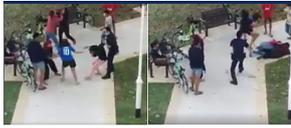


THE STRAITS TIMES



arrested...

Oct 23,
2020



deletes...

Oct 26,
2020



Are you...

www.bette...

Recommended by

Hit by billions in commodity defaults, banks in Singapore team up for digital trade finance registry



DBS and Standard Chartered created the proof of concept for a digital Trade Finance Registry within three months. PHOTO: ST FILE

UPDATED OCT 6, 2020, 1:55 PM ▼

SINGAPORE (REUTERS, THE BUSINESS TIMES) - Some of the world's biggest banks in commodity trade financing are creating a digital trade finance registry (TFR) in Singapore to try and mitigate the risk of trade fraud and boost transparency after losing billions of dollars due to a spate of defaults.

THE STRAITS TIMES

after instances of financial trouble were laid bare by the coronavirus crisis.

In a joint statement issued on Tuesday (Oct 6), DBS and Standard Chartered said they are leading a group of 12 other banks in Singapore to create and conduct a secure central database for the banking industry to access records of trade transactions financed across banks here.

This mitigates against duplicate financing from different bank lenders for the same trade inventory, leading to greater trust and confidence among banks and traders alike,” said DBS and StanChart.

According to DBS and StanChart, banks are now able to conduct validations only within a single customer entity, or across their individual banking network, with no view of what other banks have financed or undertaken payment obligation against.

“This information asymmetry is a key gap that can only be addressed with a TFR that facilitates collaboration across industry players and government agencies,” they added.

“A digital trade registry strengthens trade financing banks’ ability to avoid duplicate financing, and facilitates more sustained credit flow in trade financing,” said Ho Hern Shin, an assistant managing director at the Monetary Authority of Singapore.

Reuters first reported in July that banks are teaming up to strengthen lending practices and improve transparency in the sector.

The registry’s proof of concept is supported by Enterprise Singapore (ESG) and endorsed by The Association Banks in Singapore.

Sriram Muthukrishnan, DBS global head of trade product management, said: “The Trade Finance Registry marks an important step towards fostering greater transparency through collaboration and strengthening lending practices in Singapore’s banking sector, while ensuring a secure operating environment for the industry as we progress towards an increasingly digital trade future.”