

*(b) E Trade Finance (ETF)*

ETF and ETF supporting systems such as secure payments systems (e.g., Alibaba (Alipal) and eBay (Paypal)) are important in helping to facilitate transactions among unknown trading partners. This observation reinforces the importance of embedding ETF facilities into e-platforms to create initial trust between newly trading parties. However few collaborative public and private initiatives have tried to integrate ETF into GVC structures, and with varying degrees of success (i.e., Kotra, Nafinsa).

In the banking community, the private sector global banks have been the most active in supporting ETF (e.g. Standard Chartered, HSBC). They are actively using ICT investments to provide financing earlier than before within major global supply chains, but consider it a proprietary advantage as it provides a differentiating feature in the competitive world of global banking. National banks (including the Canadian commercial banks) tend to very conservative and have lagged behind. Several logistic firms have implemented such functionality on a smaller scale but primarily in North America (e.g., Fed Ex). Non-banks may provide new capabilities (e.g., UPS, Wal-Mart) for established clientele and supply chain partners and may disintermediate established players. The ability to access a detailed perspective on these private sector facilities was, however, limited because firms were not in a position to disclose information other than what is available on their public web sites due to competitive reasons.

All recognized that data triggered platforms were a reality of future trade practices, however there was open debate as to the pace of adoption of such functionality beyond the sophisticated SCM practices of major buyers and their tier 1 suppliers. The figure below shows the migration from traditional paper based forms of trade finance to data triggered forms of trade finance and the expansion of products conceptually available, given the presence/utilization of e-platforms.