

Case Study

Receivable Finance



Rewiring Trade Finance

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"We selected TradeIX as a partner because of its rare combination of deep technology expertise and extensive knowledge of the trade finance market." Neil Ross, Global Head of Trade Credit at AIG



Fortune 500 Logistics Company

Managing invoice payments and terms can be time-consuming and inefficient for companies and their trading partners.

There are different currencies, jurisdictions with unique requirements in terms of contract terms and payments. Because of this, companies often establish multiple, local, trade finance programs, which can involve duplication, inefficiencies and minimal standardization across the organization. This makes it harder to optimize working capital and have effective visibility of compliance and counterparty risk across the company.

Situation:

A Fortune 500 logistic company had the ambition to differentiate themselves in a competitive industry and combine their core product offerings with trade finance solutions making them available to their clients.

They looked for a solution to efficiently extend payment terms for their key clients and optimize working capital at the same time through partnering with banks and credit insurers.

Challenges:

The challenge was to deal with the fragmented financial market offerings, which forced them to work with multiple banks, platform providers because of risk appetite and funding constraints. Other challenges included:

- Need to use multiple different platforms and portals
- Painful, costly integrations
- No fully integrated, automated solutions
- No flexibility in existing solutions

Goals:

The company's goal was to create a future-proof platform for trade and working capital initiatives with the following three objectives:

- Extend credit terms for their key clients without impacting or even improving Days Sales Outstanding (DSO) and optimize working capital
- Broaden their funding base and leverage transactional credit insurance
- Deploy extensible trade finance solutions to their ecosystem
- Easy and efficient connection to existing platforms of the participating parties through APIs (Application Programming Interfaces)

Click on screen to view video



“By using this blockchain-enabled platform, clients are able to benefit from the extended ecosystem that trade finance brings, but with a reduction in friction and cost and an improvement in speed and transparency.” Marilyn Blattner-Hoyle, Head of Supply Chain and Trade Finance at 

Solution



First blockchain-enabled trade finance transaction with financing provided by Standard Chartered plc and credit risk mitigation from global insurer AIG.

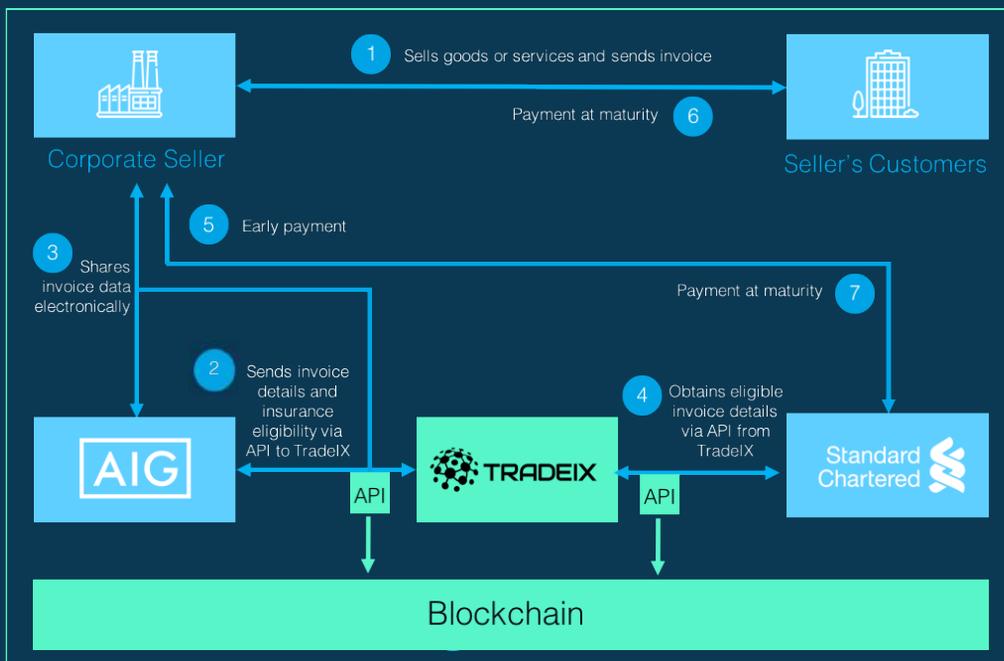
The receivable finance transaction took place at the end of September 2017 and enabled the logistics company to help its customers extend their payment period whilst maintaining the company's receivables at current terms.

TradeIX developed a trade finance platform powered by permission-based distributed ledger technology. By using this shared ledger, the logistics company can have their invoices placed securely on the TIX platform managed by TradeIX, giving real-time visibility to manage customer terms and credit risk.

All details of the invoice and the eligible insured amount are securely recorded on the distributed ledger. The invoices are sold to the funders and credit insured by AIG.

TradeIX provided its fully automated and integrated APIs combined with its powerful rules engine, and TIX Core leveraging distributed ledger technology. The logistic company is benefiting as follow:

- Single interface to multiple funding and risk mitigation options
- Simple, secure integrations into existing systems of bank, trade credit insurer, and corporate provide fully integrated, end-to-end solution; no new apps or portals required
- Blockchain technology provides single source of truth and powerful trading engine for assets, available in real-time to all parties now and in the future
- Fully extensibility with the ability to add new participants, solutions, integrations with ease
- Future Proof creating foundation for flexible, integrated, highly-connected, and automated trade finance ecosystem



"Digitalization of trade and trade finance is integral to our strategy and by working together with leading fintechs, we can create innovative solutions to better support the financing and information needs of our clients and their ecosystem of buyers and sellers." Farooq Siddiqi, Global Head, Trade, Transaction Banking at Standard Chartered

About TradeIX

TradeIX is rewiring the \$8 trillion trade finance market with the TIX Platform, an open platform providing applications, technology tools, and core infrastructure for the trade finance ecosystem. The TIX Platform enables trade finance parties to more easily, flexibly and efficiently connect to the broader trade finance market, including suppliers, buyers, service providers, B2B networks, credit underwriters and financial institutions. The platform provides benefits to all trade finance parties through enhanced funding opportunities, lower cost and reduced risk.



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