

## *Digitalisation - is it time for the letter of credit to move forward?*

*CDCS® and CSDG® PDU's Points, Law Society CPD Points will be applied for*



### Introduction

Annual volumes of letters of credit have fallen steadily over the years. Not dramatically, but enough to highlight a gradual shift towards other means of trade settlement.

Statistics provided by SWIFT, over a number of years, have indicated that Asian countries handle over 70% of the letters of credit that are issued and received annually, recognising that it is still a preferred means of international trade settlement for a number of buyers and sellers located in the region.

As with other trade finance products, the letter of credit has remained largely rooted in the paper world with all its pitfalls including, but not limited to, disputes between the parties on matters as simple as a typographical error, the number of entities that need to physically handle a single piece of paper leading to delays in the presentation and transmission of those documents.

Efforts to move the letter of credit community into the digitalised world have not met with great success. The eUCP, which was first implemented at midnight on 31 March 2002, has seen minimal success. In recent times, commodity companies and traders have been seen using electronic platforms for the handling of electronically issued documents including electronic bills of lading.

Daily alerts from browsers, such as Google, highlight numerous collaborations between FinTech companies and banks in proofs of concept for trade finance products including letters of credit. However, these remain largely isolated transactions.

Do we simply believe that on a Friday evening, one day in the not too distant future, we will pack away the last set of paper documents and on the Monday morning we will be exclusively handling digitalised documents? Or, is there still a lot of work to be done, even for a product that has been around for 100's of years, before we can successfully implement a digitalised strategy?

By the use of case studies, this workshop will focus on those issues that need to be addressed today. Find solutions for old and existing problems and see how the letter of credit community can come together to create a digitalised offering that will not only support the current letter of credit volumes but also encourage increased usage.

What better time is there to revisit the current landscape, highlight what can be done collectively (including with the assistance and role of the ICC), and identify the solutions that are necessary.

The outcome from this workshop should be (a) a form of action plan that each attendee can take back to their organisation, and (b) a list of recommendations to be sent to ICC Paris to get the letter of credit back on track and return to being a payment tool of choice rather than on a selective basis.

### Highlights:

- ✓ Recognising that the letter of credit remains a key trade finance product in Asia
- ✓ Will digitalisation change the product or does the product need to change anyway?
- ✓ Will banks need to rethink how they process and deliver letters of credit?
- ✓ Will the data examined in digitalised documents remain as detailed and as important as it is in the paper world today?
- ✓ What rules need to be in place for all this to happen?
- ✓ What action plan can all delegates take back with them that will ease the transition process?
- ✓ What do the delegates want to see from ICC?

## Who should attend?

Bankers (Trade Finance, Risk Management, Credit Administration, Product, Operations, Customer Services, Legal & Compliance), Importers and Exporters, Shipowners, Logistics and Insurance Personnel, Lawyers and Academics.

## Programme

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|---------------|---|
| 09:00 – 09:10 | Introduction and aims of the workshop   |
| 09:10 – 10:30 | Where are we today? <ul style="list-style-type: none"><li>- A review of the current statistics relating to letters of credit</li><li>- The audience view of what is right and wrong with the letter of credit</li><li>- Who is to blame?</li><li>- What needs to change?</li><li>- In a digitalised world, will the letter of credit look the same?</li><li>- Is an enhanced eUCP or URBPO, that facilitates letter of credit type transactions, the sole answer?</li><li>- How ICC Opinions have shaped the way we handle letters of credit today?</li></ul> |
| 10:30 – 10:45 | Coffee/Tea Break  |
| 10:45 – 12:30 | <b>Case Study 1 and 2</b> - covering strategic and topical issues   |
| 12:30 – 13:30 | Lunch   |
| 13:30 – 15:15 | <b>Case Study 3 and 4</b> - covering strategic and topical issues   |
| 15:15 – 15:30 | Coffee/Tea Break  |
| 15:30 – 17:00 | The way forward: <ul style="list-style-type: none"><li>- Action Plan for Banks and Companies</li><li>- What can the ICC do to enhance the product?</li><li>- Final Question and Answer Session, and</li><li>- Close of Workshop</li></ul>   |

## Speaker Profile

### **Mr. Gary Collyer**

From November 1996 until June 2013, Gary Collyer was the Senior Technical Adviser to the International Chamber of Commerce, where he was primarily responsible for providing numerous opinions related to the application and interpretation of ICC rules. In his ICC role, Gary has been chair of the ICC Working Group for the development of the ISP98, the strategy for a revision of UCP500 and a member of the ICC Working Groups for the development and subsequent revision of URR525 and e-UCP. More recently, he was chair of the Working Group for drafting UCP 600, ISBP 681 and 745, and URBP. **He is currently co-chair of the ICC Digitalisation working group revising eUCP and developing the eURC.**

Editor of ten ICC opinion and DOCDEX publications. The editor of the 3rd edition CDCS syllabus (2007), contributing editor of the 4th edition (2013) and editor of the 5th edition (2015), and editor of the International Trade Finance publication (9<sup>th</sup> edition) (2007). He has also produced eleven volumes of frequently asked questions under UCP 600. He is a regular lead speaker at ICC and other external seminar events on a global basis. Gary also holds the title of 'Visiting Professor' with the LIBF.

On April 1, 2006 Collyer Consulting LLP was created with the sole aim of providing banks and corporates with consultancy services ranging from a traditional consultancy role through to development of training material, review of legal documentation and the provision of consistent, accurate and up to date information relating to existing offerings, new initiatives and developments in international trade. The company name changed in September 2013 to Collyer Consulting Global Ltd. Trade finance on-Line training modules are available through [www.tradefinance.training](http://www.tradefinance.training)

Until October 31, 2006 Gary was Corporate Director and Global Head of Traditional Trade Services, Trade Finance and Product Delivery for the Transaction Banking Group at ABN AMRO Bank N.V. Based in London, he was responsible for the development of the trade service and trade finance products including the tailored design and implementation of solutions on a global basis.

Prior to joining ABN AMRO, Gary was vice president and senior technical adviser at Citibank N.A., London from August 1998 until May 2002. Gary started his banking career in 1973 with Midland Bank plc in London (which subsequently was acquired by HSBC), progressing to manager of the Letter of Credit Department and senior technical adviser.

## Seminar Details

- Date:** 15 September 2018 (Saturday)
- Time:** 9:00 am – 5:00 pm
- Venue:** Grand Salon, 1/F, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hunghom, Kowloon, Hong Kong
- Medium:** English
- Cancellation:** There will be no refund for cancellation of booking initiated by the applicant. However, the registration may be transferred to another person from the same company or organization at no extra charge, subject to the prior consent of ICC-HK.
- Seat Confirmation:** Seat confirmation is based on receipt of payment on a first come, first served basis.
- Enquiry:** Contact Ms Janice Leung at Tel: 2973 0060 or e-mail to: [publn@icchkcbc.org](mailto:publn@icchkcbc.org)

## Registration Fee

- ❖ *Fee includes course, working papers, lunch, refreshments and one complimentary copy of ICC publication "UCP 600".*
- ❖ *You will enjoy early bird discount if you register and pay on or before **17 August, 2018**.*
  - ✧ HK\$ 4,900/ person (regular)
  - ✧ HK\$ 4,600/ person (early bird for public)
  - ✧ HK\$ 4,400/ person (early bird for ICC-HK members)
  - ✧ HK\$ 13,200/ group (early bird for a group of 3 persons from the same company, HK\$4,400 for each extra registrant in the same company)
  - ✧ HK\$ 12,600/ group (early bird for a group of 3 persons from ICC-HK members, HK\$4,200 for each extra registrant in the same company)
  - ✧ HK\$ 39,000/ group (early bird for a group of 10 persons from the same company, HK\$3,900 for each extra registrant in the same company)

## Registration

Interested parties, please complete the registration form and return to Ms Janice Leung via [publn@icchkcbc.org](mailto:publn@icchkcbc.org) or fax to (852)2869 0360.

## Reference Book: (optional)

**"ICC Banking Commission Opinions 2012-2016"**

*Edited by **Gary Collyer**, ICC Publication No.785E, 2016 Edition*

*Unit price at HK\$750/copy, special discount for workshop attendees at HK\$640/copy*

This important volume contains the official Opinions issued by the International Chamber of Commerce's Banking Commission during the years 2012-2016 in the sequence TA755rev to TA840rev. The 82 Opinions included in pages reflect how ICC's universally used rules of letters of credit, bank-to-bank reimbursements, documentary collections and demand guarantees are applied in everyday practice. The Opinions in this volume respond to specific questions raised by queries submitted to the Banking Commission from practitioners the world over.