

**Introduction: Peter Mulroy, Secretary General**

Mr. Amadou BA, Minister of Economy, Finance & Planning; Mrs. Madame Kanayo Awani, MD, Intra-African Initiative, AfreximBank and Chairman of the FCI African Chapter; Other speakers, Members, Banking Colleagues and Distinguished Guests,

Welcome to FCI's very first organized event in Africa in 2018 entitled, "Domestic and International Factoring; Alternative Tools for SME financing in Africa". Today marks an interesting moment in the modern era of receivables finance. FCI is celebrating its 50<sup>th</sup> anniversary this year.... 50 years ago, a time when Neil Armstrong was making man's first voyage to the moon, when the Beatles were just releasing their number one hit, "Penny Lane", and when the world was mourning the deaths of MLK and Robert Kennedy. China was undergoing the beginning of the Cultural Revolution,

the Iron Curtain was being tightened after the attempt of the Prague Spring, the struggle against Apartheid was accelerating in South Africa, and many countries in sub Sahara Africa were just on the road to armed struggle and independence. All the while, even through these challenging times of upheaval, this concept called factoring was on the rise, just making its way over from the US to Europe. (**show PIC of Stockholm Meeting**). In February 1968, a band of 6 banks and factoring subsidiaries got together to hold the very first meeting of FCI in Baden Baden Germany, which culminated in the very first annual annual meeting in Stockholm Sweden in November that same year, which kicked off with just 12 members in 12 different markets located in Northern Europe, US and South Africa.

Fast forward 50 years later, FCI membership has grown in over 90 countries, with nearly 400 members, represented in all continents with the exception of

Antartica, and has been certainly the fastest growing trade finance product offered by banks and NBFIs in the past two decades.

**(show PIC of Volume Past 20 years)**. In fact, the factoring volume has grown from a nascent EUR 400 Billion in 1996 to nearly EUR 2.4 Trillion today. And FCI membership in this period went from a little over 100 members to nearly 400 members during this 20-year period. In Africa alone, FCI has 30 members, representing 7.5% of our global membership. But the industry only generates 1% of global volumes.

So much has taken place during this period.

Receivables finance did not come to Africa until the turn of the century. Although South Africa was one of the 12 founding members of FCI, it would take an additional 50 years to really see the “green shoots” of factoring in sub-Saharan Africa. **(show PIC of news release on factoring laws in Cameroon, Nigeria)**.

Today we are witnessing the birth of numerous

initiatives at the government, ministerial and central bank level, in such markets like Cameroon, Nigeria, Ghana, and others... This is in part thanks to the development of the model law on factoring by the AfreximBank, the removal of burdensome stamp duty tax, the development of inclusive policies at the central bank level to promote and support the financing to SMEs through factoring, and to push the development of cross border factoring.

FCI has witnessed tremendous growth in the world these past two decades, led by China, which became the 2<sup>nd</sup> largest factoring market in the world right behind the United Kingdom in 2012. Go back to the turn of the century, and factoring had not even started in earnest there. In fact, looking back at the turn of the century, Asia accounted for less than 3% of global RF volume. Today, Asia accounts for over 23%. My hope is that we will see a similar success story in Africa.

Once Banks, NBFIs, SMEs and Corporates begin to see

the light, I believe we can achieve our objective to have over 100 members in Africa in the next 5 years, including volume of over \$100 Billion.

I am delighted to be invited to speak at this important event, in a market where Receivables Finance is just starting to permeate in the minds of banks, finance companies and traders. With the rise of open account trade globally and in Africa specifically, factoring is the answer. My hope for those that are new to it, you will understand better why receivables finance has so much potential here in Senegal, West Africa and in the continent in general.

Marc Twain wrote “the secret of getting ahead in life is getting started”. And that is what this regional conference is all about, giving your clients the tools necessary to compete in an increasingly competitive world, promoting an open account culture through factoring, and at the same time demonstrating to you why factoring is a safe and reliable service. Factoring is

one of the most important solutions for financing receivables and protecting yourselves from the risks that arise from open account.

We are in a different era today. Open account trade has expanded and the world is much more interconnected. That poses an opportunity and a threat. Governments, central banks and regulators from around the world view this service as a safe and secure method of financing trade and an instrumental tool to support the growth of SMEs by financing their business/their receivables through factoring.

Truly FCI is witnessing the dawn of a golden era for the receivables finance and factoring industry worldwide, and we see no signs of this growth abating.

Thank you!