



CASE STUDY: BNY AND MIZUHO BANK

COLLABORATION FOR TRADE SERVICES

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Introduction

BNY and Mizuho Bank, two leading financial institutions, have announced a landmark agreement to collaborate on enhancing trade services. This collaboration offers to leverage their combined expertise to provide innovative solutions for cross-border trade.



Background

The trade finance industry faces numerous challenges, including complex compliance requirements, high costs of operations, and inefficiencies in processing transactions. As global trade continues to grow, there is a pressing need for enhanced solutions that can streamline processes and reduce costs.



Challenge

In order to participate in international trade, correspondent banks need extensive global relationships with other correspondent banks. Establishing a Relationship Management Applications (RMA) between two banks requires significant resources. Once an RMA is set up, if not maintained, it can become obsolete, making the process inefficient and costly.



Solution

BNY aspires to be the Financial Institution (FI) correspondent bank, maintaining over 4000 RMAs. The Relationship Management Application is a Swift service that enables FIs to send financial messages to one another. When an FI needs to process an LC to/from another bank where no RMA exists, FIs can use BNY as an intermediary by utilizing its extensive RMA network, which is cultivated by its global trade relationships as an unconflicted bank. This approach streamlines processes and reduces costs.



The Collaboration

On October 20, 2024, BNY and Mizuho Bank announced their agreement to collaborate on international trade finance services. The primary objective of this collaboration is to integrate BNY's Trade Network Access Service (TNAS) with Mizuho Bank's trade finance product offering. This collaboration aims to expand Mizuho's international trade network by leveraging BNY's extensive correspondent network of over 4000 RMAs. As an unconflicted provider, BNY offers clients enhanced connectivity for international trade, reduced compliance costs, increased trade revenues, and an expanded trade base. Additionally, Mizuho will leverage newly opened USD accounts to facilitate payments on trade transaction

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Implementation

The implementation process is straightforward:

- Gain Access to TNAS Portal: BNY's TNAS was seamlessly integrated with Mizuho Bank's existing systems, ensuring compatibility and efficiency.
- Obtain information from self-service proposals and product-specific terms.
- Sign a two-page proposal.
- Mizuho sends BNY the users they want on the portal.
- The process is usually completed within five days.



Future Prospects

The partnership between BNY and Mizuho Bank holds great potential for future growth:

- Available Now: Clients can search the TNAS Portal for RMAs by BIC code or country and/or request the establishment of an RMA. Risk mitigation services are also available in addition to TNAS.
- Available in the Future: Real-time advice will notify clients about the status of their Letters of Credit (LC). A client-centric insights dashboard will provide increased insights into clients' trade flows, enabling better-informed business decisions and identifying additional opportunities.



Benefits and Impact

The collaboration between BNY and Mizuho Bank has yielded significant benefits:

- Enhanced Global Reach: Clients now have access to a broader network of correspondent banks, facilitating smoother international trade transactions.
- Reduced Compliance Costs: The integration has streamlined compliance processes, reducing associated costs for clients.
- Improved Efficiency: The collaboration has led to more efficient trade finance processes, minimizing delays and enhancing overall client satisfaction.



Conclusion

The collaboration between BNY and Mizuho Bank marks a significant milestone in the trade finance industry. By leveraging their combined expertise and resources, they have created a solution that addresses key challenges and enhances the overall client experience. This partnership sets the stage for future innovations and continued growth in the trade finance sector.

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