

Bank of Sydney Ltd

ABN 44 093 488 629 AFSL & Australian Credit Licence Number 243444

International Trade

**Middle East Capabilities & Focus
Submission to JSCFADT
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Bank of Sydney



Bank of Sydney International Trade Capabilities & Focus- Overview

- Bank of Sydney is an Australian Bank licensed by APRA as an Authorised Deposit-taking Institution (since April 2001) supporting a range of banking products / services.
- Network of 16 branches spread across Victoria, South Australia and NSW.
- Bank of Sydney is well positioned to support international trade - exports / imports through our correspondent banking arrangements and network in the Middle East and North Africa (MENA) regions.
- Focus on Australian companies importing and exporting goods & / or services globally.
- Ideally, companies that are dealing with the MENA region.
- Exporters and Importers looking to structure their working capital and cash flow using Trade Finance as a less expensive funding alternative.
- Australian companies exploring new markets and looking for intermediary banks to support them and eliminate payment, bank & country risk when dealing with new buyers.
- Companies requiring use of bank guarantee in international trade.
- Team of experienced Trade Relationship Corporate Bankers covering the region.



The value add

- We can cover MENA risk – appetite for Bank & Country limits.
- Same day turnaround for negotiation and discounting of export transactions.
- Our International Trade Managers are experienced with the MENA region and understand the risks and relationships and can also speak the language.
- We cover exposures to bank & country that our competitors may not have any capabilities to cover the exposure.
- Tailor made trade solutions in line with trade structures, pre and post shipment trade finance in line with trade flows.
- Provide feedback and direction on respective countries in the MENA region in terms of access to markets , information & advisory.
- Our size enables a high level of responsiveness and flexibility to suit our customer's needs.



1. Inquiry-The nature of Australia's Existing Trade & Investment Relationships with the countries of the region.

- Our current focus is to service Australian Exporters / Importers dealing with the Middle East region.
- This currently includes exporters of Meat products, Chilled Meat, Livestock, Soft Commodities, processed food, engineering products , other produce –(we handled circa \$200 million plus Middle East transactions in 2013).
- Bank of Sydney, is well placed to work with Australian businesses through the added support and network of our parent -Bank of Beirut in Lebanon.
- Bank of Sydney provides advisory to its market sector and clients through our network of financial institutions / correspondent banking and awareness of the markets proposed.
- Bank of Sydney is able to work with all parties concerned to enable a smooth end to end transaction process.
- We are able to provide Country and Bank Risk mitigations throughout the MENA and Mediterranean regions. This is our niche and what we bring to the Australian market.
- We have experienced staff with knowledge of the region.



2. Inquiry-Emerging & Possible Future Trends in these Relationships

- Since 2011 we have seen our relationships expanding and in turn new Australian businesses are talking to the Bank of Sydney to avail of our support and expertise in the Middle East.
- The Middle East region is historically an important destination for Australian meat and livestock exports and continues to grow - (now there are a range of new products being exported).
- Be a committed long term partner with the Australian market and MENA buyers.
- Having a financial institution that understands the requirements of exporters & importers is crucial to trading with the Middle East region.
- Act as a bank of choice for Australian businesses transacting with countries of the Middle East and provide working capital solutions in terms of their trade finance and other payment options.
- Use the experience within the Bank of Sydney's trade team to look into areas that others may not have the ability to support.



3-Inquiry-Barriers & Impediments to Trade & Investment with the Middle East-(including supply chain costs).

- Planning or lack of planning is a big barrier to two way trade in the Middle East.
- Lack of information on local cultures, business practices and language.
- Perceived contagion risk of the region.
- Borrowing from financial institutions for international business is seen as being very difficult.
- Domestic regulations and red tape - the right government agency that can help drive the export business for Australia.
- Other banks lack of risk appetite for countries and banks within the region.
- Supply chain costs - understanding the supply chain:
 - Operating costs associated with business functions; and
 - Costs related to the procurement, manufacturing and distribution of a product.
- Frequency of transport - shipment by sea, air, transshipment, multi modal etc.



4-Inquiry-Opportunities for Deepening Existing Commercial & Cultural Links and develop new ones in the Middle East.

- Bank of Sydney can use its Middle East representation to enhance the cultural link and establish new opportunities with the Australian market.
- Our position is unique with our parent company in the Middle East and this makes us an Australian Bank with strong capabilities in the Middle East, North Africa and Mediterranean regions.
- As established markets continue to diminish in economic capability and demand for Australian goods & services, the Middle East region is an emerging market for new opportunities.
- Investigate the opportunity and demand for Australian products & services.
- Use the capabilities of Bank of Sydney to engage, in order to assist Australian businesses grow in the Middle East region- (our competitive advantage).



5-Inquiry -The Role of Government including DFAT and Austrade.

- To identify new opportunities
- Assist / Assisting Australian companies to access existing and potential opportunities in the Middle East.
- The government needs to encourage participation and dialogue with financial institutions.
- Bank of Sydney can play a big part in this by providing clients with guidance on the transaction and advisory on structures that include risk mitigation, timely payment and financial solutions.



International Trade Product Offering

- Correspondent Banking
- Trade settlements / Bank to Bank Transfers
- Letter of Credit settlements.
- Documentary Collections
- Export Letters of Credit - Advising and Negotiation.
- Export Letters of Credit – Confirmation and discounting
- Stand –By Letters of Credit...Local Bank Guarantees
- Financing of Export Letters of Credits
- Pre and post shipment trade finance



Conclusion

- The Bank of Sydney is well positioned to be the conduit that can support Australian businesses with a focus on trading with the Middle East.
- This ensures that all risks associated with political, payment, customs & practises , currency, documentation, financial institutions and other policies are mitigated.