

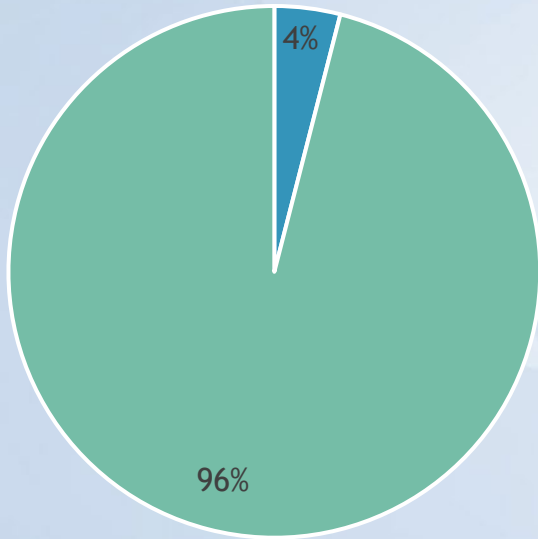
September 2023

FCIB Credit & Collections Survey

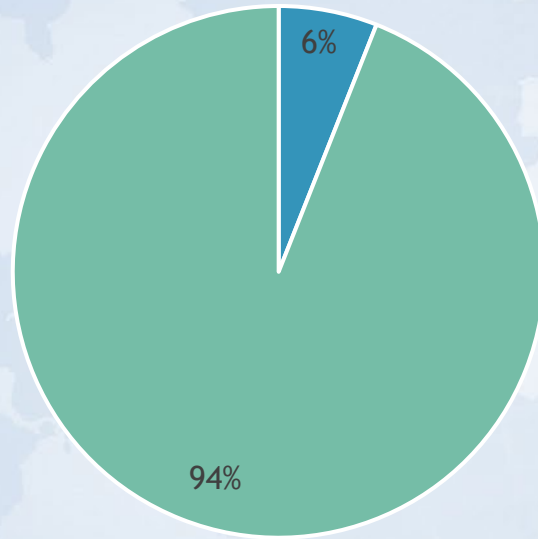
China, Mexico, Taiwan, Turkey

Are your sales primarily to **new** or **existing** customers?

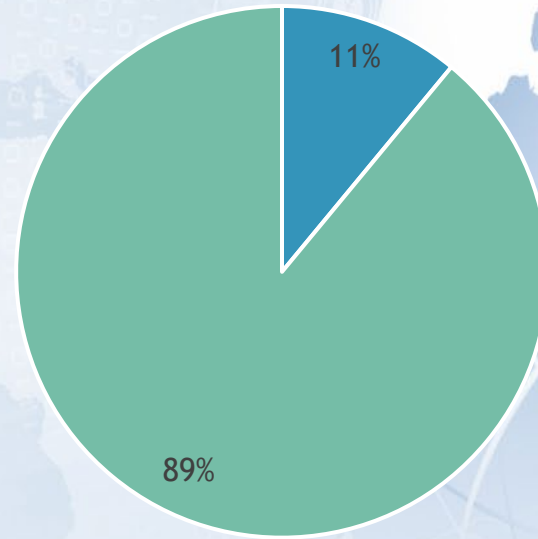
China



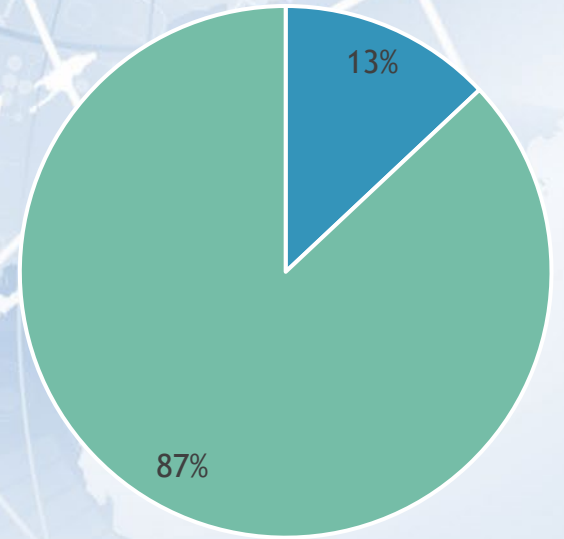
Mexico



Taiwan

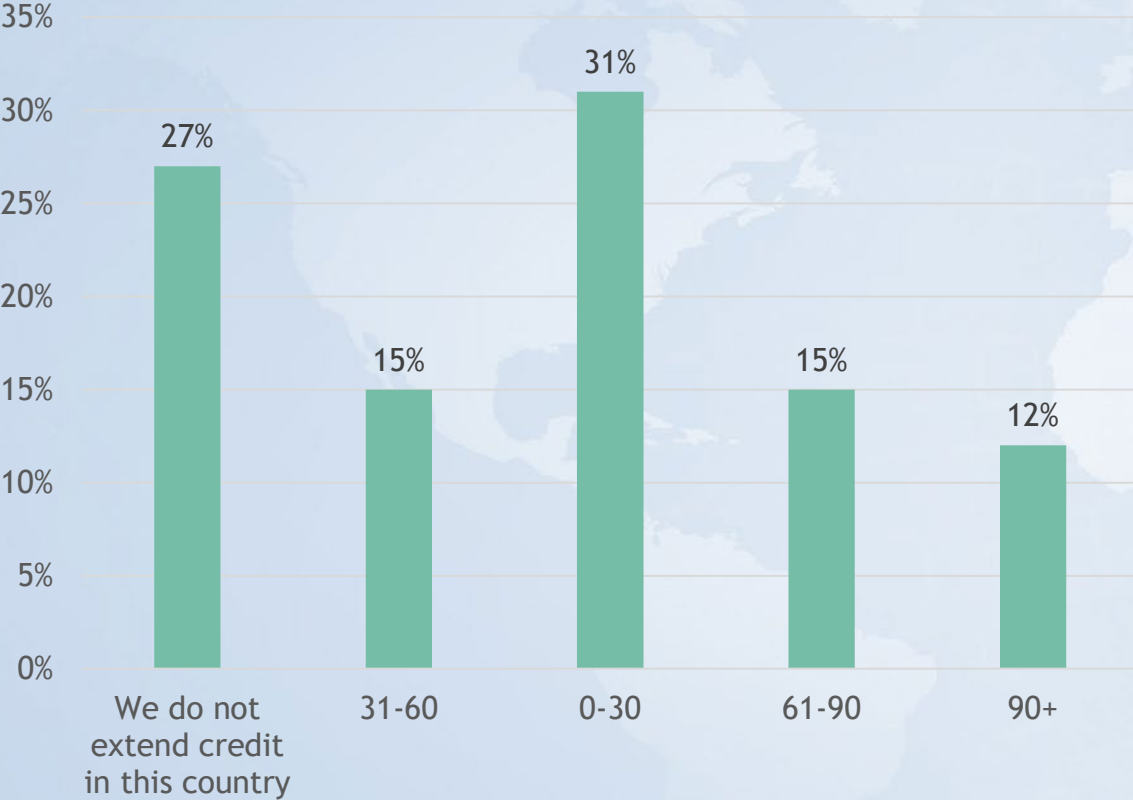


Turkey

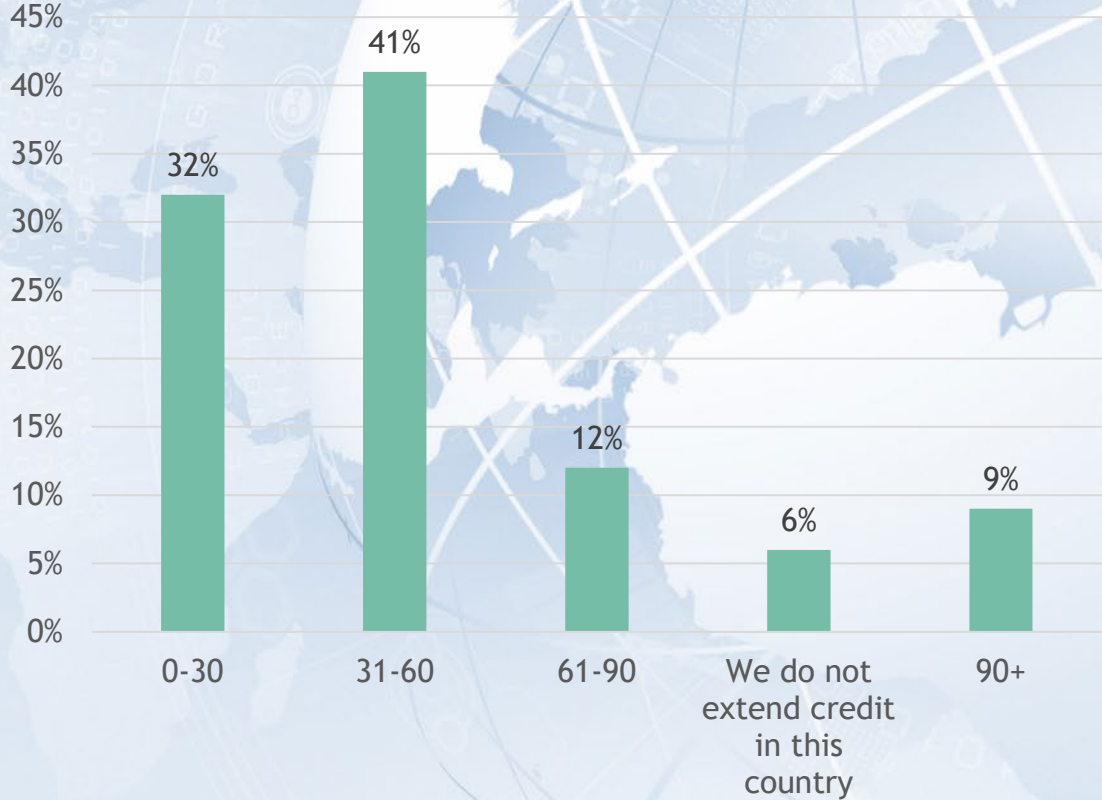


On average, what payment terms are you granting?

China

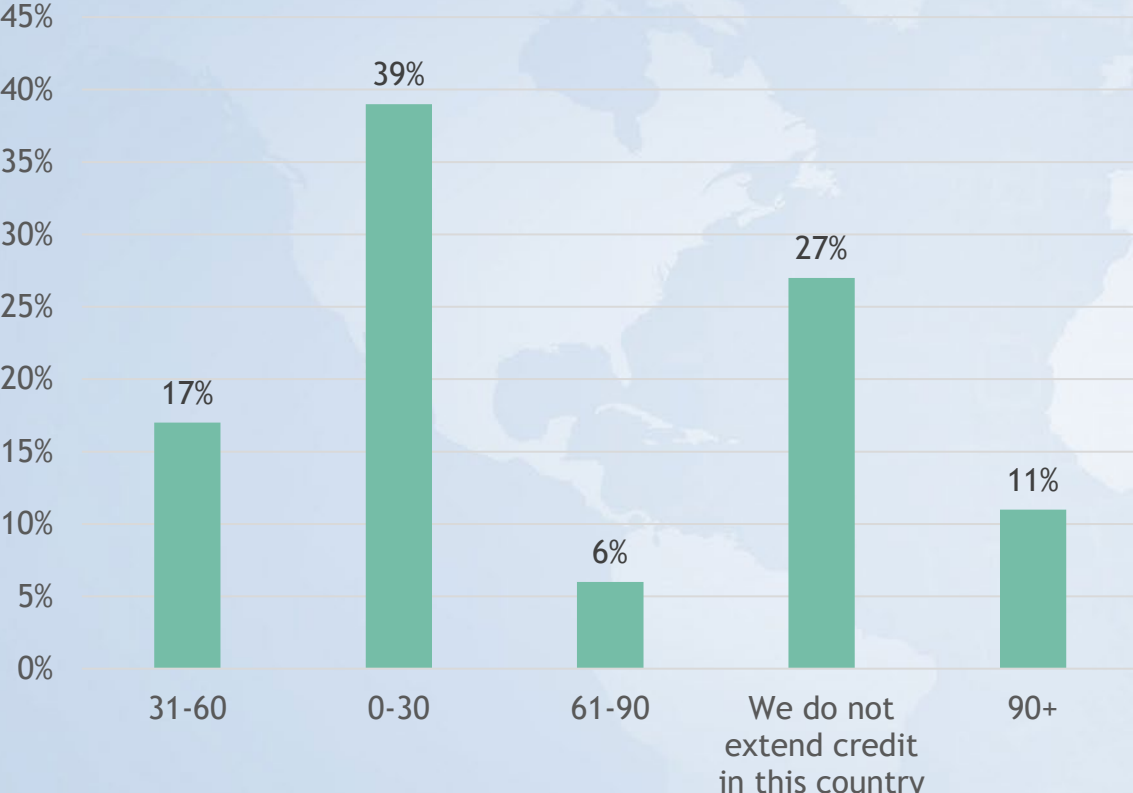


Mexico

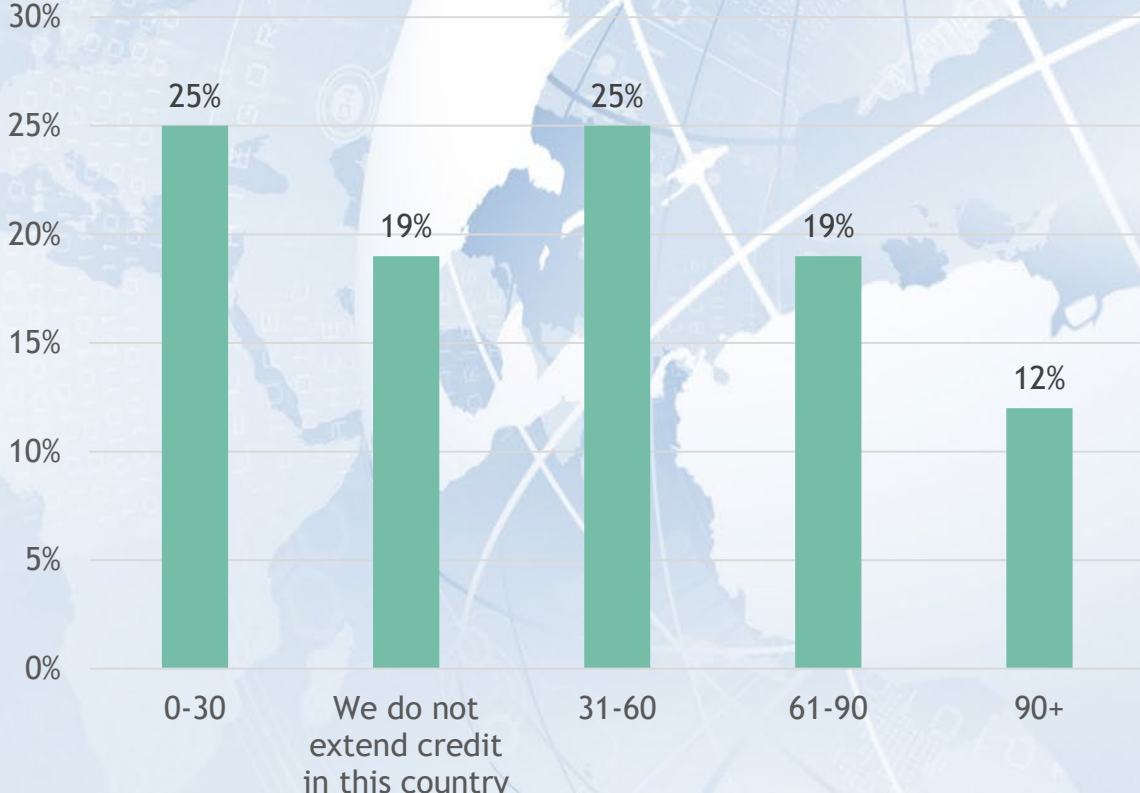


On average, what payment terms are you granting?

Taiwan



Turkey



What is the average number of days beyond terms in these countries?

China

28

Mexico

26

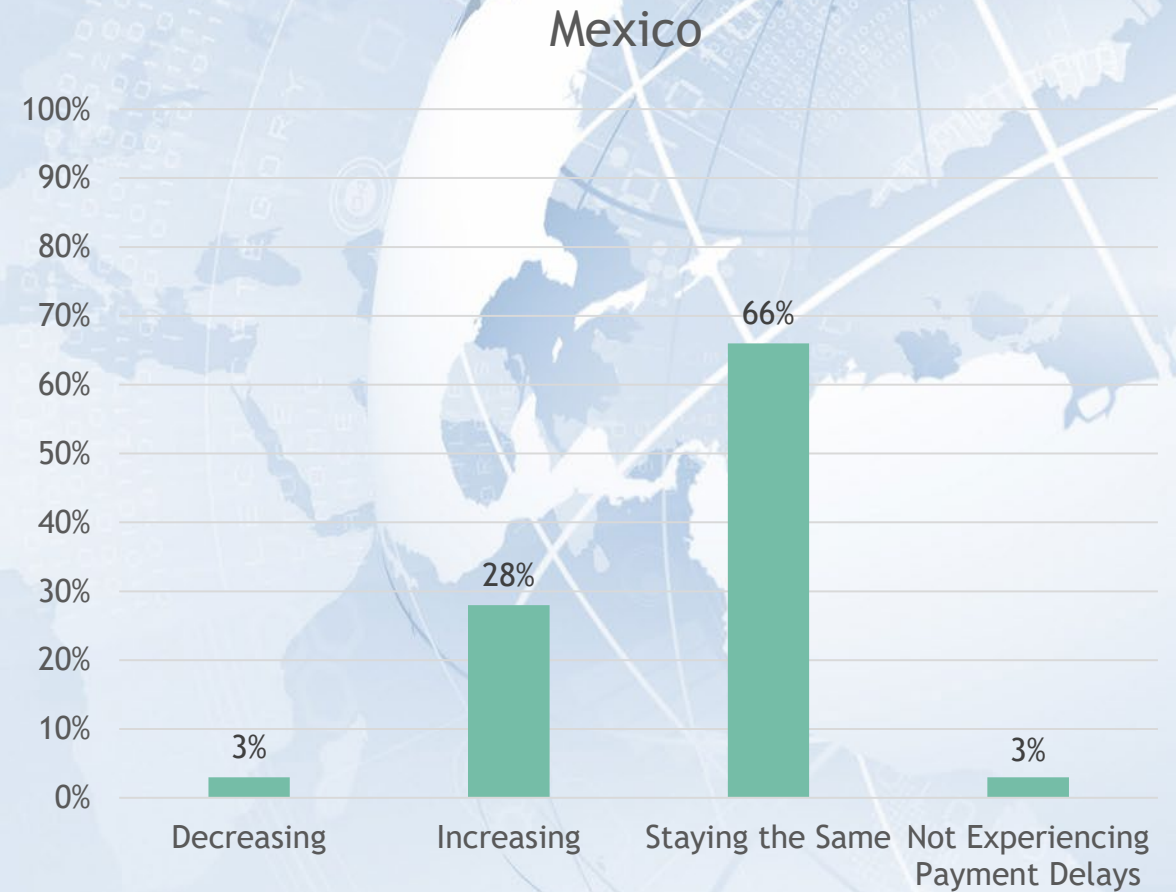
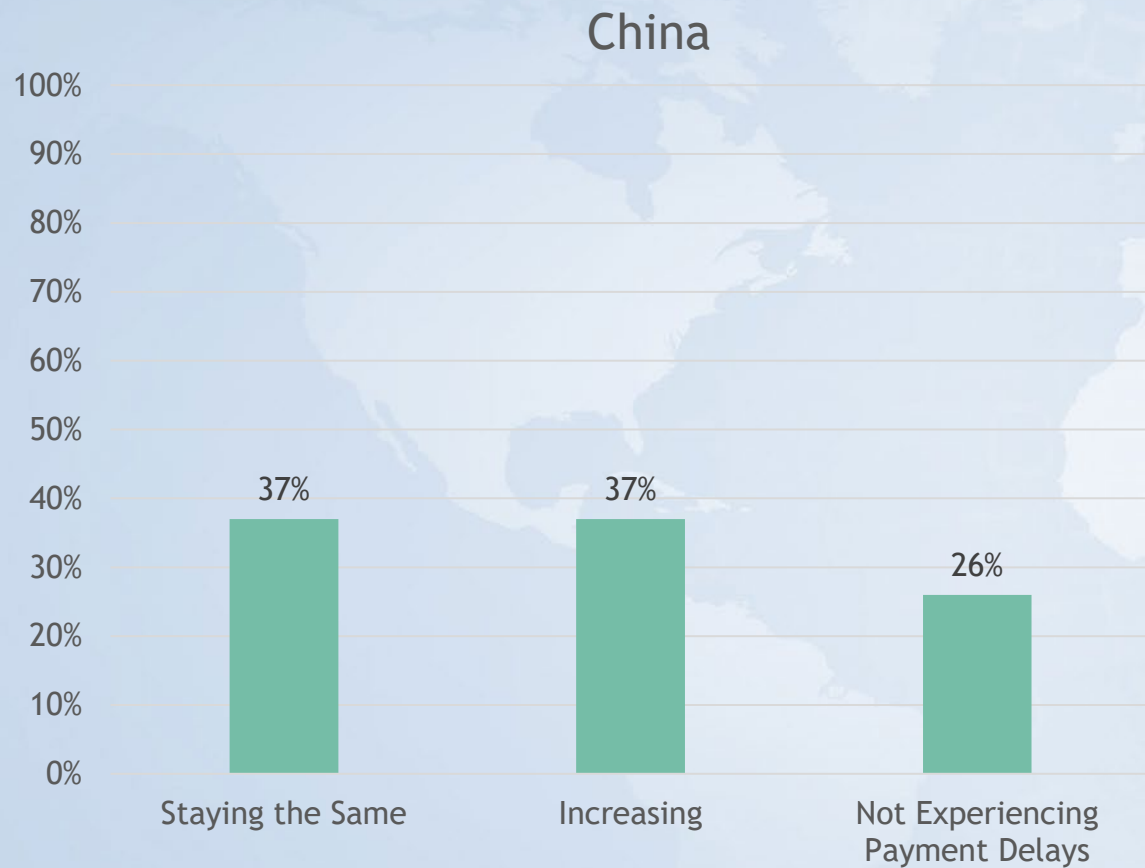
Taiwan

19

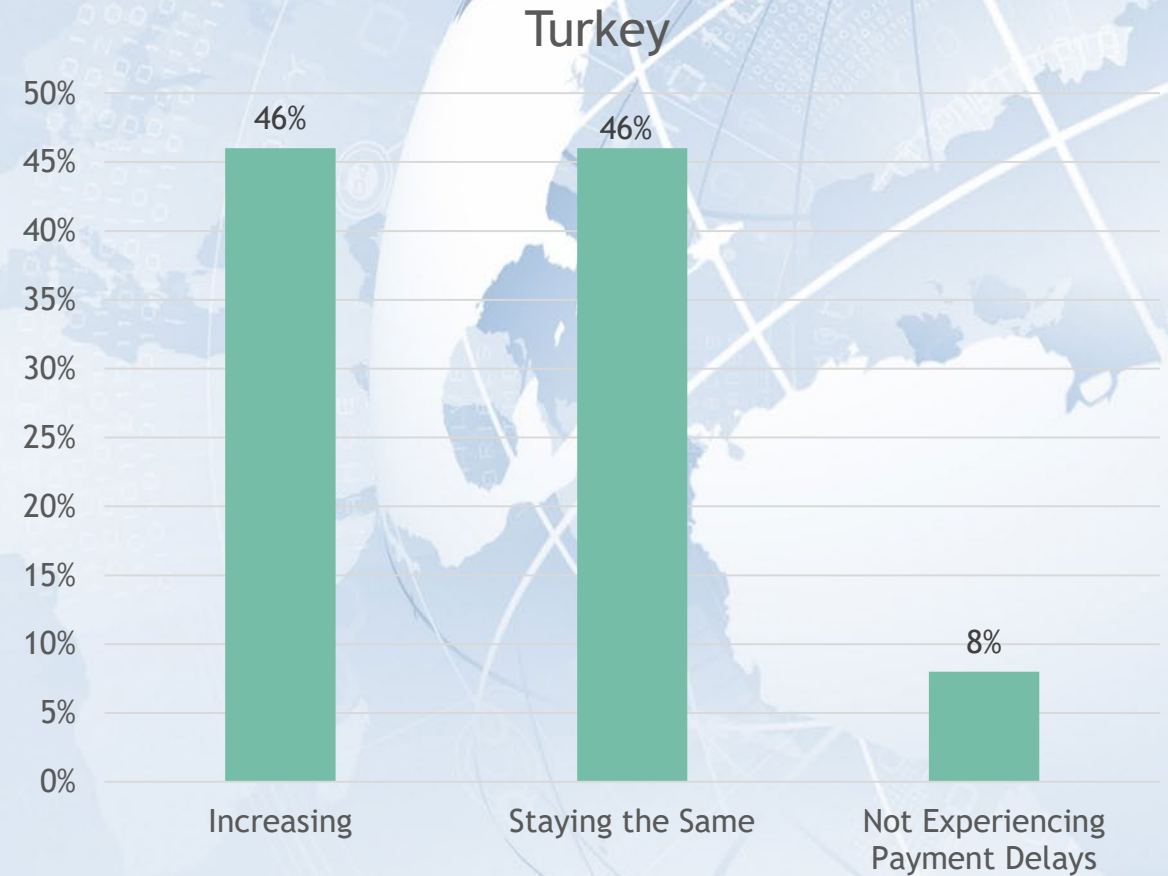
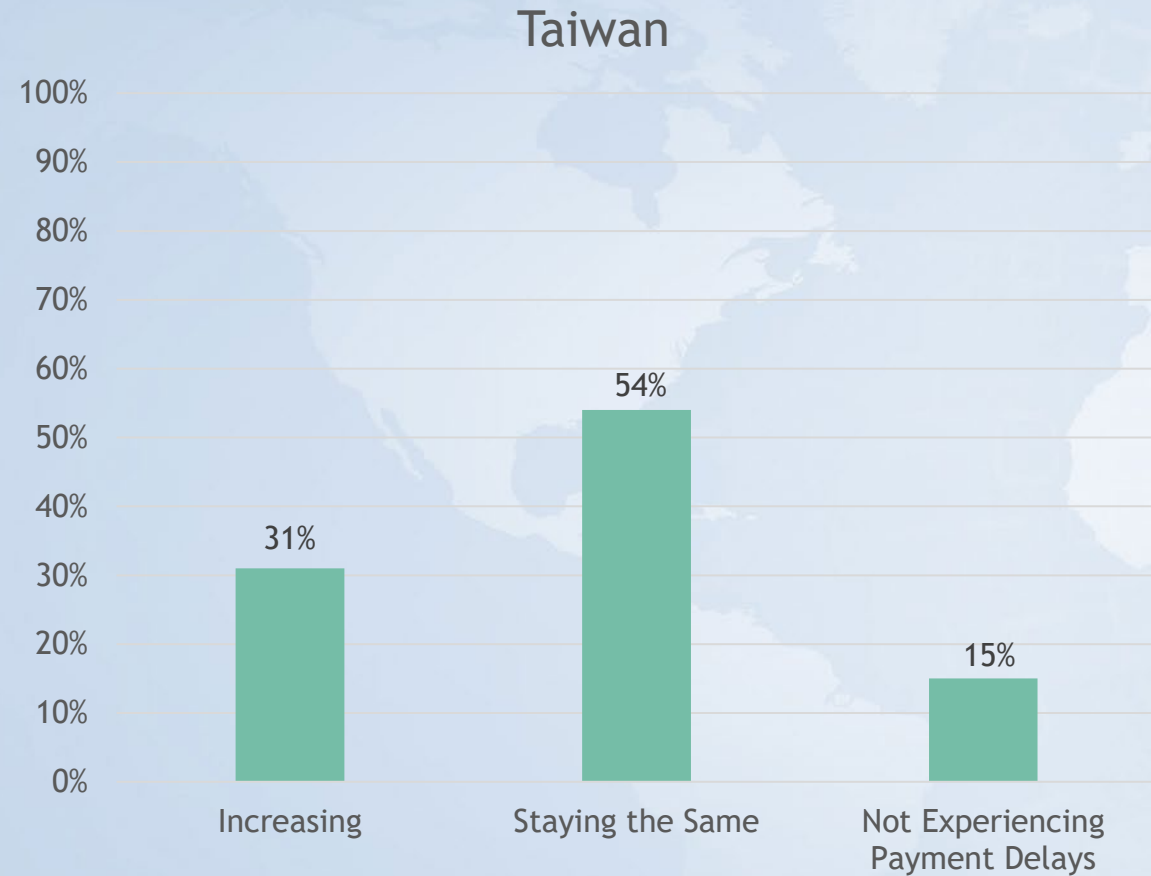
Turkey

33

Are payment delays increasing, decreasing, or staying the same?

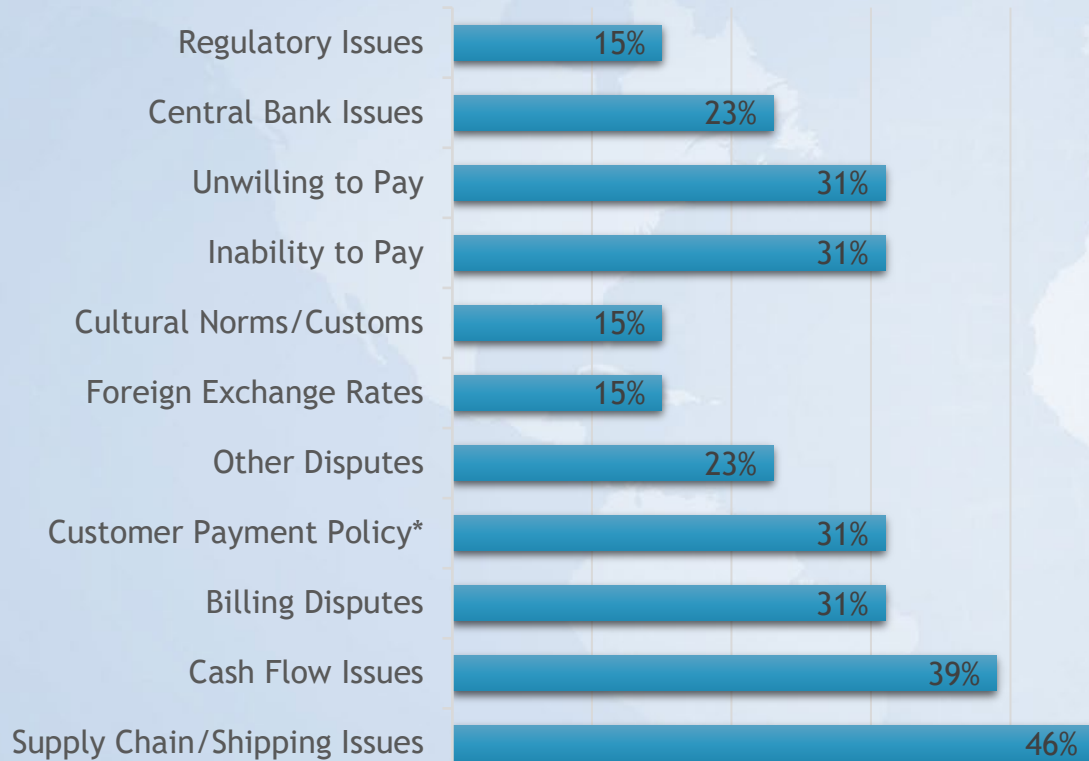


Are payment delays increasing, decreasing, or staying the same?



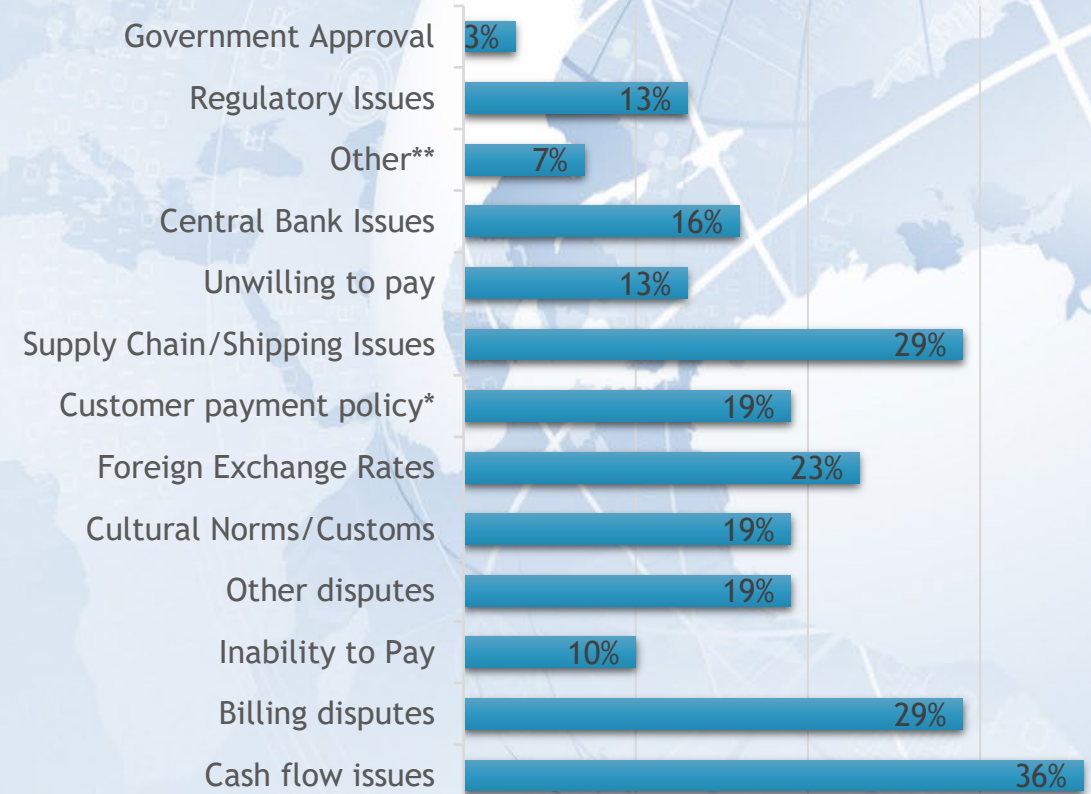
The most common causes of payment delays

China



* (i.e. customer only pays on a set day of the month)

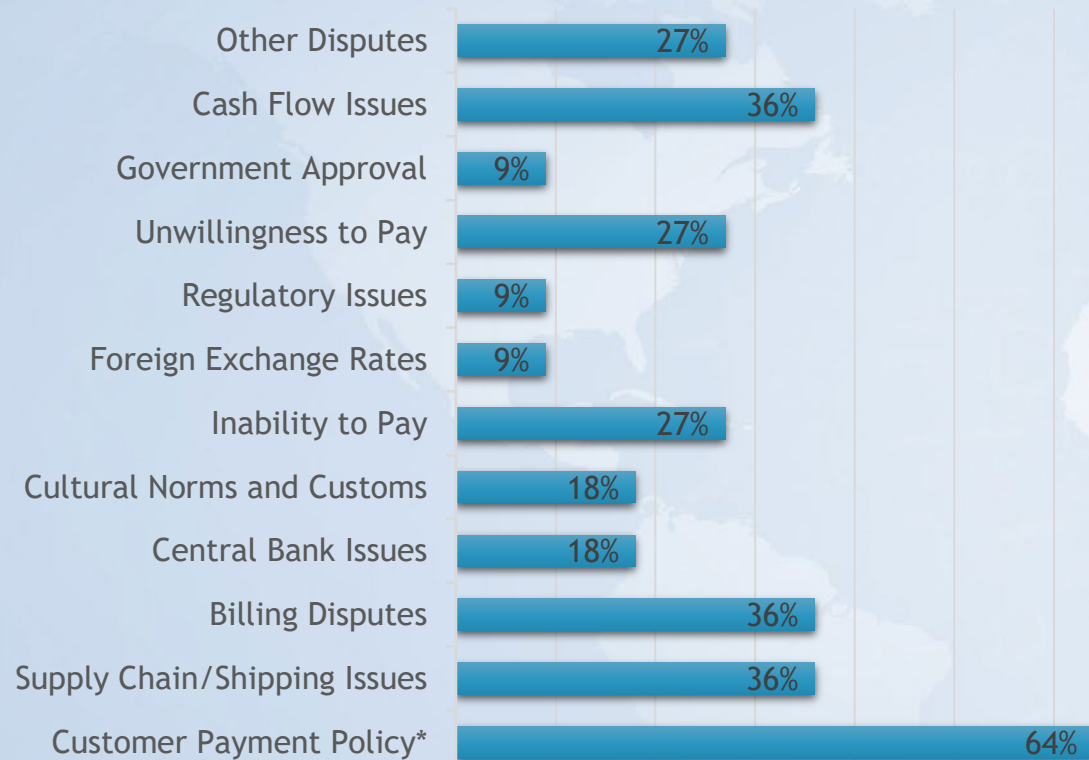
Mexico



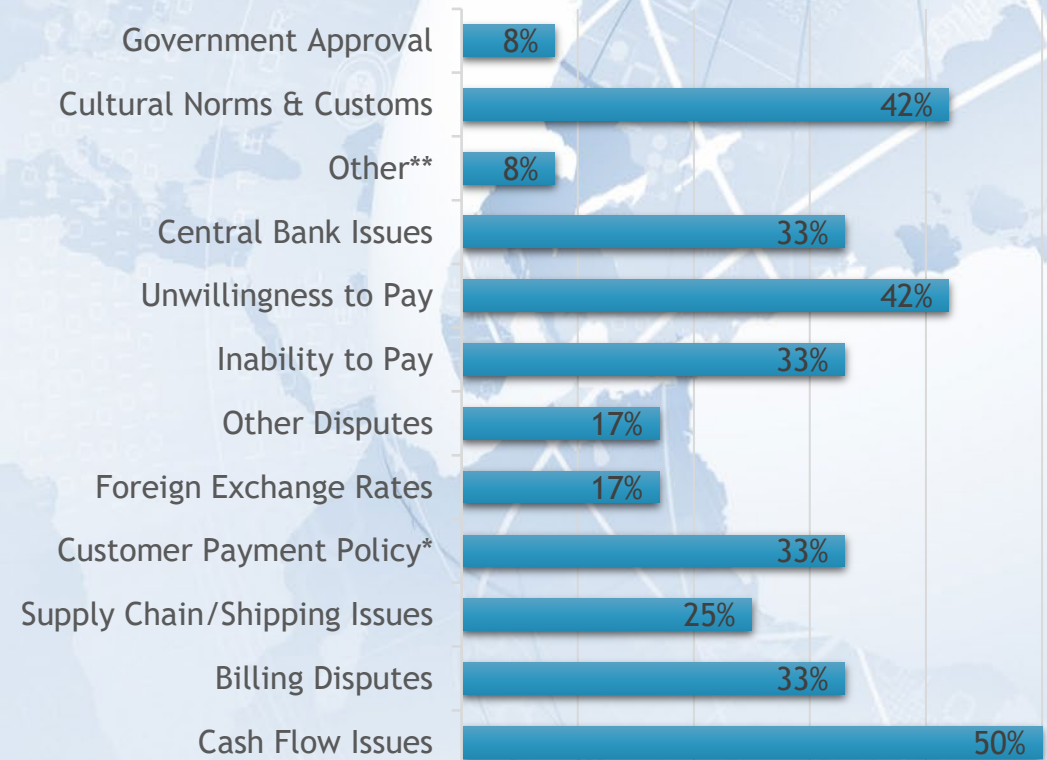
** (i.e. agricultural delays)

The most common causes of payment delays

Taiwan

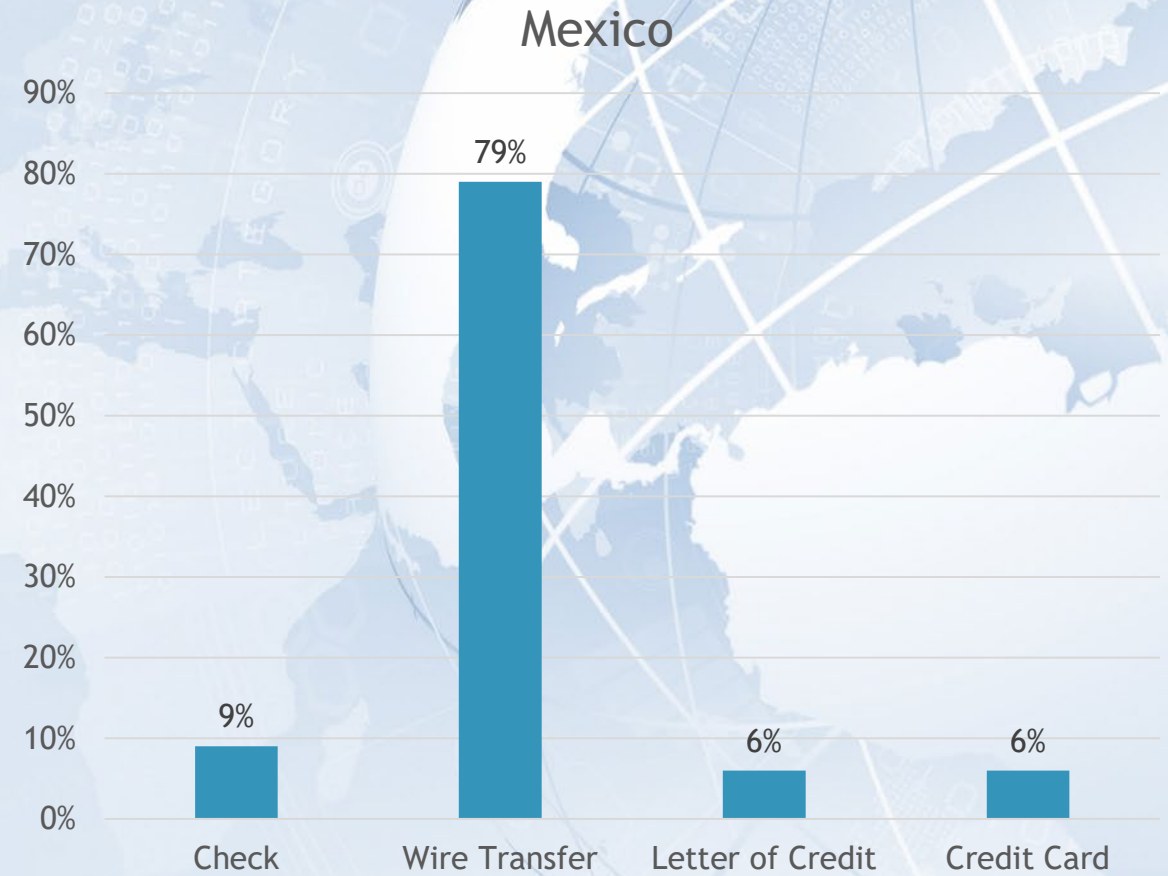
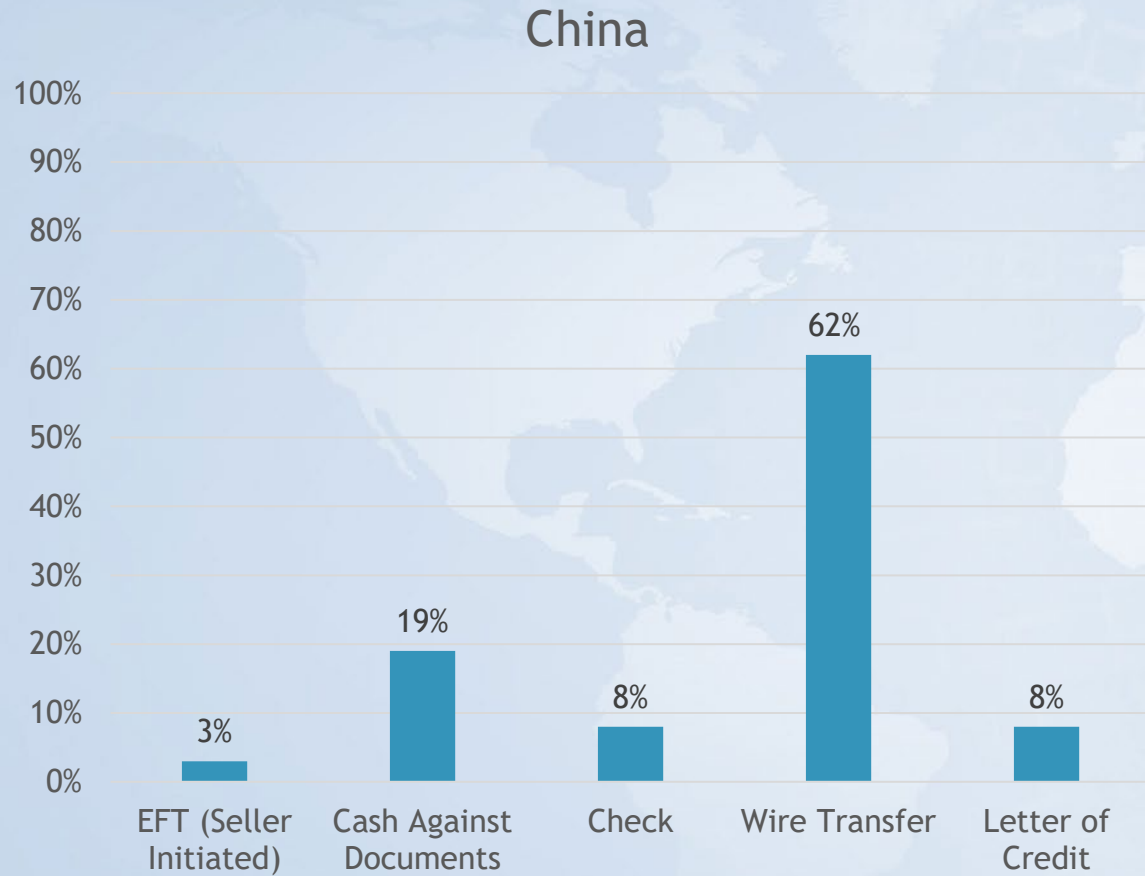


Turkey

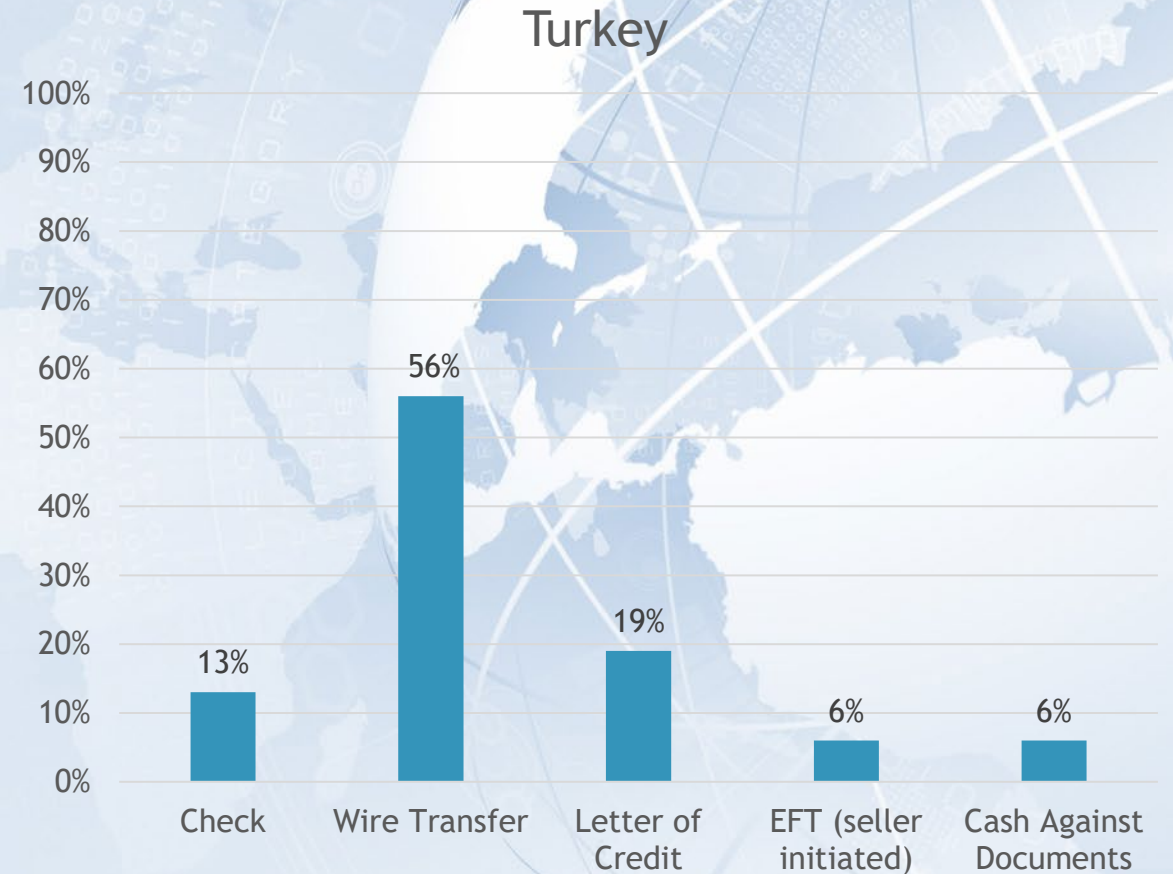
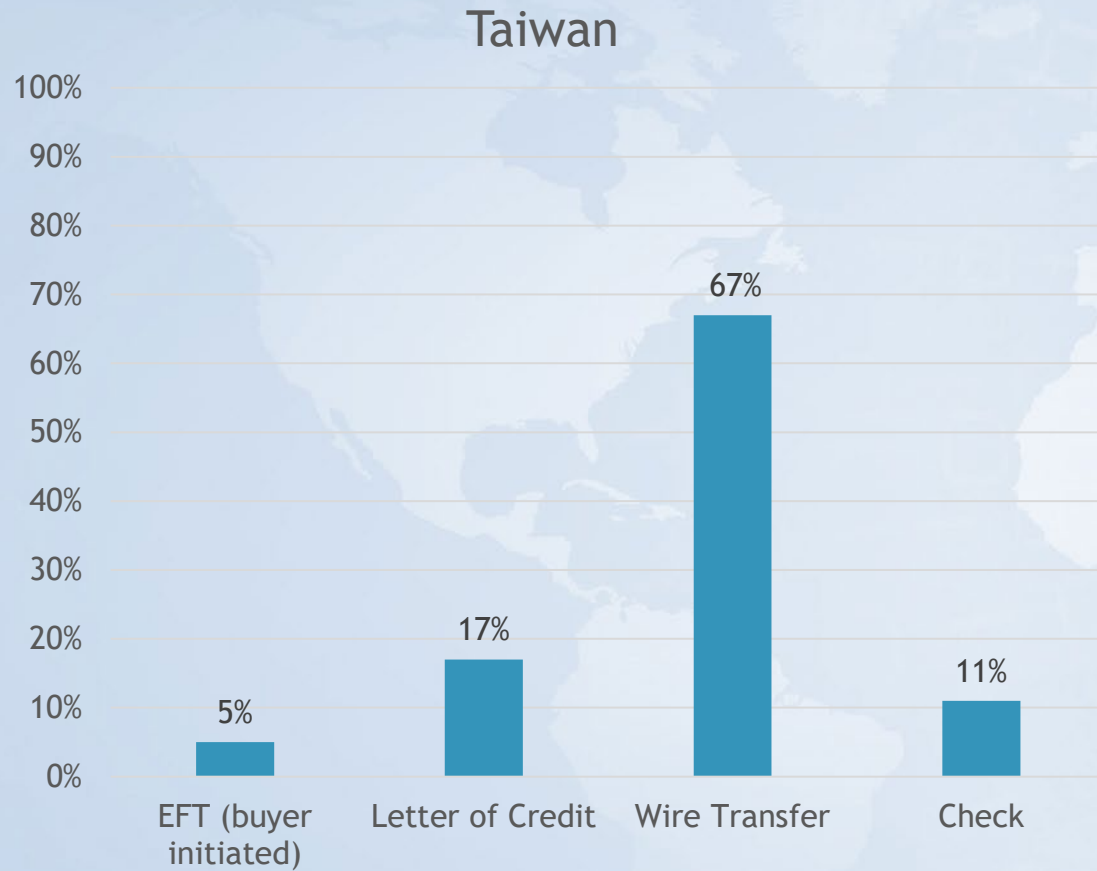


*(i.e. customer only pays on a set day of the month)

Methods used to secure payment



Methods used to secure payment



Insights from Credit Professionals

China

- Always require payment in advance unless you can get insurance through the EXIM program.
- Maintain good relationship with customer. Have standby letter of credit securing credit line. Conduct business in Hong Kong only.
- We currently employ mortgage agreements & security deposits as security against open AR.

Taiwan

- Our customer account is prepaid in Taiwan.
- Monitor accounts closely and keep close relationship.

Turkey

- Conduct detailed credit analysis.
- Have letters of credit securing credit line. Lots of central bank issues in Turkey but improving slightly.
- Establish documentary collection terms within your contract.

Mexico

- Get a Pagaré (Promissory Note) and if possible get credit insurance. Big companies (including U.S. Public Companies Subsidiaries) usually do not represent any payment problems but are the ones requesting larger terms (over 90 days) and are very strict on billing requirements.
- It is important to clearly understand the customers' payment process because it is common that they ask for original documentation to start the payment process. It is also important to clarify the allowed currency for invoicing and payments.
- Make sure you know your customer very well in Mexico.

Insights from Credit Professionals

Non-country-specific Advice from the survey.

- Know your real customer, not the Trade/Banner name but the True Legal Entity (5 C's of Credit).
- Start early building a relationship with your customer, and include your salesperson - you'll make a team and teams work together.
- Follow up with the customer's Procurement Dept and Finance Dept as many times as necessary.
- Obtain updated credit information Look for owner and addresses verification, as changes are often not communicated by the customer. Know all you can about the customer. Pull a credit report for payment history and legal status and name verification.
- With continued global inflation, war in Ukraine and high interest, you need to know your true legal customer to prevent fraud and keep your A/R secured.
- It is important to know customer's payment process to avoid misunderstandings or delays due to administrative issues.
- Obtain financial statements on your customers and backstop sales with credit insurance.
- Ensure payment language is on the wire payments received.