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Factoring services

Factoring - a kind of bank financing services business entities under the assignment of the bank - the financial agent for the right to receive payment accepted by the payers but not paid their payment requirements for goods, works or services.

Factoring allows the client:

- obtain financing up to 90% of the deliveries against documents confirming the shipment;
- obtain financing without collateral;
- provide long-term working capital financing;
- increase funding for the growth of sales volume;
- conveniently plan cash flows;
- effectively monitor and manage receivables.

Factoring can NOT be issued for:

- requirements for budget organizations;
- debt obligations of individuals;
- obligations of the enterprises declared bankrupt;
- loss-making enterprises;
- companies with illiquid balance sheet;
- financing capital investment;
- export consignment contracts;
- compensation and barter transactions;
- contracts where the buyer has the right to return the product within specified period stated in the contract, and provided after sales service.

Main terms of factoring:

- factoring operations are carried out by banks on the basis of contracts with customers at the location of their main demand deposit accounts;
- terms of execution of the monetary claim by the payer to the financial agent, through the provision of factoring services must not exceed 90 days;
- bank will transfer the funds agreed by the contract, but not more than 90 percent of the payment amount for its payment requests;
- the difference between the amount transferred by the bank and the amount of the payment requirements under the contract represents a discount of the bank.

Required documents:

- letter of agreement of the debtor for factoring operations;
- duly executed and signed by the payer of the contract of sale, works or services;
- documents confirming the fact wealth, works and services' vacation (waybills, a copy of attorney, certificates of work acceptance, etc.);
- copy of the payment requirements set out by the payer and the payer's letter about his agreement to pay (acceptance) of this requirement;
- balance sheet as at the last reporting date with a breakdown of receivables and payables with the application and acts of reconciliation for the entire amount of overdue receivables;

- income statement;
- reference on borrowed funds from other creditors and available funds held in other banks;
- list of open accounts in other banks.