

An outlook of factoring industry in the world and in Kosovo

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Abstract

Factoring is the most appropriate one for both bank and SMEs as it is considering a method of raising short- term working capital for enterprise by exchanging its A/R, not collateral focused and not adding any liability into their balance sheet. Moreover, factoring is a comprehensive financial service that includes not only financing but also credit protection, accounts receivable bookkeeping and collection services. Factoring not only brings benefit to CBs as a new service for diversification and increasing turnover but also supports SMEs to access financing for roll-up their business and gaining profit from achieving advantages of competitiveness.

Although it has clearly evidence that factoring is well- developed over the world for a long time with the application of about 60 countries and the growth of about more than 20 percent per year, the concept of factoring in Kosovo is not only the new one with enterprises but also the banks.

It said that some registered banks have not implemented this service in real practice or factoring service carry out at extremely low level at Kosovo's commercial banks, including Pro Credit Bank. Pro Credit Bank is one of the largest and fastest growing full service joint-stock banks in Kosovo. At the start time and along with their way on development, Pro Credit Bank has always defined SMEs as their targeted customers and concentrated on developing bank services for this customer sector. Despite the fact that Pro Credit Bank is one of the first four banks applied the services in 2005, up to now this service seems to be not contributed any profit of the Bank. Therefore, requirement of developing factoring service at Pro Credit Bank is crucial on the process of deeply integration world economy and keeping the competitive advantages in the domestic with other foreign banks.

Kosovo is deeply integrating into global economy, especially since it became an independent in 1999. Kosovo's position emphasize increasingly as a light growth economy in Europe. The integration creates breakthroughs for higher development but also brings many threats to overall economy as well as each economic industry. Banking industry is not out of this trend.

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