



BNY MELLON

# Trade Finance and Services Landscape

Treasury Services

May, 2017

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Management



# Letters of Credit (MT700) 2015-16 SWIFT Information

Country	Total Received (2015)	Total Sent (2015)	Total received (2016)	Total Sent (2016)	% Change Received YoY	% Change Sent YoY
<b>Total MT 700</b>	<b>4,490,655</b>	<b>4,490,655</b>	<b>4,364,457</b>	<b>4,364,457</b>	<b>-2.8%</b>	<b>-2.81%</b>
China	943,121	455,590	938,207	409,151	-0.5%	-10.19%
Bangladesh	462,790	787,326	479,980	847,490	3.7%	7.64%
Hong Kong	393,402	203,659	353,122	187,226	-10.2%	-8.07%
India	269,878	237,944	280,535	232,025	3.9%	-2.49%
Singapore	246,597	77,945	245,768	75,411	-0.3%	-3.25%
Japan	243,580	117,234	211,012	108,363	-13.4%	-7.57%
Taiwan	194,816	177,120	181,959	164,831	-6.6%	-6.94%
Korea, Republic of	192,930	457,729	185,520	449,597	-3.8%	-1.78%
United States	146,714	68,009	142,523	62,861	-2.9%	-7.57%
Germany	141,034	42,574	128,464	40,465	-8.9%	-4.95%
Indonesia	111,062	94,731	107,816	93,150	-2.9%	-1.67%
United Arab Emirates	97,807	88,533	98,985	77,098	1.2%	-12.92%
Italy	95,255	69,026	88,737	66,165	-6.8%	-4.14%
Thailand	85,915	90,877	85,956	89,176	0.0%	-1.87%
Malaysia	80,198	51,116	77,812	47,194	-3.0%	-7.67%
Vietnam	66,272	112,947	71,152	116,858	7.4%	3.46%
United Kingdom	65,829	34,359	60,630	32,854	-7.9%	-4.38%
Pakistan	58,323	156,535	53,992	170,308	-7.4%	8.80%
Turkey	47,266	49,769	45,272	48,834	-4.2%	-1.88%
France	45,122	71,569	39,600	69,669	-12.2%	-2.65%
Spain	44,116	76,756	40,998	73,919	-7.1%	-3.70%
Saudi Arabia	40,225	74,192	37,456	62,012	-6.9%	-16.42%

*MT700 issued by China to other countries-Import*

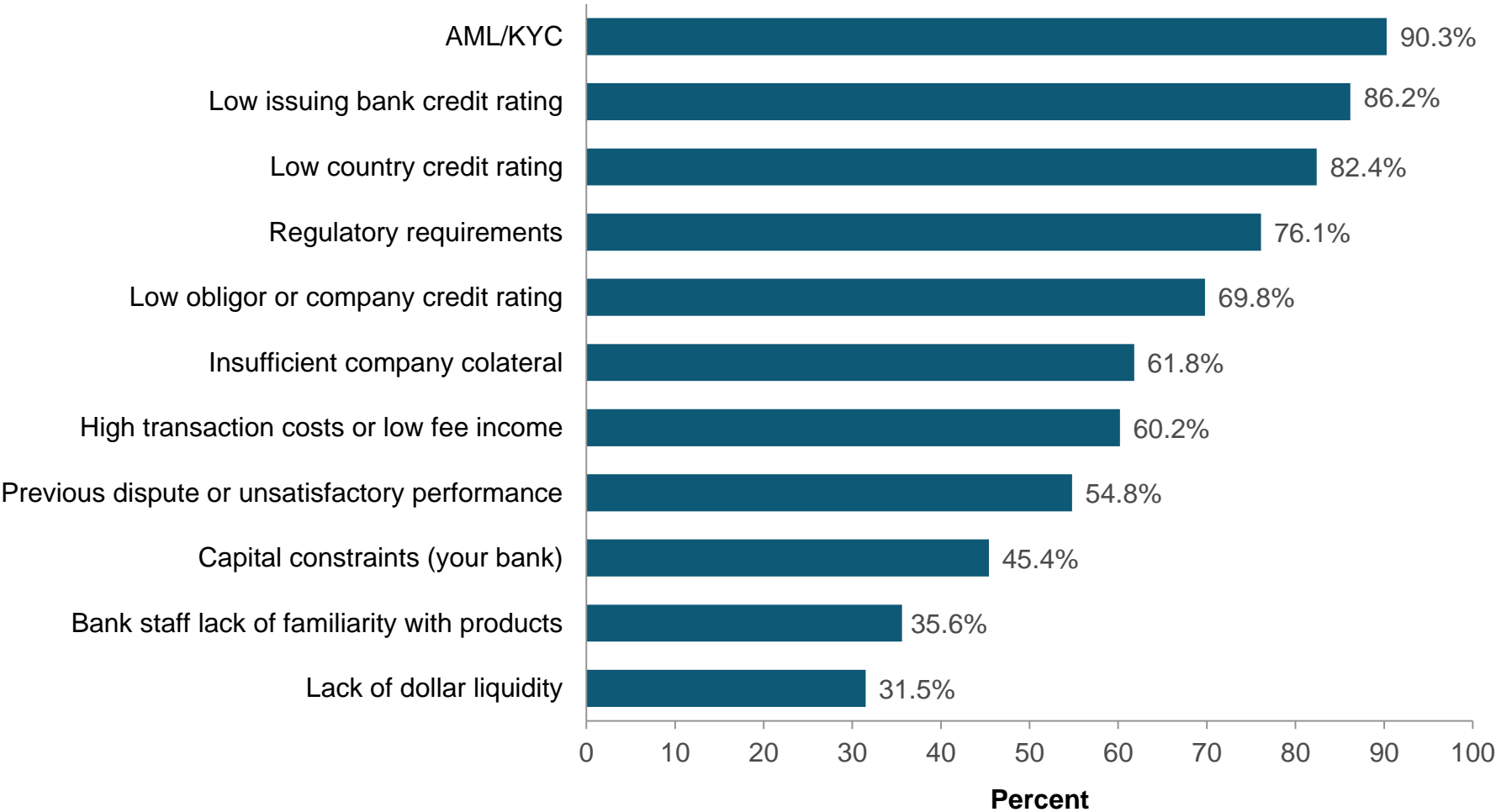
*MT700 received from other countries into China-Export*

# Global Trade: Market Trends, Opportunities and Challenges

- Various headwinds on overall trade landscape
- Focusing on prioritizing within trade value chain and margin efficiency (e.g., de-risking, importance of selecting right correspondent bank)
- Regulatory landscape and BASEL potential capital requirement challenges
- Technology changes (blockchain/distributed ledger, innovation, big data, artificial intelligence)



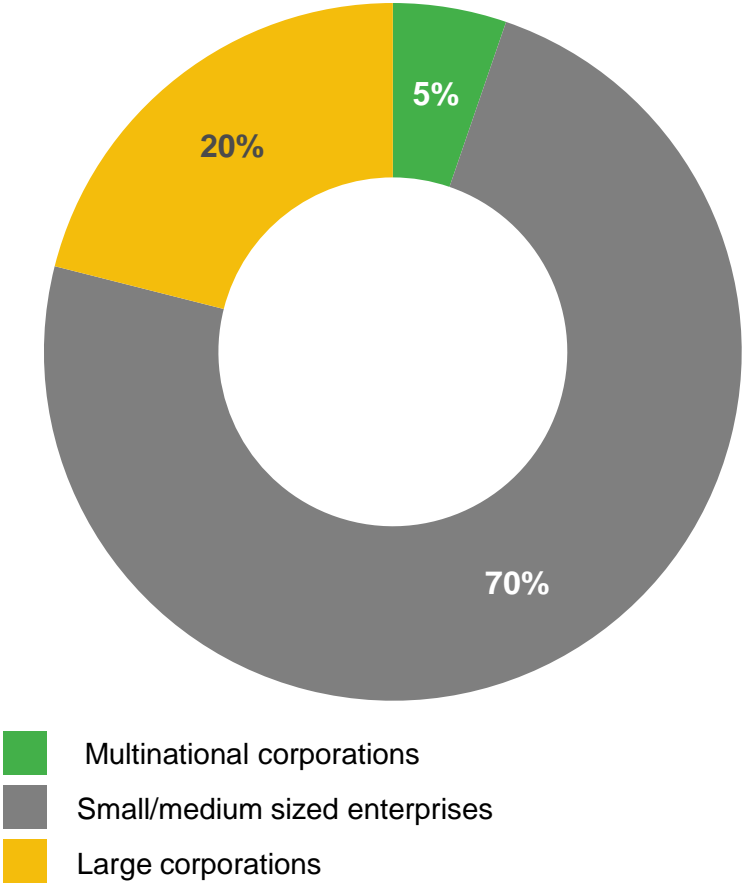
# Significant and Very Significant Impediments to Trade Finance



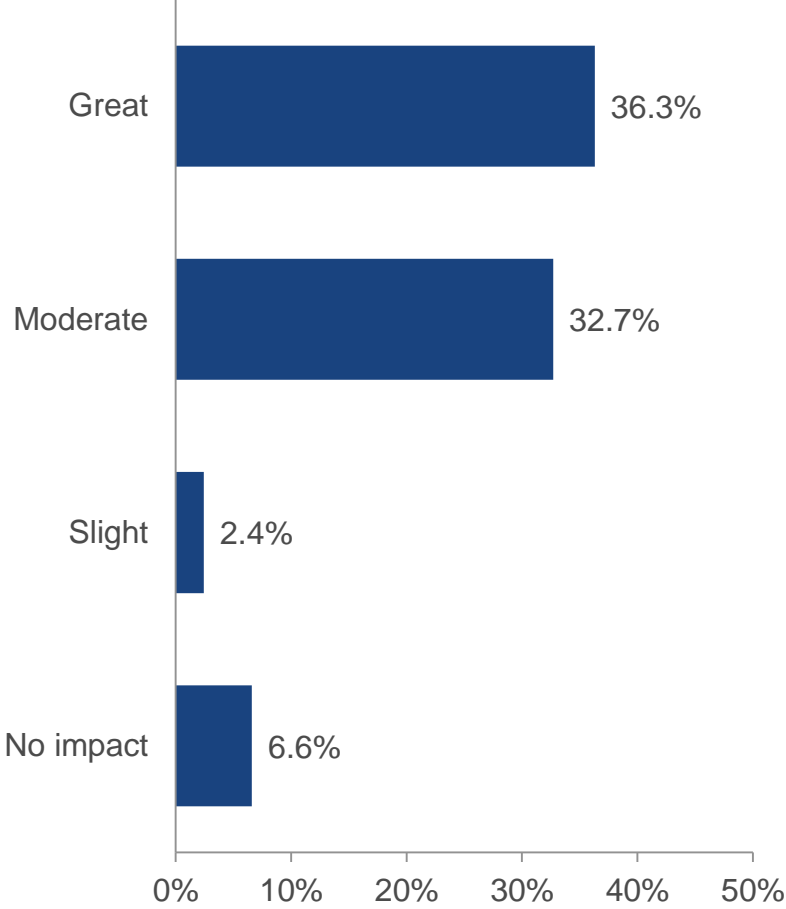
Source: ICC Global Survey on Trade Finance 2016

# Challenges to the Trade Industry

Customers Most Impacted by More Stringent Compliance (AML and KYC) Requirements

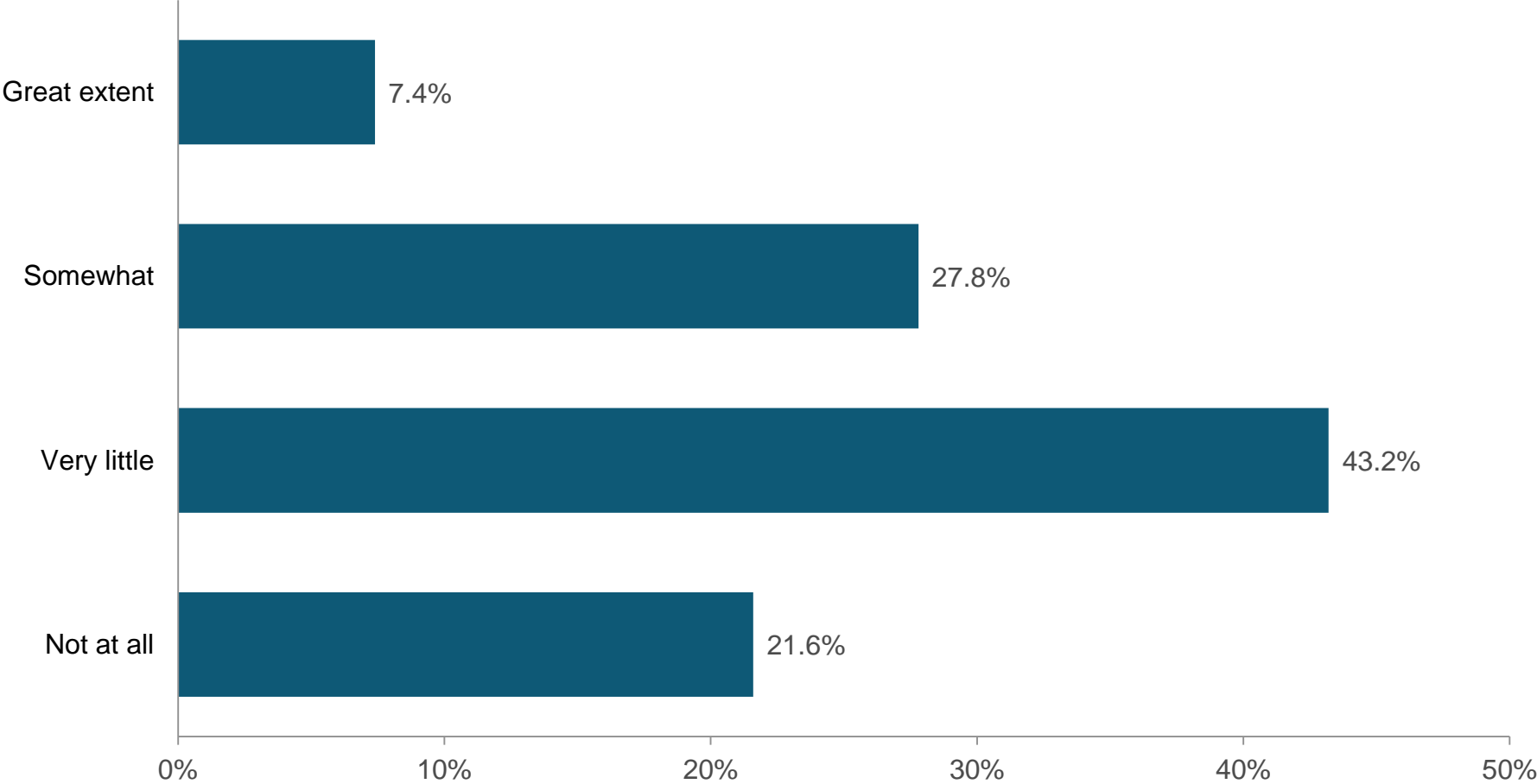


Extent to Which the Lack of Harmonization of Compliance Requirements Between Jurisdictions Poses a Challenge to the Trade Finance Industry



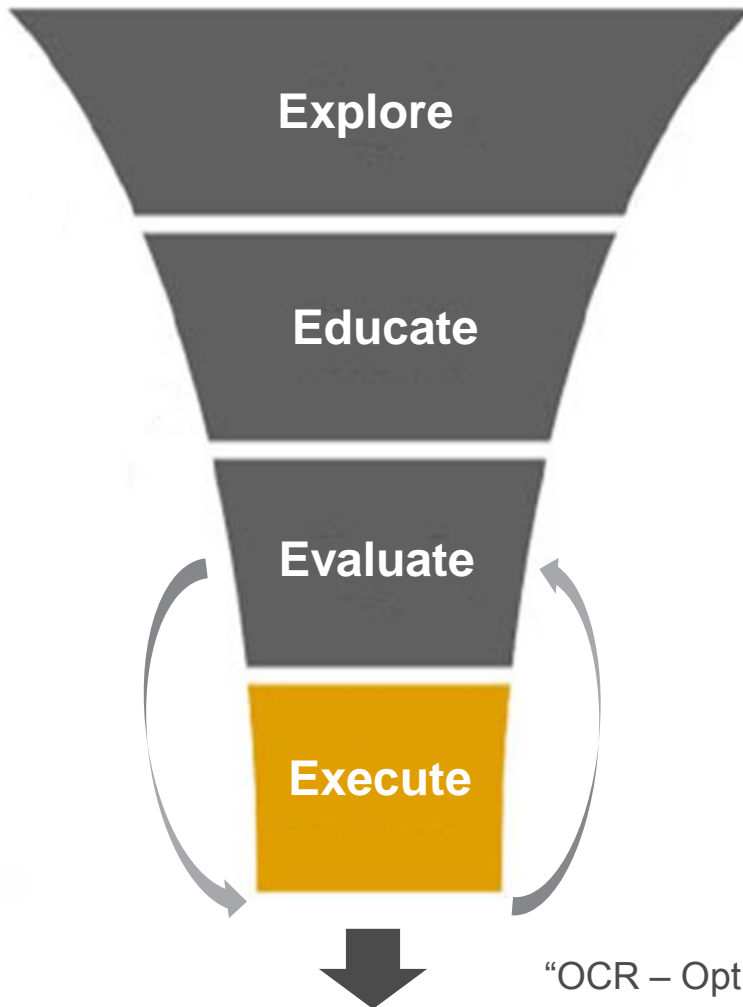
Source: ICC Global Survey on Trade Finance 2016

# Extent to Which Banks' Trade Finance Transaction Processes Are Digitized



Source: ICC Global Survey on Trade Finance 2016

# BNY Mellon Approach to Technology



- **Technology** (Platform, API, Business solution providers)
- **Regulations**
- **Proof-of-concept**

- **Internal organization** (Tech, Product, Ops, Sales / RM)
- **Clients**

- **Business and market validation of opportunities**
- **Client partnerships**
- **Strategic and financial investments**

- **Collaboration with clients / Fin Tech**
- **Business model validation**

**Business Usecases**

“OCR – Optical Character Recognition” API –Application Program Interface

“ICR – Intelligent Character Recognition” AI –Artificial Intelligence

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May 2017.



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