

CASE STUDY

Minimizing Risk at a Bank with a Trade Intelligence Platform

THE CLIENT:

A large international bank

USERS:

The Asian-based Financial Crime Compliance (FCC) surveillance and operations team

Trade finance covers various financial instruments, such as letters of credit and guarantees, which support companies' exports and imports. After almost a decade of declining or stagnant revenues, the trade finance industry may finally turn a corner in 2021.¹ Revenues could even rise beyond pre-coronavirus pandemic levels as soon as 2022. The positive revenue predictions come after a turbulent year for cross-border trade and those who fund it.

As trade increases, however, so do reputational and regulatory risks to banks as a result of any unreported illegal activities by customers. The European Banking Authority has stated that financial crime remains unacceptable and calls for effective systems and controls to prevent money laundering.² In addition, the number of people convicted for criminal offences as a result of Monetary Authority of Singapore investigations has been rising.³ In fact, as authorities adjust to new working conditions created by the pandemic, it is estimated that banks will face a growing number of money laundering fines.⁴ The FCC team at this large international bank is responsible for managing risks associated with fraudulent transactions and reporting any serious events where risk tolerances have been breached.

¹ "After years of decline, banks set for trade finance revenue growth in 2021", S&P Global Market Intelligence, January 4, 2021, forecast made by Coalition, an S&P Global-owned research company, www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/after-years-of-decline-banks-set-for-trade-finance-revenue-growth-in-2021-61708844.

² "Banks face elevated money-laundering risks amid coronavirus crisis", S&P Global Market Intelligence, April 17, 2020, www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/banks-face-elevated-money-laundering-risks-amid-coronavirus-crisis-58024864.

³ "MAS secures more financial crime convictions", Banking Central, November 5, 2020, www.centralbanking.com/central-banks/financial-stability/7706946/mas-secures-more-financial-crime-convictions.

⁴ "Banks face uptick in money-laundering fines following COVID-19 delays", S&P Global Market Intelligence, October 7, 2020, www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/banks-face-uptick-in-money-laundering-fines-following-covid-19-delays-60602920.



Pain Points

The Asian-based FCC team is tasked with screening trade transactions for any unlawful activities related to trade-based moneylaundering, which disguises the proceeds of crime by moving value through the use of trade transactions in an attempt to legitimize their illicit origins. The team was also responsible for identifying any direct or indirect exposure to sanctioned commodities, companies, or countries. The bank's U.S. group was already a client of S&P Global Market Intelligence's ("Market Intelligence") Panjiva Supply Chain Intelligence for surveillance of trade data, and suggested that the Asian division consider the same solution. In particular, the Asian-based FCC team wanted:

- **Detailed import and export data** for the region.
- **The ability to search by product name and importer/exporter** on bills of lading.
- **Company profiles** to go directly to details on a trade finance customer and see all their activity.
- **An alerting system** to know when new shipments of specific products had been made.
- **Automatic reports** that provide details on actual shipments to and from different destinations.

A solution that provided these features would eliminate the need for the team to search websites and call port authorities to obtain relevant information — a very manual and time-consuming process. The team met with Market Intelligence to learn more about the Panjiva offering.

The FCC team needed to protect the bank from financing any trade transactions that could impact its reputation and result in potential fines from regulatory agencies.



The Solution

Panjiva Supply Chain Intelligence provides global import and export transaction details, with information on buyers and sellers, product descriptions, values, and more. This extensive data and robust web-based platform would enable the FCC team to:



Assess detailed import and export data

Coverage spans approximately 40% of global merchandise traded by dollar value,⁵ over 1.8 billion transaction records, and 13 million company-to-company relationships,⁶ providing a comprehensive view of the global marketplace.



Search for specific products, trade routes, and companies

Powerful search and mapping tools on the Panjiva platform help users quickly zero-in on shipment activity.



View company profiles

Automatic data aggregation of all available trade-related information on a company provides a complete view of activity.



Obtain alerts for new shipments

Alerts are available via email or on the platform anytime a new company matches the search criteria, or when an existing company has new shipment activity.

⁵The calculations are based on proprietary algorithms in addition to 2016 Global Merchandise Trade by Value data reported to UN Comtrade, the International Trade Statistics database, by the participating governments. As of August 28, 2018.

⁶All data as of January 2021.

**Generate detailed reports**

Export and import shipment reports for buyers, suppliers, and trends can be automatically generated by selecting a product name and country. Reports include date, shipper, destination, and more.

**Create dashboards to track important information**

Panjiva dashboards are designed to save users time by putting critical insights on their home page. Whether it is a chart, a heat map, or top-line numbers, users can create custom summary visuals for details they need to follow, and find them updated as soon as they sign in to the Panjiva platform.



Key Benefits

Members of the Asian FCC team felt they would benefit from many elements of the Panjiva offering to help minimize risks, protect the reputation of the bank, and avoid possible fines. In particular they valued the ability to:

- **Save time by automating data gathering and reduce potential errors** by eliminating manual, time-consuming processes.
- **Quickly screen transactions** to look at importers and exporters by country and company, as well as commodities being traded, to flag any unusual transactions.
- **Obtain a timeline of shipment activities** and a reference of the price of a specific commodity based on the shipment data.
- **Do a deep dive on suppliers and buyers** that goes beyond first-level interactions to see a buyer's customers.
- **Increase productivity with company profiles and dashboards** that put essential information at their fingertips.
- **Customize multi-dimensional shipment reports** for targeted regions, goods, and companies.

The team members decided to subscribe to the Panjiva web-based platform to meet their needs for data, analytics, and visualization tools. A data feed option is also available.

[Click here for more information on Panjiva's trade solution.](#)

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CASE STUDY: MINIMIZING RISK AT A BANK WITH A TRADE INTELLIGENCE PLATFORM