



FCI

NEWSLETTER / FEBRUARY 2021

CONNECT. EDUCATE. INFLUENCE.

Facilitating Open Account – Receivables Finance

IN-SIGHT

Connecting and Supporting the Open Account Receivables Finance Industry Worldwide

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GWENDOLINE DE VIRON
Head of Marketing and
Communication

EXECUTIVE SUMMARY

Dear Readers,

Welcome to the latest edition of the newsletter In-Sight.

The newsletter starts with a [welcome from FCI's Chairman](#), Patrick de Villepin. He gives an overview of some accomplishments of FCI.

[Peter Mulroy](#) reported the challenging year we had in 2020..

Betül Kurtulus explains the [development of the factoring market in Ukraine](#) and interviews members from UATTF on their experience.

I report on the recent [Regional Networking E-vent](#) that took place at the end of January. Afterwards, you can read from the Afreximbank and FCI [Africa Chapter workshop](#).

Ciprian Radu shares the latest developments in the project on [edifactoring 2.0](#) that aims to be ready in October 2021.

Nassourou Aminou explains [the grant from AfDB for the African market](#), which was announced in January.

The new members being presented are - [Bank Asia \(Bangladesh\)](#), [Banco Cathay \(Costa Rica\)](#), [GPS Credit Gest \(United Kingdom\)](#), [Mercantile Bank Limited \(Bangladesh\)](#), [NLB Banka sh.a. \(Kosovo\)](#), [NLB Bank d. d., Sarajevo \(Bosnia and Herzegovina\)](#) and [Oracle Finance Services \(India\)](#).

[Aysen Cetintas](#) is sharing how to build trade with factoring in Georgia. [Spyros Tsolis](#) explains the capacity building created for the Egyptian factoring market. He also reports on a multi-country banking group training that FCI Academy presented.

[Martin Shi](#) explains the story of using a change in the factoring market to create innovation, here an automatized platform to help Chinese SMEs selling online.

Finally, the section on [FCI spreading the wings](#) reports on recent projects and participation.

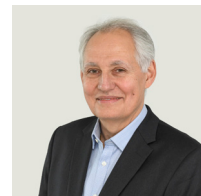
The [FCI's Institutional campaign](#) images are also presented.

Enjoy the reading!

Gwendoline

WELCOME FROM PATRICK DE VILLEPIN

Chairman of FCI



PATRICK DE VILLEPIN
Chairman of FCI

Dear Friends,

2021 has started, and nothing specifically changed from the end of last year. Most countries are still in (semi) confinement, the distribution of the vaccine began, but we have no idea when we will go back to normal.

We started in January with a new type of online event to facilitate networking among FCI members. We believe in bilateral discussions, the best way to develop additional correspondent relationships. As I write these lines, we are finalizing the second event's preparation, highlighting Asian members. The first event assembled more than 300 registrants, and close to 1000 online meetings took place. The networking feedback was great, we hear that new introductions took place and that new correspondent relationships and transactions will hopefully follow.

Last week, the FCI Executive Committee met in parts to decide what we will do about the Annual Meeting for this year. Due to the continued severity of this pandemic and the unlikelihood that most will have been vaccinated by September, the ExCom agreed to postpone the Washington DC Annual Meeting and to hold it in the same location in June 2022. FCI, instead, will have a virtual annual meeting in September 2021. This was decided in order to make sure that all the members have the same opportunity to join the meeting even in the case that borders would remain closed, even partly.

Even in this COVID year, last 12 months, we accomplished some true milestones.

- 5-Year strategic plan: we will submit it for your vote during our next Council in September. This plan will support a new direction for the Chain to help strengthen FCI in a future that will certainly be a challenging one for all of us.
- Webinars: we held more than ten virtual training and educational events, including the first FCI Annual Meeting virtually.
- New members: we onboarded over 30 new members in 2020, well above our revised budget for the year, in part due to the notable success stories in places like Bangladesh, Nigeria and Egypt.
- FCIreverse: things are moving in a good direction. FCI has signed two new MOUs to onboard future pilot members, all at various stages of building out business plans and seeking internal approvals. SCF/Reverse Factoring initiatives should make it easier for members to onboard foreign suppliers into their programs.
- New edifactoring.com: now, the project is well underway.

Even though we will experience a bumpy year ahead, Factoring will be in high demand once the crisis subsides. That's also why we launched an institutional campaign to promote Factoring and FCI's important role at the beginning of the year. You may have seen some contributions on the FCI website or via LinkedIn: members sharing their experience and explaining why and how Factoring is so important in times of crisis. This campaign started in December 2020 and will last for the remainder of 2021. In a later stage, we also plan to target stakeholder third party institutions and governments alike.

Best regards,

Patrick



PETER MULROY
Secretary General

THE SECRETARY GENERAL REPORTS ON THE CHALLENGING YEAR

After such a tumultuous year, with the residue from a challenging trade war, the end of BREXIT, continued geopolitical issues in the Middle East, and despite the fallout from the Covid pandemic, FCI and our industry survived last year's storm. During this time, FCI made significant investments in our future, rolling out a completely virtual webinar series starting during the worst of the epidemic in the 2nd quarter 2020, held our first virtual annual meeting in September, added new key personnel to the team, made progress on the FCIreverse project, planned for the expansion of our chapter in Africa, launched the new Edifactoring 2.0 project in May, developed a new KPI focused performance monitoring system, continued to build out our decentralized, regional office platform with the inclusion of Africa at year end, created a new working group focused on making receivables finance into an investable asset class, launched a new networking initiative to help support the return of growth in our two-factor platform, and won an award as Best Trade Finance Innovator - Global 2020 from the Capital Finance International (CFI) Financial Innovation Awards 2020 -. For this article, I would like to focus on three major initiatives that I believe will have a positive effect on our industry.

Regional Networking E-vents

FCI is organizing four Virtual Regional Networking E-vents in the first half 2021, in order to allow *members to connect with each other, network with new or existing correspondent members, discuss business opportunities, investigate new services and procedures, learn best practices, all in order to ultimately generate future new business*. With the C-19 crisis impeding our ability to meet in person in 2020, and the decline in international factoring volumes on the platform, we wanted the opportunity to encourage members to meet virtually, to introduce themselves to each other, in some cases for the first time, and to meet the over 100 new members who have joined FCI over the past three years, the vast majority coming from the emerging markets. Some call this speed-dating, but a great means to make an introduction and to organize future discussions as well. During our first European event in January, we had over 300 attendees organizing nearly **1,000 bilateral meetings during the two-day event**. We also had fantastic speakers and panelists from Europe, including a senior economist from Euler Hermes. The event can be heard on-line for anyone interested. For the upcoming Asia Networking event, we already have nearly 300 registrations and counting, and hundreds of bilateral meetings scheduled on our open platform, Cvent. We hope you will all participate!

TO
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PAST THREE YEARS



Africa Factoring Build-out

We kicked off the year with the announcement of the appointment of Mr. Nassourou Aminou as the new Regional Manager for Africa. The recruitment of the *Africa Chapter Regional Manager* is a joint effort by FCI and the Afreximbank. Mr. Nassourou Aminou is a Cameroonian and joins FCI with tremendous experience in factoring, credit insurance and IT support solutions.

for factoring and receivables finance. He will be based in Cairo at the Headquarters of the AfreximBank, but due to COVID-19, he will remain in his home office in Cameroon until further notice. We also announced in January the **creation of a special purpose Grant authorized by the African Development Bank (AfDB) to support the capacity building of emerging factoring firms in Africa that will benefit many SMEs across the continent**. The objective is to upgrade and to provide consultancy services for the Capacity Building of Emerging and Established Factoring Firms, Development of a sustainable knowledge and learning platform in Africa. The Grant includes consultancy services to advise the start-up and establishment of factoring companies. It will provide advisory and mentoring. It will help to organize conferences and workshops as well as to train and sensitize users and government officials. It will offer scholarships into the FCI Academy's online courses to various stakeholders. It also includes funding for entrance into the FCI-Afreximbank "Certificate of Finance in International Trade" (COFIT) program, a one-year highly specialized combined virtual online and physical in-person education experience at the headquarters of Afreximbank. The grant went live on 1st February and we are now taking submissions from qualified applicants.

AFRICAN
DEVELOPMENT
BANK (AFDB) TO
SUPPORT THE
CAPACITY BUILDING OF
EMERGING
FACTORING FIRMS
IN AFRICA

Receivables Finance as an Investable Asset Class

FCI witnessed a rise in factoring funds joining FCI, as more and more companies engaged in **providing debt capital to the factoring industry** are considering joining FCI. We have on-boarded three such companies in the past year and more to follow. These funds raise capital from investors (hedge funds, sovereign wealth funds, pension funds, and others) and the funds are distributed to finance companies/factors engaged in factoring, ABL, reverse factoring, and receivables securitizations, etc.... Improved funding rates, preferred accounting, risk mitigation, cross-border flexibility, and funding diversification is a major motivating factor for the increase in these types of funds. As part of this initiative, I was invited to sit on the ICC steering committee entitled "Trade Finance as an Investable Asset Class". Together with our three new members along with additional parties, FCI created a working group to discuss how to improve on the experience of members to raise debt capital, outside the traditional means through bank funding. More on this to follow.

Conclusion

FCI had a very strong year, **meeting our budget objectives by generating 30 new memberships last year**, and due to a significant reduction in travel and other costs, generated a profit of over EUR 400K, and increased our net equity to over EUR 2.3 Million. With 2020 behind us, we enter the new year with 12 new memberships, a new MOU signed to on-board onto the FCI reverse platform, and the launch of our regional networking events. We are now **preparing the global statistics for the past year**. We sent out the market survey last month to the members, however we have only received a 12% response rate so far, so we really need you, our dear members to ensure that the surveys are completed and submitted to us as soon as possible.

FCI
HAD A
VERY
STRONG
YEAR

With the expectation of an increase in risk in the second half 2021, companies will seek to mitigate the risk of their receivables. And factors will meet this challenge, based on the controls that factoring affords, making it very attractive for companies looking to raise capital, eliminate their trade risk, and enhance their profile. And for those using history as a milestone, factoring certainly has the wind in its sails.

CONNECT THE FACTORING MARKET IN UKRAINE



BETÜL KURTULUS
Regional Director CEE, SEE
and the Middle East

Ukraine experienced delays in the restructuring its economy after the collapse of the Soviet Union, and the recovery began in the 2000s. Ukraine's economy, which is dependent on commodity prices and external financing, was one of the countries most affected by the economic and financial crisis.

GDP
LEVEL
ONE OF THE
BEST
PERFORMANCES
IN THE EMEA
EM REGION

Coming to 2020, despite a significant decline in agricultural production, economic growth was good as it is one of the good performances in the EMEA EM region. We see full-year 2020 GDP shrinkage at -4.6% as COVID-19 cases affect 4Q20 activity as the same in almost in all region countries. GDP growth expectations for Ukraine's economy are even above 5% in 2021 (the NBU forecast around 4.5% GDP growth), depending on the domestic demand.

The factoring activities in the country are in the early stages, and we have only one member in Ukraine, JSC, The State Export-Import Bank of Ukraine.

In 2020, we organized an event series with EBRD to support the infrastructure and establishment of factoring operations in the country: Online Workshop on Factoring & Receivables Finance for Ukrainian Financial Institutions and Online Conference "Roadmap to Development of the Factoring Market" in Ukraine. The UAFFT participated in the online events. Their contribution of structuring factoring infrastructure for a healthy environment for factoring is significant.

The online regional webinars targeted the regulators, banks, NBFI, potential clients, and other industry stakeholders.

I am interviewing today representatives from UATTF, including Mrs. Maryna Dzhulain, Project Manager. Their experiences could be beneficial to guide other countries.

BK: Working groups formed under central banks or local associations play a vital role in creating new products and launching them in the market. Can you give us brief information about your project under UATFF?

Now in Ukraine, we are facing the emergency need for factoring market transformation. The legacy of legislation resulted in the twisted understanding of factoring, i.e., purchasing non-performing loans and collection activity. The strong will of the prominent market players to operate in the financial sector's ecosystem-based on international business standards was the main driver for creating the non-profit self-regulating institutional body for engaging the professionals, aiming to contribute to the healthy development of the factoring market in Ukraine. And we were looking for a reliable stakeholder sharing our vision for further market development. Considering the interests of all market players, being banking institutions and non-banking institutions, we decided to start our activity under the umbrella of the Independent Association of Ukrainian Banks (NABU) as one of the projects under the name of UATFF Taskforce.

THE
EMERGENCY
NEED FOR
FACTORING MARKET
TRANSFORMATION

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For this time being, we are finalizing the process of our legalization to let us start our activity in legal frames. UATFF Taskforce is challenged by promoting the concept of a right, i.e., trade factoring exact opposite to the existing one. Collaborating tightly with international institutions like EBRD, FCI, we analyzed the best practice of factoring development in our neighboring countries like Turkey and Poland. We managed to design the strategy of factoring market development with a fresh approach.

The development is pushed from two directions:

- National bank of Ukraine has gained the responsibility of factoring the market due to “split”: the Law on dismantling National Commission on Regulation of Financial Services. NBU has written a “White Book” to outline the strategy given to the market stakeholders for review.
- Trade Finance workgroup of the NABU that was for years active in lobbying TF regulatory and business development has been mobilized to take the most active part in editing “White Book” and partner with NBU to make the documents as practical as possible. This workgroup has quickly concluded that factoring has to become a key objective for coming years. There is a need to transform into a full-scale association – UATFF has been selected to match Ukrainian and English.

BK: what is your strategy?

The main streams of the strategy are:

- To build an institutional body with clear rules of operation;
- To raise market awareness about trade factoring: collaboration with financial institutions (banking and non-banking), media, universities, and of course government and regulator authorities;
- Elaborate legal regulation base;
- To implement IT solution for further digitalization of factoring.

Referring to our stream on factoring digitalization, our partner DAI Global LLC/USAID, based on our vision, has already announced a tender to select a provider of IT solution for invoices registration.

There was mentioned some of the milestones for a further healthy factoring market development. We genuinely believe that uniting all our efforts is the only way to develop the market in our country successfully.

BK: You are also chairing UATFF and doing very productive works. Who are the members of the UATFF task force?

The banks traditionally active in TF have displayed vivid interest:

- state banks – Ukreximbank, Ukrgasbank, Oschadbank, Privatbank;
- international banks: Raiffeisen Bank Aval, Credit Agricole Bank, Citibank, UKRSIBBANK BNP Paribas Group, etc.
- Ukrainian-owned banks: PUMB (FUIB – First Ukrainian International Bank), Pivdenny, etc.



Recently the group has initiated negotiations with the NABU to form a project-type structure as a legal basis for UATFF.

Eight banks have signed the official application for membership and commitment to work in it. However, this was only necessary to confirm the start of the project. More banks and NBFIs would join upon its creation.

THIS
WORKGROUP HAS
QUICKLY CONCLUDED
THAT FACTORING HAS
TO BECOME A KEY
OBJECTIVE FOR
COMING YEARS

BK: Can you give us brief information about your project?

You know the story of the step-by-step promotion of “Factoring” as a topic for study and analysis by NBU and banks. Since 2018 we have conducted annual seminars (in spring) and conferences (in autumn) to build awareness and the community around products of TF and Factoring.

In 2020 has come the time to join a bigger workgroup led by NBU to edit proposals for amendments of the Civil Code, Tax Code, laws, and regulations to clear the way for factoring to be understood as financing of trade in goods & services. Over the last 20 years, due to omissions in Law and the glitch in court practices, “factoring” was a definition of mostly sale-purchase of portfolios of impaired loans and collection activity.

BK: What is your road map?

It has become evident that regulatory change is not enough if the market would be not ready to embrace the product.

Hence, the roadmap was drafted to organize work in crucial areas:

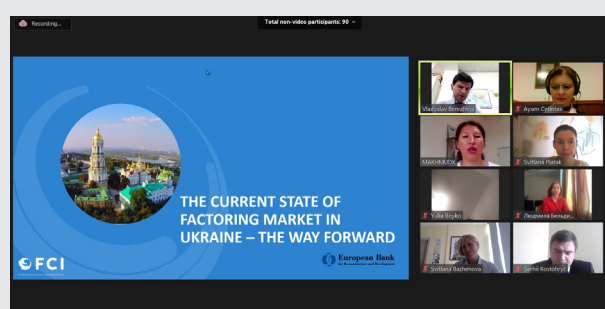
- Community building: UATFF establishing, Code of Operations, Rules on Conflict Resolution
- Market development: raising awareness, interest, and prompting action with stakeholders
 - ✓ Buyer & Sellers
 - ✓ Banks, Factors
 - ✓ Insurers
 - ✓ Business Associations, Media, Universities
 - ✓ Regulators and government
- Regulatory improvements: continued efforts to make the market closer to international standards of this business
- IT infrastructure: digitalization, connectivity, data protection, etc.

REGULATORY
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BK: We held a training seminar and a business development meeting in partnership with the EBRD. We continue our work with sessions such as digitalization and central databases, legal infrastructure, association infrastructure, factoring- insurance relations. How did this series of communications and meetings reflect on Ukrainian banks?

Let’s think about it. I feel that the result is very significant. However, it takes time before it becomes visible via changes in structures and communications of banks-participants.

BK: Thank you for this conversation. I am sure that soon in Ukraine; we will see progress in both infrastructure and legal and regulatory developments . As FCI, we will continue to provide all kinds of support to our colleagues



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CLOSE TO 1000 ONLINE APPOINTMENTS TOOK PLACE DURING FCI FIRST REGIONAL NETWORKING E-VENT



GWENDOLINE DE VIRON
Head of Marketing and
Communication

On 26 and 27 January, FCI organized the first Regional Networking E-vent to help members network and develop new correspondents' cooperation. The first event aiming to highlight the European members attracted more than 300 attendees. The event was quick off with a 2-hour plenum session where speakers and panelists shared their experience on the European market.

The keynote speaker Mr. Alexis Garatti, Head of Macroeconomic Research, Euler Hermes, reported on the past and expectations of what will happen in 2021. Betül Kurtulus, FCI Regional Director CEE, SEE and the Middle East presented a snapshot of the COVID-19 effect on the two-factor turnover in Europe (-17 and -21%) including the economic outlook with expected growth in some countries. In the end, she highlighted that it's only by working together that FCI members can make it possible.

Three regional panels' discussions were organized, available in replay for registered participants:

- Western Europe, moderated by Daniela Bonzanini (Banca IFIS), with Christian Eymery (Deutsche Factoring Bank), John Beaney (HSBC), and Salman Khan Galindo (Standard Asset Management)
- Central East Europe, moderated by Andrzej Zbikowski (ING Poland), with Boris Melnikov (Rosbank Factoring), Simon Peterman (Raiffeisen Factor Bank), and Alecsandra Valasuteanu
- Southeast Europe, moderated by Panos Papatheodorou (Optima Factors), with Arsen Paro, Tanja Kursar (AOFI), and Helena Belinger (NLB)

Diego Tavecchia reported on the latest impact of EU regulations, especially the new definition of default from the EBA on which the EUF is lobbying actively. The new definition will affect factoring. Rudolf Putz (EBRD) explained what to expect in 2021 in EBRD.

Representatives from the sponsors of the event, CODIX and efcom, discussed the latest IT Developments in the factoring industry are.

FCI's Chairman, Patrick de Villepin, concluded the event.

During the second part of the event, the networking part, **1000 appointments were settled between members**. We heard from them that they met with current correspondents but also potential new correspondents. Based on the feedback, **new businesses are going /have been developed** thanks to the opportunity. We expect the same results from the next events organized in March and April (more information www.fci.nl).

"It was a good opportunity to see and talk with colleagues with whom you has been works so long."

"Considering the worldwide impact of Covid-19, virtual networking is not great alternative, but it's the only solution and therefore great networking opportunity."

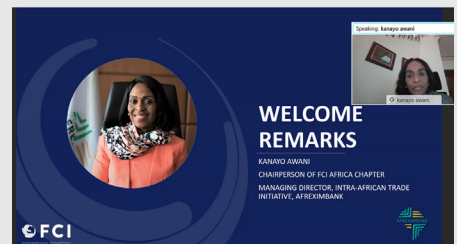
"A unique networking opportunity, highly efficient, with no travel costs and with immediate results."
João Costa Pereira, Ourinvest Bank

AFREXIMBANK AND FCI AFRICA CHAPTER HOST WORKSHOP ON FACTORING GROWTH AND EXPANDING ACCESS TO CAPITAL FOR AFRICAN BUSINESSES

In collaboration with Afreximbank, FCI organized on 3 December a virtual workshop on factoring followed by the Annual General Meeting of the FCI Africa Chapter. The workshop aimed to showcase factoring's benefits and growth opportunities and focus on cross-border open account trade.

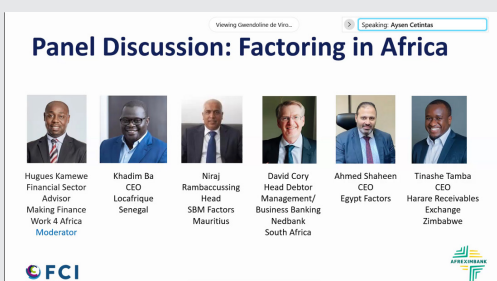
The workshop attracted more than 250 registered attendees from factoring companies, banks and non-bank financial institutions, government agencies, consulting firms, and IT providers. It highlighted how factoring plays an essential role in financing economic activities and discussed the current state of the factoring industry in Africa, including new challenges, products, market developments, and opportunities.

In her opening remarks, Kanayo Awani, Managing Director of the Intra-African Trade Initiative at Afreximbank and Chairperson of FCI Africa Chapter, reminded participants that *it was essential to continue to advance the course of factoring as viable alternative finance for Small and Medium-sized Enterprises (SMEs)*, especially in the context of the commencement of trading under the African Continental Free Trade Area (AfCFTA).



Mr. Peter Mulroy, Secretary General of FCI, gave a rundown of the phenomenal growth in the global factoring volume over the last 20 years. He also provided an overview of the impact of the COVID-19 pandemic on the industry, noting that *Africa has experienced the lowest decline in volume in the first half of 2020*.

Dr. Barassou Diawara, the Senior Knowledge Expert at Africa Capacity Building Foundation (ACBF), presented factoring's evolution in Africa. He noted that Africa was trailing behind other regions with a share of the global factoring market, only accounting for 0.84% in 2019, mainly due to challenges such as weak legal and regulatory framework, challenging domestic environment, and limited understanding factoring products.



The workshop included a panel discussion on the challenges and opportunities of conducting factoring in Africa, with Mr. Khadim Ba, CEO of Locafrique; Mr. Niraj Rambaccussing, Head of SBM Factors; Mr. David Cory, Head of Debtor Management/Business Banking at Nedbank; Mr. Ahmed Shaheen, CEO of Egypt Factors and Mr. Tinashe Tamba, CEO of Harare Receivables Exchange. Mr. Hugues Kamewe, Financial Sector Advisor at Making Finance Work 4 Africa, moderated the session.

moderated the session.

The workshop was followed by the 10th Annual General Meeting of FCI Africa Chapter, wherein 2019/2020 activities' achievements were presented, and the planned activities for 2020/2021 were reviewed and adopted.

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WHERE IS THE PROJECT ON EDIFACTORING 2.0 ?



CIPRIAN RADU

Manager Business and IT
Solutions

Dear reader,

In the In-Sight August 2020 edition, I've written about Edifactoring's past, present and future and I believe it is time, since the project Edifactoring 2.0 is gaining strength and speed, to share more in-depth details of this project.

Let me start by providing a quick overview. The project approach is based on Prince2 and Agile software development principles. Having these two at base, the best of two worlds is found in the current project: from Prince2 we have gained the structure, control and direction while from Agile we have gained short-term progress results with incremental achievements and a closer involvement of FCI in the project with the participation of ComCom team and later this year with members involvement for further tests.

The main phases of this project are: Definition and design, Realization and Acceptance.

The "Definition and design" phase was closed near the release of the last article and since that moment we are under Realization phase. Realization phase contains 13 Iterations and as of now, five iterations have been finalized, with two demos delivered. It is important to say that it is too early to claim that we have a fully developed testing version due to the fact that we have incremental achievements based on pre-defined elements and the demo environment lacks many of the current Edifactoring features. For instance, we are at a stage where the development environment has a new graphical user interface well defined and almost all messages are available to be generated and yet, we have no backend connection to the test database and functionalities are not yet implemented.

While the initial stages were designed to be foundation stages, starting with Iteration 6 the building of Edifactoring 2.0 turned towards integration into the new home for the well-known functionalities of Edifactoring and also some improvements that will be revealed later in this article. Based on the current development flow, I am happy to announce that there are no delays to be reported and everything is on schedule with an expected launch date by the end of the project scheduled for October 2021 even if there were some understandable interruptions caused by the C19 environment.

In the following lines I will start sharing more details on the project intention to improve the experience for the users inline with the scope of the project.

The most important aspect I would like to underline is the fact that the current messages and reports will not be subject to any change. There will be no changes made to the structure and

purpose of the existing messages and reports to ensure that the communication for those who prefer to interact with the current system via automatic interfaces will not be affected. The automatic interface will remain a "restful" interface (i.e. like the current interface, http based) but with improved security and is targeted to be available for testing somewhere in May/June. Also, it is understood that ***even when Edifactoring 2.0 will go live, there will be a transition period of approximately 6 months after the Go Live date to provide to the members enough time to adjust their own interfaces to communicate to the one developed under this project.*** I am available to all members, so if you have any questions,



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please do not hesitate to write to me at radu@fci.nl. We will provide another update in the 2nd quarter 2021.

It is time for me to raise one important question: *What will be the new things that manual user might encounter when he will log in to Edifactoring 2.0?*

Before I answer, please know that this not a complete list that

can be found in the next release but rather highlights of a success project story. Time will tell.

First of all, we will have an empowered Dashboard from where we can raise support tickets, we can see a work stock to get our error messages, hold messages, ready messages. Reports and messages will be auto-retrieved upon log in and during our work session.

Next, the classic Folders display will get *enhanced filtering allowing multiple filters, drag and drop messages feature between folders, personalized user view column customization* so each user can have his own desired selection and position of columns that are provided. Also, we will have a message preview so there will be no need to actually open a message to see the content, for a faster navigation. Another special treatment, available here, will be the Inbox grouping messages. Upon activating a predefined switch, the folder view will change into a view of all messages, regardless of the folder in which they reside, grouped on FSBC key. Within each FSBC group, the messages will be ordered chronologically. What a nice way to see a message history of a FSBC group.

There will be only *one button to create New message*. The creation message layout was also transformed to a *new layout that can filter*, if needed, by chars a Correspondent factor or messages and even by your Role the messages. You will be able to isolate all the Factor codes that contain string 100 for example or messages or Factor names that contain Credit in their description, combined or not, as desired.

A special care was also provided to the *Messages in terms of display and interaction*. For instance, those messages that contain auto-totals checks are now enhanced with real time validation for the user input, if desired. A special layout was made to keep the original fields displayed but with a twist, maintaining in front all the highly used fields while those less used in the additional part (please note that this is still a work in progress). Another upgrade related to messages is for those that contain loops like the MSG09. It will be possible for the user to see in real time, the table of items upon item entry with an enhanced user-friendly approach, based on Invoice and Credit note grouping.

We are still under development and we have a long way until the end of the project deadline, October 2021. There can be surprises awaiting us that can alter what was generated or envisioned so far but I am confident that whatever was shared here will be present in the end. Pleasant surprises are still on the table and I hoped I gave more details about this exciting project.

More things will be shared in the future with our usual communication channels and please stay tune for *a Circular that will be a Call to Arms for Testing*. Please respond positive, we need your help to make this a successful release. Thank you!

Until next time, please take care & stay safe.

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NASSOUROU AMINOU
Regional Manager Africa

AFDB, AFREXIMBANK & FCI WORK TOGETHER TO LAUNCH A MAJOR GRANT TO SUPPORT THE CAPACITY BUILDING OF EMERGING FACTORING FIRMS IN AFRICA

The African Export-Import Bank (Afreximbank), together with its partners, the African Development Bank (AfDB) and FCI, announce the creation of a special purpose Grant, authorized and funded by the AfDB's Trust Fund, to support the capacity building of emerging factoring firms in Africa that will benefit many SMEs across Africa.

The Grant will get mobilized by the African Private Sector Assistance (FAPA), a bi-lateral, multi-donor fund, and will allow FCI and Afreximbank *to increase its positive impact on the African population and support its mission to grow factoring in the African continent.*

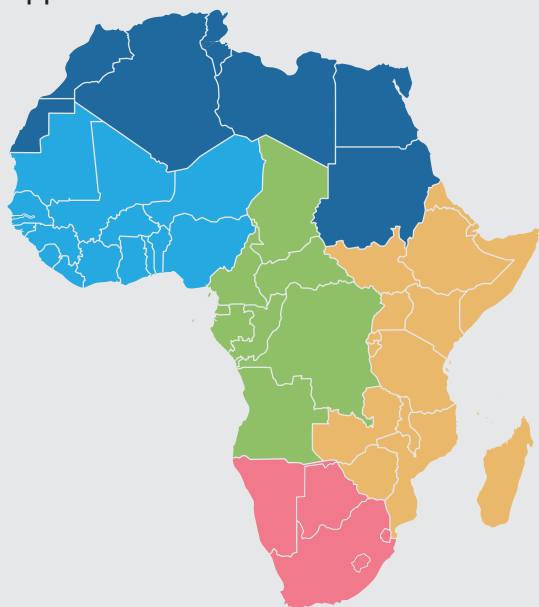
The Grant includes consultancy services to advise the start-up and establishment of factoring companies in legal, operations, risk, administration, and technology. It will provide advisory and mentoring services to entrepreneurs, finance companies, and commercial banks. It will help to organize conferences and workshops on the continent as well as to train and sensitize users and government officials. It will offer scholarships to the FCI Academy's online courses to various stakeholders. It also includes funding for entrance into the FCI-Afreximbank "Certificate of Finance in International Trade" (COFIT) program. Attendees from Africa will be able to participate in this one-year highly specialized combined virtual online and physical in-person education experience at the headquarters of Afreximbank, which is accredited, backed, and certified by the University of Malta.

Mrs. Kanayo Awani, Managing Director of Afreximbank's Intra-African Trade Initiative and Chairperson of the FCI Africa Chapter, commented: "The challenges faced in accessing finance has tremendously impacted the ability of many SMEs in Africa to grow and to pursue business opportunities. Afreximbank sees factoring as an essential solution to bridge the funding gap

facing SMEs. The FAPA Grant will complement our strategy to grow intra-African trade and facilitate more outstanding SME contributions to regional and global supply chains. The FAPA Grant will also reinforce and expand the availability of effective factoring across the continent and increase awareness and knowledge of Africa's product.

We look forward to a successful collaboration with AfDB and FCI in the implementation of the Grant."

Mr. Bleming Nekati, Chief Trade Finance Officer at the African Development Bank, stated: "Small businesses in Africa face major constraints in accessing finance, not only due to general underdevelopment of the financial sector, but also due to other constraints, such as the lack of information and awareness about what



CONNECT

factoring is and its benefits as an alternative trade finance instrument. Given the multisectoral impact of trade finance in general, and factoring in particular, by ultimately benefitting SMEs within sectors such as agriculture, light manufacturing, telecoms, and power generation, this initiative is consistent with our strategic focus as outlined in the Bank's High 5s, namely: Integrate Africa, Feed Africa, Light Up & Power Africa, Industrialize Africa and Improve the quality of life for the people of Africa. We are, therefore, extremely proud and excited to partner with Afreximbank and FCI in efforts to help develop and grow the factoring industry in Africa."

**THE FAPA
GRANT WILL ALSO
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AND KNOWLEDGE OF
AFRICA'S PRODUCT**

Mr. Peter Mulroy, FCI Secretary-General, added: "We are delighted to partner with the African Development Bank and AfreximBank on this unique journey to help increase awareness, educate the future generation of the factoring industry in Africa, and provide financial support to users, whether they be small entrepreneurial investors, existing finance houses, boutique trade finance shops, commercial banks, legislature, central bankers, ministry officials and regulators, all to support the development of a strong, safe, and healthy future for the industry. We look forward to launching together with our partners this inspiring initiative."



REGIONAL NETWORKING E-VENT FOR AFRICA & MIDDLE EAST

23-24 March 2021

The event will commence with a 2,5-hour plenum session on Africa & Middle East to present the latest developments and some highlights as well as a panel discussion. This will give an opportunity for members around the world to listen in on what's actually happening on the ground in our industry in the highlighted region. Afterwards, there will be two half-day sessions, whereby members globally can organize short 15-minute bilateral meetings with those other members located in the highlighted region, all organised via FCI's new specialized online platform.

The networking session is solely for the purpose of introducing yourselves with other existing members and to meet new members from the respective highlighted region. For this second event of the series, Members from around the world will be able to connect with the African and Middle East members for a maximum 15-minute session, as a means of introduction and business development. It's a great means to make an introduction and to organize future discussions as well. It also means that one of the correspondents in the meeting has to be from the Africa & Middle East region

More information and registration: <https://fci.nl/en/event/regional-networking-e-vent-africa-middle-east>

CONNECT NEW MEMBERS

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

Since the last newsletter, the FCI family grew with the following Members. Today FCI counts 376 members! We still have a lot of prospects that will soon join FCI.



ASSOCIATE

BANGLADESH

In the year 1999, Bank Asia Ltd was launched by a group of successful entrepreneurs with recognized standings in the society. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals, many of whom have exposure in the international market.

It set a massive milestone by acquiring the business operations of the Bank of Nova Scotia in Dhaka, first of its kind in the banking history of Bangladesh. It again repeated the performance by acquiring the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB), a renowned Pakistani bank.

The asset and liability growth has been remarkable over the years. Bank Asia has been actively participating in the local money market as well as foreign currency market without exposing the Bank to vulnerable positions. The bank has active participation in foreign exchange market across the globe. It has more than 700 correspondence relationships with big names of overseas banks and financial institutions across the globe.

Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at an affordable charge. The bank's commitment is to provide a modern and value added banking services to all segment of the society by maintaining the very best standard in a globalized world, with the help of technological advancements.

Bank Asia Limited has been a major facilitator of Financial Inclusion in Bangladesh by providing banking services to the most remote corners of the country through pioneering "Agent Banking" services in Bangladesh during 2014. Since then, it's been a remarkable story of financial inclusion with more than 4300+ outlets and 4 million+ customers across the rural areas of Bangladesh.

With a vision to build a poverty free Bangladesh, in future, Bank Asia wishes to open bank account for every able person of the country despite of their socio-economic class by expanding the Agent Banking Network to a financial kiosk in every village of the country. We are also aiming towards launching the first ever Digital Bank in Bangladesh for the future generation by transforming traditional banking with the help of modern technology.

Join with us in this journey of eradicating poverty and establishing prosperity, for a better tomorrow.

More information on their website: www.bankasia-bd.com



CONNECT



ASSOCIATE

COSTA RICA

Banco Cathay de Costa Rica SA is a regulated financial institution, constituted in 1998, as a local Bank.

Our Vision is to be a bank that reflects the culture of saving, tenacious work, loyalty, and permanence in relationships. We offer services to all enterprises, no matter their culture or idiosyncrasy, because we recognize that all cultures have big abilities, knowledge, and fortresses to do business.

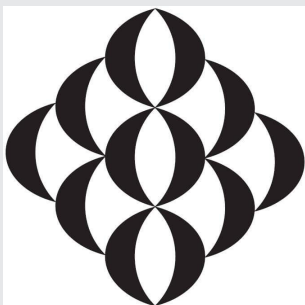
The bank has established its own phrase "Rapido y Bien Hecho" (Fast and Well Done) as a work philosophy, that has been support for all Costa Rican companies, offering products that cover their financial needs.

Since more than 10 years, Cathay Bank has offered Local factoring, increasing our portfolio, offering an excellent service and business support.

We usually are working in new financial solutions. It is the reason we are introducing international factoring in our services portfolio because it can offer advantages to Costa Rican exporters and importers. Banco Cathay offers current banking solutions, like short- and long-term loans, Bid and Performance Bonds, Investments services, current accounts, money exchange, local and international transfers.

We invite you to contact us to continue being the financial ally in international business.

For further details, please visit www.bancocathay.com



AFFILIATE

UNITED KINGDON

GPS Credit Gest Ltd is a British enterprise established at the beginning of 2020, combining the experience of his Sole Director, Mr. Claudio Talotta, who specialises in the Banking and Commercial industries, with the one of his Majority Shareholder, Mr. Gennaro Lisisco, who specialises in Business

Management Consultancy.

We support companies of all sizes, helping them to move their first steps, overcome difficulties, grow and develop internationally.

Our range of services includes, but not limited to: Factoring, Business Management Consultancy and Business Financial Consolidation.

We are part of the GPS Group, an international corporation grouping a network of professionals operating in key industries, such as Finance, Banking, Law and Accountancy.

We particularly focus on the Italian and British markets, but we are aiming to onboard new clients based globally, capitalising on our international network of contacts, and boosting our opportunities through our recent affiliation with the prestigious FCI.

More information on their website: www.gpscreditgest.com

CONNECT



ASSOCIATE

BANGLADESH

Mercantile Bank Limited (MBL) was established on June 02, 1999 by a group of visionary people aiming to contribute significantly to the financial system and thereby sustainable economic growth of Bangladesh. Since then, MBL has been able to establish itself as a leading third generation private commercial bank in Bangladesh by dint of its prudent policy guidelines coupled with dynamic management who ensures proper execution, wider range of banking products and superior customer services. The core activities of the Bank are to provide all kinds of commercial banking services including Deposits Mobilization, Corporate Banking, SME, Retail, Foreign Trade and Foreign Exchange Business, Offshore Banking, Treasury function, Card business, Mobile Banking (MyCash) etc.

Currently, MBL is running with 2,448 employees and 149 branches connected with real-time online banking software i.e. TEMENOST24 and 183 own ATM booths. MBL is rated by international rating agency i.e. Moody's which has assigned B2 rating to MBL.

Albeit MBL is a third generation private commercial bank, but it has surpassed many first and second generation banks in terms of many key financial indicators. MBL stand among the top 7 banks in Bangladesh in terms of Foreign Trade business. MBL maintains correspondent banking relationship with more than 600 renowned banks across the world and also avails significant amount of credit line from more than 50 (fifty) correspondent banks.

More information on their website: www.mblbd.com



ASSOCIATE

KOSOVO

NLB Banka sh.a. is a member of NLB Group, the largest international financial group with headquarters in Slovenia and an exclusive strategic interest in South-eastern Europe.

Through experience and extensive knowledge, NLB Banka sh.a. is playing an essential role in the development of the banking sector and the economy in Kosovo. Our success is based on strong commitment to provide quality services, innovative solutions for our clients, sharing our knowledge and expertise as well as creating and maintaining a special connection and care with clients by providing a wide range of banking services and products.

We strongly believe and promote the view that innovation drives the economy, thus we are continuously investing in new technology and advanced services and striving to inspire and encourage our employees to develop ideas that lead to innovation. Digitalization and automation of the processes are areas in which the focus of investment is concentrated, and by being established as the market leader in innovation, our commitment towards developing innovative products and services to our clients will remain one of our main goal. In addition, we are committed in actively supporting sustainable development in society as well as contributing to a better quality of life.

We are happy and proud to join FCI and we will have the opportunity to offer our clients cross-border factoring services thus making their international trade easier, to cooperate with industry professionals from all over the world and build valuable business relationships.

More information on their website: www.nlb-kos.com

CONNECT



NLB Banka

ASSOCIATE

**BOSNIA AND
HERZEGOVINA**

NLB Banka d.d., Sarajevo is a member of the NLB Group, the largest bank and financial institution in Slovenia, whose primary focus is operating on the eastern European markets.

Clients and their satisfaction are the focus of NLB operations aiming to provide appropriate response to the real needs of clients in their best interests. Throughout its business, NLB Banka is led by strategy focusing on user experience, in accordance with which it continues to position itself as a regional champion providing comprehensive banking services to corporate and retail clients.

NLB Banka, throughout the Federation of BiH region, provides a complete set of financial services, offers adjusted to the clients' needs, high level of service quality, extensive network of branches, modern distribution channels of its services and individual approach and dedication to its clients.

The aim of the NLB Banka is to build a sustainable business growth with a clear focus on profitability, improvement of corporate culture, business processes and efficiency, while assuring stimulating working environment enabling the employees to reach their personal goals. A special attention is paid to the development of new banking services, new distribution channels, as well as the larger availability of services to clients, through which NLB Banka can build a stronger reputation and brand recognition.

More information on their website: www.nlb.ba

ORACLE
Financial Services

SPONSOR

INDIA

Oracle Financial Services provides solutions for retail banking, corporate banking, payments, asset management and insurance. We empower banks to deliver next generation financial services. Leveraging integrated digital and data platforms banks can undertake customer-centric transformations, collaborative innovations and drive efficiencies.

Delivering best of breed componentized solutions across cash management, trade and supply chain finance, credit and lending, treasury, payments and revenue management, Oracle enables full spectrum corporate banking. Our digitized, end-to-end, front-to-back solution for Supply Chain Finance supports the full lifecycle of supply chain finance and factoring across receivables and payables. It also offers supplier-and buyer-centric financing. When deployed on-premises or on the Cloud, corporate banks gain the flexibility needed to help their client's optimize their supply chain operations, facilitate an efficient flow of capital and reduce transaction risk.

Built on adaptable micro services, open architecture, Oracle Banking Supply Chain Finance provides a comprehensive set of capabilities

Oracle Banking Trade Finance provides end-to-end, front-to-back capabilities for a diverse range of trade financing products and instruments in documentary credits, guarantees, and documentary collections. It is an online, real-time solution and is enabled for multi-entity, multi-currency, multi-lingual operations. Built on highly adaptable and modular architecture with leading edge industry standards, it supports multi-tenancy deployments. Oracle's global footprint powers the world of banking, serving over 600 customers in 140+ countries.

To learn more visit our website at <https://www.oracle.com/industries/financial-services/index.html>.

EDUCATE FACTORING CONFERENCE GEORGIA

HOW TO BUILD TRADE WITH FACTORING?

28 January 2021



AYŞEN ÇETINTAS
Education Director

- *Factoring is a financing tool for the growth of small and medium-sized enterprises*
- *Legislation and regulatory framework to help establish factoring operations in GEORGIA*
- *How to boost trade by factoring in local and cross-border markets?*

The European Bank for Reconstruction and Development (EBRD) partnered with FCI to support the factoring industry in Georgia, which will play a key role in supporting the growth of small and medium-sized enterprises (SMEs) and their financial resilience. Factoring continues to grow successfully both in mature and in emerging markets.

Companies use factoring as a flexible source of financing across the world as it facilitates the much-needed access to finance by corporates and SMEs. Factoring companies or factoring divisions in banks can provide a greater financing level than traditional lenders to SMEs while limiting their credit risk to acceptable levels.

Under the ongoing factoring reform program in Georgia, the EBRD offers technical assistance to create an enabling legislative environment and an appropriately designed regulatory regime. The project aims at assisting the Ministry of Finance of Georgia with bolstering SME access to finance by developing a legal and regulatory framework for factoring.

"Banks have been well developed. However, *Georgia still lacks the diversity of the financial products and instruments*" said Papuna Lezhava, Deputy Governor, National Bank of Georgia.

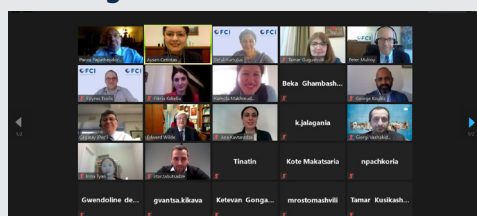
"The priority of National Bank of Georgia is to develop alternative financing sources, and factoring is one of such important instruments. A sound foundation of the legal and regulatory framework, as well as technical infrastructure, is crucial for the market to develop," added Mr. Lezhava.

Georgia is a free economy with increasing trade potential, and the need for factoring services will increase accordingly. Currently, the National Bank of Georgia is close to finalizing the factoring reform's first milestone, which is updating the regulatory framework. As a next step, the regulator will develop the technical framework, a digital platform where different market players meet to interact and exchange transactions.

Catarina Bjorlin Hansen, Director Caucasus, EBRD, stated, "We are looking for new avenues for having access to finance, in any shape and form, to support the companies regardless of size. Factoring initiative is extremely welcomed in terms of timing."

According to Kamola Makhmudova, Senior Banker TFP, EBRD, "COVID-19 affected the disruption of the trade globally. The importing countries must shorten the supply chain and bring the supply closer to Europe. Georgia is a perfect alternative also with access to the EU market. Georgian exporters have to offer good credit terms, and this can be achieved with strong tools that optimize working capital finance. Factoring is of those tools."

EBRD and FCI will continue to join the forces to develop a sound and successful factoring ecosystem in Georgia.





SPYROS TSOLIS
Deputy Education
Director

EDUCATE

CAPACITY BUILDING FOR THE EGYPTIAN FACTORING MARKET

Factoring is continually growing in Egypt. *New players are entering the factoring market after introducing the new factoring law* that provides a productive framework for the growth of the industry. FCI is currently counting eight members in the country, but we foresee a growing membership due to the latest developments.

FCI has been continuously supporting the Egyptian factoring market development by regularly organizing in Cairo annual promotion & training events in cooperation with local institutional stakeholders. Unfortunately, due to the pandemic, such events cannot currently occur; however, FCI Academy's digital tools supported the growing demand for knowledge.

As such, *online training in "Risk Management Principles in Factoring & Receivables Finance"* was organized, with the cooperation of the Egyptian Factoring Federation (EFF) and the Egyptian Factoring Federation and Promotion of Access to Financial Services for SMEs (PAFSME), commissioned by the German Government and implemented by GIZ (The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH).

The program was designed explicitly for all EFF members and included four sessions. The first three covered the main risk principles of factoring and receivables finance. The fourth session included distinguished industry experts sharing best practices on risk management during the pandemic. Thirty-five professionals from 12 factoring companies participated in this training. They all contributed and actively interacted with the facilitators, making the event a valuable experience for all. All participants had also to take a knowledge quiz based on the material presented during the training. All participants that completed the quiz received a well-deserved Certificate.

Capacity building has proved to be the most crucial process during any efforts to develop factoring. At all times, financial institutions need skilled and competent professionals to ensure the efficiency of operations and understand the risks involved in our business. FCI Academy is continuously supporting this process with a plethora of flexible education tools & events.

"The latest FCI online training has benefited all participants significantly in that it enhanced their skills and enriched their knowledge of the factoring industry. The training provided the participants with detailed knowledge on the operating and legal regulations, business practices, portfolio diversification, quality of buyers, risks, and frauds. The online training did not only cover the current challenges and opportunities. It also focused on worldwide experiences such as having credit insurance on the factoring lines (still not very active in Egypt). I would say that the online training has given the participants the expertise needed to offer their clients top-quality professional factoring services and support the promotion of such an industry in Egypt."

Gamal Moharam, Chairman of Cairo Factors & The Egyptian Factoring Association



EDUCATE

FCI ACADEMY ASSISTS A MULTI-COUNTRY BANKING GROUP



SPYROS TSOLIS
Deputy Education
Director

In January 2018, FCI integrated into its education program webinars & online events, offering its members & the industry an alternative, easy, and cost-effective way of learning using specialized digital education tools. Since then, we have organized numerous events, all attracting a large number of participants. Remarkably, after the global outbreak of the COVID-19 pandemic, FCI was well prepared to support the industry, having organized since then more than 20 webinars and online events.

We enriched our offering by moving one step forward, tailoring the program of such events to members & institutional partners' specific needs, supporting new FCI members' onboarding process, and developing factoring in specific regions & countries.

This program was organized for the NLB Group Banks in Slovenia, Bosnia-Herzegovina, Kosovo, Serbia & N.Macedonia. NLB Group is the largest banking and financial group in Slovenia with an exclusive strategic interest in South-Eastern Europe (SEE). Due to their regional expansion and factoring operations, training on procedures & risk management was essential for NLB.

In cooperation with NLB Bank executives, we designed and tailored a training program adequate for their mixed audience, coming from different countries and having multiple backgrounds. The program included two main modules:

• **Module I – Operations of the Two-Factor System**

A 3-day program focusing on the FCI Two-Factor system's operational aspects with specific reference to edifactoring.com messages, also elaborating on factoring transactions monitoring & handling. The 3rd session was a **business simulation exercise** with participants acting as Export & Import Factors, exchanging messages for specific factoring transactions.

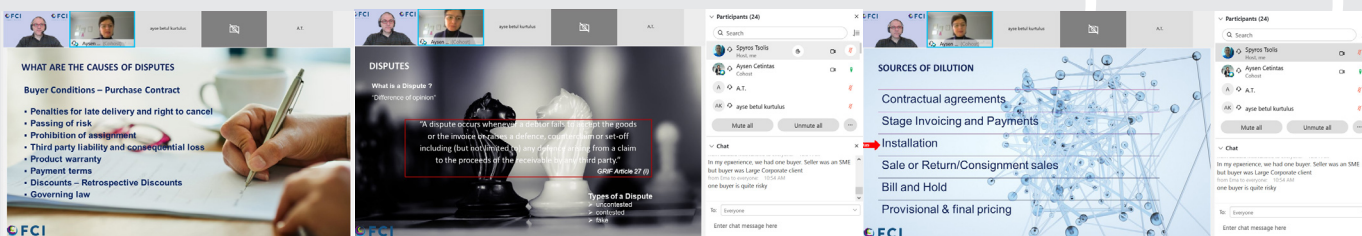
• **Module II – Risk Management in Factoring & Receivables Finance**

Three sessions dedicated to risk management, covering all kinds of risks in our business. Seller selection & control, buyers risks, dilution & disputes & frauds were the main focus areas. However, current issues like AML/KYC, Counterparty risk, Credit Insurance & Operational risks were also discussed.

The active interaction of the NLB Group participants ensured the success of the sessions. We expect NLB Group to become a prominent regional player in SEE as they are privileged to have an excellent team of experienced experts in factoring & trade finance.

We invite our members and all industry stakeholders to approach FCI Academy, learn more about our education offerings, and build an efficient & valuable learning program for their institutions.

SUPPORTING
NEW FCI
MEMBERS'
ONBOARDING
PROCESS, AND
DEVELOPING
FACTORING IN
SPECIFIC REGIONS
& COUNTRIES



EDUCATE

"FCI technical experts have several times proved to us that FCI tailor-made training are perfect tools and "must" precondition for good work, so we have decided to invite them to present their topics also for new NLB Group members from Sarajevo and Priština, who have recently become new FCI members as well as for those from Skopje and Podgorica. They are planning to enter soon. Together with the FCI Education Team, we have evaluated that the FCI "Risk Management" training program covers all fields that every new member needs for an excellent start.

After three (3) days of intensive work, we can wrap up the most noticeable benefits for our staff: general risk overview, seller and buyer control/monitoring, operational risks, information regarding profitability and margins, working capital optimization, and trade cycle itself.

What impressed us most? Attending other training, we always do miss practical cases. FCI training differs. They presented many exciting and educational case studies which will enable our staff to make the right call in every possible business situation.

Many thanks to all excellent presenters and their readiness to support new members with technical knowledge." Helena Belingar, General Manager, NLB d.d., Trade Finance Services, Management of Trade Finance Services



FCI Academy

Learn from the Global Leaders of Receivables Finance

23

INFLUENCE THOUGHTS AND EXPLORATIONS ON COMMERCIAL FACTORING FINTECH INNOVATION IN THE GLOBAL DIGITAL ECONOMY.



MARTIN SHI

Vice General Manager,
Chang'an Inkasso
Commercial Factoring Co.

Since China's commerce ministry issued commercial factoring pilot projects in 2012, the commercial factoring industry has experienced and benefited a rapid growth for the past eight years. However, in the 2019 market, the first time ever shows a drop-down in the registrations of commercial factoring companies, signaling the market enters into the next development phase that focuses on business core competencies and values as the government further strengthens regulations non-bank financial institutions. The mainstream business models are insufficient to support the continued growth of the commercial factoring industry. *Leaders need to embrace the digital economy and adopt a new way of thinking to position themselves in an increasingly competitive market.*

THE
MAINSTREAM
BUSINESS MODELS
ARE INSUFFICIENT TO
SUPPORT THE
CONTINUED GROWTH
OF THE COMMERCIAL
FACTORING
INDUSTRY

We believe that the business developments and innovations should *return to the fundamental basis of factoring and focus on solving key pain points in the different trade and supply chains, delivering unparalleled services to the customers.* False trade and unsecured repayment are the two biggest problems that factoring companies are facing. The speed and efficiency of tackling the two problems in every transaction determine the growth and scale of a factoring company, distinguishing one from another.

The cross-border e-commerce factoring service is the niche market that Changan-Inkasso has discovered with the state of mind. Since 2010, *cross-border e-commerce in China has been growing exponentially.* As the export supply chain gradually improves, SMEs realize that they can cut off the middleman and directly reach global consumers through e-commerce platforms, such as Amazon. By 2020, *50% of China's export are e-commerce related*, and total trade volume exceeds 10 trillion RMB. What is more interesting is that more than 50% of e-commerce sellers globally are Chinese SMEs. Although it has been an up-and-coming business, most Chinese cross-border e-commerce sellers are deeply troubled by insufficient liquidities due to its trade characteristics, such as long stocking cycles and long payback periods. Simultaneously, it is challenging to obtain any external funding due to SMEs' weak credit standings. On the other hand, financial institutions are unable to provide any meaningful financing due to the complex cross-border transaction structure that is small ticket size and high frequency in nature. Noting the mismatch between the two sides, Changan-Inkasso has redefined and repositioned our business, launching *an innovative factoring service that solves cross-border e-commerce sellers' pain points and meeting their liquidity needs.*

Changan-Inkasso makes full use of financial technology, building its comprehensive frontend and backend system through data massage and visualization, online customer KYC and credit evaluation, currency exchange and payment, post financing monitoring and alert, biometrics, and

INFLUENCE

ONCE
CLIENTS
AUTHORIZE
THEIR SHOPS,
VARIOUS DATA ARE
SYNCHRONIZED
IN REAL-TIME

smart contracts. Firstly, the latest upgraded version of the “Dalitong 3.0” system is directly API connected to the e-commerce platform. Once clients authorize their shops, all the orders, transaction information, performance reports, and other various data are synchronized in real-time. With the additional data we collect from the People’s Bank of China and other third-party agencies, we can accurately **construct and define each client’s credit persona through big data and independent algorithms**. Therefore, not just to reduce information asymmetry and business risks caused by false transactions, but also to **enhance and optimize the overall operation and management performances**.

Secondly, in terms of reducing and eliminating unsecured repayment risks, Changan-Inkasso has established **strategic partnerships with top third-party payment companies that help e-commerce sellers to receive payments** from different marketplaces globally. By having a **predefined tri-party agreement in place**, we can control and direct the debit seller’s designated wallet when it comes to default or accelerated repayment, ensuring sufficient account receivables in the pool. So far, the service has been live for a little less than a year and shows initial success. While working with different banks and financial institutions domestically and internationally, we have made **hundreds of financings for more than 50 million USD in total**. Each ticket size ranging from 10 thousand to 1 million dollars, no overdue has ever occurred.

THE
DIGITAL
ECONOMY IS AN
IRREVERSIBLE
TREND THAT
IMPACTS
EVERYDAY
LIVES

We hope that the showcase of what we have done at Changan-Inkasso brings leads and ideas to **the global factoring community to think differently**. The digital economy is an irreversible trend that impacts everyday lives. We should put ourselves into SMEs’ shoes, digitize their balance sheet, turn account receivables on paper into marketable assets, and ultimately solve liquidity needs to grow their businesses.



INFLUENCE

FCI SPREADING THE WINGS: E-MEETING WITH PARTNERS, PROSPECTS, ORGANISATIONS

More than ever, FCI is partnering with several organisations to promote factoring and defend the industry during these special times. FCI was also invited to be a speaker at several other organizations' webinar. Below you can read about what happened.



GLOBAL SUPPLY CHAIN FINANCE FORUM

29 January: Global Supply Chain Finance Forum (GSCFF) announces update to its Standard Definitions to include description of corporate payment undertaking (CPU).

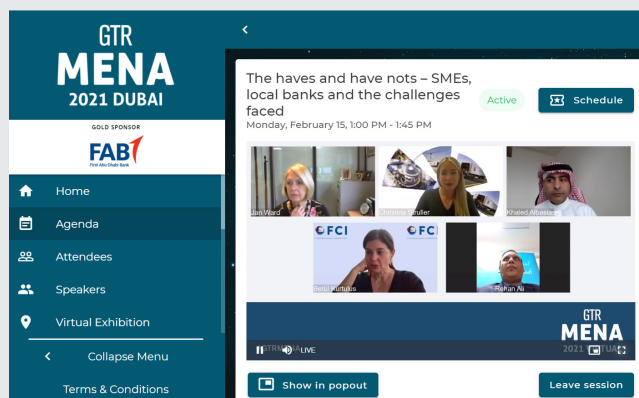
The update to the influential document comes following discussions with industry experts and intention to include most accurate reflection of latest supply chain finance market practices. The Global Supply Chain Finance Forum (GSCFF) – comprising BAFT (Bankers Association for Finance and Trade), FCI (previously known as Factors Chain International), the International Chamber of Commerce (ICC), the International Trade & Forfeiting Association (ITFA) and the Euro Banking Association (EBA) – today announced plans to update its Standard Definitions for Techniques of Supply Chain Finance (Standard Definitions) to provide further clarity on the distinctions between the individual techniques.

Alongside the existing Receivables Purchase and retitled Loan sub-categories, a newly created Advanced Payable sub-category now includes three techniques: Corporate Payment Undertaking (CPU), Dynamic Discounting (DD) and Bank Payment Undertaking (BPU).

This update highlights and confirms the quality of the original content – first published four years ago – and the need to be agile in a dynamic field such as supply chain finance. Thus, it is intended to reflect an up-to-date view of current market practices within supply chain finance, in particular by establishing greater clarity between the Payables Finance technique under the Receivables Purchase category and the CPU technique.

CPU is a buyer-led programme within which sellers in the buyer's supply chain can, at their option, access liquidity by requesting a discounted early payment. However, unlike a Payables Finance scenario, the finance provider does not purchase the underlying receivable from the seller, but rather, fully relies on the buyer's irrevocable payment undertaking..

15 February: Betül Kurtulus, FCI Regional Director CEE, SEE and the Middle East, was panelist at GTRMENA. She spoke about the access to finance for SMEs. She introduced her answer with a video testimonial from FCI institutional campaign to promote factoring for users.



FCI INSTITUTIONAL CAMPAIGN



Discover the campaign to promote
FCI and factoring on FCI website
[**#DISCOVERFACTORING**](#)





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