

Fourteen banks and financial institutions launch drive to develop multi-trillion dollar trade as an asset class

London, 1 April 2019: Fourteen leading global financial institutions have launched a drive to use technology and standardisation for the wider distribution of trade finance assets.

ANZ, Crédit Agricole CIB, Deutsche Bank, HSBC, ING, Lloyds Bank, Rabobank, Standard Bank, Standard Chartered Bank, and Sumitomo Mitsui Banking Corporation are among the banks backing the [Trade Finance Distribution Initiative](#) (TFD Initiative).

TFD Initiative is powered by Tradeteq, the global trade finance distribution platform. Tradeteq's technology allows banks and institutional investors to efficiently connect, interact, and transact.

The International Chamber of Commerce (ICC) United Kingdom and the International Trade and Forfeiting Association (ITFA), the leading international association for banks and financial institutions involved in cross-border trade and forfeiting, have each joined TFD Initiative as an observer.

Trade finance is private financing that helps businesses cover mismatches between payment obligations and payment receipts resulting from the buying and selling of goods and services. It is a vital piece of the financial sector that supports importers and exporters as they conduct their trade activities.

Trade finance presents a compelling multi-trillion dollar investment opportunity for institutional investors seeking sources of attractive risk-adjusted returns with low correlation to stocks or bonds. TFD Initiative will initially focus on creating common data standards and definitions to enhance operational efficiency and improve risk management, creating a blueprint for global trade finance asset distribution.

Surath Sengupta, Global Head of Trade Portfolio Management at HSBC said: "As the world's number one trade finance bank¹, HSBC is at the forefront of the industry in harnessing the power of new technologies to make trade faster, safer and more competitive. While trade finance is currently an attractive asset class for banks, we believe technology will unlock investment from non-bank investors by removing complexity and making the underlying asset data both more structured and accessible."

Nicolas Langlois, Managing Director and Global Head of Trade Distribution & Liability and RWA Optimization CSDG & Transaction Banking at Standard Chartered Bank, commented: "Closing the financing gap in trade finance is about providing financing to small and medium sized enterprises. This requires developing new digital solutions to package those portfolios in a standardised format accepted by a broad range of investors and to achieve speed of execution."

ANZ's Damian Kwok, Head of Trade Portfolio Management and Head of Trade and Supply Chain, Australia, New Zealand, Pacific, observed: "Trade Finance is the lifeblood that is needed to support businesses and enable them to thrive in our communities. Therefore, it is imperative that the financing community continues to work together to support the growing requirements."

Anthony van Vliet, Global Head of Trade & Commodity Finance at ING, said: "In Trade & Commodity Finance, it's all about connecting global supply chains in food, energy and industrial activities. By bundling the expertise of global banks, the TFD Initiative bridges the gap between the US dollar-dominated commodity trade finance sector, and institutional investors who are not traditionally engaged in this part of the real economy."

¹ Oliver Wyman / Euromoney

Sumitomo Mitsui Banking Corporation's Kazuo Yoshimura, General Manager, Global Head of Supply Chain Finance, Global Trade Finance Department added; "Trade growth is vital for continued economic growth and global development. Bringing alternative investors into trade finance will provide additional funding to corporates globally. It is, therefore, that SMBC welcomes the Trade Finance Distribution Initiative as a playing a crucial role in establishing trade finance as an asset class."

Naeem Khan, Global Head of Trade Finance at Crédit Agricole CIB said: "We anticipate growing needs in terms of automation of the trade finance distribution market which will enhance investors' reach and bring distribution efficiency. This is a key step in the right direction to facilitate global trade finance market growth."

Shaahien Mottiar, Head of Trade: Southern & Central Africa and Head of Trade Asset Management at Standard Bank, said: "The application of technology is now enabling the involvement of non-traditional trade participants and investors. The TFD Initiative is a catalyst in driving the growing modernisation of trade and trade finance, and in developing an asset class directly connected to real economy transactions. For developing markets this means bridging the gap between perceived and real risks, and in-turn, creating opportunities for renewed sustainable growth and development."

Sean Edwards, Chairman of ITFA, Head of Legal and Special Adviser to the Global Trade Finance Department at SMBC Europe, said: "Distribution of trade risk was once simple but, with the introduction of more stringent regulatory requirements and capital rules, has become more difficult to achieve efficiently. Technology offers the greatest opportunity to overcome these challenges and also brings in a potential new source of liquidity in the shape of new non-bank investors."

"I believe the TFD Initiative offers the opportunity to create a global network for trade originators and liquidity providers to connect, interact and transact efficiently, thereby establishing trade finance as an easily accessible and attractive asset class for non-bank institutional investors," concluded André Casterman, Board Member at Tradeteq.

To learn more about TFD Initiative and to read the white paper or enquire about membership, please go to www.tradefinancedistribution.com.

-ENDS-

Media contacts

Natasha Wren/Nick Murray-Leslie
Chatsworth Communications
+44 (0)20 7440 9780
contact@chatsworthcommunications.com

About the Trade Finance Distribution Initiative

[Trade Finance Distribution Initiative](#) (TFD Initiative) is an industry-backed drive to create the blueprint for global trade finance distribution. It addresses the business and regulatory issues impacting banks and non-bank financial institutions when distributing or investing in trade finance.

TFD Initiative seeks to develop standardised best practices for the wider distribution of trade finance assets. This includes common data standards and definitions to address operational inefficiencies, transparency issues, and risks.

TFD Initiative relies on the insights of its members, which includes banks, institutional investors and trade associations. It is powered by [Tradeteq](#), the global trade finance distribution platform.

For more information, please visit www.tradefinancedistribution.com

About Tradeteq

[Tradeteq](#) is the intelligent trade finance distribution platform providing powerful tools and services that enable investors to understand, access, and execute trade finance investment. Tradeteq opens trade finance to the global capital markets, empowering banks to distribute trade finance assets, similar to other asset classes. Banks and institutional investors can join Tradeteq's platform to efficiently connect, interact, and transact.