

# Letter of Credit Confirmation Market size worth over USD 5,094.7 Million by 2030, at a CAGR of 2.72% | Valuates Reports

*On the basis of L/C type, the sight L/C segment dominated the letter of credit confirmation industry in 2020 and is projected to maintain its dominance*

BANGALORE, INDIA, January 10, 2022 /EINPresswire.com/ -- According to a recent report published by Valuates Reports, titled "[The global letter of credit confirmation market](#)" size was valued at \$3,918.8 million in 2020, and is projected to reach \$5,094.7 million by 2030, registering a Compound Annual Growth Rate (CAGR) of 2.72% from 2021 to 2030".



With an increase in global trade, the importers and exporters are largely taking protection measures toward their trade documents, in order to avoid risk of payments in the market. Moreover, due to lack of trust issues between an exporter and the issuing bank located in high political or economic uncertainty country, confirmation of letter of credit becomes a security mechanism during the pandemic situation

Rise in demand for customized trade finance solutions and regulatory support in growth of strict regulations for secured letter of credit confirmation services are some of major factors drives the letter of credit confirmation market growth. In addition, with an increased risk of non-payment between the importers and exporters, the trader largely implementing protection for their trade documents through letter of credit confirmation services. Thus, this is one of the major factors fueling the market growth. However, the online letter of credit confirmation procedures are prone to cyber-attacks and frauds such as loss of huge trade amounts and confidential data leakages. This is due to an involvement of several intermediaries between the issuer and beneficiary banks online, thus becoming crucial factors limiting the letter of credit confirmation market growth. Conversely, increase in business operations and global trading among small & medium enterprises, and large companies are providing lucrative opportunities for confirming banks to expand their business in the letter of credit confirmation services in the market. In

addition, advancements in technologies such as distributed ledger technology (DLT) and blockchain, are expected to provide lucrative opportunities for letter of credit confirmation market players in terms of creating real-time digitalized letter of credit contract, auto notifications alert over trades, and enhanced business efficiency in the upcoming years.

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The large enterprises segment dominated the letter of credit confirmation market share in 2020 and is projected to maintain its dominance during the forecast period. Due to large firms from several industries such as healthcare, media & technology companies, power & utilities industries, and others, trade at a large scale and generate higher revenue in their businesses. Therefore, these large enterprises have been the major adopters of letter of credit services and are expected to provide lucrative opportunities for confirming banks & issuing banks in the upcoming years.

The report focuses on the growth prospects, restraints, and trends of the letter of credit confirmation market analysis. The study provides Porter's five forces analysis to understand the impact of various factors such as bargaining power of suppliers, competitive intensity of competitors, threat of new entrants, threat of substitutes, and bargaining power of buyers in the letter of credit confirmation market.

### Segment review

The letter of credit confirmation market share is segmented on the basis of L/C type, end user, and region. In terms of L/C type, it is bifurcated into sight L/C and usance L/C. By end user, the market is segmented into small-sized businesses, medium-sized businesses, and large enterprises. Region wise, it is analyzed across North America, Europe, Asia-Pacific, and LAMEA.

The report analyses the profiles of key players operating in the market such as Bank of America Corporation, Citigroup, Inc., DBS Bank Ltd., JP Morgan Chase & Co., Mizuho Bank, Ltd., MUFG Bank, Scotiabank, Standard Chartered, Sumitomo Mitsui Banking Corporation, and The PNC Financial Services Group, Inc. These players have adopted various strategies to increase their market penetration and strengthen their position in the letter of credit confirmation industry.

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### COVID-19 impact analysis

The coronavirus pandemic has severely affected the letter of credit confirmation market. In addition, the closure of international borders has reduced the demand for letter of credit

confirmation as the importers and exporters stopped their trading business. Moreover, with the disruption in the economy, banks refused to issue confirmed letter of credit since the chances of bad debt were higher during the pandemic due to surge in number of bankrupts. However, with an increased global trade after the lockdown, restrictions were uplifted by the government to avoid risk of payments and therefore, the importers & exporters are largely implementing protection for their trade documents via letter of credit confirmation services.

### Top impacting factors

#### Increased risk of non-payment

The importers and exporters are largely taking protection measures toward their trade documents, to avoid risk of payments in the market with an increase in global trade. Moreover, confirmation of a letter of credit becomes a security mechanism, due to lack of trust issues between an exporter and the issuing bank located in a high political or economic uncertainty country. Therefore, traders are preferring letter of credit confirmation services, which in turn fosters the growth of the market.

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#### Increase in fraud and cyber attacks

The letter of credit of confirmation takes place online with an involvement of several intermediaries between the issuer and beneficiary banks globally. This, as a result leads to fraudulent and cyber-attacks on the network of online trading mechanism, resulting in data leakage, loss of trade information, and huge trade amounts. Moreover, fake and fraudulent underlying documents submitted by the exporter & importers in the market, are becoming some of the major factors limiting the growth of the letter of credit confirmation market revenue.

#### New technological developments

Developments in technologies such as blockchain and distributed ledger technology (DLT) are expected to provide lucrative opportunities for the letter of credit confirmation market. Letter of credit confirmation providers can create real-time digitalized letter of credit contract, auto notifications alert over trades, and enhance business efficiency in the market with these technological developments. Moreover, the implementation and adoption of technologies by the providers of letter of credit confirmation services, to ease traditional & lengthy process of checking trade documents, are expected to benefit the market in the upcoming years.

### Key Market Segments

#### By L/C Type

- Sight L/Cs
- Usance L/Cs

#### BY END USER

- Small enterprises
- Medium-sized enterprises
- Large enterprises

#### BY REGION

- North America
- U.S
- Canada
- Mexico
- Europe
- Germany
- France
- UK
- Italy
- Spain
- Russia
- Rest Of Europe
- Asia-Pacific
- Japan
- China
- Australia
- India
- South Korea
- Rest Of Asia- Pacific
- LAMEA
- Brazil
- Turkey
- Saudi Arabia
- South Africa
- Rest of LAMEA

#### Key Market Players

- Bank of America Corporation
- Citigroup, Inc.
- DBS Bank Ltd.
- JPMorgan Chase & Co.
- Mizuho Bank, Ltd.
- MUFG Bank, Ltd.
- Scotiabank

- Standard Chartered
- Sumitomo Mitsui Banking Corporation
- The PNC Financial Services Group, Inc.

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