

HSBC India to expand factoring services for SMEs

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HSBC India is planning to expand the scope of its factoring services in tier-II cities across the country, with a focus on small and medium enterprises.

"We are aggressively looking at acquiring new clients in factoring services segment in the tier II cities and lot of investment is going into this endeavour at present though I can not quantify it," Mr Basab Majumdar, Head (Factoring Services) HSBC India told *Business Line* over phone

from Mumbai. Factoring is a service that covers the financing and collection of account receivables in domestic and international trade. It is an ongoing arrangement between the client and factor, where invoices raised on open account sales of goods and services are regularly assigned to "the factor" for financing, collection and sales ledger administration.

In simpler terms, factoring enables companies to sell their outstanding book debts for cash. HSBC India's factoring services include traditional

factoring services, financing and collection management, among others.

Though there is competition — sales-linked factoring services that offer flexibility in managing working capital (which is very useful for SMEs) — business linkages across segments, with which factoring can be linked up, are key value-additions for us in the industry has many surrogate products for a larger extent," Mr Majumdar said.

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