



# Trade and Supply Chain @ Sibos

*News from Sibos in pictures*

SWIFT's Trade and Supply Chain team

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La Hulpe, October 11th 2011

# Trade and Supply Chain @ Sibos

*Where  
innovations  
in trade and  
supply chain  
finance  
get real*



1,000+ delegates - 42 speakers - 13 sessions  
*To learn from corporate credit managers  
To discover the most innovating Trade banks  
To exchange views with industry thought leaders  
To meet with all leading technology solution providers*



# Trade Finance ‘will survive Basel III’

A session on the implications of Basel III for trade finance heard that lobbying the 28-member Basel Committee is paying off. Follow the session on [Virtual Sibos](#)



*Kah Chye Tan, Howard Bascom,  
Steven Beck, Adnan Ghani*

*“Regulation has been implemented inconsistently for two decades”, Kah-Chye Tan, ICC*  
*“Regulators aren’t interested in banks complaining”, Howard Bascom, BAFT-IFSA*  
*“The industry needs to involve SMEs”, Adnan Ghani, RBS*

# Supply Chain Finance highlights

- Corporates are looking for more effective ways to conduct international trade. The Bank Payment Obligation (BPO) is a new instrument enabling banks to offer risk mitigation and financing services to buyers and sellers using electronic data flows
- In view of supporting the development of international trade in the 21<sup>st</sup> century, SWIFT and the Banking Commission of the International Chamber of Commerce (ICC) are collaborating to establish the BPO as an accepted market practice using ISO 20022 standards; see [SWIFT press release](#) of September 12<sup>th</sup> 2011 as well as [ICC's press release of September 21<sup>st</sup>](#)
- 17 banks are adopting the BPO including 7 banks from the Top20 trade banks<sup>(\*)</sup>.

*(\*) in terms of their overall SWIFT's Trade Finance traffic in H1 2011*



# 17 banks adopting BPO in 2011

*7 from the Top20 Trade banks*



# SWIFT and ICC join forces to establish new rules and tools for Trade Finance

SWIFT and the ICC Banking Commission confirm their cooperation that paves the way for market adoption of the Bank Payment Obligation (BPO) in support of Open Account trade transactions using ISO 20022 messaging standards.



*Kah Chye Tan, Global Head of Trade and Working Capital, Barclays and Chairman of ICC Banking Commission*

*Gottfried Leibbrandt, Head of Marketing, SWIFT*



# Corporates are looking for banks to present solutions, not game-changing innovation

A panel on working capital optimisation concluded that best-in-class working capital solutions need to be integrated across cash and trade and that the market requires interoperability between banks using industry-owned rules and tools such as BPO and ISO 20022. Follow the session on [Virtual Sibos](#)



*Sara Joyce, Pierre Veyres,  
David Vermylen,  
Axel Miller, Markus Wohlgeschaffen*

*“BPO is the biggest innovation in years” , David Vermylen, BP Petrochemicals*

*“Banks are not the centre of the supply chain”, Markus Wohlgeschaffen, UniCredit*

*“There’s a lot of scope for banks to get good at basics”, Sara Joyce, BMO*

# The upcoming ICC adoption is key to BPO take-off

A panel debate on the new rules and tools for the next generation of trade and finance concluded that BPO needs support of ICC Banking Commission in order to gain market traction. Follow the session on [Virtual Sibos](#)



*José Carlos Guedes, John Ahearn,  
GS Subramaniam, Michael Kang*

*“The BPO can absorb demand for LCs”, **Michael Kang, Korea Exchange Bank***  
*“The BPO can make processing more efficient”, **Jose Guedes, Vale***  
*“The BPO has very, very high potential”, **John Ahearn, Citi***



# Despite the uncertainties of the financial crisis, the trend to open account continues

## **BPO takes off at Hyundai and KEB:**

In the SWIFT Auditorium, Hyundai Motor Company confirmed that it is looking for candidates for BPO whilst at the same time maintaining others on the existing LC-based relationship. Hyundai Motor Company expects to employ both approaches simultaneously.



*Sanghee Pang,  
Hyundai Motor Company*

# First live BPO issued from Bank of China to Hua Nan Bank

Bank of China issued a live Trade Services Utility transaction carrying a Bank Payment Obligation in favour of Hua Nan Bank. The BPO was issued on behalf of Shanghai Silk, the biggest textile company in China for their Taiwan suppliers Yarn Jazz.



*Mabel Lu, SWIFT. Rosa Wang, Hua Nan Bank. Xu Meng, Bank of China. Connie Leung, David Hennah, SWIFT.*

# Trade for Corporates highlights

- Large corporates want multi-banking trade finance solutions to be based on established technology-independent and industry-owned standards, i.e., SWIFT's MTs. This rules out vendor-specific formats
- A total of 22 banks are adopting SWIFT's Trade for Corporates standards (MT798) in response to strong corporate demand since Q2 2011
- 12 of the Top20 trade banks<sup>(\*)</sup> are adopting SWIFT's Trade for Corporates standards (MT798) and wish to extend it to support additional functionality such as the Lead Bank model.

*(\*) in terms of their overall SWIFT's Trade Finance traffic in H1 2011*



# 22 banks adopting SWIFT's MT798

*12 from the Top20 Trade banks*



# Industry comes together in support of MT798 and future lead bank model

Twenty two banks have endorsed the Trade for Corporate MT798 standards for corporate to bank Trade Finance messaging. Known as the 'Lead Bank' model, future enhancements to the MT798 reveal the industry's commitment to SWIFT corporate-to-bank messaging for trade finance.



*Left to right backrow: Bruce B. Proctor, Bank of America Merrill Lynch. Michael F. Quinn, J.P. Morgan. Paul A. Johnson, Bank of America Merrill Lynch. André Casterman, SWIFT  
Left to right front row: John T. Monaghan, Citi. Eugenio Cavenaghi, UniCredit. Sven Müller, Commerzbank. John Ahearn, Citi*

# GTC awarded SWIFTReady for Corporates Trade Finance label

For the second year in row, Canadian based Global Trade Corporation has been awarded the SWIFTReady for Corporates – Trade Finance label. In passing the SWIFTReady technical, functional and customer validations, GTC demonstrated their excellent capabilities to process and exchange trade flows in a corporate back office.

Next important step: get ready on Bank Payment Obligation.



*Anyal Hozee, SWIFT. Jacob Katsman, GTC.  
Nick Pachnev, GTC. Filip Versluys, SWIFT.*

# Saudi Aramco adopts MT798 for Guarantees

Saudi Aramco has chosen SWIFT's MT798 as the solution to support running their business. Technology and vendor independent approach helps them to work with multiple banks, which is a key element for their multinational and multibank operations. All of which helps to gain better visibility to their trade transactions.



*André Casterman, SWIFT. Ali Abdullah Al-Masari, Saudi Aramco. Khaled Moharem, Sido Bestani, SWIFT.*

# Helping corporates trade in a multi-bank world

The MT798 has been implemented by all leading Trade Finance applications vendors providing an extended suite of bank and corporate solutions. Mysis, GTC and Pinnacle Solutions got the "SWIFTReady for Corporates – Trade Finance" label. Follow the Corporate Forum opening session on [Virtual Sibos](#)



*Ali Masari, Saudi Aramco*

*"The benefit of the MT 798 is that we can streamline our business processes", Ali Masari*

*"All leading Trade Finance vendors are MT798 ready", André Casterman, SWIFT*

*"The value proposition of one single channel for cash management, foreign exchange and trade is overwhelming", Jacob Katsman, GTC*



# SWIFT and INTTRA support paperless trade

SWIFT and INTTRA, a multi-carrier e-commerce platform for the ocean shipping industry, are working on an electronic bill of lading solution.

The solution is being piloted by a very large Asian exporter and its trading parties, including banks, to dematerialise the paper trade documents and move to electronic documents presentation.



*Connie Leung, SWIFT. David Burns, INTTRA.  
Patrick de Courcy, SWIFT.*

# ESS joins SWIFT for paperless trade

ESS's integration with SWIFT provides banks with an additional way to receive original electronic documents presented under an eUCP letter of credit using ESS's CargoDocs™ Solution. Next step: get ready on Bank Payment Obligation.



*Alexander  
Goulandris, ESS*



Press Release – 21 September 2011

## Trade documents flow faster as ESS joins SWIFT

ESS leverages SWIFT's bank network to increase electronic document presentation and trade finance options for its customers

VALETTA, MALTA, 21 September 2011 - Electronic Shipping Solutions, the leading shipping eDocs provider is pleased to announce that it has joined SWIFT, the financial messaging provider. ESS's integration with SWIFT provides banks with an additional way to receive original electronic documents presented under an eUCP letter of credit using ESS's CargoDocs™ Solution.

**Alex Goulandris, chief executive officer of ESS** said: "We are delighted to be able to provide CargoDocs™ over the SWIFT network, as this opens up a world of process improvements and value-added solutions. The ability for traders to present original eDocs to their banks through the ultimate multi-bank channel, SWIFT, is a significant advantage and secures faster trade credit line turnovers for companies, which is key in today's world of high commodity prices. At the same time, banks can now use CargoDocs™ as an out-of-the-box solution accessed through SWIFT, reducing implementation time and avoiding the need to adopt yet more technological solutions."

Integration between ESS and SWIFT is the first step in a larger collaboration to provide seamless trade finance solutions, with the two companies already discussing how SWIFT's Bank Payment Obligation (BPO) functionality can be extended to automate reconciliation of letters of credit and original shipping documents or data. The increase in price volatility of commodities such as crude oil, metals, minerals and grains over the last decade has placed a significant strain on treasury and finance departments. Resulting financing constraints have made shippers and commodity traders look for solutions which accelerate presentation and processing of documents under letters of credit. Compliant, legally-equivalent eDocs are clearly an important part of these solutions.

**André Casterman, Head of Cash, Trade and Supply Chain at SWIFT**, said: "In international trade, availability of data and prompt delivery of it is becoming increasingly critical. Businesses and banks face challenges when working with multiple sources of information ...

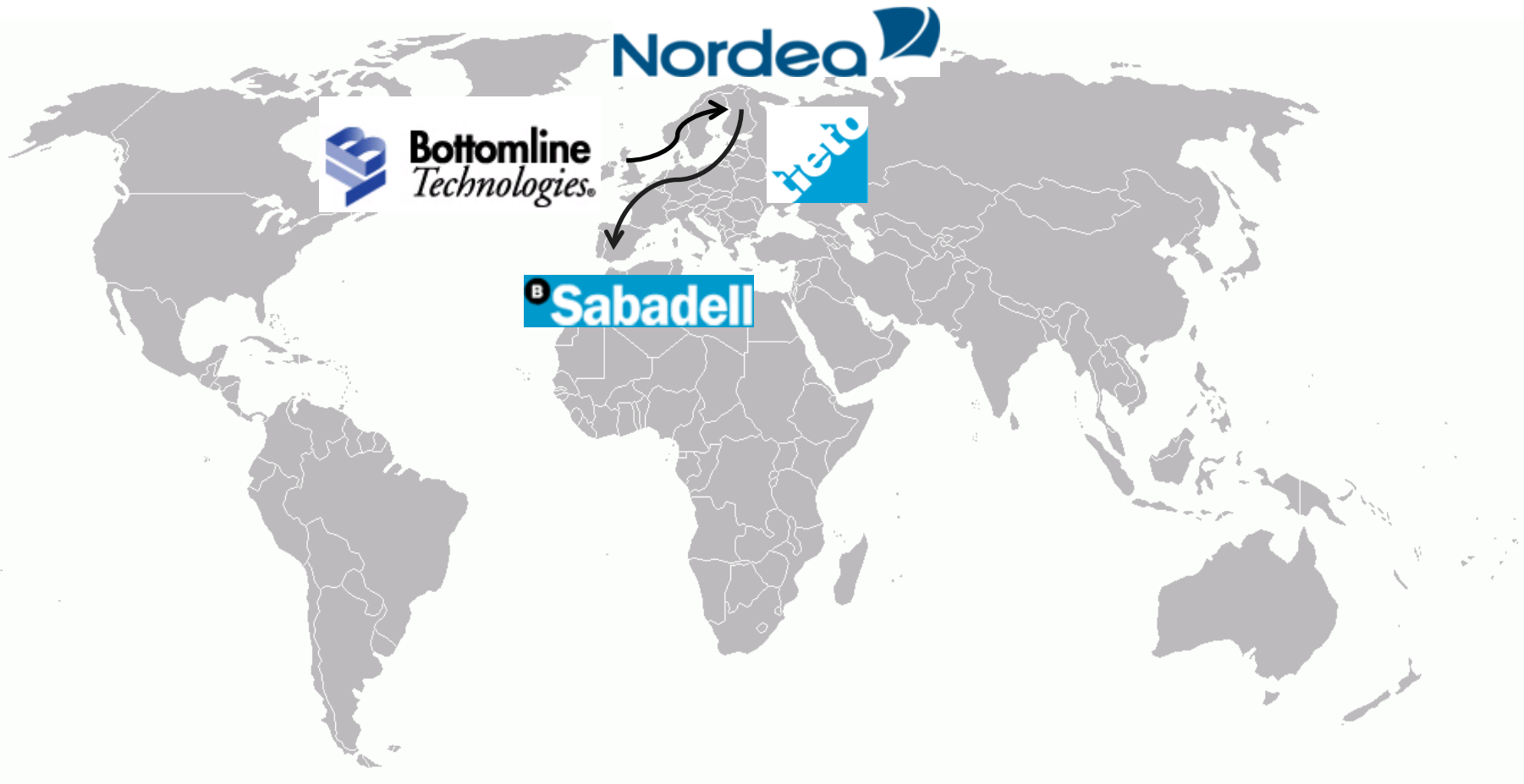
... [full text here](#)



# e-invoicing highlights

- e-invoicing is booming: large buyers want it, regulators mandate it
- 4-corner model is inevitable as corporates select their preferred e-invoicing provider – interoperability between providers is key
- Even if conversions are no show stoppers, ISO 20022 financial invoice standard links invoice data with crucial payment and trade finance processes – first implementations in place

# First 4-corner e-invoicing flows over SWIFT



# Bottomline Technologies goes live on SWIFT for e-invoicing

Bottomline Technologies is one of the first e-invoicing service providers to adopt SWIFT's solution for e-invoicing. In addition, Bottomline Technologies is also in the lead with implementation of the ISO 20022 Financial invoice standard. This will link invoices closer to cash management and trade finance services.



*Marcus Hughes,  
Bottomline Technologies*

Press Release – 22 September 2011

## **Bottomline Announces Cross-Border Electronic Invoicing**

*Banks and Corporates Benefit from Improved Efficiencies and Working Capital Optimization*

**PORTSMOUTH, N.H. – September 22, 2011 – Bottomline Technologies (NASDAQ: EPAY) today announced it has gone live with a secure, real-time solution for sending and receiving invoices electronically via the global SWIFT network. E-invoicing presents a significant opportunity for banks and their corporate customers to streamline paper-laden processes and reduce costs while increasing visibility into the financial supply chain.**

UK-based Bottomline customer Spirax Sarco is leveraging Bottomline's SWIFT Access Service to exchange e-invoices via SWIFT with a Finnish customer. This is the first time that the SWIFT network has been used for the automated exchange of invoices between buyer and supplier through their service providers. Unlike using SWIFT for payments, with the right service provider and banking partnerships, corporates who are not SWIFT members can leverage SWIFT's new e-invoicing standards and network.

“Bottomline is uniquely positioned to facilitate e-invoicing,” said **Eric Campbell, CTO**. “This implementation demonstrates how collaboration between banks, their customers and industry providers can create true cross-border invoicing solutions utilizing standards supported by SWIFT, creating a win for all contributing parties. Banks who participate can create and sustain a competitive advantage and drive new revenue streams.”

[Full text here](#)



# SWIFT will become the de facto clearing house for e-invoicing

A conference panel on e-invoicing saw the market driving out closed networks as users demand the benefits of interoperability using SWIFT's reach and ISO 20022 messaging standards.

Follow the session on [Virtual Sibos](#)



*Chris Bozek,  
Bank of America Merrill Lynch*

*“e-invoicing is in the top three priorities right now for corporations”, Susie West, [sharedserviceslink.com](#)  
“e-invoicing offers broad working capital benefits to corporates”, **Chris Bozek, BAML**  
“SWIFT will drive standards, connectivity and adoption”, **Eric Campbell, Bottomline Technologies***

Press Release – 23 September 2011

## Tieto to provide e-invoicing service over SWIFT

Tieto, Nordea and Bottomline Technologies have taken a further step in order to expand the reach for their e-invoicing customers. Bottomline Technologies and Tieto are now exchanging e-invoices using ISO 20022 Financial invoice content standard and SWIFT's network. Invoices will be sent from Tieto further via Nordea to the receiving customer Stora Enso Finland.

In addition to the role of an e-invoicing service provider, Tieto acts as a SWIFT Service Bureau and is thus able to provide SWIFT connectivity to any interested corporate customer - for both Cash management and trade finance services.

Within the financial services industry, Nordea is the forerunner of providing e-invoicing services to corporate users. Nordea and Tieto have a long lasting co-operation in e-invoicing services and this new connection opens remarkable new possibilities and strengthens their services to their customers.

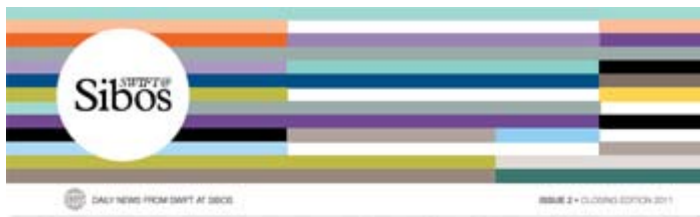
**André Casterman, Head of Cash, Trade and Supply Chain, SWIFT**, states: "We believe a true four-corner model based on open standards is the only viable way forward. It is important that corporates can work with their chosen e-invoicing provider, and then the providers create interoperability. The first users of our solution for e-invoicing demonstrate that SWIFT can bridge banks and non-bank e-invoicing service providers across the borders. With the ISO 20022 Financial invoice standard e-invoices also connect to payments and financing services". **Masood Arai, Nordic Head of Payment and Collection Services, Nordea**, emphasizes the importance of joining forces. "This is a remarkable milestone in e-invoicing as it shows what can be achieved via true cooperation and the possibilities in terms of e-invoicing customer offerings. The main goal of reaching for new opportunities is to enable better customer services and create great customer experiences." **Tapani Turunen, responsible for e-invoicing product area in Tieto**, regards this clear evidence of the well-established and true interoperability based on international standards. "We see this new opportunity a real advantage for internationally operating corporates. E-invoicing based on existing global and secure network and international message standard builds good foundation for e-invoicing fast deployment."

[Full text here](#)



# Discover more in Sibos Wrap-up publications

## SWIFT@Sibos wrap-up



### Regional perspectives on Toronto

SWIFT@Sibos spoke to the three SWIFT regional executives for their impressions of the Sibos week and its importance for their respective communities.

**A**s the chief executive of SWIFT Americas, the host region for the year's Sibos, Chris Church was closely involved in preparations for the event. As it drew to a close, he appeared relaxed at the result. "This has been without exception the greatest Sibos we've had in North America by any of the measures we look at," he commented. "We had high expectations and it has absolutely exceeded them. I'd like to offer a special thank you to the Metro Toronto Convention Centre and the people of Toronto for helping to make it such a success." In terms of the event itself, Church pointed to the popularity of two innovations this year: Sibos TV and the SibosApp. "We also got very high expectations for Virtual Sibos," he says, "I hope participants get round the problem of trying to be in two places at the same time." The further one travels to get to Sibos, the earlier one has to plan. By contrast, attendance from the host region is always difficult to estimate in advance. In the event, delegate numbers from the Americas were pleasing, making up over 30% of participants

**We address the issues of the day and provide a platform for the captains of our industry to offer their insights.**  
*Chris Church, CEO, SWIFT*

with a particularly strong Canadian contingent. "I was pleased at the very high number of senior executives," says Church. "The event is not just about size. It's great to see it grow, but it's equally rewarding to see that the right people are coming here, because this is the premier event for our industry." For Church, Sibos is about two things that work together: advancing official dialogue and doing business. "We address the issues of the day and provide a platform for the captains of our industry to offer their insights," says Church. "People get value from those insights, especially in such uncertain times, but those same people are also here doing business with their customers. Everyone has a customer here." Many of the conference sessions that Church



found most engaging dealt with the profound changes confronting the industry. "Regulation is clearly out there. The decoupling of the developed and the developing economies and the impact of emerging technologies are all reinforcing that sense of uncertainty," says Church. "This is a phenomenally fast changing environment. Everyone is going to be re-examining their business models. With those factors at play, SWIFT can help. The community can leverage us to drive down cost, leverage us for our reach and leverage us for our interoperability."

## Sibos Issues wrap-up



### Goodbye chequebook hello Facebook



**Banks must reclaim ownership of customer relationship**  
Opportunities arise in the east if banks "follow the money"

If banks don't respond to their King, author of Bank 2.0 and CEO of Monocash, told the

### RMB in reserve?

The RMB will be the world's next reserve currency – but not for a while

If a capital was needed for the impact of RMB internationalisation, it came with a bang as it filled an editorial slot up to discuss the issue. As it turned out, the two main Manhattan speakers chose English. Sun, an economist, also chairman of Bank of China (BOC), pointed out: "It is crucial to see that there are no longer language issues with R2 of our great Chinese."

This session on the future of the Chinese currency drew up little controversy. Some, however, from the forecast offered by Li Wu, deputy general manager of the custody services department at SCBC, for a three-stage shift from trade settlement to investment to reserve currency. The only question was over timing, and the relative value of daily offshore distributions.

"How internationalisation has spread, there's no way to return," said Gu. But enabling RMB trade settlement won't necessarily help the government reduce its foreign currency reserves in the face of a continuing trade imbalance – at least in the short term. "The important result will come 3 to 5 years from now," he said. "RMB will continue to grow larger than dollars," said Gu. "But the challenge for yellow is limited, which increases the likelihood of the People's Bank of China as a counterparty."

In fact, the contrast is striking. Six months that it planned to increase to RMB. "We're using it ourselves," said George Neri, global head of product management for transaction banking at Citicorp. "Central banks were exposure to RMB as a new asset class. They're checking with dollars and euros and they're looking for an alternative."

The analysis of internationalisation will be comprehensive, but what HSBC's home-view is that it will take 10 years, despite forecasts elsewhere for full convertibility by 2015. "With China surplus as told to be on the up, it's said John Latham, regional head of payments and cash management, Asia-Pacific, at HSBC, pointing out that while convertibility will be a long-term development issue, in the next 10 years it will be a priority in itself."

Even if China achieves a fully convertible RMB, a fully convertible currency would require China to open to financial services markets, Latham added.

Friday is the great afternoon. Although moderator Philip Minard, executive board member and head of relationship management for Asia-Pacific at Citicorp, said Chinese monetary policy had "mostly been wrong", there are no indications that the Chinese government will relinquish control over the capital account.



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