

Rethinking Customs Solutions for a Changing World

Five Must Dos to Avoid Extinction






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Trade, the lifeblood of the global economy, is rapidly evolving. Volume is set to double over the next decade, traditional trade routes are shifting, and with the onset of digital trade—the very concepts of borders and goods are changing. While customs agencies are uniquely placed to support economic growth, facilitate trade and fight sophisticated crime, they may risk their countries' ability to generate revenue, maintain security and increase competitiveness unless they can adapt and survive in this new world.

Obsolete operating models, aging technology, rigid workforce structures and outdated skills simply won't cope. Agencies must rethink their customs solutions now to remain relevant. To survive and thrive, they will need to change their core operations and follow these five must dos. Doing so will help them facilitate the legitimate trade of goods and digital services, limit criminal activity, adapt to changing legislation, and improve the overall effectiveness of their customs solutions—delivering public service for the future.

Five Must Dos to Avoid Extinction

1. **Go Digital** 
2. **Predict Future Behaviour** 
3. **Redesign Processes** 
4. **Optimise Revenue Streams** 
5. **Develop a More Dynamic Workforce** 

1. Go Digital and Future-Proof Your Technology—or Fall Behind

To thrive in a competitive global economy, countries rely on their customs agencies being able to improve mission-productivity and connectivity. Citizens and traders increasingly expect a seamless, captivating digital experience that is multichannel, mobile and always accessible¹. Dubai Customs for example launched a mobile strategy to help traders access services through mobile devices and online channels².

Agencies need to quickly upgrade legacy technology and customs solutions (some of which are now 20 to 30 years old), with systems that support greater collaboration among government agencies and with the private sector. A flexible technology foundation can help deliver quality services in a fast-changing trade and regulatory environment.

Luxembourg, for instance, adopted core customs solutions that can easily adapt to policy amendments and work seamlessly with new platforms like the Excise Movement and Control System³.

2. Prevent Criminals, Don't Just Catch Them

Reacting to criminal activity such as terrorism, smuggling and counterfeiting is too costly and no longer enough in the fight to secure borders. With limited resources agencies must use customs solutions to effectively predict and prevent potentially illicit behaviour and non-compliance.

Insight-driven risk-management, powered by predictive analytics and modelling can spot suspicious behaviour patterns, flagging potential cases for further investigation and prevention.

Ireland's revenue and customs agency has adopted real-time risk scoring, predictive analytics and intelligence-driven rules, to close the tax gap. In the first 12 months, they have saved more than €2.5 million, with further benefits anticipated⁴. Other tools such as video analytics and advanced GPS-enabled tracking (e.g., geo-tagged data) are now cost effective options for agencies that can provide ready access to data.

3. Design Flexible Processes for Future Trends

Economies rely on the smooth and secure flow of goods and services – each day that goods are delayed in moving from buyer to seller can account for a 1 percent reduction in trade⁵.

As trade volume grows and becomes more complex, the tracking and clearing of goods through customs must work seamlessly and the operational processes that support these activities must be able to adapt to this changing world. Customs processes should not only be transparent to improve predictability, they need to be flexible to policy, technology and intelligence-driven changes.

Innovative approaches to rethinking or redesigning operations with process-driven customs solutions can yield big results. Global GDP will increase by 4.7 percent and global trade by 14 percent if countries reduce supply chain barriers to even half the level of global best practice⁶. Customs agencies must prepare for the future and design processes with analytics in mind, ensuring they are flexible and able to adapt as their understanding of data and its collection evolve.

4. Make Customs Pay

With investment under the microscope, agencies must find money to adapt and effectively serve stakeholders. So how can agencies leverage their customs solutions to fund transformation?

A phased, self-funding approach, with predictive analytics at its core, can help agencies identify untapped pockets of revenue. For instance, advanced analytics can pinpoint the right data at the right time to identify misclassification errors or find new patterns of fraud.

By starting small—where the return outweighs a modest initial investment—agencies can fund the subsequent phases. From our work with leading customs agencies around the world we estimate that those focused on revenue uplift transformation programs are closing their customs compliance gap by up to 5 percent, resulting in increased year on year revenue yield.

5. Upskill your Workforce to Avoid Supply Chain Irrelevance

Volumes are up, resources down. Knowledge leakage due to an aging workforce and attrition has taken its toll and endangers organisational performance. The customs workforce threatens to be the weak link in the global supply chain.

To adapt, customs' workforce strategies and structures need to put people with the right skills and knowledge on the right career track. Attracting individuals who are motivated to usher customs solutions and their agency into the digital age will also be essential.

Agencies can establish innovative competency-driven staffing models to attract and retain the right skill sets. Abandoning limitations forced by specialisation will enable a flexible workforce to sharpen skills and adapt as needs dictate. For example, Germany's University of Münster has created a customs and international trade postgraduate course which is helping to address agencies' demand for training that reflects complex industry issues and the need for a broader skill set. The Australian Customs and Border Protection Service has also recognised this need in recent reforms, zooming in on its workforce to create a more professional, adaptable service⁷.

The Time to Act is Now

In the fast-evolving trade landscape, many customs agencies are running just to stand still and risk being left behind.

To truly get ahead will require targeted customs solutions. Addressing the challenges will be complex, but agencies can tackle them either individually or as a package.

Re-thinking customs solutions and taking action on these five must-dos will guarantee the customs agencies survival and put them on course for delivering public service for the future.

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