

The Story of Success

A Brief History of Invoice Factoring

The impressive rise of invoice factoring has been prominent news in recent years. But did you know that it has been helping companies since the very early days of business? Here we take a brief look at the history of factoring and show how the flexible finance product has stood the test of time to become a popular funding choice.

WHERE IT ALL BEGAN

1722 BC

It is believed that factoring started around 4,000 years ago in the days of King Hammurabi of Mesopotamia.

1300s

In Italy money was advanced against the delivery and payment of grain shipped abroad.

1400s

Jewish businessmen lent money to exporters using invoices issued for the sale of exported grain as security.

1600s

Merchant bankers in London are said to have funded the colonialists using invoice finance, which allowed them to sail to America in 1620.

1700s

Factors were set up on the Eastern seaboard to store goods, check the customer's ability to pay, pursue debts and transfer money back.

THE BIRTH OF MODERN FACTORING

1800s

Factoring companies sprung up to facilitate the trade of garments allowing the purchase of raw materials and production of textiles.

1950s

Factoring developed widely in the USA during the late 1950s.

FAST FORWARD A FEW YEARS

1960s

Factoring started to be recognised in the UK after being introduced to the market by international factors in 1960.

1976

The first factoring trade association was founded as the Association of British Factors - which would later become the FDA (1996).

1980s

Technology provided electronic links with clients so they could keep touch with their ledgers and quickly transfer information.

SUSTAINED DEVELOPMENT

2007

The FDA became the Asset Based Finance Association, as we know it today, to include the full suite of asset based finance solutions.

2016

The total amount secured through invoice finance passed the £20bn barrier for the first time in Q2 2016, reflecting its increased usage.

TODAY

There is now a wide variety of options available including spot factoring, reverse factoring and confidential factoring. The market continues to develop to keep up with the ever changing needs of businesses.

Hilton-Baird
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For more information about invoice factoring and its many benefits contact us

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