

Panel Discussion on Exporters Sail Through COVID-19  
WTC - Mumbai

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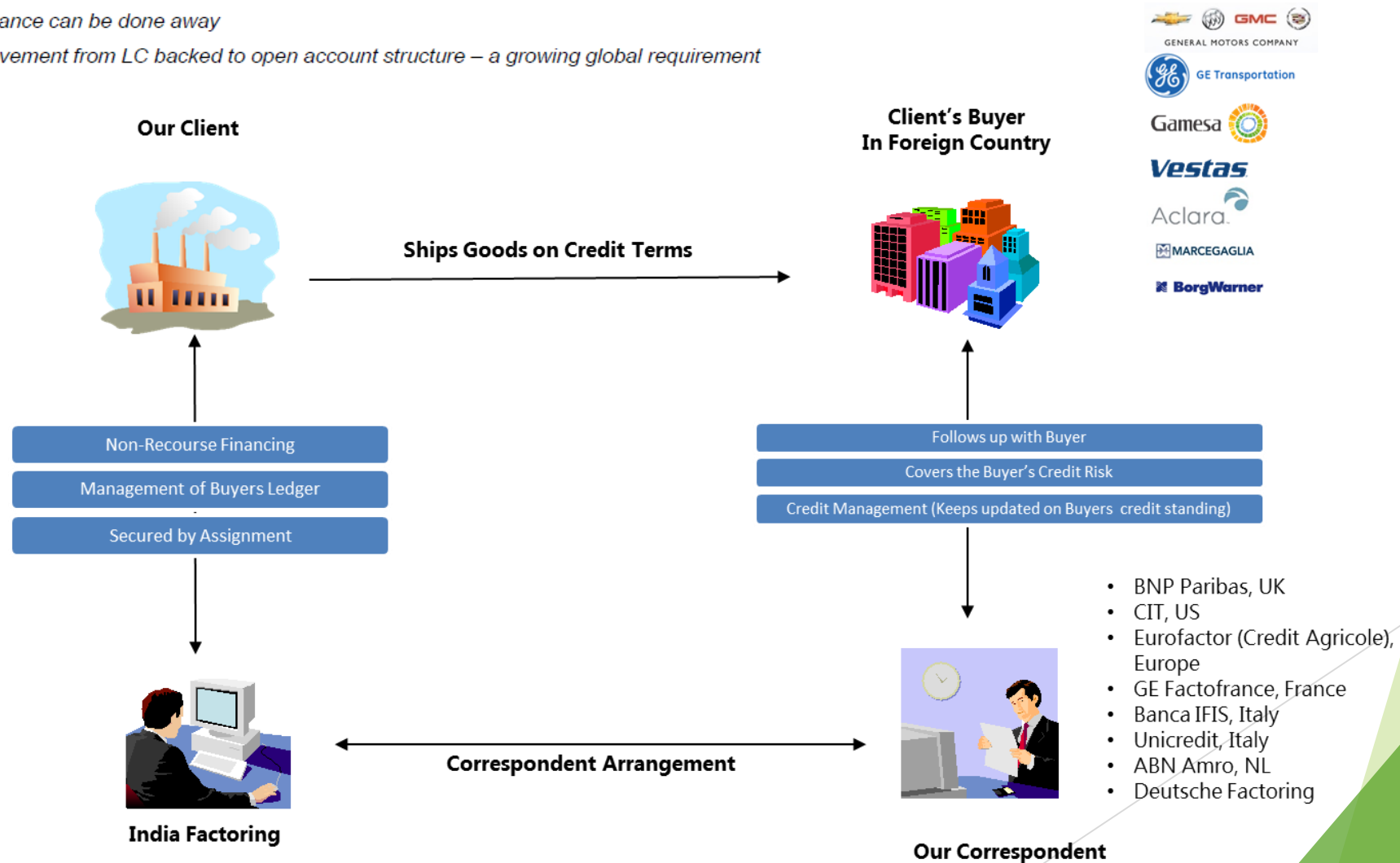
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# International Trade and Economic Recovery Dynamics

- ▶ International Trade in 2019 stood at USD 18.1 trillion
- ▶ **V shaped recovery - Faster Recovery Scenario**
  - ▶ 3 - 6 months economic downturn
  - ▶ Fall in Global Trade would not be greater than 11 % in 2020
  - ▶ Global Trade would touch USD 18 trillion mark by 2020 and 27 trillion by 2028
- ▶ **U shaped recovery - Most likely scenario**
  - ▶ 6 - 9 Months economic downturn
  - ▶ Fall in Global Trade would be about 21 % in 2020
  - ▶ Global Trade would touch USD 18 trillion mark by 2024
- ▶ **L shaped recovery - Worst Scenario**
  - ▶ 12 Months economic downturn
  - ▶ Fall in Global Trade would be around 30 % in 2020
  - ▶ Global Trade would remain at USD 15 trillion mark by 2028

# Export Factoring

- *Non Recourse Facility*
- *Balance sheet management*
- *Frees up working capital – cuts FX exposure*
- *Additional feature of credit protection – correspondent factor*
- *Credit Insurance can be done away*
- *Gradual movement from LC backed to open account structure – a growing global requirement*



# Export Factoring Advantages to You..



*Improves his cash flow - immediate funding upon presentation of invoices*



*Client need not spend time on chasing overdue debts - collections are done by our Correspondent*



*No Languages / time zone issues with foreign debtors - collections are done by our correspondents*



*No losses due to Bad debts - Correspondent cover / insure Buyer's Credit Risk*



*Fully unsecured Facility - Client free to pledge his securities to Bank*



*Balance Sheet ratios improves - Factoring is Off Balance Sheet for Client*



*Improves Commercial competitiveness - higher credit terms does not affect the Client*



*Self Liquidating Finance - Financing is recovered from payments made by the buyer*



*Client can concentrate on his core business*

# Factoring vs Bank Finance

## Factoring

Receivables are Assigned / Purchased

Factoring Limit - Off Balance Sheet (Non-Recourse)

Unsecured

Receivables get converted into Cash

Factoring Limit is based on future Sales

Based on Client's performance of goods and Debtor's Creditworthiness

Collection Services

No Penalty on Overdues

Buyer Concentration approach

## Bank Finance

Receivables are Hypothecated

Bank Limit reflects on Balance Sheet as Loan

Mostly Secured

Receivables remain as Debtors

Bank Limit is based on Balance Sheet

Based on Client's Creditworthiness

No Collection Services provided

Penal Interest on Overdues

Client Concentration approach

# THANK YOU



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