

EBRD Trade Finance

Digitalisation of Trade Finance and Correspondent Banking

March 2022



European Bank
for Reconstruction and Development

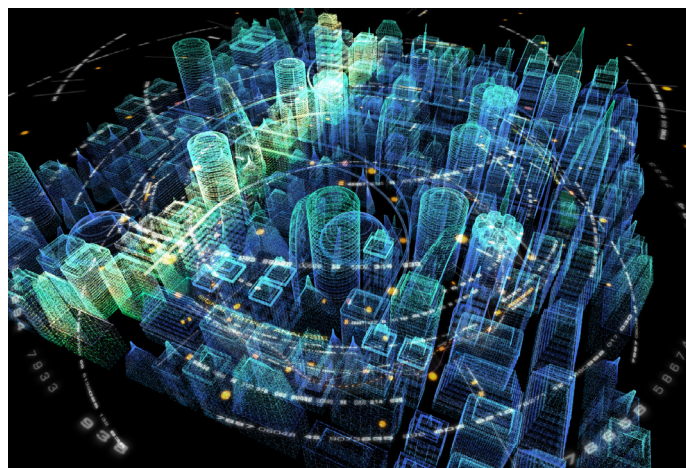
The European Bank for Reconstruction and Development (EBRD)'s Trade Facilitation Programme (TFP) is working to accelerate the digital transition in trade finance and correspondent banking of partner banks in the EBRD's countries of operations.

Trade finance operations across the EBRD regions are still very much paper-based, whilst global banks are making the shift to digitalise their trade finance business. At the same time, many smaller partner banks, particularly those in Early Transition Countries, find it increasingly difficult to retain correspondent banking relationships with global banks. To bridge these gaps the EBRD is fostering the digital transition of partner banks through policy dialogue activities, awareness and capacity building activities.

The EBRD aims to support partner banks in their digital transitions to pave the way for new innovative trade finance business, allowing them to develop further trade throughout the economies where the EBRD invests.

The EBRD will provide:

1. Policy dialogue activities that allow banks in the EBRD regions to transition to digital trade
2. Capacity building activities to support partner banks to digitalise their trade finance business and to retain and develop correspondent banking networks.



IN NUMBERS

as of March 2022

Number of Partner
Banks joined our
digitalisation efforts:

16+

Number of
Countries joined our
digitalisation efforts:

13+

Feedback from our Partner Banks



“By taking part in Contour's trial transactions, National Bank of Greece has the opportunity to assess how trade finance will work in future and to leverage its expertise in product development to offer innovative, value-adding solutions to the Greek market.”

Paul Mylonas, Chief Executive Officer,
National Bank of Greece, Greece



“The EBRD TFP Digitalisation Advisory project is making a real impact on our business, helping Ipak Yuli become a more sustainable, digital and green bank. We look forward to the next phase of the Digitalisation Advisory project which should help us navigate the choice of a digital software solution best catered to the needs of our Trade Finance business.”

Shuhrat Babadjanov, Head of Trade Finance
Department, Ipak Yuli Bank, Uzbekistan



“Digital trade can play one of the most vital roles in the global economic recovery from the coronavirus pandemic. ..We believe in strategically addressing new and sustainable business models that embrace emerging technologies such as blockchain and artificial intelligence that are expected to enhance the trade landscape in the very near future, and significantly improve customers' experience. It gives us great pleasure to cooperate with the EBRD, Contour and CargoX in this interesting project which meets our mutual objectives.”

Mohamed Bedeir, Chief Executive Officer, QNB Alahli, Egypt



“We are dedicated to technological advancement and are proud to be part of the Preview Offering Program. We are thankful to the EBRD for this opportunity.”

Tamara Khizanishvili, Director, Trade and
Structured Finance Department, TBC Bank, Georgia

Digital Trade Finance as a future business model

In 2021, the TFP facilitated six trials on digital trade finance platforms within the market, such as Contour and we.trade. Partner banks, particularly National Bank of Greece (Greece), QNB Alahli (Egypt) and TBC Bank (Georgia) joined the trials together with confirming banks across the globe. The participating banks acted as importers, exporters, importer's banks (applicant) and exporter's banks (beneficiary), completing test transactions between themselves on the trial platforms. Participating banks had opportunities to familiarise themselves with these platforms to understand developments within the trade finance market. The TFP will continue working with these digital trade finance solution providers as well as other platforms so that partner banks across the EBRD regions are not left behind when global banks make the shift to digitally processing their trade finance business.



Individual advisory service to digitise Trade Finance operations in Uzbekistan

In 2021, the TFP provided Ipak Yuli Bank with consultancy services to support its digitalisation efforts in its trade finance operations. In the initial stage of the project, the consultant revised the existing operational processes of the bank and identified areas for improvement where the bank could digitalise their trade finance operations. Highlighted areas include transaction recording, internal approval processes and manual transaction management, amongst other operational procedures. The consultant will create action plans in discussion with the bank's management, who will then implement these plans with the consultant.



Tackling the KYC and correspondent banking issues with digital solutions

SWIFT KYC Registry

To facilitate global and local financial flows and ensure their transparency, the EBRD has signed up to use SWIFT's Know Your Customer Registry and is encouraging partner banks in the EBRD regions to follow suit. The KYC Registry is a centralised repository that maintains a standardised set of information about financial institutions required for compliance with KYC obligations. It enables correspondent banks to contribute their own KYC information to a single entity rather than needing to exchange documents with each of their correspondents, which facilitates efficient, transparent and easy KYC procedures for all participants. Since the beginning of the partnership between the EBRD and SWIFT, 91 of the 129 active partner banks in the EBRD regions have been on-boarded on the KYC registry as of March 2021.



Legal transition to paperless trade and Trade Finance

The EBRD has joined two industry bodies to support legal reforms in the EBRD regions; the ICC Digital Standards Initiative (DSI) and Technology Experts for Regulatory Action (TERA) task force, organised by the International Trade and Forfeiting Association (ITFA). The EBRD will accelerate its policy dialogue activities in close cooperation with these organisations.

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