

# 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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