experience during this process?

Thanks to UniCredit's professional approach, the implementation phase was mostly very smooth. But, of course, challenges inevitably arise in every process. In this case, our supplier is a very large company, and the need for co-ordination between its sales and finance departments made communicating with them a complex affair. UniCredit's support, however, was invaluable throughout, helping us overcome the challenges through their expertise in the BPO and its implementation.

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Do you plan on using the BPO again in future? If so, will you do so as an importer or an exporter, or both?

We will certainly continue using the BPO as an importer. It has proved its value to us not only as a means of differentiating our company through innovative payment options, but also as a means of simplifying and accelerating the settlement process.

Polytrade

The history of Polytrade Global GmbH goes back to 1994 when it was set up as a wholly-owned subsidiary of Zimmer AG following the spin-off of the Fibres & Fibre Raw Materials department of Metallgesellschaft AG. Having been acquired by an Indian investor in 2006, today Polytrade is a global trading company providing logistic services for companies in more than 40 countries, with a traditional technology background – especially in polymers, additives, catalysts and polyester chemicals, as well as extensive expertise in consultancy and financing functions.

The situation is slightly more complicated for our export business, however. We are certainly keen to use the BPO as a means of settling our exports, but, before we do so, we must find a suitable business partner.

At the present time, this is not such an easy task – particularly as the BPO is not yet available in every country. And, of course, the BPO is not intended as a wholesale replacement for alternative settlement methods, so there are cases where we are happy to continue transacting via letters of credit, and others where it remains more economical to transact via open account on the basis of trade credit insurance. Nevertheless, we have been highly impressed with the BPO and the improvements we have seen. And, should the right partner arrive, we would gladly take up the BPO as a means of settling our export trades. ■

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Vice President Commercial, Polytrade Global GmbH

Stefanie Stanzel joined Polytrade in 2007 and is responsible for finance, controlling, accounting, quality management as well as human resources and general administration. Her focus is on treasury and trade credit risk insurance as well as public relations including corporate reporting. Before joining Polytrade, she specialised in a variety of controlling responsibilities such as associated companies, group reporting and planning as well as investment activity in Lurgi AG and Zimmer AG.

