

SERV-Covered Supplier Credit – Clear and Concise

What is a Supplier Credit?

With a SERV-covered supplier credit, the Swiss exporter grants its foreign customer extended payment terms—typically over several years after delivery. The financing costs are usually already included in the purchase price or can be financed as part of the transaction. This allows the importer to amortize the investment from the ongoing cash flow generated by the delivered goods or services.

How Does the Financing Work with Xport Finance?

As a rule, the transaction is structured through discounting. The exporter sells its receivables under the supply contract to Xport Finance AG (XFi) and assigns them to XFi. In return, the exporter receives from XFi the present value of the receivable under the supply contract. The strategic use of supplier credit structures by Swiss exporters enhances their commercial offers and facilitates the acquisition of international contracts.

Product Features

- SERV covers the risk of non-payment by the importer, as well as political and transfer risks.
- Maximum cover ratio: 95% of the outstanding receivables.
- For insurance tenors of two years or more, OECD Consensus rules apply (e.g., at least 15% down payment).
- The terms of assignment are defined in an agreement between the exporter and XFi.
- The importer is notified of the assignment and repays the credit directly to XFi.

Process of a Supplier Credit

1. Conclusion of the export contract between exporter and importer with extended payment terms; the importer makes the down payment in accordance with the contract and OECD Consensus rules.
2. With the support of XFi, the exporter submits the SERV application for supplier credit insurance and, following a positive SERV assessment, the policy is issued.
3. SERV agrees to assign the claims from the policy to XFi.
4. XFi conducts a credit analysis and concludes a credit agreement between the exporter and XFi for the sale of the receivable to XFi.
5. Delivery, invoicing, and the importer's consent to the sale of the receivable from the exporter to XFi.
6. Discounting of the receivable / payment by XFi to the exporter.
7. The importer repays the supplier credit directly to XFi in accordance with the agreed repayment schedule.

