



GFSAC Review

Cover Page

1.16 Treatment of factoring transactions

For Endorsement

Global Consultation Responses:

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	18
No	0
Partially	3
No Comment	6
Total	36

Global Consultation Comments: Respondents generally agreed with the proposed recommendations to clarify the treatment of factoring transactions. Of the respondents that agreed with the proposed recommendations, several respondents noted implementation difficulties as well as needing to consider the magnitude of such transactions. Of the three respondents that partially agreed, one respondent expressed concern with the proposed recording of non-recourse factoring as they noted that the risk had not been transferred. While another respondent believed the recording of the recourse element should be a financial liability rather than a contingent liability, however, did not provide a reason. . Some select comments are replicated below:

- *"We agree with the transfer of commercial credit as a loan with non-recourse factoring registration. However, I have concerns about the proposed registration for non-recourse factoring because the risk is not transferred."*
- *"Please mention that the "reserve" is considered as cash collateral and therefore subject to the general treatment for cash collateral in PR.15 (hence "deposits" if liabilities of deposit-taking corporations and "other accounts" otherwise)."*
- *"Recording the factoring element as contingent liability instead of financial liability is debatable. However, we do not expect factoring to be very prevalent in the General Government Sector."*
- *"...For this recommendation we do not know if this is material or not for the public sector / general government sector. Since the debtor is not directly involved in the transaction (sale of a financial asset between the supplier and the factor), this necessarily implies a reclassification (accounts payable to loans) of the claims/debt based on the creditor (factor) data (we doubt the debtor would*



be aware of this change of creditor like many other debt securitization operations). If the IFRS/IPSAS treatment is different that the recommendations of the 2025 SNA this could be burdensome for compilers and require a lot of adjustments and alternative data sources. From a statistical point a view, since this type of transaction can involve several debtors from different institutional sectors at the same time, one must consider the magnitude of the amounts involved versus the resources available for compilation.”

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

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, 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 factor—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	GFSM PR 1.16
GFS Discussion Note	Not applicable
GFS Global Consultations	July 2025
Discussions at GFSAC Meeting(s)	To be added

SNA/BPM Related Documents:

Guidance/Issue Note	GN F.14
Global Consultation(s)	SNA/BPM Consultation: June 2022



Discussions at the AEG/BOPCOM ¹ Meeting(s)	Joint AEG/BOPCOM: October 2022
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¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee