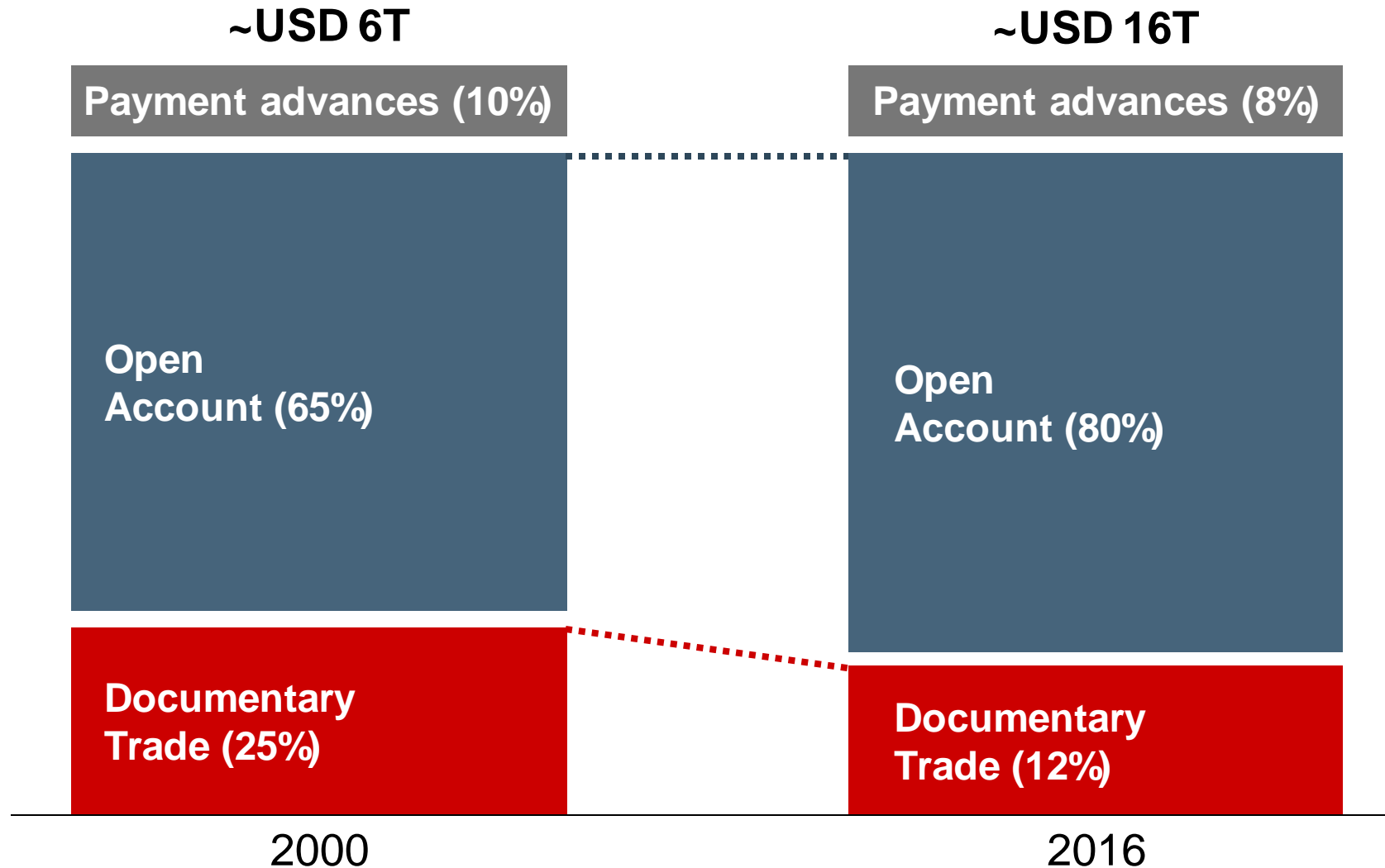


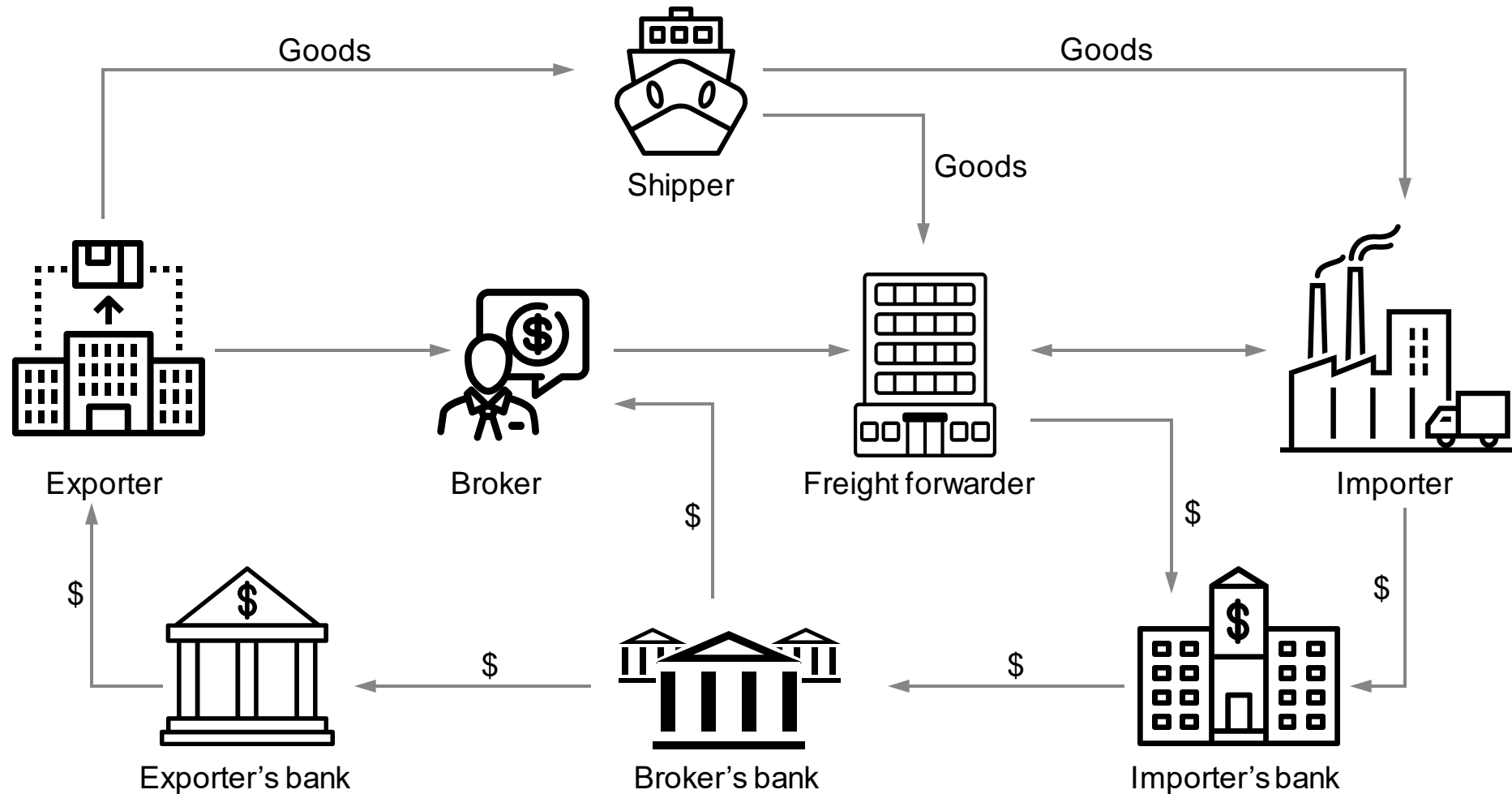
Rebooting a Digital Solution to Trade Finance

Today most trade is facilitated through Open Account

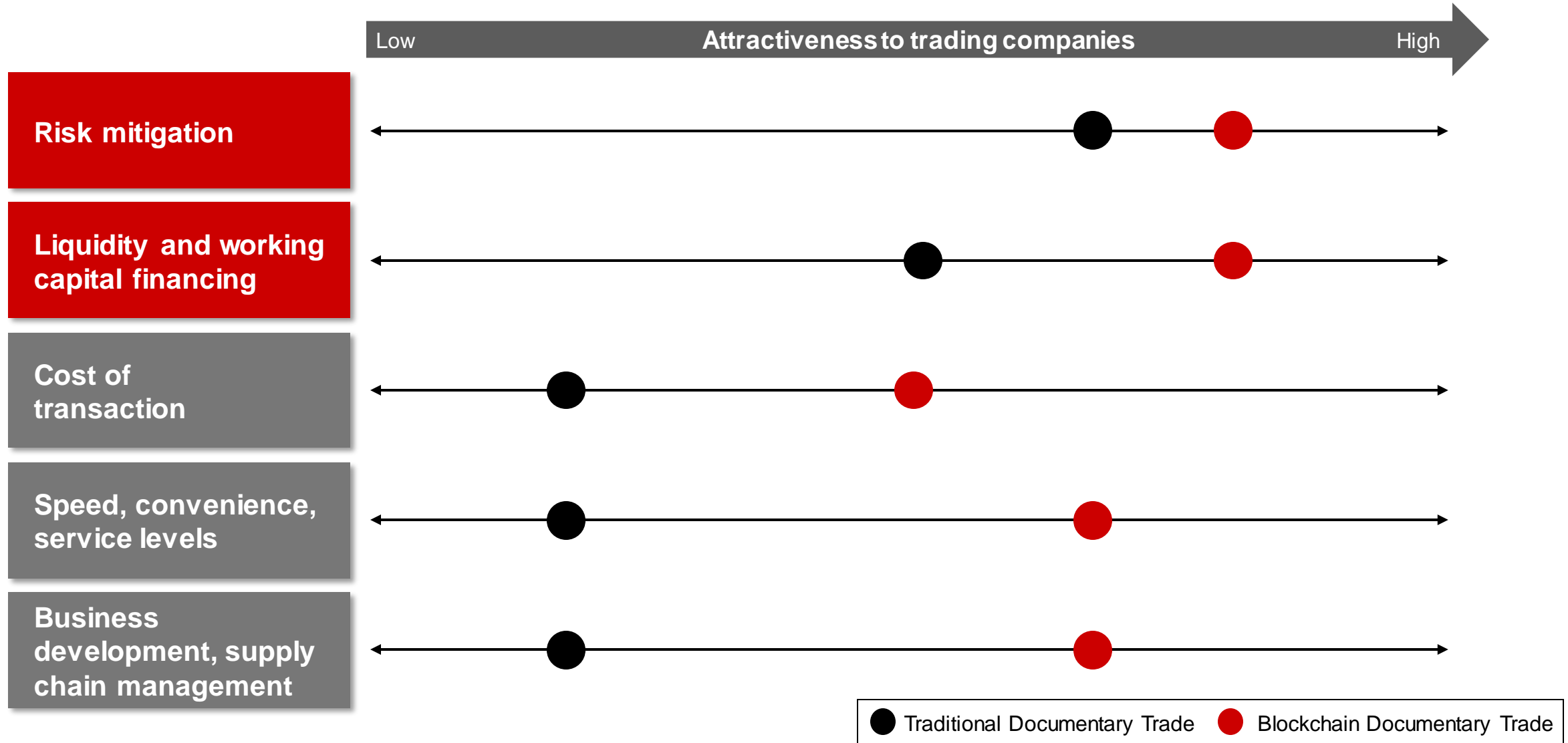
Global Merchandise Trade Export Value
(not drawn to scale)



Complex ecosystem of players to facilitate global trade

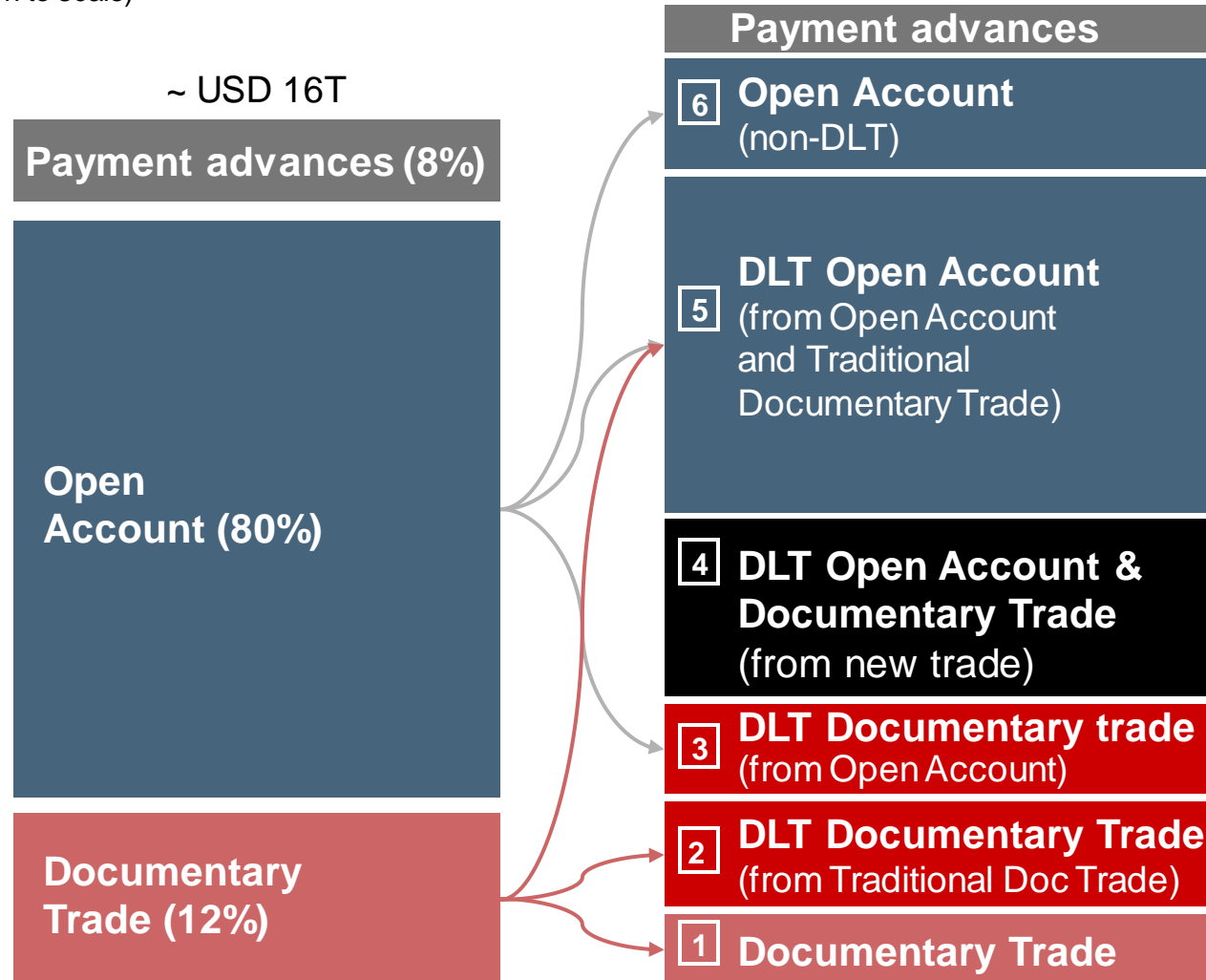


Blockchain represents a step change in efficiency vs. what is available today



This should shift trade volumes from traditional documentary trade and open account and encourage new trade volumes

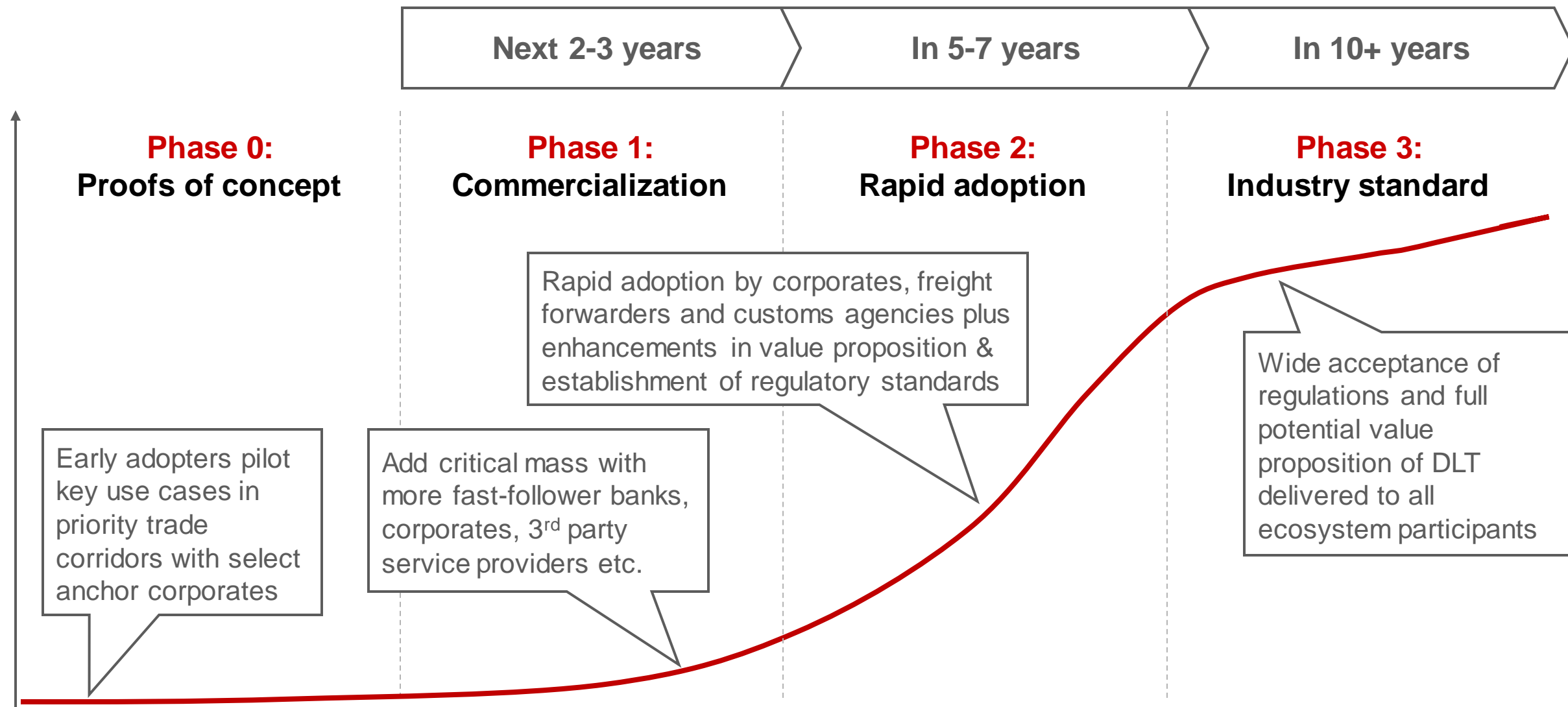
Global Merchandise Trade Export Value
(not drawn to scale)



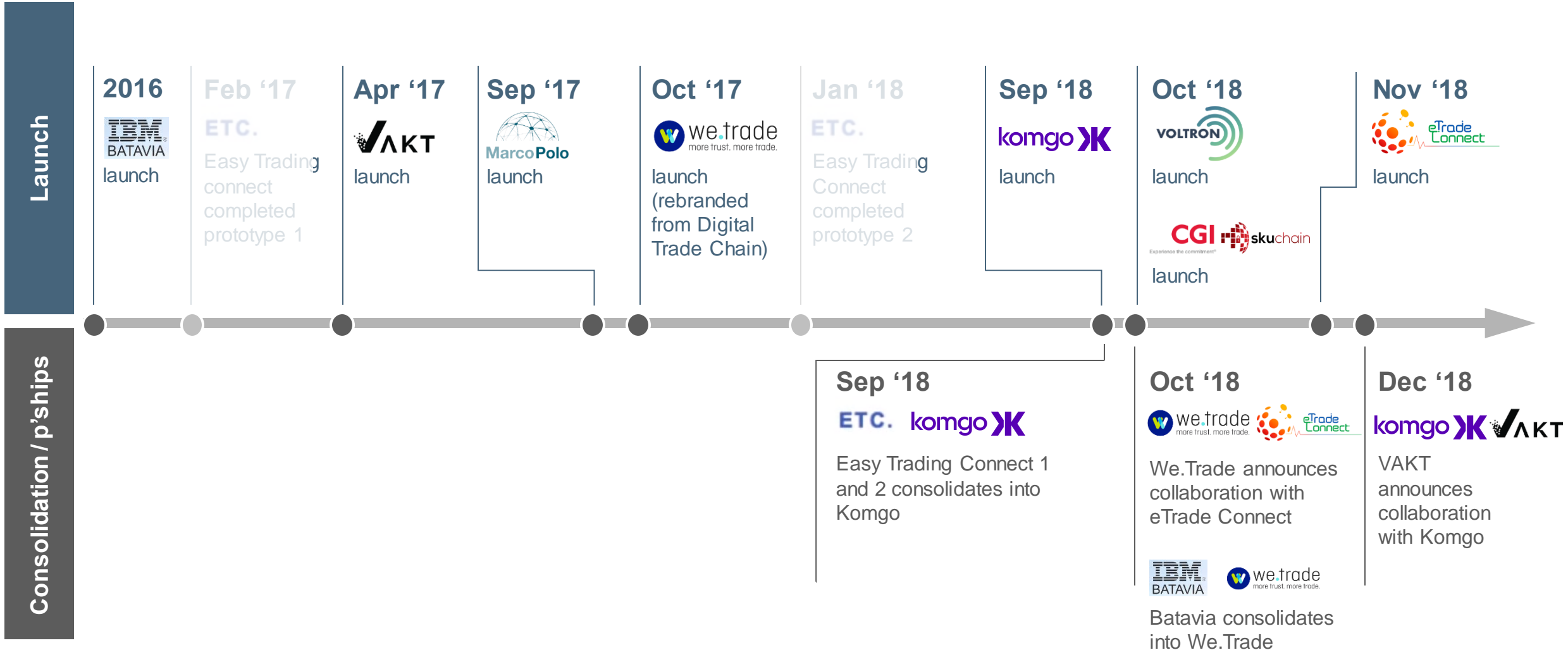
- 6 Open Account growth remaining in markets slow to digitize
- 5 Adoption of DLT Open Account due to digitalization and increasing trust
- 4 \$1.1T of new trade volume due to DLT removing barriers
- 3 Small portion of open account moving to DLT for enhanced risk mitigation and cheaper financing
- 2 ~40% or \$0.9T of Traditional Doc Trade moving to DLT better service levels and lower fees
- 1 ~40% or \$0.9T of Traditional Doc Trade will remain in markets slow to digitize

Source: WTO; Bain & Company analysis

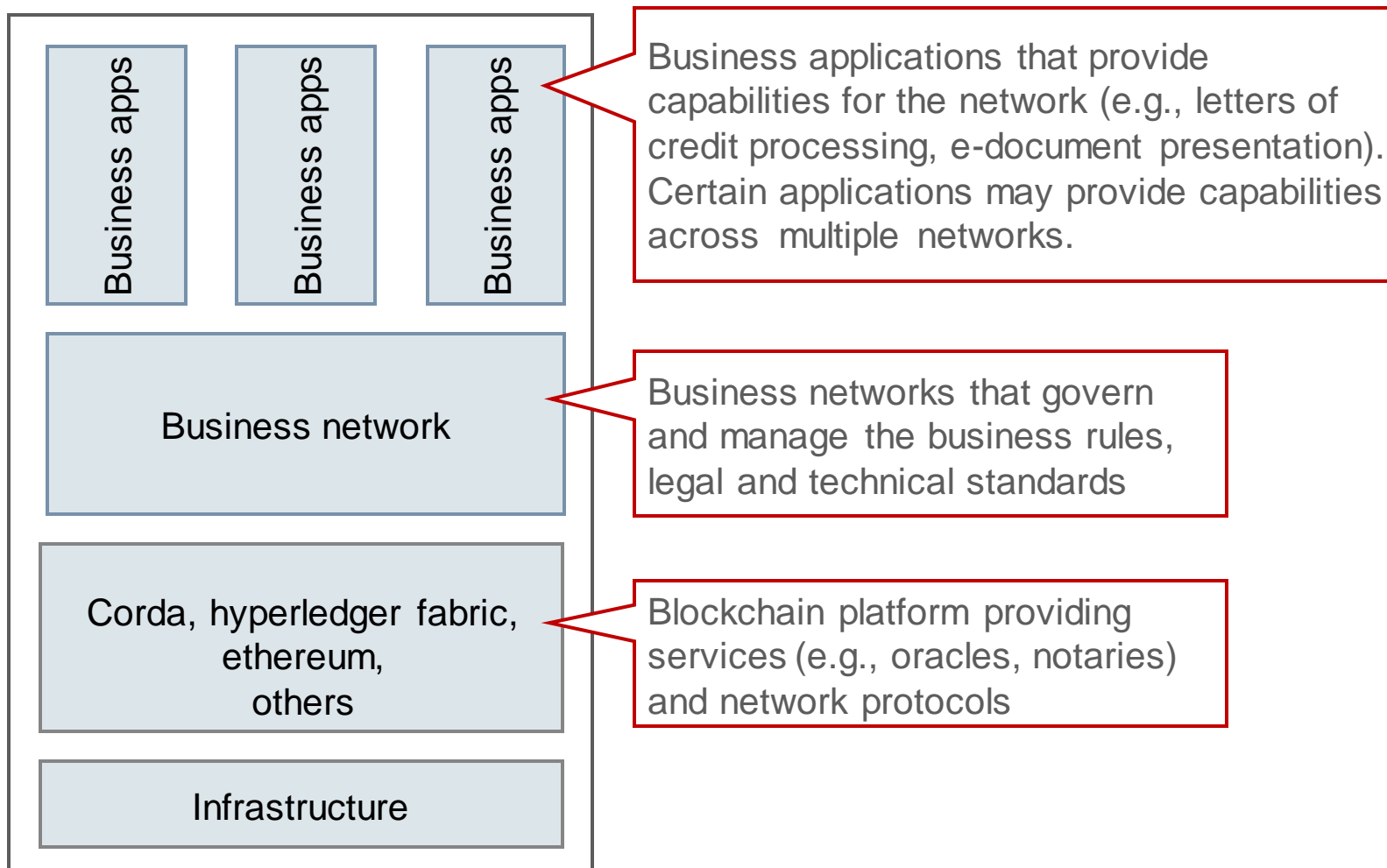
Likely gradual adoption of blockchain in Trade Finance



Early signs of consolidation of trade business networks

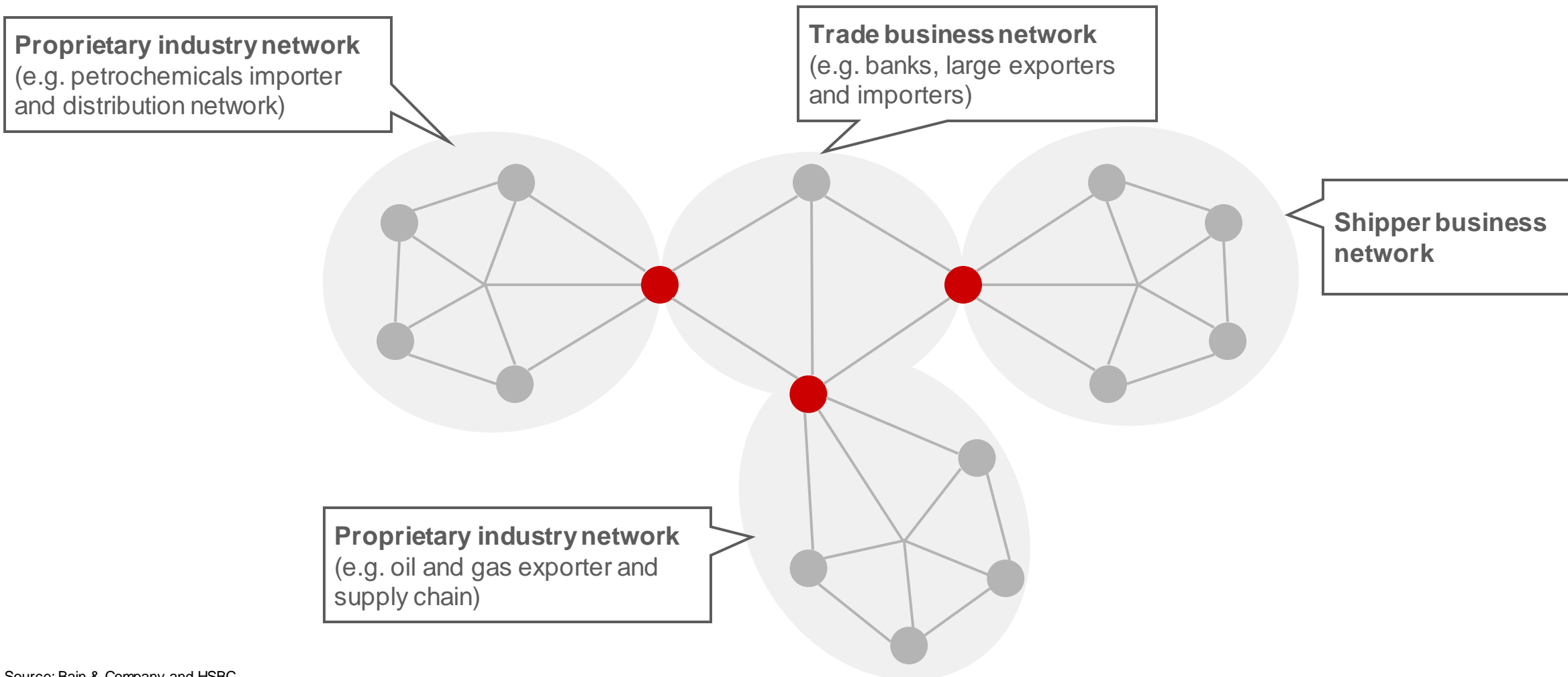


The conceptual blockchain stack



Future for trade is likely to be a network of networks

Superconnectors (●), from large banks or other trusted parties, will serve as a bridge between networks



Key takeaways

- ① DLT in Trade Finance is **gaining increasing adoption** with banks and corporates and **moving into commercialization**
- ② Rapid proliferation of trade networks - early stages of **consolidation**, and **co-operation** between trade networks
- ③ Future is likely to be a **network-of-networks** with **super-connectors**
- ④ **Business and operating models are evolving** – ownership and commercial models, rule book, regulation, governance, products & services

BAIN & COMPANY 