

Orchestrating digital end-to-end trade and working capital finance

Digitization is not simply a trend, but a disruptive change to the way trade and working capital finance operates. There is a global movement for allowing digital trade documents under statutory law driven by the United Nations and supported by the ICC and other industry organizations.

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Today, corporate clients expect frictionless trade processing, whether for documentary trade or for supply chain finance (SCF). For banks end-to-end trade digitization represents an opportunity to offer more relevant financing and advice; faster turnarounds; fewer discrepancies and greater visibility for corporates and banks alike."

Challenges facing banks in trade and working capital finance

Challenges in digital transformation

- Disruption – ongoing geopolitical shifts, sanctions, emerging technologies etc.
- It is difficult for banks to quickly integrate the current and new multi-bank platforms or keep up with demand from large corporates, into their legacy systems.
- To attract and retain SME customers – banks need a modern digital channel that effectively supports digital trade and working capital finance and stays in tune with industry requirements.

- A key challenge for global banks is to achieve joined-up, consolidated services across multiple systems and data sources.

Expanding product offering and market coverage

- Adding new products, channels, platforms, customer types and sectors to legacy systems is a long and costly exercise.
- This is particularly relevant for banks looking to expand into supply chain finance (SCF). Global banks have resolved this challenge by building proprietary platforms, with the high cost of developing and maintaining these platforms. Regional and local banks are yet to really embark on providing SCF solutions to their corporate clients, citing the lack of a SCF platform as the main challenge.

- The complexity of connecting to multiple network providers, each with their own systematic approach, makes the ecosystem difficult to navigate and service.
- Banks need a cost-effective, agile, open and digital-first, integrated solution that can easily integrate new value-added services.

Decrease operational cost and effectively use capital allocation

- Traditionally, banks have added more full-time employees (FTEs) to cope with the increasing operational demands of compliance and document checking; however, this mitigation approach has limited effectiveness. A shrinking pool of specialists is leading to further strain and increased costs.
- How capital is allocated within a bank is a competitive process – teams need to provide good returns based on good margins. Effectively recycling the capital by asset distribution is a way to stretch the capital.

Our solution: Finastra Trade Innovation

Key features

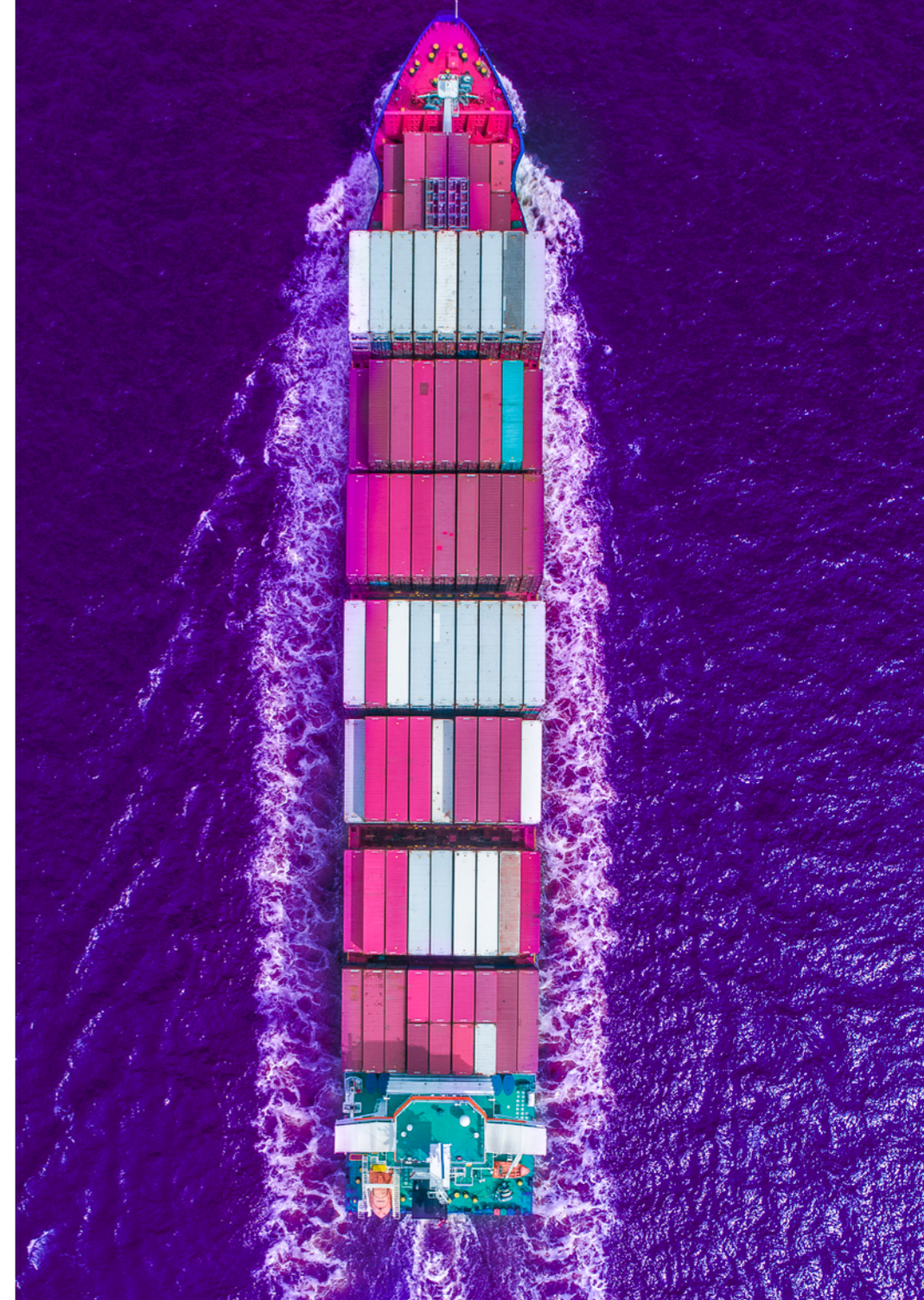
- Finastra Trade Innovation is the industry's best-in-class booking engine, with embedded workflow management for working capital finance – covering buyer and seller loans, letters of credit, collections, guarantees, receivables, payables, and supply chain finance.
- Trade Innovation is integrated with our digital channel solution, Finastra Corporate Channels.
- Banks can choose Corporate Channels as an integrated front-end, or they can integrate directly with their existing channels or ERP systems to deliver a single view of data and to meet customer experience expectations.
- Customization of screens and workflows through Software Development Toolkit (SDK) offers further flexibility without impacting core system code, and global processing capabilities mean global and regional banks can deliver a single operating model across all geographies.

- Additional business modules, such as Participations and Export Credit Agencies (ECA), can help customers to optimize use of their capital through asset distribution and streamline their trade messaging with corporates.
- Our open, API-enabled solution enables flexible integration with ecosystem partners, which we will continue to expand as part of our digital trade strategy.

Typical delivery considerations

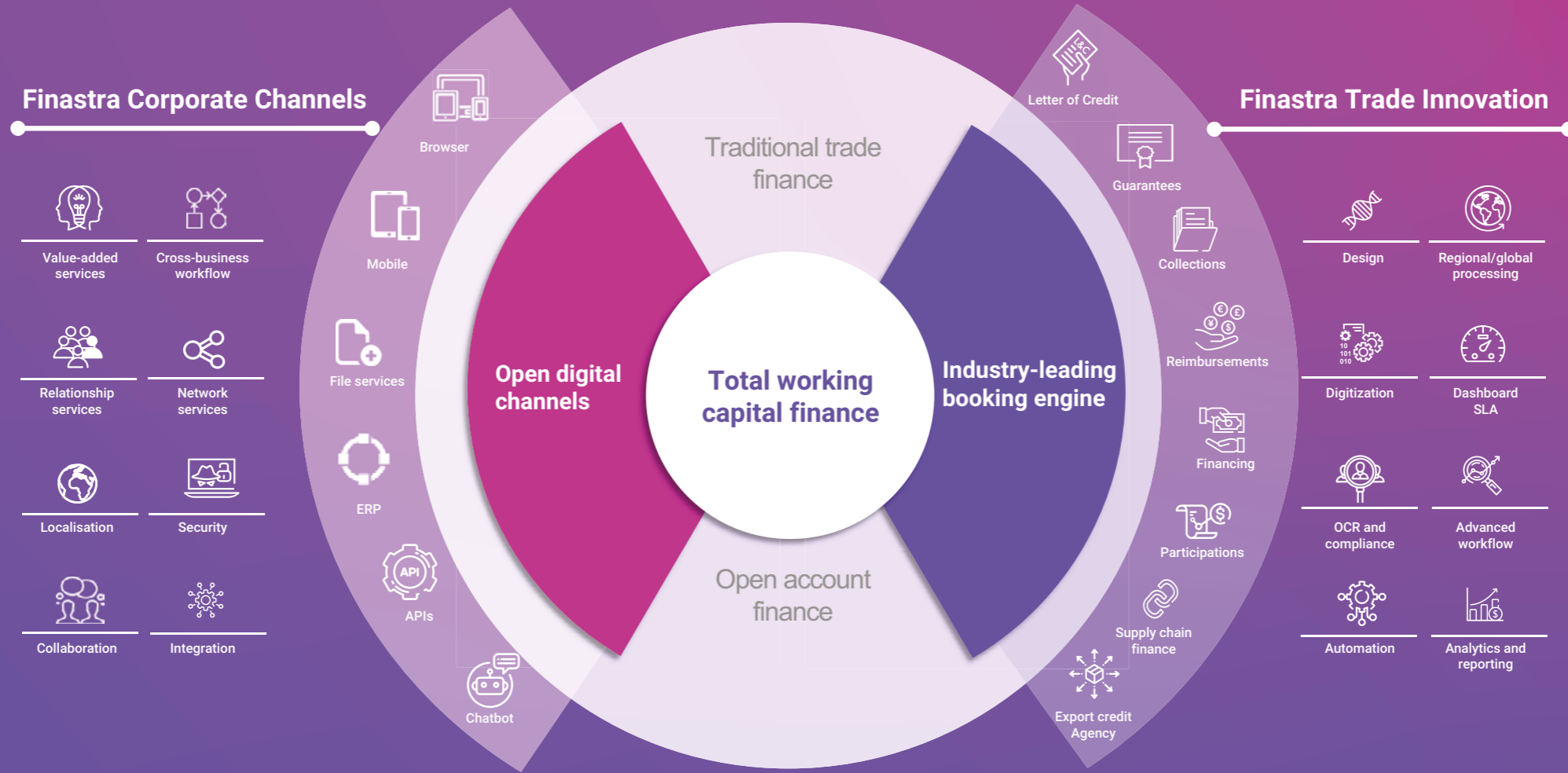
- Finastra Global Services can support customers to adopt Finastra solutions, optimize their use and further advance their business, while maximizing efficiency, value and encouraging growth and innovation through our partner ecosystem.

- For cloud-based offerings, Finastra or our partners can support clients to maintain the application and access the value of new service packs and major releases. Application and development operations capabilities and additional testing services can further reduce the effort and disruption of future upgrades.
- We also offer expert verification and trainings with our premium engagement & optimize services.
- Through selected partners we provide **Trade-on-Cloud options** delivering best-in-class trade capabilities as a managed service, on either a hosted or private cloud, that eases the implementation and reduces the associated TCO. This helps bank to improve efficiency through automation and prospecting new business.



End-to-end working capital finance

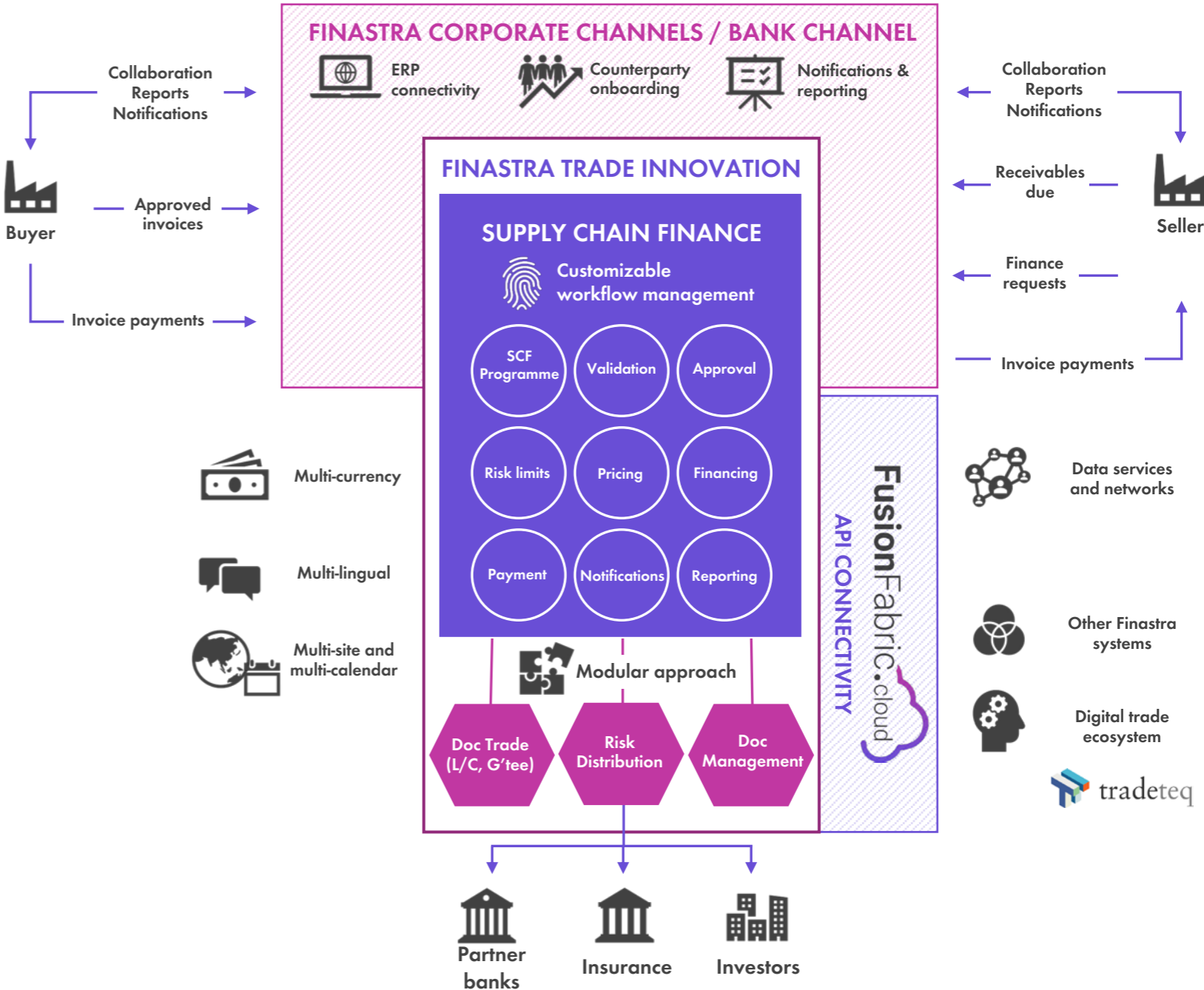
A market-leading trade solution, delivered across the right channels, connected to a powerful and future-proof ecosystem.



Finastra Trade Innovation Supply chain finance

A comprehensive and flexible solution for working capital needs

- A fully front-to-back proposition across Corporate Channels and Trade Innovation.
- Finastra's supply chain finance offering is built on the core capabilities of the platform which delivers highly flexible program structuring, invoice management and risk controls.



Benefits of Finastra Trade Innovation

Best-in-class, open, WCF booking engine

Trade Innovation provides a single booking engine across all the key WCF products and across multiple countries for global and regional banks. Its embedded workflow engine gives banks the ability to tailor workflow and services to best suit different countries, business sectors and customer types.

- Most vendors require **single deployments per geography and / or product segment** so cannot meet the full working capital finance requirement without combining separate systems.
- Corporate Channels offers the **latest UI experience** where customers can build **personalized dashboards** to show the data and transactions that are important to them and to build their workflows around the way they work.
- Finastra has consistently been **recognized as having best-in-class** functionality by leading independent analysts and voted the best provider across leading trade finance publications.

Add new business without significant impact on transaction operations

Customer self-help-focused digital channel (Corporate Channels) plus marketplaces feeding through FFDC into a single booking engine (Trade Innovation) gives banks the agility to add new business and expand digital coverage but maintain a single way of processing a wide range of business transactions.

- Finastra delivers **pre-integrated digitalization capabilities** through partnerships with fintech ecosystem partners and marketplaces, providing clients with future-proof access to process automation capabilities that reduce time and cost to serve. Integration between Trade Innovation and FusionFabric.cloud means that clients can **deliver innovation at speed** through access to a growing ecosystem of value-added services without impacting core solutions. Although other providers can offer APIs and are exploring platform delivery models, most services would need bespoke integration and ongoing maintenance, which limits the ability to innovate at speed and offer a choice of solutions.

- **Future-proof:** Finastra keeps our customers at the forefront of the important changes in the industry by turning industry thought leadership into action and by defining the future of trade and working capital finance. Through our leadership in the World Trade Board and close collaboration with the International Chamber of Commerce, we adopt new business models and drive the definition of new rules and standards.

Cost and efficiency optimization

Open connectivity to networks, creation and management of digital original documents, automation of compliance and document checking tasks using AI and machine learning - significantly reduces costs, risk, and the total reliance on specialized, expensive staff.

- Through **FusionFabric.cloud**, Finastra offers a plethora of pre-integrated fintech partner solutions. Banks can benefit by creating and managing digital original documents through Enigio, automating compliance and document checking tasks using AI with Conpend. Cleareye.ai delivers an advanced artificial intelligence platform which improves effectiveness and efficiency of trade operations. Contour network digitizes the trade finance process by removing the need for paper and securely share the data from third-party providers directly or through APIs.
- **Transition to the digital norm:** Our Customer Value Team engages with global and regional banks to assist in the creation of an effective business case for progressing to a solution fit for the digital norm. The Customer Value Team also provides a unique, easy to use online service for local banks so they can quickly estimate the savings that can be made using our solutions.

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (digital, retail and commercial banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, finastra.com

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