

## **ANALYSIS OF THE LEVEL AND PERSPECTIVES OF FACTORING DEVELOPMENT IN THE REGIONS OF THE RUSSIAN FEDERATION**

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The article considers the present state of the factoring services market in the RF and its level of development. The main directions of the use of factoring in perspective of an enterprise as well as branch and regional aspects of the development of factoring services are defined.

Many banks today invent various alternative products in order to get competitive advantage and to satisfy the needs of the clients not only in their current activities but also in financing fast growth of their business which is difficult to achieve taking a credit.

As a result the factoring services market in Russia is growing. Factoring is no more exotic.

There are two main groups of participants on the Russian factoring market. Firstly, these are banks. Factoring for them is one of the products along with the classical banking products. As a rule, factoring does not play priority role in the business of these banks. At the same time it should be mentioned that factoring can be rather important for smaller banks.

Secondly these are less numerous “classical” factoring companies specialized exclusively in factoring business.

Factoring market is a high technologies market. Well-organized system of valuation of potential clients and their debtors as well as special technologies are necessary for factoring business stable functioning.

According to the data of the analysts of the Smart Business Solutions agency the margin of factors is gradually decreasing. It seems that the stage of super profits on the factoring market is over. The margin of factors is going to decrease in future and one of the reasons is increase of competition. It will not only impede the coming of new participants but can also lead to pushing some of the existing participants.

On the market there is an active expansion to the regions of the capital trading enterprises including the nets and fuel companies. In Moscow Region the current demand for factoring services is satisfied practically in full. The further increase of the volume of factoring transactions will be achieved on the account of the increase of activities of the client companies and by way of attracting organizations in the regions with no experience of using this product.

Using factoring schemes has become an important competitive advantage of wholesale companies in their struggle for local markets.

At the same time the use of this product made it possible to stir up the activities of

small business enterprises as it is rather difficult for them to take a bank credit on their own.

Thus regional companies are interested in factoring services as they help to increase competitiveness when entering new markets. The demand is increasing and the participants of the factoring market have special interest in the regional development.

In the year 2008 there was a tendency to divide the participants of the market in two groups with definite characteristics. The first group includes mainly large experienced factors for which factoring is the only or one of the most important business directions. These participants have the target to form new demand for factoring service. The second group includes mainly newcomers, whose marketing policy assumes conquering of the market share as fast as possible, sometimes by way of decreasing the rates of factoring commission.

In the near future the market will be growing mainly due to the efforts of the first group factors which are ready to invest not only in the implementation of their own marketing strategies but also in general development of the market. Taking into consideration all the difficulties these participants will face, the volume of the factoring market in the year 2009 will be about 36 billion dollars.

The participants of the factoring market consider that the three most important components providing customer loyalty and, consequently, success on the market are: 1) quality IT-provision; 2) effective risk management adjusted to the specific character of factoring; 3) professional managers.

In the year 2008 Russian factors served more than 3 million deliveries.

One more important component of a factor on the market is personnel. It is not too difficult to find an experienced qualified employee to work in the sphere of factoring services but in the regions the lack of qualified personnel is the burning problem. Factors which have all the above-mentioned components at their disposal and are ready to invest in their further development will be able to achieve success and preserve the leading position on the factoring market in the long term.

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