**Michael Interviewing Angela Koll and Authari Megele of Marco Polo**

**Michael:**

Hello, I'm here with Angela Koll, Vice President, Senior Business Expert - Supply Chain Finance and Innovation at Commerzbank AG, and also Authari Megele, who is Director - Sales and Account Management at Marco Polo. And today we're going to be talking about consortiums in general, and Marco Polo of course. And this is in the lead up to our event next month, which is Consortia 21. And that'll take place at Norton Rose Fulbright in London, on the 19th and 20th of October. So Authari, and Angela, thank you very much for joining me this morning. And really, I want to start off by asking you about developments in Marco Polo over the last couple of years since we held our last Consortia event. And perhaps a bit more specifically, about the Marco Polo payment commitment. So, Angela, perhaps you could start off with that, and tell us a bit about the commitment, and also what's happened at Marco Polo in the last couple of years. Thank you.

**Angela:**

Yeah. Thank you. Michael. Happy to talk about it. So actually, we started in 2017. You know, we came together with different things and try to ... and we thought of, okay, what can we do with DLT technology, which is, I think very exciting and innovative. And well, we did kind of developed the Marco Polo payment commitment, which is basically providing an irrevocable abstract payment commitment from the buyer’s bank to the supplier. And so we developed a solution, including automatic matching of data, did the proof of concept in 2018, started with first pilot transactions in 2019, which were basically simulations of historic transactions. And I'm very happy and proud to say that we went live in May this year. You know, so since last time we spoke about Marco Polo at Consortia, I think we have made great progress. We're very happy, the corporates are very happy. And at the time being we are extending our live transactions and business.

**Michael:**

Okay, and of course, you know, for those people who are not that familiar with what's going on with Marco Polo, and Consortiums in general, this is all about providing efficiency, lowering costs, increasing speed, lowering risk for banks, primary banks, but also other stakeholders like insurers and logistics, organisations, and for corporates. And the whole idea is to speed up processes, lower costs, make things run more efficiently. Are we still on speed for that? How are things going? What is the current state of affairs? Authari, perhaps you can answer that one?

**Authari:**

Yeah, absolutely. I think we're looking back at a very successful year. As Angela said, we went live, we have now continuous transactions and the payment commitment module, and we could continue to grow. Obviously, you can never really be satisfied with the speed you're going. So there's always room for improvement. But I think despite COVID we're looking back at a very, very successful year. And more importantly, we did all the groundwork necessary for scale in the coming years. So for instance, we have now a very robust legal foundation for the payment commitment transactions, which is very important. And we also worked a lot on the architecture, and together with our partners, so I think this year was going live and be prepared for the scale for the coming months and years.

**Michael:**

Okay, so that's good news and positive. But, you know, as we all know, this is about convincing the business finance community, and banks particularly and corporates, about adopting your platform and maybe other platforms. And one issue which has been mentioned, I think, in the past, not by ourselves, but it's about volumes, and will the platforms, you know, let's talk about obviously, Marco Polo specifically, will you be able to cope with very large volumes? Because at the moment you've done some live transactions. But you know, compared to the volumes that we have in, let's say, Letters of Credit, and let's say receivables finance transactions, you know, those are pretty large volumes. Are you confident about the platform being able to cope with very large volumes? Angela, perhaps you can take them on?

**Angela:**

I'm very confident, you know, the technology, I think is really improvement for the market. As far as I remember, at our autonomy, you did a lot of checks. You know, I mean, we banks take what we get, but I think all these kind of checks for volumes and all that I think that has been carried out, as I said earlier, architecture is ready for it. So yeah, it's now gaining new transactions. But I'm very confident that volumes are not a problem at all.

**Michael:**

Okay, that's very positive. Okay, let me ask you something, which may be a little bit more sensitive. You know, I want to just mention the BPO, which I know you were very heavily involved in, Angela? And I'm not sure if you were involved in at all Authari. But that was something which was being promoted for several years. And in the end, I think it's fair to say, is it not that the BPO struggle to get banks to adopt this technology? What can you say to banks, who are, you know, questioning whether they should actually come on board with Marco Polo or not? How are you going to get them? How can you persuade them to come?

**Angela:**

You know, I call it evolution, right? When we implemented the BPO, that's nearly seven, or six and a half years ago, you know, that was the first time that we kind of switched from paper to data already and have this kind of automatic matching mechanism to provide automatically upon positive matching and revoke the payment commitment. And that was really a big innovation at that time. But I think most of the banks were not really ready for that, right. The pressure was not big enough. Then blockchain came up. And to be honest, I mean, the BPO failed. And I think I mentioned that before. And that's because banks were reluctant to join the network. And we are depending on the network of banks in that kind of area. And there were a lot of reasons not to join, you know: wait and see; blockchain came up; still trade finance very traditional, and people like to stick on the processes they have, including paper. And, of course, trade finance is a complex business. So I hope that I'm confident that we are, you know, at a different time, a different stage, we have more possibility to adapt to the requirements and the corporates and, you know, the corporates' the requirements of banks. So I think the development of the solutions is better, much better. And we can adopt, and the technology behind DLT and all that is perfect. So I'm confident that we will achieve more market adoption than we did with the Bank Payment Obligation.

**Michael:**

Let me just press you a little bit further on that. Let's say I'm a bank, okay, and I looked at the BPO. And I decided it was too expensive for me to adopt the BPO. And at that time, I was being told very similar things that the BPO is going to be wonderful, and it's going to make my life an awful lot easier and better and lower risk and speed up processes and also for my clients. So I heard all these arguments with the BPO, and now I'm hearing those arguments again with blockchain and Marco Polo. So how do you really persuade me that I'm gonna have, you know, a really real deal with this?

**Angela:**

Well, the thing is, Michael, it's time to move, you know, I mean, especially with the pandemic, you know. I think the pain is increased, that we need to get digital, you know. Why is the pain so high? Why are supply chains broken? You know, people are kind of, they all want to get digital, but they don't want to change processes, and they do not want to invest money and time. You know, all these things have to be done - we need to invest time; we need to invest money; and we need to be open-minded; and we need to join these initiatives proactively instead of not doing anything and you know. But of course, what we need to do is that, what we have done already, we need to prove that these solutions are working, you know, and they are working and our corporates are happy. By the way, the corporates were happy with the BPO already, right. It's just that we could not progress because we did not have enough banks. And the banks need to learn to be open-minded, and they need to learn, and they need to be successful on creating a business case. Right? The business case is always very important. A lot of things struggle. We come to think the big advantage that we are already familiar with these challenges. I already experienced in the BPO. And, you know, offer to all the banks if they want to get some help and support regarding a business case, happy to help. And I think also, because we are all together in the network, and we help each other, I think that's a very positive spirit. And I think that will move. And whatever we do, whatever we achieve, it's like blockchain, it cannot be washed away, you know.

**Michael:**

So the argument is even more compelling now, we would say. Authari, you have a point to make here?

**Authari:**

Yeah, absolutely. I want to echo what Angela just said. When I talk to customers, it's absolutely clear that COVID has really changed the way many banks and corporates think about that topic. So yes, maybe a couple of years ago, they had this 'rather see and wait' strategy. But that has completely changed. So digitisation is on the agenda of every bank and corporate I speak to. So the urgency is much higher. And then again, I want to remind that Marco Polo obviously has payment commitment as its most famous solution. But we're also working on other solutions in the receivables and supply chain finance space. So we can make a much more compelling offer to any corporate and bank who wants to join. So before maybe that was just a bank payment obligation. But right now, we can make an offer and say, 'Hey, this is not just about payment commitment, but also about your whole supply chain'. And there will be other topics that we will address to things like ESG, for example. So we have a much more compelling story to tell than just the BPO story.

**Angela:**

But maybe one issue as well, what I recognised and that's why I like, you know, the cooperation with Tradex, or now Marco Polo network is that, you know, regarding pricing. You know, you said it's so expensive. Well, in the past with the BPO, we did not have a chance to adjust the pricing, you know. Swift offered one price for all. And if you want to get banks joining the network, you need to differentiate - where are these banks? In which markets? What kind of budget do they have? We are all aware of the fact that we need things in difficult countries, but sometimes they do not have enough budget. So I'm happy to say that, but for the network, Authari and his friends are kind of negotiating and have a kind of different process how to onboard things so that the cost at the beginning is low, that the entry is easier than it was with the BPO.

**Michael:**

And presumably, the route you're ideally hoping to see is that the banks are persuaded to adopt this and come on board, and the banks will then in turn be persuading their clients, their corporate clients that this could be very good for them as well. So what ammunition will you be giving to the banks to give to their corporates to persuade them that this is really going to be good news for them, as well as the banks? Authari? What's your answer to that?

**Authari:**

Yeah, I think all the benefits that banks see when they use new and digital solutions like payment commitment, obviously, that also applies to the corporate customers. So we want to enable banks to provide a much better service to their corporate customers. And that, obviously, then will drive adoption and acceptability by the banks. So we are creating products so that banks can sell a better solution and to their corporate customers. And I think we were quite successful with that. Obviously, there's always room for improvement. But that's our main goal. We enable first banks and the banks, then I'm able to drive adoption with their corporate customers.

**Michael:**

And of course, in paper-based solutions, there is room for lots of errors to creep in and duplication triplication. And the process is much slower. Will the cost be lower for corporates, Angela, ultimately?

**Angela:**

Yeah, well, I mean, basically, banks are charged, and each bank can decide what kind of charges they will, you know, transfer to the corporates. You know, that's kind of flexible ways.

**Michael:**

Would you expect them to, if the costs are going to be lower for the banks, would you expect them to pass on some of that, at least to their corporate clients?

**Angela:**

I think it's obvious that we will kind of pass some cost to the corporates, but we will think about it very, you know, in-depth because, you know, it should be a solution which is suitable for the corporates. But we need to bear in mind, it's not about only the cost per transaction or something like this. It's about speed of transaction. Time is money. So the more speed I have, the more money I can save. And that is also a kind of very important issue. And but the key to success is a transfer of knowledge, you know, transfer of information - How does it work? Does it work? What do we need? What are the requirements of our corporates, and, you know. So we need to shift the knowledge to our salespeople. We need to shift the knowledge to the banks, and, of course, then to the corporates. So, you know, I think developing the technology is not the biggest hurdle. It's about bringing the good news to the corporates and get them convinced. And, you know, there we need to kind of support wherever we can. And again, we are happy to support. We have this kind of experience for many years now. So, but transfer of knowledge, I think, to be honest, is key.

**Michael:**

Yes, absolutely. And that's, of course, one of the reasons why we're holding this event next month, Consortia 21, because it's about providing a platform for people to understand what's going on in this whole area. And really, I wanted to end this discussion and this interview with just your thoughts about Consortia 21, and how useful that is, in getting the platforms together, the various consortiums together, plus corporates and other stakeholders, credit insurers, logistics companies. And a lot of what we've been talked about today will come up again next month at Consortia 21 But of course, we'll get different viewpoints and different opinions. How important do you think that is, in terms of developing these programs and these platforms and getting the message out to everybody? how important do you think Consortia 21 will be in doing that? Authari, what do you think about that?

**Authari:**

Yeah, I think events like Consortia 21, are extremely important, because we can raise a market awareness of these new digital trade solutions that we're developing. And that obviously will raise interest, and, obviously, will benefit solutions like Marco Polo, and that I hope that many corporates listening to the panel discussions, will realise that it's possible now to digitise trade, and it's possible to have an efficient solution that brings a lot of benefits, and more importantly, start getting involved sooner rather than later. I think that's what we want to show at Consortia 21.

**Michael:**

Angela, final word from you?

**Angela:**

I think Consortia is a very important event. Right, we are not talking only about Marco Polo, but there are also other initiatives, and you know, in the future these kinds of different initiatives need to connect somehow. You know, of course, we need standards. And at the time being, these initiatives are kind of working on their own, you know, but maybe in five years’ time or six years’ time, we have a kind of standard, and we are able to connect, because we need to connect networks. Otherwise, long term, you know, we will not be that successful like we want to be. And I think each and every corporate and bank needs to work on, you know, digitisation of processes and adopting platforms. And, you know, at the end of the day, it doesn't matter what kind of initiative you do, you know, of course, we would like to join, have more banks and corporates to Marco Polo. But I think we all need to gain experience and move forward. The worst that could happen, that's banks or participants of the market are not doing anything. That's the worst that could happen. So I would really motivate you to join Consortia. I think it's a great event, nice people. I like it very much. And I think all participants will gain. Also we, speaking for Marco Polo, will gain a lot listening to others and to move forward and digitise trade finance and supply chain finance.

**Michael:**

Great. Angela, Authari, thank you very much! And we look forward to seeing you at Consortia 21 next month. Thank you very much.

**Angela & Authari:**

See you then. Many thanks!