



Receivable Finance solutions

At HSBC, we understand that an adequate cash flow for working capital is one of the essentials for smooth running of your business. Our constant endeavour is to provide you with innovative services designed to meet your business needs.

HSBC Offers Receivable Finance Solutions for corporate clients. It is a structured working capital finance solution that includes finance against your domestic or export receivables, collection of receivables on due date, credit protection and credit advisory services. It is an internationally accepted financing solution that allows you to convert your accounts receivables to cash thereby releasing the cash generation potential of your business.



Concessional interest rate provided for SSI units

Features and Benefits

Raise Cash Instantly

Factoring enables you to raise instant cash against your invoices. HSBC can pay for the eligible invoices as per the extant RBI guidelines. The transactions are undertaken in compliance with the statutory provisions under the Factoring Regulation Act, 2011.

No Collateral Security Required

No Collateral Security needed to avail finance. You pay interest only on the actual funds utilisation in your account.

Concentrate on your Core Business

The more your sales book grows, the more we'll help you to turn your invoices into cash. This will enable you to respond more quickly to market opportunities. Collection of receivables is also managed by HSBC enabling you to concentrate on your core business activities.

Optimise your Cash Flows

Avoid the hidden costs associated with providing extended credit for your customers. Improved cash flows can help you to negotiate competitive purchase terms with your suppliers. You can also choose additional services from our offering including our Credit Protection[#] service to protect yourself from bad debts that may arise.

[#]Credit Protection is offered selectively subject to applicable conditions.

Types of Receivable Finance Solutions

Domestic Factoring

Domestic factoring provides funding against invoices raised on customers within India. In addition to this, HSBC also takes care of ledger management. Credit Protection[#] is also offered as an optional service feature.

Steps to avail Domestic Factoring

- Field survey of your sales ledgers
- Credit assessment of your company
- Setting of Credit limits for each of your customers
- Signing of factoring agreement between you and HSBC
- Your customers accept to route all payments through HSBC
- Post delivery of goods, forward copies of invoices and supporting documents to HSBC
- You can draw prepayments upto the agreed limit

Export Factoring

Export factoring provides immediate financing against your export receivables. Financing can be availed in Rupees or in foreign currency. We offer Credit Protection[#] for your export receivables. As part of the full service package, we also offer Sales Ledger Management wherein we handle all your ledger administration and collection jobs through our overseas factor partners, to save you, both time and overhead costs.

Steps to avail Export Factoring

- Field survey of your sales ledgers
- Credit assessment of your company
- Setting of Credit limits for each of your overseas customers
- Signing of factoring agreement between you and HSBC
- Post shipping of your goods, forward copies of invoices and supporting documents to HSBC
- You can draw prepayments upto the agreed limit
- Under HSBC's supervision, an overseas factor partner collects and transfers payments to HSBC
- HSBC credits your account, less prepayments and/or charges

[#]Credit Protection is offered selectively subject to applicable conditions

Salient Features

	Particulars
a. Factoring prepayment amount	subject to regulatory caps as prescribed in extant RBI guidelines
b. Tenor	As mutually agreed as per credit period of the invoice
c. Security required	Factored invoices are assigned to HSBC. However no other collateral security would be required
d. Interest rate	For the interest rate applicable, contact your Trade Relationship manager
e. Interest calculation method	Interest calculated on daily balances and charged on monthly basis on the actual amount utilised
f. Facility set-up fees	As mutually agreed
g. Service charges	Service charge is a percentage of the invoice value as mutually agreed
h. Credit Protection [#] charges	Credit Protection [#] charge is a percentage of the invoice value. For the applicable rate, contact us [^]

[#]Credit Protection is offered selectively subject to applicable conditions.

[^]To contact us please [click here](#).

Eligibility and Documentation

For Eligibility and Documentation, please contact your Trade Relationship Manager.

FAQs

How is Receivable Finance different from a Cash Credit Limit?

Banks typically analyse their customer's last audited financial statements to assess the Working Capital finance requirements for cash credit. This approach fails when a business is experiencing rapid growth and limits assessed on a historical basis may not be sufficient to fuel business growth. Factoring analyses the funding needs of the business based on the current and projected sales volume and is therefore more in tune with the needs of the business. Additionally, a Cash Credit facility requires you to provide collateral security that is not necessary in case of a Factoring facility. Factoring solutions offer funding as per extant RBI guidelines upto 90% of invoice value whereas the working capital bank provides between 60% – 75% funding.

How is Receivable Finance different from Bill Discounting facility?

Bill Discounting facilities also suffer from the same problems as a Cash Credit facility in that they are analysed on a historical basis. Additionally, Bill Discounting facilities are released only against Bills accepted by the buyers, which leads to a delay in release of funds to the business. Factoring on the other hand allows you to access instant cash against sales on delivery of goods.

What is the security needed?

Factored invoices are assigned to HSBC. However, no collateral security is required.

Does your working capital bank object for Factoring?

No. Factoring is a recognised source of business finance complementary to bank finance, as per the Reserve Bank of India. Your working capital banker would be informed of the factoring facility, you avail from us.

How will HSBC disburse the facility?

HSBC will disburse proceeds against invoices raised by you on your customers. The disbursements shall be made directly to your account with your working capital banker by way of RTGS, Cashiers Order or Demand Draft.

What is meant by Credit Protection[#] ? Are there any charges for Credit Protection[#] ?

The factor would protect you against risk of insolvency of the buyer and protracted default provided there are no commercial disputes. Credit Protection[#] is offered selectively. Credit Protection[#] requests would be considered at the sole discretion of the factor. Credit Protection[#] comes at an additional cost and is charged as a percentage of the invoice value.

How will I repay the facility?

Repayment of the Factoring facility will be made from payments received from your customers. HSBC will apply the payments received from your customers to the respective invoices as notified by the customers. Regular MIS would be sent to you providing payment details against invoices and a list of outstanding invoices.

Do I require an ECGC policy against my exports to protect my company against customer default?

Along with an export factoring facility, HSBC offers you Credit Protection[#] against risk of customer insolvency or default. Thus, you may decide not to take the ECGC cover.

Can I avail of Credit Protection[#] for my domestic sales also?

Yes. Credit Protection[#] for your domestic sales is also offered as an add-on service to our Domestic Factoring product. You will not be required to take a specific trade insurance policy for your domestic sales.

[#]Credit Protection is offered selectively subject to applicable conditions

Receivable Finance solutions are available in select cities where The Hongkong and Shanghai Banking Corporation Limited (HSBC), India has branches and the same is subject to change from time to time. Receivable Finance Solutions are subject to terms and conditions and are at the sole discretion of HSBC.