Bloomberg has also reported that BNP Paribas has suspended all new commodity trade finance deals pending a review of its activities in Europe, the Middle East and Africa – though the bank is not believed to have had any exposure to Hin Leong. A spokesperson declined to comment when contacted by **GTR**.

Despite concerns within the commodities trading sector, industry experts have played down suggestions of an industry-wide withdrawal of financing activities.

Baldev Bhinder, managing director of Singapore law firm Blackstone & Gold, says he sees such actions as a “learning experience” for banks that should ultimately create a more robust sector.

“I don’t see this as a retreat from the Singapore market, but perhaps an opportunity for reflection and introspection,” Bhinder tells **GTR**. “Trade finance is critical and banks will come out of this with better processes on how they assess and onboard businesses.”

Steve Kalmin, chief financial officer at oil trading giant Glencore, told reporters this week he sees banks’ decisions as “a flight to quality” that is not expected to impact larger commodities traders.

“I think it’s healthy generally for the industry and healthy for transactions,” he said on a media call. “You can argue that the pendulum had gone a bit too loose in some respects, and there’s been some corporate failures particularly in the Singapore market not just in oil but also in [agriculturals].”

Kalmin added that with banks “nursing some losses”, many are “reconsidering whether finances are as strong as they need to be.”