EBRD trade finance

Digitalisation of trade finance and correspondent banking

European Bank
for Reconstruction and Development

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The European Bank for Reconstruction and Development (EBRD)'s Trade Facilitation Programme (TFP) is working to accelerate the digital transition of partner bank trade finance and correspondent banking in the economies where it operates.

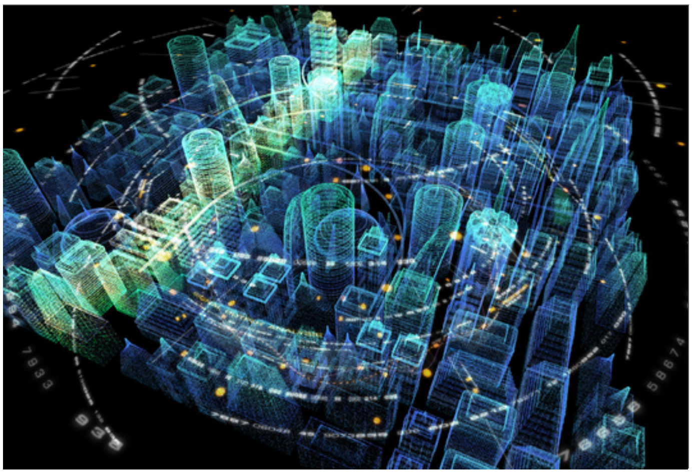
Trade finance operations across the EBRD regions are still very much paper based, while global banks are digitalising their trade finance business. At the same time, many smaller partner banks, particularly those in early transition countries, are finding it increasingly difficult to retain correspondent banking relationships with global banks. To bridge these gaps the EBRD is fostering the digital transition of its partner banks through policy dialogue activities, as well as awareness- and capacity-building activities.

The EBRD aims to support partner banks in their digital transitions, to pave the way for new, innovative trade finance business, enabling them to develop further trade throughout the economies where the EBRD invests.

The EBRD will provide:

1. policy dialogue activities that enable banks in the EBRD regions to transition to digital trade

2. capacity-building activities to support partner banks in digitalising their trade finance business, and retaining and developing correspondent banking networks



IN NUMBERS

as of December 2023

Partner banks that participated in our digitalisation efforts:	Countries that participated in our digitalisation efforts:
20+	**9+**

In 2024, the TFP partnered with ICC Academy to provide licences for ICC Academy's Certificate in Digital Trade Strategy (CDTS) to EBRD TFP partner banks. The digitalisation of trade finance processes involves a number of challenging steps. The ICC Academy course gives participants a unique knowledge hub to use as a reference guide as they navigate internal and external discussions on their digital trade strategy, including with local regulators and policy decision-makers. The CDTS is an online course comprising five modules, 20 video lectures and hours of learning. The lectures are held by industry leaders, including legal experts, innovators and public policy officials. The course will support banks in developing their own digital trade strategies as they move from paper-heavy processes to more streamlined digital workflows. A pilot is underway: TFP partner banks will have access to the course from 2025, with an opportunity to expand coverage depending on demand.

Legal transition to paperless trade and trade finance

The digitalisation of trade finance is advancing rapidly with a view to innovating trading practices and addressing the inefficiencies of paper-based transactions. In response, the EBRD has joined two industry bodies to support legal reform in the EBRD regions: the ICC Digital Standards Initiative (DSI) and the Technology Experts for Regulatory Action (TERA) task force organised by the International Trade and Forfaiting Association. In close cooperation with these organisations and with other multilateral development banks, the EBRD is promoting the digitalisation of trade documents in the economies where it operates. The demand for digitalisation is strong: in 2024, the EBRD launched a project in Türkiye to explore the alignment of the local legal framework with the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Electronic Transferrable Records. In Türkiye, 88 per cent of banks see digitalisation as a step towards greater cost savings and enhanced productivity. Yet, 76 per cent of Turkish businesses still rely on manual processes and 43 per cent experience slow trade finance procedures. Legal reform is a key part of the solution. The EBRD is assisting the authorities in Morocco on a similar project, working to promote the digitalisation of trade finance.

Digital trade finance as a future business model

Since September 2023, the TFP has organised more than ten workshops in collaboration with one of the largest multi-bank trade finance platforms. The objectives of the workshop are to share knowledge, collaborate and enhance EBRD partner banks' trade finance capabilities. Participating banks were encouraged to share their digitalisation experience and the challenges they commonly face. They were then advised as to how digital solutions could enhance their trade finance capacity. In 2024, more than 50 participants attended over 10 workshops. The TFP will continue to work with its partner banks to advance the digitalisation of trade finance across the EBRD regions, where going digital is increasingly becoming a core priority for the financial sector.

"We are dedicated to ongoing technology investment and the development of innovative digital products to remain at the forefront of global trends. Therefore, initiatives such as the EBRD's efforts to familiarise TFP member banks with digital platforms are highly valuable to us."

Tamara Khizanishvili, Director, Trade and Structured Finance Department, TBC Bank, Georgia

Individual advisory service to digitalise Trade finance operations in Uzbekistan

In 2021, the TFP provided Ipak Yuli Bank with consultancy services to support the digitalisation of its trade finance operations. In the initial stage of the project, the consultant revised the bank's existing operational processes and identified areas for improvement where the bank could digitalise its trade finance operations. Key areas include transaction recording, internal approval processes and manual transaction management, among other operational procedures. The consultant is creating action plans in tandem with bank management, which will then implement those plans together with the consultant

Digital solutions to Know Your Customer and correspondent banking issues

To facilitate global and local financial flows and ensure transparency, the EBRD has signed up to SWIFT's Know Your Customer (KYC) Registry and is encouraging partner banks in the EBRD regions to follow suit. The KYC Registry is a centralised repository that maintains a standardised set of information on financial institutions that is required to comply with KYC obligations. It enables correspondent banks to contribute their own KYC information to a single entity rather than exchange documents with each correspondent, facilitating efficient, transparent and easy KYC procedures for all participants. Since the beginning of the partnership between the EBRD and SWIFT, more than 90 active partner banks in the EBRD regions have joined the KYC registry.

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