

Client centricity in a collaborative environment



MERISA
LEE GIMPEL,

Director,
Trade Innovation,
Global Transaction
Banking, Lloyds Bank

In an area where change has been relatively slow, innovation is bringing a real sense of excitement to the world of trade. A human-centred collaborative approach, coupled with the right technology, has the potential to overcome long-standing challenges.

The challenge

A letter of credit, the fundamental trade product, has been used in Britain and Europe for hundreds of years and surprisingly little has changed across its life span.

Today, documentary trade processing remains highly paper-intensive, time consuming and reliant on human intervention. The scale of activity is also astounding; it is estimated that four billion pieces of paper are needed to support global trade at any point in time.

If we take sea cargo as an example, a single shipment can require over 30 different documents, with as many as 200 copies shared across an average of 27 intermediaries.

This complexity remains because paper is still the tried, tested and widely accepted way to bridge the gap of trust between two companies trading with each other – despite the apparent inefficiencies crying out for change.

While it is clear that no simple solution exists, robust collaboration and the effective use of technology will be critical to the development of a sustainable way forward.

A common ambition

In stating the complexities and challenges it is not to say that the industry is passive, far from it. The trade customer journey is already subject to disruption and transformation by a number of innovators across the ecosystem. As things stand today, there are over 20 major regional or global initiatives trying to drive the digitisation of trade.

At Lloyds Banking Group we are investing heavily to help Britain trade. Each year we set out to help an additional 5,000 clients export for the first time. To deliver this, we know that partnership and collaboration will be critical.

The network necessary to deliver success must include; banks, industry bodies, governments and their agencies, tech partners (both established and emerging) and, most critically, clients.

Client centricity

In an environment where change is perhaps long overdue and where activity to deliver it is growing, it is vital that the needs of the client are central to the process.

Improving the client experience in trade is a challenge as it spans multiple organisations in multiple jurisdictions making collaboration difficult.



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Global Transaction Banking,
Lloyds Bank

In addition, as more technology develops and more solutions become available, there can almost be too many options on offer.

So in a complex environment where solutions are plentiful, but where collaboration demands compromise, that can come at the expense of the client experience unless a client centric approach is retained.

The discipline of human centred design has been used successfully in Lloyds Banking Group to ensure the right level of client centricity end-to-end. This is now being used in trade to trial how this approach, can ensure clients are at the centre of the process.

Our key areas of focus

At the forefront of our minds is the need to identify, define and deliver efficient, fast and secure digital solutions that help mitigate risks between UK companies and their trading counterparties and to deliver effective trade finance solutions.

One area we believe can offer value in the short- to medium-term includes the use of new technology such as Optical Character Recognition (OCR) technology that can translate documents into electronic formats and offers the first opportunity to quicken the trade processing cycle. If this can work accurately for trade, where unstructured documents make this challenging to get right, it would represent a significant breakthrough.

In addition we are appraising Robotic process automation combined with machine learning which equally offers support in addressing repetitive tasks such as document and compliance checking.

Applying a medium to longer term lens we are actively evaluating network-based solutions, including several that use distributed ledger technology or Blockchain.

Various consortia are launching propositions underpinned by this technology with the aim of driving radical transformation in trade finance. Blockchain has been described as a 'solution in search of a problem' and perhaps in trade the problems have now been identified.

We are actively evaluating opportunities to deploy Distributed Ledger Technology (DLT) based solutions working with a range of consortia to identify the right solutions for our clients.

Progress is being made in all these areas, the challenge, as ever, will be to harness the new capabilities to better serve the needs of clients and make real improvements that offer value

The road ahead

If there is effective collaboration between banks, the numerous consortia developing new solutions and FinTech's that also maintains a client centric approach then we will see change and its wide adoption across the international trade ecosystem.



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