

PRESS RELEASE

Amsterdam, Netherlands: The FCI Annual Meeting (10-15 June 2018) celebrates its 50th golden anniversary. In half a century, the worldwide association for factoring and working capital solutions - present through 400 companies in 90 countries – has reached an incredible success with a strong and continuous growth in membership and volume year after year.

This important event is a special occasion to issue a special book: *Factors and Actors. A Global perspective on the Present, Past and Future of Factoring* (Brussels, Peter Lang publisher, 2018, 434 p.).

Edited by Patrick de Villepin (PhD in History, Global Head of Factoring, BNP Paribas, a founding member of the association) in collaboration with 37 contributors coming from 15 different countries, this collective work - both historical and global – covers the Factoring Industry over all continents.

Bringing together excellent historians with top experts in the field has enabled to produce a single vision of past legacies, current developments and future possibilities. Three main conclusions can be brought from this academic and professional work:

- 1- PAST: dedicated to the real economy, factoring has been a recent business phenomena. Only few patchy attempts can be found during antiquity. Born in the 15th century (mainly in the UK), the word “Factor” refers to a commercial agent and only appears in 1889 as a financial product (“old line factoring”), confirmed by court ruling at the end of the 1920s in the United States;
- 2- PRESENT: throughout the 20th century, the Anglo-Saxon base has influenced the expansion of factoring, in Europe as well as in Asia. In the recent years, each country has organised its own domestic framework, legal and operational. On top of it, FCI has built an efficient Two-Factor system for import/export factoring. In 50 years’ time, factoring solutions have encountered a huge success and evolved into many types of offerings, including recourse/non-recourse, disclosed/undisclosed receivable programs, off-balance, reverse factoring... Actual trends show a better dynamic in open account (factoring) than in letter of credits (trade), although compliance and regulatory frameworks become more and more a reality;
- 3- FUTURE: a secured process and a strong “factoring factory” are of a great help to overcome frauds, bubbles and all types of risk issues. In a period of disruptive technologies in product innovation and digitization, creativity and internal adaptation are constantly increasing. A factoring 2.0 is progressively emerging through the rise of new technologies, evolution of existing companies and the creation of new fintechs. Competition is welcome when it brings new challenges and ideas in a level playing field situation. Impact of disruptions are still to be studied: evolution of products and invoices; transformation of automotive industry and many B2B sectors...

To face all new challenges of the 21th century, *Factors and Actors* makes ten proposals to promote factoring:

- 1- Ensure a fair regulatory environment for factoring
- 2- Better recognize factoring by governments, central banks & corporates
- 3- Harmonise solvency/liquidity regulatory conditions
- 4- Promote credit insurance as risk mitigation vehicle
- 5- Push full notification factoring for SMEs worldwide
- 6- Improve coordination between working capital & securitisation
- 8- Extend ABL in Continental Europe
- 9- Contribute to digital & innovative factoring 2.0
- 9- Build a blockchain solution for FCI import/export correspondent factoring
- 10- Promote factoring education as key differentiator

In summary, this project helps to increase experience and awareness about a very special financing activity and its numerous virtues. Today factoring stands at a crossroads. Ten years after the start of an unprecedented financial crisis, the time is ripe to promote this form of sound, secure and innovative form of financing.