

SERV-covered supplier credit

By means of a supplier credit, the Swiss exporter grants extended terms of payment to his customer, for example deferred payments over few years after delivery took place. The financing costs and conditions are usually already included in the agreed purchase price. For the importer, such terms of payment facilitate the amortization of his investment, because he can pay the delivery contract at a time when he already generates a cash flow from the imported goods/services.

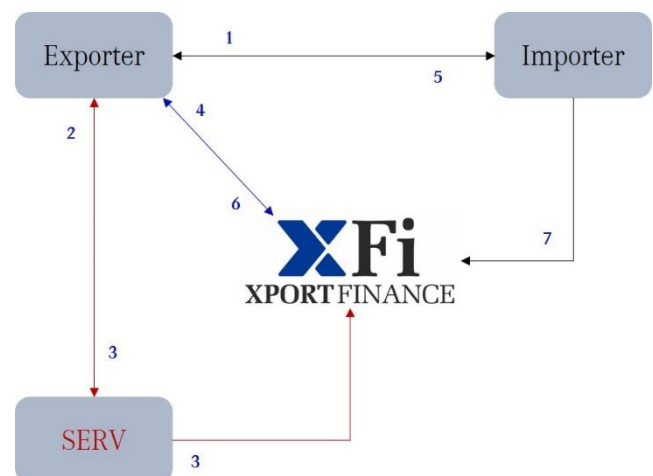
In most cases, SERV-covered supplier credits are settled in the form of discounting. The exporter sells his claim(s) under the delivery contract at discount to Xport Finance Ltd "XFi" and assigns his claim(s) under the delivery contract to XFi. In return, the exporter receives from XFi the present value of the claim(s) under the delivery contract. A smart use of supplier credit structures allows Swiss SMEs to improve their commercial offer and may facilitate order intakes from abroad.

Product features

In the context of supplier credit insurance, SERV insures the exporter against the non-payment risk of the importer as well as against political and transfer risks. The maximum coverage rate is 95% of the outstanding amounts due under the loan. With an insurance period of two years or more, the OECD Consensus Rules for Export Credits apply (e.g. minimum 15% advance payment). An agreement between the exporter and XFi governs the terms of the assignment of the claim(s). The importer is informed of the assignment in principle and pays the claims to XFi according to the agreed terms of payment in the delivery contract.

Process stages

- Conclusion of the delivery contract with extended terms of payment between exporter and importer. The importer pays an advance payment according to delivery contract and to the OECD Consensus
- SERV application for supplier credit insurance made by the exporter (with the support of XFi)
- Subject to a positive SERV credit analysis, issuance of SERV insurance policies
- Due diligence by XFi and conclusion of loan agreement between exporter and XFi
- Delivery, invoicing, notification to the importer by the exporter about the purchase of claim(s) by XFi
- The importer pays directly to XFi according to the terms of payment under the delivery contract



Any questions? Don't hesitate to contact us!