

Press release

For business editors
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Bank Payment Obligation can act as a gateway for further trade finance technologies, says new Commerzbank whitepaper

- **The whitepaper, “Leading the path of digital evolution” explains how increased market adoption of the BPO may spur the digitisation of trade**
- **Commerzbank notes an increased customer interest for the BPO due to growing demand for faster and digitised processing of trade transactions**
- **The paper also highlights the hurdles to the tool’s wider use, such as raising customer and bank awareness of its advantages**

In the face of slow market adoption for the Bank Payment Obligation (BPO), which serves as a legally binding undertaking to execute payment for goods or services, Commerzbank has launched a new whitepaper, “Leading the path of digital evolution”, which explores how to boost BPO adoption among banks and – crucially – their corporate customers.

Angela Koll, Specialist Product Management Trade, Supply Chain Finance & Innovation at Commerzbank, says: “The BPO’s future potential – both as a transformation in its own right and as a gateway for other trade finance technologies – could set the industry on course for greater transaction optimisation and efficiency. It can also provide banks with the opportunity to better meet the growing demands of trading corporates, for faster, more transparent and digital process flows.”

The paper suggests that adoption of the BPO has been slow, so far, because: trade is traditional, yet complex; there remains a scarcity of banks available to transact with the BPO; corporates and banks still need to be made aware of the instrument’s appeal; and the URBPO still largely position the BPO as a tool for banks, rather than for corporates as well.

Koll adds: “While the trade finance community will pursue DLT advancements in the coming years, the BPO is available now – and has also already been demonstrated to be both commercially viable and valuable. To reach the tipping point, we need BPO-active banks to take a strategic approach to promoting the BPO as a product, both to their corporate customers and – critically – to other banks.”

Commerzbank successfully implemented its BPO front end in November 2018, thereby completing its digital BPO processing offering. The front end allows corporates to enjoy digital end-to-end communication with the data matching engine of SWIFT (SWIFT TSU). The BPO front end supports fast, automated and seamless transaction settlement processing of the BPO and improved efficiency to their working capital cycle.

Around 40 banks are offering BPO handling for trade business at the current time.

Read the white paper [here](#).

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About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers and Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to its clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2017, it generated gross revenues of €9.1 billion with approximately 49,300 employees.