

FAQ

1. What is Factoring product?

Factoring means an integrated financial service including buyer credit checking, collection of receivables management, credit protection, sales ledger management and prepayment against receivables rendered by Bank of China (Hong Kong) Limited Jakarta Branch (“**Bank**” / “**BOC**”) to Seller (“**Customer**”) based on the assignment of receivables, when the Customer sells goods or provides services to a buyer by way of credit such as open account & documentary against acceptance (D/A).

2. How does Factoring work?

The Customer sell goods and issues an invoice to the Buyer. The Customer then submits the eligible receivable to the Bank for verification and approval. Once approved, the Bank purchases the assignment of the receivable and provides financing to the Customer. Upon maturity, the Buyer makes payment to the Bank, and any remaining balance is settled to the Customer after deducting applicable fees and charges.

3. What are the required documents that we need to submit for Factoring?

Below are the required documents that need to be submitted for each Factoring request:

- a. Introductory Letter, notifying the Buyer of the factoring arrangement and the assignment of the receivables to the Bank, have been sent to Buyer by Bank and Customer.
- b. Original Notification of Debts, evidencing the receivables assigned by the seller to the Bank.
- c. Original / Copy / Photocopy of Invoice, which include payment instruction to remit the payment to your account with us.
- d. Original / Copy / Photocopy of proof of shipment or delivery evidence.
- e. Original Prepayment Request, submitted by the Customer to request prepayment against eligible assigned receivables.

4. Can all of our Buyers (counterparties) be included in the Factoring?

Not all Buyers can be included in the factoring arrangement. Each Buyer is subject to the Bank’s eligibility criteria and credit assessment. The Bank will assess, among others, the Buyer’s creditworthiness, payment history, financial condition, and other relevant factors before determining whether the Buyer’s receivables are eligible for factoring.

5. Can all invoices be factored?

No. Each invoice subject to the Bank of China (Hong Kong) Limited Jakarta Branch verification and assessment. The Bank may consider, among other factors, the underlying transactions, Payer/Debtor, invoice validity, payment terms, maturity and overall credit quality.

6. How much financing can the Customer receive?

The Customer may generally receive financing up to 80% of the value of eligible receivables.

7. How long is the Factoring loan tenor? Is it possible to extend the tenor?

Factoring maximum loan tenor will be granted consistent with your cash conversion cycle which calculated based on your normal course of business. Generally, loan tenor for Factoring is up to maximum 120 days.

8. What cost should I pay for each Factoring?

Below is list of charges that applied for each Factoring:

Charges Types	Remarks
Interest	Based on agreed pricing in the agreement. Charged in arrears on the Factoring drawdown amount based on Factoring loan tenor
Commission Fee	Collection fee per invoice amount

Charges amount will be subject to agreed pricing in the facility agreement.

9. Once I submit a Factoring request, when can I expect to receive funds?

Once a transaction is submitted and document requirement are complied, Customer can receive the fund at least in 1 working day.

10. I'm interested with Factoring. How can i use this product?

The factoring facility agreement must be established before you begin using the Factoring Facility. You may contact your Relationship Manager (RM) to arrange the establishment of the Factoring facility. Alternatively, you may contact us by telephone +62 21 520 5502 or by email at product.sales@bankofchina.co.id for further information.