



# THE WORD FROM THE EUF...

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# WHY IS OUR INDUSTRY IMPORTANT FROM AN EU PERSPECTIVE?

- Support for (in particular SME) business to develop and grow
- Breathing space for stressed businesses
- Creating and supporting Employment
- Efficient economic growth in Europe

# WHAT IS FACTORING?

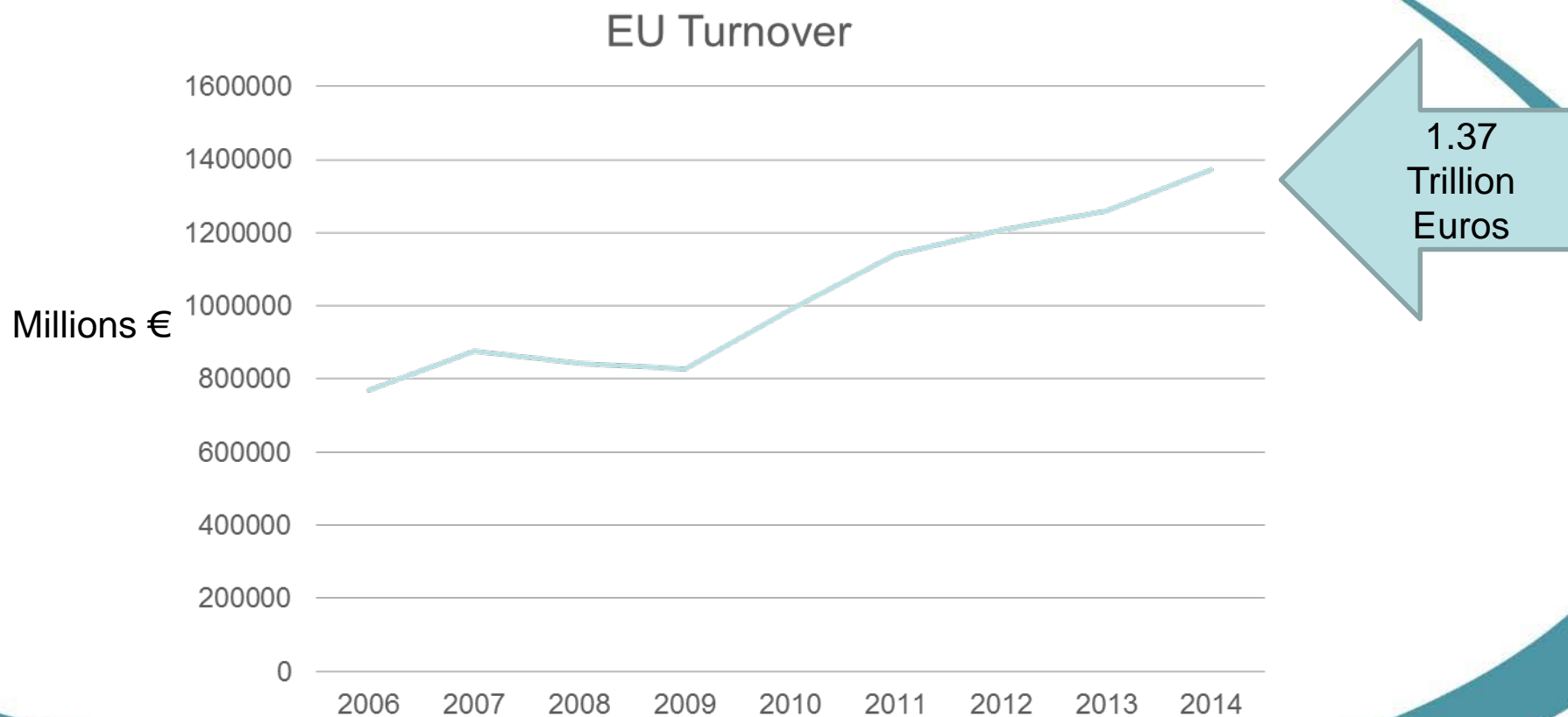
- Our Glossary (available in 8 languages) definition:
  - An agreement between a business (Assignor) and a financial entity (Factor) in which the Assignor assigns/sells its Receivables to the Factor and the Factor provides the Assignor with a combination of one or more of the following services with regard to the Receivables assigned:
    - Advance of a percentage of the amount of Receivables assigned,
    - Receivables management, collection and Credit protection.
    - Usually, the Factor administers the Assignor's sales ledger and collects the Receivables in its own name.
    - The Assignment can be disclosed to the Debtor.
- In simple English, it's working capital for business!

# HOW BIG IS THE INDUSTRY GLOBALLY?

- Globally 2014:
  - Around 2.3 Trillion Euros turnover:
    - €2,279,000,000,000
  - 4.36% global GDP
  - 300 Billion Euros advanced
  - 550,000 clients
  - 50,000 employees

Source IFG GIAR 2014

# HOW BIG IS IT IN EUROPE?



Source : EUF Analysis 2014

# HOW BIG IS IT IN EUROPE?

Country (2014 data)	Turnover €	EU market share	GDP penetration
United Kingdom	350,622	25.52%	15.81%
France	226,598	16.49%	10.58%
Germany	189,880	13.82%	6.54%
Italy	183,004	13.32%	11.32%
Spain	112,976	8.22%	10.67%
Netherlands	57,378	4.18%	8.78%
Belgium	55,374	4.03%	13.77%
Poland	33,497	2.44%	8.13%
Sweden	28,290	2.06%	6.59%
Ireland	25,476	1.85%	13.74%
Portugal	21,404	1.56%	12.27%
Finland	20,554	1.50%	10.07%

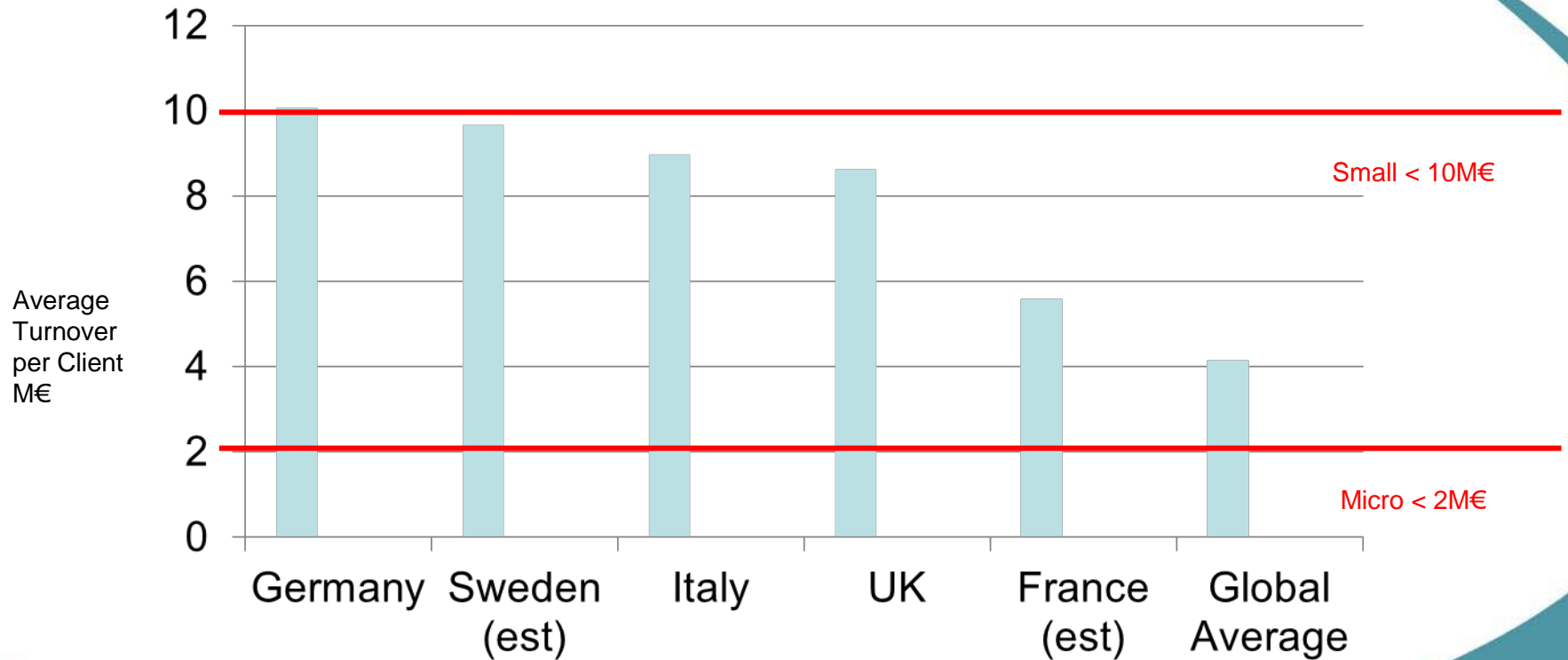
Source : EUF Analysis 2014

# GROWTH IN FACTORING...

- Growth across the European Market....
  - From €768Bn in 2006 to €1373Bn in 2014
    - 7.5% CAGR
    - Despite a Global Recession and Financial Crash...

# EVIDENCE FOR SME INVOLVEMENT?

Medium < 50M€





# FUTURE TRENDS

- More Growth
  - In both SME and corporate markets
  - But progress continues to be moderated by general economic position
- Greater usage and acceptance
  - Awareness and understanding still to be developed
- Higher GDP penetration
  - Markets not at all saturated
- Product / market diversification
  - Wider choice of products, closer integration with other funding mechanisms

# ONGOING AND FUTURE ISSUES

- Continued non-harmonised environments
  - Assignment and Rights
  - Accounting treatments
  - Single Supervisory Mechanism
- Increasing Regulation from Multiple Sources
  - Basel III/CRD IV
  - AML/ Data Protection etc

# ROLE OF THE EUF

- Help the Factoring Industry in developing its EU operations
- Inform the public, policy and lawmakers
- Communicate the importance of factoring for the effective funding of the real economy and the benefits for SMEs in particular

# AIMS OF THE EUF

- To create a common voice for the European Industry
- To interact with EU bodies to support the creation of a more integrated, harmonised and “level playing field”
- To build awareness of the funding solutions we provide and their place within the range of corporate finance
- To promote understanding of the potential role in supporting business, especially but not only SME
- To create wider opportunity for the Industry to grow

# STRATEGY

To engage, lobby and interact with all EU relevant institutions

- Monitoring of EU parliament and Commission activities
- Impact assessment and position taking
- Creation of briefing and position papers
- Interaction with MEPs, Commissioners, Rapporteurs etc as required

To educate and inform

- Collation of data
- Creation and distribution of overview surveys
- Creation of a common glossary
- Newsletter

# ACTION TIMELINE..

## 2015 year to date. The EUF:

- Hosts first joint European Summit on Factoring with IFG and FCI
- Sends position statement to EBA on materiality threshold of credit obligation
- Responds to Basel Committees consultation on Operational Risk
- Writes position paper to UNCITRAL on their Model Law
- Supports UK's ABFA seeking abolition of Bans on Assignment
- Contacts Basel Committee re their Consultative Document on revisions to the Standardized Approach for credit risk
- Composes 3<sup>rd</sup> position paper to EU regarding Rome 1 Regulation
- Gives views on the ECB's Ana Credit statistics proposals

# ACTION TIMELINE...

## 2015 year to date. The EUF:

- Publishes responses to EU's green paper on Capital Markets Union
- Creates a position paper regarding the EBA's report on the revision of the term "credit institution"
- Sends a response to the FSB's 1st Consultative Document on the Assessment Methodologies for Identifying NBNI G-SIFIs
- Reacts to the EBA Consultation on Guidelines on limits on exposures to shadow banking
- Issues a position paper to the EBA and EC on the NSFR
- ...

# IN SUMMARY

- The Industry continues to be in good health
- The EUF grows in strength
  
- But there remains much for us to do...
  - We need to continue to inform and persuade
  - We seek to build the reputation and influence of the industry
  - We work to support European business.



# OUR PRIORITIES

- Continue to build on the success achieved to date
- Build on membership involvement
- Firm up available resources
- Continue to monitor, assess and lobby our interest in EU law and regulation
- Continue to create Industry awareness
- Continue to educate and inform key stakeholder groups
- Align with the activities of common interested parties such as FENCA where appropriate and feasible

THANK YOU VERY MUCH!  
TACK SÅ MYCKET

