Report on

Importance of Factoring Finance in Supply Chain Management

By

Md. Parvez Imam
ID: 21382004

A report submitted to the BRAC Institute of Governance and Development (BIGD) in partial fulfillment of the requirements for the degree of
Masters in Procurement & Supply Management (MPSM)

BRAC Institute of Governance and Development (BIGD)
BRAC University
April, 2023

Declaration

It is hereby declared that

1. The report submitted is my/our own original work while completing the degree at BRAC University.
2. The report does not contain material previously published or written by a third party, exceptwhere this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of assistance.

Student's Full Name & Signature:

Md. Parvez Imam
ID. 21382004
Masters in Procurement & Supply Management (MPSM)

Work Place Supervisor's Full Name & Signature:

Mohammad Solaiman Sarwar
Head of Supply Chain Finance (Acting)
IPDC Finance Limited

Academic Supervisor's Full Name & Signature:

Dr. Md. Moniruzzaman
Senior Trainer
BRAC Institute of Governance and Development (BIGD)
BRAC University

Letter of Transmittal

Dr. Md. Moniruzzaman
Senior Trainer
BRAC Institute of Governance and Development (BIGD)
BRAC University

Subject: Submission of Report

Dear Sir,

I am submitting my Report titled, "**Importance of Factoring Finance in Supply Chain Management**" which is a requirement to complete my PSM-665: Supply Chain Management in Practice (Report) course. During my timeline, I have workedwith IPDC Finance Limited. While working I came to know about Factoring Finance/Supply Chain Finance. For such, I came up with an intention of doing a research on Factoring Finance in Supply Chain Management.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible. Yet, if it requires any clarification, I will be happy to address them.

Sincerely yours,

____

Md. Parvez Imam
ID: 21382004
Masters in Procurement & Supply Management (MPSM)
BRAC Institute of Governance and Development (BIGD)
BRAC University

Date: April 16th, 2023

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between IPDC Finance Limited and the undersigned student at BRAC University ……………………………………

Acknowledgement

First of all, I would like to show my gratitude toward the Almighty who has given me the strength to complete my report due on time.

Next, I would also like to thank my Advisor, Mr. Dr. Md. Moniruzzaman as he has helped me throughout all the semester to make this report and research in a proper way. He always kept track on my progress and encouraged me to come up with different effective approaches & continuous assistance and guidance in completing my report.

At the end, it is necessary to mention that, this report is the result of days of hard work. I am thankful to the people who have contributed greatly behind the completion of the report, without their help this report would not have been completed within the deadline, let along being a helpful one.

Executive Summary

"Whether you're a buyer or supplier, our strategic programs can help you unlock millions in working capital." This is the tagline of PrimeRevenue; a global technology and solution provider operating the largest Supply Chain Finance Programs. Factoring or Supply Chain Finance is not onlywork with the working capital but also it helps the SMEs to overcome credit and liquidity crisis. As a result of globalization and excessive competitions and arising customer expectations, business face more complexity and uncertainty now than ever before. Supply Chain is playingan important role to keep the coordination among the companies. Companies are realizing theyneed to optimize not only material and information flow but also the financial flow and Factoring or SCF helps with that financial flow.

This paper presents a comprehensive overview of the rapidly emerging SCF landscape and itsbroad application. Furthermore, it will help to identify the potential impact of SCM and the scope of value creation for Supply Chain Finance.

Keywords: Factoring Finance or Supply Chain Finance; Supply Chain Management; Bank; Non-Banking Financial Institutions; Reverse Factoring.

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List of Acronyms

SCF	Supply Chain Finance
NBFI	Non- Banking Financial Institutions
BB	Bangladesh Bank
SME	Small & Medium sized Enterprises
NBFC	Non- Banking Financial Company
TFC	Term Finance Certificate
FI	Financial Institutions

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Chapter 1:

1.1.Origin of the Report

It is necessary to finish the Report of Supply Chain Management in Practice in order to complete the Masters in Procurement & Supply Management (MPSM) course at the BRAC Institute of Governance and Development (BIGD). Creating an academic report that may include learnings from the job experience is also necessary. I have the opportunity to deal with IPDC Finance Limited, who assisted me in the aforementioned procedure. It also taught me how to deal with the pace of the corporate sphere and how the corporate world operates. Additionally, I had the opportunity to connect my theoretical understanding with real-world examples.

1.2. Objective of the Report

The main goal of my report is to inform readers about the significance of factoring finance or supply chain finance and how these financial instruments can aid small and medium-sized enterprises (SMEs) in overcoming credit and cash crises. Establishing why supply chain finance is essential in Bangladesh for a streamlined process of supply chain management and how it will be a significant factor for SMEs is the linked objective to the primary objective. This will make it easier to identify the report's problems and recommendations.

1.3.Scope of the Report

This report will help us comprehend why Supply Chain Finance is a well-known form of financing globally, what Bangladeshi banks and NBFIs are doing to add value to SCF, the significance of SMEs for economic development, and how SCF is assisting SMEs to expand.

1.4. Methodology

The detailed process is provided below:

Table 1: Methodology

Defining the Framework
Choosing Data Sources
Gathering and Analyzing data
Getting the Paper Ready

Data Collection Method:

Primary Data Collection: I had the opportunity to work at the headquarters of IPDC Finance Limited. In order to get the most out of my job, I have gathered my most significant primary sources of information from the corporate office, in-person discussions with the coworkers, consultations with the reporting manager, and on-site mentoring. Practical experience enabled me to connect and create the report.

Secondary Data Collection: I used the official webpages of several Banks and NBFIs, Annual Reports from previous years of several Banks and NBFIs, Newspapers, Articles, etc. to gather the secondary data sources.

Name of the Banks & NBFIs:

- IPDC Finance Limited
- IDLC Finance Limited
- Lanka Bangla Finance Limited
- The City Bank Limited
- United Finance Limited
- Standard Chartered Bank Limited
- Eastern Bank Limited
- BRAC Bank Limited
- Dhaka Bank Limited
- CitiBank N.A.

1.5. Limitation of the Report

To prepare this report, there were some limitations. For instance:

- Time constraints were a significant disadvantage when planning and conducting adequate study.
- A full survey was unable to be conducted due to a lack of time and scope; therefore, information found online, and a survey carried out worldwide assisted in the completion of the report.
- Collecting information from other companies were challenging because I had to work daily at IPDC.

Chapter 2:

2.1. Introduction of the Report

In Bangladesh, Supply Chain Finance was 1st launched in 1999 by IDLC Finance Limited. For the Financial Institutions at the moment, it was uncharted financing territory. (FIs). SCF gave FIs a lot of possibilities, including the ability to quickly build assets with free income, engage in cross-selling, and evaluate credit based solely on the flow of goods.

The most recent emerging markets indicate that Small and Medium Enterprises (SMEs) have difficulty in getting the credit and cash they require to meet their day to day operation. Supply Chain Finance (SCF) is used by numerous businesses, including SMEs, as a source of external funding on a global scale. All the parties involved in the SCM ecosystem, including businesses, suppliers, and dealers, benefit from SCF because it makes it easier for them to obtain credit at lower costs and run their businesses more successfully. One way to finance suppliers is through their account receivable, which they receive after finalizing or providing products or services on credit.

SCF frequently keeps the entire production process coordinated. A significant financial loss for the manufacturer can result from a production delay because it affects the ultimate sale. The SCF's supply-centric mechanism guarantees the purchase of receivables. In exchange, the seller can deliver their goods in accordance with the timeline the customer specifies after receiving the advance payment. As they are receiving their goods on time, buyers have the opportunity to use their lead time forecast appropriately.

I am employed by IPDC Finance Limited, where I have gained experience in supply chain finance, and I report to Mr. Mohammad Sarwar Solaiman, Head of Supply Chain Finance, IPDC Finance Limited. This report has been written in order to satisfy the requirements of the Supply Chain Management in Practice (Report) course at BRAC University.

Chapter 3:

3.1. Supply Chain Finance

Risk is present in all forms of funding. All financial institutions share the fundamental concern of minimizing risk. Bangladesh's market capitalization to GDP percentage fell from 24% (in 2014) to 17% in 2018. Rising interest rates, a concerning amount of non-performing loans, a low risk premium, and a present account shortfall are all signs that the financial segment is working over a difficult time. Despite all obstacles, there is a bright spot for the Financial Institutions because they are looking for another method to capitalize their money for a reliable return.

The product with a silver lining is supply chain finance, which has a low delinquency rate, reduces the likelihood of funds being misappropriated, and ensures that borrowers will receive their money. Aside from that, it also fosters beneficial synergy within the supply chain because SCF benefits a variety of ecosystem partners.

SCF offers two main advantages:

- The supplier's rising Receivables Turnover
- Increasing buyer’s Debt Turnover

These are feasible as Financial Institutions guarantee the supplier receives speedy disbursements by acquiring the receivable's value at a reduced price and extending the due date for the buyer's payables. By doing so, it ensures a consistent flow of cash to vendors and customers, assisting them in maintaining higher levels of productivity. When compared to other forms of conventional financing, supply chain finance is less expensive because FIs set prices established on the risk coverage for each loan. Financial Institutions do have other mechanisms to lessen risk from supplier financing for added assurance. Choosing suppliers, for instance, who have a history of working with numerous business clients from various sectors.

3.2. Mechanism of SCF

A tripartite resolution among the different ecosystem participants is supply chain finance. Financial Institutions (FI) allow suppliers to participate in a program whereby the FI discounts the suppliers' receivables, which are then supplied to and approved by the purchaser. The procedure that Financial Institution employs to reach an agreement with the buyer and the seller so that the letter can obtain sufficient funding to carry on with production.

Supply chain finance involves a total of three parties:

- ❖ Buyer/Anchor
- ❖ Supplier
- ❖ Financial Organizations

In supply chain finance, two funding options exist:

- ❖ Factoring (Supplier Financing) &
- ❖ Reverse Factoring.

Factoring:

A company will factor its books receivable (invoices) to a 3rd party (referred to as a factor) at a discount as a form of debtor financing. With this method of funding, producers can purchase raw materials (or finished products) to increase inventory or fill sizable orders. The entire process begins when a Financial Institution extends trade credit to a corporate entity (buyer) and serves as a middleman between the buyer and supplier.

When a buyer issues a purchase order with a supplier, the supplier delivers the goods/services to the buyer and then sends the financial organization an invoice, proving that the order has been accepted. The buyer then pays the FI on the net credit conditions after the FI pays the supplier and discounts the amount of the bill submitted by the supplier. (Usually credit period is 15 to 120 days).

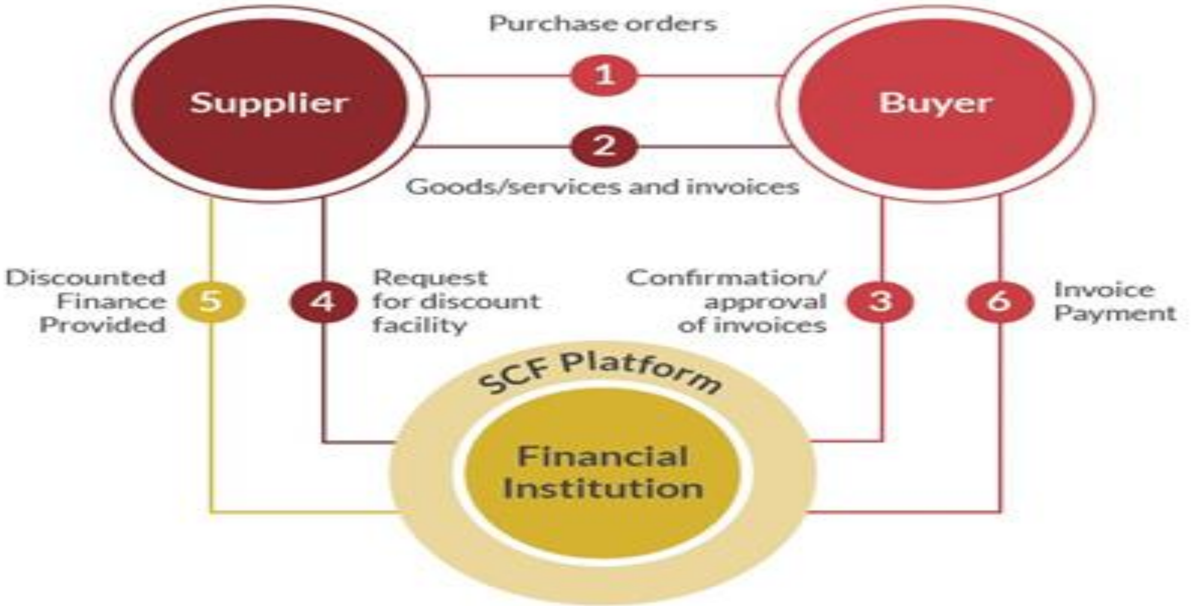

Figure 1: Factoring

Reverse Factoring:

Reverse factoring occurs while a Financial Institution agrees, in return for a discount, to settle a company's supplier invoices at an accelerated rate. Reverse factoring is a funding resolution started by the buyer to assist their seller in more easily financing their receivables. Modern financing is all about suppliers wanting to fund his receivable. Frequently at a lesser interest rate than the factors typically give.

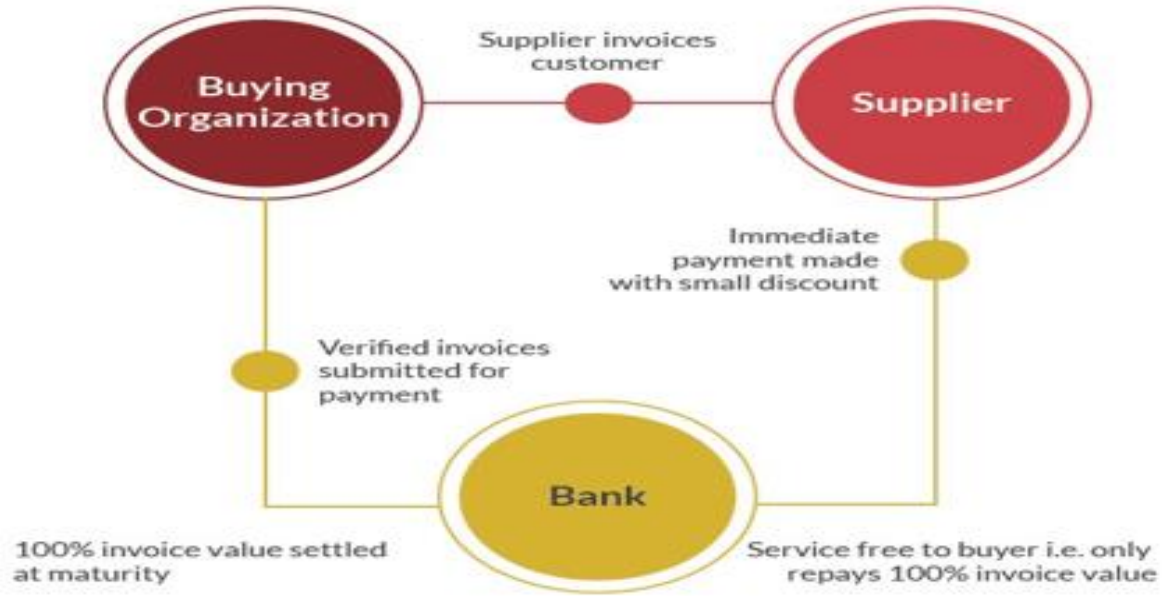

Figure 2: Reverse Factoring

Reverse factoring is a further popular method of funding in the global context because it lowers the cost for large corporations, which encourages them to set up a financing option on their own for the seller so that the seller be able to continue to supply merchandises to satisfy high size orders. The supply chain process is sped up as suppliers benefit from the buyer's benefits. The reverse factoring has been the best favored way of funding for mutually ends of the industrialized shackle because it benefits everyone in the chain. Corporate organizations (buyers) who use reverse factoring do not encumber their company with debt. Corporates are receiving a movement of working capital to carry on operating and come across the requirements of their clients, suppliers, & staff. Additionally, the suppliers are receiving payments in advance and are able to provide complete goods in accordance with the stipulated period.

Chapter 4:

4.1. SCF in Bangladesh

In 1999, IDLC Finance Limited brought supply chain finance to Bangladesh. At the time, it was uncharted financial territory for FIs. United Finance Limited began providing SCF in 2006, and Lanka Bangla Finance Limited soon followed. At the time, IPDC Finance had a modest portfolio of supply chain financing, but it was eventually discontinued. In order to win the lion's portion of the market, IPDC Finance made a strong comeback in 2016 with supply chain financing. Few reputed banks launched this facility at the same time as they developed a modest individual portfolio. Factoring is the most widely used type of supplier funding in Bangladesh. Because buyers in Bangladesh do not want the additional power over them, reverse factoring is not as well known. Recently, steps were made to announce and highlight the upcoming launch of the first digital supply chain platform. The portfolio's current value is about BDT 1,615 Crores.

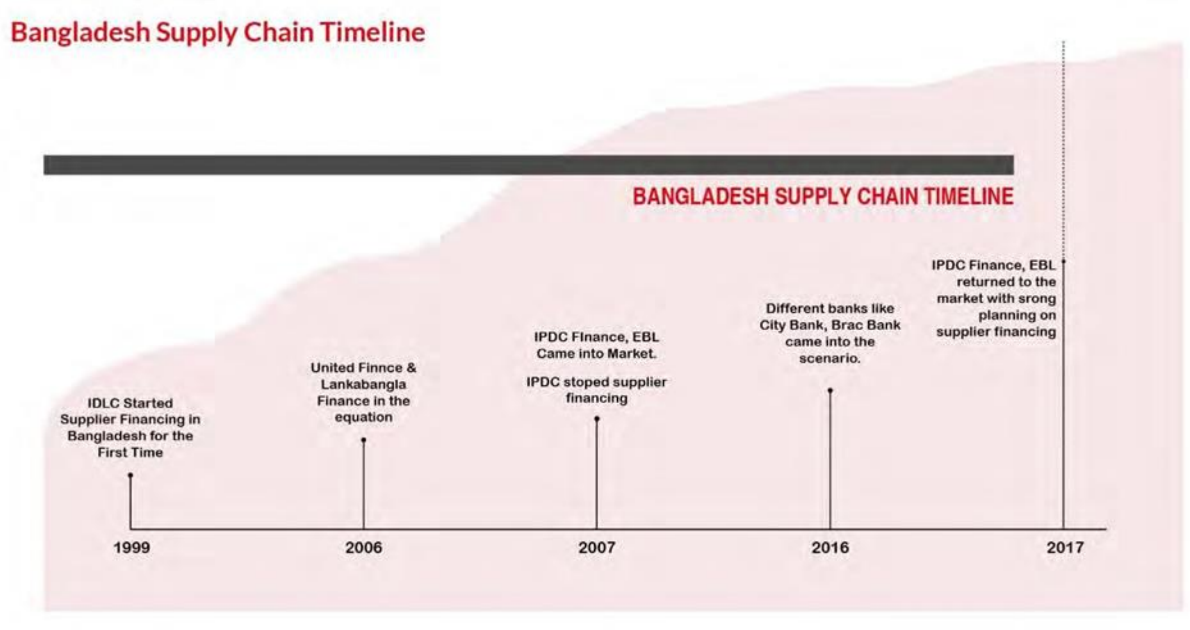

Figure 3: SCF Graph of Bangladesh

4.2. SCF Contributors

NBFIs are on the front lines for SCF, according to an analysis of portfolio size. IPDC, IDLC, Lanka Bangla, The City Bank, Eastern Bank are working to build a strong business. Recently, other reputed institutions have entered the market, including BRAC Bank Limited, Dhaka Bank Limited, and Prime Bank Limited.

Table 2: SCF Contributors

Current Portfolio of SCF Contributors (Approx.)	
Name of FI	**Portfolio Size**
IPDC Finance Limited	BDT 430 Cr.
Lanka Bangla Finance Limited	BDT 350 Cr.
IDLC Finance Limited	BDT 225 Cr.
The City Bank Limited	BDT 200 Cr.
Eastern Bank Limited	BDT 190 Cr.
United Finance Limited	BDT 120 Cr.
Others	BDT 100 Cr.
Total:	**BDT 1615 Cr.**
	Source: Industry Insider

4.3. Supplier Finance

- ❖ Up to 85% of the invoice value
- ❖ Finance against approved invoices
- ❖ There is no requirement for collateral or security
- ❖ Continuous financial flow

4.3. Dealer Finance

- ❖ Real-time digital channel for payment transactions
- ❖ Seamless cash management facility to raise stock daily
- ❖ Flexible tenor matched with cash cycle
- ❖ No collateral or security (up to BDT 25 lac)

4.5. Supply Chain Finance Worldwide

Fiat, an Italian automaker, presented a novel agreement with his merchants in the early 1970s. It had to do with clearing supplier invoices much sooner than the usual time frame. Merchant recycled this speedy formal permission to obtain less expensive financing, and Fiat was able to bargain a higher margin with them. The original backward factoring concept was this one. However, it was adopted in Spain 20 years later under the name "Confirming." Since 1991, Banco Santander has provided a reverse factoring solution. Stemmler and Seuring coined the phrase "supply chain finance" in a scholarly paper to draw attention to the fact that if SCM and Monetary flow are handy, significant cost savings can be realized. Reverse factoring is generally regarded as the most well-known form of supply chain funding. The Aite Group estimates that reverse factoring could be worth between $255 and $280 billion worldwide. SCF growth is steadily increasing. Additionally, according to research by Demica, SCF at large international FIs is expanding by 20% to 30% annually, and it is predicted that local supply chains will be the main driver of future growth. Because SMEs employ buyers' high credit score to obtain the receivable financial records, which is assisting them to progressively expand and Supply Chain Finance is gaining popularity. The "SCF Barometer" poll from recently demonstrates that the adaptation of reverse factor is everywhere.

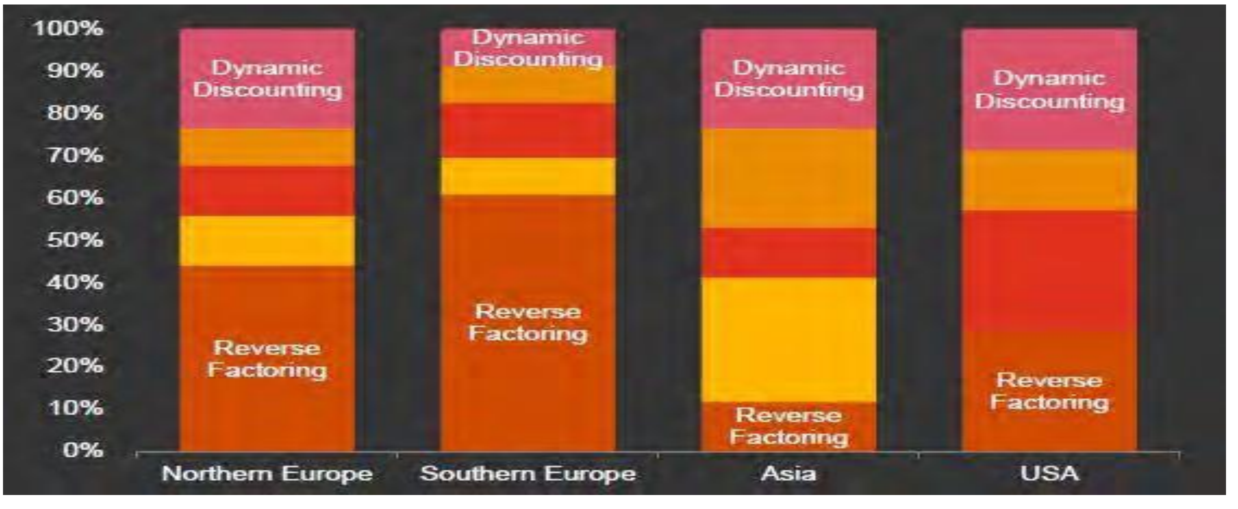

Figure 4: Reverse Factoring worldwide

The SCF scheme for Northern and Southern Europe is significantly impacted by Reverse Factor. Even so, a small portion of it is in Asia because the region has not yet mastered the reverse factor technique.

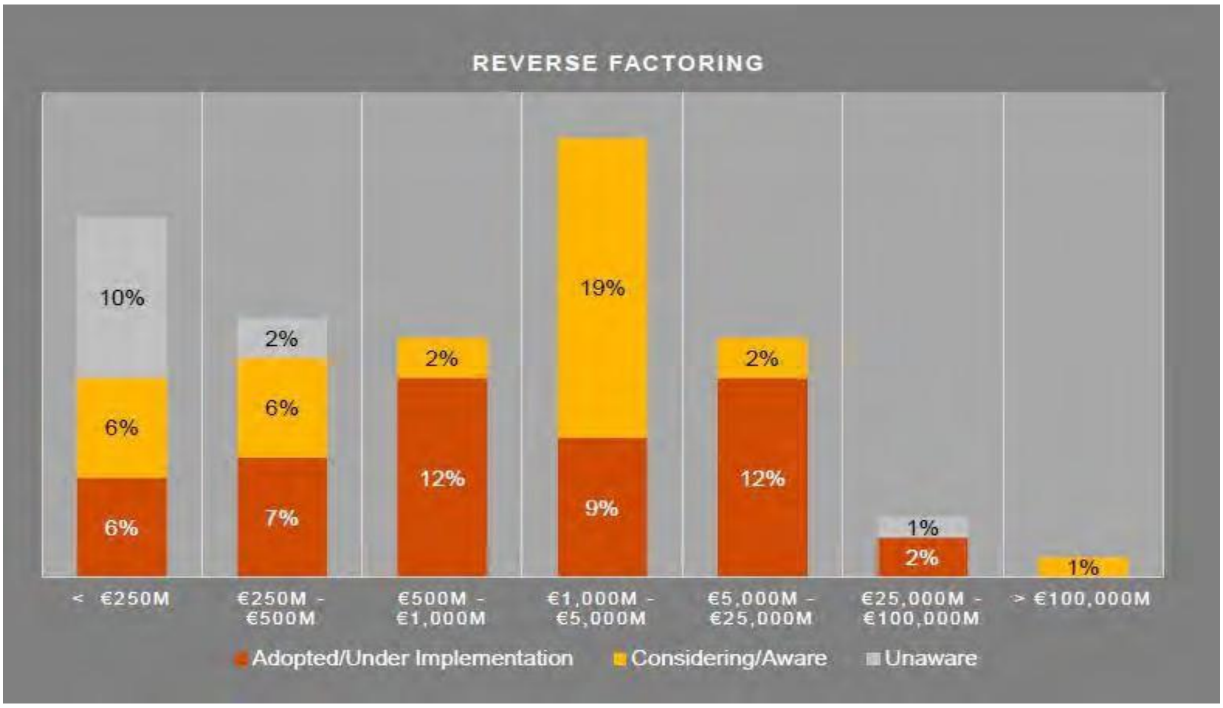

Figure 5: Reverse Factoring by Income of Organizations

4.6. High-Tech Based SCF

Due to the technology's ability to make data credible, many participants in the industry think that blockchain can help with some supply chain finance issues. Data is more trustworthy, transparent, and deal settlement is quicker through technology. SCFs have lately been introduced to blockchain. Additionally, it will lessen the burden of papers. An exposed Supply Chain Finance stage built on Blockchain technology is being developed by Tencent FiT, a division of the Chinese media and technology behemoth Tencent. Three factors must be taken into account for a SCF technology system to succeed. Automation, simplicity, and scalability are these.

Table 3: Breakdown of Supply Chain Finance technical stand

Automation	Simplicity	Scalability
Key Features: • Speed of transactional flow • Data collection from physical supply chain flows • Reporting functionality • Integration with the core banking system Key Benefits: • Increased productivity • Timeliness of invoice delivery • Multi-party transaction visibility • Efficiency	Key Features: • Intuitive interface • Structured workflow, easy accessibility by all parties • Flexible connectivity to various core systems Key Benefits • Ease of use for ultimate user • Minimum level of training required for staff and trade counterparts.	Key Features: • Ability to scale up transactional volume • Efficient problem solving with integration and operationalization • Ability to extend offering to more than one product Key Benefits: • Reduced number of errors • Unconstraint business growth

Source: IFC

4.7. Effect of High-Tech Factors

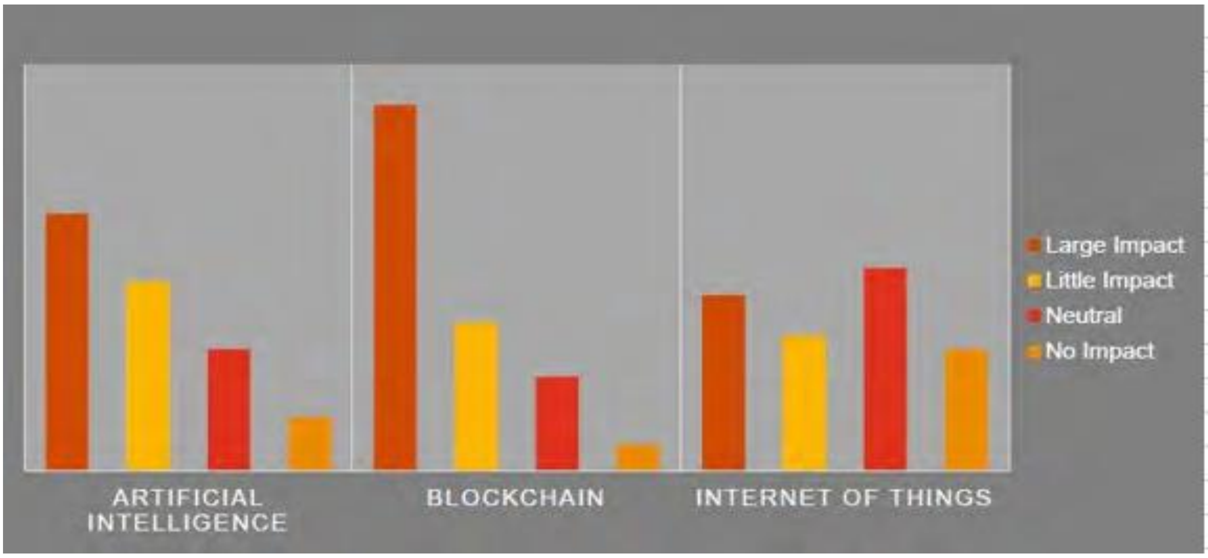

Figure 6: Acclimatization of High-Tech in SCF

4.8. Top SCF breadwinners in 2022

Table 4: Top SCF breadwinners 2022

A list of *Global Finance's* 2022 World's Best Supply Chain Finance Providers follows.

GLOBAL WINNERS	
Best Supply Chain Finance Provider – Bank	**Citi**
Best Supply Chain Finance Provider – Non-Bank	**Orbian**
Best Customer Implementation	**DBS Bank**
Best Provider of Sustainable Finance Solutions in Supply Chain Finance	**ASYX**
Best Blockchain Enabled Supply Chain Finance Solution	**FQX**
Best New Application of Technology in Supply Chain Finance	**Vayana Network**
Best Dynamic Discounting Solution	**MUFG**
Best Platform Connecting Buyers/Sellers/Financial Institutions	**PrimeRevenue**
Best Supply Chain Risk Management Software	**riskmethods**

4.9. Overwhelming Small & Medium Enterprises' Funding and SCM Difficulties

In any nation, Small & Medium Enterprises' are crucial to GDP growth and overall progress. SMEs serve as the foundation of the nation's private industry. The entrepreneurs who are thought to be the most crucial component of economic growth frequently find themselves in a worse situation due to a lack of convenient access to financing. The following are the fundamental issues SMEs encounter:

- **Lack of coordination and cooperation between parties:**

Since big businesses are typically the buyers of SMEs, SMEs occasionally agree to terms and conditions that they will later be unable to fulfill.

- **Potential risk negligence:**

Due to their tiny size, SMEs frequently disregard possible risks because they believe that they are much bendable and responsive than big corporates. Small & Medium Enterprises' in the SCM that do not prioritize managing risk as their top goal frequently struggle with scalability issues and unstable demand.

- **A few accessible technologies:**

The process is slow, difficult, and costly because of underutilization, asset misuse, inappropriate implementation, underprivileged administration, and absence of high-tech development.

- **Locked working capital:**

Despite being a vital link in the supply chain, SMEs struggle to get what they want from both their buyers and suppliers because they lack the bargaining power.

4.10. Overcoming SMEs challenging using SCF

A connection is made between a financial organization, a buyer, and a supplier through supply chain finance. When approving working capital, both the supplier and the buyer are constantly looking for financial gains. Both parties in a supply chain have distinct interests when it comes to the timing of financial transactions. Suppliers prefer to be reimbursed as soon as possible, whereas buyers prefer to pay as late as possible. The majority of the period, Small & Medium Enterprises' and entrepreneurs would not be able to handle the late payments & additional issues, which led to insolvency and the closure of their businesses. Factoring and reverse factoring, two common types of SCF, aid in reducing competition between suppliers and buyers. SCF tracks the worth as it travels over the network of the SCM. Through the use of an intermediary Financial Institution, SCF enables both the buyer and the supplier to maintain a higher degree of liquidity and free up working capital. While the supplier was paid early, it allows the purchaser to grip the money for a slight while lengthier. The rate of fee and the length of time are determined by the credit ratings that the buyer and the supplier have.

4.11. Effectiveness of Supply Chain Finance

Table 5: Effectiveness of SCF

Buyer	Supplier	FI
❖ Improved Cash flow	❖ Improved cash flow	❖ Optimized working capital
❖ Optimized working capital	❖ Optimized working capital	❖ Mitigated risks
❖ Mitigated risk	❖ Mitigated risk	❖ Reduced cost
❖ Reduced cost	❖ Reduced cost	❖ Short duration
❖ Low interest rates	❖ Low interest rates	❖ Self-liquidation financing tools
❖ Freed up credit lines	❖ Stable payment policy	❖ Expanded business volume
❖ Automated payment	❖ Automated payment	❖ Improved liquidation management
❖ Extended DSO	❖ Reduced DSO	❖ New ventures prospects
❖ Discounted price from suppliers	❖ Fast access to cash	❖ New customers opportunities
❖ Improved delivery	❖ Enhanced distribution network	❖ Additional Income from financing
❖ Lower risk on supplier innovation	❖ Debt free balance sheet	❖ Cross-selling opportunities

4.12. Benefits of Supply Chain Finance

Table 6: Benefits of SCF

Quantitative Benefits	Qualitative Benefits
❖ Financing, liquidity & working capital reserve funds by offering short term credit, improves working capital for both buyer & Supplier.	❖ Improving supply chain connections by empowering cooperation amongst buyers & vendors as opposed to rivalry. In the meantime, FIs comprehend and relate better with their customers.
❖ With enhanced competency & by decreasing financing cost, management cost could be saved.	❖ Reporting advantages that come by means of mechanization of tasks that is frequently connected to SCF and which thusly profit constant precise date that upgrades enquiry and straightforwardness for all participants.
❖ Risk cost saving through different alternatives, for example, factoring on a non-response or a constrained plan of action premise (which implies that for the SME, the risk of non-payment is exchanged or in part exchanged to the lender) or credit insurance (which implies that on account of non-installment by the SME the insurance agency pays.	❖ Improving compliance value by means of authorized consistence prerequisites and additionally process mapping, risk identification, controls & detailing.

Table 7: How supply Chain Finance benefits the stakeholders

How Supply Chain Finance benefits the stakeholders?

SUPPLIER	CORPORATE BUYER	FINANCIAL INSTITUTION
▪ Early payment reduces financial dependence on buyer	▪ Minimizes investment in working capital	▪ Diversification of risk
▪ Reduces cost of capital by leveraging buyers credit rating	▪ Reduces cost of goods sold	▪ Quick asset building and fee revenue
▪ Increasing certainty of cash flow	▪ Ensuring availability of goods of end user	▪ Cross sell opportunity
		▪ Credit evaluation is simply based on the movement of goods
		▪ Defined end use resulting into lower risk of diversification of fund

Chapter 5:

5.1. Questionnaire & Findings

- **Who are qualified suppliers?**

To enter the SCF scheme, suppliers must meet the following requirements:

- A solid financial history dating back at least a year with the buyer.
- Functioning with the buyer on a regular interval; FI does not want project-based work because the anchor is not held accountable for it.
- Having several corporate buyers (at least two, ideally three) in portfolio.
- No cash payment received from the buyers.

- **Why reverse factoring is not obvious in our country?**

Reverse factoring is the best widely used form of supply chain funding worldwide. The scenario is not clear in Bangladesh because-

- There is no regulatory policy regarding supply chain finance, which suggests that the buyer/corporate entities are not subject to any legal consequences. Instead, they favor choosing composite accommodations. As a result, they frequently adopt a neutral attitude toward this form of funding.
- Another thing is that a small percentage of corporate entities that apply for reverse factoring have already used up their entire route of credit. Because those purchasers have a high likelihood of defaulting, it is wise for the FIs to pass on them.

- **Why SCF is not legendary is our country?**

- **Purchaser's Involvement:** Credit is the primary means of payment for the majority of Bangladesh's large corporations. They use credit to purchase products from vendors. Corporate anchors are reluctant to give tasks for the delivered goods, though. A corporate letter of confirmation known as an assignment of payment gives financial institutions (FIs) a minimal assurance that the products will be received by the anchor and that the anchor will acknowledge the credit amount as being due. In that situation, the supplier's receivable is formally acknowledged by the anchor, and this Letter of confirmation reduces the supplier's level of risk. Suppliers can manage the fund at a low discounting rate with assignment of payment and a reduced risk level, which is advantageous for them. But because of this occurrence, suppliers are forced to accept financing with a higher interest rate. The suppliers eventually lose interest in using this method of funding. Due to their ignorance of supply chain financing, many business entities that once assigned projects to the financier no longer engage in this practice.
- **Not a recognized product:** Factoring is not yet a recognized product in Bangladesh because there is no governing law, regulation, or structure in place. SCF is still not acknowledged by Bangladesh Bank as a distinct offering. There hasn't been a distinct circular on BB SCF products yet. It is currently handled in accordance with a directive for short-term revolving loans.

5.2. Recommendation:

- The driving force in this industry requires distinct consideration at the policy level. SCF must take into account as a distinct offering. If not, both the buyer and the seller will be held accountable, and this product will continue to lose popularity.
- Corporate Entities must adopt a mindset that supports their suppliers rather than viewing them as competitors. Priority should be given to suppliers who have done business with them repeatedly when considering reverse factoring. Reverse factoring is bringing SCF to the attention of the world, so Bangladesh should emphasize it more and more.
- A digital platform powered by Blockchain is the supply chain funding of the future. If a digital platform can be established in Bangladesh, Supply Chain Finance shall be much simpler. The existing manual processes will be automated to speed up work. Due to its Blockchain foundation, every exchange between the supplier and the buyer will be completely transparent. When finished products are delivered and funds are transferred from FI to the Suppliers, an automated network that both of them will have access to will be automatically updated.

5.3. Conclusion

Liquidity optimization is the concrete motivation for both the purchaser and the seller, as businesses need operating capital. In Bangladesh, supply chain finance is being established with the help of Banks and NBFIs. This was not previously a familiar font of funding in our country. Bangladesh should suggest, like other nations, that SCF and major businesses there should approach the situation with an open mind. It is an effective working capital option that is also affordable. If purchasers step onward & suggest reverse factoring & supplier credit, which must aid to improve Bangladesh's financial situation & Small & Medium Enterprise shall jump to grow in line with that.

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