

The EU Federation for the Factoring and
Commercial Finance Industry (EUF)
Ave. Roger Vandendriessche 18 (Box 15)
B1150 – Brussels
Belgium

Interest Representative Register No.
39275004756-35

European Commission
DG Enterprise and Industry - ENTR A.2
"Small Business, Big World"
Avenue d'Auderghem 45
B-1049 Brussels
Belgium

08 July 2011

Dear Sir or Madam,

Public consultation: Small Business, Big World - A new partnership to help SMEs seize global opportunities

The EUF is the representative body for the Factoring and Commercial Finance Industry in the EU. It is composed of national and international industry associations that are active in the EU. The EUF seeks to engage with Government and legislators to enhance the availability of finance to business, with a particular emphasis on the SME community. The EUF acts as a platform between the factoring and commercial finance industry and key legislative decision makers across Europe, bringing together national experts to speak with one voice.

The EUF offers itself as a source of reference and expertise between the factoring and commercial finance industry and key legislative decision makers across Europe.

Factoring and Commercial Finance occupies a unique place in the world of finance. During the last years, the global financial crisis has resulted in many companies, particularly SME's, experiencing greater difficulty in obtaining traditional bank funding. Factoring and Commercial Finance Companies however are experiencing increasing levels of new business enquiries and are continuing to write more new business than ever before.

The total turnover for the factoring and commercial finance industry in the EU in 2010 was 986 billion EUR, an increase of over 17% when compared to the 2009 figures. This turnover represents over 8% of the EU GDP. During 2010 the four largest factoring markets in the EU (UK, France, Italy and Germany), served more than 100.000 clients, mostly SMEs.

This robust growth has taken place in a general environment of low economic growth (only 1.8% across the EU 27) and demonstrates the importance of the Factoring and Commercial Finance

Industry in funding and supporting the development of business, especially SMEs, both domestic and international.

What the finance factoring companies provide is secured by the underlying receivables, or other assets. With a much reduced emphasis on the balance sheet, a factor is able to provide significantly higher levels of finance to companies experiencing temporary difficulties or those experiencing liquidity problems as a result of strong growth.

Factoring and Commercial Finance offer companies a flexible form of finance with the possibility of outsourcing credit and risk management, improving performance and quality, providing access to leading technology, and freeing up internal resources for other strategic developments, such as expanding internationally. Factoring and Commercial Finance have proven to be consistent financial instruments which stimulate the growth and success of companies, also in the field of international trade.

Over several decades, the factoring and commercial finance industry has demonstrated to be an effective way of providing alternative finance options for SMEs, often considered as higher risk borrowers. Factoring and commercial finance offers companies the possibility of outsourcing credit and risk management; improving performance and quality; and freeing up of key resources for strategic developments. Given the industry's proven track record in good risk management, with a low "loss given default" ratio, factoring and commercial finance is a consistent financial instrument which stimulates the growth and success of companies.

The Factoring and Commercial Finance industry welcomes the Commission's efforts to establish the SME's need for public support in tapping international markets. The EUF feels that SMEs could benefit especially from a greater visibility of different forms of financing for SMEs, particularly of those financial services which can serve as viable alternatives to classical bank loans such as factoring and invoice discounting. Such greater visibility could be achieved through e.g. including information on financing alternatives in an online portal.

For more information on the Factoring and Commercial Finance industry, please consult our website www.euf.eu.com or contact us directly.

With kind regards,
Yours faithfully

pp
John Gielen

Independent Chairman
EU Federation