

BRINGING TRADE FINANCE INTO THE DIGITAL AGE

How blockchain can help revitalize documentary trade

Documentary credit is declining

It has lost ground in the global trade market to open account.



This is primarily due to:



High costs on current forms of documentary trade



Less need for large multinationals to mitigate **risks** through banks



Inconvenience of paperwork leads to long turnaround times

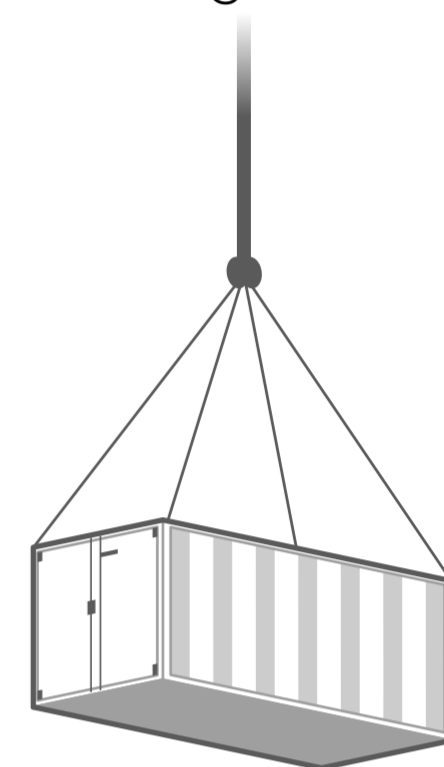
Past attempts to digitalize the process have fallen short



Blockchain can transform trade finance

It erases current bottlenecks, radically redefining global trade processes through:

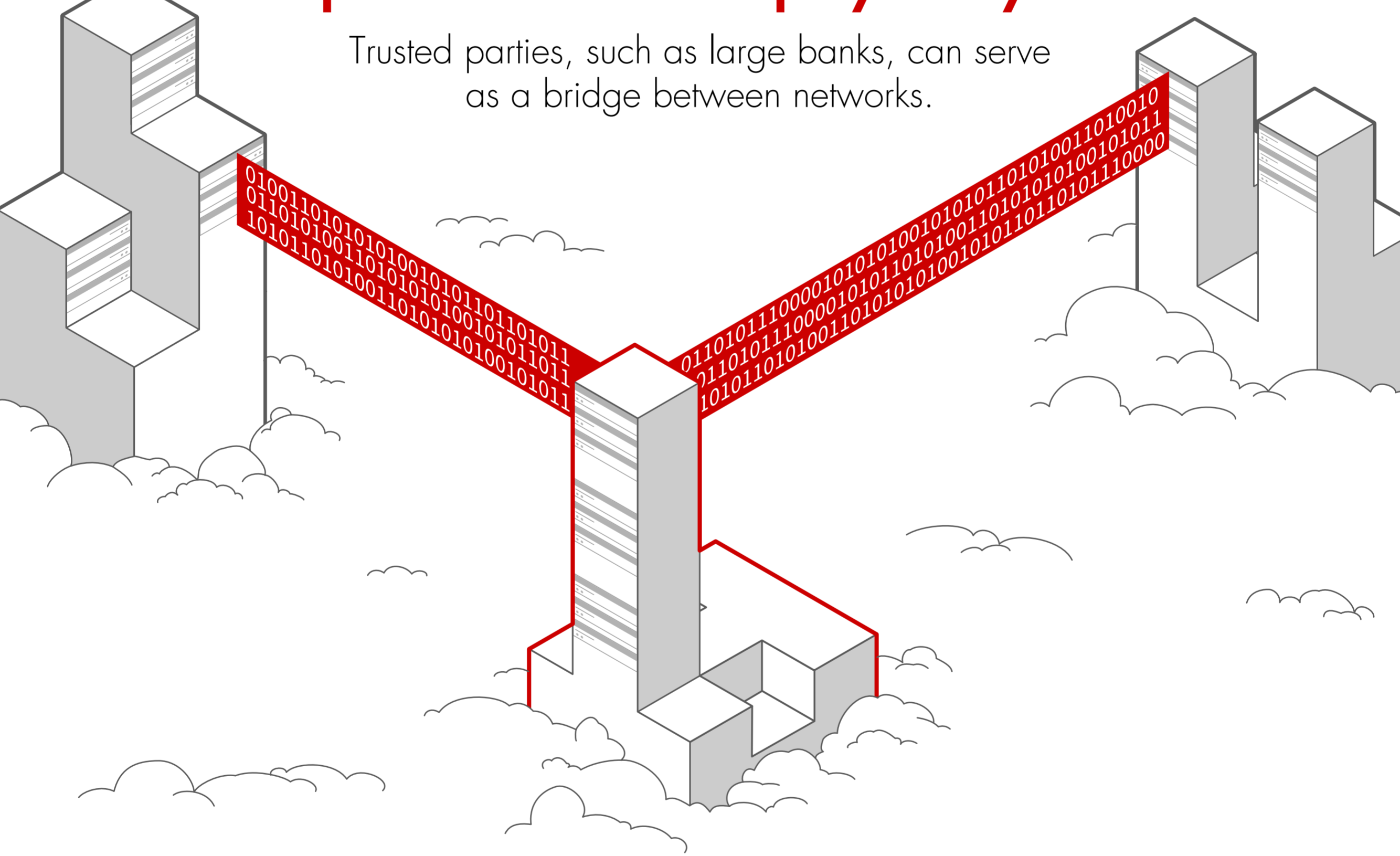
- ⚡ Better service
- ⚡ Lower processing costs
- ⚡ Processing times reduced by up to 80%
- ⚡ More trade financing available
- ⚡ Faster financing decisions
- ⚡ Transparency of process from purchase order to payment
- ⚡ Creating an accurate representation of each record, validated instantly
- ⚡ Freed-up working capital through reduced friction
- ⚡ Speeding up supply chain decisions



Overall, blockchain could increase global trade volumes by \$1.1 trillion by 2026, from the current base of \$16 trillion.

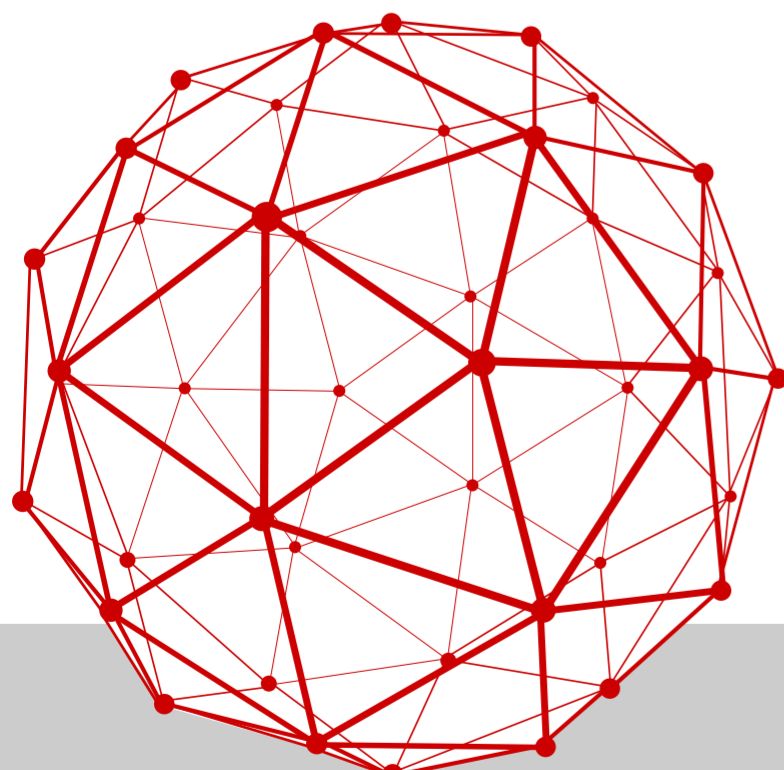
Superconnectors will play a key role

Trusted parties, such as large banks, can serve as a bridge between networks.



THREE PRINCIPLES TO SUCCESS

To realize the potential of blockchain, platform developers and participants should avoid the pattern of forming digital islands.

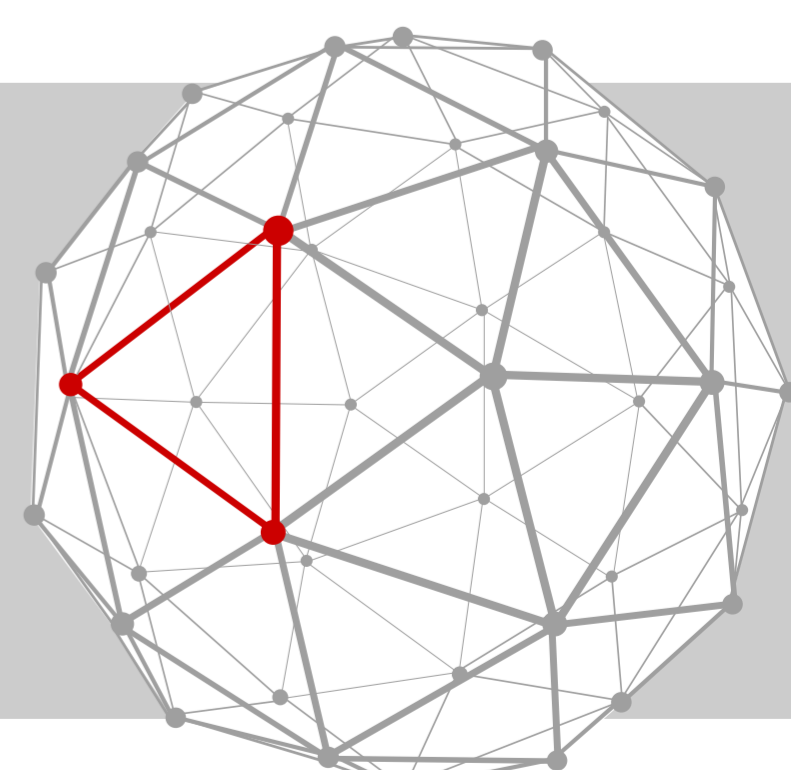


Think big

Widespread adoption will require collaboration and significant investment from all of the ecosystem participants.

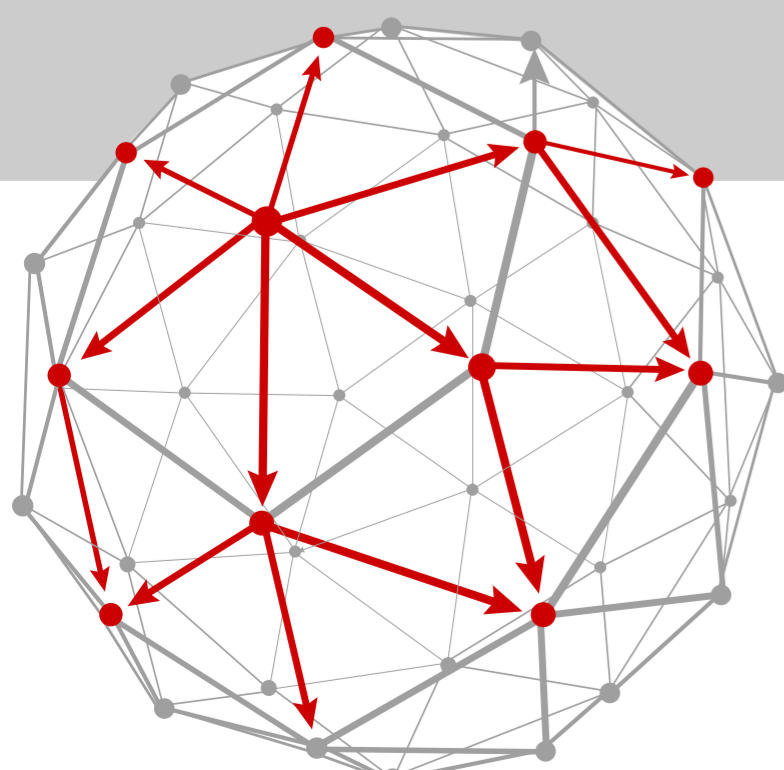
Start small

Begin with a small set of early adopters that are heavy documentary trade users, and focus on one corridor with meaningful trade volumes.

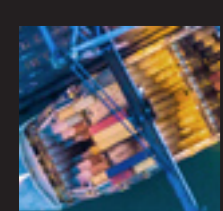


Grow fast

Achieving sufficient scale and market participation will be key to becoming a player in a network of networks.



Read more:



Rebooting a Digital Solution to Trade Finance

www.bain.com/digital-trade-finance