ODD CASE STUDY

The Credit Suisse Greensill Case

When the Story Was More Confident Than the Records

A supply-chain-finance fund can look like disciplined trade credit at the portfolio level and still be unverifiable at the claim level. This is a study in what happens when a manager cannot independently prove what a fund actually owns.

$10B	4	2017	Mar '21
Approximate client investment when the four funds entered liquidation, per FINMA.	Supply-chain-finance funds launched with Greensill, plus four related funds frozen in the same unit.	Year Credit Suisse launched the first fund with Greensill, per FINMA findings.	Dealing suspended, then the four funds terminated and placed into liquidation.
INVESTOR EXPOSURE	FUND STRUCTURES	ORIGIN	LIQUIDATION

ASSET VERIFICATION · ORIGINATOR RISK · INSURANCE DILIGENCE · FUND GOVERNANCE

In March 2021, the boards of four Credit Suisse supply-chain-finance funds first suspended subscriptions and redemptions, then terminated the funds and placed them into liquidation. For investors who had accepted the products as controlled exposure to short-dated receivables, the event changed the central question. Yield became secondary. Investors needed to know what the funds legally owned, which debtors owed each amount, whether the claims were enforceable, which assets were insured, and when recoveries could be distributed.

The scale made those questions material. FINMA reported that clients had invested about USD 10 billion and that the client documentation presented the funds as low-risk. Yet Credit Suisse had limited knowledge and control over the specific claims. Greensill selected and reviewed the assets, securitised them, and arranged the insurance in its own name.

> *The due-diligence failure was specific: Credit Suisse could not independently establish asset existence, eligibility, enforceability, debtor concentration, maturity, or insurance coverage at the claim level.*

The Story Investors Were Sold

The appeal was easy to understand. Supply-chain finance sounds practical, familiar, and low-drama. A supplier wants to be paid early; a finance provider pays the supplier at a discount; the buyer later pays the finance provider. When the underlying buyer is strong, the exposure can look safer than ordinary corporate credit because repayment is tied to a specific commercial obligation.

Credit Suisse offered the funds to qualified investors through its asset-management business. The products appeared to combine a conservative financial concept with the credibility of a global bank platform. FINMA later said the client documentation indicated low risk. The story worked because several pieces seemed to fit: receivables were supposed to be identifiable, repayment was supposed to arrive within a short period, and insurance was supposed to protect most claims against buyer default.

Those assumptions mattered because each one required proof. A receivable becomes lower-risk only when a reviewer can trace it to a real buyer, a real obligation, a real maturity date, and a real payment history. Once traceability weakened, the same product could become much closer to concentrated corporate lending.

How Supply-Chain Finance Normally Works

The clean version is straightforward. A supplier sells goods or services to a buyer and issues an invoice. Instead of waiting for the buyer to pay, the supplier receives early payment from a finance provider, who later collects the full invoice amount from the buyer. A reviewer can test the clean version with three questions: does an invoice connect the financing to goods or services already delivered; does a buyer owe a fixed amount on a defined date; does the payment history support the expectation that the buyer will pay. When each answer is supported by documents from more than one source, the asset has an observable commercial base.

This is why claim-level review matters. A fund holding thousands of trade claims does not own a single abstract exposure. It owns thousands of small credit exposures, each with an obligor, amount, maturity, supporting documents, eligibility status, and coverage status. Fund-level reporting can summarise the portfolio, but it cannot replace review of the assets that make up the portfolio.

How Greensill Changed the Product

Greensill took a traditionally bank-balance-sheet product and moved it into the capital markets. The UK Treasury Committee described Greensill as funding its operations mainly from outside investors; the Bank of England described the model as complex, with nonstandard features. Exposure moved away from a bank retaining and monitoring its own credit book, and toward investors funding receivables through fund structures and securitised claims.

That change altered the due-diligence burden. In a classic bank model, the originator keeps the exposure on its own balance sheet and has a direct incentive to monitor credit quality. In the Greensill model, fund investors absorbed the risk while Greensill acted as originator and servicer, with Credit Suisse sitting between Greensill and investors as fund platform and asset manager.

STRUCTURE · THE DEPENDENCY CHAIN

Five links, each one a point where verification could fail

Buyer & Supplier	Greensill	Insurance Cover	Credit Suisse	Investors
Invoice originates here, or is expected to	Selects, originates, securitises claims	Arranged by Greensill, in its own name	Fund platform & asset manager	Absorb the underlying risk

ASSET KNOWLEDGE CONCENTRATED HERE

INVESTOR OBLIGATION SAT HERE

A fund manager can use an outside originator, but outsourcing origination does not outsource responsibility for verification.

The Structure Credit Suisse Built

FINMA said Credit Suisse launched the first of four supply-chain-finance funds with Greensill in 2017. Greensill acted as the financing company, securitised the claims, and transferred securities to the funds; insurance was expected to secure most claims against buyer default. Credit Suisse occupied two roles at once, fund platform and asset manager, while Greensill controlled the asset pipeline. That division of labour placed investor obligations on Credit Suisse while leaving much of the asset knowledge with Greensill.

Where Visibility Broke Down

The structural weakness follows directly from that chain: the party creating the exposure also supplied much of the evidence used to explain it. A manager in that position needs direct access to invoice files, buyer confirmations, payment records, eligibility files, insurance records, and exception logs, and the ability to test samples without relying on the originator to frame what they mean. FINMA found that independence was missing at the claim level.

Future Receivables Changed the Risk

The case became more serious because some claims were not ordinary current receivables. FINMA said Greensill transferred future claims to the funds in some cases: claims that had not yet arisen, reflecting expectations about possible future business rather than documented present obligations. FINMA also said this allowed Greensill to finance companies whose creditworthiness was doubtful.

ASSET VERIFICATION · THE DISTINCTION THAT MATTERED

Current receivable versus future receivable

CURRENT RECEIVABLE	FUTURE RECEIVABLE
Goods or services already delivered	Expected future business, not yet transacted
Invoice already issued	No invoice exists yet to confirm
Buyer owes a fixed amount, on a fixed date	Obligation assumed, not documented
Verifiable via invoice, buyer, payment history	Verifiable only via forecasts and assumptions
Observable commercial base	Financing of doubtful-creditworthiness companies

Source: FINMA findings, 28 February 2023 (1).

Insurance Became Comfort Instead of Proof

Insurance also looked reassuring from a distance. FINMA said the structure expected insurance to secure most claims against buyer default, and that Credit Suisse relied on cover organised by Greensill without enough knowledge or control over how many claims were contractually owed. Insurance reduces risk only when coverage can be matched to assets: policy terms, covered obligors, exclusions, concentration limits, renewal and cancellation rights, insurer credit quality, and claim history, and whether the specific claims are within coverage at the time the fund relies on it. Due diligence should treat insurance as a document set to be tested, not a label attached to the portfolio.

Debtor Exposure Told a Different Story

FINMA said Credit Suisse made partly false and overly positive statements to FINMA about the claims-selection process and the funds' exposure to certain debtors. Apparent diversity of receivables can hide concentrated credit risk: a fund can hold many claims and still depend heavily on a small number of ultimate debtors or related corporate groups. If many claims point back to weak or connected debtors, the fund behaves less like diversified trade finance and more like concentrated credit, changing expected loss, recovery timing, and investor liquidity.

Warnings That Should Have Forced a Review

The warning record was extensive. A 2018 fund closure at another provider prompted enquiries; media and FINMA repeatedly raised concerns; a Credit Suisse risk manager identified risks in Greensill's business model and recommended against a bridge loan, but a senior manager overruled it. Each should have triggered an independent, documented review before liquidation became necessary.

CHRONOLOGY · WARNINGS RECEIVED, NO HOLISTIC REVIEW

Each signal required independent, documented escalation

2017 — **First Credit Suisse fund launches**
The first of four supply-chain-finance funds launches with Greensill as originator and structurer.

2018 — **External fund closure prompts enquiries**
FINMA later said a fund closure at another Greensill provider prompted questions inside Credit Suisse.

2018–2021 — **Media and FINMA repeatedly raise concerns**
Critical questions reached senior governance bodies, yet FINMA found no holistic, independent review.

Before Mar 2021 — **Risk manager recommends rejecting bridge loan**
The responsible risk manager identified business-model risks; a senior manager overruled the recommendation.

1 Mar 2021 — **Subscriptions and redemptions suspended**
The boards suspended dealing because a substantial part of the assets could not be valued reliably.

4 Mar 2021 — **Four funds terminated and placed into liquidation**
The boards terminated the funds and began liquidation. Investor focus shifted from yield to recovery.

Sources: FINMA findings (1); Credit Suisse 2021 Annual Report (2).

Independence Inside the Review Process

FINMA found that Credit Suisse used employees responsible for the Greensill business relationship to deal with critical questions and warnings, and repeatedly asked Lex Greensill himself and relied on his answers for its own statements. That structure weakened the review before any document was examined. A relationship team has incentives that differ from an independent control function. When the same people defending the relationship also answer questions about its weaknesses, the review can become confirmation rather than challenge.

GOVERNANCE FAILURE · FINMA FINDINGS

Where independent challenge should have existed, and did not

▲ **The relationship team answered the critical questions**
Employees responsible for the Greensill business relationship were used to respond to critical questions and warnings about it.

▲ **The originator's own answers became the manager's evidence**
Credit Suisse repeatedly asked Lex Greensill himself and relied on his answers for its own statements.

▲ **Statements to the regulator were partly false and overly positive**
FINMA said this applied to the claims-selection process and debtor-exposure disclosures.

▲ **FINMA concluded a serious breach of supervisory duty**
It found serious deficiencies in organisational structures around identifying, limiting, and monitoring risk.

FINMA findings on Credit Suisse's supervision of the Greensill-linked supply-chain-finance funds.

The Records That Should Have Carried the Review

A receivables-fund review starts with the holding and traces backward: from fund position to security, from security to claim pool, from claim pool to receivable, and from receivable to invoice, buyer obligation, supplier record, payment history, and insurance status. Each step should have documents that can be tested independently.

ODD FRAMEWORK · THE CORE RECORD SET

What a claim-level review traces, step by step

1. **Fund position → security.**
Which securities does the fund hold, and what claim pools do they represent?

2. **Claim pool → receivable → invoice.**
Invoices, purchase orders, and buyer acknowledgments that connect financing to delivered goods or services.

3. **Debtor confirmation and payment history.**
Supplier records, debtor confirmations, aging reports, and exception logs that show whether exceptions are isolated or systematic.

4. **Insurance and eligibility.**
Policies, covered obligors, exclusions, concentration limits, eligibility files, and concentration reports, tested rather than summarised.

5. **Future receivables, reviewed separately.**
What obligation exists today, what commercial assumption supports the future claim, and who bears loss if the future sales do not occur.

Conclusion: How the Story Ended

The four Credit Suisse funds entered liquidation in March 2021. Greensill Capital (UK) Limited entered administration on 8 March with liabilities later reported at more than GBP 1.6 billion; the Australian parent entered administration the next day and liquidation in April, and other group companies followed. FINMA later found that Credit Suisse had seriously breached its duties to identify, limit, and monitor risk, ordered governance and risk-management reforms, and opened proceedings against four former managers.

Lex Greensill did not receive a prison sentence or criminal fine in the outcome documented here. In June 2026 he agreed to a nine-year UK director disqualification lasting until June 2035, concerning Katerra transactions that removed legal protections from a Credit Suisse fund investment and the use of USD 440 million for purposes other than repaying the fund.

> *The sequence ended in fund liquidation, corporate insolvency, regulatory enforcement, prolonged recovery, and a director ban. Claim-level proof, direct debtor evidence, independent insurance verification, and documented escalation were the controls that should have interrupted it.*

REFERENCES

Public sources cited in this analysis

1 FINMA, "FINMA concludes Greensill proceedings against Credit Suisse," 28 February 2023.

2 Credit Suisse Group AG, Annual Report 2021, supply-chain-finance funds section (Form 20-F, 2022).

3 House of Commons Treasury Committee, Lessons from Greensill Capital, HC 151, Ch. 2, 20 July 2021.

4 Reuters, "Credit Suisse freezes four funds invested in supply chain finance," 11 March 2021.

5 UK Insolvency Service, "Lex Greensill to be disqualified... for nine years," 4 June 2026.