A digital solution for customs authorities

Efficiently dealing with customs authorities issues and maintaining international trade and transport safety with ease

ITTS

ITTS Whitepaper

The Background

International commerce is critical to sustaining economic growth, raising living standards, creating jobs, and allowing consumers access to a wide range of goods at affordable prices.

Compared to domestic trade, international trade is complex. When trading across borders, doing business is complicated because multiple countries with multiple government agencies, each governed by their own laws, regulations, and judicial systems, become involved. Each transaction can be subject to a wide range of policy domains, such as export control and sanction, customs, health, safety, and economic and environmental regulations. The number of regulatory updates keeps growing despite initiatives to harmonize regulations, reduce red tape, and reduce administrative burdens.

Customs authorities play a critical role in the economic competitiveness of nations by providing expedited clearing processes and implementing effective controls that secure revenue, ensure compliance with national laws and protect society. Next to efficient and effective customs procedures, they should be proactive in making it easy for organizations to comply with regulations, reduce the cost of participating in international trade, and thus stimulate a nation's economic competitiveness.

In this whitepaper, we will show you how our International Trade and Transport Compliance Solution (ITTS) effectively helps customs organizations when it comes to screening customs declarations and assuring compliance with the rules and regulations that govern international trade.

Customs authorities' challenges

Customs authorities face unique challenges when it comes to maintaining international trade and transport compliance. Let's take a look at the most pressing issues.
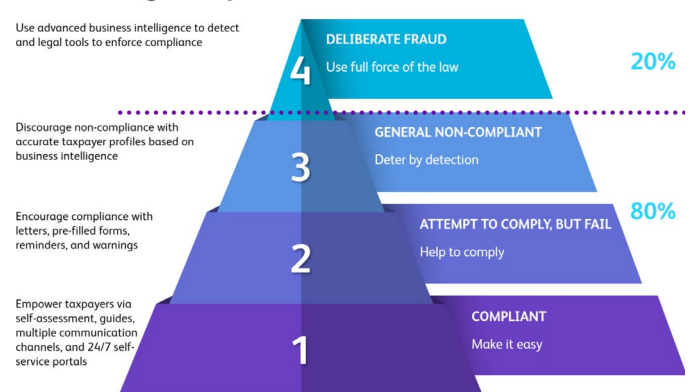
Selecting the riskiest shipments

Customs officials need to inspect every shipment to see whether the information provided about the shipment is correct. In reality, there are way more shipments than a customs organization can actually inspect. This means that it's incredibly important to select the shipments that pose the highest risks and inspect them as efficiently as possible.

Influencing Compliance Behavior

A Bearing Point Caribbean survey found that 80% of the firms submitting information strive to be compliant. A sizable portion of this group still requires assistance, for example in determining which laws apply to their circumstances and which documents they require. Therefore, a service-oriented attitude toward traders is crucial to promote voluntary compliance.

However, 20% of the population deliberately tries to fraud the system. Customs authorities, therefore, need effective identification and enforcement to affect these groups' compliance behavior.

Source: BearingPoint Caribbean

Trade continuity

Customs authorities need to make sure that organizations pay the necessary taxes, but they also have to improve economic trade activity. They want to ensure that there is no disruption to trade, but also that goods are easily tradable within the proper legal and judiciary frameworks. Furthermore, they strive to make it easy for people to stay compliant with customs rules and regulations.

Satisfied traders and a good reputation

In the end, customs authorities want to make a country a better place for people to work, trade, and transport. They would like to have happy traders that adhere to all the regulations, but they also want to build a strong reputation for being able to control unwanted activities, such as money laundering, drug & human trafficking, gunrunning, and the trade in endangered wildlife (products).

The Solution

Properly addressing and solving all of the aforementioned problems is an overwhelming challenge at first thought. The good news? We have developed a solution that helps customs organizations enforce compliance to all rules and regulations: the International Trade and Transport Compliance Solution (ITTS). ITTS is a specialized trade and transport compliance solution that helps customs organizations in several ways.

ITTS takes requests for a customs compliance check, processes these requests, and returns the results. The solution can process trade finance transactions, customs declarations and cargo shipments. ITTS is also scalable regarding the number of checks it can provide. Compliance check requests in the form of standardized electronic messages or proprietary formats can be submitted via several channels. After receiving the compliance check request, ITTS will process the request in several steps (see figure 1):

- Create the compliance dossier.
- Determine the context of the compliance check (countries, regulatory regimes, checks).
- Retrieve additional data (if needed).
- Perform the relevant regulatory and sanctions checks.
- Investigate hits, assess shipments and obtain the necessary approvals, licenses or exemptions.
- Notify the requester and relevant authorities (if needed) of the results of the compliance check.

Unique Characteristics

- With ITTS, customs authorities help importers, exporters, and logistic service providers to become compliant by providing them with virtual advice on all required licenses and documents. This increases the number of compliant declarations, which saves time for customs authorities.

- The solution automatically checks all customs declarations against all applicable import and export regulations and uses predictive analytics to signal high-risk shipments and cargo in a timely manner.

- ITTS supports customs officers by providing them access to all relevant information needed for the inspection of cargo and carriers.

- Our solution can be integrated with container scanners to compare information from declarations with image scans. It ensures all declarations are checked electronically and runs a risk assessment on all declarations, flagging the riskiest declarations. Based on this information, the tool can signal which containers need to be scanned.

Figure 1: Checking International Transactions For Compliance To Company Policies
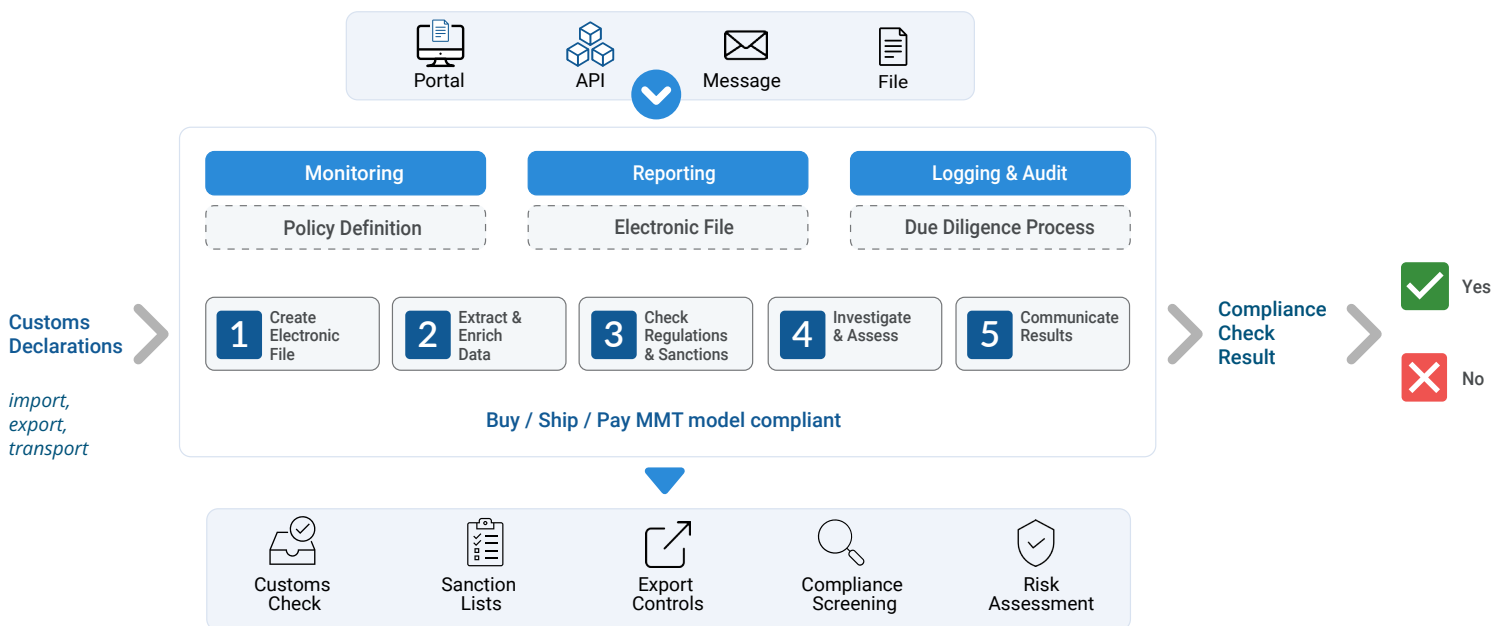
Screen more than 1,000 sanction lists in real-time

Although 99.9 percent of all transactions that pass customs are just fine, it is a legal requirement to screen all transactions against sanctions and export control lists. Every country has its own lists, which are available in thousands of different places, formats, and languages. This makes the manual sanction-listing process very time-consuming and prone to failure. ITTS incorporates the world's largest compliance database to ensure customs agencies can perform all necessary checks efficiently.

ITTS checks over a thousand lists every five minutes, not only cleaning and standardizing the data, but also enriching it and extracting key items like IDs, locations and types in over 100 languages. The enriched client information and watchlist data will then be compared, and automated analyses will be performed.

Predictive analysis capabilities

Would you like to combine thorough inspections with minimal disruption of the normal trade process? The ITTS predictive analysis supports you in risk management and allows you to make informed and effective inspection decisions. It guides your attention to suspicious incidents or changes in the behavior of freight forwarders, carriers, or shippers. These warnings allow you to ask the right inspection questions and request the best supporting documentation, making you adhere to the WTO TFA Article 7.4 of risk management.

In addition to the data provided by customers, the ITTS predictive analysis capability receives inspection results and external satellite airplane tracking information. Textual background information, such as company registers, complete the picture. ITTS analyzes hundreds of thousands of documents, much more than any human could process, and interconnects information. For example, all airline, shipper, airport or cargo appearances across all documents are merged.

ITTS continuously reorganizes information based on different behavioral patterns and inspection results. This enables the system to recognize abnormal or suspicious behavior. For example, shipper A typically exports cars or bicycles from Rotterdam to European destinations. Suddenly, shipper A is exporting mobile phones to South Sudan. The predictive outlier analysis will highlight this new and unusual behavior. Alarms and warnings are created and prioritized, allowing efficient inspections.

All of these learnings from inspection results and optimizations are used to create detailed risk management fingerprints that will be fed back into the predictive algorithm in order to improve the risk assessment process. This allows the system to continuously improve and adapt to suspicious behavior patterns, leading the way to more efficient inspections of cargo, but also time and cost savings. You also avoid congestion in the ports and are able to streamline trade flow processes.

Interpretation of rules and regulations with Flint

Multiple regulatory frameworks apply to international trade, making it complicated. Therefore, it's difficult for traders to keep up with all of these regulations.

Customs organizations can help traders comply with regulations at a lower cost (and improve the investment climate) if they can make the regulations easy to understand.

Flint is a methodology and open standard that enables customs organizations to publish regulations in a way that humans can comprehend and computers can process. Traders can be assisted in complying with regulations by adopting intelligent services that guide them through the process. Using Flint, it becomes possible to combine regulations from different countries and government agencies and provide traders transparent access to regulations across the globe.

Benefits of the Solution

A quick recap of the most important benefits of our ITTS solution for customs organizations:

- Predictive analytics to signal high-risk shipments and cargo in a timely manner. This makes inspections easier, less time-consuming, and more effective, and it allows you to become more effective in targeting criminal activity through predictive analytics

- Greatly reduced disruption to the trading process

- Increased operational efficiency through the improvement of custom operations processes. ITTS allows you to automatically perform all relevant checks and select the highest risk cases for human inspection or further investigation

- Supports the business community in your country by reducing the cost of conducting business and makes the country a more attractive place to do business from.

Our solution partners

Properly addressing and solving all of the international trade and transport challenges is a tricky task. Therefore, Be Informed joined forces with partners who specialized in different aspects of international trade to create ITTS.

Safe Trade Corridor

Safe Trade Corridors solves the minefield of compliance regulations within the export control space. It provides Export Control Compliance capability into ITTS to support logistic supply chain providers, financial services, and trade finance operators.

🌐 www.safetradecorridors.net/

Castellum.AI

Castellum.AI is a global risk database, covering sanctions, export controls, law enforcement most wanted, and other key risk categories for individuals, entities, vessels, aircraft, and locations. Castellum.AI provides the world's largest compliance database for ITTS.

🌐 www.castellum.ai/

gluoNNet

gluoNNet is a big data enterprise start-up. The company works across both nonprofit social enterprises and commercial sectors, providing tools that generate evidence-based analysis to facilitate effective and efficient decision-making. The predictive analysis capability from gluoNNet allows ITTS to efficiently inspect cargo which leads to time and cost savings for inspectors, freight forwarders, carriers, and shippers.

🌐 www.gluonnet.com/

TNO

TNO, the Netherlands Organisation for applied scientific research, was founded by law in 1932 to enable businesses and governments to apply knowledge. TNO and Be Informed have a partnership that focuses on Legal engineering and Normative Systems. We promote norm engineering, open standards and legal knowledge driven client-solutions.

🌐 www.tno.nl/

Get in touch with us

If you wish to learn more about how the solution works, we are happy to give you a demo!

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Would you like to be called back? Please leave a message on our website:
🌐 www.beinformed.com/contact