

# IN-SIGHT

Connecting and Supporting the Open Account Receivables Finance Industry Worldwide

## Contents:

Executive Summary 2

Welcome 3  
Chairwoman of FCI

Word from SG 4

Connect 6

Launch Edifactoring 2.0  
Delayed gathering ,Budapest  
54<sup>th</sup> Annual Meeting  
Meet with FCI's directors  
New Members

Educate 20  
What is upcoming  
Digital Enhancement

Influence 24  
GRIF - A Comprehensive Guide  
Foreign investments changed SSEA  
Reshaping working capital lending  
FCI Spreading its Wings



# EXECUTIVE SUMMARY



**GWENDOLINE DE VIRON**  
Head of Marketing and  
Communication

Dear Reader,

Welcome to the latest edition of In-Sight. This publication starts with the [welcome from the Chairwoman](#) who explains us some strategic directions taken by the Executive Committee.

[Peter Mulroy](#), Secretary General, gives us an overview of what happened in 2021 and what are his predictions for 2022.

Ciprian Radu shares with us the last developments for [Edifactoring 2.0](#) that will be launched on 3 April.

Betül Kurtulus is looking forward to the [first FCI physical event](#) in over two years, members from Central East Europe and South East Europe will meet in Budapest, Hungary to network and hear from senior on the recent developments in the region.

Kyle Mota presents the first physical [Annual Meeting](#) in over two years that will take place in Washington DC, 19-23 June. The theme of the conference is Changing Economic environmental and trade landscape: how will the receivables and supply chain finance industry cope.

In this edition of [meet with FCI Directors](#), Nassourou Aminou and Aysen Cetintas share their career industry and vision. Daniela Bonzanini, FCI Chairwoman replies to a few questions including how she got started in the industry, some highlights of her career as well as why she thinks companies should choose factoring.

The [members that joined FCI since the latest newsletter](#) are presented, it include Credlix (Singapore), DP World (UAE), FIBI (Israël), IFCM (Mauritius) and MNS Credit Management Group (India).

[Aysen Cetintas](#) reports on what is upcoming with FCI Academy, including the webinars to demystify Edifactoring 2.0 and the webinar on Legal Considerations in the post-pandemic Period. [Spyros Tsolis](#) explains the digital enhancements for the online courses and the update of the legal course.

[Yüce Uyanik](#) presents the book he wrote on Understanding the General Rules for International Factoring: a Comprehensive Guide. This book will help FCI members to examine the diverse views relating to the GRIF.

[Thompson Lui](#) summarizes his view on the foreign investments that have changed in the South and South East Asia Market and the recent initiative in India.

[Xinbin Li \(ICBC\)](#) elucidates on the new mission of trade finance in reshaping working capital lending. He compares the risk for traditional loan and how trade finance can provide a solution to the problem of information asymmetry in the regular working capital loan.

Finally, you can read how [FCI spread its wings](#) during the last quarter including a participation to the UNIDROIT working group.

We hope you enjoy the reading!

Gwendoline



**DANIELA BONZANINI**  
Chairwoman of FCI

# **WELCOME FROM DANIELA BONZANINI**

## **Chairwoman of FCI**

Dear Friends and Colleagues,

On 21 & 22 February, FCI organized its first hybrid meeting at the Secretariat. The previous meeting in person was held in March 2020, a few days before the closure of the borders. The meeting was the first attempt to return to normality and was attended by the Executive members either in person or via Webex. I wish to express my appreciation for their commitment.

The two full days agenda mainly focused on topics related to Strategy, Governance & Compliance and Organization.

Aiming to keep Members informed about the work of the Executive Committee (ExCom) and increase the level of communication with the ultimate goal of encouraging Members to actively participate in the construction of the new FCI, I wish to highlight some of the decisions taken.

The Country Report will be reintroduced. Regional Directors have been requested to intensify close relations with members. However, in order to be more efficient, the ExCom will approach the assigned members to investigate critical issues which can impact the industry. The Country Report will be submitted to the ExCom twice a year during the Spring and the Fall meeting.

The various working groups established in September 2021 including Financial, Governance & Compliance, Technology, Marketing & Innovation, and HR have reported on their recent activities.

Financials will be structured in a different way to ensure greater details relating to costs and to upgrade the financial reporting to the ExCom. Starting from the current year, the Financial report will be provided quarterly, allowing better planning of future investments.

The requirement of the Constitution in relation to the two-factor business turnover has been discussed. In the last two years, Covid-19 severely hit the world trade and consequently, in some countries, the volume of international factoring business recorded a considerable decrease. Some members were unable to reach the minimum turnover required by the Constitution. The Regional Directors will approach these members in the coming months to find out what happened and see if FCI can provide support.

Proposals from other working groups are still under discussions and will be reported later.

A large part of the meeting was also dedicated to the analysis of the activities carried out within FCIreverse. Defining what has been achieved and what the necessary steps are. It has been estimated that getting all bank departments and financial institutions on board is at least a 3-year process. Nevertheless, the ExCom would like to see some business activated in the near future. With this aim, a new business plan will be made and a meeting with Demica will be organized shortly, to identify the necessary conditions to facilitate the onboarding of members.

The structure of the Annual Meeting in Washington has been defined. In addition to the scheduled activities, meetings with local institutional organisations and other stakeholders will be organised in order to promote FCI and the Industry. Registration has already started and we are confident that the meeting will be well-attended, even if the number of delegates from other countries is lower than previous meetings because of travelling restrictions.

Kind regards,

Daniela Bonzanini





# A WORD FROM SG

## WHAT HAPPENED IN 2021, AND WHERE ARE WE HEADED?



PETER MULROY  
Secretary General

FCI and the factoring industry experienced one of the worst years ever recorded in 2020 due to the pandemic, witnessing a drop of nearly 7% in global volume that year. However, 2021 marked an unprecedented turnaround. We expect to report an almost double-digit increase in global factoring volume, in part influenced by the significant growth in global GDP and the fast rise in inflation. This is the good news for our industry, and based on the reports we are hearing in the 1st quarter of 2022, we believe this growth will continue, not as strong but still quite ahead of the global 20-year growth rate of 7%. But based on some reports, including a recent presentation I attended with an economist from Coface, we may see a slowdown in the 2H2022, due in part to a rising interest rate environment, the evaporation of the government stimulus that has certainly had a stimulating effect on global GDP last year, and elevated risk as a result of financially stressed companies no longer having a government lifeline. No one really knows the impact of the withdrawal of the stimulus support provided by governments globally, and with this boom/bust cycle we have experienced so far due to the pandemic. The time is ripe for potential fraudulent behaviour to increase over the next two years.

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GLOBAL  
FACTORING  
VOLUME

On this note, we also see some concerns from the Credit Insurance sector. As you know, FCI and the credit insurance associations ICISA and Berne Union meet every year with senior executives from the credit insurance market to discuss the issues facing the industry. The good news is claims are at historic lows. But again, as economies become more self-reliant and begin to repay massive government stimulus debt, either directly or via increased taxation to pay for it, we can expect a boomerang effect on business in some capacity. We also saw the disquieting impact of the Greensill bankruptcy, raising the veil on unsavoury business practices within the industry, and some

regulatory bodies have responded in kind. We are already seeing some questions raised by the European authorities on questions relating to fraudulent invoicing, questioning whether banks can continue to enjoy reduced capital treatment if policies incorporate wording that does not protect the insured from fraud risk, including at the seller level.

The intended aim of such questioning seeks to ensure that any credit protection contract which can, in the event of fraud of the obligor, be cancelled or of which the extent of credit protection can be diminished shall not be considered as unconditional. However, we believe the proposal as currently drafted requires further clarification and an investigation into its potential impact on credit insured invoice financing. Credit insurance protects against non-payment of receivables related to the specific trade(s) of goods or services. While a lending institution is expected to have performed reasonable and appropriate due diligence, it is still possible that despite all best efforts, financing may be provided for an invoice that turns out to have been fraudulent (fraud committed by the counterparty of the lending institution). As the invoice is fraudulent, no specific or identifiable trade has occurred,

SOME  
CONCERNS  
FROM THE CREDIT  
INSURANCE SECTOR:  
WE CAN EXPECT A  
BOOMERANG EFFECT  
ON BUSINESS IN  
SOME CAPACITY



# A WORD FROM SG

which is the essential requirement of a credit insurance policy. Without an object of insurance, indemnification of the loss would stand outside the policy terms.

As we all know, in most factoring agreements covered by credit insurance policies, the “obligor” should be identified as the buyer, not the seller/client. FCI has supported the development of a response to the European Banking Authority (EBA) on this matter with the EUF. We hope that such a response will help pave the way back to a more normalized environment. BTW the “conditionality” of credit insurance policies is not a new phenomenon. The UK Prudential Risk Authority, even before this Greensill crisis, raised similar concerns about credit insurance and risks posed to the industry. Thankfully due to the efforts by FCI and other trade associations who reacted quickly to this UK regulator, the matter was resolved.

Lastly, the new Definition of Default (NDOD) in the EU has had some unintended consequences, requiring banks and bank subsidiaries to report on questionable “defaulted” exposures in non-recourse factoring transactions, which in some cases were due to issues stemming from the commercial particularities of factoring and not due to actual risk of default based on non-payment by the client’s debtors. We are still waiting on the response from the EBA on the industry’s efforts to find a rational compromise, as the regulation has unintended consequences that had not been expected due to their lack of understanding of the industry.

The last and most important influence I see in 2022 is the rise in Digitization, E-Commerce, and Blockchain. FCI is seeing a significant sea-change in the application of technology impacting our industry. It is altering the way many members do business. I can compare it to the first digital age at the turn of the century, which significantly impacted automation and increased efficiencies in the factoring space. This period in this pandemic age is no different but has many other applications and potential influences for good in our industry. Considering the severe environment brought on by COVID-19, we have managed quite a turnaround. Even with some of these influences mentioned above, we are still quite bullish and expect the industry to continue on a solid trajectory for the foreseeable future. However, as we have seen with the recent geo political challenges in Eastern Europe, the future is hard to predict!

**NDOD  
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THE INDUSTRY.**



# CONNECT

## EDIFACTORING 2.0 IS READY FOR LAUNCH



CIPRIAN RADU  
Manager Business & IT  
Solutions

In FCI's last newsletter, In-Sight, November 2021 edition, I ended my article stating that Spring 2022 will be most likely the GoLive moment for Edifactoring 2.0. Since then, in the passing months, final touches and tests in terms of security and performance were made that led us to conclude that the current build is ready for production, and therefore it is time to GoLive. To avoid the last month of the first quarter, we have chosen the first weekend available in April, and that's how the **3rd of April 2022** was selected to be the moment for the launching of Edifactoring 2.0 into production. This date will mark when the current version of Edifactoring, which was officially launched on the 8th of April 2002, 20 years back, will hand over the torch to a new version.

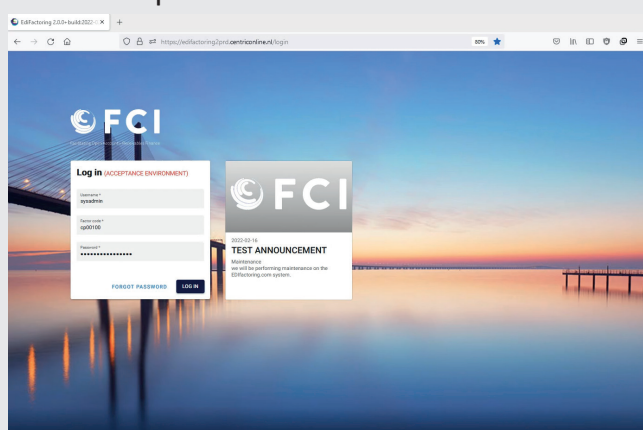
As I've mentioned in past articles, Edifactoring 2.0 was under a continuous development process for more than a year, counting as many as 17 iterations and several revisions to reach the current stable build. For this build Centric, FCI & ComCom have been working hard to ensure that our cross-border factoring platform is ready for the next step: the future.

I want to share one thought from a personal insight related to this project. To some extent, I was worried on some occasions by the fact that maybe we overdid it in some of the changes made to Edifactoring. This concern comes from my experience for many years as an Edifactoring user when I have enjoyed working with Edifactoring. Doing changes on something that works isn't easily recommended as we sometimes tend to stay in the safety zone of what we know. Still, receiving the feedback from the users involved in the acceptance period helped me see that the embedded changes led us down the right path. Although we didn't alter the existing messages (nothing added nor removed from the known structures or flows) or reports, some elements will present themselves as altered and therefore different from the usual Edifactoring we became used to for so many years.

From the source code perspective, Edifactoring received a complete overhaul to improve security and versatility by being updated to one unique language and re-built in line with the existing technologies. The automatic interface received a new updated version, with a twist in the way members will be capable of interfacing themselves with Edifactoring in a more secure and controlled manner.

**To improve the user experience**, we brought in changes like a revamped dashboard, an automatic delivery system for messages and reports with special attention given for the messages, the possibility to preview a single message, an enhanced system folder layout, enhanced filtering for messages, and folders, new specialized system folders for overall views like those that "groups" messages or presents all the messages exchanged, extended or newly added reports, a new way to make a message by adding the option of 'Message by Ledger' that allows users to interact with the existing account receivables ledger and generate messages.

3 APRIL 2022  
LAUNCH OF  
EDIFACTORING 2.0  
INTO  
PRODUCTION



Knowing that we will move to a new version that requires time for an adjustment, like any new creation, we have planned *the deployment in two stages*. Using a step-by-step approach will provide our users' community enough time to accommodate for better adoption of the new version.

So, the first stage will cover the Test environment of our cross-border factoring platform, and it will take place in the current month, February. The main aim of this stage is to provide our users' community a starting moment to learn & explore all about the new platform. Educational material and guides are updated and fine-tuned to provide as many viable information sources as possible. A special virtual Edifactoring 2.0 training session will be made available to all members on the 22nd and 24th of March.

The second stage will cover the Production environment, which will be done, as mentioned at the beginning of this article on the 3rd of April.

As for the future of Edifactoring, once we go live with the new version, this will trigger the starting of the next phase, where exploration starts for new possible paths of development that were not possible until now. As soon as milestones are reached, we will share the news.

In the end, I wish to address a special thanks to my FCI colleagues, ComCom, and Members with their dedicated users who joined the User Test Force and who provided their invaluable feedback and expertise to make this new version and moment possible. Thank you!

[illegible]

new message (2 items)

New message

System Settings

133

Index

46

Send

1

Print

1

Outline

1

Home

91

Address

3330

Send

Templates

Unread Messages

All Messages

Report

Message Audit Trail

Open GLDAs

PDFs

Comments

Personal Folders

46

Personal

55

add

12

star

27

archive logs

3330

Dashboard

FOLDERS

Automatic Interface

HELP

SETTINGS

Create new message - MSG009 Invoices & Credit Notes

Created by: System Administrator

Export Location: NL99999 FDI Test

Import Location: NL99999 FDI Test

Invoice batch number	Invoice batch date	Invoice batch currency	Seller
1	2022-03-21	EUR	Seller1 / Seller2

AMOUNT	AMOUNT	AMOUNT	AMOUNT
0.00	/ 0.00	0	/ 0

Total Value of Invoices	Number of Invoices	Total Value of Credit Notes	Number of Credit Notes
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Invoice or Credit Note Details

Additional Fields

Buyer

Doc type

Doc number

Document date

Document amount

Buyer1 / Buyer2

Invoice

1

2022-03-21

12,300.11

Document ref date

Invoice reference number

2022-03-28

Document value date

Net Payment Terms

Primary Discount Days

Primary Discount Percentage

2022-03-28

Secondary Discount Days

Secondary Discount Percentage

Payment conditions

Order Number Reference

Select

Close Without Saving

Clear All Fields

Save

Buyer name	Document type	Doc. number	Doc. date	Doc. amount	Doc. desc
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# EDIFACTORING 2.0

LAUNCHING 3 APRIL 2022

FCI Members interested in finding out more, you can read circular 5338.

Members can attend the upcoming Edifactoring 2.0 training webinars on 22 or 24 March 2022.

Visit [www.fci.nl](http://www.fci.nl) for more info.



# CONNECT

## DELAYED GATHERING, LET'S MEET IN BUDAPEST.



**BETÜL KURTULUS**  
Regional Director Central East  
and South East Europe and the  
Middle East

After two years, we are organizing our first physical event, Conference on Evolution and Outlook of Receivables Finance in CEE and SEE, 9-10 March 2022 in Budapest. We are excited to meet with our members. In the light of the conference program, I want to summarize the region's developments. **CEE & SEE represents around 9% of the total volume of Europe.** According to 2020 figures, CEE, the SEE region's total volume of EUR 173 billion, shows an overall decline of close to 7%. The top five players show a decrease in volume with Poland (-5%), Russia (-6.3%), Turkey (-13%), and Greece (-4.1%), which make up 76% of the market. However, after a difficult pandemic year of 2020, we will see improvements in all regions' countries.

During the first panel of the conference, we will discuss ***"The future of the receivables finance market in the post-Covid recovery period in Central and Eastern Europe"***, with three big players of the region, Turkey, Russia, Poland and Also, as a growing market, Czech Republic will join this panel. We will discuss our economies' growth, solution for the trade finance gap, and the impact of the omicron variant.

One of our discussion topics is how small and medium-sized companies can access finance. We observe that fintech has started to increase the market share for financing the SME segments. We see that in the region, governments' support to SME segments gradually withdrawn. This is an excellent development to support the markets, but it is clear that we need better supervision and regulation here in terms of legal infrastructure and data sharing.

Omicron wave likely to be more disinflationary than previous COVID-19 outbreaks. In comparison with earlier waves, the expectation of economic impact from Omicron will be more moderate versus earlier waves. We are used to living with the virus. We work in a self-isolating system without the application of government restrictions. Therefore, we can say that this has a less negative impact on production and the supply chain. However, it is possible to experience supply problems in some countries. While much focus has been on the Omicron variant and its impact on economic activity, The Fed may remain a more significant driver than Omicron for EM markets in early 2022.

In the second panel, we will discuss ***Factoring in the Balkans***. Thanks for the partnership of EBRD in organizing our conference. EBRD has released its growth forecast for the Western Balkans region to 6.4 percent for 2021 in its latest Regional Economic Prospects (REP) report. According to the report, Industrial production and rising exports to the European Union (EU) support growth in Bosnia and Herzegovina, North Macedonia, and Serbia, while Albania, Kosovo, and Montenegro are benefitting from a strong rebound in the hospitality sector over the summer months.

The Balkan countries' economies grew strongly in 2021. The countries substantial expansion in exports and industry reflects the rebound in the eurozone and the growing expectation of the development of the GDP of 2022.

We will discuss ***how digital and innovative solutions can contribute to the factoring industry's effective development on the digitalization panel***. We are witnessing that financial institution makes substantial investments in new technologies. We will discuss the opportunities and challenges we face in deciding and investing in the latest digital solutions.

OUR  
MEMBERS CAN  
INCREASE THEIR  
BUSINESS ON THE  
PAYABLE FINANCE  
SIDE

EBRD announced the latest transition report. You can reach the report [here](#) to see the ranking of the developing CEE/See countries and understand the applications of the countries' digital solutions.

FCI launched two new product lines for the last years; FCIreverse and Islamic international factoring. We will listen to the *developments on the reverse factoring side*, developments within the membership, accounting treatments. The critical point is to understand that within the FCI organization with 400 members in 92 countries, having a wide range of correspondents has many advantages over the competitors.

FCI membership provides an excellent environment for reverse factoring presented on the wide supply chain. With this aspect, I think it holds significant opportunities, especially in the retail sector. In addition, our members can increase their business on the payable finance side. We will hear more from our committee members during the conference.

During the conference, our Chairlady Mr. Daniela Bonzanini will host our Islamic member, KuveytTurk A.Ş. While factoring itself is in conformity with the Islamic rules. The agreement between the parties should also be Shari'a compliant. That's why the interfactor agreement and GRIF have been reviewed and modified under the requirements by creating a supplementary agreement for Islamic international factoring. Supplemental Agreement of *Islamic International Factoring* modifies a few General Rules for International factoring.

When we look at these general rules, we see minimal differences between the two products. There is no difference between transactions structured within international factoring rules. The difference arises from the way of funding. As FCI, we are responsible for creating rules and regulations and trade between our members in exports and imports. Transactions produced in this way can be financed in an Islamic or conventional way, according to the preferences of our members.

Traditional international factoring is in full conformity with Islamic Sharia. Since Sharia allows trade with different religions, international factoring is not necessarily done between factors in two Islamic countries or companies. The transaction between one Islamic and one non-Islamic factor is also possible.

And the last panel will be about *Sustainable Finance in SME Lending*, new trends in Trade, ESG, and Green Financing. Having sufficient access to finance is an essential factor for the development of corporates. It is a well-known phenomenon that small and medium-sized enterprises face different challenges when accessing finance than big corporates. Typically with payment terms from 30 to 120 days, financial institutions' high collateral lending requirement is a significant barrier to accessing finance for these companies.

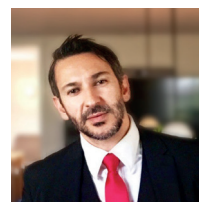
Therefore, factoring has a positive advantage for SMEs. Thus, considering all this, we aim to discuss how to increase the factoring volume and increase the number of companies benefiting from domestic and international operations. In the [attached graphics on page 13](#), you can find the factoring usage rate of the companies in the European region compared to other products



Source: SAFE (Q4); edited by Panteia.

# CONNECT

## ANNUAL MEETING 2022 – WASHINGTON DC



KYLE MOTA  
Director of Administration

FCI Annual Meeting is the yearly gathering for Senior Receivables Finance professionals to hear from experts, discuss current topics, and network. Regularly members share new deals with us that were concluded during the event. This year's theme of the 54th Annual Meeting will be: ***A changing Economic, Environmental & Trade Landscape: How will the Receivables and Supply Chain Finance industry cope?***

Washington D.C. was chosen as the venue for this Annual Meeting due to the historical importance the United States has played as the first country to launch what is referred to as the modern era of factoring dating back to 1814. But also due to its political prominence as a leading global power, its majestic beauty, and cultural prominence. We are preparing a special agenda with an exciting list of speakers and have made more time for bilateral meetings, all in a historic, unique, and beautiful setting.

### AGENDA

This Annual Meeting will focus on the impact of the changing economic landscape with rising inflation and interest rates. It will begin with opening speakers reflecting on the ***geopolitical and economic environment*** as it directly affects the receivable finance industry. It will also cover themes such as ***digitalization*** and ***trends in traditional and reverse factoring; the Distribution of Capital and Liquidity in Receivables Finance; the risk of Fraudulent Activity in Receivables Finance; the impact of a degrading environment, changes in the workplace stemming from the Pandemic***, and the evolution of women and youth in a male-dominated work society; the ***role of Advocacy*** including issues like the ***change in the definition of default in the EU***; the effects of the implementation of ***Basel III rules*** and new questions relating to the role credit insurance will play as an enabler of risk mitigation; the elimination of LIBOR and the implementation of new overnight risk-free reference rates; and lastly the current state of the development of the model law on factoring by the UNIDROIT, a project fully endorsed and supported by FCI.

THIS YEAR'S  
THEME: A  
CHANGING ECONOMIC,  
ENVIRONMENTAL &  
TRADE LANDSCAPE: HOW  
WILL THE RECEIVABLES  
AND SUPPLY CHAIN  
FINANCE INDUSTRY  
COPE?

BEST  
TRANSACTION  
OF THE YEAR  
AWARD

### AWARDS

In true FCI tradition, we will be announcing the winners of the 2022 Awards for Best Students and Best Factoring Companies at this year's Annual Meeting. This year we shall see a new addition to the awards, a global-based "Best Transaction of the Year."

### NETWORKING & SOCIAL ACTIVITIES

The FCI Annual Meeting opens with a welcome dinner on Sunday 19 June and closes with a farewell dinner on Thursday 23 June. This allows attendees to benefit fully from ***networking opportunities throughout the week***. All social activities during the Annual Meeting are open to all registered delegates to maximize the networking offering.

This year, social activities include cocktails and Dinner at the Daughters of American Revolution Museum and National Museum of American History (NMAH). On that Thursday, guests will experience the most exciting and distinctive sites that define the district while learning fascinating



# CONNECT

little-known facts and stories about the sites along the way. Lunch will be served at the Sequoia restaurant, where dramatic river views & swanky design define this soaring, spacious restaurant with a splendid terrace.

As in tradition, an *exciting spouse programme* has been organised for the spouse, partner, or family members accompanying delegates.

We are indeed preparing for this Annual Meeting to be an incredible one. We have already had a tremendous amount of interest, so we advise those interested to register today to attend our first in-person annual meeting since 2019.

To register, you can visit the official event website via [www.fci.nl/event/54th-annual-meeting-washington-dc](http://www.fci.nl/event/54th-annual-meeting-washington-dc).



Facilitating Open Account – Receivables Finance

## ANNUAL MEETING

WASHINGTON, DC | 19-23 JUNE 2022

THIS YEAR'S THEME

**A changing Economic, Environmental & Trade Landscape: How will the Receivables and Supply Chain Finance industry cope?**

It will cover such themes as digitisation, distribution of capital, risk mitigation, fraud, changes in the workplace, advocacy, credit insurance and regulation.

Find out more at [fci.nl/events](http://fci.nl/events)



# CONNECT

## MEET WITH FCI'S DIRECTORS

*In this series of Director Interviews, we have asked our directors to answer a few questions so you can get to know them a little better. In this newsletter we speak with Mr. Lin Hui, Mrs. Betül Kurtulus and Mr. Thompson Lui. Stay tuned to read about other Directors in the next editions.*

### Mr. Nassourou Aminou, FCI's Regional Manager Africa

#### What got you started and interested in the industry?

When I was working in an audit and consulting firm, I was approached by a subsidiary of a credit insurance company that wanted to develop and launch credit insurance and factoring products in Africa. I liked the idea, but unfortunately, the project must have dragged on for over a year before I was contacted for a regional managerial position. I was very excited to change jobs and use my experience in accounting, auditing, and consulting to understand better and develop factoring and credit insurance products. The business model went in the same direction with my aspirations and expectations of working for a world-renowned group, the desire to learn a new profession, to work with banks, large companies, and SMEs in my country and the sub-region. In addition, it was a new and unique product on the market with quality training that I had to do in France, Algeria, Germany, and Turkey..



#### Why should companies choose Factoring?

Companies should choose Factoring because it is a solution that can meet their immediate needs and finance their working capital: paying suppliers, taxes, salaries, and company charges without incurring the costs, delays, and payment terms that may exceed more than 90 days in Africa. In addition, the businessman will be able to concentrate on developing his activity with the leverage of Factoring as a tool for developing his turnover and client portfolio.

#### Do you feel enough is being done to get youth involved in this industry?

Factoring is a separate business that is different from traditional banking. In general, young people study in schools and universities to work in finance, business, and banking. In the course of professional life, one learns about Factoring in all its facets. Therefore, it is essential to introduce certifications in this area right now in the university curriculum so that young people can orient their careers in this profession, which is at the heart of companies and banks. In this sense, FCI Academy has developed several training and certification modules in this profession and is recognised by certain universities. It is essential to have training sessions, information, and promotional campaigns to take more interest in this profession, which presents many opportunities to be seized.

#### What has been your biggest highlight in your career?

You know, in life, there are highs and lows. With each passing day or each year that ends, it is crucial to take stock and look at what we have achieved and what could be corrected. Each year that begins is a new challenge. I think the moment I launched as an independent factoring consultant in partnership with a world-renowned software provider has been a defining and exciting time. Also, my engagement with FCI and Afreximbank within the framework of the Africa chapter of FCI as Regional Manager for Africa was the most excellent highlight of my professional career.

#### If you were an animal, what animal would you be and why?

This is a difficult question. You know animals are close to humans and behave like humans without

# CONNECT

thinking and devoid of memory, conscience, and feelings. I even wonder if a man can simultaneously embody the spirit of one or more animals. But, if we stay on the basic, I would like to be a fish in an ocean or a bird-like the Albatross that flies in the sky battles clouds and storms because there is no limit on the sky and the ocean.

## **What sport did you play in school?**

I liked Taekwondo and Break-Dance.

## **We want to thank Nassourou for letting us get to know him a little more.**

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## **Ms. Aysen Cetintas, FCI's Education Director**

### **What got you started in the industry?**

After graduating from the University, I started my career in 1990, working in the trade finance department of a multinational bank in Turkey. I chose to have a bank career, but I came to the trade finance industry by accident, and since then, it has been a passion of mine. A trade finance role falls between a relationship management role and a very specialized product manager role. Therefore, you need to showcase aspects of client engagement and product knowledge. After 30 years of my career in trade finance, I am still enjoying what I do every day, and I invite new graduates to join the club!



### **Do you feel enough is being done to get youth involved in this industry?**

Despite the best efforts of industry bodies to attract the next generation of trade finance professionals, more work needs to be done to increase the proportion and visibility of young talent in the business. The lack of awareness in this sector within the University resulted in graduates not considering trade finance as a career option. Today's world of trade finance has significantly evolved and offers tremendous career opportunities for graduates. New technology is completely changing the way trade is conducted today. The customers using these solutions range from the smallest enterprises to the most prominent institutions.

Trade Finance is generally big enough on its own to offer good career growth to the prospects. It is entirely possible to move in and out of various corporate banking roles, but if you are a specialist in your field, you would be better served by sticking to what you know.

So, who is this career really for? I would say it is for those young graduates looking for a global career, willing to work hard, have an interest in visiting different countries, and enjoy meeting clients and colleagues who are motivated to learn and provide trade finance solutions to corporates and small & medium-sized enterprises. I invite young graduates to pursue their careers in trade finance and be a supportive part of the supply chain.

### **What is your favourite song?**

I'm a true lover of music! The genres I listen to vary from classical music to rock, metal, and even ethnic songs. My favourite songs are "Nothing else matters" from Metallica and "Hotel California" from Eagles.

## **We want to thank Aysen for letting us get to know her a little more.**



# CONNECT

<Continued from page 13

## Ms. Daniela Bonzanini, FCI's Chairwoman

### What got you started in the industry?

I started in the industry in the early 80s. I was employed in a company that manufactured cardboard processing machinery. Export represented the largest share of the business, and I was in charge of some foreign markets, mainly overseas countries. I was approached by a recruitment firm searching for an assistant to the General Manager of a recently established factoring company. When I got the call, I had no idea what Factoring was. At that time, the product was almost unknown.

Nevertheless, I was excited to change jobs, work in the financial industry and learn a new profession. A year later, I was allowed to move to the International Department, and I accepted with enthusiasm. Thus, my career in international Factoring began.

### How do you feel about the digital transformation in the industry?

Digital transformation is a must, and it should be a priority in any strategic plan.

The evolution of technology pushes the financial industry to innovate its business model and reformulate its offer to clients. It also significantly impacts the factoring industry. The pandemic has enormously accelerated the digitalisation process already underway in company processes and the factoring industry. Digitizing and dematerializing are essential to meet clients' needs best today.

Until recently, the digital business in invoice finances was mainly focused on the financial aspect of the assignment of accounts receivables, considering the services typical in Factoring and facilitating the exchange of information between the actors involved in a factoring operation: seller, buyer, and the factor.

Now, digital innovation supports the assignment of receivables by strengthening the operational processes (such as onboarding, fraud detection, invoice reconciliation, double assignment prevention), the increase of service quality, the development of new business models such as supply chain finance, and the opening of the door to new opportunities in terms of client base.

Some large banks have developed their platform in-house, while medium-size financial institutions typically use a platform offered by a provider. In this case, it is mandatory to verify for each business model enabled by the platform that the operations are carried out in full compliance with local legislation to guarantee that assignment is valid in the face of the debtor and third parties and the liabilities of the platform provider.

The FCI has also invested in a next-generation "blockchain ready" technology platform for its members that will be rolled out in the 1Q2022. It will be a game-changer for financial institutions and members of the FCI who want to conduct traditional cross-border seller-centric or reverse buyer-centric two-factor transactions.

### What has been the biggest highlight in your career?

I have been working in the industry for many years, and I consider myself lucky to say it's been exciting. There are two highlights I wish to mention. The first one was when Banca IFIS hired me in 2002 because I had the opportunity to enrich my knowledge of international factoring and trade finance with additional managerial skills. The second was when I joined the Education Committee because I had the opportunity to spread factoring knowledge. At the same time, I learned a lot from the people I had the privilege of meeting.

### Why should companies choose Factoring?

Over the years, Factoring has established itself as an essential form of financing, particularly for



# CONNECT

SMEs and corporations. The unique structure and risk attributes of Factoring make it possible for it to be offered where other more traditional forms of finance are either inappropriate or unavailable. Combined with the dynamic nature of Factoring, which is directly linked to the performance of the funded company, factoring solutions are increasingly important within the current economic environment.

Factoring has proven to be:

- Accessible: if receivables are of good quality and the buyers are positively assessed, the seller can access more funding, and the level of funding can increase with its sales growth;
- Flexible: funds can be drawn in line with actual needs;
- Competitive: funds released against account receivables allows payment terms towards buyers to be extended;
- Efficient: streamlining payment collection activities and controlling the accounts receivables' status, taking advantage of Factors' high-level technology.

Protection against bad debts has become increasingly important. The pandemic has reaffirmed the importance of robust risk management measures to combat the non-payment risk of buyers. More companies than in the past now realise a quick and effective solution like Factoring is needed to provide a safety net.

## What is your favourite movie?

I have a list of favourite movies, but one, in particular, touched me a lot. It is an Italian movie; the title is life is beautiful. It is about an Italian Jewish man and his son who were taken to a concentration camp. The man employs his fertile imagination to shield his son from the horrors of the internment by telling him that the camp is a complicated game in which children must perform the tasks given to them. Each task will earn them points, and whoever gets to one thousand points first will win a tank.

## Do you have any pets?

I have a Doberman. She is female, and her name is Qyla.

**We want to thank Daniela for letting us get to know him a little more and look forward to finding out more about our other directors in the next edition, so stay tuned!**

The banner features a background image of St. Peter's Basilica in Rome. At the top, the logos for EUFederation (Factoring & Commercial Finance) and FCI (Facilitating Open Account - Receivables Finance) are displayed. The main title 'EU FACTORING SUMMIT' is prominently shown in white. Below it, the text 'Hybrid - Rome, Italy & Online | 4-5 April 2022' is visible. A paragraph describes the summit as 'The only European Conference organized by the Factoring Industry for the Factoring Industry. This Seventh Summit is a unique opportunity for Industry leaders to network and address topics that really matter for the Factoring Industry including:'. To the right, a QR code is provided with the instruction 'Scan the QR code to find out more'. At the bottom, four circular icons represent the summit's focus areas: 'STATISTICS & UPDATES' (bar chart), 'DEFINITION OF DEFAULT' (document with question mark), 'LAW & REGULATIONS' (gavel), and 'DIGITISATION' (network diagram).



# On the way, we will always be your safeguard

Factoring and Receivable Finance

A member of



Facilitating Open Account - Receivables Finance



**中国建设银行**  
China Construction Bank

[www.ccb.com](http://www.ccb.com)





## 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 382 members! We still have a lot of prospects that will soon join FCI.



**ASSOCIATE**

SINGAPORE

Credlix is a digital supply chain finance company offering both domestic and cross-border financing.

Credlix is the financing arm of Moglix - India's largest B2B commerce company in manufacturing & industrial domain. We have a global footprint and operations in India, South East Asia, Singapore and the Middle East.

Headquartered in Singapore in 2015, Moglix is one of Asia's largest and fastest-growing digital supply chain solutions enterprises with interests in indirect procurement, contract management SaaS, warehousing, and distribution of industrial goods.

Building on Moglix's unique full-stack operating system for B2B commerce, we at Credlix, offer a bespoke digital supply chain finance solution that brings together anchor enterprises, suppliers, exporters, and lenders to keep domestic supply chain and export finance moving all time.

Credlix provides working capital finance & tech solutions for enterprises, suppliers/exporters across their needs for vendor financing, channel financing & invoice factoring.

To find more about Credlix, see [www.credlix.com](http://www.credlix.com)



**AFFILIATE**

UNITED  
ARAB EMIRATE

DP World Financial Services Limited is a company registered under the Dubai International Financial Centre (DIFC) and regulated by the Dubai Financial Services Authority (DFSA).

Financial services offered on the CARGOES Finance By DP World Platform are associated with CARGOES by DP World (A suite of enterprise services and products for the world of logistics and trade) and provided by DP World Financial Services Limited.

CARGOES Finance allows businesses to access an innovative and new communication channel to reach multiple financial institutions, be able to digitally sign and exchange credit facility agreements and get access to variety of trade finance products like - invoice factoring, invoice discounting, reverse factoring and in-transit financing.

To find more about DP World, see <https://www.dpworld.com>

# CONNECT



**ASSOCIATE**

ISRAEL

The First International Bank of Israel (FIBI) is among Israel's five largest banking groups. FIBI Group provides a wide range of financial products and services to customers with the highest standards of professionalism and service. FIBI group operate a network of approximately 160 branches.

FIBI Bank is a universal bank offering a full range of banking services focusing on several segments of activity: corporate banking, capital market activity and investment consultancy and private banking.

The Corporate Segment - FIBI provides advanced banking and financial services to large corporations in the Israeli market. The Bank is experienced and highly proficient in the management and financing of significant large-scale transactions, and many of the large and leading corporations in the market are customers of the Bank. The Bank also emphasizes its activity among middle-market customers. FIBI offers customers of the corporate-commercial sector credit solutions adapted to their needs, based on its segmental expertise. The Bank conducts a cautious and responsible credit policy, holding a diversified and high-quality credit portfolio, constituting an important layer of the financial stability of the Bank. The Bank also offers to customers of the corporate and commercial sector foreign trade services and foreign trade guarantees, which include solutions for importers, exporters and international transactions, the financing of capital market operations and foreign currency investment management. The Bank's foreign currency dealing room is one of the leading, professional and competitive dealing rooms in Israel.

The Factoring & Finance Center at FIBI offers a range of customized creative solutions for business needs. The Bank's factoring activity is leading in the Israeli market. The Bank has a dedicated factoring center with professional bankers with specialization in the field of factoring.

To find more about FIBI Bank, see [www.fibi.co.il](http://www.fibi.co.il)



**AFFILIATE**

MAURITIUS

The Industrial Finance Corporation of Mauritius (IFCM) Ltd was incorporated in July 2019 in the Republic of Mauritius and is officially licensed by the Financial Services Commission. IFCM is a new factoring institution fully-owned by the Government of Mauritius and primarily funded by the Bank of Mauritius through the Modernisation and Transformation Fund.

IFCM operates in the fast-developing sectors of the Mauritian economy such as agro-industry and processing, manufacturing, light engineering, jewellery, construction, and tourism, amongst others. IFCM has been tasked to financially support enterprises in the development of a new ecosystem in order for them to adopt the most appropriate technologies to modernise their processes and to have access to innovative financing alternatives and solutions.

IFCM has set its vision on becoming the leading provider of factoring facilities on a full supply chain basis and to build upon its reputation of a strong financial structure, performing customer base, and excellent service delivery.

# CONNECT

IFCM is therefore privileged to collaborate with FCI in building a stronger international network and further reinforce its market position.

For more information, please visit [www.ifcm.mu](http://www.ifcm.mu)



**SPONSOR**

INDIA

MNS Credit Management Group (MNS), a premier international Debt Collection company in India since 1996, offers competent services in commercial Debt Collection, Business Information Reports, and Legal Consultation at a global level.

Headquartered in New Delhi, having offices across India and associates the world over, MNS is a nationally and internationally respected credit management company that provides a full range of services to clients around the world.

As a longstanding member of the world's largest and most extensive global network of collection specialists, MNS have a proven track record of successfully helping creditors manage their overdue invoices, credit and receivables, wherever they are located. Having accumulated vast experience over two decades in Debt Collection and the Indian Legal system, MNS is proud to be recognized as one of the most professional companies following ethical, fair and internationally accepted debt collection practices in our vertical in the country and to be in a position to leverage the best of our staff's and technological know-how and soft skills to ensure appreciable results—continuously.

In addition to the highly experienced multilingual debt management specialists and credit analysts, MNS comprises a group of seasoned lawyers, management professionals, chartered accountants and other financial specialists. Our entire process of collection is always in a diplomatic manner without spoiling the existing business relationship between the creditor and the debtor.

MNS also specializes in producing Business Information Reports on companies/entities operating in India and in more than 150 countries. These reports facilitate to have a quick assessment of a firm's size and creditworthiness based on a detailed appraisal of the company's non-financial and financial parameters including financial statements.

MNS services are extensively used by many Banks, Financial Institutions, Insurance Companies, MNC's, conglomerates, various industries, chamber of commerce, exporters, etc worldwide.

MNS Reports can facilitate Factoring Company for assessing Factoring Facility limits for the exporter, its worldwide network of Associates can be leveraged for Import Factor subject to Indian Regulations. In case of non-payment by the Buyer on due date, MNS core strength of Debt Collection can facilitate amicable recovery.

To learn more, visit our website [www.mnscredit.com](http://www.mnscredit.com)

We wish them lots of success!

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



# EDUCATE

## WHAT'S UPCOMING IN THE FCI ACADEMY



AYSEN ÇETINTAS  
Education Director

### *Demystify Edifactoring 2.0*

#### **Live Online Training**

**22nd March 2022 - 24th March 2022**

FCI is pleased to inform the deployment schedule of its new platform Edifactoring 2.0.

FCI launched the new Test Environment at [www.edifactoring.net](http://www.edifactoring.net), updated to Edifactoring 2.0 on 22nd February 2022. The existing database of [edifactoring.net](http://www.edifactoring.net) at the moment of update is available identically in Edifactoring 2.0, including your credentials, settings, messages, reports, queries, and templates. This becomes your moment to learn & explore all about the new platform.

For users help, FCI Academy offers two online virtual training courses on Edifactoring 2.0 on the 22nd and 24th March 2022. The training will be available at different times to ensure that everyone has the opportunity to obtain live training on the new platform during their business

hours. This new version, which will launch in the spring, has enhanced aspects of the original version, including higher security and 'Message by Ledger' features to select multiple invoices and generate operational messages like the Payment.

For more information and registration, please [click here](#).

# EDIFACTORING 2.0

## LAUNCHING 3 APRIL 2022

FCI Members interested in finding out more  
can read circular 5338.

Members can attend the upcoming Edifactoring  
2.0 training webinars on 22 or 24 March 2022.

Visit [www.fci.nl](http://www.fci.nl) for more info.

# EDUCATE

## ***Legal Considerations in the post-pandemic Period***

***“Global Standards and the General Rules for International Factoring”***

### **Live Webinar**

**6 and 7 April 2022**

The FCI Education and Legal Committees are pleased to announce a new training addressing the critical areas in the international factoring business flow and related legal considerations, focusing on the respective GRIF articles.

The format for this training will combine presentations and discussion sessions with Q&A sessions, practical examples, and genuine cases. Senior experts from the FCI Legal Committee will act as presenters and instructors in all training sessions.

### ***Learning Objectives***

- Learn the components of a factoring agreement
- Understand the fraud and its legal implications in the post-pandemic era
- Recognise the key steps in the business flow and have the insights of the related GRIF Articles

### ***Who Should Attend?***

This training will benefit those involved in new businesses, operations, risk monitoring, legal, litigation departments, credit underwriting, compliance, and external lawyers, if appropriate, who wish to develop their existing knowledge of the legal aspects in factoring and receivables finance. Please register by clicking [on this link](#) or visiting the event page on our website. The registration deadline is Friday 1st April 2022.



## **LEGAL ASPECTS IN RECEIVABLES FINANCE & FACTORING: GLOBAL STANDARDS & THE GENERAL RULES FOR INTERNATIONAL FACTORING (GRIF)**

**Online - Webex | 6-7 April 2022**

This webinar will cover all key areas of the legal scheme with a special focus on the GRIF, the background of certain articles and implications for day-to-day business. Industry experts will act as presenters to give a deeper understanding of the most recent developments in Factoring.



Scan the QR code  
to find out more



# EDUCATE

## FCI ACADEMY E-LEARNING ENVIRONMENT DIGITAL ENHANCEMENTS



SPYROS TSOLIS

Deputy Education Director

Our Academy's primary objective is to offer high-quality education in Receivables & Payables Finance via flexible learning methods that can accommodate the needs of our industry's stakeholders. The recent launch of our new course on "[Supply Chain Finance & Reverse Factoring](#)" evidences the success of our efforts, measured by the significant participation.

It is necessary for the Academy to be in line with the latest developments in our industry and follow the advancements closely in the subjects of learning methods, digital training solutions, and education strategies.

Within this scope, we have initiated a series of new projects to provide a unique learning experience for all students of our e-learning courses.

- **FCI Academy LMS platform (Moodle) upgrade**

Soon, all FCI Academy e-learning students will be welcomed in our **new online portal**, providing a much more "user-friendly" environment with additional tools for learning and navigating our courses. It is now necessary to continuously adapt to new digital environments, not only in our business environment but also in all levels of education. We are investing in upgraded learning management systems for FCI Academy, a strategic decision incorporated under FCI's strategic planning for the future.

WE  
ARE  
INVESTING IN  
UPGRADED LEARNING  
MANAGEMENT SYSTEMS  
FOR FCI ACADEMY, A  
STRATEGIC DECISION  
INCORPORATED UNDER  
FCI'S STRATEGIC  
PLANNING FOR THE  
FUTURE

- **FCI Academy Legal course update**

GRIF  
WITH  
EXPLANATORY  
VIDEOS ON SPECIFIC  
LEGAL ISSUES AND CASE  
STUDIES TO BETTER  
UNDERSTAND THE  
VARIOUS CONCEPTS  
AND VARIATIONS

The new "Legal Course" students will have a unique learning experience as its new edition will include new additions, creating an "industry standard" course.

First, we will introduce **new topics on generic legal issues in factoring & receivables finance** (Assignment of receivables, Collections, Components of a factoring agreement, International legal codifications, legal risks in factoring, etc.), providing the student with an overall understanding of the essential legal elements of our industry.

Moreover, the existing part of the "General Rules for International Factoring" will become much more understandable with **explanatory videos** on specific legal issues and case studies to better understand the various concepts and variations.

- **"On-demand" courses availability**

FCI e-learning courses & Certification programmes are offered on specific dates. Some are offered monthly, some every three months, and some every six months. This structure helps Banks & Factors to plan their education budgets and employee participation in our education programmes. Moreover, it has been in line with the academic concept of the education programme that FCI introduced many years ago. However, as most of our e-learning



# EDUCATE

programmes are now open-to-all industry stakeholders, we are receiving queries from many students who wish to enrol to and study our courses instantly, without waiting until the month-end. We have initiated the “*on-demand courses*” project to allow students to register, pay and start the course in a few minutes via a seamless and fast online process. The first course available under this mode is the “[Introduction to Factoring & Receivables Finance](#)” course while the rest will be following soon.

FCI Academy remains committed to excellence, based on FCI’s high-quality sources, offered under a tailored learning pathway that supports the continuous growth of our industry. We invite you to visit our [Academy’s webpage](#) and learn more about our programmes.

THE “ON-DEMAND COURSES” PROJECT TO ALLOW STUDENTS TO REGISTER, PAY AND START THE COURSE IN A FEW MINUTES VIA A SEAMLESS AND FAST ONLINE PROCESS



## SUPPLY CHAIN FINANCE & REVERSE FACTORING COURSE

With six fully comprehensive modules, the FCI Academy is proud to announce the latest online course, focussing on Supply Chain Finance and Reverse Factoring. It is the newest addition to the Academy’s globally recognised and accredited educational offerings to support personal, corporate and market development globally through short online courses.

Covering all aspects of the trade cycle, students will:

- Gain an understanding of physical, financial and information supply chains
- Attain in-depth knowledge of reverse factoring
- Understand the buyer and all of their requirements, responsibilities and challenges
- Learn how to establish reverse factoring deals
- Master the supplier onboarding process
- Gain a complete understanding of the role of Factoring organisations.

Scan the QR code  
to find out more



# INFLUENCE

## UNDERSTANDING THE GENERAL RULES FOR INTERNATIONAL FACTORING: A COMPREHENSIVE GUIDE



YÜCE UYANIK  
Legal Committee Member

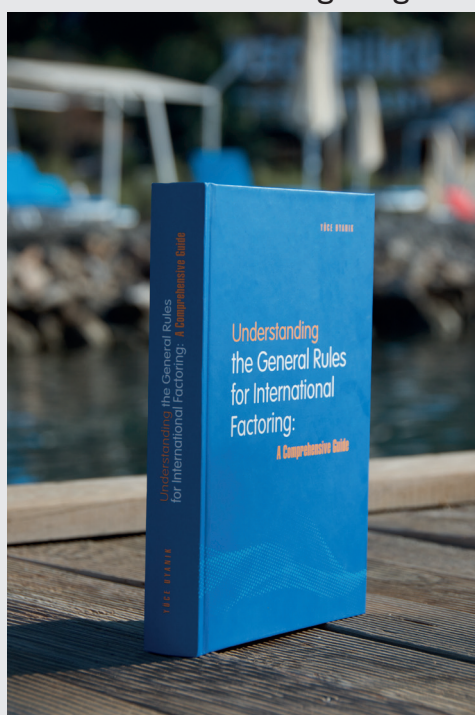
Authored by Mr. Yüce Uyanik and supported by the FCI Legal Committee

FCI has commissioned a new book called *Understanding the General Rules for International Factoring: A Comprehensive Guide*, which translates the General Rules for International Factoring (GRIF) into an everyday working language. It was written by Mr. Yüce Uyanik, a long-time member of the FCI Legal Committee and well-respected industry practitioner with experience in international factoring operations, risk management, and legal affairs. FCI is proud to support this guide and its ability to educate those in the legal areas of International Factoring.

This book offers a unique opportunity to examine the diverse views relating to the GRIF. It analyses each article of the GRIF, looking closely at the implications of transacting international factoring business and how it applies to various aspects of the transaction. Yüce provides excellent insight by looking at case studies that show how each scenario can be interpreted by applying the GRIF rules to the transaction. He also provides an in-depth question and answer section and a list of definitions that allow users to understand the rules and their implications on their business more efficiently.

This book goes a long way in helping to understand the legal and technical challenges. It creates an increased awareness of international factoring's legal aspects, providing insight into the implications of conducting

THIS  
BOOK  
OFFERS A  
UNIQUE  
OPPORTUNITY TO  
EXAMINE THE  
DIVERSE VIEWS  
RELATING TO  
THE GRIF



cross-border receivables finance using the two-factor model, attempting to make sense of the myriad challenges facing any financial institution that endeavours to invest in this field.

The growth of the global factoring industry has not always been steady, in part stemming from the lack of adoption of a proper legal system to support the growth of factoring, the development of a strong debtor trade credit environment, the acceptance and support of an open account culture and deployment of adequate government policies for the creation of a competitive and healthy industry. But the creation of the GRIF and its predecessor, the CODE, has transcended borders and has allowed for international factoring to grow and prosper globally, supporting its growth from less than \$20 Billion in 1999 (accounting for less than 5% of global volume) to over \$600 Billion in 2020 (accounting for nearly 20% of global volume) only twenty years later. The rules of FCI have helped create confidence in the practice of international factoring, whether conducted directly or indirectly using

# INFLUENCE

foreign correspondents.

The factoring and receivables finance industry has achieved incredible success. FCI has helped support this growth through legal foundation, advocacy, education, and thought leadership while providing our members with the necessary tools to ensure success. FCI has been planting the seeds and supporting the legal foundation of cross-border factoring for the past 50+ years, culminating in this phenomenal growth story.

In his forward for the book, Peter Mulroy, FCI Secretary-General: "This publication provides tremendous insight on crucial matters relating to the trade and receivables finance industry. Our partnership with Yüce Uyanik and the release of his book is of strategic importance to FCI. This publication is an excellent tool to support the continued growth of international factoring and allow the reader to learn more about receivables finance. As lead sponsors, we hope this fine publication will contribute to a better understanding of our industry".

Edward Wilde LL.B. LL.M. quoted on the publication: "Whilst the primary purpose of this book is to act as a reference handbook for those working in international factoring, its practical information will be useful to all those involved with the law in this very specialised area. The wide and deep experience of the author means that its relevance and accuracy can be relied upon in all aspects. I commend it to factoring professionals, their legal and other advisers, academics, and students".

It is a strong reference point to consult the membership at every stage of your two-factor business. This is a must-read for every attorney, legal counsel, and advisor, including international managers and their staff engaged in international factoring. You can purchase this book for EUR 199 by emailing the FCI Secretariat via [fci@fci.nl](mailto:fci@fci.nl).



Credit photo: Mert Ökter

THIS  
PUBLICATION  
IS AN EXCELLENT  
TOOL TO SUPPORT THE  
CONTINUED GROWTH OF  
INTERNATIONAL  
FACTORING AND ALLOW  
THE READER TO LEARN  
MORE ABOUT  
RECEIVABLES  
FINANCE

25



# INFLUENCE

## HOW FOREIGN INVESTMENTS HAVE CHANGED THE SOUTH & SOUTH EAST ASIAN MARKET



THOMPSON LUI  
Regional Manager SSEA

We have covered in past articles the Sino-American trade war, COVID induced global supply chain restructurings and their implications to our fellow members in the SSEA (South and Southeast Asia) region and Financial Institutions in this Account Receivables, cross border trading (funding), and risk mitigation industry. In this episode of FCI regional insight, we shall bring updates concerning Southeast Asia and South Asia, respectively. This time we have included some latest data. We shall briefly take into account specific observations that involved our members from NEA (Northeast Asia), namely Hong Kong (HK) and Taiwan (TW).



HK and TW have been the first sources of FDI (Foreign Direct Investments) of PRC manufacturing and export-related activities. Entrepreneurs from these two sources not only brought in direct FDI in the form of capital setting up manufacturing bases but also their expertise in terms of know-how. These valuable components, plus an established clientele of overseas buyers, shaped the global supply chain ecology in various industries. To name a few, shoemaking, apparel, toys, jewelry, sundries, electrical appliances, electronic consumable, etc. These fields were amongst many that helped establish the early formation of modern days manufacturing hub of world-class factories we know today.

In December 2021, a report stated that for the first time in decades<sup>1</sup>, at least since PRC opened her arms to welcome FDI since 1978, that dwarfed investments from Taiwanese entrepreneurs to ASEAN countries. From January to October 2021, Taiwanese businesses have invested USD 3.5 billion to ASEAN member nations, and this amount accounted for close to 40% of its total (38.7%). It is not difficult to comprehend the logic behind Taiwanese businesses investing in PRC due to their sharing of the same linguistics and proximity. For starters, the PRC's gigantic domestic market, billions in a number of cost-efficient labor supply were vital drivers. Hence, PRC being the first destination of TW funds investing abroad was no rocket science but pure common sense from an economic angle. All components in the above formula play their part. Compared to thirty years ago, wages alone are beyond comparable due to the rapid rising in living standards and composition in the labor force. This particular advantage many ASEAN nations have been proactively playing their catching-ups, and reportedly India, Thailand, and Vietnam were named

# INFLUENCE

the top three countries receiving the utmost attention. We shall revisit this topic with more data and statistics in the future, but for now, you can enjoy some stats and numbers [here](#)<sup>2</sup> and [here](#)<sup>3</sup>.

Business Standard<sup>4</sup> reported (quoting McKinsey Global Payments Report 2020) in an article that our world total Supply Chain Finance amounted to a potentially jaw-dropping USD 17 Trillion. In 2020, the global factoring volume was 2.7 trillion Euros. European nations like France clocked at 18.3%, the UK at 17.3%, where these are considered developed markets with a long history in adapting international and domestic factoring. BRICS like PRC at 3.2% and Brazil at 4.1% respectively are considered emerging markets where there is still plenty of room to grow. These percentages are factoring volume (amount) expressed with reference to their national GDP figures presented in a parliamentary report. Guess what kind of percentage we see and the reaction of the Indian government? The answer is 0.2% of GDP. This figure compared to PRC and Brazil, India's BRICS counterparts are no doubt multiple folds behind (full of potential), and the Indian government has decided to tackle this innovatively and digitally. In short, RBI (Reserve Bank of India) has licensed a limited number of FIs to provide an array of financial services on TReDS (Indian-licensed trade-financing platforms trade and receivables discounting system), this platform (system) facilitates servicing trade receivables, including factoring, financing, discounting, etc. The story does not stop there, though. A special economic zone type of setup adapting the sandbox approach shall allow foreign FIs to participate in the abovementioned activities out of GIFT CITY. IFSCA, the sole regulator of the Gift City-based International Financial Service Centre (The International Financial Services Centres Authority), shall oversee and regulate. As this is a relatively new setup and FCI is engaged in discussions with these FIs mentioned above, stay tuned till we provide further updates.

MANY  
ASEAN  
NATIONS  
HAVE BEEN  
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CATCHING-  
UPS

RBI  
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LIMITED NUMBER  
OF FIS TO PROVIDE AN  
ARRAY OF FINANCIAL  
SERVICES ON TReDS  
FACILITATING  
SERVICING TRADE  
RECEIVABLES

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# CONNECT

## RESHAPING WORKING CAPITAL LENDING: THE NEW MISSION OF TRADE FINANCE



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In recent years, prominent Chinese banks have proposed to develop trade finance, especially to innovate domestic trade finance and transform traditional working capital loans. The original intention is to return to the essence of working capital loans. That is, to meet the needs of borrowers through short-term transaction-based trade finance, which not only finds a new blue ocean of sustainable growth for corporate banking but also controls the risks caused by information asymmetry between banks and enterprises.

The information asymmetry in working capital lending is so prominent that it has been jokingly referred to as “one basket that can hold everything.” Logically, *trade finance is the transaction-based debt financing that penetrates and controls the entire transaction and financing process*. It can solve the problem of information asymmetry between banks and enterprises through the aggregation of information flow, commercial flow, and capital flow. This is the primary motivation for the banks to transform traditional working capital loans with domestic trade finance.

The working capital loan favors corporate financing because of its straightforward procedure levels and less operational components. However, in terms of risk management, the working capital loan has its inherent shortcomings, mainly in funds usage control which refers to post-facto information asymmetry. The borrower may be induced to invest in high-risk projects for profit after obtaining the loan but cover up its real intention from the bank. Once the risk is in place, the bank as the creditor will suffer; if the investment or speculation prevails, the borrower captures the excess return, and the bank only receives agreed interest income, which is not commensurate with the actual risks.

Although there are provisions for the use of working capital loans between bank and borrower in their loan contract, it still lacks effective means to manage them in actual implementation. Facing the asymmetry on risk-taking, it is difficult to monitor the real use of working capital loans due to the lack of practical inter-bank cooperation mechanism, even though all banks are now actively exploring the application of various new technical means to increase the monitoring and tracking of the use of loan funds.



Under such circumstances, banks are more geared to evaluate the risk of loans based on the borrower's credibility and are more inclined to grant loans to high-quality enterprises. Thus, even if the post-lending management is not timely, it does not likely constitute more risks for the banks. To some extent, it is a helpless choice. In addition, *collateral is given more weight to mitigating risk*. If something goes wrong with the borrower, it could be prevented

from loss by disposing of the collateral by the bank as long as it's valid as a secondary source of repayment, such as a full amount of real estate collateral. In this way, the actual mechanics of the working capital loan is a “black box” to the banks. It is hard for the banks to explore the specific internal transaction details and other operational information.



# CONNECT

Due to the competition among banks for high-quality enterprises, many high-quality enterprises have sufficient credit lines. As a result, excessive credits to these enterprises are generated, i.e., the severe excess supply of funds far exceeds the actual capital needs of enterprises, increasing the risk of business speculation.

As the banks compete intensively for high-quality corporate customers, many of these firms have acquired abundant credit lines. As excessive credit to these firms is generated, a serious oversupply of funds far exceeds the actual liquidity demand of these firms, which increases the risk of corporate speculation.

*The advantage of domestic trade finance is that once a commercial transaction is financed by one bank, other banks have access to information on this debt financing through the relevant public registry system.* This avoids the problem of double financing. Suppose all short-term financing can be designed in accordance with the debt financing method. In that case, it can effectively meet the liquidity demands of a company and, at the same time, avoid the risk of over-financing. This has been well-practiced in international trade finance. Through the penetration of corporate transactions, *trade finance provides a solution to the problem of information asymmetry in the regular working capital loan.*

*Trade finance is precisely about tailoring the product to the specific transaction structure of the company. Financing and risk control are arranged for different transactions depending on the point in time when the transaction is settled.* It runs through the specific operational and management procedures of the enterprise. It accesses the specific production and operation processes through trade finance products. Before admission, the business operations, management, and financial position need to be clearly understood. These trade finance practices are far more effective than simply requiring account managers to conduct post-loan examinations. Of course, this also puts forward higher requirements on banks, which must have the necessary professional teams and expertise.

TRADE  
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PROVIDES A  
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FINANCE IS  
ABOUT TAILORING  
THE PRODUCT  
TO THE SPECIFIC  
TRANSACTION  
STRUCTURE OF THE  
COMPANY.



# INFLUENCE

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

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

### NOVEMBER 2021

#### 25 November: 7th CEE SME Banking Club Conference

On 25 November, the 7th CEE SME Banking Club Conference took place. Our CEE, SEE, and Middle East Director, Betül Kurtulus, gave a presentation on the region & how to increase SME market share and participated in a panel discussion on how to speed up access to finance for SMEs.

- Watch her presentation recording via <https://lnkd.in/dz469ugu>



### DECEMBER 2021

#### 3 December: UNIDROIT Working Group | Model Law on Factoring

On 3 December, during the fourth meeting of the UNIDROIT Working Group on preparing a Model Law on Factoring, Peter Mulroy, Secretary-General of FCI (formerly known as Factors Chain International), presented two books on factoring to UNIDROIT Secretary-General Professor Ignacio Tirado.



#### 8 December: GTR USA 2021

Our Secretary General, Peter Mulroy, attended the GTR US event on 8 December, hosted in New York. He also chaired the stream focussing on Mitigating supply chain disruption with specialised finance. This stream included discussions such as:

- Optimising working capital throughout the trade lifecycle: The mid-cap perspective
- Trade credit risk: Analysing an uncertain post-Covid outlook
- Inventory management: Freeing trapped cash to meet growing consumer demand



## JANUARY 2022

### 26 January: TFG VIDEO: Factoring strikes back

FCI's Aysen Çetintas on expanding trade finance education after COVID-19

Çetintas has been observing the shocks to the factoring industry over the last two years, and has been remodeling the FCI's educational offerings in response

In this video, our editor Deepesh Patel talks to Çetintas about:

- FCI – what does it do, and how does FCI Academy fit into the wider organisation?
- The FCI Academy offering
- FCI Academy and the impact of the pandemic
- Factoring health in 2021 and beyond
- The future of FCI Academy

Watch the full interview and read our article here: <https://lnkd.in/eAwTM6d6>

## FEBRUARY 2022

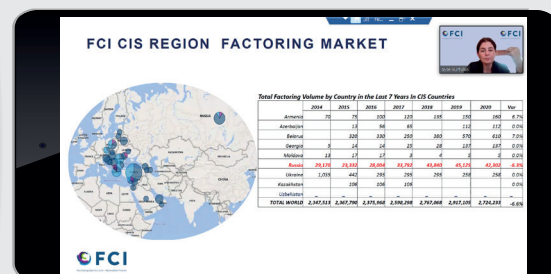
### 15-16 February: GTR MENA 2021

At this year's edition of the GTR MENA conference in Dubai, Betül Kurtulus, FCI's Director for the region, was a part of a panel discussion on 'Conveying a new vision for the global trade ecosystem' which took place on 15 February. Panellists considered the latest trade movements, trends, emerging patterns, and viewpoints. The sector looks to raise awareness and meaningfully address challenges facing companies of all sizes and across all manner of markets in accessing the trade finance needed to support growth aid global economic recovery.



### 17 February: WWE Conferences | Russia: Financing Export & Import 2021

Our CEE, SEE, and Middle East Director, Betül Kurtulus, was featured at the WWE Conference 'Russia: Financing Export & Import' in Moscow on 17 February. She presented statistics of factoring, a global and regional overview of the industry, and an outlook on where the region is heading.







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