2025 FIS Supply Chain Finance (formerly Demica) Benchmark Report

Contents

Matt Wreford
CEO, FIS Supply Chain Finance (formerly Demica)

"Supply chain asset growth continued worldwide, as reported by 71% of respondents from the banks we deal with. Inflation and positive economic conditions were major factors. For the year ahead, growth expectations are even higher."

Welcome to the 2025 FIS® annual Benchmark Report for Banks in Trade Finance.

Now in its fourth year, the report provides key insights into the evolution of the trade and supply chain finance market, from economic drivers to shifting product opportunities and technology trends. Based on its findings, the research is designed to offer valuable market intelligence as money moves from its resting state, begins its move through the global economy and goes to work benefiting customers and driving growth for banks.

A strengthening market

After years of reconfiguring trade flows and increasingly conservative growth predictions, respondents seem to be feeling the sun on their faces, with **increasing headcounts and strengthening asset growth**.

Over the past 12 months, supply chain asset growth continued globally, with 71% of respondents from the banks we partner with reporting positive results. Inflation and favorable economic conditions were key drivers. Looking ahead, growth expectations for the coming year are even higher.

Concern about the impact of interest rates on asset growth has dropped significantly, according to our survey of 183 supply chain finance professionals in 38 countries across the Americas, Asia-Pacific, Europe, the Middle East and Africa. **Nearly 60% of respondents foresee interest rates positively impacting asset growth this year**. The market is expecting a decline in interest rates, which is likely behind this prediction, but banks may encounter difficulties if rates remain higher for longer than anticipated. **This may be behind a resurgent focus on payables finance, which saw a decrease in priority for banks last year and was overshadowed by receivables finance in terms of perceived potential growth**. Most banks are focused on product growth opportunities, with inventory finance emerging as a slow-burning theme. Respondents seem to favor this growth lever over geographic expansion, although local nuances can impact this.

A changing geopolitical climate causing concern but not hampering investment

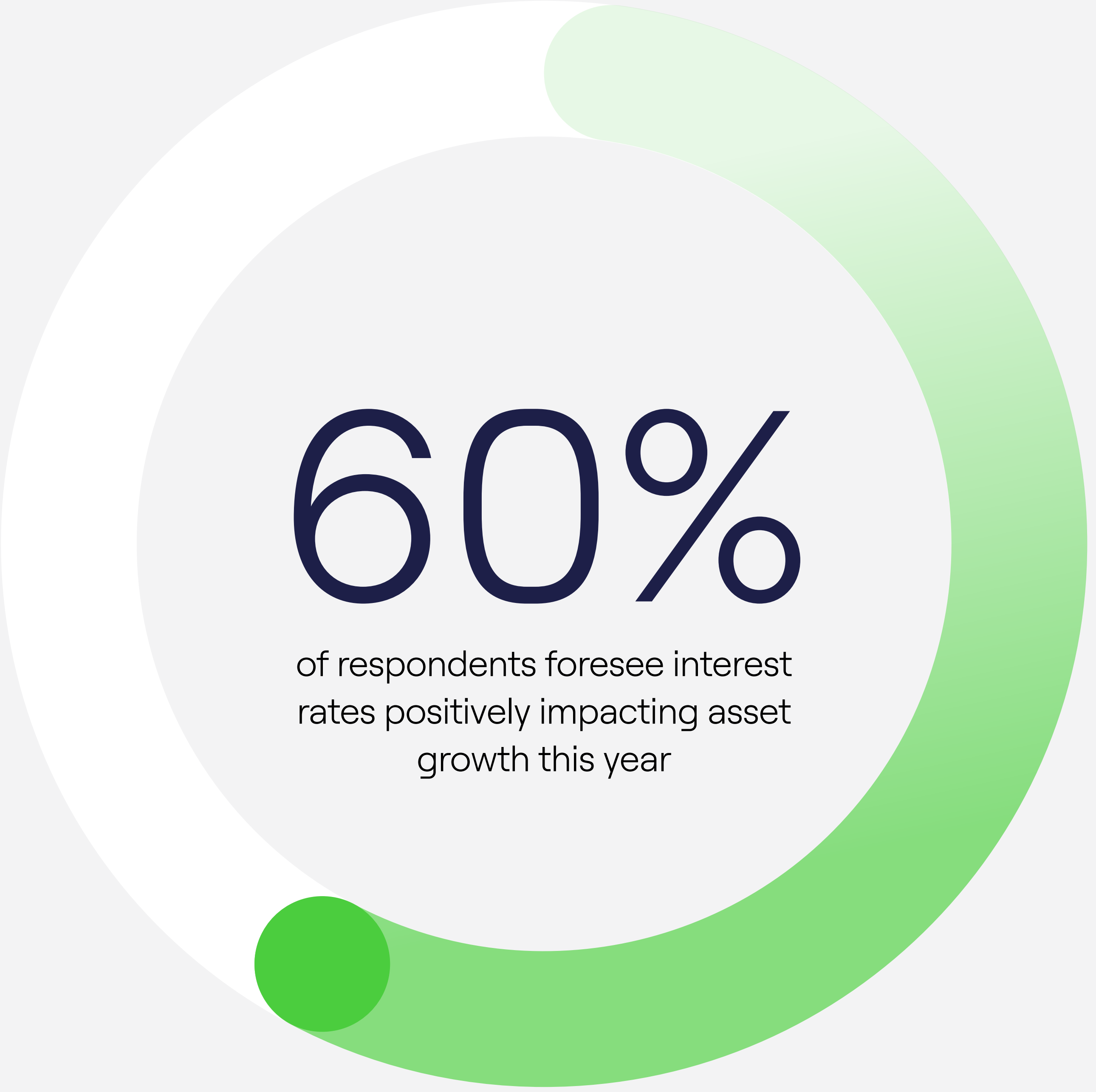
Geopolitical risk continues to cast a shadow on a generally optimistic market. Changing governments, conflicts and the uncertainty of how these will impact supply chains and trade routes mean that more than half of respondents view geopolitical risk as the most significant threat to supply chain finance asset growth.

Meanwhile, budgets are increasing, and respondents in the 2025 Benchmark Report reported that they have started leveraging more modern technology to support their supply chain finance programs. Most banks are operating with technology that is less than five years old and are seeing growth in their technology budgets, even after making substantial investments in recent years.

Looking ahead

In 2025, an increasing number of banks will explore embedded finance, inventory finance, and securitization as a response to ongoing challenges in the industry. The industry is currently grappling with widespread frustration over the lengthy processes involved in customer acquisition cycles, meeting KYC requirements or setting up resource-intensive transactions. By adopting these innovative financial solutions, banks hope to streamline and automate these processes, ultimately benefiting both themselves and their customers.

Technology clearly plays a crucial role in the trade and supply chain finance market. While the consensus is that sustained investment is necessary, this year's report highlights the competing priorities that banks face. They must balance the creation of stable, scalable, cost-effective platforms with the need for ongoing product innovation in a rapidly evolving market. This is where we believe FIS® Supply Chain Finance (formerly Demica) can really help.



A word from FIS

It's exciting to see the market enter a fresh phase of optimism and opportunity, where budgets are increasing globally and technology is modernizing.

At FIS, we're excited to be expanding into supply chain finance with our acquisition of Demica. This is clearly a market hungry for technology solutions that can help make transacting easier and continue to drive growth in the real economy.

With this acquisition, we're uniting Demica's leading supply chain finance platform with the expertise FIS brings to bear in treasury management, accounts receivables and lending. Together, we're equipping corporations and trade banks with the tools to enhance liquidity management, improve operations and accelerate cash flow. **Our commitment to innovation and value creation spans the global money lifecycle.**

In our view, this is a market with incredible opportunity for growth, and it's validating to see that reflected in the benchmark survey responses. **By continuing to invest in technology to address common barriers to growth, participants can fully capitalize on these opportunities.**

Steve Sabin
SVP, Lending, FIS

"In our view, this is a market with incredible opportunity for growth, and it's validating to see that reflected in the response to the benchmark survey."

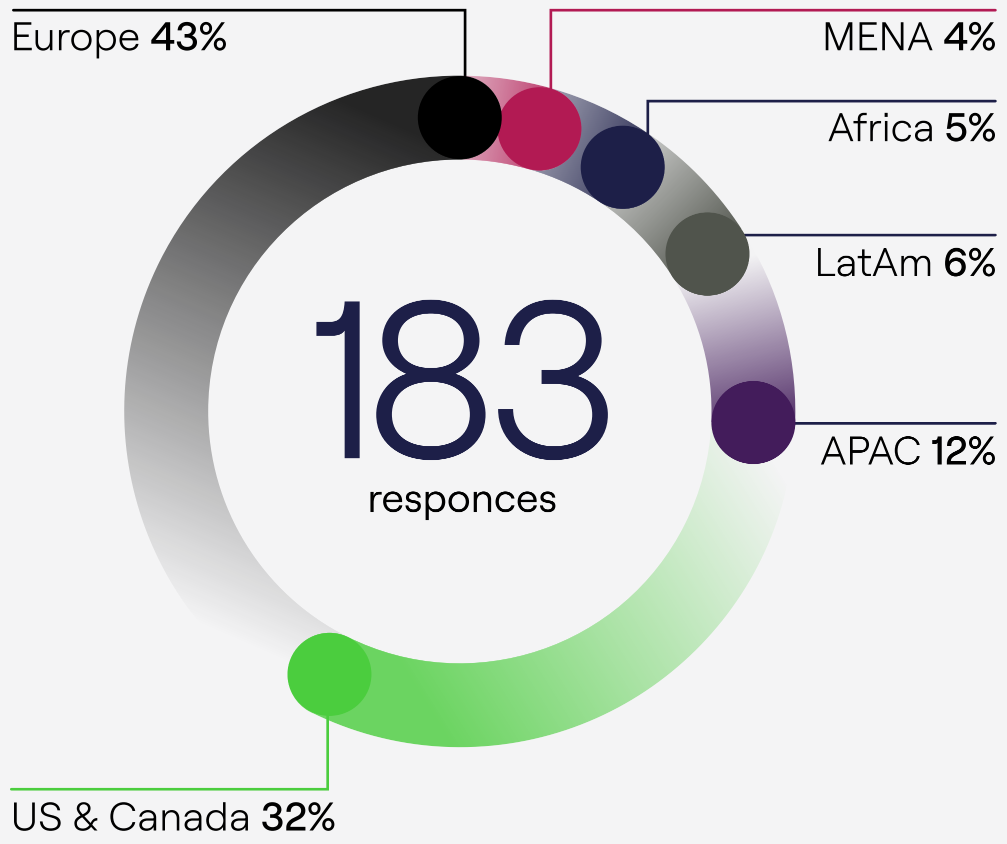
Methodology

Prior to April 2025, FIS Supply Chain Finance (formerly Demica) was operating as Demica Limited and Demica Finance Limited (collectively "Demica").

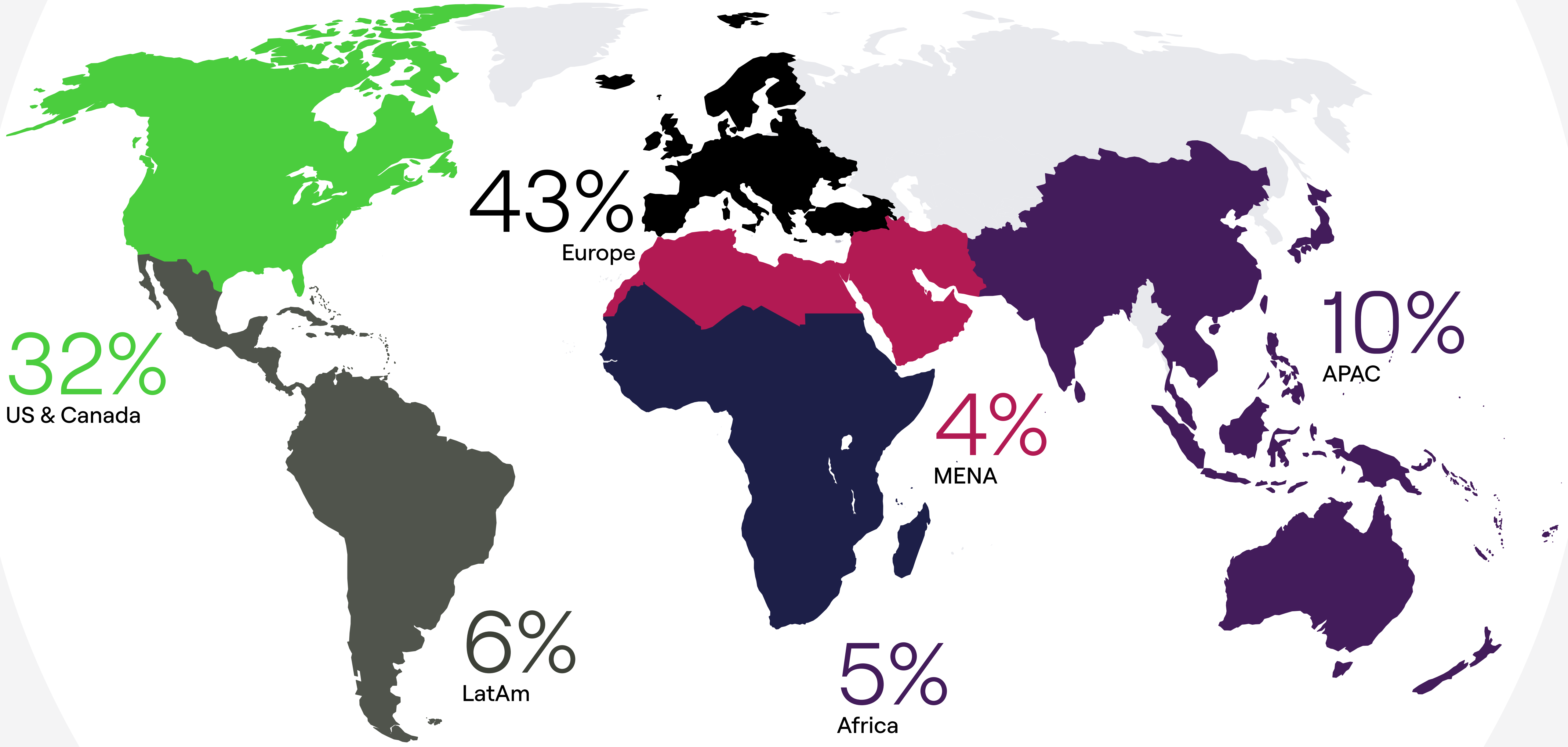
Demica surveyed banks operating in the trade and supply chain finance space around the world between November 2024 and January 2025.

The survey was shared by email and social media with Demica's network and further shared by third-party organizations with their networks including FCI, GTR and ITFA.

The survey received a total of 183 anonymized responses from supply chain finance professionals in 38 countries across the Americas, Asia-Pacific, Europe, the Middle East and Africa.



Geographical spread of respondents



Respondents were split across different teams and roles within trade finance banks, and the survey gathered responses from payables, receivables, factoring, securitization and technology teams.

Participants were asked 40 questions using a web-based survey, with survey logic built in so that some questions were only asked based on specific answers to previous questions. Not all questions were compulsory, and so not all questions were answered by all participants.

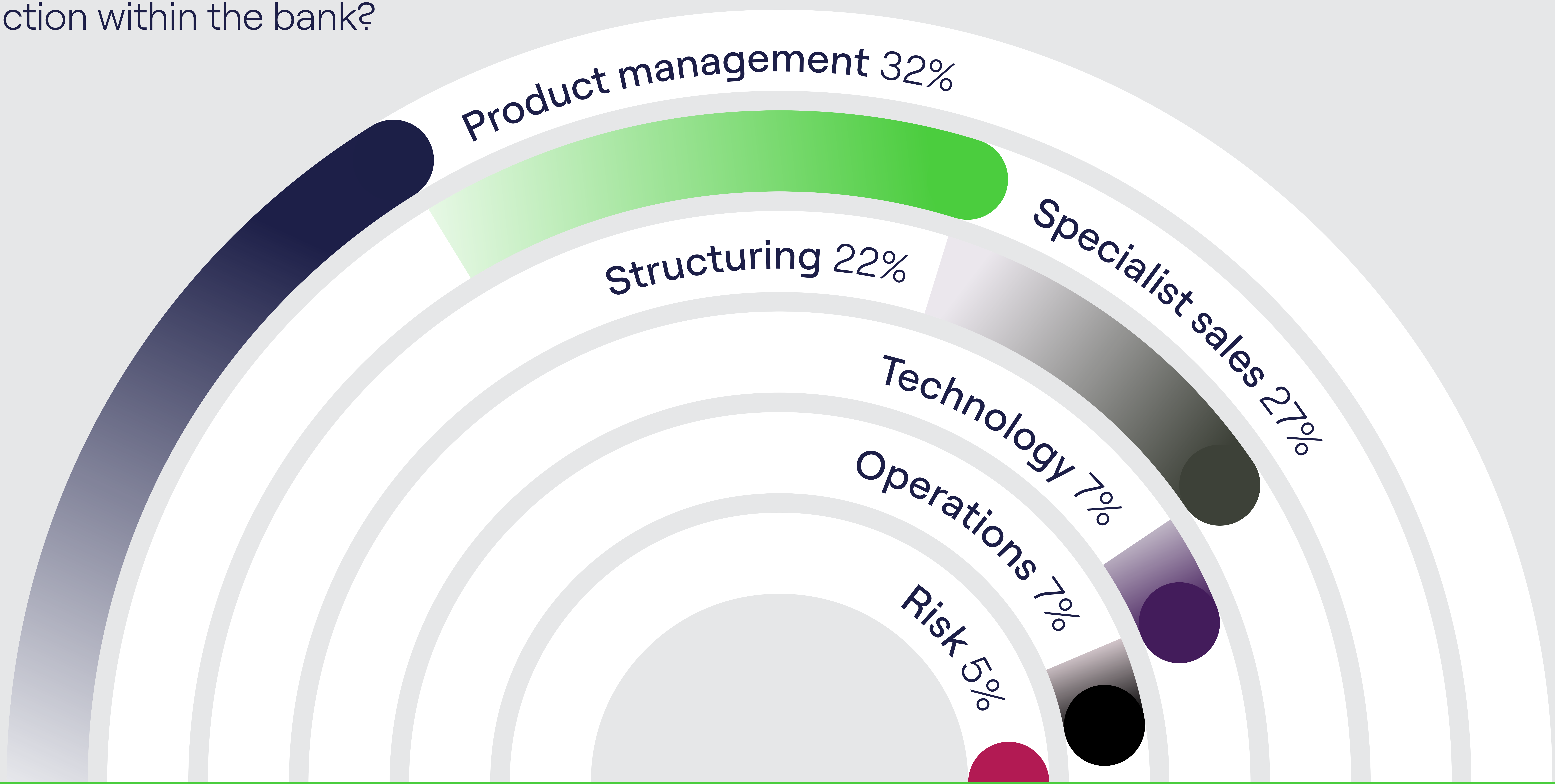
For the purposes of this report, the percentage of respondents selecting each answer have been rounded to the closest whole number, so in some cases don't add up to 100%. Some questions also allowed respondents to select multiple options, and so the percentages provided add up to more than 100%.

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses meet the needs of their customers by harnessing the power that results when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).

Disclaimer:

This document has been prepared by FIS based on the survey conducted from November 2024 to January 2025. It is for information and discussion purposes only. Any views and opinions are those of the commentators, unless otherwise noted. FIS shall have no liability for any errors, inaccuracies or omissions in the document. ©FIS.

Which best describes your function within the bank?



01 Market Growth

Market Growth

Market growth remains strong, with optimism for 2025

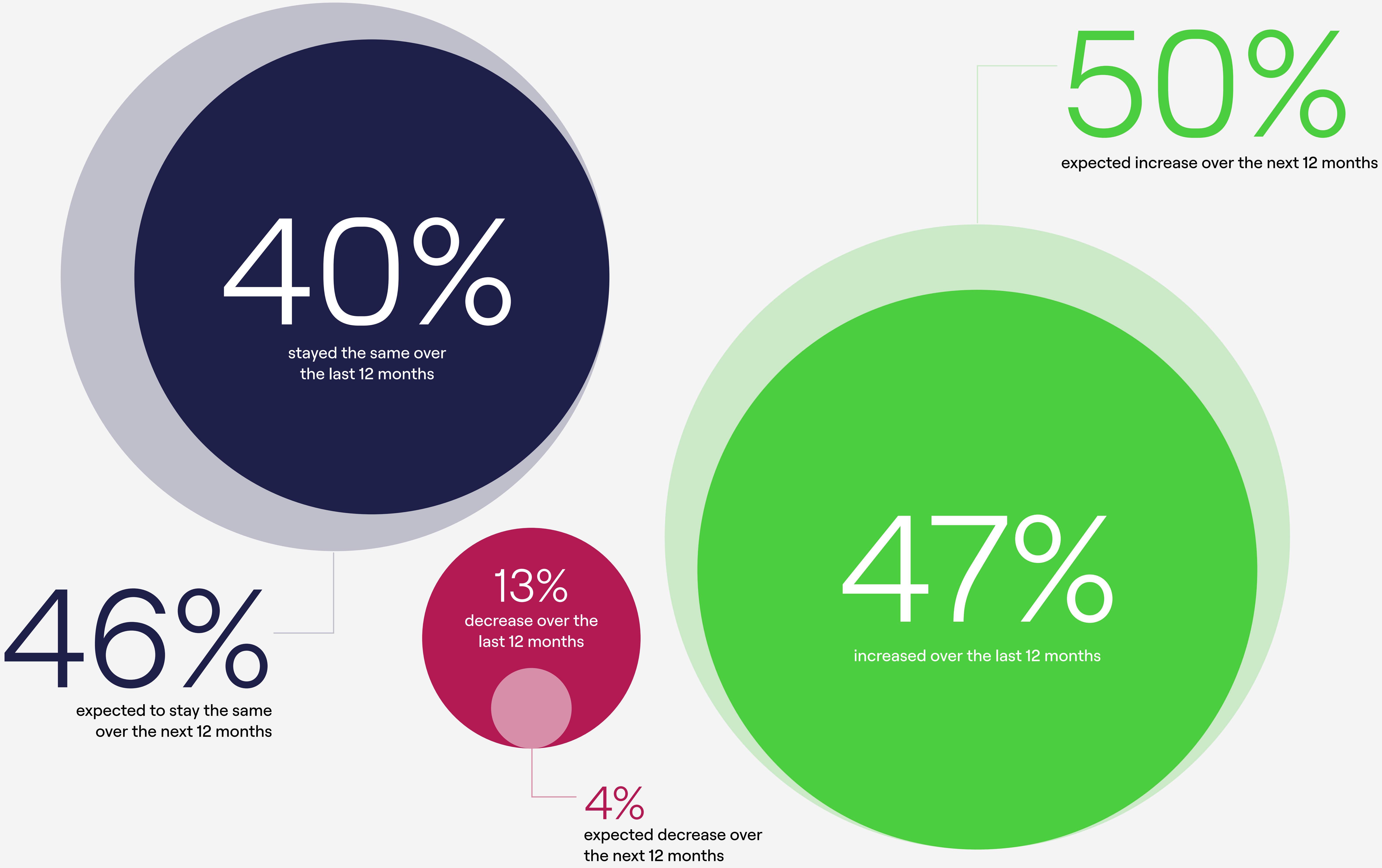
The global supply chain finance market experienced notable shifts in 2024, driven by macroeconomic factors, regulatory developments and technological advancements. Following a challenging 2023 that was marked by high interest rates and liquidity constraints, the market has rebounded significantly, with payables finance recovering faster than expected and receivables finance maintaining steady growth.

Whether gauged by headcount or asset size, growth remained strong for our respondent banks in this year's benchmark report. While headcount growth for the last year was just below last year's predictions, the number of banks reporting a decrease in headcount fell for the first time in three years, with most respondents still experiencing expansion.

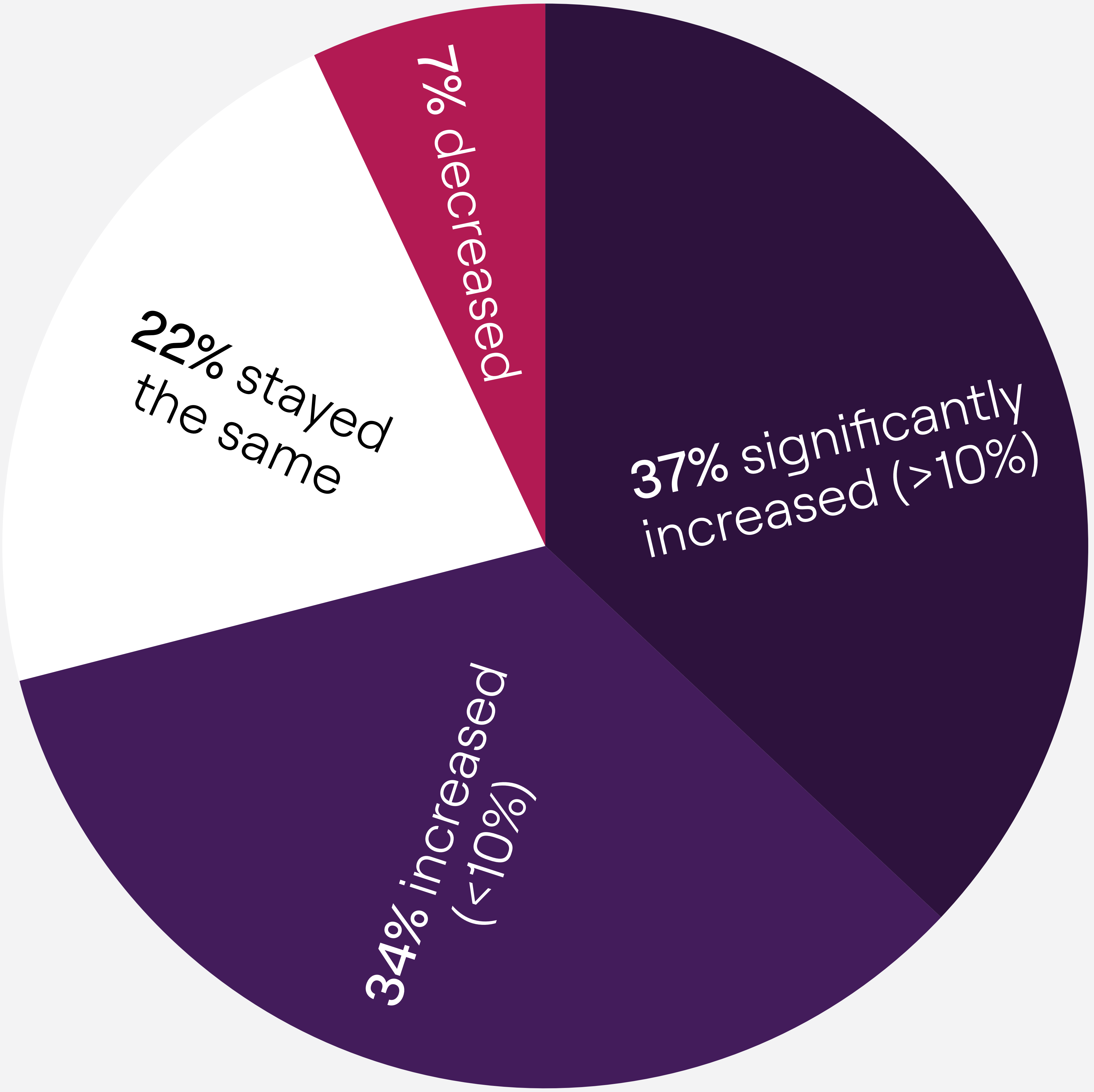
Although below its post-pandemic peak, asset growth was even stronger than last year. Nearly three-quarters of banks (71%) saw increases, and the number of those seeing "significant increases" jumped by 5% from last year's 32% to 37% this year. Expectations for the year ahead also reflect this optimism, with an overwhelming majority of 80% of banks expecting asset growth.

The finalization of Basel III and other regulatory adjustments have clarified the landscape for banks, allowing them to expand supply chain finance while ensuring balanced capital treatment. ESG-linked financing has also remained an area of focus as corporates look to use financial tools to support their sustainability goals. Additionally, declining global interest rates have improved corporate borrowing conditions, contributing to a stronger post-2024 trade recovery. Anecdotal feedback from financial institutions indicates that businesses are increasingly considering payment and financing terms when reviewing suppliers.

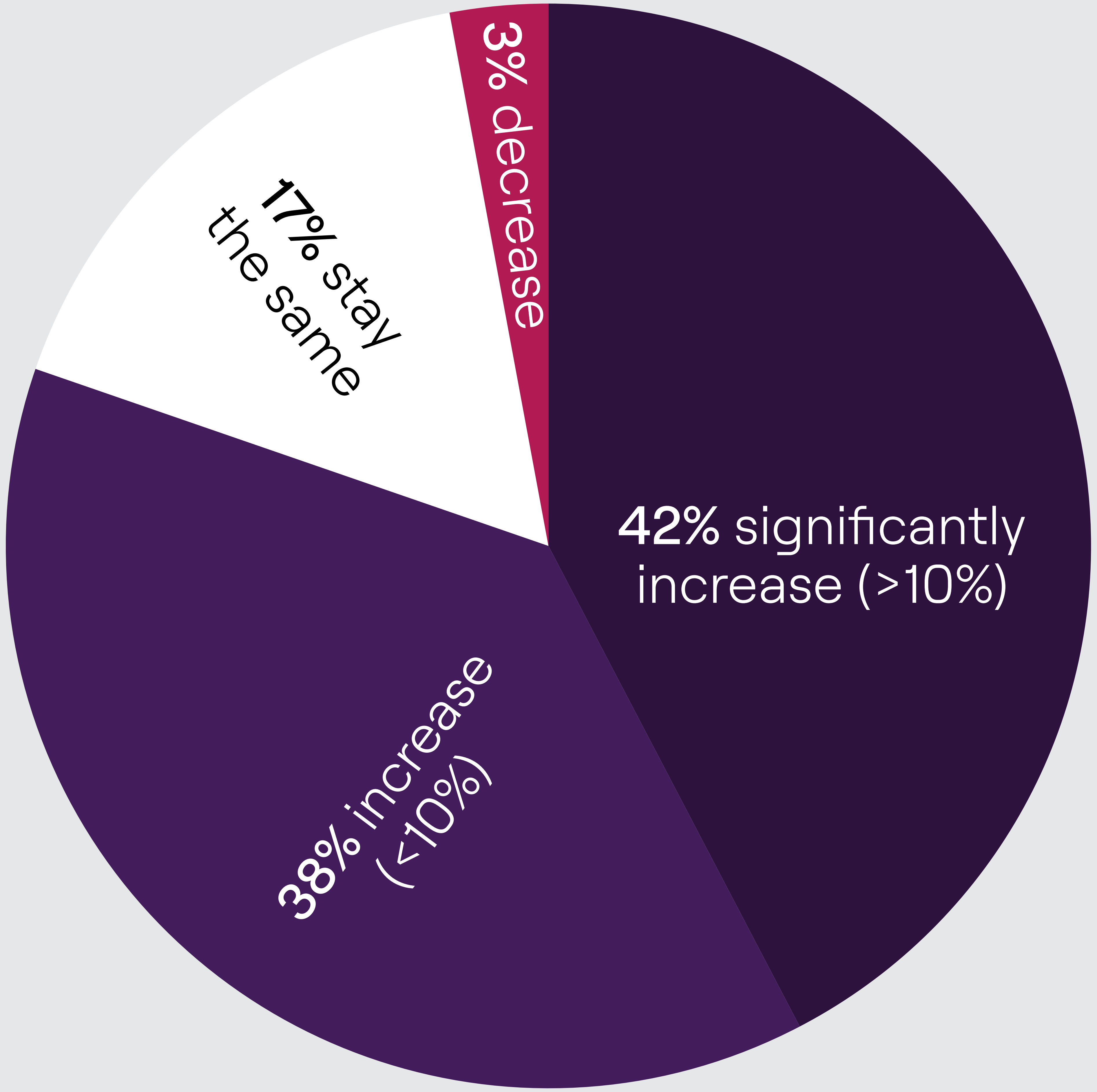
How has headcount changed over the last 12 months vs how you expect headcount to change in the next 12 months?



How have asset sizes in your department changed in the last 12 months?



How do you expect asset sizes in your department to change in the next 12 months?



> "The supply chain finance market in 2025 is defined by payables finance rebounding, receivables finance maintaining strong performance, and regional markets expanding due to digitalization and regulatory clarity."

Maurice Benisty
Chief Commercial Officer,
FIS Supply Chain Finance
(formerly Demica)

Angel Blanco
Managing Director,
Head of Platform Solutions,
FIS Supply Chain Finance
(formerly Demica)

Regional differences

Europe remains a leading market for supply chain finance, with 74% of financial institutions expecting asset growth in the next 12 months – up from 62% in 2024, and 46% of these respondents expect significant increases in asset sizes. Strong institutional investor participation, increased securitization of supply chain finance assets, and regulatory clarity around Basel III capital requirements have contributed to this recovery.

In contrast, North America expects more moderate growth, with only 31% of respondents expecting significant asset growth. **North America's receivables finance segment continues to expand, while payables finance is experiencing cautious growth** due to liquidity constraints. In Europe the opposite seems true, with payables finance growing much more quickly than receivables finance. In Europe, Latin America and Africa, payables finance adoption has surged, likely in response to liquidity needs among SMEs.

MENA's supply chain finance market has shown strong momentum, with 67% of banks expecting growth in 2025 compared to 50% in 2024. **MENA is also the only region showing no preference between payables and receivables finance**, identifying both as products with equally strong growth potential. Government-backed initiatives and digital trade solutions have played a significant role in improving access to supply chain finance.

Respondents in the APAC region are the most optimistic regarding growth, with 77% of institutions forecasting asset expansion, likely due to digitalization and e-invoicing mandates. Like the U.S. and Canada, the APAC region identifies receivables finance as one of the products with the most growth potential, alongside factoring. Digitalization and fintech innovation continue to drive supply chain finance growth, and embedded finance solutions are enabling seamless corporate treasury integration. The use of these financing solutions in Asia Pacific is growing, reflecting the region's increased focus on working capital optimization.

Africa is seeing strong growth in payables finance, aided by fintech-driven trade finance solutions that enhance accessibility.

EXTERNAL COMMENTARY

Regional differences

Regional perspectives: North America vs. Europe in receivables and payables finance

The latest benchmark survey highlights fascinating regional contrasts between North America and Europe in asset growth and product focus, reflecting their distinct economic conditions and strategic priorities.

Diverging asset growth trends

Asset growth has been a defining trend in North America, driven by inflationary pressures in 2024 and anticipated interest rate shifts in 2025. Although growth has slowed compared to previous years, U.S. and Canadian respondents remain optimistic about the future, expecting continued asset size increases over the next 12 months.

In contrast, European respondents paint a more cautious picture. While asset sizes have grown, economic headwinds – such as geopolitical uncertainty and regulatory concerns – have tempered expectations. **The outlook in Europe remains more measured, with a focus on risk mitigation amid evolving market conditions**.

The global figures indicate that overall momentum is positive across all regions, but the variances underscore the need for region-specific strategies to sustain and enhance growth. Last year's dynamics may differ significantly from this year's. **Economic fluctuations, global political developments and tariff changes profoundly affect market trends**. Therefore, it is impossible to predict how favorable the continuity of current statistics will be. Potential changes in trade policies and tariffs may create uncertainties at both local and international levels. As a result, when setting expectations for this year, it is essential to account for the rising unpredictability and volatility, which requires flexible strategies and the ability to quickly adapt to changing market conditions.

Shifting product focus

One of the most notable shifts is the resurgence of payables finance, which has overtaken receivables as the product perceived to have the highest growth potential. **European firms show a stronger inclination toward payables finance than the U.S. and Canada, prioritizing supplier-led financing structures to navigate uncertain economic terrain**. However, even with the apparent increase in payables finance, it remains important to note that the overall market share of asset-based finance still exceeds that of payables finance. This highlights that the latter, although growing, is still smaller in scale than the total number of asset-based finance products available in the market.

The data also shows that the combined market share of asset-based finance and asset-based lending still dominates at more than 70%. The global and regional distribution of these products is particularly interesting, as similar products are often marketed under different names in various regions. This observation is further supported by data in the benchmark survey.

Technology as a growth enabler

Investment in digital transformation is another key theme, with both regions ramping up technological advancements. **Notably, North American firms have reported higher than expected budget increases for tech-driven solutions, signaling an aggressive push toward innovation**.

As we look ahead, these regional differences will continue to shape the global trade finance landscape, highlighting the evolving dynamics between growth opportunities and risk management across markets.

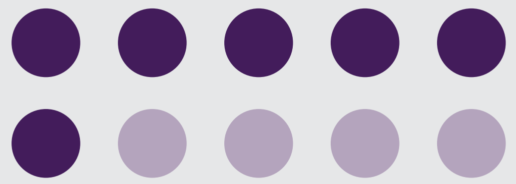
Betül Kurtulus
Director, FCI

Inflation and economic optimism buoy growth while interest rate headwinds subside

This year again, inflation was highlighted as the primary driver of asset growth. However, with global inflation decreasing over the past year, the positive pressure on asset sizes has also diminished compared to the previous year. In contrast, and perhaps unsurprisingly, given ongoing military conflicts in Europe and the Middle East, U.S.-China trade tensions and threats of tariffs, **geopolitical risk rose in importance to become the largest obstacle to asset growth, with 54% of banks expecting this to continue as the primary challenge in the year ahead**.

While interest rates remained a headwind to overall growth, the easing environment of the past year meant that this is no longer the top concern for our respondents. In fact, for the year ahead, nearly 60% of banks see interest rates as a positive force for growth.

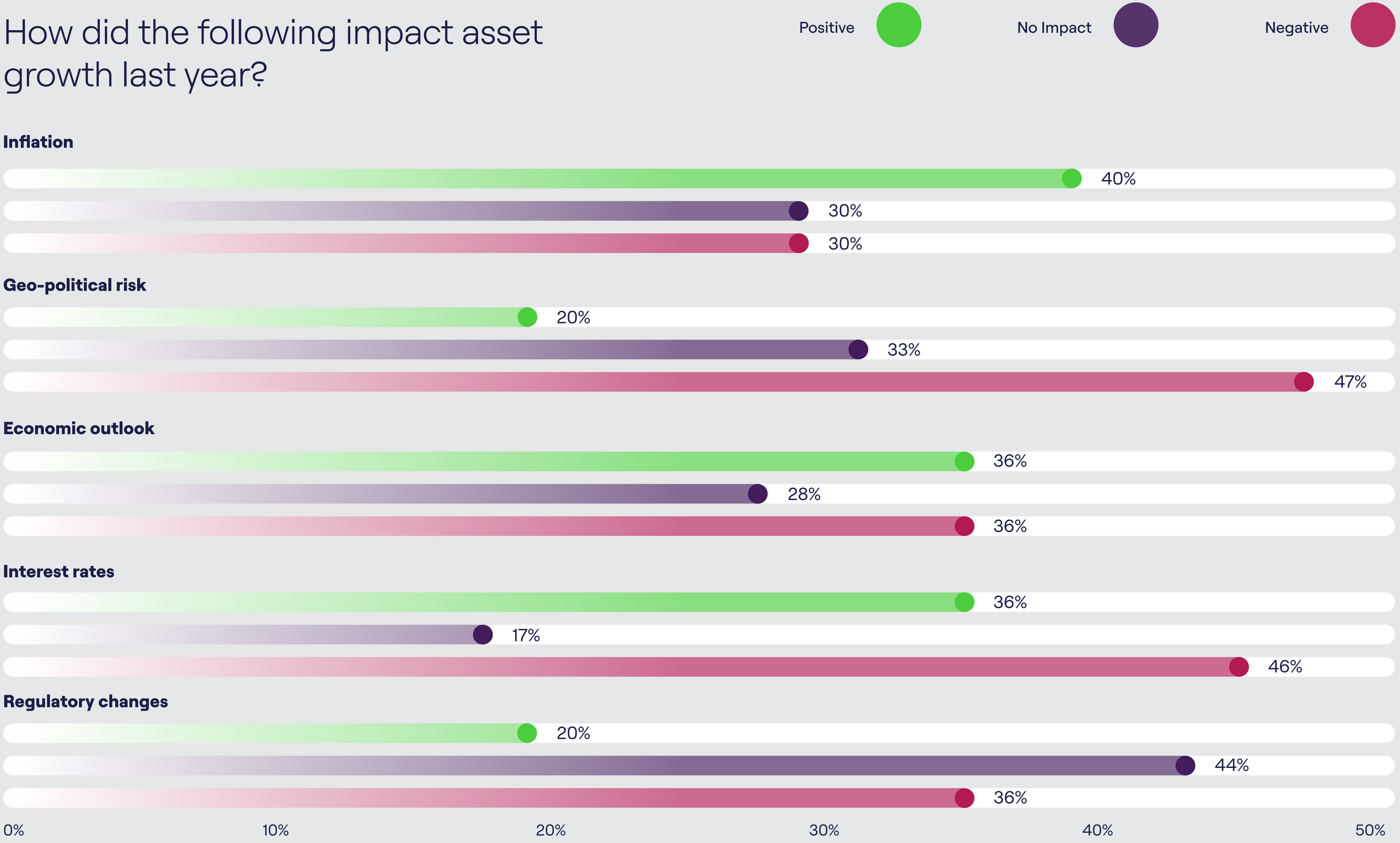
Another promising change is the general economic outlook, which has improved over the last year. **Most respondents expect economic conditions to become supportive of growth rather than having a negative impact as in previous years**. For the year ahead, expectations are even more positive, with 51% of banks expecting economic conditions to support growth.



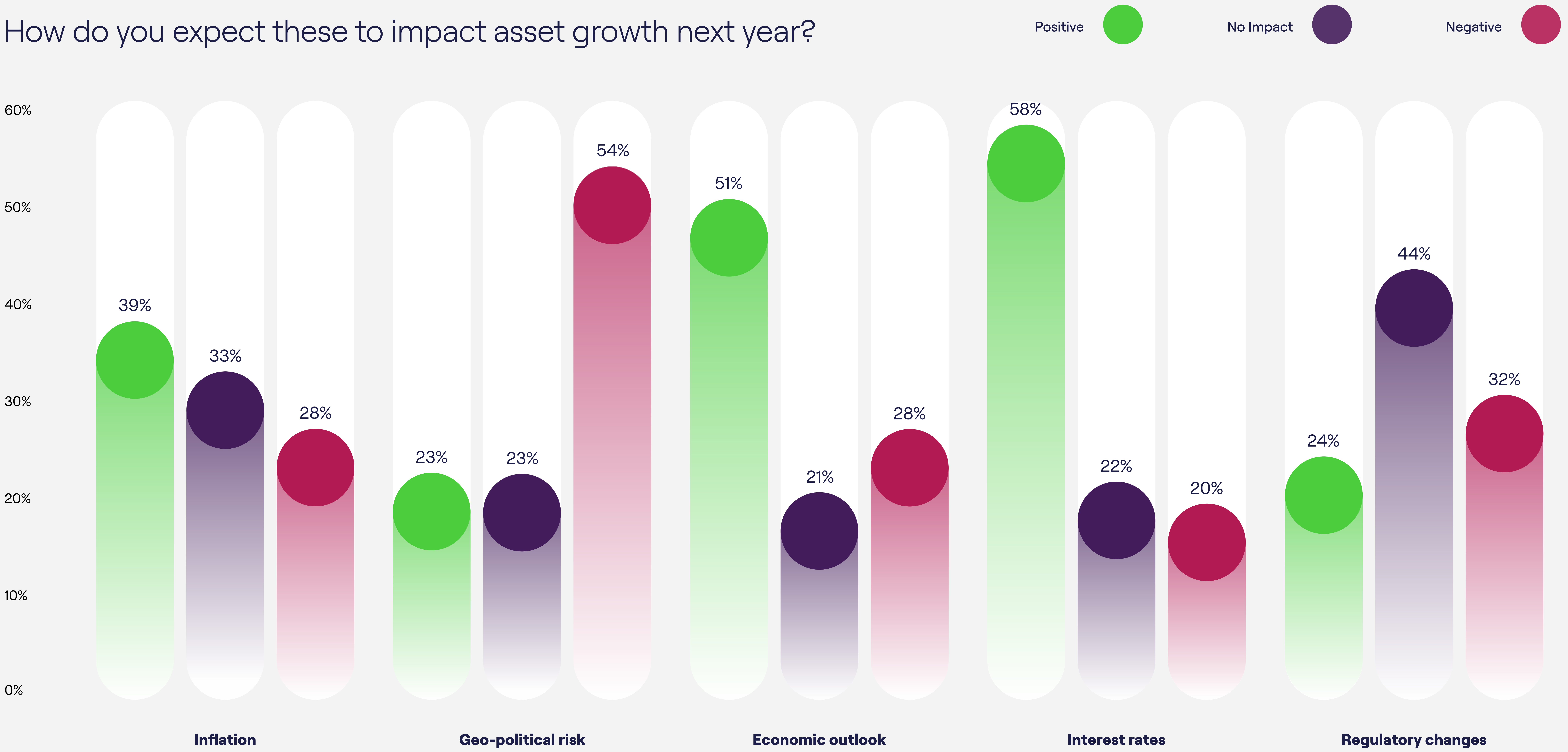
60%

of banks expect interest rates to be a positive force for growth next year

How did the following impact asset growth last year?



How do you expect these to impact asset growth next year?



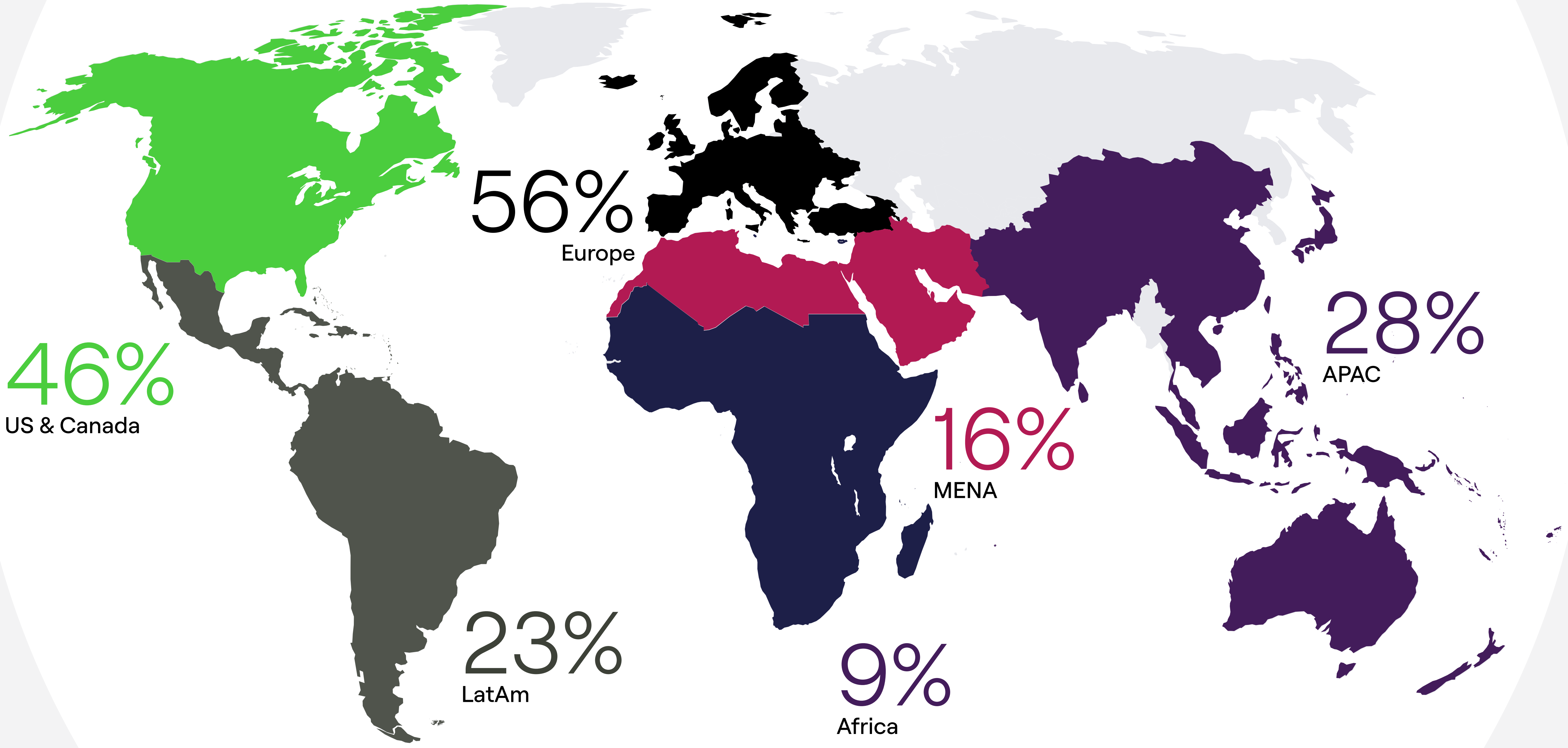
Product expansion remains a priority as payables finance regains the spotlight

Given the positive momentum driven by changes in interest rates and economic conditions, the geographic focus of our trade banks also shifted in the last year. Europe and Asia appear to have fallen somewhat in importance, while **emerging markets like the Middle East, Africa and Latin America have experienced an increase in presence**.

Despite these changes, expansion into new markets was not highlighted as a top priority for our respondents. Rather, **increasing the number of product lines was cited by 52% of respondents as an objective**. This is the same as last year, showing a consistent focus on diversification and ensuring that banks are able to offer a wide range of financial products that can meet the complex and evolving needs of corporate clients.

Which products will take priority is less clear. **In our previous report, receivables finance had topped payables for the first time in terms of perceived market potential. This year payables regained the top spot in terms of expectations for growth**. As previously mentioned, regional differences are at play here, with North America and APAC still favoring receivables finance, while Europe, Latin America and Africa are focused on payables finance.

Which are your current key regions?

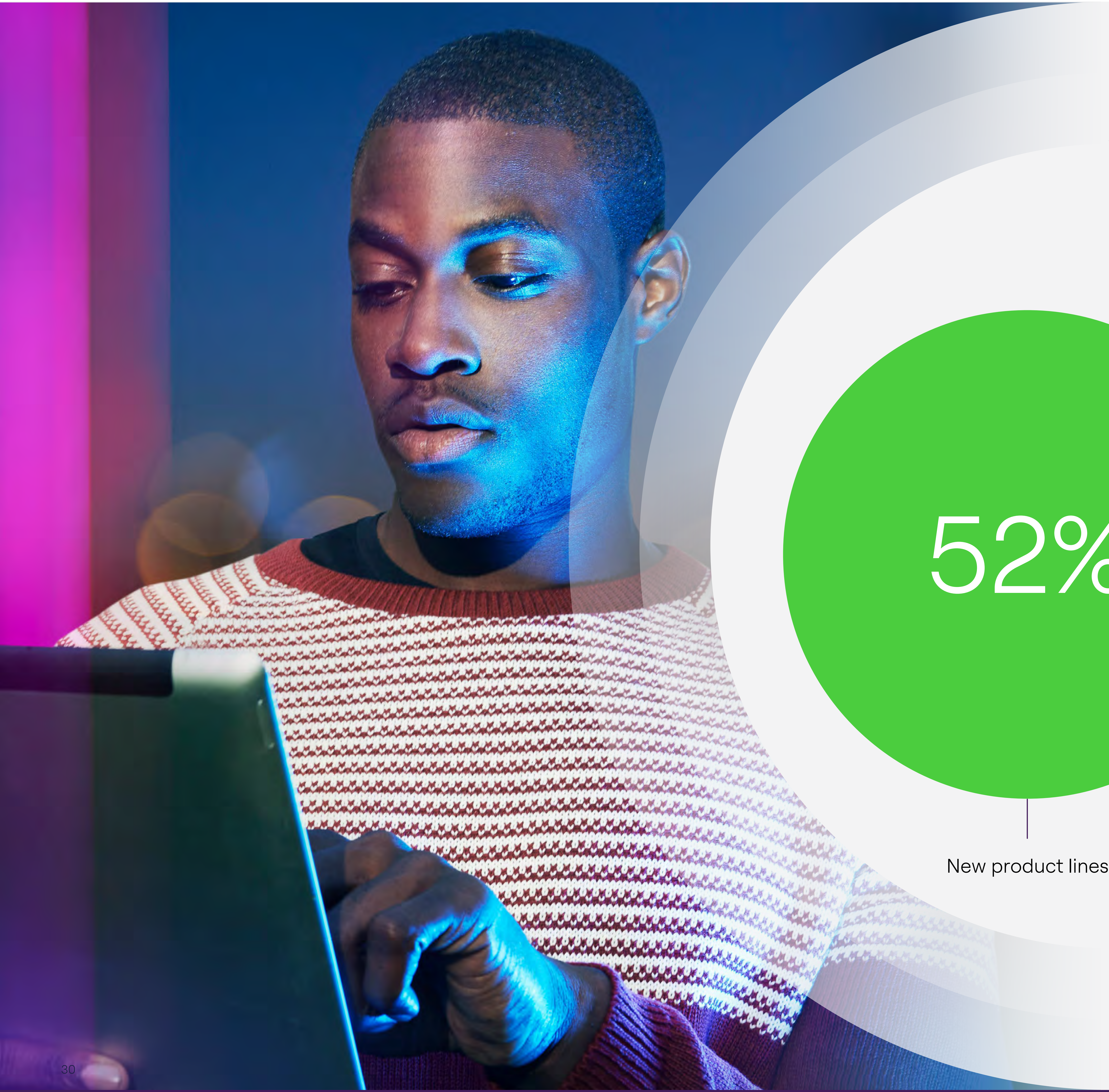


Respondents could select multiple options, so the total may exceed 100%.

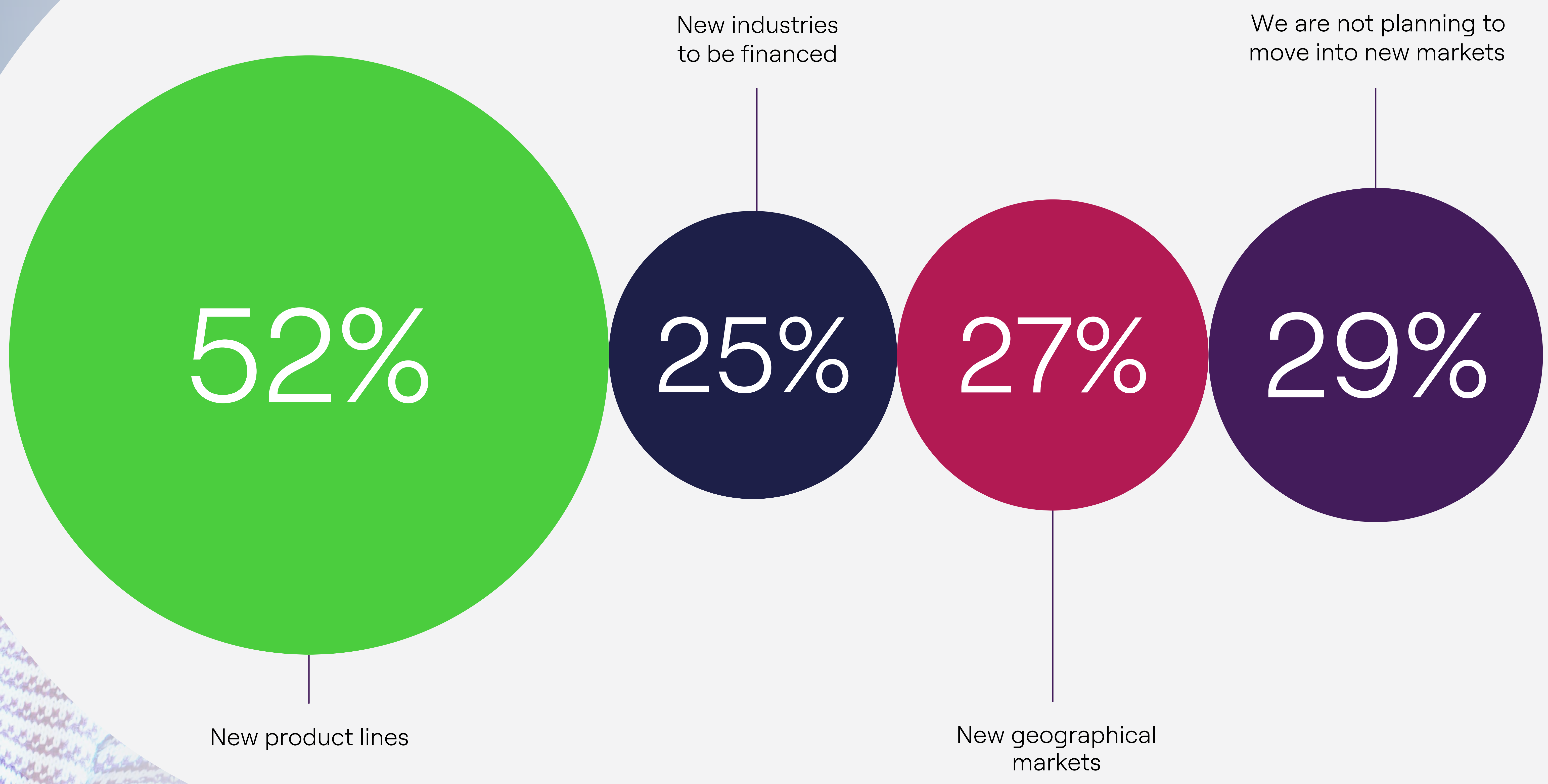
Payables finance has rebounded strongly, with 82% of institutions reporting growth in those assets. **Regulatory clarity, increased investor participation and tech-powered supplier onboarding are all making payables finance programs more attractive**. Meanwhile, receivables finance continues to grow, though competition from alternative lenders and the rise of securitization markets have led to margin compression.

Comparing 2024 to 2025, payables finance has shifted from sluggish growth to a strong recovery, driven by investor confidence and fintech solutions. Receivables finance remains strong but faces increased competition. Technological advancements are reshaping supply chain finance, while regulatory clarity has renewed institutional confidence in supply chain finance investment.

Inventory finance is another central theme in the market. While inventory finance featured lower on the numeric survey responses from our trade banks, it was one of the top products mentioned in an open-ended question about what products our respondents plan to launch. This trend is supported by a number of banks that have already come to market with inventory finance solutions over the past year.

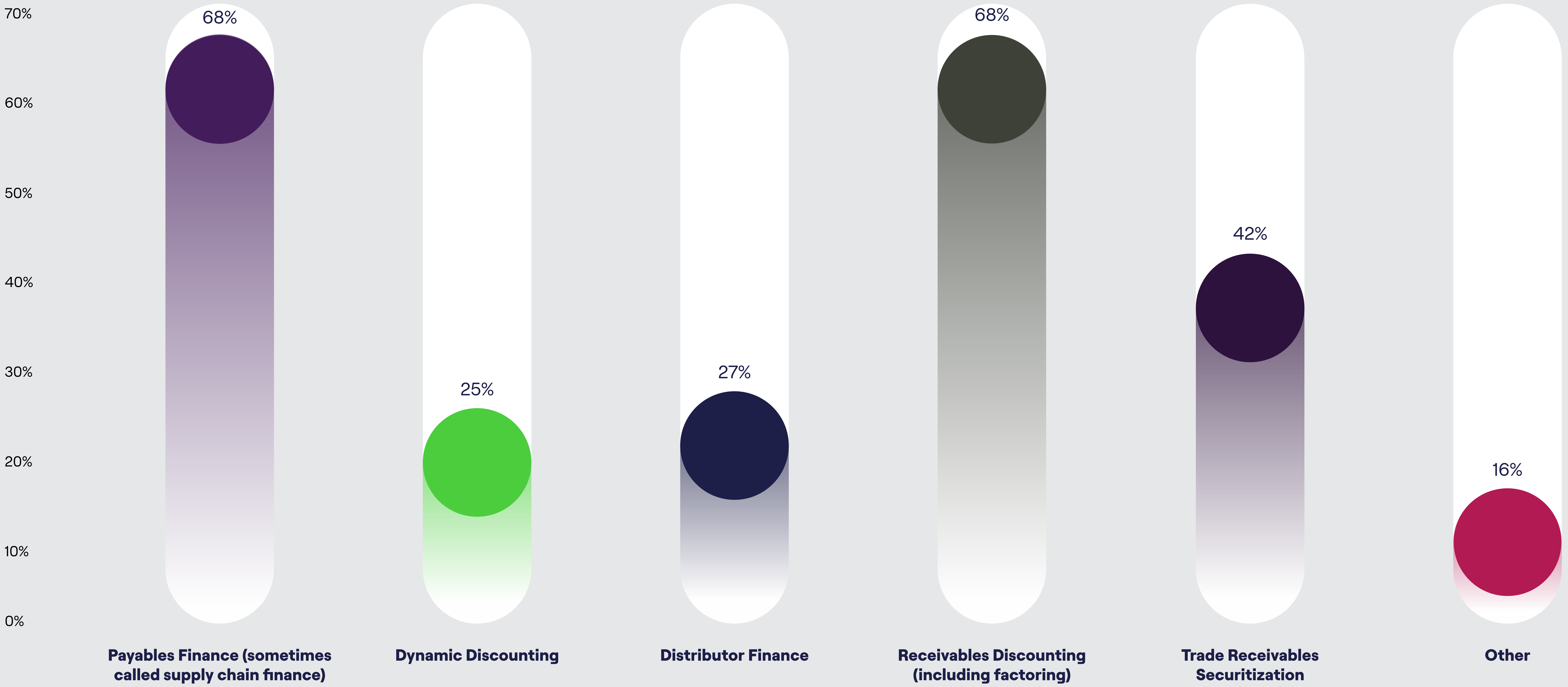


Are you planning to move into new markets?



Respondents could select multiple options, so the total may exceed 100%.

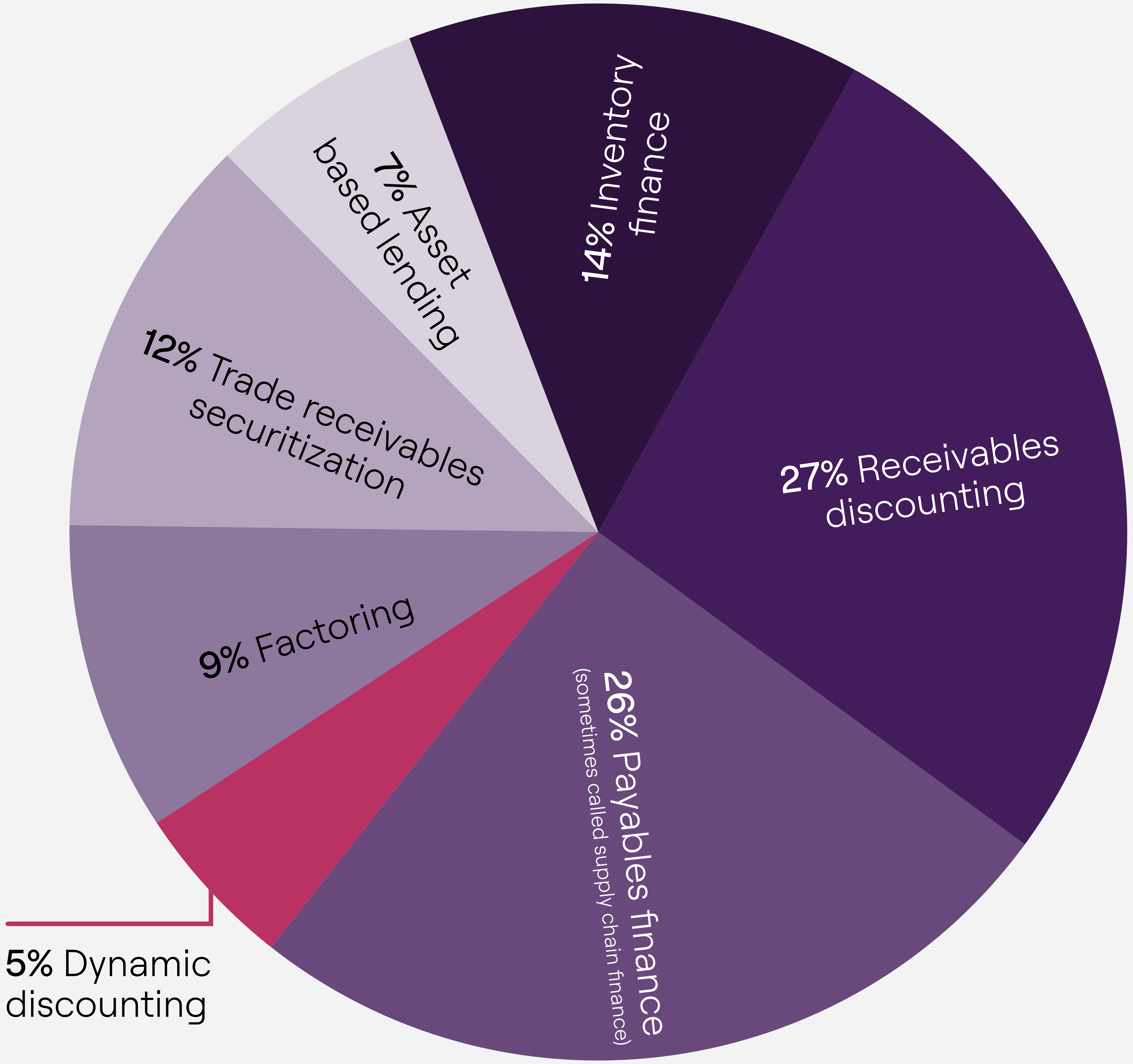
What products do you cover?



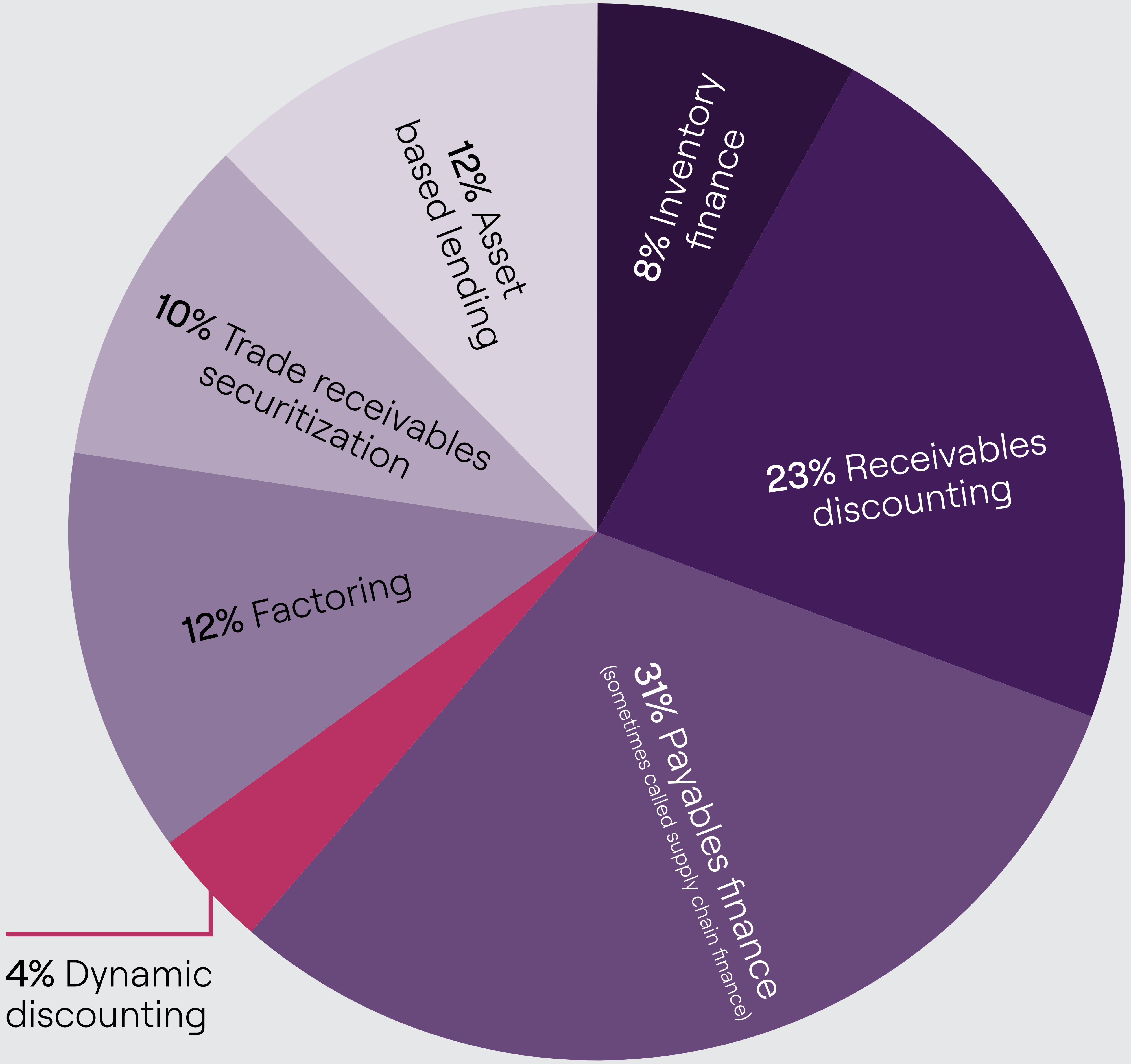
Respondents could select multiple options, so the total may exceed 100%.

Which of the following products do you see having the highest growth potential within your organization?

2024



2025



EXTERNAL COMMENTARY

Product

Payables and receivables finance products are long-standing and integral solutions within the supply chain finance industry. In 2023, Coalition Greenwich data showed that for the first time, payables finance underperformed receivables finance. This trend, by and large, persisted in 2024 with payables finance recovering unevenly and receivables finance continuing to power ahead.

Despite looming regulatory constraints and the industry's balanced approach to balance sheet deployment, **the supply chain finance market's 2024 growth was driven by strong origination volume and asset growth. Securitization volume of trade receivables has also reached an all-time high**, which further demonstrates investors' enthusiasm.

Payables finance recovered moderately in EMEA, Latam and APAC during 2024, with strong asset growth driving the recovery in these regions. However, it was a story of two tales when it came to the U.S. market. Utilization remained under pressure in most programs, particularly for the large corporates and MNCs segment. The mid-market segment performed better, but it was relatively smaller in size.

Receivables finance experienced another year of strong growth in 2024, which signaled the important role it played in working capital management. The changes of disclosure rules by accounting board have not caused a major shift in the industry as predicted last year, but the industry has certainly felt some impacts; it was observed that some large corporates and MNCs have set up receivables finance and inventory finance programs to complement their existing payables finance programs.

Looking ahead, what's in store for the industry in 2025?

Tariffs are of course the top factor to watch. While it is extremely hard to predict the magnitude of disruption, **tariff changes have already led to a slower start of the year as most industry participants are in wait-and-see mode**. The preparedness for any potential disruption also varies significantly region by region, which will serve as another cautionary note.

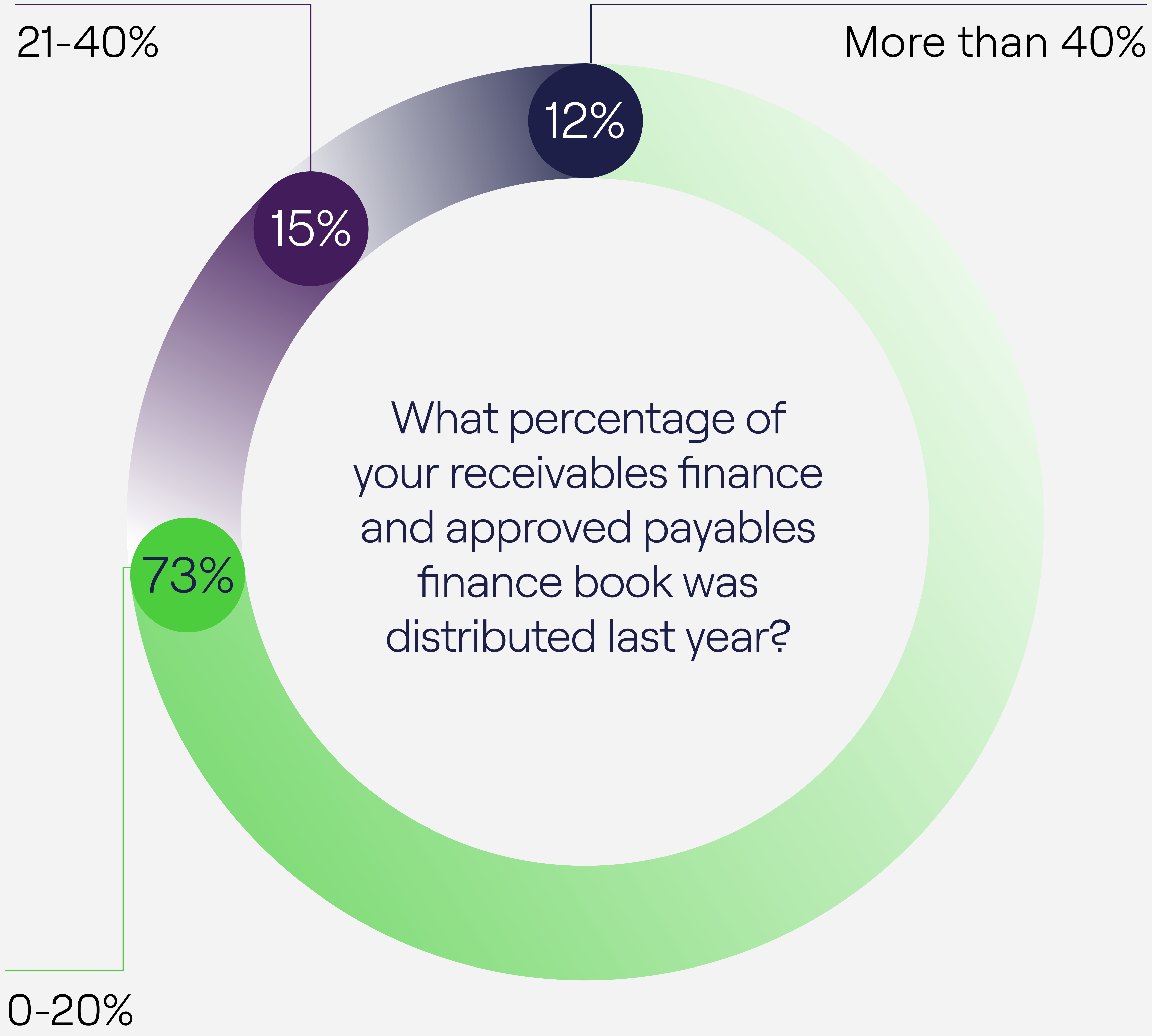
Lastly, while the U.S. central bank rate might stay high for longer, the forecasted gradual reduction in borrowing costs for the rest of the world will certainly offer more optimism to the overall supply chain finance market.

Eric Li
Head of Banking Research, Crisil Coalition Greenwich

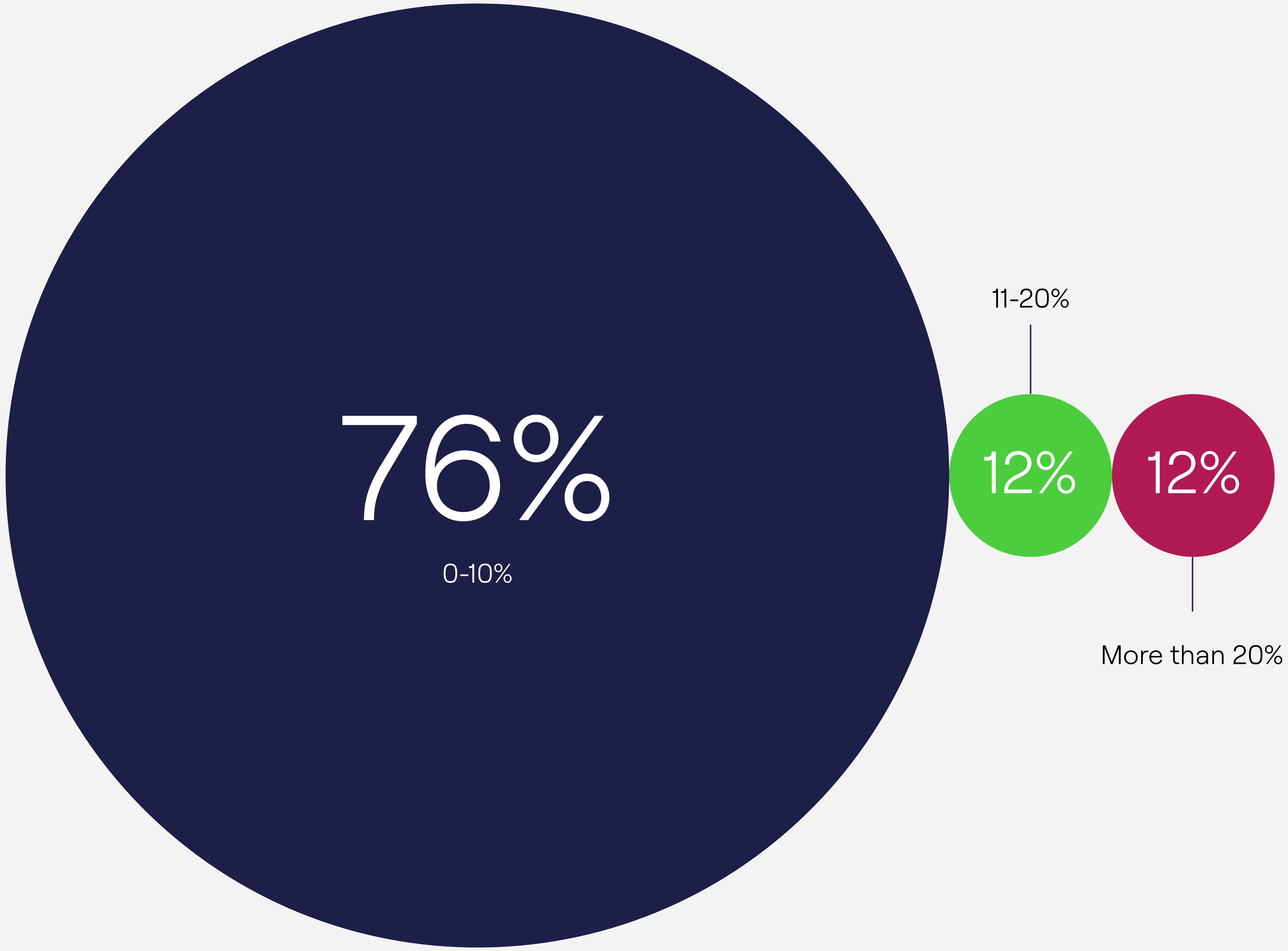
Asset distribution highlights the growing trend of alternative capital

Asset distribution levels remained relatively stable year over year, although we saw a slight increase in the number of banks distributing more than 40% of their books. There was also a material increase in asset distribution to institutional (non-bank) counterparties, which highlights a simmering trend for alternative sources of capital that we explore later in this report.

The supply chain finance market in 2025 is defined by payables finance rebounding, receivables finance maintaining strong performance, and regional markets expanding due to digitalization and regulatory clarity. Growth is no longer just about volume but also about efficiency, risk management and investor participation. Moving forward, financial institutions must leverage technology, adjust to regulatory changes and expand sustainable finance initiatives to sustain this momentum.



What percentage distributed last year went to institutional investors (i.e., non-banks)?



EXTERNAL COMMENTARY

Market

In 2025, the unpredictability of the U.S. administration has global reach and effect, particularly regarding trade policies such as tariffs, which influence international markets and economic relationships.

Some trends may have been accelerated slightly by geopolitical tensions. Digitalization, for example, continues its steady if unspectacular march given the undeniable efficiency and cost savings (the main motor currently). The use of electronic trade documents is spreading. Electronic bills of lading are the front-runner here, and their positive impact on operational risks and risk assets is being explored while electronic bills of exchange and promissory notes are gaining some popularity from a low base.

On the other hand, regionalization or multi-polarity has been on the rise for some time now and has acquired strategic importance in many countries. This is borne out by the increased presence and size of the Middle East, Africa and Latin America due to a multitude of factors, including defense resilience, but also efficiency, lighter regulation and increased intra-regional trade.

Non-bank investors are also becoming more involved in the trade assets market, something ITFA has been pushing for some time, and which enjoys synergies from increased digitalization.

Somewhat unexpectedly, the survey reveals a relaxed or sanguine attitude toward the impact of the Basel changes. Admittedly, regional variations in adoption, both in timing and implementation, mean that the impact is not evenly spread and, in some cases, can even lead to competitive advantage, which will fade over time.

Overall, this is a positive picture; I am an optimist by nature, so this resonates well with me, though we always have to be on alert, as the world can change very quickly.

Sean Edwards
Chairman, ITFA

02 Payables

Payables

The ease of supplier onboarding is improving

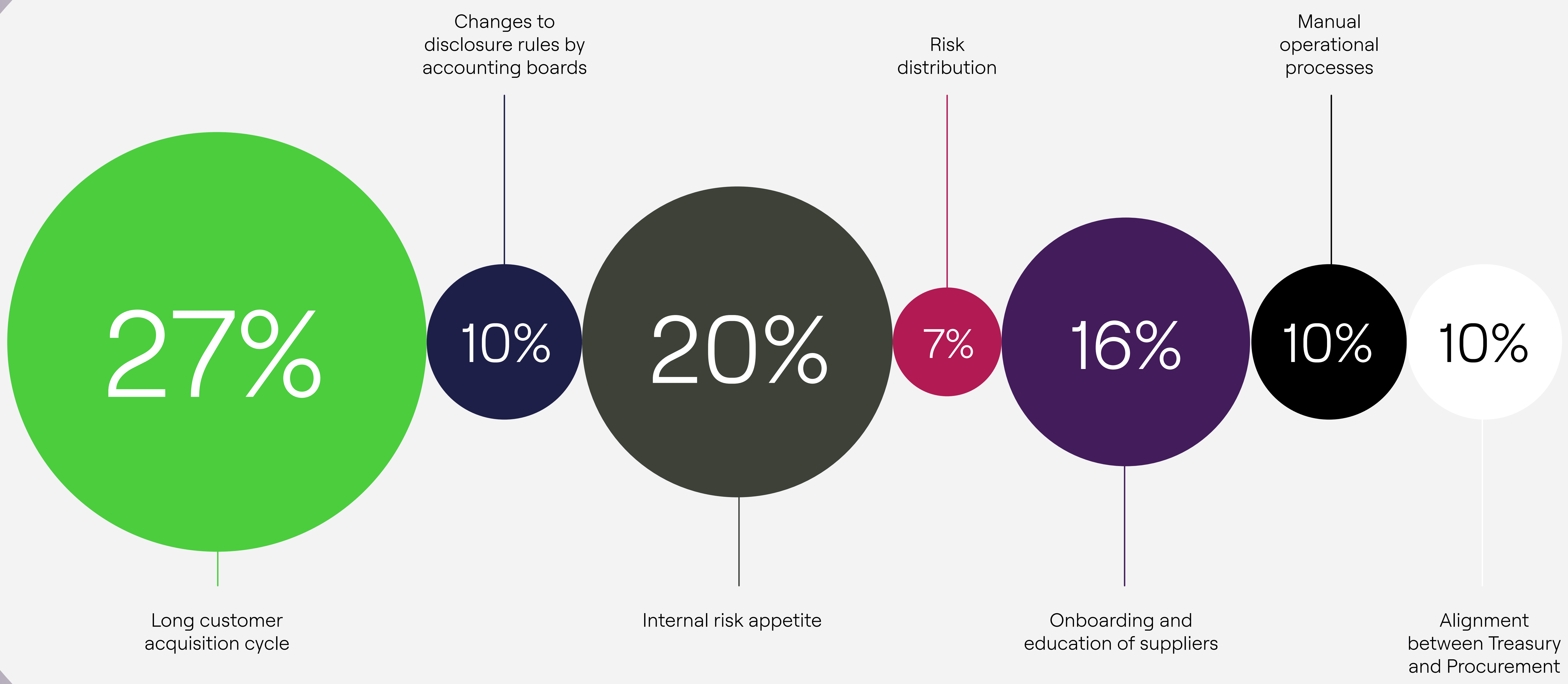
While regulation and disclosure rules were at the forefront of banks' minds last year, our latest report highlights improvements in the ease of onboarding of suppliers as a key theme for payables finance. This may reflect a broader trend of corporates expecting more from modern payables and supply chain finance programs.

When asked about the top challenges for payables finance, **more than a quarter of our respondent banks once again listed a long customer acquisition cycle as their primary concern**. This likely reflects a growing body of evidence that most large, well-rated companies have already implemented a supply chain finance or payables finance solution. Banks are therefore often discussing either changing embedded solutions and processes or talking to those who have not been incentivized to unlock cash flow from payables.

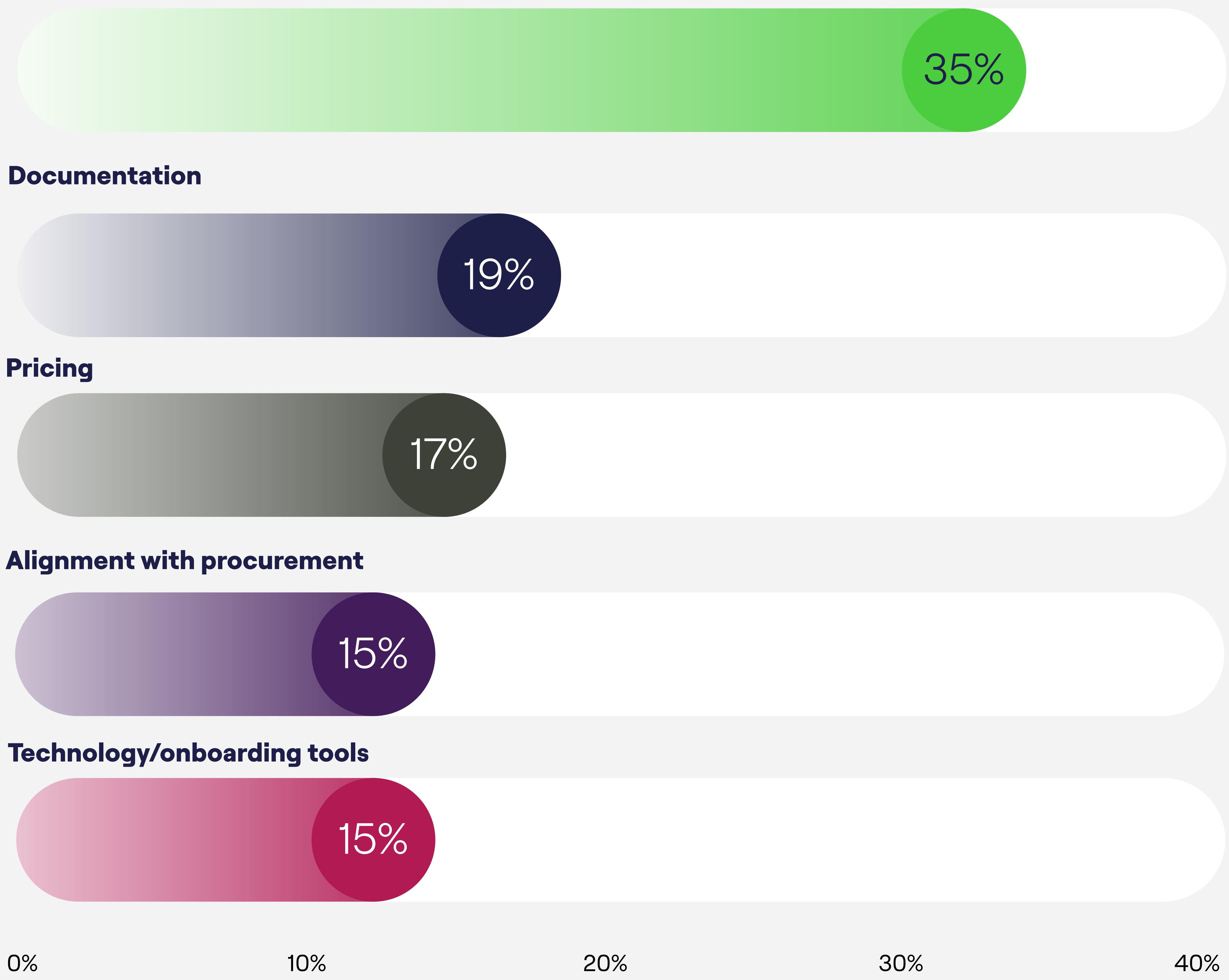
A notable development in payables finance this year is the reduced challenge of onboarding suppliers and manual processes. For the past two years, the most significant challenges have been onboarding and educating suppliers after a lengthy acquisition cycle. However, in the last year, this challenge has decreased by 6% and is now the third most prominent issue.

Over a quarter of our respondent banks once again listed a long customer acquisition cycle as their primary concern.

What is the top challenge for payables finance transactions?



What is the top challenge that your corporate clients face when setting up securitization transactions?



Supply chain finance users have higher platform expectations

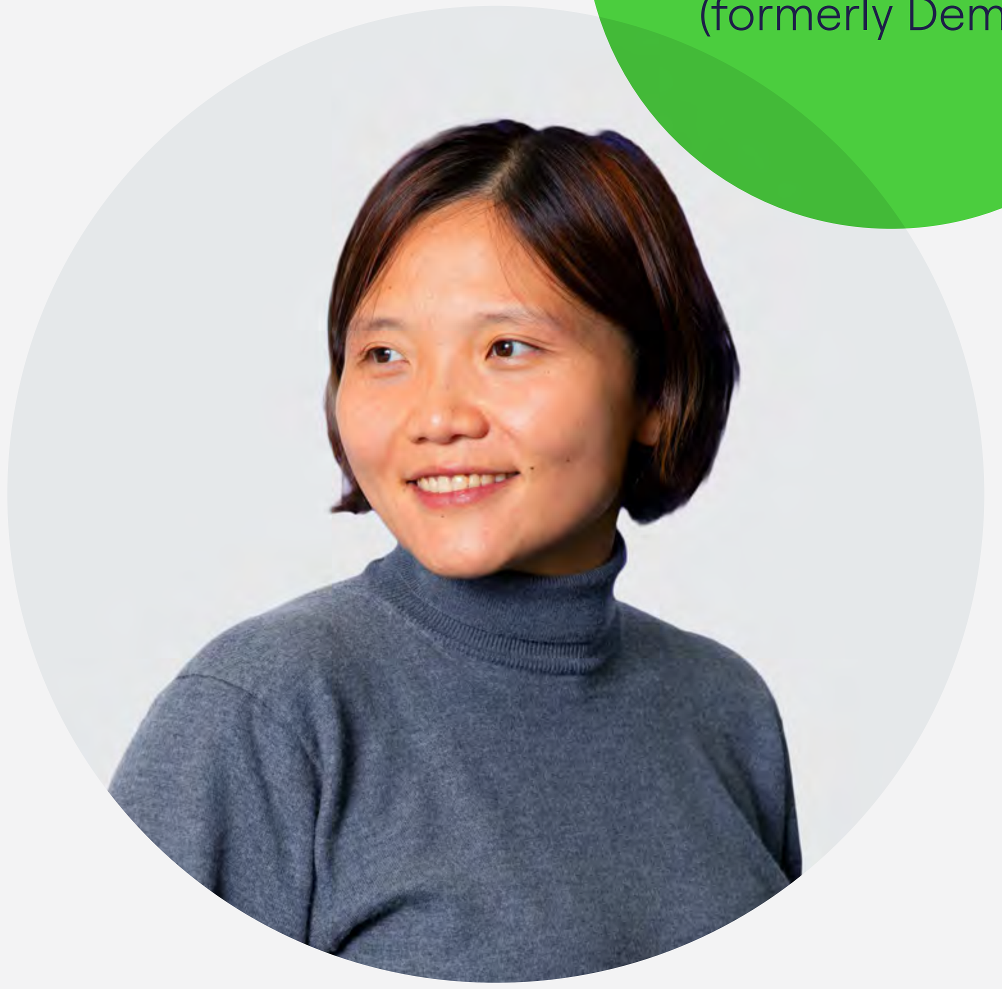
One driver of this positive trend is most likely the evolution of payables finance platforms. **As these technologies and innovations have matured and more banks have partnered or invested in third-party technology, the capabilities and expectations for better, faster and more automated onboarding of suppliers have increased**. The ability to reach all suppliers in the ecosystem, including the "long tail" of smaller companies, is now considered commonplace.

This is good news for banks and their clients. It shows the role technology is playing in improving the efficiency and driving adoption of payables finance. It also represents an opportunity (and another growing trend), as many companies look to revitalize older, established payables and supply chain finance programs that had not achieved their full potential. **By leveraging technology that is now established and proven, they can unlock benefits that earlier approaches had not achieved**.

Growing demand raises the need for alternative sources of capital

Our latest report also highlights the challenge of funding larger payables finance programs. **Internal risk appetite has become the second most important challenge for payables finance**, with nearly 20% of banks identifying it as their main concern. This shift may be influenced by anticipated changes in banking regulations, which further tighten capital and liquidity requirements on working capital finance products, compelling banks to be more cautious in their lending practices. **As technology enables larger, more effective finance programs, the need for larger funding lines increases**. However, traditional banks still face obstacles in securing sufficient funding, and so we are now seeing a rise in alternative and non-traditional sources of capital to support growing payables finance programs, particularly for less highly rated companies and SMEs.

Jiameng Yu
VP, Product, FIS
Supply Chain Finance
(formerly Demica)



> For the last two years, onboarding and education of suppliers have been the most prominent challenges after a long acquisition cycle, but in the last year this challenge has reduced by 6% and fallen to third place."

03 Receivables

Receivables

The spotlight shifts back to payables

Receivables finance has experienced strong growth in recent years. With inventory levels rising and supply chain vulnerabilities growing, the post-pandemic search for improved working capital and cash flow has focused attention on accounts receivable as a longstanding area of opportunity. Technological advancements also played a key role in expanding the market. **However, our latest report shows that the focus is again shifting back to payables finance in most regions**, though it remains the product with the most growth potential in the U.S. and Canada.

> "Finding the right place for receivables finance in a treasury's working capital toolbox – alongside structured supply chain finance programs – has always been an area of focus for financial providers."

Jiameng Yu
VP, Product, FIS Supply Chain Finance (formerly Demica)

Managing internal obstacles in the search for growth

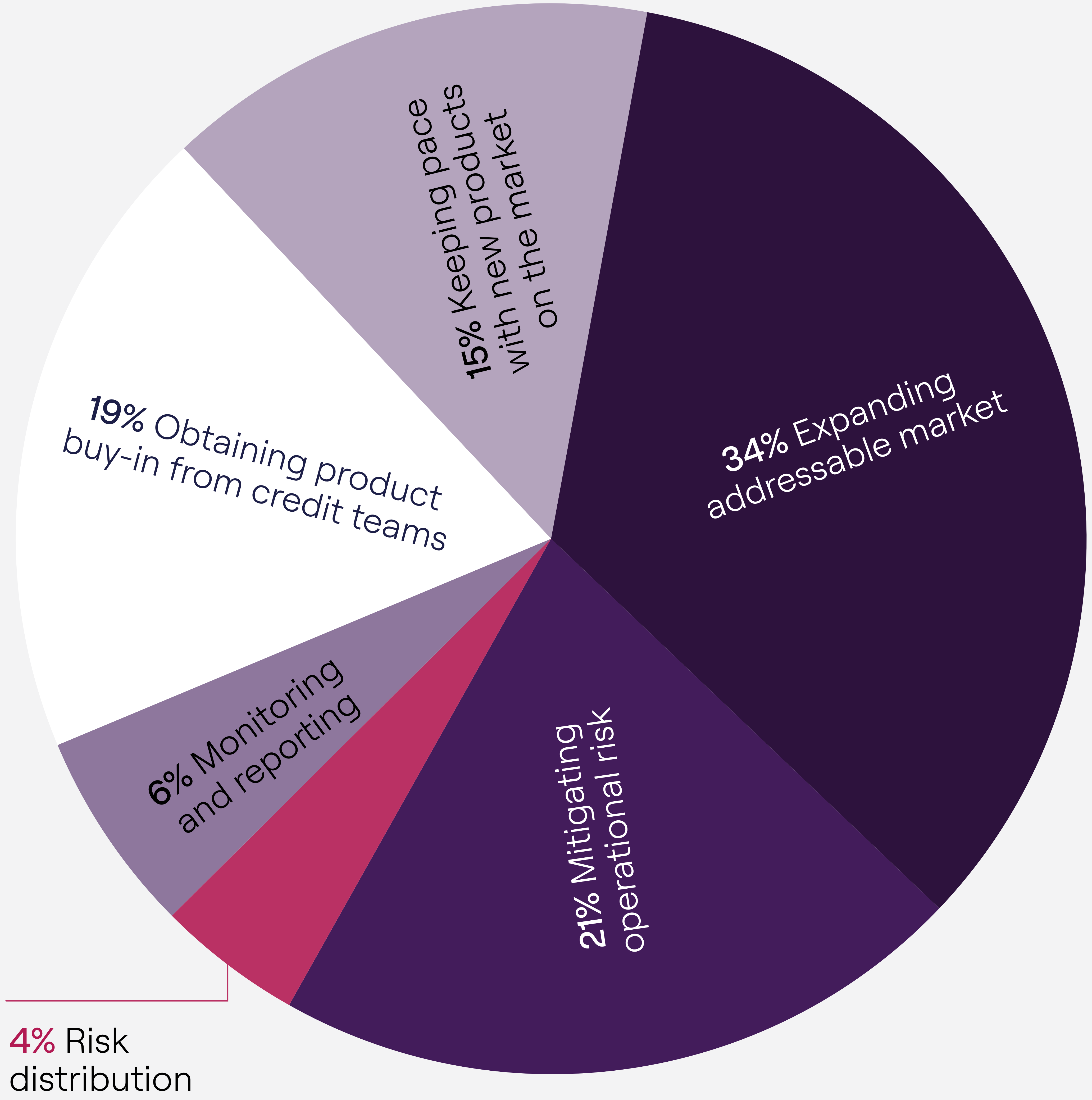
Finding the right place for receivables finance in a treasury's working capital toolbox – alongside structured supply chain finance programs – has always been an area of focus for financial providers, which is why **"expanding the addressable market" has been cited as a primary challenge year on year since we began producing this report**. This challenge is further amplified by the inherent complexity of receivables financing compared to payables finance. Receivables finance carries a fundamentally different risk profile, as the credit risk is tied to a diverse range of buyers rather than a single, often higher-rated, anchor buyer. Additionally, it requires more complex data inputs and validation processes, given the need to assess the quality and creditworthiness of multiple receivables across various counterparties. Nevertheless, the last two years have seen a material rise in the significance of this challenge, with more than one-third of respondents now ranking this as their main concern.

Financial institutions face challenges in scaling receivables finance due to internal product hurdles. "Mitigating operational risk" and "obtaining product buy-in from credit teams" were ranked as the next two biggest challenges for receivables finance by 21% and 19% of our respondents, respectively.

Compliance with evolving regulations, complex data management and inconsistent transaction data create inherent operational hurdles. So, it is no wonder that credit teams remain cautious due to concerns over asset quality, dilution risk and the difficulty of assessing diverse buyer credit profiles. These factors can potentially limit the scalability and broader adoption of receivables finance.

Despite these challenges, **the need for diversification in working capital funding will keep driving demand for receivables finance as an integrated solution that works in harmony with payables finance to optimize working capital and unlock corporate liquidity**.

What is the top challenge for receivables teams?



04 Securitization

Securitization

The inherent challenges of lead times and reporting

A "lengthy and resource-intensive transaction set-up" remains the top challenge for our participant banks in securitization. Nearly half the respondents ranked this as their primary concern, with more than half (57%) of banks indicating that the average time from execution of a mandate to funding is 90 days or more.

> While the complexity of additional reporting raises some concerns for our pool of banks, independent specialist providers may be employed to ease the burden. This may be why the number of banks citing "accessing detailed transaction reporting" as a challenge has fallen significantly, by over 10% in the last year.

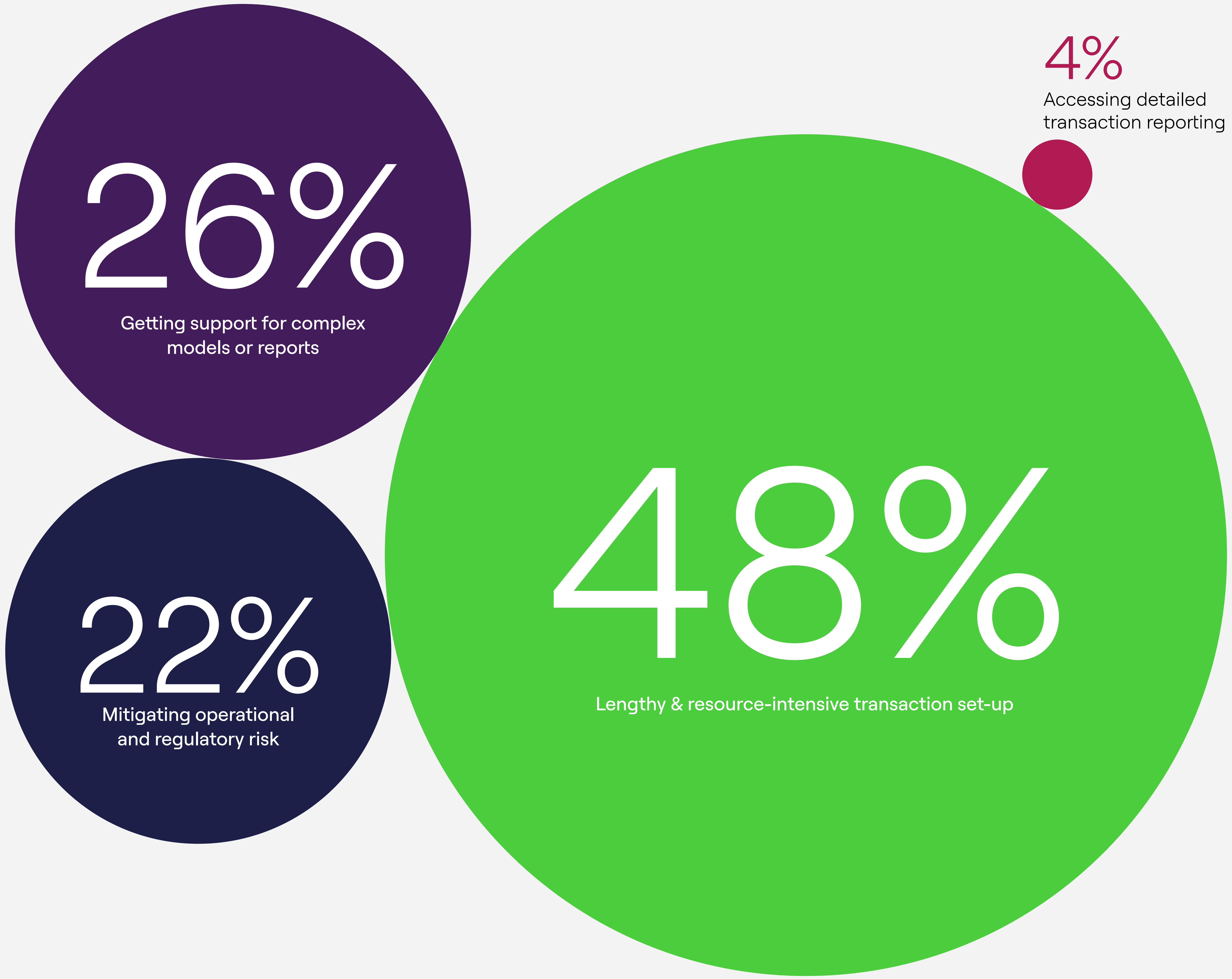
Markus Musielak
Managing Director, Working Capital Structuring, FIS Supply Chain Finance (formerly Demica)

Nevertheless, it is notable that **"getting support for complex models or reports" and "mitigating operational and regulatory risk" both increased in their importance** to banks facing challenges in setting up securitization transactions compared to the previous year. This reflects the fact that reporting is integral to securitization transactions (both for regulatory and internal purposes), as such reports provide timely measurements of performance, as well as supporting the necessary compliance and risk oversight required by banks funding such transactions.

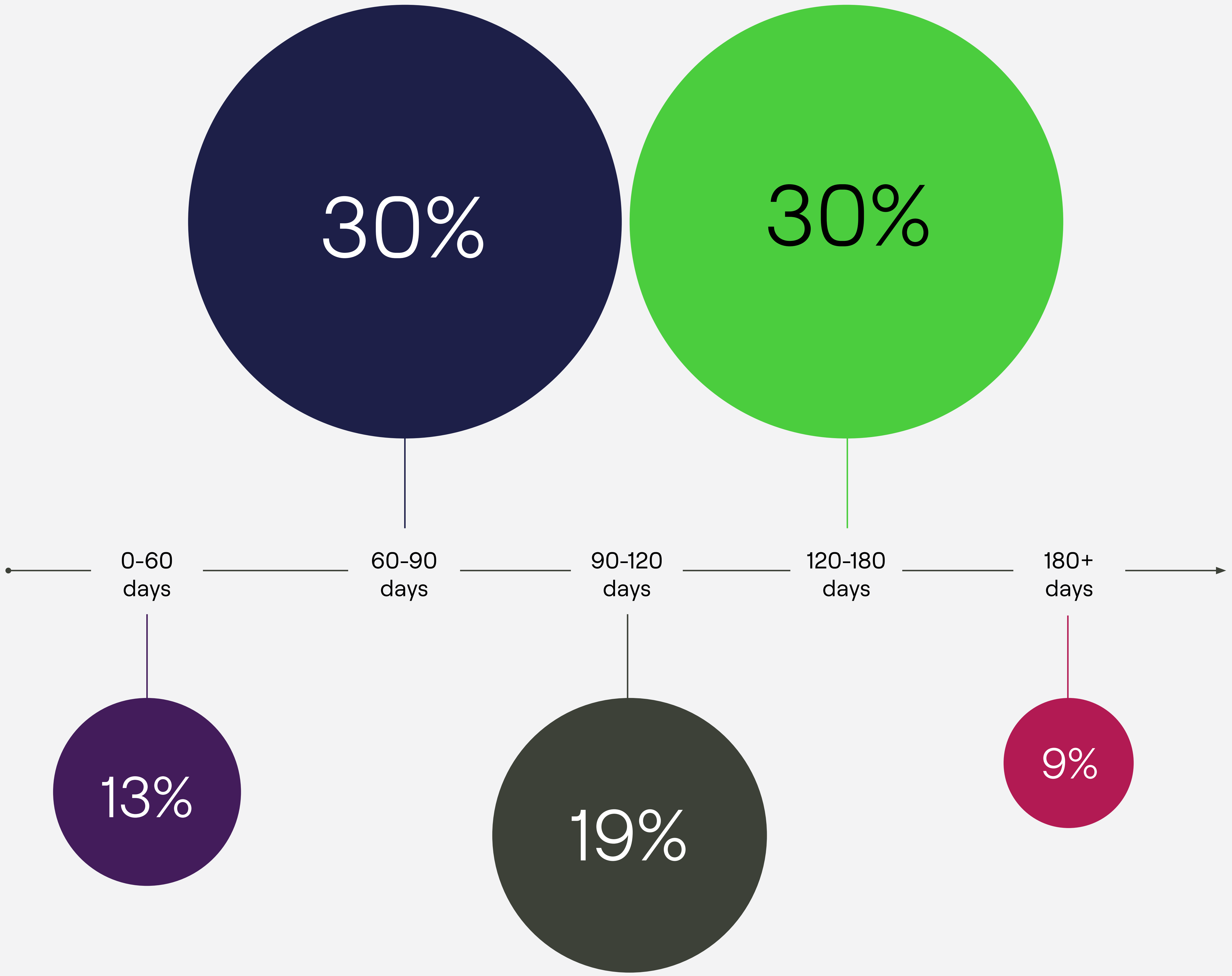
With an evolving regulatory landscape impacting securitization reporting (as demonstrated by the emerging divergence between UK and EU securitization regulations), reporting services continue to become even more important to satisfy the various counterparties' regulatory requirements for such transactions.

Trade receivables securitization transactions are often tailored to a sector or an individual business. Such customization often requires processing additional data to provide higher levels of insight and performance metrics that go beyond those required for standard modeling and advance rate calculations. **While the complexity of additional reporting raises concerns for some banks, independent specialist providers can help ease the burden**. This may be why, despite the rising complexity, the number of banks citing "accessing detailed transaction reporting" as a challenge has dropped by over 10% in the last year.

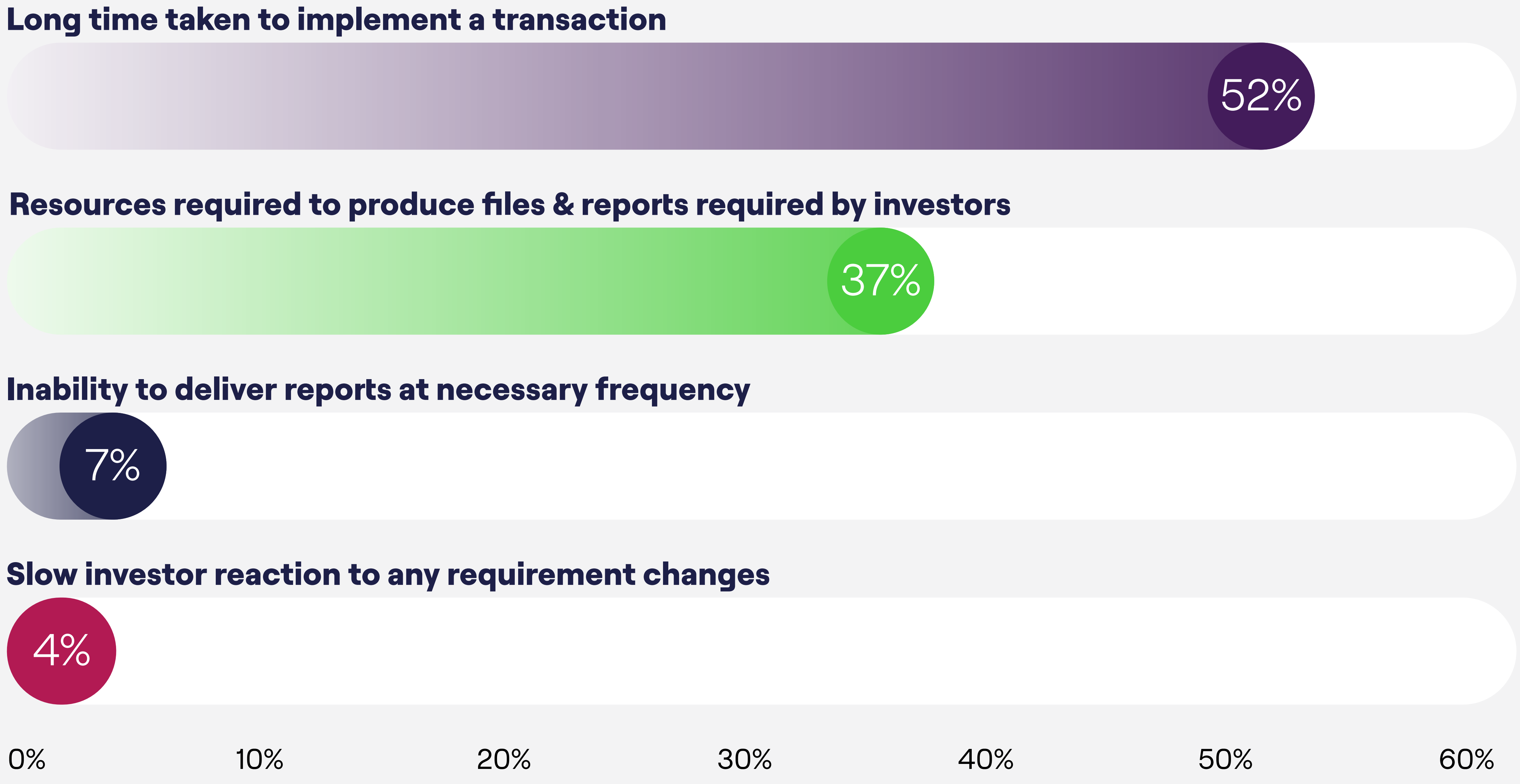
What is the top challenge that banks face when setting up securitization transactions?



How long, on average, does it take from term sheet acceptance to funding?



What is the top challenge that your corporate clients face when setting up securitization transactions?



Leveraging technology to ease the burden

Corporate clients also bear the burden of transaction reporting, and **our respondents ranked the "long time taken to implement a transaction" and the "resources required to produce files and reports required by investors" as the two biggest challenges their corporate clients face**.

From a corporate perspective, a critical success factor is ensuring suitable preparation for a transaction. This often requires review of data and legal documents, as well as resource planning.

Once again, specialist advisors can help by providing early feasibility assessments to improve preparation and set the groundwork for better execution and implementation of the transaction.

Technology is clearly having a transformational effect, and this is reflected in the number of respondent banks that cited "inability to deliver reports at necessary frequency" as a challenge, which fell from 12% to just 7% of banks. Given that the general trend is for increasing the frequency of reports to support the liquidity offered by securitization transactions, the likely driver of this improvement is the use of third-party reporting service providers.

05

Technology and security

Technology and security

Significant platform modernization in the last five years

Maturing technology is a theme that underpins the insights from this year's benchmark survey, and it has evidently been a priority for our respondent banks: **Nearly 60% of those surveyed said that they had implemented their current trade finance platform within the last five years, compared with just 43% saying the same last year**. This represents a significant level of modernization of trade technology.

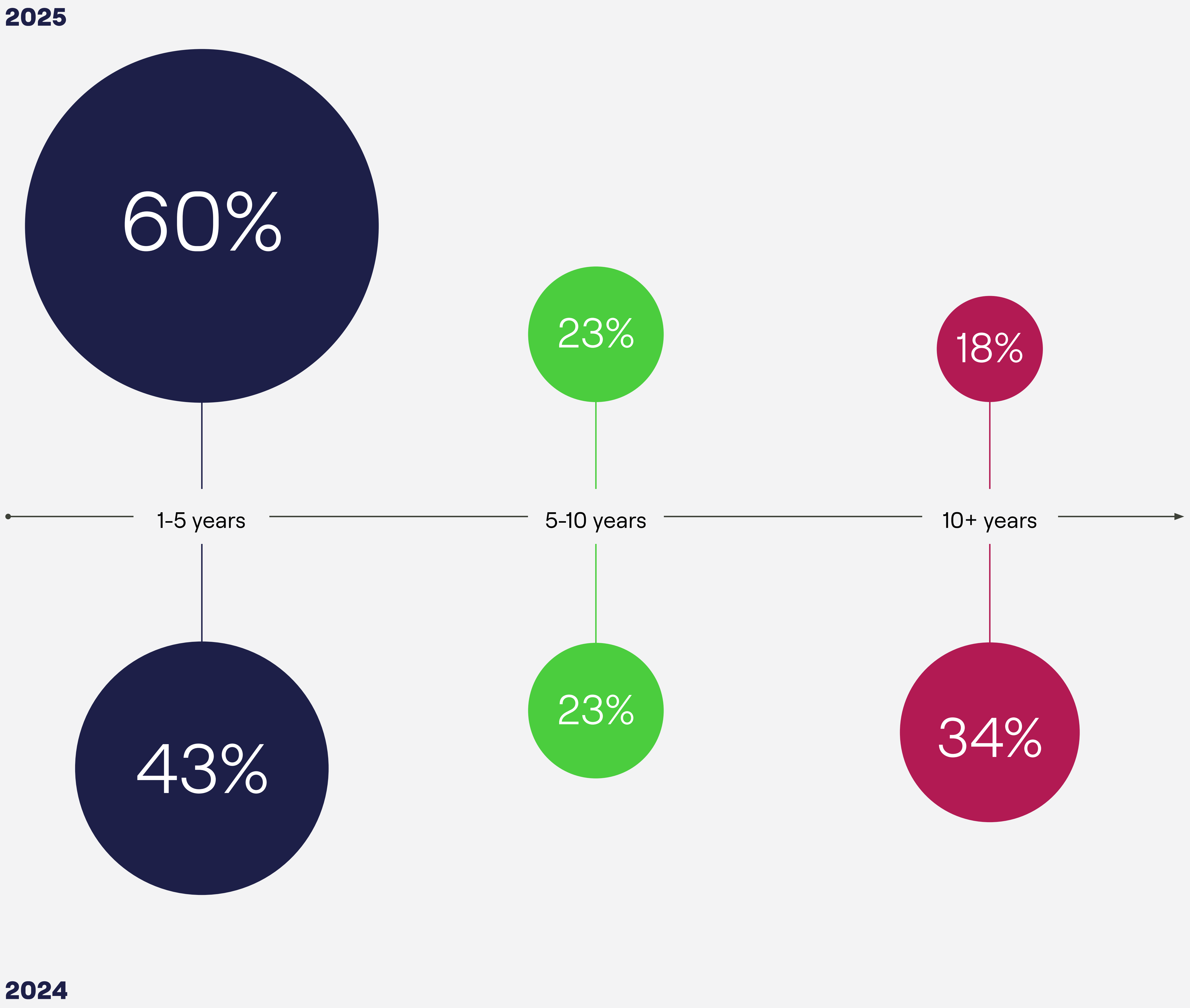
Nevertheless, there is still a long way to go, with more than 40% of participants implementing systems over five years ago (27% between five and 10 years ago, and 15% more than 10 years ago). With the pace of change and the rapid development of artificial intelligence (AI), **there is a recognition that this heightened level of technology investment may be the new normal**. This is evident from the fact that nearly 60% of banks expect to replace their current trade platforms in the next five years, a statistic that has been consistent year on year, demonstrating a consistent market focus on modernization and updating technology.

> "While last year's report showed that some banks expected to reduce their technology spending, the reality has been sustained or increasing budgets for most."

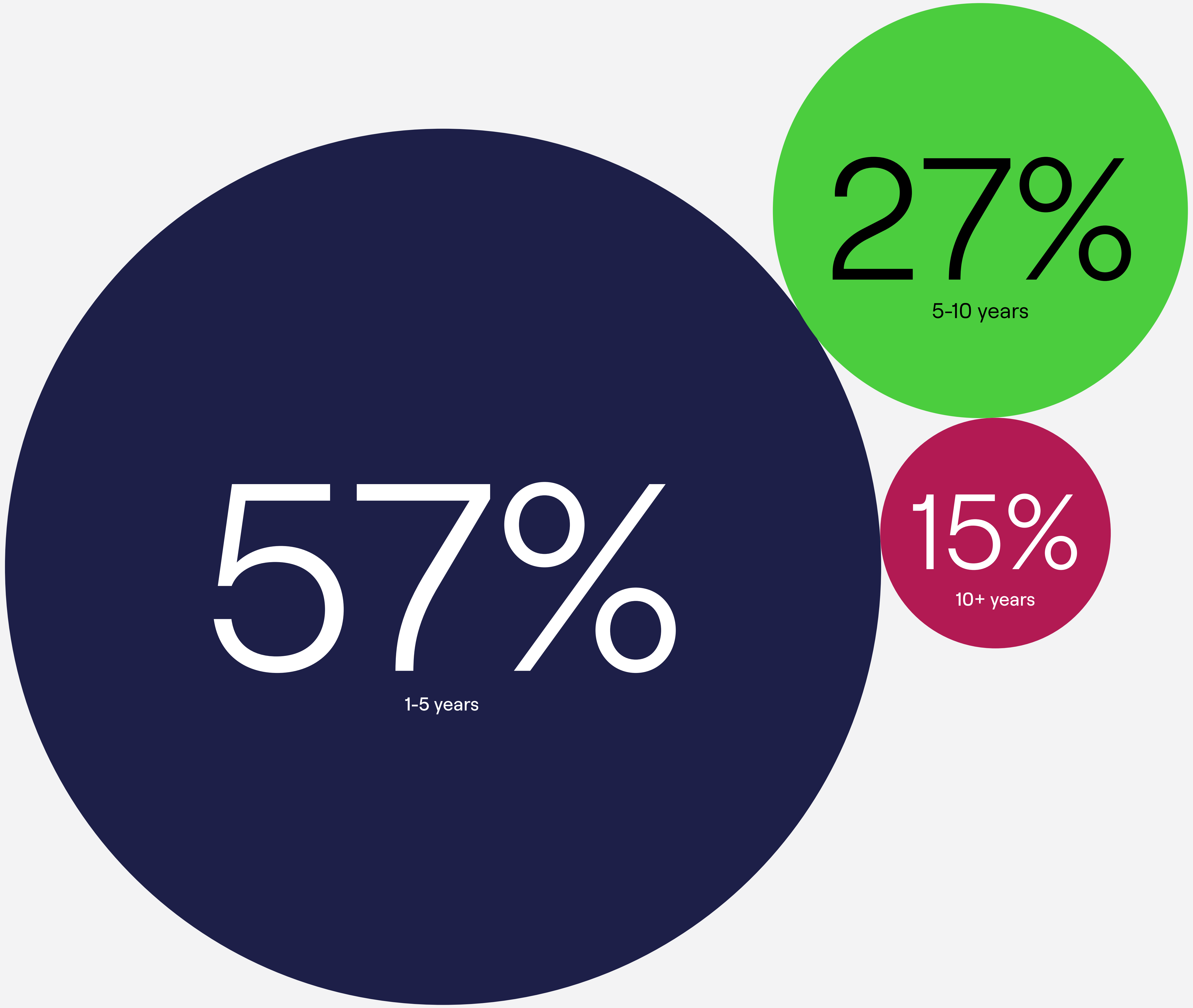
Kishore Patel
CTO, FIS Supply Chain Finance (formerly Demica)

David Scholefield
Chief Information Security Officer, FIS Supply Chain Finance (formerly Demica)

How long ago did you implement your current trade finance technology platform?



When do you expect to replace your current trade finance technology platform?



Ongoing investment shifting focus to in-house development

Technology budgets also reflect the ongoing expectation of platform investment. **While last year's report showed that some banks expected to reduce their technology spending, the reality has been sustained or increasing budgets for most**. Budgets appear to have stabilized this year, with 50% of banks saying spending remained the same. Nevertheless, momentum remains strong, with a **huge 55% of banks expecting to increase budgets next year, up from just 40% expecting an increase in budget last year**.

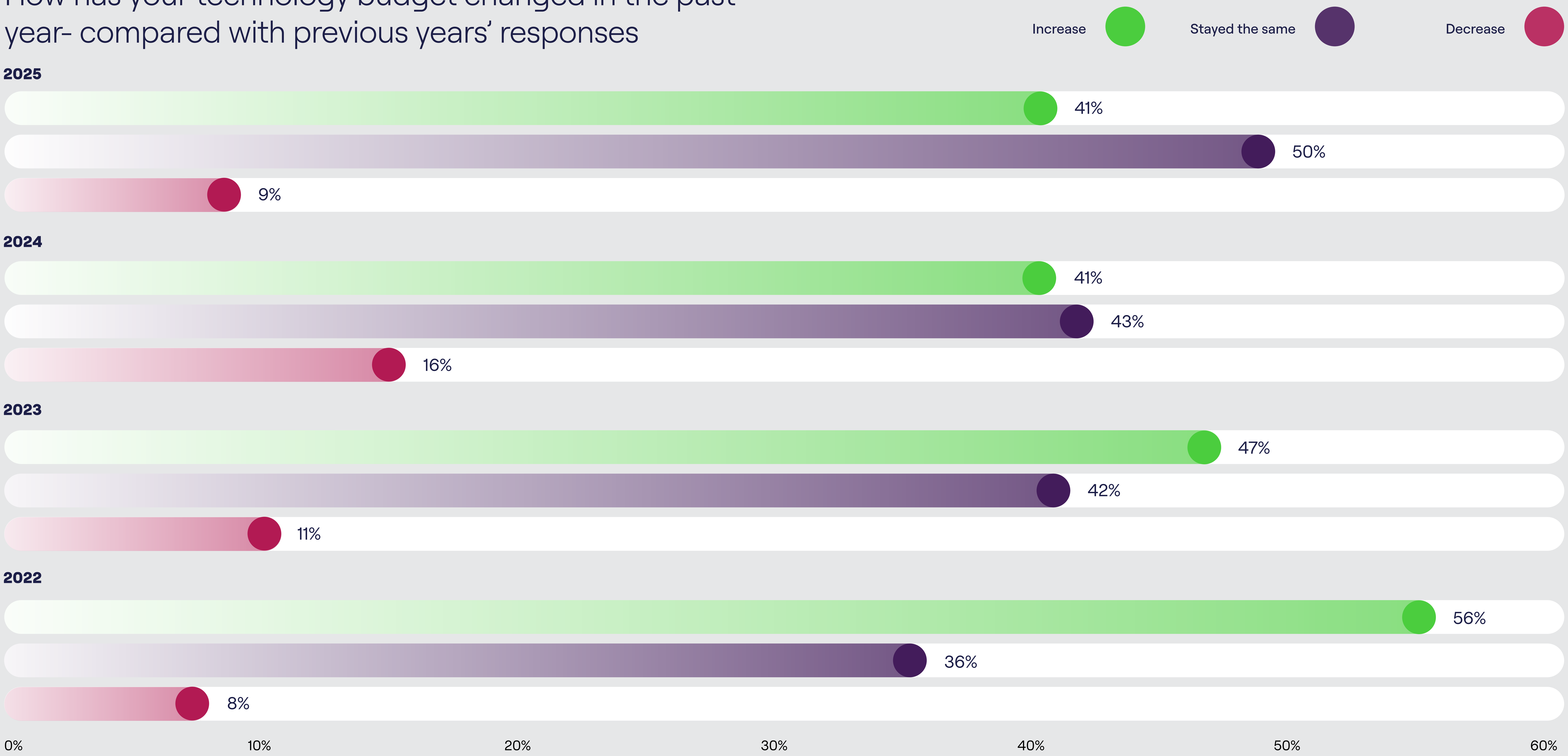
Where all this technology spending is being directed is shifting. **A consolidation of technology platforms appears to be occurring, as the number of banks saying they use multiple platforms dropped significantly from 41% to just 21%**. This focus on control is also driving more in-house development, with a three-fold increase in those using a single in-house platform, compared with just a marginal increase in those using a single third-party platform.

For the first time in three years, **investment focus for the year ahead is weighted to in-house development**, although the split remains relatively even at 52% compared to 48% favoring third parties.

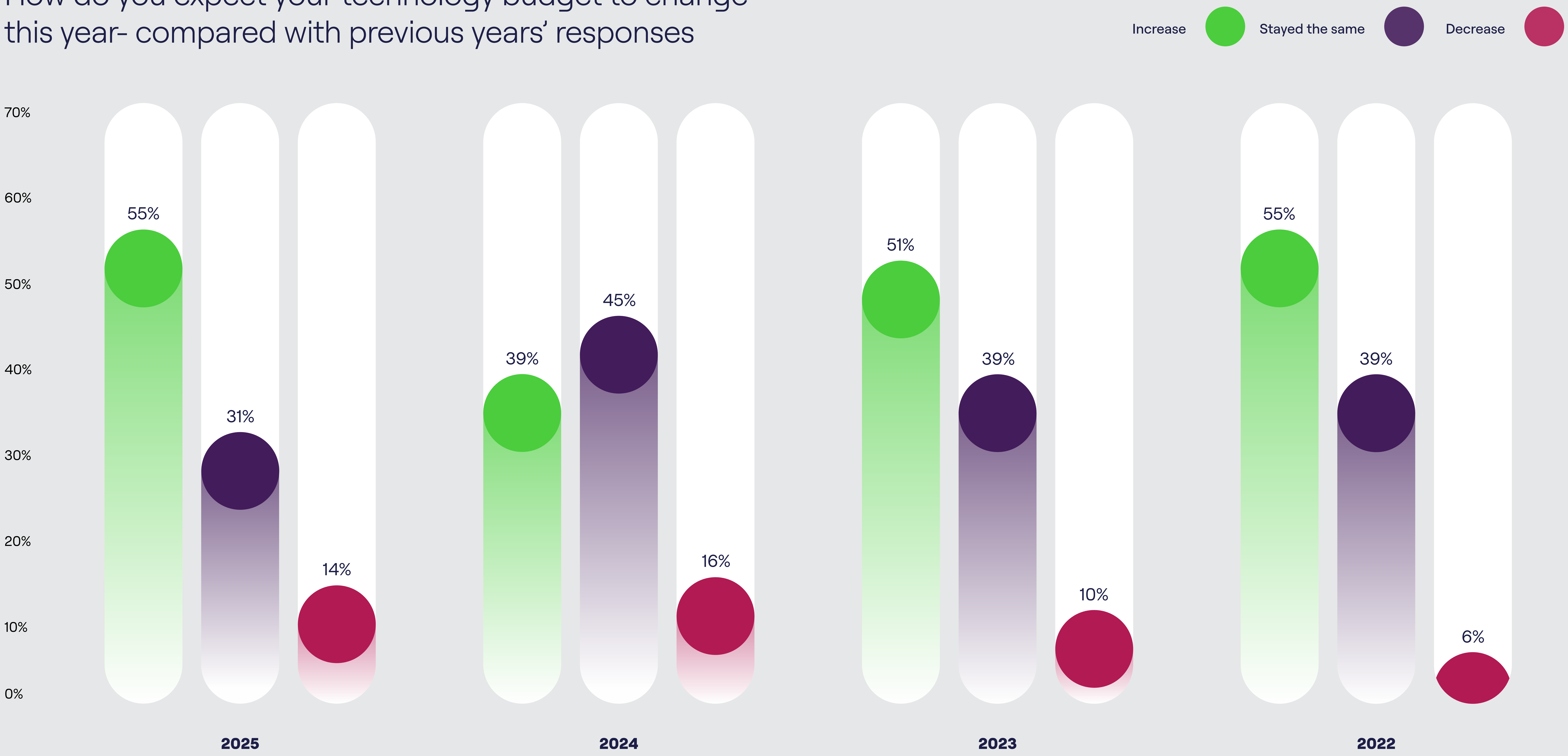
Although IT budgets remain steady, 62% of banks cite budget constraints as a key reason for shifting focus to in-house development over third-party investments. **At first glance, this seems counterintuitive. However, participants identified "time to implement" and "integration into legacy systems" as key challenges**. This last point is likely a core driver, as the cost and risk of complex or failed integrations can quickly escalate, especially with increasing regulations and the importance of information security.

Nearly 60% of those surveyed said that they had implemented their current trade finance platform within the last five years, compared with just 43% saying the same last year.

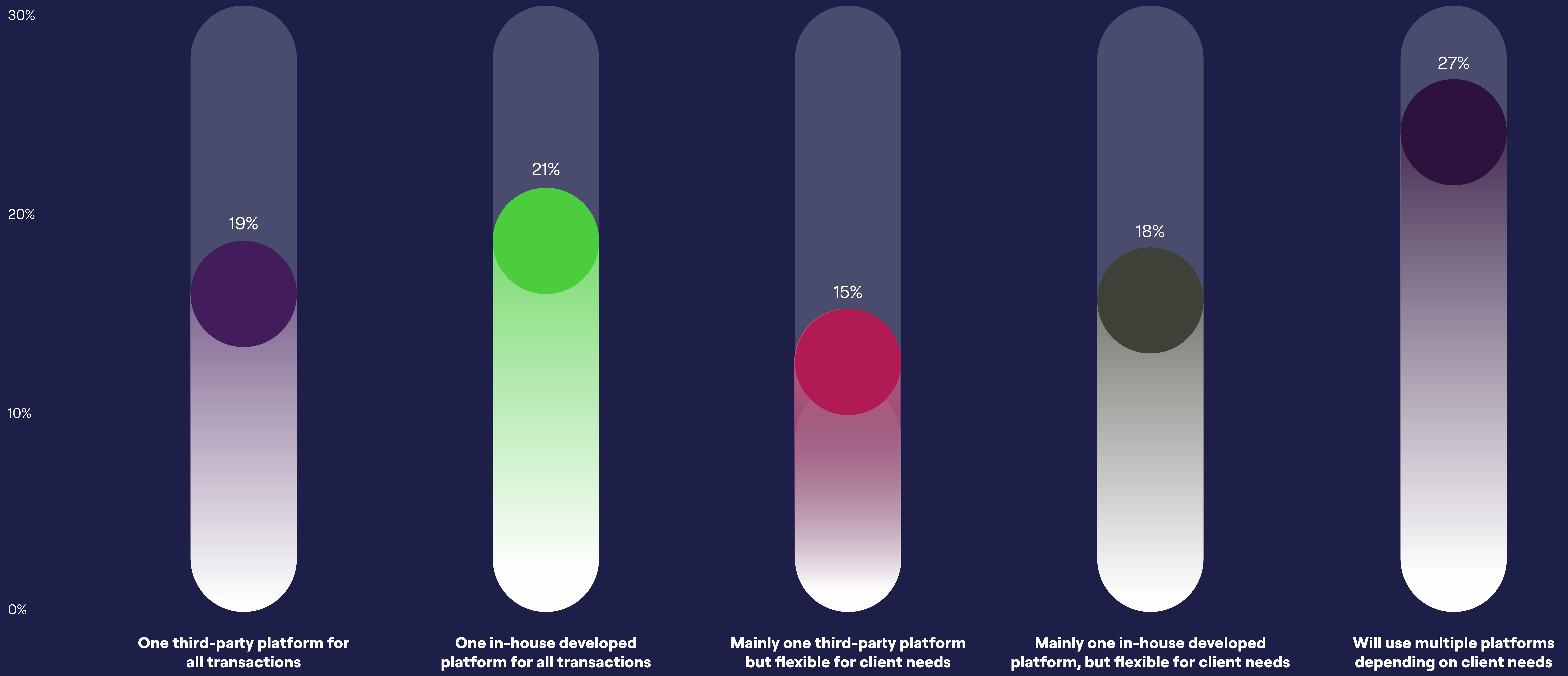
How has your technology budget changed in the past year- compared with previous years' responses



How do you expect your technology budget to change this year- compared with previous years' responses

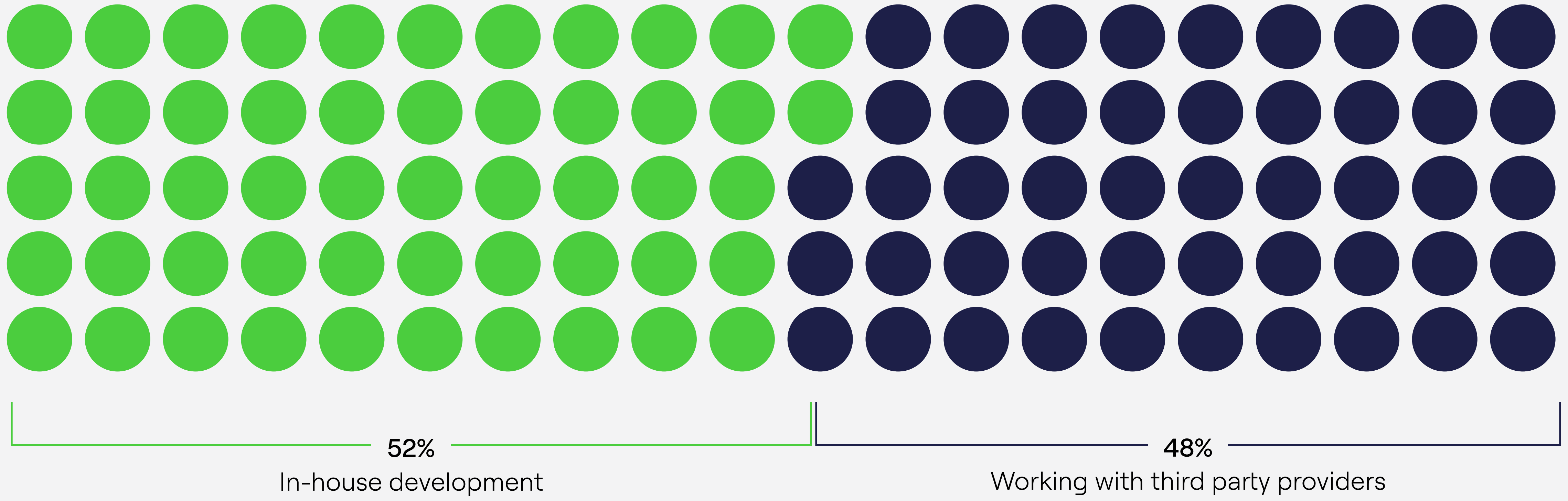


Does your bank use a third-party trade finance platform/service?

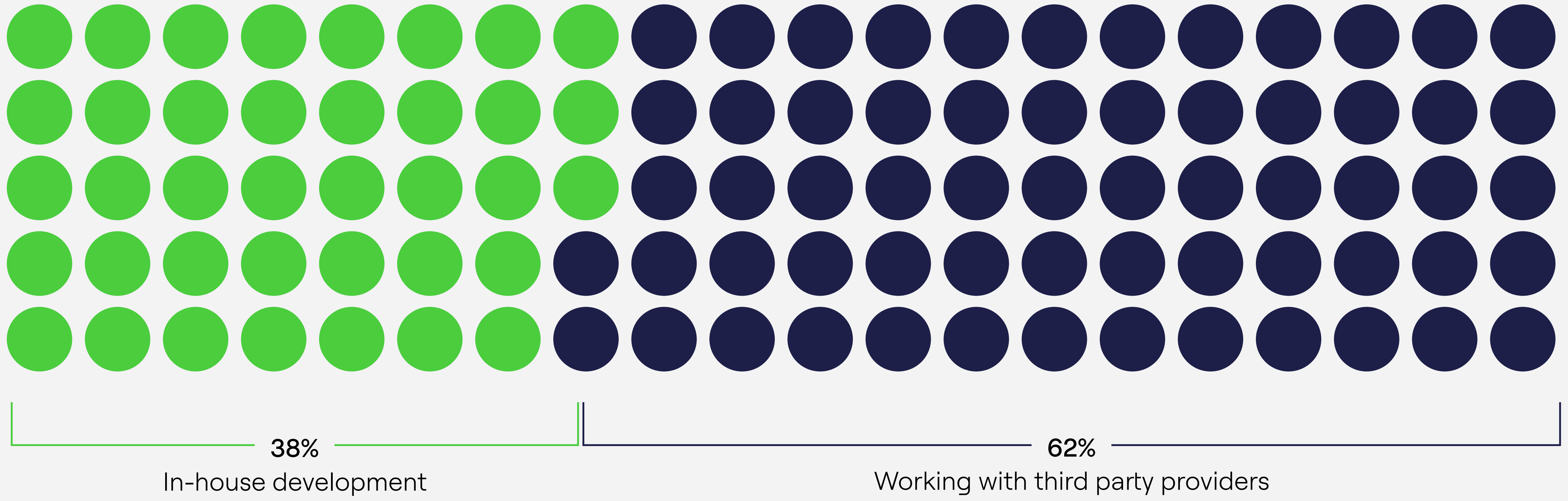


Where is your investment focus/priority?

2025

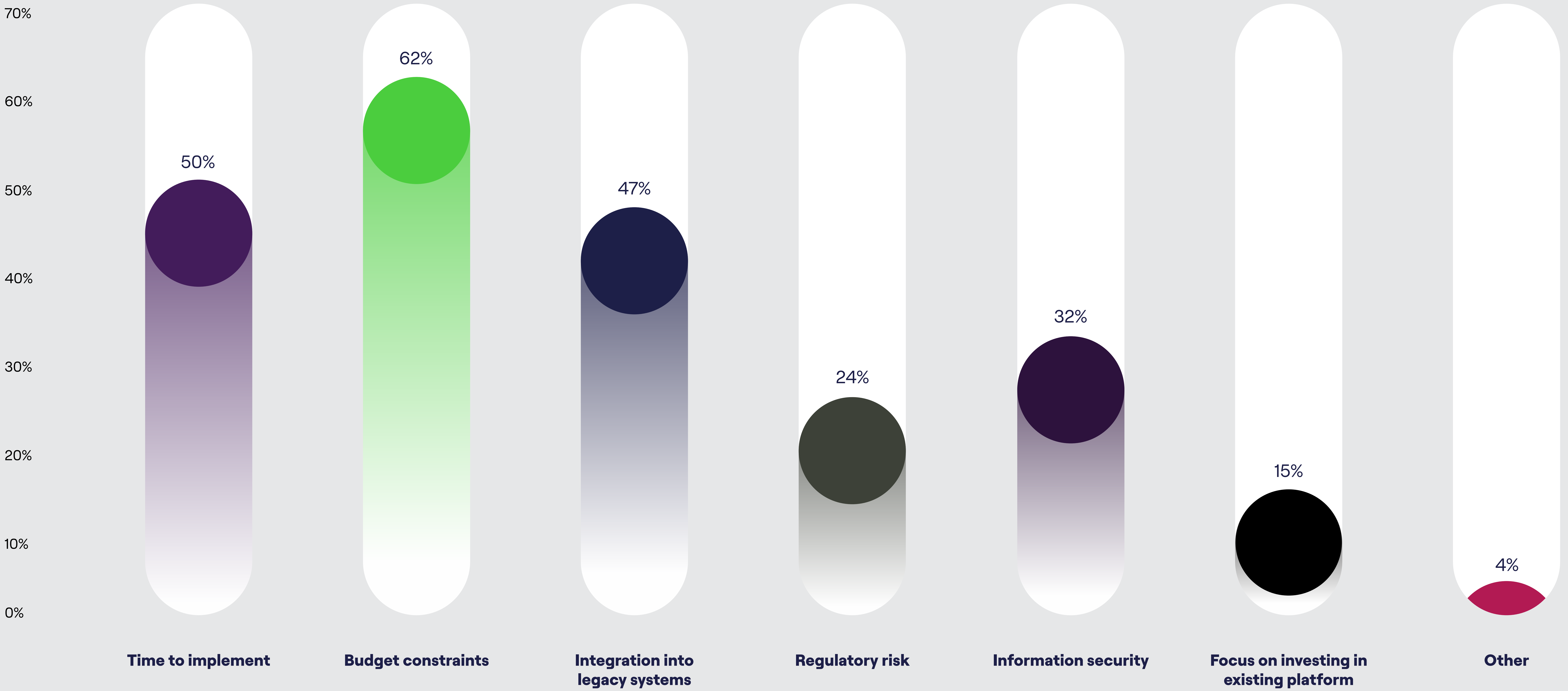


2024



This focus on control is also driving more in-house development, with a three-fold increase in those using a single in-house platform.

What are your barriers to tech investment in third parties?



Respondents could select multiple options, so the total may exceed 100%.

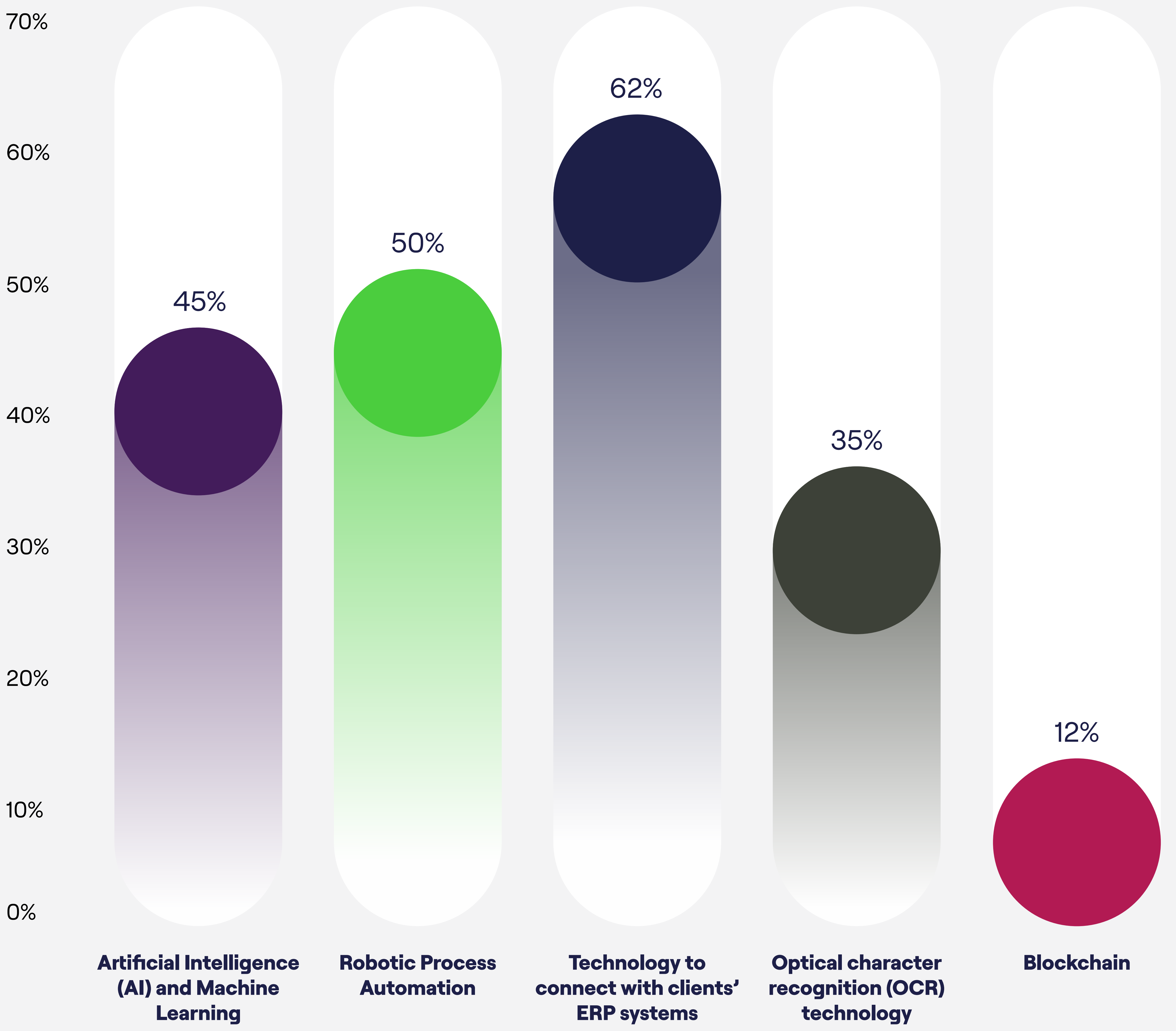
Balancing cost-efficiency with product innovation

Clearly a lot of work lies ahead. **The use of artificial intelligence (AI) and machine learning in trade platforms has jumped over 10%**, with nearly half of all banks saying they use this technology with live client transactions.

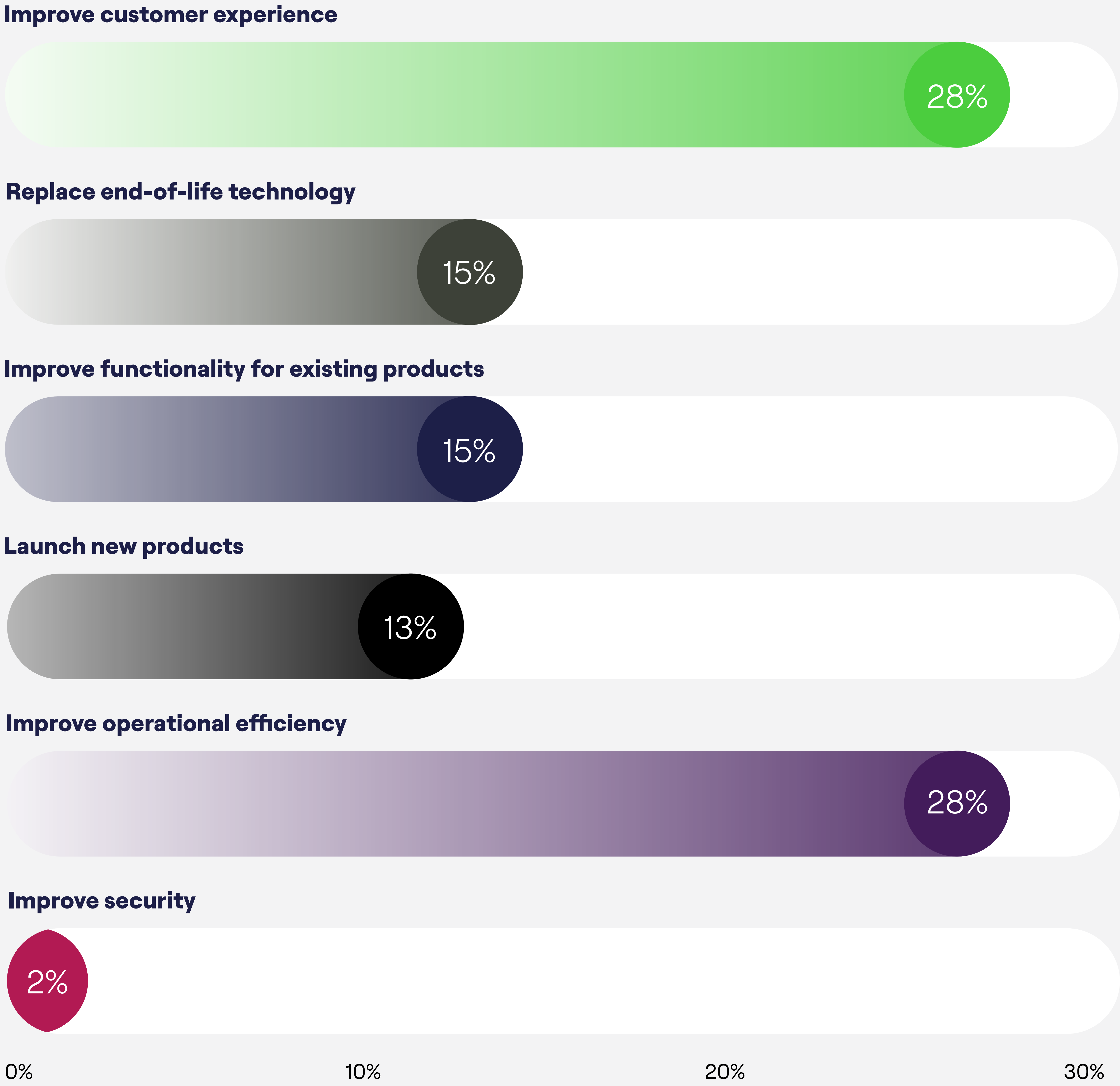
Improving customer experience and operational efficiency are also top priorities for the year ahead, twice as important as launching new products or improving products. Yet, the inherent challenge with these emerging trends is that trade providers must balance the need for scale and cost efficiency with the ability to sustain product innovation.

The top challenge for technology teams was highlighted as "keeping pace with new products on the market." This matches well with the fact that most respondents reported that they are focusing on introducing new product lines, which can be resource-intensive. The second most significant challenge technology teams are facing is scalability and reliability, highlighting the need for platforms to grow with their product offerings and customer bases. Given the success of fintechs in this area, it seems there will be a fine balance between third-party and in-house development in the future.

Are you using any of the below for live client transactions?

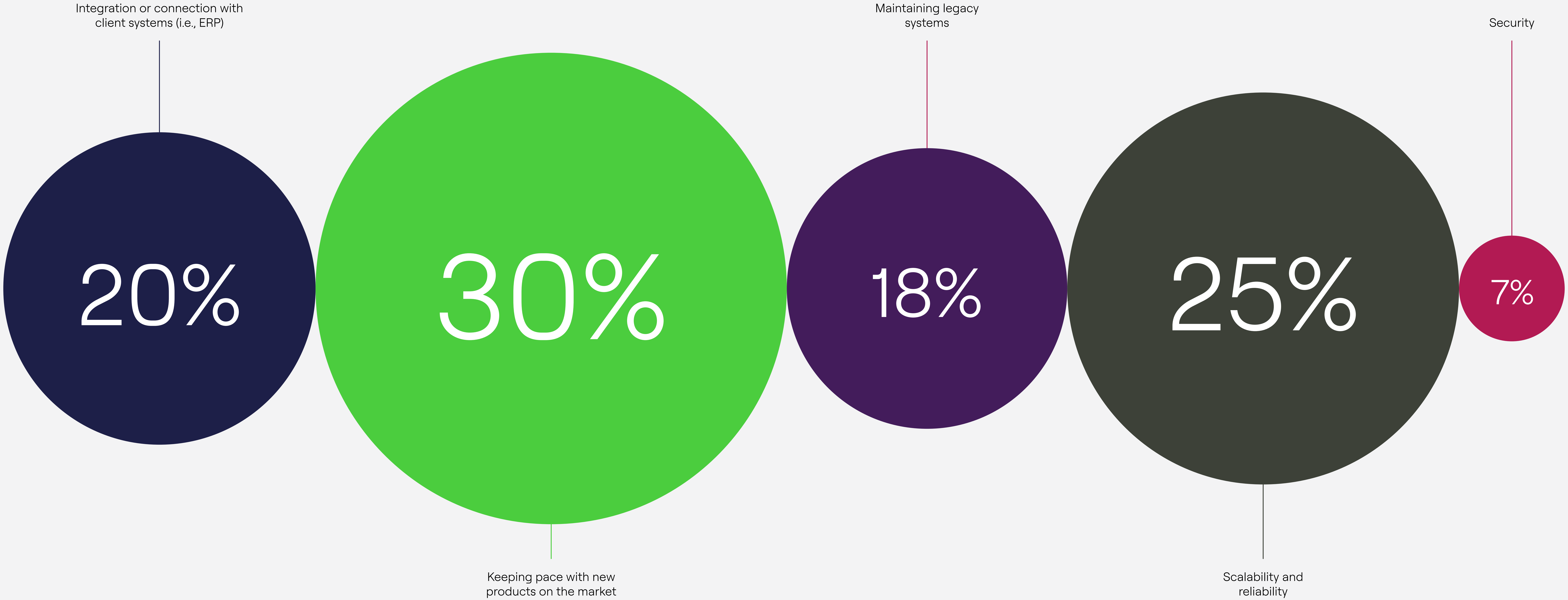


What is your main priority for your trade finance platform?



Respondents could select multiple options, so the total may exceed 100%.

What is the top challenge for your technology teams?



06

ESG

ESG

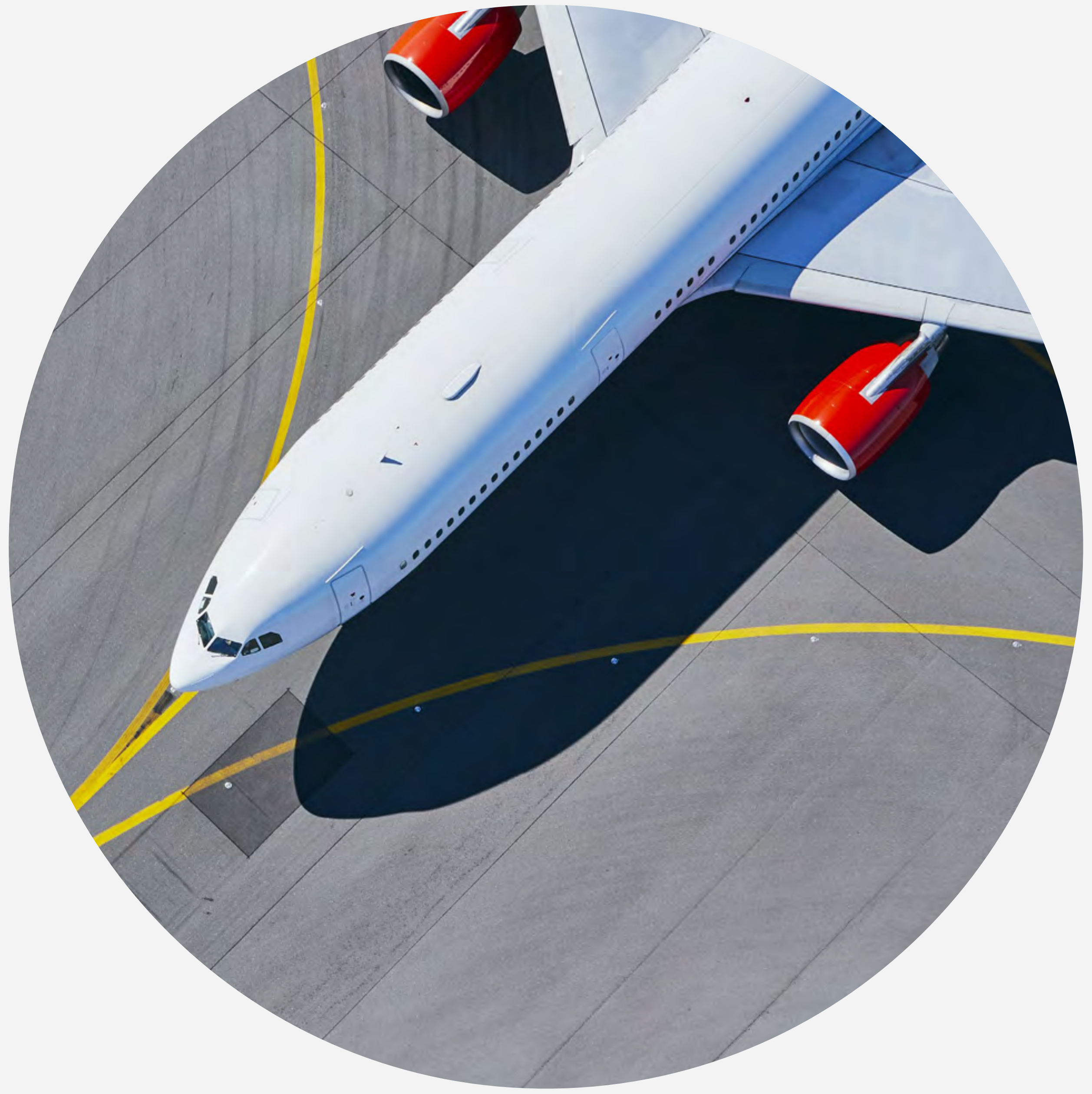
Bracing for headwinds

Incorporating environmental, social and governance (ESG) principles and metrics into supply chain finance, from bonds to payables finance, has been a priority for banks for some time now. The key themes, challenges and opportunities have been discussed and reported on at length, so **the results from our survey this year paint an interesting picture of shifting attitudes and perhaps an indication that the approach banks are taking to sustainable finance is maturing**.

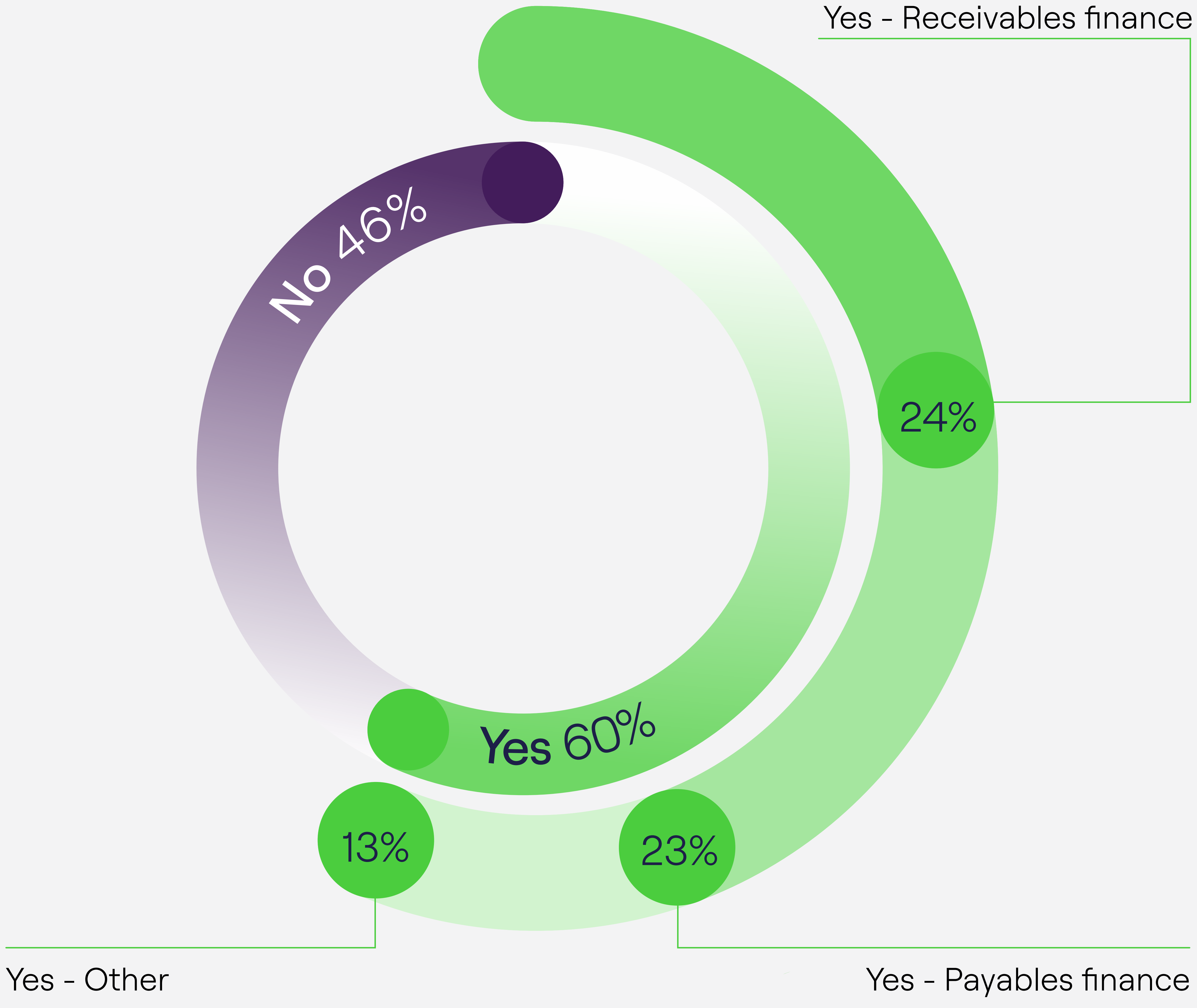
For another year, more than half of respondents reported being involved in an ESG transaction; however, the number has fallen from nearly 62% to just under 54%, which is a reversal of the growth trend we have previously seen. **The reversal is further confirmed by the fact that the number of banks saying that they will significantly prioritize ESG in the next 12 months fell from 35% last year to 30% this year**.

> Skepticism is growing among many financial operators about the balance of priorities and effectiveness of current approaches to sustainable finance … while ESG remains a priority, the approach is no longer black and white."

Francois Terrade
Global Head of Structuring,
FIS Supply Chain Finance (formerly Demica)



Have you personally been involved in any ESG-focused transactions?



Respondents could select multiple options, so the total may exceed 100%.

In the last year or two, sustained high interest rates have reduced the attractiveness of payables finance, which is a primary driver of ESG transactions

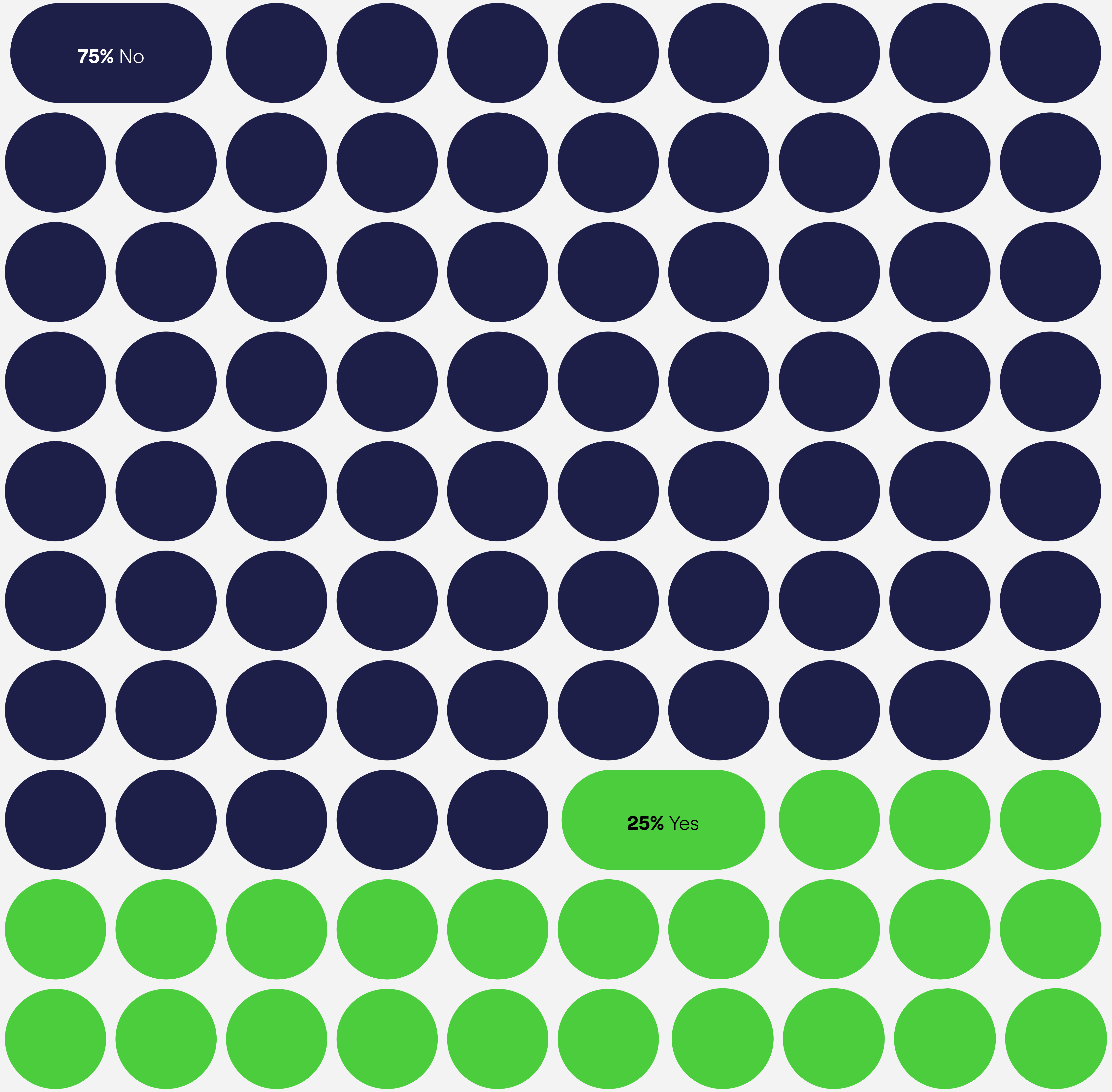
Growing barriers to broader use of ESG ratings

This change has several potential drivers. **In the last year or two, sustained high interest rates have reduced the attractiveness of payables finance, which is a primary driver of ESG transactions**. Activity has fallen, though this seems to be changing based on respondents identifying payables as the product with the most growth potential going forward.

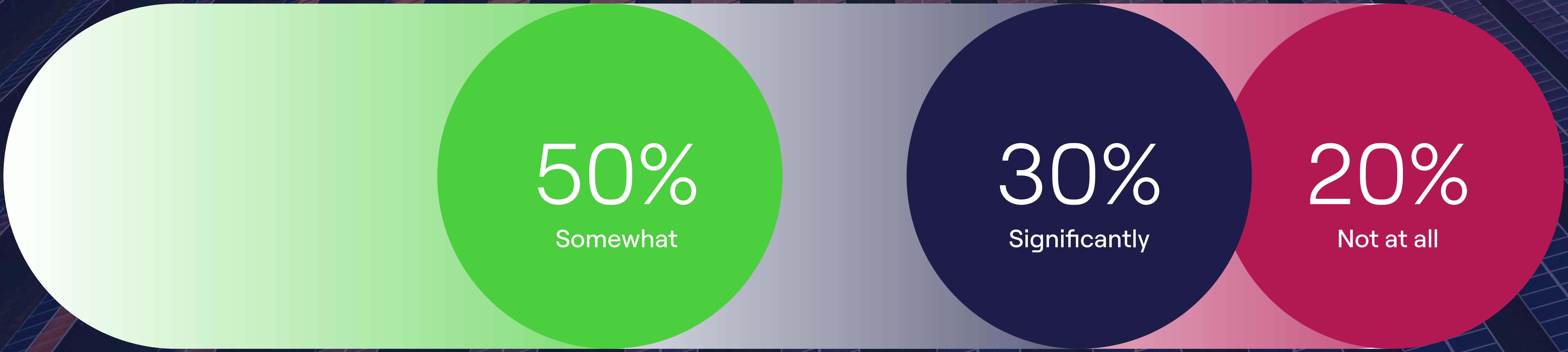
Skepticism is growing among many financial operators about the balance of priorities and effectiveness of current approaches to sustainable finance. This is reflected in the fact that ESG ratings services have been used by only a quarter of our survey respondents, with Ecovadis and MSCI remaining the top providers used by survey respondents.

In practice, different sustainability regulations can result in a complex operating environment. For instance, the European Green Bond regulation, which focuses on the use of proceeds from finance rather than on assets or supplier criteria, will continue to limit the broader adoption of ESG corporate ratings, as supplier finance programs that incorporate these ratings may require substantial adjustments to operational processes. The approach to ESG clearly varies by country. In the U.S. there is a growing focus on ESG, with two-thirds of U.S. banks[1] indicating they expect increased interest in ESG in the coming year. The impact of the new U.S. administration on this trend remains to be seen. However, companies and financial institutions are recognizing that sustainability monitoring is an important aspect of effective risk management, particularly as climate-related risks – such as the recent California fires – continue to disrupt supply chains.

Have you used ESG ratings services (e.g. MSCI, EcoVadis, Coriolis) actively when evaluating a transaction?



How much does your department expect to prioritize ESG in the next 12 months?

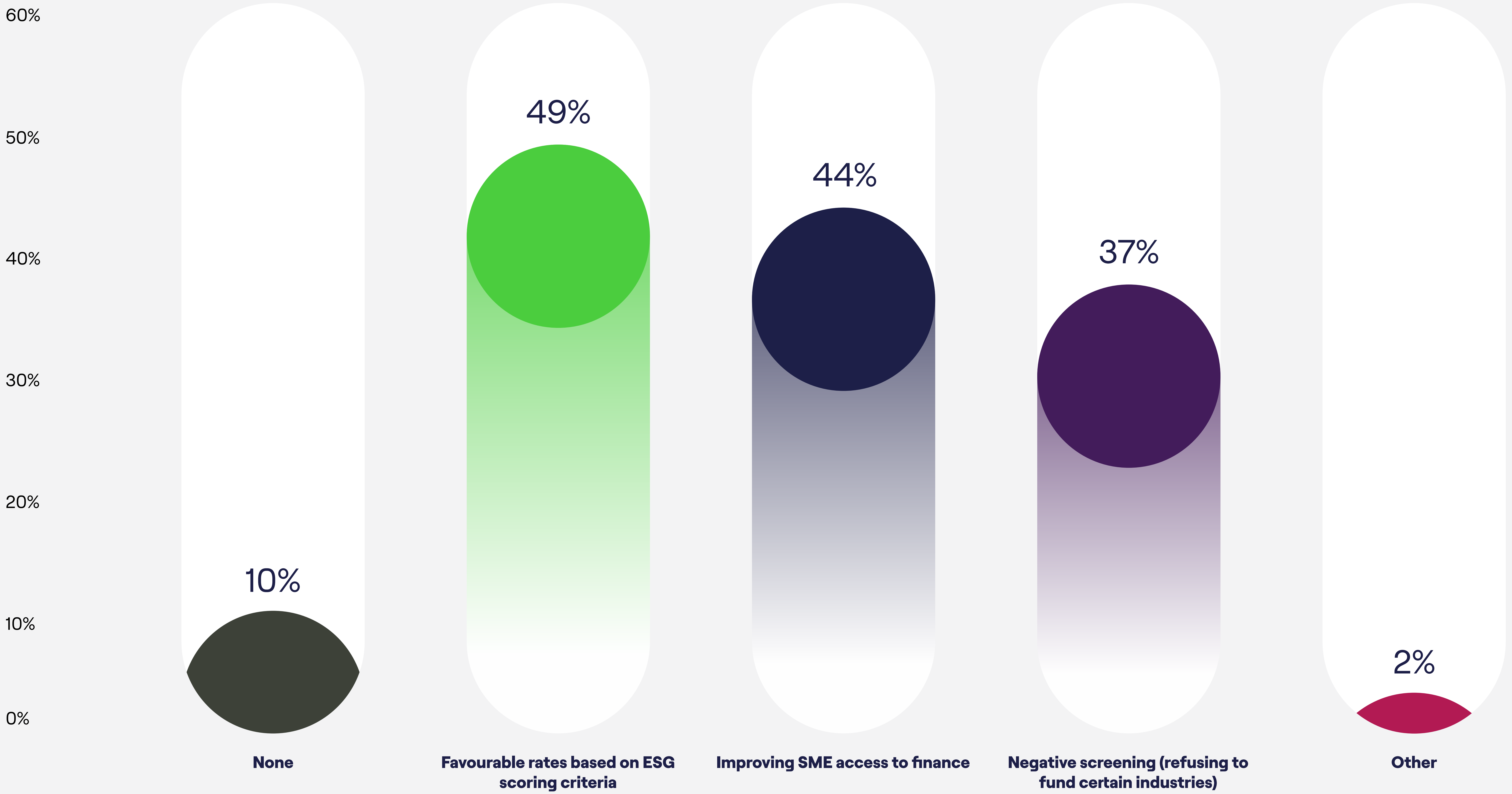


Rebalancing to a more mature approach

All of this points to a shift in focus and a maturing approach to sustainable finance. In trade and supply chain finance, early programs have applied ESG criteria to improve funding costs and encourage sustainable business practices through these interest rates. Last year this was the driver for nearly 60% of banks who participated in our survey. **This year's benchmark report indicates a significant jump in the number of banks using ESG finance ratings and criteria primarily to improve access to finance for small to medium-sized enterprises (SMEs)**. This shift highlights the growing importance of supply chain resilience and a more strategic approach to payables finance and sustainability, aiming to strengthen suppliers and supply chains rather than purely improving financial costs.

More broadly, there appears to be a shift in how banks are handling sectors impacted by sustainability and climate change objectives. **For the first time since 2022, more banks are greater risk tolerance for sectors that are not considered "ESG-friendly" than are reducing it**. In fact, the number of respondents increasing their lending to these traditional sectors jumped more than 8% in the last year, accounting for nearly a quarter of all banks. Clearly, while ESG remains a priority, the approach is now more nuanced.

Which areas is your bank focusing on to drive ESG in trade finance transactions?



Respondents could select multiple options, so the total may exceed 100%.

EXTERNAL COMMENTARY

ESG

The survey results confirm the growing complexity of the business environment, with a wide range of influencing factors now at play. Many of the more accessible challenges within supply chains have already been addressed, leaving the more difficult and less accessible segments out of reach for numerous organizations. **Furthermore, sustainability has become a lower priority for some businesses as focus shifts toward addressing persistent inflation and rising interest rates**. Slower economic growth, coupled with geopolitical instability, has intensified pressure on counterparty credit, straining balance sheets and increasing the importance of resilience.

Market sentiment is generally moving away from ESG, and this will test the commitment of companies that currently prioritize sustainability at a strategic level. Concerns around greenwashing remain a key issue in the boardroom and can result in "greenhushing" – here organizations continue sustainability efforts but limit public disclosures.

Counterbalancing these challenges is the rising demand for transparency and disclosure. Regulatory frameworks, such as the European Union's Corporate Sustainability Reporting Directive (CSRD), are mandating a growing number of companies to report on their Scope 3 greenhouse gas emissions. This requirement will drive greater transparency across supply chains, facilitating the integration of suppliers into sustainable supply chain initiatives in ways that were previously difficult to achieve.

Banks remain receptive to supporting sustainable financing programs. They still face pressure from shareholders and regulators to increase their lending in this sector, further encouraging businesses to explore sustainability-linked financial opportunities.

So, we are at an interesting inflexion point. **Sustainability has not gone away, and while the terminology around sustainability may evolve, the fundamental focus on long-term resilience and responsible business practices will persist**. Although progress may be slower, this reflects the need for investment in skills development and infrastructure. Building resilient supply chains capable of withstanding market disruptions and liquidity constraints, alongside increasing reporting requirements and diversifying funding sources, will ensure that sustainability remains a vital consideration for corporate treasurers.

Naresh Aggarwal
Associate Director Policy & Technical at ACT, the Association of Corporate Treasurers

Conclusion

I would like to personally thank you for taking the time to read our fourth annual benchmark report for banks in trade finance.

The year 2025 looks to be an interesting one here at FIS (formerly Demica). Our name may be changing, but our purpose remains the same: to transform the supply chain finance market to make transacting easier for all parties. With our new owners in FIS, we will be able to invest more than ever before in our platform and technology, and the timing couldn't be better.

The supply chain finance industry is experiencing a moment of positive momentum. In general, **we see a stable and strengthening market buoyed by inflation, positive economic conditions and changing interest rates**. This is consistent with what we hear directly from the bank leaders we speak with on a daily basis.

The importance of Europe as a key market appears to be decreasing, though that could be due to the fact that there is a much higher proportion of responses from the U.S., and we've seen responses from more varied countries than we normally see.

While the rest of the world has shifted focus back to payables finance, the U.S. and Canada are still expecting the most growth potential from receivables finance. This differing approach is in line with what we have seen on the corporate side as well, with a higher demand for receivables finance in the U.S. and Canada, likely due to higher interest rates.

Significant concern about the risk posed by geopolitical conflicts and shifting governmental priorities remains. **Suggested tariff implementations and changes are looming over the global banking industry, though the actual impact is yet to be seen and can't be accurately accounted for**. The best approach seems to be to "expect the unexpected," and the stability of global supply chains is likely to be severely disrupted if many of the tariffs promised by the U.S. come to pass.

Large, multinational corporates with diverse supply chains are best positioned to weather the storm, but suppliers in affected countries that rely on exporting to the U.S. are in a much more precarious position and will need support with liquidity.

To me, a key solution to volatility and unpredictability is an increased focus on digitalization and automation. **The more streamlined and automated processes can be, with more granular and rich data available, the more easily banks can respond to market changes and ensure the continued viability and profitability of supply chain finance programs**. When customers seek to diversify their suppliers and source more imports from countries less affected by tariffs, banks need to be able to handle multi-currency, multi-jurisdiction programs with ease.

My views are clearly shared by many, as **a key insight from this year's survey is the significant investment banks have made in trade finance technology over the last five years**. More investment will be needed to keep pace with technology and product innovation. **Concern persists about how best to manage budgets and the balance between in-house development and third-party platforms, but I believe there is a natural process in these two approaches that can deliver scalability and innovation**.

As 2025 progresses, we continue to ride the waves, and I'm excited to see how the market responds to the various pressures and opportunities presented to us.

I also want to thank our expert contributors to this report, whose insights are essential to its success. **Many thanks to Betül Kurtulus from FCI, Eric Li from Coalition Greenwich, Sean Edwards from ITFA and Naresh Aggarwal from ACT for their invaluable contributions**.

I trust you have found this year's benchmark report as insightful as I have, and should you have any questions, please do reach out to FIS.

Matt Wreford
CEO, FIS Supply Chain Finance (formerly Demica)

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses.

Our expertise comes from decades of experience helping financial institutions and businesses meet the needs of their customers by harnessing the power that results when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).

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Our technology powers the global economy across the money lifecycle.

Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

Money in motion

Unlock liquidity and flow of fundsby synchronizing transactions, payment systems, and financial networks without compromising speed or security.

Money at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

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