



VIEW FROM THE TOP – 2020 Edition from ITFA Middle East

By **Semih Ozcan**

We see that the regional economic outlook is highly uncertain due to the pandemic and related disruptions as well as lower oil price. Broadly speaking, every business, regardless of size & sector, face risks from direct and indirect revenue exposure to the pandemic related disruptions in mobility, retail and supply chains, potentially constrained liquidity and elevated country & counter-party risks adding to difficulties caused by collapse in commodity prices.

In terms of banking environment, both for corporate & FI, it is a challenging environment to balance out several priorities and the situation is very dynamic but if we take a step back, phases we have been going through reminds me a little bit of the change curve –

- Shock – this was the immediate surprise or shock where we have all witnessed significant volatility and dislocation in financial and commodity markets and the cost and availability of funding as well as disruptions in supply chains.
- Denial & Frustration & Depression – this was when the pandemic was considered short-term by the market, but governments and central banks have unleashed significant firepower to ease the supply of credit, but highlighted the business environment was fragile and prone to ongoing uncertainty.
- Experiment & Decision & Integration – this is where we are all professionally and personally adopting to the new normal as best as possible. In terms of trade, drawing on lessons from the global financial crisis, we have seen a strong correlation between proactive treasury and working capital strategies and business resilience.

All in all, whatever shape the economic recovery takes in the end, I think the pandemic will leave the trade finance industry with many lessons to learn and many opportunities to grasp.

One of the lessons that has been emerging is clearly digital trade finance, which has been well underway even before the pandemic, but the pandemic has simply underlined the obvious and hence has been acting as the catalyzing role right now! According to the ITFA, there are various elements for consideration immediately – trade back office operations, communications with counterparties including e-signatures, digital negotiable instruments, digital B/L, distribution of trade finance assets, and pushing global adoption through future policy changes. To get things moving beyond a narrative, we need to deliver both practical actions and regulatory impact, meaning we deliver viable and scalable digital trade finance solutions, while we lobby regulatory change affecting progress in digital trade finance.

As ITFA Middle East, we have engaged extensively to support digital trade finance developments in the region.