

9<sup>th</sup> INTERNATIONAL FACTORING CONGRESS



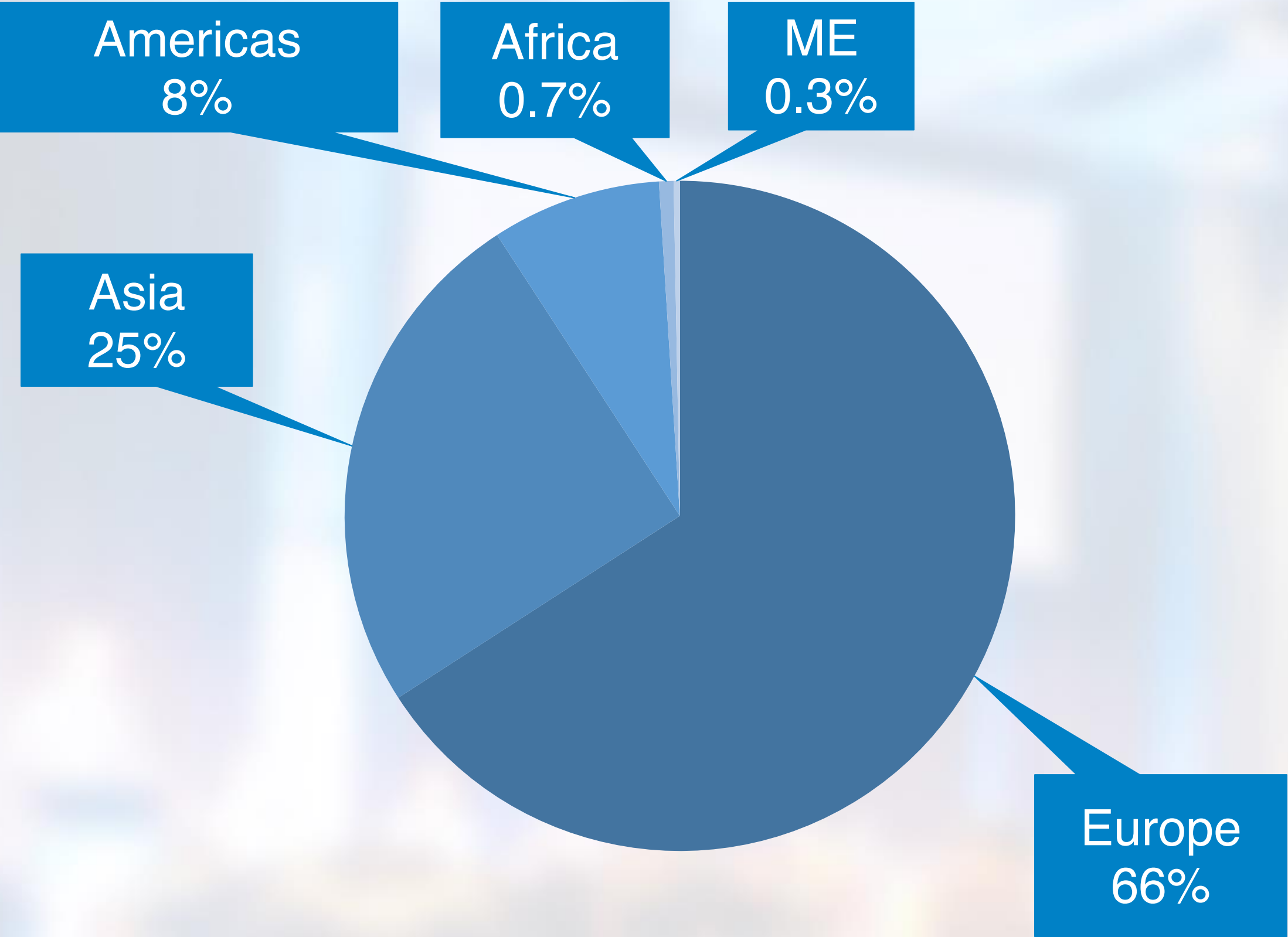
# The European RF Market

## How Poland fits within the European Receivables Finance Environment

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September 20, 2018

# FCI 2017 Global Factoring Statistics and Market Share by Region



All figures given in Euro Billions			
	2016	2017	% change
Europe	1,593.0	1,701.9	+7%
Asia	555.6	657.2	+18%
Americas	199.5	209.5	+5%
Africa	20.4	21.7	+6%
Middle East	7.6	8.0	+5%
Total	2,376.1	2,598.3	+9%





# Comparison to other forms of Trade Finance

## Factoring, LC & Credit Insurance Comparisons with World Exports 2011-2017 (USD Millions)

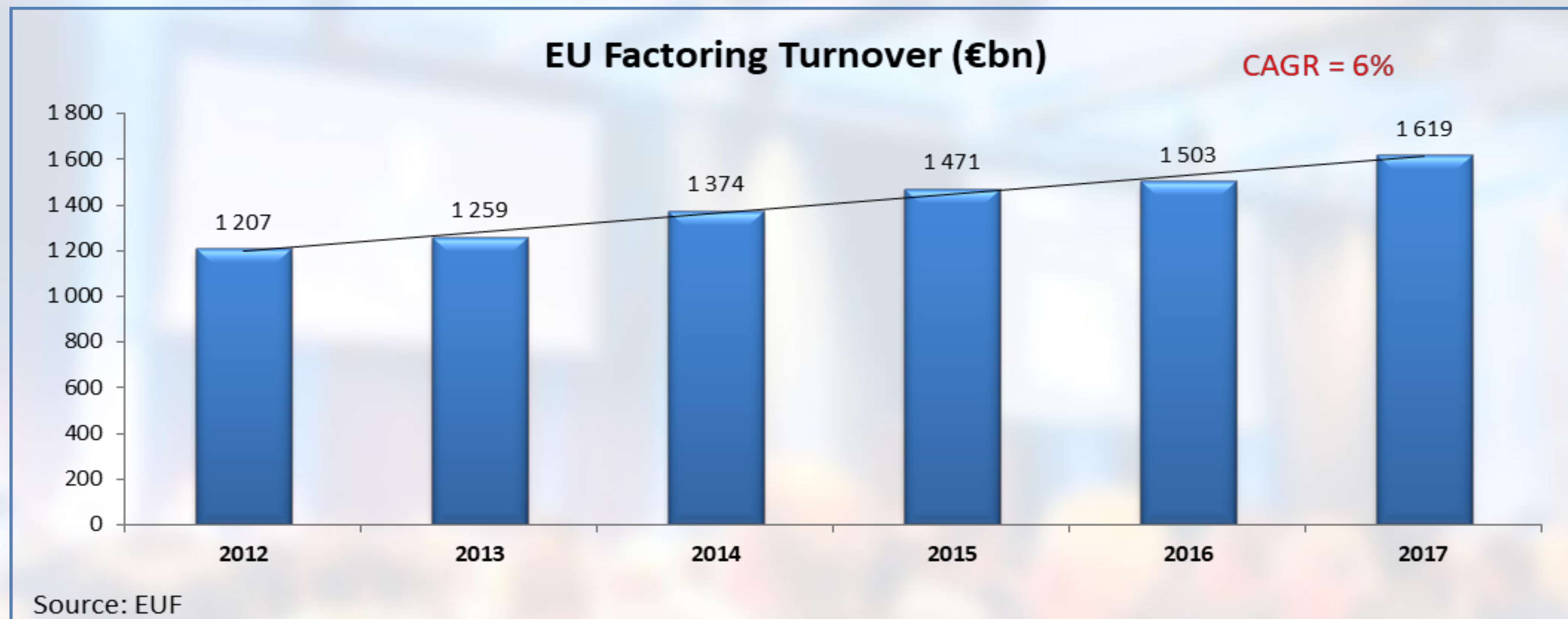
	2011	2012	2013	2014	2015	2016	2017	CAGR
X border factoring	355,379	467,860	555,879	588,185	579,552	550,107	<b>623,344</b>	9.8%
Global factoring	<b>2,610,344</b>	<b>2,811,346</b>	<b>3,078,505</b>	<b>2,817,263</b>	<b>2,588,182</b>	<b>2,500,706</b>	<b>3,117,437</b>	<b>3,0%</b>
Credit insurance	1,495,227	1,538,609	1,630,925	1,709,579	1,586,000	<b>1,634,000</b>	<b>2,069,000</b>	5,5%
Letters or credit	2,806,965	2,854,918	3,125,957	3,044,682	3,014,235	3,044,375	<b>2,996,883</b>	1,1%
Total world exports	17,816,372	17 930 470	18,378,730	18,935,210	18,432,650	16,943,000	<b>17,739,320</b>	-0.1%

### Sources:

- Factoring figures reported by FCI. World Factoring includes both domestic and cross border factoring volume
- Short and medium term sovereign credit insurance figures reported by the Berne Union
- The LC figures from ICC/SWIFT study. SWIFT does not release LC issuance data, but in December 2010 its board agreed to carry out a 'trade snapshot', releasing the number of MT700 commercial standby and guarantee messages, including average invoice size. All figures are estimates based on actual data. In 2017, SWIFT trade finance volume fell 1.56% as measured in MT700 messages.
- The world merchandise export figures from the WTO in US dollar value (2017 estimated)

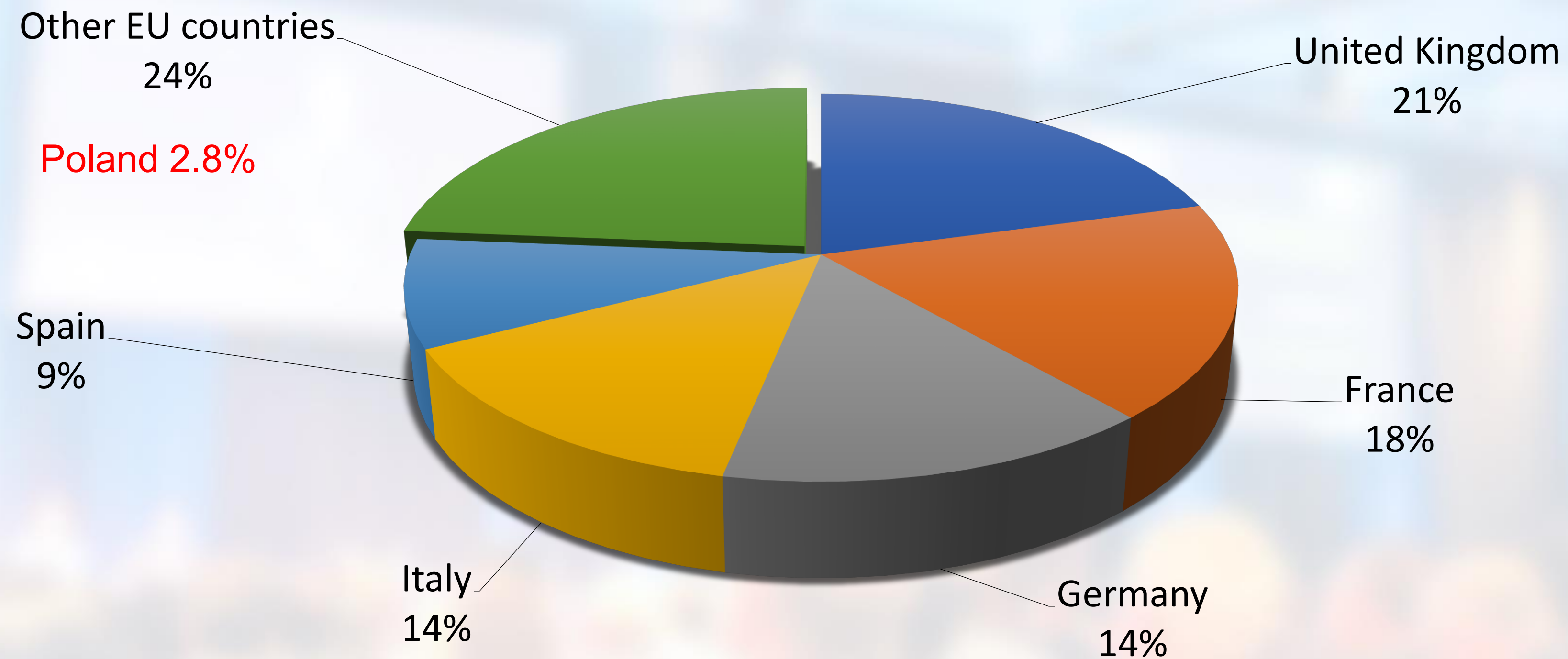


# Growth in the EU RF Industry...



Poland CAGR 12.6%

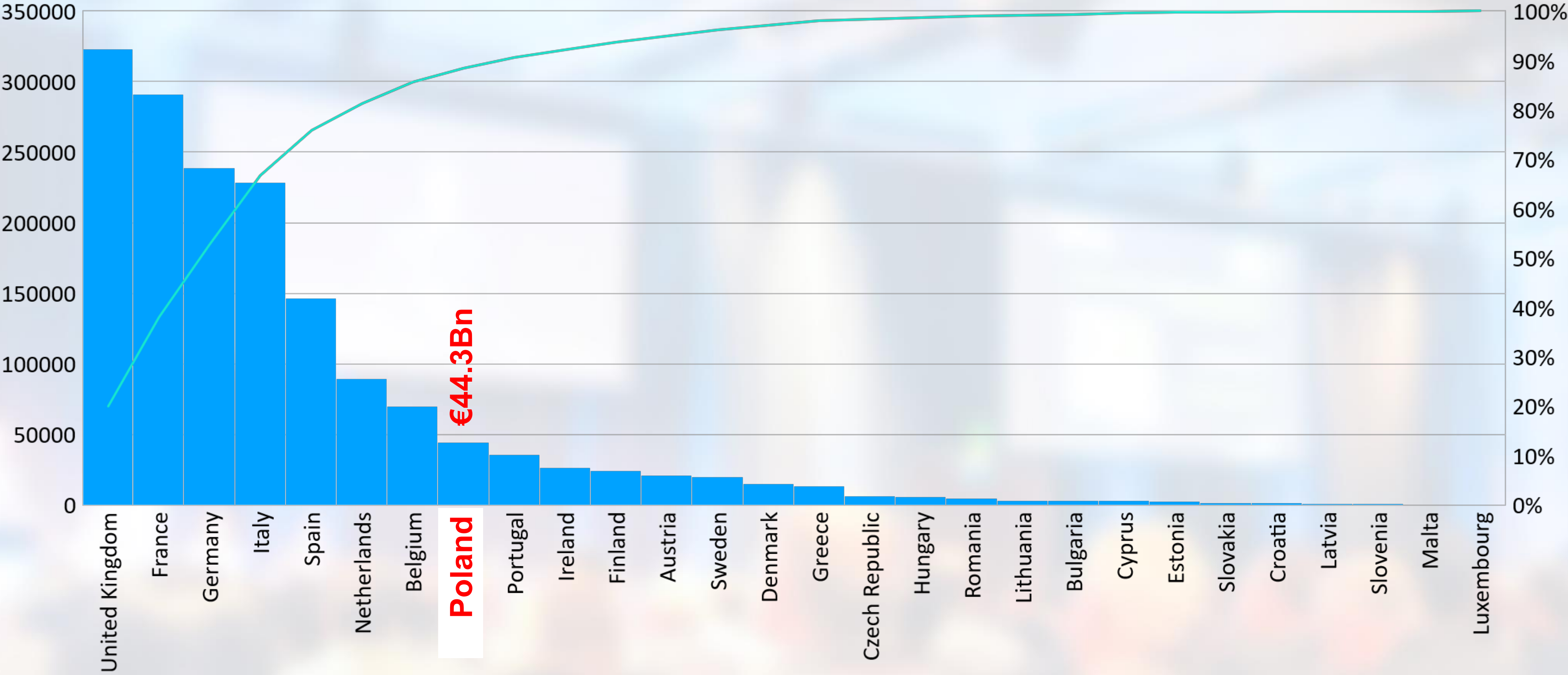
# Turnover Distribution in the EU 2017



Source: EUF



# Cumulative Turnover by Country €M



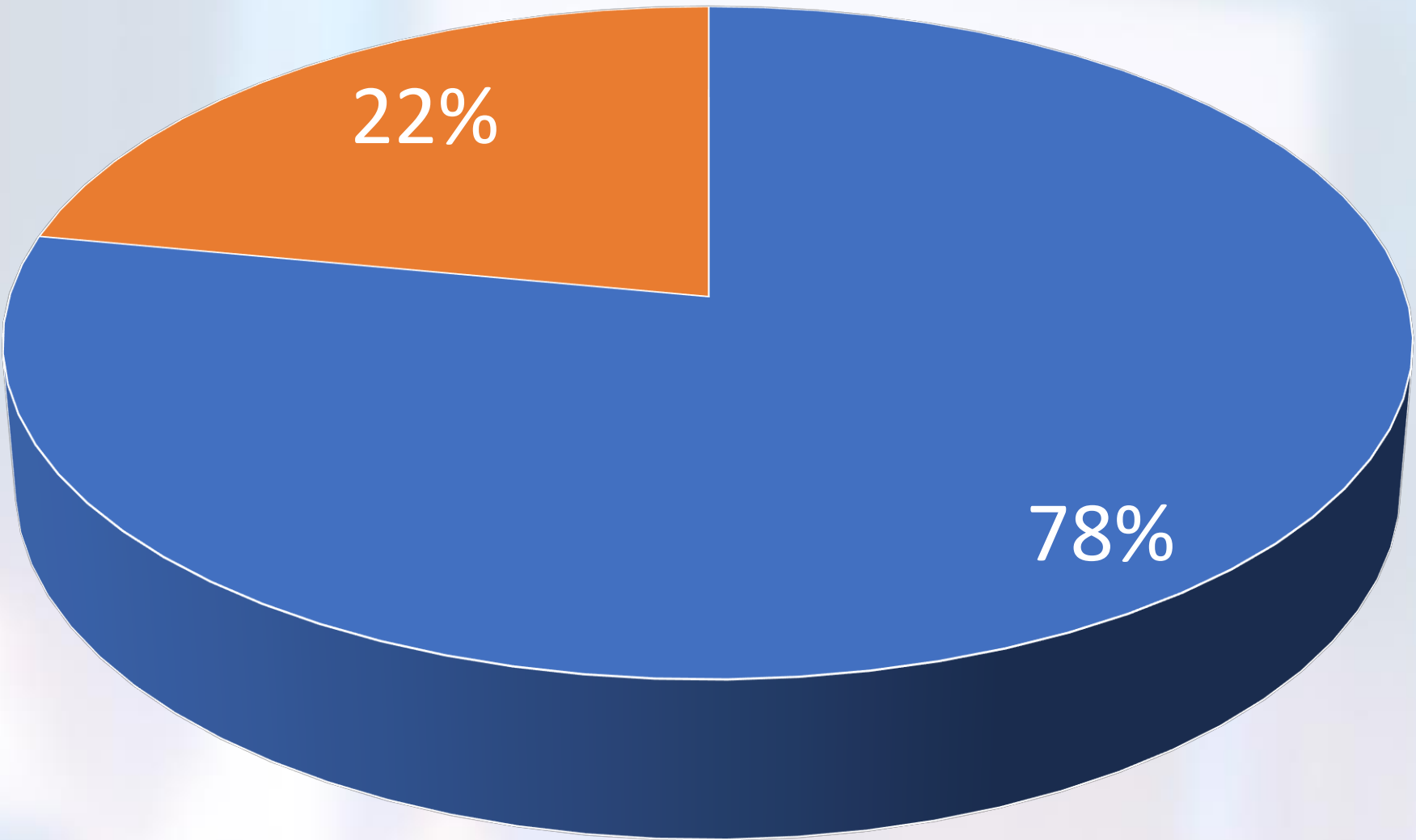
Source EUF



# European RF Characteristics

Turnover

Poland 20.6%

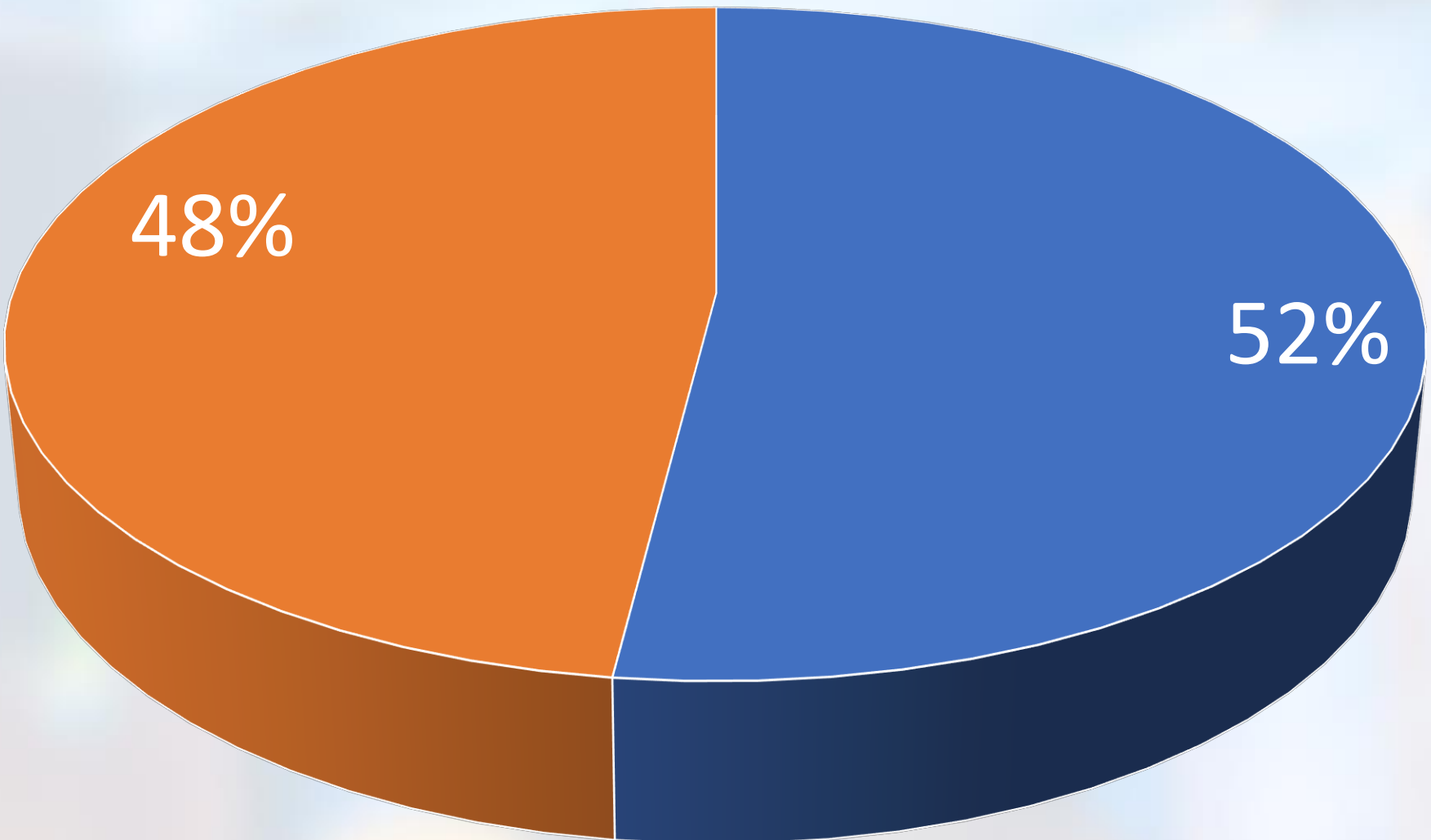


Poland 79.4%

■ Domestic ■ International

Product type

Poland 56.3%



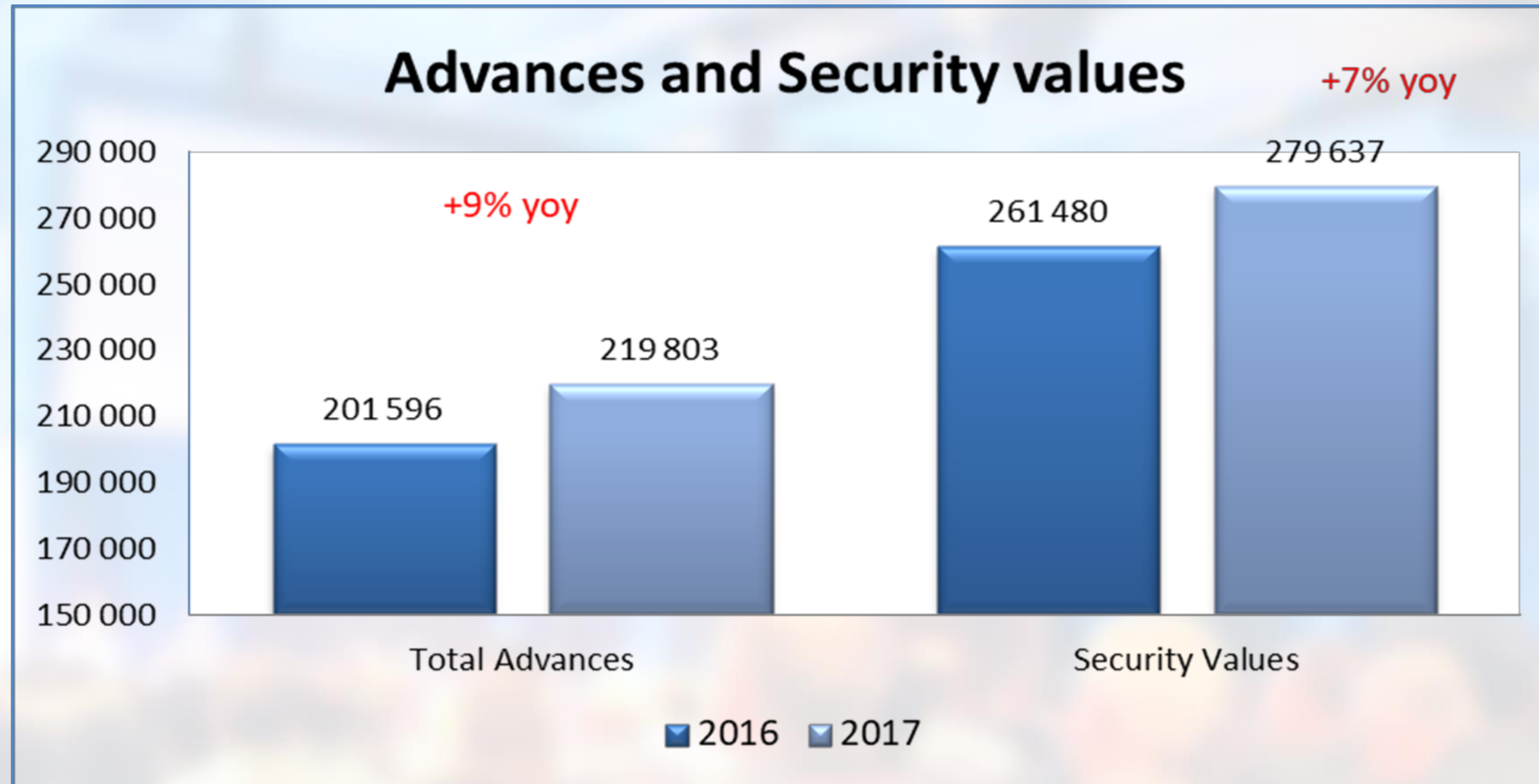
Poland 43.7%

■ Recourse ■ Non Recourse

Source EUF



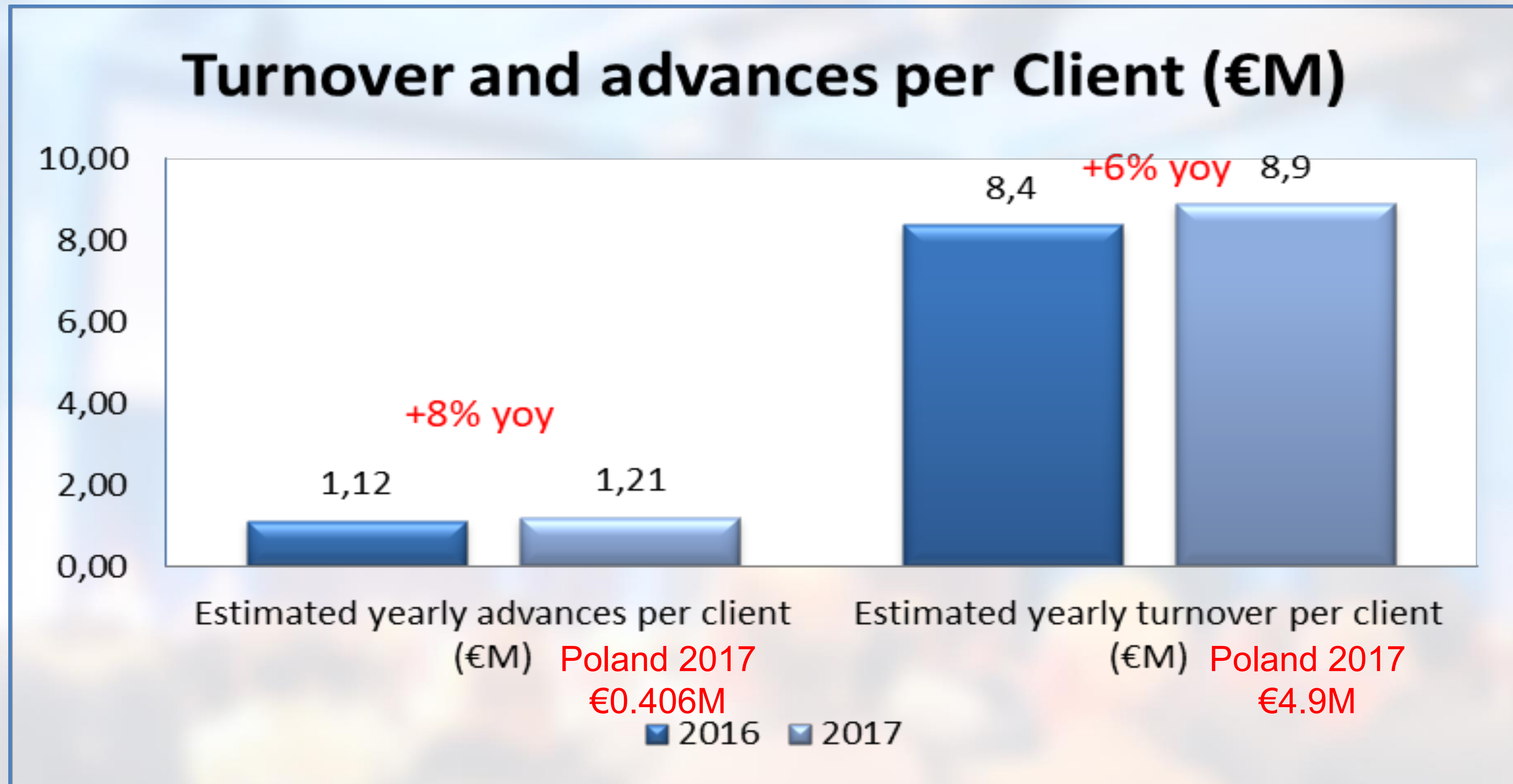
# How much, how secure?



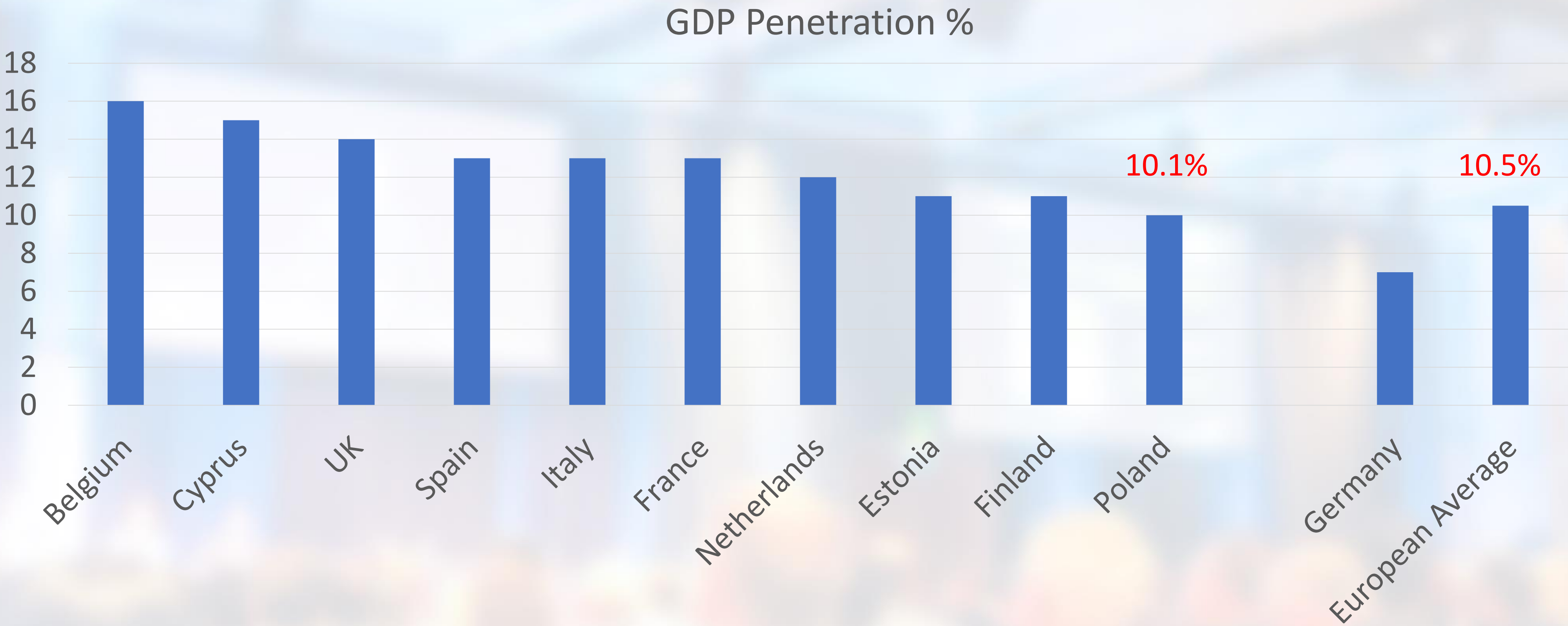
Source EUF



# How much and to whom?



# Impact of RF in the economy



# Average turnover/client in EU countries (with some non-European comparators)



Source: EUF  
round window



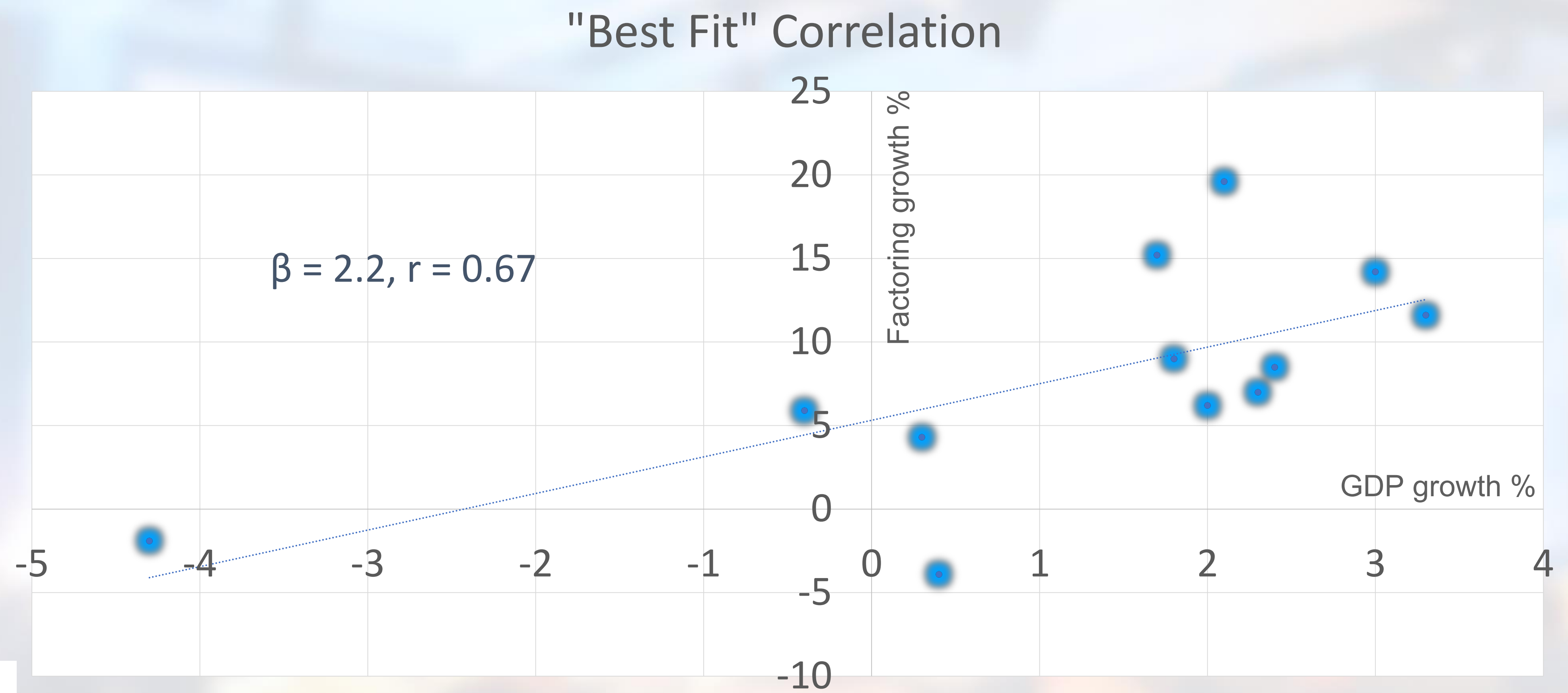


# RF Growth in the EU Region: GDP % vs RF %

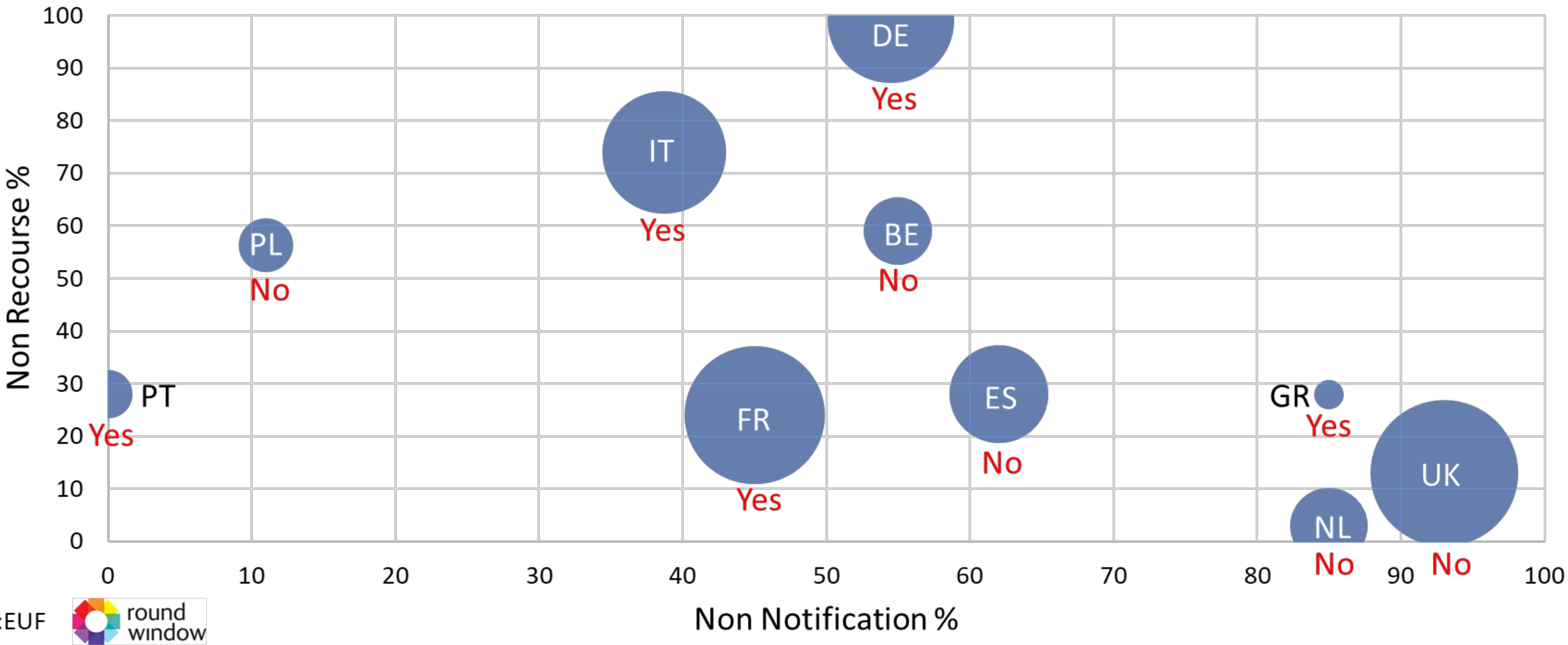
GDP v RF in the EU 2006-2017



# Correlation of RF and GDP growth in EU



# EU: positioning, size and regulation?





# Comment and Conclusion...

Continued market growth closely correlated with improving GDP performance

- But if GDP falls, so will factoring...

European markets generally dominated by banks and their subsidiaries

- But independent sector is important for innovation...

Approach to regulation varies from market to market

- Inconsistent approaches despite EU...

Distributed Ledger Technology on everyone's mind

- Although limited real world impact to date...

Fintech still struggling to compete directly in established markets

- Technology-only based solutions vulnerable to fraud...

Many routes to success!

- The Industry is in good health...

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# Thank you

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