

Name of Initiative

Electronic Banker's Guarantee Programme

Agency

Singapore Customs



Could you share briefly on what was the impetus that eventually led to the initiative, and how did you motivate yourself/your team to pursue it?

The traditional paper banker's guarantees (BGs) involves manual and inefficient processes where costs and time are required to courier the paper document between the trader, financial institution (FI), and Singapore Customs. Any errors in the paper BG would require additional manual effort to correct. Paper BGs also presents potential risks to the BG beneficiary such as Singapore Customs where the BG could potentially be fraudulent, and FIs could be misrepresented to be providing guarantees that are non-existent or fraudulent.

The idea to explore digitalising the existing manual processes associated with paper BGs originated from BNP Paribas and OCBC. The team had considered the banks' idea and recognised the potential benefits that could be gained for all stakeholders. By digitising the BG document, and digitalising the associated BG-related processes (i.e. lodgement, extension, claims and discharge of the BG), stakeholders can enjoy substantial benefits. Traders can lodge their guarantees with Singapore Customs in a faster and easier manner, FIs can eliminate the risk of fraudulent lodgement and claims of BGs and save effort in correcting errors that could be present in paper BGs. Singapore Customs is also able to reduce our risks of receiving fraudulent BGs, and enable a quicker turnaround processing time for BGs which in turn will allow traders to proceed with their business operations faster.

Throughout the project, the team kept sight of the envisioned outcome and benefits that would be realised, and this provided us with the motivation to complete the project.



What were the challenges that you/your team encountered, and how did you/your team overcome them?

A main challenge faced by the team is ensuring the legal standing of digital process and the digital BG. Using paper BG has been an industry norm, and prior to the 2021 amendments to the Electronic Transactions Act, there was concern whether an electronic BG (eBG) will be legally valid as an eBG is a novel concept in Singapore. The team worked closely with the banks and AGC on how an eBG can be accorded legal validity and be recognised by both the issuing FI and Singapore Customs. The team managed to resolve this concern through a bilateral agreement between participating banks and Singapore Customs, where the agreement is carefully crafted to give legal validity to eBGs and meet both parties' requirements.

Another challenge faced is the transition to fully digital processes for eBG-related transactions, as it required shifting away from traditional norms, and Singapore Customs needed to assure traders and FIs that the digital solution is robust and secure. The team worked with the banks to design fully digital processes for BG-related transactions that could ensure a smooth and efficient process for traders and FIs while eliminating the manual inefficiencies of existing paper-based processes. This was achieved by leveraging on Singapore Customs' Networked

Trade Platform to exchange the eBG data securely and quickly between FIs and Singapore Customs. These digital processes are also designed with traders in mind, as they do not impose any additional requirements or steps for traders to also utilise the Electronic Banker's Guarantee Programme (EBGP).

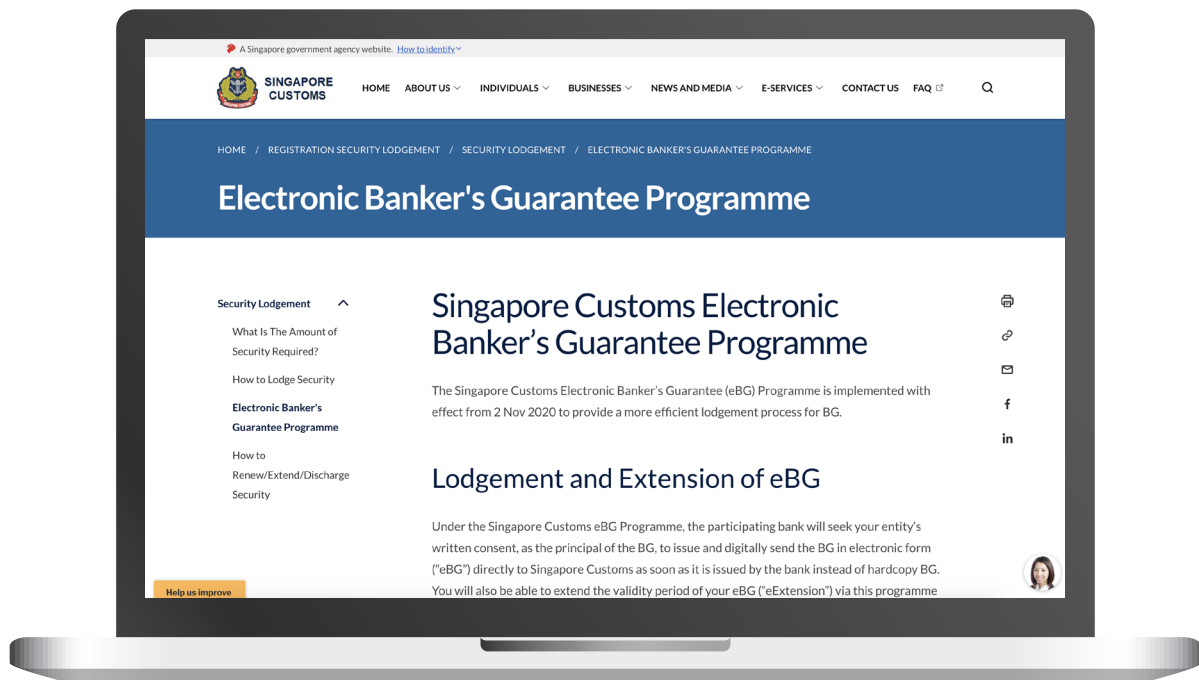


What was the most memorable moment while working on this project?

One memorable moment for the project was the implementation of the EBGP on 2 Nov 2020, as it was achieved only with the close collaboration between Singapore Customs and the participating banks, and signified a successful shift away from traditional norms towards digitalisation and a smart nation. Although an eBG is a first in Singapore, and many challenges were faced while developing the solution, the participating banks have supported this project generously, and advocated the transition to electronic guarantees by encouraging their clients to adopt the programme by providing promotions for eBG applications.

Since the implementation of the EBGP, participating banks continue to support and work closely with Singapore Customs to resolve issues faced and refine the solution to further streamline and enhance the operational process flows.

<https://go.gov.sg/electronic-bankers-guarantee-programme>



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