



## ITFA CHRISTMAS 2024 – TOP SEMINAR TAKEAWAYS – December 2024

By **Rebecca Spong**, Editorial Consultant, December 2024

ITFA's annual London Christmas party took place on December 9<sup>th</sup> with great success.

Held at the Steel Yard in the City, the event saw nearly 400 guests from London and around the world gather to catch up and discuss the developments of another year.

The event took place against an ever-changing and tumultuous geopolitical background, which informed the afternoon's panel discussions that preceded the evening drinks reception.

Only days before the event, Syria's President Bashar Al-Assad fled Damascus and rebel forces took over the country, with Syrians around the world hopeful of a brighter future.

Conflict continues to rumble on between Russia and Ukraine as well as in Gaza. The world also awaits the impact of a new Trump presidency and potential increased tariffs on global trade.

### **Global risks**

Speaking on the global trade risk panel, Shona Tatchell, director at the EBRD, remained hopeful that 2025 might see a "satisfactory conclusion" to the Ukraine-Russia conflict.

"There is a huge opportunity for the trade market" when Ukraine starts to rebuild itself, she noted.

She was also warily optimistic that Trump may take a more "sensible" approach in his second term as president, and that the world is better prepared to deal with his potential changes in trade policy.

"Possibly this incoming government will be a bit more grown up than the previous [Trump-led] one," she said. Reflecting on the war in Gaza, panellists noted that the turmoil has had limited impact on the trade flows and economies of the wider region. Amine Drissi-Kamili, business development director at BACB, noted the "resilience and adaption" of countries such as Jordan and Saudi Arabia.

Panellists agreed that Egypt had also re-stabilised following support over the last year from the IMF and Gulf countries, with trade pricing tightening once more.

Tatchell said that while the Gaza conflict has clearly spilt over into Lebanon, it has left most of North Africa "relatively untouched". "Morocco, Tunisia and Egypt – which are our biggest markets – haven't really been hugely impacted," she noted.

Adam Clark, senior underwriter – financial risk solutions, Liberty Specialty Markets, added: "Ever since the UAE money came in [to Egypt], it has taken off. Egypt has gone from perhaps not being in our top 10 exposures to being our third biggest exposure on our books, and we still can't keep up with demand such as the amount of flow we see."

Panellists also discussed growing tensions between China and Taiwan, reflecting on the potential for outright war as well as the negative impact of any potential blockade in the Taiwan Straits on global trade flows. However, Elcin Onat, senior president at Citi, remained positive about the outlook. "We are seeing diversification of supply chains and new trade corridors...Supply chain finance will be key as companies look to build resilience in their supply chains."



### **Tackling fraud**

The afternoon's discussions also delved into the more technical discussions around fraud and "fraud exception" – debating when a bank is allowed to refuse to pay a letter of credit if fraud is suspected.

Chaired by Peter Sargent, head of transaction banking at DNB Bank, a panel comprising of lawyers Alexandra Shipulina at Bank ABC; Grant Eldred at Penningtons Manches Cooper, and Geoffrey Wynne at Sullivan & Worcester discussed the degree of evidence that is needed in order to use the "fraud exception" and win a court ruling that would prevent payment under an LC to the beneficiary.

They also compared the differences between courts governed by English law and those under Singapore law. The emerging trend for the use of AI-powered technology that could speed up the checking of documents was explored. While acknowledging the efficiency such technology would bring, panellists also questioned whether some human involvement was still required to spot discrepancies and unusual behaviour.

Panellists debated whether there was a lack of experience and knowledge within banks to spot fraud "red flags".

### **ESG initiative updates**

The afternoon's seminars wrapped up with an update on ITFA's plans to develop an ESG framework for the trade finance market. Developing a standard set of principles will help banks – particularly the smaller ones – understand what and how to report their ESG activities to meet regulatory requirements.

Earlier this year, ITFA set up a working group headed by economist and ITFA consultant Rebecca Harding to look at how to create sustainability standards.

Currently the only mandatory aspect of ESG is that all banks are required to report on climate change. Harding explained to delegates that the group is specifically looking at how to measure the 'S' part of ESG – i.e. the social impact of a transaction throughout the various tiers of complex supply chains. This is particularly important when considering deep-tier supply chains in Africa and Emerging Asia, she noted.

"The key thing is that we are looking at how [a transaction] helps a business stay in business or how it helps employ people. We are looking at a concept already established in the world of investment – that of social return on investment," she explained.

"This is about creating an intangible value – which might lead to preferential pricing for deep-tier supply chains located in emerging markets," she added.

### **Before the evenings closing remarks**

ITFA chairman Sean Edwards concluded the afternoon, commenting: "ESG is something we have been trying to tackle in a practical and meaningful way for quite a while. We think this 'social return on investment' is important as it is key to consider the needs of the emerging markets."

Before the evening's festivities commenced, Edwards also updated delegates on the more than 50 successful events ITFA has hosted across around the world this year and urged members to book their flights to next September's [51st annual conference in Singapore](#).

**To support the work of the ESG group – ITFA is looking for funding from banks and other institutions. Contact ITFA for more information by emailing [info@itfa.org](mailto:info@itfa.org)**