



ITFA'S LEADERS TALK FUTURE STRATEGY AND THE IMPORTANCE OF MOVING WITH THE MARKET By Shannon Manders, ITFA Consultant – March 2020

Over the last few years, ITFA has been ratcheting up its support of its members, and today is the driving force behind a number of market-defining initiatives, from projects aimed at the digitalisation of trade, to making sure that policymakers and regulators are well-versed in the relationship between banking and insurance.

But how does the association see itself progressing further down the line, and does it plan to do anything differently to align with its members' needs? Sean Edwards, ITFA's Chair, and Lorna Pillow, Deputy Chair, share their views.

Q: What were some of ITFA's greatest achievements in 2019? What were you the most proud of?

Edwards: Certainly one great achievement was our record-breaking annual conference in Budapest. We had nearly 300 guests, and I was really pleased about the diverse geographical spread of the delegates. Our partnership with the European Bank for Reconstruction and Development (EBRD) worked well, and so we had people from places like Kosovo and Armenia, who we've never had before. It was great, and we learned a lot from them.

I'm delighted that we're increasing the number of physical events that ITFA is holding, and that we're hosting them in an increasing number of countries. I'm also pleased with our good production of standard documentation and guidance over the last year. I'm thinking particularly of the MRPA, the surety MRPA and the insurance guidelines – and actually there's a lot more in the works.

Another significant achievement over the last few months is the merger with ATFA, which has now happened. They are really impressively busy and host a long list of events. That's given us another string to our bow. And what's good there is that it's not just the US but they're starting to reach out to South America, a region where we've never really had any members. So that's working extremely well, and we've got some really dynamic committee members.

Pillow: Putting on my communications hat, I think the best achievement was definitely the website. We heard from our members that people wanted a more interactive site, and so we decided to give it a fresher look. The searchability and functions have also improved, so now, for example, people who are unable to attend a specific event can go onto the website and watch a video about what was covered. Going forward, one of the things we're going to integrate into the website this year is an educational platform: we'll be incorporating things like online webinars, conference calls and quizzes.

From a membership perspective, I'm pleased that we've continued to attract new members from very diverse backgrounds, including more fintechs, and we're also having a discussion as to whether we should include more corporates.

In 2019 we also did well in continuing the trend of combining our networking events with what we're calling 'market updates', and, as Sean says, these are growing in number. We obviously still need networking: people need to have discussions about what's happening in the regulatory framework in terms of risks, which countries are giving them cause for concern, or where they're seeing the most impact on their business. But our market updates that accompany these networking events now also see us discussing a broad range of topics in a more formal capacity.



Q: What will be the main areas of focus and influence in 2020? Will you be doing anything differently this year?

Pillow: I don't think we will be doing anything differently. Our agenda has been increasing over the years, we have a lot more initiatives, and many more working groups discussing different aspects of the market. We'd like to continue to engage our members on these topics.

But we've also come to a stage where we need to focus on where we're going. So what is the next step? I think it's improving what we already have, listening more to our members on what interests them, why they are part of ITFA, and what they would like us to do more of. We definitely want to be close to our members to ensure that we are addressing the needs that they have.

And clearly one thing we also need to discuss are the costs, which are increasing, so unless we can also optimise our revenue, we risk being short of our aspirations in the future. We've been in a position where we've had some reserves over the years, but they are now reducing thanks to the various ways in which we're serving our members globally, such as the lobbying work we're doing with Hume Brophy – it's a substantial investment. We also recently took on another part-time administrator to assist the ITFA secretariat and have kept the ATFA administrator in the US following our merger. We have also hired a consultant to help us out with our communication efforts and with aligning our strategy, looking at what we have achieved and where we need to focus going forward. We're becoming more professional and that makes me proud. These are the kinds of areas where we're increasing our spend.

Edwards: Perhaps one of the things we are going to try and do a little bit differently on the fintech side, which is really important to the development of trade, is to put some substance into two of the initiatives that we've been part of. The first is the Trade Finance Distribution Initiative (TFDI), which we're going to ensure contributes to the wider industry. The other is the digital negotiable instruments initiative, where the issue is less technical and more legal in nature, so we're working with people like the ICC to try and get some changes in the law and, where we can't do that, find workarounds.

I'm also really excited about our structured letters of credit whitepaper which we're producing this year. I think this topic has got the biggest buy-in amongst our members and is getting a lot of interest from across the spectrum, including traders who haven't been particularly active in the association to date. It will be launched at our annual conference in Singapore and is going to be really useful.

Q: How do you think that ITFA has progressed over the years in line with its members' needs?

Edwards: We started in a very niche area, and I think the trick was to identify that it wasn't about one particular product, but rather about how you distribute trade risk. When we started looking into the use of insurance, for example, that became a very obvious partnership with the brokers and an increasing number of underwriters who were beginning to increase their coverage and the amount of capacity they had for credit risk insurance. So now we've identified that as being quite a key area of distributing trade risk. We've acted as a convener for the different parties. And now we're doing some really good work to produce not only guidance, but also standard documentation. That's a good example of how we have moved with the market. Frankly, if we'd stayed with just forfaiting, we would only have about 20 members. But at the same time, we're not forgetting that it is a core product. Hence, the digital negotiable instruments initiative could actually digitalise forfaiting. These are all very traditional forfaiting instruments, but they are largely paper based, so they're seen as being cumbersome. Digitising those, I think, will hopefully recreate that market. So we don't forget our roots, but at the same time we're looking outwards a lot. The good thing now is, say in fintech, that we can really say we are covering the whole spectrum right from the beginning of the digital chain, when you're just dealing with data, to pure tech providers, to platforms, and utilities. And very importantly now, we're looking to bring in non-banking financial investors who, of course, want to have the whole origination and distribution process very slick, which



is what they are used to with their core investments, such as bonds and the like. It's about identifying where the need is, getting the right people together, and making real contributions to the progress of the market and its products. And the same is true of other areas in which we are active, such as insurance, where we are looking where we can add value to the whole process, including policy drafting, guidance, education, acceptance and endorsement by our community, and lobbying to influence change.

Q: What do you enjoy most about being the ITFA Chair, or Deputy Chair, and being on the board?

Pillow: When you're doing something voluntarily, it's because you enjoy it. And certainly from my perspective, what I enjoy the most has been tapping into my creativity – which I didn't even know existed! Before ITFA I had never done any marketing or communications, or event planning.

On the membership side, it's the interaction with the members and understanding what their needs are. And what I enjoy as well is seeing the organisation flourish. If I look at when I started and where we are now: when I joined, we had four events a year and now we'll have two to three events every month. Our communication with our members has also improved remarkably. And I definitely enjoy meeting people. So that's the part which I find fulfilling.

I think I'm very vocal when it comes to our board meetings. They can get a bit heated, but it's because we care and are passionate about what we do. For example, when it comes to talking about money, as a board we are conscientious about not overspending. I often get accused of being the one who spends the money! But that comes from the improvement of our communication tools – there are expenses associated with that. At the end of the day, we have our members' best interests at heart.

Edwards: From my side, what I like the most is all the people, really. The board is really great, and when you consider that we are all volunteers – we don't get paid – the amount of dedication is incredible. I really like working with them. But, more than that, it's a great community that we've built.

Q: What are the challenges you face as an association, and as a board?

Edwards: One of the things that differentiates us from other associations is that all of the ITFA board members have another job in trade finance: we're all subject matter experts, we know what's going on. We are relevant because we are in the market. But capacity is the real issue. Our financial resources are comfortable at the moment, but they're not infinite. So, as Lorna has said, there are some big questions we need to ask about where we spend our money. Getting more people involved in working groups is really important. We've done that really well with the structured LCs initiative, where there is a good core of people who are contributing to it. What we need to do is identify those sorts of things that are of interest to people.

Pillow: Building on that, the main challenge that we face as board members is trying to manage the work that we do for ITFA with our full-time jobs. Because, as the association grows, we all realise that this itself could be a full-time job. So managing that to ensure you are a true professional to your employer, whilst also fulfilling as best as you can your role as a board member – it's a challenge. It means trying to fit things in creatively – like doing conference calls while you're driving your car, for example!

Q: What are your hopes for ITFA going forward?

Pillow: My hope is to continue doing what we're doing and doing it better. We often have discussions at board level about whether ITFA's leadership should remain on a voluntary basis or not. Personally, I believe we need to find a balance. I think we need to invest in more consultants. However, I also think that just because you're a voluntary association doesn't mean that you are amateur. In fact, if I look at the work that we do, as a voluntary association, I'm very proud of what we've accomplished.



I'd like us to be able to produce more material for our members. And again, that's probably only possible if we pay experts to do that work for us – some of the regulations we're facing are very complex.

I'd also like to have more people getting involved in the working groups and regional committees – and even the board itself.

Edwards: From my side, I hope that the membership grows: we're at nearly 300 now. I hope that with that comes a sort of self-fulfilling dynamic where the number of people involved means that more join and that there are more things that are being discussed and greater sort of affinities are discovered that people can work on in projects. I think at some point we need to think about how we professionalise the association. And that may mean more full-time people. But my real hope is that we grow, but we stay relevant.