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Il Segretario Generale
Prof. A. Carretta

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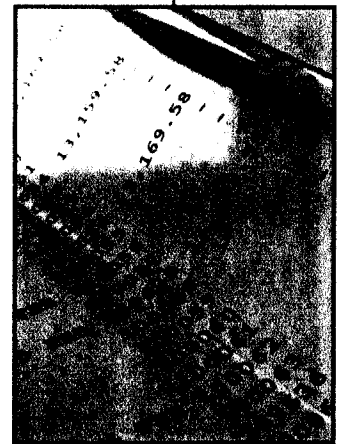
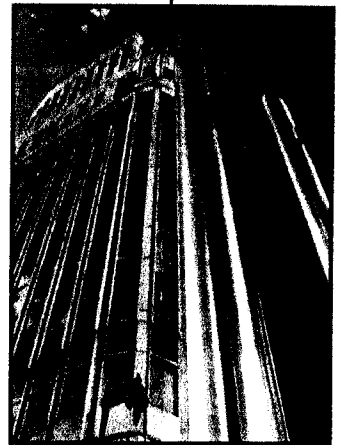
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World Factoring Yearbook 2001

A report and guide to global
receivables finance markets
for factors, brokers, bankers
and consultants



In association with Factors Chain International





Professor Alessandro Carretta
General Secretary,
ASSIFACT

INTRODUCTION

The Italian factoring industry in the 1999 - 2000 period has continued to grow at a very healthy rate. A total factored volume of euro 110,000m was recorded in 2000, compared to euro 88,000m in 1999. This performance shows that the rate of growth has accelerated from the 16.8% recorded in 1998 to 1999 to 25% in the 1999 to 2000 period, an impressive achievement for a relatively mature industry. The industry has maintained the dynamism and momentum of sustained growth the late 1990's period primarily by the development of new products and value-based services to customers. Regulation is a crucial fillip to the market, stimulating innovation and efficiency amongst industry players.

INDUSTRY ENVIRONMENT

Italy's rate of GDP growth in 2000 was slow relative to that of the Euro zone, with 2.9% recorded, compared to the Euro zone average of 3.4%. Italy's growth was driven mainly by external demand.

Household expenditure rose by 2.9% in 2000 (a higher rate than that of France or Germany). The first half of the year saw an intensification of investment by Italian companies which was aided by favourable economic conditions. The second half of 2000 witnessed a slowdown of the rate of corporate investment. This slowdown was particularly abrupt in the construction industry.

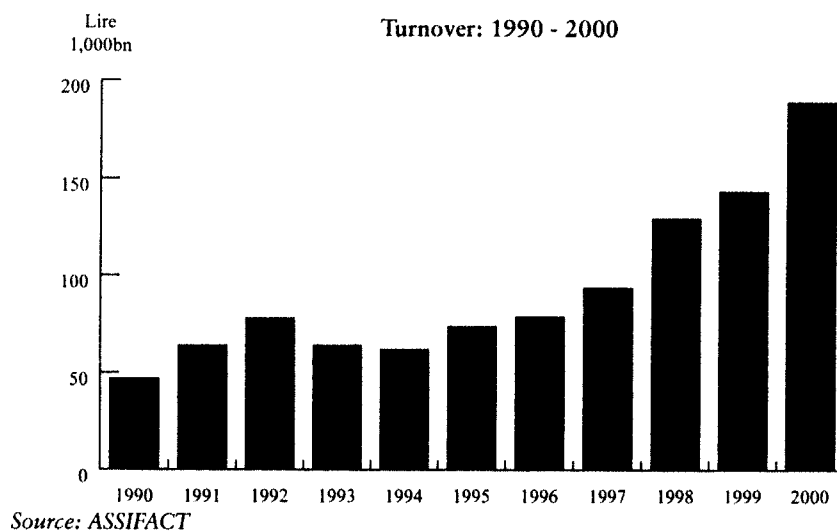
Italy's imports of goods and services increased substantially over 2000. Export growth, however, was slower than the expansion of world trade and the exports of the other main Euro zone countries.

The resilience of economic activity and the availability of flexible employment contracts fostered the rapid expansion of employment, bringing the workforce back up to the high levels of the early 1990s. Consumer price inflation averaged 2.6% for the year.

BUSINESS ATTITUDE TO PAYING DEBT

The management of payment in commercial transactions remains an important issue for industrial and commercial companies in Italy. Cash flow is of especial importance to medium-sized businesses across a variety of industry sectors.

As far as total commercial debts are concerned, the amounts are similar to those related to total bank debts, although there has been a movement away from the use of bank loans. Larger firms



tend to be in a position to manage their cash flow within a reasonable time period, whereas small and medium-sized enterprises (SMEs) show a marked trend toward using trade credit as a tool to manage their working capital requirements. In fact, the arrangement of commercial transactions between firms is now tending to shift the burden of procuring financial support on to SMEs to cover not only their own needs but also those of larger firms through the use of trade credit. In this environment, factoring provides important support in the management of commercial credit by firms.

REGULATION OF FACTORING ACTIVITY

Factoring has begun to penetrate the public sector, following the introduction of a new law concerning the contractual relationship between business firms and public bodies. This law, the "Merloni" law, allows factoring to be used as a means of raising finance for public works. It was officially introduced in 1994, but failure to regulate made the use of this law *de facto* very difficult. However, this raises interesting prospects for the buying of debts from local and central authorities.

The main financial intermediaries, who offer loans of all forms (including factoring) are registered on a special list which is managed by the Bank of Italy. Hence for the time being, factors are subject to controls, which may include periodical recommendations or requests for further information or documents confirming their financial standing. This control is important as it helps to ensure the capital adequacy of the owners or shareholders as well as setting risk limitations. The Bank of Italy therefore is also occasionally involved in recommending and preparing changes in regulation aimed at ensuring a well-structured and smooth-running industry. It has the right to investigate specific documents as well as the day to

day running of a business. In addition, the regulations help to define this organic and unique means of funding, which is available from non-bank finance companies and factors.

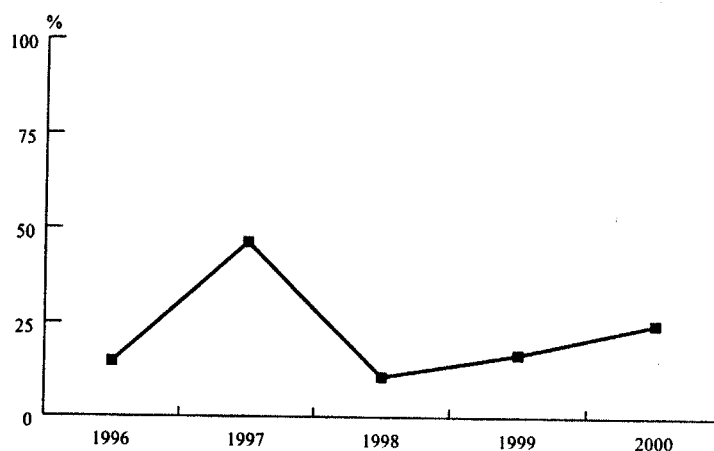
Another important aspect of the regulation of factoring is the amendment of the Risk Monitoring Agency (RMA), which is also managed by the Bank of Italy. The RMA is responsible for centralising risk information to help avoid problems arising from the accumulation of debt by borrowers. The regulation specifically obliges factoring companies, as well as other financial intermediaries, to provide information for the agency. In 2001 a new private risk-monitoring agency for smaller risks (less than euro 70,000) will commence operations, controlled by a partnership of financial intermediaries and banking/financial associations.

MARKET PERFORMANCE AND SUPPLY

Factoring is widely available within the Italian financial system. It has been operating in Italy for approximately 30 years. In 2000 there were 10,325 factoring clients in Italy and 154,903 debtors. This compares with 21,899 clients and 193,191 debtors in 1996. In spite of the fall in client and debtor numbers, volume has risen consistently since the mid 1990s, although the rate of industry growth has been a little erratic.

Italy has a prominent place in the world factoring market due to its remarkable rate of development during the 1980s and 1990s. At the end of 2000 the Italian factoring industry represented just over 17% of the world factoring market and 26.5% of the European factoring market. This makes Italy the third largest factoring market in the world in 2000, just behind the UK and the USA. Moreover factoring has had considerable impact on GNP, corresponding to more than 7% of GNP in 2000 (it was less than 0.3% at the beginning of 1980).

Increase of Total Factored Volume on Previous Year (%)



Source: FCI Statistics (see Appendix I)

Factoring is usually subject to Law number 52 of 1991, which regulates the purchase of trade credit, with more specific rules than the civil code. This provides the most appropriate means for the growth of factoring in an environment where banks are progressively diversifying. A major effort is also needed to continue to develop demand, as many companies are unaware of the advantages of the full range of factoring services. Until such a concerted effort to increase awareness has succeeded, demand in the short term may be at a low ebb compared to a few years ago.

In 2000 the domestic market accounted for 94.5% of Italy's total factored volume. This compares with 97 - 98% in 1998. Recourse operations accounted for 46% of factoring activity. Recent years have seen a marked increase in the use of non-recourse services.

Although international factoring only constitutes a fraction of the Italian market, it nevertheless makes up a significant proportion of foreign trade when compared with figures for other countries which appear to be more international in their operation. According to FCI statistics, Italy has the

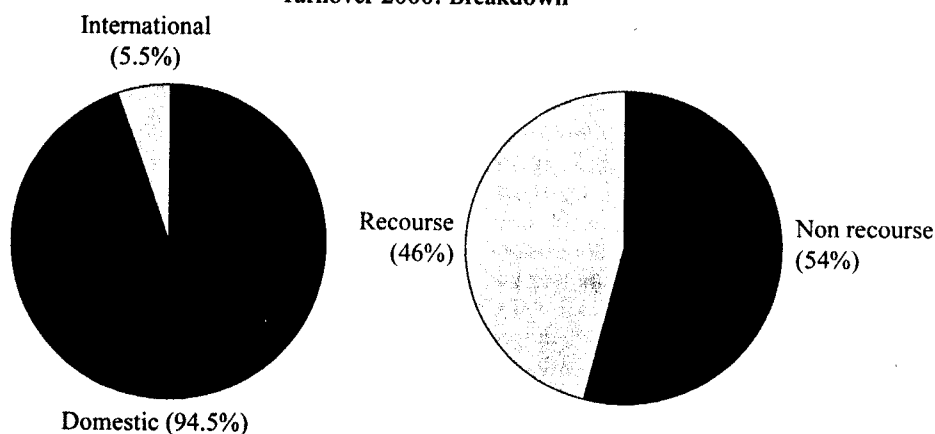
second largest international factoring turnover in the world after the UK. The fact that international factoring is such a small part of total turnover is more a reflection of the vast size of the domestic market which dwarfs the international figure by comparison.

The main market for factoring comes from companies outside of the financial services sector. The majority are manufacturing companies, which account for more than 60% of total business whether in their capacity as suppliers or debtors. They are engaged in both the wholesale and retail trade, although retail plays an important part in the debtors market. The role of the public sector as both client and debtor is increasing.

Regarding geographical distribution, there is a slightly heavier concentration of factoring in the northern regions of Italy. This mirrors the banking business. The central regions, however, are experiencing considerable growth.

The industry consists of specialized financial intermediaries and banks which offer a full range of services and also industrial "captive" companies

Turnover 2000: Breakdown



inside groups. One of the principal dynamics of recent years in the Italian factoring market has been the trend towards consolidation in the industry. Mergers and acquisitions have concentrated progressively higher proportions of the total factored turnover into progressively fewer factors. Mostly these take the form of small, local factors being bought by larger factors. The acquisition of factors previously related to public industrial groups (e.g. IRI) by private (banking and financial) groups and mergers of bank-owned factors (large and medium) as a knock on effect of mergers in the banking world.

Recent acquisitions include that of Veneta Factoring by Banca Lombardi. Banca Lombarda reached an agreement on 6 April 2001 with Electrolux to acquire a 90% stake in its Veneta Factoring unit for around ITL 22 billion. The Italian banking group acquired part of the stake directly and part through its CBI Factor unit. Electrolux continue to retain a 10% share in Veneta Factoring.

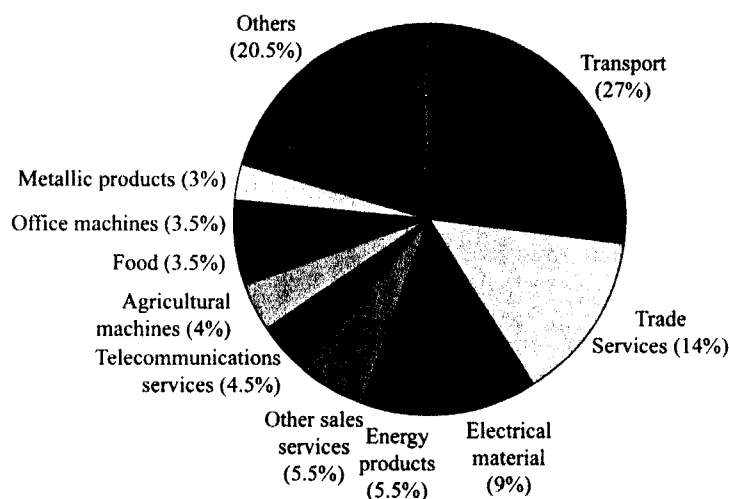
There have also been forays into the world of factoring by newly created subsidiaries of companies in different industries, such as the creation of Enelfactoring in June 2000. Enelfactoring is 90% owned by the Italian electricity group, Enel and 10% by the Italian bank Meliorbanca.

FUTURE PROSPECTS

The march of technology and specifically the ubiquitous nature of the Internet are already having a significant impact on the Italian factoring industry. Many factors are experimenting with delivering on-line products and services to their customers.

ASSIFACT is currently proofing the e-f@ct project, an Internet-based communication system between the association and its members which, in 2001, will include on-line education for staff and a vertical portal for clients.

Factoring by Sector
(% of Factored Volume)



DIRECTORY OF FACTORS

Company	Address	Telephone	Fax
■ ABF Factoring	Piazza Erculea, 9 - 20122 Milano (MI)	02.809712	02.809719
■ Banca Carige	Via Cassa di Risparmio, 15 - 16123 Genova (GE)	010.5791	010.5794000
■ Banca di Roma	Viale Tupini, 180 - 00187 Roma (RM)	06.54451	06.54452446
■ Banca Monte dei Paschi di Siena	Via Mazzini, 23 - 53100 Siena (FI)	0577.294111	0577.296176
■ Banco di Desio e della Brianza	Via Rovagnati, 1 - 20033 Desio (MI)	0362.6131	0362.613219

EUROPE - ITALY

■ C.B.I. Factor	Corso Matteotti, 12 - 20121 Milano (MI)	02.77661	02.76000009
■ Centro Factoring	Via delle Ruote, 55 - 50129 Firenze (FI)	055.46801	055.480591
■ Cofiri F & L	Via Campania, 45 - 00187 Roma (RM)	06.47551	06.42814958
■ Comit Factoring	Via Anton Cechov, 50/5 - 20151 Milano (MI)	02.3808081	02.38080444
■ Credemfactor	Via Che Guevara, 4 - 42100 R. Emilia (RE)	0522.286388	0522.286207
■ Deutsche Bank Factoring	Via di Tocqueville, 11 - 20154 Milano (MI)	02.655931	02.65593140
■ Faber Factor	Viale Aristide Merloni, 47 - 60044 Fabriano (AN)	0732.6611	0732.662245
■ Factorcoop	Via Cairoli, 11 - 40121 Bologna (BO)	051.6482411	051.6482444
■ Factorit	Via Tortona, 7 - 20144 Milano (MI)	02.581501	02.58150205
■ Farmafactoring	Via Domenichino, 5 - 20149 Milano (MI)	02.499051	0249905269
■ Fercredit	Via Sommacampagna, 19 - 00185 Roma (RM)	06.492231	06.4454137
■ Fidis	Via Lancia, 27 - 10141 Torino (TO)	011.68631111	11.6864757
■ Fin-Eco Factoring	Via Marsala, 42 - 25122 Brescia (BS)	030.37681	030.3770942
■ Gallo & C.	Via Turati, 16/18 - 20121 Milano (MI)	02.290221	02.29011469
■ GE Capital Finance	Via Fabio Filzi, 25/a - 20124 Milano (MI)	02.67351	02.67352840
■ General Finance	Via Carso, 36 - 13900 Biella (BI)	015.8484301	015.8484397
■ I.F.I.S. Factoring	Via Sansovino, 5 - 30173 Mestre (VE)	041.2583511	041.2583555-3
■ Ifitalia - International Factors Italia	Via Vittor Pisani, 15 - 20124 Milano (MI)	02.67781	02.66713190
■ Mediofactoring	Via Monte di Pietà, 15 - 20121 Milano (MI)	02.72274	02.86465473
■ Merchant Leasing & Factoring	Viale della Repubblica, 227 - 59100 Prato (FI)	0574.5794	0574.584023
■ Pool Factor	Via Melo, 229 - 70122 Bari (BA)	080.5282844	080.5282780
■ Riesfactoring	Via Enrico Falk, 63 - 20099 Sesto S. Giovanni (MI)	02.24331	02.24332261
■ San Paolo IMI	Piazza San Carlo, 156 - 10121 Torino (TO)	011.5551	011.5556600
■ Serfactoring	Via Mecenate, 86 - 20138 Milano (MI)	02.5201	02.52030585
■ UFB Factoring Italia	Viale della Liberazione, 16/18 - 20124 Milano (MI)	02.673331	02.67333406
■ UniCredit Factoring	Via Bianca di Savoia, 20 - 20122 Milano (MI)	02.584701	02.58323001
■ Veneta Factoring	Via Giardini Cattaneo, 3 - 33170 Pordenone (PN)	0434.26853	0434.507295