

In This Issue...

EADS Goes Live With HVB - @GlobalTrade

36 EADS subsidiaries and 22 banks to go live with HVB-@GlobalTrade Guarantee Platform.

Cover

Discrepancies Exposed

Kim Christensen presents a variety of cases that do not increase the trust in LCs.

Page 3

Multi-Banking Trend

JacobKatsman examines the need for multi-bank applications for trade services, illustrating how banks could use web based technology to deliver services with connectivity to all banks in their clients' supply chain.

Page 4



... continued on next page

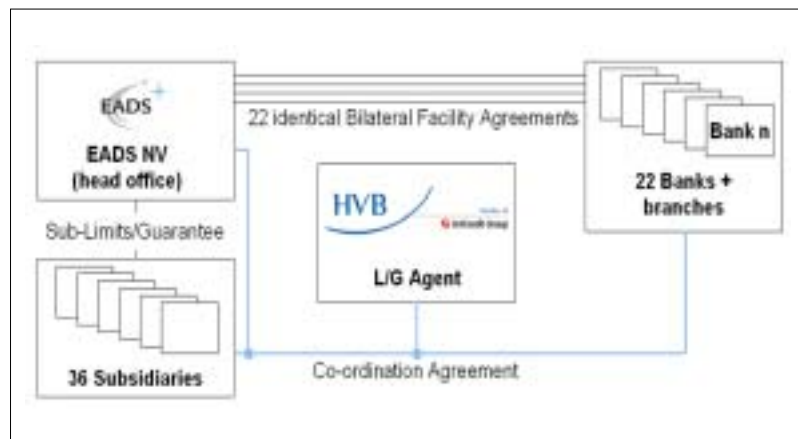
EADS GOES LIVE WITH HVB - @GLOBALTRADE

The European Aeronautic Defence and Space Company N.V. (EADS) has implemented the @GlobalTrade Guarantee Platform within its 36 divisions and 22 major international banks.

HVB, Munich, a member of Unicredit Group, is hosting the platform and acting as a facility agent. GTC has partnered with HVB to offer EADS a comprehensive solution that meets the needs of all EADS divisions and supports HVB's facility agent role. The platform allows EADS and HVB to harmonize documentation, improve transparency, and avoid discrepancies between the banks' and EADS' records. While improving overall efficiency and control, the platform's multi-company design retains the independence of EADS divisions. Web-based interface and adaptable workflow allowed EADS to avoid major investment or process changes, which simplified the introduction of the platform to its divisions and banks.

'We made significant efforts to structure a highly flexible and innovative L/G Umbrella Facility to meet the operational expectations of our business units,' said Jörg Weber, Manager of EADS group's L/G activities. 'Of course, this could not have been achieved without a tailor-made processing platform. We haven chosen @GlobalTrade for its remarkable flexibility and ease of use. Despite the complexity of this transaction and the multitude of banks involved, we have been able to considerably improve the transparency and efficiency of our L/G activities.'

'Our main task was to fully satisfy EADS' needs,' said Markus Wohlgeschaffen, Managing Director and Head of Trade and Payment Products at HVB.



... continued on page 14


THE VOLUME continued from previous page ...

One volume would enable a bigger audience to move in the same direction using the same traffic regulations resulting in fewer ‘accidents.’

Kim Christensen is TF Business & Product Specialist in Nordea and a member of the ICC Banking Commission. Comments and questions can be sent via e-mail to kim.christensen@nordea.com

Daniel Devahive is Trade Finance Specialist at UBS AG, Switzerland. Comments and questions can be sent via e-mail to daniel.devahive@ubs.com

(Endnotes)

- ¹ This article is based on an original idea by Daniel Devahive.
- ² E.g., the so-called opinions that the ICC Banking Commission gives – free of charge.
- ³ Here the ‘grey zone’ is defined as an ‘issue’ in connection with the documentary credit examination, where there exists no interpretation from the ICC as to whether it is a discrepancy or not.
- ⁴ This is of course an abstract approach as there may be practical issues – not known at time of documentary credit issuance – creating discrepancies, or ‘faults’ in the documentary credit making it impossible to comply. This does however not change the weight of the argument: The rules, customs, and practices exist for almost any discrepancy detected.
- ⁵ Even though the word ‘document’ is used here, it would be logical to make it in electronic format.
- ⁶ <http://focus.dcpprofessional.com/>
- ⁷ A bit as were the archives of the London Times in Orwell’s 1984 (no comparison meant, of course).
- ⁸ The Position Papers will not be applicable under the UCP 600 according to the ICC (the foreword to UCP 600 states: The four Position Papers issued in September 1994 were issued subject to their application under UCP 500; therefore, they will not be applicable under UCP 600), and should therefore not be part of ‘The Volume’ going forward.
- ⁹ Refer, e.g., to two articles published in LC Monitor: ‘TOWARD INCOTERMIZATION OF BANKING Should Bankers Care Who Will Load / Unload Goods?’ by: Dr. Ravi Mehta (Volume 7/Issue 3) and ‘WHAT DID YOU LEARN IN SCHOOL TODAY? - Incoterms 2000 or UCP 500’ by Kim Christensen (Volume 7/Issue 4)
- ¹⁰ This is not to say that bankers should integrate the contract into the credit or deal with the goods, but rather to underline that the trading parties have priorities other than the documentary credit. Therefore there is a limit to the time and money they wish to invest in gaining documentary credit knowledge. 

EADS continued from page 1 ...

‘Our aim was to create a truly multi-bank and multi-entity solution respecting our customer’s organizational set up and its prevailing internal processes. Due to @GlobalTrade’s flexibility and technical capabilities we could fully satisfy our customer’s expectations. We even managed to set up additional features, making the processes easier, more transparent, and secure,’ Wohlgeschaffen added.

‘Other companies and banks will soon follow the HVB-EADS example, having realized that electronic multi-bank applications are possible in reality and are not only a dream of the future.’

Jacob Katsman

‘EADS and HVB management knew exactly what they wanted and had a tight timeline for going live,’ said Jacob Katsman, GTC’s CEO. ‘I am proud to say that our company has delivered a true multi-bank platform that is now being used in daily business by the world’s most innovative companies and banks. Other companies and banks will soon follow the HVB-EADS example, having realized that electronic multi-bank applications are possible in reality and are not only a dream of the future.’

“The technology requirements of the project included flexible workflows connecting multiple EADS subsidiaries and banks and covering full guarantee management cycle from application to release, automated multi-company and multi-bank billing, multiple authorization levels, delegated user management, various security models of the participating banks, and quick roll-out and adoption,” explains Nick Pachnev, GTC’s CTO. “Those requirements were a perfect match for @GlobalTrade platform. The platform’s comprehensive functionality, modular design, high degree of customization, and web-based access allowed our company to meet all user requirements on schedule.”

This deal could signify a trend in the market for multi-bank solutions for trade services. On page 4 see feature article: ‘Multi-banking Trend - How innovative banks are using web-based technology to deliver trade services with connectivity to all banks in their clients’ supply chain.’ 