Joint Thirty-Ninth Meeting of the
IMF Committee on Balance of Payments Statistics
and Twenty-First Meeting of the Advisory Expert
Group on National Accounts

Inter-secretariat
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For discussion

F.14 Treatment of Factoring Transactions: Outcomes of the Global Consultation

Prepared by the Financial and Payments Systems Task Team (FITT)

INTERNATIONAL MONETARY FUND

F.14 Treatment of Factoring Transactions: Outcomes of the Global Consultation[1]

Although the revisions in the statistical treatment of factoring transactions proposed initially by the Guidance Note (GN) were widely supported by most of the respondents to the global consultation, some fundamental issues were highlighted by a few respondents objecting to the proposed recording.[2] The treatment of factoring claim against the debtor as other accounts receivable and the factoring income as fee paid by the supplier was the preferred option for non-recourse factoring by most of the respondents. Most of the respondents also preferred to treat the recourse factoring in the same manner as non-recourse factoring due to practicality issues, noting that granularity of existing data sources may be insufficient to distinguish between non-recourse and recourse factoring contracts. Following the global consultation, the main recommendation of the GN has been changed from Option 2.1 to Option 2.4, proposing that the claim against the debtor be classified as a loan and the factors' income as a fee for non-recourse factoring. This change is mostly intended to (i) avoid that the entire factoring business model be recorded under a residual category (other accounts receivable/payable); (ii) ensure consistency with monetary and financial, and government finance statistics; and (iii) take stock of the wide majority of current country practices.

GN F.14 "Treatment of Factoring Transactions" is presented to the IMF's Balance of Payments Statistics Committee (the Committee) and the Advisory Expert Group on National Accounts (AEG) for final decision.

1. *Do you agree with the GN proposal on rejecting Option 1 and considering other options discussed in the GN for the statistical treatment of the non-recourse and the recourse factoring?*

There was wide support for rejecting the status quo (89 percent).

Wide majority of respondents supported the proposal to reject the status quo arguing that a clear, detailed, and harmonized guidance in the statistical manuals is needed for properly reflecting the provision of a financial services by the factor and the classification of related factoring transactions in macroeconomic statistics. Although in minority, those objecting to this proposal raised some fundamental issues with the proposed options. One respondent argued that the proposed options of classifying the discount as a current account transaction would not allow to reconcile stocks and flows. It was also argued that the numerical examples for Options 2 and 3, and Annex IV in the GN contravene another fundamental statistical principle of valuing transactions at the market/transaction value. Finally, there is also the question of broader implications of the proposed approach as to why not apply it to all instruments valued at nominal value, including loans, which the GN does not discuss.

[1] Prepared by the FITT Secretariat and approved by FITT Co-chairs.

[2] The joint global consultation on the GN F.14 "Treatment of Factoring Transactions" took place during May 17–June 10, 2022, collecting input from 53 respondents from 44 economies (Annex I and Annex II provide comprehensive information on the results of the global consultation). Respondents from European countries had the largest participation (47 percent), followed by those from Asia and Pacific countries (19 percent), Western Hemisphere countries (17 percent), Middle East and Central Asia countries (13 percent), and African countries (4 percent).

2. *If the answer to question 1 is yes, which option do you prefer for the statistical treatment of non-recourse factoring (Options 2.1—2.4)?*

Option 2.1—the factoring claim against the debtor is treated as other accounts receivable, and the factoring income as fee paid by the supplier—was supported by most respondents (62 percent), followed by Option 2.4 supported by around 30 percent of the respondents.

Those respondents supporting Option 2.1 noted that the typical non-recourse factoring transaction has more features of sales of a financial asset than a loan extended to the original debtor. Therefore, they are of the view that the treatment of factor's income as a fee for providing fast cash instead of interest sounds reasonable—there is an absence of an actual claim against the supplier. In addition, the assumption of implicit financing of the debtor may be attractive in cases of large transactions, but the final decision is generally made by the supplier. They also commented that the classification of the financial instrument follows the current treatment in the *BPM6*.

Respondents supporting the classification of factoring claims as loans (Options 2.3. and 2.4; more than one-third of the respondents), including one respondent representing the monetary statistics community, argued that other accounts receivable/payable should not accommodate an entire financial intermediation business model such as factoring, excluding it from credit aggregates of the financial institutions, thus resulting in underestimation of the total credit extended by the financial sector to the rest of the economy. A few respondents from European countries supporting Option 2.4 argued that it is well founded and is in line with the 2012 Eurostat Decision on the recording of trade credits incurred by government units and with the ECB *Manual on Monetary and Financial Institution Balance Sheet Statistics*. A number of respondents also underscored that at present factoring claims in most cases in practice are classified as loans. Finally, a number of respondents supporting the classification of factoring claims as loans were either indifferent or undecided whether to treat the factor's income as fee or interest (i.e., Options 2.3 or 2.4).

3. *If the answer to question 1 is yes, which option do you prefer for the treatment of recourse factoring (Options 3.1—3.3)?*

Option 3.1—Recourse factoring is treated in the same manner as non-recourse factoring—was supported by most respondents (74 percent).

Respondents preferring Option 3.1 considered that the recourse factoring as a guarantee and the reserve as a collateral. Comparing with the other options, respondents noted that the implementation of Option 3.1 would be less affected by practicality issues—distinguishing between non-recourse factoring and recourse factoring could be a challenge given the available data sources.

4. *Do you agree that the instrument reclassification from trade credit to loans/other accounts receivable should be recorded as a transaction in the financial account rather than as other changes affecting positions?*

The above proposed instrument reclassification as a transaction was supported by most respondents (88 percent).

Respondents supporting such reclassification noted that factoring should be seen as a new contract between the parties in a mutual agreement, and thus, a financial transaction.

Those objecting to reclassification argued that such changes to instrument do not have the characteristics of a transaction and are therefore better aligned with other changes in volume.

5. *Do you consider that the other types of supply chain finance need further guidance in BPM7 or its Compilation Guide?*

Most of the respondents agreed on that further guidance in both the *BPM7* and its compilation guide is needed given the fast changes in the financial market.

Annex I. Responses to the Global Consultation Questionnaire

<table>
<tr><th colspan="2">Questions</th><th>Number of Responses</th><th>%</th></tr>
<tr><td colspan="4">Your response concerns which area of macroeconomic statistics:</td></tr>
<tr><td colspan="2">National Accounts</td><td>23</td><td>43%</td></tr>
<tr><td colspan="2">Balance of Payments</td><td>11</td><td>21%</td></tr>
<tr><td colspan="2">Both National Accounts and Balance of Payments</td><td>19</td><td>36%</td></tr>
<tr><td colspan="2">Total</td><td>53</td><td>100%</td></tr>
<tr><td colspan="4">Is this topic of relevance for your country?</td></tr>
<tr><td colspan="2">High Relevance</td><td>10</td><td>19%</td></tr>
<tr><td colspan="2">Medium Relevance</td><td>17</td><td>32%</td></tr>
<tr><td colspan="2">Low Relevance</td><td>22</td><td>42%</td></tr>
<tr><td colspan="2">Not Relevant</td><td>2</td><td>4%</td></tr>
<tr><td colspan="2">No Response</td><td>2</td><td>4%</td></tr>
<tr><td colspan="2">Total</td><td>53</td><td>100%</td></tr>
<tr><td colspan="4">Conceptual Issues/Recommendations</td></tr>
<tr><td colspan="4">4. Do you agree with the GN proposal on rejecting Option 1 and considering other options discussed in the GN for the statistical treatment of the non-recourse and the recourse factoring?</td></tr>
<tr><td colspan="2">Yes</td><td>47</td><td>89%</td></tr>
<tr><td colspan="2">No</td><td>4</td><td>8%</td></tr>
<tr><td colspan="2">No Response</td><td>2</td><td>4%</td></tr>
<tr><td colspan="2">Total</td><td>53</td><td>100%</td></tr>
<tr><td colspan="4">5. Please provide arguments in support of your response in Q.4: (See Annex II)</td></tr>
<tr><td colspan="4">6. If the answer to Question 4 is YES, which option do you prefer for the statistical treatment of non-recourse factoring?</td></tr>
<tr><td colspan="2">Option 2.1 The factoring claim against the debtor is treated as other accounts receivable, and the factoring income as fee paid by the supplier.</td><td>29</td><td>62%</td></tr>
<tr><td colspan="2">Option 2.2 The factoring claim against the debtor is treated as other accounts receivable, and the factoring income as interest paid by the supplier.</td><td>2</td><td>4%</td></tr>
<tr><td colspan="2">Option 2.3 An indirect financing by the factor to the debtor is assumed and is treated as a loan, and the factoring income as interest paid by the debtor.</td><td>3</td><td>6%</td></tr>
<tr><td colspan="2">Option 2.4 The indirect financing by the factor to the debtor is treated as a loan, and the factoring income as a fee paid by the supplier.</td><td>13</td><td>28%</td></tr>
<tr><td colspan="2">Total</td><td>47</td><td>100%</td></tr>
<tr><td colspan="4">7. Please provide arguments in support of your response in Q.6: (See Annex II)</td></tr>
<tr><td colspan="4">8. If the answer to Question 4 is YES, which option do you prefer for the statistical treatment of recourse factoring?</td></tr>
<tr><td colspan="2">Option 3.1 Recourse factoring is treated in the same manner as non-recourse factoring.</td><td>35</td><td>74%</td></tr>
<tr><td colspan="2">Option 3.2 Recourse factoring is treated as a loan provided to the supplier.</td><td>8</td><td>17%</td></tr>
<tr><td colspan="2">Option 3.3 The invoice should be divided into three parts, and different treatments should be applied to them.</td><td>4</td><td>9%</td></tr>
<tr><td colspan="2">Total</td><td>47</td><td>100%</td></tr>
<tr><td colspan="4">9. Please provide arguments in support of your response in Q.8: (See Annex II)</td></tr>
<tr><td colspan="4">10. Do you agree that the instrument reclassification from trade credit to loans/other accounts receivable should be recorded as a transaction in the financial account rather than as other changes affecting positions?</td></tr>
<tr><td colspan="2">Yes</td><td>43</td><td>88%</td></tr>
<tr><td colspan="2">No</td><td>6</td><td>12%</td></tr>
<tr><td colspan="2">Total</td><td>49</td><td>100%</td></tr>
<tr><td colspan="4">11. Please provide arguments in support of your response in Q.10: (See Annex II)</td></tr>
<tr><td colspan="4">12. Do you consider that the other types of supply chain finance need further guidance in BPM7 or its Compilation Guide (BPM7 CG)?</td></tr>
<tr><td rowspan="3">BPM7</td><td>Yes</td><td>30</td><td>75%</td></tr>
<tr><td>No</td><td>10</td><td>25%</td></tr>
<tr><td>Total</td><td>40</td><td>100%</td></tr>
<tr><td rowspan="3">BPM7 CG</td><td>Yes</td><td>32</td><td>80%</td></tr>
<tr><td>No</td><td>8</td><td>20%</td></tr>
<tr><td>Total</td><td>40</td><td>100%</td></tr>
<tr><td colspan="4">13. Please provide arguments in support of your response in Q.12: (See Annex II)</td></tr>
</table>

Practical Implementation			
14. From a practical perspective, does your institution have access to the relevant source data to implement the changes in the statistical treatment of non-recourse factoring proposed in the GN?			
Option 2.1	Yes	11	25%
	No	33	75%
	Total	44	100%
Option 2.2	Yes	7	18%
	No	32	82%
	Total	39	100%
Option 2.3	Yes	8	21%
	No	30	79%
	Total	38	100%
Option 2.4	Yes	10	26%
	No	29	74%
	Total	39	100%
15. Please indicate any challenges you would face in implementing the statistical treatment of non-recourse factoring proposed in the GN. (See Annex II)			
16. From a practical perspective, does your institution have access to the relevant source data to implement the changes in the statistical treatment of recourse factoring proposed in the GN?			
Option 3.1	Yes	14	31%
	No	31	69%
	Total	45	100%
Option 3.2	Yes	6	16%
	No	31	84%
	Total	37	100%
Option 3.3	Yes	3	8%
	No	34	92%
	Total	37	100%
17. Please indicate any challenges you would face in implementing the statistical treatment of recourse factoring proposed in the GN. (See Annex II)			
18. In order to maximize transparency in the SNA and BPM update process, we would like to publish responses to global consultations. Do you give consent that your response to this questionnaire can be published??			
Yes		33	63%
No		19	37%
Total		52	100%

Respondent Countries (in Alphabetical Order)

1`	Australia	23	Lebanon
2	Austria	24	Macao (SAR China)
3	Azerbaijan	25	Mexico
4	Belarus	26	Myanmar
5	Bulgaria	27	Netherlands
6	Chile	28	Peru
7	Colombia	29	Portugal
8	Cyprus	30	Qatar
9	Czech Republic	31	Romania
10	Egypt	32	Saudi Arabia
11	Finland	33	Singapore
12	France	34	Slovakia
13	Georgia	35	South Africa
14	Germany	36	South Sudan
15	Hong Kong (SAR China)	37	Spain
16	Hungary	38	Suriname
17	Indonesia	39	Sweden
18	Italy	40	Thailand
19	Japan	41	Turkey
20	Jordan	42	United Kingdom
21	Kazakhstan	43	USA
22	Latvia	44	Vietnam

Annex II. Comments Received from Respondents

1. Comments on the proposal to reject the status quo (Option 1) for the statistical treatment of the non-recourse and the recourse factoring (In the order the comments were received)

The respondents who supported the proposal to reject the status quo provided the following reasons:

- The factoring market is insignificant.
- We agree to the rejection of option 1 because the current guidance in *BPM6* (paragraph 3.82) does not clarify the role of the factor and its income. This paragraph only addresses where to record the factor transaction but doesn't address the recordings of fees received or any different treatment between recourse and non-recourse agreements.
- A producer with operational costs but with no income/sale is not an accurate recording of economic agents.
- It should be made explicit that the factoring is a lending operation generating claims in form of loan between the factor and the debtor. Factor's income should be recorded under services (as a fee when the factoring starts) and under interest (until the end of the duration of the loan).
- It is a production since there is a broker who is producing an intermediation service
- BEA agrees that the current guidance is inadequate and conflicting between manuals.
- Option 1 (the status quo) proposes a classification treatment for other changes in value (revaluation account), within the framework of the *2008 SNA*, that is, it proposes to classify a transaction between two economic agents, as if it had not occurred.
- The extensive discussions in the guidance note show that clarification is needed.
- Need for harmonization of existing manuals.
- Option 1 does not provide sufficient explanation in the current manuals for proper recording of factoring transactions in macroeconomic statistics. To adequately recognize the factor's role as a producer of financial intermediation services, the current/implicit treatment of factoring should be clarified in relation to the income received by the factor; 2. Option 1 is not in line with business practices and accounting standards, which include the discount as interest/fee in the factors' financial statements rather than as fee services."
- "BPM6 (5.72) is at odds with business practices and accounting standards (discount as interest/fee in the factors' financial statements). The discount earned by the factor should be recorded as income/sale, and not as revaluation, in recognition of the factor's role as financial intermediary, implying recording financial services. Furthermore, in the specific case of General Government transactions, this option is not in line with the Eurostat decision of 2012, as well as in the case of the ECB Manual of MFI statistics.
- It is important to ensure better consistency and harmonization of statistical concepts. In this case, we consider that there is no need for divergence between international manuals, namely, as it is an activity in the financial sector, thus it should be treated similarly to that given in the financial sector's balance sheet (Manual on MFI balance sheet statistics).
- Option 1 does not offer a proper treatment on recording of factoring transactions in macroeconomic statistics. The factor provides financial services (the value of the discount), which should be recorded in the current account.
- We agree to reject Option 1 (the status quo) because the factoring transactions (the discounts earned by factoring corporations) should be recorded clearly (not implicit treatment like now) in order to show the role of factoring companies in the economy. So, the discounts earned by factoring corporations may no longer be recorded as a revaluation and should be classified as revenue/sales of the factoring corporations. In addition, the factoring corporations also meets the criteria as a financial intermediary corporation. Thus, the treatment of these corporations must be the same as other financial corporations.
- The current guidance in the manuals is not sufficient for proper recording of factoring transactions in macroeconomic statistics.
- There is a need for more guidance detail and a need to align treatments in SNA/BPM and MFS.

- The current guidance in the manuals is not sufficient for proper recording of factoring transactions in macroeconomic statistics.
- *BPM6* does not provide explanation on the treatment of factoring.
- We believe that, conceptually, the discount received by the factor is more associated with a fee than with a change in valuations.
- It does not adequately cater for factoring transactions in practice.
- We agree that there is a need to recognize the role of a factor as a producer since it acts as a financial intermediary by providing financial services, and thus the discount earned by the factor would be more appropriately reflected as income/sale and not as revaluation. Additional guidance and clarification will also help compilers better classify and record factoring transactions.
- Harmonization between macroeconomic statistics (BoP, N.A., GFS, MFS) is needed.
- We agree that more specific and detailed proposals are required, in order to prevent the compilers' interpretation from being scattered and hindering the comparability of statistics between countries.
- We agree with the rejection of option 1, because it is important to clarify some issues regarding factoring statistical treatment in order to better register them in our statistics.
- Better guidance and a unique approach are needed.
- The output of the Factor is omitted with the current treatment.
- Because the current guidance in the manuals is not sufficient for proper recording of factoring transactions in macroeconomic statistics
- The current guidance does not reflect the factor’s role in providing financial services. Costs are involved in providing the factoring service, but it is not captured in the output. Besides, it is considered difficult to capture the reclassification from trade credit to other accounts receivable via other volume changes.
- It requires the imputation of factors’ assets in their balance sheets, excludes the discount earned by factor from its income/sales and requires adding more details to *BPM7* on how to classify and value claims bought or sold by factoring transactions following the existing guidelines.
- We support the new treatment to address the challenges emerges

Selected respondents who supported maintaining the status quo provided the following reasons:

- SNA already makes a difference between factoring with recourse (loan) and without recourse (trade credit) otherwise *2008SNA* end *ESA2010* differ in this respect. In case invoices are sold to a factoring company this is a separate transaction not related to the sale of goods and/or services. From the perspective of the debtor the trade credit still remain, it is only the counterparty to the debt that has changed. The other accounts receivable is not a good option since it only includes timing differences in the case of distributive and financial transactions.
- The Bureau of National Statistics does not keep records of factoring transactions. No opinion"

2. Comments/Reasons for the preferred option for the statistical treatment of non-recourse factoring

Respondents who preferred Option 2.1 (The factoring claim against the debtor is treated as other accounts receivable, and the factoring income as fee paid by the supplier) provided the following reasons:

- First, we think that the factor transaction cannot be considered as a loan to debtor because there isn’t any loan agreement between the factor and the debtor. Hence, the factor transaction should be treated as other accounts receivable. Secondly, since it isn’t treated as a loan it will be inappropriate to treat the factor income as interest. Thus, the factor income should be treated as a fee.
- The interest fee is relatively small. The compensation for the factor is determined by services (e.g., money collection). The characteristics of the position between the debtor and factor is closer to account receivable than to loans.

- The argument in favor of option 2.1 is that in the factoring we consider there is a payment of a service
- BEA agrees that the factor's claim on the debtor is correctly classified in *BPM6* as other accounts receivable. The income of the factor is reasonably defined as a service fee for providing a financial service to the supplier and not interest because the supplier is not in debt to the factor.
- Because the transaction between the different agents is recognized, considering that the factor provides a discount service to the supplier, which generates a production/export (Factoring Services) and the commission paid by the supplier is assumed as intermediate consumption/import.
- Option 2.1 has some advantages compared with other options: It follows the current treatment in *BPM6*. It is reasonable to consider that the source of the factor's income is the supplier, not the debtor. The factor is seen as providing a service in the form of a discount that is charged as a "lump-sum" factor fee in exchange for quick cash. In the absence of an actual claim against the supplier, the interest does not appear to be the correct treatment of the factoring discount.
- The factor is seen as providing a service of discounting to the supplier, similar to other payment facilities. Regarding the classification of the instrument, it follows the current treatment in the *BPM6*. In addition, the final decision is made generally made by the supplier.
- In non-recourse factoring, the ownership of accounts receivable changes from the supplier to the factor. Therefore, Option.2.1, which treats the factoring claim against the debtor as other accounts receivable rather than a loan, and the factoring income as fee paid by the supplier, seems reasonable.
- The non-recourse factoring in this GN corresponds to the purchase-type factoring transaction, where the factor purchases the supplier's receivables (true sale) but lending/borrowing does not occur between them. This business practice and business accounting in Japan aligns with the Option 2.1.
- We agree to choose Option 2.1 for several reasons, namely: The change of debt securities (AF3) to loan (AF4) is not possible because of the definition of loan which is a receivable that cannot be traded (non-tradable). In addition, in SNA08 factoring activities are included in the other accounts receivable (AF8) instrument. Therefore, in the financial accounts and balance sheets, debt securities (AF3) are more suitable to be changed to other accounts receivable (AF8). The discounts earned by factoring corporations should be classified as revenue/sales of the factoring corporations. Determination of the discount amount based on the invoice value. So, discounts are more appropriate if they are treated like fees rather than interest.
- The classification of the instrument follows the current treatment in the BPM6. In addition, the treatment of factor's income as a factor fee for providing fast cash instead of interest makes more sense in the absence of an actual claim against the supplier.
- In our view, the supplier sells the liability to the factor, who is a financial service provider.
- Treating factoring claim as "other accounts receivable" and factoring income as "fee" seems to best reflect the economic nature of the transaction.
- We believe that, conceptually, the discount received by the factor is more associated with a fee than with a change in valuations.
- The factor is the party seen as providing the service. The source of the factor's income is the supplier.
- The UK agrees that option 2.1 is the best option as we do not feel that loans or interest are the best terminologies for this transaction.
- The supplier is considered to be the source of the factor's income as the supplier is generally the party that initiates and decides to enter into a factoring arrangement. As there is no actual claim against the supplier, it will be more appropriate to treat the factoring income as fee paid by the supplier and the factoring claim as other accounts receivable. Furthermore, the option is consistent with the factor providing a service with fast cash and charges a discount which can be interpreted as a lump sum fee.
- It seems the most appropriate option according to our statistics and the characteristics of factoring services in Chile.

- With the absence of a reference rate, it seems not possible to distinguish between the interest and the service components of the discount. Hence, one must be chosen. Considering the income as a fee better captures the nature of the transaction.

- The characteristics of a loan are not compatible with the non-recourse factoring. The factoring income should be consider as a service/ fee and moreover, given that there is no underlying loan, no interest should be recorded.

- It is not reasonable to treat the claim of the financial institution against the debtor as a loan because: the original maturity remains unchanged; the non-recourse factoring transaction generally has the more features of sales of financial asset than loan extended to the original debtor; it is the supplier who seeks cash and liquidity, not the debtor. It is the decision and initiative of supplier to choose way to finance its activity. To treat the such factoring transaction as loan borrowed by debtor contradict to the one of the basic features of loans – the initiative to take out a loan normally lies with the borrower (*ESA 2010*, 5.113 (b)); entering of supplier into such factoring transaction generally cannot be controlled or prevented by debtor unless such option is set in original contract between debtor and supplier. Classifying the nonrecourse factoring as a Debtor's loan is acceptable in two cases: non-recourse factoring is a part of a structured scheme where at inception of the scheme is highly likely that the creditor will sell its claim due to economic coercion; non-recourse factoring is supplemented by restructuring the debtor liability by extending/rescheduling the original maturity of the claim.

- Regarding the classification of the instrument, it follows the current treatment in the *BPM6*. In addition, the assumption of implicit financing of the debtor may be attractive in cases of large transactions, but the final decision is generally made by the supplier. Therefore, it makes sense to consider that the source of factor's income is the supplier and not the debtor. Moreover, the factor is seen as providing a service in the form of a discount charged as a "lump-sum" factor fee for providing fast cash. In the absence of an actual claim against the supplier, interest does not seem to be a correct treatment of factoring discount.

- Option 2.1 feels like the best option as we do not feel that loans or interest are the best terminologies for this transaction.

- Option 2.1 best reflects the economic nature of the factoring transactions. The factor has a receivable from the debtor, for which the debtor still pays in full. The discount that the supplier pay serves as a fee paid to the factor in order to receive the payment in advance and for the risk transferred (in a non-recourse at least). Option 2.2 is not preferred as there is no claim position between supplier and factor. Option 2.3 is also not preferred as it complicates recordings by requiring adjustment of the goods account and splitting factor income into FISIM and interest.

- We agree only from a theoretical point of view. Practical implementation is not possible.

Respondents who preferred Option 2.3 (An indirect financing by the factor to the debtor is assumed and is treated as a loan, and the factoring income as interest paid by the debtor) outlined the following reasons:

- The option 2.3 is not always formulated in exactly the same way in the GN and we are maybe in favor of an intermediate solution between 2.3 and 2.4 depending on which definition of 2.3 is retained. In fact, we would strongly like to keep a room in the manual to treat the discount both as fees and as interests for those countries that are able to do it (like we are in France). Currently, due to low interest rates, fees are more important than interests, but they are at the same orders of magnitude.

- With the factor data we have access to, we can see that in 2021, fees are between 1 and 2 times higher than interest revenue (1.5 in average) but, for example, in 2011, the total amounts of fees and interests are similar. So the approximation of putting everything in fees is probably closest to the reality for the moment (option 2.4 could be a second choice) but it is clearly an important approximation and we should be collectively careful if rates rise to higher levels.

- We are in favor of a credit (F4) classification because it is required in MFS (and in GFS at least in Europe). Moreover, if we choose another classification, it would be classified within a less understandable instrument for users, like F89 in national accounts, other assets for MFS; it would also distort the credit aggregate, by underestimating the credit extended by the financial sector to the rest of the economy. As we are in favor of treating part of the discount as interest, we support classifying factoring as loans to keep consistency between non-financial account (D41) and financial account (F4).

- In our view non-recourse factoring should be treated as a loan (indirect financing) earning interest as income for the factor (including fees). It might be advantageous to report such loans as a supplementary ""of which""-entry (trade-related loans) in the new BPM. We also share analytical concerns (mentioned in para 35.) when including factoring activities (and thus trade related financing) under ""accounts receivable/payable - other"" together with items that are primary related to timing differences (Taxes, social contributions etc.). Moreover, the statistical treatment should be consistent in all manuals including MFS and also taking into consideration accounting practices. At the same time, we recognize, that from a practical perspective option 2.4 offers some advantages in reporting and compilation by simplifying the treatment of the discount element (which usually combines both interest and service fees).

- We would also like to highlight some concerns in the case of silent factoring, when a supplier transfers claims (e.g., on a government unit) to a factor without notice to the debtor. In the case of silent factoring the debtor, being unaware of the transfer is regularly not in the position to report this (new) liability vis-á-vis the factor and provide information for a reclassification from trade credits and advance to another instrument. This practical challenge and possibilities how to handle with this lack of information should also be considered in the GN Treatment of factoring transactions.

- Because the loan is paid by the factor instead of the debtor and the factoring income (Return on Capital) treats as interest rate paid by the debtor.

Those in support of Option 2.4 (The indirect financing by the factor to the debtor is treated as a loan, and the factoring income as a fee paid by the supplier) advanced the following reasons:

- This product is currently measured by explicit commission due to the basic information available.

- If a financial institution has a claim on a non-financial institution, it will be usually a loan. According to the SNA/ESA financial intermediation cannot be carried out with technical instruments like other accounts receivable/payable.

- Option 2.4 is well founded and in line with the 2012 Eurostat decision on the recording of trade credits incurred by government units and with the ECB manual on MFI balance sheet statistics.

- Option 2.4 is aligned on the Eurostat decision of 2012 and GFS interpretation of 2021.

- Other accounts receivable/payable should not accommodate an entire financial intermediation business model such as factoring, excluding factoring from the credit aggregates of the financial institutions and therefore, underestimate the credit extended by the financial sector to the rest of the economy. Although the final decision is generally made by the supplier and not the debtor, this option is the one that best matches. Regarding General Government transactions, it is in line with Eurostat decision of 2012. It is also in line with the Manual on MFI balance sheet, although it should also be considered the possible income as interest.

- By entering into a transaction of factoring (without recourse) with the transferor, the factor establishes an unquestionable claim on debtor, which is considered a loan. In this case, the factor is extending finance to the debtor, which the latter uses to pay the supplier earlier than initially anticipated. Option 2.4 is consistent with Eurostat Guidelines and also with the ECB manual on MFI balance sheet statistics. The latter mentions that in non-recourse factoring, the factoring company, in this case the MFI, assumes the full risk of default by the customer and fees and interest are charged to the factoring client, who receives the full amount of the trade credit net of these charges. In terms of the counterparty sector classification in non-recourse factoring, the customers are the counterparty as the MFI (factoring company) assumes the risk.

- The financial relationship between the debtor and supplier is extinguished at point of sale. The relationship between the debtor and factor is not related to the trade credit, hence it cannot be a receivable. The trade credit is part of the relationship between supplier and factor. The difference between the nominal value of the trade credit and its discounted value is not interest, because there is no financial instrument and hence no liability. Instead, it is an implied fee for service paid by the supplier to the factor. Interest (and FISIM) only becomes payable if the debtor fails to repay the factor within the terms and conditions of the loan.

- We support Option 2.4. Under Option 2.4, FISIM is not applicable to these factor's loan assets, which can be justified by the fact that the factor is deemed to charge an explicit service fee to A (thus FISIM would double count the service provided). Recording the factor claim as a loan is consistent with the ECB manual on MFI balance sheet statistics.

- We, from the perspective of BoP, do not have a strong opinion on either of the options. But as we are part of the EU and the Euro area, we have to take into account the actual practices of related statistics, in particular GFS and MFS, which treat factoring already as a loan.

- We consider factoring to be a loan where the factor has a collection claim on the debtor, but it is the supplier who pays the factoring income. We are not yet sure if the factoring income should be a fee or an interest, so we are undecided between options 2.3 and 2.4, for the moment, and for simplicity we choose option 2.4.

3. Comments on the preferred option for statistical treatment of recourse factoring (In the order the comments were received).

Respondents who preferred Option 3.1 (Recourse factoring is treated in the same manner as non-recourse factoring) provided the following reasons:

- The recourse is not an actual liability of the supplier. It will only be an issue if the debtor defaults for the payment, which is a rare case. The other options, especially Option 3.3 would require more complicated calculations leading to difficulties in data compilation.
- In practice option 3.1 is the least burdensome for reporting agents and compilers. Given its relatively limited size in national economies, we prefer to keep the methodology simple.
- We agree with the argument under point 30 of this GN.
- This option requires less availability of detailed data, and it eases compilation.
- BEA supports the view that recourse factoring is basically the same kind of transaction as nonrecourse factoring with the addition that the supplier provides a guarantee backed by the collateral of the reserve provided by the supplier to the factor. The supplier gets the reserve back when the contract closes making the cost to the supplier smaller in return for bearing some of the risk of non-payment by the debtor.
- Because the transaction between the different agents is recognized, considering that the factor provides a discount service to the supplier, which generates a production/export (Factoring Services) and the commission paid by the supplier is assumed as intermediate consumption/import.
- Although it is rather the supplier that retains the risk, we are more in favor of option 3.1. First, it is simpler to treat everything the same, especially if the borderline with/without recourse is not always clear or if it is difficult to have good distinction between the two in the data sources. Secondly, the note indicates that even in cases with recourse, the transactions are mostly true sale. It would be interesting to have figures to support this. If it is true, this support indeed the option 3.1 and the role of the supplier may be well approximated as a guarantor toward the factor. Another possibility could be to deal with silent factoring in another way but this is probably too complicated in practice.
- We support Option 3.1, where the recourse is seen as a guarantee held until the end of the factoring contract since it is not the supplier's liability except when the debtor defaults.
- The recourse is seen as guarantee provided by supplier. Recourse should be treated as a guarantee until it is called.
- We agree to choose Option 3.1 “Recourse factoring is treated in the same manner as non-recourse factoring”, because the recourse should be regarded as a guarantee and the reserve as a collateral. This is because the nature of recourse is seen as a guarantee, which becomes an actual claim after called. Then the reserve is seen as collateral held by the factor until the end of the factoring contract and treated as a liability of the factor vis-à-vis the supplier.
- As the recourse is not an actual liability of the supplier which is activated only in rare cases of a non-payment by the debtor, therefore the nature of recourse can be seen as guarantee and becomes an actual claim after called.
- Agree with the rationale in the guidance note that says the recourse is a guarantee. In practical terms, it may also be difficult to separate recourse factoring from non-recourse factoring.
- Consistency with non-recourse factoring.
- The recourse shares similar feature as a guarantee, activated only when certain conditions occur. Without the default of debtor, "guarantee" would not be activated, and the factoring would be similar to the case of non-recourse factoring.
- The recourse is not an actual liability of the supplier.

- Option 3.1 proposes that the factoring with recourse be treated the same as factoring without recourse.
- Agree with the view that in recourse factoring, the factor directly collects the claims associated with the contract and so, it can be viewed that there is a true sale of claims by the supplier to the factor. The recourse can thus be viewed as not an actual liability on the part of the supplier, but as a form of guarantee, since it is activated only in instances of non-payment by the debtor. Hence there is no need for differentiation of treatment between recourse and non-recourse factoring.
- Any statistical treatment of factoring is posing challenges to compilers with regards to data availability. This should not be exaggerated by different treatment of recourse an non-recourse factoring.
- We agree that the resource is not an actual liability of the supplier. Also, currently in Mexico, we have no way to separate non-recourse factoring from recourse factoring. In that regard, we chose option 3.1.
- Because it might be challenging to distinguish between non-recourse factoring and recourse factoring considering the currently available resources.
- Brings consistency and simplifies methods.
- It is compatible with the non-recourse factoring.
- Because the recourse is not an actual liability of the supplier. It is activated only in rare cases of a non-payment by the debtor. Hence, the nature of recourse is seen as a guarantee, which becomes an actual claim after called. The reserve is seen as collateral held by the factor until the end of the factoring contract and treated as a liability of the factor vis-à-vis the supplier.
- Option 3.1 is supported for simplicity. Though it is noted that part of the risk still lies upon the supplier for recourse factoring.
- We agree only from a theoretical point of view. Practical implementation is not possible.

Respondents who preferred Option 3.2 (Recourse factoring is treated as a loan provided to the supplier) provided the following reasons:

- From a practical viewpoint and in accordance with accounting principles the main difference is if the claims are ""sold"" (off-balance) or not (on-balance). In the latter case accounting principles often treat recourse factoring as a secured loan (with no effects in form of balance sheet contraction - equity capital ratio). Moreover, from this point of view the concept of economic ownership (risk and rewards) should be considered more explicitly.
- For a debtor shift consistent with National Accounts, two conditions should be met simultaneously: 1) absence of recourse and 2) participation of the new creditor in the decision (trilateral). This latter should be active, and not limited to the mere reception of a notification.
- Concerning the first conditions, a clear distinction between recourse and non-recourse of factoring transactions reflects the economic substance, as well as the data availability and the criteria followed by the reporting financial institutions. In the case of factoring without recourse there's a "novation", that is a new relationship between the drawee and the factor. From the prudential supervision point of view - which applies the principle of prevalence of the economic substance of a transaction over its legal form - when evaluating the counterpart credit risk, this implies a ""derecognition"" of the credit in the balance sheet of the seller and a recognition of a credit toward the drawee.
- This is fully in line with National Accounts, where the original asset in trade credits disappears, in case of no-recourse sale.
- As the supplier is retaining the economic ownership and with it, the risks of uncollectability vis-à-vis the debtor until the maturity of the factoring contract, the credit, in the form of a non-tradable instrument, should be classified under loans. The reserve and the recourse should not be recorded in the macroeconomic statistics. Such treatment follows the logic in ECB manual on MFI statistics, where a direct recommendation exists to treat recourse factoring as a loan provided to supplier. For General Government transactions, under this option the liability, as a debtor, remains as a trade credit.
- Only in factoring without recourse operations there is an unquestionable claim between the financial institution and the debtor. In case of factoring with recourse this unquestionable claim could not be established, therefore the liability of the debtor to the supplier should remain as trade credit. As it is mentioned in the Manual on MFI balance

sheet statistics, in recourse factoring, the ultimate debtor is the factoring client (firm) who should then be the counterparty of the loan.

- The recourse factoring in this GN corresponds to the lending/borrowing-type factoring transaction, where the supplier agrees with the buy-back of the receivables in case they become fully or partially uncollectable, and/or the sale of the receivables is not recognized as true sale. This business practice and business accounting in Japan aligns with the Option 3.2.
- Conceptually, following the principle of economic ownership and the transfer of associated risks in this type of transaction, the chosen option is more appropriate.
- Because the loan is recognized by factor and supplier, and the interest is calculated on this loan and the FISIM calculation should apply to the interest.

Respondents who preferred Option 3.3 (The invoice should be divided into three parts, and different treatments should be applied to them) advanced the following reasons:

- Option 3.3 due to the limitation in the source of information.
- If the ownership of accounts receivable changes from the supplier to the factor, Option3.3 or 3.1 is preferable, which treats the part of outright sale of accounts receivable as other accounts receivable. Option3.3 might be more preferable in a way that the claims are recorded in accordance with the risks held by each of the three party. It is also possible to regard Option 2.1 as a special form (when the supplier has no risk of un-collectability) of Option 3.3. On the other hand, if the ownership of accounts receivable does not change, recourse factoring should be treated as a loan as stated in Option.3.2.

4. Comments on recording of instrument reclassification in financial account versus other changes affecting positions (In the order the comments were received).

Respondents who supported the proposal to record the instrument reclassification from trade credit to loans/other accounts receivable as a transaction in the financial account rather than as other changes affecting positions provided the following reasons:

- Factoring is a special financial instrument used by companies in their financing models and for this reason should not lose the quality of a financial transaction more than in other changes that affect the financial position.
- We agree because the factor transaction in detail is not just a valuation change. The three sides of the transactions, namely supplier, factor and the debtor, are all involved in the transactions and there are different outcomes for all parties because the transaction leads to repayment of a trade credit (debtor-supplier) and creation of a new liability (supplier-factor).
- A transaction is an economic flow that is an interaction between institutional units by mutual agreement: that’s what it is.
- On the side of the suppler trade credits decrease and other assets increase by transaction because the factor provides liquid assets for the supplier instead of trade credits. In this case trade credits should decrease on the side of the buyer also by transaction and instead it will be a debtor against the factor. In other words, it seems as if the factor provided loans to the buyer (debtor) in order to pay its liabilities against the supplier.
- We agree as long as the three parties involved are informed.
- BEA agrees that the original extension of credit by the supplier to the debtor is a trade credit provided by a nonfinancial company. BEA agrees with option 2.1 that when the factor buys the supplier’s claim on the debtor, the factor’s claim is classified other accounts receivable. When the factor buys the claim, the supplier’s claim is extinguished and the factor’s claim is created, so this is a reclassification of a claim from trade credit to other accounts receivable.
- Because it considers that there is a transaction between two economic agents.
- Debtors are not always aware of the factoring (like for silent factoring), so we are not always in a pure case of transaction but in a majority of cases, we could see it as a trilateral arrangement, and this support a transaction recording. Moreover, from a practical point of view, one will probably naturally consider all movements as flows in

most data sources (as for the disappearance of trade receivables in the assets of NFCs or new factoring flow for the factors), so we support also a transaction recording for a practical and pragmatic reasons.

- Since factoring involves a flow of money from the factor to the supplier, we see a transaction as the appropriate solution here.
- A change of an instrument is always recorded as a transaction rather than a reclassification.
- The three parties (supplier, factor, and debtor) are involved in the transaction; the reclassification itself is seen as repayment of trade credit and the creation of a new liability (flows) rather than as other changes affecting positions.
- We consider that the acceptance of the factoring involves a new contract, and thus, a financial transaction.
- Under a factoring without recourse operation, a redemption of the trade credit occurs, and a new loan is granted by the factor to the debtor, involving two transactions on both different instruments.
- We agree that the instrument reclassification from trade credit to loans/other accounts receivable should be recorded as a transaction in the financial account because there is a change in asset ownership from a supplier (e.g., Nonfinancial Corporations or Financial Corporations) to a factoring corporations (Financial Corporations), so that transaction must be recorded in financial accounts. If the change is only recorded in the other changes account, then the role of factoring corporations in the economy is not very visible (revenues of factoring corporations are not recorded in the current account).
- As all three parties (supplier, factor and debtor) are involved in the transaction, the reclassification should be seen as a repayment of a trade credit and creation of a new liability. Therefore, recording as transactions rather than other changes affecting positions are more reasonable.
- There is mutual agreement from all three parties which means it must be a transaction and cannot be a revaluation of other change affecting position. If a factor purchases a $10 trade credit from a supplied for $8, there is a $2 implied fee paid by the supplier to the supplier, which is output to be recorded in the production account. The debtor is required to pay the factor $10 to discharge the liability, and this position (as well as the factor's asset position) are to be recorded in the financial account and balance sheet.
- Since the factor is a service provider, a transaction does occur, not other kind of change affecting positions.
- Change of ownership over the claims occurs between the tri-parties, and hence meets the definition of a "transaction".
- The reclassification of instruments is consistent with the options previously chosen and, in addition, gives a better understanding of the transactions carried out.
- It should be seen as a repayment of a trade credit.
- As the supplier, factor, and debtor are involved in the factoring transaction, the reclassification should be viewed as a repayment of a trade credit and the creation of a new liability, and thus be recorded as a transaction in the financial account, rather than as other changes affecting positions
- If we consider factoring as the extension of a service by a financial intermediary and intend to compile factoring income as a fee, this seems necessary.
- We consider that the instrument reclassification should be recorded as a transaction depending on the option chosen.
- We support this alternative in order to be aligned with the drafting team members preferences.
- It is agreed that the repayment of trade credit (between the debtor and the supplier) and the creation of other receivables (between the debtor and the factor) should be treated as transactions.
- Because it transferred from trade credit to loans /other accounts receivable of the supplier and the transaction has to be recorded as a transaction in the financial accounts rather than as other changes affecting positions.
- The current national accounts follow the accrual principle, not the redemption principle, which results in deferred payments as stipulated by *SNA 2008*.

Selected respondents who did not support this proposal highlighted the following reasons:

- There is no need of reclassifying the original trade credit, it should still be recorded as a trade credit. It is only the counterparty that has changed (from the supplier to the factoring company) and such a reclassification is part of other changes in volume. To this we need to add a new loan (asset/liability) between the supplier and the factoring company.
- Other volume changes is more appropriate because this flow doesn't have the characteristics that a transaction should have.

5. Comments on the need for further guidance in *BPM7* or its Compilation Guide on other types of supply chain finance (In the order the comments were received).

Respondents who supported the proposal to include further guidance in *BPM7* or its Compilation Guide on other types of supply chain finance provided the following reasons:

- As in the factor transactions case, further clarification of such supply chain financing transactions would be beneficial.
- In general, our preference is for extensive manuals, where we accept that it will result in a thick manual.
- It would be worth also discussing the factoring performed by non-financial enterprises both inside and outside MNEs.
- The guidance are necessary so that prevent from conceptual and implementation ambiguities. It is also necessary to implement channels communication to ensure that countries national accounts officers are informed and updated regarding international financial innovations.
- BOPCOM 17/21 Fintechs and the Financial Side of Global Value Chains, makes a good argument that financial innovation has gone hand-in-hand with the development of global value chains and should be better covered in *BPM7* and *BPM7CG*.
- Because as in factoring, the other types of financing have a non- harmonized application in the different countries.
- To keep informed and ensure that external sector statistics reflect global realities while maintaining policy relevance, a stepping-up of trade finance statistics is needed as current statistical frameworks do not adequately capture the trade finance market. Therefore, the *BPM7* and its Compilation Guide must include additional guidance notes for the remaining types of Supply Chain Finance (SCF) tools such as Fintechs, Fintegration, Blockchain, and all categories of SCF Solutions (i.e.: Accounts Receivable Centric SCF category, and Loan/Advance-based SCF category). The Compilation Guide should also provide practical advice on source data, methodologies, and compilation practices.
- In drafting the CG, it is preferable to include a guide with practical examples. In this regard, in the case of international factoring, "four parties factoring" (including the resident factor and the nonresident factor as well as the debtor and the supplier) is the most popular scheme in Japan.
- We agree that the other types of supply chain finance need further guidance because we anticipate technological disruptions in financing developments. Because with these developments, the transaction value can be larger. With the supply chain finance scheme, it is easier for each individual/company to access financial sources to finance their business.
- Further guidance can clarify the treatment of other types of supply chain finance.
- It's always easier for compilers to have an exhaustive explanation of all types of transactions. It enhances data comparability.
- Given complication of the issue, a clear guidance in both *BPM7* and *BPM7 CG* would be essential for compilers.
- Further illustration of value chain finance is of great use to compilers.
- In both, as it will provide improved clarification ana difficult and complex issue.
- Supply chain finance includes a wide range of sophisticated financial instruments and techniques which may require different treatments; hence it will be helpful to provide further guidance on the other types of supply chain

finance in *BPM7* and its Compilation Guide. This would also improve the quality and international comparability of supply chain finance statistics.

- Supply chain finance depends on the countries and the industrial sectors/goods involved. Therefore, countries need guidance on the aligned treatment of these different types of financing. At the same time, these different forms of supply chain finance should not lead to further methodological differences but should rather be treated in line with existing methodology.
- We consider that the manual already covers the relevant forms of financing, and any special cases could be explained in detail in the compilation guide.
- Further guidance should be given on sale of loans by banks to credit acquiring companies.
- Clarifications are welcomed for different types of supply chain financing.
- To be included in both manuals for general and exhaustive manipulation of the transaction.

Selected respondents who did not support this proposal highlighted the following reasons:

- We do not believe that additional guidance is required.
- In our opinion it is sufficient to have the guidance in *BPM7*.
- We do not consider other relevant types of supply chain finance
- No, because factoring transactions are the supply chain finance most commonly used in our country.

6. Comments on challenges likely to be faced in implementing the statistical treatment of non-recourse factoring proposed in the GN (In the order the comments were received).

- With the current information, some elements would be available in the balances; however, for the flows we would like to complement them with imputations, since the supply is partially known and little is known about the sectoral demanders of the instrument.
- Option 2.1 must be added "fee". In Turkey, according to the Leasing, Factoring and Financing Companies Act No 6361, companies are obliged to become a member of the Union within 1 (one) month as of receiving the operation permit. Using their financial statement. In Turkey, fees to be collected from factoring transactions are below. Commission: the fees received from the factoring for the services provided to the customer. Factoring fee (interest): the interest amount which the factoring receives against the pre-payment given. Costs: the price the factoring receives except from factoring fees and commissions (mail, wire transfer, eft etc.). Banking insurance: the income like commission, fees and costs received against factoring services are subject to banking insurance. Only factoring fees, commissions and costs from transactions providing foreign exchange for turkey are exempted from banking insurance.
- Proper recording of the fees is probably the most challenging. Reporting framework and reporting instruction may need to be adjusted and may be estimation models must be developed.
- Data for services and financial accounts are collected by different institutes in different surveys so we would be careful when reconciling data for factoring.
- The main challenge is availability and timeliness of the required data
- U.S. financial data are not collected in sufficient detail to distinguish factoring activity from other kinds of financial intermediation, to limit the burden on reporters. It is unlikely that separating factoring claims and liabilities from other claims and liabilities would be considered sufficiently important to increase the detail required from reporters. Such a proposal would have to be weighed against other demands being undertaken to better measure portfolio investment, the currency composition of debt and foreign currency derivatives, and transaction in derivatives by risk category.
- Have the statistical data of the different economic agents that allow operationalizing option 2.1, which is what we consider to be the most appropriate.
- Relevant source data to identify and separate factoring activities (both recourse and non-recourse) from other trade related financing are relatively rare. This is one of the main reasons why a statistical treatment should take into

consideration accounting principles, limited information regarding the discount components (interest, fees) and GEO-allocation.

- Statistics Sweden do not currently have any data specific to factoring income or have the possibility to make a split between recourse and non-recourse factoring.
- At the moment factoring information is not collected separately. This will necessitate significant changes to the survey forms. Requiring necessary information to split 'non-resource' and 'resource' will greatly increase the burden for respondents. In addition, the information provided by respondents will be non-verifiable in practice.
- Compiling such statistics requires huge efforts while the current resources are quite limited. The relative size of these statistics is low in our economy.
- Regarding importers, we are not able to identify these operations in any case. Furthermore, the cost-benefit of the implementation of this detail is quite high as would create additional burden on compilers and reporters
- Updating the reporting forms/instruction related to the direct survey in this respect. Increase in the reporting burden and in the compilation process of the statistical data.
- We might need to introduce new reporting form to collect data on factor's income. As for option 2.3, it is not feasible to collect the data to calculate the FISIM.
- One of the main challenges is limitation of data source. It is not possible to derive necessary information from financial institutions' financial statements.
- So far, most of the factoring transaction schemes carried out in Indonesia use recourse factoring, so we face difficulties in collecting the data for non-recourse factoring.
- Data are collected via surveys that are completed by respondents and therefore clear instructions will be necessary to ensure respondents' awareness of the changes made to the definition of the data. In addition, explicit communication with respondents before implementing the changes will be needed to confirm respondents' ability in fulfilling the new requirement when providing the data.
- Where the factor is a domestic entity, the primary data source would be an existing collection run by the financial sector regulator. Updated guidance and an expansion of the data being collected will require consultation with industry and partner agencies. The timing of any changes to this data source will also require negotiation. Treating factoring as other receivables/payables, would require more work, as the existing collection does not contain the required sectoral breakdowns for these items.
- Where the factor is a non-resident entity, the primary data source would be existing ABS collections, namely the survey of international investment and the international trade in services survey.
- It would create additional burden on firms responding surveys.
- The value of cross-border factoring in Thailand remains insignificant. Therefore, the current data source was not designed to collect detailed data to fully support the compilation under the proposed options.
- It would be necessary to create information sources that allow capturing this type of transactions.
- Would require additional collection of source data.
- The UK will need to review and update our survey to ensure we cover any updated standards.
- There is a little information on non-regressive factoring in both statistical and administrative data sources.
- "In Turkey, according to the Leasing, Factoring and Financing Companies Act No 6361, companies are obliged to become a member of the Union within 1 (one) month as of receiving the operation permit.
- For National Accounts Department, using the financial statement of factoring. Analyzing the financial statement,
- In Turkey, the fees to be collected from factoring transactions are below: Commission: The fees received from the factoring for the services provided to the customer. Factoring fee(interest): The interest amount which the factoring receives against the pre-payment given. Costs: The price the factoring receives except from factoring fees and commissions (mail, wire transfer, EFT etc.). Banking Insurance: The income like commission, fees and costs received against factoring services are subject to Banking Insurance. Only factoring fees, commissions and costs

from transactions providing foreign exchange for Turkey are exempted from Banking Insurance. So, Option 2.2 must be added 'fee' sentence: The factoring claim against the debtor is treated as other accounts receivable, and the factoring income as interest and FEE paid by the supplier. And also, not loan; because; there are differences between factoring and bank loans in terms of accounting techniques. While bank loans are included in the financial liabilities item, the factoring debts are included in the vendor's item. In case that the factoring transaction is irrevocably the transaction may be completely left out of the balance sheet. This leads to positive results in the companies' balance sheets."

- Apart from increased respondent burden, the unavailability of data will be another practical challenge. Furthermore, it is difficult to estimate the adjustments to the survey data, which are generally reported based on accounting standards, to address the possible inconsistency between the accounting of the supplier and the factor (e.g., time of recording etc.).
- In principle, for the BoP and GFS in Austria, data from MFS is used to compile factoring extended by resident banks. If an institution other than a resident bank is extending this service, the availability of data is difficult/limited.
- We consider that we can apply any of the 4 proposed methods.
- We have not assess the implementation of this methodology yet, so it is difficult for us to indicate challenges.
- Factoring is not identified in surveys.
- An extra survey that should be addressed to the factoring companies must be carried forward. Also, a consistent treatment should be applied in the three agents (supplier, debtor, factor).
- General Statistics Office of Viet Nam don't statistic the treatment of non-recourse factoring. State Bank of Viet Nam do that.
- We will need to review and update our survey to ensure we cover any updated standards.
- Estimating the discount amount in trade in services figures is one main challenge.
- Missing microdata, no data source available.
- In estimating either the FISIM or financial output, I have only the financial statements (Income Statement) of the company/establishment. It states as earnings during the reference year without any details about the source of the transactions.

7. Comments on challenges likely to be faced in implementing the statistical treatment of recourse factoring proposed in the GN (In the order the comments were received)

- With the current information, some elements would be available in the balances; however, for the flows we would like to complement them with imputations, since the supply is partially known, and little is known about the sectoral demanders of the instrument.
- For Option 3.2, the data compilation for the relevant calculations of FISIM might be a challenging issue.
- For Option 3.3, separate data is required for the amount up to the recourse liability and different treatment for two amounts might lead to complicated calculations. Moreover, the cases whether the reserve is lower or higher than the recourse liability makes the situation further complicated."
- For option 3.2 and 3.3 we need to have clear information on recourse and non-recourse, that is a challenge.
- See the previous question.
- The main challenge is the availability of data
- U.S. financial data are not collected in sufficient detail to distinguish factoring activity from other kinds of financial intermediation, to limit the burden on reporters. It is unlikely that separating factoring claims and liabilities from other claims and liabilities would be considered sufficiently important to increase the detail required from reporters. Such a proposal would have to be weighed against other demands being undertaken to better measure portfolio investment, the currency composition of debt and foreign currency derivatives, and transaction in derivatives by risk category.

- Have the statistical data of the different economic agents that allows operationalizing option 3.2, which is what we consider to be the most appropriate.
- Difficult for us to have a good distinction between with and without recourse
- At the moment factoring information is not collected separately. This will necessitate significant changes to the survey forms. Requiring necessary information to split 'non-resource' and 'resource' will greatly increase the burden for respondents. In addition, the information provided by respondents will be non-verifiable in practice.
- At this point we can't evaluate all the necessary changes and the granular MFI data pool related to the proposition in practical level. The source data is collected in the central bank.
- Challenges are: Compiling such statistics requires huge efforts while the current resources are quite limited,
- The relative size of these statistics is low in our economy.
- option 3.3 is too complex. The invoice should be divided into three parts, and different treatments should be applied to them.
- Regarding 3.1 and 3.2 we only have access to these data for MFIs and GFS
- Unless a recourse factoring is treated as lending in business accounting, there are challenges in data availability for recording of recourse factoring. We might start with recording of non-recourse factoring as proposed Option2.1.
- One of the main challenges is limitation of data source. It is not possible to derive necessary information from financial institutions' financial statements.
- The availability of macro/micro data regarding the recourse factoring transactions are still very limited.
- Data are collected via surveys that are completed by respondents and therefore clear instructions will be necessary to ensure respondents' awareness of the changes made to the definition of the data. In addition, explicit communication with respondents before implementing the changes will be needed to confirm respondents' ability in fulfilling the new requirement when providing the data.
- It would create additional burden on firms responding surveys.
- It would be necessary to create information sources that allow capturing this type of transactions.
- The UK will need to review and update our survey to ensure we cover any updated standards.
- The challenge seems to be correct identification of transactions and reporting burden.
- Apart from increased respondent burden, the unavailability of data will be another practical challenge.
- Compiling non-recourse factoring is difficult to compile depending on the financial intermediary involved. Any further differentiation poses additional data needs which may/will not be available with the involved entities, i.e. they do not account for the difference in treatment until the actual risk occurs.
- Currently, we do not have information to separate factoring with recourse and non-recourse factoring, so option 3.1 is good for us and the compilation of statistics 3.2 and 3.3 requires rethinking the way of capturing these statistics, which may have a financial cost and a rethinking in the medium term for the statistical compilation.
- We have not assessed the implementation of this methodology yet, so it is difficult for us to indicate challenges.
- Factoring is not identified in surveys.
- An extra survey that should be addressed to the factoring companies must be carried forward. A consistent treatment should be applied in the three agents (supplier, debtor, factor).
- General Statistics Office of Viet Nam don't statistic the treatment of non-recourse factoring. State Bank of Viet Nam do that.
- We will need to review and update our survey to ensure we cover any updated standards.

- Same issue as non-recourse factoring. In addition, we do not collect information on whether a factoring arrangement is recourse or non-recourse.
- Missing microdata, no data source available.
- In estimating either the FISIM or financial output, I have only the financial statements (Income Statement) of the company/establishment. It states as earnings during the reference year without any details about the source of the transactions.