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Ways to Improve the Factor's Practice in Uzbekistan

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Annotation: This article describes the essence, purpose and signs of factoring operations, as well as opinions on ways to improve factoring practices.

Keywords: factoring practice, factoring operations, purpose of factoring, task of factoring.

INTRODUCTION

Developing the economy under the framework of reforming and liberalizing the banking system, which is one of the important links of market relations, organizing the activities of local banks that meet the requirements of the international banking system, and further improving their activities are among the urgent tasks of today. A society with a well-developed banking system and banking activities can develop healthy. Therefore, effective management of the economy requires studying the activities of banks, which are its important subjects, and in-depth knowledge of their working methods, functions and operations.

The main purpose of factoring is to collect the receivables of its customers and collect the payments due to them. Factoring was created in the 16th and 17th centuries as a commercial intermediary, and later as an operation of commercial banks. Factoring operations were created on the basis of commercial credit based on the sale of goods on credit, that is, payment for them after a certain agreed period.

The English word "fastor" means "broker, intermediary". From an economic point of view, factoring is undoubtedly an intermediary operation. The basis for considering factoring as a type of intermediary activity is that, in this case, the factoring company collects the funds belonging to it from the buyers of goods by selling goods or providing services to the company that supplies goods in return for certain payments (collection of receivables to do) gets the right. For this reason, factoring can be considered as a type of working capital lending. Factoring is mainly used in order to prevent possible mispayment in the activities of small and medium-sized enterprises. Such operations are carried out by banks and special factoring companies.

In other words, in factoring, a bank or a factoring company buys the payment obligations (debt) of its client to another client for the delivered goods, performed work, and services for a certain fee, and immediately, at the longest Within 2-3 days, 60-85% of the demand will be paid in advance to the customer, i.e. the supplier (service provider).

The remaining 30-10 percent of the payment will be paid to the client after the organization (bank) providing factoring services based on the contract collects these debts from the buyer, and the commission and interest belonging to the bank (factor) will be deducted. In world practice, factoring also means a number of other commission-intermediation services provided by a bank (factor) to a client in the process of making a calculation for goods and services. Three subjects are usually involved in the factoring operation. These are:

- factor-intermediary (commercial bank or factoring company);
- goods supplier;
- Buyer of goods.

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Factoring operation procedures

1. - conclusion of a factoring service agreement between the bank (factor) and the goods supplier.
2. - shipment of goods and provision of services by the goods supplier (THING SUPPLIER) to the buyer.
3. - giving the document of goods and services delivered by the a buyer to the bank (factor) or buying them (debtor debt) by the factor.
4. - payment of goods or services (60-85 percent) by the bank (factor) to thing supplier.
5. - When the payment period for goods and services under the contract concluded between thing supplierand a buyer is due, the bank collects the payment from A BUYER.
6. - the bank (factor) transfers the rest of the payment (15-40 percent) to the a buyer, deducting commission payments.

The commission fee for factoring depends on two main factors:

firstly, to the turnover and amount of funds involved in the factoring operation of thing supplier;

In ancient times, precisely in the Middle Ages, a group of merchants participated as an intermediary in the sale of goods in unknown markets for manufacturers, and in this way, commodity factoring was founded.

In international practice, there are the following types of factoring:

- open and closed factoring;
- with the right of recourse (recourse factoring) and without the right of recourse (non-recourse factoring);
- funded and unfunded;
- domestic factoring and international factoring, etc.

In the early stages of development of banking, 2 types of factoring were formed. These are open or conventional (disclosed factoring) and closed, limited (undisclosed factoring). Historically, for the first time, open factoring was created. In modern conditions, open factoring is an excellent form of providing financial services to clients.

In open factoring, the debtor, that is, thing supplier (by indicating in the goods documents), notifies the a buyer about the participation of the bank-factor in the payment and submits all documents related to the collection of goods money (debtor debt documents) to the bank for processing.

In case of closed factoring, the a buyer is not informed about the participation of the bank in the calculations, the existence of a contract between the debtor and the bank on the provision of factoring services, and the transfer of payment documents of the goods supplier to the factoring company. A Buyer will pay for the goods and services received to thing supplier's account. Thing supplier transfers the payment received for the goods and services sent to the account of the bank or factor to pay off the loan. This type of factoring is risky for the bank. Because the bank bears the risk of the buyer not making the payment on time for certain reasons. Due to the high level of risk of closed factoring, its price is higher than that of open factoring.

In recourse factoring, a bank or factoring company enters into an agreement on the purchase of its client's receivables with the right of recourse. The essence of this is that if the bank (factor) cannot collect the payment from the buyer of the goods according to the goods documents, then he submits a request to the supplier of the goods to repay the amount (debt) paid by the bank to the bank. agrees on his work. This type of factoring reduces the risk of the bank, as well as increases the credit risk arising in the activities of the goods supplier.

There is no such option in non-recourse factoring. In this type of factoring, even if the buyer does not pay according to the requirements of the supplier, the bank must cover all costs. For this reason, this

type of factoring is rarely used in international practice, when the financial situation of the buyer of goods is stable, the level of solvency is high, and the risk of non-payment is minimal. Therefore, this type of factoring protects manufacturing enterprises from the risk of non-payment by the buyer of goods, but can increase the bank's risk.

In financed factoring, the client, that is, thing supplier, gives the bank (factor) the right to collect the payment due from a buyer when due. In the financed type of factoring, the factoring company must quickly pay 60-70 percent of the value of the goods documents of thing supplieron the basis of an agreement concluded between the parties for the goods that have been loaded and shipped with the condition of advance payment, in some cases, goods that have not yet been shipped. purchases goods documents (invoices) from the customer based on

In some cases, thing supplier receives from the bank 80-90% of the value of the goods it sends or the services it provides, that is, the bank provides a loan for the operation of its client by paying off the receivables for goods and services. 10-20% of the value of the shipped goods or services can be paid to the client after the funds are collected from the a buyer, after deducting commission payments and interest. In international practice, the factor-intermediary for this operation usually charges a commission from 0.75% to 3% of the contract amount and an interest rate for the loan granted by thing supplier. The loan is granted for the period from the day thing supplier gives the goods documents to the bank until the bank collects the money from the A BUYER, and in international practice, the interest rate of this loan can be 1-2 points higher than the account rate.

Unfunded factoring consists of collection of thing supplier's receivables by the bank-factor. In this type of factoring, thing supplier delivers the shipping documents to a buyer through the bank factor. The bank, in turn, performs the task of collecting funds from the a buyer to the account of the thing supplier within the terms and in the amount specified in the business contract concluded between thing supplierand a buyer. In this case, the bank can oblige thing supplier to pay the commodity documents purchased from it on certain dates. If the goods supplier and the goods buyer, as well as the factoring company, are located in the same country, such factoring is called domestic factoring. If the exporter and importer and the bank or factor are in different countries, and international factoring relations arise, this is considered international factoring.

In this type of factoring, the exporter enters into a global cession agreement with a bank or factoring company and transfers to the factor the right to collect payments from all or some importers of the export. The use of one or another type of factoring depends on the need for funds for the purchase of goods, the adequacy of banking resources in banks, and the risk level of the factoring operation. Based on these and other reasons, the cost of factoring, the amount of commission and interest payments on it may be low or high.

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