

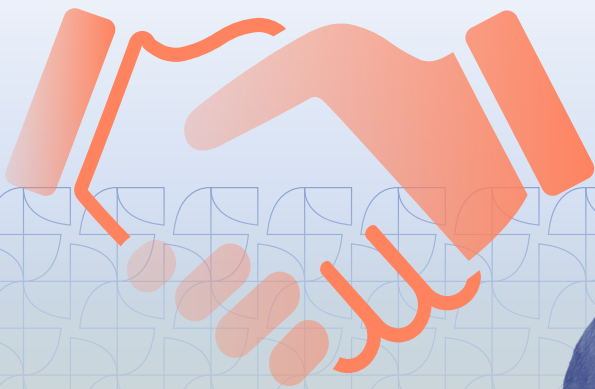
Temenos Transact Trade Finance



temenos

Temenos Transact's Trade Finance component enables banks to provide automated solutions spanning front to back processes, giving access to the corporates to initiate transactions such as an Issuance of an Import LC through to checking documents presented and finally payment. All traditional Trade products are enabled with this capability.

Our solution can be deployed as SaaS, on the Cloud or on premise, and provides state of the art relevant functionality. The underlying technology is both cloud native and cloud agnostic. Not only is it supplied with advanced real time Compliance checks and Business Intelligence, it also leverages open API's to utilize more paperless processing in what is otherwise often a paper driven industry, provided a modern and efficient solution.

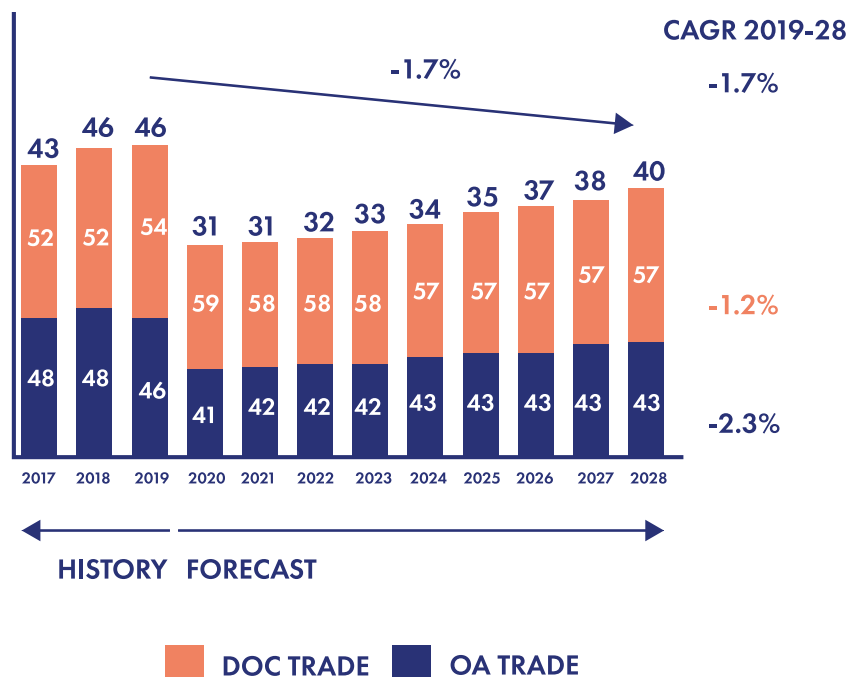


ICC Trade Register Report – Global risks in Trade Finance

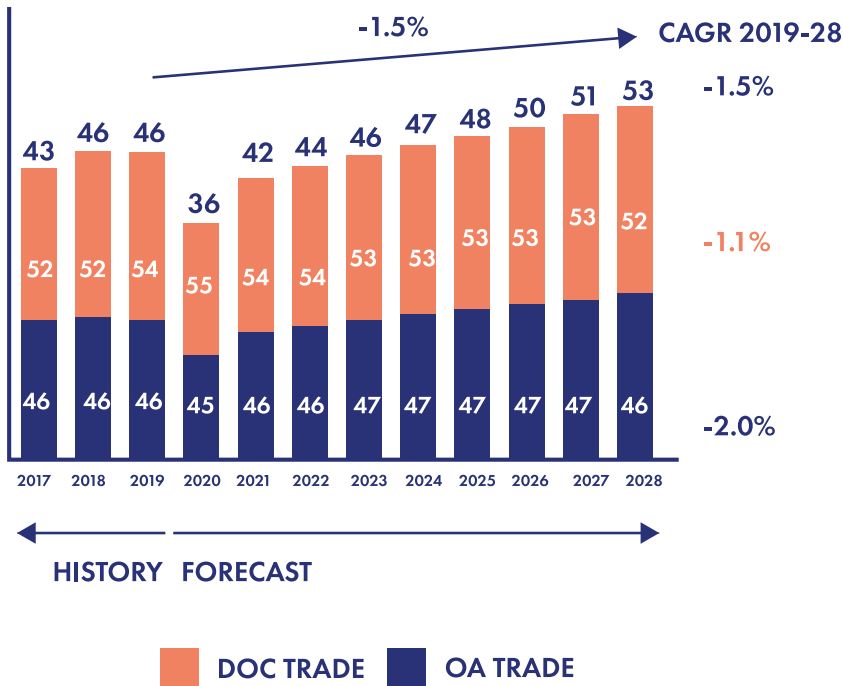
Due to a slow down in Trade and the effects of COVID-19 Importers and Exporters are more willing to pay for risk mitigation provided by Letters of Credit and Letters of Guarantees which are generally more expensive and generate a higher margin than open account trade which had been the historically increasing over the years and becoming more attractive.

BCG Trade Finance Model, estimated share of documentary trade vs. open account trade, 2011-2028.

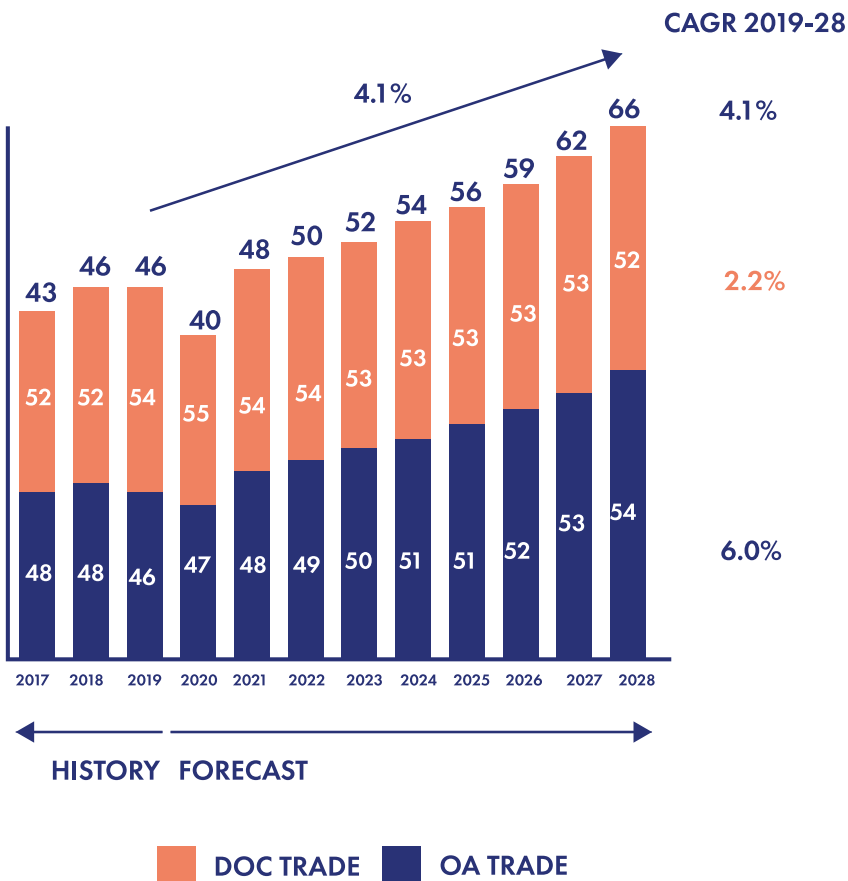
“L” shaped recovery Trade revenues in USD B



“Extended V’/’U’ shaped recovery Trade revenues in USD B



“V” Shaped Recovery Trade Revenues in USD B



BCG Omnia Global Trade Finance Model 2020.

These analyses represent only potential scenarios based on discrete data from one point in time (06 April 2020).

They are not intended as a prediction or forecast, and the situation is changing daily.

How We Address Your Goals and Challenges

International Trade has continued to grow over the last decade but now faces the challenge of disruption due to the current situation. Trade may now be constrained by long term emergency measures and changes in commercial behavior. The reduction in demand and supply means that the movement of goods will slow down and in turn global trade will fall. The closure of factories and supply chain failures are disrupting the flow of any trade.

However, this should result in an increase in Letters of Credit and Letters of Guarantee due to the risk mitigation that they provide to both sellers and buyers and a move away from risky open account trading.

Restrictions on international travel are making it difficult for paper based products like Letters of Credit and Letters of Guarantees to survive under these conditions. Temenos,

now partnering with a specialist Temenos Exchange provider allowing for a collaborative online creation and approval of trade documents and the electronic-presentation of documents throughout the Export trade cycle, enabling 'bank to corporate' secure financial messaging and processing through a single platform. This reduces the necessity to deal with paper based documents and the restrictions that they are encountering.

Temenos also offers a set of API interfaces for real time open bank processing of Issuing Letters of Credit and Letters of Guarantees and can provide a sandbox testing environment for banks as the spread of Covid-19 disrupts traditional paper-handling processes. This will be mapped into Transact for continued processing.



What Our Solution Covers

Our Trade Solution covers Letters of Credit, Letters of Guarantees, Documentary collections and Factoring detailed below:

Letters of Credit

- Pre-Advising
- Imports - Issuing LC's, Amendments, Drawings
- Exports - Advising LC's, Amendments, Drawings
- Islamic - Supports different Islamic structures like Murabaha LC, Musharaka LC, Ijara LC & Musawama LC
- Internet LC's - Corporates can initiate LC's, check on the statuses, issue amendments and view presented documents resulting in either advising of discrepancies or acceptance and payment through the internet real time. Also, to view Advised LC's and amendments and present copy documents for a preliminary check, with the ability to view statuses at all times.
- Utilizing a specialist Temenos Exchange provider to enable the online creation and approval of trade documents and electronic-presentation of documents throughout the Export trade cycle
- Integrated Business Intelligence with real time dashboard capability
- Integrated Trade Based Money Laundering for Issued Import LC's and amendments, allowing the process to seamlessly be diverted to the compliance team for their decision and then to be resubmitted to the Trade Finance department for their actions
- API's to facilitate Open Banking Trade Finance enabling the corporate to interact directly with the Issuing Bank and request issuance of an Import LC
- Participation involving more than one bank in the overall risk of the LC

Attributes – Revolving, Standby, Back to Back, Confirming, Transferable, Assignments, Discounts/Forfeiting, Reimbursements

Documentary Collections

- Clean collections inward and outward
- Documentary collections inward and outward
- Forfeiting collections, enabling a risk party for the liability
- Avalisation, bank guaranteeing payment of the bill of exchange
- Internet Collections - Corporates can check on the statuses of their collections and view copy documents and authorize payment/acceptance all in real time.



Letters of Guarantees

- Performance bond guarantees - Issuance and receiving, with amendments and invocations
- Bid Bond guarantees - Issuance and receiving, with amendments and invocations
- Shipping guarantees integrated with LC's and collections
- Local guarantees with country specific restrictions
- Participations involving more than one bank in the overall risk of the guarantee.
- Internet Letters of Guarantees - Corporates can initiate Guarantees, check on the statuses, issue amendments and view any invocations with supporting documentation through the internet real time. Also, to view Advised Guarantees and amendments and present supporting documents in the case of an invocation being made, with the ability to view statuses at all times.

Attributes – Reimbursements, counter guarantees, invocations

Factoring

- Receivables - Upload of invoices with choices of discounting, collection or collateral
- Payables - Upload of invoices with choices of discounting, collection or collateral
- Bills of collection - uploaded of invoices and payment requested
- Bills held for collateral - to be used against any liability records
- Invoice discounting - the corporate can request through the bank whether they require the invoices to be discounted and whether in bulk or singularly.

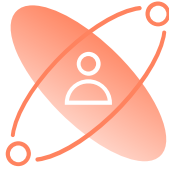
- Seamless integration with 3rd party EIPP systems enabling upload of all raised invoices from a 3rd party solution to be automatically integrated into Transact and Infinity for the corporates further action

Attributes – automatic invoice batch upload, margin retention, buyer/seller internal limit



All of the above products are seamlessly integrated into one solution, helping to reduce risk and a operational costs. We offer real time credit checks and transaction accounting and use role based user agents process workflows specifically designed for bank users.

Features



Single Customer View

Displaying an aggregated, consistent and holistic representation of all records held by an organization within certain defined product areas



Role Based User Agents

Pre-defined bank user roles designed with dedicated process workflows for all Trade processes



Trade Based Money Laundering

Detecting red flags using Screening and Profiling within trade transactions related to trade-based money laundering (TBML)



Analytics and Performance Dashboards

Recognizing patterns and analyzing behaviour of customers, enabling quick and effective decision making with real time analytics



Flexible Integration with an extensive suite of open APIs

Providing the ability to conduct open banking Trade Finance between banks and their customers



Integration with 3rd party EIPP systems

Enabling the incorporation of all invoices initiated from a 3rd party software provider into Transact for further action



Benefits

Geopolitical uncertainties, market dynamics, increasing compliance, and digitization are transforming the trade and supply chain finance landscape for corporate banks. New models become the focus as banks compete to stay relevant and future-proof their international trade finance business.

Benefits that Temenos provides include:

- ✓ Real time reporting and accounting information
- ✓ Flexible configuration across all products
- ✓ All solutions available on one platform in real time
- ✓ Compliance checks across Trade products
- ✓ SWIFT compliant with annual reviews
- ✓ Reduction in paper-based processes – resulting in time savings
- ✓ Seamless integration with 3rd party providers

“As the implementation timeframe was so short, Temenos’ packaged software, Temenos Transact, was vital to our plan.”

Said Adren, General Manager, BMCE



Get in touch

To find out more about the Trade Finance suite, or to arrange a session with a Temenos expert to discuss how this service could benefit your organization, please email sales@temenos.com.

About Temenos

Temenos (SIX: TEMN) is the world's leading open platform for composable banking, creating opportunities for over 1.2 billion people around the world every day. We serve two-thirds of the world's top 1,000 banks and 70+ challenger banks in 150+ countries by helping them build new banking services and state-of-the-art customer experiences. The Temenos open platform helps our top-performing clients achieve return on equity three times the industry average and cost-to-income ratios half the industry average.

For more information, visit www.temenos.com

temenos