# TRANSCRIPT: Tradecast - Growing uncertainty in Trade Credit Insurance: what does this mean for the industry? Part 4

**Featuring**

Gary Lowe, global head of the Global Credit Insurance Group, Standard Chartered
Jérôme Pezé, CEO, Tinubu
Janusz Władyczak, CEO, KUKE (the Polish ECA)
Richard Wulff, executive director, ICISA

**Moderator**

Deepesh Patel, editorial director, Trade Finance Global

**Deepesh Patel**

Let's take a future look on where the industry is headed in terms of outlook and innovation. Gary, this sector has been traditionally very commodities-focused, and you talked about the way the industry ran several years ago. There's been a shift toward managing capital and improving returns through less traditional avenues. Can you expand on this, and what mediums are being used?

**Gary Lowe**

I think it's quite impressive, frankly, how well the private market has embraced the opportunities beyond what has traditionally been the case. I've been one of the people banging the drum for the opportunities within the wider credit markets for insurance for many years. We're really seeing that happen now. I guess in specific themes, project finance is a big theme. Everyone seems to want to do that together with asset-backed financing. Clearly anything with ESG on the tin is important to do because it's the right thing to do. It's important to do because it's going to be an evergrowing piece of what banks are doing. It's a core strategy for Standard Chartered across both the lending and the capital market structures, and I think therefore, insurers are going to see increasing opportunities there. But then there are also areas of credit markets which insurers can participate in that I don't think they've really thought about too much before. So we've placed our first insurance on acquisition finance, on repos, on capital calls, and NAV (net asset value), which is sponsor financing. We've looked at commodity warrants and we've done our first accelerable long-term project finance, real estate. We placed a really interesting transaction, nearly $4 billion of cover, protecting ourselves against the cash deposits that we hold at central banks for regulatory and liquidity reasons in our footprint operations. I'm currently in the market for an up size of that. So it's a pretty exciting time to be in the market. I think there are plenty of opportunities for insurers. I think the core purpose around facilitating trade and investment and enabling risk sharing, it should always be the guiding principle. I don't want this to become a speculative market. I don't think there's any danger of that happening. But within those parameters, there is still plenty of opportunity to diversify and to support the real-world economy, particularly as technology moves on. We're looking at transactions like data warehouses, absolutely enormous, not just in the west, but in Asia, in China, and India too. These things are hybrid in terms of whether they're real estate or they're technology, but these are transactions that the insurers have already got behind in a meaningful way, and I expect to see that continue.

**Deepesh Patel**

Thank you very much, Gary. Jérôme, given this shift to look at alternative methods, how do you think the customer needs with respect to buyers of CPRI will change and will internal organisation structures need to shift to accommodate?

**Jérôme Pezé**

I'm talking the rise of big data and new technology. First, it's clear that the customer will expect the credit insurer to be more intelligent and to participate in the development of their own intelligence. What do I mean by that? I mean that they will expect a credit insurer to understand better the business, the specificities of their business, their credit sectors, their market, their buyers, as well to take into consideration the information of their own companies. They will need as well, the credit insured to provide them the intelligence they expect they have, in a way for them to better manage their credit risks and including potentially to provide them with the tools to better manage their credit management. They will expect the integration between themselves, with their ERP, with their internal management system and their credit insurer, to be better, more seamless, and stronger. They will expect also the insurer to be better to integrate with the banks, with the trade platforms which are emerging. Clearly they will expect the credit insurer to support them. More strongly, they will never accept the situation of the past to be repeated. The level of service required will be higher in terms of responsibility, ergonomy, flexibility, and transparency. The policyholder will expect the credit insurer to be clear and transparent regarding the pricing, for example, of the product. Regarding the claim and when my claim will be indemnified, how it will be and what the amount of the collection available and so on. All those elements, in terms of transparency, transparency of pricing, transparency of risk, availability of information will be paramount for the policyholder. On all those elements, I think the technology can provide strong benefits and the demand by customers will surge. That's the reason why on top of what I mentioned regarding the ability of the credit insurance through technology to manage its own risks and to respond, that will be the second leg of what is required to run and to face the challenging environment.

**Deepesh Patel**

Thank you very much. And I guess one final question to Richard now, I'm afraid we're almost out of time on Tradecast, but Richard, how do you see the capacity of risk evolving or perhaps devolving, and where do you see this taking the market?

**Richard Wulff**

One of the reasons I'm incredibly proud to be a part of the credit insurance industry is its resilience. If you look back at the past economic downturns, the shocks that the economy has sustained, the one thing was constant, and that was the will and the ability of the industry to support risk and to support its clients. I expect that firmly to continue into the future. All the economic shocks, all the downturns were slightly different. This one is different again. What will not change is its resilience and the capacity.

**Deepesh Patel**

Thank you very much, Richard, and I'm afraid I'm calling time on this very insightful, important Tradecast. The news of a V-shaped economic recovery with nearly 97% of claims paid, you'd think it was quite a pretty picture for trade credit insurance. Certainly an umbrella that's ready to open during the storms. But I think the picture is certainly nuanced and tough roads lie ahead. Obligors continue to drive innovation and partnership in the CPRI space, whether it's through multi-tranche, multiparty transactions in project finance, or perhaps through using AI and big data to better assess risk. What's sure is the CPRI market is operating in a totally different space to where it was a decade ago. Once again, I'd like to thank Tinubu, our sponsors for this Tradecast. The recording of this Tradecast will of course be available to download alongside with a series of writeups from the fantastic TFG team. Thank you finally to our excellent speakers for such a well rounded, thought-provoking Tradecast. And credit where credit is due to Gary Lowe, Jérôme Pezé, Janusz Władyczak, and Richard Wulff. I'm Deepesh Patel, it's been a pleasure to be your host today. Goodbye and goodnight.