

World Factoring Yearbook

2015 edition



the most authoritative work of reference on the global factoring industry



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INTRODUCTION

Many people believe that crisis and opportunity are two sides of the same coin. Greece took its opportunity during the ongoing crisis of 2014 and managed to turn around the country's economy from a six year recession to growth. The real GDP amounted 0.8 per cent and is expected to continue in positive figures for 2015.

The new government that was formed after the elections of the 25 January 2015 seeks to focus on four main areas: public finances and credibility of the domestic fiscal institutions in order to ensure sustainability; financial stability; economic growth; the impact of the economic crisis on the Greek population close to the poverty level, with Greek unemployment among the highest in the eurozone (we expect the respective rate to range between 25-26 per cent according to Piraeus Bank research).

At the time of writing, the business climate remains difficult to assess, as negotiations between the new government and the European Union partners continue.

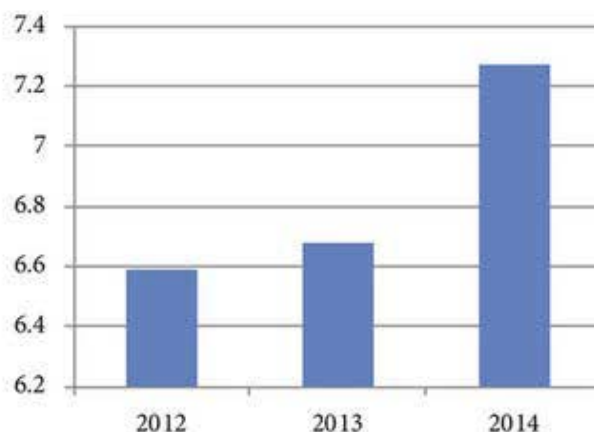
FACTORING INDUSTRY ENVIRONMENT

Growth momentum was fairly steady in the second half of 2014 and estimates for GDP growth, if things stay on their present course, is at 0.8 per cent for 2015.

Banking consolidation launched new, more efficient schemes in 2014, that are supporting different sized businesses (micro, small, medium, and large) with more competitive terms compared to previous years.

On the other hand, the Greek deposits are at the lowest level since 2005 directly affecting bank lending policies.

Factoring Penetration of GDP (%)



SMEs in Greece have been affected severely, and to a disproportionately greater extent than to large enterprises during the last six years of recession. Over this period, there has been a significant decline in all SME sectors (construction, manufacturing, etc), which can be mainly attributed to austerity measures (taxes, reduction of wages and pensions), the centralised nature of business, and to the banking crisis resulting in a reluctance to lend to Greek companies.

According to credit insurer Atradius, the 65.1 per cent of the total value of domestic business-to-business (B2B) sales was made on credit. Moreover, during the last two years the payment terms given by Greek respondents to their domestic B2B customers seem to have increased (by 10 days), as well as the level of overdue domestic payments. Sectors that showed shorter payment terms were food and consumption, while sectors domestic construction had the highest overdue payments.

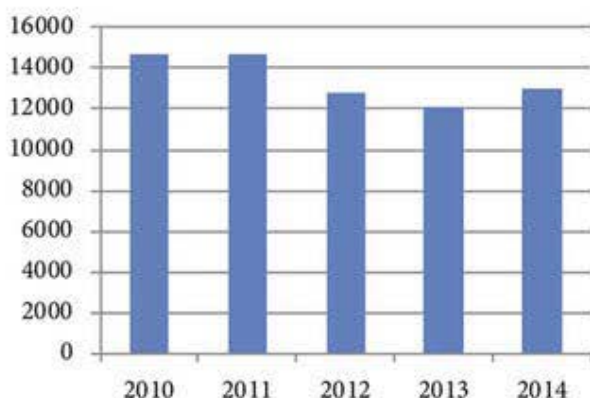
The businesses with a leading edge in 2014 were those seeking to consolidate and innovate domestically, along with those operating on an export-led growth model. It's expected that these companies will continue to lead the way in 2015. Banks are launching schemes with equity participation, usually for large enterprises, as they have to deal with problematic loans urgently. Factoring is being utilised across the board, as companies take advantage of a characteristically safe solution in a volatile environment.

MARKET PERFORMANCE AND SUPPLY

According to the sixth annual survey conducted by the Hellenic Factoring Association (HFA), the factoring industry showed an increase of 7.55 per cent in 2014, its

19th year of operation, reaching a total of more than €13 billion. Domestic factoring accounted for 83.46 per cent of this total in 2014, down just slightly from 84.38 per cent in 2013. The total turnover of international factoring reached €2.1 billion for 2014, equating to 16.54 per cent of the total turnover, up from €1.8 billion, or 15.54 per cent, in 2013.

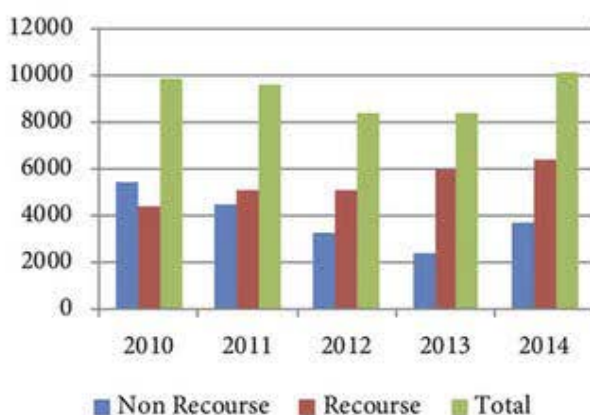
Total Factoring Volume (EUR Millions)



These figures are all affected by the consolidation of the banking sector, as all Greek factoring companies belong to bank institutions. When a merger takes place 'one plus one does not equal two', and this 'rule' stands for the portfolios of merged banks.

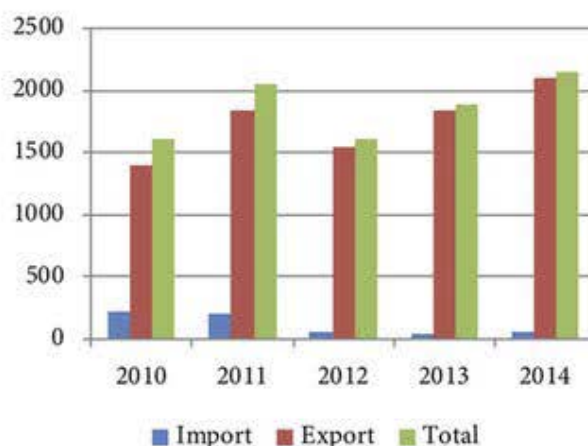
The Greek factoring market offers various products to meet the needs of both buyers and suppliers. Domestic factoring without recourse is the leading product, with a 28.53 per cent market share, up from 19.43 per cent in 2013. In terms of volume, the product rose 57.97 per cent, its popularity the result of bank intention to generate market share and revenue in a safe, conservative way. Moreover, credit insurers accept more risk to their portfolios as the Greek economy begins to improve.

Domestic Factoring Volume (EUR Millions)



Greece's adoption of an export-led growth model is reflected in the international factoring figures, which show an increase of 14.47 per cent compared to last year, and represented 16.54 per cent of the total factoring turnover for 2014. This result involved a valuable contribution from credit insurers promoting Greek exports by offering more credit limits.

International Factoring Volume (EUR Millions)



Greek exports, according to Piraeus Bank research, are still dominated by the mineral, fuel, and lubricants sector, which represents 37.99 per cent of the total exports turnover, despite the steep drop in the oil prices. Exports are expected to grow in 2015 following the euro's depreciation, with gains in competitiveness and continued improvements in the business environment.

The existing market for factoring is dominated mainly by companies that are subsidiaries of the biggest banks in Greece. The primary local players are members of the Hellenic Factoring Association (HFA) which currently has six members, a figure impacted by the consolidation occurring in the banking sector.

The HFA was established in 2009, primarily to further develop factoring in Greece. It works closely with the EU Federation for the Factoring and Commercial Finance Industry. It is supported by three committees: marketing, education; and technical, which deal with issues such as Basel III, compliance and taxation issues, presentations in the business and academic society, and the further promotion of factoring in the local market.

Greece has six members within Factors Chain International (FCI): ABC Factors; Ethniki Factors; HSBC Bank Greece; Laiki Factors & Forfaiters; Piraeus Factoring; and Eurobank Factors.

FUTURE TRENDS

Greece's economy is showing signs of a fragile recovery, with challenging prospects on the horizon. A new plan that will deal with unemployment and launch further reforms affecting Greek society and the economy are at the top of the agenda in 2015, connected with the ongoing negotiations between the new government and the European Union and its partners.

According to Intelligence Economist Unit, the banking sector's exposure to Greek debt has been dramatically reduced. Overseas bank exposure to Greece fell from €128 billion in 2008 to €12 billion in September 2013. Banking consolidation has created more efficient players that are ready to play a key role in the rebooting of the economy, provided that the political environment is stabilised and the negative effect of the public debt payment situation will be eliminated. As previously mentioned, the factoring market in 2014 grew more competitive compared to previous years and is now being promoted, by the parent banks of factoring companies, as a more integrated tool, providing a

simultaneous a set of services (financing, management and collection of A/Rs, assumption of credit risk) for the benefit of SMEs.

Exports have become a cornerstone for development of the Greek economy. Greece, traditionally, is one of the leading providers of export factoring, according to FCI statistics for the last 10 years, and factoring must continue to play an important role in meeting the needs of Greek exporters.

The aforementioned shift in the behaviour of credit insurers which developed in 2014 should continue this year, with more credit limits being provided. This trend, in combination with factoring, can offer a significant boost to Greek businesses, especially SMEs, and help them increase turnover.

The majority of companies operating in the Greek factoring industry are also continuously investing in IT and product development, in order to meet changing client needs, and to be able to offer an advanced level of value added services.

Factoring Products and Services

- Domestic Factoring with/without Recourse
- Export Factoring (Two Factor) with/without Recourse
- Export Factoring (Direct) with/without Recourse
- Collection Services
- Import Factoring
- Reverse Factoring
- Invoice Discounting
- Maturity Factoring

Factoring is used by companies regardless of their size or their legal form.

Προϊοντα Και Υπηρεσιες Πρακτορειας Επιχειρηματικων Απαιτησεων

- Εγχωριο Factoring Με/Χωρις Αναγωγη
- Εξαγωγικο Factoring (2-Factor) Με/Χωρις Αναγωγη
- Εξαγωγικο Factoring (Απευθειας) Με/Χωρις Αναγωγη
- Υπηρεσιες Εισπραξης
- Εισαγωγικο Factoring
- Reverse Factoring
- Προεξοφληση Απαιτησεων
- Factoring Χωρις Χρηματοδοτηση

Η πρακτορεία επιχειρηματικών απαιτήσεων χρησιμοποιείται από εταιρίες ανεξαρτήτου νομικής μορφής ή μεγέθους.