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Media Release

Which Global Supply Chain Funding Providers Are Poised for Growth as Disruptions Become Ingrained?

(17 August 2022 – Global) Who is the largest global supply chain funding provider and when are supply chain disruptions expected to ease?

East & Partners latest Global Insight Report "Digitising and Greening Global Supply Chains" reveals a renewed interest in faster access to working capital among corporate treasurers globally in response to pressing external macroeconomic challenges, both for their own enterprise needs and associated suppliers. The key reason? Logistics delays, shipping bottlenecks and production snarls are here to stay.

The trend towards rationalising the number of supply chain funding providers used is gaining traction. This behavioural shift is hitting the smaller domestic players especially hard with coverage across limited trade corridors. As corporates increasingly shop around for a holistic primary supply chain funding provider with capability across their key, realigned network, major international banks are increasingly the preferred choice.

"Off balance sheet borrowing is attractive for us as a very capital-intensive business; anything that doesn't impact our gearing ratios really."

- Corporate Treasurer, US$7.0Bn UK Heavy Manufacturer

Only two regional Asian banks were ranked in the Top Ten, reinforcing corporate customers' preference for a "one-stop globally representative shop". This places a significant onus on global representation and consistent "on the ground" cross border capability in multiple markets with designated, proven local knowledge and experience expressed by relationship managers.

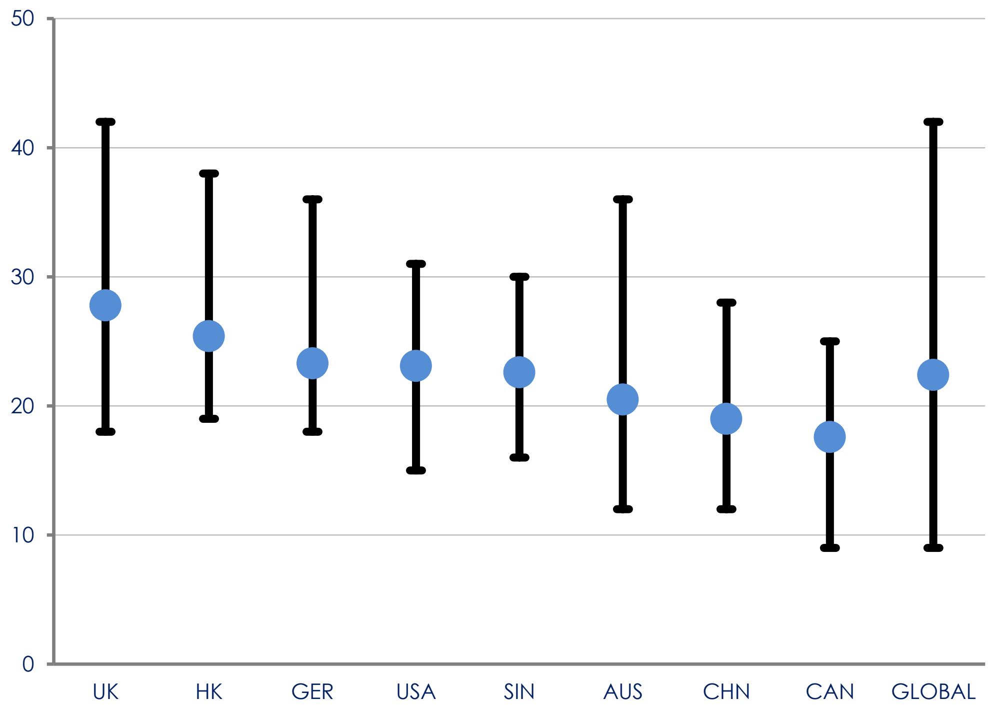
The latest analysis outlines the top 25 largest supply chain funding providers by relationship share, with further brand awareness rankings for supply chain funding digital innovation leadership and sustainability.

"Banks are actually now coming to us with ESG lending and capital management solutions, especially for our supply chains and delivering good guidance around best practice and what our peers are doing."

- Treasurer, US$5.5Bn German Wholesale/Distributor

Global corporates anticipate supply chain disruptions will remain in place until at least 2024 on average, ranging from as low as nine months to early 2023 to as long as 42 months out to late 2025. There is a high level of consternation that the confluence of multiple geopolitical, macroeconomic, and pandemic related factors will continue to prevent global logistics players, shipping companies and port operators to both clear the growing backlog and keep up with sharply increasing consumer and business supply chain demands.

Forecast Supply Chain Disruptions Negatively Impacting Operations
Number of Months



Traditional trade finance instruments including letters of credit (LCs), open account financing, bank guarantees (BGs) and documentary collections (DCs) are the most popular methods to fund corporates' supply chains. In fact, vanilla trade finance solutions account for nearly one-third of full supply chain funding on average as treasurers reduce their reliance on working capital and term credit lines.

"Having reduced our inventory spread and product lines big time, we've got much better at forecasting real performance in our supply chains and we don't see that much COVID hangover continuing. I think we've beaten it."

- CFO, US$2.5Bn Singapore Importer Distributor

The voice of the customer insights provide a clear line of sight across differing funding methods, key trade and supply chain finance (SCF) providers, domestic and international volumes and the challenges and opportunities faced by the largest corporates in funding their global supply chain needs amid crippling supply chain disruptions and geopolitical threats.

The analysis is based on primary research executed by East & Partners with the Top 100 revenue ranked corporates in each of eight key global markets targeted for interview. All interviewees reported an active import and/or export function with operations headquartered in Australia, Canada, China, Germany, Hong Kong, Singapore, United Kingdom, and USA.
The latest 2022 analysis provides powerful comparisons against 2017 equivalents captured as part of East & Partners Funding a Globalised Supply Chain Global Insight report.

Contact East & Partners now for research access.

About the research:

East & Partners Global Insight report series explores key issues identified by institutional banking customers as part of the group's long running core research programs including Transaction Banking, Credit, Trade Finance, Business FX, Equipment Finance, Merchant Payments and Customer Sentiment.

This unique global analysis provides timely 'voice of the customer' insights around which banks are getting it right, what's at risk for those failing, who's driving the change and how 'going green' is impacting banking behaviour of the world's biggest companies.

The purpose of this report is to identify and guide East's clients, including banks, financial services providers, regulators, and legislators on key value opportunities, market gaps and competitive advantages emerging within the global institutional banking market.

Direct interviews were conducted with the top 100 revenue ranked corporates in each of eight countries – Australia, Canada, China, Germany, Hong Kong, Singapore, the United Kingdom and the USA. All interviews were conducted on a direct basis with the individual responsible for the treasury and banking function. CFOs and corporate treasurers from 752 out of a defined population of 800 institutional enterprises with annual turnover of US$725m plus participated in the research without incentive.

http://eastandpartners.com/research/global-insight-reports/digitising-and-greening-global-supply-chains

About East & Partners

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia, Europe and North America.

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