
Appendix C – Import Factor Information Sheet

Purpose The purpose of this appendix is to show an example of a poor and a proper IFIS. Please use the “proper” example to prepare the IFIS of your company. You can find more information on the IFIS and of its purpose in the section “Getting Ready for the FCI Two-Factor Business – IFIS”.

1. Example of a Poor IFIS

Import Factor Information Sheet

Britannia Factors plc

Chariot Chambers, Perfidy Place, LONDON, EC2N 3BU, United Kingdom

Telephone: 00 44 1234 555657 e-mail address: GB99900@fci.nl

Seller Information

Must always be provided, giving as many details as possible, including the names and address of all debtors.

Credit Approvals

Credit decisions are normally given within 14 days in receipt

Of application for new debtors, and may be easier provided that we get all debtor details:

All credit lines granted should be regarded as preliminary until we receive your confirmation that the seller has signed a factoring agreement and business will commence.

Preliminary credit lines given will be withdrawn after 90 days if not utilised but may be extended by prior arrangement.

Pricing

We follow the FCI standard prices. Our commission varies for each buyer according to the turnover, number of invoices and risk assessment of the buyer.

Dunning Procedures

Statements of account are forwarded monthly to the buyers.

Payments under Approval For approved and undisputed debts, we will make a PUA 90 days after invoice due date if the buyer is financially unable to pay.

Transfer of Funds

All payment will be via SWIFT:

- Daily if above a minimum amount, or
- Weekly.

Reporting

We are EDIFACT users.

In addition we provide the FCI standardised reporting system.

Visits

Sellers and their agents are always welcome to visit us. Please contact Mr Philip Helpful.

2. Why Is the IFIS Wrong?

Seller Information	Names and addresses of buyers (not debtors!) are not part of the seller information. Buyers' details are provided by sending preliminary credit assessment requests.
Credit Approvals	<p>Replies to credit cover requests (not credit approvals!) must be sent within 10 days, not 14 days.</p> <p>Credit covers/lines are always firm; they can have an expiry date but stating that they are "preliminary" is nonsense and against the rules of the GRIF. Furthermore, credit lines do not expire after x days just because you state so in your IFIS; they expire only if you state the expiry date.</p> <p>Finally, if the EF did not yet sign a contract with the seller, he must not send credit cover requests; the EF must send preliminary credit assessment requests instead.</p> <p>Again, refer to buyers, not to debtors.</p>
Pricing	<p>There is no FCI standard pricing and there has never been one! What we have a standardised commission structure that all FCI members must use. See Chapter 11 of the Communication Manual.</p> <p>More importantly, the commission must apply to all seller's buyers and not a different commission for each single buyer. The EF simply cannot sell export factoring if the commission is different for each buyer. It is the responsibility of the IF to calculate one price based on the buyers' information provided by the EF.</p>
Dunning Procedures	<p>For a start call it "collection" and not "dunning".</p> <p>Sending a statement of account monthly is not enough. You must explain how many reminder letters you will send (and the frequency), explain your telephone collections and explain when and how you will start taking legal action.</p>
Payments under Approval	<p>For all approved and undisputed invoices, payments under approval must be made 90 days after invoice due date irrespective to the reason of non-payment. Whether or not the buyer is financially unable to pay is totally irrelevant.</p>
Transfer of Funds	<p>If there is no bilateral agreement in writing between EF and IF, all payments collected from buyers must be remitted to the EF daily irrespective to the amount.</p>

Reporting

- ✓ The name of the FCI communication system is edifactoring.com, and not EDIFACT.
- ✓ It is unnecessary to state “we are edifactoring.com users”. All FCI members are, it is a constitutional obligation. Moreover, being an edifactoring.com user has nothing to do with rendering reports to the EF, unless you stand fully behind the edifactoring.com CRS.
- ✓ The FCI standardised reporting system does not exist any longer. It has been discontinued in 1994!

You must state here how and when you will render your regular reporting to the EF:

- ✓ If you stand fully behind the edifactoring.com Centralised Reporting System (CRS), state so here and indicate that you will not send any report to the EF; the EF is expected to retrieve and check the CRS.
- ✓ If you do **not** stand behind the edifactoring.com CRS, state here which reports you will send to the EF and the frequency.

Missing Information

The following essential information is missing in the above example IFIS:

- ✓ Contacts and hours of operation,
- ✓ Assignment text,
- ✓ Introductory letter,
- ✓ Special information,
- ✓ Money laundering requirements.

3. Example of a Proper IFIS

Import Factor Information Sheet

Britannia Factors plc

Chariot Chambers, Perfidy Place, LONDON, EC2N 3BU, United Kingdom

Telephone: 00 44 1234 555657 e-mail address: GB99900@fci.nl

Contacts and Hours of Operation

State here the names, responsibilities, e-mail addresses and direct telephone numbers of the persons in your company who will handle import business, and the time when they can be reached (your normal working days and hours).

Seller Information

Must always be provided, giving as many details as possible. If the actual turnover, number of buyers, number of invoices/credit notes differs considerably from the information given to us, we reserve the right to re-assess our commission. Instructions concerning the charge-back of rest amounts, discount grace period, and name, address and authority of seller's agent should also be mentioned.

Credit Covers

Normally, our decision is taken within 7 days or less. In case of delay we will notify the EF within 10 days. Should it be necessary to contact the buyer, we will do so only with the seller's permission. Our credit covers are valid until further notice is given, unless otherwise stated.

Important Notice on Request for Credit Covers

In order to take credit cover decisions in the shortest possible time, it is very important for us to have:

- The bankers of the buyer in the UK,
- The correct style of the buyer (legal name of registration and address).

Please always mention this information on your request for credit cover.

Assignment

The following assignment clause must be placed on all invoices (original and all copies) in order to avoid payments being made directly to the seller:

"The debt shown in this invoice has been assigned to Britannia Factors plc who are entitled to receive payment.

Payment must be in the invoice currency and made by bank transfer to Britannia Bank plc, Albion Street, LONDON, EC1A 1AA, sort code 00-00-00, for the credit of account number (123456789) and quoting your supplier's name. If you have any claims or queries about this invoice or a general enquiry, please telephone Britannia Factors on +44 (0)1234 555657."

Introductory Letters

State here your instructions and procedures for sending introductory letters to the buyers in your country. Attach copy of your introductory letter in English and in your local language to the IFIS. See the Communication Manual for more information.

Pricing

Risk Coverage Commission: the commission is fixed separately for each seller depending on line of trade, payment terms, etc. Normally, it is between 0.5 percent (%) and 1 percent (%) of the gross turnover.

Handling Commission: the handling commission for each invoice and credit note is the equivalent of EUR 6.00 charged in the currency of the invoice.

Collections only: the commission is usually 0.3% of the gross turnover.

Legal Collection Fees: all legal collection fees on credit-covered accounts receivable are met by us. Legal collection fees on partially credit-covered accounts receivable are split in proportion to the balance covered and the balance not covered. Fees on non-covered accounts receivable are for the account of the EF.

Bank Charges: our commission does not include bank charges.

Collection Procedures

Statements of account are forwarded monthly to the buyers, even if there is a balance which is not yet due. Two reminder letters are forwarded. The first is sent 8-14 days after the due date of the invoice. The second is sent two weeks later. In the latter we threaten the buyer with legal action. Invoices will be passed for legal action approximately 40 days after the due date but, for unapproved accounts receivable, only with the EF's permission.

Transfer of Funds

All payment orders will be via SWIFT:

- Daily if above the minimum amount agreed to in writing with the EF and weekly for smaller amounts, or
- Daily for any amounts in the absence of a written agreement with the EF.

Reporting

We stand fully behind the edifactoring.com Centralised Reporting System (CRS), and we will not send any additional report to the EF; the EF is expected to retrieve and check the CRS.

Special Information

Include, where necessary:

- Your willingness to accept cross-border non-notification factoring,
- Special requirements and any other information related to your own company's operations,
- Specific regulations and factoring customs of your country, for example whether prohibition of assignment is used, retention of title, etc.

Money Laundering Requirements

Include here your requirements for money laundering for the EF to comply with.

Visits

Sellers and their agents are always welcome to visit us. Please contact Mr Philip Helpful.

WHAT YOU MUST NOT INCLUDE IN YOUR IFIS

You should **never include** in your IFIS procedures and information such as:

- Anything that is not 100% in line with the FCI GRIF,
- Payment under approval statements like "all undisputed and credit covered invoices unpaid 90 days after due date...etc., etc.". This is unnecessary and already regulated by the GRIF to which you, and all other members of FCI, must abide.

Remember that anything included in your IFIS that is not 100% in line with the FCI GRIF has no validity whatsoever and only creates confusion for the EF. Any bilateral deviations to the GRIF must be agreed to in writing by the EF and IF. The IFIS is not an agreement or a contract; it is simply an information document.