Trade Finance in Singapore: Comparison with Geneva

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

Geneva and Singapore are the two leading centres of commodity trade finance outside London, with overlapping banks, instruments and case law. Several banks that finance commodities in Asia from Singapore manage the same business for Europe, Africa and the Middle East from Geneva. The Geneva volume records that BNP Paribas moved the global management of its commodity finance business to Geneva and that the Banque Cantonale de Genève built a trade finance line from 2000 onwards.[1] Both centres suffered from the frauds of 2020 and from the withdrawal of European banks. Geneva also lost Credit Suisse in 2023, one of its principal commodity lenders.[2]

The differences are of three kinds. The first concerns the domestic banks. Singapore has three large local groups that treat regional trade finance as a core business and that stayed in the market after 2020. Geneva relies more on foreign banks, on UBS and on the cantonal bank, whose capacity is smaller. The second concerns the role of the state. Singapore amended its Electronic Transactions Act to adopt the Model Law in 2021, while Switzerland has not adopted it, as the UNCITRAL list of adopting jurisdictions shows.[3] Singapore's government agencies also built TradeTrust and SGTraDex, while MAS supported an industry code and a central registry within three years of the frauds. Geneva's response has been mainly private, through the banks and platforms of the trading cluster.

The third difference lies in the geography of the flows. Geneva finances trade with Europe, Africa, the Middle East and Latin America. Singapore finances the flows into China, India and Southeast Asia, which makes Chinese banks and the offshore renminbi far more important. The Geneva volume worries about a "haemorrhage" of trade finance towards more favourable centres.[4] Singapore is one of the destinations it has in mind. Each centre nevertheless depends on the other. The large trading groups divide their functions between the two cities, so that a fraud detected or missed in one of them affects the banks in both.

In figures

Trade finance margins as low as 0.25 per cent (2020). Hin Leong: about 3.5 billion dollars owed to 23 banks, 60 letters of credit worth 1.5 billion dollars on non-existent or multiply pledged cargoes, 273 letters of credit in total. Local bank exposures to Hin Leong: DBS 290, OCBC 200 and UOB 100 million dollars. Agritrade: about 18 banks, 670 million dollars. ZenRock: 166 million dollars. General commerce NPL ratio: 1.5 per cent (Q3 2019) to 5.9 per cent (Q3 2020). ABS Code of Best Practices: 28 banks, November 2020. Trade Finance Registry: launched 23 June 2023, 40 banks, more than 18,000 queries by February 2025. Part 2A of the Electronic Transactions Act in force 19 March 2021. Global eBL adoption: 12.8 per cent. Trafigura facilities of October 2026: 4.4 billion dollars from 40

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institutions. Enterprise Singapore Trade Loan: 50 per cent risk share, maximum S$50 million per borrower group.

Notes

1. Ressos, *Genève, place financière internationale*, partie H, chapitre I, section « Les banques du financement du négoce à Genève », citing *Le Temps*, 16 February 2023 (BNP Paribas relocating the management of the activity to Geneva) and Credendo, *Annual Report 2020* (BCGE trade finance line created in 2000).
2. Ressos, *Genève, place financière internationale*, partie H, chapitre I, section « Les banques du financement du négoce à Genève »: disappearance of Credit Suisse in 2023, citing *Le Temps*, 16 February 2023, on its place among the leading trade finance banks.
3. UNCITRAL, "Status: UNCITRAL Model Law on Electronic Transferable Records (2017)" (accessed November 2026): list of thirteen jurisdictions, which does not include Switzerland.
4. Ressos, *Genève, place financière internationale*, partie H, chapitre I, citing « Trade finance : négoce à Genève, gare à l'hémorragie », *Bilan*, 3 March 2025.

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