



## ARC EDUCATIONAL WEBINAR ON MANAGING CREDIT AND OPERATIONAL RISK IN TRADE FINANCE, May 2024

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On May 7th ITFA's African Regional Committee (ARC) held the first in this year's series of educational webinars, chaired by the ARC Secretariat, [Tedd George](#). These webinars are aimed at African financial professionals and anyone financing or underwriting trade in Africa and explore topical issues in trade, as well as the basics of trade finance, with insights and learnings drawn from ITFA's network of experts. This webinar follows the [ARC workshop held alongside GTR Africa in Cape Town](#) in April.

The webinar unpicked one of thorniest challenges in trade finance: credit and operational risk management. Too often the teams in the Front, Middle and Back Offices sit in silos, unaware of each other's activities and uncoordinated in their approach to managing risk throughout the deal cycle. To address this challenge and 'join the dots' between the teams and processes, we drew on the expertise of [Anne-Marie Woolley](#), CEO of Africa Global Trade Finance (AGTF) & ARC member, and Fordson Musingarabwi, Senior Manager, Banking Operations, at Afreximbank.

Anne-Marie delivered a presentation that took us through the deal process, step by step, with additional insights from Fordson. The focus was the 'Big Five' you need to get a deal 'right': the Borrower, the Structure, the Documentation, the Operations and the Administration. A key acronym for this process is CAMPARI, an approach used by both Anne-Marie and Fordson early in their careers for judging whether a deal is bankable: you assess the Character, Ability and Management of the company, the Purpose, Amount and Repayment terms of the loan, and the Insurance (i.e. security). Both agreed that of all seven issues, the first – Character – is by far the most important. As a rule of thumb, if you doubt the character of the client, you should proceed no further. It won't matter if they are able to make a repayment in the future if their character indicates they have no intention of doing so.

Anne-Marie also spoke about the importance of using 'Six Eyes', i.e. ensuring that a pair of eyes from the Back, Middle and Front Offices all have sight of the deal. This means breaking down silos within the bank (e.g. between trade finance and Treasury) and ensuring coordination between the different functions. To achieve this, Fordson described how Afreximbank has adopted the 'deal team concept', which brings together all relevant parties to the deal (e.g. including legal) and appoints a single spokesperson to deal directly with the client and ensure information is shared within the team. Ultimately, it's as much about joining the dots between people as it is joining up processes throughout the lifetime of a deal.

If you were unable to attend this webinar, or would like to watch it again, the recording is available [here](#) on the members area of the ITFA website.