



# FIDN Secured Transaction Reform

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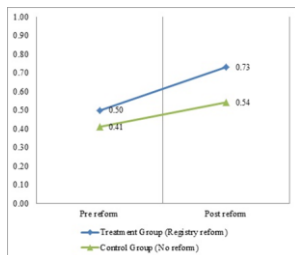
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## Benefits of Secured Transaction Reform



In the chart above, this study<sup>1</sup> compared firms' average access to finance before and after registry reform as compared to economies that did not implement such reforms

- Development of functioning laws and collateral registries governing secured transactions provides greater access to credit for enterprises, including MSMEs.
- Recent reforms in certain economies have led to both greater access to and lower cost of finance for SMEs
- Diversification of financial services sector as non-bank financial institutions expanded into secured lending to SMEs
- In China<sup>2</sup>, following reforms, more than \$570B in financing secured by accounts receivable (40% of which supported SMEs) extended by lenders
- Led to development of both commercial leasing and factoring industries

**Within the APEC economies, a wide variance exists in the access to secured credit**

<sup>1</sup> Collateral Registries for Moveable Assets: Does their Introduction Spur Firms' Access to Bank Finance?, Inessa Love, Maria Soledad Martinez Peria and Sandeep Singh; <http://www.ifc.org/wps/wcm/connect/8891c280415ed7099ba3bb9e78015671/Collateral%252BRegistries%252Bfor%252BMoveable%252BAssets%252BDoes%252BTheir%252BIntroduction%252BSpur%252BFirms%252BAccess%252Bto%252BBank%252BFinance.pdf%3FMOD%3DAJPERES&sa=U&ved=0CagQJAcAHUKEwRzfrDvNXHAHU5DKYKHQfWCzMI&client=internal-uds-cse&usq=AFQjCNEb3ml0qAuv54daPPP74q-URic5dw>

<sup>2</sup>Secured Transaction Systems and Collateral Registries, International Finance Group, January 2010.

## Development of FIDN

- Secured credit is a bridge between “reputational” collateral and access to capital markets for MSME/SMEs – critical for growth
- **Financial Infrastructure Development Network** launched in November 2015 under the Cebu Action Plan to assist interested member economies reform and improve their secured transactions ecosystem
- FIDN has developed a network of leading secured transactions global experts and consultants developed to provide member economies “one-stop shop” to support secured transaction reform efforts, from:
  - Legislation / Model Laws
  - Collateral Registry Development
  - Training / Capacity Building
- Currently, supporting Philippines, Brunei, Thailand, China

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