As an international trading hub, Singapore has a lot going for itself – a robust ecosystem of trade services such as financing, logistics and arbitration, and incentives like tax breaks and a strategic location along key trade flows.

It is no wonder then that the Republic has been drawing international trading and natural resources companies to locate their regional or global bases here. Singapore has long been an important trading centre for oil; now, it is set to become a leading trading hub for other commodities as well.

As Singapore becomes a significant player in global oil and commodities trading, it is crucial that the industry is supported by professionals with the right knowledge and skills to structure complex commodity financing deals.

According to banking veteran and SMU adjunct faculty Mr Yong Meng, local universities such as SMU have trained a sizable number of aspiring traders for trading companies, but banks and financial institutions still lack professionals with specialised expertise to service the commodity trading industry.

The Executive Certificate in Structured Trade and Commodity Finance, offered by the Financial Training Institute@SMU, addresses this gap. The programme is aimed at equipping participants with the practical skills to analyse, structure and present commodity financing proposals and to control risk exposures.

Mr Yong is one of the three trainers for the programme, which has completed two successful intakes since its launch in March 2013, drawing participants from key local and foreign banks. He has had a distinguished banking career spanning 30 years, during which he headed the trade and commodity finance desks of banks such as AMRO Bank, Rabobank and UOB.

First things first: Imparting knowledge and skills

He said: “I wish to pass on my knowledge, experience and skills to those who aspire to develop a career in structured commodity financing. To do well in this business, not only do they need to understand financing techniques and skills at a higher level, they also need to appreciate the peculiarities of applying these skills to various commodities and countries.”

The course adopts an industry-specific, real-world case approach. Besides Mr Yong, the other trainers, Ms Bernadette Cenzon and Mr Poon Churn-Yuen, are also industry veterans who share their deep experiences of applying various structures for financing agricultural commodities, oil and metals in Asia.

Mr Yong continued: “All of us have a lot of experience to share; we know what can go wrong, the risks and peculiarities of each country. Our course is practice-oriented, focused on Asian cases. This is the unique proposition of the course.”

One of the senior bankers commented: “What I really liked about the course were the real-life examples and case studies. Speaking from their personal experiences, the trainers shared with us what could possibly go wrong so that we could avoid the same mistakes.”

Another aspect that the participants appreciated was the balanced yet varied mix of participants from both the trading and banking sectors who were able to share how deals were cut and the risks involved from different perspectives.
Mr Karim Akbar Sulaiman, a trader at Bero Coffee Singapore, said: “As a trader, I am exposed to only trading most of the time. I gained a holistic view from the course, and I am now able to understand the points of view of bankers and colleagues better. It has been helpful to my work as a trader.”

Ms Jammie Wee, a structure trade finance officer at Gunvor Singapore, agreed. She said: “The way I think about my work has changed thanks to the big picture I gained from the course. Now that I know what catches the bankers’ eyes for deal proposals, I can work better with them to meet our common goals.”

Room for continuous improvement
As Asian economies and their demand for commodities grow, the structured trade and commodity finance industry will continue to develop at a fast pace. Besides gaining the necessary knowledge and skills through formal continuing education, how can practitioners stay ahead?

Mr Yong has this advice for them: “Do a lot of research on your own, learn how deals are made, and be a ‘busybody’ in getting contacts. Always be on the lookout for knowledge, information and experience. You will go far this way.”