

Educating market on SCF

GTR partnered with Citi Online Academy, in the delivery of two webinars in June called 'Supply Chain Solutions in a Changing Trade Marketplace'.

One session targeted audiences in the Americas, while the other was aimed at participants in Asia.

The session was moderated by Alexander Malaket, president of Opus Advisory Services International, in Canada, as well as senior executives in Citi's global transaction banking business in New York and Hong Kong.

Malaket provided some preliminary, stage-setting remarks relating to major trends in trade finance, particularly the shift to open account terms and supply chain solutions, increased integration of solution offerings among leading providers, and the evolution of technology and platforms around supply chain finance. The impact of the global crisis was also addressed, as an illustration of the resiliency of the traditional trade finance products.

The Americas webinar was delivered by Peter Diegmann, managing director and global product manager, receivables portfolio finance; Matthew Frohling, director and global product manager, supplier finance; as well as William Morrissey, director and global product manager, export and agency finance. The New York-based panel spoke of the significant changes in the business environment, positioning effective supply chain finance as an important strategy in releasing liquidity, enhancing working

capital and demonstrably improving overall financial performance.

The webinars in the US and Asia were structured identically, with an overview of current conditions followed by an illustration of supply chain stages and solutions, leading into consideration of opportunities in payables and supplier finance, receivables, and finally in agency finance. Each section of the discussion was brought to life with a case study, which included some compelling numbers to demonstrate the bottom-line potential of an effective supply chain finance programme.

Citi's experts illustrated that a well-implemented payables and supplier finance programme could, through extension of Days Payable Outstanding (DPO), accelerate a company's cash conversion cycle by 29%, reduce working capital by 23%, and generate benefits in terms of an organisation's EPS.

Similarly, on the receivables side, a reduction in Days Sales Outstanding (DSO) was shown to result in acceleration of the sample company's cash conversion cycle by 49%, leading to Earnings Per Share (EPS) accretion of 5% in the case study presented.

The Asia panel, hosted by Ravi Saxena, managing director and Asia Pacific trade head in Hong Kong, and delivered by Greg Trotter, managing director and Asia Pacific head of trade finance and supply chain, addressed similar opportunities with nuanced refinements to reflect market conditions and client



interests in Asia.

While everyone was careful to indicate that the case studies were for illustration only, the potential in those numbers would have been compelling enough to a financial executive, to at least motivate a discussion about the potential benefits of effective supply chain programmes.

On the agency finance front, panellists discussed the high level of engagement of export credit agencies (ECAs) and international financial institutions (IFIs) in the current trade finance marketplace. Panellists highlighted the value of agency involvement in trade and supply chain finance arrangements. Perceptions about excessive bureaucracy and red tape in dealing with ECAs and IFIs were generally inconsistent with Citi's experiences in this area, and the reduced cost of financing resulting from ECA support was deemed well worth the effort. An audience poll in the Asia webinar revealed a relatively low level of experience among attendees in dealing with ECAs, hinting at a potentially significant opportunity for corporates in the region.

The webinars, attended by over 150 participants, were well-received. The webinars were recorded, and will be posted on the Citi website in due course, together with the accompanying PowerPoint presentation.

JP Morgan launches escrow services in India

JP Morgan has announced the launch of its escrow services in India. Through this, the company will now be able to provide an important complement to the cash management and trade finance products already offered in this key market, says a press release issued by the bank.

JP Morgan's suite of escrow services is customised to cover the needs that arise in any company's business including, but not limited to, escrow structures for mergers and acquisitions, regulatory payments and raising capital.

"India is an important market for us and we are committed to servicing our clients both in-country and cross-border. Setting up an escrow with JP Morgan is a fast, secure and efficient way to safeguard your designated assets and mitigate risk for critical transactions," says escrow and bankruptcy services' product executive for JP Morgan treasury services, Christine Doria.

Rajiv Jain, head of JP Morgan treasury services in India and South Asia adds: "Our new escrow services will give our domestic clients an invaluable tool in

today's world. Clients are finding that the use of secured assets through an escrow service can assist in cash collateralising credit usage – enabling access to greater amounts of liquidity. We are pleased to be able to offer this value-added service to both our existing and new cash management and trade finance customers in India."

Clients of the bank's escrow services have access to a broad range of related cash management and trade finance services, such as foreign exchange, to address currency risk in cross-border transactions.