



## GFS Notice of Decision

### 1.16 Treatment of Factoring Transactions

GFS Notice of Decision:

The updated GFSM will align with the [draft 2025 SNA](#) (paras. 7.195 and 12.87) on the treatment of factoring with and without recourse. Specifically, the *GFSM 2014* (para. 7.225 and footnote 64) will be updated to:

- Describe the nature of factoring and the two major types of factoring, specifying that the treatment applies to factoring intermediated by financial companies only.
- Record factoring with and without recourse as a loan between the factor and debtor, with the instrument reclassification recorded as a transaction and not an other volume change.
- Recognize for factoring with recourse, a contingent liability for the supplier—the contingency is therefore not recorded on the balance sheet unless activated by the facto. The activation of the recourse is recorded as a transaction.
- Record any reserves held by the factor as a deposit (if it is a liability of a deposit-taking corporation), or otherwise an other accounts receivable/payable. Since such reserves are considered cash collateral, it will be noted that they are subject to the treatment of cash collateral as described in PR 1.15.
- Record factoring income as a fee paid by the supplier.

#### GFS Related Documents:

GFS Proposed Recommendations Document	<a href="#">GFSM PR 1.16</a>
GFS Discussion Note	Not applicable
GFS Global Consultations	<a href="#">July 2025</a>
Discussions at GFSAC Meeting(s)	<a href="#">October 2025</a>

#### SNA/BPM Related Documents:

Guidance/Issue Note	<a href="#">SNA/BPM F.14</a>
Global Consultation(s)	SNA/BPM Consultation: <a href="#">June 2022</a>
Discussions at the AEG/BOPCOM <sup>1</sup> Meeting(s)	Joint AEG/BOPCOM: <a href="#">October 2022</a>

<sup>1</sup> AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee.