

Executive View: Clemence Avril, BNP Paribas

Clemence Avril, who was appointed BNP Paribas' Head of Global Trade Solutions for Asia Pacific in June 2021, discusses how the bank is staying ahead of the curve with digitising trade finance and how it is helping corporate clients embed ESG practices into their supply chains.

How does your professional background and experience help you in your new role?

I have spent my entire career at BNP Paribas - I joined in 2004 in Paris and I have now been based in Asia Pacific for 14 years. My career has also been in the trade business, which is a highly interesting activity because with trade solutions you are very close to the real economy; you are financing actual businesses and making a real impact. Financing of trade and supply chains requires local on-the-ground knowledge, which is how my experience in Asia Pacific really helps me in my current role.

In Asia Pacific (APAC), there are many unique local practices, and each country has its own regulations and local needs. My career has spanned 12 markets to date, so I have gained an appreciation for the nuances and differences between them. Earlier in my career, I was a relationship manager and that experience taught me how to keep the client at the forefront of my thinking, to put myself in their shoes and help them achieve their goals.

What are your immediate priorities?

BNP Paribas is very committed to APAC and has been in the region for many years - in fact, with a presence of over 100 years in some countries - and that frames my immediate priorities. I will focus on both the APAC inbound and outbound trade flows and leverage our global network for our clients. We have many multinational corporation clients that are typically from Europe or the United States and are using the bank's expertise to grow their market share in the region. On the other hand, we also have a large pool of Asian corporate clients that are expanding beyond Asia - we help them do that through our global network.

With our European multinational clients, we have been following their growth for years as they have expanded in Asia. With our Asian clients, we have seen that business grow substantially in recent years, particularly with opportunities like China's infrastructure Belt Road Initiative, and we have also been supporting clients that are headquartered in a range of countries such as Australia, China, Japan and South Korea in their overseas projects.

Where will you focus your efforts with digitising trade and supply chain finance? Where can you make an impact in the short-term? What longer-term objectives do you have?

Digitalisation is a broad topic and since Covid-19 we have witnessed an acceleration of trends that would have taken years to achieve had the pandemic not happened. Aside from the change in work patterns, the pandemic has increased the demand from clients to digitalise trade across multiple channels. We find that their needs depend on their size and also the maturity of their organisation.

In terms of having an immediate impact, we offer an award-winning solution - Document Exchange Connect - which is a simple and intuitive platform that digitalises the entire trade life cycle and streamlines communication between the client and the bank. It replaces email and means that we can easily update the client at every stage of their trade and supply chain transactions, and it also gives an audit trail. In the short term, I will be focusing on enhancing this platform and introducing it to more of our clients.

Longer term, we will be keeping a close eye on the various industry initiatives that are evolving, which all have the goal of digitising trade and supply chain finance. We have been heavily involved and at the forefront of developing many of these platforms and solutions - along with our competitors - so we know them well. One such initiative is our work with Singapore Customs and the electronic Banker's Guarantee programme on the Networked Trade Platform, which launched in November 2020.

We also have dedicated specialists who regularly speak to clients to understand the direction they would like to see these initiatives go, and explore partnership opportunities with other technology providers - it is a constant dialogue. One of these key initiatives is our involvement in developing Contour, a bank-owned, blockchain-based digital trade finance platform under development in Singapore. It is primarily used to process letters of credit (LCs) - on average, it has reduced the time needed to process LCs from ten days to less than 24 hours.

What are the challenges for corporates to adopt sustainable trade and supply chain finance, and what can you do to help them?

Environment, social and governance (ESG) is at the heart of our strategy at BNP Paribas. We find that clients are familiar with green bonds and green loans - they are quite mature products in the ESG space with proper governance and frameworks. However, in trade finance, there is no formal framework that has been defined globally.

We want to help clients on this journey and help them integrate sustainability into their business. For example, in July we issued a HK\$332 million bank guarantee for Henderson

Land's green residential development of the former Kai Tak airport site in Hong Kong, which took into account their green credentials.

ESG is not just client-centred - it has a wider scope - and it means that we have to constantly talk with clients and help them think about wider considerations, such as water consumption, energy efficiency and social impact, and how they can embed these kinds of key performance indicators (KPIs) into their supply chain financing. We developed a KPI matrix as part of the Monetary Authority of Singapore's Green and Sustainability Linked Loan Grant Scheme, which launched in November 2020, to encourage clients to be more responsible in their sourcing and procuring. If they meet these sustainability KPIs then we can reward them with more favourable terms. We want to accompany clients on this journey and be in constant communication with them about where they want to be.