

IN-SIGHT

Connecting and Supporting the Open Account Receivables Finance Industry Worldwide

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EXECUTIVE SUMMARY



GWENDOLINE DE VIRON

Head of Marketing and
Communication

Dear Reader,

Welcome to the latest edition of In-Sight,

In this edition, we begin with a welcome from Çağatay Baydar, who highlights FCI's recent strategic leadership changes, the formation of new global partnerships, and a series of upcoming initiatives aimed at bolstering FCI's role in international trade finance.

Neal Harm reflects on FCI's strategic focus on its core strengths, leadership, and ongoing digitisation efforts. Drawing inspiration from the resilience and excellence observed at the Paris Olympics, Neal emphasises the importance of these qualities in FCI's pursuit of excellence in global trade finance.

In the Connect Section, Betül Kurtulus outlines FCI's comprehensive response to the evolving challenges in global trade finance. She highlights the organisation's restructuring efforts, a renewed focus on green financing, support for Islamic international factoring, and a commitment to emerging markets, data analytics, and education. Nassourou Aminou discusses the collaborative efforts between FCI, Afreximbank, and the African Development Bank to strengthen Africa's factoring industry. Lin Hui examines the persistent trade finance gap despite a recovery in global liquidity. He argues for a disruptive technological leap in Open Account financing, with a particular focus on addressing challenges in the Chinese market. Thompson Lui explores Cambodia's ongoing efforts to enhance financial inclusion for SMEs. He discusses the significant progress made through regulatory advancements, government initiatives, and international collaboration, which are key to fostering a resilient and diversified Cambodian economy. Alberto Wyderka presents an interview with Bancolombia on Colombia's advancements in electronic factoring through the DIAN platform, highlighting the potential for regulatory enhancements and international integration. We are also pleased to introduce our new member, Lumière Group International Ltd., who has joined our growing global network.

In the Educate Section, Aysen Cetintas announces the opening of the 2024 Term 4 FCI Academy Foundation Course on Factoring for enrolment. This course is an integral part of the career development pathway in Factoring and Receivables Finance and is designed to equip industry professionals with the skills needed to excel in the evolving financial landscape.

Finally, in the Influence Section, Fausto Galmarini and Magdalena Barczak highlight that while European factoring continued to grow in 2023, the pace slowed due to economic factors. Sustained client growth indicates a return to pre-pandemic stability in the market. As we conclude this edition, we invite you to discover where FCI has been over the last three months as we continue to spread our wings and expand our global presence.

Enjoy the reading!

Gwendoline



ÇAĞATAY BAYDAR
Chairman of FCI

WELCOME FROM ÇAĞATAY BAYDAR

Chairman of FCI

Dear Members & Colleagues,

As we reflect on the past three months, I am pleased to share a recap of the significant developments that have taken place within FCI. This period has been marked by strategic advancements and the establishment of a strong foundation that will guide us as we continue to lead in global open-account trade.

One of the key milestones has been the establishment of the FCI Senior Leadership Team as announced by Neal Harm in early July, signalling our commitment to executing our strategic goals. Gert-Jan Baars has taken on the role of Director of Operations, leveraging his extensive experience to enhance FCI's IT, finance, administration, operations, and compliance capabilities. Alongside him, Betül Kurtulus has transitioned to Director of Strategic Marketing and Business Development, where she will drive FCI's global marketing efforts and strengthen our relationships with key stakeholders. Aysen Cetintas continues to lead as the Director of Education, now part of the Senior Leadership Team, reinforcing our commitment to member development and education through FCI Academy.

In mid-July, Neal and the Senior Leadership team convened in Istanbul for two days of strategic meetings. These sessions were pivotal in setting the foundation for our long-term objectives. The visit culminated in a conference on "The Effects of Factoring in International Trade," hosted by the Financial Institutions Association, where we explored the critical role of factoring in global trade and assessed Turkey's potential in this area.

On the global stage, FCI has strengthened its strategic alliances with influential partners that are vital to the growth and sustainability of the Accounts Receivable Finance industry. We are thrilled to announce that we have signed a Memorandum of Understanding (MOU) with the Financial & International Business Association (FIBA), which establishes a framework for collaboration across the Americas and the Caribbean. This partnership includes joint efforts in Training and Advisory, Research and Promotion, and Events and Networking, leveraging the strengths of both organisations to enhance industry standards and drive growth in these regions.

As we look ahead, the next three months promise to be eventful, with several key initiatives and gatherings. In September, we will host a training webinar focused on enhancing and safeguarding factoring and supply chain finance. October will be particularly busy with a joint conference in Miami on supporting SMEs within the financial supply chain, followed by a workshop and the 15th CEE & SEE Regional Conference in Prague. In November, we will conduct a seminar in Mumbai on international factoring and receivables finance. Over the next few months, we will also host conferences in Africa, which will be announced soon.

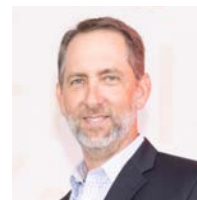
These past months have been a period of substantial progress and strategic planning, setting the stage for continued success. I am confident that our initiatives will position FCI for even greater achievements in the months ahead.

Warm regards,
Çağatay Baydar

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A WORD FROM THE SG

Strive for Gold



NEAL HARM
Secretary General

It has been a very busy summer, coming off the annual meeting in June. I hope everyone is getting an opportunity to spend some time with family and friends during the summer holiday season. I will be back in the US for a few weeks to see my family in late August, and I am looking forward to a few weeks of taking a moment to relax. It is important and a chance to think a bit more strategically while away from the day-to-day.

Even with my very busy day-to-day here in Amsterdam, I take the opportunity to enjoy my surroundings and experiences. Speaking of experiences, I am composing this article on a train as I return home to Amsterdam from the Paris Olympics. I have had the very fortunate opportunity to attend several Olympics over the years. For me, it is one of the best global events that brings people and cultures together in a celebration of competition. The Olympics focuses on teams and individuals who have found their special gift and relentlessly practised it to almost perfection. They do not always succeed in reaching the podium for a medal, but they exemplify what we should all do daily—constantly striving to be better and go for the podium.

This is my challenge to FCI, me, the Secretariat, the Executive Committee, and its Members: We must focus on what we excel at and build on them.

What FCI excels at is the Two-Factor or 4-Corner model of global trade: A Financial Institution representing each Buyer and Seller in trade. The proven model delivers a high-quality service based on a secure transaction that deepens the reach into the financial supply chain. FCI is the gold standard in the rules, regulations, education, and platform to deliver this type of trade finance. Like these Olympic athletes, we must continue to grow and develop to continue to excel in our field.

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IS THE
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FINANCE

A great example of successful growth and transformation I have seen recently is in one of our members - Unifiedpost Group. I had the opportunity to spend the day with their team and several of their clients during the Olympics. I learned about Unifiedpost Group's history and story of transformation that has led to its success. Over the years, they have transformed from processing mail for clients to becoming a leading fintech that fully digitises a client's invoice and payment process. Responding to the changing market has driven them to digitise the invoice and the related payment. Even with this change, they have kept to their core value of creating efficiency in streamlining information delivery for their clients.

FCI is currently going through a similar transition as more and more financial institutions are turning to open-account trade finance while also looking for efficiency and digitisation around the product. Fintechs and marketplaces are popping up around the globe to support this evolution – many are becoming members of FCI. To support this change in the market, FCI is working to support these new players with Edifactoring 2.0. The recent launch of 2.0 brings FCI's platform up to a digital standard that rivals any FI-to-FI bank trade platform. It is both a manual front end and

a fully automated interface that can support any financial institution's level of integration. It has proven to be a robust platform that has evolved with the market.

In addition to the platform, FCI is focused on its core product of the 4-Corner model and the various products that surround that model. One of my goals as we prepare for 2025 is to conduct a full review of all the products and services of FCI: Collection, Verification, RESCUE, FCIreverse, POM, and traditional Two-Factor. All these products have a specific value within the lifecycle of the financial supply chain. If implemented fully, the Financial Institutions can provide financing and servicing from Purchase Order to final payment. FCI and our members then fully support the needs within the financial supply chain between a seller and a buyer. I have asked Sarah Pon, Chair of the Marketing Committee, to work with her team to analyse these and work with the Secretariat to develop specific initiatives for each. The Committee will work very closely with the Secretariat from a strategic perspective to better develop and integrate each of these into FCI.

ALL
FCI
PRODUCTS HAVE
A SPECIFIC VALUE
WITHIN THE
LIFECYCLE OF THE
FINANCIAL SUPPLY
CHAIN

Coming back to the Olympics, I must boast about the US Women's National Team. The team went through significant transitions in the season leading up to the 2024 Olympics. Chelsea Head Coach Emma Hayes was named manager of the US team in November 2023, just months before the opening ceremony. She brought a vision of "**Belief. Freedom. Fun.**" This vision and her strategy to focus on the team's strengths without making big changes earned the team Gold.

I like to follow and study great leaders. Emma's vision and strategy are similar to what I bring to FCI. I have a strong **Belief** in this FCI network. The team must have the **Freedom** to leverage their strengths for us to be successful – each person will manage their area of FCI as needed. Let's enjoy what we do and have **Fun** as this is what we do for a living. Finally, the leader must identify the team's strengths and put them each in a position to succeed. This is why I recently named my Senior Leadership Team - Betül Kurtulus, Director of Strategic Marketing and Business Development; Gert-Jan Baars, Director of Operations; and Aysen Cetintas, Director of Education. This team, along with my and the Executive Committee's guidance, will continue FCI's growth and success in the coming years.

We will have **Belief, Freedom, and Fun** while we strive for gold.

"BELIEF.
FREEDOM.
FUN." THIS VISION
AND HER STRATEGY
TO FOCUS ON THE
TEAM'S STRENGTHS
WITHOUT MAKING BIG
CHANGES EARNED
THE TEAM
GOLD

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NAVIGATING THE EVOLVING LANDSCAPE: FCI'S STRATEGIC RESPONSE TO REGIONAL DYNAMICS AND EMERGING MARKET OPPORTUNITIES



MS. BETÜL KURTULUS
Regional Director Europe &
the Middle East

Regional differences and geopolitical tensions are increasingly impacting the trade finance landscape, creating challenges that require tailored approaches. Varying economic conditions, regulatory environments, and regional political stability lead to different risk profiles and financing needs.

Geopolitical tensions, such as trade wars, sanctions, and regional conflicts, further complicate cross-border transactions, leading to supply chain disruptions and market confidence fluctuations. These factors necessitate a nuanced understanding of regional dynamics and a flexible strategy to effectively manage risks and seize opportunities in different markets. FCI is committed to adapting its services and support to help our members navigate these complexities, ensuring they are well-positioned to operate successfully in a volatile global environment.

In response to evolving market dynamics, FCI is restructuring to better align with the needs of our global network and diverse membership base. We are adopting a member/regional/product-concentrated marketing approach to enhance our agility and global presence. Leveraging FCI's extensive experience in over 90 countries, our goal is to ensure that our network operates more efficiently, with stronger, more strategic support under the new structure, which will enable FCI to provide even more focused and planned marketing efforts, ensuring that our members collaborate more effectively across regions and in their correspondent relations. These changes will allow us to serve as a truly global organisation, meeting the demands of the ever-changing marketplace. This transformation is focused on better aligning our internal operations with member and public market relations needs and increasing integration with investment banks.

As some of our members and countries' concentrations increasingly shift towards the small—to mid-cap segment, our structure will reflect a more clustered approach, aligning regions, sectors, and products to effectively target high-growth areas.

FCI will strongly emphasise green financing, sustainability, and ESG in the coming period. The evolving regulatory landscape, particularly in Europe with the upcoming EU Green Bond Standard, has introduced new compliance requirements, making it more challenging for issuers to adapt. As this financing model is integral to the entire trade process—from financiers to producers—FCI will guide and assist its correspondents on these critical issues.

This includes efforts such as data collection to ensure that our network is well-equipped to navigate these complex regulatory challenges.

Islamic international factoring will be another key area for FCI. In untapped countries within the

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COMPLEXITIES

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Islamic banking sector, we will support our partners in promoting Islamic international factoring in more Islamic financial institutions and across more countries, especially for clients who exclusively want to use Islamic financing.

With the new organisational focus at FCI, we will also concentrate on the growth potential in emerging markets. Trade finance is expanding in emerging markets with significant potential for growth. Financial institutions are focusing on these regions to tap into new opportunities and support trade and infrastructure development.

Also, in regions like China and India, we will develop new strategies to support members with projects that drive business and turnover. The Middle East will also remain a crucial market for us, where we will increase our regulatory support and strengthen our efforts.

The COVID-19 pandemic underscored the need for resilient supply chains, prompting us to enhance supply chain visibility and flexibility. Our trade finance solutions will aim to support more robust and adaptive supply chain strategies. We are prioritising the broader adoption of the EDIreverse product to serve a solution to our members under four corner model. With EDIreverse, FCI proposes to leverage FCI's members for ad-hoc collaborations when trying to reach suppliers in other geographies, adding one more leg to the standard transaction.

Increased use of data and analytics will also be a key area of focus. By leveraging advanced analytics, we aim to provide our members with better insights into market trends, creditworthiness, and trade patterns. This will help in assessing risks, optimising financing options, and improving decision-making processes.

In conclusion, as FCI navigates the complexities of an evolving global landscape, our strategic initiatives are designed to empower our members with the tools, insights, and support they need to thrive. By embracing regional dynamics, enhancing our organisational structure, and focusing on key areas such as green financing, Islamic international factoring, and emerging markets, we are positioning FCI and its network for sustained growth and success. Integrating advanced data analytics and the broader adoption of innovative products like EDIreverse will further solidify our commitment to providing comprehensive solutions that address the unique challenges and opportunities in today's trade finance environment.

Additionally, FCI's strong emphasis on education and knowledge-sharing remains a cornerstone of our strategy. Through targeted training programmes and educational resources, we equip our members with the expertise required to navigate the complexities of the global trade finance landscape.

WE WILL
ALSO
CONCENTRATE ON
THE GROWTH
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EMERGING
MARKETS



Facilitating Open Account – Receivables Finance

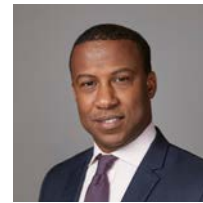
15th CEE & SEE Regional Conference on Factoring & Supply Chain Finance

24-25 October 2024 | Prague, Czech Republic

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STRENGTHENING AFRICA'S FACTORING INDUSTRY THROUGH TARGETED TRAINING AND CAPACITY BUILDING



NASSOUROU AMINOU
Regional Manager Africa

As we progress through 2024, the momentum for advancing the factoring industry in Africa is more robust than ever. FCI, in collaboration with Afreximbank and under the auspices of the African Development Bank's Fund for African Private Sector Assistance (FAPA) programme, is proud to spearhead a series of critical training workshops aimed at bolstering the capacity of banks and factoring companies across the continent. This initiative is not just about education; it's about laying the foundation for sustainable growth and stability in Africa's financial sector.

The Importance of Factoring in Africa's Economic Growth

Factoring is increasingly recognised as a vital financial tool that supports small and medium-sized enterprises (SMEs) by providing them with immediate liquidity through selling their receivables. This mechanism is crucial in Africa, where access to traditional financing is often limited. However, the region's factoring industry growth has been hampered by a lack of expertise, regulatory challenges, and limited awareness among financial institutions.

Recognising these challenges, Afreximbank, with the support of FCI, has taken proactive steps to address these issues through a structured capacity-building programme. This initiative is part of a larger effort funded by a US\$500,000 grant from FAPA, designed to develop and nurture the factoring industry across Africa. The goal is to equip emerging and established factoring firms with the necessary skills and knowledge to operate effectively while providing advisory services to regulators, financial institutions, businesses, and trade associations.

A Journey of Capacity Building: Workshops in Dakar and Abuja

The journey began in 2022, with the first training and capacity-building workshop held in Dakar, Senegal, from 28 November to 2 December. Hosted by the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO) and supported by the Centre Ouest Africain de Formation et d'Études Bancaires (COFEB), this workshop focused on Francophone West Africa. The event was attended by 18 delegates from 7 banks and factoring companies, who engaged in a comprehensive programme covering legal and regulatory frameworks, audit processes, organisational and accounting aspects, and commercial facets of factoring.

The success of the Dakar workshop set the stage for a second training event in Abuja, Nigeria, from 31 July to 3 August 2023. This workshop, aimed at Anglophone West Africa, saw the participation of 35 delegates from 12 banks, factoring companies, and advocacy partners. Hosted by the Nigeria Export-Import Bank (NEXIM), the workshop continued the tradition of providing high-quality training free of charge, emphasising practical skills, interactive discussions, and personalised one-on-one meetings.

Both workshops were instrumental in not only transferring knowledge but also in building a network of factoring professionals who are now better equipped to drive the industry forward in their respective countries.

Looking Ahead: The Harare Workshop for Southern Africa

Building on the success of the Dakar and Abuja workshops, we are excited to announce the

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upcoming technical capacity-building workshop in Harare, Zimbabwe, which is scheduled for later this year, this event will focus on Southern Africa, following the interest generated during the Afreximbank/FCI Regional Factoring Conference held in Zimbabwe in April 2024. During this conference, the Reserve Bank of Zimbabwe (RBZ) and local banks expressed strong interest in receiving technical support and capacity-building in factoring.

The Harare workshop will replicate the successful formats of the previous workshops, with a few key enhancements based on lessons learned. One critical observation from past events was the need for technical training and advisory services to help factoring companies properly set up and manage their operations effectively. Therefore, the Harare workshop will feature a Comprehensive Diagnostic Analysis of the Factoring Business and Training on Factoring & Receivables Finance for all participating banks and factors.

Objectives and Expected Outcomes of the Harare Workshop

The primary objectives of the Harare workshop are multi-faceted, aiming to:

1. **Engage with Banks and Factors:** Foster collaboration with banks and factoring companies to identify challenges and develop solutions for business continuity.
2. **Training and Capacity Building:** Deliver comprehensive training to enhance the skill sets related to factoring.
3. **Advisory Services:** Provide expert advice on organisation, operations, legal frameworks, risk management, sales, audit, IT, business planning, feasibility studies, and administration.
4. **Mentoring Support:** Offer onsite and online capacity-building and mentoring for start-ups and established factoring companies.
5. **Collaboration and Knowledge Sharing:** Facilitate interaction between emerging and established firms to share lessons learned and develop strategies for collaboration.
6. **Addressing Factoring Challenges:** Tackle issues raised during previous workshops and regional conferences, ensuring continuous improvement and adaptation of best practices.

The expected outcomes from the Harare workshop are significant. We anticipate an increase in the volume of factoring transactions, coupled with an enhanced credit quality portfolio for participating banks and factoring companies. Participants will have the opportunity to learn practical skills from industry experts, receive FCI's toolkits and materials, and benefit from risk-based assessments that help minimise credit and operational losses. Additionally, the workshop will contribute to the development of standard factoring products tailored to the needs of the African market.

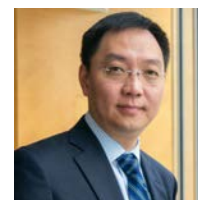
Conclusion: A Pathway to Sustainable Growth

As we look towards the future, FCI remains committed to supporting the growth of the factoring industry in Africa. The upcoming workshop in Harare is a testament to our ongoing efforts to build a robust and resilient factoring ecosystem that can support the continent's economic growth. By enhancing the capacity of financial institutions and factoring companies, we are not only empowering businesses but also contributing to the broader development goals of the African continent.

We encourage all stakeholders—banks, financial institutions, factoring companies, and regulators—to participate in this crucial workshop and join us in shaping the future of factoring in Africa. Together, we can unlock new opportunities, mitigate risks, and pave the way for a prosperous future.

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HEAL THE TRADE FINANCE GAP



LIN HUI
Regional Director North East Asia

In the aftermath of the 2008 global financial crisis, world trade experienced an unprecedented contraction, the so-called 'Great Trade Collapse'. The usual explanation is that the tightening of global liquidity led to a reduction in the availability of trade finance. The problem, however, is that the trade finance gap did not disappear as global liquidity recovered in the following years.

Clearly, the crux of the problem does not lie in a shortage of liquidity but in a fundamental change in the structure of trade finance, in which Open Accounts have dramatically overtaken Bills of Exchange and Letters of Credit to dominate the market. However, the global trade finance system and infrastructure still have not kept pace with the changes to fill this gap.

With the initiatives of the FCI, we have made some breakthroughs. With more than 90 countries participating in the FCI network, more and more trade finance banks worldwide can begin offering standardised OA trade finance to local businesses. But flaws and hurdles remain. In both developed and emerging markets, we still face fundamental problems: Poor connectivity, Under-use of the services due to slow and costly transactions, Low client satisfaction, etc.

These problems affect the standardisation process of OA trade finance in many ways. They drag down the transformation of trade finance and impede trade growth while reversing trade finance back to obsolete working capital loans and even inducing financial activities to unregulated "shadow" intermediaries.

The persistence of these problems is largely due to the fragmented approach of banks and trade finance institutions, with only incremental remedies and fine-tuning existing systems and processes that have been cobbled together. Transitional systems and products abound. These factors contribute to our current transactions' inefficiency, slowness and high cost. Many potential transactions are not realized for reasons of cost or complexity, which means not only a significant loss of economic opportunity, but also a failure to achieve the network effects of the FCI model.

THE GLOBAL
TRADE FINANCE
SYSTEM NEEDED A
DISRUPTIVE LEAP
FORWARD

While each of the innovations in the remedies had a legitimate purpose, the need for compatibility with the legacy system was holding them back. The global trade finance system needed a disruptive leap forward.

Recent advances in technology make such a leap possible. Trusted computing is indispensable for security and privacy, Artificial Intelligence, and the possibility of tokenising receivable assets, where tokens contain all the information about the receivables and the operations that can be performed with them. Leveraging these technological advances, we will be able to create an OA trade finance

system that is anchored in each business. Each company will be connected to the FCI network through its link with an FCI trading member.

This means that every business's customer (buyer) and supplier (seller) will be connected to the FCI network through his bank, thus forming closed-loop two-factor networks. Under the logic of a standardised two-factor model, all steps of transactions and operations will be integrated into a programmable unified ledger. Each business can have ready access to the buyer's credit, each invoice and payment can be traceable, and each process is seamlessly collaborated and instantly fulfilled.

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A more inspiring vision is that every business's liquidity and credit risk management will be highly automated and seamlessly matched to its operating cash flow. Trade finance will become faster, cheaper and easier. The paradigm of working capital lending and the whole corporate banking business will change dramatically as a result.

We see the necessity and urgency of such a leap in the Chinese market. Thirty years after FCI's presence in China, the Chinese market has not only accomplished its market enlightenment but also grown rapidly to become the largest factoring market in the world, thanks to its superiority as the global manufacturing hub and the efforts of our Chinese members. However, the Chinese market is highly competitive, with cost and speed often being the key to survival. As a result of some constraints, the scale of the two-factor business in China is far from reaching the critical mass that allows for significant cost reductions and speed. The market remains generally fragmented and siloed despite the introduction of many inclusive financial policies to support SMEs and the emergence of innovative models such as supply chain notes and deep-tier financing. Thus, the chronic pain of the trade finance gap is almost impossible to heal.

A critical period is upon us in the Chinese market. Technological advances offer the potential for leapfrogging, but the key factor remains our Chinese members' shared vision and leadership. No one understands the Chinese market better than our Chinese members, and nothing is more important than our Chinese members working together to solve the problems.

It is particularly important at this point to revisit the spirit of cooperation of the founding members of FCI over 50 years ago, which should also be embedded in the values of each FCI member. We will set up a China Committee to establish a cooperative mechanism for our members in China and to develop a clear strategy for China based on the current domestic and international market environment. We will re-engineer the highway network of OA trade finance for the entire domestic and international business, aiming to connect every business in the Chinese market, whether large or small, to make trade finance cheaper, faster and more accessible, which we believe is the true meaning of financial inclusion.

**NO
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WORKING TOGETHER
TO SOLVE THE
PROBLEMS.**



CONNECT

BOOSTING FINANCIAL INCLUSION IN CAMBODIA: PROGRESS IN SUPPLY CHAIN FINANCE AND BANKING



THOMPSON LUI
Regional Manager South
& South East Asia

There are a few jurisdictions within the SSEA region where FCI has members/representations not on a regular basis. Cambodia is one of them, but the country has been making notable strides in its supply chain finance, factoring, and banking sectors, particularly regarding regulatory developments. The country's financial landscape is evolving rapidly as it seeks to improve financial inclusion, particularly for small and medium-sized enterprises (SMEs), which are critical to its economy.

Supply Chain Finance and Factoring Development

In recent years, Cambodia has recognised the importance of supply chain finance and factoring as essential tools for enhancing the financial ecosystem. The National Bank of Cambodia (NBC), in collaboration with the International Finance Corporation (IFC), launched the "Cambodia Supply Chain Finance Market Development" project. This initiative aims to expand financial access for SMEs, a sector that has traditionally faced significant barriers in obtaining credit due to high collateral requirements and limited financial products tailored to their needs. The project is aligned with Cambodia's National Financial Inclusion Strategy 2019-2025, which prioritises innovative credit products to support SMEs' growth (Phnom Penh Post) (Open Development Cambodia (ODC)).

IN
RECENT
YEARS, CAMBODIA
HAS RECOGNISED THE
IMPORTANCE OF SUPPLY
CHAIN FINANCE AND
FACTORING AS ESSENTIAL
TOOLS FOR ENHANCING
THE FINANCIAL
ECOSYSTEM

This initiative reflects a broader regulatory trend in Cambodia towards creating a more supportive environment for factoring and supply chain finance. By focusing on improving the regulatory framework, enhancing market practices, and fostering a conducive ecosystem, Cambodia aims to reduce the financial constraints that SMEs face and stimulate their participation in the formal economy. As mentioned above, IFC and FCI have been quite active in supporting developments in this region, either in partnership or independently. Given the recent relocation of the global supply chain, Cambodia certainly can benefit from perfecting the regulatory landscape and overall environment to facilitate positive developments in her banking and finance industry to reduce the funding gap, especially for SMEs.

Banking Sector Developments

Cambodia's banking sector has also been evolving to support the needs of a growing and diversifying economy. The Asian Development Bank (ADB) recently introduced a new country partnership strategy for Cambodia from 2024 to 2028. This strategy emphasises sustainable economic growth, private-sector-led diversification, and improved financial inclusion. A significant part of this strategy involves strengthening the banking sector's capacity to support broader

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economic goals, including digitalisation, governance, and climate resilience (Cambodia Daily).

Furthermore, the Cambodian government has been actively involved in supporting the banking sector through various initiatives. For instance, the Small and Medium Enterprise Bank of Cambodia (SME Bank) has been a key player in providing low-interest loans to SMEs, underpinned by substantial government capital investment. The government's SME Co-Financing Scheme (SCFS), launched in partnership with multiple commercial and specialised banks, offers SMEs access to affordable credit, albeit with certain conditions like collateral and registration requirements (Phnom Penh Post).

Regulatory Perspectives

From a regulatory perspective, Cambodia's efforts are geared towards creating a robust framework that supports financial innovation while ensuring stability and consumer protection. NBC has been at the forefront of these efforts, working closely with international partners like the IFC to develop regulations that facilitate new financial products, such as factoring and supply chain finance, which are relatively novel in the Cambodian context.

The regulatory landscape is also influenced by broader economic strategies, such as the Pentagonal Strategy, which aims to align financial sector development with national priorities like economic diversification, digital transformation, and climate resilience. These regulatory advancements are expected to enhance the efficiency of financial markets, improve access to finance for underserved sectors, and contribute to overall economic growth (Open Development Cambodia (ODC)) (Cambodia Daily).

In summary, Cambodia is making significant progress in developing its supply chain finance, factoring, and banking sectors, with a strong focus on regulatory support. These developments are crucial for enhancing financial inclusion, particularly for SMEs, and fostering a more resilient and diversified economy. The collaborative efforts between the Cambodian government, international partners, and the private sector are key to sustaining these advancements and ensuring they translate into tangible benefits for the broader economy.



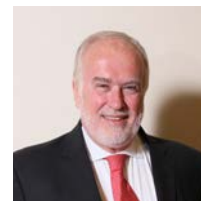
INTERNATIONAL FACTORING & RECEIVABLES FINANCE
Enhancing Business Stability & Growth

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FACTORING IN COLOMBIA: AN EXPLANATION OF THE PRESENT AND A LOOK AT TOMORROW'S POSSIBILITIES



ALBERTO WYDERKA
Regional Director Americas

Factoring in Colombia has undergone an important evolution in recent years, with the widespread use of electronic invoices and the implementation of the DIAN platform, RADIAN, where electronic invoices circulating in the country are registered, which has undoubtedly boosted electronic factoring.

This is why the World Bank Group (WBG), through the work of the International Finance Corporation (IFC) and in coordination with the Colombian tax and customs authority (DIAN), are conducting a diagnosis of this electronic factoring model in the RADIAN, considering the good reception that the Invoicing System has had in the country and its RADIAN platform for the circulation of invoices.

Bancolombia conducted an in-depth analysis of the issue. For that reason, I wanted to interview Ms. Julie Pauline RINCON MONROY (JP), lawyer, who is part of the Vice-Presidential team of Legal Affairs and Ms Juana Elisa LOPEZ PALACIO (JE), International Manager, to learn first-hand the results of their analysis and their opinions.

Without prejudice to the result of this work, which will surely be very useful to continue promoting electronic factoring in Colombia, at the same time, the Bank wanted to have the vision of some of the actors who have been closely involved in the operation of this model. The following is the interview, but first, let's emphasise some keywords.

Keywords: *Issuance, circulation, express acceptance, tacit acceptance, RADIAN, Electronic Invoicing System, endorsement, overdue invoices, international interoperability, regulatory harmony.*

AW: *What has been the evolution of factoring in Colombia since the implementation of RADIAN?*

JP: This model has been in operation since 2021 when we closed the year with 12 invoices registered in the RADIAN, and as of 2022, when it was declared that all factoring operations on electronic invoices must be registered in the RADIAN and we began to see a significant growth in electronic factoring operations, to the point that by December of that year, 518 thousand invoices had been registered for 9.3 billion pesos and by May 31, 2024, 599,867 invoices have been registered for a value of 13.4 billion pesos.

AW: *What is the Electronic Invoicing System in Colombia?, and how does the electronic invoice circulate in Colombia for negotiation?*

JE: It is a system born from the intention of dematerialising tax documents. This system comprises fiscal documents, including sales invoices, equivalent electronic documents, electronic payroll support documents and a technological services platform called RADIAN.

As for how an invoice is circulated for negotiation, the first step is issuing the electronic invoice in three steps: generation, validation and issuance. Then, for it to become an electronic invoice and be registered for its circulation in the RADIAN, it is necessary for the acquirer-payer to deliver to the supplier the electronic proof of receipt of the goods or services and the receipt of the electronic invoice. It is also necessary that the express or tacit acceptance of the electronic invoice has materialised.

AW: What is RADIANT? and why is the free circulation of the invoice important?

JP: It is the platform of the DIAN (tax authority in Colombia), which administers and manages the registration of the electronic sales invoice as a value title that circulates in Colombia and guarantees the consultation and traceability of the negotiation of such invoice.

Regarding the importance of the free circulation of invoices, in Colombia it is mandatory to accept the endorsement of the electronic invoice as a mechanism for the transfer of ownership. The regulation on free competition determined that any agreement that limits or prohibits the free circulation of an invoice or its acceptance is considered unwritten. Likewise, it was determined that withholding the invoice or any act that impedes its free circulation constitutes a restrictive practice of competition that may be investigated and sanctioned.

IN
COLOMBIA
IT IS MANDATORY
TO ACCEPT THE
ENDORSEMENT OF THE
ELECTRONIC INVOICE
AS A MECHANISM FOR
THE TRANSFER OF
OWNERSHIP

AW: What opportunities do we have in the Colombian model after 2 years of full operation?

JE: The officially published numbers on the use of electronic invoicing show that as of May 2024, there are 1,183,821 people authorised in the Electronic Invoicing System, including up to 99 authorised Technology Providers and 33,913 billers. Figures that should be accompanied with the mention of the benefits that the Electronic Invoicing System has brought to the Colombian Factoring market, which we should highlight: 1. the free access and use of the electronic invoicing software, the possibility of obtaining free digital signature certificates validated by the country's tax authority DIAN, which allows the users of the Electronic Invoicing System to sign all their electronic documents; 2. The Electronic Invoicing System provides greater security and traceability in data on the circulation of invoices in Colombia, reducing the risk of fraud in its negotiability through endorsements and conventional assignments; and 3. It allows consolidating electronic market environments where buyers, sellers and factors make connections between their businesses in more agile ways.

THE
ELECTRONIC
INVOICING SYSTEM
PROVIDES GREATER
SECURITY AND
TRACEABILITY IN DATA ON
THE CIRCULATION OF
INVOICES IN COLOMBIA,
REDUCING THE RISK
OF FRAUD

On the other hand, several evolution options can be adjusted in the future of the current Factoring regulations in Colombia. Some of them are: a. Develop the automatic tacit acceptance event once the events of delivery of goods or services and the electronic invoice are generated. b. The possibility of including modifications to the due dates of invoices after they are issued and validated by the DIAN.

AW: What is the tacit acceptance event, and could this event be automated in RADIANT?

JP: There are two acceptance events: one express and one tacit. An express acceptance event can be generated if the payer-acquirer issues the electronic proof of express acceptance, while tacit acceptance is if the payer-acquirer does not claim within three working days of receipt of the good or service. At this time, the invoice issuer must leave an electronic record of the tacit acceptance.

To streamline the processes, the electronic process should replicate what occurred in the physical process in the case of automatic tacit acceptance so that once the requirements for tacit

CONNECT

acceptance described above have been met, the event of acceptance of the invoice will automatically occur so that the invoice can circulate.

AW: *How can we propose an interoperability scheme for RADIANT with other electronic invoicing systems and its opening to international Factoring?*

JP: Recently, we had a regulation of technical content that develops the general regulation of Factoring in Colombia, in which it was established that all electronic invoices must be issued in Spanish and expressed in Colombian pesos, without prejudice that they could have double columns of text with another language and an indication of TRM for another currency. This provision is under review and is awaiting modification so that there is freedom to determine the language and currency of the invoice, considering the need for Colombian exporters to be able to issue invoices in the language and currency of the payer abroad.



Juana Elisa LOPEZ
PALACIO



Julie Pauline RINCON
MONROY

From the above, the question arises about an alternative to present the Colombian Electronic Invoicing System and RADIANT as instruments of international negotiation in such a way that there may be connections between the electronic invoicing systems of the regions. This question remains to be resolved with a view to the future of international electronic factoring.

AW: *What does it mean that financial and non-financial entities in Colombia can do Factoring?*

JE: In Colombia, both financial entities and companies of the real sector are authorised to do Factoring; this implies that the requirements regarding the maintenance of minimum capital and equity, prudential regulation, and risk management systems, among others, are not the same for financial entities and non-financial Factoring companies. These regulatory issues continue to demonstrate that it is important to seek regulatory balance for both types of factoring companies so that they are not only in national regulatory harmony, but also at the international level.

Finally, I think it is important and interesting to include the definition of some terminology.

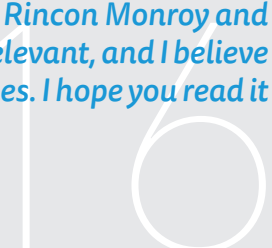
Technological suppliers: *The company authorised by the DIAN complies with the conditions and requirements to provide electronic billers with the services of generation, transmission, delivery and issuance, reception and conservation of electronic sales invoices.*

Express acceptance: *It is the debtor's manifestation of the recognition of the invoice and the amount owed.*

Tacit acceptance: *This type of acceptance occurs if the debtor does not complain to the issuer against the content of the invoice within three (3) business days from the date of receipt of the goods or service.*

RADIANT events: *These are relevant facts that occur with the electronic invoice since its generation, and that must be recorded electronically as events related to the traceability of such invoices in accordance with the technical conditions established by the national tax and customs authority - DIAN.*

I can only thank the legal team of Bancolombia in the person of Dr. Julie Pauline Rincon Monroy and our very dear friend Juana Lopez. In my opinion, the work they have done is very relevant, and I believe that it will be of interest to our community and also to Regulators in other countries. I hope you read it and, in doing so, agree with me.





FCI

Facilitating Open Account – Receivables Finance



FINANCIAL &
INTERNATIONAL
BUSINESS
ASSOCIATION

Supporting SMEs within the Financial Supply Chain through Traditional & Reverse Factoring



8-9 October 2024



Miami, USA

Join experts in supply chain finance and factoring to explore the latest industry trends.

Day one features a legal workshop on key regulations and best practices.

Don't miss this two-day event packed with insights and prime networking opportunities.

KEY DISCUSSION TOPICS



Supply Chain Finance



Factoring



Compliance



Legal Aspects

To find out more,
simply scan the QR
code or visit fci.nl



CONNECT NEW MEMBERS

One of the key reasons we exist is to connect people in the industry – creating business opportunities, networking, and relationships that last.

Since the last newsletter, the FCI family has grown with the following Members. Today FCI counts 390 members! We still have a lot of prospects that will soon join FCI.



LUMIÈRE
GROUP INTERNATIONAL



AFFILIATE



GHANA

About Lumière Group International Ltd.

Lumière Group International (LGI) stands as a beacon in the trade finance landscape, offering a suite of comprehensive services that span across the globe. Privately held and strategically partnered with Joint Venture (JV) entities, LGI operates with a robust presence in key regions including West Africa, East Africa, Central Africa, Europe, and the United Arab Emirates.

At its core, LGI is adept at navigating the complexities of international commerce. With over 21 years of combined experience, LGI and its JV Partners bring to the table a wealth of expertise and practical market knowledge, ensuring honesty and fair dealing in all transactions. The Group's diverse portfolio and multifaceted strengths are delivered by a dedicated team of professionals, making LGI a preferred partner for clients seeking to access new markets, manage risks, or optimize cash flow.

Find out more about Lumière Group International Ltd. by visiting their website [here](#).

We wish all our new members lots of success!

Other Members who joined more recently will be included in the next issue of In-Sight.



FCI Facilitating Open Account – Receivables Finance **NEW BUSINESS OPPORTUNITIES WITH FCI**
BECOME AN IMPORT FACTOR TODAY!

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WITH FCI
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Being an Import Factor means more business & new sources of revenue
Find out more about FCI and how we can help you grow your business by visiting www.fci.nl

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FCI

57th ANNUAL MEETING

Facilitating Open Account – Receivables Finance

22nd - 26th JUNE 2025
RIO DE JANEIRO, BRAZIL

The Annual Meeting offers a great chance to connect with industry colleagues and take part in discussions about the latest developments within the Factoring and Receivables Finance Industry. Participants can expect to gain valuable insights from experts through insightful presentations, engaging in-depth panel discussions led by top professionals, and staying updated with global statistical updates.

In addition, the Meeting is well known for its plentiful networking opportunities, and Rio de Janeiro will provide a beautiful backdrop for all of these networking sessions while offering some incredible sightseeing on the last day.

Don't miss out on this opportunity to gain valuable insights and make meaningful connections.

26+
HOURS OF
NETWORKING

250+
HIGH-LEVEL
ATTENDEES

Scan the QR code to add this to
your calendar or visit fci.nl



EDUCATE

FCI ACADEMY: YOUR GATEWAY TO EXPERTISE IN FACTORING AND RECEIVABLES FINANCE



AYSEN ÇETINTAS
Education Director

FCI Academy's online courses have set the benchmark for acquiring in-depth knowledge of Factoring and Receivables Finance. Our courses, recognised globally, are accredited and endorsed by prestigious international academic institutions and form a key part of the education programmes of leading regional and multinational financial institutions.

I am delighted to announce the launch of our Fourth Term – October 2024 series of the Foundation Course on Factoring, available in English, Chinese, and Spanish.

Exclusive to FCI Members: Your Pathway to Professional Growth

Foundation Course on Factoring – Career Path Level 1 – Members only

The "FCI Foundation Course on Factoring" marks the first step in the "FCI Career Path" education programme—a structured, three-level development journey designed to support your team from their initial entry into the receivables finance industry to becoming highly skilled "industry professionals." This unique, globally recognised, career-oriented learning plan offers an unparalleled opportunity for growth. Upon completing the Foundation Course (Level 1), students are encouraged to advance to the "Intermediate Course on Factoring" (Level 2).

Enrolment Deadline: 26 September 2024

Course Start Date: 1 October 2024

**Enroll
today**

**Download
the
brochure**

Why Choose FCI Academy?

- Over 55 Years of Expertise: Tap into decades of industry-leading knowledge and experience.
- 13,000+ Certified Students: Become part of a global network of certified professionals.
- Globally Recognised Certifications: Earn credentials that enhance your professional reputation on an international scale.
- Flexible Learning Materials: Access downloadable resources at your convenience, which you can reference throughout your career.
- Interactive Learning Experience: Engage with interactive videos, post-module self-assessments, and discussion forums to deepen your understanding.

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EDUCATE



"Education is the key that unlocks the doors of opportunity and success, both personally and professionally. Equipping ourselves with the right knowledge and skills is more important than ever in today's rapidly changing world. By investing in education, we can open up a world of opportunities and increase our potential for success in various fields. Therefore, it's crucial to prioritise education and make it an integral part of our lifelong learning journey. Let's embrace the power of education, invest in ourselves and our business, and pave the way for a brighter future." - Cagatay Baydar, FCI Chairman.

I strongly encourage all new and existing members of FCI, especially those who have recently joined, to enrol their staff in the enhanced series of FCI Academy's Online Courses starting on 1 October 2024. Enrolling is an essential step in ensuring your team remains at the forefront of the industry.

Not an FCI Member or Seeking Specialised Knowledge? Explore our On-Demand Courses [here](#).



REMOTE E-LEARNING THAT FITS YOUR SCHEDULE

These on-demand courses allow those interested to enrol and start studying immediately; no more waiting for the course to start! Join the 13,000+ industry professionals who have trusted us to give them the best education in receivables finance.



INTRODUCTION TO FACTORING & RECEIVABLES FINANCE COURSE

Open-to-all | 3-4 Months



FUNDAMENTALS ON DOMESTIC & INTERNATIONAL FACTORING COURSE

Open-to-all | 3-4 Months



SPECIALISED COURSES ON SALES, MARKETING, RISK & LEGAL

Open-to-all | 3-4 Months



SUPPLY CHAIN FINANCE & REVERSE FACTORING COURSE

Open-to-all | 4 Months

Find out more about the FCI Academy On-Demand courses at fci.nl/academy or email us at fci@fci.nl

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INFLUENCE

HARNESSING THE POWER OF FCI: LEADING THE CHARGE IN GLOBAL OPEN ACCOUNT RECEIVABLES FINANCE



TANYA NAYSMITH
Marketing Officer

In the dynamic global commerce arena, FCI serves as a pivotal force in financing open-account domestic and international trade receivables. With a rich history spanning over five decades, FCI has established itself as an essential player in advancing the global open account receivables finance industry. The effectiveness and reach of FCI are built on three main pillars: the advanced online platform Edifactoring 2.0, the comprehensive General Rules for International Factoring (GRIF), and a vast network of nearly 400 member banks, organisations and service providers spread across over 90 countries.

Edifactoring 2.0: Enhancing Efficiency in Global Factoring Transactions

Central to FCI's operational framework, built around the efficient 4-corner or two-factor model, Edifactoring 2.0 stands as a sophisticated online platform integral to enhancing the security and efficiency of international factoring transactions. This platform not only showcases FCI's commitment to leveraging cutting-edge technology but also strengthens connectivity and operational efficiency across our global network. By integrating Edifactoring 2.0 with the General Rules for International Factoring (GRIF), we provide our members with the tools to manage their factoring portfolios seamlessly. This synergy facilitates streamlined communication and robust transaction processing, substantially reducing risks in cross-border transactions.

GRIF: Standardising Global Factoring Practices

The General Rules for International Factoring (GRIF) form a cornerstone of FCI's framework, offering a solid legal foundation that standardises international factoring practices. These rules provide a reliable and consistent legal framework for handling factoring transactions across diverse judicial landscapes, thereby bolstering confidence among FCI members as they navigate the complexities of international trade. Building on this foundation, FCI developed a Supplemental Agreement for Islamic International Factoring, designed to bridge the gap between conventional and Islamic financial institutions (FIs). By integrating Islamic International Factoring, FCI fosters new opportunities for Islamic and conventional FIs, driving higher trade finance volumes and expanding global trade.

An Expansive Global Network

FCI's network, encompassing nearly 400 members worldwide, creates an extensive framework for collaboration and market expansion. This network not only supports a cooperative business environment but also enhances each member's global reach and influence. It stands as a powerful testament to FCI's capacity to unite businesses across continents, thereby becoming an indispensable resource for any entity involved in the industry.

While competitors may offer various components of open account receivables finance support, FCI uniquely provides a comprehensive amalgamation of services, including networking, legal guidance, and technological infrastructure. This integrated approach positions FCI as the singular, most comprehensive association for entities engaged in open account receivables finance, unmatched by any other organisation.

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Advocacy for the Factoring Industry

FCI's commitment extends beyond operational support to active advocacy in the industry. It plays a crucial role in guiding policy decisions and shaping regulatory frameworks that reflect its members' current needs and future challenges. Through strategic dialogue with global policymakers and stakeholders, FCI ensures that the voice of the factoring community is heard and accounted for in international trade discussions.

Educational Excellence Through FCI Academy

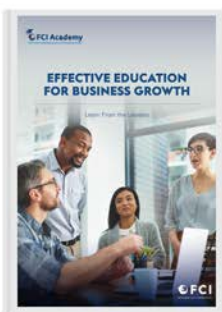
The FCI Academy is renowned for fostering industry knowledge and professional development within the global open account receivables finance community. Offering a wide range of educational programmes, from introductory courses to advanced factoring strategies, the Academy is instrumental in raising the expertise and qualifications of personnel among its members and non-members, thereby enhancing the overall quality of the industry.

FCI stands at the forefront of international open account receivables finance, delivering unparalleled service and support through its integrated platforms, legal frameworks, and global network. For organisations aiming to excel in the fast-paced world of international trade, partnering with FCI offers more than just solutions—it provides a strategic advantage vital for success. As FCI continues to evolve and adapt, it remains dedicated to leading the charge in the open account receivables finance industry, empowering its members, and shaping the future of Global Open Account Receivables Finance.



Enhance your skills in Receivables Finance Industry

Simply scan the QR codes below to discover the educational courses and programmes on offer



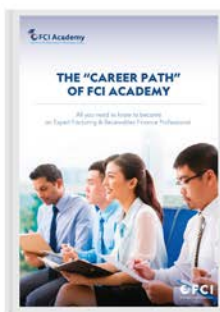
Learn from the Leaders

The short education catalogue gives a quick overview of all tools available to members and non-members to be educated on factoring and Receivables Finance.



New Member Welcome

Members that just joined FCI benefits from complementary and paid education tools to allow them to start their membership in the best conditions.



FCI Career Path Programme

The FCI Career Path educational programme is designed to guide employees through a three-level development process in the receivables finance industry.



SCF & Reverse Factoring Course

With six fully comprehensive modules, the FCI Academy is proud to bring you the latest online course on Supply Chain Finance and Reverse Factoring.



Fundamentals on Domestic & International Factoring

The Fundamentals on Domestic & International Factoring Course offers all new factoring staff a comprehensive online introduction to the Industry.



Find out more by visiting www.fci.nl/academy

INFLUENCE

STILL ON THE GROWTH PATH – 2023 EUROPEAN FACTORING FIGURES



MAGDALENA BARCZAK
Chairwoman, EUF
Economic & Statistics
Committee



FAUSTO GALMARINI
Chairman, EU
Federation

The EU Federation for Factoring and Commercial Finance (EUF) is the Representative Body for the Factoring and Commercial Finance Industry in the EU. It comprises national and international industry associations that are active in the EU. Each year, the EUF collects European factor turnover figures. As you have already seen, the year 2023 was still positive for the EU factoring industry. However, the level of growth was not as spectacular as it was in recent years due to the negative impact on the economy of the conflict between Russia and Ukraine and Israel and Palestina, the decrease of the European GDP and the severe policy of BCE that led to higher interest rates.

Total factoring turnover for European countries reached 2 trillion 44 billion euros, with a growth rate of 2.1% y/y. This is one of the lowest growth ratios since EUF started data collection. However, it can be perceived as a flattening of the factoring growth trend after a few years of spectacular, double-digit growth ratios.

In any case, the European factoring market is the most developed in the world, as its volume is more than two-thirds of the worldwide market.

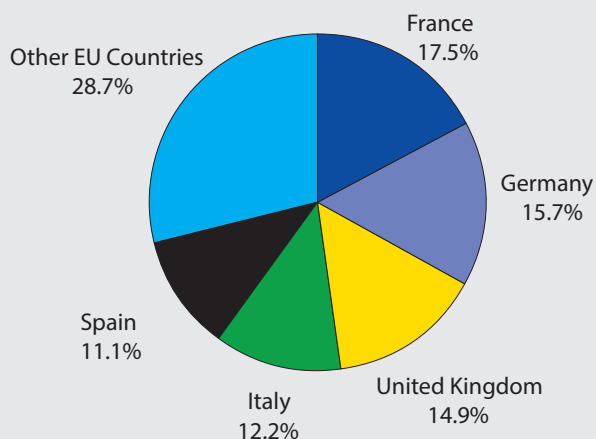
However, the compound average growth rate of European factoring turnover calculated for the last six years was at a high level of 7.2%.

EUF members and partners represented 94.7% of the total EU market in 2023, and according to EUF estimations, 98% of 2023 turnover was performed by Banks or bank-owned companies.

Factoring turnover 2017-2023



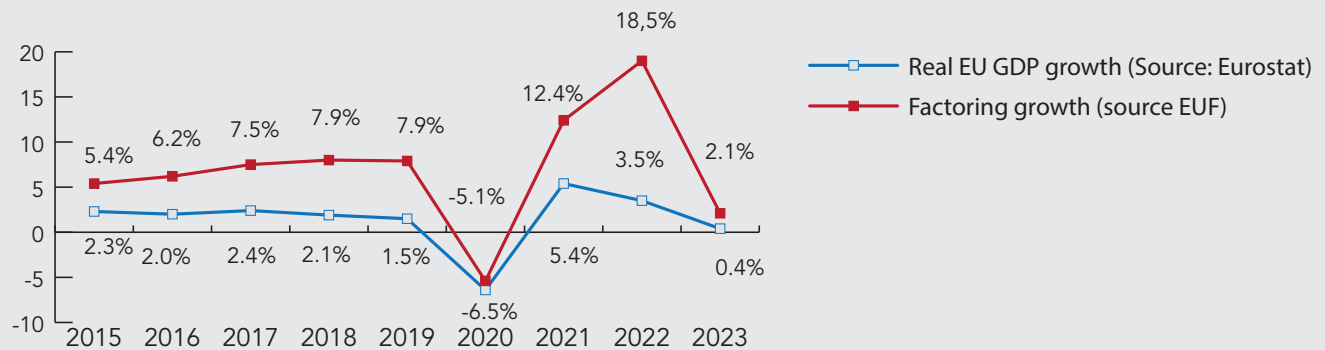
Top 5 Countries



The concentration on the European factoring market remained high in 2023—71.3% of total turnover was done by the TOP 5 countries, similarly to the one in 2022 – 71.4%.

The graph on the left shows the leader of the EU market in 2023.

Trends of factoring turnover growth and EU GDP growth



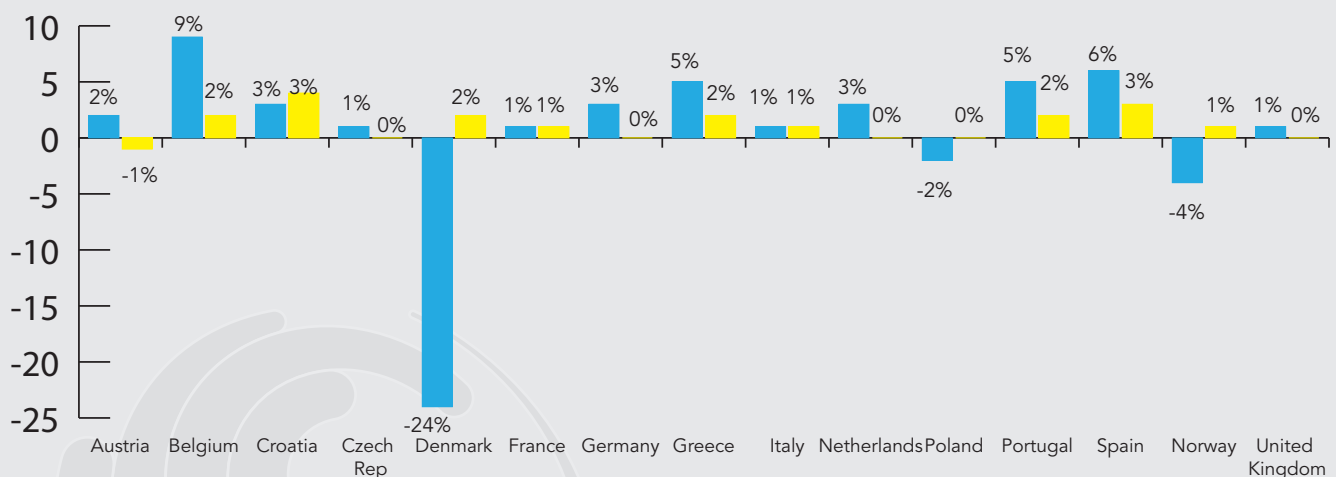
Similarly to previous years, in 2023, the growth of factoring turnover was higher than the yearly increase in European GDP.

Despite the modest growth in turnover, the GDP penetration ratio in 2023 remained at the same level as it was in 2022 – 12%.

In Graph below, the correlation between factoring turnover change y/y, and GDP change y/y in countries that are EUF members and partners is presented.

Apart from countries with negative yearly dynamics in factoring turnover, in all other countries that are members or partners of EUF, the annual increase in factoring was higher or at the same level as the country's GDP change.

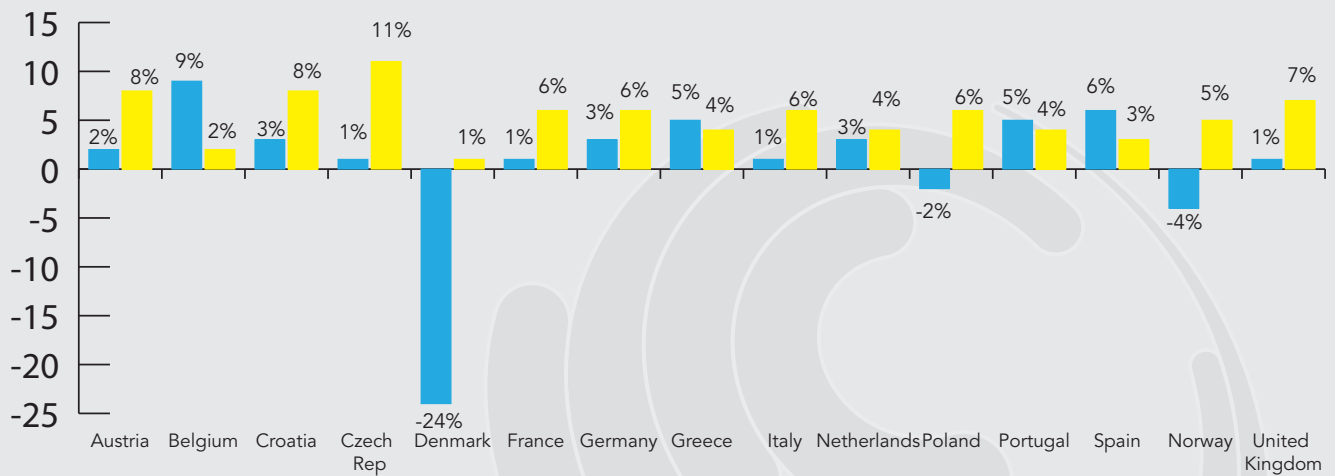
Change y/y in factoring turnover compared to y/y change in the country's GDP



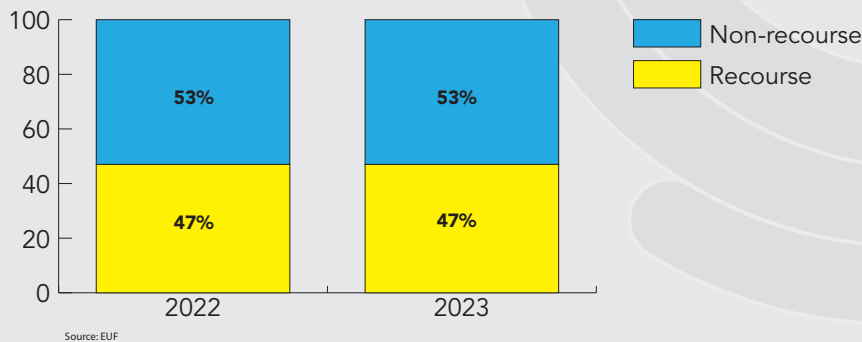
Graph on the next page compares factoring turnover growth and yearly average inflation in each EUF member and partner country for the first time since EUF started observation. Apart from countries with the highest annual increase in turnover (Belgium, Greece, Portugal, and Spain), factoring growth was significantly lower in the majority of EUF countries than the country's inflation ratio.

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Change y/y in factoring turnover compared to average yearly inflation



Structure of 2023 turnover – recourse vs non-recourse factoring



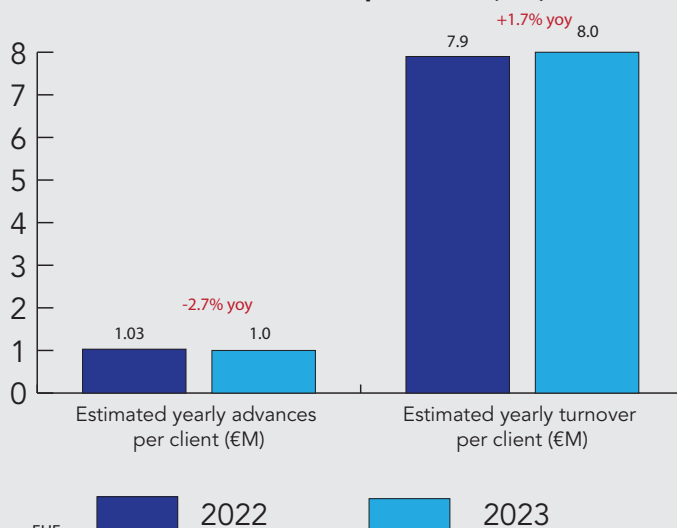
For the fifth year in a row, non-recourse factoring was at a higher level than recourse one in 2023, representing 53% of total turnover; the same structure was in 2022.

It shows that for clients, debtor risk coverage in 2023 was still an important issue.

In terms of funds made available by factors to its customers, 2023 was slightly lower than in 2022. Over 305 billion Euro (2% less than in 2022) of factoring financing has supported entrepreneurs in 2023.

Advances were secured by over 385 billion Euro of assets, which were also 2% lower than in 2022 and were 26% higher the level of advances (in 2022 – were 27% higher, and in 2020 and 2021 – secured assets were 29% higher than the level of advances).

Turnover and advances per Client (€M)



It shows that factoring companies in 2023 started to perceive the risk of their clients as at a lower level than in previous years and have accepted lower coverage.

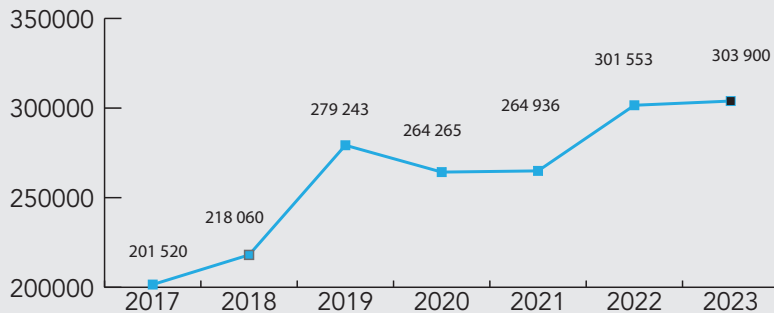
Comparing the level of security assets with turnover, the average number of days outstanding has decreased from 60 days in 2022 to 58 days in 2023, which also had an impact on factoring turnover growth in 2023.

The level of the average amount of advances per client still confirms the high diversification of credit risk in factoring transactions.

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The estimated number of European active clients in 2023 reached almost 304,000, the highest level observed. The increase in client numbers suggests that entrepreneurs, in times of still high economic unpredictability, were focused on obtaining additional sources of funding that could provide them with additional benefits, such as risk coverage and debtor management.

Graph No of Clients 2018-2023



In conclusion, data collected by the EU Federation for Factoring and Commercial Finance (EUF) for 2023 shows that it is already a mature market in the majority of European countries, so further growth won't be as spectacular as it was observed in the last few years. However, sustainable growth in turnover, together with continuous growth in client numbers, are signs of factoring market return on its standard, pre-pandemic growth path.



Facilitating Open Account – Receivables Finance

15th CEE & SEE Regional Conference on Factoring & Supply Chain Finance

📅 24-25 October 2024 📍 Prague, Czech Republic

The 15th CEE & SEE Regional Conference on Factoring will allow participants to network in person and discuss the region's latest developments in factoring and receivables finance.

FCI Academy will host a workshop on Legal Matters in Factoring and Supply Chain Finance in the morning before the conference starts.

[> FIND OUT MORE](#)

INFLUENCE

FCI SPREADING ITS WINGS: MEETING BOTH ONLINE AND IN-PERSON WITH PARTNERS, PROSPECTS, ORGANISATIONS

More than ever, FCI has been partnering with organisations to promote factoring and boost the industry. FCI Directors were invited to speak at other organisations' events. Below is what has happened over the past three months.

JUNE 2024

1 June | TFG Trade Finance Talks Podcast - Adapting to change: The future of factoring and supply chain finance

To hear about developments in the factoring and supply chain finance world, Trade Finance Global (TFG) spoke with Cagatay Baydar, Chairman at FCI and Irina Tyan, Principal Banker, TFP at the European Bank for Reconstruction and Development (EBRD). Listen to the podcast [here](#).



9-13 June | FCI 56th Annual Meeting Coverage

Following the 56th Annual Meeting in Seoul, Trade Finance Global (TFG) shared various interviews and podcasts from the event. Click the links below to see them.

- [Unlocking global prosperity whilst running the 'hamster wheel' for trade finance](#)
- [Betül Kurtulus and Basel Al-Hussien on the development of Islamic Factoring](#)
- [Breaking down the growth of factoring and collateral registries in Africa](#)



24-25 June | Factoring and Supply Chain Finance Training Seminar

FCI and the Jordan Payments & Clearing Company (JoPACC) hosted the Factoring and Supply Chain Finance Training Seminar in Amman, Jordan, on 24-25 June. The seminar covered IFRS-compliant accounting treatment, legal agreements, and working capital metrics. The event provided valuable insights into enhancing supply chain finance programmes in Jordan.

JULY 2024



4 July | Azerbaijan: Correspondent Banking and Trade Finance

Worldwide Expert Conferences hosted the 3rd International Conference on Correspondent Banking and Trade Finance in Azerbaijan. The event featured discussions, social gatherings, and personal meetings, helping participants address practical needs, strengthen business connections, and discover new reliable partners. Betul Kurtulus delivered a highly informative presentation on the world of factoring, which was highly rated

INFLUENCE

by the audience.

10-11 July | Akbank Tailor-made Training

Spyros Tsolis carried out a tailor-made training for Akbank on the subject of FCI's Operational & Legal Frameworks.

24 July | SME FINANCE MARKETPLACE

The SME Finance Forum, managed by the IFC, hosted an insightful event focused on technology and supply chain platforms' pivotal role in unlocking MSMEs' finance. Moderated by Neal Harm, Secretary General of FCI, the panel featured industry leaders who shared their expertise on how these innovations transform the financial landscape for small and medium-sized enterprises.



24 & 29 July | USAID Tailor-made Training

Spyros Tsolis carried out a tailor-made training for USAID on the subject of Factoring & Supply Chain Finance for Ukrainian SMEs & Corporates.

30 July | The Effects of Factoring in International Trade

Leading Factoring Companies in Turkey gathered in Istanbul for a conference hosted by the Financial Institutions Association titled "The Effects of Factoring in International Trade". The conference's main theme was the role of factoring services in global trade and evaluating Turkey's potential in this field. Key presentations were delivered by FCI leaders Çağatay Baydar, Neal Harm, and Betül Kurtuluş, who collectively underscored the critical role of factoring in supporting SMEs and driving the future of global trade.





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