

3 Questions to

Maxime Bertin, Fibus Managing Director

Why is factoring particularly well suited to supporting export growth?

Factoring adapts directly to a company's level of business activity. As it is based on the value of receivables, financing capacity increases as sales grow, without being subject to a pre-agreed facility limit. This is a significant advantage for mid-market and larger SMEs expanding internationally, where growth often leads to an increase in working capital requirements.

The benefits are even more pronounced when payment terms in overseas markets are longer than in France. Germany has traditionally had shorter payment terms, although these have been lengthening, while Italy and Spain generally have longer payment periods. Factoring enables businesses to convert sales into available cash more quickly, without having to wait for customers to pay.

How to structure an effective export factoring programme?

An effective export factoring programme must be built around the company's actual customer portfolio, rather than a standard contract. The first consideration is geography. Receivables from customers within the European Union are generally easier to finance, while, in overseas markets beyond Europe, factors' appetite varies according to the country, sector and local legal framework.

The second consideration is the invoicing currency. Financing receivables in US dollars or pounds sterling involves additional costs, as well as legal and operational requirements that may not always be justified for smaller volumes. The third key factor is protection against non-payment risk. Essential for the factor, this can either be included in its offering or provided



through a separate credit insurance policy taken out by the company. The right approach depends on the level of cover, its impact on the amount that can be financed, the cost and the structure of the receivables portfolio.

A standalone credit insurance policy can also cover customers whose receivables are not assigned to the factor, making it potentially better suited to companies with a large and diversified debtor base.

How to choose the right partner to support international expansion?

The cheapest provider does not necessarily offer the highest level of financing. The priority is first to maximise available funding, then to optimise its cost.

This is precisely where Fibus adds value: assessing the financing potential, putting the market to the test and identifying the most effective combination of countries, currencies, financing structures, pricing and risk cover.

Our experience in structuring programmes across dozens of countries enables us to support businesses throughout the implementation process and continuously optimise their financing arrangements as their activities and needs evolve.

Diane Roy, in collaboration with Fibus