FCI

Facilitating Open Account – Receivables Finance

Facilitating Factoring and Receivables Finance

Building bridges to explore new opportunities in open account

Building bridges between businesses

Trade, especially cross-border business penetrating large, potentially untapped markets, can be extremely rewarding. Yet there are many barriers facing SMEs, not least of which is access to finance and cash flow.

With over EUR 300 billion financed to SMEs as well as to larger corporates, the global factoring and receivables finance Industry is is providing much needed liquidity to the heart of the economy to support economic growth, export and employment.

As a member of FCI you benefit from the proven expertise of the leading Industry association in the global receivables finance sector.

Established in 1968, FCI is a global non-profit association for the Supply Chain Finance, Factoring and Receivables Finance industry globally

Close to

400

MEMBERS

ONE GLOBAL CENTER

Growing success:
After 50 years of existence FCI launched two additional business lines.

90+

COUNTRIES

CROSS-BORDER FACTORING

Promotion

We **Support** you in driving your business. Thanks to our decades of experience in the industry we are able to anticipate future trends and needs – and can facilitate access to new products that meet these needs. We work with our members to ensure you are able to market such products effectively to your factoring clients and enhance your business, for example through our efficient two-factor platform.

Education

We **Share** expertise through education and marketing. We work to ensure that the skill sets of all our members are kept up to date and best practices are shared throughout the network. Members have access to various FCI Academy online courses, webinars and seminars at member rates, including tailor-made programmes and other new member benefits.

Network

We **Connect** members with each other. Together we are stronger, and some of the best business opportunities come through personal connections. Thanks to the large global membership, the networking opportunities are unparalleled.

Advocacy

We **Influence** key stakeholders through communication and lobbying. The challenges facing our Industry are not insignificant. We represent the interests of our members and the Industry as a whole by investing in comprehensive communication programs and targeted lobbying activities.

Legal

We **Ensure** that our members meet high quality standards in terms of respect of business rules (FCI Constitution, Interfactor Agreement, General Rules for International Factoring-GRIF, Edifactoring.comRules, Supplemental Agreement for Islamic International Factoring, General Rules for FCIreverse and FCI Rules of Arbitration).

Compliance

We **Respect** the FCI Constitution which sets a few parameters which must be complied with, in order to be accepted and to remain as Associate/ Full Member, such as equity, participation to FCI activities and contribution to surveys. We ensures that members using FCI two-factor platform follow compliance framework. This is done by centrally downloading the Wolfsberg AML questionnaires from other members as well as a specific FCI KYC questionnaire.

Building bridges that span borders

Whether your company is a traditional factor or an asset-based lender specialised in invoice discounting or offering trade finance solutions, you need professional support to conduct your international business safely and efficiently.

Receivables Finance is the core focus of our association and includes not only Factoring and Invoice Discounting, but other Supply Chain Finance techniques as well.

WE FACILITATE AND PROMOTE

We are a business network that facilitates and promotes export-import Factoring activities between our members. We encourage the creation of new business connections between all our members, including full, associate, affiliate and sponsor. We advocate for the growth and development of the factoring industry. We share best practices and explain how factoring helps to grow economies.

ACCESS TO THE STRONGEST PLAYERS IN 90+ COUNTRIES

Acting as an Export Factor, your company has access to the Import Factoring services of the strongest players in the Industry in over 90 countries, offering you (and your export clients):

- Up to 100% protection against credit risks.
- Guaranteed payment of 90 days after due date of invoice.
- Local collection services through member companies based in the same country as the debtors: differences in language, time zones and legal environment are no longer an issue. This enables early detection of dispute and fraudulent invoices.

As an Import Factor, your company offers its services to a network of the best factoring companies: the correspondents of FCI worldwide.

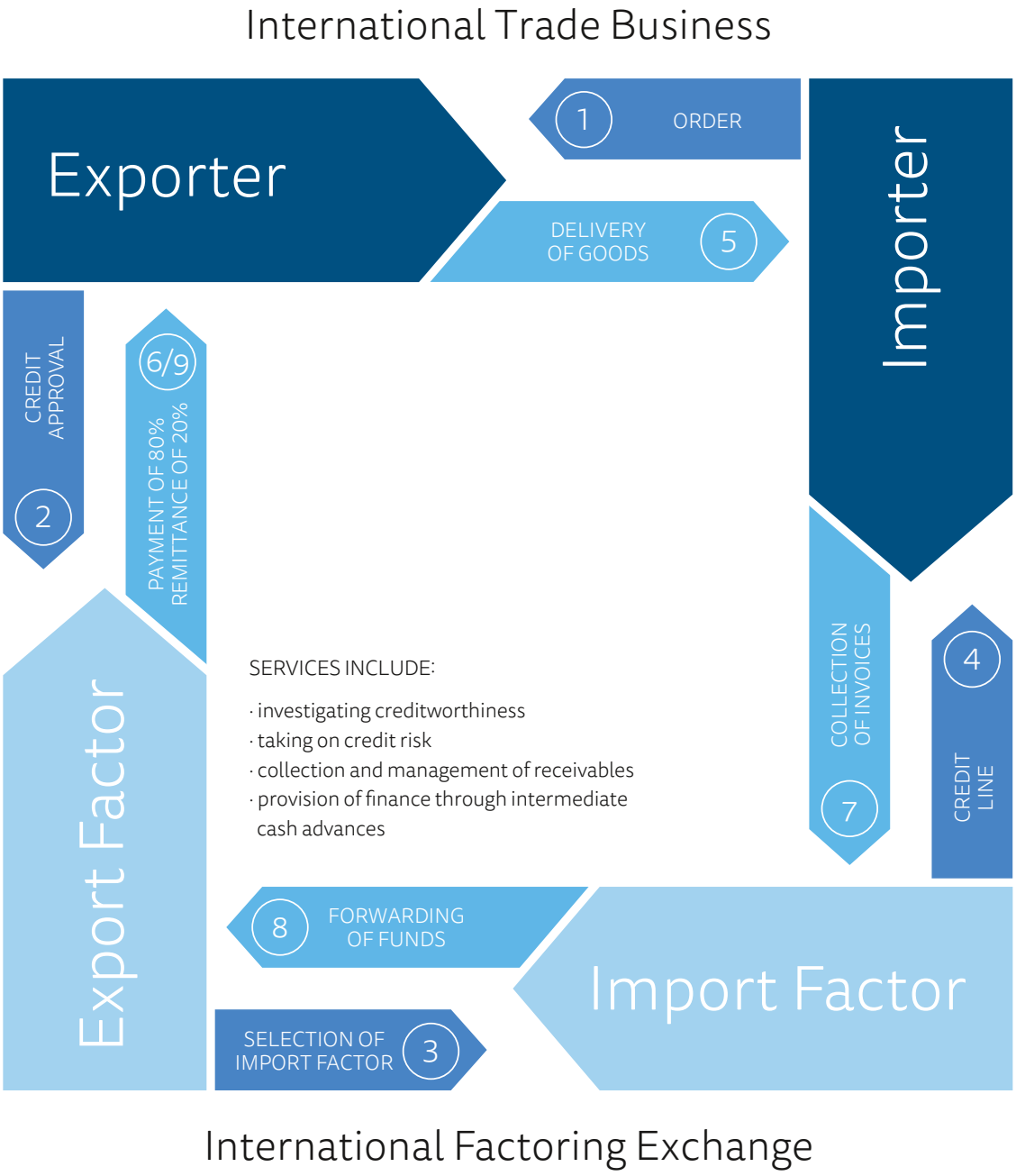
GLOBAL FACTORING NETWORK

Members can be either factors, banks or financial institutions offering factoring services or suppliers to the industry, all accessible through the FCI network. FCI is the Global Industry Association and centre of expertise in open account receivables finance products.

SUPPORT SERVICES

FCI connects its members with solution providers who are specialists in various services to support activities in Factoring, Invoice Discounting, Asset Based Lending and Supply Chain Finance.

The Two-Factor System



① Exporter receives purchase order

② Exporter sends importer's information for credit approval

③ Export Factor checks the importer's creditworthiness through FCI partner

④ Import Factor evaluates the importer and approves a credit limit

⑤ Exporter makes shipment to importer

⑥ Export Factor makes cash advance up to 80% of factored invoices

⑦ Collections are carried out by the Import Factor

⑧ Import Factor remits funds to Export Factor

⑨ Export Factor remits the 20% remaining Balance to Exporter's account less any charges

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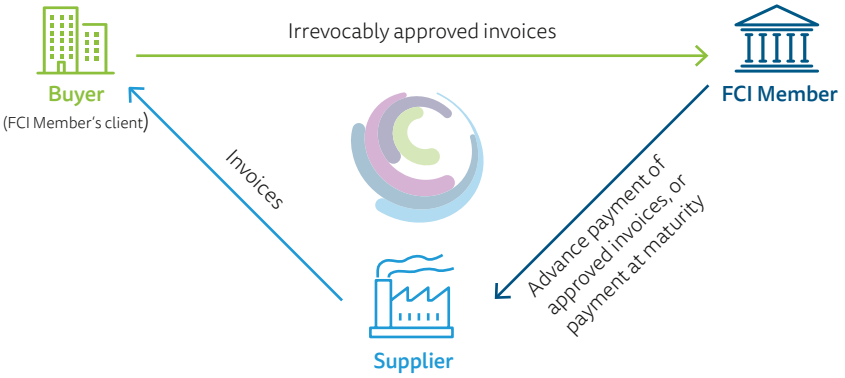
One FCI member acts as the Export Factor – dealing with financing, credit management, sales ledger accounting, or a combination of these services – in the exporter's country. A second member, the Import Factor, handles credit line and collection in the buyer's territory.

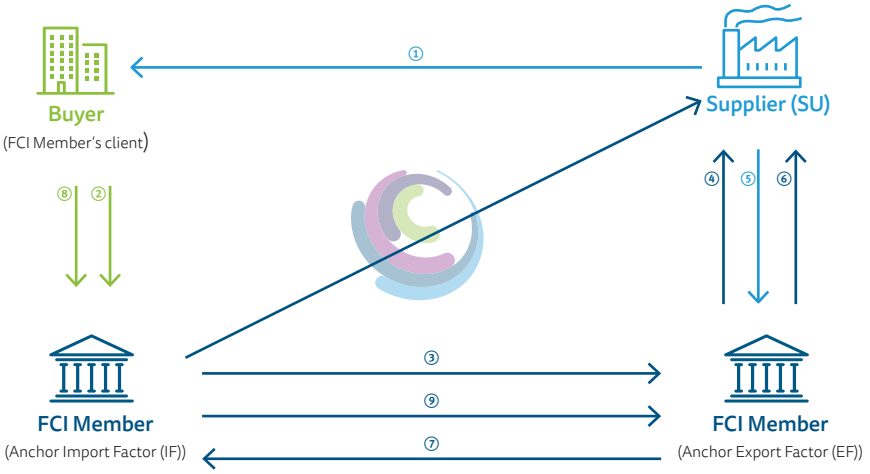
Supply Chain Finance with FCIreverse

FCIreverse, a Supply Chain Finance (SCF) Solution, is the only holistic solution for reverse factoring. It combines the power of the FCI member network, solid FCI legal framework and and cutting-edge technology platform. It enables FCI members to start, deploy and participate in reverse factoring programmes on their own or as part of a community.



3-CORNER MODEL
(Local SCF programmes)

The Anchor (Import) Member originates, funds, and manages a local reverse factoring / SCF programme for suppliers in the markets in which it operates. The buyer and suppliers are either based locally, or in jurisdictions where the funder has the ability to finance and onboard suppliers.



① Goods and invoices
② Buyer confirms invoice
③ IF sends confirmed invoice
④ EF sends purchase offer to SU
⑤ SU accepts and assigns invoices
⑥ EF effects advance payment to SU
⑦ Assignment of invoice (subject to legal documentation) from EF to IF
⑧ Buyer pays IF
⑨ IF to pay EF

4-CORNER MODEL
(Global SCF programmes)

The 4-corner model is adding regions/ countries to the 3-corner model thanks to FCI network. The Anchor (Import) Member originates, funds, and manages the local portion of an SCF programme, with support from Correspondent Members in foreign jurisdictions. The Anchor Member is able to arrange global programmes, while the Correspondent Members manage local supplier onboarding and payments

FCIreverse Benefits

BUYER

- Enhanced reputation with suppliers
- Ability to negotiate better payment terms
- Enhancement of image through supporting SMEs
- Reduction of administrative costs
- No additional IT tool required

SUPPLIER

- No impact on supplier's credit lines
- Lower costs based on the creditworthiness of the buyer
- Receivables can be removed from the Balance Sheet
- No additional IT tool required
- Better cash flow management
- No separate cash accounts

FACTOR

- Credit risks fully allocated on buyer
- Access to multiple factoring transactions
- Benefit from new customer relationships
- Cross selling opportunities
- Increase profitability

Building Industry bridges

With the international receivables financing business growing at an exponential rate – over four times faster than the world economy – there has never been a more exciting time to be part of the Industry.

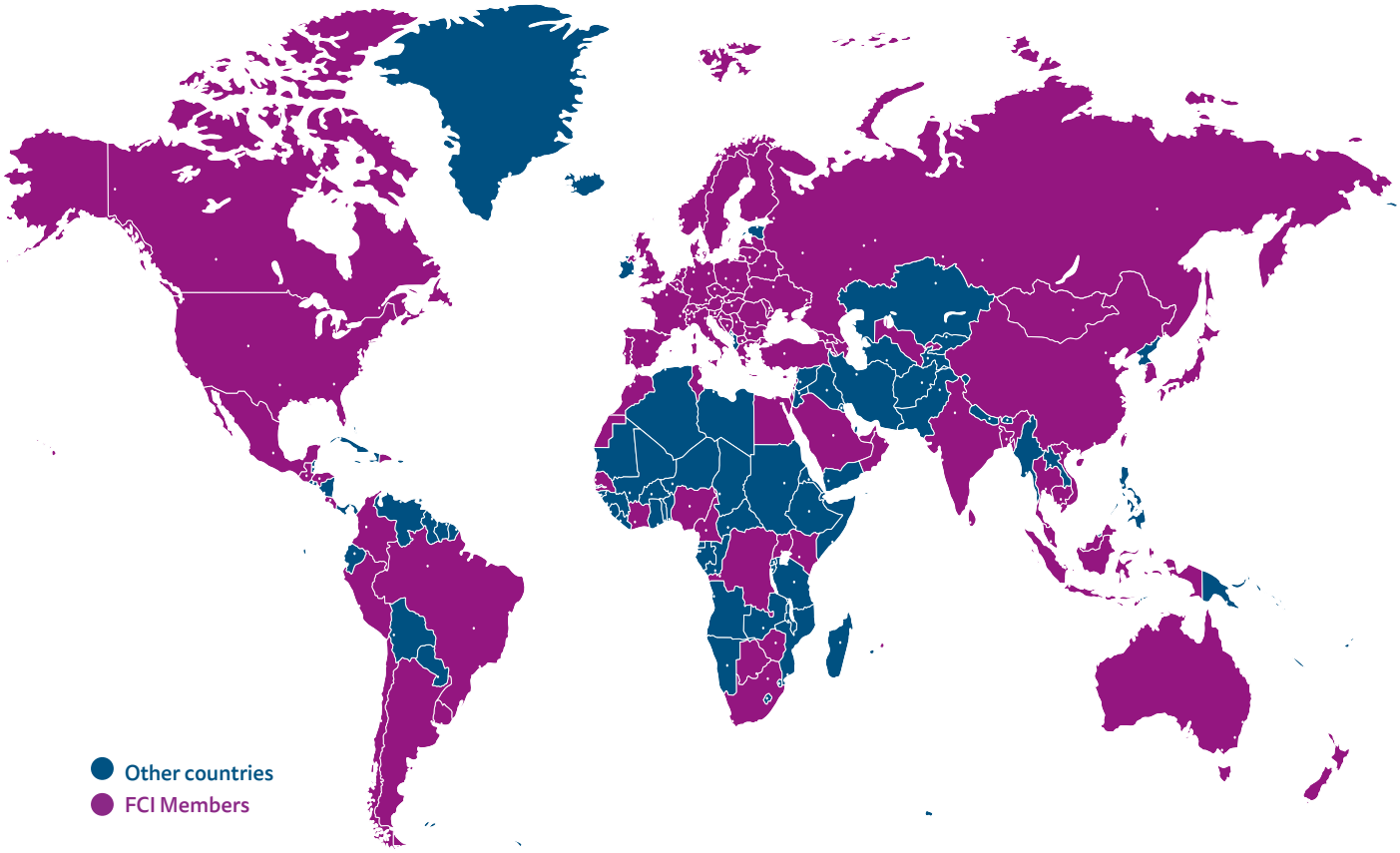
However, despite, and partly because of this growth, the Industry continues to face challenges ranging from differing laws and regulatory environments, varying levels of staff education and an enduring need to inform and influence stakeholders about the importance of the Industry.

Our mission is to facilitate business, be an advocate for the Industry, promote the industry and educate about best practices in domestic and international open account trade finance activities.

THE VOICE OF THE INDUSTRY

As the leading association, representing over 90 countries, only FCI has the global size, reach and expertise to advance the interests of both our members and the global receivables financing business as a whole.

Membership coverage



Find out more about the benefits of becoming a member of FCI, and how we can help you grow your business at:
www.fci.nl

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