THE DIGITAL JOURNEY IN TRADE FINANCE

Emerging technologies such as big data analytics, artificial intelligence and blockchain are disrupting industries like trade finance and reinventing the rules of engagement.

TRADE FINANCE

Trade finance powers international trade and is vital for turning the wheels of global commerce. However, challenges still remain in mitigating risks and improving operational efficiency.

TRADE FINANCE STATISTICS*

- 38% Commercial letter of credit
- 70% Documentary collection

TRADE FINANCE ECOSYSTEM

- Letter of Credit
- Books of payment
- Books of guarantees
- Letters of credit
- Credit
- Customs
- Credit
- Bank
- Bank
- Bank
- Bank
- Bank

TRADE FINANCE OPTIONS

The greatest challenge in trade finance is the significant operational cost and risk involved in the paper-intensive transactions. Efforts to digitalise the manual solutions started decades ago, and there have been attempts by both industry players and banks to deliver new solutions to digitise various parts of the trade finance value chain.

CURRENT SOLUTIONS

- Paper-based flow
- Online solutions

PAPER-BASED FLOW

The conventional paper-based financing instruments such as Letter of Credit are cumbersome, requiring high volume of paperwork and involves complex manual processes, resulting in higher cost, operation failures and delays.

ONLINE SOLUTIONS

Teally, there are several providers that provide electronic channel services for data exchange, data access and application services. Trade Finance solutions offer significant cost savings, reduce error-prone and inefficient processes, the solutions operate independently, and market adoption has not been widespread.

THE FUTURE IS DIGITAL

Progress towards digitisation is gaining momentum with government-level support, as well as growing adoption of digital solutions to cater to shifting customer expectations. In collaboration with other financial service providers, clients and industry participants, DBS is leveraging key emerging technologies to digitise trade finance.

TECHNOLOGIES THAT WILL POWER THE DIGITAL REVOLUTION OF TRADE FINANCE

- Blockchain
- Artificial intelligence
- Big data analytics

BIG DATA ANALYTICS

Big data analytics can support the analysis across the whole data set in multiple databases, even under different parameters. Online solutions, data analytics enable end-to-end management, deployment of analytics-based solutions for improved business intelligence that can be extended across the entire enterprise and help in decision-making based on relevant data and contextual analytics.

ARTIFICIAL INTELLIGENCE

Artificial Intelligence (AI) can be used by big data analytics to provide predictive insights into the trade finance ecosystem's underlying trends and patterns. Our deep learning model, augmented by machine learning techniques, can interpret data inputs, interact with customers and generate reasoned conclusions to formulate effective strategies, drive deeper insights and drive operational efficiency.

BLOCKCHAIN

Blockchain, or distributed ledger technology, is immutable, transparent and secure, allowing for self-executing smart contracts and cross-border transactions. It can be used to automate processes and eliminate intermediaries. With blockchain, the ownership and status of an asset is recorded, allowing for transparent, secure and secure transactions.

INTEGRATED PLATFORMS

Integrated platforms are akin to an ecosystem connecting businesses, services and customer access to an open API architecture.

RE-IMAGINE TRADE FINANCE

DBS, on the other hand, is looking to leverage big data analytics, AI and blockchain to digitise their operations and deliver forward-thinking trade solutions in trade finance. Below are some of our recent initiatives that are centered around increasing efficiency, enhancing risk management and reducing costs for our customers:

TRADE PREVENTION

Our Trade Alerts programme mines historical trade data to predict potential risks.

DESIGN FOR NO OPS

We have helped clients to digitise operational processes.

ELIMINATING DUPLICATE FINANCING

Our Trade Safe concept utilises distributed ledger technology to prevent duplicate financing. Our Trade Safe concept utilises distributed ledger technology to prevent duplicate financing.

OPEN API PLATFORM

The Open API program in Singapore is a new initiative led by DBS and other financial institutions to provide an open API architecture that enables secure, standardised multi-bank connectivity. It is a simple way to integrate with other banking platforms.