

# Why Most SBLC Monetisation Deals Fail Before MT760 Issuance

A reality check on the 10 critical failure points that collapse 80–90% of SBLC transactions before a single SWIFT message is sent.

80–90%

TRANSACTIONS FAIL

10

CRITICAL FAILURE POINTS

0

SWIFT MESSAGES SENT

FE

**Freda & Everest Capital**

Private Credit & SBLC Structuring Advisory · Singapore

2026

Structured Finance  
Reality Check



# 80–90%

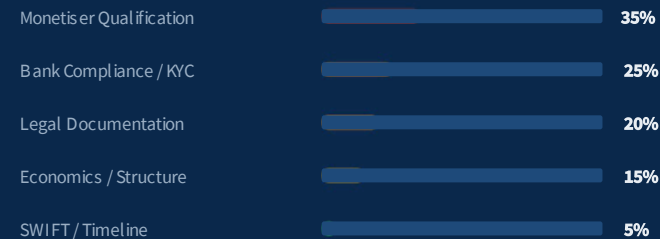
of transactions never reach MT760

## Most SBLC Deals Collapse Long Before SWIFT

In real structured finance, experienced bankers confirm that **80–90% of SBLC monetisation transactions** collapse before the MT760 is ever issued.

The failure rarely happens at the SWIFT stage. It occurs much earlier — at the **due diligence, compliance, or documentation stage** — often before the bank even reviews the SBLC instrument itself.

### WHERE FAILURES OCCUR



*"Most deals never reach the SWIFT department. The problem is almost always structural, not procedural!"*

# 01

## The Monetiser Cannot Actually Fund

This is the **most common failure**. Many groups claim they can monetise SBLs, but when banks investigate, they discover the truth.

They are brokers, not lenders — they do not control real liquidity

They rely on another "platform" or upstream party

They require upfront fees before any commitment

They cannot name the actual funding bank

**BANK'S QUESTION → NO ANSWER → DEAL COLLAPSES**

*"Who is providing the liquidity? Which bank will fund the monetisation?" — When there is no real answer, the issuing bank walks away.*

# 02

## Issuing Bank Refuses the SBLC Wording

Banks are **extremely careful** about how an SBLC is worded. Legal departments review every clause — because if the SBLC is drawn, the bank **must pay immediately**.

### WORDING BANKS WILL REJECT

- ✗ *"Payable upon demand without condition" — no verification required*
- ✗ *Transfer allowed to unknown or unnamed third parties*
- ✗ *Vague or non-standard compliance and governing law terms*

### WHY THIS KILLS THE DEAL

The bank's legal department has **absolute veto power**. If the wording creates unlimited liability or ambiguous drawdown conditions, the transaction is blocked — regardless of how strong the project is.



Bank legal team reviewing SBLC draft wording

## 03

## Compliance Failure

## KYC / AML

Large transactions trigger **extensive compliance checks**. If anything is unclear, the compliance department stops the deal — regardless of how strong the SBLC instrument appears.

## BANKS REVIEW

- Source of funds
- Project legitimacy
- Beneficial ownership
- Sanctions exposure
- Political exposure (PEP)

## COMMON TRIGGERS

- ✗ Offshore companies involved
- ✗ Intermediaries cannot explain their role
- ✗ Documentation is inconsistent
- ✗ Unexplained fund flows
- ✗ Missing corporate registry records

## COMPLIANCE OUTCOME

*"If anything is unclear, compliance will stop the deal. There is no negotiation at this stage — the bank's regulatory obligations override all commercial interests."*



## 04

## No Real Underlying Transaction

Banks issue SBLCs to support **real economic activity**. If the bank suspects the SBLC is being issued only to be "traded", they will reject it outright. **SBLC trading platforms are not recognised banking activities.**

### ✓ ACCEPTED: REAL COMMERCIAL PURPOSE

- Commodity supply contracts
- Infrastructure project financing
- Equipment purchases & leasing
- Regulated credit facilities

### ✗ REJECTED: NO REAL ACTIVITY

- SBLC issued solely for "trading"
- No underlying goods or services
- Private platform monetisation
- No identifiable beneficiary project

### BANK'S POSITION

*"We do not issue SBLCs for trading purposes. There must be a legitimate, verifiable commercial transaction underlying this instrument."*



## 05

## Collateral Problems

Most banks require **collateral before issuing any SBLC**. Even if the monetiser promises funding later, the issuing bank still demands initial credit support — no exceptions.

## TYPICAL COLLATERAL REQUIREMENTS

**Cash Collateral**

Often 100% of SBLC face value held in blocked account

MOST COMMON

**Asset Collateral**

Real estate, equipment, or other tangible assets at full valuation

ACCEPTABLE

**Credit Facility Backing**

Existing approved credit line from a recognised financial institution

CONDITIONAL

## KEY REALITY

*"The monetiser's promise of future funding does not replace the bank's collateral requirement. Banks act first, fund later — never the reverse."*

MESSAGE MT799

BANKUS33

BANKDEFF

MT799 - Free Format Message

20240515-001A

2024-05-15

14:30:22 UTC

-advice of a documentary credit  
acknowledge receipt.

FINANCIAL TRANSACTION

*Banks require full collateral before any SWIFT message — MT799 or MT760 — is ever transmitted.*

## 06

## Monetisation Structure Not Acceptable to the Bank

Many deals propose a structure where the SBLC is issued to a **third-party private monetiser**, who then raises funds elsewhere and passes proceeds to the project. Banks routinely reject this.



- ▶ Banks only issue SBLCs to **regulated banks or financial institutions**

Private trading groups, offshore funds, and unregulated monetisers are refused

The monetiser must be a named, regulated counterparty acceptable to the issuing bank

### BANK'S POSITION

*"We will only issue this SBLC to a regulated bank or licensed financial institution — not to a private trading group or offshore entity."*

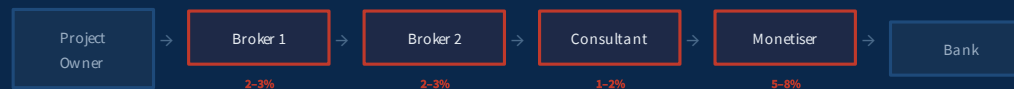


## 07

## Too Many Intermediaries Complicate the Deal

Large deals often involve **excessive broker chains**. Each party demands a fee agreement. Banks dislike this because it increases fraud risk and makes compliance nearly impossible.

### TYPICAL FAILING BROKER CHAIN



Each intermediary demands signed fee agreements — creating legal complexity

Compliance cannot verify the role of every party in the chain

Fraud risk increases exponentially with each additional layer

Many deals collapse before the bank is ever contacted

### BANK'S VIEW

*"When we see five or more intermediaries, each with fee claims, we stop the process. We cannot perform adequate KYC on every party in the chain."*

# 08

## SWIFT Procedures Misunderstood

Some deals fail because participants **misunderstand how SWIFT works**. Banks only issue SWIFT messages when all legal documents are signed and compliance is fully cleared — no exceptions.

### ✗ WRONG EXPECTATION

- ✗ "Send MT799 first as proof of funds"
- ✗ "Proof of funds via screenshot or email"
- ✗ "Issue a conditional MT760 first"

### ✓ BANK REALITY

- ✓ MT799 is issued only after legal docs are signed
- ✓ Only official SWIFT messages constitute bank confirmation
- ✓ MT760 is unconditional — issued only when fully approved

### WHAT HAPPENS WHEN YOU PUSH FOR SWIFT EARLY

*"If a participant demands SWIFT messages before compliance is complete, the bank cancels the entire process and flags the transaction for review."*

Compliance must be fully cleared before any SWIFT message — MT799 or MT760 — is transmitted by the bank.

## 09

## Monetisation Economics

## Do Not Work

Real funding institutions **evaluate numbers carefully**. When intermediary fees consume too large a share of the monetisation proceeds, the monetiser withdraws — the deal is no longer viable.

## REAL-WORLD EXAMPLE: \$100M SBLC DEAL

SBLC Face Value	Full Instrument Value	\$100M
Monetiser Funding	70% of face value	\$70M
Intermediary Fees	Broker chain fees	-\$20M

Net Proceeds to Project

\$50M

## WHY THE DEAL COLLAPSES

*"When fees consume 20–30% of the monetisation value, the economics fail for all regulated parties. Excessive fee layers signal a broker chain — not a real funding structure."*

# 10

## Unrealistic Timeline Expectations

Many participants believe SBLC deals close in **days or weeks**. In reality, banks follow strict sequential processes. When impatient parties try to force shortcuts, **the bank cancels the entire process**.

### ✗ WHAT PEOPLE EXPECT

- Day 1: Send documents
- Day 3: Receive MT799
- Day 7: MT760 issued
- Day 10: Funds received

### ✓ BANK REALITY

- **Weeks 1-2:** Document submission & review
- **Weeks 3-6:** KYC / AML compliance
- **Weeks 7-10:** Legal review & approvals
- **Weeks 11-12+:** MT760 issuance

### NON-NEGOTIABLE RULE

*"Patience and proper sequencing are mandatory in structured finance. Any attempt to skip a stage or demand SWIFT before compliance is complete results in immediate cancellation."*

PROJECT FUNDING APPLICATION

*Proper document submission is just the first step — banks require 4-12 weeks of sequential review before any SWIFT message is issued.*

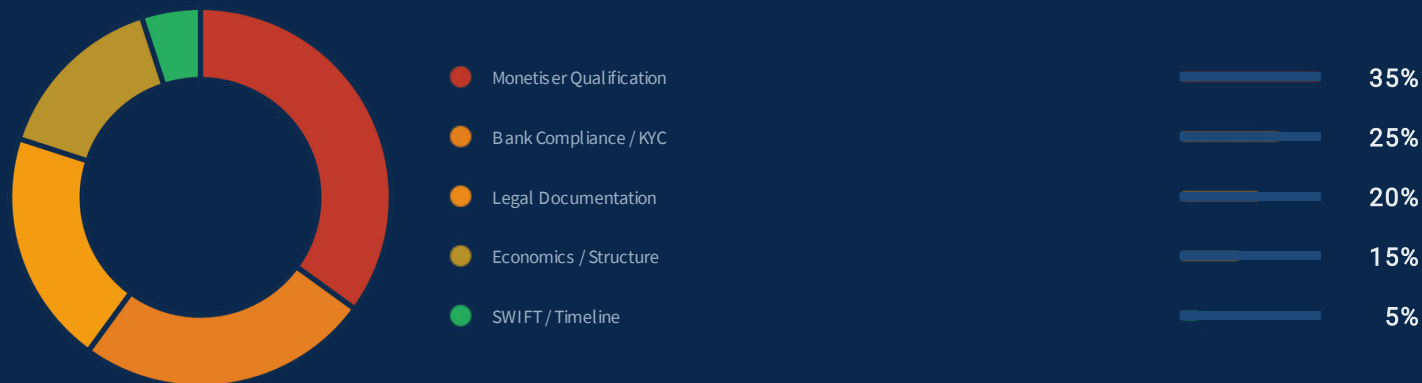


80-90%

OF DEALS FAIL  
BEFORE MT760

FAILURE DISTRIBUTION SUMMARY

## Where Deals Actually Fail



KEY FINDING

"Most deals never reach the SWIFT department. The problem is almost always structural — not procedural. Fix the foundation, and MT760 issuance becomes straightforward."

## SUCCESS FORMULA

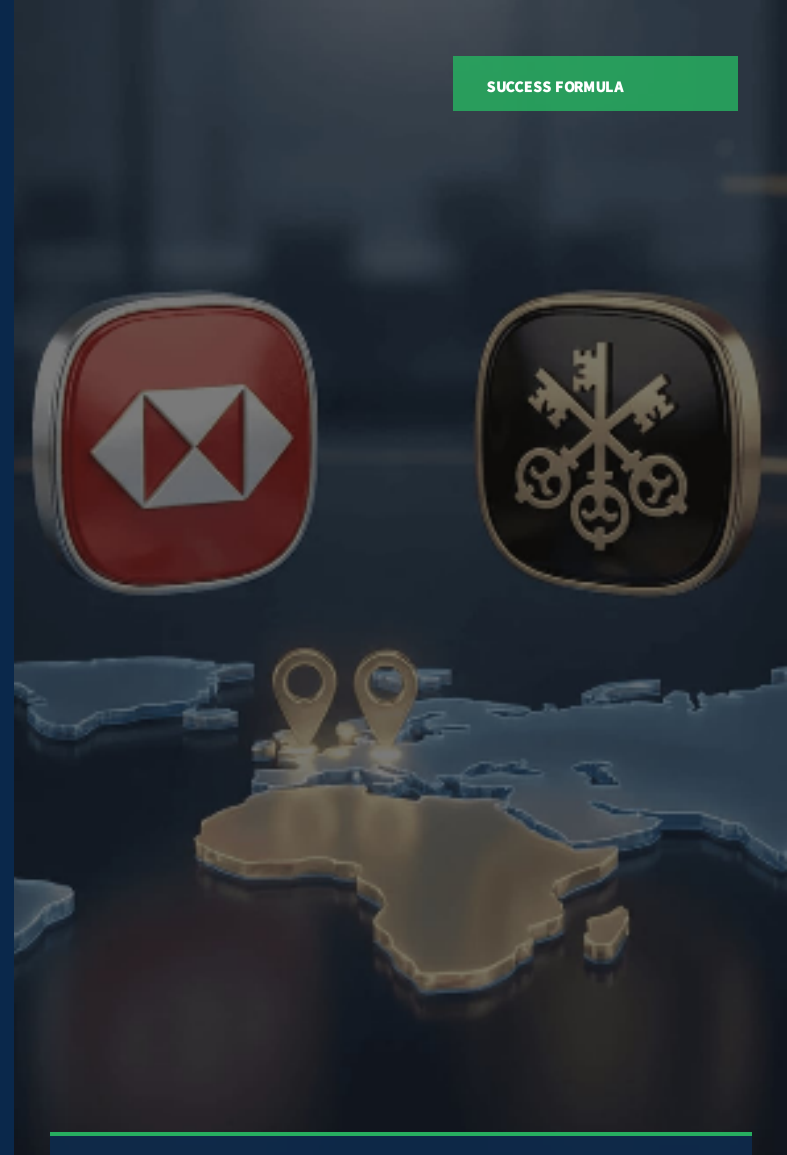
# What Successful SBLC Deals Have in Common

When these **five elements are all present**, MT760 issuance becomes straightforward and the transaction closes efficiently.

- ✓ **A Real, Bankable Project**  
Legitimate commercial purpose — infrastructure, energy, real estate, or commodity trade with verifiable documentation
- ✓ **A Regulated Monetiser with Proven Liquidity**  
Licensed financial institution with direct access to funding — not a broker or offshore trading group
- ✓ **A Credible Issuing Bank with SBLC Authority**  
Top-tier bank (HSBC, Deutsche Bank, Barclays, UBS) with established SBLC issuance capabilities
- ✓ **Clean, Consistent Compliance Documentation**  
Complete KYC/AML package, clear beneficial ownership, verified source of funds — no gaps or inconsistencies
- ✓ **Simple, Transparent Fee Structure**  
Direct engagement — minimal intermediaries, clear fee agreements, economics that work for all regulated parties

**THE FRED A & EVEREST CAPITAL APPROACH**

*"We structure transactions correctly from the start — ensuring all five success factors are in place before any bank engagement begins."*



*Working with top-tier global banks — Deutsche Bank, HSBC, UBS, Barclays — through properly structured transactions*

GET IN TOUCH

# Structure Your Deal Correctly From the Start

Freda & Everest Capital provides expert SBLC structuring advisory to ensure your transaction meets every bank requirement — before you approach the first institution.



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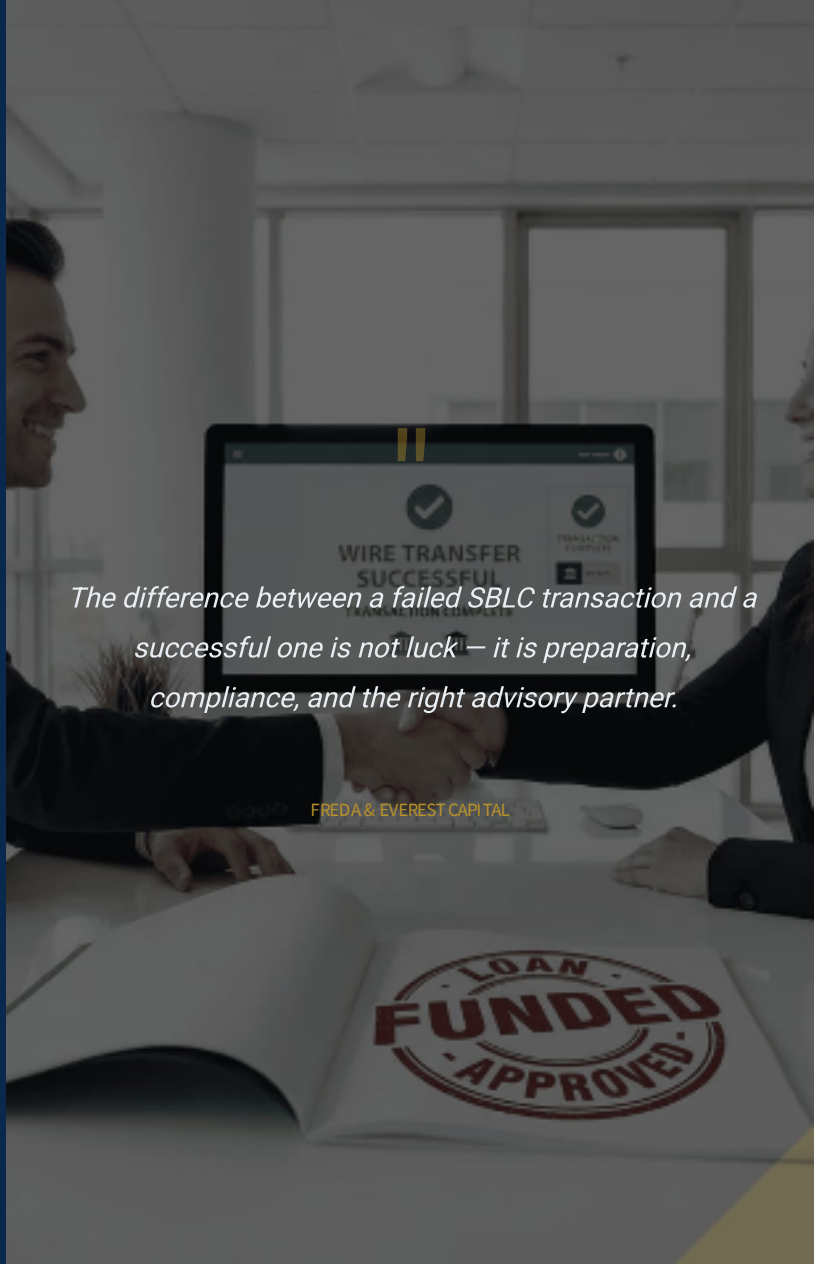


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*The difference between a failed SBLC transaction and a successful one is not luck — it is preparation, compliance, and the right advisory partner.*

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