



Digitalisation and its impact on Trade Credit Insurance

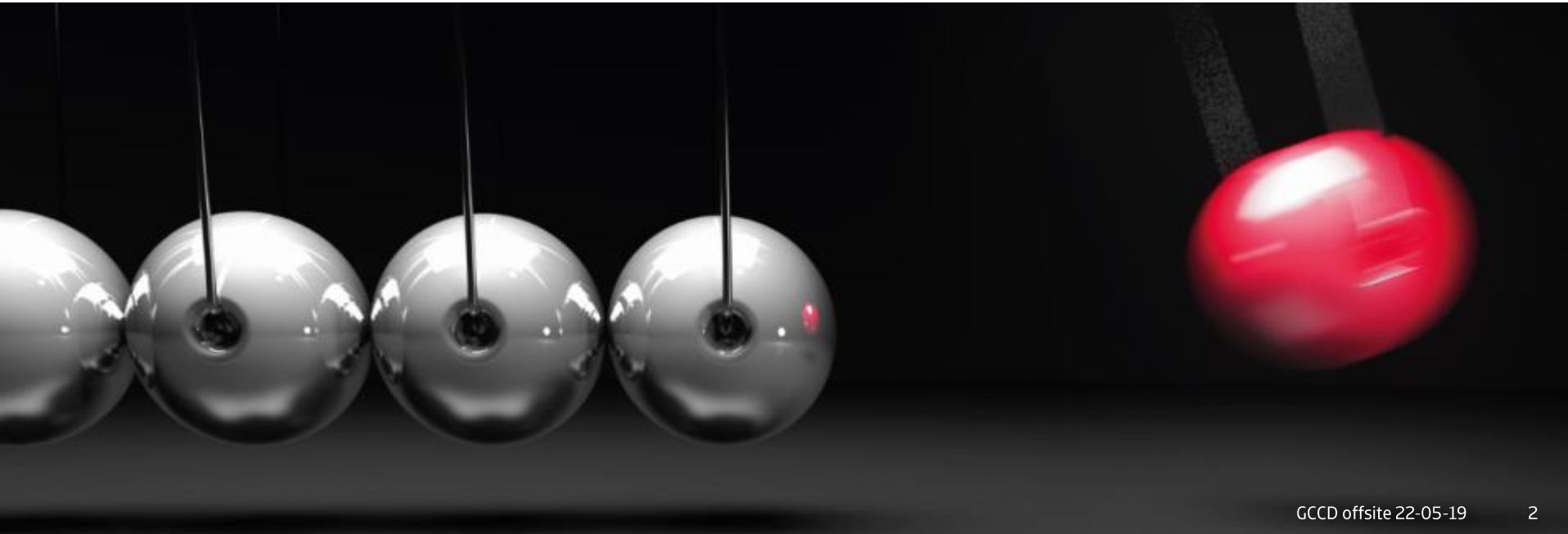
Trade Credit Insurance Panel Regional Meeting PASA in CDMX

October 2, 2019

Shifts in global trade development

Fundamentals are changing

1. Digitalization is underway to mitigate the complex interactions in the supply chain and in trade finance
2. New players and new sources of information try to disrupt the market
3. Regulatory frameworks are on the rise
4. Digitalization and increased Access to more and more Information is both a threat and a great opportunity for trade credit insurance.



Shifting in Global Trade Development

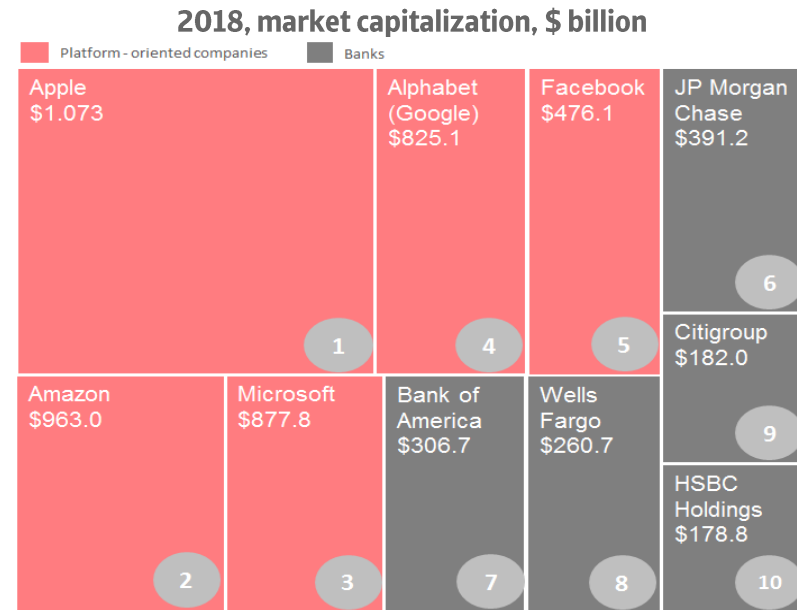
- We are currently living at the edge of new global trade patterns driven from global digital platforms

Disruptive

- The global B2C e-commerce platforms like Alibaba and Amazon are stepping in the B2B supply chain
- Market capitalisation of such platform-oriented companies exceed traditional banks

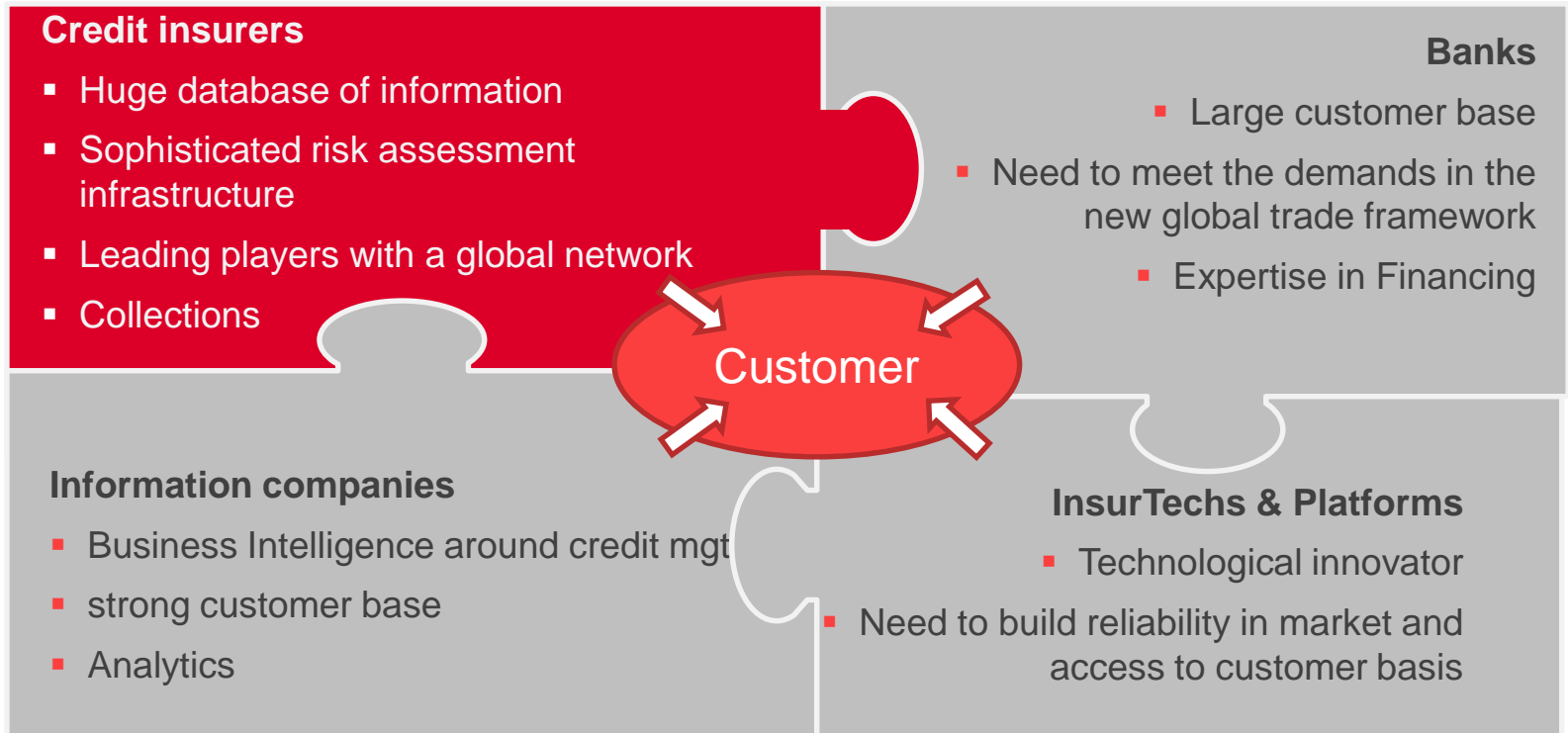
Evolutionary

- Parts or the full supply chain will be optimised and digitalised e.g. trade finance platforms, logistics platforms



Shifting in Global Trade Development

Digital transformation will boost cooperation opportunities of the different players.



Smart data analytics will lead the market

General trends in the Trade Credit Insurance business proposition

*Digitalisation & Customization
is driving change & disruption*



**Big Data/
Analytics**

AI/Robotics

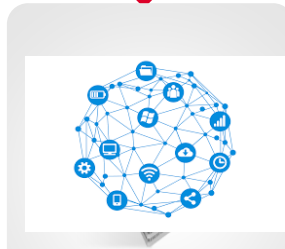
Blockchain



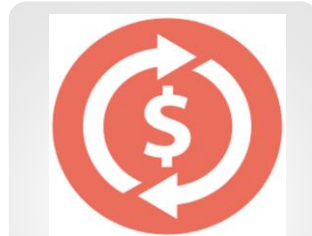
Optimised underwriting
Use AI and Big Data to optimise manual and automatic UW decision



E-Commerce platform business
CI (single or selected transactions) and/or single or selected invoice financing via CI



Connectivity/APIs
Electronic interface btw customers' ERP system and credit insurance providers



Trade finance business
Capital relief for banks (Basel III/IV) – Factoring & Supply chain financing



Information service
Work out an information service proposition and integrate our services as a joint proposition

General trends in the Trade Credit Insurance business proposition



How will new technologies affect credit insurance?

- Automated interaction between customer and insurance systems.
- Opportunities for new segments such as SMEs?
- Impact on demand of large companies?
- Impact of the use of Artificial Intelligence on risk underwriting?
- Potential to substantially improve the solvency of insurers?
- Will they bring new products? Will the Whole Turn Over (WTO) policy continue to exist?
- Role of fully automated platforms?
- With more information available to more companies in general, will this "democratization" of data access cause a reduction in demand for credit insurance?
- What will be needed from regulators in different countries to facilitate a significant improvement in customer service and the management of the solvency of each company?
- How to tie data availability with data protection regulations?
- What will this trend imply for Distribution Channels or new Fintech or Insurtech Competitors? Will they be competitors or partners?
- Will Banking's role in credit insurance change? Threat or opportunity?
- How can Brokers and Agents continue to add value to the credit insurance process with all these changes?
- How will all this affect the motivation of human talent? How will they get the expertise they need to be good underwriters?