

CONFIDENTIAL FACTORING

Confidential factoring is a similar financing facility to factoring, where the business benefits from a financing method that is based on actual sales turnover rather than traditional balance sheet financing methods.

Here, the factoring / finance company makes contact with customers as if they were the actual business. Hence the customers are unaware of the factoring company's involvement.

This acts as a win/win for both the business and the finance company, where the factoring company retains strong controls whilst the business retains the image of not using an outsourced factoring facility.

For confidential factoring to work, it requires a high use of communications technology to maintain the private nature of the facility. A dedicated telephone line would be used for all incoming communications from the customers. That phone line would be answered in the name of the business; hence keeping the customers unaware of the fact that there might be an outsourced credit management or finance facility. All other correspondence would reflect the business's own branding i.e. collections letters, statements etc.

In recent years, this type of facility is rarely offered by banks & finance houses. However, CFC has associations with the few that still offer Confidential Factoring.

Benefits :

- Between 75 - 90% of the value of an invoice, could be released within 24 hours.
- The factoring / finance company would provide fully discreet credit control support, hence the customers being unaware that the service is being used.
- Factoring is not a loan facility; hence it would not create an entry of debt on the company's balance sheet.
- Gives huge opportunity to negotiate favourable terms from suppliers by paying earlier.
- Provides the businesses the ability to react quickly to market opportunities, whilst keeping debtors under control.