How Incomlend Bridge the Trade Finance Gap for SMEs During Challenging Times

10th Asia-Pacific Trade Facilitation Forum (APTFF) in Singapore

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Head of Origination, Incomlend
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Trade Finance Market Overview
Demand for Trade Finance Growing Globally

Global Trade Finance Market

170% growth with the decade

Global demand for trade finance will grow strongly over the coming years.

Key Growth Drivers

1. Rise in need for safety and security of trading activities
2. New trade agreements
3. Cross-border trade digitalisation

US$17.4 trillion 2020

US$29.7 trillion 2030


*INCOMLEND* Connecting Your Cash, Globally
SMEs Disproportionately Hit by Trade Finance Gap

**Global Trade Finance Gap**

US$1.7 Trillion in 2020
(15% growth from 2018)

**SMEs**

- 95% Companies globally are SMEs
- SMEs only account for 23% of trade finance demands
- Yet SMEs account for 40% of rejected trade finance requests

**Working Capital**

- 1 in 3 firms cited lack of access to finance as their top business barrier
- 40% of small businesses feel inflation pressure on cost of supplies
- SMEs feeling increased cash flow pressure due to rising receivables from buyers and lack of increase from creditors

**Heightened economic uncertainties** due to the pandemic increased trade finance rejections by banks

**Weaker balance sheet among SMEs led to perceptions of increased default risk** by banks

**“Flight to quality”** response from banks as they focus their funding on established relationships

**SMEs’ trade finance demands are unmet, presenting massive opportunities in this segment.**

2. Veern, Grappling with Inflation Pressures, March 2022
3. Financial Express, SMEs facing elevated working capital pressures largely due to rising receivables: India Ratings, 8 Apr 2022
Cross-Border Potential & Geo-Political Challenges

**Challenges**
- Ukraine War
- Supply Chain Disruption
- Rising Inflation

**Opportunities**
- Borders Reopening
- Geographical Diversification
- Revitalisation of Global Trade

Liquidity increasingly critical for SMEs to build resilience and capture new growth opportunities
Growth of the Alternative Financing Market

Global Trade Finance Market Volume

- 125% increase
- 9 trillion USD in 2020
- 4.6 trillion USD in 2016

Key Growth Drivers of Alternative Financing

1. Continuing Trend towards Open Account
2. Growing Digital Connectivity
3. Entry of Alternative Investors

Tremendous opportunity for SMEs to tap on alternative financing for greater access to working capital

1. ICC, 2016 Rethinking Trade & Finance, 2016
SMEs’ Knowledge Gap in Alternative Financing Sources

Alternative Financing Sources for SMEs

1. **Self-funding** is the top alternative financing approach for SMEs

2. **Uptake-up of digital finance** remains low at 1%

3. 23% did not look or find appropriate alternative financing sources

SMEs’ ability to tap on alternative financing sources hindered by lack of knowledge

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Potential of the Invoice Factoring Market

US$2.84 trillion opportunity in the global factoring market

Massive potential residing in the invoice factoring market segment

- North America: US$114 billion
- Europe: US$1.9 trillion
- Asia Pacific: US$668 billion
- Latin America: US$125 billion
- Africa: US$23 billion

Massive potential residing in the invoice factoring market segment

Asian Financial Services Association (AFSA), Factoring Market Research, May 2018
How Incomlend Bridge the Trade Finance Gap
Incomlend: Connecting Cash Globally

Incomlend is a B2B invoice financing marketplace giving SMEs access to tech-enabled working capital solutions worldwide.

- Financing over US$500 million in trades in over 50 countries
- Processed more than 2,300 transactions
- Named Singapore's Top 15 Fastest Growing Companies in 2022 by The Straits Times and Statista
- Ranked 67th among the Asia Pacific's 500 fastest-growth companies by The Financial Times
Bridging the **Global Trade Finance Gap**

**Incomlend**

A global invoice financing marketplace based in Singapore since 2016.

Current number of employees: 50 globally across Europe, UAE, India, Bangladesh, Hong Kong, Mainland China and Singapore.

On track to reaching of financed receivables. US$1billion

Through our tech-enabled and secure invoice trading platform, Incomlend marketplace finances cross-border receivables.

**Our Distinctive Advantages**

**Global trade finance footprint** with strong expertise in Asian markets.

**Technology-enhanced due diligence:** Digital documents and automated processes mitigate risk of fraud, collusion, quality and disputes.

**Fund protection:** 100% of the invoice flow covered by credit insurance from leading regulated insurer.

**The assets are secured,** ringfenced, and protected in a bankruptcy remote Trust set-up (Trustee is regulated by Monetary Authority of Singapore).

**Non-recourse, off-balance sheet financing:**
No collateral or deposit.
### Issues Faced

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<tr>
<th>Issue</th>
<th>Description</th>
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<td>SMEs facing a pandemic-driven supply chain issues</td>
<td>SMEs might face a typical trade cycle in the industry can take up to four months.</td>
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<td>It can take another 90 days to cash in an invoice</td>
<td>It can take another 90 days to cash in an invoice in addition to the rising risk of non-payment.</td>
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<td>These extended cycles and payment terms</td>
<td>These extended cycles and payment terms, as well as substantial invoice sizes, can impair a company's financial agility to maintain their business operations.</td>
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### Our Solutions

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<td>An invoice financing solution enables a company to cash in an invoice</td>
<td>An invoice financing solution enables a company to cash in an invoice as early as three days after the goods are shipped to the buyer.</td>
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<td>It will equip them with the working capital</td>
<td>It will equip them with the working capital required to make payments when they make a purchase from their own suppliers.</td>
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<tr>
<td>The solution does not create loans or liabilities for the company</td>
<td>The solution does not create loans or liabilities for the company as the financing is without recourse and off-balance sheet for the company. It also protects them from their customer's financial failure.</td>
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New Challenges

Challenges to Our Mission

- Rising interest rates leading to higher financing cost for SMEs
- Logjams in physical supply chains resulting in failure to trade and delays in repayments
- Limited financing appetite in general within the private sector

Potential Role of the Public Sector

- Subsidised financing to SMEs for working capital needs
- Enable better tracking of physical supply chains
- Bring more capital into SME financing
Thank You!
Appendix - Sources

Slide 3
1. Standard Chartered, Future of Trade 2030, 22 Nov 2021

Slide 4
2. Veem, Grappling with Inflation Pressures, March 2022
3. Financial Express, SMEs facing elevated working capital pressures largely due to rising receivables: India Ratings, 8 Apr 2022

Slide 6
1. ICC, 2016 Rethinking Trade & Finance, 2016 (page 113)
2. ICC, Global Survey 2020: Securing future growth in trade finance, 2020

Slide 7

Slide 8
1. Asian Financial Services Association (AFSA), Factoring Market Research, May 2018 (Slide 4)
Sonal Priyanka is the Head of Origination at Incomlend.

Sonal leads the origination team and strategy across markets. She is also responsible for building market awareness of the company’s solutions globally and developing strong stakeholder relationships with senior executives across exporters, banks, government and international agencies.

Before Incomlend, Sonal was a financial services professional for several leading financial institutions, including Société Générale, CITI, HSBC and Bank of America Merrill Lynch. She brings over two decades of experience in corporate banking, transaction banking, and corporate finance in the Asian and Middle Eastern regions. Sonal's diverse career has seen her working with clients across several sectors including oil & gas, technology, telecom and manufacturing.

Sonal holds a Post Graduate Diploma in Management from the Indian Institute of Management and a Bachelor of Commerce with Honours from Lady Shri Ram College.

Sonal Priyanka
Head of Origination