

Bank Payment Obligation

-- *Trade Finance Goes Digital* --

Case Study - First BPO Service in Southeast Asia



Together, we can

Siam Commercial Bank in Brief

Company profile

- **Siam Commercial Bank (SCB)** is the leading universal banking group in Thailand, with the highest market capitalization and the largest branch and ATM network.
- SCB is Thailand's third-largest commercial bank in terms of total assets, deposits and loans.
- SCB provides a full range of financial services, including corporate and personal lending, retail and wholesale banking, foreign currency operations, international trade financing, cash management, custodial services, credit and charge card services and investment banking services, through its head office and its extensive branch network.



PTT Polymer Marketing in Brief

Company profile

- **PTT Polymer Marketing (PTTPM)** is one of the biggest polymer sales and marketing companies in Thailand.
- It is member of the PTT Group, a group of companies led by PTT Corp., Thailand's huge national oil and gas company.
- PTTPM has annual revenues of 2 billion USD, selling high quality polymers such as high density polyethylene (HDPE), low density polyethylene (LDPE), linear low density polyethylene (LLDPE), polypropylene (PP) and polystyrene (PS).
- PTTPM products are distributed throughout Thailand and exported to more than 100 countries around the world.



Vision

- To become an international polymer trading house with 100 billion baht in annual revenues by 2015.

Mission

- To provide the most professional sales and marketing services to PTT Group's polymer manufacturing units.

Business challenges of PTTPM

Letter of Credit (L/C)

- Long document checking process (7 working days on average)
- Documents have to be submitted through bank channel
- Risk of discrepancy dispute

Low efficiency

Open Account with Standby L/C

- High opportunity cost: Standby L/C must be pledged all year
- High cost for issuing standby L/C
- Risk of payment delay

High transaction costs

BPO definition

A new & efficient method of payment with 2 key characteristics

Bank assures payment

Data matching triggers payment*

*Trade Services Utility (TSU), powered by

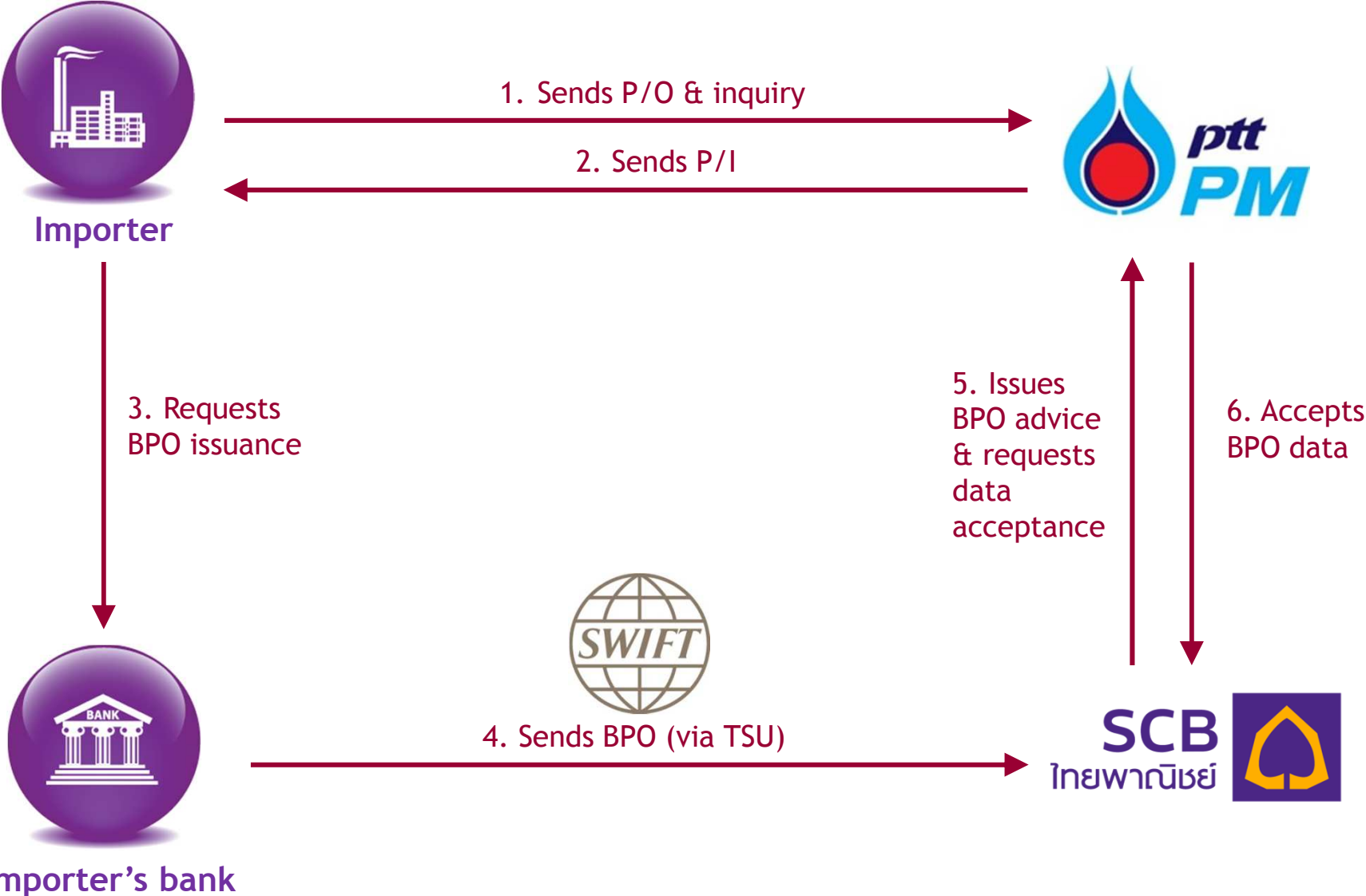


BPO Services of SCB

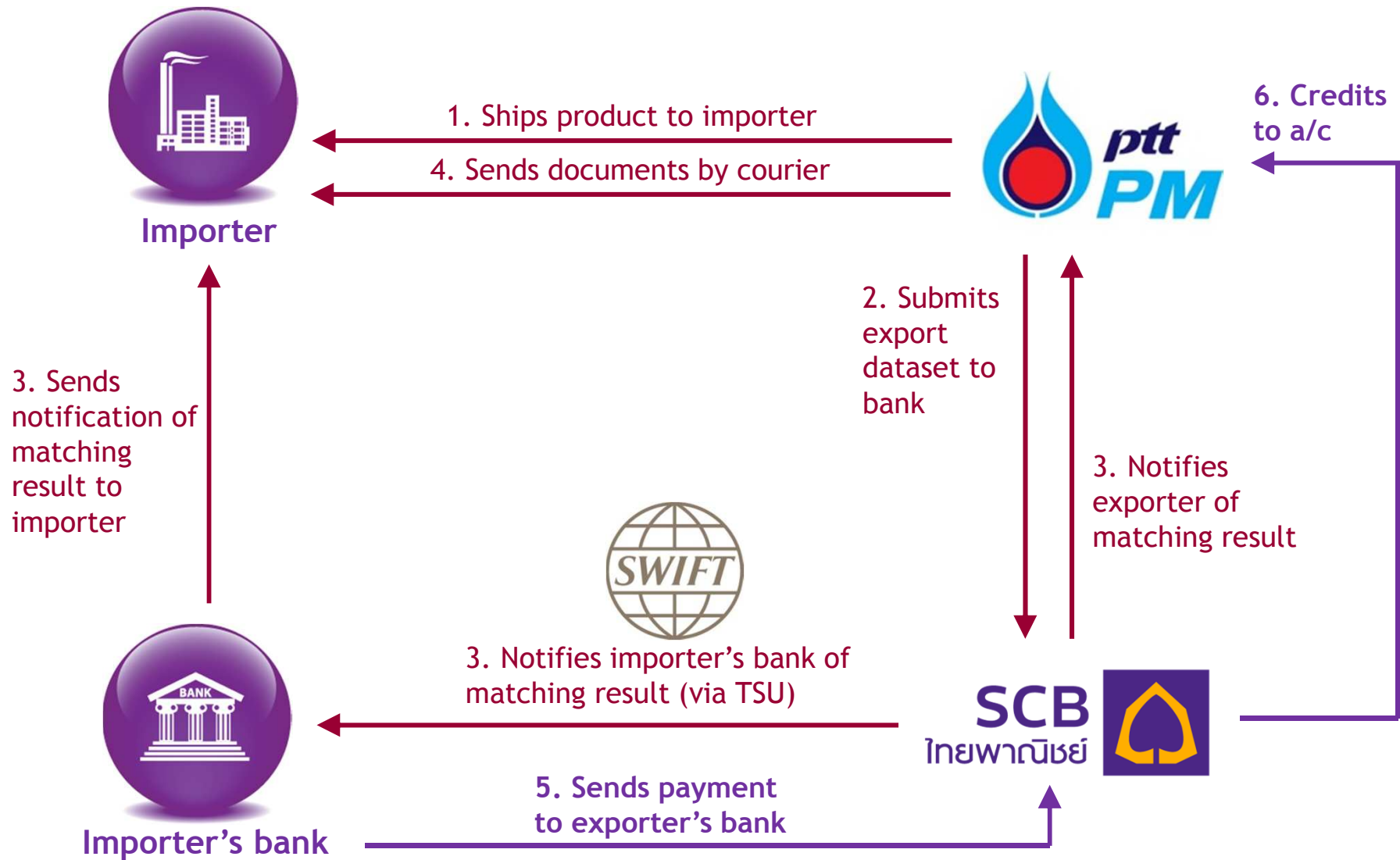
SCB offers the full range of BPO services to match specific client needs

Category	Import	Export
Transaction services	BPO issuance	BPO advice
		BPO confirmation
		Export data matching via BPO
Financing services	Import financing under BPO	Pre-shipment financing under BPO
		Post-shipment financing under BPO

BPO process flow (pre-shipment)



BPO process flow (post-shipment)



Benefits to trade counterparties

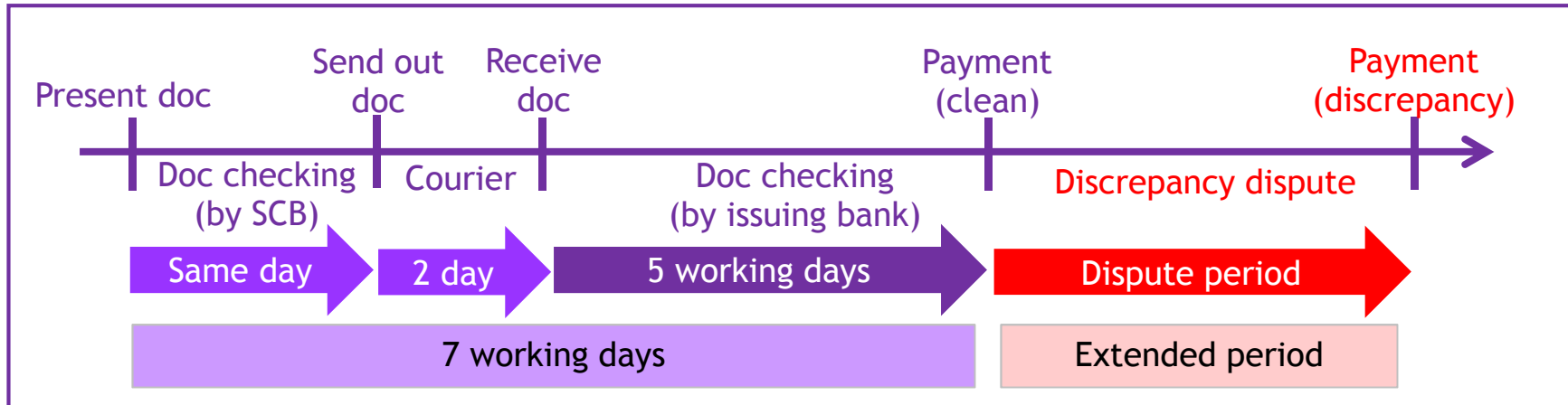
Importer



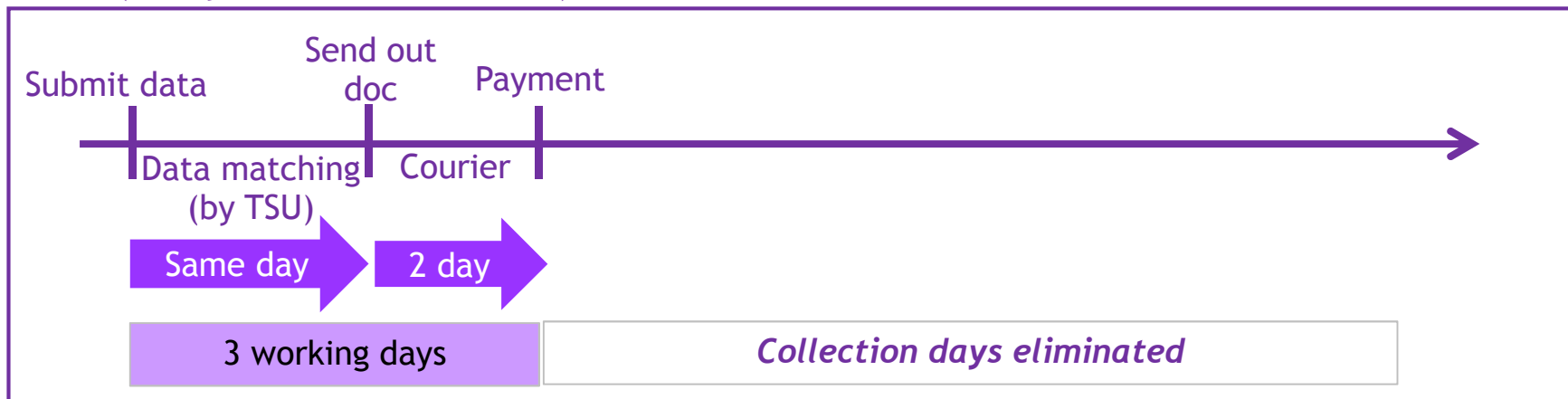
- ✓ Receives documents & goods faster
(exporter sends shipping documents directly)
- ✓ Reduces transaction cost
- ✓ Shortens credit utilization period
- ✓ Receives payment on time
- ✓ Eliminates risk of discrepancy dispute
- ✓ Reduces transaction cost
- ✓ Reduces time spent banking
(from 7 to 1 working day(s) on doc checking)

Benefits to trade counterparties

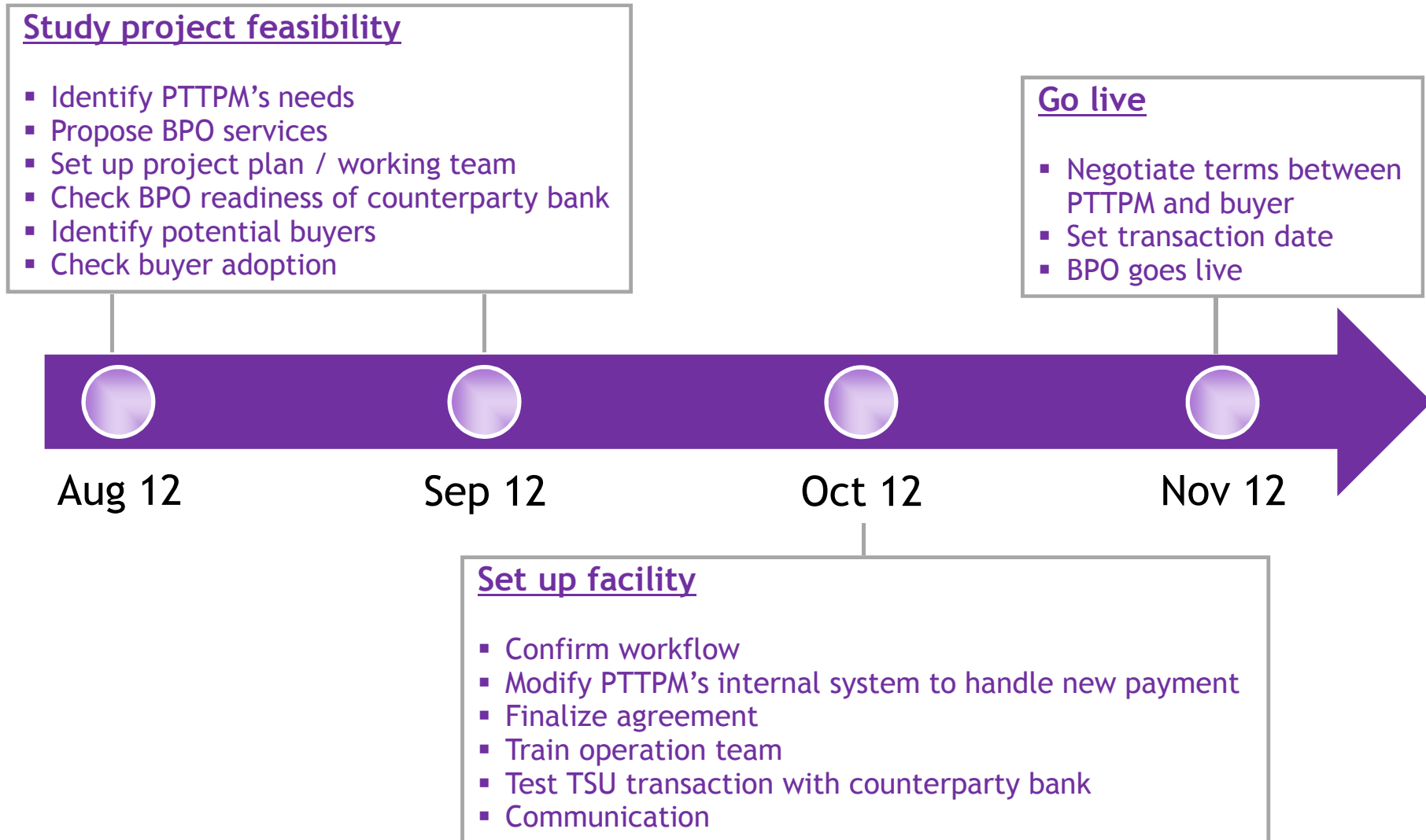
Sight L/C



BPO (2 days after match date)



BPO project timeline



Next steps

- Increase number of BPO counterparty banks
- Follow up status of URBPO endorsement
- Commercialize BPO to wider group of customers
- Develop system to fully automate BPO transactions
- Create new and additional BPO-related solutions

Customer endorsement



“The launch of BPO service by SCB has fully satisfied PTTPM because it saves on document verification time while reducing documentation complications and the consumption of natural resources.”

“It enables the company and its trade partners overseas to undertake payment transactions more conveniently and efficiently than through traditional payment services.”

*Dr. Pailin Chuchottaworn,
President and Chief Executive Officer of PTT PCL*

