



Facilitating Global Trade

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Global cross-border trade has never been more dynamic but with growing compliance costs and increasing risk, alongside an unsettled regulations landscape, several trade activities have been affected. Trade finance plays a fundamental role in the successful movement of goods and services, and a lack of access is a major barrier to SME's ability to develop on an international scale.

Dating back to the economic crisis of 2008, securing bank loans for commerce has become increasingly difficult, but since successful economic markets are reliant on SMEs, it is vital to generate environments to help them flourish. An incredible range of innovative financial products and services are transforming the industry, and ultimately, may radically alter how we think about money and do business.

However, fraudulent financial transactions have been creating unease within risk management, and consequently it's vital that corporations monitor their systems and follow steps for secure payments. A unified payment hub which standardise payments, keeps checks on all accounts and navigates complex cross border transactions has become essential for best practice as each day brings news of higher incidents of cyber threats and more sophisticated criminals. Illegal trade activity is costing billions of

pounds, and banks need to make huge investments to protect themselves and their customers. Euro Exim Bank (EEB), a trade facilitator with an international reach, enables businesses to extend their footprint by tapping into lucrative new markets and tracking opportunities. Using AI and machine learning to combat fraud, they can keep their clients safe.

The practice of transferring money between countries is not new and has in itself progressed very little in years. Trade finance is a centuries-old business with several contributors, complex licences, geographies and protocols across its network. Despite little real change over time, new challenges including higher capacity, multidimensional logistics and amplified risk have become more prevalent in recent years. Customer complaints are also getting louder, and 'not fast enough', 'not cheap enough' or 'not efficient enough' are common criticisms. However, blockchain technology is rapidly taking centre stage in the financial arena and banks and financial businesses all over the globe are increasingly employing new technology to address these problems.

Technology innovation is a central concept in contemporary trade finance, allowing banks to adapt to the changing market and to adhere to new and existing regulatory obligations. Certainly, cross-border payments may be under more scrutiny in the wake of news that Ripple plan to use XRP and xRapid to move money via strategic partnerships. EEB uses Ripple products xCurrent and xRapid for cross-border remittances, clearing global transactions in 0.3 seconds, addressing clients' specific needs amid a rapidly evolving treasury landscape. Being the first bank to officially do so, EEB provides clients with one, frictionless experience to send money globally, allowing the bank and its customers to stay one step ahead. The purpose of this partnership is to utilize Ripple's products, xCurrent and xRapid to allow clients' to source liquidity for cross border trades and to help facilitate payments. As payments into emerging markets often require pre-funded local currency accounts, liquidity costs are high, and xRapid lowers the capital requirements. New technology allows EEB to send payments across borders without having to store money in accounts in foreign countries.

Cost efficiency, scalability, speed and security are just a few of RippleNet, Ripple's global payment network benefits, and these kind of blockchain projects may disrupt the traditional banking system. If blockchain tech can provide this increased value, it could revolutionise the way payments are made and could save a lot of time and investment. According to Graham Bright, the Head of Operations at EEB, their processes and practise will be faster and be more transparent thanks to Ripple's blockchain technology, which creates an immutable ledger of all transactions.

The global payment industry is set to be valued at \$2 trillion next year and the cross border payments market is expected to grow by 74% by 2026. With digital technology, non-bank entities are stepping up to the challenge of improving or solving current problems in the industry, and as key banks continue to de-risk, EEB offers an indispensable service to SME's in challenging jurisdictions. Businesses need reliable, trusted and secure services when dealing with cross border payments, where payments need to be made in real time. Providing a very specific model of business – including letters of credit, performance bonds and bank guarantees, EEB differs from a traditional high street bank that's involved in funds, payments, securities or travellers cheques.

Nation states have created incentivising agreements to encourage free movement of trade, and today more than 400 regional trade agreements are available, but parliamentary self-interest, opposing political powers and an increase in regional nationalism has altered and impacted the trade landscape. The World Trade Organization warned that a spike in trade restrictions by major nations is threatening to hold back the global economy.

Many banks and businesses around the world are struggling to keep up with the ever-growing regulatory burdens and are increasingly threatened by the changing guidelines. Worldwide, charges for breaking sanctions are predicted to reach approximately \$12 billion. However, it's the SMEs that will be hardest hit by these interventions due to their lack of resources to track what's happening, to complete the necessary documentation and process the data for full compliance. Banks have traditionally struggled to assist trade lucratively with a business model that has worked with digitisation, but things are looking brighter.

EEB, headquartered and licensed in St. Lucia, with a representative office in London, is a specialist in providing financial services to SMEs, offering extensive support to import and export companies. EEB facilitates global trade at a time when market retraction, bank de-risking policies, threats of account closure and growing restrictions in global supply chains, are increasing.

SMEs are going global at a faster rate than ever before and facing new challenges when entering the international arena, so choose EEB to stay on top of your game.

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