



Shipping Finance Panel Discussion

5th Athens Triennial Meeting

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Fundamentals

- **Positive fundamentals**
 - Strong asset values and healthy freight earnings
 - Stable and decreasing levels of leverage
- **Cash accumulation**
- **Diversification in the sources of credit**
 - Owners have more options:
 1. price gap between traditional bank and alternative debt providers is closing.
 2. Strong fundamentals are making the industry more attractive to financiers and attract new participants



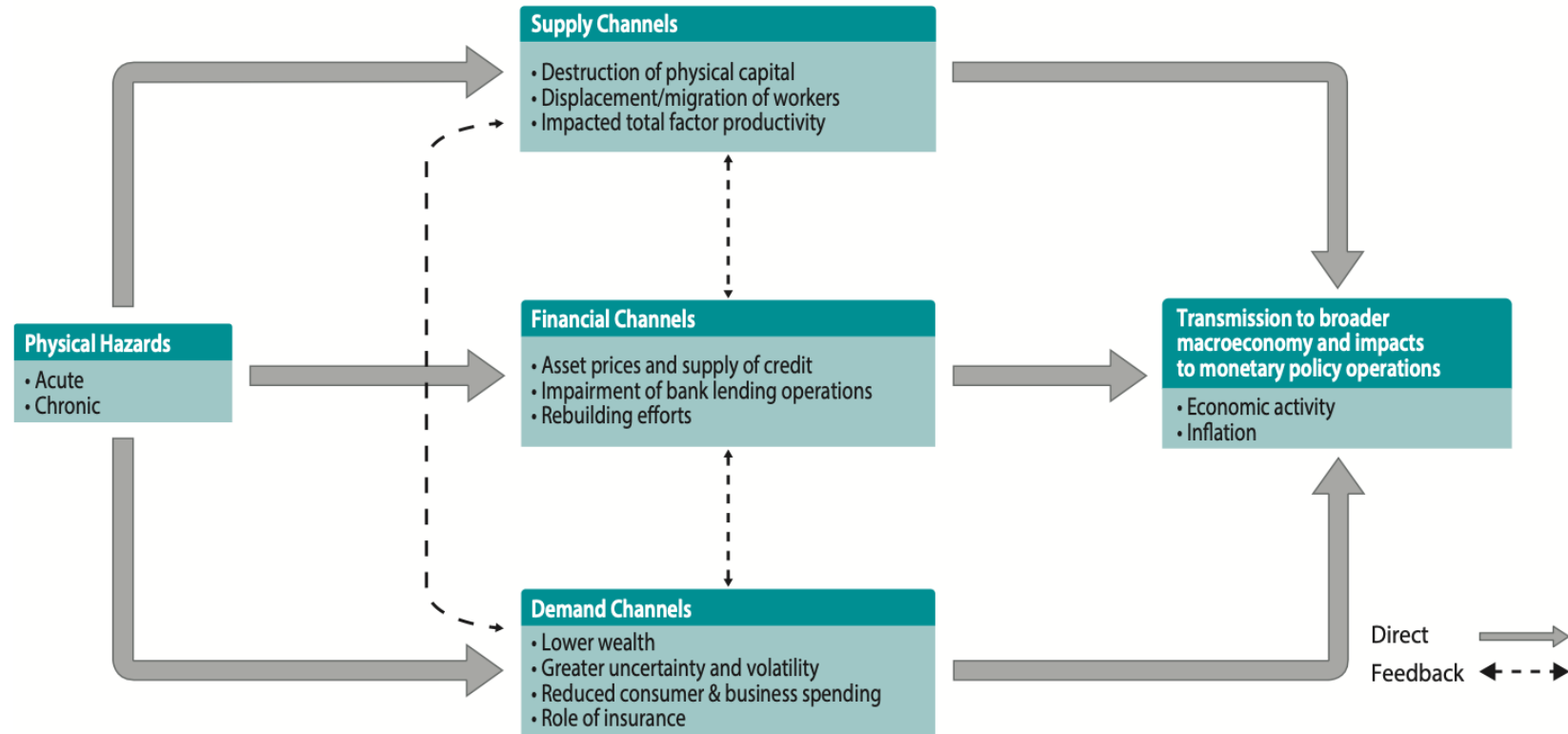
Challenges

- 1. Access to finance is generally determined by size.**
 - Larger companies are considered more resilient counterparties by lenders.
- 2. Decarbonisation is both costly and complex.**
- 3. Tramp shipping sector is fragmented.**
 - There is the risk that small- and medium-sized shipowners may fall behind their larger counterparts in the zero-carbon race.
- 4. Aside from access to finance, access and availability to technology will be key.**



Transition Finance for Climate Change

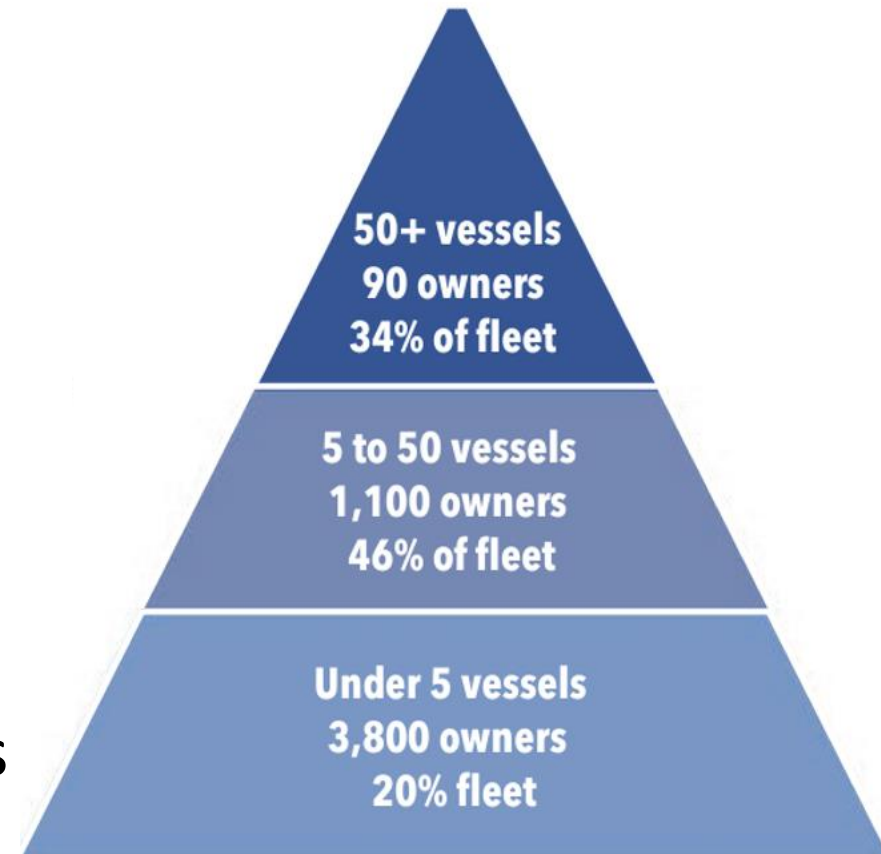
- Physical effects of climate change affect both the demand and supply side of the economy and can be amplified through financial channels.
- Transition Finance**
- Decarbonisation requires **substantial** investment.
- Can existing channels of financing fill the funding gap?



Source: Network for Greening the Financial System

Market Fragmentation

- Tramp shipping is populated by many small to mid-sized companies.
 - Only about 90 owners possess large-scale fleets, of 50+ vessels
 - over 90% of the industry consists of small owners, each managing an average of six vessels.
- Market fragmentation presents challenges for traditional lenders but also opportunities for alternative lenders.



Source: Marine Money

Who Can Fill the Funding Gap?

1. Institutional Investors

- The largest pool of capital, with global assets under management valued at over \$80 trillion.
- Institutional investors have become increasingly interested in sustainability and ESG-linked investing.

2. Financial Innovation

- E.g. Sustainability Linked Loans reward borrowers who meet certain environmental KPIs.

3. Boutique Finance

- To cater for more niche / bespoke financing especially for smaller companies.

4. Mass Affluent Investors

- Shipping is not easily accessible by smaller scale investors.
- ETF, Tokenization.



Thank You!

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