

The frauds and technology: what 2020 accelerated

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The frauds of 2020 had an unexpected effect: they accelerated the digitalisation of trade finance, which the banks had been putting off for years for want of a common interest. Electronic document platforms, bill of lading registers, data exchanges between banks and inspectors and tools for analysing vessel positions found, after 2020, the financiers and users that earlier caution had denied them.¹ The legal recognition of electronic trade documents in several major jurisdictions, described in Part K, gave these tools a legal basis that the paper bill of lading had not offered to the banks that were deceived.

Geneva has a place to claim in this development, as Part K suggested: its banks, inspectors, traders and lawyers, gathered in a single cluster, can define standards for documents and information sharing that dispersed centres cannot impose. Geneva's initiatives in this direction have so far been modest. The competition from Singapore, which has made its trade finance registry a public infrastructure, shows that the centre which organises transparency between financiers gains a security advantage that traders and their banks appreciate.

1 Notes

1. komgo, “About” (komgo.io): company founded in 2018 and based in Geneva, 25 shareholders from the sector (including MUFG, Société Générale, SMBC, Citi, BNP Paribas, ING, Koch Supply & Trading and Gunvor), more than 400 user companies and financial institutions, more than 10,000 secured instructions exchanged per month; S&P Global Market Intelligence, 27 October 2022, “Trade finance industry remains hopeful on blockchain despite failed projects”: closure of we.trade announced in May 2022, abandonment by Marco Polo Network of its blockchain-based payment commitments, komgo and MonetaGo having opted for other technologies; GTR, 23 June 2023 (Singapore Trade Finance Registry). ↩

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