



Trade Financing for SMEs through Paperless Trade Platform

: Experience of Republic of Korea

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I . Trade Finance System of Republic of Korea

1. Trade Finance in Kora

Trade Finance in Korea

- In a larger sense, Trade Finance means activates related to raising fund for international trade (Pre/Post-Shipment Finance)
- In a narrow sense, Trade Finance means a system - mechanism which mandates **the financial support of central bank** (the Bank of Korea) to exporters or parts/raw materials suppliers by 'the rules of trade financing operation in relation to the total loan ceiling' of the Bank of Korea to promote export

⇒ Allocation of Fund for Trade Financing with prime rate for SMEs and mandated trade finance services of all foreign exchange banks

2. Trade Finance by Criteria

Criteria	Contents		
By financing condition	L/C based or other contract proof based	<ul style="list-style-type: none"> - Production Fund - Raw materials fund - Inclusive financing fund - Finished goods purchasing fund 	
	Export record based		
By manufacturing capacity	Manufacturer	By purpose	Production Fund
			Raw materials Fund
		Inclusive financing fund	
	Non-manufacturer	Finished goods purchasing fund	

2. Trade Finance by Criteria

Trade Finance Loan types

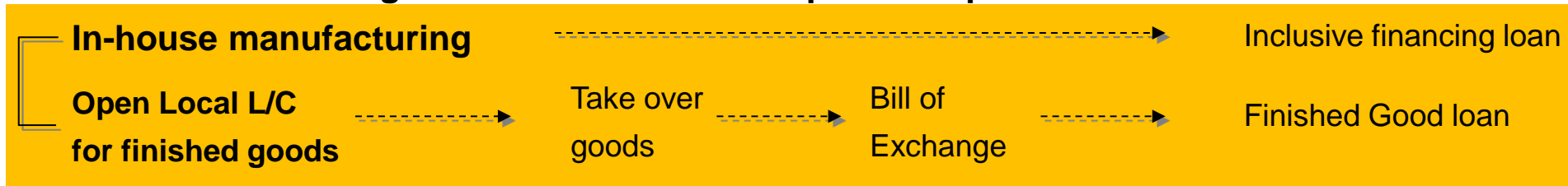
- **Production fund loan:** Financing for development or production of goods
- **Raw materials fund loan:** Financing for raw materials production
- **Inclusive financing fund loan:** total financing to SMEs who's export value is under 10 million dollars / year
- **Finished goods purchasing fund loan**

3. Trade Finance Process

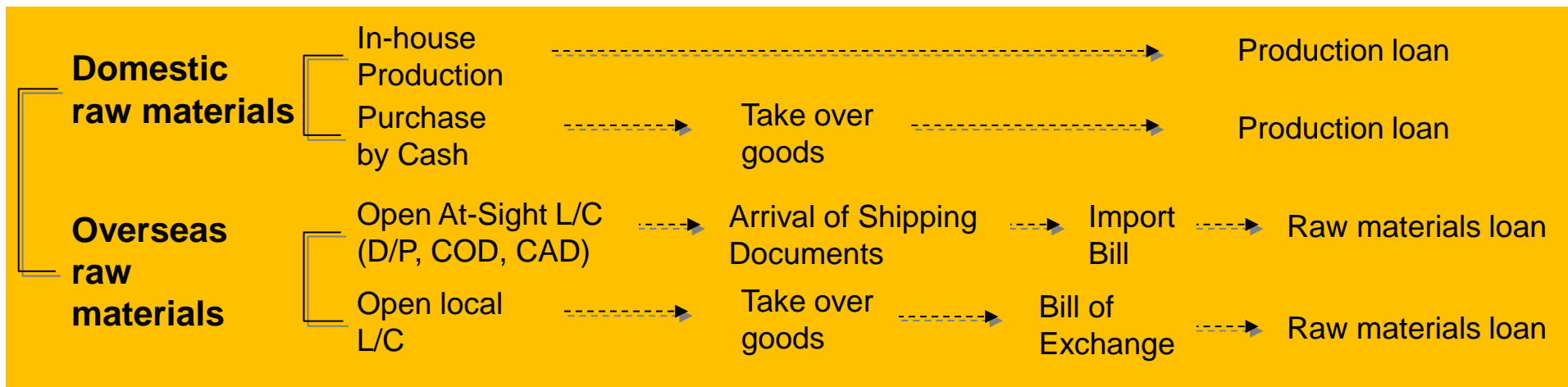
1. Contract for export of goods

2. Arrival of L/C

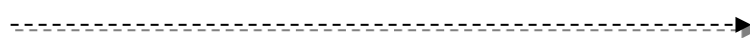
3. Purchas finished goods or in-house development of parts/raw materials



4. Secure required raw materials



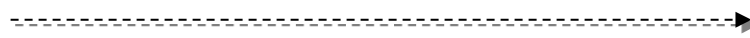
5. Production / Processing



Production fund

6. Shipping

Negotiation



Loan repayment

4. Pre-condition for Trade Finance

Pre-condition of exporter for Trade Finance

- Appointment of Foreign Exchange Transaction Bank
 - ⇒ Beneficiary shall appoint one or more 'Foreign Exchange Transaction Bank's for trade financing service
 - ⇒ Inclusive financing beneficiary shall appoint a 'Main Foreign Exchange Transaction Bank' to prove total trade volume
- Appointed Foreign Exchange Transaction Bank shall **keep the record of each export amount of a beneficiary** and the accumulated export record amount shall determine the total ceiling of a loan



II. Trade Finance Services through Paperless Trade Platform

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_6398

