BANK PAYMENT OBLIGATION

Billed as an innovative way for traders to secure and finance their open account trade transactions through their banking partners, the BPO was launched five years ago. Since its introduction, market uptake has been sluggish. In this issue, Wang Shiyong looks back at the origins of the BPO, its current situation, and where it needs to go if it is to mature and develop into an accepted and common product. David Hennah, key architect of the BPO, then offers his views on the BPO as a digital instrument for a digital age. To be sure, the Bank Payment Obligation helped usher in a new era for trade finance. Although it has endured significant growing pains, Hennah contends the BPO has oriented the industry in the digital direction and it would be a mistake to render final judgment on BPO at this stage.