

Trade finance: the bank at the heart of the cluster

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Trade finance constitutes, according to the Fondation Genève Place Financière, the second pillar of the Geneva financial centre, alongside wealth management and commercial and retail banking.¹ The trader buys cargoes worth several tens of millions of dollars, which are resold several weeks later. Between purchase and sale, the trader must finance the goods, the transport and the costs. The trader's own funds would not suffice to finance the volumes handled, so recourse is had to bank credit, secured on the commodities themselves.

Transactional financing, the classic form of trade credit, rests on a simple logic: the bank finances a specific transaction, takes the goods as security by means of the bill of lading or other documents of title, and is repaid out of the proceeds of sale. Each transaction is self-liquidating through its own completion. This form of credit, which Part H will describe in detail, requires the bank to have a thorough knowledge of the commodities, the markets, the documents and the counterparties. It is a specialist discipline, of which Geneva is one of the principal centres in the world.

Le Temps lists, among the indispensable trade finance banks in Geneva, BNP Paribas, Credit Suisse, ING, Crédit Agricole, the Banque cantonale de Genève and UBS, and notes that BNP Paribas, presented as the world leader, moved the management of this business to Geneva, from where its teams on every continent are directed.² Other French, Dutch, British, German, Swiss, Gulf and Asian banks are active in this field in Geneva.³

Trade finance went through a serious crisis in 2020. The bankruptcy of several traders in Asia and the Middle East, some of which had obtained financing fraudulently by presenting the same cargoes several times over to different banks, caused considerable losses and the withdrawal of several banks from the business.⁴ *Bilan* spoke in 2025 of the risk of a haemorrhage of trade finance in Geneva, since traders can move to more favourable

countries.⁵ The Banque cantonale de Genève and medium-sized banks have partly filled the void left by the large institutions.

Trade finance binds the two pillars of the financial centre closely together. The banks that finance the traders employ specialists, develop skills and take risks that wealth management does not know. They are Geneva's principal argument against Dubai, of which *Bilan* notes that it is establishing itself in gold and diamond trading, while Geneva retains first place thanks to its financing ecosystem.⁶

Key point. Transactional trade finance, secured on the commodities, is the second pillar of the Geneva financial centre and its principal argument against competing centres. In 2020 it went through a fraud crisis that caused the withdrawal of several banks.

1 Notes

1. Fondation Genève Place Financière, cited above. ↩
2. "Matières premières. Genève, plate-forme mondiale dans le négoce", *Le Temps*, 16 February 2023. ↩
3. ge.ch, "Les secteurs clés de Genève : négoce et fret maritime": "12 banks specialising in the financing of international trade" and more than 400 companies in the sector; Banque de Commerce et de Placements, "Presentation" (bcp.bank): Geneva bank founded in 1963, two business lines (commodity trade finance and wealth management), branches in Luxembourg and Dubai, balance sheet of CHF 3.6 billion; Credendo, Annual Report 2020, BCGE testimonial: trade finance business line created in 2000, all transactions being booked at the Geneva head office; Geneva Solutions, "Swiss banks are turning their backs on commodity trading", 2020: withdrawals by Société Générale (Singapore), BNP Paribas, ABN Amro and Rabobank; Zonebourse/Reuters, 23 September 2020: BNP Paribas (Suisse) SA ceases its commodity transaction financing business, redundancy plan potentially affecting up to 120 people in Geneva. ↩
4. Wikipedia (en), article "Hin Leong": application for court protection on 17 April 2020, USD 800 million of concealed losses on futures contracts, debts of USD 3.85 billion to 23 banks (HSBC 600 million, ABN Amro 300 million, Société Générale 240 million according to GTR); Lim Oon Kuin sentenced on 18 November 2024 to 17 years and six months' imprisonment, reduced to 13 years and six months on appeal on 4 March 2026; GTR, 14 July 2020: Agritrade International (March 2020, exposures of 600 million), ZenRock (May 2020), ABN

Amro provisions of EUR 460 million; GTR, 12 August 2020: “Trade and commodity finance activities will be discontinued completely”, ABN Amro announcing 800 job cuts and an exit over three to four years; Zonebourse/Reuters, 23 September 2020: withdrawal of BNP Paribas (Suisse); see Part H. ↩

5. “Trade finance : négoce à Genève, gare à l’hémorragie”, Bilan, 3 March 2025. ↩
6. “Gestion de fortune et négoce : entre Dubaï et Genève, la concurrence fait rage”, Bilan, 23 March 2026. ↩

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