

Forfaiting

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INTERNATIONAL
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FORUM

NEW CHALLENGES. NEXT CHANGES.

UBI  Banca

- What is forfaiting
- Principles
- Associations roles and importance
- Evolution
- Banks & Tenors in respect of CIVETS
- Conclusion

What is Forfaiting

- Discount without recourse of future defined cash flows at net present value (if rate fixed in advance) or financing without recourse at floating rate



Principles

- Irrevocable and unconditional payment in respect of the future pre-agreed or defined cash flow
- Abstraction of the future payments
- Negotiability of the security

Associations

- VEFI (Association of the Forfaiters in Switzerland) based in Zurich
- ATFA (Association of Trade Finance and Forfaiting in the Americas) based in New York
- IFA (International Forfaiting Association) based in Zurich



Evolution

- Higher capital risk requirements for banks are requested
- More expensive to a certain extent to provide liquidity in the commercial banking area
- Symbiotic and coordinated co-operation between banks, governmental entities and private funds



Banks & Tenors for CIVETS

- Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa are essentially all very interesting countries with a strong growth potential. In this respect all these countries are to be considered a sort of „transitional economies“ and consequently to a certain extent and degree forfaitable



Conclusion

- Legitimate
- Sophisticated
- Crossroad of the financial products
- Enables bank to increase income fees
- Can find application together with insurance instruments

