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HSBC COMPLETES PILOT DIGITAL TRADE FINANCE TRANSACTION LEVERAGING INTEGRATION BETWEEN ETRADECONNECT AND ERP SYSTEM

HSBC has completed a pilot digital trade finance transaction for a client whose Enterprise Resource Planning (ERP) system has been integrated with eTradeConnect. This marks the first digital end-to-end trade finance transaction riding on the connectivity between eTradeConnect platform and a customer's procurement system.

The client, Smart Chain Enterprises Limited, is an apparel supply chain management service provider based in Hong Kong. Facilitated by HSBC, it was able to apply for trade finance on its own ERP system linked to eTradeConnect in just a few clicks, allowing a one-stop execution. The company no longer needs to submit loan applications and drawdown documents manually through multiple systems, completely digitising the trade finance journey end-to-end. The client is also able to upload trade documents and transfer data of invoices directly to eTradeConnect, streamlining the data submission and documentation process.

Operated by the Hong Kong Trade Finance Platform Company Limited, eTradeConnect is a blockchain-based trade finance platform that aims to improve trade efficiency riding on the cutting-edge distributed ledger technology. A proof-of-concept was conducted last year to integrate the procurement systems of corporate customers to transform the traditionally manual and paper-based trade finance process.

Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said: "According to HSBC's report *Navigator: Building Back Better*¹, 95% of businesses surveyed in Asia feel it's critical to leverage technology to enhance or improve their work processes. We are pleased to participate in this pilot trade finance transaction that demonstrates how digitised trade is made even simpler and faster with integration of different platforms. We look forward to supporting further enhancement of eTradeConnect and helping clients compete in the evolving market conditions."

HSBC is committed to digitising trade finance services and is an advocate of blockchain technology applications worldwide. HSBC China has recently completed a forfaiting interbank transaction with Bank of Communications on the China Trade Finance Inter-bank Trading Blockchain Platform (CTFU).

HSBC is the first foreign bank to complete this kind of transaction on the CTFU platform. HSBC also successfully executed the first blockchain trade transaction on the Wave blockchain platform from New Zealand to China.

¹ *Navigator report: Building Back Better* surveyed over 2,600 companies in 14 markets, including 200 companies in Hong Kong, in the months of April and May 2020. Please visit <https://www.business.hsbc.com.hk/en-gb/hsbc-navigator> for more information.

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The Hongkong and Shanghai Banking Corporation Limited

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