

DBS partners maritime players and MPA to complete Singapore's first live bunker delivery financing pilot with digital bunker delivery note

Successful pilot demonstrates the viability of digitalised bunker financing capabilities to enhance transparency and resilience of Singapore's bunkering sector

First financing on digital bunker delivery note between TFG Marine and ONE

Singapore, 21 Jul 2021 - To up the ante on the digitalisation of Singapore's bunkering sector, DBS, in partnership with Trafigura Group's marine fuels supply and procurement joint venture TFG Marine, leading maritime players Ocean Network Express (ONE) and Ascenz^[1], and supported by the Maritime and Port Authority of Singapore (MPA), have successfully completed Singapore's first live bunker delivery financing pilot transaction. The transaction was done by way of an electronic bunker delivery note^[2] (BDN).

Singapore is the world's leading bunkering hub in terms of volume, with close to 50 million tonnes of marine fuel sold in 2020^[3]. However, banks currently rely on physical copies of the BDN and other supporting documents to avail bunker financing to clients. This is a cumbersome process that typically takes a few days to a week as clients have to manually deliver the physical BDN back to shore for compilation with other paper documents, before a trade finance application can be submitted. The newly digitalised process demonstrated that in future clients will be able to obtain financing for their underlying trade in under two hours, enabling them to obtain working capital faster and better manage their cashflows.

Another pain-point the digital BDN mitigates against is the risk of fraud in the bunker industry. In the traditional bunker trade world, the physical BDN has a higher risk of being manipulated as it can be used to request for financing for underlying deliveries which may not be genuine or which could have already been financed by another bank. With the digitalisation of the BDN, this risk is mitigated as counterparties are now able to ascertain the trade data at source. This is done by leveraging the Mass Flow Meter (MFM) system for bunkering^[4] electronically. This helps to provide greater transparency and certainty to participants in the bunker trade supply chain ecosystem.

Sriram Muthukrishnan, Group Head of Trade Product Management, DBS, said, "Trust and transparency are the keys to Singapore's continued leadership in trade and trade finance. The digitalisation of bunker delivery notes is one of many pivotal steps necessary to transition Singapore's bunkering sector into the digital era and to ensure our port and shipping industry is future-ready. The objective is to co-create an end-to-end digital workflow that enhances efficiency and transparency for bunker trades, while building trust with banks and shipowners which are fundamental to the long-term growth and development of Singapore's bunker ecosystem."

Kenneth Lim, Assistant Chief Executive (Industry) of MPA, said, "MPA has been accelerating the maritime industry's digital transformation efforts, and these include digitalisation of the bunkering sector, a vital part of our hub port service offering. The adoption of digital documentations will help stakeholders across the value chain move towards more efficient and transparent operations that are aided by data-driven decision making. We welcome more of such private-public collaborations facilitated by our regulatory sandbox, that will help Singapore remain the world's leading bunkering port."

Kenneth Dam, Global Head of Bunkering, TFG Marine said, "This pilot project has allowed TFG Marine to demonstrate how the use of Mass Flow Meters, that we have installed on our barges in the port of Singapore and elsewhere, not only increases transparency for customers in terms of the quantity of fuel received, but can also be adapted to provide real time information as a digital bunker delivery note to counterparties including customers, the port authority, financing banks and port agents. Singapore is already one of the busiest bunker hubs in the world and will benefit further by utilising digitalisation to increase transparency."

Julien Glory, Chief Executive Officer, Ascenz, said, "We are proud to contribute to the digitalisation of Singapore's bunkering sector with our advanced business process automation solution. Our electronic bunkering delivery note provides Singapore's maritime ecosystem with a more efficient, accurate and transparent data collection technology. By improving the end-to-end traceability, this major innovation supports trust between participants in the bunker trade, including banks, buyers and suppliers. With the digital revolution speeding up in the maritime sector, Ascenz is well positioned to help the maritime players sail that ocean of opportunities. We build smart technology to support their efficiency and sustainability."

Takashi Kase, Senior Vice President (Fuel & Global Vessel Operations), ONE, said, "The eBDN is a significant milestone for the Singapore Marine Fuel industry and ONE is proud to be an integral part of this journey to drive digitalisation and enable enhanced efficiency. Singapore Maritime ecosystem's readiness to leapfrog and lead the global industry innovations, creating a transparent and well-managed digitisation flow, will further strengthen the dependability and reliability of Singapore as a Marine Fuel Hub."

Part of broader efforts to digitalise financing services for Singapore's maritime sector

The live pilot transaction comes on the back of a joint agreement signed between DBS and MPA in 2020, to accelerate the digitalisation and innovation of financial services and payments across Singapore's maritime industry.

The collaborative areas which MPA and DBS have identified include streamlining and enabling payment transactions between the users of maritime services to expedite end-to-end payment life cycles, as well as digitalising supporting documents for financing. MPA and DBS will also facilitate innovation and creation of potential new financial solutions with the startups ecosystem for the maritime sector.

Future integration with SGTraDex

For the next phase of development, there are plans to integrate the use of digital BDNs with SGTraDex once the digital utility is operational in 2022. Developed by public and private sector partners led by the Alliance for Action (AfA) on Supply Chain Digitalisation, SGTraDex is a common data infrastructure launched in July 2021 to facilitate trusted and secure data sharing across supply chains. In addition, added transactional data points such as the receiving of vessel and barge location and the timing of delivery can help to enhance visibility to the underlying physical trade, further improving risk mitigation in the bunker industry and elevating Singapore's position as a world-class digital and bunkering hub.

DBS' role in SGTraDex

DBS played a crucial role in the conceptualisation of SGTraDex as the Technology Lead on the Alliance for Action (AfA) on Supply Chain Digitalisation where the common data infrastructure prototype was developed and tested through three defined use cases, and trialled through a series of business simulations with participants across the trade ecosystem, of which DBS played a leading role in two use cases.

DBS was the sole financial institution that laid the cornerstone for the use case aimed at digitalising and optimising bunker delivery as well as working capital leveraging digital data. In collaboration with MPA, IMDA and other key stakeholders, the bank participated in industry workshops to identify the various stakeholders' pain points and defining required data exchanges to provide greater certainty on the genuineness of trade, reduce manual data entry and enhance risk management.

DBS was also a key player in a second use case focused on enabling the digital-physical twinning of supply chains, leveraging digital data at source to detect trade fraud and reduce risk of duplicate trade financing. This is where the bank's leading role in [Singapore's Trade Finance Registry \(TFR\) proof-of-concept](#) contributed valuable insights in the development journey of SGTraDex, to create a solution that enables trade flows be screened more efficiently and thoroughly to enhance the security of trade financing transactions.

[1] ONE and Ascenz provided the underlying technology to digitalise the BDN in this pilot

[2] A bunker delivery note (BDN) is the primary method used in bunker trade to document the quantity delivered to a customer and captures information needed to document product quantity.

[3] [Bunkering Statistics \(mpa.gov.sg\)](#)

[4] [Mass Flow Meter \(MFM\) system for Bunkering \(mpa.gov.sg\)](#)

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About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "[World's Best Bank](#)" by Euromoney, "[Global Bank of the Year](#)" by The Banker and "[Best Bank in the World](#)" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "[World's Best Digital Bank](#)" by Euromoney. In addition, DBS has been accorded the "[Safest Bank in Asia](#)" award by Global Finance for 12 consecutive years from 2009 to 2020.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit www.dbs.com.