FCI

Facilitating Open Account – Receivables Finance

NEWSLETTER / NOVEMBER 2016

CONNECT. EDUCATE. INFLUENCE.

IN-SIGHT

Connecting and Supporting the Open Account Receivables Finance Industry Worldwide

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Welcome from Michel Leblanc

Chairman FCI

MICHEL LEBLANC
Chairman of FCI

Dear Friends,

Cape Town and our Annual Meeting are already behind us! If you have attended, I hope you have enjoyed meetings with members, topics discussed during our sessions, and the excellent location and people of South Africa.

I am pleased about this first Annual Meeting in Africa for several reasons:
a) the number of attendees exceeded our expectations and is one of the highest of the recent past,
b) members who attended were coming from much more different regions as we ever seen,
c) the level of discussions during our different forums was very interesting and diversified,
d) important topics were discussed and voted upon in order to give FCI a better image, clear goals and interesting challenges in the coming years.

All that means we have extremely busy months ahead of us. To this end, a special meeting will take place early January with the heads of our different technical committees in order to revert with ***concrete plans and actions for the coming months and years***. My role with my colleagues from the Executive Committee will be to make sure the initiatives, ideas and vision be accomplished in the best interest of our members.

Although *Education* remains one of our pillars, other important matters must be addressed like the *Supply Chain Financing* project, *Compliance*, our association with the *International Chamber of Commerce* and the *legal environment* around our business and community. Again busy months to come.

In conclusion year 2016 has been an ***extraordinary year full of challenges and changes among the organization***. Such success is due to the excellent work of the entire team of the Secretariat and its people. I want to thank all of them for their performance in order to make FCI a stronger and better organization. Same congratulations go to you people involved in our Technical Committees. The time you give to FCI is priceless.

I hope all of you members of FCI will take some rest and time with your families and friends in the coming few weeks. 2017 will be challenging and certainly interesting.

All the best,

Michel Leblanc

2017 WILL BE CHALLENGING AND CERTAINLY INTERESTING

A word from the Secretary General

PETER MULROY
Secretary General

After the successful completion of the Union between FCI and IFG, we launched an effort to look at whether FCI should rebrand as a result of the Union but also because of some of the directional changes FCI is embarking on as a result of the many changes occurring within our industry. As stated in the MoU, *the Single Association will be the Global Centre for Cross-Border Correspondent Factoring business as well as the Global Centre for Industry Expertise and Advocacy, representing the interests of the Receivables Finance industry, supplying information, statistics, providing education and developing the industry in emerging markets.*

Bloom, our PR agency, after careful analysis and input from many of our members came up with a number of recommendations for a new branding story for FCI. They concluded that FCI had to evolve from our core mantra of "connecting global business" to "*building bridges*" to better align the needs of our industry as expressed by our members but also to take advantage of *global business opportunities, new markets, new partnerships, innovation, and education*. As a result of these recommendations, the Executive Committee approved and submitted a new mission statement to the FCI council in Cape Town in order to better reflect the needs of the industry:

FCI+ Vision Statement

FCI+'s Vision is to be the Global Association for the Open Account Receivables Finance Industry.

FCI+ Mission Statement

Receivables Finance is the core focus of the association and includes Factoring, Invoice Discounting and other Supply Chain Finance solutions. FCI+ has two main activities and value propositions:

1. FCI+ facilitates and promotes International Factoring through a Correspondent Factoring platform.

2. FCI+ is the Global Industry Association for Open Account Receivables Finance

- FCI+ actively supports the growth of the Industry and works jointly with policy makers and stakeholders worldwide
- FCI+ promotes best industry practices through education
- FCI+ publishes Information & Statistics about the Industry
- FCI+ endorses financial stability, the prevention of financial crime and respect for regulatory compliance and conduct

MANY CHANGES IN OUR INDUSTRY

As a result of this important milestone, Bloom was tasked to look at various rebranding scenarios. Based on a competitor & market analysis, Bloom worked on developing a new brand identity, and came up with a number of interesting proposals. However, they recommended to *keep the FCI image but to drop the full name*, Factors Chain International, in order *to capitalize on a strong and globally recognized identity in FCI but also not to lose on the trust and confidence that has been built up over the many decades*. After some interesting debate, the council approved the new brand image:

Facilitating Open Account – Receivables Finance

The decision builds on our core mandate, to develop and grow receivables finance around the world, but do so by acting as a facilitator, a hub for the global factoring industry, and creating and linking to regional development banks and/or national factoring associations as the spokes in a global effort to together develop a healthy and sustainable industry. The design of the logo appears like a globe, but one could also view the various five waves as the five continents. We also keep the strong genes brought over to FCI through the Union with IFG, by adapting the bright colour scheme which together depicts a more modern logo reflecting *the global association and "one voice"* we are today.

KANAYO AWANI
African Chapter Chairman

An Overview of Factoring Activities in Africa

In the current year, we noted important strides and a strong momentum in the development and promotion of factoring in Africa that saw not only the *increase in factoring activities but also the emergence of factoring companies* as well as heightened interest from regulators and law makers. We also saw a shift in the focus of international factoring organisations from the more established factoring jurisdictions to Africa. The African Export Import Bank (Afreximbank or the Bank) remained a major champion and facilitator of a number of initiatives in this direction placing strong focus on making factoring a strategic priority, building on its activities in the past years and backing it as an alternative instrument to traditional commercial loans in the support and financing of small and medium-sized enterprises (SMEs). The Bank has anchored its support on an approach that exposes African factors to the international factoring market and that *influences the creation of a favourable environment for factoring in Africa* and in the current year, it is worthy to mention that it made significant strides in this regard through a recently launched Factoring Model Law (see page 29) which African countries can directly implement as local law or draw guidance in implementing theirs. The Bank had identified one of the impediments to the roll-out of factoring in Africa as the absence of facilitative legal and regulatory environments.

Current State of Factoring in Africa

Although Africa remains on the peripheries of global factoring currently accounting for an inconsequential 1% of the global factoring volumes, it is worth highlighting that in terms of actual numbers, the industry in Africa *has grown from less than US$8 billion in 2004 to over US$30 billion in 2015*. Of the 54 African countries, factoring was significant only in 5, namely Egypt, Mauritius, Morocco, South Africa and Tunisia but positively, a number of small sized factoring companies are emerging across the continent, particularly in Cameroon, Ghana, Kenya, Mauritania, Nigeria, Senegal and Zimbabwe and we expect a doubling of Africa's factoring volume over the next decade, with factoring business crossing US$50 billion by 2025.

Africa's factoring business has largely been driven by domestic factoring but for the future, we project strong growth in international factoring that supports intra-African trade given the growing intra-African trade and the required financing instruments for support of Small and Medium Sized Enterprises (SMEs) in the supply chains. Specifically the sectors that will drive projected growth are:

- *Light manufactures and semi-manufactures* in addition to commodities processing in support of growing intra-African trade earlier mentioned.
- *Telecommunication Services* as a result of a rapid growth of this sector and the tendency of telecom companies to outsource key services, e.g. cell sites, etc.
- *Travels, Tourism and Retail sectors* drawing from the rapid growth of the middle class in the continent.
- *Increase in non-traditional export sector* to be driven by larger share of Southern Africa's trade
- *Agribusiness* due to Africa's rise as a major centre for contract farming and as most African countries look to fostering exports diversification.

Opportunities for Factoring

Opportunities for factoring in Africa are well documented but it is important to highlight the following key one emerging under the current economic circumstances as well as the Bank's strategic initiatives in promoting intra-African trade:

- The *growth of intra-African Trade and the growing need for Factors to handle cross border trade*. For instance, Egypt's factoring business grew by over 20% in 2015 from about $400 million in 2014. Trade between Egypt and the rest of Africa has also been growing rapidly from deliberate government strategies and some of the requests we have experienced are on the need for import factors to support the trade and provide collection services. By the Bank working with Partners, the goal is to expand intra-African trade by a minimum of 50% from its current level of about US$170 billion and by so doing ensure that intra-African trade share of Africa's total trade reaches 22% from the current 15% by 2021.
- The *current economic difficulties and foreign currency challenges* in most African countries and the need to *diversify exports and sources of foreign currency revenues* including various industrialization programmes undergoing implementation not only provide opportunities for supply chain financing and factorable transactions but also requires encouraging Open Accounts trade terms which are more relaxed than Letters of Credit especially in the context of limited correspondent banking lines available for Africa.

The Role of Afreximbank

The Bank remains influential and has continued, among others to:

- Pursue its educational activities and factoring promotion campaigns.

It co-organized a workshop in Dar es Salaam, Tanzania in February 2016. The workshop, which brought together more than 70 participants from Africa featured presentations by experts on the benefits and risks, mechanics and legal aspects of factoring and included a session on the second day dedicated to case studies.

EXPANDING AWARENESS AND STRENGTHENING FACTORING CAPABILITIES

The theme of the workshop was "*Introduction for getting started in factoring*" and was aimed at expanding awareness and strengthening factoring capabilities while offering participants the opportunity to discuss the current state of the industry as well as network with members of the global factoring bodies. In addition, the workshop was an example of Afreximbank's continuing emphasis on the promotion of factoring to enable it deepen roots in Africa.

It also supported the *Second Symposium of the Egyptian Factoring Association* (EFA) which was a Symposium held in May 2016 in Cairo, Egypt. The Symposium was a follow-up to the successful EFA 2015 Conference. The two-day conference included a series of presentations and panel discussions and was attended by about 50 participants. Participants were professionals from factoring companies, banks, financial institutions, regulators and other parties from Egypt interested in learning about Factoring.

- Progress work on creating enabling environments through the development of a model law on factoring and organisation of sensitization seminars on the law.

Afreximbank is leading, albeit coordinating with other stakeholders, including central banks, the Association of African Central Banks (AACB), and the OHADA Secretariat, the drafting of a model factoring law for Africa. Squire Patton Boggs law firm, based in London, and Epstein Becker Green, another law firm based in Washington D.C., were contracted to draft the model law. The model law has been prepared and has been be officially launched in Cape Town in October during the Annual Africa Chapter Meeting, which will take place on the side lines of the FCI+ Annual Meeting.

The Bank is, in parallel, also organizing sensitisation seminars on the law that are being held in certain intra-African trade hubs in Africa. The first was held in Abuja, Nigeria in July 2016 and it brought together law makers and regulators to educate and encourage interest in the model law in order to help create enabling legal and regulatory environments for factoring to thrive. Others will hold in Cote D'Ivoire and Kenya shortly.

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 addition of a few Members; let's discover who they are.

Chongqing Rewin Commercial Factoring Co., Ltd (Rewin) is approved by Chongqing Foreign Trade & Economic Relation Commission, registered in Chongqing inland bonded area. As the one of national central cities, Chongqing abounds in policy support and market potentials. With a 10.6% GDP growth rate during the second quarter of 2016, Chongqing achieved 10 consecutive quarter of leading GDP growth rate in China. In this year, Chongqing Free Trade Area was also approved by the State Council, which would significantly facilitate the global trade of Chongqing. Rewin is located in the center of this area, and will take advantage of regional superiority to contribute to the entity enterprises' transformation and upgrading through international factoring.

Since Rewin's establishment, they drew up the blueprint of involving cross-border business and participating in global market. Three entities shareholders (Rato, Gree and Mexin) all have the background of global business trade and established exchanges and cooperation with a plenty of multinational companies. Their extensive international trade experience and understanding of the international market has laid a solid foundation for Rewin to develop international factoring business. In the meantime, Rewin actively established cooperation relationship with foreign banks and financial institutions, sought various support for overseas operation. Now Rewin is committed to integrate domestic and overseas resources, industry and finance, focusing on strengthening international cooperation. They aim at developing international factoring business with the deep and thorough realization of the international market and consolidate resources reserves.

Bank of China (New Zealand was established in Nov. 2014 at Auckland. It employs 35 staff and has total assets of $421.03 million (as at the end of September), representing a growth rate of more than 550% since registration. From 2014 to 2016, loans and deposits increased by $271.16 million and $221.57 million respectively.

Milestones achieved since inauguration day include:

- Extensive cross-border matchmaking to improve bilateral trade and investment, which has seen two-way trade nearly triple to $23 billion by the June 2016 financial year, from $8.2 billion in year ending 2007;
- Active promotion of the renminbi business in New Zealand, including working with Fonterra to establish a RMB 1.5 billion multi-currency bank facility;
- Development and implementation of family wealth management specialty services, including:
    - Two investment funds, worth $150 million and $100 million each;
    - Partnership agreement with Immigration New Zealand to simplify visa application processes for Bank of China's high net worth customers wishing to study, visit or invest in New Zealand;
- Multi-dimensional payment and settlement system, including seven cross-border currencies payment channels, including official inclusion in the NZ dollar clearing market;
- Trade financial services and international settlement for more than 50 local New Zealand businesses;
- Organising the 2015 Cross-Border e-Commerce Seminar and 2016 China-New Zealand Agribusiness Trade and Investment Conference, both attended by 200-plus business dignitaries, government and media representatives from China and NZ;

UnifiedPost is a leading provider of solutions for document communication processes. Founded in 2000, they started as a platform for document management and over the years acquired several companies towards the group of companies they are today. UnifiedPost is headquartered in La Hulpe (Belgium) and has offices in the Netherlands, Luxembourg and Romania. They have 200 people working across Europe on a BPaaS platform based upon the basic components Document, Payment, Identity and APP's.

The UnifiedPost solutions are distributed internationally through an extensive partner network. Customers from industries as varied as leasing, media, insurance, telecom, utilities, energy, human resources, recruitment, the travel sector and the manufacturing industry use their platform on a daily basis.

The mission of UnifiedPost is to create value for their customers and partners by giving them access to innovative and mature solutions, allowing them to optimize their administrative flows whilst ensuring the highest level of integrity.

As an independent company UnifiedPost's ambition is to be a market leader by working closely with strategic partners and permanently focusing on operational excellence.

We wish them lots of success!

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

You wish to place an advertising in the next publication? Please contact Gwendoline de Viron, Head of Marketing and Communication, deviron@fci.nl to get the conditions.

IFS Capital (Thailand) Public Company Limited

25 years and Growing Strong

LEY YEN TAN
CEO, IFS Capital (Thailand) PCL

IFS Capital (Thailand) Public Company Limited (IFST) has been established for 25 years since May 1991. It is a member of the IFS Group, an established and well diversified financial services group based in Singapore, and with operations in Thailand, Malaysia, Indonesia and Singapore. IFST first joined as a member of IFG in 1994 and has grown over the years to become a leader in the factoring business in Thailand. A major milestone was achieved when IFST was successfully listed on The Stock Exchange of Thailand in August 2010 under the symbol "IFS".

However, it was not all smooth sailing as IFST experienced 2 debilitating financial crises in the form of 1) the Asian Financial Crisis of 1997/8 when Thailand had to devalue its currency and needed the help of IMF to bail the country out of bankruptcy, and 2) the Lehman or Sub-prime Crisis of 2008/09 which many countries all over the world are still recovering from as of today. In addition, there was the Great Floods of 2011 and the military coups and political unrests during its 25 years history. Despite these crises, IFST managed to survive and has grown from strength to strength ever since.

Factoring Market in Thailand

The factoring market in Thailand is dominated by *5 major players* who account for more than 60% of the market share. The *total market size* is estimated to be around *Euro 5 billion* but with potential for further growth as GDP penetration rate of 1.43% is considered low. With its market share of 15%, IFST is the no. 2 in the market. Domestic Factoring in Thailand is almost wholly on a recourse and notified basis. However, IFST is the only factoring house in Thailand with the capability to offer full - fledged factoring services including International Factoring (both Import and Export) and Recourse / Non - Recourse Factoring. Focus of IFST is on the SMEs both local and foreign, and the major industries are Automobile Parts, Electrical Appliances, Chemicals, Manpower Supply, Foods and Beverages and Paper and Packaging. IFST has a team of experienced management and operations staff. It believes in fast response and flexibility in tailoring its services to the specific needs of each client. Clients are well supported by a web-based e-factoring platform that allows access to real time information at all time.

Besides Factoring, which accounts for 90% of its portfolio, IFST also provides Equipment Financing under Leasing and Hire Purchase, Contracts Financing and Stocks Financing in collaboration with warehouse operators.

International Trade of Thailand

Top 10 Thailand Exports to the World

	Goods / Industries	Value (US$ billion)	% of Total Exports
1.	Machineries	$37.1	17.6%
2.	Electronics Equipment	$29.3	13.9%
3.	Vehicles	$26.6	12.6%
4.	Rubber	$12.3	5.8%
5.	Plastics	$11.7	5.6%
6.	Gems, Precious Metals	$10.8	5.1%
7.	Oil	$8.3	3.9%
8.	Meat, Prepared Seafood	$5.9	2.8%
9.	Medical, Technical Equipment	$5.2	2.5%
10.	Cereals	$4.6	2.2%

Note : Thailand shipped for US$210.9 billion worth of goods around the world in 2015.

Top 10 Thai Exports Partners (by Countries)

	Countries	Value (US$ billion)	% of Total Exports
1.	USA	$23.7	11.3%
2.	China	$23.3	11.1%
3.	Japan	$19.8	9.4%
4.	Hong Kong	$11.6	5.5%
5.	Malaysia	$10.0	4.8%
6.	Australia	$9.6	4.6%
7.	Vietnam	$8.8	4.2%
8.	Singapore	$8.6	4.1%
9.	Indonesia	$7.7	3.7%
10.	Philippines	$5.9	2.8%

Top 10 Thailand Imports from the World

	Goods / Industries	Value (US$ billion)	% of Total Imports
1.	Electronics Equipment	$37.7	18.7%
2.	Oil	$30.2	14.9%
3.	Machineries	$27.3	13.5%
4.	Gems, Precious Metals	$9.9	4.9%
5.	Iron and Steel	$9.6	4.7%
6.	Vehicles	$8.0	4.0%
7.	Plastics	$7.9	3.9%
8.	Iron or Steel Products	$7.0	3.5%
9.	Medical, Technical Equipment	$5.4	2.7%
10.	Organic Chemicals	$4.1	2.0%

Note : Thailand bought US$202 billion worth of import products in 2015.

Top 10 Thai Imports Partners (by Countries)

	Countries	Value (US$ billion)	% of Total Imports
1.	China	$40.9	20.3%
2.	Japan	$31.1	15.4%
3.	USA	$13.9	6.9%
4.	Malaysia	$11.9	5.9%
5.	UAE	$8.1	4.0%
6.	Taiwan	$7.5	3.7%
7.	Singapore	$7.2	3.6%
8.	South Korea	$7.0	3.5%
9.	Indonesia	$6.5	3.2%
10.	Germany	$5.5	2.7%

IFST is interested in developing the Two-Factor Import and Export Factoring business and we look forward to working closely with all FCI members in the near future. Please see our Factor Information Sheet for more details.

FCI 48th Annual Meeting

Cape Town

JOHN BREHCIST
Advocacy Director

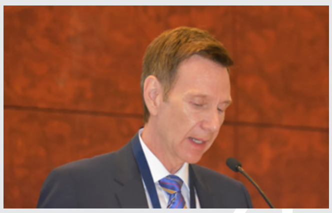
FCI has just held its Annual Meeting in Cape Town, South Africa; this 48th meeting had particular significance as it was the first joint meeting since the Union between FCI and IFG. Accordingly, it was a great occasion for members from both the antecedent organisations, many for the first time, to get together and meet new colleagues and friends, to build new networks and make important business contacts.

South Africa has had a history of considerable change and challenge, particularly over the last twenty-five years which saw the end of apartheid and the emergence of a new order. A factual presentation on the economy by NED Bank Economist Nicky Weimar gave the hard reality: underperforming key economic sectors, unsustainable overspending, low levels of business and consumer confidence, political intrigue and uncertainty. All of this has led to a 0.3% GDP growth in the year to first half of 2016. The outlook however is more confident, based on structural reforms and activity which the government has pledged. Expectations have increased to 1.5% growth by 2018. Let us hope that this is achieved.

Attendees were also enthralled by a dream history of Africa recounted by actress, poet and performer Lebo Mashile, who illustrated the emotional journey of the country and continent. Starting with an imagined emancipated future, she tracked back through events to the dawn of time.

A masterclass in change management was given by ex-President FW de Klerk, who used his experience in working with Nelson Mandela to change fundamentally the country to illustrate the key elements of managing change in any environment. He identified the need for vision, leadership, (real two-way) communication, appropriate timing and calculated risk taking. He warned against the issues of resistance to change, the desire to preserve status quo and the pretence of change, how real change can be scary…and never ending.

All in all, superb guidance not only for the leadership of the Union of FCI and IFG but for all of us.



Michel Leblanc welcomed everyone to the Conference and highlighted the ground-breaking nature of the gathering as the first combined annual meeting, one which built on important history to bring us to where we are now, facing an exciting future.

The Annual Meeting very much warmed to this theme of change. Following extensive analytical discussions and from in-depth consultation meetings with Members, the Council has adopted new Vision and Mission statements.

The new Vision and mission were explained at the begining of this publication in Peter Mulroy's article.

The redefined mission reflects the wider vision of the organisation; as Peter Mulroy put it "*The voice of the invoice*"!

In keeping with this refreshed approach, the Council also adopted a new logo to communicate the global nature of FCI's open account receivables finance activities.

FCI

Facilitating Open Account – Receivables Finance

The globe and colours reflect both the IFG heritage and the universal reach, the lettering the acronym of the new organisation which is now known simply as FCI.

During the Conference, as well as during strategic discussions, there was a focus on what the Organisation is achieving now and needs to consider internally. Discussion groups were arranged on topics ranging from the vision, mission & rebranding of FCI mentioned above, to the in-development Supply Chain Finance initiative and its potential for creating a new solution for members, and the growing importance of Compliance and the increasing demands of regulation.

We also were updated with presentations from all the global regional chapters.

Lee Kheng Leong talked us through the Asia chapter and its work, explaining how there is a mixture of developed, emerging and as yet unexploited markets with very different needs and expectations. Since last year, the number of countries with members has risen to 23; there has been an active programme of visits and development activity. Immediate priority countries for further work are India, Japan and Korea.

Alberto Wyderka travelled with us around Latin America and the Chapter's work there; similarly busy with 30 country visits, 48 member and 100 prospect visits. Strengths noted included the prospects for economic growth apparent in the region and opportunities include the huge scope for expansion of factoring.

Erik Timmermans explained how greater Europe represents around two thirds of the global volume of our business, with the EU28 close to €1.5Trillion. In the EU, the major challenge is the increasing role of centralised law making and regulation; the role and importance of the FCI's EUF in lobbying the relevant bodies was made clear. Whilst the market is well developed in Western Europe, Erik explained the important role of the CEE sub chapter in supporting development of the Industry in these emerging markets.

Kanayo Awani continued the global chapter reviews by looking at the African scene. A key achievement has been the finalisation of the model law on Factoring which was launched at the Conference location. A programme of seminars and workshops to develop factoring awareness and understanding is underway, together with activities with key stakeholder partners like EBRD and the African Development Bank.

Peter Mulroy wrapped up the chapter reviews by looking at North America. With 20 members, this is an important region for FCI; although we lost an important player last year, there is strong interest in membership, with a range of significant prospects in discussions.

Following these geographic chapter reviews, Jan van Moer and team gave an update on the activities of the Legal Committee. The team have been very busy looking at changes to the FCI constitution and to GRIF, the ICC URIF, UNCITRAL & UNIDROIT updates, as well as dealing with enquiries, Q&As, arbitration and legal seminars…

Daniella Bonzanini and team gave a presentation on the work of the Education Committee. This highlighted the core message and the role of Education as a key element of FCI strategy, central to delivering the goals of the Organisation to become the global standard for receivables finance education. Whilst outlining the plans for the coming year, the team wore very fetching T-shirts which spelled out the name EDUCOM! Recognising the role of education in developing the Industry, HPD Software made a kind donation which will enable fifteen students from emerging markets to complete FCI's online Foundation Course in factoring and international factoring.

Sevil Dinçer then outlined the work and achievements of the Business & IT Solutions Committee, otherwise known as the ComCom! Topics included the edifactoring VB6 conversion, migration of old IFG members to edifactoring and enhancing IT security. With more than a million log ins, this is a much used system!

Bringing the Committee presentations to a close, Çagatay Baydar was joined by colleagues to speak about the work of the Marketing and Communication Committee. They explained the role of the team and of the ambassadors in spreading the message of FCI. The importance of promotion conferences, the website, Annual Review, newsletters and brochure was highlighted. There was of course a particular focus on the branding and logo and how the design incorporates the heritage of both members of the union.

In a panel session moderated by Peter Mulroy, Dr Marc Auboin spoke of the importance of FCI data in the collation of the global trade statistics and of his study which uses regression analysis to show a clear link between access to factoring and real trade flows for SMEs. John Brehcist spoke of the work he had done for the EUF which gives concrete evidence for the first time that factoring is a low loss given default solution compared with traditional SME lending. Olivier Buyoya of IFC talked about the practical issues of bringing finance to users on the ground in Southern Africa.

Earlier, Peter Mulroy had given a state of the nation overview of the Industry – a picture of mixed growth, opportunity and challenge - and of the development of the Union and the creation of a new structure to support the combined organisation. This comprehensive analysis set the scene for the detailed discussions held over the following days and which led to the debate at the Members Forum and decisions of the Council Meeting.

The Annual Meeting is the forum where excellence in FCI business is recognised. Michel Leblanc, was delighted to announce and present the awards on behalf of the ExCom and Members.

The awards were:

- Export and Import Factor of the Year: Mizuho Factors Ltd, Japan
- Import Factor of the Year: Deutsche Factoring Bank, Germany
- Export Factor of the Year: Garanti Faktoring, Turkey
- Consistency in overall performance as Import and Export Factor in the last five years: Mizuho Factors Ltd, Japan
- Service quality improvement as Export Factor in previous year: Banco Santander Totta, Portugal
- Service quality improvement as Import Factor in previous year: MFaktoring, Poland

The standards were very high; as Peter Mulroy, Secretary General, said: "*On behalf of the ExCom and all the members of FCI, warmest congratulations to all the winners – and commiserations to all those other excellent candidates who were so very close to winning*!"

We found South Africa is a country with enormous charm and friendliness, superb sights and scenery; in downtime from the Conference, everyone had some opportunity to soak up some of the atmosphere and character. At the same time, it is clear it also has some profound social challenges which remain to be faced and overcome. The Conference therefore aptly fitted the bill of a celebration of what has been achieved, but also a recognition of the responsibility we have as an Industry to facilitating economies, creating wealth and building employment.

Thank you, South Africa! Next year Lima, Peru; a central point in the rapidly developing Latin American factoring market.

SUPERVIELLE AND FCI SPECIALISED DAY ON INTERNATIONAL FINANCE FACTORING

On Thursday 3rd November, The International Business Management of Supervielle together with FCI held a specialised day on International Finance Factoring in the Bank's corporate building.

The conference was hosted by Peter Mulroy (Secretary General of FCI, Netherlands), Julio Nielsen (FCI Executive Committee Member, Chile), Alberto Wyderka (FCI Director LATAM), Nerio Peitiado (General Manager of Banco Supervielle), Milton Migotti (Manager of International Business) and Marina Azzara (International Factoring Leader).

During that day, the characteristics and benefits of using the International Factoring were discussed in depth, both for Importers and Exporters.

FCI is the only International Factoring Association in the world with more than 400 members and presence in more than 90 countries. Supervielle is the only financial institution in Argentina associated with FCI (since 2007) that has this tool that provides solutions to the international business in current account and term."

COMING EVENTS

EU Factoring & Commercial Finance Summit, 25-26 January 2017, Madrid, Spain

For the Third consecutive year, EUF and FCI join their force to organise the EU Factoring & Commercial Finance Summit. The Summit is the only European Conference organized **by** the Factoring Industry **for** the Factoring Industry.

FCI and EUF represent over **98% of all European market players**. This third Summit is a unique opportunity for Industry Leaders to network and address topics that really matter for the Factoring Industry.

The programme will address the latest updates, promoting and celebrating the impact of the Factoring and Commercial Finance Industry in supporting the real economy and employment in Europe.

Why should you attend the conference?

- Get an update on the most recent evolutions in the European Factoring scene, both in terms of figures as in terms of products offered.
- Thinking about Reverse Factoring and Supply Chain Finance? Learn how it works in the real world and discover a new FCI initiative in this space.
- What is going on in Europe after Brexit? How will this influence the environment for Factoring?
- Get updated on Regulations influencing the Factoring Industry in Europe and discuss with your peers how to address these.
- Fintech, Blockchain, … take a look behind the buzz and get informed about initiatives that can really influence your industry.

Who should attend?

Anyone who needs to be up to speed with the latest trends and developments in the European Factoring and Commercial Finance Industry, including:

- Senior Managers of FCI members
- CEOs of Industry players who are members of National Associations represented by the EUF
- CEOs of Industry players from other European and interested countries
- Academics, Researchers and Professionals with an interest in the finance of business in Europe

More information and registration: www.fci.nl/en/events

PLEASE REGISTER BEFORE 24 DECEMBER

Export Factoring Promotion Conference Bangkok, Thailand, 6 February 2017

“Export competitively through export factoring” organized jointly by FCI and FCI Members from Thailand.

More and more Thai SMEs are now exporting overseas. They are now competing with exporters in the ASEAN. The implementation of the ASEAN Economic Community as well as the One Belt One Road China will bring in opportunities and challenges for the Thai SME exporters. Export factoring is a very powerful tool which will help the Thai SME exporters to compete not only with the regional exporters but also with exporters worldwide.

The conference will introduce factoring and international factoring to delegates.
More information coming soon on our website www.fci.nl/en/events

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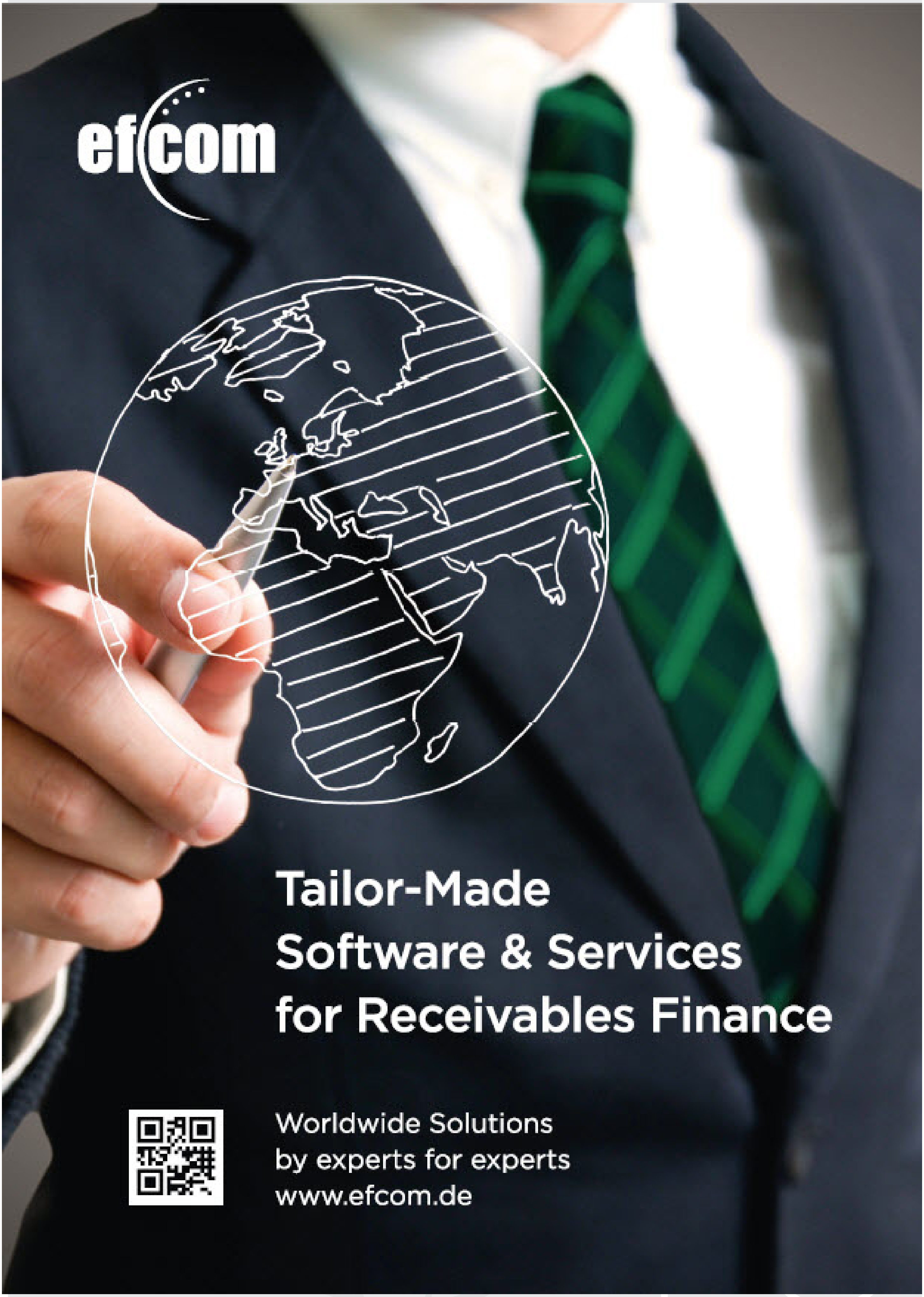
Promotion Conference on Factoring, Phnom Penh, Cambodia, 10 February 2017

In cooperation with IFC, FCI is organising a promotion conference on Factoring in Cambodia. The conference target a wide audience including senior manager, government official and all employees from the factoring industry.

After the successfull conference in May 2016 in Vietnam, FCI and IFC decided to repeat the collaboration in Cambodia by organising a conference on International Factoring. The conference will cover subjects such as the role of FCI in International Factoring, mechanics of International Factoring, example of success stories, case study and panel discussion on Factoring in the region.

More information coming soon on our website www.fci.nl/en/events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EDUCATE

AYSEN CETINTAS
Education Director

WHAT IS GOING ON IN THE EDUCATION FIELD?

Risk Management Seminar - Spitzingsee, Germany

After very successful seminars on Risk Management in International Factoring in three different continents in recent years (Shenzhen, Taipei and Mexico in 2015), the next seminar will be held in Spitzingsee, Germany from *5 to 7 February 2017*. It is the *only seminar in the industry which covers different factors of risk in international factoring with practical examples and interactive discussion sessions*.

Place and time previous editions	Attendees
Hong Kong 2013	65
Costa Rica 2013	17
Spitzingsee, Germany 2014	52
Shenzhen, China 2015	73
Taipei, Taiwan 2015	40

Risk management is a constant challenge to all financial institutions. Factoring companies need to consistently develop and improve their operational and technical practices. It is a rapidly developing discipline and there are many and varied views and descriptions of what risk management in international factoring business involves and how it should be conducted. Risk management forms a key part of many business activities, and this seminar will help you successfully manage different risks in your organisation.

This seminar will focus on 5 main themes relating to risks in international factoring:

- Seller Risks
- Buyer Risks
- Operational Risks
- KYC and Compliance Risks
- Third Party Risks

Who should attend?

Anyone who is involved in *managing, controlling and monitoring risk* will benefit from this seminar such as employees from the Risk Department, Audit Department, Compliance Department, Collection and Operation Department, Legal Department etc., of factoring companies and/or bank factoring divisions.

What are the objectives?

The seminar is designed to cover *all risk factors in an international factoring transaction* and to provide delegates with an *understanding of the importance of internal controls and risk management in factoring operations*. The seminar is also intended to give the attendants guidance on assessing the risk management and internal control environment in key functions such as seller selection & control, buyer control, including operations, KYC & compliance and third party risks.

www.fci.nl/en/events

Operational Workshops on International Factoring and edifactoring.com in Asia

The very first Operational Workshop was held in Vienna in May 2016. Now the Education Committee and the Business & IT Solutions Committee are pleased to repeat the same programme in Asia.

Save the dates in your agenda and keep an eye on the FCI website for the official announcement of the workshop (tentative timing: March 2017).

This brand new Training will focus primarily on the *operations of the FCI Two-Factor business and the use of edifactoring.com messages, business rules and their implications for day-to-day business*.

The format for this training will combine *plenum presentations with group discussions and Q&A sessions with practical examples* and many hands-on experiences. Members of the FCI Education Committee and the FCI Business and IT Solutions Committee will act as presenters and instructors in all sessions of the training.

Who should attend?

The Operational Workshop is designed for *staff members operating at junior and/or experienced levels who are involved in the day-to-day operations of the FCI two-factor system*, i.e. employees working in the international department, client management department,collection and operation department, risk monitoring department. For new and/or smaller members of FCI, senior management would also be part of this target group. This workshop is also quite useful to persons involved with the daily use of edifactoring.com.

It introduces participants to the operational and legal environment of the FCI Two-Factor platform.

What are the objectives?

The main objective of this Workshop is to show *how to handle the FCI Two-Factor business both as Export and Import Factor*. The second objective of this Workshop is to show you *how to use edifactoring.com properly and efficiently*, including tips and tricks to simplify your daily work.

Besides, like in all FCI educational events, you will have ample opportunities to meet new colleagues, exchange experiences and discuss bilateral business.

Testomonials:

"FCI seminars are organized on the highest level of professionalism when theory matches the practical part."

"FCI has a great operational set-up and the seminars are doing a great job in distributing knowledge among its members."

"The seminar was very useful for both new members and experienced members."

"It was great working on the case in edifactoring.com and learning all details of the two-factor

EDUCATE

Foundation Course in Spanish

for members and non-member

FIRST FCI COURSES PUBLISHED IN ANOTHER LANGUAGE THAN ENGLISH

FCI Foundation Course on Domestic and International Factoring for non-members and FCI Foundation Course on International Factoring for members are both available in Spanish!

This course offers all new factoring staff a comprehensive online introduction to the Industry. The FCI Foundation Course provides an *overview of factoring* including a brief history of the Industry and information about FCI as well as the different types of factoring, benefits, methods, factoring business process and the mechanism of the two-factor system.

The course comprises of four modules and a glossary.

- Factoring Worldwide and FCI
- An Overview of Factoring
- Selection & Onboarding of the Seller
- Processes & Management of the Seller

This course is suitable for new and recent entrants to the industry and is appropriate for staff employed at all levels within the Industry with less than 12 months factoring experience.

The student takes an on-line exam of 30 multiple choice questions covering the study material to be completed in 120 minutes. The successful student will receive an FCI Bronze Certificate.

Next study term begin on 2 January 2017, registrations are open till **9 December**

The course is offered in **Spanish** or **English**.

More information and registration: www.fci.nl/en/education/index

SET SOLID FOUNDATIONS

LEE KHENG LEONG
Asian Chapter Director

Dialogue with Asia Chapter Director:

Credit Insurance

During my visit to the Asian members, I have noted that many of our experienced members use credit insurance in addition to the two-factor international factoring system for their domestic and export factoring. This has helped our members to increase their factoring volume substantially. However, arising from the recent economoc slowdown, there were higher claims reported. Insurance is a useful tool for our members and if used successfully it will help to increase the volume of both domestic and international factoring. In view of this, I have arranged for an interview with *Mr Samuel Fong, Regional Director of Howden Asia, Financial Risks*. It is hoped that this interview will help our member to use their insurance policy more effectively.

KL: There has been an increased use of credit insurance by factors, including banks and independent factors. What are the reasons for this?

SF: Increasingly banks and independent factors realized that, in order for them to compete successfully, especially for international factoring business where they may not have easy access to financial information on the overseas debtors, trade credit insurance is a competitive tool that they can package in their offering of non-recourse factoring services to clients who other than for funding purposes are also looking at credit protection of their end debtors.

Other reasons include:

- tapping into the global debtors' database information and advance risk alert monitoring and warning services of the global credit insurers so that the banks and factors are alerted on any material adverse or financial deterioration of the debtors in order to minimize losses
- faster turnaround and competitive prices offered by credit insurers as compared to going through the two-factors inter-factor arrangement

KL: Which types of policy can factors take and what are the differences?

- Master policy:

Here the policy is issued directly to the factors as the sole Insured and what is insured are the non-recourse receivables purchased by the factors from their clients who are the suppliers. As such, only those non-recourse receivables that are purchased by the factors are insured and any receivables from the same debtor that remains on the book of the suppliers and are not sold to the factors are not insured. Note however that for collection monitoring purposes control and risk management control, most factors require all invoices from the same debtor to be still transferred to them (as uninsured debts initially if approved limit is inadequate) and not remain on the sale ledger of their clients in order for the factors to be able to monitor holistically any overdue payment.

- Client's held policy:

Here client's held policy are assigned to the factors either by way of:

- loss payee's endorsement/assignment of proceed where the factors are named merely as the loss payee for any claim proceeds to be paid directly to them and they do not inherit or own any right to pursue claim payment directly against the credit insurers nor do they have any other rights under the policy
- banker's endorsement where the factors are endorsed as joint insured under the policy where the factors will be subject to similar joint obligations as the insured (that is, their client, who is the supplier whose receivables the factors have financed) except with respect to management and administration of the policy, the authority can be delegated to the insured to perform but this does not negate the obligation of the factors as joint insured on policy compliance. Although this is called banker's endorsement, it is also applicable to non-bank factors as well.

KL: What should factors look for in master policy?

- Policy Limit of Liability - number of times of premium

Typically, before the recent significant deterioration of the loss ratio of master factoring policies, credit insurers were willing for the Policy Limit to go up to more than 100 times of premium paid but they have now pulled back somewhat and is looking at no more than 100 times of premium to limit their maximum liability under the policy.

- Insolvency vs Protracted Default

Master factoring policies are now invariably structured with protracted default cover unless the debtors' domicile countries involved are located in OECD countries where there are a developed and efficient insolvency proceeding framework.

- Shipment vs Loss Occurring (Due Date) policies

As credit insurers are covering the receivables purchased by the factors and the due date of the receivables purchased can mature after the end of the annual policy period, for a portfolio master factoring policy, the preferred risk attaching basis is to structure on a shipment basis as when the goods are sold or as services are rendered basis.

KL: Whilst a master policy is the preferred arrangement, what would be the preferred arrangement with respect to client's held policy in the event that the factor does not have a master policy:

- **Loss Payee's endorsement/Assignment of proceed or**
- **Banker's endorsement**

In the case of loss payee's endorsement, the insurance company will pay the factor in the event there is a valid claim paid out. However, under the usual loss payee's endorsement, the factor will not be informed should there be issue such as non-payment of premium or a withdrawal or reduction in approved buyer's credit limit. This however can be overcome via the banker's endorsement where the factor is added as the joint insured.

KL: We heard that recently there were many claims; which sector did they come from?

The recent claims that we have seen in Asia are coming mainly from the hard commodities sector, in particular from iron ore and steel commodity trading. These are due to the huge oversupply in this segment and the drastic commodity price downturn arising from the correction in oil prices and lowering of demand for mineral resources due to the shift in China from a manufacturing driven economy to a more consumption and service-driven model.

Further the recent overdue that we have seen in the commodities sector were as a result of the Chinese government imposed directive to restructure the overcapacity steel sector in China as well as the tight credit policies adopted by Reserve Bank of India that has affected the liquidities of major Indian steel mills as well as other Indian based commodities trading group including from soft commodities like cotton and crude palm oil.

The high level of recent losses experienced in Asia is collaborated by the gross claims ratio development as reported in Asia Pacific by two of the global three credit insurers per below table:

Asia Pacific Region Gross Claims Ratio	Euler Hermes	Coface	Atradius
FY 2015	99.6%	100.6%	54%
FY 2014	49.7%	51.4%	157%

The high level of claims pay-out experienced in 2015 demonstrate the relevance of credit insurance in a volatile market and that credit insurance plays a crucial part in providing risk capacity for facilitating international trade.

KL: What is the industry experience in terms of claim payments by the credit insurance company? How can they ensure that their claims will be paid?

- Failure to comply with the policy terms

To ensure compliance with policy terms, the preferred approach will be for the factors to be the sole Insured under a master factoring policy as in this manner the factors are not dependent on the suppliers to meet the operational and administrative reporting requirements of the credit insurers, including on timely sales declaration and overdue/adverse reporting.

- Fraud between client (supplier) and customer (buyer/end debtor)

Unfortunately for receivables discounting facility, fraud between client and customer would not be covered as a valid and legally enforceable debt with underlying delivery of physical goods or services rendered are required before a trade credit receivables insurance policy will respond.

To protect against such fraud with respect to "with recourse" discounting facility as long as the bank does not have such knowledge, such risks can be housed under a trade loan policy to cover against non-repayment of the receivable discounting facility by the client (as it does not distinguish the causes related to the specific nature of the non-repayment) where the factors are insured for various non-payment risks due to non-performance by the client; arising from the inability of the factors to exercise recourse against the client.

- Dispute

As mentioned above, a trade loan policy will be able to protect the factors inability to exercise recourse against the client (supplier) and this can include arising from non-payment of the underlying receivables from the customer (buyer) due of contractual disputes raised by the customer.

With respect to perfecting the cover for "disputes" under a master factoring policy, factors have increasingly required commodities' suppliers to sell on document against acceptance terms where the bills of exchange are accepted by the buyers before the factors will fund the invoices as this represent an undisputed debt in the context of the payment instrument.

However from the credit insurance position, the buyer can still raise a dispute under the underlying sales contract and insurers can refuse to pay a claim until such dispute is resolved through arbitration or until a judgement debt is obtained.

- Exceeding policy maximum limit of liability

The factors should always be mindful of the possible worst case scenarios of several large debtors failing under a master factoring policy as well as political risk involved for buyers domiciled in emerging countries such that it should always give adequate allowance by structuring a policy limit that that can cover at least the aggregate limit of the top few debtors plus the aggregate of all the debtors' limit in high risk emerging countries due to country risks (currency non-transfer and inconvertibility) involved that can impact on the payment abilities of all the buyers located in such domicile.

- Failure to report on overdue notification

The factors under a master policy where they are the sole insured will need to have a good factoring system to track overdue from the due date so that there is no oversight in reporting overdue to the credit insurers which is one of the major reason why claims have been rejected under clients' held policies where the suppliers as the Insureds are not diligent in reporting overdue (and as the factors even though they are the joint Insured are not able to monitor such reporting compliance by their clients, the suppliers).

KL: What is your advice on overdue notification?

Our advice is that factors that hold a master policy should have a built in system generated overdue reporting procedure so that there is no omission or delay in reporting overdues which can result in a claim being compromised. However, to ease policy administration, an overdue reporting threshold should be agreed with the credit insurers so that the focus is on the larger amounts

KL: Using credit insurance helps factor to increase their business, can you advise what are the key aspects of policy compliance that factors should look out for?

A credit insurance policy will only respond provided that there is actual performance of an underlying sales contract and for a master policy, what is insured, are the receivables purchased from the suppliers pursuant to such an underlying sales contract. As such, there is a need for the receivables to be assigned to the factors to be valid and legally enforceable debts (including observance of all applicable laws and regulations) so that after credit insurers have paid out on a claim, they have the legal rights to pursue recoveries against the debtors concerned.

In addition, the factors should ensure through close monitoring of the receivables factored that the debts factored are free of contra arrangements and disputes, which are the other two main areas that the factors should quickly detect as any claim payment will be net of any setoff and disputed debts are also not covered until they are resolved in arbitration or in court.

The other important consideration is to ensure that there is underlying movement of the physical goods insured, in terms of the supplier having good title to the goods and then delivering good title documents to the end buyers or their appointed agents, as in the event of a claim, credit insurers will request for copies of the shipping document to evidence that actual trade took place.

KL: Some insured want to go to the credit insurance company directly. What role does an insurance broker play? How can they be useful to the insured?

An insurance broker plays a multifaceted role including:

- canvassing market risk appetite and comparing insurers' offerings
- risk syndication for large and complex placement with multiple insurers
- advising on the structure, appropriateness of the cover and policy terms
- servicing function with respect to policy administration and claim management

In addition, it is much more efficient and effective for a specialised insurance broker through its global network and relationship to access and negotiate with multiple credit insurers to source and provide the most competitive terms and appropriate coverage, given its specialist knowledge and market expertize on this specialist credit insurance product.

You may wish to note that even though a credit underwriter has good knowledge of the product and how the coverage may or may not respond, this primary role and responsibility as an underwriter is to protect the interests of the insurer as compared to an insurance broker who is the insurance advisor to the factor, protecting the interests of the factor.

Comments by Kheng Leong Lee

FCI two-factor collection service and credit insurance – a powerful combination

Contrary to the normal belief that credit insurance would eat into the factoring market, it in fact helps to increase factoring business. When used in combination with FCI two-factor arrangement, it will help clients to increase sales both domestically and internationally. As highlighted above the problem of non-payment of claims are due to disputes, fraud and non-compliance of overdue notification. These occur in direct factoring, especially to factors who do not have an overseas network for collection. However, FCI members using credit insurance can leverage on the FCI network for collection services. With our network of 400 members over 90 countries, we are able to provide very effective collection service which will overcome fraud, dispute, as well as non-compliance of overdue notification. This unique FCI strength which is often overlooked, provides our members who are offering collection service a risk free income and help our members who are using the credit insurance to reduce their risks of fraud, dispute and compliance of overdue notification.

POWERFUL COMBINATION

INFLUENCE

Will blockchain technology change the way (international) factoring is done?

Opinion paper from Dirk Van Strijthem, CEO, KBC Commercial Finance, Belgium

Are we floating in a blue ocean?

Factoring is not a loan, it is the sale of an asset, the factor buying the right to collect on the invoices bought. As such, the financial status of the client is secondary to its customers' ability to pay. A factoring company manages in essence an operational risk and only to a lesser extent a financial risk. Even the value added services such as insourcing part of the credit management, credit checks, payment matching, etc. serve at managing this operational risk process.

The low average operational risk cost reflects not only an industry in control of this operational risk, it is also clear that this particular expertise cannot simply be copied by other financial services providers. On the other hand, we cannot deny that there are some adverse consequences affecting negatively our image, the price paid for the risk management.

Hence, business as usual?

Nowadays, we see a multitude of fintechs developing tools based on blockchain aiming at reducing the underlying operational risk. Their ultimate goal is simple; they want to submit a receivables portfolio to investors which is fraud proof based on the shared ledgers technology. One could regard them as improved auction platforms. The latter do exist today but only attract particular market segments, but this could evolve for the better.

This may also recall securitisation structures and we all know that there is a substantial execution risk in case of default. Given that the development of blockchain is still in an embryonic phase and that execution in case of default could remain problematic, can we simply disregard these initiatives?

I am afraid that we cannot afford to do this and there is more than one reason to remain alert.

PSD2 is a data and technology-driven European directive which aims to drive increased competition, innovation and transparency across the European payments market, whilst also enhancing the security of internet / mobile payments and account access.

Furthermore, EU countries and the European Commission decided to introduce a European Standard for e-invoicing in response to the many e-invoice formats used across the EU.

Now, start combining the different parts of the jigsaw puzzle, in the very next few years the B-2-B environment will evolve to e-invoices, whereby the (delayed) payment can be guaranteed, taking advantage of the PSD2-initiatives and all this underpinned by shared ledgers reducing substantially the fraud risk.

It is clear that we will see new entrants in such an environment as the operational risk expertise of a well-established factoring company will be replaced by new technology and easier access to data.

I sincerely believe that there is no room for complacency; as an Industry we should start thinking how we can take advantage of these new initiatives as "an Industry" and not on an individual basis. Now is the time to remove all barriers for adoption of a worldwide cooperation between factoring companies in order to address these challenges and to ensure the viability of this Industry in this new era. FCI, as a bridge builder, can surely play a role in facilitating this process. Eventually, this may lead to a revamped Industry image and may boost the client experience.

And yes, once again, there is no excuse, if we want to hand over a sound and viable business to a next generation.

Afreximbank introduces model law to improve legal frameworks for factoring's growth in Africa

Cape Town (South Africa), 24 October 2016: – The African Export-Import Bank (Afreximbank) has introduced a model law on factoring to provide a benchmark for African national legislatures enacting arrangements aimed at fostering the growth of factoring activities across the continent.

The Afreximbank Model Law on Factoring, which was unveiled in Cape Town, South Africa, on Sunday during the seventh Annual Meeting of the Africa Chapter of Factors Chain International (FCI), on the sidelines of FCI's annual meeting, is based on recommendations received from consultative meetings with factors, government and regulatory bodies, enterprises, legal experts and banks across Africa and the world.

Launching the model law, Kanayo Awani, Chairman of the Africa Chapter of FCI and Managing Director of Afreximbank's Intra-African Trade Initiative, predicted that the document would have profound impact on the way small and medium-sized enterprises (SMEs) were financed in Africa.

"*Its development impact will be phenomenal, facilitating access to finance for excluded small and medium-sized business*," said Ms. Awani, who spoke on behalf of the President of Afreximbank, Dr. Benedict Oramah. "*We have placed the promotion of intra-African trade on the front burner of our current strategy and recognize the support which SMEs need as indirect exporters in regional value chains.*"

Members of the Afreximbank Factoring Working Group with the Afreximbank Model Law on Factoring

Calling on regulators and lawmakers to treat the adoption of the model law with urgency, Ms. Awani pointed out that strengthening legislation was critical to easing the way collaterals were created, perfected and enforced as part of the financing provided to enterprises through factoring. Such strengthening, she added, provided credibility and business assurance to investors.

The model law defines and protects the rights of parties to factoring transactions, including those relating to following assignments, nullification of bans on assignment, exclusion of certain receivables, rights between factors and clients, debtor protection, competing rights to receivables and international factoring.

To advance factoring in Africa, Afreximbank has been providing lines of credit to factors, creating awareness and building capacity among key players and assisting in the creation of facilitative infrastructure.

In 2015 Africa accounted for only 0.7 per cent of the €2.373 trillion factoring transactions recorded across the world, with South Africa, Tunisia, Morocco, Egypt and Mauritius accounting for almost all the African transactions.

Participating in the Sunday's launch ceremony were factoring regulators from across Africa, representatives of international law firms, members of the Africa Chapter and high level representatives of FCI. The launch had been preceded by two seminars, organized by Afreximbank in Abuja and Abidjan earlier in the year, which came up with road maps for implementing local legal frameworks inspired by the model law. Another seminar will take place in Nairobi in November.

In factoring, an exporter or supplier sells his accounts receivable or invoices at a discount to a third party, called a factor, in exchange for immediate cash with which to finance continued business.

Freddy Salinger

We inform you with a heavy heart that Mr. Freddy Salinger passed away on the 31 October at his home at the grand old age of 98.

For many of you who never had the opportunity to meet Freddy, he was one of the leading figures that helped FCI to become what it is today. He was the principal contributor who authored the original Code of International Factoring Customs, the precursor to the GRIF. Freddy served on the FCI Legal Committee for nearly 40 years, and was an honorary member of that committee until his death. Freddy started his career as chartered accountant and was active for many years in the credit insurance industry. In the late 1960's, Freddy joined as Director of Shield Factors in London, one of the founding FCI members, later known as Griffin Factors Limited and eventually as HSBC Invoice Finance.

Freddy also authored the book "Factoring-The Law and Practice of Invoice Finance", one of the most authoritative publications on factoring, distributed around the world in three subsequent editions, later succeeded by a co-authored handbook under the significant title of "Salinger on Factoring".

I had the honour of spending a day with Freddy and his lovely wife Ann at their home a few years ago together with Jeroen Kohnstamm. During that day, and with the help of Matthew Irvine from HSBC, we organised an interview with him, which was captured on video.

Freddy leaves behind his wife, Ann along with four daughters and many grandchildren.

Freddy was a great friend to FCI and we will miss him dearly. May he rest in peace.

Peter Mulroy, Secretary General

FCI

Facilitating Open Account – Receivables Finance

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