34th UN/CEFACT Forum Assembly Meeting

28 October – 1 November 2019
London, IMO building

Finance Domain

Domain Coordinator:
Liliana Fratini Passi
CEFACT structure

Chair: Sue Probert  
UN/CEFACT Secretary: Lance Thompson

International Trade Procedures PDA

Regulatory PDA

Sectoral PDA

Methodology and Technology PDA

International Supply Chain PDA  
Vice Chair: Raffaele Fantetti, Ian Watt

Accounting & Audit  
(coordinators: Eric Cohen)

Finance  
(coordinator: Liliana Fratini Passi)

Supply Chain & Procurement  
(coordinator: Edmund Gray)

Transport & Logistics Domain  
(coordinators: David Roff)

Insurance Domain  
(coordinator: Michel Bormans)
Agenda

1. Finance Project update and status
   1.1 Purchase Order Financing Request

2. New Possible Projects
   2.1 IoT & Blockchain in Supply Chain Finance
   2.2 Internet of Things Whitepaper

3. Open Banking for Trade Facilitation

4. AoB
Project: Purchase Order Financing Request

**POF**
- Purchase Order Financing (POF) is a financing option for trading parties that lack the funds to pay their suppliers or for sellers that need cash in advance to offer extended payment terms to their buyers

**Purpose of the project**
- To develop a UN/CEFACT business standard guideline for POF Electronic Request

**Why it is important**
- In a competitive market it is vital for businesses to have access to on-going working capital
- POF Request supports optimisation of company treasury and cash management, allowing faster financing request through a standardized and electronic way

**Status of the project**
- The BRS document for the POF Request project was approved by the Bureau and has been published on the website
- The project team started the analysis to define the RSM (Requirements Specification Mapping) or an equivalent CCBDA (Core Components Business Document Assembly Technical Specification) document
- The Bureau approved the POF Request deliverable on 9 September 2019
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F&P Project proposal: IoT & Blockchain in Supply Chain Finance

Supply Chain Finance

**Supply side**
- Farmers
- Sellers
- Quality control
- Production time monitoring

**Transport & logistics**
- Carriers
- Transit stores
- Transportation management
- Quality monitoring & alerts

**Delivery side**
- Delivery store & plant
- Treasury
- Payment institution
- Goods monitoring records
- Quality control
- Following action directions
- Purchasing Dept.
- Legal, Insurance

**IoT layer**

**Blockchain system layer**

*Blockchain integration* can provide a verifiable, secure and permanent method for recording data processed by smart machines in the IoT.
F&P Project proposal: IoT & Blockchain in Supply Chain Finance

**IoT & Blockchain benefits to the supply chain:**

- Identification of entities, processes and links
- Ensuring the quality of the products is in line with the customers’ requests
- Monitoring of the production process from the beginning and the sharing of the results of the monitoring to all the participants
- Quality control process on delivery side enlightened
- Immediate payment on delivery

**Project Team**

- UN/Cefact Experts in Finance processes (banking, providers):
  - Carlo Salomone, Italy, (Long-Way Srl)
  - Dario Delle Noci, Fabio Sorrentino, Italy (Consorzio CBI)
- UN/Cefact Experts in corporate supply chain & treasury processes:
  - Luca Grisot, Italy, (HQ multinational corporate treasurer, Luxembourg)
- UN/Cefact Experts in blockchain “technology” and IoT
  - Marek Laskowksi, Canada (Novera Capital)

**Deliverables**

- To be defined & agreed
- Next Steps: Project proposal (UN/CEFACT Forum - Spring 2020)
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3. **Open Banking for Trade Facilitation**

4. **AoB**
• The term **IoT** is used to define the **physical devices** all around the world that are now **connected to the internet**, collecting and sharing **data**;

• IoT devices encompass **every size** imaginable, from a pill to an airplane, and their number is expected to reach **30 billion by 2020**;

• The **immense amount of data** gathered through these devices will be crucial to **help companies define strategies** in the coming years.

**Contribution to the IoT White Paper**

*IoT and Finance chapter*

(in collaboration with the E-Government Domain)
IoT Trade Facilitation Whitepaper
ToC

• ...  

• **contribution to** Supply Chain and Transportation chapter,  
  *finance linkages*

• **editing** e-Government chapter
  
  • Indian Smart Cities Project
  
  • Italian public administration *including finance linkages*

  • other countries’ public administrations
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Open Banking

Open Banking is a new banking model relying on networks instead of centralization and creating services and products, using open technological platforms, sharing knowledge, work environments, data and customer bases.

In Europe The PSD2 identifies new market operators:
Account Servicing PSPs (ASPSP) with online payment accounts offering at least an access interface that enables secure communication with third parties (TPPs): account information service providers, payment initiation service providers, payment service providers that issue card-based payment instruments.
Open Banking in the world

**Europe**
- UK: Open Banking Framework
- EU: Revised Payment Service Directive (PSD2)

**North America**
- Canada: Advisory Committee on Open Banking
- USA: Office of the Comptroller of the Currency’ explores a Fintech Charter

**South America**
- Brazil and Chile: Central banks issue new banking rules
- Peru and Argentina: Fintech Bill

**Mexico**
- Fintech Law

**Africa**
- Nigeria: Open technology foundation
- South Africa: SA’s Reserve Bank Started researching the establishment of a regulatory sandbox to foster collaboration with emerging tech startups

**Asia**
- Hong Kong: HK Monetary Authority’s Open API Framework
- Singapore: Monetary Authority of Singapore’s API Playbook

**Australia**
- Australia Securities and Investment Commission (ASIC) endorsed open banking guidelines
A cooperative solution can facilitate the **interconnection between ASPSPs and TPPs** in order to reduce investment costs and technical complexity for participants thanks to the centralization of shared services.

**Why a collaborative solution**

- **Reduction of investment costs** for PSPs for the adjustments of their IT systems to the PSD2
- **Sharing of some common services**: «shared services» that would be instead at the expense of the single institute
- **Technological updates of the solution** and related documentation managed at a centralized level
- **A more efficient fraud monitoring system** with data collected from the participants
- **Easier way to implement other collaborative and competitive APIs**
- **Central team to monitor/control legislative evolutions**
- **Single point of access** between TPPs and ASPSPs, with system interoperability guaranteed by connection homogeneity
- **Participation to an “ecosystem”** (new ideas to make business from Open Banking)
- **Connection with other Supply Chain Players**
Open Banking & Trade Facilitation

Open Banking can enable, via **API access to bank accounts and external databases**, the development of a whole **new wave of financial services** to enhance processes connected to the **supply chain** in an international trade context.

*(Possible Applications)*

- **KYC**
  - Centralized Know Your Customer tool powered by public and private databases

- **Invoice Trading**
  - APIs to sell invoices in order to improve cash flow

- **Financing Services**
  - APIs to access and compare financial services offered by an Open Banking Solution member banks in a centralized way

- **Certificates**
  - Exchange of information between banks and public administration for the issuance of certificates necessary for international trade

- **Insurance Services**
  - APIs to access and choose different insurance options

- **Risk Assessment**
  - Delivery and enrichment of information useful to companies for assessing the risk of commercial partners (e.g. counterparty risk, country risk)
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Considerations From The Table
34th UN/CEFACT Forum

Thank you

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