Agenda

01  |  Trade & Supply Chain Finance – Recent Development

02  |  Standard Chartered Bank Practices

03  |  Standard Chartered Bank Vietnam
Asia leads the way to recovery

- **Global trade has rebounded faster than during the global financial crisis**
  - Global trade collapsed in March and April as major economies went into lockdown. Export volumes fell by 17.4% between February and May, slightly less than the 20% peak-to-trough decline at the time of the global financial crisis. Exports bounced back in June as lockdown restrictions eased and continued to recover in Q3.

- **Asian exports are back at pre-COVID levels. Pick-up in US and China demand has helped Asian and Latam exports.**
  - Strong Asian exports have been driven by the electronics sector, helped by the rise in people working from home (WFH). Non-electronics exports started to revive in June and recently turned positive year over year (except commodities).

  - Asian exports account for around two thirds of the EM category. China accounts for half of total Asian exports and has recorded strong growth: in value terms, its exports were up 9.5% year over year in September and only 2.3% lower YTD.
Improvement in emerging market trade

- The latest Asia data implies that growth in non-electronics exports may make up for potentially slower growth in electronics exports in the quarters ahead. In terms of non-electronics sectors, car exports from countries such as Thailand and Korea have been weak, but may pick up in the coming months. For example, Korean vehicle exports rebounded strongly in September year over year, albeit from a low base.

Figure 1: Export volumes have recovered faster than after the GFC
Merchandise export volumes, 2010 = 100

Source: CPB, Standard Chartered Research

Figure 2: Latam and Asia lead the recovery in exports; energy exporters lag
Merchandise export volumes, 2010=100

Source: CPB, Standard Chartered Research
Cope with Covid-19 difficulties - the new norm

**Business Model**
- Demand driven with reduced inventory
- Rationalize # of suppliers
- BCP plan a nice to have

**Digitalization**
- Nice to have with no urgency
- Lower adoption rate
- Limited application and usage

**Finance**
- Good cash flow in normal business environment
- Limited sense of urgency for working capital management
- Conventional finance approach

**Sustainability**
- A concept adopted by some
- Limited partnership and innovation
- Limited solution for “Deep Tier” SME suppliers

**Government & Multilateral Organization**
- General support
- In varied stages of policy and regulatory guideline development to support trade & supply chain

**From**

- Build more supply chain management flexibility
- Agile processes with resilient business model
- Improved capability to deal with changes in supply and demand
- BCP part of the strategy

- Key strategy to deal with changes
- Higher adoption rate
- A number of new digital applications emerge with new category leaders

- Disruption caused negative cash flow
- Proper working capital management key to business survival
- All financing options are explored

- Wider awareness and adoption
- Strengthened partnership and culture
- Financing for SME in deep tier a reality in selected markets

**To**

- Comprehensive and intensive support
- Issuance of new regulatory guideline seen in multiple markets focusing on trade and supply chain as well as deployment of technology to meet future needs
Standard Chartered Practice
Suppliers need early payments, letter of credit (L/C) route is too expensive

High borrowing cost for suppliers translates into high cost of goods for buyer

Impact on relationships as a result of late payments to suppliers

Restricted to manual, paper-based processing

Pressure on working capital

Limits business growth

Lowers profits

Limits supplier loyalty

High costs of inefficient, manual and time-intensive processes

Impact
Our solution and supply chain finance model

The key to our model is the strength of supply chain

A strong chain:
- Leads to lower credit risk
- Enables strategic relationships between distributors and suppliers
- Influence over borrowers.

Our role is to control the flow of funds and finance distributors and suppliers for their transactions with anchor clients.
Combining purchase order and post-shipment financing

Our end-to-end coverage is driven by supply chain trigger events

We are one of few banks to offer integrated financing solutions in the pre-shipment and the post-shipment, pre-acceptance phases (most focus only on the post-acceptance phase)

*VPP = Vendor Prepay  TPM = Trade Payables Management
Supply Chain Finance – New Development

- Partner with 3rd party platform and key ERP service providers
- Launched a number of block chain / API based solutions to meet with client needs and improve efficiency
- Global solution with country variance
- Strengthened supplier enablement and offering
  - Dedicated team to take care of suppliers with easy and straight forward enrolment process
  - Ability to support suppliers in more than 80 markets, in some cases, supplier’s supplier
  - One stop shopping – flexibility to raise financing anytime, anywhere and be able to choose preferred remittance currencies
  - Capability for in-house program as well as FI partners
Suppliers are supported by dedicated vendor management team
Support “Green” recovery & lead in sustainability

- At Standard Chartered Bank, we assist our clients in designing Green and Sustainable Product Frameworks by acting as your dedicated Green or Sustainability Coordinator
- We provide thematic and bespoke advice on environmental and social issues across topics such as ESG ratings advisory, framework development, and investor engagement
- We are involved in industry initiatives to instill sustainability and good ESG practices within the financial sector:
  - LMA developing Green and Sustainability Linked Loan principals
  - Current Chair of the Equator Principals
  - Member of Round table of Sustainable Palm Oil
  - Member of the Sustainable Shipping Initiative
  - Co-Leader of the Green Investment Principals for the Belt and Road

* For selected SCF programs, suppliers meeting desired ESG standards also enjoy financing in favorable rate
Standard Chartered Bank Vietnam
Standard Chartered in Vietnam

Profile
- Started in Vietnam in 1904
- 4 branches across Hanoi and Ho Chi Minh City complemented by over 3,000 partner bank branches and 8,000 agents
- Named “Best International Bank” in Vietnam for the second consecutive year by Asiamoney
- Named “Best E-Solutions Partner” in Vietnam by The Asset in 2020

Our relationship and service model
- Seamless delivery of products and services to our clients, enhancing productivity and efficiency
- Delivering complete cash and trade solution via our award-winning Straight2Bank platform that is uniform across all markets
Recent development - highlights

- **Support economic recovery**
  - Under our global ‘USD1bn financing program’, we have been working very closely with our clients and stakeholders to tackle the virus and restore economic activity.
  - To date, SCBVL has provided total US$22.5m credit limit supporting 8 companies locally. By doing so, we have been able to provide the financial support these clients needed in their efforts to combat Covid-19, while at the same time demonstrating bank’s commitment to be here for good for our clients and the community.
  - Providing support to community to fight COVID-19 pandemic by donating to local hospitals and not for profit organization.

- **Aim at sustainable growth**
  - In 2020, we entered a Memorandum of Understanding (MoU) with Vietnam Women Entrepreneurs Council (VWEC) under Vietnam Chamber of Commerce and Industry (VCCI) to launch a financial support programme for women-owned enterprises.
Supporting Supply Chain and Cash Management in Vietnam

**Cash collections**
- Cash pickup via partner banks
- Cash payment at partner bank counters (3,000+), MoMo agent touchpoints (5,000 Independent Agents & 3,000 Chained Agents) and our branches

**Electronic (non-cash) collections**
- Funds transfer from any bank
- Book transfer via partner banks
- Mobile POS (mPOS)/POS/Online gateway card payments via partner bank
- Straight2Bank Wallet Collection via MoMo
- Straight2Bank Pay*

**Reporting**
- Near real-time information
- ‘Slice & dice’ reporting capability.

**Aggregation/concentration**
- Single entity/single currency

**Optimum use of net pool funds**
- Balance sharing for cross border pool
- Higher tiered interest rate for net pool balance for LCY accounts with Standard Chartered

**Liquidity**
- 24/7 instant interbank transfers
- 24/7 book transfers
- Electronic fund transfers to local banks
- Payroll & General and customs tax payments
- Local bank cheques (not widely used)
- Standing instructions
- Payment to e-Wallets via MoMo
- Electronic transfers to international banks
- Real time transfers between live corridors – Hong Kong, Singapore, United Arab Emirates, Bahrain, Oman, Qatar, Botswana and Vietnam.

**Enabled through Straight2Bank platform**
Digitization - connectivity options for clients

**Connectivity options**

- **Web**
  - Global internet banking platform

- **Host-to-Host**
  - Flexible, end-to-end connectivity for large-volume processing

- **SWIFT Net**
  - Single, standardised multi-bank gateway

- **API**
  - Client/channel partners integrate with us, in a simple and low-cost process

- **Blockchain**
  - Distributed ledger technology

**Benefits for Client**

- **Web**
  - Comprehensive transaction and reporting capabilities across products
  - Interoperable with Host-to-Host and SWIFT Net.

- **Host-to-Host**
  - Seamless integration with SAP and other enterprise resource planning (ERP) systems
  - Fully-automated processing
  - Enhanced controls and security.

- **SWIFT Net**
  - Bank neutral platform
  - Standardised processes across banking partners
  - Fully automated and centralised processes.

- **API**
  - Convenient
  - Low cost
  - Faster

- **Blockchain**
  - Convenient
  - Secure and safe
  - Faster
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