



# Invoice Finance

HSBC **Business**

HSBC   
The world's local bank

# Trading with other businesses on credit terms?

**Our services can help to speed up your cash flow, collect payment on your invoices and protect you from the risk of bad debts.**

Achieving and maintaining an effective and flexible cash flow is essential to the success of your business – particularly if you sell on trade credit terms.

But, all too often you can find yourself facing a long wait for payment – an unwelcome pressure on your cash flow – while chasing payment wastes valuable time and resources that could be more profitably employed elsewhere. And, despite your best efforts, there is always the risk that an invoice you've spent time and effort chasing might become a bad debt.

Our invoice finance services can help you fund, manage and protect your invoices, unlocking the power of your sales ledger and freeing up valuable time and resources.

Our Finance Service offers a flexible source of working capital driven directly by your trade credit invoices – the more sales you make, the more cash is available to you. It's a responsive, cost-effective alternative to a bank overdraft or loan.

Our Sales Ledger Management Service can help with the stressful, time-consuming job of collecting and processing customer payments. We provide a professional credit controller and a planned, consistent collection routine, collecting in an appropriate, professional way that supports good customer relations and can save you a great deal of time and stress. And, if you sometimes feel concerned about potential bad debt risks, our Credit Protection Service can help safeguard your cash flow and profits.

We recognise that you want to work, the way you want to work. So, in addition to your key Invoice Finance contacts, we provide you with your own unique username and password. This means that, wherever you connect to our Internet Invoice Finance system, you can connect to us. You can do just about everything necessary online and we link with all popular accounting packages to make your life even easier.

Whichever combination of services you choose, they're backed by our Service Guarantee for as long as you choose to work with us.

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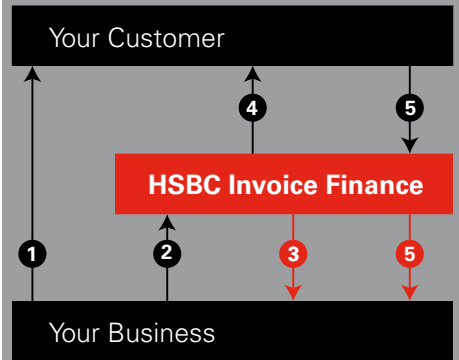
# How we can help

## Our services can help meet a variety of business needs.

For instance:

- Your sales are growing and you need to know that your cash flow will keep pace.
- You have a lot of money tied up in the sales ledger that should be working for you.
- You are funding a major purchase or planning a management buy-out/buy-in and want the sales ledger to fund your working capital needs.
- You are moving into trade credit sales for the first time and want to control customer credit without a big increase in workload.
- As your customer base has grown, so has the amount of time and resource needed to chase payment, and you now want to look at cost-efficient alternatives.
- You are looking for a flexible, cost-effective alternative to trade credit insurance.
- You want to break into an export market and would like the collections, currency ledger and payment protection taken care of for you.
- You are already exporting, but would like the convenience and competitive advantage of offering open account terms.

## How does it work?



- 1 You provide the goods/services to your customer and invoice them.
- 2 You send the invoice details to us.
- 3 We make available up to 90% of the value by the next working day.
- 4 Either your own credit controller or, if you use our Sales Ledger Management Service, the controller we've assigned to you, carries out the collections procedure.
- 5 When your customer pays, we make available the balance due to you.



## Finance Service

Waiting to get paid puts a strain on your cash flow. Our Finance Service can help you to overcome this. When we receive details of an eligible invoice from you – either online or by post – we can make available up to 90% of its value to you, the next working day following receipt.

- Turns today's sales invoices into tomorrow's cash flow by unlocking the potential of your sales ledger.
- No more waiting up to 60 days for payment – your cash flow benefits almost immediately.
- Assured cash flow – you enjoy access, the next working day, to up to 90% of the value of your eligible invoices.
- The balance becomes available when your customer pays us.
- A flexible source of working capital that grows in line with your sales performance.
- Cost-effective – you only pay for the funds you draw down into your bank account.
- Suitable for most businesses that have a turnover of £250,000 or more and sell in the UK or overseas on trade credit terms and invoice on completion, after supplying products or services.
- Available as a 'stand-alone' service for larger and longer-established businesses, or in combination with our Sales Ledger Management and/or Credit Protection Services.

## Sales Ledger Management Service

Running an effective credit control function demands staff time and business resources, both of which could be more profitably employed. Which is why so many businesses are now choosing the convenience and cost-effectiveness of outsourcing their collections through us.

Our Sales Ledger Management Service helps by providing a professional and experienced team to chase and process your invoice payments. You simply send out your invoices as usual, simultaneously notifying us either online, using your accounting package, or by post. Our team then collects your payments and you can track the progress online.

Frees more of your time and resources for other areas of the business.

We won't undermine hard-won customer relationships, but we will work to support those relationships, while helping to ensure that you are paid promptly.

We agree payment targets with you at the outset and make sure that you can track our performance online.

Payments are processed and posted to your account by the next working day following receipt.

We make it easy for your customers to pay – either by BACS from their bank, by posting a cheque or over the telephone by debit / credit card.

Select just this service, or use it in combination with either/or Finance and Credit Protection.

# Helping you sell safely

## Credit Protection Service

This is a flexible and cost-effective alternative to trade credit insurance. It means that if a credit protected invoice is 120 days overdue for payment, or your customer becomes insolvent, we will pay you any net outstanding balance of the debt. There is no lengthy validation procedure before payment is made.

- Any legal fees incurred in collecting a credit protected invoice will be covered by us dependent on the level of protection you have selected.
- Individual credit protection limits are provided for each of your customers.
- Limits are quickly and easily requested, set up and viewed online.
- We can agree with you a realistic 'first loss' figure that keeps your costs down, while protecting you from the bigger risks.
- You know that your sales are protected above the agreed first loss, up to the credit protection limit for that customer. Equally effective for both UK and international sales.
- May only be used in combination with our Finance and/or Credit Management Services.

## Services for exporters

If you are already exporting or plan to start exporting to any of the major world markets, our services can offer some important advantages. They work in a similar way as they do for UK sales, providing combinations of finance, efficient collections, transmission and processing of customer payments and – very importantly – protection from bad debts.

- Our service lets you offer attractive 'open account' terms to overseas customers, so you can compete with 'local' suppliers on an equal footing.
- We look for the most appropriate credit control expertise to overcome obstacles such as different time zones, languages, currencies, cultures and customs.
- Individual credit protection limits are provided online for each of your customers to help you to trade with additional confidence, while protecting your cash flow.
- We also have UK-based credit controllers who are fluent in the major European languages.
- You decide which currency you want to use and we'll run the ledger for you.



## Internet Invoice Finance

We understand how important it is for you to be in control of your finances. Our Internet Invoice Finance service is an easy to access and navigate system that allows you to see what is going on and run your facility.

This means that you can use the internet to:

- arrange the transfer of funds to your bank account
- notify us of sales invoices
- see up to date sales ledger information
- manage credit limits for your customers
- obtain reports and much more.

All this is available in a secure environment that is available 24/7 (except for periods of maintenance).

## What about the costs?

The costs for our invoice finance services fall into two categories – a charge for the finance drawn from the facility and a charge for the services we provide.

**Finance charge** – compares with that for a traditional bank overdraft – typically 2% to 5% above base rate – for funds you transfer to your bank account. As your customers pay the invoices due and the sum we have prepaid reduces, so the charge falls. We pay you an allowance for any credit balances on your account.

**Service charge** – the charge usually falls between 0.2% and 4.3% of the value of your invoices and is charged each time you notify us of an invoice. The percentage also reflects the workload generated by your sales ledger and any agreed 'First loss' or credit protection limits. The Credit Protection Service element of our service charge is typically between 0.3% - 1.0%.

**Arrangement fee** – There is a variable one-off fee on set up of the facility.

Our charges are quoted in advance in writing, and typically apply for 12 months. Our invoice finance facility with you will last also for a minimum of 12 months, after which just three months' notice is required to terminate.

# The right solution for your business

## Why HSBC?

### Not all Invoice Finance providers are the same

- We are one of the UK's largest providers of International invoice finance and factoring services, helping our clients sell around the world.
- Unlike some of our competitors, we have no hidden or additional operational charges.
- Service quality is at the core of what we do and we measure this quarterly by surveying our clients.

### What are the benefits?

While we keep our costs competitive, it's also worth remembering that there are considerable savings for businesses using our services:

- An improved cash flow can help you to buy more competitively from your own suppliers by obtaining early payment discounts.
- Assured supplies of stock/raw materials mean that you can provide a better service to your customers.
- Typically, a business operating on trade credit terms might expect to write off the value of 1% of turnover as the result of bad debts – that's £10,000 on a turnover of £1,000,000.

- Our clients can expect to reduce their reliance on borrowing facilities.
- Businesses that have a flexible source of working capital can respond more quickly to market opportunities.
- You can avoid the hidden costs associated with providing extended credit for your customers.

### Working with you

Your key contact point is your client service team of specialists. They are responsible for understanding the way your business operates and providing the support and information you need.

### Our Service Guarantee

If you are unsatisfied with our service, please let us know and give us the chance to put things right. We will try and resolve the issue as soon as possible, and we will refund our service charge for the period it takes for us to resolve your complaint.

### What about the alternatives?

If your business is not in a position to benefit from invoice finance, we have a number of alternative services that may fit the bill. These include overdrafts and a range of loan schemes. Please let us know if we can direct you to other business services from the HSBC Group.



## Are we right for your business?

Our services could be appropriate for you if you can answer 'yes' to the following:

- Does your business have an annual turnover in excess of £250,000?
- Do you sell directly to your customers rather than acting as an agent?
- Do you sell to several customers on trade credit terms (14, 30 or 60 days from date of invoice)?
- Do you invoice on completion of supply of the product or service and avoid stage or part invoicing?
- Do you have low levels of customer returns or disputed invoices (typically under 5%)?

# Commonly asked questions

## **Isn't this kind of finance usually expensive?**

We provide more than finance. Some businesses do not use our Finance Service at all and come to us for Sales Ledger Management and Credit Protection. The services we provide represent good value if they meet your needs. Which is why you'll receive a written offer before being asked to decide. If we do not believe your business will benefit from our services, we will tell you so.

## **Won't I lose some control over my business if I have to check with you before I make a sale?**

We value every single customer. Making it more difficult for you to deal with your customers is in neither your nor our best interests. By providing flexible cash flow, saving you the time you spend chasing payment, controlling the risks of non-payment and providing online information, we try to give you more control, not less.

## **What personal guarantees will you require?**

Our 'security' is based on the sales that you identify to us as being genuine and collectable. We will usually ask your directors to provide a limited guarantee, but we will not typically ask for any supporting security (property, for example).



# What to do next

If you would like to know more about how our services could help your business, please contact your Commercial Manager or branch to set up a meeting with one of our invoice finance specialists.

## **Call our information team direct on 0800 34 34 35**

They will be pleased to arrange a cost indication to meet your needs, or to answer any general questions you may have on the range of services.

## **Visit [www.hsbc.co.uk/business](http://www.hsbc.co.uk/business)**

Within the Finance and borrowing section you can:

- view a demo of Internet Invoice Finance
- obtain a Price Indication
- request a call back
- read more about our award-winning services and global expertise.

## **What we will do next**

We will arrange for your local invoice finance specialist to contact you in order to assess whether or not our services could offer you real benefits. In doing so, the objective is to ensure that our services really do meet your needs and fit in with the way you operate.

For us this is fundamental to understanding your business.

HSBC Invoice Finance (UK) Ltd  
Farncombe Road  
Worthing  
West Sussex  
BN11 2BW

Freephone: 0800 34 34 35

Tel: 01903 205181

Fax: 01903 214101

Email: [info@invoicefinance.hsbc.co.uk](mailto:info@invoicefinance.hsbc.co.uk)

## **Important notes**

HSBC Invoice Finance credit facilities are subject to status.

Lines are open 9am to 5pm Monday to Friday, excluding public holidays.

**[www.hsbc.co.uk/business](http://www.hsbc.co.uk/business)**

Issued by HSBC Invoice Finance  
21 Farncombe Road, Worthing, West Sussex, BN11 2BW