

Counterparty Risk Checklist

1. Goods: Is the line of business logical for the transaction, or the known profile of the client and counterparty? Also, keep in mind that the client can sometimes misrepresent the true nature of the trade transaction to secure finance from the Bank.
2. Website - Do the counterparties have a website and does it appear legitimate? Low-quality websites and contact information that includes public domain email addresses are red flags.
3. Existence - Check the counterparties' owners and directors listed in the company registry. Are there links to the client?
4. Location - Are different parties sharing an address? Is the office operating from a suspicious address, such as a PO box or residential address? A simple check can be made using Google Street View.
5. Payment and Credit Terms - Are they credible, and make commercial sense? Or, are they excessive?
6. Counterparty concentration - Does the company heavily depend on certain counterparties, or can you spot any that are both a buyer and a supplier?



Documentary Risk Checklist

Falsified Documents

- Is the documentation for suppliers and buyers too simplified?
- Are there too many commonalities between parties that are thought to be unrelated?
- Is there a lack of detail for what is being bought or sold, or a lack of product description?
- Do signatures appear electronically pasted across documents?
- Do the third parties listed on the documentation have a corporate presence to prove their existence?

Stale Documents

- Are documents being presented long after the shipment date when requesting finance?

Shipping Route

- Do shipping documents verify that the vessel route is logical?
- Is there a discrepancy in the actual route taken?

