

The frauds of 2020: when the cargoes do not exist — overview and summary

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In the history of trade finance, 2020 will remain the year of the frauds. Within a few months, several traders based in Singapore, Dubai and elsewhere collapsed, revealing that they had obtained financing on cargoes presented several times over to different banks, or on cargoes that did not exist. The banks' potential losses exceeded nine billion dollars, and several leading institutions withdrew from the sector or closed their Geneva teams. This chapter retraces these cases, analyses their mechanisms, describes their consequences for the banks and for Geneva, and draws from them the lessons that practitioners should retain.

1 In five sentences

1. The collapse of oil prices in the spring of 2020 revealed frauds that had been thriving for years in trade finance, principally in Singapore.
2. Hin Leong, one of Asia's largest oil traders, applied for a moratorium on 17 April 2020 with nearly four billion dollars of debt, after having concealed USD 800 million in losses, sold pledged oil and created fictitious transactions, acts for which its founder was convicted in 2024.
3. Agritrade, ZenRock, Hontop, Sugih Energy and other traders were the subject of allegations of multiple financing, for total potential losses of more than nine billion dollars.
4. ABN Amro withdrew from trade finance, Société Générale closed its Singapore unit, and BNP Paribas suspended new financing and closed its Swiss team, which contracted the credit available to Geneva traders.

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5. The lessons concern the verification of documents, the control of goods, knowledge of the trader, coordination among banks and the skills of the teams.

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