Case studies on Digital and Innovative Financial Products and Services for MSMEs beyond Credit.

The G20 Presidency of Indonesia 2022 and the Global Partnership for Financial Inclusion (GPFI), in partnership with the SME Finance Forum, are building a living database of successful examples of digital and innovative ﬁnancial products and services for MSMEs beyond credit. These non-credit ﬁnancial products and services may include, among others, digital payments, insurance, factoring, leasing, guarantee, and other risk management products.

Institutions, which have designed and implemented innovative ﬁnancial products and services beyond credit to help MSMEs especially **women entrepreneurs, youth entrepreneurs, and social ﬁnance recipients** are strongly encouraged to contribute case studies.

**Process and timeline**

To ensure consistent quality and integrity of the case studies, a panel of subject matter experts is being set up. The committee will review the submitted cases on regular basis, seek clariﬁcations and provide inputs where appropriate, before the case studies are accepted and published in the database.

Selected cases will be used as inputs into a G20 summary report which is expected to be drafted in June 2022

# Section 1

## Title\*

Trade Chain Finance System (TCFS)

70 character(s) remaining

## Short excerpt about the products/services\*

TCFS is a set of technology-based business and financing processes that link the various parties in a transaction – the buyer, seller, financial institutions and banks–  to lower financing costs of SME’s and improved business efficiency.

100 character(s) remaining

What year was the innovation introduced\*

2019

Number of MSMEs reached/served (esp. women/youth/migrant entrepreneurs, SMEs in general)\*

8 companies

Number of lives impacted (potential)\*

* All factoring companies, banks, credit insurers, correspondent factors, etc.
* SMEs/LCs/other companies that assign the invoices to FIs

Which institution implemented the solutions (offer products/services)\*

9 Factoring companies, 2 banks, 8 companies

Type of institutions

Other

Topic (products/services )\*

Set of technology-based business and financing processes that link the various parties such as buyer, seller, financial institutions, banks and credit insureres.

The main focus of this Platform is **Supply Chain Finance** but it also covers the products of:

* All **Traditional Factoring Products** such as invoice discounting, non-recourse factoring, export-import factoring
* Distributor Chain Finance,
* Paying trade debts with the receivables,
* Credit Insurance System and
* Islamic factoring (SCF for the Participation Banks)

Location ( country and city )\*

Türkiye, Istanbul

# Section 2

## The challenges addressed by the products/services\*

The main objective of the Trade Chain Finance System is to enable SME’s to connect multiple financiers *through a digital platform, thereby reducing their funding costs.*

200 word(s) remaining

## Which group does your product/service primarily target?

Payment Remittance

-None- Bir öğe seçin.

Savings

Fin. Education

Bir öğe seçin.

Bir öğe seçin.

Factoring

SMEs Cash management

Insurance -None-

-None-

Credit guarantee Other (specify)

SMEs

Risk management

Bir öğe seçin.

70 character(s) remaining

Bir öğe seçin.

## Description of the innovation ( products/services )\*

Receivables finance products such as Supply Chain Finance, distributor finance, all traditional factoring products, and credit insurance services are provided by financial institutions and banks through the Trade Chain Finance Platform mainly to SME’s. Suppliers, buyers, banks, factoring companies, participation banks, credit insurance companies, and all types of financiers could be users of this platform.

200 word(s) remaining

Results/Impact created ( or potential impact ) \*

SMEs play an important role in economic and social development. Therefore, it is important to take steps to strengthen the vulnerable structures of SMEs. Continuity of cash flow is vital for them as they have difficulty in accessing finance, have a limited access to high technology and produce a limited amount of high value-added products and exports. The Trade Chain Finance System serves as an opportunity to overcome financial and technological obstacles of SMEs.

Please mention facts, numbers in terms of how many people were served especially women and youth entrepreneurs, how much saving, job creation etc.

## Lessons Learnt

Product/service/innovation: what need to be considered if the initiative is to be replicated?

In Türkiye, SMEs cannot benefit from TCFs sufficiently because of the prohibition of assignment by large buyers in their purchase and sale contracts. In order to overcome this, as in the UK example, legislation can be made to prevent the non-assignment ban on trade receivables whose suppliers are SMEs.

In addition, Buyers with high credibility by comparison to suppliers may not want to enter this system where the payment dates of invoices are recorded. If a reward/punishment system can be established that encourages companies that pay their debts in due date and penalizes those who do not, the number of companies that TCFP can reach will increase and its ecosystem will expand.

200 word(s) remaining

Market conditions that determined the success of your products/services?

Supply Chain Finance is one of the leading factoring products that have increased their volume significantly in the world and in Türkiye in recent years. Thanks to Supply Chain Financing, supplier SMEs can finance their trade at an affordable cost, without waiting for the maturity set by large buyers, benefiting from the creditworthiness of the buyers, without the need for additional collateral, providing themselves with resources for the production process and creating working capital. With the developing technology and the digitalization vision of the industry, TCFS, which was implemented under the umbrella of the Association of Financial Institutions (AFI) in 2019, plays an important role in delivering both the supply chain financing product and other factoring products to large audiences. TCFS enables SMEs, which form the basis of the economy, to access finance more quickly, safely and cheaply, with the transfer of receivables to be made electronically and the confirmation received from mostly large-scale buyer companies.

200 word(s) remaining

Policy/regulatory environment that either enables or hinders the success of your products/services

Financial Leasing, Factoring, Financing And Saving Financing Companies Law Nr. 6361

*“Branches/Article 8 – Opening up domestic and abroad branches by companies are subject to permission. Companies cannot be organized under any names other than branches and cannot appoint agencies. Transactions to be carried out or services to be received by companies through information systems, the scope, procedures and principles of which shall be determined by BRSA, shall not constitute a violation of this provision.”*

With the change of above article very recently we believe the usage of TCFS will increase in a short time. Additionally, the ban on assignment clause in sale contracts with the SME suppliers should be regulated in order to enable SME’s to access financing.

200 word(s) remaining

## Media Files

Choose Files No file chosen

Maximum 25 files.

50 MB limit.

Allowed types: mov, mpg4, gif, png, jpeg, jpg.

## Video URLs

Example: https://[www.youtube.com/watch?v=Y6XpKH-GeWQ](http://www.youtube.com/watch?v=Y6XpKH-GeWQ)