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Welcome Remarks - Natalie Blyth

It is great to be here in Singapore – one of the most dynamic economies in the world. Vibrant, full of energy, a melting pot of cultures and ideas…

And apart from its standing as a trading and financial centre, Singapore has taken a highly strategic approach to lead as a centre of excellence for Fintech and innovation. It has proactively identified problems to be solved – and backed those companies to solve them. It has created the environment for Fintech and innovation to thrive.

In many ways this sits at the heart of what trade should be about…which is at the heart of HSBC. We were founded in 1865 to quite simply finance international trade.

Our network covers markets representing 90% of world trade and capital flows. We finance small businesses right through to large global corporates, and have had a long presence here in South East Asia.

In the room today, we welcome representatives from government and the public sector, key clients and our customers, fintech companies, industry partners and other financial institutions.

I would like to acknowledge our Conference Chairman, Mark Millar, and offer gratitude to our hosts, GTR Asia.

For those who don't know me, I was recently appointed as Head of HSBC's GTRF business

I am both an insider and an outsider to the trade finance industry. By background, I am an investment banker, a lawyer, and a scientist … and so I understand the real impacts on business and confidence of fluctuations in trade and capital flows…

And as I come into this role, to lead one of the largest franchises in trade finance, I am conscious of the importance of trade to global commerce…and that it is at a massive inflexion point.

We are seeing share of global trade shifting to Asia, as economies open up their potential for trade and create economic growth and development opportunities for their people. This is good

But on the other hand, the global economic environment is tough, global trade remains depressed, and it is not expected to get easier in the near term.

This year, we forecast under 1% (0.9%) of real growth in global exports of goods and services. Next year we slow to 0.4%.

Trade volumes and values are not where one might expect them to be at this point in the economic recovery. These are not abstract numbers, see the stress in the shipping industry just last week.

This is a collective challenge for everyone in this room, and in our industry. How do we think our way through this? How do we navigate our way through this?

If we are 'glass half empty' we would dwell on the negative:

- Macro economic issues
- Rise in protectionism, Brexit and other political topics
- Thirdly, more challenging regulatory requirements, especially those from the Basel Committee.

If we took the 'glass half empty' view you could choose to do nothing…or worse…retract and retreat.

However, if your glass is half full, which is how I view the world, you can see potential and opportunity.

HSBC is 'glass half full' – our vision and strategy, and all we seek to do in trade, is about optimism

Today I want to talk about three important drivers of our optimism and what we can collectively do.

- Firstly, how we meet the trade finance gap
- Secondly, action to address policy impediments to trade, politics, regulation and its cost
- And thirdly, the opportunity in the Fintech revolution and blockchain/distributed ledger technology.

To the corporate treasurers in the room, you hold a strategic role in your organisations as advisors on operational, financial risk within your networks…

So, you will understand the significance of an estimated 1.4 trillion dollar gap in trade financing globally, from analysis conducted by the ADB and the IFC. They estimate that as much as $693 billion of that unmet demand, is in developing Asia.

This is a massive opportunity. And a collective responsibility.

Here are a few reasons why it matter to us all.

A huge shift in patterns of demand and supply. In the last 10 years China's share of global merchandise imports has grown from 5.8% to 10.3%. USA's has fallen from 16% to 12.5%. And China's share of global goods exports is now larger than the USA.

Global value chains are more complex – and evolving – with accelerating intra-regional trade, especially in Asia.

At one time, trade was mostly finished goods, manufactured in one country. Now, intermediate inputs account for more than half of global trade. Goods move multiple times, across multiple borders – increasing the scale and interconnectedness of trade… exponentially.

Consumer spending is rising. Globally, nearly 3 billion people are projected to join the middle class by 2050…and the vast majority of them will be in today's emerging markets

Services trade benefits from this increased consumption.

Where clients are looking to maximize cash generation from their click-based revenue models, we offer financing to bridge the cycle from recognized receivable to payment.

When I look at this, what I see is that collectively as managers of risk, we should be working even more closely together to enable these new dimensions to trade finance. And, we need to step up the pace.

The second driver is now to a topic that is gaining only more importance. Trade policy, the regulatory environment and its cost.

The G20 trade ministers in their Shanghai and more recently the Hangzhou meetings recognized the role of trade in promoting growth. They underscore the importance of trade liberalisation and rolling back protectionist measures, cutting red tape at the border and enhancing trade finance access. This is encouraging.

From the regulators we note that the proposed changes in capital adequacy rules require banks to keep higher amounts of capital for both credit and operational risk.

And compliance disciplines are becoming more stringent. All of this comes at a cost.

I see the big opportunity for everyone in this room, is advocacy. Advocacy aimed at achieving a risk-based and risk-aligned regulatory treatment for trade financing to reduce bureaucracy, remove blockers to commerce, and create a safer financial system.

An example of the political landscape, is Brexit – the outcome of a referendum which sets Britain on a path to exit the European Union.

We're working hard to help our customers navigate FX volatility and other risks stemming from the British public's decision. Just last week it was announced via poll that HSBC was the top bank advisor on Brexit-related issues,

Early policy signals from the UK government are positive in that they indicate it plans an open and expansive approach to trade. Let's hope this translates into a complete, public, long-term trade action plan as it will bolster confidence.

Trade policy is figuring controversially in the political discourse in many economies just now - witness the US presidential election campaign rhetoric.

In this light, it is important that we continue to advocate a fact-based consideration of the issues, making clear the value of market openness and the positive contribution of trade to global welfare.

Thirdly the Fintech revolution is changing nature of trade finance and is delivering fantastic new developments.

- I am very excited about digital, as I'm sure you all are, so we are innovating independently and with likeminded partners

- Blockchain and distributed ledger technology. You will hopefully have seen the proof of concept to build an app using distributed ledger technology that could streamline traditional paper-intensive trade financing processes. This is the result of collaboration between HSBC, BAML and IDA. It is critical for each of your in the room to think about how you can be part of this development.

- And Fintech investment – HSBC has invested in Tradeshift because we see physical and financial supply chains converging.

To conclude, I feel strongly as an industry we should draw inspiration from the approach taken by our host city, Singapore. We must look strategically at the opportunities in the rapidly changing dynamics in trade, and proactively define our path.

Now is the time for optimism, and working together to bridge the trade financing gap, to address the challenges and cost of trade policy and regulation, and embrace the opportunity Fintech provides.

And from HSBC's perspective, as the largest trade bank in the world we will continue to support those who are striving to develop a global trade infrastructure for the 21st century.

We will continue to help our customers participate in global trade because trade is good for their businesses. Good for our business and good for society as a whole.

We have reason for optimism.

Cause for collaboration.

And I ask for action.

Thank you.