Supply Chain Trade Finance made Inclusive

TrafiGuard

60% of global SMEs have limited access to financing

it comes at high costs

Target Group: SMEs

- Trade Finance Solution for Micro Small and Medium Enterprises (SMEs)
- Proprietorship businesses – 10 K to 1 M USD in Loans
  - At the Low end of Goods and Service Tax (e.g. India) or NOT yet in GST
  - Exports - Nuetracueticals, Textiles, Food. Imports – Electronics, Chemicals, Raw Material
  - Needs access to formal finance
- Industry specific painpoints:
  - Working capital gaps and "Export/ Import" Credits.
  - Input Tax Credit Receivables, and Export Duty subsidies eventually arrive but puts lot of short-term cash flow deficit
  - Most of these businesses are operations-oriented and current options for them are very high in interest rates (predatory)

Hurdles for SMEs in Trade Finance

1. **Inefficient Credit for Sellers**

   A majority of global SMEs in developing economies (Exporters) do NOT have access to formal finance. Alternate options are of high interest.

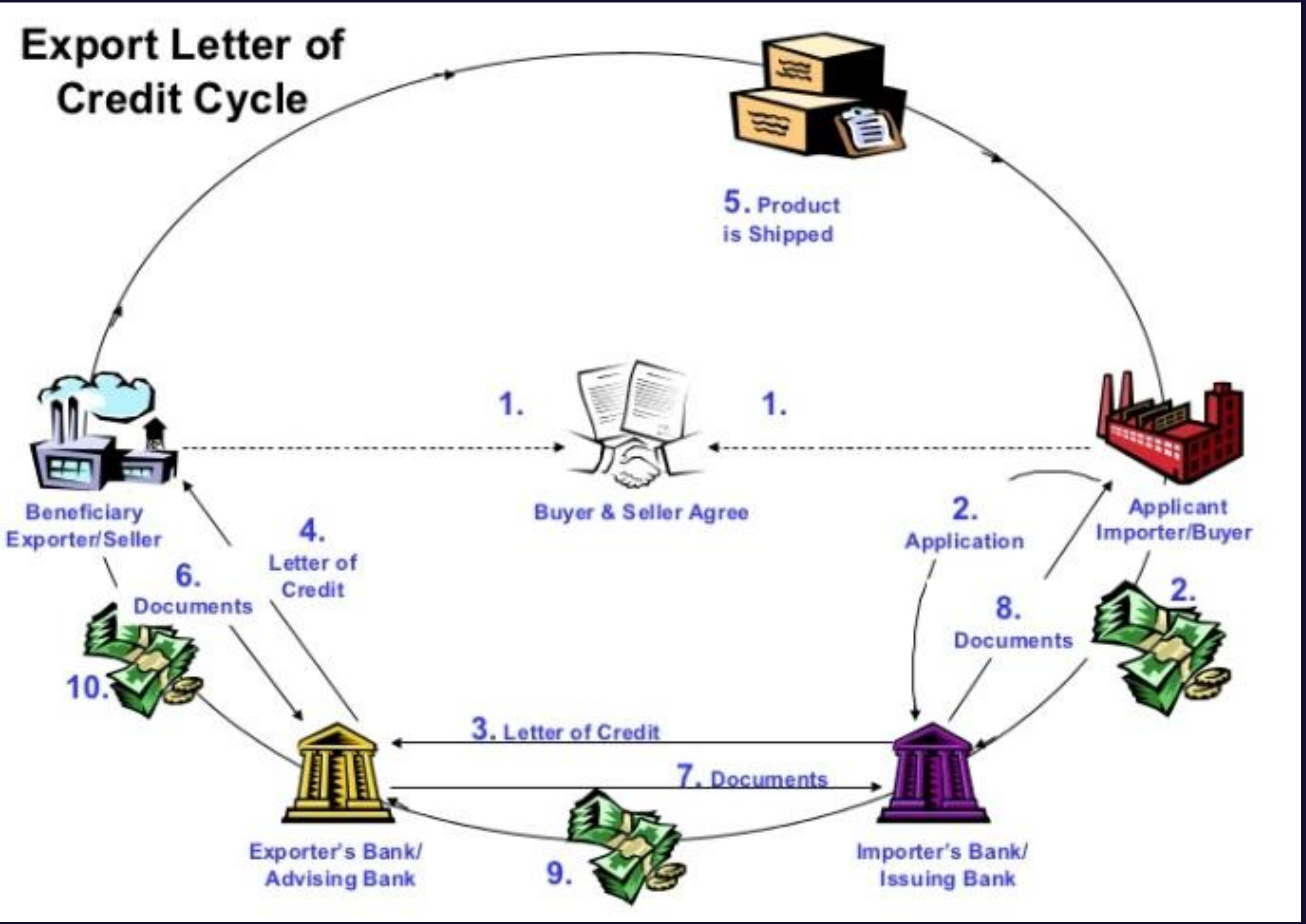
2. **Financiers / Buyers face Validation Risk**

   Decentralized solutions are emerging but risks are high and validations are still very difficult.

Need for Programmable Trust

For reducing Buyer and Financier risk, and Seller borrowing

Current State



Small Excursus

How is Trade Finance performed today?

A considerable proportion of international trade is financed through banks:
Buyer initiated credits though the buyers bank.
Sellers applying for export credit loans

In order to draw this credit the seller is required to ship the contracted goods and then submit appropriate documents to the bank.

Why is this an issue?

But MOST of the lending in developing nations are INFORMAL with no access to formal credit – and the options are very expensive for the borrowers. Inclusivity is a big focus of WEF and WTA.

The shipping **invoice**, also called a **bill of lading**, is a legal document that is required any time a company sends a freight shipment of goods. This document must accompany the shipped goods and must be signed by an authorized representative from the carrier, shipper, and receiver and is a common collateral for export/ import loans.

Using Defi to reduce Trade Risks

01 | Seller Identity though **Decentralized Bloom ID**

02 | Connectivity through **ChainLink adapters**:

- Bloom ShareKit to Smart Contract Bridge
- Bill of Lading Verifications - e.g. via TradeLens
- Ocean Logistics Events – For settlement

03 | Working Capital Handling via **Compound** using **USDC**

04 | Smart Contract to manage Risks, arrange Capital Flows and Settlement handling

TrafiGuard Flow

1. BUYER and SELLER Register 2. SELLER verifies DID and credentials to SC thru Oracle 3. BUYER initiates purchase order
4.a Oracle verifies Audited Financials of Seller 5. Oracle verifies Bill Of Lading for Shipment
6. Financier makes deposit for equivalent of PO based on credentials. SC locks funds 7. Based on the allowance deemed by Risk Evaluation Seller can take loan of 10-50%. 8. Oracle Tracks Shipment complete. 9. SC unlocked - Seller gets paid PO remaining amount MINUS 10% interest. 10. Financier gets Incentive paid.

SELLER ALLOWANCE TABLE: Bloom Verification Credentials : 10% Audited Income Tax Filing: 30 % Bill of Lading : 50%

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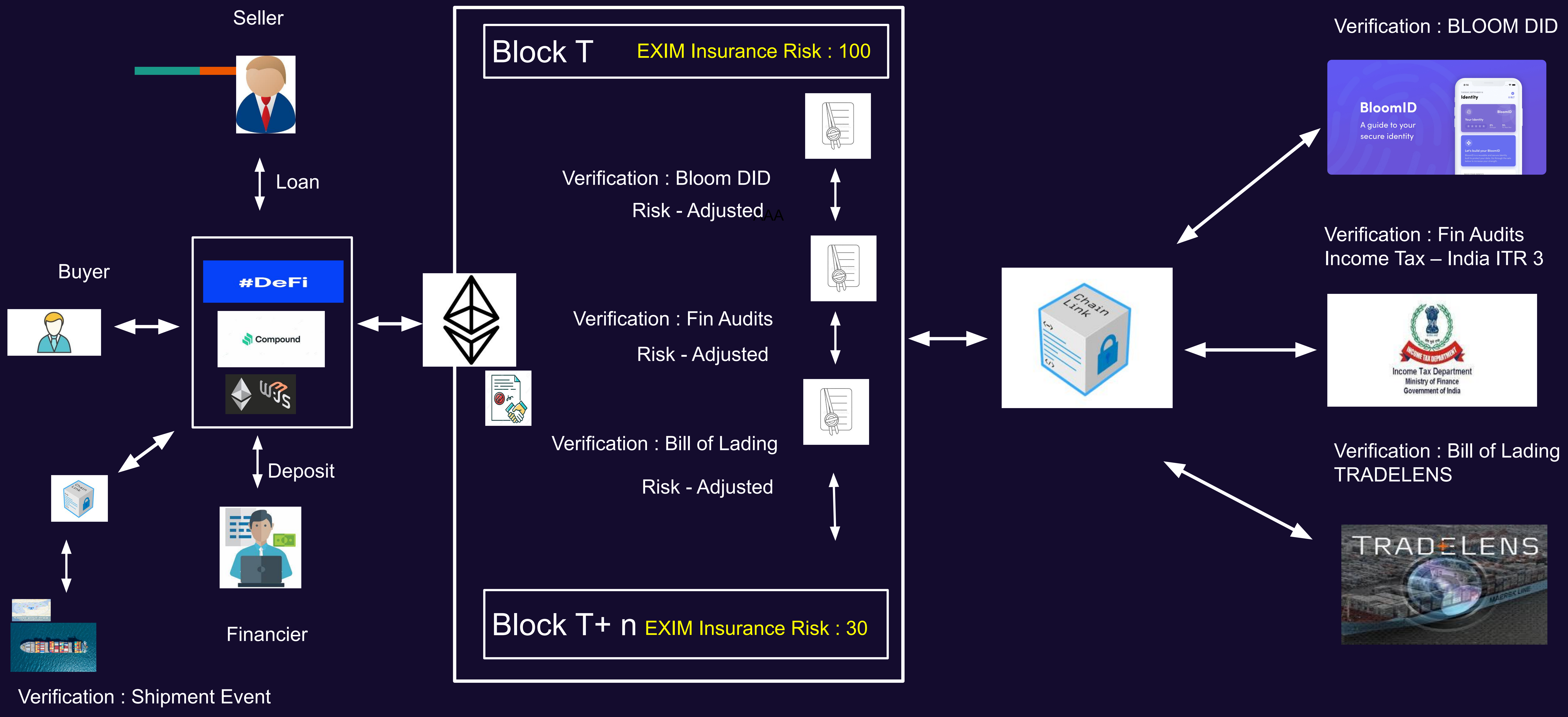
Interactions



The Creators

Shane O'Neil

Tech-Savvy Oracle Whistleblower

Carlos Noverón

Subsequently pushing contracts to the limit with a smile

Sathya Krishnasamy

Trendsetter in innovation, will make sure you get safe over the ocean

Alexander Hüsgen

Likes to stand at the lookout, ready to route capital flows

Protocols we used:

Bloom USD Coin Compound Chainlink