

For a strong future.

IN-SIGHT

Connecting and Supporting the Commercial Finance Industry Worldwide

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Welcome from Michel Leblanc

Chairman FCI



MICHEL LEBLANC
Chairman of FCI

Dear Friends,

As always, it is a pleasure and an honor for me to communicate with you and to list the accomplishments achieved and the challenging events FCI+ is working on.

Very good news is the fact that FCI+ is involved in *many events related to our Industry*. Either to *promote or educate*, FCI+ is really *the voice of our Industry*. Partnerships have been developed with international organizations in order to make our Industry and business grow.

Just a few examples: in only one month, April last, three events took place in Asia: two legal training seminars - one in Kunming (China) and the other in Singapore - and a Workshop about International Factoring in Mongolia. Last month, in Vienna (Austria) the Operational Workshop on International Factoring and edifactoring.com was very successful. This month (June) a Regional Conference on Factoring will be held in Bucharest and Workshops with ICC and with EBRD are foreseen during next fall.

I haven't even yet mentioned our famous Annual Assembly next October in Cape Town (South Africa).

Our Education programs are well received and perceived by outside people and by our Members. A group of dedicated people is working very hard to make things happen and without them it would not be so excellent. Bravo!

On a more practical side, the harmonization of our two offices (Amsterdam and Brussels) is on the right track. The Executive Committee members are working hard to put in place guidance and rules to make sure our standards are among the best in the world. And many other interesting projects that you will discover in the next pages.

Stay tuned, it is the beginning of a fantastic adventure!

All the best,

Michel Leblanc

**FCI+ IS
INVOLVED IN
MANY EVENTS
RELATED TO OUR
INDUSTRY**

2



PETER MULROY
Secretary General

CONNECT

Some words from our Secretary General

China and Mongolia, two polar opposites in population, trade, and economic activity, yet both sharing a long history

The global factoring statistics were released for the year 2015 and we continue to witness a *slowdown in the growth of factoring around the world*, having increased an anaemic 1.4% last year. Harry Biletta reports on these figures in this edition of In-Sight, however just a few comments. The slowdown is a result in part due to the decline in business in the *Greater China region*. As a result, the FCI executive committee sent a small delegation to China/HK recently to investigate the reasoning for this sudden decline and also to get some reaction to the other projects that FCI launched this past year, including of course the Union with IFG. The delegation included Michel Leblanc, FCI Chairman and Daniela Bonzanini, FCI Past Chairman and current member and Chairman of the Education Committee. The following can be summarized from the visit:

- There has been a *general decline in growth in factoring due to the economic slowdown*. Average invoice size is smaller due to the reduction in commodity prices, and businesses are less sure about ordering supplies and keeping stock, as retail sales have come under increased pressure in the region. *The credit insurance market also declined*, in line with decline in factoring. Greater uncertainty exists and more and more companies are witnessing a reduction in revenue and margins, resulting in a significant rise in fraudulent transactions and defaults.
- There has been a *general crackdown on financial crime*. This is due to the need to curtail corruption, bribery and white collar crime. This has had a somewhat stifling effect, as more managers and executives are concerned about making decisions that could lead to attention being directed their way so overall there is a conservative atmosphere stemming from this crackdown and the general slowdown.
- *The legal framework in China as it relates to factoring has never been tested more*. Hundreds of cases involving defaults and fraudulent transactions are stuck in the lower courts, in some cases remaining unresolved in part due to a lack of knowledge of how to resolve disputes relating to factoring, but the good news is that cases are beginning to move, and decisions albeit slowly are being rendered.
- *Some of the foreign banks are reducing exposures or pulling out all together out of the region*, especially from Hong Kong, including a few of our members who had operations in the greater China region. Others have reduced exposures, taking a long term approach but realizing that it will take time before a state of normalcy returns to the market.



CONNECT

The setback in China is offset by nearly two decades of unprecedented economic growth referred to as the *China miracle, which culminated in China attaining the banner of becoming the largest factoring market in the world* (recently replaced by the UK due to its strong growth since the great recession). Even though this period has been a challenging one, many bank and commercial factors are recalibrating their business, and preparing for the next wave of factoring in China sure to come.

We also visited *Mongolia*, as a number of financial institutions there have expressed a keen interest in the service. China's neighbour is one of the last remaining giants to take off, both in terms of its geographic expanse but also its rich abundance of raw material, even though the country boasts a population less than 3 million compared to over 1 billion next door. Nearly 1,000 years ago, Mongolia controlled the largest empire on earth, under its famous leader Chinggis Khan, which ruled over China, Russia, Iran and as far into Europe as Poland and Hungary. The origins of the Turkic people and its languages originate from Mongolia. For nearly 600 years until the last century, China played a dominant role in Mongolia's history, until its independence in 1921, which later became a part of the Soviet Union and for the past 25 years a market economy. Due to its geopolitical location, China and Russia have played an important role in its development. Over 80% of its exports are sold to China and over 30% of its imports come from China, with Russia a close second. So on 14 April 2016, FCI organized its *first ever event in Ulaanbaatar, in conjunction with the EBRD, bringing together over 70 senior executives coming from practically every major bank engaged in international trade finance, along with government officials, central bankers and entrepreneurs*. FCI signed its very first member in Mongolia, Golomt Bank this past month, and anticipate others to follow. All in all, we are bullish on their trajectory towards factoring. And although they have also suffered a slowdown due to the impact of China's transition, we believe Mongolia will follow China's footsteps and become an active factoring market in the years to come.



we continue to witness a slowdown in the growth of factoring around the world, having increased an anaemic 1.4% last year... The slowdown is a result in part due to the decline in business in the Greater China region



ERIK TIMMERMANS
Deputy Secretary
General

Update from the EMEA region

This region is not only geographically huge, but also presents big differences in development of the Factoring Industry. Let me therefore split this article in 3 distinct areas.

- **European Union**

The 28 EU countries realized in 2015 a total factoring turnover of 1,471 billion EUR which represents an impressive share of 62% of the total world factoring volume. With an annual growth percentage of 5.43% in 2015 and a penetration ratio (factoring turnover related to GDP) of 10.16%, the EU performed much better than the total world of factoring (1% of growth in 2015 and an average penetration ratio of 4.36%). The most important markets in the EU are UK (377 billion EUR), France (248 billion EUR), Germany (209 billion EUR), Italy (190 billion EUR) and Spain (115 billion EUR).

FCI is very well represented in the EU with members in all EU countries, except Ireland, Latvia and Estonia.

I see *two important challenges* for the European Factoring Industry: *Regulation and Compliance*.

There is indeed a growing importance of regulation coming from different EU instances (EU Commission, EU Parliament, European Banking Authority, European Central Bank...). To defend the interests of the Factoring Industry in the EU, FCI+ has an important division, steered from the Brussels office: the EUF (EU Federation for Factoring & Commercial Finance: see www.euf.eu.com). What started as a project initiated by Kate Sharp (ABFA UK) and myself (then IFG), has grown into a truly representative voice for the industry in Europe. All 14 important national associations in Europe are represented in the EUF, which is now part of FCI, the single global association for Factoring. 97% of the Factoring industry is represented in the EUF, which gives full relevance to the platform when interacting with different stakeholders.

Factoring & Receivables Finance is now on the table and on the radar of the EU Parliament, the EU Commission, the EBA... which gives us a window of opportunity to increase further awareness about our Industry and about its specific benefits. The Factoring Industry in Europe supports SME Lending, supports the real economy and therefore also employment and does this at a low financial risk for the financial system. Our recently published White paper on the Factoring Industry in Europe has demonstrated that the expected losses in case of Factoring Finance are 4 times lower than in the case of traditional non-secured Bank lending.

The second biggest challenge is compliance: *how can we make sure that the FCI+ network maintains a compliance level up to market standards*. The FCI+ Executive Committee, under the leadership of Peter de Koning (ABN AMRO Com Fin) and Adrian Rigby (HSBC) is developing a roadmap towards a compliance framework for FCI+ which will be presented and discussed in Cape Town in October at the Annual Meeting.

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- **Central East Europe**

This region consists basically of that part of Europe which was “behind the iron curtain” after World War 2. In some countries that are now part of the EU such as Poland or Croatia, Factoring has reached a level of maturity with penetration rates higher than the world average. But in most countries of Central East Europe (I don’t include Turkey), *there is still important room for development of best practices in factoring and for improvement of legal and/or regulatory environments*. This is the reason why FCI+ puts a specific focus on this region through its Central East European Chapter. The role of the Chapter is to represent members of the region within FCI and to organize regional events, such as our Regional Conference in Bucharest on 1-2 June, held in cooperation with EBRD and kindly hosted by Unicredit Romania. Focusing on a regional view on factoring, the conference offers attendees a unique opportunity, not only to discuss the current state of the industry, new challenges and products & markets development, but also to network with players from the same region. A full report will follow in the next newsletter.

Also *in cooperation with EBRD we will organize on 21 September in Frankfurt*, Germany a *one day workshop on Factoring*, primarily targeted towards the EBRD partner banks.

- **Africa-Middle East**

I am convinced that this region will be one of the most important areas for development for FCI+ in the coming years. Thanks to the important efforts of Afreximbank and its dedicated factoring team, headed by Kanayo Awani, we will continue to be present on the African continent with education, promotion and advocacy activities. The *biggest challenge* in this part of the world is *to develop a general environment in which open account activities can flourish*. Afreximbank will organize different workshops in the coming months to promote a model law for factoring (inspired by IFG’s model law) and I intend to attend some of these workshops in order to contribute to the development of best practices in factoring in Africa.

In the Middle East we see an important *increase of interest in factoring in many countries*, including Saudi Arabia, Jordan and even Iran. On 29 and 30 November we will organize a regional conference in Dubai to promote FCI and international factoring.

And last but not least of course: Africa will be at the centre of the World of Factoring from 23rd till 29th of October when we organize our first FCI+IFG Union Annual Meeting in Cape Town, South Africa. I hope to meet most of you there!

Kind regards,

Erik Timmermans

Deputy Secretary General FCI+

AFRICA WILL
BE AT THE CENTRE
OF THE WORLD OF
FACTORING FROM 23RD
TILL 29TH OF OCTOBER
FOR THE ANNUAL
MEETING IN CAPE
TOWN





LEE KHENG LEONG
Asian Chapter Director

CONNECT

A few words from the Chapters Asian Chapter

International factoring conference on enabling the Vietnamese exporter and importer to tap into the potential of TPP and AEC

The AEC (ASEAN Economic Community) came into effect in 2015 and Vietnam also became the only Indochina country to be a member of the US led TPP (Trans Pacific Partnership). These two international free trade communities provide Vietnamese exporters with huge potential export opportunities.

To enable the Vietnamese exporters to take advantage of these international free trade communities, FCI and IFC organized an *international factoring conference* on 10 May 2016 in Ho Chi Minh City, Vietnam.

The international factoring conference was very successful as it was attended by *more than 200 participants*. Apart from the participants from Vietnam, the event also attracted attendees from our member in Cambodia and a potential member from Malaysia.

The event was graced by Dr. Tran Thi Hong Hanh, Secretary General, Vietnam Banks' Association (VNBA) who gave the opening address.

Besides Peter and myself, members of the Marketing Committee, Roberto Weckop, Mandy Chien, Ilyas Khan as well as Thomson Liu of Wells Fargo were among the speakers.

To inject some local flavours into the conference, there were also speeches in Vietnamese on the regulations and potential of export factoring in Vietnam by Ms Nguyen Thi Thanh Hang, Deputy department head of the State Bank of Vietnam, Ms Vuong Thi Huyen, Head of wholesale banking, Vietnam International Bank as well as a Vietnamese exporter.

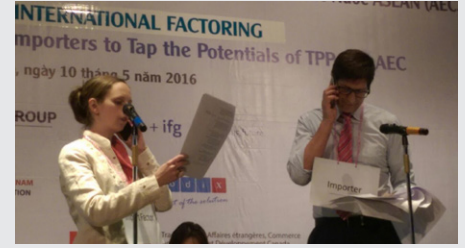
Among the topics: the *role of FCI in international factoring*, the *mechanics* of international factoring and international factoring to the US and Europe as well as a *show case on the success of factoring* in Taiwan. Both Roberto and Mandy gave a combined speech on Taiwanese export to Europe which was refreshing and an eye opener for the participants.



THE
INTERNATIONAL
FACTORING
CONFERENCE WAS
ATTENDED BY 200
PARTICIPANTS



CONNECT



One of the highlights of the conference was the *FCI role play on international factoring* which was very well received by the participants. Roberto, Gwendoline de Viron together with Ms Ho Hai Yen and Tran Phuong Nhung of Vietin Bank acted in the role play with Peter Mulroy as the narrator. The use of Vietnamese in the dialog between the exporter and the exporter factor was particularly useful and entertaining as it demonstrated the real life operation of international factoring.

The conference has generated keen interest for the FCI Two-Factor international factoring as shown by the active participation during the Q&A sessions. It has shown the representative from the State Bank of Vietnam the usefulness of factoring for Vietnamese exporters and has prompted her to look into reviewing the factoring regulations in Vietnam to make it more open to international factoring.

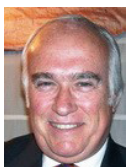
Before the conference, we had also organised a whole day *workshop on international factoring*. Like the international conference, the workshop was well attended by 200 participants.

Whilst the international conference was targeted at the Vietnamese exporters and the senior management of banks, the workshop was targeted at middle management and staff who are involved in the day to day operation of factoring. The topics covered include the fundamentals of factoring, the operational and legal aspects of factoring which also include client and buyer selection. The workshop gave an in-depth overview of factoring and has generated keen interest among the participants to take up the FCI courses on factoring to acquire more specialised on factoring skills.

We believe that the workshop and the international factoring conference will not only result in increased business for our Vietnamese members but also *create more business for members who act as import factors*. In addition, we are likely to get more new members from Vietnam.

The success of these two events has further enhanced our cooperation with IFC as we will be planning for the next workshop in Hangzhou, China in September.





ALBERTO WYDERKA
Latin American Chapter
Director

CONNECT

Latin American Chapter

During the past four months from the last article, some circumstances have been observed that have to be highlighted in the political and economic field and in factoring industry.

The new **Argentine** Administration with their first political and economic decisions, turned the positioning of the country 180 degrees in the context of the Region and in some way, in the rest of the world, setting the country free of the barriers that prevented the economic development and trade rules, creating secure expectations for the local and foreign investments. Due to these changes **a slow but steady growth can be expected in the international factoring business**.

The impeachment process against Dilma Rousseff, the President of Brazil was based on administrative misconduct and disregarding the federal budget. Mr. Michel Temer is now the president, at least for the next six months, when the process against Dilma will be finished.

Regarding our industry and starting by the domestic field, the **electronic invoicing is gaining ground in the Region**. It is well established in countries like Chile, Mexico and Argentina and it has set foot in Peru and Colombia with a steady use. Same development is being followed by other LA countries.

This situation combined with a **proper Law for financing invoices** (with different names according to the countries: in Chile a very good "Ley de factura", copied by Peru and Colombia) and the **different platforms developed for e-factoring**, fueled the domestic industry, lowering risks in the process and in certain way also disputes. A clear example of this growth is Mexico and also in the Dominican Republic we find banks transacting invoices in e-factoring platforms locally developed.

Regarding a **factoring Law**, other countries are facing the necessity to provide the service in safer conditions. **Guatemala** is a good example, being in the final stage.

Regarding **international factoring** the actions are focused in net expansion and in **helping new members in their start up process**, with a close work with the Directors of Planning Development and Education. In this regard the implementation of video conferences with Mr. Biletta for new members, helping them in the understanding and usage of our edifactoring system, is key in their product implementation.

Last but not least, **FELAFAC**, the Latin American Factoring Federation, where FCI + is one of their main members and serves on their board of directors, continues strengthening its presence and fulfilling its role, mainly in **education and advising the Financial Controllers** of several countries for the establishment of **good practices for risk control and recommending rules for a proper domestic factoring offer**.

REGARDING FACTORING LAW OTHER COUNTRIES GUATEMALA IS
A GOOD EXAMPLE, BEING IN THE FINAL STAGE



CONNECT

NEW MEMBERS

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

Since January, several new Members joined our new organisation. So let's meet just a few of the latest Members of FCI.

One of our recent Members to join, JSC TBC Bank in Georgia started using edifactoring, so let's read about their experience.



TBC Bank is a leading bank in Georgia, offering a broad range of products and services through its extensively developed retail, corporate, SME and micro banking business lines. The bank is one of the largest financial institutions in the country with a market leading share across all segments. TBC Bank successfully completed its IPO and listed GDRs on the LSE on 11 June 2014 and confirmed its intention to seek a Premium Listing on the London Stock Exchange in 2016. TBC Bank holds approximately a third of the trade finance market in Georgia. They partner with all major commercial trade finance providers in their region. TBC's customers have extensive trade relationships globally with particular emphasis on Western Europe, Asia, EU, USA, and the Caucasian region countries. The bank's most recent awards include:

- Top 15 Global Trade Finance Deals, Trade and Forfaiting Review
- TFP Deal of the Year 2014: Supporting Gudauri and Bakuriani Snowmaking Project in Georgia 2014, EBRD
- Best Partner Bank in Georgia 2014, ADB
- Most Active Issuing Bank in Georgia in 2014, 2013, 2009, EBRD
- Best Trade Finance Bank 2015, Global Finance
- Best Bank in Georgia 2016, Global Finance

JSC TBC BANK actively started to offer domestic factoring services in 2014 and became a member of FCI in 2016. Immediately upon joining the FCI network, [the bank successfully completed its first international factoring deal in the agricultural sector in particular, with the company exporting Georgian hazelnut to Spain](#). Under the FCI umbrella, the deal was smoothly structured with a leading Spanish factoring company. The exporter of Georgian hazelnuts was settled right away for a large part of the invoice. With tenor of the transaction being less than 1 month, on due date, funds were promptly reimbursed from the Spanish counterparty.

Since its instruction, they see [growing interest in factoring services](#), especially among small companies, which often experience limited access to direct financing, causing working capital shortages, as a result, availability of such services enables such companies to overcome working capital shortfalls, ensuring them to run smooth operations.

["We are proud to have our first international factoring transaction successfully completed. We believe that together with our counterparty banks, FCI colleagues and local exporters we can promote this product further, thereby giving a positive impulse to the Georgian economy."](#)



Banco de América Central, S.A. (BAC) is 100% owned by Corporación Tenedora, which is a subsidiary of BAC International Bank. The roots of BAC Nicaragua goes back to 1952 and is the forerunner of what is now known as the BAC Credomatic Group.

BAC Credomatic Group has presence all over Central America and in 2010, Grupo AVAL, a Colombian holding company purchased the entire BAC Credomatic banking group. BAC Nicaragua started domestic factoring services in 2013 and will commence export factoring services in 2016, with import factoring to follow.



Since established in Ningbo 1997, Bank of Ningbo has been one of the best commercial banks in China with high quality assets, enhanced capabilities of profitability, high capital adequacy ratio and low NPL ratio. At the end of first quarter 2016, Bank of Ningbo operates 284 business networks and 2 subsidiaries in China.

In recent years, the management capabilities and business prospect of Bank of Ningbo have been widely recognized by regulators and the industry. Bank of Ningbo has been ranked as the top-grade city commercial banks according to comprehensive assessment by CBRC for many consecutive years. At the meantime, Bank of Ningbo was ranked 196th globally in terms of Tier-1 Capital among "Top 1000 World Banks, 2015", and 215th globally with an A rating in "The Top 500 Banking Brands, 2016" by The Banker.

Bank of Ningbo started domestic factoring services in 2008 and export factoring services in 2009. They intend to start import factoring services in 2016.

"For the necessity to expand and engage in international factoring, we decided to join FCI, the big family for global factors, to strength cooperation with those experienced factoring companies and banks, including learning advanced management", says a representative of the company.



Canada Bank was established in 1991 as Canadia Gold & Trust Ltd., a joint-venture company between Cambodian-Canadians and the National Bank of Cambodia (Central Bank of Cambodia). The financial activities were based on gold dealing transactions, gold plaque manufacturing and lending to local merchants.

The bank was privatised in 1998 and today is one of the largest local banks in Cambodia. For over twenty three years, Canadia Bank has grown steadily, and expects continued steady and sustainable growth for years to come. Equal importance is placed on growing revenue and profits as well as strong liquidity and capital positions.

Canadia Bank has one of the largest networks of branches throughout the country, with a presence in every province in Cambodia. Along with its new securities trading license, Canadia Bank offers a full range of banking products and services. Canadia Bank's customers and banking partners, local and global, are assured that the Bank balances growth aspirations with a strong and stable balance sheet. The Bank's strong financial position augers well for its continued business expansion.

Canadia Bank intends to start export and import factoring services this year and domestic factoring services in 2017.

CONNECT



Founded in 1995 as a pioneer privately held bank in Mongolia, Golomt Bank grew into the leading commercial bank of Mongolia comprising 25% of the Mongolian national GDP and 23% of the Mongolian banking system as of end 2015.

Over the years during its 20 year history, the Bank has introduced many new initiatives in financial services sector starting from Electronic banking service, Self-services banking Premier banking, Smartphone banking application, Custodian services to an Online trading system.

The Bank's long-established presence of being the leading corporate bank in Mongolia aligns with its effective nationwide franchise policy creating a sound and sustainable SME client base. As of end 2014, according to Moody's rating agency, deposit funding constitutes over 60% of the Bank's total funding which again proves the Bank as the most trusted bank in the country.

The Bank currently has an international correspondent relationship with over 100 financial institutions throughout the most economically active regions globally offering international trade finance, MNT settlement, clearing services, remittance and interbank treasury operations including but not limited to ISDA and GMRA agreements. Worldwide financial magazines such as Global Finance, Euromoney and the Banker named Golomt Bank as the "Best Bank of Mongolia" for the last consecutive years.

By joining FCI, Golomt Bank intends to start import factoring services in May of this year. At this time they do not intend to offer domestic or export factoring service.



MFC MERCHANT BANK LTD

MFC Merchant Bank Ltd, formerly BAWAG Malta Bank Ltd, is a specialty trade and structured finance bank registered and licensed in Malta. It started its operations in February 2016 after receiving approval from the Malta Financial Services Authority and the European Central Bank. MFC Merchant Bank Ltd. is a subsidiary of MFC Bancorp Ltd, an NYSE-listed supply chain and finance company headquartered in Vancouver, Canada.

MFC Bancorp Ltd's corporate goal is to become a premier regulated trade finance institution, utilizing its supply chain platform as the foundation to offer banking, trade and structured finance and other complimentary services. MFC Merchant Bank Ltd plays a central role towards that goal.

As part of the MFC Group, the Bank will provide specialty banking services, focused on structured and trade finance, to existing MFC Group customers, suppliers, and members, and third parties. These services and products will include guarantees, letters of credit, documentary bank guarantees/stand-by letters of credit, discounting of bills of exchange, discounting of promissory notes, forwarders' certificate of receipt facilities, inventory financing, factoring, forfeiting and others.





Natixis is the corporate, investment, insurance and financial services arm of Groupe BPCE, the 2nd-largest banking group in France with 36 million clients spread over two retail banking networks, Banque Populaire and Caisse d'Épargne. It employs more than 16,000 employees.

A global player, Natixis has its own client base of companies, financial institutions and institutional investors as well as the client base of individuals, professionals and small and medium-size businesses of Groupe BPCE's banking networks.

Listed on the Paris stock exchange, it has a solid financial base with a CET1 capital under Basel 3 of €13.4 billion, a Basel 3 CET1 Ratio of 10.6% and quality long-term ratings (Standard & Poor's: A / Moody's: A2 / Fitch Ratings: A).

For 30 years, Natixis Factor has developed a recognized expertise in financing, trade receivables and accounts payable management. Natixis Factor provides flexible short-term financing offers tailored to each company and through all stages of their development.

Natixis Factor caters to clients of Groupe BPCE retail banks (Banque Populaire and Caisse d'Épargne). Groupe BPCE is France's second-largest banking player with the brands Banque Populaire Factorem and Caisse d'Épargne FACTUREA. It also caters to clients of Natixis, other Groupe BPCE networks and brokers under the brand Natixis Factor.

As a member of FCI, Natixis Factor can offer additional ways to help companies in their international growth.



Oseg Capital (Pty)Ltd is one of the leading factoring companies in Botswana. It is a division under Oseg Holdings Botswana. Oseg Capital was established in 2006 after identifying a gap in trade finance.

A large number of SMME's in Botswana have benefited from our assistance of offering creative and innovative financial solutions to drive their businesses to reach the pinnacle of success.

Vision: To be a leading and globally recognized provider of factoring services in Southern Africa

Mission: To provide world class long term, profitable and innovative business solutions

Values: Customer Satisfaction, People Development, Social Responsibility, Innovation and Entrepreneurship, Synergy, Performance, Integrity

Our Services:

- i. FINANCE/ PURCHASE ORDER FACTORING
- ii. INVOICE DISCOUNTING
- iii. DEBT PURCHASING

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

CONNECT

Annual Meeting, 23-29 October 2016 Cape Town South Africa

The First Annual Meeting organized by FCI+ as one Association after the successful Union between FCI and IFG will take place in **Cape Town, South Africa, from Sunday 23 October till Saturday 29 October**.

The conference has the ambition to be the *leading global conference for all decision-makers in the factoring, receivables financing and asset-based finance industry*. It is the place to be for Industry professionals to discuss, plan and create new business opportunities, network and develop business relationships. It is also the only opportunity for them to meet their correspondents globally at one spot!

The program will be very interesting with presentations and panel discussions with key players of the Industry; among others the keynote speaker, *Mr. F.W. de Klerk, former President of South Africa and winner of the Nobel Peace Prize* in 1993.

Subjects include *Supply Chain Finance, Trade Finance, EUF White paper*... but also updates from the *Regional Chapters, Technical Committees and the traditional Year in Review*. During breakout sessions, you will have the opportunity to discuss in smaller groups Supply Chain Finance, Compliance, certification and the new branding proposal.

After two full days of presentations and breakout sessions, the Wednesday morning will be devoted to the *Membership Forum*. It will be the moment to discuss with other Members the topics that will be submitted to a vote during the Council Meeting on Friday. Wednesday afternoon is free for *bilateral discussions and optional workshops*. On Thursday, a full day excursion to Cape Peninsula and Robben Island is organized to allow the participants to network with peers. On Friday, the *Council Meeting* will take place where Members will vote on many important subjects, as it will be the first Council since the Union. The afternoon is free for bilateral discussion and the last gathering will take place in the evening with farewell cocktails and dinner.

As it is the tradition, we also developed a nice spouse program for accompanying persons, who will visit interesting areas around Cape Town.

We hope that we will meet most of you there. If there is one conference you have to join in 2016, it is the Annual Meeting in Cape Town!

More information and registration on our website <https://fci.nl/en/event/fci-48th-annual-meeting-cape-town/2151>



14



DANIELA BONZANINI
Chairman of Education
Committee

EDUCATE

FCI New Education Strategies

Success depends upon a knowledgeable, skilled and educated workforce and this applies to the factoring industry as well. Since its establishment, FCI has strongly contributed to *spreading the knowledge of factoring* and reducing the gaps a relatively new industry presents at an educational level.

Since the first correspondence course was launched 28 years ago and different kind of seminars have been introduced, we estimate that almost 10,000 students and staff of the Members have benefited from its flexible educational programmes. Nowadays, *Education represents one of the main pillars of FCI*, and this has been achieved thanks to the support of experienced people who worked with passion and commitment, without receiving any compensation, to build up what we have today.

The recent Union has presented us with the opportunity to investigate the education packages offered by the two organizations so as *to get the best of the two and rethink the education strategy*. Brainstorming sessions have been held, followed by discussions at the Education Committee level, and the outcome was submitted for approval by the Executive Committee which strongly supported this proposal.

The education strategy development went through three phases: analysis of the current environment, strategic options and choices and, lastly, strategic implementation and measurement.

The analysis of the current environment has highlighted that FCI can boast:

- A well structured educational programme;
- A valuable pool of professionals, committed to sharing and delivering their knowledge;
- A very good mechanism supporting the education programme, probably the best in the international factoring field;
- A devoted team of volunteers and a dedicated Education Director to support this function.

This is the success story of Education in FCI.

In order to move forward into the future, and taking into consideration that Education is central and also influences parties other than FCI and its members, such as potential members, lawmakers and regulators, banking groups and Trade organizations, the strategic aims to be pursued have been identified. The Education Committee is already at work to:

- *Enrich the existing education portfolio* with courses and seminars that follow current International Trade trends;
- *Expand the scope of our factoring education offering*;
- *Widen the range of countries* we offer education to;
- *Develop the range of global financial institutions and stakeholders* that will use our *education products* and consequently increase the number of students;
- Support existing and new Members by offering a *full range of factoring education* (courses and seminars) with the use and support of modern education technical solutions;
- *Incorporate* our education programme into the *education programmes of other international financial organizations*;
- *Support our Members to boost* their factoring business through education;
- *Be seen in the world as the education body*, and be recognized as the main voice for the Industry in terms of factoring and trade receivables finance;
- Deliver a *state of the art education programme*.

EDUCATE

The amount of work to be done is quite substantial and a **three-year action plan** has been set to fix priorities. In 2016, the Education Committee activities will focus on:

- Increasing promotion and marketing for education;
- Benchmarking for education in the market;
- Updating and adjusting the former IFG Two Factor course in order to reflect the changes within the FCI+ IFG organization, the processes and in edifactoring.com;
- Replacing the existing IFG Course with the newly developed Introduction Course to Factoring and Receivables Finance in FCI Moodle. The offer of the former course has been discontinued with few exceptions;
- Reviewing yearly seminars programmes, with the aim of increasing the number and frequency of seminars and workshops;
- Reviewing the IFG Academy programme
- Launching the project to have the Foundation Course translated into French and Russian.

Mission

With the aim to better serve our Members and guide our path the new Education Mission has been defined:

EDUCATION MISSION

Deliver state of the art education using best practice and FCI's unique experience;

Enhance the approach by using highly engaging educational tools to enrich the current educational portfolio whilst following current international trade trends;

Expand the range of resources (people, technology, materials) to achieve a successful delivery of the education strategy.

Education is, indeed, the best investment and FCI will continue to maintain a strong focus on it: knowledge will bring its members and the industry as a whole the opportunity to make a difference.

Daniela Bonzanini
Chairman of Education Committee.

OUR AIM IS TO MAKE
EDUCATION A SHARING PROCESS





AYSEN CETINTAS
Education Director

What happened lately?

Two "Full House" Training Events from the Legal Committee

LEGAL TRAINING ON GRIF IN KUNMING, CHINA ON 6-8 APRIL 2016

The third and fourth seminars of the series were held in Kunming, China and Singapore in April last. Both training events were well received and much appreciated by the attendees. The first legal training in Kunming was attended by 64 delegates from China, Hong Kong and Taiwan representing 28 banks and factoring companies.



LEGAL SEMINAR ON GRIF IN SINGAPORE ON 11-12 APRIL 2016

Two days later a group of 25 delegates from Vietnam, Cambodia, Taiwan, Singapore and Australia met for the regional legal seminar in Singapore. The programme comprised detailed presentation of the GRIF articles by the Legal Committee followed by very lively Q&A and discussion sessions on the GRIF.

Legal Seminars on the General Rules of International Factoring will be repeated in several locations in 2017.



EDUCATE

A new Workshop from FCI

OPERATIONAL WORKSHOP ON INTERNATIONAL FACTORING AND

EDIFACTORING.COM, 11-13 MAY 2016 VIENNA, AUSTRIA

A "must attend" training for all FCI members, where the FCI Communication and Education Committees joined forces, practices and the knowledge

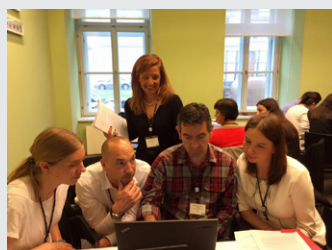
This brand new training focused primarily on the operations of the FCI Two-Factor business and the use of edifactoring.com messages, business rules and their implications for day-to-day business.

The format for the training combined plenum presentations and group sessions with practical examples and many hands-on experiences. Members of the FCI Education Committee and the FCI Communication Committee acted as presenters and instructors in all sessions of the training.

For the very first operational workshop 45 delegates representing 30 new or existing FCI Members and former IFG Members from Europe and Africa met in Vienna.

The workshop started with a half-day Learning Lab on edifactoring.com on Wednesday, 11 May 2016 and followed by the presentations and hands-on examples on Thursday and Friday, 12 and 13 May 2016.

Learning Lab edifactoring.com: the half-day training is a MUST for new FCI Members and former IFG Members who were not involved in FCI two-factor business before the FCI-IFG integration. This part of the workshop is also useful for new staff members or staff members who have received new international/operational responsibilities.



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. During two days the delegates worked on case studies and edifactoring.com messages in smaller groups.



The workshop will be repeated in Asia and the Americas during the coming terms.



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

"Wonderful opportunity to learn and network."

"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 system."



SPECIAL ASSISTANCE TO NEW FCI MEMBERS

TAILOR MADE TRAINING FOR PASHA BANK in Baku, Azerbaijan **20-21 January 2016**

The factoring team of Pasha Bank joined a two-day tailor-made training organised by FCI, which gave a complete vision of the business process, solved all the issues and allowed the bank to validate the way they operate, from the organisation to the internal policies. The training topics varied from operations to legal aspects, risk management and best practices in factoring.

PASHA Bank is one of Azerbaijan's leading corporate banks. Established in 2007, offer all major financial services, including investment banking, trade financing, factoring and asset management to a range of clients, from large corporates to small and medium enterprises. PASHA Bank is a Member of FCI since October 2015.

Tailor made training programme is available for new Members who joined FCI during the past two years. The purpose is to offer guidance in the process of setting up international factoring business and to facilitate the new Member's integration into FCI.

FCI Education Director or Regional Chapter Directors act as specialist consultants, with extensive factoring experience from their previous senior management positions in the factoring industry, and from their thorough understanding of FCI practices and procedures.



EDUCATE

FCI COURSES – OPENING THIRD TERM 2016

FCI courses provide a variety of learning opportunities. The aim is always to give our Members the expertise they need to offer their clients top quality professional factoring services. FCI offers 9 different e-learning courses, containing all there is to know about international factoring, FCI, the two-factor system, the important issues of seller and buyer control, the legal framework and commercial dispute management, and how to sell factoring.

The novelty of this term is the [NEW CERTIFICATE COURSES ON SELLING FACTORING](#) for the sales team.

- o Pre-Sales and Seller On-boarding in Factoring Course
- o Selling and Marketing Factoring Course

NEW: *Limitation of the number of registrations per Member/per course is lifted for all Certificate Courses.*

More information and registration, form online or in the FCI Third Term Course Circular.

Overview of the courses:

International Factoring Foundation Course Certificate Please register here	Seller Selection & Control Course Certificate Please register here	Buyer Risk Control Course Certificate Please register here
Dispute Prevention & Handling Course Certificate Please register here	Legal Course Certificate Please register here	Pre-sales and Seller On-boarding in Factoring Course Certificate Please register here
Selling and Marketing Factoring Course Certificate Please register here	Intermediate Course on International Factoring Diploma Please register here	Advanced Course on International Factoring Diploma Please register here

**PLEASE
REGISTER BEFORE
17 JUNE**

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Interview of Steve Box International CEO Bibby Financial Services on his opinion about Education

- WHY IS EDUCATION AN IMPORTANT PILLAR OF YOUR GROWTH STRATEGY?

"The financial services industry is going through major changes and evolutions. We need people who are passionate experts about what they do. *Training and development is fundamental to give individuals the foundations and tools* they need to feel empowered to deliver the right outcomes for customers and for the business".

- HOW CAN EDUCATION HELP IN YOUR PEOPLE STRATEGY?

"At Bibby, we have focused on building the best teams around the world who can deliver what is needed by our customers, We have invested in *Learning & Development* through the creation of a Global Learning & Development function which supports our staff giving them the skills, knowledge and behaviours to be the best they can be in their role now and to support their future aspirations..

Overall we invest £1.2million per year in the training and development of our people. We engage our learners with a wide range of support from face to face to digital learning which is easy to access and focused on their needs. This is one of the reasons we have featured in The Times "Top 100 Best Companies to Work For" four years in a row, which in turn has raised the profile of Bibby as a high quality prospective employer".

- WHAT WOULD BE YOUR ADVICE TO A NEW JOINER IN THE INDUSTRY?

"It is an exciting time for anyone joining the commercial factoring industry, which presents great opportunities to become an expert in a more specialist but increasingly sought after area of finance. As in any industry the power of leadership is also very important. I'd advise anyone starting their career or moving into a new industry to look *to work with inspiring leaders* and colleagues who believe in their ability and are willing to guide and support their professional growth".

- WHAT DO YOU THINK ABOUT FCI EDUCATION PROGRAMMES?

"The FCI's training programmes are hugely important *to arm professionals with the specific specialist knowledge to provide best-in-class great customer service*. This is particularly crucial considering how the use of international factoring has grown at twice the pace of domestic factoring in recent years. A fast-growing industry needs consistently high standards in order to maintain trust and reputation". The Education programme aims to set the benchmark for the industry with regard to knowledge and skills. Courses and seminars are run by highly credible industry professionals who bring to life the subject matter and aid practical application of the learning. The portfolio of learning is constantly being reviewed to meet the needs of the industry now and in the future.

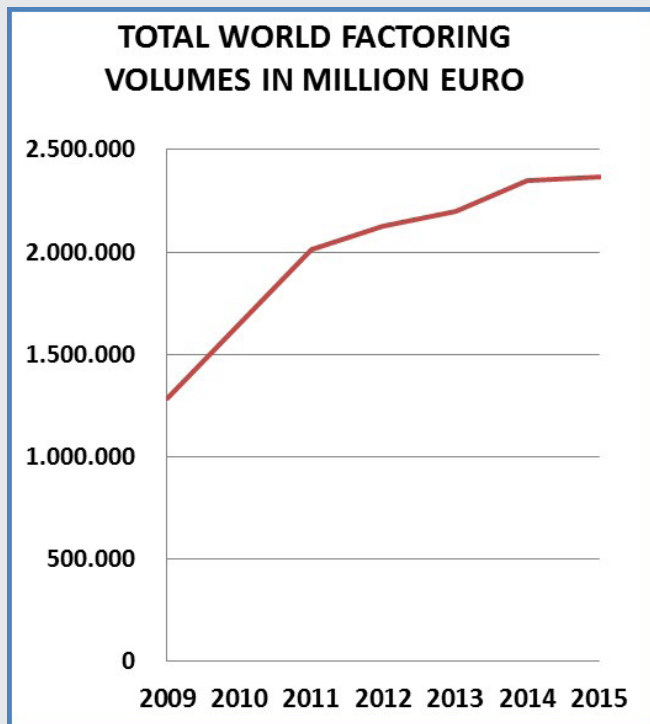
INFLUENCE

STATISTICS 2015



HARRY BILETTA
Director Planning and
Development

The growth of the factoring volume which had showed a constant upward trend over the past years has apparently stopped and the 2015 figures reported indicate a very small difference compared to those of 2014: 2,373 billion euro versus 2,346. The same applies to the Domestic and International volumes which maintained their proportions of 78% and 22%.



In spite of this, the compound annual growth rate over the last 7 years shows a figure still above 9%.

The slowdown in global factoring figures is mainly due to the sharp decrease in factoring volumes out of Asia. To start with, the largest factoring market in the world today, the Chinese market reported a decline of 13%. In fact, the entire Asia region declined 8% in 2015, all partly affected by the contagion effect stemming from the slowdown in China. However, certain markets stood out, including Hong Kong and Japan, which showed a 9% and 6% increase respectively. But the overall effect from the slowdown continues to be felt in 2016. The impact of a slowing economy, including lower commodity prices, a slowdown in cross border trade (exports declined by 1.8% and Imports declined by 13% in China), and a declining retail sector ultimately resulted

in an increase in commercial risk, resulting in a more conservative financing measures, adversely impacting SMEs in China especially from the four largest state banks. However, some expect the slack to be taken up by the smaller city and regional banks in China, which are growing in influence. The concept of factoring is still well regarded in China, especially cross-border factoring. However, the falling economy has resulted in a significant rise in fraud in the domestic factoring sector. There has also been a slowdown in the use of credit insurance as well, as Sinosure, the Chinese state insurance company reported a drop of 17% in the insurance volume, in line with what the factoring industry has witnessed during this same period. As far as the share of the global volume is concerned, *Europe still maintains its leading position at 66%* with a slightly higher figure – 1,557 billion euro - which makes up for the *Asian drop to 24%* and *America's to 8%*, *Africa and Oceania* also dropping although stable at a total share of 2%.

This year, the survey carried out by FCI+ could count on a much larger database in view of the union of the two Factoring Associations (FCI and IFG), which took place at the beginning of this year, and the total of the individual figures of the 289 contributors represent 66% of the world totals (80% if we look at the international volumes). The collected figures therefore represent an extremely significant basis for determining *the best estimate status of the world factoring industry.*

INFLUENCE

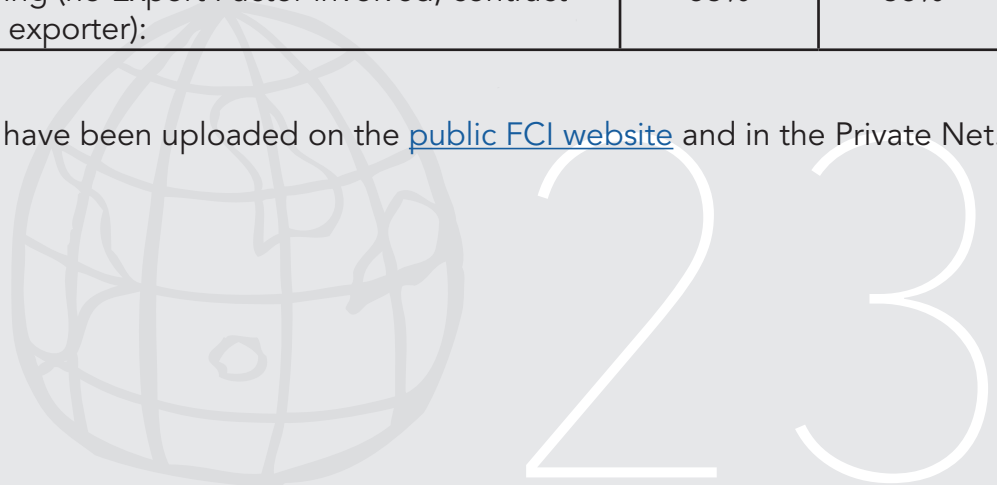
The breakdown by product confirmed the shares of previous year with the exception of the "with" and "without recourse" domestic factoring where we notice a shift towards the latter.

Figures for International Factoring also show an increase in the offer of credit protection in the direct business, with a subsequent decrease of cross-border two-factor business, more noticeable in Import Factoring.

Several indicators lead to questioning how much of this "direct import" refers to reverse factoring or confirming, but the answer to this is not known at this stage. The interest of many players in the various facets of Supply Chain Finance is growing fast and this leads to believe that indeed the future will bring with it not merely remarkable increase in volumes, but also refined products and more tailor-made to suit the national needs.

	2015 product share	2014 product share
1. DOMESTIC VOLUME		
Invoice discounting:	28%	28%
Recourse factoring:	27%	34%
Non-recourse factoring:	39%	34%
Collection service:	5%	4%
2. EXPORT FACTORING VOLUME		
Two-Factor exports (collection & credit protection by Import Factor correspondent):	8%	7%
Two-Factor exports (only collection by Import Factor correspondent):	2%	3%
Two-Factor Non-notification exports (only credit protection by Import Factor correspondent):	4%	5%
Direct Export Factoring with finance, collection and credit protection services:	52%	43%
Direct Export Factoring with finance & collection:	34%	41%
3. IMPORT FACTORING VOLUME		
Two-factor imports (collection & credit protection):	25%	32%
Two-factor imports (collection only):	8%	9%
Two-factor Non-notification imports (only credit protection):	15%	22%
Direct import factoring (no Export Factor involved; contract directly with foreign exporter):	53%	38%

The complete statistics have been uploaded on the [public FCI website](#) and in the Private Net.



INFLUENCE

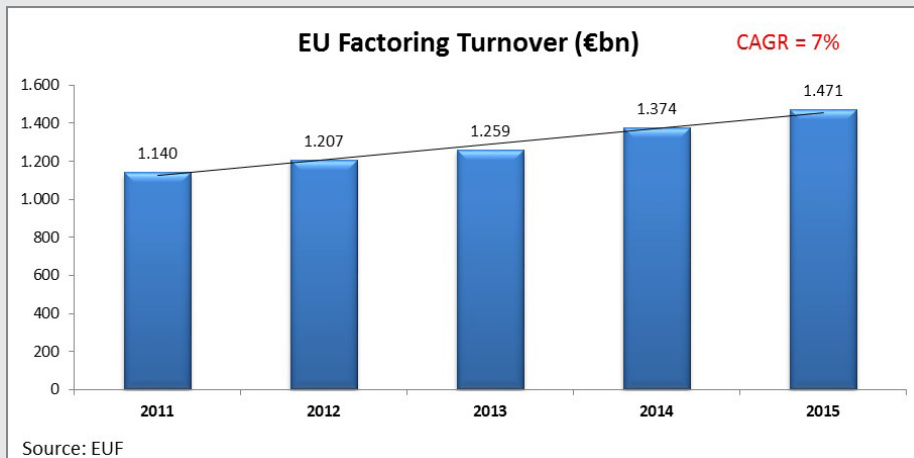
CONTINUED EUROPEAN GROWTH IN FACTORING AND COMMERCIAL FINANCE



JOHN BREHCIST
EUF Coordinator

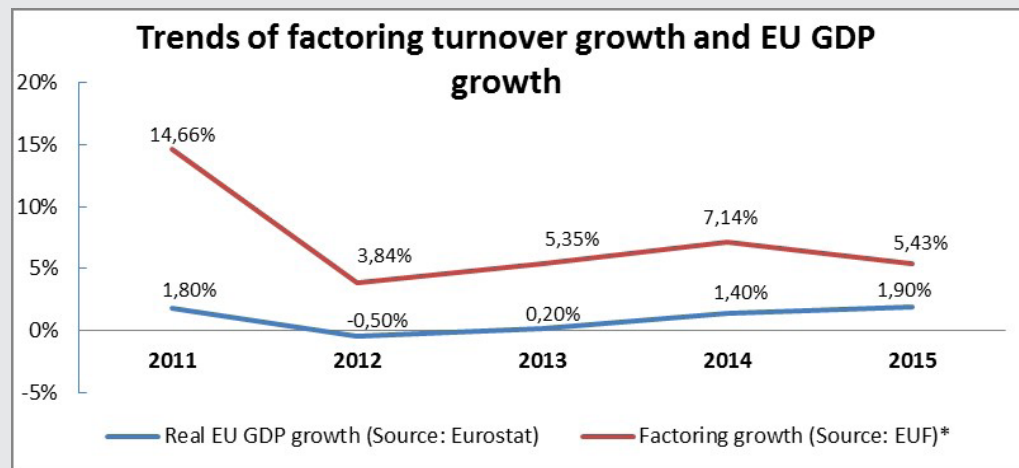
It is a pleasure to be able to report on European Industry performance and share figures collated by the Economics and Statistics Committee of the EU Federation for Factoring and Commercial Finance (EUF), part of FCI.

The final figures for 2015 again show continued overall annual growth in the EU28.



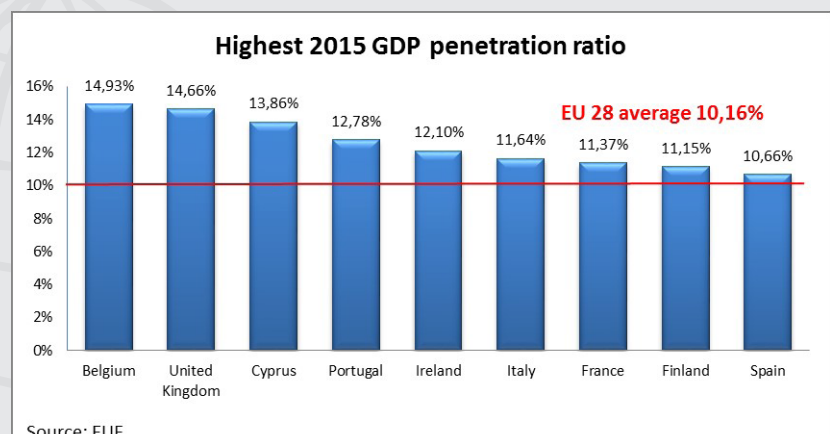
The total turnover reached 1.47 billion euro, with a year on **year increase of 5.43%**. Over the last five years, growth has been 7% CAGR, clearly confirming the importance of the factoring industry and its increasingly significant role in financing of EU companies.

This growth is all the more impressive when set by the rates of GDP economy growth; on this basis, the industry has been consistently ahead:



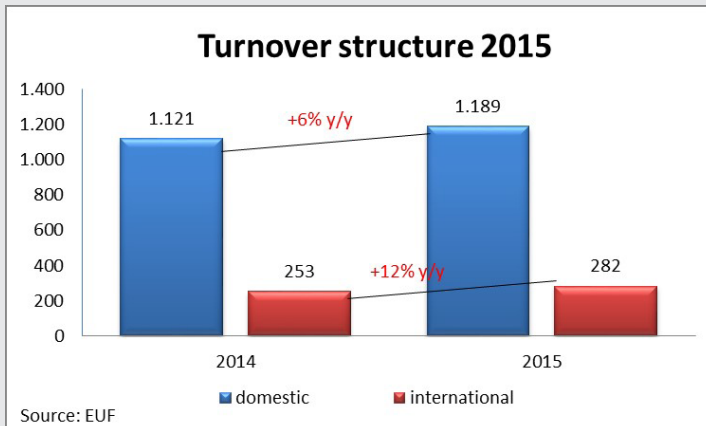
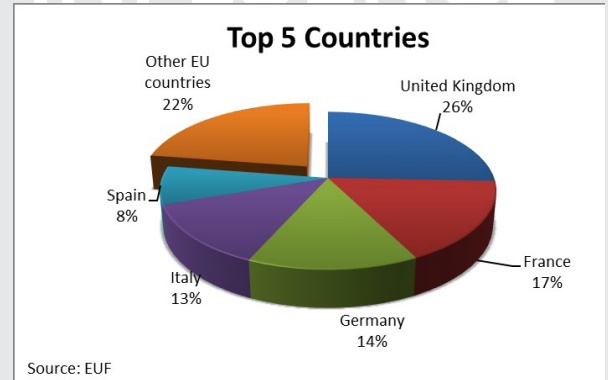
*Adjusted for exchange rates fluctuation biases.

Of course, the impact of factoring varies from one country to another and the following chart showing the **penetration ratio by country reveals** that in nine EU countries GDP penetration ratio was higher than the Regional average – see table on the right.

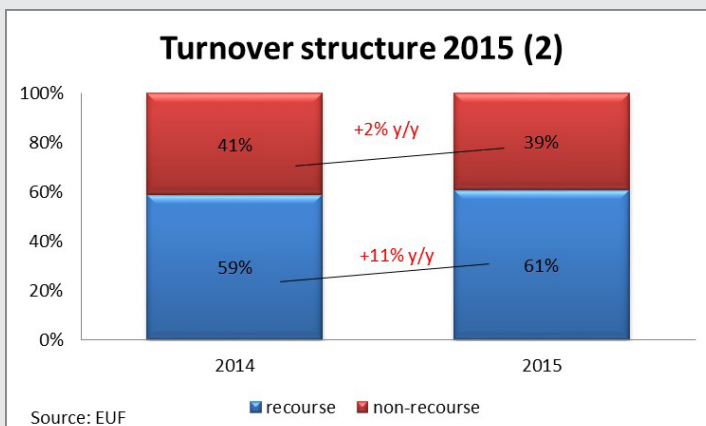


INFLUENCE

The EU factoring market continues to be highly concentrated, with the **top five countries** in 2015 ("The CR5") **representing almost 80% of the total market**. The largest markets were the United Kingdom, France, Germany, Italy and Spain.



The dominant type of factoring, according to EUF estimates, is domestic and represents over 80% of the total turnover. Whilst it grew by 6% since 2014, a higher growth rate was actually observed in international factoring, which in 2015 increased by 12% compared to the previous year. This reflects not only the economic development of EU companies, but also the development of their cooperation with new, international partners.



The main driver of growth in 2015 was recourse factoring; this product represents almost 60% of market share and it increased by 11% since 2014. Non recourse factoring correspondingly grew by 2%.

The analysis also highlighted some more dimensions of the market:

- The estimated number of active seller relationships in 2015 was 171 000, up 4.5% compared to the previous year.
- At the end of the year an estimated €168Bn was being advanced against assets of €251Bn
- Over 90% of total EU factoring turnover is serviced by banks or companies owned by banking groups.

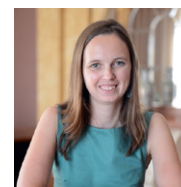
This research, based on feedback and analysis, gives us the clearest picture yet of the state of the Industry – and it confirms the growing importance we have in funding the real economies of Europe!

John Brehcist
Director of Advocacy, Coordinator EUF

With thanks to Magda Barcak, Chairman EUF ES Committee

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INFLUENCE LATEST MARCOM INITIATIVES...



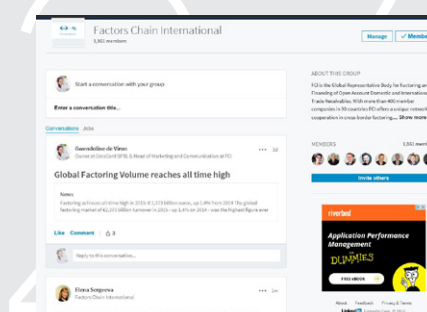
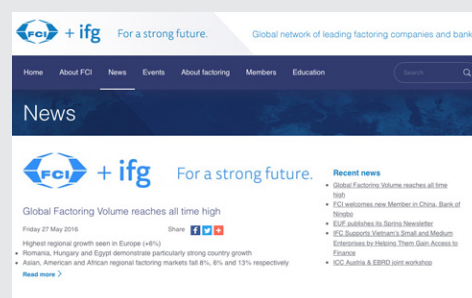
GWENDOLINE DE VIRON
Head of Marketing and
Communication

Since the Union in January, a lot had to be done for Communication and Marketing as Two Associations had become one. *A lot of integration was necessary.* We had two meetings, one in Dar es Salaam in February and one in Ho Chi Minh City in May as well as several conference call. You already had the opportunity to see the result of some initiatives, but some others are not so visible. In this article I wish to share with you the latest initiatives from the MarCom.

Let's begin with the *website*. As you have seen, since early January the website has been updated with the transition logo but also with a lot of information that was copied from the ex-IFG website. The first phase was completed in January and we are now in the second phase. Recently, a review of the education area was done in order to make it easier to read and to emphasize the Career Path initiative. A new welcome page and a new display of events and news will be ready soon. The news will be more visible and more information will be available on the events page as for example the date and place of each event. The private net welcome page will display the coming events, last news and other information of importance as well as the list of latest upload on the private net. The good news is that the audience of the website is increasing every month since January last.

You have probably seen that FCI is trying to *update you regularly with the latest news* from our Membership but also from the Industry. We regularly publish news and send every month a *summary email to all Members*, allowing them to see in one email all the latest news. Should you wish to read some news detail, you just need to click on the title to see them. Members are welcome to send me an email with any information that could be worthwhile to share with peers.

FCI now uses more and more *social media*: we have a *Twitter* account, a *Facebook page* and private group as well as a LinkedIn *group* and *page*. These are channels we use to communicate with you and the Industry. Don't hesitate to follow us and join the groups. The news and events are shared there as well.



INFLUENCE



Since the month of March the name of the [newsletter](#) has been changed from "Horizon" for FCI and "Voice" for IFG to "In-Sight". The structure of the quarterly newsletter follows the three major areas of activities: Connect, Educate, Influence. We are trying to present information that you may find useful, updates on what happened during the preceding quarter and on future projects and events.

We are also in the process of finalizing a new [corporate FCI brochure](#) containing general information about the Industry and a presentation of FCI. It will be used

by our Membership development team when approaching prospective Members and distributed during our promotion conferences. You will discover it in September.

Time is also ripe to work on the [Annual Review](#), which will be presented during the Annual Meeting. Some of you were contacted lately with questions, the answer to which should give a picture of the present state of the market and its perception. For this report also, a new format is foreseen.

We didn't forget our initiative from 2013: the [Ambassadors](#). Representatives from ex-IFG Members just joined the team of Ambassadors and new challenges will begin very soon. For this year, they include feedback on the Union, success stories from Members, mentoring, new name process...

Speaking about the new name, we are evaluating with Bloom, our PR agency, proposals for a [new name/image](#) to be presented to the Council in Cape Town. More updates will follow soon.

Last but not least, we are also processing the results of the survey carried out last year amongst the FCI Members, which was presented by Bloom at the Annual Meeting in Singapore. We are now building the future of our communication based on your feedback. You will soon see the smooth evolution and the results will be presented at the Annual Meeting in Cape Town.

We will be happy to receive your comments and suggestions. Please do not hesitate to contact us.

Kind regards,

Gwendoline de Viron
Head of Marketing and Communication



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IN MEMORIAM

Karen Bott

BB&T USA

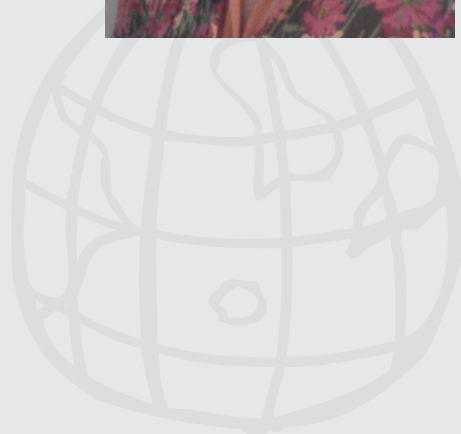
Today, we mourn the passing of a colleague, Karen BOTT who passed away recently stemming from a terminal illness. Karen spent most of her career working in the factoring industry in the U.S. at Bank of America, GMAC, SunTrust and BB&T. Karen joined BB&T's international factoring group back in 2006 where she remained until her passing. Karen was a full time employee, a full time wife and mother, and over the past decade was a part time student, studying for her bachelors' degree in business administration at Mercer University, which she achieved and graduated in 2015.

Karen was loved by all of her peers in the industry. She was a hard worker, a passionate advocate of international factoring, had a cunning sense of humour and as everyone will remember, a love for coffee. As two of her work colleagues put it:

"There is a sadness and emptiness that pervades the office. I guess I didn't realize the light and energy that came from Karen. She had a ready smile and a great sense of humour. She was always rushing somewhere but seemed to enjoy the journey."

"God has brought a true Angel home. I'm sure he had the coffee pot on with fresh coffee for our friend. We will miss you Karen!"

Karen leaves behind two boys, Zach, age 30 and Josh, age 20 and is survived by her parents, her husband, Dan, the two boys and her two sisters, Sharon a twin sister, and Janet. All of us at FCI thank you for your hard work and dedication to our industry.



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For a strong future.

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