SWIFT Business Intelligence For Trade Finance

Need to know more on Trade Finance messaging trends?

Jaclyn Choo

15 November 2018

- Join Teleconference (<u>Phone</u>) or Integrated VoIP (<u>PC headset</u>)
- For <u>Phone</u>
    - Click "Country/Region" to select country code
    - Complete phone number
    - You are called by an external number
    - Pick up phone, press 1, you are in the conference
- You can at **any time** enable sound or switch Phone/IP
    - Click "Communicate" then "Audio"
- You will hear silence until the session starts

Housekeeping

- **You are on a listen only mode**

- **Submit questions using Q&A feature**

- **Questions may be submitted at any time to "All Panelists"**

- **There will be a Q&A session at end of the presentation**
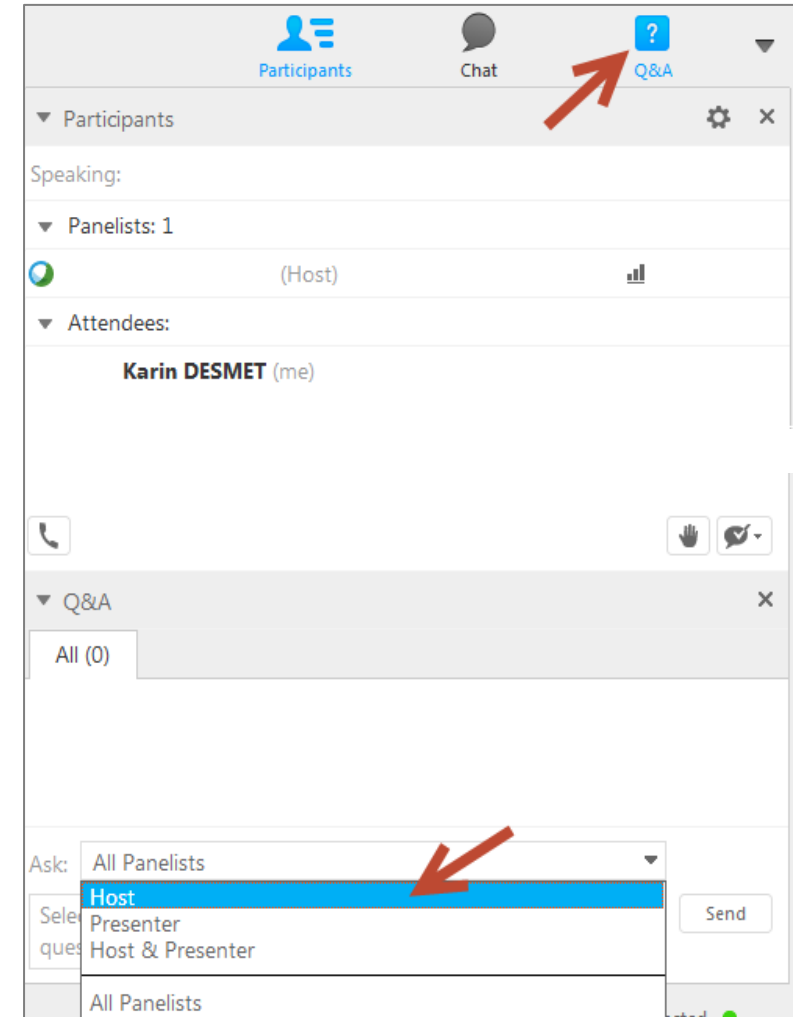
1   **SWIFT Trade Finance messaging:** Global and regional trends in MT 700

2   **Gaining Business Insights** from additional payload details in MT 700

3   **Use cases**: How to develop your Trade Finance business with SWIFT Business Intelligence solutions

> While SWIFT trade finance traffic represents only a sliver of global trade, it is a good barometer of trends for letter of credit (L/C) use, since about **90%** of L/C transactions go via SWIFT.

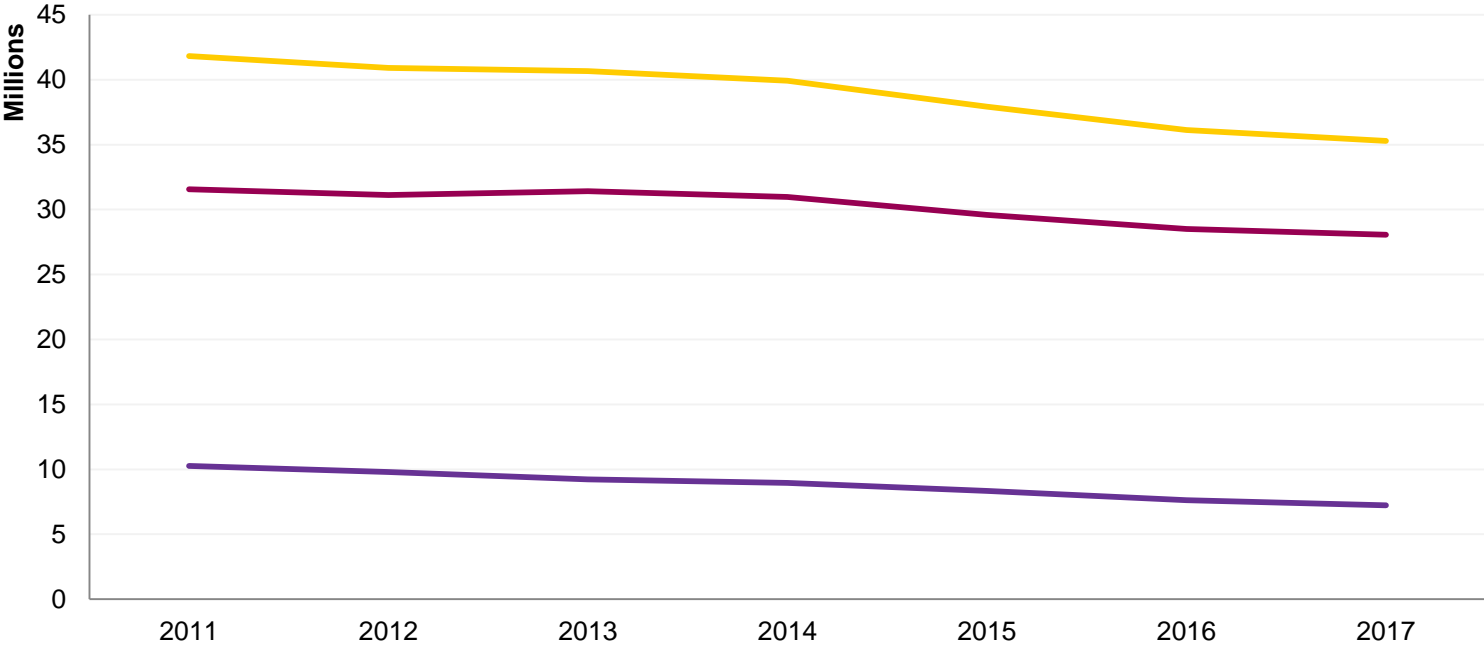ICC Global Trade and Finance Survey 2018 – Securing Future Growth

SWIFT Trade Finance messaging: Global and Regional Trends

Global Trends
Trade Finance traffic falls for the 7th consecutive year

SWIFT Trade Finance Traffic Worldwide, 2011-2017

2017 growth compared to 2016

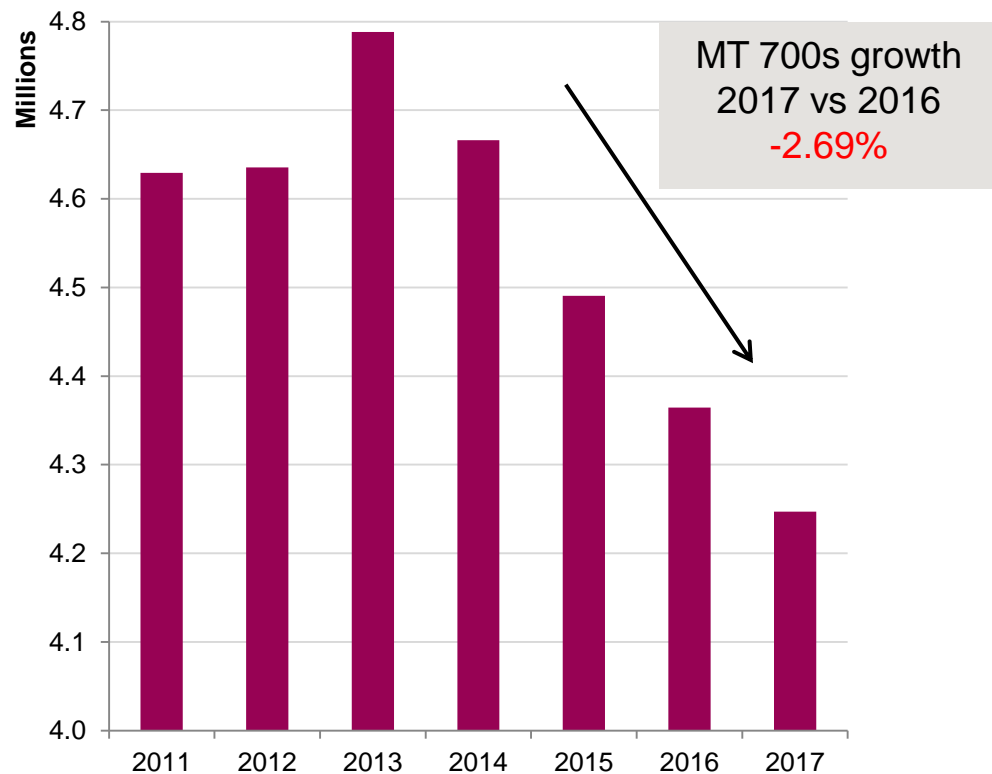Total growth -2.35%

Category 7 growth -1.56%

Category 4 growth -5.30%

Global Trends: MT 700 vs MT 103

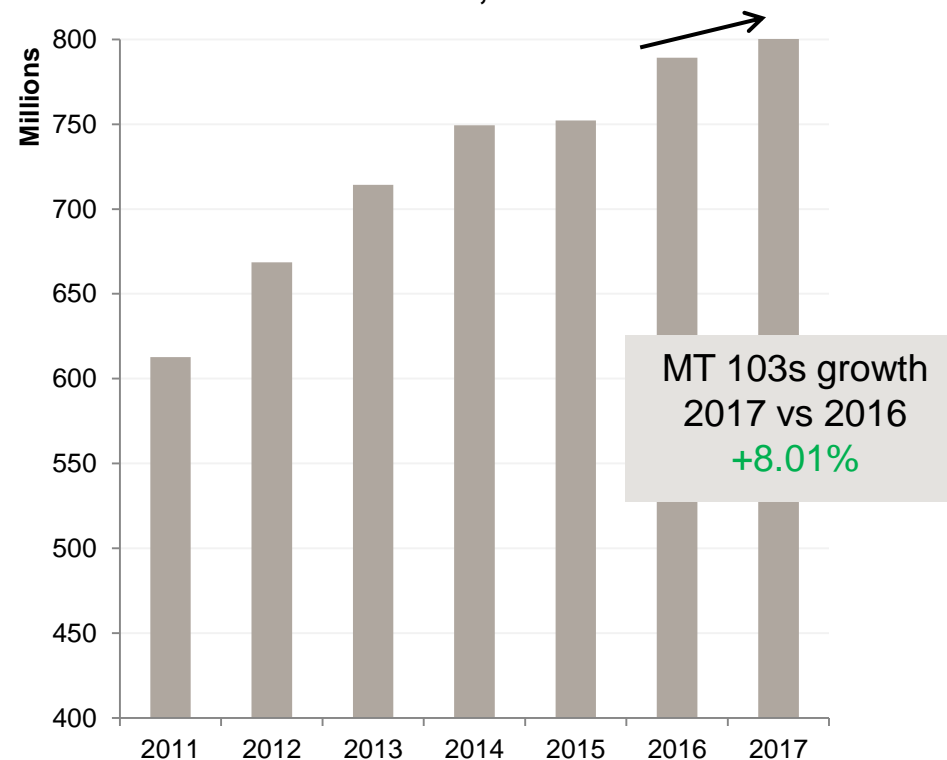| MT 700: Issue of a documentary credit	MT 103: Single customer credit transfer

Volume of MT 700s, 2011-2017

MT 700s growth
2017 vs 2016
-2.69%

Volume of MT 103s, 2011-2017

MT 103s growth
2017 vs 2016
+8.01%

Source: Watch

Powered by SWIFT BI

Import traffic
*Live, delivered MT 700s sent, including **domestic** and **international** traffic in 2017*

- North America 2.0%
- Central & Latin America 2.1%
- Europe - Non Euro Zone 4.0%
- Africa 4.6%
- Middle East 6.4%
- Europe - Euro Zone 7.2%
- Asia-Pacific 73.8%
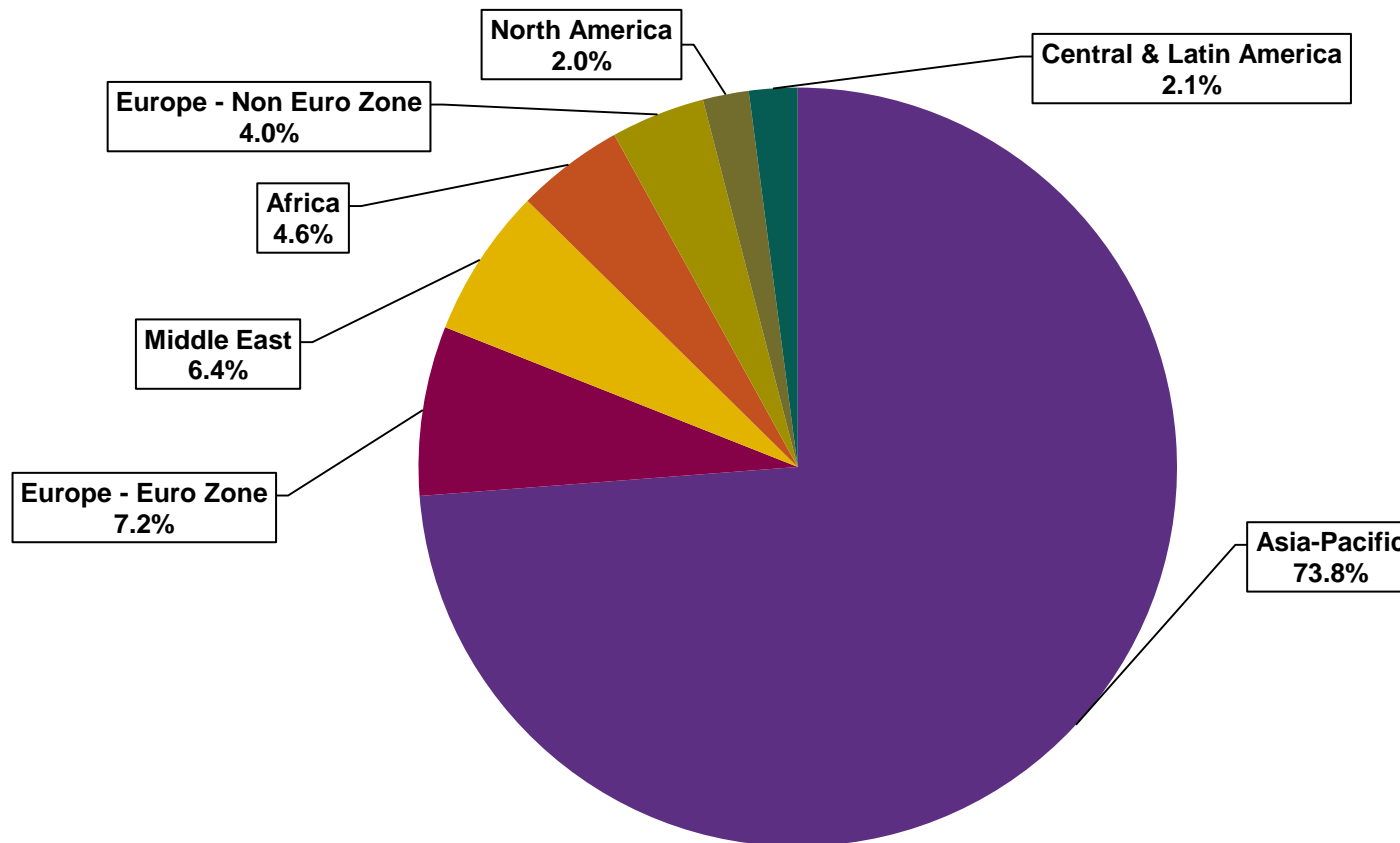
Import traffic vs Average value
*Live, delivered MT 700s sent, including **domestic** and **international** traffic in 2017*

Average Value of Imports by Regions (converted to USD)
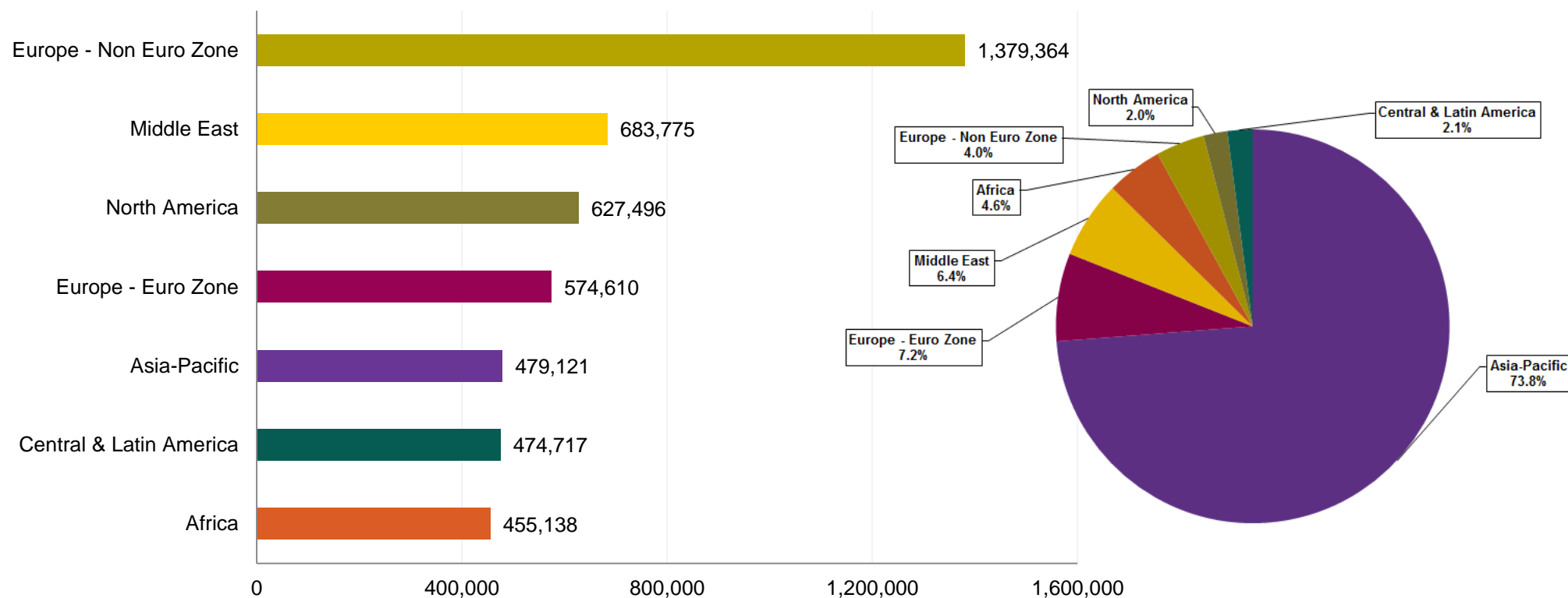
Region	Average Value
Europe - Non Euro Zone	1,379,364
Middle East	683,775
North America	627,496
Europe - Euro Zone	574,610
Asia-Pacific	479,121
Central & Latin America	474,717
Africa	455,138

Pie chart:
- North America 2.0%
- Central & Latin America 2.1%
- Europe - Non Euro Zone 4.0%
- Africa 4.6%
- Middle East 6.4%
- Europe - Euro Zone 7.2%
- Asia-Pacific 73.8%

Export traffic
Live, delivered MT 700s received, including **domestic** *and* **international** *traffic in 2017*

- **Central & Latin America 0.9%**
- **Africa 0.8%**
- **Middle East 4.3%**
- **North America 3.9%**
- **Europe - Non Euro Zone 4.6%**
- **Europe - Euro Zone 8.5%**
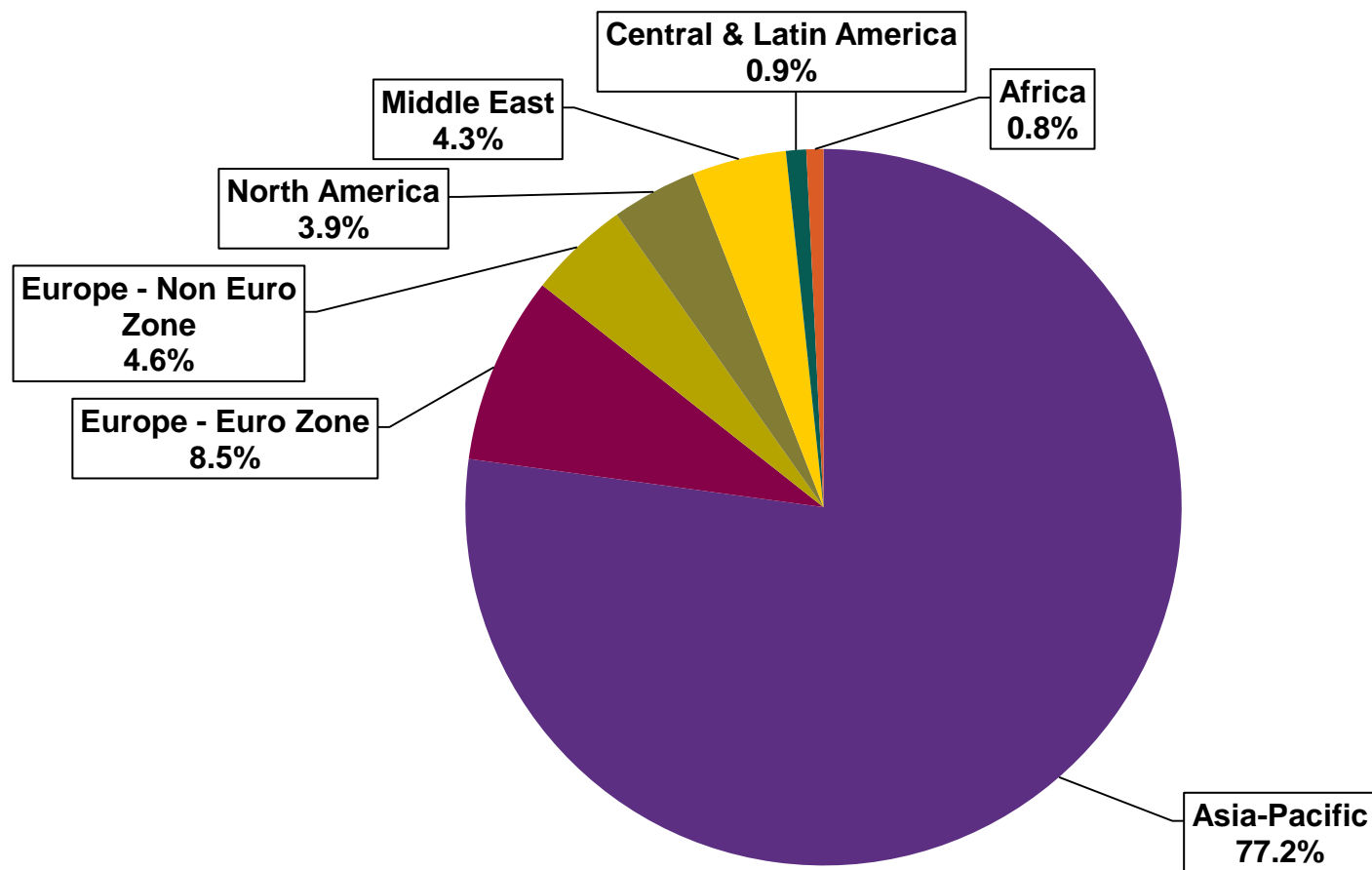- **Asia-Pacific 77.2%**

Export traffic vs Average value
*Live, delivered MT 700s received, including **domestic** and **international** traffic in 2017*

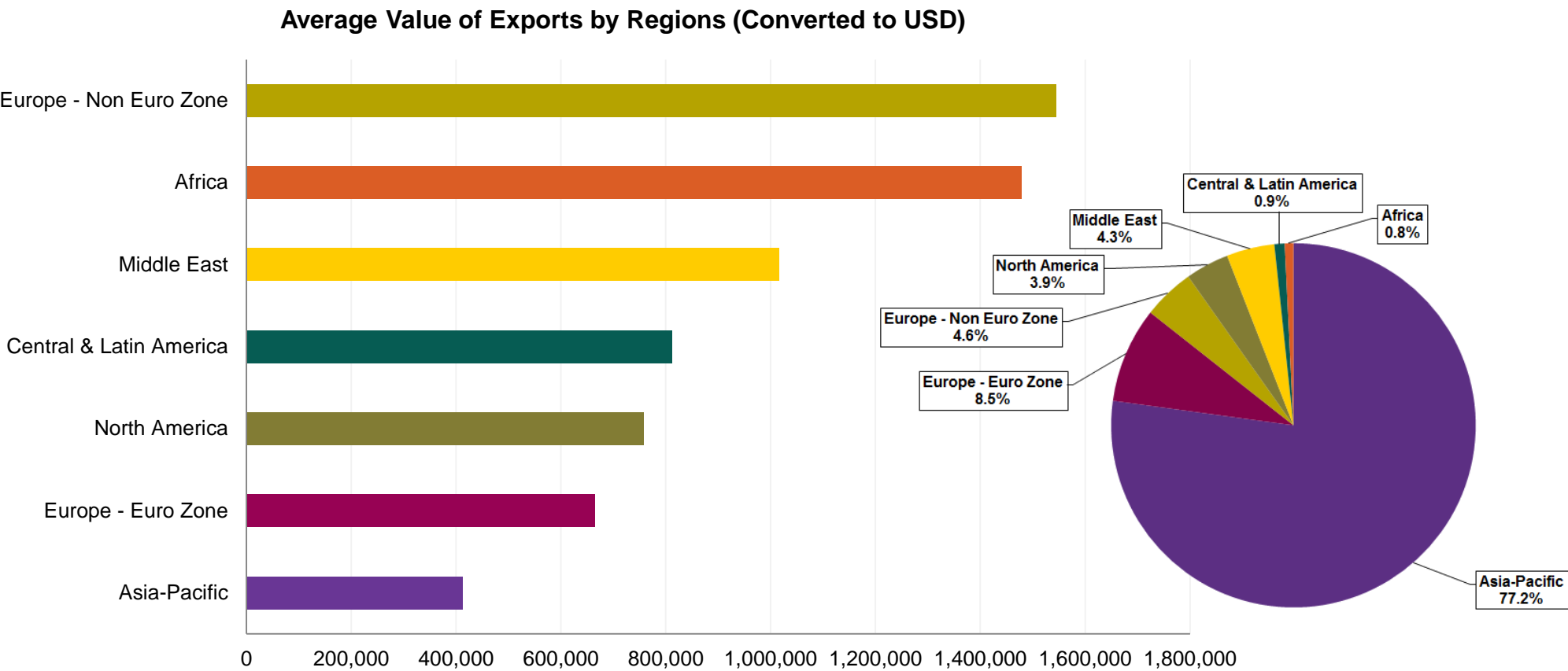**Average Value of Exports by Regions (Converted to USD)**
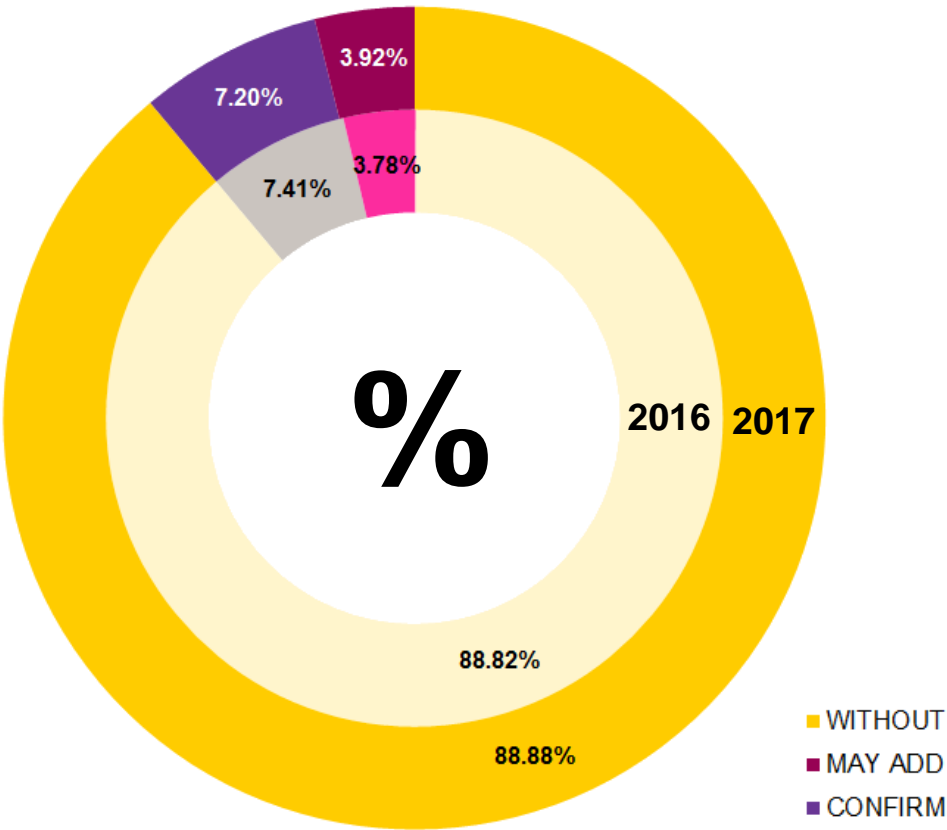
Gaining Business Insights from additional payload details in MT 700

Confirmation of L/Cs Received (field 49)
*Live, delivered MT 700s received, including **domestic** and **international** traffic*

3.92%

7.20%

7.41%

3.78%

%

2016 2017

88.82%

88.88%

■ WITHOUT
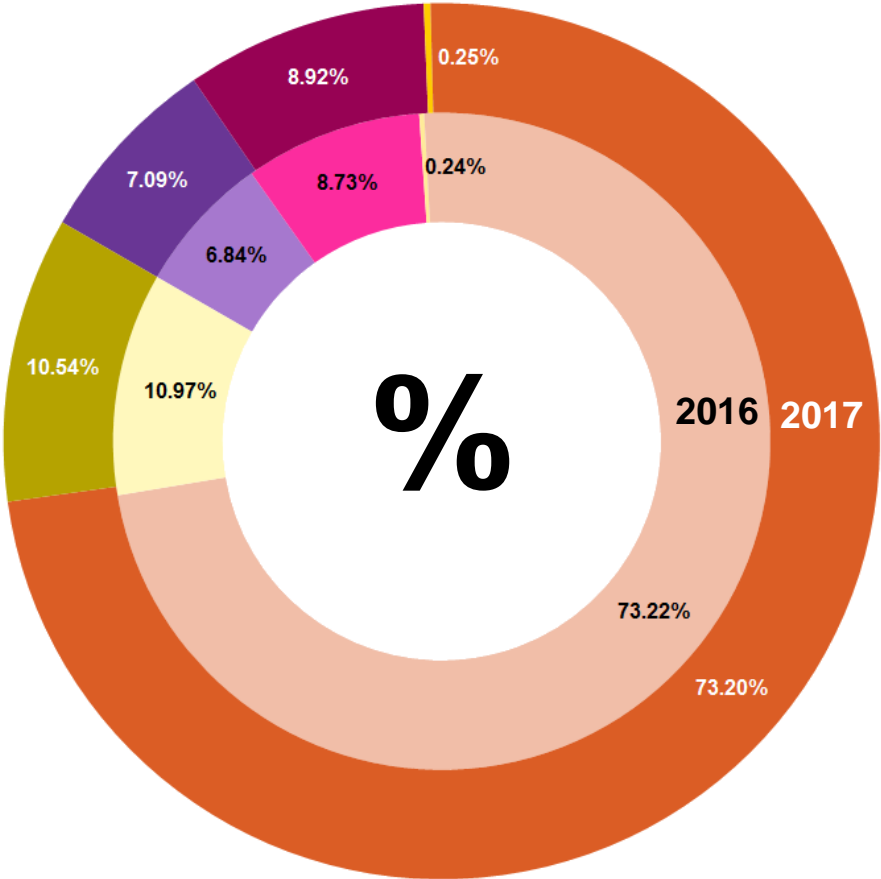■ MAY ADD
■ CONFIRM

CONFIRM

The Receiver is requested to confirm the credit

MAY ADD

The Receiver may add its confirmation to the credit

WITHOUT

The Receiver is not requested to confirm the credit

Credit Availability of L/Cs Received (Field 41a)
*Live, delivered MT 700s received, including **domestic** and **international** traffic*

Credit Rule / Credit Availability
- Availability of documents in exchange for payment of the amount stated in the letter of credit
- Availability alternatives include:

BY NEGOTIATION

BY PAYMENT

BY ACCEPTANCE

BY DEFERRED PAYMENT

BY MIX PAYMENT

Credit Length of L/Cs Received in 2017 (Field 31C / 31D)
*Live, delivered MT 700s received, including **domestic** and **international** traffic*

> 180 days
2.30%

0-30 days
11.01%

91-180 days
13.63%

31-60 days
38.65%

61-90 days
34.41%
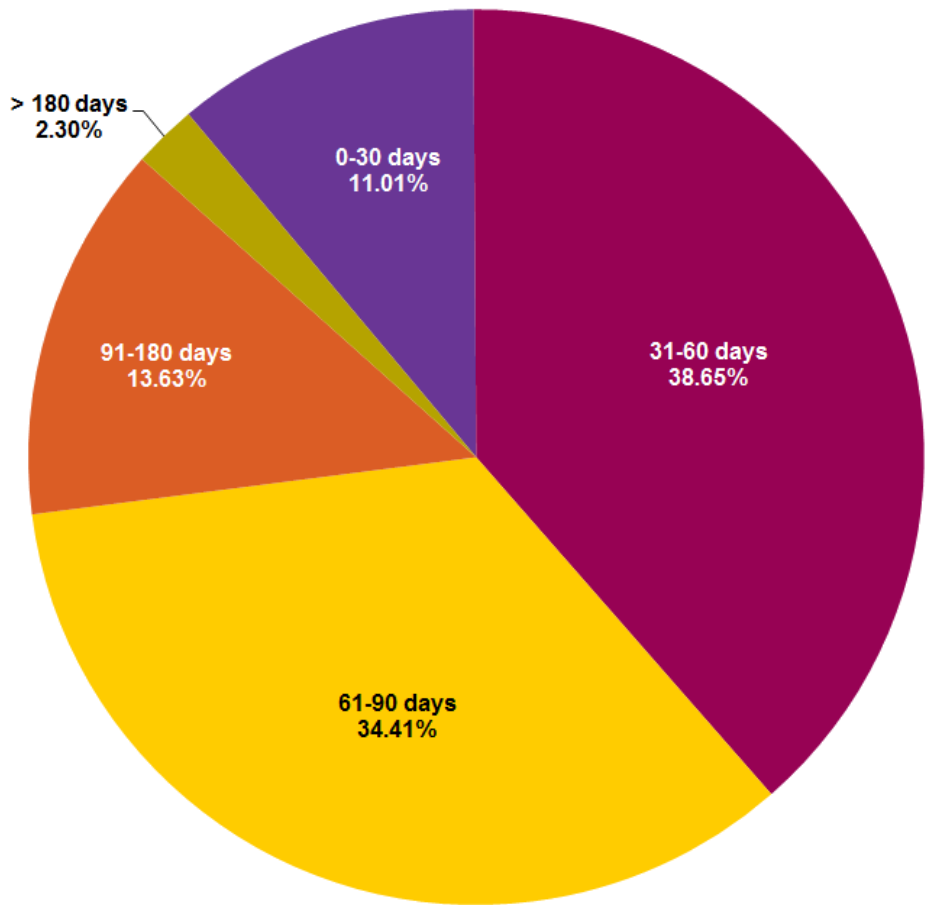
L/C duration bucket is extracted from:
Field 31C → Issue Date
- Date when the senders considers the LC as being issued
Field 31D → Expiry Date
- Deadline by which the beneficiary of LC must submit the required documents to receive the payment
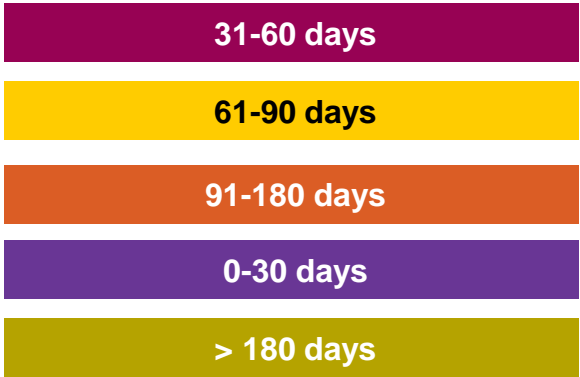
31-60 days

61-90 days

91-180 days

0-30 days

> 180 days

Use cases:

How to develop your trade finance business with SWIFT Business Intelligence solutions

Evolving **Business Intelligence** portfolio

Business developments / Regulatory requirements / Market practices

Watch	SWIFT Scope	SWIFT economics	GPI
− Traffic/ Billing Analytics − Banking Insights − Banking Analytics − Banking Analytics Premium − Securities Insights − Securities Analytics	− Intraday Liquidity Reporting − Global Banks − Central Banks − Cash Reporting	− SWIFT Index − Monthly RMB tracker	− Observer Insights − Observer Analytics − BI4GPI

BI Professional Services

− Peer Benchmarking	− FX Performance Insights	− Operational Excellence − RMA Analysis	− Corporate Business Development Report

Get the most of SWIFT BI products and services

− SWIFT Smart for BI	− BI User Group meetings	− Webinars − Newsletters

Trade finance dashboard

The focus is on your messaging activity with your correspondents for **Trade Finance purposes.**

Data can be analysed through various angles:

- General overview and top activities (scope)
- Regional and country focus (footprint)
- Message types or currencies being used (portfolio)
- Activity share
- SWIFT Totals
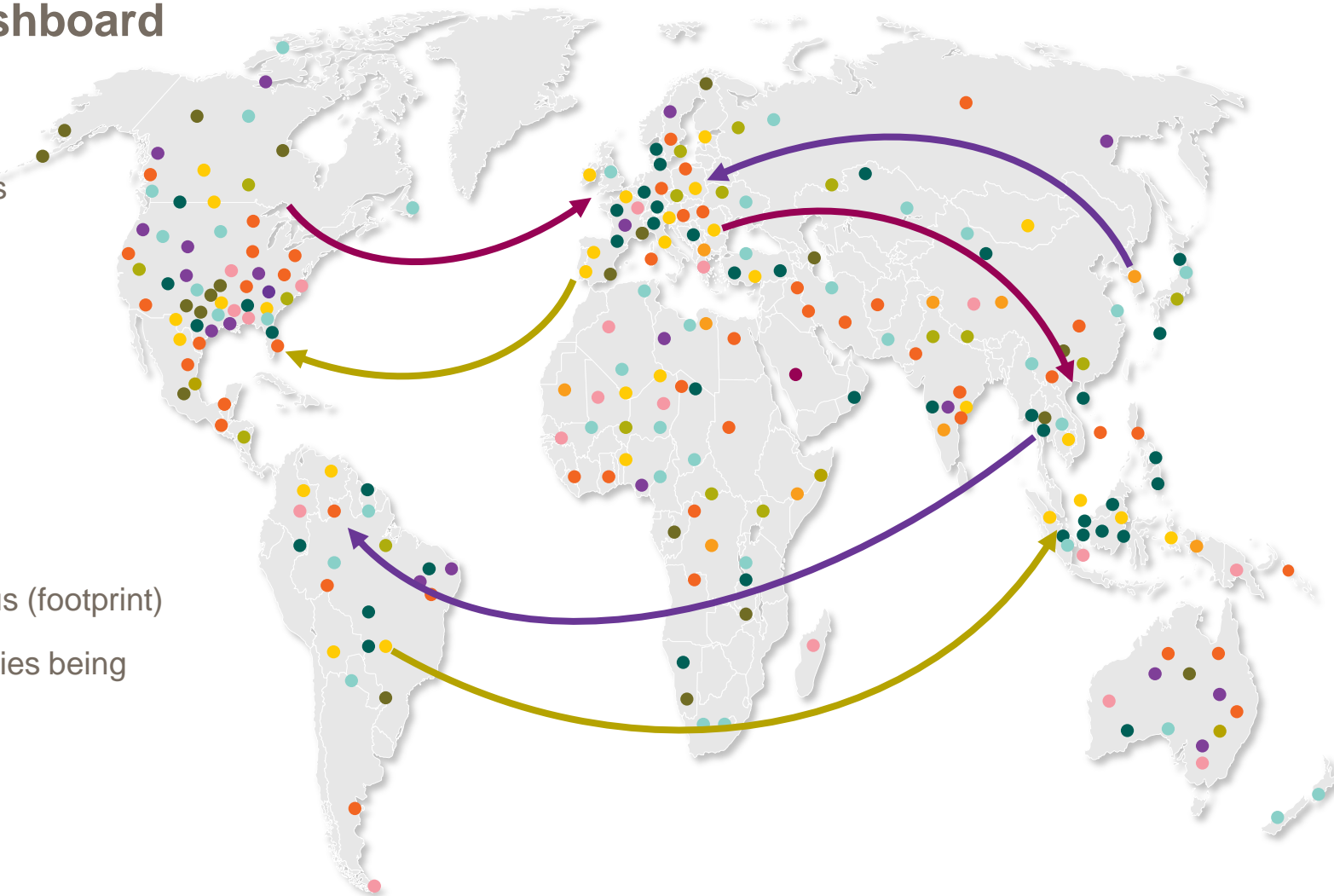
Scope

Identify which countries you send the most messages to and in what currencies are these instructed

Use the qualifier functionality to identify your highest or lowest traffic/value sent and received
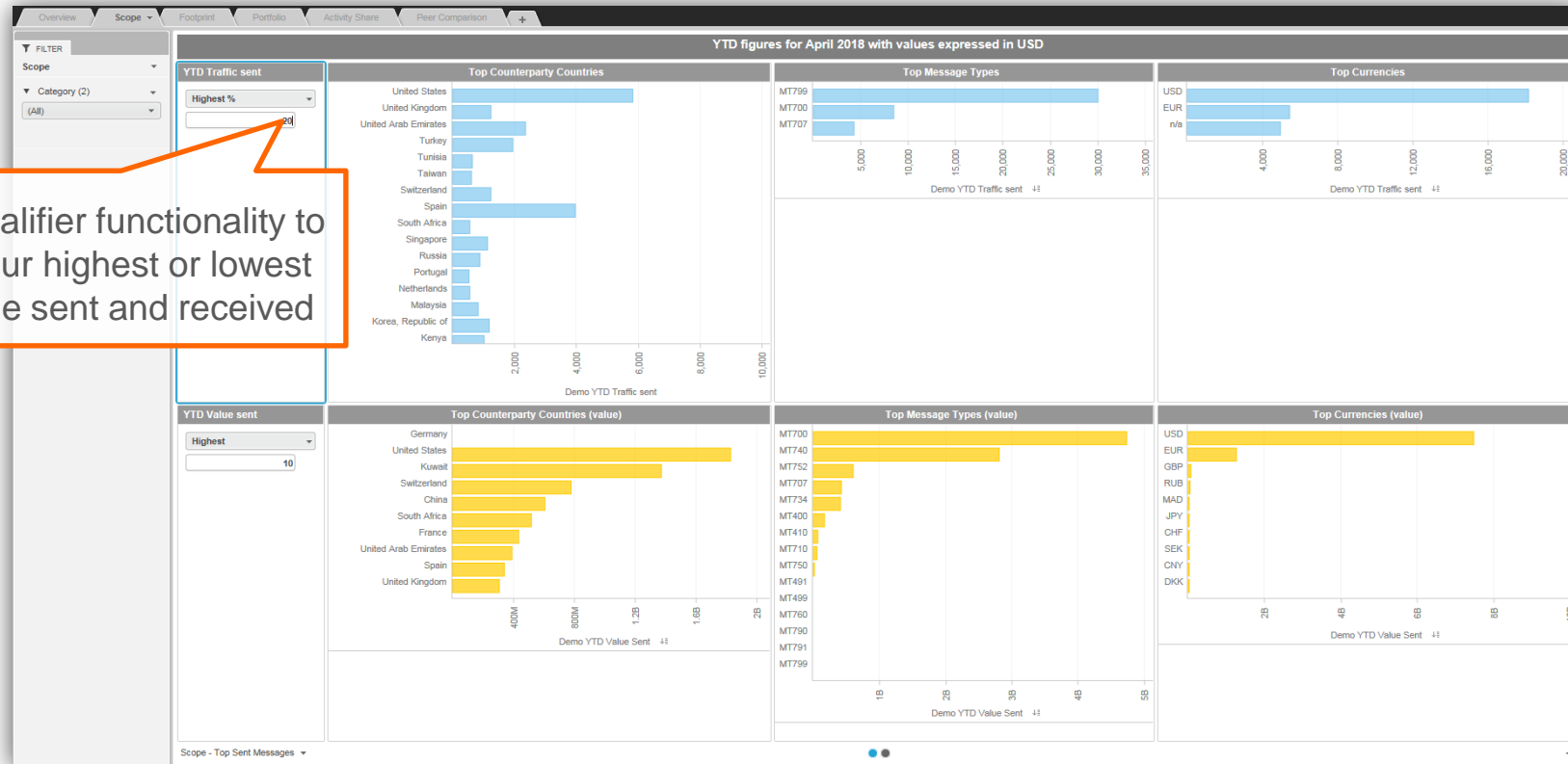
Footprint
Displays an intermediate view on your traffic and value

Evolving Business Intelligence portfolio

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Identify new business opportunities

Understand your business globally

Trade Finance

Reduce costs and improve efficiency

Strategic planning, performance tracking and competitive intelligence

Is my trade finance business evolving with the market over time?

Evolution
Has my business evolved over time? Am I in line with market trends?

Top importing/ exporting countries
Where does my institution receive / send Letter of Credits to / from? Am I more active in export or import?

Additional insights from enriched data
What is my confirmation instructions and L/Cs duration at country / corridor level?

Overview

What are your top countries, counterparty countries and corridors you are active in and the evolution over time?

Corridor overview

Evolution

Currency overview

Click on a currency to deep dive on that specific currency.

Value Bucket overview

Click on a country, counterparty country or corridor to see that evolution.

Click on a value bucket to deep dive on that specific value range.

Use these dots to navigate between the different panels. There are 5 panels in this tab:
- Split between per TF message type
- Transactions sent and received
- Reciprocity volumes and amounts

Identify new business opportunities

Understand your business globally

Trade Finance

Reduce costs and improve efficiency

Strategic planning, performance tracking and competitive intelligence

When will the credit of the Letter of Credit be available? Should I review my terms and conditions?

Credit length

What is the average tenor length of my letters of credit? Can I reduce this length to reduce costs?

Credit availability

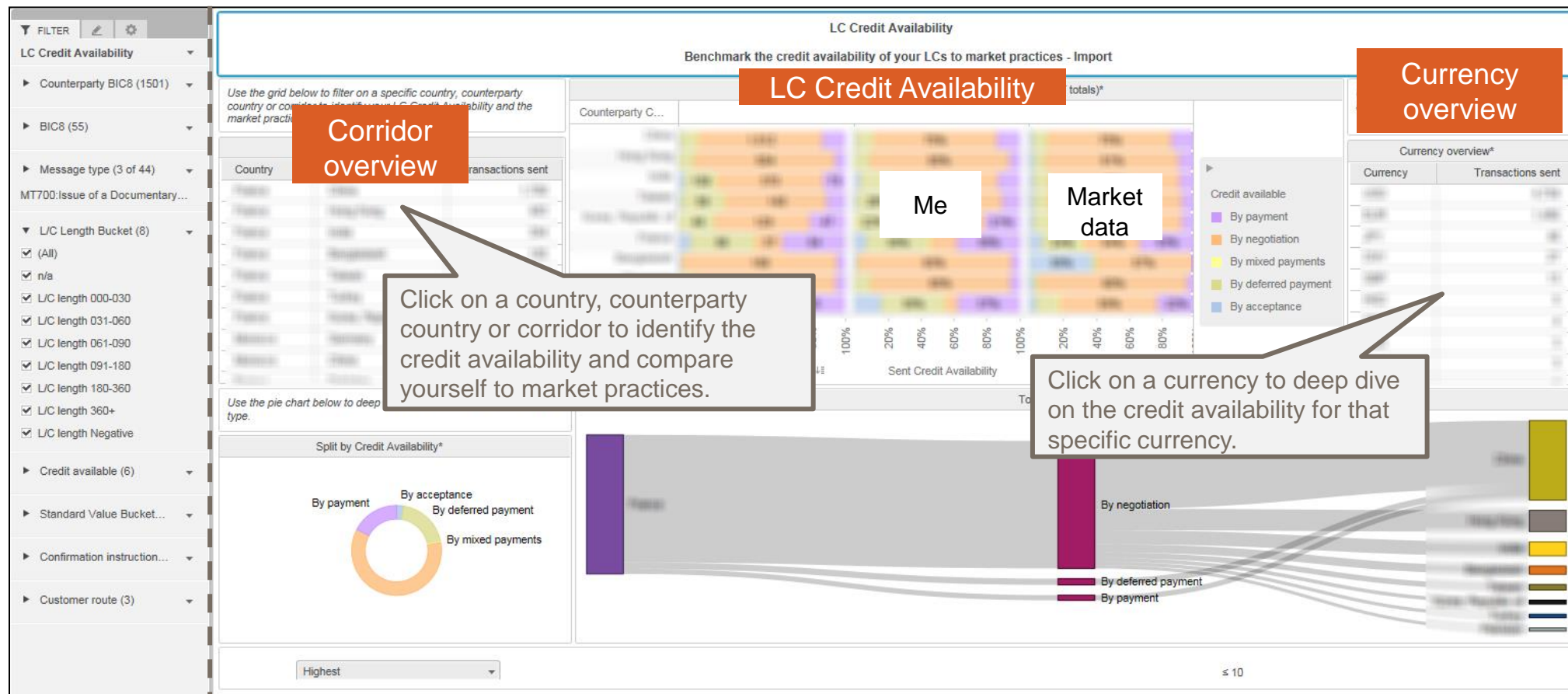When will the credit of the LCs be available? What are the market practices? Do I need to review my terms and conditions?

LC Credit availability

Benchmark your LC credit availability against market practices – Import / Export

LC Duration
Benchmark your LC duration against market practices

Corridor overview

LC Duration

Currency overview

Me

Market data

Click on a country, counterparty country or corridor to identify the duration and compare yourself to market practices.

Click on a currency to deep dive on the duration for that specific currency.

Identify the LC credit availability split per duration bucket.

Use these dots to navigate between the different panels. There are 2 panels in this tab:
• Import LCs
• Export LCs

Identify new business opportunities

Understand your business globally

Trade Finance

Reduce costs and improve efficiency

Strategic planning, performance tracking and competitive intelligence

What is my activity share in confirmed Letters of Credit with my top export counterparty countries?
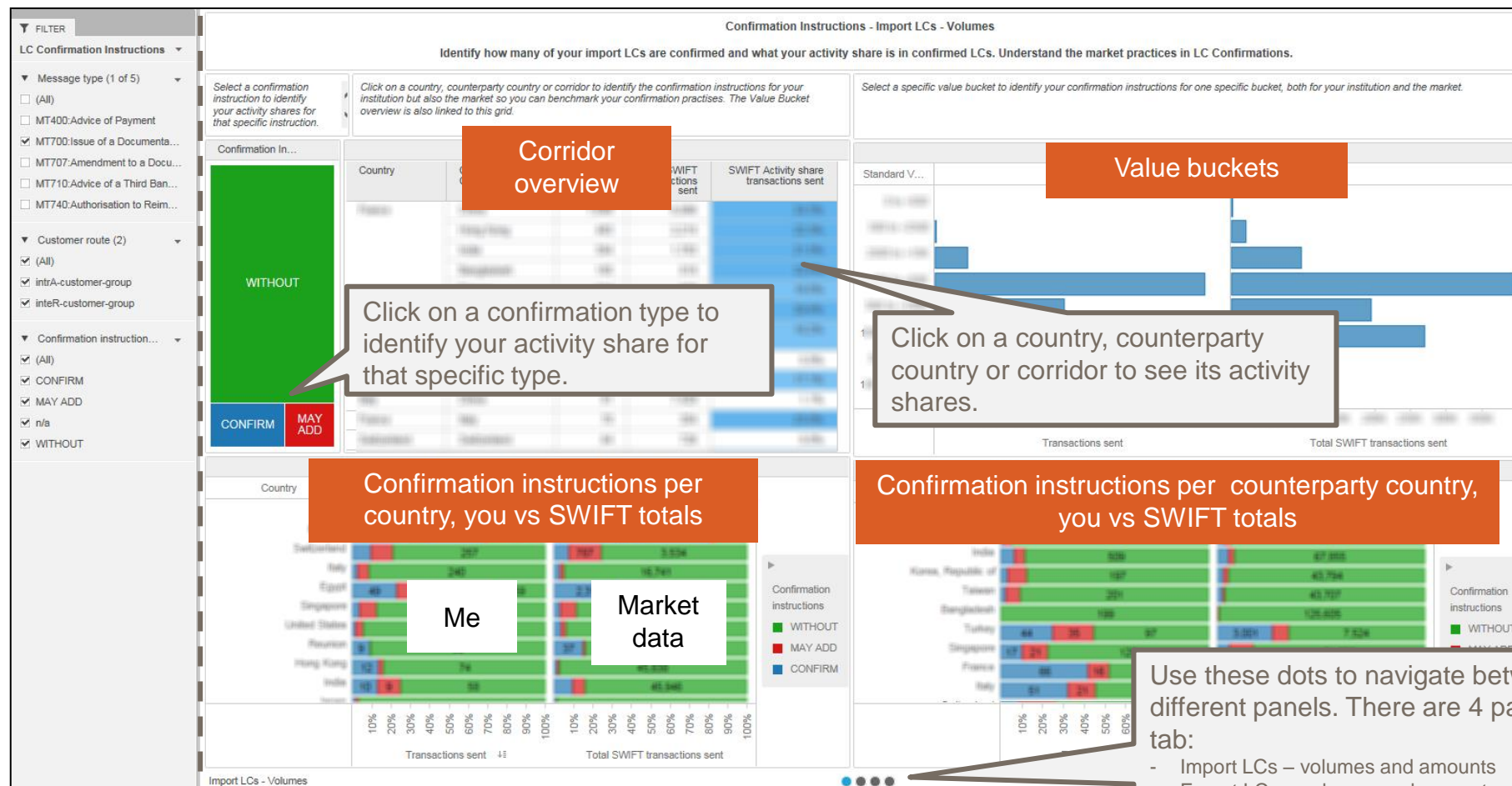
Activity share

What are the market practices in LC Confirmations?
Is my institution maintaining the relevant activity share in existing corridors?
Is my business growing at the same pace as the competition?

Value buckets

Am I more active in the high value or low value LCs?
What is happening in the market?

LC Confirmation Instructions

Identify your activity share in confirmed LCs. Understand market practices in LC Confirmations.

Confirmation Instructions - Import LCs - Volumes

Identify how many of your import LCs are confirmed and what your activity share is in confirmed LCs. Understand the market practices in LC Confirmations.

Corridor overview

Value buckets

Click on a confirmation type to identify your activity share for that specific type.

Click on a country, counterparty country or corridor to see its activity shares.

Confirmation instructions per country, you vs SWIFT totals

Me

Market data

Confirmation instructions per counterparty country, you vs SWIFT totals

Confirmation instructions
- WITHOUT
- MAY ADD
- CONFIRM

Use these dots to navigate between the different panels. There are 4 panels in this tab:
- Import LCs – volumes and amounts
- Export LCs – volumes and amounts

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Questions?

Please contact us at **Watch@swift.com** or visit swift.com/BI

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Participants | Chat | Q&A

Participants

|)! |) | Name △ | | ls |

Panelists: 1

Judith Gie... (...ost)

Attendees:

Bruno Coopmans

Request | Mute

Chat

Q&A

All (0)

Select
"All Panelists"

Ask: **All Panelists**

Type your questions here!

Send
30

Connected

CISCO

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SWIFT Smart
Dedicated e-trainings on Watch Products available
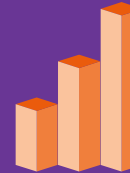Access to this module is only available for swift.com registered users.

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