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FACTORING AS A NEW FINANCIAL INSTRUMENT IN UKRAINE

The article considers factoring as a special form of financing enterprises and the importance of its development in Ukraine.

One of the main problems of the economy today is access to international markets. This situation requires the use of financial instruments that can meet the needs of economic operators. These financial instruments should be adapted to the economy of foreign countries. Currently, one of these tools is factoring.

Factoring is a new category for business practice in Ukraine. It is studied only a little, but the phenomenon is increasing in annual distribution. Factoring Services are one of the young but already an integral part of the financial market in Ukraine. As factoring activity is not covered in the Ukrainian literature there is a need to continue the research.

Factoring which means funding system under which the company is the supplier of products and passes the short-term requirements for trading operations banking institution (factoring companies).

Participant of factoring transaction is a client - supplier of goods and services, which departs factor receivables to the factor to a third party (the debtor); factor - financial institution has the right to factoring transactions; debtor - buyer of goods and services, which is a debtor to the supplier [3, p.122].

Factoring is often compared to a loan, but this comparison is not appropriate as factoring and credit solve various problems and are not similar in nature. The main difference is that credit is given basing on the performance of the company, which emerged in the past. But factoring financing is aimed at achieving the future, the future development of the company. Another important difference is that in factoring debt means money from debtors, while the loan borrower is required to repay the funds themselves.

Factoring is divided into different types. International and native experiences are two main types of factoring: with recourse and non-recourse. The main criterion factoring division into species is the one who takes risks on collection of receivables. Non-recourse factoring can be described as a sale of receivables, as the risks are transferred to the factor. When recourse factoring risk of default assumes the company, the non-payment of receivables factor can recover the debt from your client. It should be noted that non-recourse factoring is the most common in Ukraine and abroad. Non-recourse factoring is given rarely and only proven by reliable customers. Under the factoring agreement the supplier provides the transfer of factoring unpaid debt. This debt claims arising between the contracting parties in the implementation of goods and services in terms of commercial credit, combined with elements of accounting, information, marketing, insurance, legal and other service provided [2, p.226].

For debt transferred to the customer it should be provided the original proof of shipment. Factor in turn promptly transfers money to the account of the client, but not more than 90% of the debt. Total percentage of debt that will be transferred depends on the reliability of the client. Listing the debt does not fully insure its risks. The remaining amounts are transferred liabilities carried out after obtaining the factor of money from the debtor. Major factoring fee is deducted from the amount of funds transferred to the taxpayer in terms of repayment of each invoice transferred for factoring services. Monthly payment of interest is not required. [1, p.78].

The main advantage of factoring is that the client realized their debt to factor very quickly and can get funds to run them in turn. This advantage is the key feature of the popularity of factoring.

Factoring started to gain popularity as the traditional scheme of conditions on commercial credit for suppliers. This burden is shown that the build-up of speed, proportionally increasing shortage of working capital due to delay payments. Long periods between the cost of purchasing goods and receiving income from sales have always a negative impact on the production process. Today, quite a large number of domestic enterprises proved unable to manage effectively accounts receivable, which has an economic harm to the company the creditor. With self-management of accounts receivable in order to accelerate the maturity it is necessary to carry out deep analysis of credit quality, temporarily execute settlement of documents; apply a deposit, bill payments and other advanced forms [5, p.80]. Where the company uses factoring, the factor assumes the responsibilities of debtors monitoring, analysis and most importantly their ability to pay, since the client is also interested in repaying the debt. Thus management of accounts receivable is effective and reduces the risks of default. Factoring unlike insurance companies 100% eliminates the risk of non-payment by the buyer [4, p.262].

The main task of factoring is equipped with such a system of relations between buyer and supplier of goods in which the vendor could provide a competitive deferred payment to its customers without feeling its working capital deficit. This is possible due to the financing of early deliveries with deferred payment bank factor in vendor convenient mode.

Despite the crisis in the economy, factoring in Ukraine is developing. Of course, this kind of financial services underestimated in our country. An important advantage of factoring is that it is available not only for big business, but also for small and medium. In a crisis, the value of this resource is constant and does not increase, in contrast to bank loans. The main factors for the further development of factoring operations in the country is the increase in production, improve the solvency of the defendants in a market economy, reducing inflation, improving the resource base.

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