

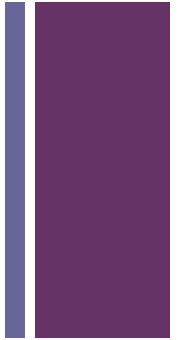


## New brands / instruments in Receivables Finance

**Peter Brinsley**  
Director, Point Forward Ltd

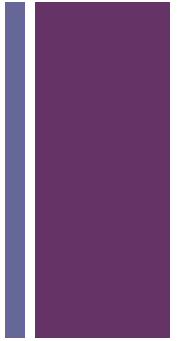
**PZF Congress, 17 September 2015**

# + Receivables Finance



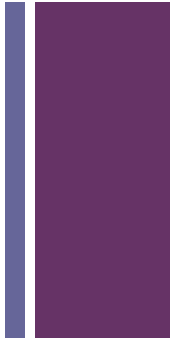
- Supply Chain Finance
- Forfaiting
- Factoring
- Trade Receivables Securitisations

# + SCF



- ICC: Standard Definitions for techniques of Supply Chain Finance
  - Develop terminology and nomenclature for SCF
  - Aims to create a consistent and common understanding about SCF
  - To support global adoption of standard terms
- 'Receivables Purchase SCF' category includes factoring
- 'Loan or Advances against Receivables' includes inventory and pre-shipment finance

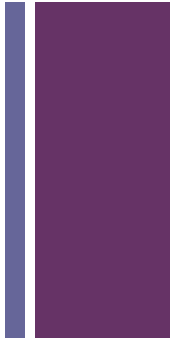
# + Factoring



- Where regulation allows, growth area is independent providers
- Single invoice or single debtor factoring
- Specialisation in traditionally challenging industries
  - Digital media
  - Construction
  - Haulage / logistics
  - Charity & social enterprise sector
  - Health sector
- Innovation is with the small player
- Banks' approval processes for new products is too long

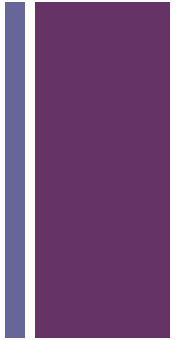
# + Rise of Alternative Finance in Europe

- Financial institutions' credit appetite in the financial crisis
- Technological change – “digital disruption”
- Low base rates
  - Mature-market private investors facing very low savings rates
- Institutional investors beginning to invest through Alternative Finance platforms
  - This raises the profile of AltFin
  - Moves it towards the mainstream





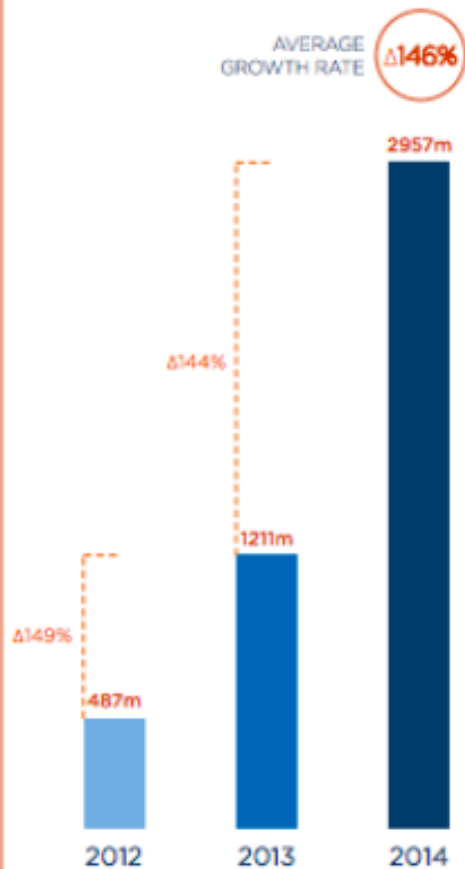
# AltFin Stats



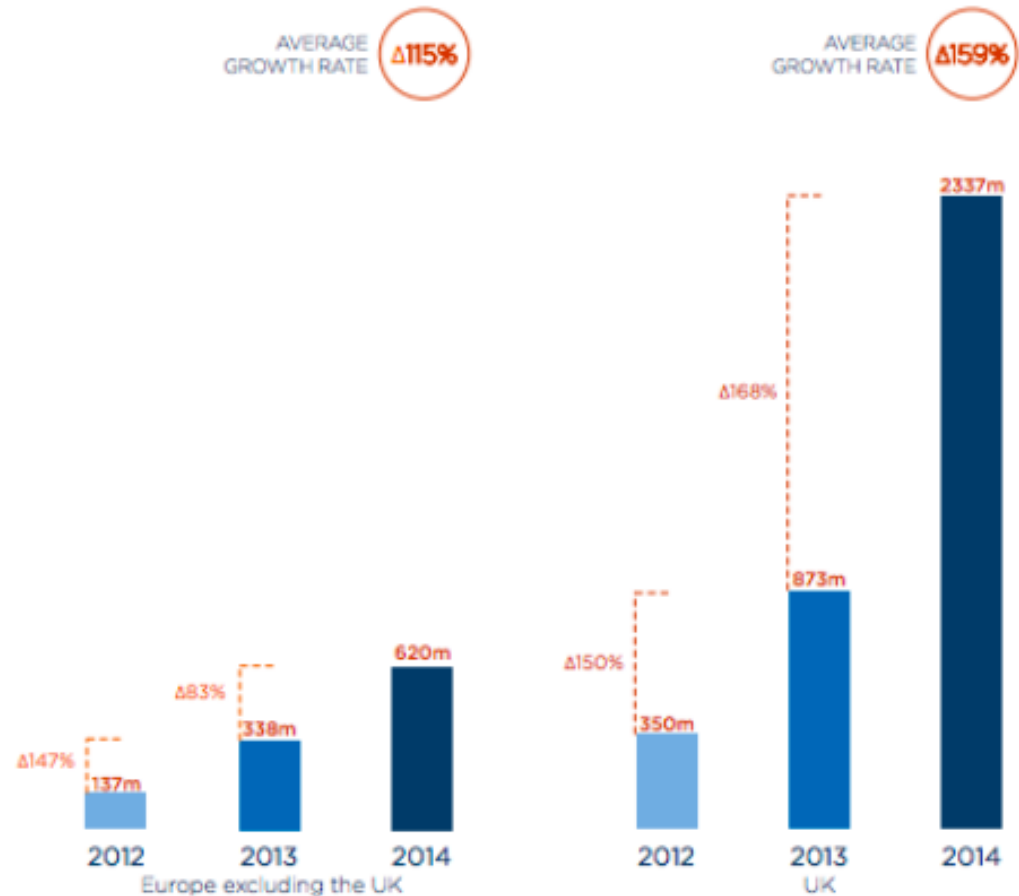
- 2014: €2.9bn total transaction volume (2013: €1.2bn)
  - €620 million outside UK (2013: €338mn)
  - UK, France, Germany, Sweden, Netherlands, Spain
  - Opportunity for traditional lenders to adopt some of the innovations of Alternative Finance ?
  - Peer-to-peer (P2P), both consumer and business
  - Crowdfunding, equity or reward-based
  - Invoice trading or auction platforms
  - All supplying credit to SMEs
  
- February 2015 University of Cambridge report 'Moving Mainstream' ([www.jbs.cam.ac.uk](http://www.jbs.cam.ac.uk)):
  - AltFin is offering greater transparency and more diverse ways to invest or borrow

## EUROPEAN ALTERNATIVE FINANCE MARKET SIZE AND GROWTH RATE 2012-2014 €M

### ALL OF EUROPE

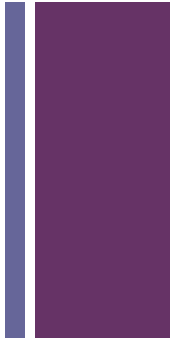


### UK VS REST OF EUROPE





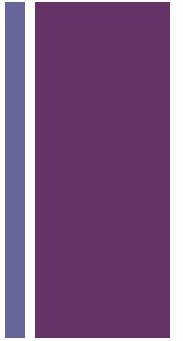
# Government support for SMEs and alternative finance



- British Business Bank started October 2013
  - 100% government-owned but independently managed
  - Objective is to increase the supply of finance to smaller businesses and create greater choice of options and providers
  - Over GBP 800 million lent in last 12 months
  
- Small Business, Enterprise & Employment Act 2015
  - Moves to nullify the ban on invoice assignment – removing contractual barriers to selling invoices
    - BoA clause primarily intended to prevent a supplier sub-contracting work. Unintentional consequence is blocking invoice finance. Sub-contract restriction will be maintained.
  
- 2016: Innovative Finance Savings Account will allow investors to lend with tax-free interest
  
- Investors can now offset any losses in alternative finance against profits



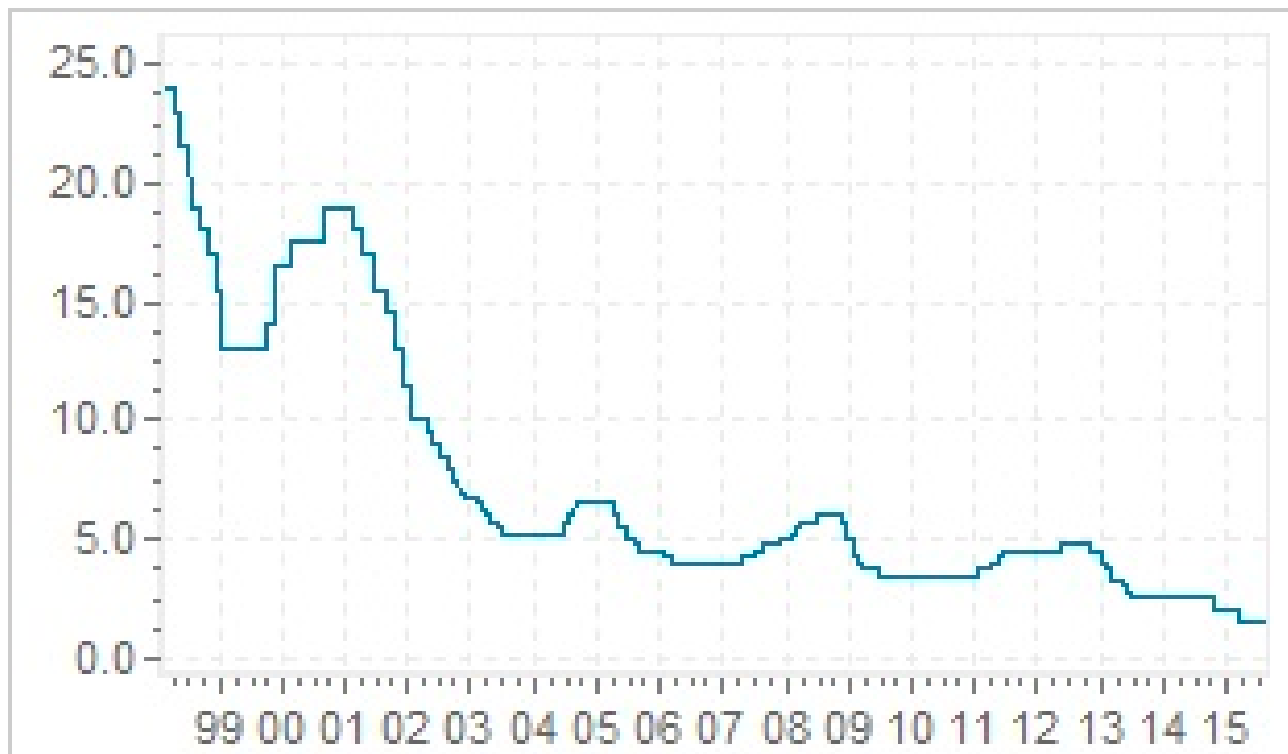
# + Technology



- Mobile apps
- Broadening of “factoring software” to include
  - Data extraction
  - Credit information
  - Debt collection
  - Trade finance; order and pre-shipment; supply chain
- SCF platforms
- Bank Payment Obligation (BPO)

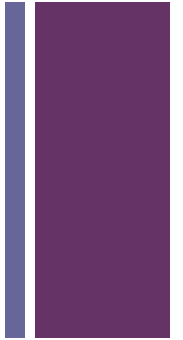
# + Opportunity for Poland ?

Graph Polish interest rate - long-term graph



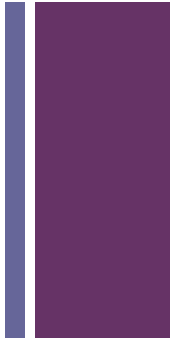
Narodowy Bank Polski base rate

# + Opportunity for Poland ?



- P2P lending
  - Started in Poland in February 2008
  - Offering higher interest rates than earned in banks
  - Potential for cheaper loans for borrowers
  - Regulatory environment encourages P2P ?
- Online Receivables financing
  - Trading platforms
  - Auctions sites
  - Supplier chooses when and what to assign
  - Attraction of immediacy of decision process

# + Opportunity for Poland ?



- Need for credibility and stability
  - Regulators
  - Platform operators
  - Risk management
    - Who is responsible for what ?
      - Credit assessment of debtor
      - Due diligence on receivable
      - Who has assignment
      - Credit insurance beneficiary
      - Cash management

# + After the appetiser...

- Time for the lunch !

Thank you for your attention



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