FACTORING

The burgeoning area of supply chain finance (SCF) offers tremendous potential for delivering innovation and efficiency to the trade finance space. To help foster consistency and common understanding of SCF concepts, an initiative was launched by ICC, BAFT, and other organizations to formulate standard definitions for nine supply chain finance techniques and to advocate for their widespread adoption. With this issue, DCW begins a series of articles which will explore the contours of each definition and the relationship between each SCF technique and letters of credit. To kickoff this series, Peter Mulroy examines the definition of Factoring, explains how Factoring works as a form of receivables finance, and offers evidence supporting the notion that building momentum for this SCF technique may be a precursor to broader market acceptance in the future.