3 Ways to Finance International Transactions

Option 1:

Traditional Transaction

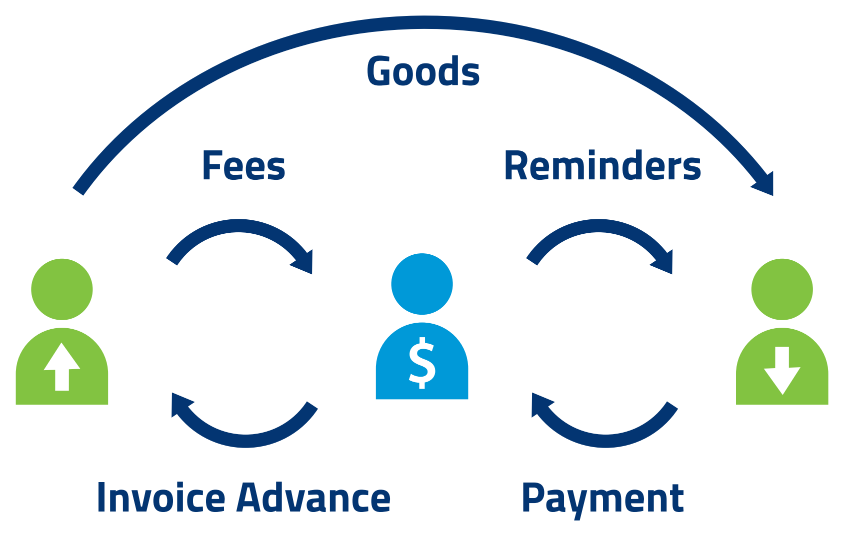
Exporter sells to buyer and arranges for either:

- Cash-in-advance —the safe choice, or
- Open account credit terms —an effective sales tool but one that carries some risk.

Option 2:

Transaction with a Factor

The Factor buys invoices from the exporter at a fee and pays the exporter immediately. The foreign buyer is instructed to pay the Factor by the due date on the invoice.



Pros:

- Eliminates risk of nonpayment by foreign buyer.
- Payment to the exporter is fast, generally fewer than 10 days.
- Maximizes cash flow.

Cons:

- More costly than Export Credit Insurance.
- Generally applicable for sales with terms of fewer than 90 days.

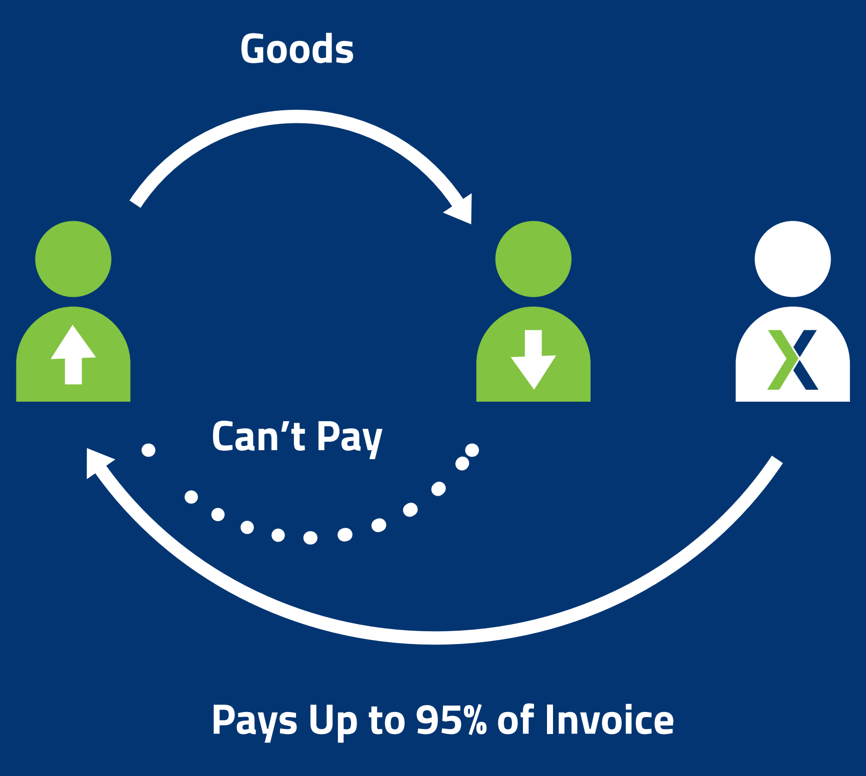
Option 3:

Export Credit Insurance

Exporter wins sale to foreign buyer by offering open account credit terms. Exporter uses an Export Credit Insurance (ECI) policy to insure the receivables against nonpayment by the foreign buyer.

With ECI, receivables are covered up to 95% of the invoice amount. Costing pennies on the dollar, ECI is a more affordable alternative to factoring.

Contact an EXIM representative for a consultation: grow.exim.gov/consultationrequest



EXIM
EXPORT-IMPORT BANK OF THE UNITED STATES

About Us:
The Export-Import Bank of the U.S. is a federal government agency that supports U.S.-based jobs by facilitating the export of U.S.-originated goods and services.

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