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## FACTORING TRENDS ON WORLD ECONOMY

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**Summary:** *Improving and expanding factoring in our country depends largely on the legal and economic provisions regulating this type of business, and also the existence of literature on indigenous targeted these modern business nowadays. Functioning market economy requires the use of both traditional classical instruments of financing and special ones that were created in order to provide the liquidity necessary to conduct economic activities of companies. A special tool is factoring financing. This article aims on the one hand, summarizing the evolution factoring in the global economy, and on the other hand, procedures to harmonize the legislation on factoring operations.*

**Keywords:** *factoring, harmonization Convention.*

Rapid and numerous changes in business create opportunities to sell their products globally. In this context improvement of trade growth globally, increasing influence of factoring operations.

The analysis is performed on statistical data provided by the major factoring organizations. At first, factoring is strictly limited to finance textile and clothing, but with time it developed the scope on areas such as production of sports articles, toys, building materials, communications equipment, and industries that use advanced technology (computers, mobile phones, digital cameras, etc.).

The largest factoring market continues to be represented by Europe with a total of 70.38% in 2015 and 71.14% in 2016 of all world, followed by Asia with a total of 13.36% in 2015 and 13.22% in 2016 and the Americas with a total of 13.34% in 2015 and 12.43% in 2016 of all world.



Factoring in the countries of central and eastern Europe, was a timid start in 1995 but because of the advantages it offered substantial statistics recorded an upward trend in the volume of transactions in each country. According to international statistics, in 2005 there was a lot recalculated value of 259 billion euros. Since then, factoring new markets, particularly in Asia and Central and Eastern Europe, have contributed substantially to the expansion of factoring. 2016 transaction volume reached to 1.134 billion of euro.

One of the particularities of factoring industry is that the largest segment of the operations realised is hold by the domestic factoring, but from 2012 to 2016 the global volume of transactions increased by approximately 56.63% and the trend is growing and 2017. In this regard significant data are presented in the following table:

**Table no. 1.1. Structure factoring in the 2012-2016 period**

Anul	Milion euro					
	2012	2013	2014	2015	2016	2016/2015
<b>Factoring național</b>	681.281	712.657	791.950	930.061	1.030.598	10,81%
<b>Factoring internațional</b>	42.916	47.735	68.265	86.486	103.690	19,89%
<b>Total</b>	724.197	760.392	860.215	1.016.547	1.134.288	11,58%

The two most important conventions on factoring conducted were: Ottawa Convention (1988) on International Factoring initiate progestogen at the Institute for Uniform Civil Law International (UNIDROIT), based in Rome, organization which counts nearly 50 countries around the world and the United Nations Convention in New York in 2001 assignment of receivables in international trade organized by the United Nations Commission on international trade law (UNCITRAL).

Comparative presentation of the main regulations of the two existing factoring agreements:



**Table N ° 1.4. Comparison of UNCITRAL Convention and UNIDROIT Convention**

<b>UNCITRAL Convention</b>	<b>UNIDROIT Convention</b>
1. Notification buyer;	1. Applies only factor and not Discount bills (which is a factoring without notice);
2. Downloading buyer payment (before and after notifying the insurance and after multiple assignments);	2. It does not establish priorities between competing factors and ensure the validity of the seller in case of insolvency.
3. Rights and protection against creditors factor (adherents) insolvency..	

In most respects the two conventions are identical. To become operative they must be ratified by each state having previously been confirmed by the Commission and accepted by the National Assembly of the United Nations.

Other international organizations involved in factoring are: Factors Chain International and International Factors Group, through which runs the majority of factoring operations internationally and in the European Union operates an association called EUROPAFACTORING, which groups national professional bodies factors Europeans having a driving rotary with 2 years term and a secretariat.

### **Harmonization of legislation concerning factoring operations**

The great diversity of national legislation on transferring credits and, especially, the steps required to make the assignment is still enforceable against a powerful obstacle to the development of factoring operations, due to problems arising conflict. To remove obstacles such international commercial transactions practice has created some usages to facilitate factoring operations, especially some on the enforceability of the assignment.

To mitigate the impact of legislative nearmonizării, depending on the venue of the procedures, may be used: standard contract; standard code; uniform law; rules common law standard; uniform conflict rules; CEE directives.



### **Conclusions**

In the current economic context, characterized by globalization, companies are always looking for a competitive advantage being obliged to offer customers flexible payment terms, resulting in an urgent need of financial resources. Operation factoring can be an alternative for large companies that have significant amounts receivable from the provision of goods and services and seeking rapid access to funding for their work. For this reason, factoring has grown increasingly more both globally and nationally and internationally and has attracted the attention of several international organizations that were involved in this.

### **References**

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