

Living with the bank

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Once the facility is in place, the relationship depends on transparency. A trader should inform its bank promptly of disputes with counterparties, of cargoes delayed or rejected and of losses on hedges. It should also report changes in ownership and new business lines or countries. Banks forgive problems more readily than surprises. The trader should keep a contemporaneous file for each transaction with contracts, documents, inspection reports, vessel data, payments and correspondence. Such a file allows it to answer the bank's questions within hours and provides immediate evidence if a guarantee is called abusively or a buyer alleges a defect. The trader should also keep in mind that its bank must clarify unusual transactions and may have to report them to MROS without informing the client (Arts. 6, 9 and 10a AMLA). A sudden request for information from the bank is therefore not an expression of distrust. It is the bank's statutory duty, and a quick and complete answer protects both sides.¹

Finally, the trader should avoid dependence on a single bank. The retreat of lenders in 2020 and 2022 showed that credit lines can disappear quickly for reasons that have nothing to do with the trader's own performance. A second banking relationship, even a small one, a credit insurance policy that allows the receivables to be financed elsewhere and relationships with trade finance funds or specialized lenders provide fallback options. For many Lugano traders the most practical arrangement combines a relationship with UBS or a cantonal bank for transactional finance with a Ticinese bank for accounts, foreign exchange and guarantees. A credit insurer then supports both.

1 Reviewing an existing relationship

A trader that has worked with the same bank for years should review the relationship periodically in the light of the developments described in this

chapter. It should check whether its facility documents still reflect its actual business. It should verify that its security registers and LOI registers are complete and that its sanctions screening covers the products processed in third countries. It should also consider whether electronic documents could reduce its exposure to document fraud. Where the trader has grown, it may be ready for a borrowing base facility or a club deal that offers committed funding at lower cost. Where it has shrunk or changed its markets, it should expect the bank to review its line and should prepare for that conversation in advance.

2 Notes

1. AMLA, Art. 6 para. 2, Art. 9 para. 1 and Art. 10a para. 1 ("The financial intermediary is prohibited from informing the persons concerned or third parties that it has filed a report"), official English translation at [droit-bilingue.ch](https://www.droit-bilingue.ch), <https://www.droit-bilingue.ch/en-de/9/95/955.0-10a-19.html>. See Chapter G.III. ↩

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