FACTORING UNIVERSITY

The Basics of Factoring

1

Retailer places an order with supplier.

RETAILER → SUPPLIER

2

**Factor evaluates credit worthiness of retailers.
Factor approves the order.**

RETAILER   CIT ← SUPPLIER

3

Supplier ships products to retailer.

RETAILER ←   CIT   SUPPLIER

4

Supplier invoices retailer and assigns invoice to Factor.

RETAILER ←   CIT ← SUPPLIER

5

**Factor collects from retailer.
Factor pays supplier.**

RETAILER $→ CIT $→ SUPPLIER

CIT