

Case Study: Bank of China (Issuing Bank)

Background

essDOCS approached Bank of China to gain insight on the Bank's experience using CargoDocs ePresentation in its role as Issuing Bank for Letter of Credit (LC) transactions. Following Bank of China's crucial inputs, essDOCS developed a case study calculating the impact of its use of the CargoDocs solution.

Challenge

The laborious, paper-based trade document process at Bank of China's corporate banking branches led to avoidable document delays, and, in turn, unnecessary costs as a result of inefficiencies arising from a reliance on paper.

Solution

Bank of China decided to adopt CargoDocs ePresentation in order to accelerate its trade documentation processes, thereby reducing operational costs, improving compliance data capturing, while adding value for its corporate customers importing cargoes from across the globe.

CargoDocs ePresentation enables electronic Presentation of original eDocs under eUCP Documentary Credit (eUCP Presentation) and/or Documentary Collection (eDocumentary Collection), i.e. Cash Against Documents (CAD).

The solution acts as a multi-bank platform, enabling ePresentation of title documents such as original CargoDocs electronic Bills of Lading plus relevant supporting electronic documents such as Commercial Invoices, Independent Inspectors' Certificates, Vessel Reports, Government Certificates (such as Phytosanitary Certificates), Chamber of Commerce signed Certificates of Origin and more.

Notes: This case study and the benefits herein demonstrate the added value achieved by Bank of China issuing bank branches, to which model calculations from implementing 100% paperless processes are applied.

Labour cost calculations are based on generic RMB bank salary averages converted to USD.

This case study does not take into account savings as a result of reduced bank customers and/or advising/confirming bank handling times, nor does it take into account savings from physical paper printing and/or storage.

Methodology

The findings below are based on questionnaire feedback from Bank of China acting as Issuing Bank only, taking into account estimated time/cost savings based on questionnaire feedback from four Bank of China issuing bank branches. It does not take into account benefits achieved from BOC customers, their counterparts and advising/confirming banks.

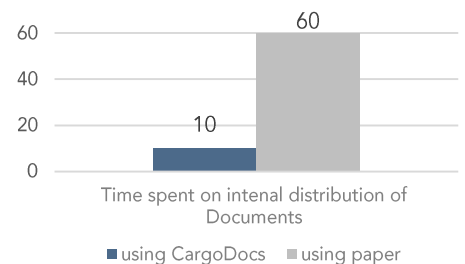
Key Metrics

Bank of China estimates **\$53.55** direct transaction handling savings per branch per transaction using CargoDocs, based on a **149 minutes** or approximately **2.5 hours** time saving as a direct result of swifter documentation handling & transfer times. More specifically, the impact can be broken down as follows:

1. 83% reduction in avg. time spent on internal distribution of documents (e.g. rerouting to relevant branches)

Internal distribution of documents was slashed from an average of 60 minutes to 10 minutes per transaction, also taking into account time savings achieved when copying/filing documents and further compliance checking per transaction. This led to approx. \$18 labour cost saving per transaction as a direct result

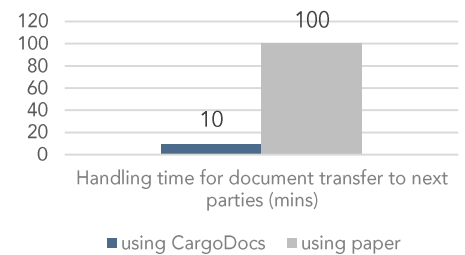
\$18.00 savings per trn.



2. 90% reduction in avg. handling time for a set of docs to be transferred & delivered to the next party in the transaction chain

Bank handling time for documents to be transferred/delivered to the next parties in the chain was slashed from an average of 100 minutes to just 10 minutes per transaction, leading to an average \$32.40 labour cost saving per transaction as a direct result.

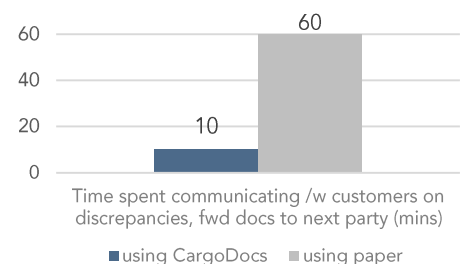
\$32.40 savings per trn.



3. 83% reduction in avg. time spent communicating with customers on discrepancies & forwarding documents to the next party

Time spent communication with customers on discrepancies, and forwarding to the next party was slashed from 60 min to 10 min. This led to a labour cost saving of \$3.15 per transaction, adjusted to take into account a 70% discrepancy rate of which 25% of the time documents required corrections.

\$3.15 savings per trn.

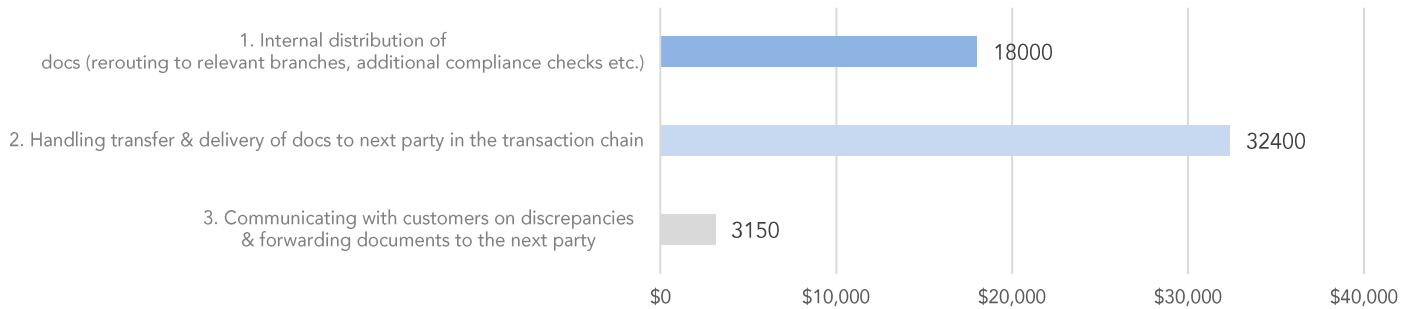


Cost-Saving Scenarios for Issuing Bank

1. 1000 ePresentation transactions per annum

Total savings: \$53,550 p.a.

Total Cost-Savings per stage, expressed in Thousands USD per Stage



2. 2000 ePresentation transactions per annum

Total savings: \$107,100 p.a.

3. 3000 ePresentation transactions per annum

Total savings: \$160,650 p.a.

4. 5000 ePresentation transactions per annum

Total savings: \$267,750 p.a.

5. 10000 ePresentation transactions per annum

Total savings: \$535,500 p.a.

Learn More

If you are interested in learning more about how CargoDocs can assist your trade transaction banking processes or how these benefits can be calculated, please contact us via adopt@essdocs.com. We can support deploying CargoDocs to any location globally from any of our regional offices.