

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,

The latest edition of In-Sight offers a comprehensive look at FCI's key activities and achievements as 2024 concludes. This issue features reflections from leadership, updates on the network's growth, educational milestones, and FCI's ongoing influence in the global factoring and supply chain finance (SCF) industry.

Chairman Çağatay Baydar reflects on a year of progress, highlighting the success of the Prague conference, where industry leaders addressed regulatory challenges, fraud prevention, and sustainable finance. Partnerships with institutions like the EBRD and MonetaGo have strengthened SCF accessibility and introduced innovative fraud prevention tools. Baydar also calls for continued engagement in 2025, particularly at the Annual Meeting in Rio de Janeiro.

Secretary General Neal Harm shares insights from his first year, focusing on the unique strength of FCI's global network. He highlights efforts to enhance connectivity, build partnerships with financial institutions and FinTech providers, and streamline operations. Harm describes the FCI network as a global hub, enabling seamless transactions and fostering trust in international trade finance.

In the Connect section, Masahiro Yamashita examines Japan's factoring landscape, outlining challenges and opportunities to refine FCI's two-factor scheme. Thompson Lui explores strategies for strengthening Pakistan's SCF ecosystem, emphasising regulatory modernisation, technology adoption, and collaboration with global institutions. Betül Kurtulus reports from the Istanbul Secured Transactions Reform conference, where key takeaways included the importance of legal frameworks and digital transformation in advancing trade finance. Alberto Wyderca discusses FCI's role in promoting financial inclusion, particularly through tools that empower SMEs to engage in global trade. The section concludes by welcoming new members, including Aptic AB and Enmaa Finance Company, whose innovations enrich the SCF ecosystem.

The Educate section highlights recent workshops in Pakistan and India, led by Aysen Cetintas and Spyros Tsolis. These sessions focused on SCF fundamentals, risk management, and digital solutions, equipping participants with practical tools while reinforcing FCI's commitment to capacity building and knowledge-sharing.

In the Influence section, FCI continues to lead efforts to shape the future of trade finance. Fausto Galmarini and Magdalena Barczak provide an analysis of the IH 2024 EU factoring figures, noting the first signs of a slowdown in growth despite favourable economic conditions. Their detailed examination explores market dynamics, factoring turnover trends, and the varying impacts across European countries. Meanwhile, Brad Magill examines the evolving landscape of commercial collections, noting an increased need for litigation due to changing debtor behaviours.

Enjoy the reading!

Gwendoline



ÇAĞATAY BAYDAR
Chairman of FCI

WELCOME FROM ÇAĞATAY BAYDAR Chairman of FCI

Seizing Opportunities: FCI's Leadership and the Impact of U.S. Elections

Dear Members and Colleagues,

As we approach the end of 2024, it's an opportunity to reflect on our shared achievements in advancing the global factoring and supply chain finance (SCF) landscape. This year has been particularly meaningful as our Secretary General, Neal Harm, has made his mark. Neal's leadership has infused fresh energy and insight. At the same time, our Executive Committee has brought renewed focus and strategic direction, further strengthening our mission to empower members in an ever-evolving industry.

Our recent conference in Prague showcased the strength and unity of our network. Industry leaders, regulators, and stakeholders shared insights on economic trends, regulatory developments, fraud prevention, and sustainable finance. Notably, development banks such as EBRD, IFC, Afreximbank, and ITFC provided valuable perspectives on critical topics shaping the industry's future. The event was a great success, inspiring attendees to leverage new tools, partnerships, and knowledge to advance factoring and SCF worldwide.

Our collaboration with the EBRD has also evolved significantly. As a consultant to the EBRD, FCI supports the Trade Facilitation Programme (TFP) Technical Cooperation Framework, which enhances MSMEs' access to finance in underserved regions. Through a series of targeted workshops, market research initiatives, and stakeholder engagement, we aim to deepen understanding and application of factoring across EBRD regions. By bridging financing gaps and fostering a more inclusive financial ecosystem, this partnership empowers MSMEs to grow sustainably and resiliently within global supply chains, reinforcing our shared commitment to economic stability and growth.

This quarter also saw the launch of our partnership with MonetaGo to establish a global standard for interoperable invoice registries. This partnership advances a solution that addresses fraud prevention and promotes greater transparency and trust in receivables finance. We're confident this technology will be transformative for our members and industry.

Over the past three months, my FCI colleagues and I have actively participated in major gatherings, including the International Factoring and SCF Conference in China, ADB workshops in Pakistan and Cambodia, the Afreximbank Factoring Workshop in Namibia, and FELABAN in Paraguay. I also attended the IFC Conference on Secured Transactions Reform, the EBRD Pathways to Paris 2024 conference, and the UNIDROIT Consultation Event in Türkiye. These engagements highlight our commitment to global partnerships and innovation in trade finance. Looking ahead, FCI has a robust event schedule, including the FCI Academy 2025 Term 1, with more events to be announced soon on our website.



The U.S. elections signal potential changes in trade policies that may pose challenges for some markets but also unlock vast opportunities for others. Adjustments to tariffs and trade agreements could reshape global trade dynamics, encouraging businesses and financial institutions to adapt and explore new partnerships. FCI supports its members in navigating these shifts by providing education and fostering collaboration within our global network, ensuring they are well-prepared to capitalise on emerging opportunities.

As we look to the future, FCI's vision remains clear: to empower members, foster resilience in trade finance, and expand our global network. Together, we will continue to advance the industry and build stronger relationships. I wish each of you a fulfilling end to the year and a successful and prosperous new year.

Warm regards,

Çağatay Baydar



FCI

57th

ANNUAL MEETING

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22nd - 26th JUNE 2025

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4



NEAL HARM
Secretary General

A WORD FROM THE SG

It is hard to believe that 1 year ago, I was moving to Amsterdam to join FCI. At that time, I was transitioning into the role of Secretary General. I made the opening statement regarding FCI in November 2023: *"I have a clear strategic vision for FCI's future, focusing on building and growing Factoring and SCF in partnership with our regional and global partners. Moreover, I intend to expand the scope of education at FCI by establishing relationships with key institutions and universities. This will help meet the growth needs of Financial Institutions and ensure that they stay up to date with the latest industry developments. By taking these steps, I aim to position FCI as a leading player in the financial industry, domestically and internationally."*

Over the course of this year, I have met with Banks, Non-Bank Financial Institutions, and FinTech partners to support these efforts and further develop a plan. It is a year later, and my conviction and focus remain the same. New import and export members are being added in several key trade markets, the relationships with Multilateral Development Banks continue to grow, and volumes for import and export continue to grow.

Internally, FCI has strengthened its management team by forming the FCI Senior Leadership Team. The financial management of FCI has taken a significant step forward this year with the transition of Gert-Jan into his new role as Director of Operations to include finance. The transparency and efficiency of the latest reporting provide a near real-time view into the management and health of FCI. Betül has introduced a strategic focus to the management of our portfolio to help direct our team's efforts to support growth and retention. The FCI Academy under Aysen has grown in many areas through the relationships with IFC, EBRD, Afreximbank, and ADB to support education and advocacy in existing and emerging markets. FCI continues to grow and mature its team, and more is to come!

The one statement missing from my initial quote is, "FCI is a powerful network that I will continue to strengthen and expand to support open account trade." The strength of FCI is its network. In many of my meetings early in the year, I received comments about FCI as an association. FCI is an association, but its power and strength come from its network. In some of my recent presentations, Frankfurt for the Ecom client event and Shenzhen for the China 6th International Factoring and Supply Chain Finance Conference, I have referenced the significance of the Network.

I equate FCI's Network to an international airport like Schipol, Icheon, or Changi. These airports give you the ability to be in almost any part of the world in a direct connection. Like these airports, FCI is pivotal in connecting members directly to financial transactions globally. By functioning as a cohesive infrastructure, much like an airport that facilitates global travel, the FCI Network enables financial institutions to interact seamlessly. This connectivity allows for smoother cross-border transactions, reduces barriers to entry for global commerce, and fosters a more integrated financial ecosystem.

One of the significant values of the FCI Network is its ability to streamline processes for open

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account transactions. Traditional trade finance methods often involve cumbersome and lengthy procedures through documentary or LC processes, creating hurdles for businesses seeking to engage in international trade. The FCI Network simplifies these procedures by providing a standardised platform that supports real-time communication and transaction processing between bank and non-bank financial institutions. This acceleration of operations saves time and enhances liquidity for businesses, allowing them to respond quickly to market demands.

Moreover, the FCI Network stands as a driver for transparency and trust among financial institutions. By linking a diverse array of financial entities, the network establishes a framework where information can be shared more readily, thus minimising risks associated with fraud and non-compliance. This exchange of information helps institutions assess credit risks better, conduct due diligence, and create tailored financing solutions that meet the needs of their clients. As I noted in my recent presentations, FCI boasts one of the lowest loss provisions of most financial products, especially in trade finance. The 4 Corner model of separate factors representing each buyer and supplier provides a level of security, knowledge, and KYC that cannot be found in other trade finance transactions.

**FCI
NETWORK
ENHANCES
FINANCIAL
INCLUSIVITY BY
CONNECTING SMALLER
INSTITUTIONS AND
EMERGING MARKETS TO
LARGER FINANCIAL
PLAYERS**

Lastly, the FCI Network enhances financial inclusivity by connecting smaller institutions and emerging markets to larger financial players. This connection opens pathways for financing that may not have been previously accessible, allowing businesses in developing regions to participate in the global economy. By bridging these gaps, the FCI Network contributes to a more equitable distribution of financial resources, enabling growth and development across diverse geographic areas.

The FCI Network serves as a vital connector for financial institutions, driving efficiency, transparency, collaboration, and inclusivity in the realm of open account transactions. Its infrastructural capabilities mirror that of an international airport, facilitating a seamless experience

for entities engaged in global trade and finance and ultimately supporting the overarching goal of fostering a robust and interconnected financial world.

The connections made through FCI in regional events and the annual meeting are cementing this network. We are all coming off a recent limited travel period through the pandemic. It is time to get back in the market and interact with your peers and partners. This year, I have had an incredible experience meeting existing and new members in Harare, Mumbai, Seoul, Shenzhen, Hong Kong, NYC, London, Athens, Prague, and so many more places. The face-to-face interactions have led to direct new business for FCI members: Connecting a banker in London to one in Zimbabwe to one in Sao Paulo for financing agricultural trade - Introducing a factor to a FinTech to streamline their

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NON-BANK FINANCIAL
INSTITUTIONS**

operations – aligning FCI resources with a central bank to a technology company to reduce fraud in the market. These in-person meetings cannot be replaced virtually. So, as you finish your budgets for 2025, make sure to include the FCI Annual Meeting 2025 in Rio De Janeiro, Brazil. Work with me and your regional director to develop a plan for that meeting, along with your relationships around the world. I guarantee a return on that investment.

As we all begin to close out the year financially and personally, I want to take a minute to thank the FCI team for an incredible first year. I have brought much change to the Secretariat and across our global footprint. It is not always easy to embrace that change, but the team has done an amazing job, and we are seeing the results. It is about empowering the team and allowing for growth.

**MAKE
SURE TO
INCLUDE THE
FCI ANNUAL
MEETING 2025 IN
RIO DE JANEIRO,
BRAZIL**

Have a great finish to 2024, and I look forward to seeing you in person in 2025!



2025 Term 1

On behalf of the FCI Education Committee, we are pleased to announce the release of the First Term 2025 series of FCI Academy Online Courses & Certificate Programmes, starting on 3 January 2025, with registrations closing on 20 December.

Courses open for registration include:



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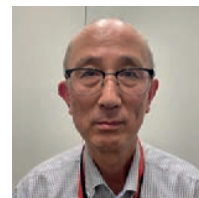
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PROPOSALS FROM THE FRONT LINE OF PROMOTING INTERNATIONAL FACTORING IN JAPAN



MASAHIRO YAMASHITA
The Mitsubishi UFJ Factors

To begin with, let me express my deep gratitude to FCI and dearest colleagues from its esteemed members for their support to The Mitsubishi UFJ Factors Limited, and it is an honour for me to have this opportunity to present my comment on this valuable newsletter. When I tried to find out why this chance happened to me, I came to the idea that FCI headquarters might expect me to deliver some insight which arises from our day-to-day operations and close contacts with our Japanese clients. So, along with this understanding, I came up with the idea to share our current situation and recognition in the Japanese market.

Further to the newsletter/August 2024 titled "Heal the Trade Finance GAP," where Mr. Lin Hui (Regional Director Northeast) made his comment, I agree with his thoughts. From the sales promotion point of view, it is also important to make our two-factor business more attractive to a wide range of potential customers by reviewing current functionality and practice.

Today, the structure of trade finance is changing drastically, and we see a big movement from traditional documentary-based businesses to open-account businesses. I believe it is pressing for FCI and its members to constantly review and develop our product capability.

Our two-factor scheme has many advantages over other products, such as simple and speedy credit assessment, receivable ledger service, and collection of receivables. In addition, credit approval for each individual buyer is possible, and through the FCI network, each factoring company takes care of local legal matters with well-documented materials provided by FCI.

However, in Japan, competition with private/governmental insurance companies that offer a diverse product lineup and customer-friendly practices is particularly fierce.

- Bulk and individual coverage with silent bases to the debtor
- Grace period for cancellation
- Coverage before shipment
- Lower commission

However, we have the following practice, which is that sometimes customers hesitate to use our products.

- There is no grace period for sudden cancellation
- Whole turnover
- Relatively strict obligation to the supplier

In addition, I know it would be necessary to comply with the whole turnover rule; however, it would contribute to our business development if it were possible to flexibly combine usage with other products in case our factoring can't cover the whole expected trade volume.

Thanks to FCI's well-developed organisational structure and supporting mechanism, each member, including us, should take this advance and endeavour toward a more successful outcome for FCI and its members.

**OUR TWO-
FACTOR SCHEME
HAS MANY
ADVANTAGES OVER
OTHER PRODUCTS**



THOMPSON LUI
Regional Manager South
& South East Asia

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PAKISTAN - A COMPETITIVE PLAYER IN INTERNATIONAL FACTORING AND SUPPLY CHAIN FINANCE

I want to dedicate my last insight letter with FCI to Pakistan. For the nation to become a competitive player in international factoring and supply chain finance (SCF), a multi-faceted development approach is needed. International factoring and SCF are crucial for enhancing trade finance accessibility for exporters and tiny and medium enterprises (SMEs) and for reducing payment risks in cross-border transactions. To realise this potential, Pakistan should focus on regulatory modernisation, infrastructure development, market education, and technology adoption. Here's a breakdown of the essential development paths and steps Pakistan should consider:

1. Establish a Strong Regulatory Framework

Clear Regulations for Factoring and SCF

Pakistan should implement regulations that align with international standards, such as ensuring legal recognition of factoring and SCF agreements. Current legislation must be updated to explicitly define factoring transactions, ensuring that assigned receivables can be seamlessly transferred to financial institutions. Harmonising Pakistan's regulations with global standards, such as those set by FCI's GRIF (General Rules of International Factoring), will enhance trust and transparency among international stakeholders.

Central Bank Support and Oversight

The State Bank of Pakistan (SBP) should play a central role in creating a supportive regulatory environment. Setting up guidelines for licensed institutions to engage in SCF would provide clarity. By incorporating factoring and SCF into its trade finance policies, SBP can further reduce operational and financial risks for banks, helping attract international SCF providers.

2. Develop Financial Infrastructure and Risk Mitigation Tools

Build Credit Information and Rating Systems

Access to reliable credit information and ratings is fundamental for financial institutions assessing potential SCF clients. Pakistan should focus on expanding the Credit Information Bureau's capabilities, ensuring SME and corporate credit profiles are readily available to support data-driven lending decisions. Establishing a standardised credit rating system specifically tailored for SMEs can also boost foreign investors' confidence.

ESTABLISHING
A STANDARDISED
CREDIT RATING
SYSTEM SPECIFICALLY
TAILORED FOR SMES
CAN ALSO BOOST
FOREIGN INVESTORS'
CONFIDENCE

Introduce Receivables Insurance

To make factoring more viable, Pakistan should collaborate with local insurers and international entities like the Export Credit Guarantee Agency to provide receivables insurance for SMEs. Implementing these measures will help mitigate non-payment risks, encouraging factoring providers to extend credit even to small exporters. Furthermore,

CONNECT

developing specialised insurance solutions for SCF providers will reduce the perceived risk of cross-border transactions.

3. Encourage Public-Private Partnerships and Market Education

Promote Collaboration with International Institutions

Collaborations with global financial organisations like the International Finance Corporation (IFC) or the Asian Development Bank (ADB) can offer technical expertise, funding, and credibility. These institutions can aid in pilot programmes and help establish best practices, benefiting local banks and SMEs. Government partnerships with international organisations would further promote the adoption of SCF in export-heavy industries like textiles and agriculture.

Build Awareness Among SMEs and Corporations

Many SMEs and corporations in Pakistan need to be more aware of factoring and SCF's benefits. Comprehensive education programmes through industry bodies, chambers of commerce, and banks can build awareness. Training modules, workshops, and online courses can demystify these financial tools and outline the process, risks, and advantages, helping companies understand the tangible impact on cash flow and growth potential.

4. Leverage Technology and Digital Platforms

Adopt Fintech Solutions for SCF

Integrating fintech solutions will be essential for scaling SCF and factoring operations. Digital platforms like electronic invoicing can reduce transaction costs, enhance security, and provide a seamless operational experience. Encouraging partnerships between banks and fintech startups can improve accessibility and streamline financing processes, enabling SMEs to reach a broader range of international buyers.

Build a National SCF Platform

A centralised SCF platform regulated by the government could facilitate transactions between local exporters and international buyers, integrating functionalities like invoice verification, credit scoring, and funding allocation. Such a platform would increase transparency and operational efficiency, simplifying the process for small and large enterprises alike. Countries like China and India have adopted national SCF platforms with considerable success, creating a model that Pakistan could follow by leveraging their great experiences.

A
CENTRALISED SCF
PLATFORM REGULATED
BY THE GOVERNMENT
COULD FACILITATE
TRANSACTIONS BETWEEN
LOCAL EXPORTERS AND
INTERNATIONAL
BUYERS

5. Foster a Sustainable SCF Ecosystem

Provide Incentives and Support Programmes

The government can stimulate SCF growth by providing incentives such as tax relief for companies engaging in factoring or SCF. Establishing a national SCF development fund can encourage SMEs to leverage these financial tools. Offering low-cost credit lines to banks and non-bank financial institutions (NBFIs) focused on factoring would further help these institutions extend accessible finance to SMEs.

Focus on Capacity Building within Financial Institutions

Developing specialised SCF training programmes for bank personnel will help institutions better

CONNECT

understand, market, and manage SCF products. Pakistan should also encourage local banks and NBFIs to dedicate resources to SCF operations, including hiring specialised staff and developing relevant services. Such measures can improve the sector's capacity and capability, enabling institutions to effectively support growing SME demand.

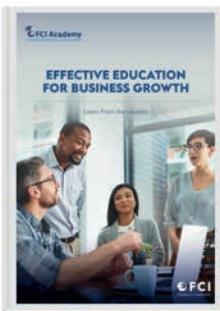
Conclusion

With these strategic initiatives, Pakistan can establish a thriving factoring and SCF industry that supports SME growth, expands exports and drives economic development. By focusing on regulatory support, financial infrastructure, partnerships, technology, and an enabling ecosystem, Pakistan can position itself as a competitive SCF hub in South Asia, enhancing its role in global trade finance. This comprehensive approach would empower SMEs to manage cash flow effectively, reduce credit risks, and achieve sustainable growth in international markets.



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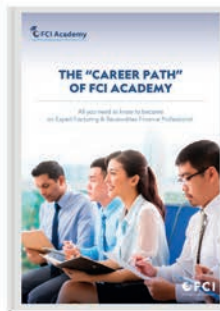
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The short education catalogue gives a quick overview of all tools available to members and non-members to be educated on factoring and Receivables Finance.



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NAVIGATING THE FUTURE OF TRADE FINANCE: KEY TAKEAWAYS FROM ISTANBUL'S LEGAL DISCUSSIONS



BETÜL KURTULUS
Regional Director Europe &
the Middle East

Last week, we spent three days immersed in the legal agenda in Istanbul.

The first two days featured the “7th Conference on International Coordination of Secured Transition Reform: Bridging the Gap Between Formulation and Implementation”, hosted in Istanbul AFI with the support of UNCITRAL, UNIDROIT, the International Finance Corporation (IFC), and the International Law Institute (ILI). This comprehensive conference discussed various legal topics concerning the implementation of formulated and ongoing legal issues. Following this, on the third day, the Financial Institutions Association hosted a consultation event on the Model Law on Factoring. The proximity of these two events is no coincidence; legal and digital developments vary from country to country, and this is necessary as legislators formulate the law as a model law. These efforts provide robust resources and frameworks for countries to develop their legal infrastructure for receivable finance tailored to their needs.

To provide a brief overview of these two prominent institutions:

In today's interconnected global economy, establishing and maintaining a robust cross-border legal framework is essential for facilitating international trade and investment. The United Nations Commission on International Trade Law (UNCITRAL) plays a pivotal role in advancing this framework, working toward harmonising and modernising international trade law. Meanwhile, the International Institute for the Unification of Private Law (UNIDROIT) aims to improve and standardise private and commercial law across countries by addressing legislative needs and establishing uniform legal rules and principles.

However, more than the efforts of lawmakers and legal professionals alone are needed to create an effective trade finance ecosystem. Specifically, the necessary digital transformations must occur, along with legal regulations that establish these digital transitions as valid and sufficient. Government-supported infrastructures, data accessibility, and, most importantly, the shift toward e-solutions are critical steps awaiting our attention.

The meeting also featured numerous valuable presentations. Particularly from my panel on “The Role of Private Sector Institutions in Supporting the Implementation of International Standards,” I would like to highlight a few critical points. ICC UK presented an important discussion on electronic transferable records (MLETR). Electronic transferable records are crucial for a paperless trading environment and are vital in facilitating trade. Transitioning trade finance to an electronic format accelerates processes, reduces costs, and enhances security. However,



governments and regulators must play a crucial role in implementing this transformation effectively. They must act swiftly to reform laws enabling the industry to replace paper documents with digital data. Strong legal frameworks are essential for effectively using transferable documents in electronic formats, such as bills of lading, bills of exchange,



and promissory notes. In this context, implementing the UNCITRAL Model Law on Electronic Transferable Records will be a significant step towards facilitating the recognition of electronic documents in international trade and ensuring their secure use. By doing so, we can realise the full potential of e-commerce, shaping the future of trade securely and efficiently.

Another significant topic of discussion was centralised recording systems, which include systems for collateral records, invoice records, and movable asset records. For these systems to function effectively, key requirements such as a robust legal framework, digitalisation, and data accessibility are paramount. These centralised recording systems have become essential for providing sustainable financing solutions for trade finance at both international and local levels. Consequently, it is unavoidable that structures outside these systems will face diminished competitiveness.

In summary, we can encapsulate the discussions supporting these efforts and the consensus among speakers around three main themes: the importance of preparing and adopting the law, users' understanding and implementation, and the necessity of raising awareness.

The Vital Role of Associations in Advancing the UNIDROIT Model Law on Factoring

STAKEHOLDER CONSULTATION EVENT - The preparation of a Turkish translation of the UNIDROIT Model Law on Factoring

The UNIDROIT adopted the Model Law on Factoring (MLF) in May 2023. The MLF establishes a comprehensive, self-contained legal framework that facilitates factoring transactions. To promote and implement the MLF, UNIDROIT authorises qualified stakeholders in various jurisdictions to assist in preparing unofficial translations into additional languages. In this context, UNIDROIT has tasked the Turkish Association of Financial Institutions (FKB) with preparing a Turkish translation of the Model Law on Factoring.

This consultation event allowed government officials, financing companies, legal professionals, and academics in Turkey to better understand the Model Law on Factoring and discuss how its rules and concepts are translated into Turkish. All participants received this translation before the meeting in Istanbul.

In 2012, Turkey adopted the Law on Financial Leasing, Factoring, Financing, and Savings Finance Companies, and various by-laws have since developed it. However, following last week's extensive and productive discussion, legal experts pointed out that there are still broad conceptual elements of the Factoring Model Law from which the existing Turkish legislation could benefit. This will also shed light on future developments enhancing the already successful Turkish factoring sector.

Through this organised meeting, the Financial Institutions Association has significantly contributed to this legal endeavour and taken an important step for the sector. In this context, it is crucial to highlight the significance of association support, as these initiatives can serve as models for other countries and foster the sector's growth.



CONNECT

ESG, FINANCIAL INCLUSION AND FCI'S CONTRIBUTION



ALBERTO WYDERCA
Regional Director Americas

ESG and the criteria used to measure a company's impact on environmental, social and corporate governance must be observed by financial institutions when it comes to supporting companies, and it is very good and relevant to do so.

ESG criteria are a reference for socially responsible investment (SRI). They are considered a model for a company's ethical and sustainable operations.

Not long after these concepts began to take shape, in the 2000s, our organisation, FCI, decided to pay attention to these concepts to the point of including them in our seminars and other educational offers. There is no doubt that we must continue along this path.

But FCI's contribution does not stop here.

We have heard at various events how multilateral organisations promote and encourage actions aimed at "Financial Inclusion" to ensure that all people and companies, especially those in vulnerable situations, can access financial products and services to meet their needs.

IDB Invest and CAF recently gave a brilliant presentation on the subject during the last FELABAN (Latin American Federation of Banks) Assembly in Asunción.

We may wonder what we can do other than show solidarity with vulnerable situations.

Let's look at the products that contribute to the financial inclusion of companies. We will see that they include credits, services, and others. And in this regard, we can pay attention to whether FCI contributes and how.

Going a little further, among the key objectives of financial inclusion is "Promoting Economic Development", facilitating access to credit and capital as a way to encourage the growth of small and medium-sized companies.

And here I stop and affirm, without any fear of being wrong, that FCI, with its model of financing international account receivables, mitigating the risk of SMEs when they export in open accounts and that of the entities that fund them, certainly contributes to financial inclusion.

One of FCI's missions is to expand and strengthen our community, our network that operates and offers our model.

Our community, which uses our model, is also supporting companies (particularly SMEs) in their development and growth, facilitating their exports, financing them and encouraging them to

export more by eliminating the fear of credit risk and payment by the buyer. In other words, it supports the development of exports, thereby creating and promoting employment and contributing to efficient economic growth. If exporters export more, the country exports more. Doesn't it then contribute to financial inclusion? I think it does.

So, we can say that FCI is also involved in financial inclusion, with tools that facilitate this necessary action.

FCI
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14



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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



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15TH ANNUAL CEE & SEE REGIONAL CONFERENCE: KEY INSIGHTS AND TAKEAWAYS

The 15th Annual CEE & SEE Regional Conference on Factoring & Supply Chain Finance in Prague brought together a vibrant community of factoring and supply chain finance professionals from around the world. Over two days, attendees engaged in discussions, panels, and presentations that addressed the latest trends, challenges, and innovations in the industry.

FCI Academy Workshop: Legal Aspects in Factoring & Supply Chain Finance

Ahead of the main conference, FCI Academy hosted the Workshop on Legal Aspects in Factoring & Supply Chain Finance. This in-depth session provided attendees with valuable insights into the legal frameworks supporting international trade and receivables finance. The Workshop was led by experts including Aysen Cetintas (FCI Education Director), Christian Faber (Partner at Bette Westenberger Brink), and Mónica Martín Blanco (SCF Consultant). Our Presenters covered essential topics such as FCI's Legal Rules for the Two-Factor system and recent EU legal reforms, delved into significant legal trade reforms within the European Union, with a particular focus on the implications of the Factoring Model Law and shared best practices in SCF agreements. The interactive session offered practical guidance for navigating the legal complexities of cross-border finance, as well as the chance for attendees to actively engage in discussion with the presenters.

Regional Conference

The main conference opened with welcoming remarks from Mr Çagatay Baydar, Chairman of FCI, and Mr Tomáš Nidetzky, Chairman of the National Development Bank (NRB). Mr Vít Mikušek, Macroeconomic Analyst at Raiffeisen Bank, then provided a comprehensive analysis of the economic and geopolitical landscape in Central and Eastern Europe (CEE), touching on inflation, consumer spending, and energy market shifts, offering context for the rest of the conference.

Neal Harm, FCI's Secretary General, presented an Overview of the World Factoring Industry and FCI. He highlighted FCI's role in promoting global standards, recent growth in the factoring industry, and the advantages of FCI's platforms. This session showcased how FCI supports its members through innovation, efficiency, and enhanced trust in cross-border transactions.

Adapting to Regulatory Evolution, presented by Mr Fausto Galmarini, Chairman of the EU Federation, focused on recent EU regulatory developments, such as the Late Payment Directive and UNIDROIT Model Law, and their implications for the factoring industry.

A Panel Discussion on Building Strong and Resilient Factoring and Supply Chain Models followed, moderated by Jens Hoter from Crédit Agricole Leasing & Factoring. Panellists Rada Savic (OTP Banka Srbija), Dilawar Khan (MUFG Bank), and Karel Nováček (Factoring České spořitelny) shared strategies for enhancing resilience in CEE and SEE markets, providing practical insights for attendees interested in localised finance solutions.

Earlier in the day, FCI and MonetaGo announced a partnership aimed at advancing fraud prevention measures. Neil Shonhard of MonetaGo later spoke on Empowering SME Financing through Digital Transformation, discussing the role of Invoice Registration Systems in fraud prevention and export financing. His insights on technology's impact on SME access to finance were well-received by attendees focused on supporting smaller businesses.

CONNECT

Mr Çagatay Baydar moderated a Panel Discussion on Navigating New Trade Horizons, featuring industry leaders like Irina Tyan (EBRD), Lina Lyok (Afreximbank), and Aleksey Nikiforovich (IFC), who discussed the CEE region's potential in emerging markets such as Sub-Saharan Africa and Central Asia. Each panellist presented their programmes aimed at supporting regional trade. They discussed initiatives focused on financial institutions, including guarantee facilities, and outlined how they are assisting financial institutions in enhancing their operations and capabilities.

This was followed by Leveraging Tradetech, where Neal Harm, George Koukis (Qualco), Karol Leszczyński (Comarch), and Almila Arian Sarbanoglu (Kyriba) explored how advanced technology is shaping European trade finance.

Day one concluded with a presentation by Gold Sponsor CODIX, where Mrs Claudia Perri showcased innovative solutions to support commercial finance. Neal Harm's closing remarks rounded out a successful first day.

Day two opened with Gabriela Janeckova from Coface providing a Credit Insurance Update on risk management. She discussed how credit insurance not only safeguards businesses against non-payment but also enhances overall creditworthiness, making it a crucial tool for expanding trade opportunities and managing receivables securely.

This was followed by the Panel on Fraud and Risk Management in Receivables Finance, moderated by Marcel Burtscher, where panellists discussed recent fraud cases and shared best practices for preventing threats to receivables finance.

Betül Kurtulus then moderated a panel on Islamic International Factoring, featuring Basel Al Hussein (ITFC) and Andrew Pierce (MUFG Bank). The panel discussed FCI's Supplemental Agreement for Islamic Factoring, which opens access to Sharia-compliant finance, helping members expand into Islamic markets.

Mrs Aysen Cetintas introduced FCI Academy's educational offerings, underscoring the importance of ongoing professional development. Monica Fernandes Barbero then presented an Update on FCI reverse Factoring Offerings, showing how members can leverage FCI's tools for efficient reverse factoring.

Deepesh Patel of Trade Finance Global moderated a Panel on Sustainable Finance in SME Lending, with panellists from VUB Banka, EBRD, and Tam Finans Faktoring sharing strategies to drive SME growth through sustainable finance. In a session on ESG and Green Financing, Wayne Mills led a discussion with Nana Khurodze (EBRD) and Petr Fiala (Raiffeisen), who highlighted best practices for integrating ESG into financial offerings.

The conference concluded with a Q&A session and Neal Harm's closing remarks, thanking attendees, sponsors, and speakers. As a global network, FCI remains committed to supporting industry growth, collaboration, and excellence in factoring and supply chain finance.

Reflecting on this successful event, FCI extends sincere thanks to all participants. We look forward to continuing our journey together and advancing the trade finance industry worldwide.



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.



Founded in 2001 by Fredrik Ekengren in Skövde, Sweden, Aptic AB has grown into a premier software company, delivering cutting-edge core solutions to the financial servicing industry. With Fredrik still actively contributing as CTO, our team of over 70 dedicated professionals ensures top-tier service delivery daily. Our headquarters are in Stockholm, with additional offices in Oslo, The Hague, and Skövde.

At Aptic, we specialize in providing robust core software solutions through our innovative CLVR platform. Our offerings cater to a wide range of financial services, including: BNPL (Buy Now, Pay Later), Lending, Factoring, Invoice to Cash, Debt Collection. We also serve niche markets such as OEM/captives, retail/e-commerce, B2G banking, and large enterprises like utilities and telecoms. Our comprehensive solutions for the factoring and receivables finance community include: Factoring, Reversed Factoring, Receivable Discounting, Wholesale/Floor Planning Finance, Stock Finance.

Why Choose Aptic? We stand out from the competition with our:

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- Global Reach: Expand effortlessly into new countries and regions with our country-agnostic solutions.
- Unified Platform: Leverage the power of our single-code CLVR platform for new markets and products.
- Seamless Integration: Benefit from our extensive API framework for smooth integrations.
- Flexible Delivery: Choose from cloud, hosting, or on-premise delivery methods.

Visit us at www.aptic.net to learn how Aptic can transform your financial servicing needs.



Enmaa Finance Company was founded in 2015 as a joint stock company under The Islamic Corporation for the Development of the Private Sector (ICD) with shares of 47.14%, Arab Investment Bank (AIBK) with shares of 31.43% and Ayady for Investment and Development Company with shares of 21.43%.

The company is mainly involved in providing Shariaa' compliant financial solutions to businesses

CONNECT

of all sizes (SME's and Corporate entities) through financial leasing and factoring services.

The company provides the following: Financial Leasing Products and Services (Shari'a Compliant) and Factoring (Shari'a Compliant):

- Domestic factoring: EFC provides both direct and reverse factoring to the clients.
- International factoring: EFC provides factoring for exports of goods and services provided to foreign buyers/importers.

The company's accumulated portfolio reached EGP 7.17billion in 08/2024. whereas; SMEs represents around 27% from the company's portfolio.

Through integrity, loyalty, responsibility, professionalism, and teamwork, we aim to pioneer as a nonbanking financial institution offering Shari'a compliant financial solutions that promote the development of the economy.

Steady growth, consistent earning, and firm control of risk factors to minimize risk for our shareholders & lenders.

We are committed to provide exceptional service to all businesses sectors all over Egypt with a culture centered around growth, innovation, customer experience, and engaged employees we strive to exceed the expectations of our customers.

Find out more about Enmaa Finance Company by visiting their website [here](#).



IPU Bank is a fully licensed commercial bank approved by the National Bank of Cambodia (NBC) with headquarterd in Phnom Penh, Cambodia. We devote to provide fully financial services with professional, efficient and convenient productions to customers. IPU Bank has vision to become the leading brand of trade finance bank in the ASEAN region.

The services and products that IPU Bank provided will meet the needs of its Cambodian enterprises and individuals, especially in trade finance business, including domestic, export and import trade business. As one of the commercial banks in the ASEAN region, IPU Bank continues to innovate products and provide the professional service for its customers.

In the future, IPU Bank will continue to deepen its efforts in Cambodia, eyes on ASEAN region and devote itself to providing comprehensive financial services, ex. domestic factoring, cross-border transactions and trade finance solutions to customers to achieve the win-win cooperation.

Find out more about IPU Bank 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.

EDUCATE

FCI ACADEMY IS IN PAKISTAN!



AYŞEN ÇETINTAS
Education Director

On 7 November in Pakistan, ADB's Trade & Supply Chain Finance Programme and the State Bank of Pakistan (SBP) hosted a supply chain finance (SCF) workshop, opened by ADB's Country Director, Emma Fan.

Over 100 banking professionals gathered to lay the groundwork for SCF solutions for SMEs in the country, with sessions on economic trends, regulatory frameworks, and fintech innovations. The country's SMEs contribute 40% to its GDP and are extremely critical for growth. Experts from global trade associations FCI, ITFA, and leading financial institutions shared in-sights on factoring mechanisms and SCF implementation, highlighting SCF's role in supporting SME growth in Pakistan.

Aysen Cetintas, FCI Education Director, spoke at the Asian Development Bank (ADB) TSCFP Supply Chain Finance Workshop in Pakistan. She presented a deep dive into factoring—a critical element of supply chain finance—exploring its mechanisms, benefits, and impact on businesses. Later, she joined a panel with experts from Standard Chartered Bank, Capital Chains, and ITFA, moderated by Aparna Soni Bhalla from Asian Development Bank (ADB), to discuss adapting international best practices to Pakistan's unique SCF landscape.

Key topics included:

- Economic trends, challenges, and policy reforms in revenue mobilisation, trade, and investment
- SCF programme design and implementation by ADB
- Reverse factoring as a tool for cash flow and supplier relationships, including SCF sales
- Technology and a fintech overview of SCF
- Regulatory aspects of SCF, including accounting treatment, ownership, and receivables assignment
- Challenges in implementing SCF in the country and global best practices which can be adopted

The workshop highlighted the need for capacity building and. It continued training to strengthen SCF as a tool for SME resilience in Pakistan. This workshop was part of ADB's ongoing initiatives to promote financial resilience and enhance economic opportunities in its member countries, including Pakistan. The event aimed to address key challenges in supply chain finance, focusing on improving accessibility for small and medium-sized enterprises (SMEs) and fostering stakeholder collaboration between stakeholders.

In Pakistan, where many businesses face challenges related to liquidity and access to traditional financing, supply chain finance can serve as a vital tool for resilience and growth. The ADB's initiative to conduct this workshop underscores the importance of equipping local businesses with the knowledge and resources needed to thrive.



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EDUCATE

MAKE 2025 THE YEAR OF GROWTH—FOR YOURSELF, YOUR BUSINESS, AND THE FUTURE OF TRADE FINANCE

The countdown has begun! With less than a month to go, time is running out to secure your place in FCI Academy's 2025 Term 1 Online Courses and Certificate Programmes, starting on 3 January 2025.

Whether you're an individual professional looking to enhance your skills or a business aiming to upskill your team, this is the opportunity to invest in knowledge, innovation, and growth.

FCI Career Path – Members only

- Foundation Course on Factoring – Career Path Level 1
- Intermediate Course on Factoring – Career Path Level 2
- Advanced Course on Factoring – Career Path Level 3

Certificate Programmes

- Certificate of Sales & Marketing in Receivables Finance
- Certificate of Risk Management in Receivables Finance
- Certificate of Legal Aspects in Receivables Finance

Why you should enrol

For Professionals: Advance your career with globally recognised certifications, practical insights, and flexible learning options that fit your schedule.

For Businesses: Upskill your team with cost-effective, industry-specific training to stay ahead of trends, boost efficiency, and mitigate risks.

Why Choose FCI Academy?

- **55+ Years of Expertise:** Benefit from decades of leadership in trade finance.
- **14,500+ Certified Professionals:** Join a global network shaping the industry.
- **Globally Recognised Certifications:** Enhance your professional reputation worldwide.
- **Comprehensive Resources:** Access downloadable materials for lifelong reference.
- **Interactive Learning:** Enjoy engaging videos, self-assessments, and forums.
- **Ultimate Flexibility:** Study online at your own pace with no fixed schedules.
- **For Businesses:** Minimise workflow disruption while upskilling your team.

FCI Academy provides a wide range of courses, from foundational programmes for those new to the industry to advanced certifications for experienced professionals. Our expert-led courses are designed to address the challenges and opportunities of today's trade finance environment.

[>> ENROL IN THE FCI CAREER PATH](#)

[>> ENROL IN A CERTIFICATE PROGRAMME](#)

EDUCATE

FCI ACADEMY SEMINAR

INTERNATIONAL FACTORING & RECEIVABLES FINANCE: ENHANCING BUSINESS STABILITY & GROWTH



SPYROS TSOLIS
Deputy Education Director

The recent FCI Academy seminar in Mumbai held on 21–22 November 2024, was an inspiring milestone for the factoring and receivables finance community in India. With over 60 participants—primarily members—the event highlighted the critical need for education and innovation in this evolving industry, particularly in India and its neighbouring regions. The event I had the privilege of presenting at was not just a professional milestone but also an inspiring testament to the power of interaction in learning.

The seminar focused on fundamental components of factoring, including discussions on effective risk management, digital integration, the role of credit insurance in cross-border transactions and the catalytic role of digitalisation in the industry. In addition, the session on the FCI Two-Factor system emphasised its key elements and efficient operational & legal frameworks.

The highlight of the seminar was undoubtedly the active engagement of the participants. Their curiosity, questions, and contributions transformed the sessions into dynamic dialogues rather than mere lectures. This interaction elevated the learning process for everyone involved, including myself.

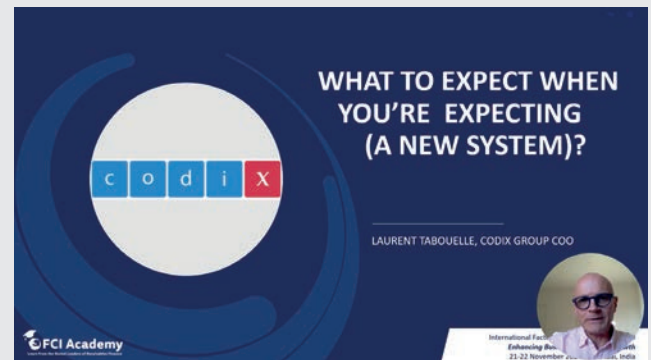
As we navigated the topics, participants brought unique perspectives and real-world challenges. The engaging discussions enriched our understanding and enabled a more practical exploration of shared concepts. The atmosphere fostered collective inquiry—a powerful reminder that collaboration often produces the best learning.

Key takeaways included building efficient factoring operations, understanding legal frameworks, leveraging credit insurance, and adopting digital tools to streamline processes and mitigate risks. The workshop reaffirmed the importance of training in supporting market growth and safeguarding against fraud. Special thanks to our sponsors, ecom & Codix, who supported & contributed with their experience and Allianz Trade for sharing their insights.



EDUCATE

I left Mumbai with more than just the satisfaction of a successful event. I gained new insights, fresh ideas, and a renewed belief in the transformative power of interaction. As we move forward, FCI Academy is eager to integrate these lessons into future engagements, continuing to foster spaces where learning thrives through collaboration. This seminar reaffirmed our belief that every event is an opportunity to teach and learn, connect, and grow together. It served as a platform for knowledge-sharing and a catalyst for shaping the future of factoring in the region.



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SUPPLY CHAIN FINANCE & REVERSE FACTORING COURSE

Open-to-all | 4 Months

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INFLUENCE

IH 2024 EU

FACTORING FIGURES

- FIRST SIGNS OF GROWTH SLOWDOWN



MAGDALENA BARCZAK
Chairwoman, EUF
Economic & Statistics
Committee



FAUSTO GALMARINI
Chairman, EU
Federation (EUF)

European factoring figures for IH 2024, gathered by the EU Federation for Factoring and Commercial Finance has, have shown that factoring turnover remained onat a similar level as it was at the end of IH 2023, with an even slight negative change of -0,1% y/y.

Total factoring turnover for European countries reached 1,2 trillion euroeuros in the first half of 2024, and after 3 years of constant increase, this is the first post -pandemic year with a reported slowdown in growth, despite the positive change in GDP and favorablefavourable market conditions.

Due to that, the factoring GDP penetration ratio decreased comparingcompared to IH 2023 and. It reached 11,3% as atof the end of June 2024, 0,6% lower than the year earlier.

European Union countries represented almost 84% of the market in IH 2024 and had 0,4% y/y turnover growth with 11,7% of GDP penetration, when their countries' average nominal GDP increased by 0,8%.

All EUF members and partnerspartner countries represented 94,7% of total European turnover with -0,1% of turnover change y/y and. They had a 12,7 % of GDP penetration with 1,4% of GDP growth.

Graph 1. Turnover by country IH 2024 (Millions of €)

30 JUNE 2024	Notes	Total Turnover	pct var. on the previous year (Total)	GDP Penetration	European Market Share	GDP pct var. on the PY **
Austria*		17,536	-2.9%	7.2%	1.4%	-0.6%
Belgium*		68,138	3.4%	22.7%	5.6%	3.7%
Bulgaria	(1)/(2)	3,443	0.0%	7.4%	0.3%	2.1%
Croatia*	(1)	746	7.7%	1.9%	0.1%	3.3%
Cyprus	(2)	2,388	0.0%	15.6%	0.2%	3.7%
Czech Rep*	(1)	5,597	-1.0%	3.6%	0.5%	0.6%
Denmark*	(1)	9,118	-9.4%	4.8%	0.8%	1.1%
Estonia	(2)	1,950	0.0%	10.4%	0.2%	-1.3%
Finland	(2)	14,000	0.0%	10.3%	1.2%	-1.3%
France*		211,045	0.3%	14.5%	17.4%	1.1%
Germany*		194,200	0.7%	9.7%	16.0%	-0.1%
Greece*		12,758	11.4%	11.6%	1.1%	2.2%
Hungary	(1)/(2)	6,912	0.0%	7.1%	0.6%	1.3%
Ireland	(2)	14,309	0.0%	5.7%	1.2%	-4.1%
Italy*		146,773	3.7%	14.1%	12.1%	0.9%

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Latvia	(2)	401	0.0%	2.0%	0.0%	-0.1%
Lithuania	(2)	2,550	0.0%	7.1%	0.2%	1.3%
Luxemburg	(2)	170	0.0%	0.4%	0.0%	0.3%
Malta	(2)	348	0.0%	3.2%	0.0%	4.2%
Netherlands*		78,769	-9.1%	14.1%	6.5%	0.6%
Poland*	(1)	52,934	1.1%	13.5%	4.4%	2.9%
Portugal*		21,467	-0.7%	15.6%	1.8%	1.5%
Romania	(1)/(2)	4,330	0.0%	2.8%	0.4%	0.8%
Slovakia	(2)	1,457	0.0%	2.3%	0.1%	2.1%
Slovenia	(2)	1,250	0.0%	3.9%	0.1%	0.8%
Spain*		135,077	1.3%	17.8%	11.1%	2.9%
Sweden	(2)	10,737	0.0%	3.8%	0.9%	0.6%
EU Total Turnover	(1)/(2)	1,018,402	0.4%	11.7%	83.9%	0.8%
EU Members (*)	(1)/(2)	954,159	0.4%	12.7%	78.6%	1.0%
Norway*	(1)	13,458	0.0%	6.0%	1.1%	2.6%
Switzerland	(2)	297	0.0%	0.1%	0.0%	1.7%
United Kingdom*	(1)	181,390	-2.8%	13.5%	14.9%	0.7%
European Countries	(1)/(2)	1,213,546	-0.1%	11.3%	100.0%	1.2%
EU Members or Partners (*)	(1)	1,149,007	-0.1%	12.7%	94.7%	1.4%

** countryeconomy.com

Notes:

- 1) Pct variation has been corrected in order to avoid biases due to exchange rates fluctuation.
- 2) Estimation based on available data

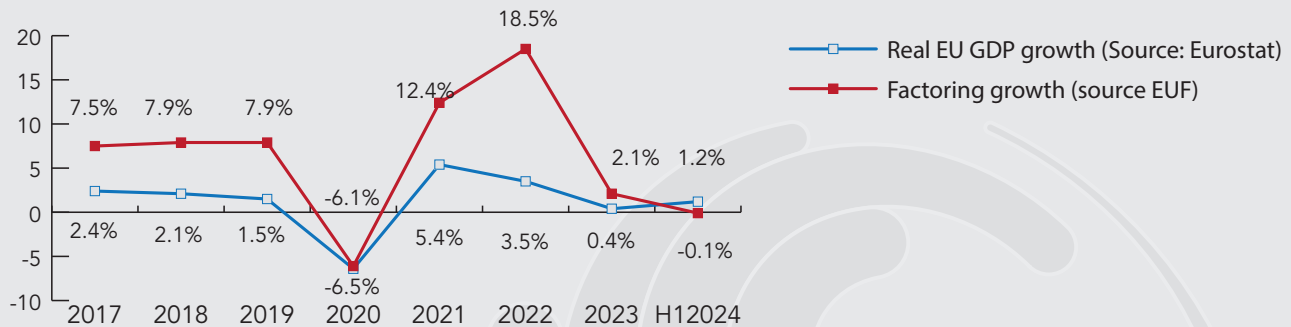
Source: EU Members, countryeconomy.com, statista.com (GDP values in market prices)

The most significant impact on factoring turnover growth figures had 3 countries where the highest decrease year on year in absolute values was observed: the Netherlands, the United Kingdom and Denmark. A slight negative change was also reported in the Czech Republic and Portugal, suggesting underlying factors which tempered with factoring turnover despite positive economic growth.

Historically, factoring turnover has shown a positive correlation with EU GDP fluctuations. However, in IH 2024, the year-on-year change in factoring turnover has diverged from the annual GDP growth trend for the first time in years.

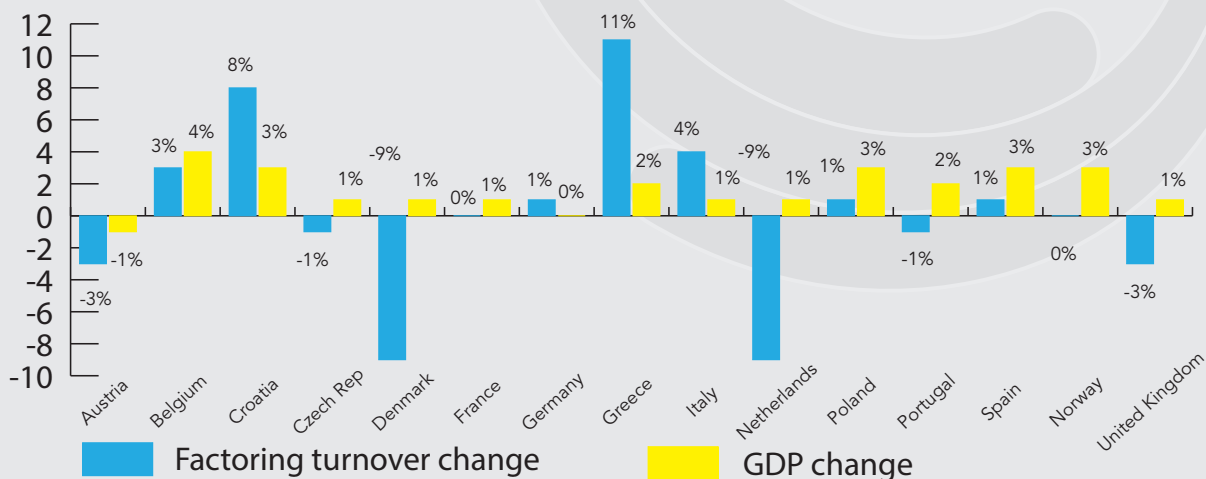
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Graph 2. Trends of factoring turnover growth and European GDP growth



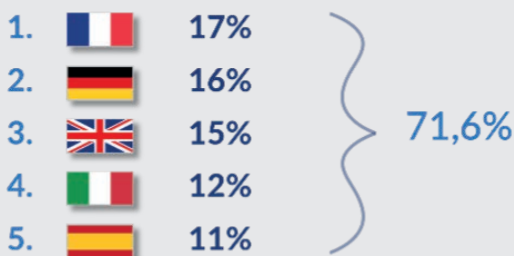
The factoring-GDP correlation varied from country to country. In this year in the majority of countries, apart from 4 countries sa. In Croatia, Germany, Greece, and Italy, the change of in factoring turnover year on year was lower than the country's nominal GDP change. It indicated the presence of forces that offset the gains of economic growth.

Graph 3. Changes y/y in factoring turnover compared to the EUF country's GDP



The leader of the European market is still France with 18% of the market share; the next were Germany with 16% of the market share, the UK with 15%, Italy with 12% and Spain with 11%. These top 5 countries represent almost 72% of the EU factoring market (1% higher than the previous year).

Graph 4. Top 5 countries



In conclusion – data for IH 2024 shows that this year will be challenging for the factoring industry. The second half of the year will determine whether there will be growth or decrease in factoring turnover volume in 2024. A further decrease in base rates or a stronger business inclination toward investment may support increased factoring volumes. Although GDP growth generally promotes expansion in factoring turnover, persistent high interest rates, cautious

business strategies, supply chain restructuring and sector-specific demand variability may serve as constraints for factoring growth in 2024.



BRAD R. MAGILL
The Collection Law
Group

INFLUENCE

HAS THE NEED FOR COLLECTION LITIGATION INCREASED OR DECREASED OVER THE LAST SEVERAL YEARS?

Having spent the last 20 years or so in the commercial collection arena as a commercial collection lawyer, I can attest to the fact that the collection landscape has changed over the last several years. At our firm, The Collection Law Group, we always adhere to the core principle of a collection-first mentality. This means we only use litigation as a last resort in the collection process and focus initial collection activity on collecting amicably without the need to litigate. This collection-first mentality is actually best for all parties, including collection lawyers, collection clients and collection debtors.

Why is this the case? Well, although, as lawyers, we are trained to litigate when necessary, litigation is time-consuming for lawyers, clients and debtors. In addition, litigation is more expensive for clients and debtors, and it takes a much longer time to collect via litigation than it does via an amicable settlement without litigation.

Before delving into whether the need to litigate has increased over the last few years, it is necessary to understand why collections lawyers are successful in collecting in general.

We only want to take on collection matters after clients have exhausted all internal collection efforts. This includes clients sending numerous demand letters via email and regular certified mail and making multiple phone calls to the Debtor to try to collect what is due.

So why are collection lawyers successful in collecting after their clients have exhausted all collection remedies? The answer is that prior to collection lawyers getting involved with the matters, debtors often do not believe there will be consequences to their conscious decision to ignore clients' demands.

The Cambridge Dictionary defines consequences as "a result of a particular action...often one that is bad or not convenient. I would further define consequences as "a result of a specific action or inaction...often one that is bad or not convenient.

So, what is different when a file is sent from internal collections to a third-party collection law firm? The difference is that we tell debtors precisely what we would like to do and exactly what we will do if the Debtor does not comply. More specifically, in a very professional and unemotional matter, we tell debtors our primary objective, which is to settle the matter without litigation. However, we also tell debtors that if the matter is not settled within a reasonable time, we will move the matter into litigation, and a court will resolve the matter. So, the difference is that we impose real or perceived consequences on debtors. Those consequences are: settle the matter or be sued.

**WHY
ARE
COLLECTION
LAWYERS
SUCCESSFUL IN
COLLECTING AFTER
THEIR CLIENTS HAVE
EXHAUSTED ALL
COLLECTION
REMEDIES**

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Does this methodology work all the time? No, it only works when the Debtor has something to lose, meaning assets to protect. Another way of saying this is that our method works when the Debtor has assets (cash, accounts receivable, real estate, investments, etc.) to protect from being foreclosed upon based on a judgment being imposed on those assets and then having those assets sold or liquidated to satisfy the judgment. In collection matters we take on, 99% of the time, liability on the part of the Debtor is clear (they owe the money being sought), so defending a lawsuit when the Debtor knows they are in the wrong makes no sense. The bottom line is imposing perceived or real consequences on a debtor who owes money and has assets to protect pretty much works all the time.

So why am I writing this article entitled "Has the Need for Collection Litigation Increased or Decreased Over the Last Several Years? Things have changed over the last several years, and I call it the COVID mindset. What is the COVID mindset? It is a mentality that was created during COVID and has continued after the COVID pandemic has been minimized. The mentality is that companies and individuals will be given a break on their debts because of the dramatic impact that COVID had on the economy and their businesses. So, debtors now feel that in many situations, they should be given a break and should not have to pay their debts like they did several years ago. Although this mentality may stall the collection process, it does not stall the ability to collect via litigation. The reason is that debtors realize consequences will be encountered if they have assets to protect and do not address the outstanding indebtedness.

In essence, in our firm, we say what we are going to do and do what we say! Despite our approach, debtors do not always feel they need to resolve a matter without litigation for a variety of reasons, including the Covid mindset that they should be given a break and the belief that they will not actually be sued, so why settle? The only way to counter this mentality is actually to litigate and impose a real consequence on a debtor. It is my opinion that it is because of this debtor mentality that the need to litigate has increased over the last several years.

WE
SAY WHAT
WE ARE
GOING TO DO
AND DO WHAT
WE SAY

Case Study 1 – Independent Contractor

This matter was referred to TCLG in September 2023. Our client was an independent contractor located in Herndon, Virginia ("Creditor") who performed digital media consulting services for a company based in Nashville, TN ("Debtor"). The Debtor and Creditor entered a written consulting agreement, and the Creditor performed services for the Debtor for several months with no payment issues. In August 2023, the Debtor stopped paying the Creditor's invoices and the file was sent to our firm for collection. The amount outstanding at that point was approximately \$30,000.

We tried to reach out to the Debtor via email and phone numerous times with no success. We then discussed with the Creditor that due to the Debtor's lack of response, the next step was to initiate litigation. The Creditor agreed to initiate litigation, so we told the Debtor the matter needed to be resolved in a week or else litigation would ensue.

Lo and behold, the Debtor reached out to us and agreed to a six-month payment plan to pay what was due at the rate of \$5,000 per month. We entered a formal re-payment plan, which all parties executed. When the first payment was due, we reached out to the debtor, but the debtor went silent. There was no payment and no communication, so we followed through with what we said we were going to do if the matter was not resolved within the timeframe outlined. We filed a

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complaint against the Debtor in Nashville. Within one day of the Debtor being served with the complaint, I received a call from the Debtor's lawyer asking to settle the matter. I told the lawyer that based on the actions of the Debtor, the only way the matter could now be resolved was a lump sum payment of the total amount due of \$30,000. After much back and forth, the Debtor agreed to a lump sum payment of \$30,000 and the matter was resolved.

So why did the Debtor pay the total amount due in a lump sum after hiring a lawyer to defend him and ignoring the six-month payment plan we had in place?

Well, that is a difficult question to answer since we cannot get into the Debtor's head, but one can only surmise one or more of the following:

- The Debtor thought they deserved a break from paying what was due, like the breaks they received during COVID
- The Debtor did not believe we would initiate litigation and impose a consequence as we had promised.
- The Debtor thought they could get away with not paying a Virginia-based company when they were based in Tennessee.

Regardless of why the Debtors did what they did, the point of the above case study and the above narrative is that debtors feel emboldened today more so than ever not to pay their debts, and this creates an increased need for litigation. As outlined in this article, the best way to counter this emboldened perspective is to try very hard to settle matters amicably without litigation. However, if that fails, creditors need to file lawsuits to collect what is due when debtors have something to lose. And what do they have to lose? The taking of their assets to satisfy a judgment! This is an actual consequence that will, at the end of the day, resolve a collection matter.

In summary, commercial collections are becoming more challenging as debtors continue to be willing to ignore amicable collection efforts from both internal and third-party collectors. My suggestion is not to fret about this reality, but simply be ready to impose real consequences on debtors (the liquidation of their assets) when they do not do the right thing and have assets to protect.

**DEBTORS
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Who is TCLG?

The Collection Law Group ("TCLG") is a group of attorneys who specialize in commercial debt collection on a contingency basis. TCLG is more effective than traditional collection agencies because it utilizes an "attorney-driven approach" to resolve past-due accounts receivable. TCLG clients say their "attorney-driven approach" yields faster and higher recovery amounts than other methods.

To ensure your past-due accounts are being collected as quickly and efficiently as possible, call Brad R. Magill, Esq. (888-304-4347) or email him at [TCLG \(brmagill@tclginc.com\)](mailto:brmagill@tclginc.com) to set up your no-risk account consultation.

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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.

SEPTEMBER 2024



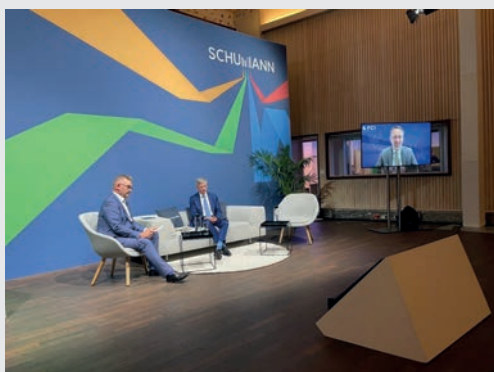
1 September | Release of White Paper on Credit insurance and factoring: A partnership for financial resilience

At FCI's 56th Annual Meeting in Seoul, experts discussed the intricate relationship between credit insurance and factoring with Trade Finance Global's Deepesh Patel. Credit insurance and factoring are crucial financial tools that provide businesses the stability to navigate uncertain markets. Read the expert insights from the panel, including Shan Aboo, Chief Commercial Officer for Asia Pacific, Allianz Trade; Neil Shonhard, Chief Executive Officer, MonetaGo; Dorota Szcześniak, Member of FCI Executive Committee and Supply Chain Finance Committee; and Karol Leszczyński, Product Manager, Comarch. Download the Whitepaper [here](#).

3 September | TFG #TRADEFINANCETALKS Magazine Issue 22

In the Trade Finance Global (TFG) #TRADEFINANCETALKS Magazine Issue 22, Neal Harm, FCI Secretary-General, joined by Doaa Hafez, FCI Executive Committee Member, dives deeper into the importance of factoring at the FCI 56th Annual Meeting in Seoul, South Korea. Read the article [here](#).

In the Trade Finance Global (TFG) #TRADEFINANCETALKS Magazine Issue 22, Brian Canup and Deepesh Patel write about FCI's Annual Review for 2023, highlighting a return to pre-pandemic stability in the global factoring market. Read the article [here](#).



12 September | SCHUMANN Digital Credit Risk Management Conference

Secretary General Neal Harm joined the SCHUMANN Digital Credit Risk Management Conference virtually, where he spoke alongside Robert Meters and John Beaney (HSBC) about Factoring and Receivables Finance as a Growth Driver for Companies – a Global Look at Future Markets and Risk Mitigation Strategies.

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18 September | NYC Joint Program with FCI

FCI and NYIC hosted a lunch programme at Arno Ristorante. Secretary General Neal Harm and the panel shared their expertise about international laws, country risks, import and export essentials, and more! Speakers included Richard Stehl, Otterbourg P.C. Chairman & FCI Legal Committee Chairman; Sami Altaher, FGI President; Peter Clement, Rosenthal & Rosenthal SVP International Factoring; Parker

Freedman, ARI Global President; and Chenyue Mao, Wells Fargo Managing Director & FCI Vice-Chairman.

19 September | QUALCO Executive Connect 2024

FCI was pleased to participate in the QUALCO Executive Connect Event in Greece, hosted by our member, QUALCO. FCI Academy Deputy Education Director Mr Spyros Tsolis presented on the “SCF Market Outlook in EMEA” during the Supply Chain Finance session, while Ms A. Betül Kurtulus represented FCI and connected with fellow attendees.



26 September | 22nd efcom Factoring Symposium



Our Secretary General, Neal Harm, and Regional Manager, Nassourou Aminou, participated in the 22nd efcom Factoring Symposium, where Neal delivered a lecture on “Overview of trade with FCI: global leader in open account trade finance.” He shared valuable insights into the development of factoring markets worldwide. He highlighted how FCI goes beyond being a professional association, focusing on building a global network of community, partnership, and trust.

OCTOBER 2024

1-4 October | Tailor-made Training for Liberty Bank Georgia

FCI’s Deputy Education Director, Spyros Tsolis, conducted a Tailor-made Training for Liberty Bank Georgia in Tbilisi, Georgia. This tailored programme covered Sales & Lead Generation in Factoring, Risk Management in Receivables & Payables finance, and the FCI Operational & Legal Framework, exploring the Two-Factor System, and includes a Business Simulation exercise.



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2 October | GTR Egypt 2024 Cairo

Regional Manager Nassourou Aminou attended and represented FCI at the GTR Egypt 2024 in Cairo, Egypt. He, along with over 450 senior business leaders from the local and regional markets, reflected on the latest developments across the vibrant world of Egyptian trade.

3-4 October | EBRD Pathways to Paris 2024

FCI was proud to have our Chairman, Çağatay Baydar, and Regional Director, A. Betül Kurtulus, attend the Pathways to Paris 2024 conference in Antalya, Türkiye. This event, organised by the EBRD and supported by Climate Investment Funds, brought together over 200 high-level delegates to discuss the vital transition towards a low-carbon, climate-resilient future. Cagatay and Betul engaged with leaders from across the financial ecosystem, exchanging insights on the latest trends in ESG, climate transition, and the greening of the economic system.



7-10 October | ICISA Trade Credit Insurance Week



Regional Manager Nassourou Aminou spoke at the ICISA - International Credit Insurance & Surety Association's Trade Credit Insurance Week. Key speakers included Richard Wulff, Executive Director at ICISA, Joseph Mocachen, Group Head of Information at Allianz Trade, and Pamela Mar, Managing Director of the International Chamber of Commerce's Digital Standards Initiative (ICC DSI), where they had insightful discussions on the future of our industry.

8 October | Intesa Sanpaolo ISBD Factoring Workshop

FCI recently participated in the Intesa Sanpaolo ISBD Factoring Workshop in Portorož, Slovenia, where we engaged with key players in the financial sector. The workshop brought together representatives from across the CEE region and our management team. Together, we explored key topics such as factoring, supply chain finance, and SME financing while also discussing the latest technological advancements and market dynamics.



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NOVEMBER 2024



7 November | ADB TSCFP Supply Chain Finance Workshop

Our Education Director, Aysen Cetintas, joined the Asian Development Bank (ADB) TSCFP Supply Chain Finance Workshop in Karachi, Pakistan, to discuss innovative solutions driving supply chain finance in emerging markets as she shared an insightful presentation.

7-9 November | 6th International Factoring and Supply Chain Finance Conference

Secretary General Neal Harm and Regional Director Hui LIN represented FCI. They participated and spoke at the 6th International Factoring and Supply Chain Finance Conference in Shenzhen, China, where they explored opportunities to empower SMEs and enhance cross-border trade.



11 November | Shenzhen University

Regional Director Lin Hui and Secretary General Neal Harm spent a few hours with students at Shenzhen University, where they have a unique trade finance programme emphasising the fast-growing Open Account market. Seeing the programme and hearing from these students was an insightful morning. Neal shared that they are looking for internships if anyone is looking for highly qualified students.

12 November | Hong Kong Roundtable Discussion

Secretary General Neal Harm finished his trip to HK with a round table hosted at Bank of Communications offices in Kowloon, where long-time members shared their views on the region. He shared how Hong Kong continues to be Asia's trade and finance hub, with continued growth in the future.



5-7 & 8 November | Afreximbank Trade Finance Seminar & Afreximbank Factoring Workshop 2024

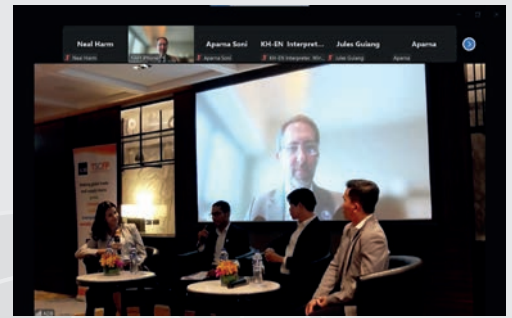


Regional Manager Nassourou Aminou and Deputy Education Director Spyros Tsolis attended the African Export-Import Bank (Afreximbank) Trade Finance Seminar 2024 in Windhoek, Namibia. Afterwards, Afreximbank and FCI hosted the Factoring Workshop 2024, contributing to valuable conversations on Africa's factoring landscape and growth potential.

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12 November | ADB TSCFP Workshop on Trade and Supply Chain Finance Products for Banks

Secretary General Neal Harm and Education Director Aysen Cetintas represented FCI virtually at the Asian Development Bank (ADB) TSCFP Workshop on Trade and Supply Chain Finance Products for Banks in Phnom Penh, Cambodia, sharing expertise to empower financial institutions in Southeast Asia.



9-12 November | 58th Assembly of FELABAN

Our Americas Regional Director, Alberto Wyderka, joined Executive Committee Members João Costa Pereira and Julio Nielsen, along with Technical Committee Member Marina Azzara, at the 58th Assembly of Federación Latinoamericana de Bancos – FELABAN in Asunción, Paraguay. Together, they strengthened FCI's ties within the Latin American finance community.

20 November | ICISA INSIDER Magazine – November 2024

Our Secretary General, Neal Harm, wrote an article, for the ICISA INSIDER Magazine November 2024 edition on understanding the synergy between factoring and trade credit insurance: tailoring solutions to meet corporate needs. Read the article here.



20 November | European Parliament

Neal Harm, Secretary General, attended the European Parliament Meeting on enhancing EU competitiveness through high-quality business data hosted by MEP Costas Mavrides in cooperation with the Federation of Business Information Services (FEBIS).

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20-21 November | 7th Conference on International Coordination of Secured Transactions Reform

FCI's Chairman, Çağatay Baydar, and Regional Director, Betül Kurtulus, attended the 7th Conference on International Coordination of Secured Transactions Reform in Istanbul, focusing on "Bridging the Distance Between Formulation & Implementation." Çağatay delivered the opening remarks, highlighting the importance of advancing secured transactions reform. Meanwhile, Betül connected with participants and discussed how to strengthen financial frameworks globally.



21 November | Stakeholder Consultation Event on the UNIDROIT Model Law on Factoring



FCI Chairman Çağatay Baydar attended the pivotal Stakeholder Consultation Event at the UNIDROIT - International Institute for the Unification of Private Law Model Law on Factoring. He shared insights into the substantial benefits this Model Law offers businesses, particularly in facilitating diverse financial products and enhancing our economic landscape.

25 November | Supply Chain Finance Awards 2024

FCI Secretary General Neal Harm attended the Supply Chain Finance Awards 2024. He was a member of the Innovation Award jury. He shared what he liked the most from the cases and finally announced the winner.



26 November | Webinar on Factoring in the Caribbean Region



Unlock Opportunities in the CARICOM Market. FCI, in partnership with Afreximbank, organised a special webinar that delved into the dynamic world of factoring and receivables finance within the CARICOM market. The webinar highlighted the transformative potential of factoring as a financial tool for the SMEs in the Caribbean, emphasizing the need for collaboration, education and strategic partnerships to unlock new opportunities in global trade networks. More than 79 participants attended the webinar.

Stay tuned to know more about all our project, follow us on [LinkedIn](#) or [Facebook](#).

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