

**TRADE FINANCE ADVISORY COUNCIL**  
**Subcommittee Meeting Minutes**  
**April 5, 2017 | 1:00 pm – 3:30pm**

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**Subcommittee on Innovation & Financial Technology**

Sergio: Described 3 buckets under which the group is contemplating recommendations:

- Regulatory Issues (Compliance, LCs, foreign receivables)
- Asset Generation (including repatriation of assets that could be deployed to SMEs for export-financing solutions)
- Tech-enabled solutions (digitization of banking, supply chain, blockchain)

Stacey: (1) Commented on “digitization” of trade finance and ICC’s work in this area, which ultimately looks to support SMEs growth and access to global markets; (2) Offered support from BAFT on compliance/regs area since her organization is involved on related efforts.

Sergio: Acknowledged banks investments/interest in digitization area and referenced the recent HSBC-Tradeshift partnership on supply chain finance. Also, clarified that in terms of regulations, not looking to introduce new ideas that may prove impractical but exploring avenues to allocate more capital to U.S. businesses (e.g., via Fed-State mechanisms such as Treasury’s SSBCI, or State Small Business Credit Initiative). However, noted that it’s still unknown how comprehensive tax reform will be and discussed unintended effects of repatriation in 2005.

Lauren: suggested to contemplate on how the Council could support the Administration regulatory initiatives.

Stacey: When considering regulations, certain agencies such as OCC, don’t include technology. For example, OCC’s bank examination manuals don’t discuss Fintech at all.

Sergio: Added that OCC recently looking to produce a Fintech charter.

Chris: (1) to keep an eye on opportunities to add resources, organizations, or agencies, as applicable, in conversations that would help the Council move the ball forward; (2) mentioned his and Lauren’s recent conversation with Commerce-ITA’s Deputy Assistance Secretary for Services, Alysha Taylor, and to keep in mind some big rock initiatives the administration is currently focusing on such as NAFTA, EXIM bank, regulatory reform; (3) asked that each subcommittee draft 2-4 recommendations, including a description of what success looks like and next steps, by end of April.

Lauren: Asked the exporters on the table if they are talking to fintechs? Suggested, that perhaps would be an area to explore.

Peter: Stated he only uses his bank and has not reached out to any Fintech company.

Bill: Commented that SBDCs work with fintechs to support their clients.

Chris/Sergio/Stacey:

- From a large bank point of view, there is a cost of onboarding fintechs.
- Other countries (Singapore MAS, UK) have created fintech regulatory sandboxes that encourage innovation by letting fintechs test product w/o penalties
- the problem in the U.S. is regulatory fragmentation
- Getting the regulatory agencies early is key. Helps set a favorable framework for fintechs.
- BAFT has information on the status of regulatory sandboxes around the world.

### **Subcommittee on Collaboration & Partnerships**

Steve: The group has been exploring what partnerships look like to be able to communicate to end users. On the one hand, the government is our client, but on the other hand SMEs are the ultimate users. Therefore, the group is looking at Federal, state and local resources and the gaps in awareness.

Stacey: We developed 3 buckets based on an initial analysis of the current state:

- models at the State level, which are currently very successful, to encourage best practices
- international models that may be worth considering
- there is room for growth for credit insurance products
- connect with community banks to learn their perspectives (they have offered their newsletter as a way to reach out to their members and obtain input – questions to be developed)

Chris: Referred to EDC's bonding comments from Bill C. memo and comparison with EXIM Bank. If any pain points the Council can look into and provide recommendations.

Kevin/Stacey: Certain regions and ports also have collaborations such as Port of Oakland provides trade finance infrastructure. Is this a replicable model? Also the ports of Miami and Charleston have good programs.

Pat Kirwan – Director of the Trade Promotion Coordinating Committee<sup>1</sup>: Was invited to the table to share TPCC's Federal/State export promotion coordination efforts. (1) Customs Facilitation Act has 2 pieces on export promotion/finance and TPCC: (a) TPCC to create a working group (established in January 2017) which includes state governors, private sector organizations and other relevant agencies, that would identify issues related to Federal-State export promotion and export finance coordination (currently covers a lot of states and cities including FL, AZ, PA, Missouri, Bellevue, Louisville, and bringing in Hawaii and Detroit); (b) the group is currently developing the first Federal-State "export strategy" for each state to present it to Congress. Suggested it would be great to see a piece on private sector trade finance. The resources and strategy will be published on a yearly basis and also be available in Export.gov. (2) He also mentioned that Commerce's ITA (International Trade administration) has created a Data Services Platform that provides direct access to authoritative information on

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<sup>1</sup> For TPCC, see [http://2016.export.gov/advocacy/eg\\_main\\_022762.asp](http://2016.export.gov/advocacy/eg_main_022762.asp).

U.S. exporting and international trade visa standard APIs. They are currently testing with UPS on real time queries that are pulled from 12 agencies. The Council discussed opportunity to compare potential of this platform with banks' OFAC.<sup>2</sup>

### **Subcommittee on Education & Market Information**

David: Discussed the group's mission as "evaluate the quality of trade finance information and education resources available through the Department, and to make recommendations that can improve the awareness, utilization and effectiveness of such information and education resources. They are focusing on two objectives specifically:

- increase trade finance literacy among U.S. exporters
- improve availability and utility of trade finance for U.S. exporters.

Action items currently undertaken include: (1) interview USEAC Directors and others to identify major sources of information available to them; (2) based on these interviews and research, assess the current knowledge levels and methods of the Department related to trade finance education; (3) determine if there are overlooked or underutilized financing resources, such as trade credit insurance, to be incorporated in educational outreach strategies; (4) help develop training materials and scripts for officials counseling exporters; and (5) review potential rebranding of official resources, including on-line and collateral materials: (6) develop a survey to determine exporter competitive outcomes, successes, etc. due to receiving or having been denied trade finance; (7) develop a trade finance specific compendium on private suppliers that could be incorporated on our on-line platform; organized by state/region, industry.

Todd/Lou: provided updates on the survey, looking at specific areas: perception of resources, understanding business stage of growth, etc.

Karsten: updated the group on his conversation with ICISA (International Credit Insurance & Surety Association). ICISA has been successful in creating programs to educate and promote understanding and use of trade credit insurance.

Chris: suggested that APIs may come in handy here. How to make the information user friendly and available? Also, asked about any particular source for government resources on export basics, and updating Commerce's Trade Finance Guide.

Ericka: Described the various resources are online at <https://www.export.gov/welcome> and mentioned webinars conducted for example with FCIB and recent partnerships such as the MoUs with Thunderbird, Amex, etc.

Bill: Mentioned Commerce's Census Survey on entrepreneurs for potential exploration. Also discussed issue with new generation of trade finance professionals with no formal training.

Stacey: stated BAFT has created a Future Leaders program. Maybe opportunity for connecting the issues/solutions there.

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<sup>2</sup> For Commerce's APIs, see: <http://developer.trade.gov/>.

Sergio: Suggested mentorship programs being introduced by larger corporations. Also, SBDCs training modules.

Chris: Reiterated 30-day deadline on subcommittee's draft recommendations.