ITFA'S FINTECH COMMITTEE'S TOP PRIORITIES FOR 2025, January 2025

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ITFA's fintech committee is set to drive forward the development and adoption of technological innovations in trade finance this year, against a backdrop of an ever-changing regulatory environment.

The committee's agenda for 2025 will see it continue to support early adopters; encourage interoperability and scalability of technology and connect fintech activities with other areas of ITFA's work in education and advocacy.

It also plans to expand its scope of work with some new initiatives to keep ahead of new regulations and technological advancements.

"Regulators are firmly supporting the introduction of new technologies such as digital assets, across both trade financing and payment processing. Recent regulatory developments include EU's MiCA and UK's Property Bill whilst the US market will catch up promptly", says committee chair André Casterman.

"This is why I decided to expand the scope of ITFA's fintech committee to digital payments and it nicely complements our MLETR-centric DNI Initiative".

These are the committee's top four priorities for the coming year.

1) Supporting digital negotiable instruments (DNI) uptake

The committee will continue to support regulators and policymakers around the world with the implementation of the Model Law on Electronic Transferable Records (MLETR) regulatory framework that allows for the use of digital negotiable instruments (DNI). In particular, there is expected to be progress in countries such as India, Morocco, Egypt, Thailand and Australia. The UK passed its Electronic Trade Documents Act in September 2023 and France implemented its version of MLETR last year.

With some regulatory frameworks now in place, Casterman is hopeful ITFA can support more new digital transactions to take place which can then be used within the organisation's conferences and educational resources. This should, in turn, encourage the wider adoption of digital trade. "Our end goal is to deliver transactions and testimonials," says Casterman.

2) Developing the new financial crime compliance initiative

The committee will develop its new financial crime compliance workstream – first announced last year – that aims to promote the use of advanced technologies such as AI, distributed ledgers and quantum computing to help market participants tackle financial crime. "Financial crime compliance is a number one priority for banks," Casterman remarks.

To date, a survey has been conducted to provide more detail on the market's needs, the results of which will be published later this quarter. As with other committee initiatives, this workstream will aim to drive increased collaboration between financial institutions and technology providers.

3) **Launching a new 'digital payments in B2B trade' workstream**

The fintech committee is planning to widen its focus in 2025 to look at how to apply digital asset technologies to trade-related payments. This decision reflects moves by regulators around the world to work out how to create a regulatory framework around the use of stablecoins - *a cryptocurrency that has its value tied to another commodity, currency or financial instrument*. The EU passed its Markets in Crypto-Assets Regulation (MiCA) in 2023 and the UK is looking to introduce stablecoin regulation via its Property Bill.

"If you combine DNI and tokenised payments we have a fully digital environment where you can have a digital bill of exchange and then a digital disbursement on chain," explains Casterman. This would allow for the more seamless movement of funds for trade and improve the speed and efficiency of global business, he adds.

Casterman notes that digital payment companies such as Ripple are looking at the trade finance market to see how their payment capabilities could support trade. "I want to make sure we are the first trade body talking about this innovation as it links to some major regulatory decisions that have been taken and continue to be taken around the world," Casterman adds.

"It is a chance to expand our scope of work – but it is all about payments in trade. We are not talking about FI pension payments, but how this new technology can handle escrow payments and other trade transactions, for instance," he adds. "Some lenders are already using digital asset technologies as part of MLETR instruments using e.g., Enigio, CargoX, and XDC Trade Network. We will now be adding the on-chain payment leg to those trade flows to deliver faster settlement."

He hopes this new workstream, which will be co-chaired by Casterman and Sarah Green, head of digital assets and trade finance, D2 Legal Technology - will bring in new ITFA members as well as provide interesting case studies that could be used in ITFA's conferences and educational resources.

4) **Supporting the securitisation of trade receivables**

The fintech committee will continue to encourage and support the use of securitisation in trade and in doing so attract more institutional investors to the market.

Securitisation in trade has been a slow burner, with the market taking time to mature, Casterman says. The benefits of securitisation include helping originators create more space on their balance sheet, develop their distribution market practice and increase their funding capacity. However, often it is seen as too complex for banks that have other easier methods of distribution to hand.

In an effort to increase awareness around securitisation, Casterman is working closely with the ITFIE (ITFA Trade Finance Investment Ecosystem) working group headed up by NL Swaroop. In conjunction with Matt Wreford from Demica, the ITFIE working group produced a whitepaper on securitisation last year.

A packed year ahead

2025 looks set to be another busy year for the fintech committee, as it widens its focus to digital payments and financial crime compliance. These new endeavours will hopefully support ITFA's goal of being a leading voice in the trade finance market, and help the organisation stay ahead of the curve in terms of developing trends and evolving regulatory environments.