

How a 'sell first, pay suppliers later' model can revolutionise international trade

Peter Beckman talks us through his company Treyd, who enable retail businesses to sell products before paying for the goods, allowing fast-growing companies to sell more goods, control cashflow, and free up capital for growth. The Swedish company launched in the UK last May.

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“Remember: the bank always wins.” This is the lesson my father would repeat with a smile as he reclaimed handfuls of Monopoly money at the kitchen table of the Swedish farmhouse where I grew up. Whether you’re haggling over Mayfair, Boardwalk, or Norrmalmstorg, it’s a lesson you tend to learn fast, and one that stuck with me.

Banks < Fintech

In matters of financing SMEs conducting international trade, the bank always did win, or at least it just abstained. Not anymore - this is the era where companies win. Fintech is innovating new solutions at a furious pace to roll back the limitations (or reservations) of incumbent banks. Not least is the category my own company, Treyd, created when we launched in Stockholm in 2020: 'sell first, pay suppliers later' financing for SMEs. In essence, the model enables retail businesses to sell products before paying for the goods, which creates extraordinary opportunities for growing companies to sell more goods, control cashflow, and free up capital for growth.

So why don't the banks do this? Because of balance sheets - the value of a company to banks lies in its finished products and assets, not in the strength of the business idea. Banks are disinclined to take the risk, especially when it comes to cross-border payments, of loaning money based on a business concept. It also affects such a proportionally small number of incumbent banks' customers that it's a problem that is just not worth the headache or the risk of solving. Which is why it fell to us as an innovative tech company with an appetite for making the world better.

The case for paying suppliers in advance

To fully explain the scope of the problem we're solving it's worth outlining the journey to the solution. I spent my early career analysing global trade data and helping companies to raise cross-border finance. During my time at the accelerator programme Antler, I constantly found myself discussing the pain points of international trade with SMEs. Time and again, the same issue cropped up: we need to solve our import problem. How do we do that? How do we pay our suppliers in advance?

28% of world trade is paid cash in advance, meaning that this is an issue that affects hundreds of thousands of companies globally. Most retail SMEs simply don't have the necessary solvent capital. And banks certainly aren't loaning - less so in the current financial climate than ever. Meanwhile, capital is tied up inefficiently and insecurely in supply chains. And companies are turning to air freight instead of sea freight to make up time in the delivery process, all the while lamenting its expense and environmental impact.

We realised that if we could create a solution to these import issues, it would have a transformational effect on companies right at their critical 1-to-2 growth phase. And we'd genuinely be able to help small- and medium-sized businesses and companies, and entrepreneurs with incredible ideas but who were hamstrung from taking their next step by

the import catch-22, to launch successful services.

Driving free Treyd

Timing-wise, the launch of Treyd in 2020 turned out to be remarkably relevant. The pandemic made the world smaller, while ecommerce business boomed. Cross-border payments became faster and slicker and SMEs improvised to cope with being physically more isolated. And more recently, the economic ramifications of the war in Ukraine have increasingly underlined the importance of robust supply chains and for companies to be able to diversify their income streams.

The opportunities that helping with upfront supplier payment creates has been really clear in both Sweden and the UK, with hundreds of growing businesses having transformed the way that they interact with international trade and supply concerns. As the world enters a recession, with post-pandemic economies considerably more reliant on ecommerce businesses (and consequently efficient international trade), it's going to be more critical than ever to offer ambitious SMEs every possible opportunity to invest in growth and consequently drive economies forward.

My father taught me many valuable lessons about life. But I suspect that, when I look back on him taking my Monopoly cash and telling me with a grin that "the bank always wins," time will have proven him wrong.