



Trade Finance Pulse-check Survey (Commercial Banks & Institutions)

In this current unprecedented environment, policy makers, economic actors, development financial institutions and multi-lateral organizations have attempted to respond to the multi-faceted crisis and shield sub-Saharan Africa from long-term effects. In particular, just like in previous crises, keeping trade intra and extra-region flowing presents not only an economic but also a social imperative to preserve the livelihood of millions of Africans.

As such, to avoid a “trade lockdown”, a number of emergency trade facilities and access to finance windows have been extended to commercial banks throughout the region. In order to assess the effectiveness of those measures, the African Development Bank (AfDB), the Arab Bank for Economic Development in Africa (BADEA), the Banque Ouest-Africaine de Développement (BOAD), the East African Development Bank (EADB), the International Chamber of Commerce (ICC), the International Trade Center (ITC), the Islamic Trade Finance Corporation (ITFC), and the Trade & Development Bank (TDB) have joined forces to conduct a short-survey targeting on-the-ground practitioners.

This survey seeks to engage commercial banks and financial institutions operating in sub-Saharan Africa to 1/ assess current market dynamics, 2/ understand current acute pain points and 3/ possibly suggest short-term remedies to alleviate the situation.

Your participation in this survey is important. It comprises 12 questions, which should take about 10 minutes to complete. Where exact numbers are not available, please use estimates. We will anonymize the results of this survey and preserve any specifics & details provided by respondents. Thank you for your time and effort!

We will be in touch before 31st July 2020. For inquiries, please contact pulsecheck@badea.org

CONFIDENTIALITY

All information gathered will be treated in strict confidence and be used solely for compiling an anonymized aggregated analysis on the survey data

1. Please record your response in the box provided

Responder Name & Title	
Contact Information	
Bank / Institution Name	
Country of Incorporation	
Country(ies) of operations	
Type (Local, Public, Regional, International)	
Share of Trade Finance Portfolio (% total assets)	



[CURRENT SITUATION]

2. What was the total (estimated) US\$ value of all trade finance applications as well as number of transactions – meaning all requests for trade finance support from clients and non-clients - your bank received so far in 2020, by type of clients and products?

(Please provide whole numbers only by rounding up or down and do not use commas or decimal places. If you are unsure of the number, provide a best estimate.)

US\$ / Transactions	Micro small medium enterprises (MSME)	Large Corporates & Regional (LCR)	Multi-national Corporations (MNC)	Sovereign & Public Entities (SPE)
Import L/C	Value (US\$) Number			
Export L/C				
Import / Export Loan				
Guarantees / Standby LC				

3. Compared with the first quarter of 2019, your bank's applications/requests from clients and non-clients for trade finance support, by type of clients, changed by...

%	< +30%	+10% – +30%	Next to 0%	-30% – -10%	< -30%
MSME					
LCR					
MNC					
SPE					



4. What was the estimated US\$ value of trade finance applications as well as number of transactions accepted in 2020 by type of clients? In other words, of the US\$ value of trade finance transactions your bank received in 2020, how much did your bank accept (Please provide whole numbers only by rounding up or down and do not use commas or decimal places. If you are unsure of the number, provide a best estimate.)

US\$ / Transactions	MSME	LCR	MNC	SPE
Import L/C	<i>Value (US\$)</i> <i>Number</i>			
Export L/C				
Import / Export Loan				
Guarantees/ Standby LCs				

5. Compared with the first quarter of 2019, your bank's rejection rate of requests for trade finance support changed by...

%	< +15%	+5% – +15%	Next to 0%	-15% – -5%	< -15%
MSME					
LCR					
MNC					
SPE					

6. Compared with the first quarter of 2019, your bank's default rates among your new or existing trade finance loans, by type of clients changed by...

%	< +15%	+5% – +15%	Next to 0%	-15% – -5%	< -15%
MSME					
LCR					
MNC					
SPE					



[PAIN POINTS]

7. Of the total US\$ value of trade finance applications received in 2020, what (estimated) percentage was rejected for any/all of the following reasons?

(Please complete the table below by entering the percentage in the boxes provided. Enter whole numbers only and do not enter commas or decimal places. If you are unsure, provide best estimates.)

<i>Rejected Applications</i>	<i>% Rejected</i>
Application poorly presented with insufficient information	
Application raised serious KYC / AML concerns	
Application lacked sufficient collateral and value proposition	
Application in sectors systemically undermined by Covid19	
Application pricing raise made it unprofitable for requestor	
Application reached single obligor limit / macroprudential limit	
Application failed due to capital adequacy constraints	
Application failed due to insufficient internal funding	
Application failed due to limit at correspondent banking	
Application failed due to lack of US\$, Euro, RMB, CHF, GBP liquidity	
Application not processed due to general unresponsiveness from partner	
Application not processed due to physical COVID19 process limitation	
Other reasons (please specify in space)	
Total	100%

8. From a scale from 1 to 5 (1-Strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree), to what extent do you agree/disagree that the following are barriers to financial institutions continuing servicing of trade finance needs during the current crisis?

<i>Barriers to greater trade lending</i>	1	2	3	4	5
Degradation of previously acceptable applicants' credit ratings					
Uncertainties about non-execution as planned of transaction					
Lack of flexibility & elasticity on pricing of trade lending products					
Macroprudential constraints and single obligor limits					
Restrained ability to syndicate loans with other institutions					
Ability to share guarantees / risk with other institutions					
Overall trade lending portfolio limit reached					
Unavailability of willing correspondent banks for forex transfer					
Unavailability of counterparty confirming banks					
Liquidity constraint of US\$ for trade lending					
Capital adequacy ratio limits					
Physical obstacles to underwriting & processing of trade finance					
Other reasons (please specify in space)					
Total					



9. Out of the current portfolio of trade lending, how much and under what format have you benefited from funding from public sources, multi-lateral agencies or private lenders to support your activities?

Type of trade lending funding	Funding (US\$)
Self-funding	
Loan syndication with other commercial banks / institutions	
Interbank & other short-term lending	
Emergency liquidity facilities from Central Bank	
Guarantees from Central Banks	
Guarantees from regional or international multilateral agencies	
Lines of credits from multilateral agencies	
Risk Participation Agreements from multilateral agencies	
Confirmation & Guarantees	
Other sources (please specify in space)	
Total	

10. What new trade finance support programs have been made available to aid your on-going trade operations during Covid19 and how would you rate their adequacy (1-Wholly Inadequate, 2-Inadequate, 3-neutral, 4-Adequate, 5-Fully Adequate)?

Various private and public trade finance support programs	1	2	3	4	5



[SHORT-TERM SUGGESTIONS]

11. From a scale from 1 to 5 (1-Strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree), to what extent do you agree/disagree that those measures could provide diligent and efficacious support to trade finance lending?

<i>Suggestions</i>		1	2	3	4	5
Funding	Increased limit in Central Bank liquidity windows					
	Increased capital adequacy ratios by Central Bank					
	Increased flexibility by DFIs in lending criteria					
	Guarantees from DFIs to encourage private lending syndication					
	Availability of line of credits, advances in local currencies					
Risk	Access to greater risk sharing & participation from multi-laterals					
	Access to confirmation and guaranteeing banks					
	Incentives to promote syndication with other commercial banks					
	Risk mitigation collaboration with international agencies					
Ops & Legal	Softening of legal constraints to complete trade operations					
	Review of regulatory and legislation impact along value-chain					
	Increase of adoption by clients of electronic platforms					
	Greater access to correspondent banks for international trading					
	Greater support in awareness & application support for MSMEs					
Other suggestions (please specify in space)						

12. In the box below please comment on the ways that the COVID crisis is affecting trade financing that are not already recorded in your answers to the preceding questions?