

Import Export Factoring

The target

Companies wishing to obtain the support of a specialized operator in handling of trade receivables versus cross-border counterparts, prospectively obtaining the assumption by UniCredit Factoring of the risk of Debtors' insolvency.

Description of the Service

With transactions concerning Assignments of Export Receivables, UniCredit Factoring acquires the trade receivables claimed by the Italian Assignor from some of its cross-border Debtors, handles them as regards administration and takes care of collection.

With transactions concerning Assignments of Import Receivables UniCredit Factoring acquires, on the other hand, trade receivables claimed by the cross-border Assignor from some of its Italian Debtors, handles them as regards administration and takes care of collection.

Furthermore, wherever required, UniCredit Factoring may grant to the assigned Debtor a deferral regarding the original terms governing payment of the assigned receivables.

In both cases, UniCredit Factoring places at customers' disposal its skills regarding the assessment of the cross-border counterparts and the risk of Debtors' insolvency may remain with the Assignor (With-Recourse) or be assumed by UniCredit Factoring (Non-Recourse).

Furthermore, at the Assignor's request, UniCredit Factoring may advance the amount for the assigned receivables, usually up to a maximum 80% of the relevant total.

The geographical coverage of the transactions is global because this activity is performed also with the collaboration of the Factoring Companies belonging to the UniCredit Group or through correspondent companies belonging to the Factors Chain International (FCI) network.

Pricing

The "Assignment of Import/Export Receivables" product foresees the following cost items, to be charged to the Debtor:

- factoring fee: relating to the management of the assigned receivables and to the potential assumption of the insolvency risk pertaining to the assigned Debtor (Non-Recourse);
- interest: representing the financial cost for the prospective prepayment of the consideration;
- accessory expenses: various charges to be borne by the Debtor (handling, Debtor assessment, preliminary investigation, mailing costs etc.).

Should UniCredit Factoring grant to the Debtor deferral of the original payment terms, specific costs will be charged to that Debtor.

Advantages

- Out-sourced, professional management and ongoing monitoring of the assigned counterparts.
- Out-sourced handling of the receivable entrusted to an expert (UniCredit Factoring or onsite cross-border correspondent), with transformation into variable costs of the fixed expenses regarding management and recovery of the receivable.
- Funding of working capital – in particular when turnover is increasing – through the availability of an additional financial flywheel, without eroding the credit-line granted by the bank.
- Potential assumption by UniCredit Factoring of the risk of Debtors' insolvency in case of non-recourse transactions.
- Potential, substantial transfer of risks and benefits to the Factor, with the possibility of diverting from own balance-sheet the financial assets assigned (de-recognition) with resulting improvement in balance-sheet ratios and turnover of receivables.
- Possible deferral of own commercial debt, without eroding the limits of the credit-line granted by the bank (Import).