



THE LEADING PROVIDER IN TRADE CREDIT SERVICES



singapore
mozaic
business with passion and style





WHAT WILL WE COVER?



- Who is NCI?
- Current Economic climate and main issues
- 5 questions to ask yourself to support growth
- The benefits of improved credit risk management (CRM)
- Solutions
 - ✓ Insurance
 - ✓ Risk Management
 - ✓ Collection activities
- Increased opportunities and new markets
- Case study
- Questions



WHO IS NCI?





CURRENT ECONOMIC OUTLOOK



East Asia faces growth slowdown, World Bank warns

The Asian Development Bank now sees slower economic growth in emerging nations

Trade credit insurers expect tough 2016 – insolvencies up.

Slowdown in China – Insolvencies up 24% on last year

Singapore insolvency outlook up 15%

Source : <http://businesstimes.com.sg> / <http://www.cnn.com> / <http://www.businessinsider.com.au> / <http://www.gtreview.com>
<http://www.reuters.com>



CURRENT ECONOMIC OUTLOOK



- Difficult Industries – construction, steel, oil, hard commodities
- World growth stagnating Brazil, India, Russia, China, Venezuela, Saudi Arabia, Brexit etc.
- Uncertainties and liquidity issues

Exporters need to be vigilant and cautious with trades



5 QUESTIONS TO **ASK YOURSELF**



What would be the impact on your business if large client couldn't pay you?

When was the last time you reviewed the credit worthiness of your top buyer 20 risks?

How do you assess the credit worthiness of a new or potential client?

How do you monitor the credit risk of your buyers ?

What do you do when customer becomes overdue or insolvent?



THE BENEFITS OF IMPROVED **CREDIT RISK MANAGEMENT**



- Justify your trading credit limits
- Know who you're trading with
- Reduced credit risk
- Increased opportunities – identify good credit risks



CREDIT RISK **MATRIX** new customer



Credit Limit Justified	Actions
\$0 to \$10,000	Business check minimal net worth/paid up share capital
\$10,000 to \$50,000	Full credit report with analysis assess option of Credit insurance
\$50,000 to \$100,000	Request up to date financials, Credit Insurance – visit
\$100,000 - \$250,000	Is security available? insist on half yearly financials
\$500,000 +	Insist on security or rely on credit insurance

Credit Application Form for each new credit customer – Know who you are dealing with.



SOLUTIONS TRADE CREDIT INSURANCE



Opportunities for:

- Entering new markets
- Growing the business
- Exporting
- Information

Protection against:

- Insolvency
- Protected default
- Contract repudiation
- Political risk





SOLUTIONS **COMMERCIAL COLLECTIONS**



- Collect overdue debts
- Free up time of your accounts receivable department
- No collect, no fee arrangements
- Use once debt is “frustrated”

- Included within credit insurance policy as well as legal fees and local jurisdiction knowledge



TRADE CREDIT INSURANCE INCREASED OPPORTUNITIES



- Trade with new buyers with confidence
- Increase your competitive edge – open credit
- Take advantage of Singapore trading relationships
- Shift from LC's to open credit terms
- Confidently trade on open credit with full knowledge of buyer and protection.
- Stop declining sales due to lack of information
- Grow revenues and profitability
- 3rd party information

IE Singapore 50% rebate on SME up to \$100M - TCIS



CASE STUDY



Furniture Exporter 1.

Concern – meeting lots of potential clients at Expo's domestically and internationally and buyers wanted open credit terms, client wanted LC. Believed was losing business as not willing to offer credit terms as buyers unknown.

Purchased credit insurance where assessment of buyer undertaken by 3rd party insurer and insured to 90%. Confidence to expand sales on open account with 90% security provided by credit insurer.

Client grew customer base and revenues – PROFITS PROTECTED.



CASE STUDY



Furniture Exporter 2.

NCI approached prospective client who was purchasing trade credit insurance through a non specialist Broker.

NCI leveraged our expertise to benchmark the premium and remarket and saved the client 10% premium costs, whilst maintaining the same insurer and cover.

NCI has suggested to SFIC the possibility of a members scheme where we can negotiate a programme for all members to benefit from the size of SFIC.



QUESTIONS

