

## ICC Banking Commission – 2018 HIGHLIGHTS AND ACHIEVEMENTS

As 2019 unfolds, the Banking Commission team extends the warmest wishes for a peaceful and prosperous year to all trade finance colleagues in National Committees, Member Banks and Partner organizations who have arduously worked with us towards achieving the Commission's many important objectives. We are pleased to share some highlights of 2018 and look forward to continuing our work with you in 2019.



### Governance Updates Strategy 2020

The ICC Banking Commission is continuously working towards the 2020 strategy, which was developed by the Advisory Board and the Secretariat, and is defined by its mission to “*Maintain and build frameworks and rules which enable financial institutions to most effectively support global trade flows*” and based on the Commission's three strategic pillars: Rule-making, Advocacy as well as Financial Inclusion & Sustainability.

The strategy paper also clarifies the respective roles and responsibilities of the Advisory Board, Executive Committee and Secretariat.

### Executive Committee

Huny Garg (SWIFT), Kumardeen Nizardeen (Emirates Islamic Bank), Edward Ribeiro (Ecobank) and Krishnan Ramadurai (HSBC) have officially joined the Executive Committee. Dan Taylor retired from the commission after 29 years of active membership.

### Meetings and Events



Under the theme *Navigating trade in a world of disruptions*, the **ICC Banking Commission Annual Meeting** was held in Miami from 3 to 6 April. [Find out more about the key takeaways.](#)

The **ICC Banking Commission Technical Meeting** held in Tbilisi gathered 200 international experts to discuss key issues affecting the trade finance industry today.

### Initiatives and Publications

## Annual Survey on Trade Finance – Securing Future Growth

In its historic 10th edition, the ICC Global Survey figures demonstrated that a majority of banks are moving towards greater digitalisation, recognising its potential gains, yet only a minority have so far seen technology solutions increase their operational efficiency. The Survey found that banks remain bullish on future trade finance growth trends. Regional survey findings are available [on demand](#). The report available [here](#), looks at the industry's transformative forces, the macroeconomic context for trade and finance, and regulation and compliance.



## ICC Trade Register

The 2017 [Trade Register report](#), released in February, reiterates what we have seen year on year since the project was initiated in 2009: that trade finance is a reliable and low risk asset class. Furthermore, the ICC Banking Commission in 2018 entered into a new partnership with Global Credit Data (GCD), an association owned by banks and home to the world's largest database of bank defaults, in order to further enhance the quality of trade finance credit data both for members and for the extended network. This partnership is expected to positively impact the forthcoming report outputs, especially for its member banks.

## Digitalisation Working Group

The working group made significant progress on all work streams and several new developments have been initiated, in particular, the revision of the eUCP and eURC, which are expected to be finalised and approved within the following months. Together with Clyde & Co, a [Report on the Legal Status of Electronic Bills of Lading](#) was produced and launched. Moreover, a new sub-group was created with the mandate to develop a new set of rules for digital trade finance environment with the working title: Uniform Rules for Digital Trade.

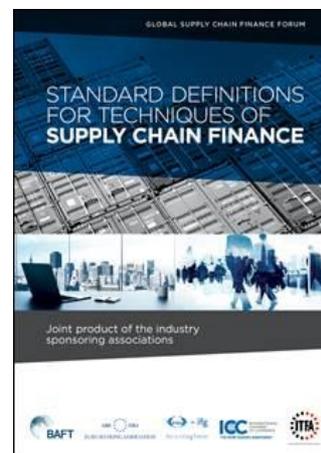
## Sustainable Trade Finance Working Group

The working group elaborated a customer due diligence template to help banks identify and manage environmental and social risks in their trade finance portfolios. The group is currently piloting a sustainable trade finance process and creating guidelines for the trade finance industry by standardizing best practices, identifying relevant case studies, and promoting tools and technology solutions.

### INTERNATIONAL CHAMBER OF COMMERCE

## Global Supply Chain Finance Forum

The Global Supply Chain Finance Forum has appointed Christian Hausherr, European Product Head of Supply Chain Finance at Deutsche Bank, as its Chair. To advance with its action plan to increase adoption of the [Standard Terminology for Techniques of Supply Chain Finance](#), the Forum established a new working group comprised of subject matter experts to provide guidance on specific supply chain finance techniques, such as, receivables discounting and payables finance, as well as to engage with accounting firms and rating agencies to help clarify their accounting treatment.



## Roadmap on Digitalisation of Trade Finance

The first version of the ICC Roadmap on Digitalisation of Trade Finance has recently been established and designed to be a simple, effective communication tool for ICC and the ICC National Committees to advocate to national governments and policy makers. The Roadmap sets out industry trends, roles and responsibilities between ICC and governments as well as an eight-point action plan for governments. It is intended to promote transparency and clarity on duty segregation, in order to enable digital trade with a clear call for action to governments.

## Regulatory Advocacy Efforts

### Implementation of the finalised version of Basel 3 (published by the BCBS in December 2017)

There are still some issues on measures such as the 10% credit conversion factor (CCF) for unconditionally cancellable commitments (UCCs), the 50% CCF for technical bonds, the risk weighted assets (RWAs) applying to unrated corporates and SMEs in a standardised approach.

### Regulatory Treatment of Sovereign Exposures (discussion paper of the BCBS - December 2017)

The proposals made (higher RWAs for sovereign exposures, especially in foreign currencies) might constrain the support granted by commercial banks to exporters through export credit supported by export credit agencies (ECAs).

### Revision of the European CRR (Implementation of Basel 3 as of 2016)

- Our proposal on the net stable funding ratio (NSFR) applying to forfaiting and factoring was approved.

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- Export credits should be exempted from the leverage ratio in domestic currency in all cases and in foreign currencies if the ECA is rated A- or above.
- Required stable funding (RSF) applying to off-balance sheet trade finance instruments will be reduced from 5%, 10% and 15% to 5%, 7.5% and 10% according to their duration, but we were asking for a flat rate at 5% maximum.

#### **European Resolution Process (BRRD – Article 55)**

Off-balance sheet trade finance instruments will be exempted of a bail-in clause if the bank asks for it and its resolution body considers that the resolution of the bank would not be hence questioned. Most likely, the result should be the exoneration ICC was asking for.

#### **Recognition of Credit Insurances as Risk Mitigation Instruments (PRA Consultation – March 2018)**

As we suggested, most probably, this will not be questioned but the issue of timely payments might come again.

### **Upcoming in 2019**

#### **ICC Banking Commission Annual Meeting Beijing**

We invite you to join us for the [ICC Banking Commission Annual Meeting](#) at the China World Summit Wing, Beijing from 8-11 April 2019!

#### **ICC Banking Commission's Technical Meeting**

The ICC Technical Meeting will take place in Paris from 7-10 October 2019 marking the 100<sup>th</sup> anniversary of ICC. Stay informed on the [ICC Events Page](#).

