

Receivables Finance



HSBC UK

| Opening up a world of opportunity

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Trading with other businesses on credit terms?

Our services could 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.

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's always the risk that an invoice might become a bad debt.



Receivables Finance Service

Could help you fund, manage and protect your invoices, unlocking the power of your sales ledger and freeing up valuable time and resources.



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 flexible alternative to a bank overdraft or loan.



Credit Protection Service

Could help safeguard your cash flow and profits.



Sales Ledger Management Service

Could 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, that supports good customer relations and can save you time and resources.

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

How we could help

Our services could help meet a variety of business needs.



For example:

- 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're funding a major purchase or planning a management buy-out/buy-in and want the sales ledger to fund your working capital needs.
- You're 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 alternatives.
- You're looking for a flexible 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're 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 95% of the value the same 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 less our charges.



Finance Service

Waiting to get paid puts a strain on your cash flow.

Our Finance Service could help you to overcome this. When we receive details of an eligible invoice from you, we could make available up to 95% of its value to you, the same working day following receipt. We could also:

- Turn today's sales invoices into cash flow by unlocking the potential of your sales ledger.
- No more waiting for payment – your cash flow benefits almost immediately.
- Assured cash flow – you enjoy access to up to 95% of the value of your eligible invoices.
- The balance, less our fees becomes available when your customer pays us.
- A flexible source of working capital that grows in line with your sales performance.
- You only pay the finance charge for the funds you draw down into your bank account.
- May be suitable for businesses that have a turnover of £1,000,000 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 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 benefiting by outsourcing their collections through us.

Our Sales Ledger Management Service could help by providing a professional and experienced team to credit manage your sales ledger and process your invoice payments. You simply send out your invoices as usual, simultaneously notifying us online. Our team then collects your payments and you can track the progress online.



Key benefits:

- Frees more of your time and resources for other areas of the business.
- We won't undermine hard-won customer relationships, but we'll work to support those relationships, while helping to ensure that you're 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 bank transfer, by posting a cheque or over the telephone by debit/ credit card.
- Select just this service, or use it in combination with Finance and optional Credit Protection.

Credit Protection Service

Using our Credit Protection Service means that if a credit protected invoice is 120 days overdue for payment, or your customer becomes insolvent, we'll pay you any net outstanding balance of the debt.

There's 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 may be quickly and easily requested, set up and viewed online.
- We aim to 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 Service.



Services for exporters

If you're already exporting or plan to start exporting to any of the major world markets, our services could 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 most European languages.
- You decide which currency you want to use and we'll run the ledger for you.



Receivables Finance on HSBCnet

We understand how important it is for you to be in control of your finances.

Our Receivables 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 service 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 essential maintenance).



What about the costs?



Arrangement fee

There's a variable one-off fee on set up of the facility.

The ongoing charges for our receivables finance services are:

- Finance charge – compares with that for a traditional bank overdraft 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.
- Service charge – the charge is a percentage 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.
- Credit Protection charge – for approved debts the charge is a percentage of the notified value.

We'll discuss and agree our standard charges with you and will take time to make sure you clearly understand them.

More information on our charges and how they're applied is available in our Product Guides, published on our website: business.hsbc.uk/finance-and-borrowing/receivables-finance.

To access your account with us you'll require access to HSBCnet, which is the HSBC global internet banking system. If you're not currently an HSBCnet user you'll need to enter into an agreement to obtain this. If you're a current HSBCnet user without access to an account with us, you'll need to modify your existing agreement. In both instances you'll incur additional fees to access HSBCnet, which are payable by you. The level of fees you need to pay are dependent upon how many HSBC accounts and users you have. Further information about HSBCnet may be obtained at hsbcnet.com.

The right solution for your business



Why HSBC?

Not all Receivables Finance providers are the same.

We're one of the UK's largest providers of international invoice finance services, helping our clients sell around the world.

We have over 50 years' experience of providing receivables finance to UK-based clients backed by the reach of HSBC's global network to support both domestic and international growth.



What are the benefits?

It's worth remembering that there could be considerable savings for businesses using our services:

- An improved cash flow could help you to buy more competitively from your own suppliers by obtaining early payment discounts.
- Assured supplies of stock/raw materials could mean that you can provide a better service to your customers.
- Operating on trade credit terms comes with some risk, depending on the profile of the customer base. If customers don't pay, or become insolvent, the impact on business cash flow can be significant. Our Credit Protection service can help to mitigate this risk.
- 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're responsible for understanding the way your business operates and providing the support and information you need.



What about the alternatives?

If your business is not in a position to benefit from receivables finance, HSBC 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 £1,000,000?
- Do you sell directly to your customers rather than acting as an agent?
- Do you sell to your customers on trade credit terms?
- 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%)?

Important note

Credit facilities are subject to status.

Commonly asked questions

Isn't this kind of finance usually expensive?

Receivables Finance may initially appear more expensive than some other forms of working capital, but it has different benefits too. Usually this kind of finance will provide more funding than other working capital lending products like the overdraft. Some businesses don't use our Finance Service at all and come to us just for Sales Ledger Management. The services we provide could represent good value if they meet your needs, which is why you'll receive a written offer before being asked to decide. If we don't believe your business will benefit from our services, we'll 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.

Limited Companies and Limited Liability Partnerships: what personal security might you require?

Our finance product is provided to you either on the basis of invoice discounting or invoice finance with sales ledger management. In both cases, we agree to purchase your debts (apart from excluded debts) and take an assignment of all accounts receivable (for invoice finance with sales ledger management fully disclosed to the debtors by notice); the collection of that debt is our primary security. We may ask your director(s)/principal(s) for either a personal guarantee and indemnity and/or a personal indemnity against breach of the agreement between you and us. If such collateral security is requested by us from your director(s)/principal(s) then they'll need to take independent legal advice at your/their own cost.

We may also require a company guarantee from your parent and/or associated companies. From you we'll require a fixed charge over debts which fail to be effectively transferred to us and a floating charge over all your assets and undertakings.

What to do next

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



Visit business.hsbc.uk/finance-and-borrowing/receivables-finance where you can:

- read more about our award-winning services and global expertise
- download our informative Product Guides for Invoice Discounting, Invoice Finance with Sales Ledger Management and Credit Protection



Call our information team direct on 0800 34 34 35.

Calls may be recorded.

They'll 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.

What we'll do next

We'll arrange for your local Receivable 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.

How to contact us



Email: info@invoicefinance.hsbc.co.uk



HSBC Invoice Finance (UK) Ltd, Cannon House,
Chatsworth Road, Worthing, West Sussex, BN11 1NA



Phone: 01903 205181

Lines are open 9:00am to 5:00pm Monday to Friday,
excluding public holidays.

Accessibility

If you need any of this information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak with us using the live chat service on our website, by visiting one of our branches or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service. To find out more, please get in touch. You can also visit business.hsbc.uk/accessibility or business.hsbc.uk/contact-us.

[hsbc.co.uk/business](https://business.hsbc.uk)

HSBC Invoice Finance (UK) Limited is a member of UK Finance, and abides by the Invoice Finance and Asset Based Lending (IFABL) Standards Framework, the Invoice Finance and Asset Based Lending Code (2018 Edition) and the independent Complaints Process, each of which can be accessed and viewed at the UK Finance website ukfinance.org.uk.

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