

Alternative

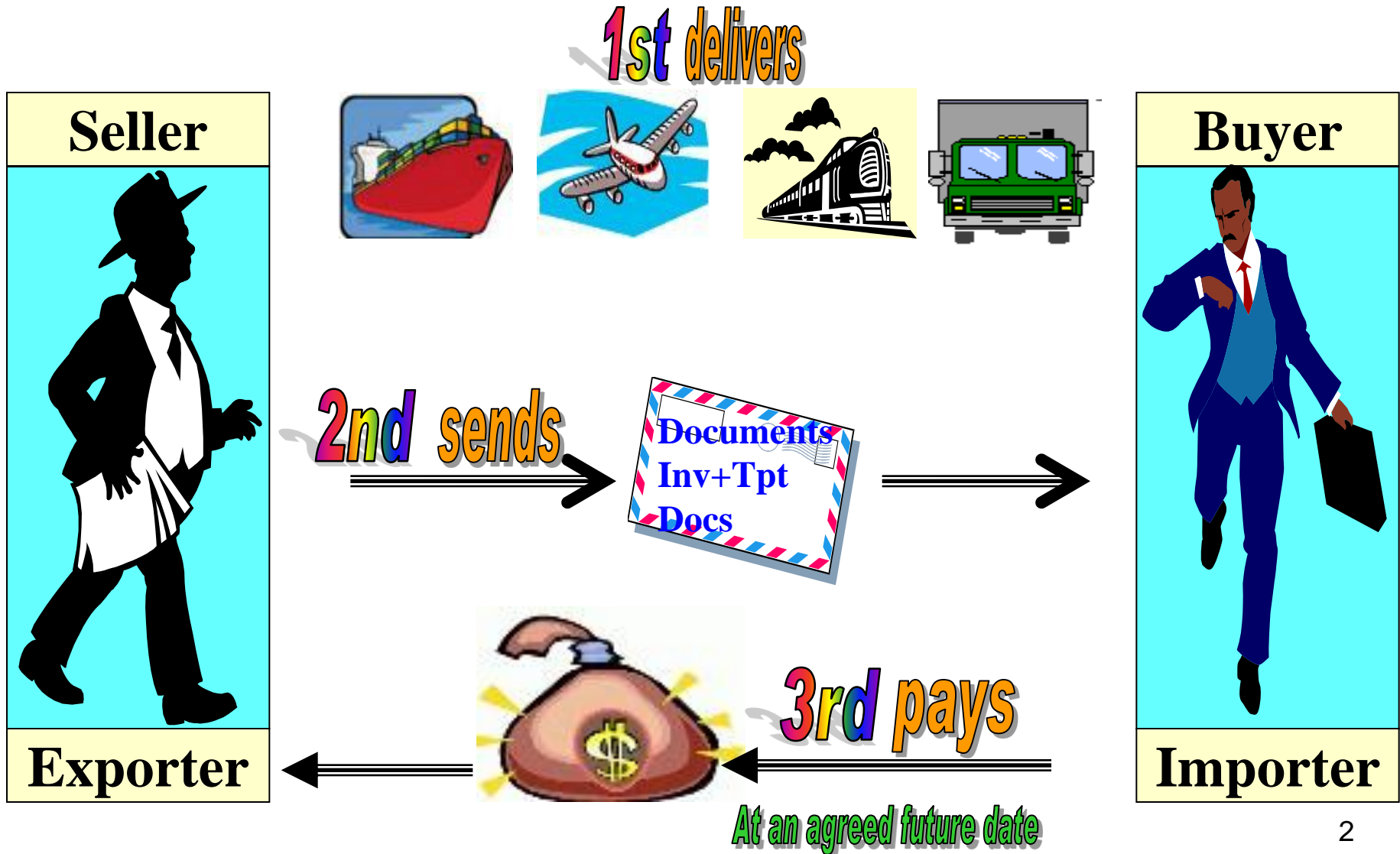
Trade

Finance

Presenter : Joe YAP

Date : 15th July 2014

Open Account Trade



Reverse ARR

Industry Terminology

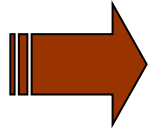
Buyer based supplier's financing

Supply Chain Financing

Differences between ARP & Reversed ARP

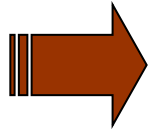


Valued Proposition to Financing Bank

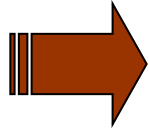


Revenues earned

Trade Fee Income
Trade Interest Income
Cash Fee Income

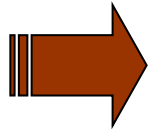


Awareness of non-payment by buyer

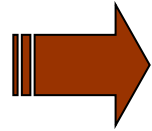


New potential client(s) = seller(s)

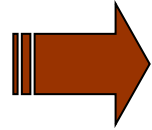
Own or your overseas branches



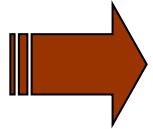
Valued Proposition to Buyer



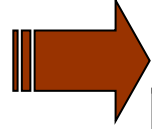
No longer deal with requests for early repayment



Asks for longer or extended credit terms



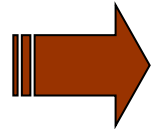
Trade more on open account



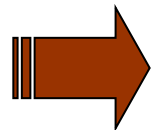
Pre-approved only trusted supplier(s)

<i>Rejection of goods - low</i>

Undisputed purchases



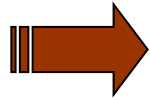
Improved Days Payable Outstanding (DPO)

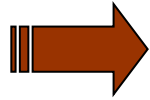


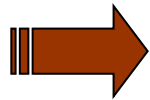
Using e-banking channel

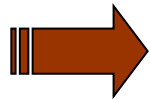
documentation

Valued Proposition to Seller

 100% invoice value factored - extremely possible versus normal Factoring not more than 100%

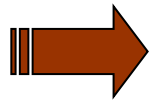
 Based on credit standing of the buyer not the rating of the seller
Lower interest rate

 Trade more on open account

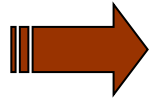
 Using e-banking channel
Documentation

 Non-recourse financing

 Improves cash flow

 Buyer assumes payment liability

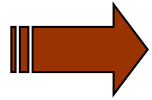
Concern(s) or Issue(s)



Regulatory

Treatment may be subject to any Financial Act

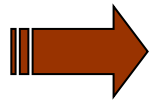
X-Border Capital Control



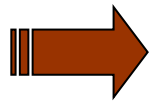
Taxation

Tax deductability of interest

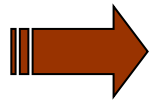
VAT or GST



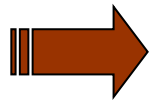
Bankruptcy law complication



Investment in IT Infrastructure



Standardisation of procedure, compliance



Differentiation using the words [Purchases] vs [Financing]

Reverse Trade Receivables Purchases / Financing

A strong buyer (whom leverages its own strong banking relationships, credit rating) and many smaller or dependent suppliers in need of a financing platform that will match the liquidity gap created during a specific credit period.

Financing against trade receivables based on the **creditworthiness** of the buyer and its commitment to provide **accurate** and **irrevocable** information with regards to its payables to each and every supplier participating.