

Workshop: the playbook for the financial supply chain

Moderator:

- Charles Bryant, Co-Chair, European E-invoicing Service Providers Association

Speakers:

- Joost Bergen, Cash Dynamics
- Sergio Bordoni, CSC
- Charles Henry Dubarry de Lassale, HSBC
- Peter Potgieser, RBS

EBA Supply Chain Initiative

Background to the panel discussion



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SCWG – The story so far

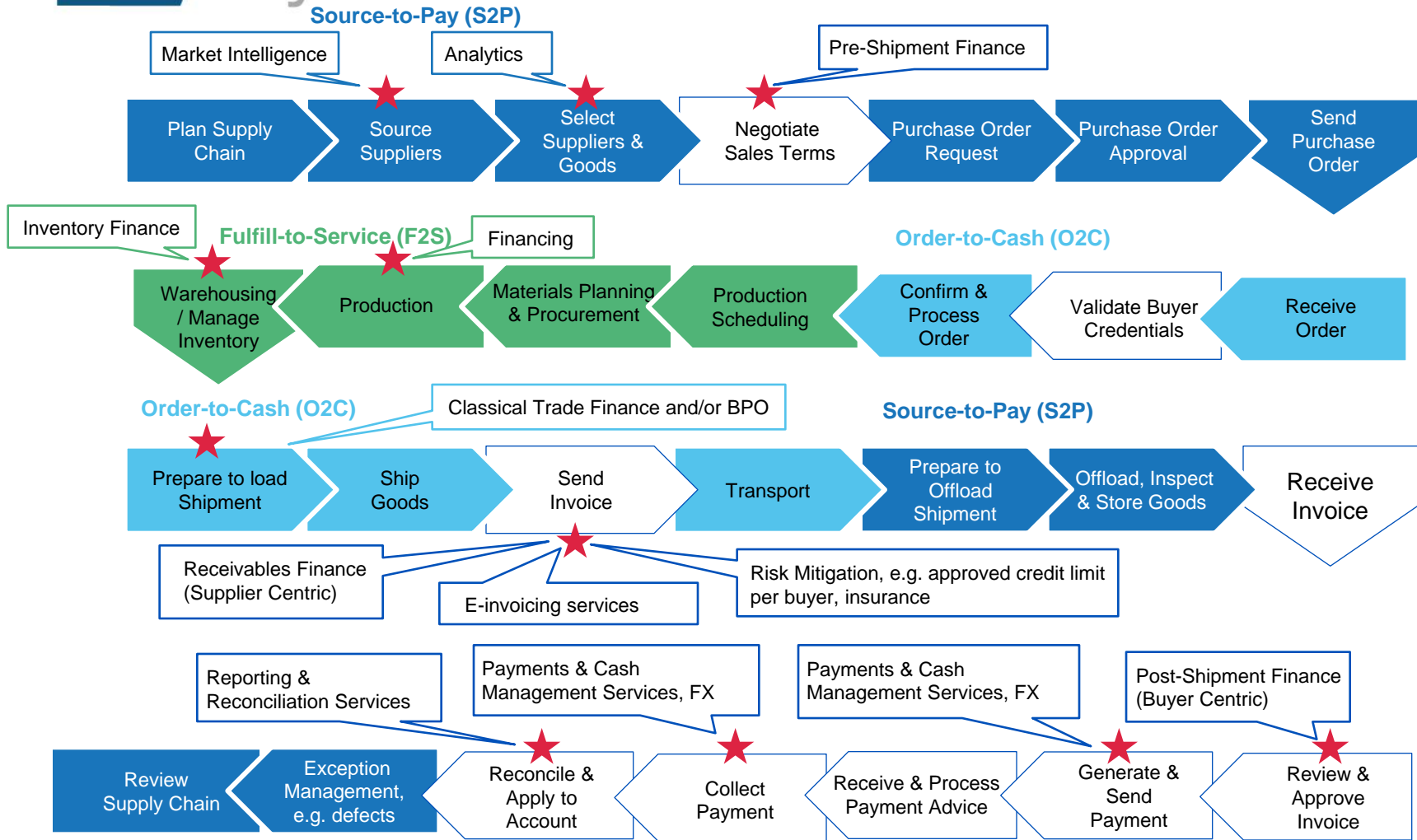
- The SCWG started up in 2012 building on the work of the EBA e-Invoicing Working Group formed in 2008
- Supply Chain Finance (SCF) creates new techniques and re-uses older techniques to finance ‘open account’ trade in a globalizing and automated world
- EBA contributed to industry debate on standard market definitions for SCF
- The SCWG has recently focused on the wider Financial Supply Chain space
- Will participate in a DG GROW EU Workshop on SCF and SMEs later in May
- The group will sunset in mid-year but likely continue as an informal relationship network with links to industry practitioners

Deliverables and work-streams in 2014/2015

- Release of the **2nd edition of the EBA Market Guide to SCF** following the first release in 2013
 - Definitions
 - Key players
 - Issues
 - Value proposition
 - Driving adoption
- **Financial Supply Chain Process Map**: Mapping of the physical and financial supply chain ecosystem
- **Supply Chain Automation and e-Invoicing**: Discussion paper on e-Invoicing and participation as a member of the European Multi-Stakeholder Forum on e-Invoicing (EMSFEI)
- **SCF Standard market definitions**: Involvement in the Global SCF Forum project on SCF market terminology
- **B2B payments**: Discussion paper on B2B remittance data



Process Maps: Financial Supply Chain Opportunities



Key:

PSC → S2P (Buyer / Importer)
 PSC → O2C (Supplier / Exporter)

PSC → F2S (Supplier / Exporter)
 FSC → S2P, O2C, F2S

★ → FSC Opportunities

The EBA's participation at the Global SCF Forum on standard market definitions

Members of the SCWG contribute to the creation of standard market definitions for SCF techniques as part of the ICC Global SCF Forum (*initiative launched in April 2014*)

Partner organisations in Global Supply Chain Finance Forum:

- International Chamber of Commerce (ICC) – Banking Commission
- Bankers Association for Finance & Trade (BAFT)
- Euro Banking Association (EBA)
- Factors Chain International (FCI)
- International Factoring Group (IFG)
- International Trade & Forfaiting Association (IFTA)

Will publish and consult the market in 2015

“SCF is a growing market with considerable business opportunities identified for the near future. Given increased collaboration among the wide range of bank and non-bank representatives facilitating domestic and cross border trade, and the advent of Internet and new communication technologies, it is more important than ever before for all market participants to adopt universally-accepted terminology that corresponds to the rich array of processing, financing and risk management techniques currently being developed by the industry to support increasingly globalized supply chains.” - Kah Chye Tan, Chair of the ICC Banking Commission

EBA Day panel: the playbook for the Financial Supply Chain – key themes

- The corporate point of view – needs and expectations
- The role of collaboration for standards and best practices
- What is the opportunity and imperative for banks and the finance industry?
- Developing the infrastructure – cooperative or competitive?



"Workshop: the playbook for the financial supply chain" A non-bank perspective

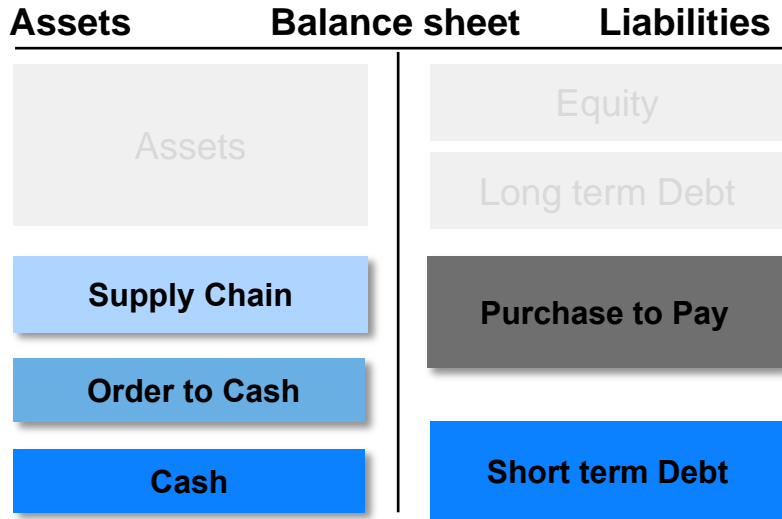
Joost Bergen – Cash Dynamics
Liquidity management and managing
Liquidity

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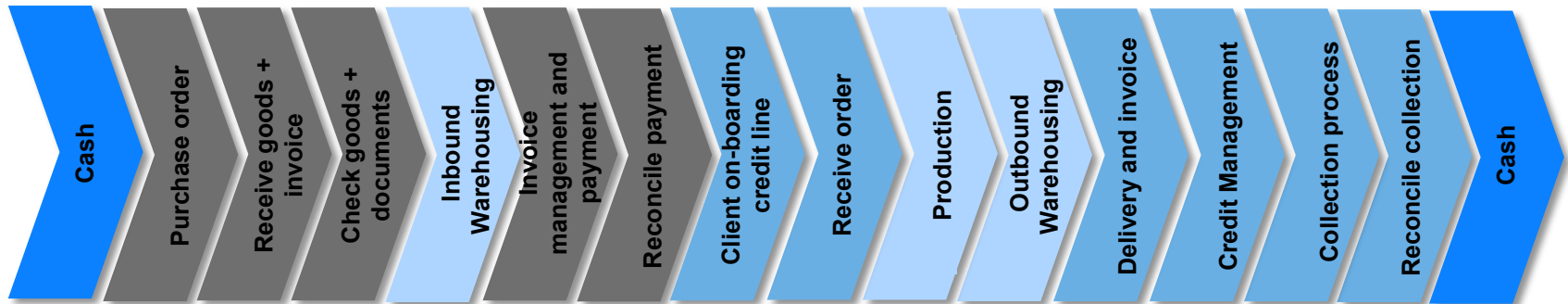
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Efficient operational processes is about collaboration

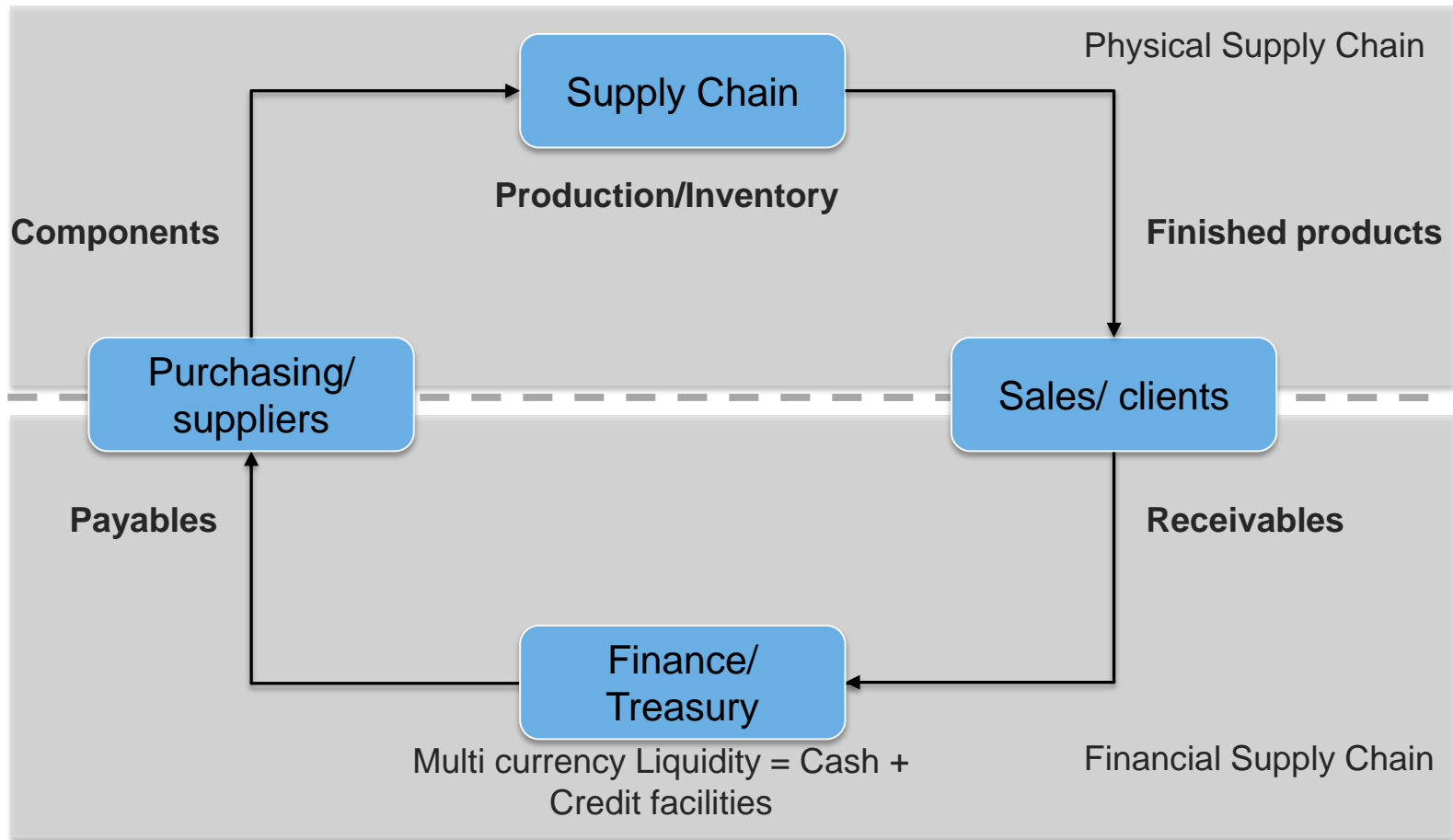


Enabling efficient Financial Supply Chain by:

- Optimizing Working Capital and utilizing Cash & Liquidity
- Managing related Risks
- Improving Operational Efficiencies

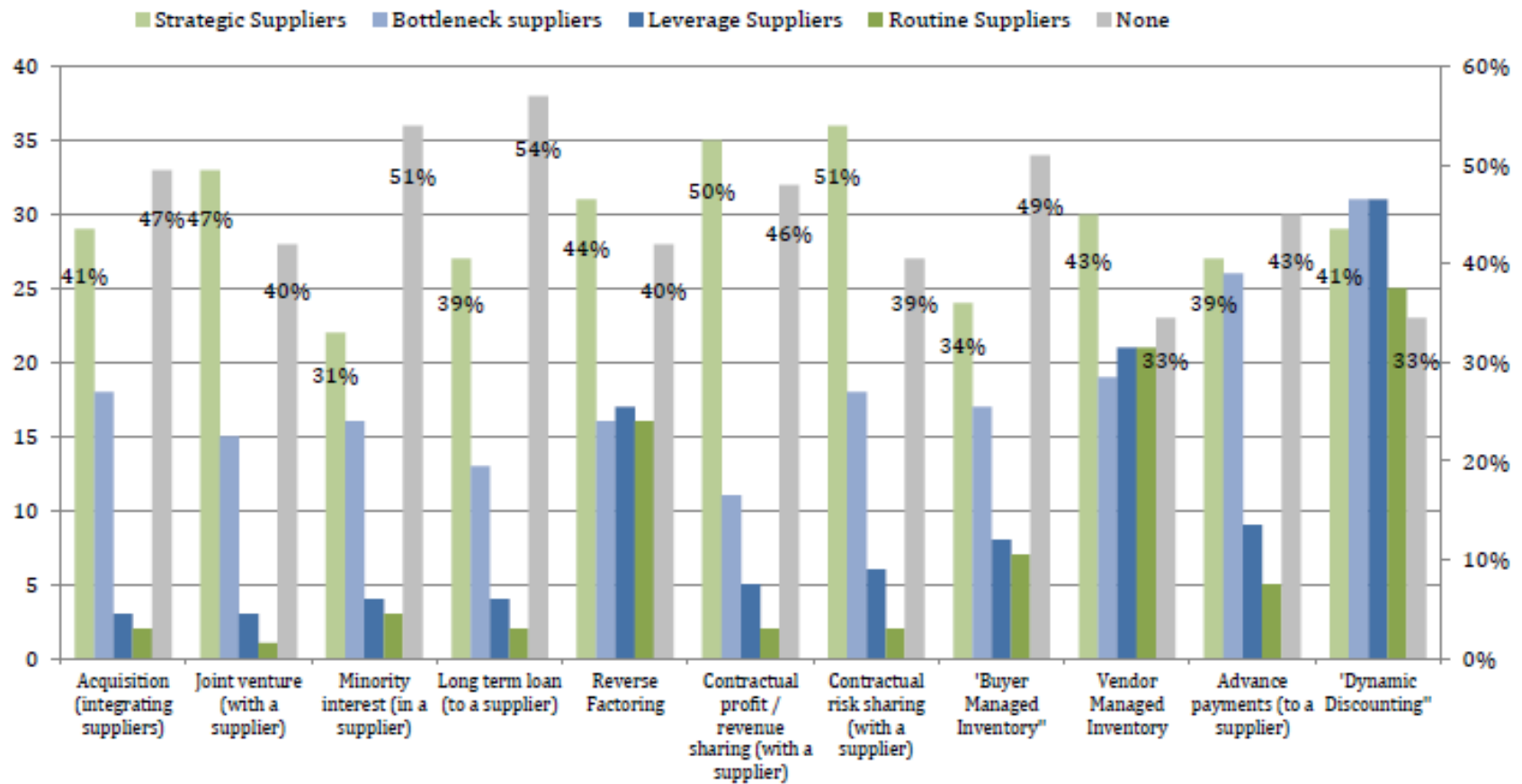


Financial Supply Chain is about collaboration



Mitigate financially the Supply Chain Disruption Risk

Supply Chain Finance Solutions versus Supplier Segmentation



Supply Chain Automation

A role for Interoperability, Standards and Collaboration

P. G. L. Potgieser, RBS

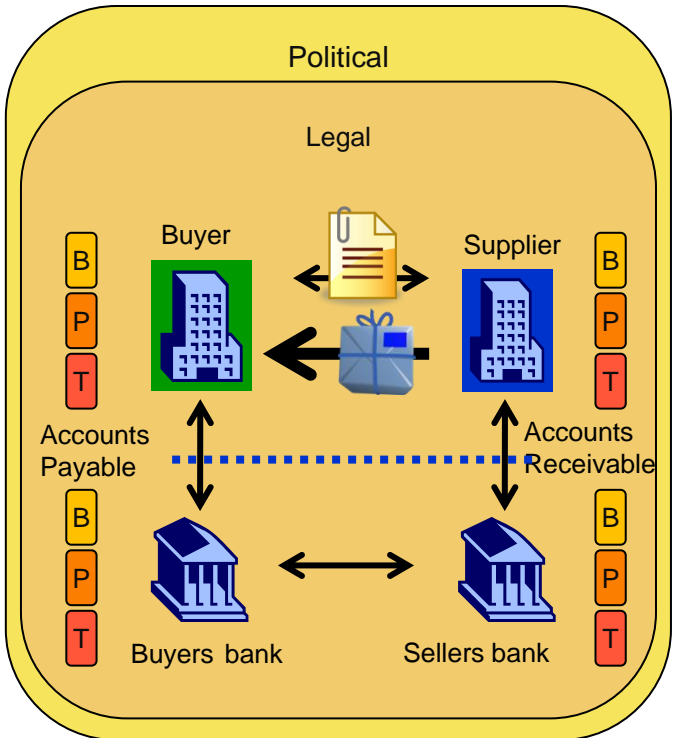


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Trends in Supply Chains

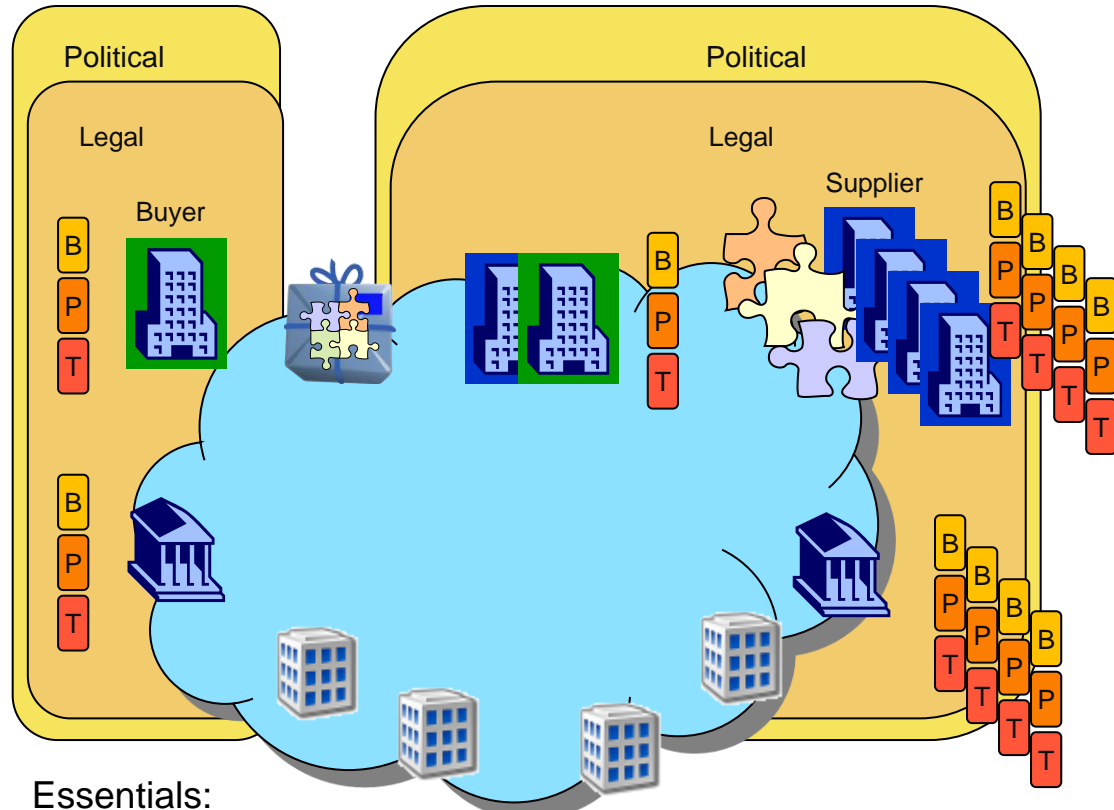


Legend: Trade requires agreements on 3 layers, within a Legal and Political Framework

Business

Process

Technical



Essentials:

- More actors (authorities, transporters, ...)
- Dematerialisation: from paper documents to e-messages
- Information sharing
- Across more jurisdictions

Trends driving both physical and financial supply chains

- An ever increasing need for ‘Interoperability’: *running business processes across organisational boundaries*
- Interoperability is achieved by “*understanding how business processes of different organisations can interconnect, developing the standards to support these business processes efficiently and by specifying the details of the messages exchanged between the organizations to support these business processes in a scalable way*”
- This in turn requires greater collaboration:
 - (Internally) between sales, marketing, procurement, treasury, receivables and payables management
 - (Externally) among buyers, suppliers, banks and other actors
 - Meeting a greater and broader demand for standards and standardisation
- A holistic and integrated supply chain view, together with re-usable information in electronic format not only allows for further automation and better tracking of physical and financial flows for management and compliance reasons, but also for innovation in (bank’s) products and services.

Workshop: the playbook for the financial supply chain



Charles Henry Dubarry de Lassale,
Head of Corporate Innovation and
Solutions, HSBC

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Innovation & Client Solutions:

Background – “Free” access to technology is changing the Transactional landscape for Banks, Corporates and Vendors

Client demand

- Re-focus on Core Business
- Efficiency
- Low Cost / High security and back tracking
- Non Intrusive / no IT involvement
- Easy/Quick to set up and go live
- Easy to use / to be trained
- Leverage current infrastructure
- Advise and share best practices
- Global Visibility/ Risk mitigation and monitoring

Technological changes

- SaaS, IaaS, Cloud versus on premises
- Partnership & collaboration becomes the preferred model
- Leverage on Standards: XML, Swift
- Open technology / APIs
- Pay as you go / TCO
- New devices (MOBILE) lead to Agility and Flexibility
- Big Data enables Banks to monetise their experience and Market share



Effects of Changes

- Technology is no more a differentiator.. Only an enabler;
- Need to differentiate on Business Processes/Advisory rather than anything else;
- Time to Market and First Mover Advantage is crucial..
- There are no secured positions in the market place.. Banks need to adapt to the new paradigms



FSC DIGITAL ECOSYSTEM

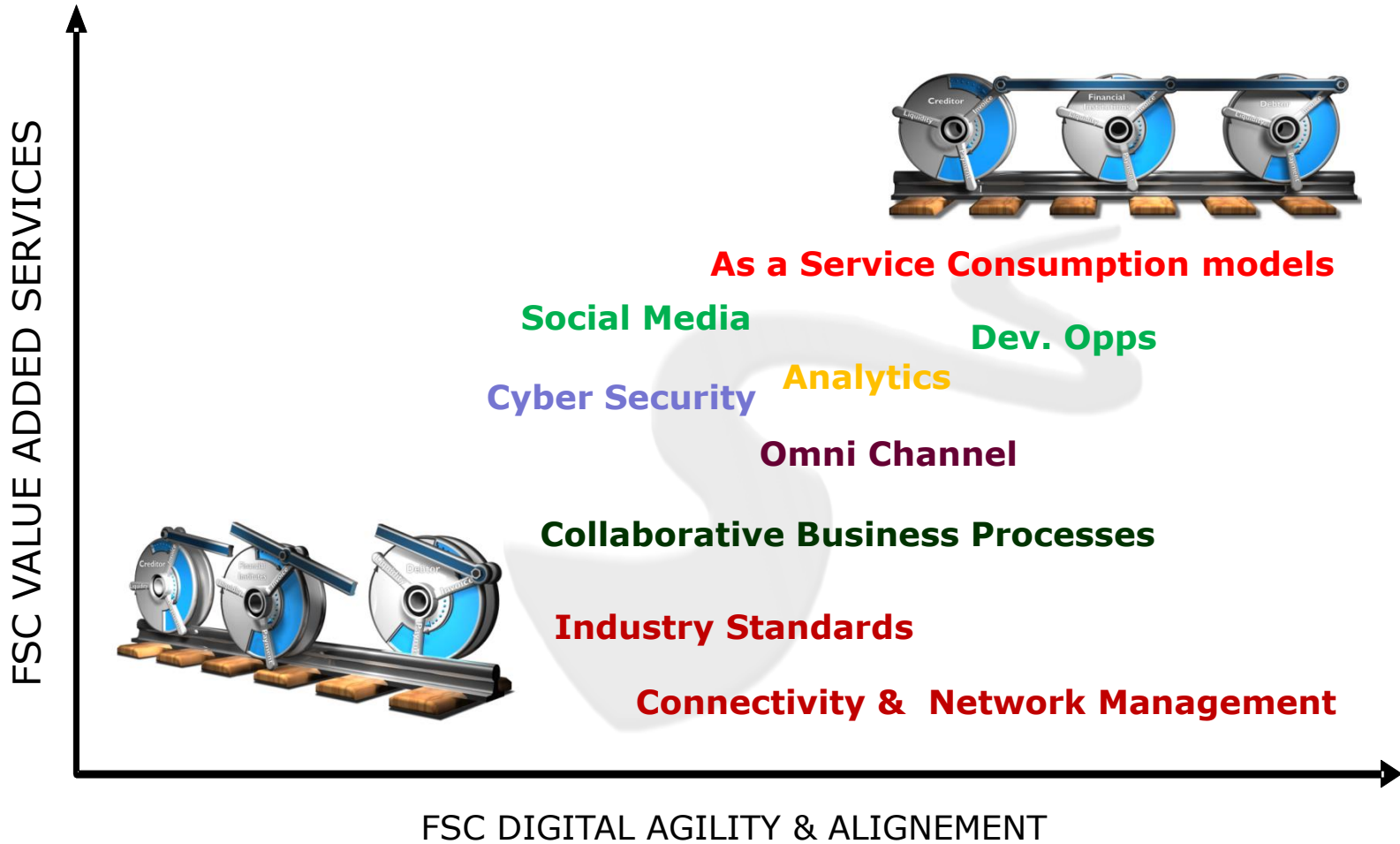
IT skills and capability to capture opportunities how to get there

Gian Sergio Bordoni,
CSC Financial Services Banking
Industry Executive

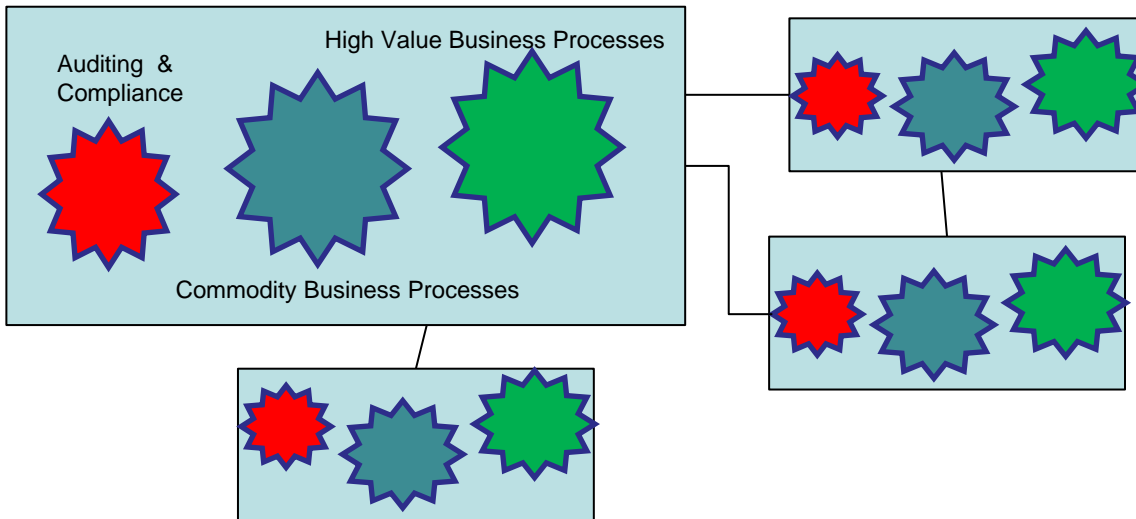
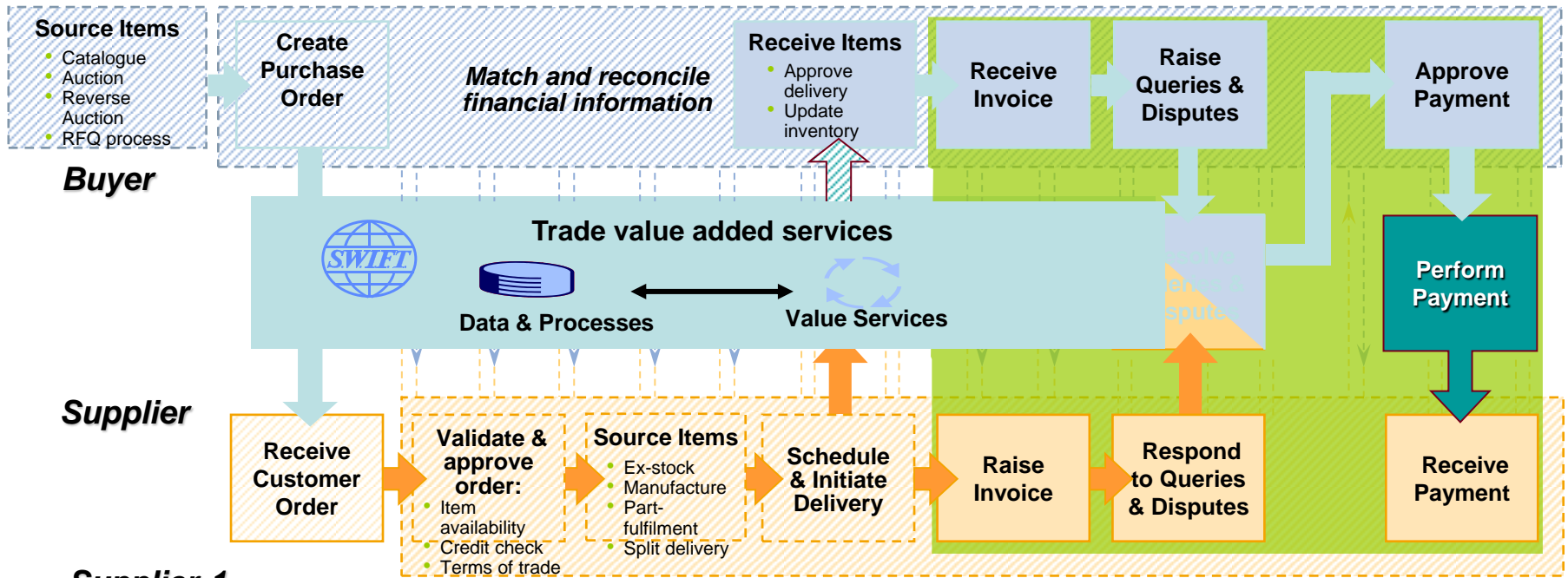
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Extended FSC Ecosystem



Thank you to speakers

- Charles Bryant, Co-Chair, European E-invoicing Service Providers Association
- Joost Bergen, Managing Director, Cash Dynamics
- Sergio Bordoni, Senior Manager Card Solutions C&EE, CSC
- Charles Henry Dubarry de Lassale, Head of Corporate Innovation and Solutions, HSBC
- Peter Potgieser, Senior Consultant Industry Standards, RBS