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Danske Bank

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From Compliance Burden to Operational Control in Trade Finance

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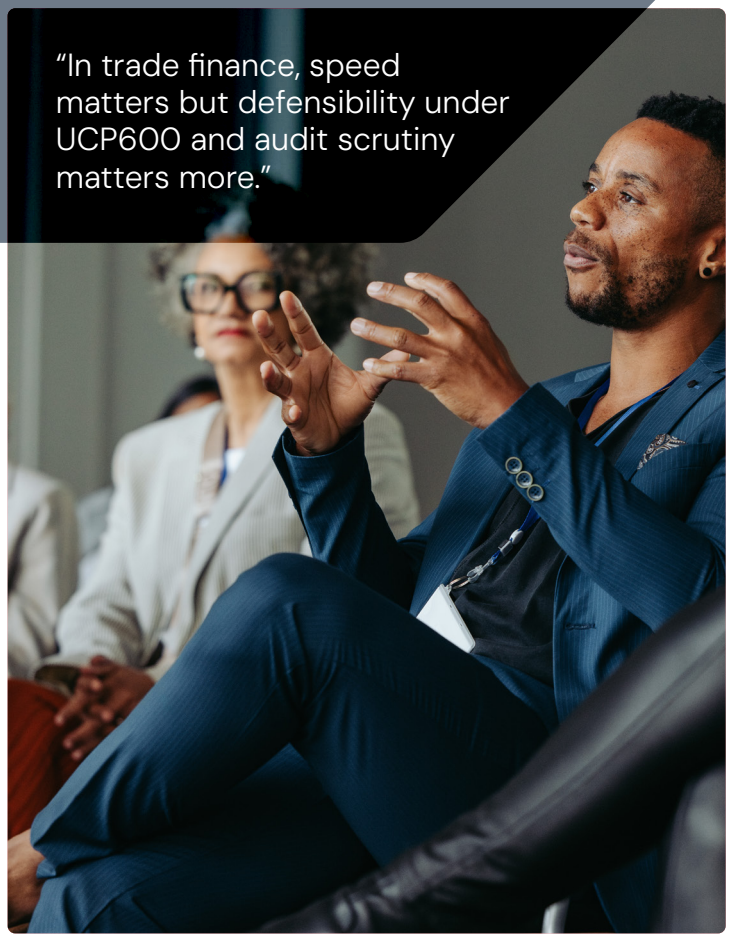
Case Study: Danske Bank

Danske Bank's implementation of Conpend Trade AI, introduced in 2021, represents a deliberate move to bring greater control, consistency and transparency into trade finance operations, particularly across document examination, discrepancy handling and compliance decisioning, rather than simply accelerating processing speed.

By embedding AI into document-heavy workflows, the bank has been able to structure how trade data is captured, interpreted and applied across multi-document presentations, including LCs, invoices and transport documents. This has enabled more consistent decision-making under UCP600 and ISBP constraints, while reducing dependency on fragmented manual review and re-keying.

Beyond efficiency gains, the platform provides a more defensible and auditable approach to trade finance, particularly in environments where decisions must be evidenced against regulatory and rulebook requirements. The ability to generate consistent, evidence-based decisions at the point of processing is now as important as throughput.



Introduction and Background

The collaboration between Danske Bank and Conpend began in Q2 2020, initially driven by the need to strengthen compliance and financial crime prevention capabilities within trade finance. At the time, the bank identified limitations in how effectively existing processes could manage increasingly complex regulatory requirements, particularly across sanctions, TBML exposure and evolving due diligence expectations.

While early efforts focused on improving control over compliance processes, including sanctions screening, financial crime checks and transaction monitoring, the initiative quickly evolved. As these capabilities matured, the bank recognised a broader opportunity to extend the same level of control and structure across operational workflows, particularly in areas such as document intake, presentation checking and exception handling.

This shift reflects a common pattern within trade finance. Once compliance processes are stabilised, attention naturally turns to how the same systems can reduce operational risk, improve first-time pass rates and minimise exception-driven processing.

Danske Bank's ongoing focus is therefore not only on maintaining compliance standards, but on embedding these controls into a more predictable, scalable and auditable trade operating model.

"For most banks, compliance is a constraint. For Danske, it became a foundation for reducing exception handling."

Challenges and Opportunities

Danske Bank's decision to implement Trade AI was shaped by a combination of operational pressure and regulatory demand. Trade finance processes were increasingly required to handle higher volumes of complex, unstructured documentation, while maintaining strict compliance with sanctions, AML and trade-based money laundering requirements.

Initial efforts focused on improving data capture and process visibility, particularly in areas such as sanctions screening and transaction monitoring. However, this quickly exposed a deeper issue. Much of the operational burden stemmed not just from compliance itself, but from the variability of trade documents and the manual effort required to interpret them consistently against rulebooks such as UCP600.

> "The real bottleneck in trade finance is not compliance. It is consistent document interpretation under real-world conditions."

As a result, the bank shifted its focus toward reducing manual repair loops and improving the consistency of data flowing through trade workflows. The introduction of structured data extraction and interpretation allowed for more reliable document examination and reduced the need for repeated discrepancy handling and escalation.

At the same time, the bank recognised the longer-term potential of AI technologies, particularly in improving document interpretation across diverse formats and reducing reliance on human judgement at the intake and checking stages. The opportunity was not simply to automate tasks, but to improve how trade decisions are made, validated and evidenced across the organisation.

Technology Implementation

Danske Bank's integration of AI into its trade finance processes focused on improving how data is captured, interpreted and preserved across the lifecycle of a transaction. The system was designed to handle multiple data sources, including SWIFT messages, letters of credit, transport documents and supporting trade documentation, across both digital and scanned formats.

Machine learning plays a central role in enabling the system to process this diversity of inputs, ensuring that data can be consistently extracted and interpreted despite document variability. This is a key constraint in achieving higher straight-through processing rates in trade finance.

In parallel, the use of APIs has allowed the bank to integrate Trade AI into its existing trade platforms, sanctions screening systems and document management infrastructure without introducing additional re-keying or reconciliation points. This has ensured that data remains in a digital and structured format throughout processing, improving both integrity and usability.

Rather than replacing existing systems, the implementation enhances how they interact, reducing friction across system hand-offs and improving the reliability of end-to-end trade workflows.

> "In trade finance, STP does not fail in workflows. It fails at document intake and extraction."

Data Management

Data management has been a critical component of Danske Bank's Trade AI implementation, particularly given the complexity and sensitivity of trade finance data across multi-document transactions. The bank has maintained a strong focus on data privacy and security, ensuring full compliance with GDPR and internal governance standards.

Beyond compliance, a structured approach to data quality has been introduced. Responsibility for accurate data capture sits within a dedicated team, separate from trade finance advisors, allowing for more controlled and consistent extraction across document types. This is complemented by a quality assurance function that conducts retrospective validation to ensure alignment between extracted data and underlying trade documents.

> "In trade operations, poor extraction accuracy shows up as higher repair rates and exception queues."

This dual-layer approach reflects an important operational reality. In trade finance, extraction accuracy directly drives repair rates, exception handling and overall processing efficiency. Where data quality is inconsistent, downstream workflows become increasingly manual and fragmented.

By separating data capture from decision-making, the bank has improved both accuracy and accountability within its trade processing model.

Regulatory Compliance

Regulatory compliance has been central to the Trade AI implementation from the outset. Danske Bank adopted a collaborative approach, involving risk and compliance teams early to ensure alignment with regulatory expectations, particularly in areas such as sanctions, TBML and customer due diligence.

This coordination has allowed compliance controls to be embedded directly into trade workflows. Checks are applied consistently during document examination and transaction processing, rather than as downstream or manual interventions. This improves both traceability and consistency of compliance decisions.

Maintaining this alignment over time has been equally important. Continuous collaboration ensures that the system evolves alongside regulatory changes, including emerging risks such as maritime exposure, dual-use goods and increasingly complex sanctions regimes.

This approach reduces the risk of misalignment between operational workflows and regulatory expectations. This is a key source of friction and risk in trade finance.

> "Compliance risk in trade finance often sits in interpretation, not in the rules themselves."

Risk Management

Trade AI supports risk management at multiple levels within Danske Bank's trade finance operations. Initially focused on automating compliance checks, the system now contributes more broadly to reducing operational and reputational risk across trade workflows.

> "In trade finance, inconsistency in decisioning is itself a form of risk."

By providing structured data and consistent interpretation of trade documents, the system supports advisors in making more consistent decisions across presentations. This reduces variability in how discrepancies are identified and handled, and limits over-reliance on individual expertise.

The bank continues to explore opportunities to increase automation in areas where it can reduce exception handling and improve consistency, while maintaining appropriate oversight. This balance is particularly important in trade finance, where automation must operate within clearly defined rulebooks and regulatory expectations.

The evolution of the system reflects a shift from reactive, case-by-case risk management toward a more structured and repeatable approach.

Performance Metrics

Danske Bank has taken a pragmatic approach to measuring the success of its Trade AI implementation. Rather than relying on rigid KPIs, the bank has focused on performance within real operational conditions, particularly in areas such as processing time, extraction accuracy, repair rates and the volume of exception handling.

This flexible approach has allowed the bank to refine and scale the system incrementally, based on observed improvements in workflow efficiency and decision consistency, rather than theoretical targets.

Importantly, improvements in auditability and evidencing have been treated as core outcomes, even where they are difficult to quantify directly. In trade finance, the ability to reconstruct and defend decisions, particularly under audit or regulatory review, represents a significant operational and financial consideration.

This reflects the reality that value in trade finance is often realised through reduced friction, improved control and lower exception rates, rather than a single measurable metric.

> "What you do not measure in trade finance, such as audit reconstruction effort, often carries the highest cost."