



FCI

Facilitating Open Account – Receivables Finance

Annual Review 2026

Horizon Spotting : Capitalizing on the AI Opportunity in Trade Finance

PM: Introduction: The WTO has forecast that efficiencies created by AI could increase global trade by 34-37% by 2040, creating new opportunities for trade finance and factoring markets. The market for AI in trade finance could expand threefold as early as 2027. Much of the promise rides on financial institutions' ability to use AI as a driver of transformation. We spoke with three market practitioners about where they are in their AI journeys.

- **PM:** Digitalisation: Imagine a scale from 1 to 10, where 1 is analogue, and 10 is highly digitalised. Where is your company on that scale, and why?

RC: I would place IFS Capital at around 7 out of 10. Since 2018, we have invested in a proprietary cloud-based loan management system that provides us with an end-to-end digital backbone, from CRM and underwriting to onboarding, monitoring, and collections. That has allowed us to integrate tools such as bank statement parsing, automated financial spreading, and API connectivity with accounting platforms.

The biggest unrealised potential for us lies in the data itself. We have more than 35 years of operating history across ASEAN, and digitalisation now gives us the opportunity to turn that institutional memory into structured intelligence that can sharpen underwriting, monitoring, and pricing decisions.

NA: We are at around 7. In reality, no company can truly reach 10, as digital transformation is never complete and technology continues to evolve. Over time, we have developed our own in-house factoring platform and built an integrated digital infrastructure that covers onboarding, AI-based risk scoring, automated workflows, and mobile access for clients.

However, in financial services, digitalisation does not move at the speed of technology alone, but also at the speed of regulation. Legislative frameworks play a critical role in determining how quickly innovation can be implemented.

SM: We are probably 8 out of 10, reflecting solid progress with further room for improvement. We have embedded digital solutions across both client-facing and operational areas, with products such as electronic financing, digital confirming, and digital onboarding becoming core components of our offering.

Our greatest progress has been in consolidating a structured digital platform. The next step is to expand the use of AI to enhance decision-making and move towards full end-to-end digitalisation across our product suite.

An FCI Roundtable with:

- Renchun Zeng, CEO, IFS Capital, Singapore (RC)
- Nergis Ayvaz Bumedian, General Manager, QNB Factoring, Türkiye (NA)
- Sergio Mendieta, Product Manager, Santander, Peru (SM)
- Moderated by Pamela Mar, Managing Director, Digital Standards Initiative, ICC, Singapore (PM)

- **PM:** The Impact of AI to Date: Where in your business has AI been applied?

NA: AI has been most successfully applied in risk assessment and operational efficiency. In factoring, where timing is critical, AI-supported scoring models allow us to analyse large volumes of financial and behavioural data more quickly and accurately, strengthening the entire credit lifecycle. AI also supports fraud detection and document processing. Given the large volumes of invoices and documentation involved, AI tools significantly improve both speed and accuracy.

SM: AI is already embedded across multiple areas of our business. In commercial banking, we use AI-powered tools to provide relationship managers with structured, up-to-date client insights, thereby improving service quality and responsiveness. AI also supports document analysis and internal processes, enhancing efficiency and reducing turnaround times.

RC: One key area is cashflow analysis, where AI-assisted bank statement parsing helps us better understand real operating behaviour, particularly for SMEs. It also strengthens fraud detection by identifying anomalies such as circular fund flows or unusual transaction patterns.

We are also applying AI in underwriting support and portfolio monitoring, improving pre-screening, consistency, and early warning detection. This enables us to identify potential stress earlier and manage risks more proactively.

- **PM:** What new risks to your business does AI bring? What scares you most about AI?

RC: One key concern is model risk. AI outputs can appear highly precise, but they are only as reliable as the underlying data. This is particularly relevant in ASEAN markets, where data quality can vary significantly, especially among SMEs, where accounting standards are not always consistent, and informal transactions remain common. Without careful oversight, this can lead to a risk of false confidence in AI-driven outputs.



Pamela Mar, Renchun Zeng, Nergis Ayyaz Bumedian and Sergio Mendieta.

Beyond this, my greatest concern is fraud. As lenders adopt more advanced AI tools, fraudsters are also becoming more sophisticated, using similar technologies to generate manipulated transaction patterns. This makes continuous investment in fraud detection and strong human oversight essential.

NA: Cybersecurity and data protection are major concerns as reliance on digital infrastructure and data-driven systems increases. There is also the risk of over-reliance on AI, particularly in complex financial decision-making where human judgement remains essential. In addition, AI models are only as reliable as the data they are trained on, making data quality a critical risk factor.

The issue that concerns me most, however, is algorithmic bias. AI systems are ultimately designed by people, and developers' assumptions or limitations can influence how models behave. For example, if certain types of businesses are unconsciously perceived as riskier, such as women-owned enterprises, this may be reflected in how variables are selected or weighted. These biases can shape outcomes without being immediately visible.

SM: I agree that the main risk is governance-related rather than technology itself. There is a danger of over-reliance on automated outputs without fully understanding their limitations. That is why strong frameworks for training, supervision, and control are essential.

At Santander, we address this through periodic internal training sessions and cross-functional working groups to promote the responsible use of AI. These focus on real use cases, feedback review, and the continuous refinement of AI tools. Teams are encouraged to experiment in controlled environments, define the business problem, critically assess results, and integrate validated applications into their daily workflows, ensuring both accountability and practical adoption.

● **PM:** What excites you about AI?

RC: What excites me most is AI's ability to convert accumulated experience into scalable intelligence. With decades of insights on borrower behaviour, sector cycles, and recovery outcomes across ASEAN, we can now transform this institutional knowledge into more precise underwriting and monitoring tools.

More importantly, this enables a shift from reactive to proactive risk management, allowing us to identify potential issues earlier and respond more effectively.

NA: In factoring, we deal with vast amounts of transaction data, and AI enables us to process and analyse this information at a scale and speed previously unattainable, leading to faster, more accurate credit decisions.

It also allows us to move from purely historical analysis towards anticipating trends and payment behaviour, supporting more proactive risk management. At the same time, AI tools have significantly improved operational efficiency.

SM: AI's greatest strength lies in its ability to transform large volumes of data into actionable insights. In trade finance, this enables faster, more informed decision-making and supports a shift towards more proactive risk management, particularly through the earlier identification of emerging risks and more timely responses to client needs.

Beyond efficiency, its real value lies in enhancing analytical quality, uncovering new business opportunities, and strengthening overall competitiveness, both internally and in how we serve clients.

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● **PM: How are your employees adapting to AI? Who does well and who does not? (or what functions adapt the best, and which functions are struggling)**

RC: The key challenge is organisational transformation rather than technology. AI requires employees, particularly those in credit roles, to shift from experience-based judgement to more data-informed decision-making, while also redefining roles across the organisation. Back-office functions, for example, are moving away from manual processing towards interpretation, exception handling, and higher-value analysis.

To support this transition, we are focusing on retraining, workflow redesign and strong human oversight. The goal is to position AI as a complement to human expertise, while equipping employees to work confidently with new tools and evolving responsibilities.

NA: We are still in the early stages, but employees are beginning to see AI as a tool that enhances rather than replaces their work. As repetitive tasks are automated, they can focus more on higher-value activities.

However, successful adoption depends on training, communication, and trust-building. AI transformation is ultimately a cultural shift rather than a purely technological one, and organisations that foster continuous learning and innovation are better positioned to realise its full benefits.

SM: At Santander, we have seen strong uptake of AI across commercial teams, where it enhances client insights, and in support functions, where it improves efficiency and reduces response times.

AI-powered tools provide relationship managers with structured company information ahead of client meetings, consolidating financial data, sector indicators, and key alerts into concise summaries, thereby enabling more informed conversations and stronger client engagement. This transformation is both technological and cultural, with AI acting as a "co-pilot" that enhances performance and decision-making across teams.

● **PM: Will fluency in AI be a requirement for being in trade finance in the future?**

RC: Yes, it will become a baseline requirement. Trade finance is inherently data- and document-intensive, and AI is increasingly embedded in areas such as credit assessment, fraud detection, and document processing. Professionals will not need to become data scientists, but they will need to understand how AI tools work, interpret their outputs, and apply them appropriately in decision-making.

NA: Agreed. Trade finance professionals will not need deep technical expertise, but they will need to be comfortable working with AI tools and understanding their limitations. As AI becomes more integrated into workflows, the ability to question outputs and combine them with human judgement will be essential.

SM: We see AI fluency evolving in a similar way to tools like Excel or internet usage, becoming a core professional skill rather than a specialised capability. What matters is not technical depth but the ability to use these tools effectively, interpret results critically, and apply them responsibly in a risk-sensitive environment such as trade finance.

● **PM: What about the geopolitics of AI: might geopolitics affect your ability to digitalise and/or use AI?**

RC: Geopolitical developments are certainly on our radar, particularly as they shape regulatory frameworks and technology ecosystems. Singapore's position as a neutral and well-regulated financial hub provides stability and clarity. Our focus, therefore remains on the responsible adoption of AI within a strong governance framework, ensuring resilience in a changing global landscape.

NA: From our perspective, geopolitical tensions are not a primary constraint on AI adoption. The key challenge is less about geopolitics and more about how effectively organisations use data, build models, and integrate AI into their processes.

SM: Geopolitical tensions are clearly part of today's operating environment and influence areas such as technology provider selection and regulatory compliance. Our approach is to remain flexible, diversify our technology dependencies, and ensure alignment with local regulatory requirements. In this context, managing regulatory and technological complexity becomes just as important as innovation itself.

● **PM: How do you think AI should be regulated (if at all) and why? Are governments doing enough (or too much) in this regard?**

RC: As AI tools increasingly influence credit decisions, fraud detection and risk management, they are becoming part of the financial system infrastructure, making appropriate regulation necessary.

At the same time, most governments are still calibrating their approach. Regulation should not constrain innovation, but should ensure accountability and trust through fair, transparent and explainable outcomes. In financial services, innovation and governance must evolve together.

NA: AI regulation should support innovation while ensuring trust and responsibility. Technology evolves quickly, so ongoing dialogue between regulators and industry participants is critical. Regulation should not slow progress, but it must ensure that systems are used fairly and reliably.

SM: Regulation is necessary, especially in financial services, where AI increasingly influences credit decisions and risk management. However, it should follow a risk-based and use-case-driven approach, recognising that not all AI applications carry the same level of impact. Strong governance within institutions, combined with proportionate regulation, is key to ensuring both innovation and trust.

● **PM:** AI has garnered a lot of attention, but it is far from being the only technology or tool out there that could have an impact. What other tools or technologies interest you?

RC: Beyond AI, we are particularly interested in blockchain and tokenisation technologies, as they address two key challenges in trade finance: visibility and liquidity.

Blockchain improves transparency and trust across the supply chain and receivables lifecycle by providing an immutable record of transactions and ownership, reducing disputes and fraud. This is especially relevant in factoring, where verification of short-term receivables is critical.

Tokenisation of receivables can further enhance liquidity by enabling broader investor participation, supporting more efficient capital management and improved funding access for SMEs.

NA: Blockchain and distributed ledger technologies also have strong potential, particularly in improving document authenticity and transaction transparency. However, unlike AI, these technologies are still at an early stage of adoption, which is why their practical impact is less visible today.

SM: We are seeing a strong impact from technologies such as electronic invoicing, digital identity, and digital signatures, which are already transforming how transactions are recorded and verified. In markets like Peru, electronic invoicing systems are improving traceability and access to financing, while digital wallets and identity solutions are reshaping the broader financial ecosystem.

● **PM:** AI has also been associated with mass layoffs. What are your thoughts about the AI and jobs question? Do you think you might eventually need fewer employees as AI's capabilities grow?

NA: In our business, in areas with repetitive manual tasks such as document processing, data entry, or basic controls, we will need fewer people, as AI can handle these tasks much faster and more accurately. As AI improves efficiency, it will give us the opportunity to grow our business and serve more clients with the same headcount. So, it will create more jobs, but require reskilling people and redefining roles. As such, AI will be a growth enabler if we use it strategically. Let's manage this shift in roles, combine technology with strong human expertise under a clear business vision and seize the opportunities ahead.

● **PM:** Last remarks & looking ahead.

RC: Looking ahead, ASEAN remains one of the most compelling growth frontiers for global trade finance, where opportunity and complexity go hand in hand. Our strength lies in understanding these diverse markets and leveraging AI to scale that expertise into sharper underwriting, stronger fraud resilience and faster liquidity solutions. Our ambition is to use AI not just to digitalise finance, but to scale ASEAN trust across borders.

NA: One important question is how AI will affect human thinking and creativity. If people rely too heavily on AI-generated outputs without questioning or analysing them, there is a risk of cognitive laziness. However, history shows that similar concerns have accompanied every major technological shift, with human effort ultimately moving towards higher-level thinking. The outcome therefore depends on how we use AI.

It is therefore our responsibility to build a strong culture. When leaders promote curiosity, accountability, and conscious learning, AI can amplify creativity and accelerate human capability.

SM: At Santander Peru, digitalisation, transformation, and the responsible use of AI are strategic priorities.

We view technology not as an end in itself, but as a means to generate sustainable value for our current and future clients, strengthen decision-making, enhance operational efficiency, and reinforce resilience in an increasingly dynamic and competitive environment.

● **PM:** Conclusion: As our practitioners have suggested, AI has significant transformative potential for the trade finance business and for organisations. And yet it is not the first technology to have promised much and then stalled as companies struggle with culture change, adoption, and legacy systems. To avoid being stuck in Gartner's "trough of disillusionment", where organisations pull back on their AI-related investments, organisations must clearly temper their expectations and bring employees along.