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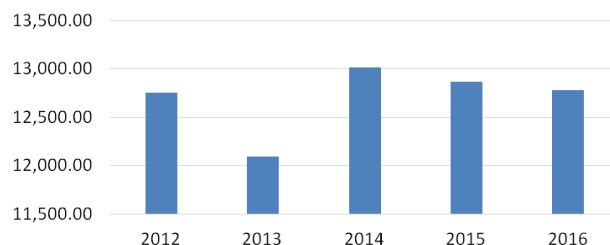
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The Greek factoring industry has been operating against the background of a deep economic crisis. Since 2008 the Greek economy has suffered from continuing uncertainty coupled with periods of political and economic disorder. Seven governments in succession have struggled with the Greek crisis which shows little sign of recovery. The refugee crisis and the manner in which the EU has addressed it, plus the deterioration of the global economy have made it difficult for the Greek economy to return to health and adjust to new fast-moving external conditions.

Between 2008 and 2013, the Greek economy lost 26 per cent of its GDP (Summary of the Annual Report 2015, Bank of Greece). After a short rebound in 2014, it fell back into recession (-1.9 per cent) during the third and fourth quarter of 2015 resulting in a fall in GDP for the year as a whole of 0.7 per cent. In particular 2015 will be remembered as a year in which Greeks had to vote three times: twice (January and September) to elect a new government, and once (July) in a very divisive referendum. This led to a painful but successful recapitalization process for the country's four major banks. At the same time, the banks had to cope with dissolved deposits, which resulted in a lack of liquidity and damaged assets (mainly non - performing loans) that led to three different recapitalization processes. Finally, in 2016 the Greek economy stabilised, increasing by 0.1 per cent according to preliminary estimates by the Hellenic Statistical Authority (<http://www.statistics.gr>).

Factoring turnover in 2016 dropped very slightly from €12.867 billion in 2015 to €12.782 billion. The stability of the factoring market during the recession confirms how necessary it has been in helping companies that are struggling with low liquidity.

Total Factoring Volume (EUR Millions)



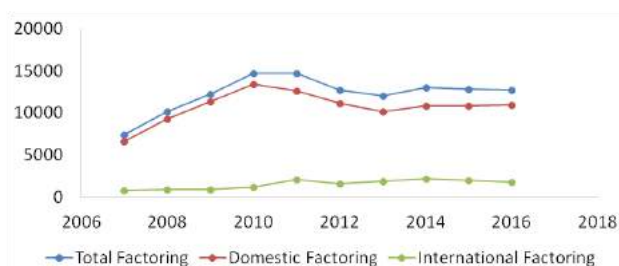
Factoring Industry Environment

Despite political and economic turmoil, capital controls, high taxation, dissolved deposits and extreme unemployment that hit the country during last year, the factoring industry proved to be a reliable partner for companies that needed finance, credit risk management and the collection of receivables.

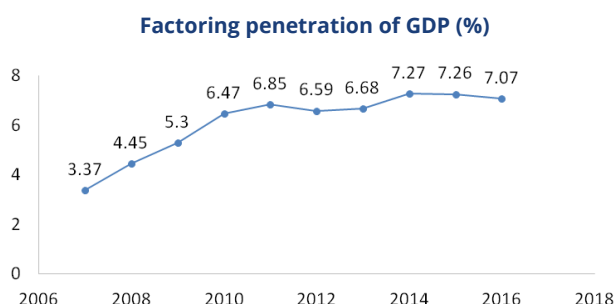
Capital controls, heavy corporate taxation, high unemployment and reduced personal incomes resulted in shrunk domestic consumption and were the main influences on Greece's factoring market in 2016. Despite the fact that the banks have been urging corporates to optimise their assets by factoring their receivables, weak economic activity affected the factoring market in 2016. On top of that the struggles of the big retailers have severely hit a vast number of traditional factoring customers.

According to the Hellenic Factors Association's 2015 Annual Bulletin and its 2016 preliminary figures, the Greek factoring market followed the trend in the GDP with a 1 per cent reduction in turnover in 2015 and a 0.6 per cent fall in 2016. On the other hand, while the country's GDP contracted by about 27 per cent between 2008 and 2016 the factoring market increased by 25 per cent or approximately 3 per cent per annum.

Factoring Turnover Evolution 2007-2016 (EUR Millions)



At the same time factoring accounted for 4.45% of GDP in 2008 and 7% in 2016 (see graph below)



Greek factors have to struggle with two different modes of transactional payment: extended credit terms based on the European average which facilitate the use of factoring, and post-dated cheques that facilitate traditional working capital solutions provided by the banks. The financial crisis has undermined confidence in that second payment method.

Market Performance and Supply

The majority of Greek factors are bank subsidiaries. The market leaders are: Eurobank Factors, ABC Factors, Ethniki Factors and Piraeus Factoring. These four bank-based companies control approximately 97 per cent of the market. In 2016, they generated €89 billion in gross income with pre-tax profits of €55 billion. Beyond these companies there are a number of independent factors. Non-performing loans, which are an enormous issue for the future of Greek banking remain extremely low in the factoring sector accounting for 2.3 per cent of all factoring loans by the four big banks in 2016.

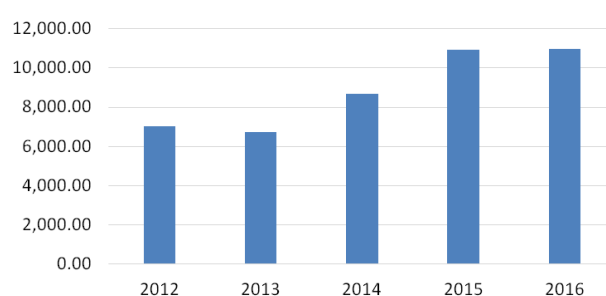
Greek factors are continuing to improve their products by offering diversified and fully-customised services in order to meet market needs. The main reason why factoring has developed in Greece is because so many companies lack liquidity and in their search for sources of working capital they turn to factoring companies. By using the services of a factoring company, businesses can optimise the value of their accounts receivables and thus their value can be incorporated into their finance supply chain.

Turnover volumes for domestic factoring reached €10.975 billion in 2016 compared to €10.919 billion in 2015.

Factoring and Invoice Discounting Turnover - 2016 (EUR Millions)	
Total Turnover	12781
Domestic	10974
International	1806
of which: import	5
of which: export	1754
Recourse	7696
Non Recourse	5084
Notification	10422
Non notification	2359

Domestic factoring still dominates the market with an 85 per cent share, and grew by 0.36 per cent in 2016.

Domestic Factoring Volume (EUR Millions)



Non-recourse business fell by 8.1 per cent in 2016 as result of the downgrading of the Greek economy by the rating agencies, and credit insurers' reaction to that also affected the non-recourse sector of the factoring market.

According to the Hellenic Factors Association and EU Federation figures, export factoring has decreased during the last two years, by 9.5 per cent in 2015 and then by 7.3 per cent in 2016. This decrease reflects the higher interest rates that Greek exporters have had to bear in comparison to their international competitors. The political turmoil in 2015 also affected Greek exports and therefore had an influence on export factoring. Exports remain weak despite the hope that reduced labour costs would make Greek goods and services more competitive.

However, export factoring is still considered one of the main drivers for growing the Greek factoring market and indeed the whole economy.

International Factoring Volume (EUR Millions)



In 2015, domestic factoring operations in Greece increased by 0.5 per cent whereas the average for FCI countries was a fall of 0.5 per cent. On the other hand, international factoring, decreased by 9.5 per cent in 2015 in Greece, whereas the average among FCI countries was a 15.8 per cent increase. Nevertheless, according to FCI statistics, Greece is still ranked among the top ten countries for international factoring.

Future Trends

The geographical position of Greece constitutes the cornerstone for its economic development. Exports and international trade are the key tools which can develop the economy and make the country more appealing to foreign investment and help to reduce the country's extremely high unemployment.

Factoring, as a cure for lack of liquidity, will be able to support corporates and strengthen them so that they can refuel the Greek economy. In particular, export factoring is likely to become more important in the next few years as the country seeks to grow its export business.

The recovery of the Greek economy is going to be a long process. Investors remain cautious because of their concerns for the safety of their investments and for that reason insurance companies will play a dominant role in the future. Insurance services in combination with factoring services will minimise uncertainties and empower exporters.

Factoring companies will insist on wise business plans when supporting customers and will offer flexible products to meet the changing needs of the market. The real challenge for Greek factors will be to increase its GDP penetration. The European average of approximately 10 per cent is the Greek factoring industry's target for the future.

Factoring products in France

Domestic factoring

- recourse and non-recourse
- disclosed, undisclosed

International factoring

- export factoring recourse or non-recourse, disclosed or undisclosed
- import factoring full service or collection only
- two factor system or not

Reverse factoring, confirming, Supply chain finance

Invoice discounting

Type of clients: all kinds from start-ups, microbusinesses, SMEs to big corporates

Payment terms: usually 60 days Mandatory maximum payment terms are the following:

- Businesses: 60 days from the issuance of the invoice (or, if specifically agreed, at the end of the month after 45 days)
- State and local public sector entities: 30 days
- Public health sector: 50 days
- Other public undertakings: 60 days