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**FACULTY OF ECONOMICS – MASTER STUDIES**

**DEPARTEMENT: MANAGEMENT AND INFORMATICS**

**MASTER THESIS:**

**“FINANCIAL FACTORING”**

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## **INTRODUCTION**

This master thesis aims importance of product factoring in bank, respectively for the type of factoring financing.

Among the new forms of financing is factoring forms for the supply of the necessary tools through the sale of short-term requirements.

Factoring helps our clients in selling their products, especially when it comes to promotions of new or changed products in which case their clients are not confident in the success of the product.

Factoring represents a transfer request exporters to factoring companies that advance funds during export of goods of relatively small value or limited amount of export. The exporter is credited in the short term, until the rest of the remainder is left available when the buyer receives the goods by minimizing the interest and provision.

Once that has to do with short-term financing the aim of the factoring management is that every work or other activities carried out in a more successful and profitable way.

Management of factoring is usually involved in banking financial institutions.

Banks are financial institutions that in a global order deal with the trading money and money surrogates, with the sole purpose of their capital to complete in those segments and economic activities which bring maximizing profit and minimum risk.

In such cases the gaining of credit goes to the support factor (exporter).

Full factoring, but with higher provision may also include the following works: correspondence, cash flow, debt collection, market research etc. These are very important work specifically for exporting small economic entities, which in many cases and for many reasons, cannot do this work alone (accounting works).

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## **CHAPTER SIX**

### **1. FINAL REVIEW**

#### **1.1 Factoring effects in the banking business**

Factoring helps our clients in the sales clerk campaign, especially when it comes to promotions of new or changed products in which case their clients are not confident in the success of the product. In these cases, our client is obliged to sell its customers with waiting for payment from 30-45 days since they have been testing the new product and for this its clients are unable to pay with cash. Our client in this case may finance his campaign with factoring by allowing his clients reception but that expectation will be financed by the X Bank.

It helps companies that in any moment lack the money in cash. This enables the client to make the sale with pending or increases the number of days in pending to its customers and with this to be more competitive and increase sales which provides cash immediately since it gets paid by X Bank (for this sales that were made with waiting.)

Through factoring companies they can increase the waiting days, from 30 days to 45 or 60. At the same time our clients can be more interesting towards their clients taking into account the return of their accumulated debt over the years.

#### **1.2 Factoring application preferences**

##### **1.2.1 Benefits of the product in bank terms**

Some of the benefits of the product in banking terms are:

- 1) Increase relationships with existing customers,
- 2) The turnover of receivables accounts through bank accounts,
- 3) Building relationships with new customers,
- 4) Increased income.

##### **1.2.2 Factoring in terms of business**

- 1) Improvement of liquidity – faster access to financing, additional collateral is not required,
- 2) The client may exceed the period between the date of goods sold / given service and collection of cash in a short period,
- 3) Expansion of business activities.