

How the sector has evolved since 2020

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The frauds of 2020 brought about a contraction and a transformation of trade finance. Several banks withdrew or scaled back their activity, as the following chapter describes. The remaining banks tightened their conditions: increased documentation requirements, systematic verification of documents with their issuers, physical inspection of inventories, financing restricted to first-tier traders, and higher margins.

Technology was brought to bear to reduce the risks. Platforms for the electronic verification of bills of lading and certificates make it possible to confirm their authenticity and their uniqueness. Distributed ledgers were trialled for tracing goods and documents.¹ Centralised collateral databases were considered as a means of preventing multiple pledging.² These innovations, whose significance Part K will assess, are progressing slowly, owing to the fragmentation of the sector and the reluctance of market participants to share information.

Non-bank financing has grown to fill the gap left by the banks. Specialised funds, financed by institutional investors, offer medium-sized traders transactional financing on terms that are more expensive but more flexible. Large traders finance their own suppliers and customers themselves, playing a quasi-banking role. Credit insurers cover a growing share of the risks.³

In 2025 *Bilan* raised the risk of a haemorrhage of trade finance from Geneva if traders were to move to more favourable countries, at a time when the net profit of the global sector had doubled since the pandemic.⁴ The financial centre has every interest in preserving its financing ecosystem, which *Bilan* identified in 2026 as the reason why Geneva retains first place over Dubai.⁵

1 Notes

1. Bloomberg via AJOT, 7 September 2020, cited above, which mentions the use of distributed ledger technology by ING and HSBC. ↩
2. Bloomberg via AJOT, 7 September 2020, cited above. ↩
3. S&P Global Market Intelligence, 15 February 2021, “Funds see ‘strong business case’ for commodity trade finance amid banks’ retreat”; GTR, 12 August 2020 (complete exit from trade finance by ABN Amro); Zonebourse/Reuters, 23 September 2020 (withdrawal of BNP Paribas (Suisse), redundancy plan potentially affecting up to 120 people in Geneva); Credendo, Annual Report 2020 (cover of the credit and political risks of the BCGE portfolio since 2015); GTR, Risk 2024, “Credit insurance market braces for Basel 3.1”: credit insurance, used by banks as unfunded protection, will see the loss given default of the insurer set at a flat 45% under Basel 3.1, the major European buyers being Société Générale, BNP Paribas and Crédit Agricole. ↩
4. “Trade finance : négoce à Genève, gare à l’hémorragie”, Bilan, 3 March 2025. ↩
5. “Gestion de fortune et négoce : entre Dubaï et Genève, la concurrence fait rage”, Bilan, 23 March 2026. ↩

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