

CORPORATE & INSTITUTIONAL



# The next era of international trade transactions

Lloyds Bank Trade Insights



**LLOYDS**



## At a glance

Historically, the end-to-end international transaction – from the issuance of trade documents, to the shipping and delivery of goods, through to invoicing and payment – could be long, cumbersome and expensive.

Paper-based trade documents place a significant burden on the environment and could take days – or even weeks – to arrive, while international payments could get caught in bottlenecks and be subject to friction and delay.

Today, the tide is turning. The process of digitalisation and modernisation in these fields is transforming the trading process for businesses.

Innovation in terms of paperless trade is already cutting down the trade process by weeks. The implementation of major technical milestones in the payments landscape, such as the adoption of Swift global payment innovation (gpi), the migration to ISO 20022, and other improvements to the cross-border payment journey, are making the payment process faster, more sustainable and more efficient.

Lloyds Bank is at the forefront of change in both of these fields. By making vital progress in the transformation of the trading process, we're part of the drive to make it easier than ever for businesses to import or export.

# Tomorrow's transactions in an evolving ecosystem

Until the recent drive towards digitalisation and modernisation, the processes involved in an international end-to-end transaction could be long, cumbersome and expensive. From the shipping of goods to the payment of an invoice, the overall transaction would take place through a collection of individual, fragmented and often siloed procedures, from the issuance of paper trade documents and the use of identity frameworks, Know Your Customer (KYC) and Anti-Money Laundering (AML) checks, through to payment and reconciliation. Often these processes would also include manual checks or interventions to resolve discrepancies or issues, which would cause friction and further delay.

In a standard transaction, the issuance and transmission of paper-based documents for the importing or exporting of goods – documents such as Bills of Exchange, Bills of Lading, or Promissory Notes – could take over a month<sup>1</sup> given that the paperwork would need to be printed, completed, and flown around the world to the intended recipients. Prior to the digitalisation of trade coming into effect, it was estimated that 28.5 billion paper trade documents were printed and flown around the world every day<sup>2</sup>.

After the invoice had been issued, an international payment could – in certain situations – take days to complete, adding a significant amount of time to the overall transaction. Compared to Real-Time and domestic payment journeys, the international equivalent is subject to more friction points as a result of the complexity of the international landscape.

Digitalisation is changing the game. The pace at which the digital ecosystem has developed has offered a wealth of opportunities to solve many of these issues – in some cases improving existing processes, and in other cases leveraging brand new technology. In any case, the goal is to build a cohesive, holistic and interconnected system that makes it easier than ever for businesses to trade internationally.

Lloyds Bank is at the forefront of an industry-wide drive to maximise the potential of new technology and modernised processes to unlock efficiency and supercharge global trade.

## c.28.5 billion

paper trade documents were printed and flown around the world each day, prior to the digitisation of trade coming into effect.

1. [www.linkedin.com/posts/jon-boran-0a176abb\\_ebl-removethepaper-digitalcollections-activity-7236342401471041537-jTgY](https://www.linkedin.com/posts/jon-boran-0a176abb_ebl-removethepaper-digitalcollections-activity-7236342401471041537-jTgY)
2. [www.gov.uk/government/news/paperless-trade-for-uk-businesses-to-boost-growth](https://www.gov.uk/government/news/paperless-trade-for-uk-businesses-to-boost-growth)

# Moving the dial on digital trade

Processing a single shipment can require the creation of 50 sheets of paper documents<sup>3</sup>, exchanged between up to 30 different stakeholders. Given that in 2023, over 434 million tonnes of cargo<sup>4</sup> went through UK ports and over 85,500 cargo ships arrived into UK<sup>5</sup>, the administrative burden involved in paper-based trade can be both time and resource intensive, not to mention a significant contributor of carbon emissions.

The Electronic Trade Documents Act (ETDA), introduced in September 2023, has granted digital trade documents the same legal status as their physical counterparts. Using digital trade documents offers a faster and more sustainable way to trade, cutting processing times from days – sometimes even weeks – to just 20 seconds<sup>6</sup> and reducing carbon emissions by at least 10%. Not only is digital trade estimated to create £1.14 billion in net benefits over a 10-year period<sup>7</sup>, but it is also intended to reduce bureaucracy for businesses, making efficiency savings worth £224 billion<sup>8</sup> and increasing the capacity for innovation within companies.

The ETDA is the first in a line of revolutionary steps towards the digitalisation of trade transactions. In July 2024, the UK joined 90 other countries in signing the World Trade Organization's E-Commerce Joint Initiative<sup>9</sup>, which, in addition to implementing other measures such as banning customs duties on digital content, also requires all signatories to digitise customs documents and processes.

Given that 80% of trade documents<sup>10</sup> around the world are based on English law, the introduction of the ETDA into law represents a monumental shift towards the global

digitalisation of trade. It offers an opportunity for all stakeholders – from banks to insurers, freight forwarders, exporters, importers and more – to trade confidently using digital documentation. Following the logistical obstacles that have defined recent years, the opportunity to reduce the time involved in a trade transaction is both a welcome and necessary change.

The industry responded as soon as the ETDA was put into effect. Lloyds Bank, for example, completed the very first transaction under the new law by issuing a digital promissory note (dPN) for Matalan Retail Ltd<sup>11</sup>. The use of an electronic promissory note meant that key documents arrived two days earlier than they would have done had the paper-based counterparts been used in the transaction instead, significantly speeding up the transaction and reducing the potential for friction or delay.

Lloyds Bank have since digitalised the three key negotiable documents within trade covered by the ETDA; the Promissory Note, the Bill of Exchange<sup>12</sup> and the Bill of Lading – the latter of which reduced the completion time of a transaction from 15 days to just over one.

From an industry perspective, the achievements of the past year are just the tip of the iceberg. Our digital collections offering has offered clients demonstrable benefits, not only speeding up transaction times but also revealing the ability to create financing solutions that are not possible under paper-based transactions. The ETDA has unlocked a substantial opportunity for further innovation, and it remains to be seen what this will achieve in the coming years.

3. [www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/the-multi-billion-dollar-paper-jam-unlocking-trade-by-digitalizing-documentation](https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/the-multi-billion-dollar-paper-jam-unlocking-trade-by-digitalizing-documentation)

4. [www.gov.uk/government/statistics/port-freight-annual-statistics-2023/port-freight-annual-statistics-2023-overview-of-port-freight-statistics-and-useful-information](https://www.gov.uk/government/statistics/port-freight-annual-statistics-2023/port-freight-annual-statistics-2023-overview-of-port-freight-statistics-and-useful-information)

5. [www.gov.uk/government/statistics/port-freight-annual-statistics-2023/port-freight-annual-statistics-2023-arrivals](https://www.gov.uk/government/statistics/port-freight-annual-statistics-2023/port-freight-annual-statistics-2023-arrivals)

6. [www.gov.uk/government/news/paperless-trade-for-uk-businesses-to-boost-growth](https://www.gov.uk/government/news/paperless-trade-for-uk-businesses-to-boost-growth)

7. [www.gov.uk/government/news/paperless-trade-for-uk-businesses-to-boost-growth](https://www.gov.uk/government/news/paperless-trade-for-uk-businesses-to-boost-growth)

8. [lawcom.gov.uk/project/electronic-trade-documents/](https://lawcom.gov.uk/project/electronic-trade-documents/)

9. [www.gov.uk/government/news/uk-joins-groundbreaking-global-digital-trade-agreement](https://www.gov.uk/government/news/uk-joins-groundbreaking-global-digital-trade-agreement)

10. [www.export.org.uk/insights/trade-news/electronic-trade-documents-bill-becomes-law-marking-new-trade-future-for-uk-trade/](https://www.export.org.uk/insights/trade-news/electronic-trade-documents-bill-becomes-law-marking-new-trade-future-for-uk-trade/)

11. [www.lloydsbankinggroup.com/media/press-releases/2023/lloyds-bank-2023/lloyds-bank-completes-first-digital-trade-transaction-under-new-](https://www.lloydsbankinggroup.com/media/press-releases/2023/lloyds-bank-2023/lloyds-bank-completes-first-digital-trade-transaction-under-new-)

12. [www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-completes-first-wavebl-electronic-bill-of-lading-transaction](https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-completes-first-wavebl-electronic-bill-of-lading-transaction)

“ The digitalisation of trade has now achieved what was previously impossible.

Processes that used to take up to 30 days can be completed in a couple of hours. While there's more to do globally, the issuance and movement of trade documents is easier and faster than ever. Coupled with innovation across the payments landscape, it's clear we're at a turning point for international trade. ”



**Gwynne Master**  
Managing Director  
Head of Trade & Working Capital  
Lloyds Bank

# A leap forward in payments

While the world of trade documentation has been undergoing a wave of digitalisation, the payments ecosystem – another key part of any international transaction – has itself been recently subject to modernisation and reform.

Paying invoices as part of the importing and exporting journey is a key part of the process, so what's being done to make it more modern, efficient, and fast?

## ISO 20022: More data, faster transactions

When it comes to making cross-border payments, including more data in an associated payment message increases speed via straight-through processing (STP) and reduces ambiguity, reducing in parallel the need for manual checks and intervention. With this in mind, the global banking and payments community is in the process of introducing new standards for payments data; ISO 20022<sup>13</sup>. The ISO 20022 rulebook has been designed by the banking community to specifically enhance operational resilience, speed, Know Your Customer (KYC) processes, data and client propositions. As a result, when financial institutions complete the mandatory migration to the new standards, they will be rewarded with a better, richer and future-proofed method of making international payments.

“ The migration to ISO 20022 is a golden opportunity to boost the cross-border payment experience. Harnessing the benefits it provides could result in concrete improvements for internationally trading businesses. ”



**Matt Burns**  
Managing Director  
Global Transaction Solutions  
Lloyds Bank

The introduction of better quality data into payment messages represents a number of benefits for businesses engaged in international trade<sup>14</sup> – from greater operational efficiency, through to increased flexibility, interconnection and the potential for innovation.

There are also benefits from a speed and risk management point of view. ISO 20022 enables participants to encode a payment with consistent, rich and structured data, which can help to improve clarity and interoperability and remove bottlenecks and friction between payment systems when making an international payment.

This addition of structured data fields could be especially useful. The enhanced messaging enables users to encode particular pieces of information into determined fields. Specific location data, for example, can be encoded into the payment's message, which will help to remove ambiguity and improve the ease with which Anti-Money Laundering (AML) and KYC processes and filtering can be completed. From a user perspective, this will ultimately result in a reduction in the potential for delay. In the specific context of trade transactions, this structured data now offers the opportunity to add purchase orders, invoice numbers, additional references and trade regulations. This improves the capacity for STP and reduces the need for manual intervention, meaning that payments can be made faster and with less friction.

The seamless, compatible/interoperable messaging when making international payments could also result in lowered costs and enhanced reconciliation, which could then in turn have a positive impact on cash flow and working capital for the businesses involved.

13. [www.swift.com/standards/iso-20022](http://www.swift.com/standards/iso-20022)

14. [www.ey.com/en\\_gl/financial-services-technical-resources/supercharge-your-payments-business-with-iso-20022](http://www.ey.com/en_gl/financial-services-technical-resources/supercharge-your-payments-business-with-iso-20022)

## Boosting international payments

While the migration to ISO 20022 is a step forward, there is still progress to be made when it comes to improving the speed and cost of international payments compared to their domestic counterparts. Cross-border payments tend to be slow, more resource-intensive and can be very expensive. Although the volume of international payments is on the rise and is expected to reach \$200 trillion by 2027<sup>15</sup> – there is a lot of potential to make the experience faster and more streamlined. Some of this potential has been realised, whereas other factors are still to be developed.

In 2020, the G20 made enhancing cross-border payments a priority<sup>16</sup>. The Committee on Payments and Market Infrastructures (CPMI) identified four main areas for improving international payments<sup>17</sup>, three of which directly affect trading businesses:

**Cost:** Cross-border payments can be expensive; fees currently average 1.5% for corporates and 6.3% for remittances<sup>18</sup>. On top of this, it can take several days for the payment to arrive. Reducing the cost of making an international payment is important for trading businesses already operating on tight margins.

**Transparency:** While we track so many different aspects of day-to-day life – from deliveries to data – the nature of cross-border payments has historically made them harder to track and less transparent in terms of processing times and hidden fees.

In 2018, Swift introduced global payment innovation (or ‘gpi’), a standard that brought significant improvements in terms of transparency and traceability of global cross-border payments. Swift gpi enables banks to track ongoing international payments in real time, which enables new visibility of previously unknown activity. As a result, financial institutions can now provide their customers with more information on the status of their payment, and intervene should an issue occur. For trading businesses, the improved tracking of an international payment can help with cash flow forecasting and visibility.

**Speed:** Although cross-border payments have been traditionally slow, the requirements involved in Swift gpi, and the visibility it offers, are helping to speed up the process. According to Swift nearly 40% of gpi payments are credited to end beneficiaries within 5 minutes<sup>19</sup>, 50% in under 30 minutes, and almost 100% are credited within 24 hours. This means that trading businesses can benefit from improved cash flow management and more predictable budgeting and spending.

Despite the improvements, international payments are still susceptible to friction and Lloyds Bank is actively looking for ways to improve the payment process for our clients and their customers and suppliers.

“Collaboration and innovation in the payments industry have played vital roles in making international payments cheaper, faster and more transparent. Lloyds Bank is spearheading the drive towards ensuring that paying internationally is a smooth and frictionless process.”



**Nathan Martin**  
Managing Director  
Head of Institutional Sales,  
Global Transaction Solutions,  
Lloyds Bank

15. [www.ey.com/en\\_gl/financial-services-technical-resources/supercharge-your-payments-business-with-iso-20022](http://www.ey.com/en_gl/financial-services-technical-resources/supercharge-your-payments-business-with-iso-20022)
16. [www.bis.org/cpmi/publ/d193.htm#:~:text=The%20G20%20has%20made%20enhancing%20cross-border%20payments%20a,growth%2C%20international%20trade%2C%20global%20development%20and%20financial%20inclusion](http://www.bis.org/cpmi/publ/d193.htm#:~:text=The%20G20%20has%20made%20enhancing%20cross-border%20payments%20a,growth%2C%20international%20trade%2C%20global%20development%20and%20financial%20inclusion)
17. [www.bis.org/cpmi/speeches/sp231115.htm#:~:text=The%20CPMI%20and%20FSB%2C%20and%20other%20relevant%20international,the%20Roadmap%20in%202020%2C%20much%20has%20been%20accomplished](http://www.bis.org/cpmi/speeches/sp231115.htm#:~:text=The%20CPMI%20and%20FSB%2C%20and%20other%20relevant%20international,the%20Roadmap%20in%202020%2C%20much%20has%20been%20accomplished)
18. [www.ft.com/content/811a0638-7873-4e68-8658-295ff2ade8a0](http://www.ft.com/content/811a0638-7873-4e68-8658-295ff2ade8a0)
19. [www.swift.com/our-solutions/swift-gpi/about-swift-gpi/fast-transparent-and-trackable-payments](http://www.swift.com/our-solutions/swift-gpi/about-swift-gpi/fast-transparent-and-trackable-payments)

## A real-time solution?

The past decade has seen a surge in the development of domestic real-time payment systems. In 2014, there were 14 live real-time domestic payment systems<sup>20</sup> around the world – including the UK. Today, there are more than 95 systems in operation<sup>21</sup>. Overall real-time transaction volumes grew by 42.2% in 2023, and are forecasted to reach 575.1 billion by 2028<sup>22</sup> – representing 19.1% of all electronic transactions globally. The largest markets for real-time payments are all emerging economies, with India (129.3 billion transactions, +44.6% year-on-year growth), Brazil (37.4 billion transactions, or 77.9% year-on-year growth), Thailand (20.4 billion transactions, or 37.5% year-on-year growth), China (17.2 billion transactions, or 3.8% year-on-year growth), and South Korea (9.1 billion transactions, or 11.4% year-on-year growth) representing the five largest markets in 2023.

The implementation of Swift gpi Instant in 2020 has helped to bring Real-Time technology to international payments by improving the speed, transparency and tracking of a payment. Swift gpi Instant is a cross-border instant payment service that connects Swift gpi with domestic infrastructure. Lloyds Bank was the first bank in the world to go live on the gpi Instant service<sup>23</sup>, which enables access to the UK Faster Payment Service for cross-border flow while updating the gpi tracker. For trading businesses, this means that inbound GBP can now either be sent via CHAPS or via Faster Payments through Swift gpi Instant.

There are also several other initiatives across the world investigating the capacity to interlink domestic instant payment systems in order to boost the speed, cost and security of cross-border payments.

The Immediate Cross-Border Payments (IXB) initiative<sup>24</sup>, launched by EBA Clearing, The Clearing House and Swift and supported by 25 financial institutions on both sides of the Atlantic, is connecting the existing real-time payment systems RTP in the United States and RT1 in Europe. Based on ISO 20022 message standards, the initiative aims to allow banks to make immediate cross-border payments more easily, which will have a positive impact on businesses involved in transatlantic trade. Similar initiatives are taking place across the world<sup>25</sup>, such as TARGET and SEPA in Europe, XBPIN in Asia, and Project Dunbar within Australia, Malaysia, Singapore and South Africa, all of which could revolutionise the way that businesses trade and pay.

By 2028 real-time transaction volumes are forecasted to reach

# 575.1 billion

20. [www.gov.uk/government/statistics/port-freight-annual-statistics-2023/port-freight-annual-statistics-2023-overview-of-port-freight-statistics-and-useful-information](https://www.gov.uk/government/statistics/port-freight-annual-statistics-2023/port-freight-annual-statistics-2023-overview-of-port-freight-statistics-and-useful-information)

21. [www.pymnts.com/wp-content/uploads/2024/02/PYMNTS-Real-Time-Payments-World-Map-February-2024.pdf](https://www.pymnts.com/wp-content/uploads/2024/02/PYMNTS-Real-Time-Payments-World-Map-February-2024.pdf)


22. [www.aciworldwide.com/prime-time-for-real-time-report](https://www.aciworldwide.com/prime-time-for-real-time-report)

23. [www.gtreview.com/news/global/swift-gpi-instant-goes-live-in-the-uk/](https://www.gtreview.com/news/global/swift-gpi-instant-goes-live-in-the-uk/)

24. [www.ebaclearing.eu/news-and-events/media/press-releases/6-october-2022-immediate-cross-border-payments-ixb-pilot-set-to-revolutionise-international-payments/](https://www.ebaclearing.eu/news-and-events/media/press-releases/6-october-2022-immediate-cross-border-payments-ixb-pilot-set-to-revolutionise-international-payments/)

25. [www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/payments/documents/ey-the-rise-of-paytech-seven-forces-shaping-the-future-of-payments-final.pdf](https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/payments/documents/ey-the-rise-of-paytech-seven-forces-shaping-the-future-of-payments-final.pdf)





“ Paperless trade is the future, with tremendous benefits on offer in terms of economic growth, increased efficiency, reduced risk and environmental sustainability. Collaboration and innovation are two of the key factors that will support greater adoption, and partnering with organisations to leverage Blockchain technology will no doubt help to achieve this. ”



**Rogier van Lammeren**  
Managing Director  
Head of Trade & Working Capital  
Products, Lloyds Bank

## Another block in the wall

The process of digitalisation isn't restricted to creating digital replicas of manual processes. Innovation plays a big role in completely rethinking the processes involved in trade and payments, and at the centre of this is the use of Blockchain, otherwise known as Distributed Ledger Technology.

Blockchain represents a big departure from traditional, centralised databases. It removes the need for a single entity to hold control of records on a specific network and instead enables the participants of the network itself to collectively own and store copies of the transaction –

in the same fashion as participants sending messages in a social media group. Not only does this mean that events on the Blockchain are transparent to all members, but they also carry the possibility to be encrypted, meaning that they're more secure and resilient to tampering.

With the entire transactional ecosystem within finance undergoing a mass shift towards digitalisation, we're working on leveraging Blockchain technology to improve the client experience.

26. [www.lloydsbankinggroup.com/insights/how-might-blockchain-technology-transform-financial-services.html](http://www.lloydsbankinggroup.com/insights/how-might-blockchain-technology-transform-financial-services.html)

## Digital trade: the new kid on the blockchain

Blockchain can be used in the issuance of trade documents. Lloyds Bank has been working with Enigio, a strategic partner that uses their self-built hybrid Blockchain to streamline the creation, management and transfer of asset ownership in international trade across supply chains, digitising the documentation associated with physical shipping containers and all trade flows.

In 2022, we completed the UK's first digital promissory note transaction<sup>27</sup> with Enigio using Blockchain technology, and we are exploring other ways that the technology can be used to digitalise and improve the issuance of trade documents.

Recently, Lloyds Bank became the first UK bank to join the WaveBL electronic trade documentation platform and completed our first electronic Bill of Lading (eBL) transaction<sup>28</sup>. WaveBL uses Blockchain to transfer electronic Bills of Lading between members in 136 different countries.

This represents a leap forwards, since traditionally, eBLs have been difficult to scale due to the requirement to be 'possessed' in order to show ownership. The Distributed Ledger Technology involved in Blockchain eliminates this problem, since it can verify original versions of the documents quickly and directly between organisations on the WaveBL network.

Making progress in digitalising Bills of Lading could have a big impact. Just 5% of containerised shipping is subject to eBLs<sup>29</sup>, however it has been estimated that if this number could increase to 50%, then the collective global cost savings could reach £3.6 billion per year<sup>30</sup>.

Given that real-world assets – such as trade documents – can be stored and transferred on a Blockchain in a process known as 'tokenisation', there is a large opportunity to explore the use of the technology in further revolutionising the trading process.

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Digital promissory note transaction with Enigio using Blockchain technology.



UK bank to join the WaveBL electronic trade documentation platform and completed our first electronic Bill of Lading transaction.

27. [www.lloydsbankinggroup.com/media/press-releases/2022/lloyds-bank/lloyds-bank-completes-uks-first-digital-promissory-note-purchase](https://www.lloydsbankinggroup.com/media/press-releases/2022/lloyds-bank/lloyds-bank-completes-uks-first-digital-promissory-note-purchase)
28. [www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-completes-first-wave-bl-electronic-bill-of-lading-transaction](https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/lloyds-bank-completes-first-wave-bl-electronic-bill-of-lading-transaction)
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30. [www.export.org.uk/insights/trade-news/electronic-trade-documents-bill-becomes-law-marking-new-trade-future-for-uk-trade/](https://www.export.org.uk/insights/trade-news/electronic-trade-documents-bill-becomes-law-marking-new-trade-future-for-uk-trade/)
31. [www.ft.com/content/d0447dcd-9aa5-4f71-9919-5061e7772d5](https://www.ft.com/content/d0447dcd-9aa5-4f71-9919-5061e7772d5)
32. [www.lloydsbankinggroup.com/insights/how-might-blockchain-technology-transform-financial-services](https://www.lloydsbankinggroup.com/insights/how-might-blockchain-technology-transform-financial-services)

## Further payments innovation

Although Blockchain has been traditionally linked with cryptocurrencies such as Bitcoin, the technology offers the potential to revolutionise the larger payments landscape due to its capacity to increase access to transactional information, reduce payment friction and delays, and increase security.

While payment settlement and processing seems to be a straight-forward example of an area in which Blockchain could be utilised, the issue of how to connect Blockchain-recorded transactions to those recorded off the Blockchain<sup>31</sup> has caused delay and hesitation. Ensuring that the migration to using Blockchain-based infrastructure is also completed in a way that adheres to regulatory requirements for fairness is also key.

However, many banks – including Lloyds Bank – have been exploring ways to overcome these challenges and introduce the technology in a secure, compliant and beneficial way. Last year, we worked alongside Santander and UBS to use the Sterling Finality Payment system, underpinned by an Omnibus Account at the Bank of England, to complete the world’s first payment on a fully-regulated DLT-based wholesale payment system<sup>32</sup>. This allows participants to use a pre-funded balance to make near-instant transfers to other participants, around the clock, and combines the safety and credit risk of central bank funds in a systemic wholesale payment system with the functionality and resilience of Blockchain technology.

We believe that working with Finality on Blockchain projects such as this represents a key step towards making payments in risk-free central bank money instant and secure. Lloyds Bank is continuing to actively investigate use cases for Blockchain when it comes to improving the trade and payment experience for businesses – especially internationally.



Payment in the world on a fully-regulated DLT-based wholesale payment system, working alongside Santander and UBS to use the Sterling Finality Payment system, underpinned by an Omnibus Account at the Bank of England.

# Interoperability and interconnection

Improvements to the trading process can only be achieved in an environment of connectivity and collaboration among global financial institutions, freight forwarders, insurers and other key industry stakeholders.

To find out more about how this can be achieved, we spoke to Rita King, Managing Director, Head of Institutional Trade Sales at Lloyds Bank.

“Over the past decade, we’ve witnessed the emergence of a number of geopolitical and economic hurdles which has made it more difficult for British businesses to trade. Indeed, a recent study revealed that of the businesses that have never exported, 66% believed that they would never be able to do so<sup>33</sup>. As an industry, it’s up to us to improve interoperability, connectivity and collaboration so that businesses recognise that it’s not only possible, but also highly beneficial to trade overseas.”

“Collaboration within the financial ecosystem is one guaranteed way to boost interoperability and improve the trading process for businesses. Digitalisation, for example, is about more than leveraging new technology; it’s about encouraging collaboration between different industry bodies so that as an end-to-end process, the issuance of trade documents is as fast and smooth for businesses as possible. The technical and standards framework for electronic trade documents has been established, and the legal framework is now catching up thanks to the Model Law on Electronic Transferable Records<sup>34</sup> being introduced in more and more jurisdictions around the world – meaning that the path towards digitalisation is in place.”

33. [www.gov.uk/government/statistics/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-mid-year-tables-2022](https://www.gov.uk/government/statistics/dit-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-mid-year-tables-2022)

34. [uncitral.un.org/en/texts/ecommerce/modellaw/electronic\\_transferable\\_records](https://uncitral.un.org/en/texts/ecommerce/modellaw/electronic_transferable_records)



“The FIT Alliance<sup>35</sup> – an association of all of the key shipping industry bodies, alongside Swift and the International Chamber of Commerce (ICC), are aiming to ensure that 50% of all Bills of Lading are digital by 2028, and 100% by 2030. The ICC has a target of digitalising 60-80% of all trade by 2026. This can only be achieved with full industry activation and support.”

“Innovation also plays a key role in boosting financial connectivity. From a payments perspective, it’s crucial that we continue to innovate and leverage new technology in order to find ways to increase the speed and transparency

of cross-border payments, while at the same time reducing the cost. In terms of trade documentation, Lloyds Bank has digitalised the three key negotiable documents covered by the Electronic Trade Documents Act – the Promissory Note, the Bill of Exchange and the Bill of Lading, and we’re actively working on opportunities for further innovation.”

“We’re currently at a turning point in terms of international transactions, where decades- or even centuries-old processes are being replaced by new, digital and modern equivalents. We’re here to help businesses take full advantage of them.”

# Digital pioneers

Lloyds Bank is actively working with our clients to chart the course towards new routes to pay and trade. We're leveraging pioneering technology in order to deliver world-firsts in these fields, all with the ultimate aim of making the trading process simpler, faster, cheaper and more efficient for our clients.

## Lloyds Bank's trade solutions include:

**Export Letters of Credit** can reduce the risk of exporting to, or importing from, almost anywhere in the world, using our international network of banks. By using an export Letter of Credit, you can gain the confidence to release goods knowing that the invoiced payment will be guaranteed, so long as the terms and conditions of the relevant Letter of Credit are fully met.

**Documentary Collections** are a cost-effective way to mitigate the risk of non-payment and help manage your cash flow. Documentary collections ensure that you receive payment for the goods sent. Your customers can only take delivery of the goods once they have paid for them, or accepted a bill of exchange to pay at a later date.

**Open Account** solutions can reduce risk, improve supplier relationships and align the objectives of Treasury, Procurement and Sales for both buyers and suppliers. They can also allow you to accelerate payments for invoices ahead of agreed payment terms to optimise working capital. The Lloyds Bank Export Working Capital Scheme, backed by a UK Export Finance guarantee, can provide access to working capital to fulfil new export contracts, particularly those that are of higher value than your usual activity. You can also use the Lloyds Bank Online Trade Services platform to manage and operate your international trade activities through one customisable dashboard.

**Bonds and Guarantees** can be required to bid for overseas business and can demonstrate improved credit-worthiness with your trading partners. As a result, they can give your customers confidence in your business and may help you win new contracts or negotiate better trading terms. Our UK-based centre of excellence can support with wording reviews and drafting, providing you with operational reassurance.

**Trade Finance** can help optimise your working capital cycle when exporting or importing. Lloyds Bank offers Trade Loans, Pre- and Post-Shipment Finance, Open Account Trade Solutions, Supply Chain Finance and Receivables Purchase. The latter can be particularly useful in the context of exporting, unlocking the money tied up in invoices that have not yet been paid.

**The International Trade Portal** is our powerful insights platform, providing practical support with both free and unlimited permanent access. You can also use our Trade Tracker to check the status of your trade request within seconds.

“ Trade transactions that used to take businesses months to complete now take only a couple of hours. Lloyds Bank’s strategically iterative approach to digitalisation means UK businesses are early beneficiaries. Our clients are already experiencing reduced transaction times, more sustainable processes, and simpler, safer trade. Alongside digital innovators, Lloyds Bank is at the forefront of very exciting change. ”



**Gwynne Master**  
Managing Director  
Head of Trade & Working Capital  
Lloyds Bank

## Lloyds Bank’s payment solutions include:

**Cash management and payment** solutions, such as our future-proofed platform, Lloyds Bank Gem®, can help to improve operational efficiency. Built to reflect changes to the payments landscape, many of the individual features can be used together to help save time, enhance the running of your operation and reduce strain on resources. As all the services sit on the same platform, you can access one, consistent source of data. We also offer Lloyds Bank Gem Analytics so you can use this data to identify further opportunities for improvement and make more informed business decisions.

**Embedded Payment** solutions which integrate payment services into your customer journeys and business processes, providing secure solutions that are faster and simpler to use. These Application Programming Interface (API)-powered solutions offer your clients easy ways to pay, while providing you with more efficient methods of making and taking payments. Our Embedded Payment solutions deliver clarity and control over transactions to improve reconciliation and potentially lower payment costs.

**Transactional Foreign Exchange (FX)** solutions can help to ensure that using multiple currencies is straight forward, efficient and transparent. By working with Lloyds Bank, you can gain clarity and control over your FX margin when paying in, and receiving, different currencies, assisting your global operations while making the customer experience feel local.

**Lloyds Bank Market Intelligence** can help you pinpoint and understand emerging consumer trends and contribute to making informed, impactful business decisions. We have access to one of the largest and most detailed datasets in the UK and we can use this aggregated and anonymised data to provide businesses with an insightful snapshot of consumer behaviour, whether that’s from a broad, top-level perspective, or through a granular and more specific lens.

**Indirect access to UK payment systems** as a direct participant of Faster Payments, Bacs, CHAPS and Cheque Clearing Systems, as well as Euro clearing. We can support your indirect participation through cost-effective cash and payments solutions, our payments platform – Lloyds Bank Gem, and industry and regulatory expertise.

## The editors



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## Important information

Lloyds Bank Gem® is a registered trademark of Lloyds Bank Plc.

Documentary Letters of Credit are subject to internationally agreed banking rules (ICC Uniform Customs and Practice for Documentary Credits).

While all reasonable care has been taken to ensure that the information provided is correct, no liability is accepted by Lloyds Bank for any loss of damage caused to any person relying on any statement or omission. This is for information only and should not be relied upon as offering advice for any set of circumstances. Specific advice should always be sought in each instance.

CHANGES IN THE EXCHANGE RATE MAY INCREASE THE STERLING EQUIVALENT OF YOUR DEBT.

All enquiries for foreign currency accounts will be referred to a specialist manager who will provide more information about charges for these services on request.

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