



Trade Finance: lessons from three WTO-IFC studies
(West Africa, Lower Mekong, Central America/Mexico).
Small firms/Large firms

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Our summary findings from West Africa, the Mekong and Central American regions

Small share of trade covered by trade finance

25% of goods trade in West Africa. **21%** of Viet Nam's trade. Less than **10%** in Mexico, Cambodia, Laos, Honduras.

Expensive Offerings

The average price of a letter of credit is around **2-5 %** of the value of the transaction in West Africa, Mekong, CAM-3. Lending rates are **15%** in Cambodia, Viet Nam, Mexico.

Dominated by **traditional** instruments

Supply chain facilities are embryonic in West Africa, supports only **1%** of trade in Vietnam and Mexico.

Increasing trade finance coverage and lowering costs to boost merchandise trade

8%
of trade

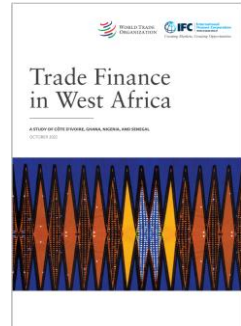
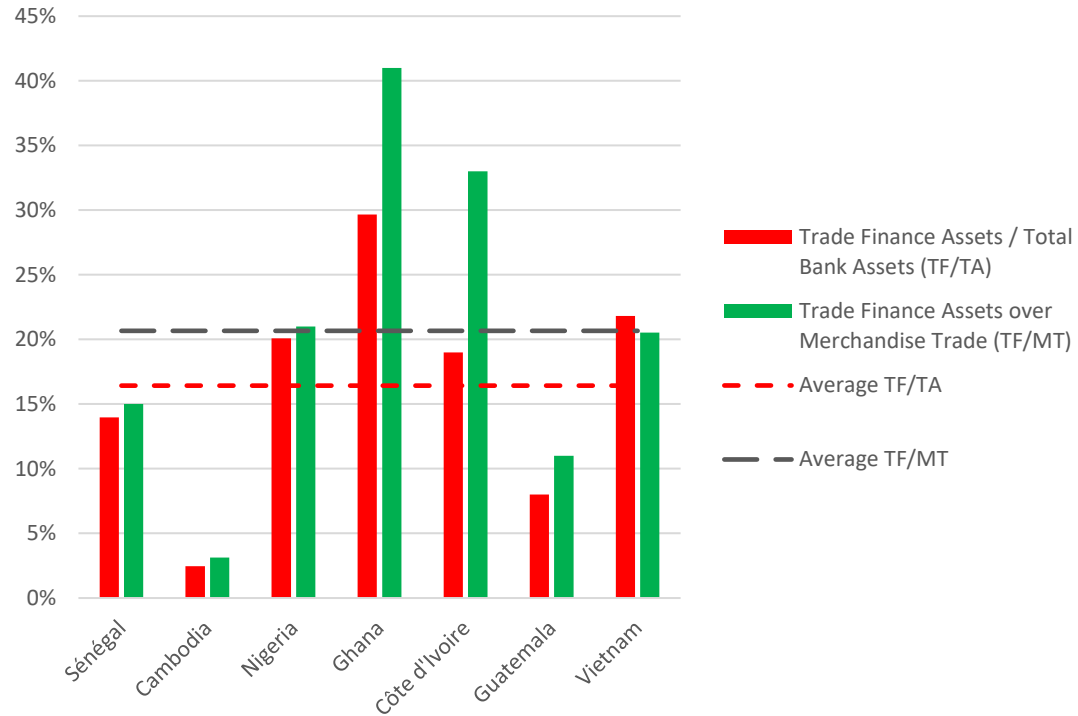
= in West Africa (\$13 billion); in CAM-3 (\$90 bn)

02/07/2026

5-9%
of trade

= nearly \$55 billion
in Viet Nam |
\$85 billion in Mexico

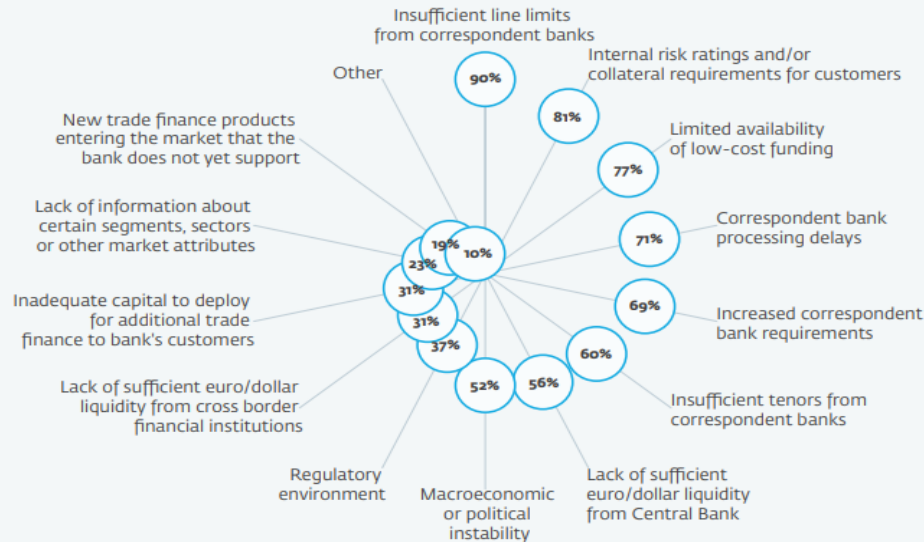
Trade finance, bank assets, and merchandise trade



Rejection Reasons

Insufficient Collateral and Credit Risk are the Top Causes of Rejection

Share of respondents mentioning the following reasons for denied trade finance applications



- Main reasons for rejection?
- On bank side: limited availability of long-term, low-cost funding, a lack of correspondent banking relationships, lack of collateral, weak bank familiarity with trade finance
- On firm side: overreliance on open-account financing reduces bank engagement, SME informality, lack of compliant requests

Mexico: Are traders sufficiently connected to banks?

- Only **one quarter** of trading firms receiving any type of loans from Mexican banks.

High concentration

- Three-quarters** of TSCF recorded in each country is supplied by the respective country's **top three** banks.
- The **top 100 firms** receiving short-term loans in 2023 accounted for almost **half** the total value of such loans.

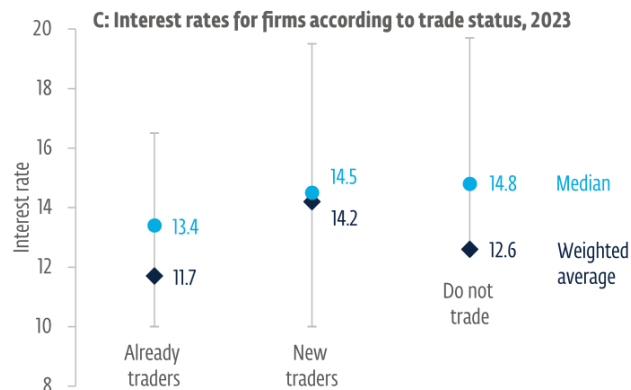
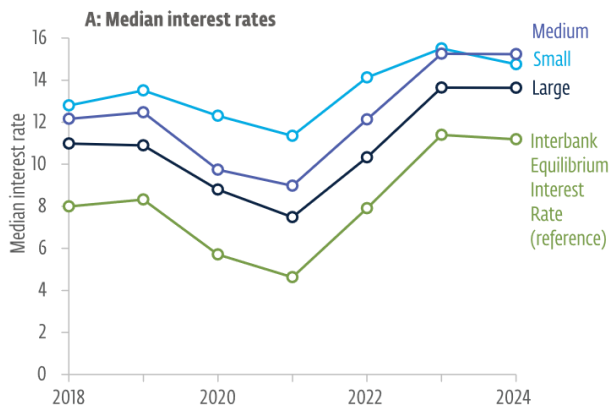
Share of firms receiving bank loans, 2023

	Traders		Non-traders	
	Total firms (%)	Received loans (%)	Total firms (%)	Received loans (%)
Large	19.4%	41.3%	2.1%	11.7%
Small, Medium	47.0%	30.8%	15.0%	18.2%
Microenterprises	33.6%	7.7%	82.8%	1.2%
Total, all sizes	100.0%	25.1%	100.0%	3.9%
Number of firms	60,040	15,065	2,400,962	94,729

Source: CNBV

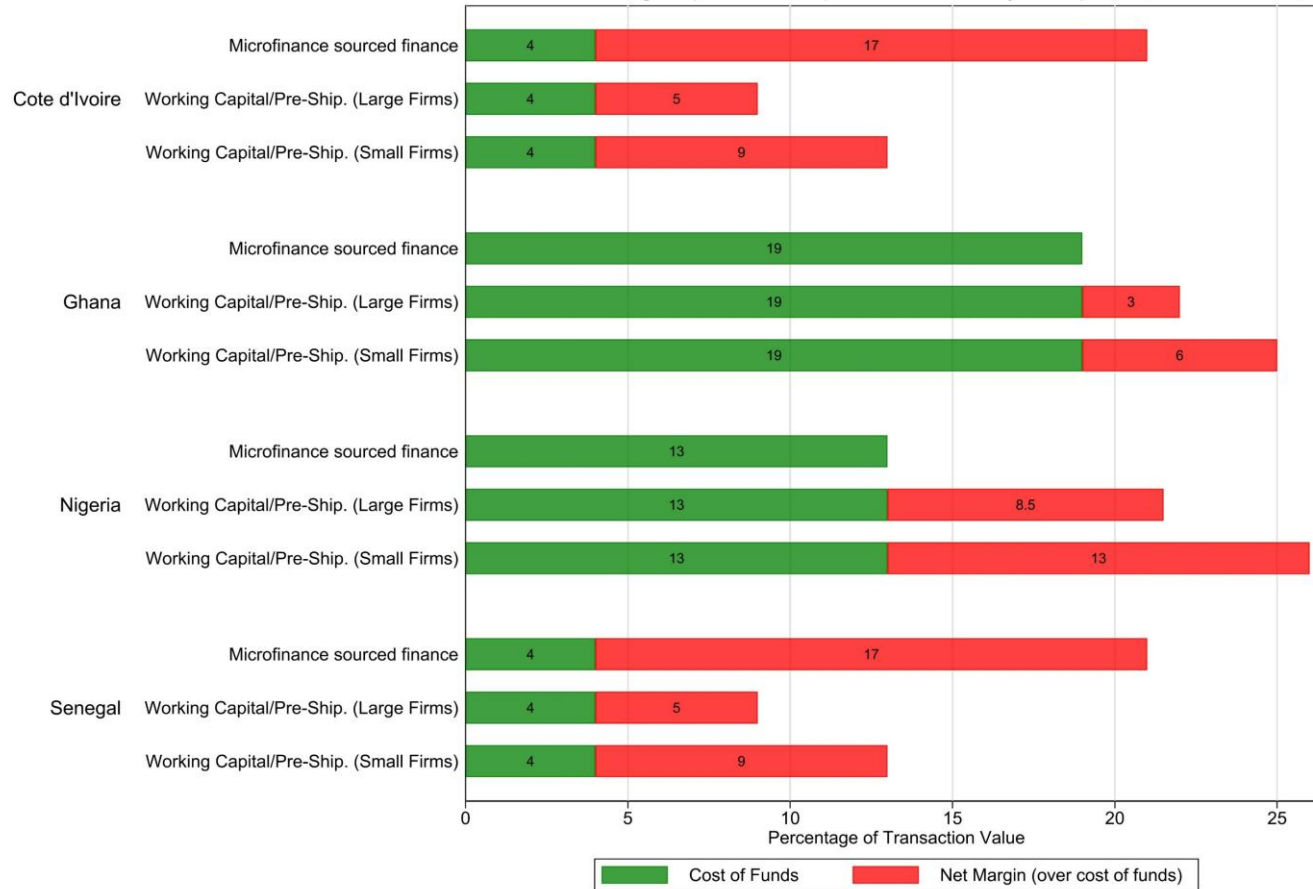
Mexico: How expensive is bank credit to traders?

- **Small traders** face higher interest rates than the rest.
- **Large traders** is the only group maintaining average rates closer to the policy rates
- **New trading firms** are underrepresented in bank loan portfolios and have considerably higher dispersion in rates.
- Traders that secure financing typically had relationships with banks before engaging in trade.



Source: CNBV

Cost of Working Capital/Pre-shipment Finance by Components - West Africa



Source: IFC-WTO Staff calculations using UN Comtrade data.

WAY FORWARD

Trade finance as
a driver of further
integration and
greater inclusion

- Diversification of trade finance product range (e.g., supply chain finance)
- Broadening local customer base and boost MSME awareness
- Strengthening regulatory frameworks
- Improving banks' capabilities
- Supporting evidence-based solutions

Thanks!