SCOTTS INTERNATIONAL

Global Trade Finance - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The Global Trade Finance Market size in terms of transaction value is expected to grow from USD 4.32 trillion in 2024 to USD 5.19 trillion by 2029, at a CAGR of 3.74% during the forecast period (2024-2029).

Trade finance encompasses a variety of actions, such as lending, factoring, forfeiting, granting letters of credit, and export credit and financing. Several stakeholders are involved in the trade finance process, including the buyer and seller, the trade financier, export credit organizations, and insurers. Between 80% and 90% of global trade is supported by trade finance, which includes trade loans and guarantees. Less developed nations' exporters and importers frequently pay extremely high fees, which raises the cost of their trade, whereas wealthier nations' exporters and importers benefit from the low-interest rates and fees offered by international banks.

Furthermore, much of the factoring done in the trade finance industry is short-term in nature. However, trade finance does not always cover the same ground. Modern global trade has undergone structural changes as a result of the introduction of technology in trade finance. What were once closed systems are now adding new features to expand their services thanks to the adoption of open APIs.

The COVID-19 pandemic has strained health systems, disrupted trade, and sparked an unprecedented economic crisis. Faster vaccine distribution helped the global economy recover from 2021, but the recovery was uneven and characterized by problems with the supply chain and inflationary pressures. The availability of funding during the COVID-19 pandemic, when formal lending institutions would be too reluctant to lend, could come at a price so high that it would deter enterprises from borrowing, especially SMEs. According to the 2021 ADB Trade Finance Survey, 73% of banks did not cut down on capital availability or trade-supporting limitations, and 58% of banks did not cut back on financing for SMEs. However, as a result of the pandemic's increased macroeconomic uncertainty and banks' heightened sense of increased default risk, a higher percentage of SME application rejections, 40%, was experienced.

Trade Finance Market Trends

Digitization Transformation is Driving the Market

Due to the impact of the coronavirus and changes in compliance requirements, the industry has transitioned from perceiving early adopters as driving the digital transformation to one where digitization is a must. The banks and funders must keep up with the groundswell of interest coming from the business end customer. Corporate treasurers are getting more and more frustrated with traditional working practices, and since their workforces are dispersed across numerous time zones and nations, digitization is becoming more and more crucial.

As their systems near their end of life, banks are searching for client-centric solutions to connect with their customers. Financial technology companies (fintech) are discovering that the justifications formerly given by banks and funders for not adopting a more digital or cloud-based manner of working are now justifications to do so. For instance, conducting our due diligence and KYC requirements is now more convenient and paperless when done digitally.

A rising number of people believe that the supply chain financing product technology should be the norm rather than its unique selling proposition, allowing collaboration and customer experience to set different financiers apart from one another in this market. As a result, banks and fintech ought to work together more as they support one another.

United States Dominates the Market in the North American Region

Modern technology is becoming more and more crucial to trade financing in the United States. The adoption of blockchain technology in trade finance is anticipated to create lucrative business prospects during the anticipated time period. The demand for safety and security in trading activities is fueling the expansion of the trade finance industry in the United States, along with a surge in SMEs' use of trade financing, more intense competition, and new trade agreements. American multinational corporations have started implementing digital technologies that promise improved supply-chain transparency and efficiency, as well as developing new digital networks to facilitate commerce and financing. The nation's overall international trade imports and exports are increasing in value, which is what's causing the trade finance market to grow.

Trade Finance Industry Overview

The research provides a general overview of the trade financing market's competition and a fast recap of recent merger and acquisition deals. It comprises corporate profiles of a few trade finance and trade technology companies in the industry, in addition to banks. Some of the top companies now dominating the market include Santandar, Standard Chartered Bank, and Scotia Bank.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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