Market Commentary

ICC Trade Register 2025

Market trends in trade and trade finance

ICC

Printed in October 2025

ICC Publication No. 450/1081-14E
ISBN: 978-92-842-0716-9

In this report

1. About the International Chamber of Commerce and its partners

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions, and standard setting, ICC promotes international trade, responsible business conduct, and a global approach to regulation, in addition to providing market-leading dispute resolution services. ICC members include many of the world's leading companies, SMEs, business associations, and local chambers of commerce.

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Chair, ICC Banking Commission
Florian Witt, Divisional Head International and Corporate Banking, ODDO BHF

Chair, ICC Trade Register Project
Samuel-John Mathew, Global Head of Documentary Trade, Standard Chartered Bank

Project Advisors, ICC Trade Register Project
Avinash Lath, Senior Manager, Capital Management, Global Trade and Receivables Finance, HSBC
Christian Hausherr, Business Product Manager Supply Chain Finance, Deutsche Bank AG
Hariramchakraborthy Janakiraman, Head of Industry and Innovation, Transaction Banking, ANZ
Parthasarathi Mitra, Associate Director, Standard Chartered Bank
Orla Duffy, Portfolio Management, SMBC Bank International plc

Project Management, ICC Banking Commission
Andrew Wilson, Deputy Secretary General – Policy, ICC
Tomasch Kubiak, Policy Manager, ICC
Vidusshi Singh, Policy Advisor, ICC

Boston Consulting Group
Sukand Ramachandran, Managing Director and Senior Partner
Ravi Hanspal, Partner and Associate Director
Tim Figures, Partner and Associate Director, EU & Global Trade Investment
Edward Capps, Senior Associate
Nikhil Dangayach, Senior Manager, BCG Vantage
Simon Borgoltz, Senior Analyst, BCG Vantage

Global Credit Data
Krishnan Ramadurai, CEO
Michaël Dhaenens, Head of IT, Data and Delivery
Nina Brumma, Head of Analytics and Research

Visit the ICC Banking Commission here

2. Acknowledgements

This International Chamber of Commerce (ICC) Trade Register Report would not have been possible without the path-finding work done during the global financial crisis of 2007-2009 by the World Trade Organization (WTO), the Asian Development Bank (ADB), the ICC Banking Commission, and various other partners and policymakers. We would like to acknowledge Steven Beck of the ADB and former WTO Director General Pascal Lamy for providing the initial impetus for this report, and the ADB for the all-important seed funding to create a consolidated trade finance database hosted by ICC.

The ICC Banking Commission is ICC's largest commission. It is the authoritative voice for the trade finance industry, setting the standards and benchmarks for industry practices. The Commission is delighted to continue working with its two Trade Register Project partners: Boston Consulting Group (BCG) and Global Credit Data (GCD).

As always, the ICC extends special thanks to our 21 member banks:

- ANZ
- Bank of America Merrill Lynch
- Bank of China
- Barclays
- BNP Paribas
- Crédit Agricole CIB
- Deutsche Bank
- DZ Bank
- HSBC
- ING
- Investec Bank
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- Rabobank
- Rand Merchant Bank
- Santander
- Société Générale
- Standard Bank
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corp
- UniCredit
- Wells Fargo

This report was made possible by our member banks' financial and resource contributions, and its findings are based on their underlying datasets. Members' continued financial support, investment of time and resources, and uncommon focus on the bigger picture allow us to collect increasingly robust and meaningful data as we produce this report each year.

Finally, the ICC would like to thank all those who have been instrumental in the design and execution of the Trade Register 2025 report.

2.1 Our partners

Global Credit Data

Since 2004, the Global Credit Data Consortium (GCD), owned by over 50 member banks, has collected, pooled, and distributed anonymised internal credit risk data from contributing banks' loan books to support modelling of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) in compliance with prudential regulatory requirements. GCD also provides this credit data collection, analysis, and research to ICC members, contributing to a better data-driven understanding of credit risk in trade finance, supply chain, and export finance instruments, which allows ICC to focus on core strategic and advocacy activities.

Members include prominent banks from Europe, North America, South Africa, and Asia-Pacific. Membership grants exclusive access to the GCD databases to support banks' IRB Advanced accreditation applications.

The PD database covers 22 years of quarterly rating migration, default rates, and PD calibrations. The LGD/EAD database now totals more than 300,000 CIB-defaulted bank loans from around the world and more than 155,000 borrowers covering 11 Basel asset classes. The robustness of GCD's data collection and quality infrastructure helps make GCD's databases the global standard for credit risk data pooling. Learn more here.

GCD members are owners of the association and its data. They have a prominent role in steering the GCD's strategic direction to keep activities member-centric and drive the "By Banks For Banks" credo.

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Boston Consulting Group

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

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BCG's role within the ICC Trade Register

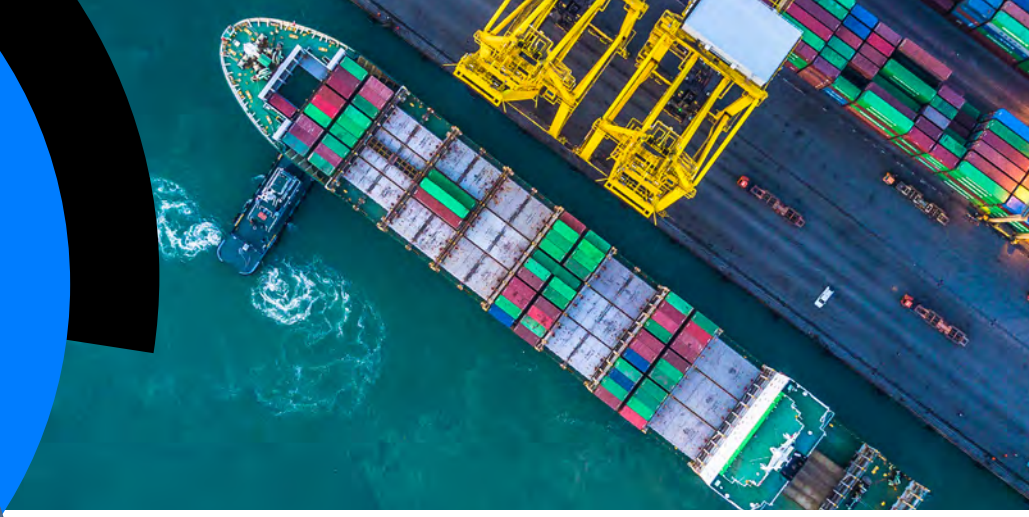
BCG plays a central role in the Trade Register Report by supporting the day-to-day project and the development of the report, and by contributing a strategic, value-focused perspective to its core topics.

BCG's expertise in the financial institutions sector spans all major topic areas to give global, regional, and local banks detailed insight, knowledge, and analysis across markets. Trade finance is an established and growing topic area for BCG's wholesale and transaction banking practices. BCG has worked on more than 50 recent trade finance-related projects globally on industry questions and challenges such as market entry and growth, pricing, cost reduction, operations, and digital change and transformation. In addition, BCG's Global Trade Model, which analyses and forecasts global trade flows and trade finance revenues including services trade as well as goods trade, is in its ninth year and leverages BCG analysis as well as data from third parties including UN Comtrade, IHS, WTO, Oxford Economics, FCI and BCR.

Trade and trade finance values throughout the report come from the BCG Global Trade Model unless otherwise stated.

By partnering with the ICC Trade Register project, BCG aims to bring readers additional strategic insight as well as commercial and technical industry perspectives.

Beyond the ICC Trade Register, BCG continues to actively support the trade finance community with thought leadership. Recent and future publication topics include digital, regulation, geopolitics, and the increasingly importantly issue of sustainability in trade.



3. How to access the ICC Trade Register 2025

The ICC Trade Register is the authoritative report on risk in trade finance. The dataset covers $27bn exposures across the globe over 17 years and includes proprietary data and analyses available for purchase from the ICC Trade Register official website. Its insights have helped financial institutions:

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Builds on the Global Overview Report with detailed regional analysis, enabling a more nuanced understanding of risk patterns across key markets.

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Adds country-level data within a selected region, supporting targeted market assessments and regional strategy development.

The Full Report
Combines global, regional, and country-level insights with Loss Given Default (LGD) data, delivering the most comprehensive view of trade finance risk and performance.

Trade Register Membership (for Contributing Members)
Includes the Full Report plus exclusive benefits such as custom benchmarking, early access to data, and participation in project steering—designed for institutions seeking strategic influence and insight.

4. Foreword from Chair of the ICC Trade Register

Samuel-John Mathew,
Chair, ICC Trade Register

In my first year as Chair of the ICC Trade Register, I am conscious of the privilege of building on the foundation set by my predecessor, Krishnan Ramadurai. Krishnan, now CEO of the Global Credit Data Consortium, has guided this initiative for more than a decade and leaves it stronger, broader, and more influential than ever. As I assume the role of Chair, I am deeply honoured to build upon this robust foundation. On behalf of all participating banks and the trade industry as a whole, I thank him for infusing the Register with the rigour that has made it the industry's trusted barometer.

In a year marked by profound shifts, during which trade leapt from a niche issue to a front-page story, the ICC Trade Register and the purpose it serves have never been more essential. Now more than ever, the Register's robust analysis serves as an important guide for financial institutions, regulators, and all stakeholders committed to fostering a stable and resilient global trade system.

Whilst the world economy is still growing, we are starting to see familiar corridors shifting and a multi-polar patchwork emerge. The United States and its partners have increasingly used tariffs to drive near-shoring, revenue, and bargaining power, forcing supply chains to realign faster than at any point since the 1990s. To support our readers, this year's edition does more than record statistics—it explains why a service delivered through fibre-optic cable outpaced a container on deck, why small economies struck a record number of trade agreements whilst the world's largest economies raised tariffs, and why the financing gap remains concentrated in emerging markets even as those markets increase their share of world trade. This year's edition also sets out how documentary instruments, often written off as yesterday's tools, may regain importance because they embed data fields that can carry granular freight premiums, carbon costs, and real-time sanctions checks.

The Register remains the definitive evidence base on trade finance risk. Banks share data because it sharpens their models and demonstrates default rates that stay below 0.3 percent. For banks, the lesson from this year's report is speed: to remain competitive, financial institutions must originate, price, and distribute in weeks, not quarters, using APIs and electronic documents that keep pace with moving certificates of origin. Corporates should deepen data sharing to earn sharper pricing, whilst policymakers must accelerate mutual recognition of digital trade records to enable legal certainty to travel as quickly as the goods they secure.

Trade has always adapted, from steamships to containers, and now APIs, carbon, and artificial intelligence (AI). Today's shocks, however, are simultaneous: geopolitics, climate rules, technology leaps, and financial fragmentation are colliding in real time. The ICC Trade Register equips organisations with the tools they need to respond with confidence. Of course, we cannot predict the future, but with shared data and agile tools, we can steer through uncertainty and keep commerce flowing for businesses of every size, in every market.

Looking ahead, our ambition is to ensure that the ICC Trade Register remains at the forefront of the industry's evolution. This includes further integrating and enhancing key themes such as sustainability, digitalisation, and AI. We will also continue to explore new data and analytical dimensions with industry partners that can bring additional insights and a deeper view of emerging risks and business opportunities. On behalf of ICC, I extend my sincere thanks to our member banks and advisors for their continued contributions, and I invite all readers to act on the insights we share in this year's Register.

Samuel-John Mathew,
Chair of the ICC Trade Register,
Global Head of Documentary at Standard Chartered bank

5. Executive Summary

Global trade in 2024–2025 demonstrated resilience but also underwent a structural transition. Although merchandise volumes returned to growth, rising roughly 3.3% year-on-year, they remained below their pre-pandemic trajectory. By contrast, cross-border services expanded close to 10%, accounting for the majority of the $1.2 trillion increase in world trade value. This divergence underscores an accelerating tilt toward intangibles even as physical supply chains adjust to new cost and risk parameters.

Trade growth was led by Asia (in particular the China-ASEAN-India corridor), whilst Europe experienced marginal contraction and North America posted modest gains. A stronger 'Global-South-to-Global-South' dynamic emerged as developing economies traded a greater share of manufactured goods amongst themselves. 13 preferential trade agreements entered into force involving at least one economy under $100 billion GDP indicating that market-access liberalisation at the regional level proceeding.

Geopolitical events in the Red Sea, sustained draft restrictions in the Panama Canal, and congestion in the Singapore Straits embedded a volatility premium into global freight. At some points during the year, container spot rates more than doubled their pre-COVID average. Major economies intensified the use of trade-defence instruments. The EU and US raised tariffs on selected electric-vehicle, renewable-equipment, and metal imports, whilst smaller economies pursued liberalisation through new agreements. Simultaneously, the Carbon Border Adjustment Mechanism (CBAM) moved from policy concept to operational reality.

Tariff uncertainty spurred some exporters to diversify invoice currencies, and local currency settlement initiatives in ASEAN advanced. Nevertheless, reserve managers increased US-dollar holdings in early 2025, suggesting that de-dollarisation remains incremental. Trade in 2025 will be shaped by the interplay of volatility in tariff policy, carbon pricing and logistics costs. US trade policy has dominated global headlines in 2025, with a proposed effective average tariff rate of 19%, shifting global trade volumes and patterns.

Ultimately, the world of trade has become increasingly complex, and trade finance must follow. Institutions that integrate granular data on freight, emissions, and rules of origin into pricing; that distribute assets swiftly; and that collaborate on interoperable digital standards are best placed to support clients and maintain resilience. The ICC Trade Register, now in its fourteenth year, offers the empirical foundation for these efforts, enabling evidence-based policymaking and prudent expansion of trade-finance capacity in an increasingly complex environment.

6. Trade in 2024: Fading hopes of a return to normal

2024 delivered a cautious rebound for trade, yet not the smooth 'snap-back' many had hoped for. In 2024, global trade flows reached a new peak as inflationary pressures eased following restrictive monetary policies. Exports reached a record $23.8 trillion in 2024, expanding by 3.0% over the course of the year. However, looking ahead, the outlook is more pessimistic due to heightened geopolitical volatility. Merchandise volume growth finally turned positive but still lagged the pre-COVID trend, whilst cross-border services surged almost 10%[1], contributing three-fifths of the $1.2 trillion expansion in world trade. Growth, moreover, arrived with new costs: elevated shipping costs, geopolitical unrest, sustainability surcharges, and sharper trade policies. Looking back at 2024, we saw signs that trade was recovering, rerouting, and repricing risk, but not reverting to the relative simplicity of the 2010s.

6.1 A hesitant rebound, not a full snap-back

World merchandise flows climbed out of their 2023 trough, with the 2025 BCG Global Trade Model seeing a year-on-year growth of 3.3% in nominal exports by December, yet they were still lower than forecasts implied. Freight tonnage returned to growth, but trade volumes still closed below their pre-pandemic trend-line, showing that although supply chains are healing, they are not snapping back.

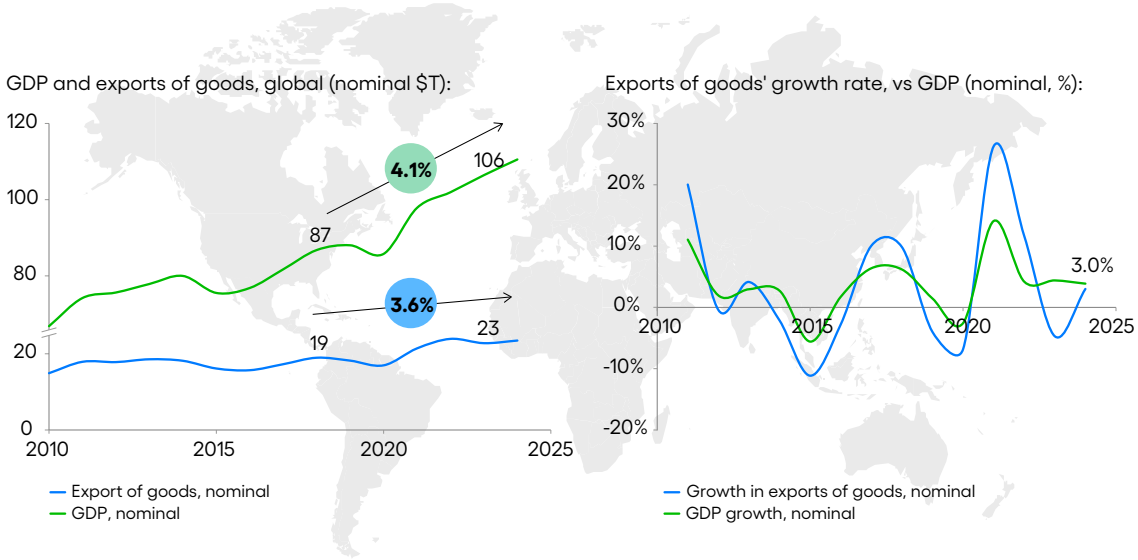
Behind this trend is a decisive shift in geography. Asia saw the largest gains (ASEAN exports grew 11% year-on-year, primarily driven by intra-ASEAN and wider APAC trade), whilst the US saw modest growth (increasing 2% from 2023) on the back of resilient consumer demand. Europe slipped down (-1% from 2023) as energy-linked costs and softer manufacturing orders weighed on exports. China's trade with India, Russia, and its ASEAN neighbours accelerated, and a broader 'Global-South-to-Global-South' current increased once more. Goods bright spots existed (for example, Vietnam and Mexico in electronics and auto parts), driven primarily by shaved shipping time and reduced tariff exposure, not by stronger final demand for heavy manufacturing.

Despite some regions' strong growth, goods prices receded by roughly 2% leaving the dollar value of merchandise trade almost flat despite the real-volume uptick. That price drift masked genuine activity on corporate toplines, keeping working-capital needs sticky just as margin pressure intensified. Supply chains are increasingly being rerouted rather than dismantled, with new corridors flourishing even as legacy lanes plateau.

1 CPB World Trade Monitor 2025 BCG Global Trade Model; Nominal figures shown

Figure 1

Global goods trade (nominal) 2010-2024 and GDP



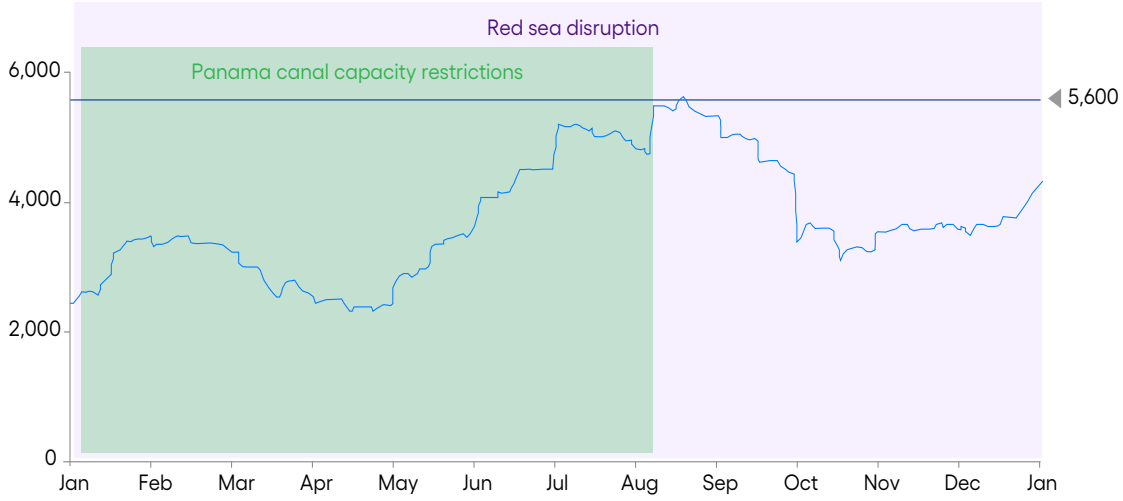
Sources: BCG Global Trade Model 2025, UN Comtrade, Oxford Economics, IHS, WTO, BCG analysis

6.2 Logistics shocks persisted

Shipping risk has increasingly become a structural premium. Freight rates from January to April 2024 were in the $2,500/FEU range before Red Sea missile activity, and a third-year restriction in the Panama Canal drove them to a high of $5,600/FEU by mid-August. Although prices eased thereafter, they closed the year approximately 60% higher than in January, signalling that 'volatility pricing' is now very real.

Figure 2

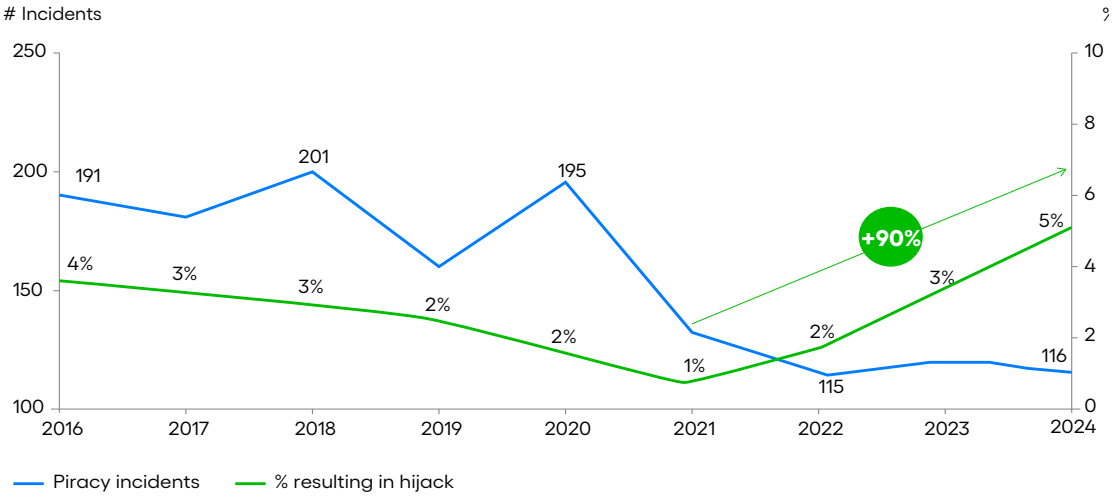
2024 Global Container Index



Source: Refinitiv, Global Container Index

2024 recorded one of the lowest piracy tallies in two decades, yet the geography and severity of attacks increased in parallel. The ICC-International Maritime Bureau (IMB) counted just 116 global incidents down from 201 in 2018, but roughly 80% led either to a successful boarding or hostage-taking. The congested Singapore Straits accounted for 43 cases, or approximately 37%.

Figure 3
Piracy incidents & % resulting in hijacking, 2016-2024



Source: ICC-IMB piracy report 2024

6.3 Policy headwinds and micro-fragmentation

Trade policy in 2024 was defined by a widening gap between sharper, trade-defence actions in the major economies (for example, the US, EU[2] , and China) and an unexpected surge of market-opening amongst smaller economies.

Although the large blocs increased tariffs, smaller economies quietly broke a record for new market-access accords. The WTO's Regional Trade Agreements (RTA) Tracker lists 13 preferential trade agreements entering into force in 2024, each one involving at least one economy with a GDP below $100 billion. These agreements include the EU-Kenya Economic Partnership Agreement, European Free Trade Association (ETFA)-Moldova, and China's accords with Ecuador and Serbia. The United Kingdom's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) added another member to a pact led by emerging Pacific economies. Taken together, these shifts underline the year's paradox: tariff walls rose around strategic sectors such as EVs and critical minerals, whilst developing states sought improved access elsewhere.

6.4 Sustainability levers gained bite

The Carbon Border Adjustment Mechanism (CBAM) moved from policy to practice in January 2024, as discussed in last year's ICC Trade Register. Importers filed their first quarterly returns under the transitional regime and, lacking plant-level data in most cases, relied on the European Commission's default emission factors (for example, of between 2.1 and 2.4 tonnes of CO_2e per tonne of steel)[5]. When those factors are multiplied by the average 2024 EU carbon price of roughly €66 per tonne[6], they already imply a notional carbon cost of between €135 and €160 per tonne of imported steel[7], or 6% to 8% of landed

2 EU Commission
3 Financial Times
4 Chatham House

value. Aluminium, with a default footprint nearer ten tonnes of CO_2e, may face a shadow levy above €650 per tonne.

The levy will come into force in 2026, with the first payments due in early 2027. Each certificate will be priced at the average of the previous week's EU carbon price, baking carbon-market volatility directly into working capital. Advance rates on trade finance facilities may now start to allow for a carbon cost and may even move week-by-week with the EU Allowances (EUA) curve; meanwhile, documentary requirements are likely to become increasingly arduous.

Since the launch of the transitionary CBAM period, the Commission launched its February 2025 'omnibus' proposal, which swaps the €150-consignment rule for a 50-tonne-per-product threshold that exempts small shippers but leaves almost all embedded emissions, and therefore the financial burden, on the biggest importers. The proposal extends the surrender deadline to 31 August 2025, and also lets companies offset EU liability with compliance carbon prices paid in the country of production, potentially turning the spread between EU Emissions Trading System (ETS) and third-country levies into a new daily moving risk. Larger single-name exposures and carbon-price volatility may need to be modelled alongside freight and FX. As CBAM evolves to cover more countries and products, the current scope is under review. Other countries, including the UK, are introducing similar schemes, meaning global exposure will increase and become more complex.

6.5 Services trade steals the show

Services trade marched ahead of merchandise trade in 2024. Digital-delivery revenues (for example, cloud hosting and remote professional work) expanded by double-digit percentages, leisure travel came close to its pre-pandemic peak, and construction-engineering receipts followed the global capex up-cycle. In aggregate, trade that travelled by fibre-optic cable or on a boarding pass beat traditional goods in boxes.

Three structural forces powered the divergence:

1. **Demand rotation:** A pandemic-era binge in electronics and home improvements left households with durable-goods overhangs alongside pent-up appetite for travel, entertainment, and corporate digitisation.

2. **Cost friction:** Physical trade was hit by two simultaneous surcharges: an early-year pairing of Red Sea insecurity and Panama drought that doubled spot ocean rates at the peak, and a late-year tariff step-up in EV and renewable-equipment corridors. Services crossed borders weightlessly.

3. **Technology pull:** The global rollout of generative AI triggered a fresh wave of cloud-migration contracts, and ISO-20022 payment rails made it easier for SMEs to export code, design, or back-office processes without ever booking freight space. Those gains were concentrated in digital hubs like Dublin, Bangalore, and Singapore, whose ecosystems can increasingly scale talent faster than cargo capacity. However, migrations to cloud were limited by the speed at which banks could integrate their product offerings into new payment rails.

Tourism-rich economies such as Thailand and Turkey saw hotel receipts and international card transactions snap back. Small digital platforms (such as Estonia's e-residency exporters or Kenya's gaming-studio cluster) rode the same bandwidth tailwind that lifted the giants.

5 European Commission DG for Taxation & Customs Union

6 Reuters

7 Intermodal EUAS Report June 2024

7. Outlook for 2025: Structural forces re-shaping trade

7.1 A new and uncertain epoch

In 2025, US trade policy has become the focal point of world commerce. The US has increased its average, trade-weighted tariff from 2.5% to 19% at the time of writing and threatened corridor and product hikes, from 10% on low-value consumer goods to 140% on Chinese EVs. These frequently recalibrated duties have left many organisations struggling: multinationals accelerated shipments into Q1 to beat tariffs, as evidenced by the fact that the WTO logged a 5.3% year-on-year jump in merchandise trade. BCG's 2025 Global Trade Model (GTM) estimates that, on the current trajectory, trade will grow more slowly, at a rate of 2.8% CAGR compared to a baseline of 3.9% pre-tariffs, with companies relocating final assembly to wherever the economics allow. Trade agreements have moved quickly, giving rise to concerns about preferential partnerships that undermine the core principles of the WTO.

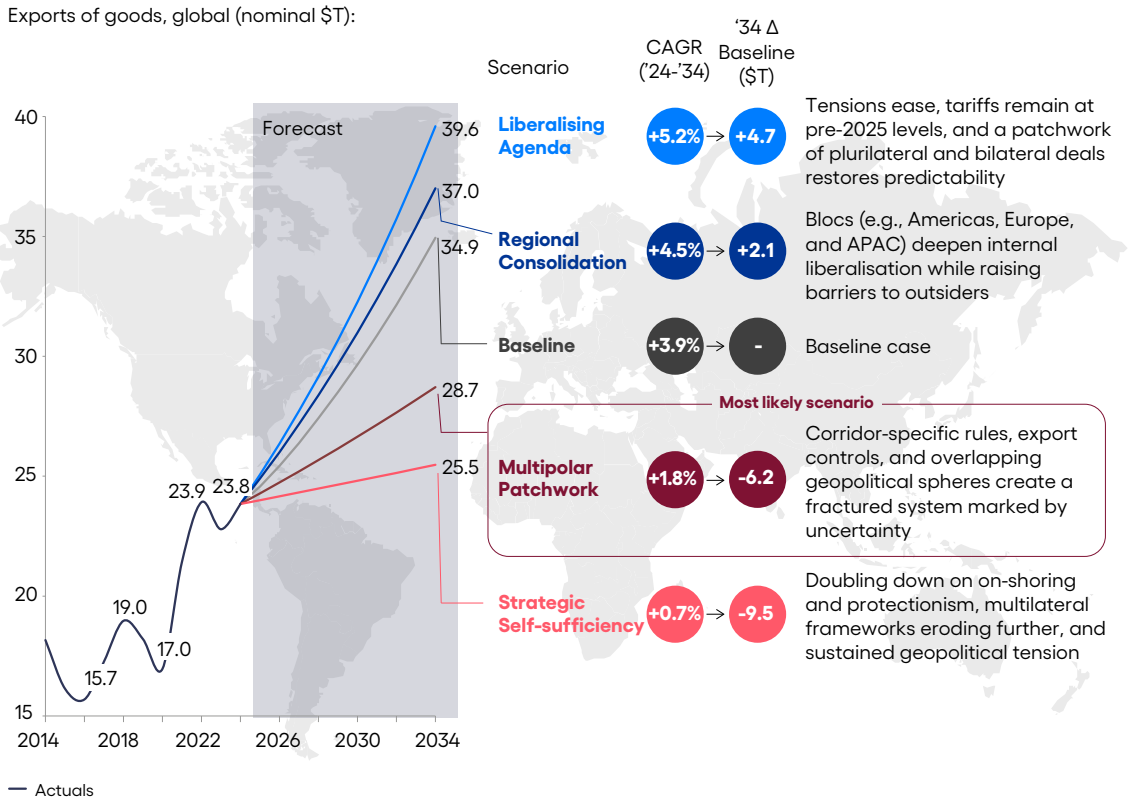
BCG's 2025 GTM aims to break down the possible paths policy may take by presenting its traditional baseline alongside four potential scenarios that could play out. These scenarios vary from a concerted shift back to 'normal' to a total collapse of previous norms. Already, GDP data and existing market sentiment point to a slightly softer baseline than last year. The scenarios predicted on top of this aim to provide readers with a clear understanding of the potential macro-outcomes without being undermined by intra-day policy change.

In the first possible future for global trade, a 'Liberalising Agenda', trade tensions ease, tariffs remain at pre-2025 levels, and a patchwork of plurilateral and bilateral deals restores predictability and supports faster growth. 'Regional Consolidation' sees blocs such as the Americas, Europe, and Asia-Pacific deepen internal liberalisation while raising barriers to outsiders, driving intra-bloc flows but fragmenting global markets. The third path, a 'Multipolar Patchwork', reflects today's most likely trajectory, where corridor-specific rules, export controls, and overlapping geopolitical spheres create a fractured system marked by uncertainty and higher compliance costs. At the other extreme, 'Strategic Self-Sufficiency' envisions governments doubling down on on-shoring and protectionism, multilateral frameworks eroding further, and aggregate trade contracting under sustained geopolitical tension. Together, these scenarios frame the plausible policy and institutional choices shaping trade over the next decade.

In the GTM, the Multipolar Patchwork lands global goods trade at about $28.7 trillion by 2034 compared to a $34.9 trillion baseline: a roughly 18% shortfall that equates to approximately $6 trillion less annual trade in 2034. The tariff cost is explicit: the baseline locks January 2025 tariff settings whilst Multipolar Patchwork reflects current, higher rates and other restrictive measures.

Figure 4

Global trade outlook, 2014-34 (nominal)



All figures unless stated otherwise are nominal
Sources: BCG Global Trade Model 2025, UN Comtrade, Oxford Economics, IHS, WTO, BCG analysis

We are likely to see multinationals speed up near- and friend-shoring to locations like India, Mexico and Eastern Europe, rewiring supply chains but also creating costly duplication (a potential example is Apple accelerating its push to manufacture in India). Geopolitical shocks compounded the tariff drag such as the resurgence of conflicts in the Red Sea. To mitigate risk, the majority of carriers diverted much of their Asia-Europe loops around the Cape of Good Hope, cutting Suez transits almost 50% year-to-date and driving spot rates up more than half compared to 2024 averages[8].

7.2 Tariffs and corridor rotation

From rules-based order to selective barriers

The global trading environment is evolving from a predominantly global, rules-based framework into a more fragmented, multi-polar system—a move accelerated by the 'America First' trade policy.

China and the US have adopted increasingly mercantilist policies, using trade restrictions to drive wider economic and political objectives. Smaller economies, used to relying on the rules-based trading order as defined by the WTO, have started to diversify and protect their trade, including through new and expanded bilateral and plurilateral deals such as CPTPP and the UK-India FTA.

US tariffs

Following the re-election of Donald Trump in November 2024, the US has raised average trade-weighted tariff rates from 2.5% to 19% through a complex patchwork of country- and product-specific tariffs, deals, and exemptions. These tariffs vary by corridor, product, and time, having even seeing intra-day movements. The rationale to support these include increasing fiscal revenue, driving strategic reshoring, or negotiating leverage. Rationales aside, these tariffs drive

8 YQN

large market uncertainty, not only for the US's trading partners but to the US economy and US consumers themselves.

Tariffs now cover about 60% of US imports and have reached 50% or more in some corridors. Six partners—the EU, Indonesia, Japan, Philippines, South Korea, the UK, and Vietnam—have secured headline rates of 10% to 19% and suspended retaliation as of August 2025, yet inbound levies on their exports remain. Overlaying the country matrix are national-security tariffs on steel, aluminium, vehicles, and copper, with further investigations into pharmaceuticals and semiconductors.

From January to July 2025, US tariff receipts reached $152 billion, or 2.4% of federal revenue, underlining the fiscal dimension and suggesting that a complete rollback is unlikely. Smaller exporters face disproportionate administrative burdens to manage trade policy risks and there is a continued suggestion that they may need shared 'tariff command-centre' solutions or AI-enabled tools to react quickly enough.

The majority of US imports will be subject to a tariff rate of at least 10%. This is likely to see price pass through to consumers, which may materialise in a demand drag that offsets fiscal revenue gains. Simultaneously, BCG analysis suggests that the US would require rates of at least 90% on steel and roughly 200% on C-Si Solar modules, which are well above the current levels, to truly close the cost gap with China and drive reshoring. The outcome here is that buyers are less likely to switch to US suppliers as they remain less competitive, but their overall costs still increase, subsequently inflating costs throughout the rest of the supply chain. Similarly, the 50% tariff on semi finished copper adds approximately $8.6 billion per year[9] to US import costs, likely compressing margins.

Shifting sands for all corridors

US-China

The US and China have seen a tumultuous year. When American tariffs on Chinese goods hit 145%, China responded with a 125% tariff on US goods, followed by a restriction of rare earth metal exports. Subsequently, the US moved back to a lower 30% tariff rate, still highly elevated compared to historical norms. Central to this debate are key goods such as chips and cheap Chinese steel, which have contributed to, despite tariff anxieties, a strong Chinese GDP growth of 5.2% as exports show resilience[10].

Impacts on ASEAN

The US administration has indicated interest in closing trans shipment routes from China that avoid duties via final assembly in ASEAN ('China + 1') by introducing 'transhipped goods' levies, and to do so, it has imposed these tariffs on ASEAN members. Examples include the initial rate of 46% on Vietnam, which was later reduced to 20% following the agreement that any goods 'transhipped' from China via Vietnam to the US would be taxed at a higher rate of 40%. The definition of transhipped goods remains relatively opaque and the application of this rate is likely to be challenging. One means is to have certificates of origin and value-added tests, which are currently under review. The current rates for China are set at 30%, giving rise to speculation that manufacturers are reconsidering some of their 'China +1' investments in ASEAN. Despite this, Chinese exports to ASEAN hit a record high in the first half of 2025[11].

EU-US

Following the initial threat of rates between 20% and 50%, the EU and US settled on a 15% tariff rate for most EU imports, which still represents the highest rate in decades. Product-specific tariffs on some key sectors (like automotive) have also been reduced, whilst for others (such as steel, aluminium, and pharmaceuticals), the situation remains uncertain. The feasibility of the EU's commitments to purchase $750 billion of US energy products over the next three years, in addition to $600 billion in direct investment, remains to be seen. As with the other US deals, there is a joint statement of intent rather than a legally binding agreement between the parties.

7.3 Beyond the dollar

The imposition of tariffs has impacted the narrative of the gentle de-dollarisation story seen last year. Tariffs have simultaneously prompted some exporters to pull out of USD pricing, because levies are calculated on the

9 BCG Analysis - Copper Tariffs: The $8.6 Billion Cost
10 National Bureau of Statistics (China)
11 Financial Times - Chinese manufacturers rethink south-east Asia pivot after Donald Trump's tariffs

invoice currency, whilst also pushing some investors back into dollars as a short-term shock absorber. Subsequent impacts may materialise in two ways: cross-border trade in Asia–Latin America may pivot more into other currencies such as the Chinese yuan, United Arab Emirates dhiram, or Indian rupee, whilst reserve managers and commodity hedgers might look to top up greenback liquidity. In early 2025, de-dollarisation accelerated due to China's push for more yuan credit lines and ASEAN's Local-Currency Settlement Framework[12], but it also faced friction from smaller emerging markets' central banks adding USD in Q1 to cushion tariff-related FX swings[13].

7.4 Trade disruption beyond tariffs

Despite initial hopes for peace talks in the first half of 2025, the war in Ukraine has continued with few signs of de-escalation. Sanctions continue to restrict Moscow's access to finance, though energy exports dull the fiscal blow. The US is considering tariffs ranging from 25% to 100% on countries that import Russian crude oil, including India. Meanwhile, in the South China Sea, incidents between China and the Philippines have escalated, seeing collisions between ships. In addition, the Red Sea saw a resurgence in disruption, further impacting the geopolitical landscape.

Despite an increasingly volatile picture of global trade, the Global South continues to show promising signs of rapid growth. India is likely following a China-style GDP growth trajectory, projecting a roughly 6.5% CAGR[14] in 2026 and exporting $20 billion of mobile phones given the decision from Apple and others to shift assembly lines away from China. Brazilian coffee exporters are gaining five-year market access to China, and Indonesia has targeted an additional $680 billion for refining nickel, tin, and copper into battery inputs. Following suit is South Africa, which has also invested in an incentive scheme for EVs and battery ecosystem. The Global South is seeing growth, not from historical drivers such as commodities, but rather from advanced goods in lucrative manufacturing sectors.

12 ANTARA News
13 Reuters
14 Fitch

8. Trade finance: Adapting for a more digital, but more complex world

Trade finance is one of the oldest functions of banking, and its core function—to provide assured payment, liquidity, and risk mitigation for cross-border exchange—remains unchanged. Given today's increasingly fragmented, complex, and dynamic supply chains, that purpose is more critical than ever. What is changing is the way the service is delivered. Digital documentation, API connectivity, and broader investor participation are gradually becoming woven into trade finance products. Digitalisation across the value chain brings increased complexity. Banks continue to anchor the system, but they are now starting to operate in an ecosystem consisting of platforms, fintechs, and private-capital providers.

In parallel, regulation has tightened. Basel III.1's 72.5% output floor lifts capital charges mainly for balance-sheet products such as payables finance and short-term import/export loans, making originate-to-distribute funding models increasingly attractive to manage profitability and balance sheets. Capital is likely to become costlier, allowances may be more forward-looking, and cash-conversion cycles may become shorter, which may mean that only data-rich, distribution-ready trade desks can preserve returns.

As part of this section, we have leveraged insights gathered through the 2025 ICC Trade Register Survey, which saw responses from ~90 trade finance professionals across the globe.

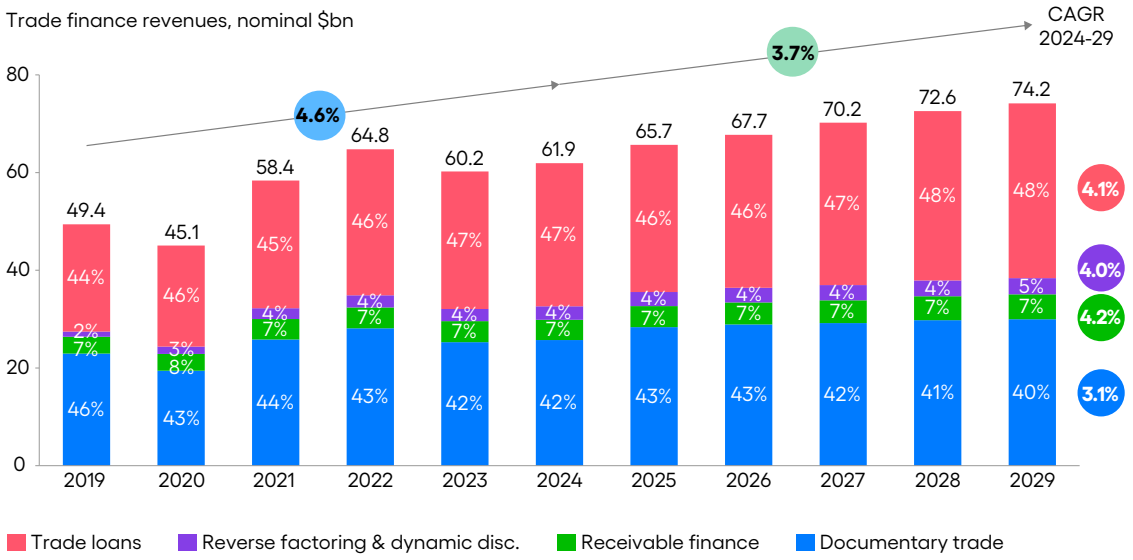
8.1 An evolving product mix

Growth in trade finance has seen a gravitation towards working-capital products over the last decade, leaving documentary trade revenues to grow more slowly between 2020 and 2024. BCG forecasts documentary trade to have a marginal growth of 3.1% CAGR from 2024 to 2029, behind that of the 4.2% CAGR forecast for receivables finance. Despite this slowdown, documentary trade is expected to remain a core component of the trade finance market well into the 2050s. When facing a world of tariff disruption, realigning corridors, and increased regulation, documentary trade still provides clear risk mitigation; as a result, 2025 may yet see a resurgence of the traditional letter of credit. The picture for supply chain finance is one that faces more regional disparity. A slow-down in APAC and the Middle East has seen overall SCF volumes decrease in 2024. Despite this, stronger growth in Europe still means that we expect SCF and dynamic discounting to see a CAGR of 4.0% over the next 5 years. Trade loans continue to drive large revenues in the market, and are forecasted to see strong growth in the medium term at a 4.1% CAGR.

Although tariffs may dampen aggregate trade growth, they can also open up opportunities, whether that be increasing the average ticket size (from the inclusion of tariff costs) or providing novel product types. One clear example is HSBC's introduction of a new trade finance product for import duties, where US importers can defer

Figure 5

Trade finance revenues



Note: Trade in services is excluded; FX rates are floating; Receivable finance includes factoring and invoice discounting
Sources: BCG Global Trade Model 2025, FCI, BCR, UN Comtrade, Oxford Economics, IHS, WTO, BCG analysis

payment of tariffs by the bank settling duties upfront and then offering repayment options.

8.2 Digital revolution of origination

The origination of trade finance is starting to see a shift towards digital marketplaces whose ecosystems embed credit, risk cover, and settlement at checkout. Revenues from embedded finance—that is, finance embedded into platforms—are projected to grow from $63 billion in 2023 to $291 billion by 2033 at a 17% CAGR[15]. Amazon Business alone handled goods worth well above $1 trillion last year, whilst Asian giants such as Alibaba, JD.com, Shopee, and Lazada have become default export platforms for SMEs. Shopee's SeaMoney[16] offers sellers unsecured working-capital facilities underwritten off live marketplace data. Amazon's 'Pay by Invoice' now sits in partner programmes with SellersFi[17] and Lendistry[18], giving merchants credit lines up to $10 million live without leaving the platform.

This innovation is supported by the use of alternative data sources from sales, logistics, and even carbon-footprint feeds, which allow underwriters to price SME risk quickly. Regulatory guardrails are now emerging, such as the Buy Now Pay Later (BNPL) codes of conduct released in Singapore[19] and Malaysia[20] in late 2024, which set minimum KYC and disclosure standards for embedded lenders.

8.3 Bank response: Plug-in, not log-on

Banks have been quick to create digital offerings of their own, with over 90% of respondents in the ICC Trade Register Survey investing in digital platforms and ecosystems. HSBC's joint venture with Tradeshift enables the financing of e-invoices[21], whilst J.P. Morgan's extended alliance with Taulia lets the bank underwrite SCF limits to more than two million suppliers[22]. BNY Mellon's Trade Network Access Service and Standard Chartered's nexus/Audax BaaS stack license their rails to enable other financial institutions to connect via API and distribute risk across a shared network[23]. Clients can access finance through their channel of choice and banks capture a market of underserved SMEs.

15 Future Market Insights
16 Sea Annual Reports
17 Business Wire
18 Business Wire
19 Singapore Fintech
20 Kazanah Research Institute
21 TradeShift
22 JP Morgan
23 Audax

The strategic upside is three-fold. First, it unlocks the long-tail of micro-exporters that sit below traditional ticket sizes, expanding addressable volume. Second, the data generation from live sales, shipment feeds, and even carbon-footprint feeds can support smarter credit models. Third, it enables a future where assets originated on-platform could be easily syndicated or securitised in minutes, lifting balance-sheet velocity.

8.4 Legal and data rails: MLETR from a concept to a conduit

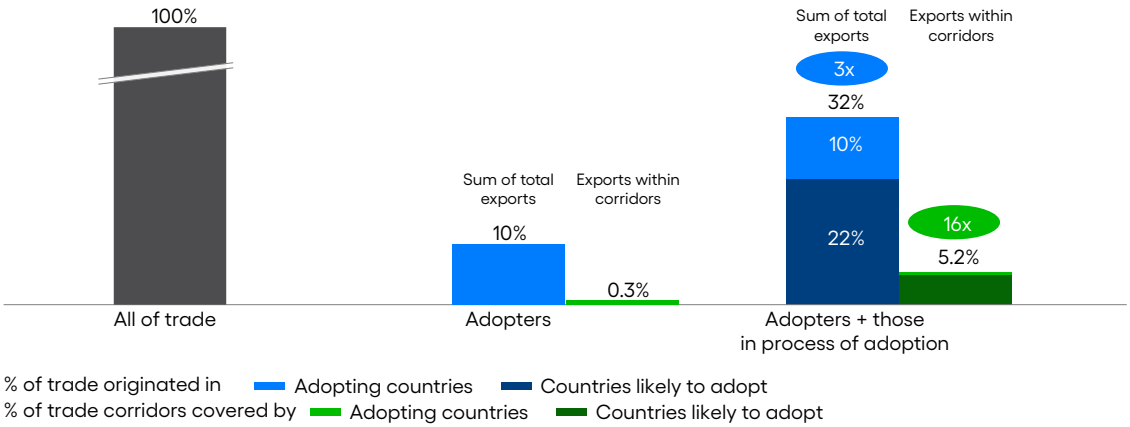
The legal underpinnings of trade finance are being modernised as jurisdictions adopt the UNCITRAL Model Law on Electronic Transferable Records (MLETR) and related reforms. Early adopters now span multiple regions. For example, Bahrain and Singapore were among the first adopters in 2019 and 2021, respectively, with France, the UK, Belize, Kiribati, Papua New Guinea, and Paraguay more recently bringing MLETR into force[24]. Many other countries are moving towards adoption as well, and are currently passing the necessary local legislation. This growing cadre of jurisdictions is creating a network of legal compatibility that is essential for cross-border enforceability of electronic trade instruments.

Legal digitisation can reduce fraud and operational risk (with blockchain and audit trails often underpinning e-doc platforms), and they can often lower transaction costs over time. In effect, assets created on digital trade platforms are fully 'financeable' across borders once counterpart jurisdictions recognise MLETR-based instruments. This digital enforceability can also bolster investor confidence: a receivable or trade instrument in electronic form may soon be included in securitisations or sold to funders with the assurance that it carries the same legal rights as a paper document.

Legal adoption is increasing, with approximately 10% of world goods exports now originating from MLETR-enabled jurisdictions[25]. The bottleneck here is bilateral recognition: end-to-end corridors account for just 0.3% of goods trade. There remains strong momentum behind MLETR. Jurisdictions currently developing legislation include some of the largest trade partners, such as the US, Germany, Australia, the Netherlands, and Canada, which could bring origin coverage up to 30% of total exports (3x the current state) and corridor adoption up to 5% (16x). Each additional state engaging in MLETR will exponentially increase the corridor coverage, and in a world where the G20 has adopted MLETR, the corridor coverage may increase up to 25%. The ICC Digital Standards Initiative advocates and enables this on a global scale, including through initiatives such as the FIT Alliance, dedicated to increasing adoption of e-Bills-Of-Lading (eBL).

Last year's ICC Trade Register reminded readers that while MLETR "is a huge step in the right

Figure 6
MLETR coverage of global exports, by originator and corridor



Source: UN Comtrade 2024, weighted by value in USD

24 Cross-border Paperless Trade Database
25 UN Comtrade Data, BCG Analysis

direction towards digital trade, 80% of ICC Trade Register Survey respondents believe it will not significantly accelerate digitalisation simply on its own" due primarily to the additional technological capabilities required from banks, shippers, and more. Many banks, however, seem to have digitised existing paper-based processes rather than re-engineer their processes around structured data and API-based networks that unlock the full benefits of digital trade documentation. The ecosystem must move beyond legal alignment to truly tackle interoperability if it is to mitigate the risk of digital islands, divergent standards, and incompatible data models.

8.5 Modernising core technology platforms for the generative AI era of trade

Over the past two years, many banks, global and regional alike, have started to swap monolithic trade finance cores for cloud-native 'micro-service' stacks. 100% of survey respondents have said that digital transformation is a medium or top priority. In this new architecture, every function—from limits to SWIFT MX messaging to collateral sweeps—exposes an open API, which means upgrades can be dropped in service-by-service rather than through a multi-year core rebuild. It is this modularity that can make large-language-model (LLM) tools truly practical: an LLM can 'call' one service at a time, classify a document, request a sanction check, or trigger a collateral sweep, all without impacting the rest of the system.

The leap over first-generation OCR engines is striking. Rule-based models parsed only structured fields and flagged vast numbers of discrepancies for human review. Today's generative AI (GenAI) stack ingests unstructured bills, vessel feeds, and chat transcripts; trains itself on live transaction data; and explains its decisions in plain language. The same extraction logic is moving into sanctions screening, onboarding, and secondary-market distribution. Containerised deployment further slashes banks' technology integration efforts.

Scaling GenAI is also no longer theoretical: J.P. Morgan has deployed Clearye's GenAI tool to cut

Figure 7
AI versus generative AI

Aspect	Past AI (rule-based/OCR)	Current GenAI wave
Data scope	Structured fields only	Unstructured docs + chat + shipping feeds
Learning loop	Static rules & manual tuning	Continuous self-reinforcement on bank and external datasets
Human in loop	Mandatory for every discrepancy	Exception-only review
Deployment	On-prem, monolin	Containerised micro-services/ cloud APIs
UX	"Black-box" scoring	Conversational copilots and explainable outputs

documentary-check cycle times[26], and Bank of America now equips 90% of staff with an internal GenAI assistant[27], reducing business support costs. Pure-play vendors are magnifying the effect: Traydstream claims to reduce document checking from hours to minutes[28].

Three external catalysts promise to widen the gap between early adopters and holdouts:

- ISO 20022 trade-finance messages can standardise data semantics and enable a ready-made training pipeline for LLMs.
- Broader MLETR adoption in major economies expands full legal status on natively digital documents, increasing the pool of high-quality data and accelerating the shift from paper collateral.
- Agentic AI could reconcile documents, book hedges, and initiate distribution in a single workflow, though the governance models that keep humans firmly in command will determine how quickly agentic AI goes live.

Early adopters are likely to see cost-to-income improvements as savings scale exponentially once GenAI spreads across sanctions screening, client onboarding, and secondary distribution. Risk functions, meanwhile, gain real-time capabilities that can feed early-warning models and may ultimately lower losses. 90% of survey respondents indicated investment in AI, with 65% either building or having built AI tooling. However, several regulators (for example, the EU AI Act and New York City law) remain sceptical of LLM explainability; there may therefore be a need for the industry to expand its engagement on audit trails and model validation.

Finally, the client experience is set to improve as the use of AI becomes more widespread. Conversational portals already common in retail banking are now migrating to corporates. BNY is leveraging GenAI to automate documentation checks for disclosures on its SCF programmes and incorporating GenAI into its advisory process ahead of providing guarantees[29].

GenAI is no longer an experiment; it is already reducing cycle-times, unit costs, and risk capital consumption in the banks that have invested early. As ISO 20022 flows, MLETR becomes more widely adopted, and agentic workflow pilots converge, the market is likely to see a step-change in straight-through-processing over the next two to three years.

Conversely, late movers risk a widening cost-to-income gap as GenAI scales from document checking into sanctions, onboarding, and secondary distribution. Regulatory scepticism over explainability will persist; the winners of the coming cycle will be those who treat GenAI not as an add-on, but rather as the organising principle of a re-architected trade finance stack, all whilst keeping governance and client trust at the centre of every deployment.

8.6 Balance sheet velocity

Rising output-floor capital charges mean large trade finance books must ensure each dollar is fully optimised or cede space to higher-yielding assets. The answer for most banks is no longer to shrink the book, but rather to move it faster: originate, price, and distribute in a loop measured in weeks, not quarters. A growing cohort of private credit managers has begun to look more closely at short-dated trade receivables as a potential candidate for a cash-plus substitute. Allianz, for instance, raised a €500 million working capital fund in late 2024 dedicated to buying investment-grade trade paper from European banks.

AFME–EDW data show funded outstandings grew, with utilisation climbing to 72%, and AAA tranches expanding at a 9%. Banks have quietly shifted from asset-backed commercial-paper liquidity to on-balance-sheet execution, comfortably holding the super-senior slices while selling mezzanine or residual risk into the private-credit bid. These changes may mean that higher utilisation can free up committed headroom which invites new origination; private-credit AUM hit $2.1 trillion in 2024 and is projected to reach $3 trillion by 2028[30].

26 JP Morgan
27 Bank of America
28 TraydStream
29 BNY

The constraint is not only capital, but also data rails and trust: banks will recycle capital fastest if they can provide loan-level data quickly, with standard representations and warranties, and tap multi-currency settlement rails. The competitive edge will come from disciplined originate-to-distribute processes.

8.7 Capital, accounting, and policy headwinds

Groups Basel III output-floor

Basel III.1 will require banks using internal models to hold capital equal to at least 72.5% of the amount produced by the standardised approach. For most trade-finance books, the rule impacts banks only where a product's internal risk-weight (RW) sits far below the regulatory benchmark. Documentary letters of credit, whose contingent nature already benefits from a 20% credit-conversion factor (CCF), are generally unaffected. By contrast, on-balance-sheet receivables, payables-finance programmes, and certain performance guarantees move closer to the standardised RW and begin to consume noticeably more Tier 1 as the floor phases in. The practical consequences are two-fold. First, pricing for low-margin, balance-sheet-heavy products must now reflect a higher capital charge. Second, originate-to-distribute models that transfer mezzanine or residual risk to private-credit funds become a strategic necessity rather than a capital-markets experiment.

Internal BCG modelling based on ICC Trade Register data shows that contingent instruments will remain largely immune, whilst balance-sheet products see a lift in capital consumption. In addition, payables-finance and short-term import/export loans are likely to take the heaviest hit. In aggregate, trade finance still carries materially lower capital than general corporate lending, but the relative advantage narrows.

EU Late Payment Directive

Last year's Trade Register flagged the EU's plan to slash statutory B2B payment terms to 30 days as a 'watch-list' risk; in 2025, that prospect has advanced from consultation to legislation. The EU Parliament endorsed the draft regulation in April[31] and EU Council is still negotiating carve-outs, but it is unlikely that the 60-day ceiling will survive. The UK replaced its Prompt Payment Code with a tiered Fair Payment Code in January this year, publicly ranking firms that settle at least 95% of invoices within 30 days. India has made TReDS onboarding compulsory for large corporates, and ASEAN members are linking shorter terms to mandatory e-invoicing rails that expose overdue bills in real time.

30 Moody's
31 European Parliament

9. Preview of credit risk in trade finance

The ICC Trade Register presents a global view of the credit risk profiles of trade finance, supply chain finance, and export finance transactions. It demonstrates the low risk of the transactions that enable global trade, and the trillions of dollars in economic value that flow from these commercial activities.

Below, a brief qualitative summary of the ICC Trade Register extensive dataset on default rates is presented. The full data analysis pack is available for purchase from the ICC Trade Register Official website, including in various smaller packages depending on your institution's need. This dataset represents the single most comprehensive view of risk in trade finance and has supported some of the largest global banks to realise genuine capital and cost savings.

Alongside the benefits for banks, the data analysis is available to purchase by any other institution that may benefit from it, included but not limited to private credit institutions, asset managers, consultancies, and research firms.

The report draws on data from 26 trade finance and export finance banks (including submissions from today's 21 member banks[32])—a representative set of more than 47 million global trade finance and export finance transactions with exposures in excess of $23 trillion. The combination of import letters of credit, export letters of credit, performance guarantees, and supply chain finance exposures in the Trade Register amounts to approximately 13% of global traditional trade finance flows and 5% of all global trade flows in 2024 (see Figure 8).

Figure 8

Estimated coverage of ICC Trade Register in 2024 (products grouped to enable like-for-like comparison)

Product	2024 exposures in Trade Register ($T)	Est. share of 2024 trade finance, by product (%)	Est. share of 2024 total global trade flows (%)[33]
Documentary trade	0.49	17%	2%
Open account trade and SCF payables finance	0.71	11%	3%
Total	**1.2**	**13%**	**5%**

Get your ICC Trade Register 2025 packages here

32 21 member banks contributed to the report in 2024, but the ICC Trade Register contains data from 26 banks in total since 2008.

33 Total global trade flows based on BCG's Global Trade Model.

Source: ICC Trade Register 2025

GCD, BCG, member bank **specialists**, and the **ICC Banking Commission project team and advisors analysed the data**. This year's methodology used is largely consistent with the approach used in past years. Over time, the ICC Trade Register has evolved to align more closely with the Basel framework, whilst also providing a practitioner's view of credit risks within trade finance and export finance.

The report format has varied, but the objectives of the ICC Trade Register are the same:

- To provide an **objective**, **transparent** view of the credit-related risk profile and characteristics of trade finance and export finance, using a **rich, data-driven approach** that contributes to relevant, well-informed policy and regulatory decisions
- To advance an **understanding of trade finance and export finance,** its importance to global trade, and its highly effective global risk mitigation capability
- To promote an **appreciation of the international regulations impacting bank capital requirements for trade finance** and export finance, together with the history and objectives of these regulations, in order to create a uniform global view of this industry as part of the **ICC's Banking Commission's commitment to effective and collaborative advocacy**
- To be an **external benchmark banks** can use to validate outputs from internal risk and expected credit loss models

This year's ICC Trade Register continues to reflect a key finding from past years: **that trade finance and export finance represent a low-risk asset class even during times of market uncertainty.** It should be noted that an increasing number of investors are using the ICC Trade Register and its data for making investment decisions. Given the data limitations outlined below, ICC recommends—and strongly encourages—the use of the report's data and information for research purposes only and not to inform investment decisions.

Preview of credit risk data

Import letters of credit

From 2023 to 2024, global exposure-weighted default rates for import letters of credit decreased to just below the seven-year average (between 2018 and 2024). On an obligor-weighted basis, however, default rates went up, rising slightly above the seven-year average. Default rates increased marginally on transaction-weighted basis, as well. The decrease in exposure-weighted defaults coupled with an increase in transaction-weighted defaults may be indicative of higher small- to medium-size corporation defaults. By region, defaults were largely concentrated in Europe and the Asia-Pacific region, with the most notable uptick in APAC.

Export letters of credit

Default rates for export letters of credit are typically much lower than for other trade finance products given they reflect the credit default risk of financial institutions. This remained true in 2024, when defaults decreased substantially in comparison to 2023 across all measures, but particularly so on an exposure basis. Defaults were almost entirely concentrated in Russia, which is likely related to economic sanctions placed following its full-scale invasion of Ukraine.

Loans for import/export

Default rates for loans for import/export saw a marginal decrease in 2024 relative to 2023 on an exposure-weighted basis. This rate matches the long-term pre-pandemic average and is well below the 2020 peak at the start of the pandemic.

Transaction-weighted defaults have seen a sharp increase in 2024. On an obligor-weighted basis, however, loans for import/export saw a moderate increase in 2024, too. These trends suggest multiple small- to medium-sized obligors defaulting on numerous transactions across large supply chains.

Performance guarantees

Default rates for performance guarantees (including standby letters of credit) increased marginally in 2024 relative to 2023 across all three measures. These increases were largely driven by APAC, the Middle East, and Europe.

Supply chain finance (SCF payables finance)

In 2021, global default rates for Supply Chain Finance (SCF) payables finance were low across all three measures. On an exposure-weighted basis, default rates increased marginally in 2024, peaking just above their high point in 2021. Obligor-weighted default rates increased moderately, but they remained well below levels observed in 2020 and 2022. Transaction-weighted defaults also saw a slight uptick in 2024, but once again remained below the long-term average. These trends point to the low-risk nature of SCF products.

As observed in last year's report, SCF payables finance remains among the lowest-risk trade finance product on an exposure-weighted basis, with a default rate only marginally above that of export letters of credit. Whilst some caution needs to be applied to the smaller comparative dataset

(as a matter of comparison, SCF payables finance exposures are roughly 45% of those for import letters of credit in this year's Trade Register), a likely driver is that for an SCF transaction to be in default, the 'buyer' needs to be in default. In most cases, this is a large corporate with an already high credit rating. Without a high credit rating, a corporate would typically be ineligible for SCF. SCF payables finance is therefore typically skewed towards well-established businesses with large volumes of repeat customers, which tend to have relatively low default rates compared to newer, less stable, or rapid-growth businesses. In addition, and unlike in the receivables finance and factoring businesses, dilution risk is virtually non-existent, since SCF transactions are only initiated by the buyer upon successful execution of the underlying trade.

Analysis of export finance

The findings in this year's report continue to support the longstanding conclusion that export finance presents a low risk for banks. This results from its low Expected Loss (EL), which derives from a low Loss Given Default (LGD), combined with a default rate comparable to lower than investment grade project finance and corporate finance assets. Export finance has a particularly low LGD, as most transactions are guaranteed by export credit agencies (ECAs) at up to 100% of their value (and an average of 94% in the ICC Trade Register sample), which grants the banks the capacity to be indemnified by an ECA for up to a specified level of cover.

Although it is difficult to draw reliable conclusions for individual years from the data available, export finance saw reduced defaults rates in 2024 across all three measures (exposure-weighted, obligor-weighted, and transaction-weighted), bringing default rates below the long-term average. Europe and APAC are key drivers of default rates across export finance, with an increase across all three measures, likely primarily for corporate assets.

Loss Given Default and Expected Loss Analysis

The approach to LGD and EL in this year's ICC Trade Register is consistent with last year, working with the GCD database, which includes historical data for the period between 2000 and 2023.

GCD takes a bottom-up approach to calculating LGD, which uses raw and non-aggregated information. It collects all the relevant facts (covering more than 130 different data fields) related to a default and the cash flows that occurred after default, in a way that reflects the full complexity of the legal relationship between bank lender and borrower. This granular approach provides more reliable analysis because it does not rely on banks' own reporting of the LGD level. It therefore ensures comparability across banks, homogeneity in the application of the formula, and replicability. The methodology allows for the inclusion of LGD analysis for documentary trade products, as well as supply chain finance and export finance.

10. Future of the ICC Trade Register

The ICC Trade Register continues to evolve, providing essential data and insights into the credit risk characteristics of trade finance products. It now covers six trade, supply chain, and export finance product groups across over 200 geographies, with a database representing 5% of the global trade flows and 18% of financed trade flows.

The ICC Trade Register remains committed to improving the understanding and awareness of risk in trade finance for financial institutions, investors, and regulators, whilst maintaining an attractive value proposition for its member banks.

In 2025, the ICC Trade Register made significant progress as it continued to work with GCD and member banks to improve the quality of the dataset. Notably, ICC and GCD data were recognised for their contributions to regulations, including Basel III reforms. Additionally, the ICC and BCG Trade Register Survey, with input from approximately 90 practitioners from the ICC Banking Commission for the 2nd year running, provided fresh insights into trade finance, and plans are underway to expand its reach even further. The project also incorporated sustainability tagging for export finance products, marking its second year of tracking sustainable transactions.

Looking ahead, the ICC Trade Register aims to enhance the project through several initiatives:

- **Participation:** Expand participation amongst member banks to grow the data pool and market coverage, improving the reliability of results and supporting advocacy with regulators, a critical objective of this work.
- **Scope and readership:** Expand the report's scope to become the leading publication on global trade. The ICC Trade Register is also exploring opportunities to provide data beyond risk metrics, including operational efficiency and sales productivity, to offer a more comprehensive view of trade finance.
- **Methodology:** Refine the methodology to incorporate legal entity identifiers, where data protection regulations allow, helping to remove duplication across banks.
- **Product coverage:** Improve product coverage, particularly of receivables finance, and explore partnerships with insurers to include trade credit insurance, providing a fuller picture of trade losses. As we look to refine the reporting on SCF products, including payables and receivables finance, we will be looking for guidance from our member banks on how best to report across their product ranges.

- **SME tagging:** Address the current limitation by tagging SME transactions to enable the project to distinguish between corporate and SME defaults and determine the risk characteristics for SME trade. This will hopefully allow the project to demonstrate the low credit risk comparable to other products and support improved regulatory treatment for SME financing to help close the 'trade finance gap'.

As the ICC Trade Register continues to grow, it remains committed to being the leading global resource for understanding and managing risk in trade finance.

As ever, ICC is grateful to its member banks for their cooperation, without which the ICC Trade Register could not be published. ICC looks forward to further engagement with member banks and broader affiliates to realise the above ambitions and to ensure that the project continues to provide a worthwhile return on investment for the trade finance community.

11. Appendix A: Approach to analysis and definitions

11.1 Report scope

To ensure this report's continued relevance and reliability, the scope of the ICC Trade Register project is frequently updated. Examples of this include increases in geographical reach, the number and diversity of contributors, and the volume and quality of data and analytical methods aligned with the Basel approach.

Gathering comparable and representative data from banks around the world is complex. As a result, the ICC Trade Register focuses only on credit risk across the following products:

- Import letters of credit
- Confirmed export letters of credit
- Trade loans for import/export
- Performance guarantees and standby letters of credit (referred to as performance guarantees in this report)
- Supply chain finance payables finance (referred to as SCF payables finance in this report)
- Medium / long-term export (finance) loans, backed by an Export Credit Agency (ECA)

Definitions of these products are provided in Appendix A. The historic scope of export finance products has been limited to products for which an OECD ECA has provided a state-backed guarantee or insurance to the trade finance bank. For 2023, the project team has once again extended data collection to non-OECD Export Credit Agency-backed export finance. Data is thus collected from two different streams: OECD and non-OECD countries. For the purposes of the report, export finance transactions are split into four asset categories (sovereign, financial institutions, corporate and specialised), with definitions outlined in Appendix A. The risk scope is currently restricted to credit risk.

ICC has continued the substantially shortened turnaround time of the ICC Trade Register, ensuring publication approximately nine to ten months after the end of the year.

11.2 Overview of methodology

A multi-year effort is underway to align the ICC Trade Register's data structure, methodology detail and calculations more closely with the Basel regulations. This is deemed to be an imperative. Specific explanations of the methodology and calculations are mentioned in the relevant sections, and a full discussion of export finance calculations is included in Appendix A.

As in previous years, the report uses three measures of default (obligor, exposure and transaction weightings) to gain insight into some of the key drivers behind trends in trade, supply chain, and export finance. Their usage and findings are based on a distinct methodology utilised throughout this report. Building on the progress made in previous reports on Loss Given Default (LGD) analysis, this year's ICC Trade Register makes some improvements to the

calculation of credit conversion factors (CCFs) for contingent trade finance products. These improvements aim to increase the accuracy and reliability of the conclusions drawn.

11.3 Measures of default

While obligor-weighted default rates are the recognised means of measuring default rates as per the Basel methodology, the ICC Trade Register also considers exposure-weighted and transaction-weighted default rates, which may be more appropriate in gauging the credit risk profile of trade and export finance.

Obligor-weighted default rates are best examined at a client level. At a portfolio level, however, obligor-weighted default rates typically become skewed towards the risk profile of SMEs. This is because a balanced portfolio—such as the one examined in the ICC Trade Register—likely has many more SMEs (high volume, low value) than large corporates (low number, high value). For this reason, exposure-weighted default rates can be the most balanced way to look at the overall portfolio; default rates are effectively weighted by the total dollar value of defaulting transactions, removing any particular skew.

Whilst data is collected at a granular level to ensure that the methodology is as consistent as possible, several limitations are explored in detail in Appendix A. Three points in particular are worth noting:

- Traditionally, an element of judgement has remained in the definition of default. The definitions prescribed require banks to identify not only borrowers with overdue payments of 90 days or more, but also other borrowers judged by the bank as "unlikely to pay." This subjectivity will always result in a difference between banks.

- Although regulators such as the European Banking Authority (EBA) have established definitions of defaults, such definitions may vary significantly between regulators. For example, one bank may be required to declare that an otherwise sound borrower is in default due to an erroneous booking of a payment, overlooked for 90 days, while another regulator may allow a similar event to be ignored for default counting purposes. European banks in the ICC Trade Register follow the EBA's guidance, which is that any transaction that is 90 or more days past due must be counted as a default.

- Consistent with the Basel approach, the obligor-weighted default rate for a product is calculated as the number of obligors holding the product in question who default on any financial product that they hold with the bank, divided by the total obligors holding the product in question. While this is the definition used in the report, there is ongoing discussion among member banks regarding how to apply this consistently in the data provided. For example, one limitation of the ICC Trade Register's methodology for SCF payables finance is the risk of double counting obligor-level defaults, meaning that the reported default rate is a conservative estimate of the actual default rate. Future editions of the ICC Trade Register will look to address this topic of obligor-weighted defaults.

It is necessary to take care when comparing the different weighting methods of obligor, transaction, and exposure. Exposure-weighted data offers valuable insight into the effects of defaults and losses on the banking industry, but the most common default and LGD rates used and reported by banks are based on obligor weightings or transaction weightings. In the case of obligor-weighted and transaction-weighted data, equal weight is given to small and large borrowers and transactions, meaning that this data gives proportionally greater significance to smaller borrowers and transactions. This is important to keep in mind when interpretating the data because default rates, LGD, and EAD vary across asset classes.

11.4 LGD methodology

This year's report leverages the same approach and underlying data as in the previous two years to support LGD analysis; two years ago, a new approach was adopted to provide more reliable and detailed conclusions. The LGD analyses are now based on the Global Credit Data (GCD) database, which includes historical data loss for the period 2000–2024.

GCD takes a bottom-up approach to calculating LGD, which uses raw and not aggregated

information. It collects all the relevant facts from more than 130 different data fields relating to a default and the cash flows that occurred after default, in a way which reflects the full complexity of the legal relationship between a bank lender and a borrower. This granular approach provides more reliable analysis; because it does not rely on banks' own reporting of the LGD level, it therefore ensures comparability across banks, homogeneity in the application of the formula, and replicability. The methodology also allows the ICC Trade Register to include LGD analysis for supply chain finance, which was not feasible with the approach used in earlier ICC Trade Register reports.

11.5 CCF methodology

The 2025 ICC Trade Register continues to build on progress over the last two years on LGD analysis by introducing a more rigorous methodology for calculating credit conversion factors (CCF) for contingent trade finance products (like import letters of credit, export letters of credit, and performance guarantees). The new methodology uses GCD's detailed data pool to estimate an empirical CCF for each product.

The CCF is defined by the ratio of the net present value of monies paid out under the claims made for a guarantee type after the date of default, to the outstanding exposure (or issued amount) of the same guarantee as on the default date. Using the GCD data pool, the CCF is calculated at the facility-level, and then averaged across facilities to obtain a product-level estimate of the CCF.

This is an improvement compared to the methodology of prior years, as it uses raw and not aggregated data to estimate the CCF. The approach is also taken in the ICC-GCD study that makes the case for applying a reduced CCF to performance guarantees when calculating Risk Weighted Assets (RWA) for capital purposes[34].

For import and export letters of credit, the CCF is used to calculate the Exposure at Default (EAD). However, there is an ongoing industry debate about whether the CCF should be used to calculate the EAD or LGD component of an Expected Loss (EL) calculation. This year's ICC Trade Register therefore presents both approaches for performance guarantees. For non-contingent products (i.e., loans for import/export, SCF payables and export finance), the report takes the EAD to be 100% of the outstanding amount at default.

11.6 Sustainability tagging

For the third year, the ICC Trade Register presents the results of sustainability tagging for export finance products through the self-selection of a "Sustainable Transaction" flag at the time of transaction submission. This is a first step towards a fuller understanding of the sustainability of global trade transactions, as well as whether more sustainable transactions demonstrate favourable risk characteristics. As the sustainability tagging data continues to improve over time, ICC expects to build on this sustainability analysis in future ICC Trade Register reports. ICC is conducting a separate project, called the Sustainable Trade Framework, which aims to standardise sustainability assessments across trade and trade finance. Aligning the definition of sustainability will improve the ease and accuracy of sustainability tagging.

11.7 Representativeness of pooled data

Over the last year, discussion has continued on the need for users of pooled data to prove that their data represents the portfolios to which it is being compared. The degree of representativeness will depend on the use of the data. For example, to calculate the overall industry average default rate for import letters of credit applicants, the average of the total dataset may need to be adjusted to take account of regional data concentrations.

To use the data to benchmark the modelling of a particular portfolio, the user would need to take into account the borrower countries, facility types, borrower types, industries, and sizes. Following on from last year, the ICC Trade Register will share data from anonymous sources with contributors to allow them to create customised reference data sets.

The ICC Trade Register is based on data that is pooled voluntarily by banks active in trade

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finance. Given these banks represent a large proportion of global trade finance business, the datasets are globally representative. However, as the data does vary by market, it may not fully capture nuances at the regional or country level.

11.8 Report limitations

Data quality and completeness: ICC collects data from member banks at the most granular level of detail, resulting in large numbers of fields for each transaction and many thousands, or even hundreds of thousands, of transactions per bank. This data is therefore large and complex. To reduce input errors, ICC takes great care to validate and review the data, and to apply consistent definitions across banks. In particular, since the 2018 report, ICC has implemented a new digital submission process to automate a number of these validation checks at source.

In addition, ICC performs a number of manual checks to ensure accuracy. For example, the number and percentage of defaulted obligors per facility type per year is compared between each bank to look for outliers. If a bank's initial input data suggests a default rate that is outside of a normal range or inconsistent with its prior year's input, then ICC discusses this with the bank in question to ensure that the data input is both complete and accurate.

The size of the data set helps to reduce the effect of any small errors, while the complexity allows ICC to cross-validate the numerous averages to check consistency. No database of this size will be error-free, but the aggregates and averages per year and per product provide a strong approximation.

Comparability of results: The ability to compare results between years is affected by improvements to the methodology and the arrival of new participants to the ICC Trade Register. In some cases, the underlying data sample may differ between analyses, as some banks have not contributed data for all the years being analysed.

Consistency of definition of default: The bank-declared defaults included in this database are in line with Basel methodology, in which defaults are counted whenever an obligor is declared "in default" by the reporting bank. The definitions prescribed require the bank to identify only borrowers with overdue payments of 90 days or more, and borrowers judged by the bank as "unlikely to pay." This element of judgment will always result in a difference between banks. For example, one contributing bank may regard a certain importer bank as unlikely to pay and mark it as a default due to political unrest in the importer bank's home country, whereas another bank may have a different political or economic interpretation of the same events and not mark it as a default.

Furthermore, a different perception of defaults can arise from setting divergent materiality levels for overdue payments (for example, if very small amounts are not regarded as causing a default). Bank regulators have set very different minimum thresholds, which can have a substantial impact on how defaulted counterparties are recognised.

Finally, the definition of a technical default varies widely between regulators. For example, one bank may be required to declare briefly that an otherwise sound borrower is in default due to a mistaken booking of a payment, overlooked for 90 days, while another regulator may allow a similar event to be ignored for default counting purposes. Ideally, application of the guidance introduced by the EBA in 2021 will enhance the uniformity of submissions, at least across European banks.

As a result, the ICC Trade Register reports of defaults include many cases where the borrower restored the position quickly and no loss was incurred by the bank. For this reason, care should be taken not to interpret a certain default rate as a loss rate.

Potential double counting of obligor defaults: In the current methodology, if an obligor defaults across one country, product, or transaction, it is assumed that it defaults across all countries where it has business, products, and transactions. This conservative approach also stems from confidentiality, which prevents banks from disclosing names (or LEIs) of obligors in default. This means that whilst calculating the defaults in each country will slightly overstate the true total global number of defaults, obligor and transaction default rates will be correct as both the numerator

of defaults and denominator of all transactions and obligors are proportionally increased.

Obligor-weighted Expected Loss: Due to the limitations of obligor recovery data provided by some members, obligor-weighted EL is calculated using exposure-weighted LGD.

The data template for the trade finance element of the ICC Trade Register includes sections covering non-defaulted transactions and borrowers in aggregate (used for default rates), as well as sections covering detailed reporting of defaulted cases, which are used for recovery rate analysis and CCF analysis. Every bank has a different capacity to provide the granular data ICC requests (such as a higher level of detail for workout of defaults) for the detailed recovery rate. For the aggregated statistics used in the default analysis, banks were able to provide most of the aggregated data for non-defaulted obligors.

The dataset includes transaction count data to increase the trade finance data available across regions and products for obligors and exposures. Given the changes in sample size, improvements in data collection processes made by individual banks and their differing ability to provide granular data, some degree of caution must be exercised when comparing default and recovery rates. The risk metrics reported in this study are historically observed averages. Further adjustments would be necessary to convert historical averages into appropriately calibrated forward-looking projections.

Regarding the limitations above, it is important for readers of the ICC Trade Register to apply caution in using the data. ICC strongly encourages the use of the report data and information for research purposes, but strongly advises against its use to inform investment decisions. Please contact the ICC Banking Commission if you would like to understand whether your use of the ICC Trade Register data is recommended and/or appropriate.

11.9 Trade and Supply Chain Finance

Scope of trade and supply chain finance products

For the purpose of the ICC Trade Register, participating banks are requested to submit data for five trade finance product categories. These are issued import letters of credit, confirmed export letters of credit, loans for import/export, performance guarantees and performance standby letters of credit, and supply chain finance. The definitions of these product categories are included in Figure 9.

Figure 9

Definitions of trade finance products

Trade finance products	Definition
Issued import letters of credit	Documentary letter of credit issued by the participating bank, covering the movement of goods or services.
Confirmed export letters of credit	Documentary letter of credit confirmed by the participating bank but issued by another bank also including 'silent confirmations'. Consequently, apart from few rare exceptions, the exposures in this product category constitute bank risk.
Loans for import/export	All loans classified as 'trade' including but not limited to clean import loans, pre-export finance and post-import finance. Participating banks are asked to report loans for import and loans for export separately; additionally, a breakdown of loans where the counterparty is a bank and loans where the counterparty is a corporate is also requested.
Performance guarantees and performance standby letters of credit (referred to as performance guarantees)	Guarantee instruments issued by the participating banks, representing an irrevocable undertaking to make payment in the event the customer fails to perform a non-financial contractual obligation. Note: only includes performance instruments as distinguished from financial guarantee instruments (as determined by the nature of the contractual obligation that would trigger a payment under the guarantee).
Supply chain finance – payables finance	Buyer-led programme within which sellers in the buyer's supply chain can access finance by means of receivables purchase.

Default rate

Banks may treat default as a product-specific phenomenon, meaning that a customer can be in default on one product but not another. Under Basel II, however, banks are supposed to take an "obligor default perspective," meaning that if a customer defaults on any product, then all the customer's products held with the bank should be deemed in default. For example, if an import letter of credit customer defaults on a loan, then its letter of credit is also deemed to be in default even if the customer has met all its obligations under the letter of credit. The ICC Trade Register uses the Basel II definition of default.

Banks were asked for information about how many customers had a trade finance product when they entered Basel default. Using this obligor default perspective gives a higher default rate, but a lower LGD, than a transaction-specific perspective.

Exposure at Default

Exposure at Default (EAD) measures a bank's exposure to a counterparty at the time of default. It is defined as the gross exposure, including an estimate of contingent exposures that are not converted to on-balance sheet exposures. Letters of credit and performance guarantee exposures are contingent on an act that must be performed before the exposure is created. For example, trade documentation must be presented and accepted to trigger a valid claim under a letter of credit.

Once the contingent event has occurred, the bank will attempt to pay the required balance from their customer's account. If the customer's account has insufficient funds to cover the balance, the bank will pay the remaining balance from its own funds. The contingent liability has then been converted into an (on-balance sheet) exposure for the bank.

In many cases, the amount requested for payment of the default is lower than the limit on a facility over the course of a transaction's lifecycle. This occurs when a reduction in volumes reduces the total exposure level, as in the case of a partial shipment under a letter of credit. A total exposure often comes by way of multiple transactions. For example, a customer may have a limit and contingent exposure of $900,000, but typically purchases goods of up to $300,000 each, meaning that the EAD might be considerably less than the whole $900,000.

It is difficult to determine accurate EAD figures across banks. Efforts to gather this information on a consistent basis across the sample are at an early stage. One obstacle is that many jurisdictions require exposures for defaulted obligors to be consolidated under one account, which eliminates the granular information required for the calculations. To deliver this data, banks would need to track transactions through their lifecycles, which some banks could do only manually and others not at all. Many banks collect data on performing and non-performing credits in separate systems of books, which creates another obstacle for analysing pre- and post-default exposures.

This year's ICC Trade Register enhances the EAD methodology by calculating credit conversion factors using GCD's detailed data pool to estimate an empirical CCF for each product. The CCF is defined as follows:

$$CCF = \frac{\text{Net present value (as on date of default) of monies paid out under claims made for a guarantee type (i.e., Perf, Fin) after the date of default}}{\text{Outstanding exposure (issued amount) of the same guarantee type as on the date of default}}$$

where the CCF is assessed at each facility using GCD data, consistent with regulatory guidance on prudential CCF calibration. The CCF is then averaged across facilities to obtain a product-level estimate of the CCF.

This methodology is also used in the recent ICC-GCD study that makes the case for applying a reduced CCF to performance guarantees when calculating RWA for capital purposes[35].

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Loss Given Default and Expected Loss

Loss Given Default (LGD) measures the loss incurred by a bank in relation to the overall exposure of the bank at the time that an obligor defaults. Under Basel rules, LGD should be the net present value of recoveries discounted at an appropriate discount rate and should include direct and indirect costs associated with recovering the bank's money.

Basel requires that "the definition of loss used in estimating LGD is economic loss. When measuring economic loss, all relevant factors should be taken into account. This must include material discount effects and material direct and indirect costs associated with collecting on the exposure." As a result, LGD is made up of three key components:

- Observed recovery rates, as a percentage of the Exposure at Default
- Direct and indirect costs incurred in the recovery process, which are deducted from the recoveries
- Discounting of any post-default cash flows using an appropriate discount rate

Calculating EL requires transaction-level data from banks, which limits the data points available for analysis. As a result, EL cannot be broken down by region and country, as was done for default rates. For recovery rates in particular, acquiring sufficient data points to estimate recovery rates accurately continues to be a challenge for the ICC Trade Register, and large one-off events can skew overall patterns.

Benchmarking: Comparison of trade finance to other asset classes

The benchmarks for and comparisons between trade finance and other asset classes used in this report bring together data from different databases to make a very high-level comparison of observed loss statistics by product and borrower types.

Numerous choices of data selection and methodology have been made in the calculation of default rates and LGDs:

- The ICC Trade Register data for trade finance and the GCD data for other asset classes are based on separate data pools for default rate and LGD, meaning that the underlying data effectively comes from four different data pools. Each pool is supplied by an overlapping but not perfectly consistent set of lenders.
- For each of the trade finance and other asset class pools, the defaulted borrowers in the default rate calculation are not completely consistent with the defaulted borrowers used in the LGD calculation.
- The trade finance default rate data is obligor-weighted, while the LGD data is exposure-weighted. The GCD comparative other asset class data is obligor-weighted for both default rate and LGD data.
- The discount rate for LGD has been applied at a consistent 9%, except for export finance, where 0% is used.
- Borrower size, borrower industry, and country profile differ between the trade finance and other asset class data pools.

9.10 Export finance

Definitions of export finance asset categories

For the purpose of this report, export finance transactions are split into four specific asset categories: sovereign, financial institutions, corporate, and specialised (see Figure 10). This allows for analyses of the exposures to each of these categories.

Figure 10

Definitions of export finance asset categories

Export finance asset categories	Definition
Sovereign	This category covers all exposure to counterparties treated as sovereigns under the standardised Basel approach. This predominantly includes sovereigns and their central banks. However, certain public sector entities, such as regional governments and local authorities identified as sovereigns in the standardised Basel approach, are also included in this category.
Financial Institutions	Banks and non-bank financial institutions, including leasing companies.
Corporate	In general, a corporate exposure is defined as a debt obligation of a corporation, partnership or proprietorship. This excludes sovereigns, financial institutions, and specialised as separately defined. Contrary to specialised asset categories, the source of repayment of the loan is based primarily on the ongoing operations of the borrower, rather than the cash flow from a project or property.
Specialised	• The economic purpose of the loan is to acquire or finance an asset. • The cash flow generated by the collateral is the loan's sole or almost exclusive source of repayment. • The subject loan represents a significant liability in the borrower's capital structure. • The primary determinant of credit risk is the variability of the cash flow generated by the collateral rather than the independent capacity of a broader commercial enterprise. Examples include project finance, income producing real estate, object finance (e.g. ships, aircraft, and satellites), and commodities finance.

Observed average maturity

The maturity describes the total maturity of the contract upon its initial signing. This edition of the ICC Trade Register shows the distribution of maturities across the entire sample, and a comparison of the transaction average and the exposure-weighted average. These calculations are made over the entire sample of transactions for which maturity values were submitted.

Default rate

The data underlying the analysis of the export finance element of this edition of the ICC Trade Register is collected at the transaction level, and banks are asked to provide both unique customer and transaction IDs. As a result, consistent transaction-level and customer-level default rates can be calculated for closer alignment to the Basel methodology. All transactions are reported by the four major asset categories outlined above, which highlights the differences in risk profile.

Given that export finance transactions typically span 10 to 15 years, and banks report data on an annual basis, any individual transaction is likely to appear in multiple years. However, as the Basel Default Rate measures are based on a 12-month outcome window (as opposed to a transaction or customer lifetime perspective), a different methodology can be applied to produce these metrics. In short, the default rates presented in this report are annual averages over 2008–2022 and the sum of the number of defaults across all years is divided by the sum of total transactions in each year. Defaults are only counted in the year that they occur and are excluded from the total transaction count in subsequent years.

Three different default rates (by exposures, number of obligors, and number of transactions) are calculated based on the same set of underlying transactions and the methodological approach outlined above. For each of these metrics, the sums are calculated across the entire sample for 2008–2022.

Loss Given Default

As detailed in the trade finance analysis, LGD is a measure of the loss incurred by a bank in relation to the overall exposure of the bank at the time that a counterparty defaults.

$$LGD = \frac{\text{Economic Loss}}{\text{Default Amount}}$$

Recovery rate = 1 – LGD

The LGD rate on export finance instruments is calculated directly, without discounting.

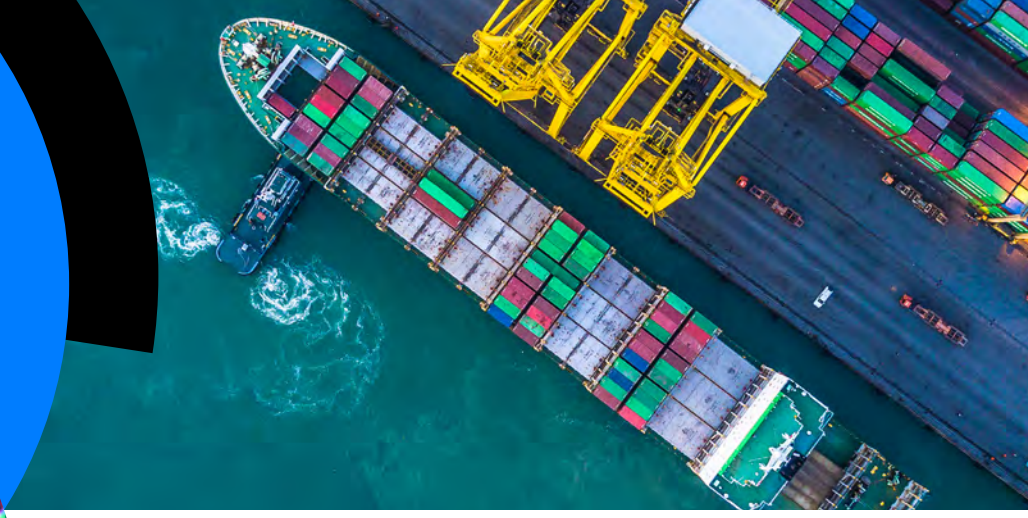
Expected Loss

Using the results generated in default and LGD calculations, overall, EL is estimated based on the formula:

EL = Default Rate x EAD x LGD

Using the enhanced dataset and methodology introduced last year, ICC estimates EAD for each asset class based on the ratio of the LGD figures for whole portfolios and portfolios excluding contingent liabilities that are not converted to on-balance sheet exposures.

Results are based on the average coverage ratios from the export finance element of the ICC Trade Register. In some instances, this coverage is higher, up to 100%, and the EL will vary by case.



12. Appendix B: Data Collection and Filtering

12.1 Data availability

Data collection under the revised methodology is now in its 13th year (covering 13 years of data from 2012–2024), and over that time ICC has made significant improvements:

- Significantly larger dataset from more banks with more data points across years
- More complete dataset across the granular data categories in particular, such as geographical breakdowns
- More consistent data items across submitted data sets and between contributing member banks
- Improved data gathering and data processing across participating banks, including the introduction of a digital portal for collection of data for the 2020 report
- Broader product coverage, now including SCF payables finance

Despite recent improvements, several difficulties in the data gathering process need to be considered when reviewing the results:

- Data definitions and terminology may vary between member banks, requiring significant verification and validation to make sure data is as accurate and consistent as possible. These variations include the definition of default, which requires expert judgment by the member bank to determine the crucial element of "unlikeliness to pay." This is particularly significant for larger borrowers, banks, and sovereigns.
- Data sourcing, collection, and submission may involve multiple systems within a single financial institution and may require manual intervention. This can introduce errors or cause the dataset to be incomplete.
- Data is not always accessible or available at the desired level of detail, and some observations can only be presented in aggregated form, which can make comparisons difficult.

One area where the number of observations has historically been considerably smaller than for other analyses is the recovery rate and LGD analysis. This is the result of the low number of defaults and the fact that, after the date of default of an obligor, many banks aggregate exposures and recovery data at either a customer- or facility-level and cannot then break them down into the transaction-level or product-level information required to estimate recoveries and losses. This issue is not specific to trade finance data and is not a weakness of data collection or processing. It reflects the complex legal and operational environments banks face when collecting defaulted loans and transactions when every case is unique. Leveraging GCD's global data pool for LGD analysis helps to minimise this impact by using a larger pool of more granular data that is less dependent on bank inhouse calculations.

12.2 Quality and quantity of submitted data

As the ICC Trade Register evolves, so does the ability of member banks to submit accurate, granular data and the 2024 dataset shows continued improvement.

For trade finance, 99% of the transactions included in the ICC Trade Register have passed the data filtering process successfully, in line with the share in last year's analysis (99%), demonstrating the high and improved quality of data received for the ICC Trade Register.

For export finance, the filtering process includes approximately 90% of available transactions, up from 86% last year. As a result, ICC's dataset contains 56,000 data points available for analysis, which is a 4% increase from last year.

As noted, the complexity of data access in complex global financial services firms and limitations to data availability means that not all member banks can complete the data collection templates in full. In some cases, different subsets of the data are used for different analyses to include as many observations as possible and represent the fullest scope of trade finance.

Figures 11-12 show the unfiltered data set that comprises the ICC Trade Register. It should be noted that the following sections are to be treated as additional detail and are not a comprehensive overview of all aspects of the analysis contained in this report.

Figure 11

Unfiltered data sample for trade finance, 2008–2024

	Banks in sample	# Transactions	# Customers	Exposure ($B)
Submitted Data	26	55,034,582	2,050,512	27,160
Default rate analysis	24	54,365,830	1,987,924	26,974

Figure 12

Unfiltered data sample for export finance, 2007–2024

	Banks in sample	# Transactions	# Customers	Exposure ($B)
Submitted data	20	64,771	7,593	1,198
Default rate analysis	20	58,443	6,370	1,139

12.3 Data quality checks and filtering process

In the trade finance element of the ICC Trade Register, the filtering criteria that lead to most exclusions are linked to the requirement for each bank to be able to submit obligor-level, transaction-level, and exposure-level information on a consistent basis. This is reflected in the customer and transaction filters; for example, if a bank cannot provide customer information, it would be reflected in the customer filter. The transaction filter also includes transactions excluded due to other data quality issues that could not be resolved over the course of the data collection process.

The customer and transaction filters can be applied independently to derive the customer- and transaction-level default rates. On the one hand, this would create a larger sample set, but on the other hand, this approach would lead to two different subsamples to analyse. When compared, these subsamples would always have inherent differences and could lead to incorrect conclusions. As a result, ICC has produced a smaller, more comparable dataset for overall default rate analysis, using only data where both customer and transaction information is available. However, this filter has been relaxed where possible for other analyses such as maturity.

Almost 90% of the excluded transactions are for 2007–2012. This reflects improvements in data quality and completeness of the ICC Trade Register, and the challenges associated with new data collection templates introduced in 2012.

In the export finance element of the ICC Trade Register, the following filters are applied for the purpose of the default rate analysis:

- **ECA filter:** As transactions in which an ECA has provided a guarantee or insurance are in scope of the export finance element of the ICC Trade Register, the ECA filter excludes transactions without information about the ECA or the level of political or commercial coverage.
- **Year and default filter:** To establish analytical integrity, each default is considered once in the database, in the year that default occurs. This filter excludes defaulted transactions reported in multiple years and any transactions with misaligned dates (for example, a default date prior to the trade date).
- **Customer and transaction data quality filter:** To measure customer and transaction default rates accurately, any transactions without unique customer or transaction IDs are excluded. This filter also excludes transactions with other data quality reasons such as zero exposure values or missing country or asset category information.

Given the long-term character of export finance transactions, data submissions always cover multiple years on a transaction-by-transaction basis. This was the 11th year in which member banks submitted data to the export finance element of the ICC Trade Register, after initial submissions in 2012 asked participants to submit data dating back to 2007. ICC has put significant effort into comparing submissions from different years and cleaning data as needed to arrive at a consistent year-upon-year dataset for individual transactions. As a result, ICC has derived a coherent dataset covering export finance data from 2007–2024. In the last six years, the ICC Trade Register has seen an increase in the number of transactions and the number of banks participating, and this trend is expected to continue.

13. Appendix C: List of acronyms

APAC	Asia-Pacific	**GDP**	Gross Domestic Product
ASEAN	Association of Southeast Asian Nations	**ICC**	International Chamber of Commerce
CAGR	Compound Annual Growth Rate	**IRB**	Internal Ratings-Based Approach
CCAR	Comprehensive Capital Analysis and Review	**L/C(s)**	Letter(s) of credit
CCF	Credit Conversion Factor	**LGD**	Loss Given Default
CIS	Commonwealth of Independent States	**MLETR**	Model Law on Electronic Transferable Records
COP28	2023 United Nations Climate Change Conference	**EAD**	Exposure At Default
DLT	Distributed Ledger Technology	**EBA**	European Banking Authority
DPD	Days Past Due	**ECA**	Export Credit Agency
EL	Expected Loss	**PD**	Probability of Default
ERP	Enterprise Resource Planning	**PO**	Purchase Order
ESG	Environmental, Social and Governance	**RWA**	Risk Weighted Assets
EU	European Union	**SA**	Standardised Approach
FASB	Financial Accounting Standards Board	**SCF**	Supply Chain Finance
FI	Financial Institution	**SME(s)**	Small and Medium-Sized Enterprise(s)
OECD	Organisation for Economic Co-operation and Development	**WTO**	World Trade Organization

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions, and standard setting, ICC promotes international trade, responsible business conduct, and a global approach to regulation, in addition to providing market-leading dispute resolution services. ICC members include many of the world's leading companies, SMEs, business associations, and local chambers of commerce.

ICC BANKING COMMISSION

The world's essential rule-making body for the banking industry

RULES

The ICC Banking Commission produces universally accepted rules and guidelines for international banking practice. ICC rules on documentary credits, UCP 600, are the most successful privately drafted rules for trade ever developed, serving as the basis of $2 trillion in trade transactions per year.

POLICYMAKING

The ICC Banking Commission helps policymakers and standard setters translate their visions into concrete programs and regulations that enhance business practices throughout the world.

PUBLICATIONS AND MARKET INTELLIGENCE

Used by banking professionals and trade finance experts worldwide, ICC Banking Commission publications and documentation market intelligence are the industry's most reputable and reliable sources of guidance to bankers and practitioners in a broad range of fields.

DISPUTE RESOLUTION

The ICC Banking Commission and ICC International Centre for Expertise administer the ICC Rules for Documentary Instruments Dispute Resolution Expertise (DOCDEX) to facilitate the rapid settlement of disputes arising in banking.

EDUCATION AND CERTIFICATION

The ICC Academy is the world business organisation's groundbreaking e-learning platform. Its industry-relevant Global Trade Certificate provides an extensive overview of trade finance products and techniques.

SPECIALISED TRAINING AND EVENTS

In addition to its biannual summit, which gathers over 300 international delegates, the ICC Banking Commission organises regular seminars and conferences around the world, in partnership with ICC's national committees and other sponsors.

STRATEGIC PARTNERSHIPS

ICC has well-established collaborative relationships with leading policymakers and trade association, including WTO (World Trade Organization), ADB (Asian Development Bank), Berne Union, EBRD (European Bank for Reconstruction and Development), IDB (Inter-American Development Bank), IFC (International Finance Corporation), IMF (International Monetary Fund), ITC (International Trade Centre), SWIFT, the World Bank and others.