



eBOOK

# FINANCIAL SUPPLY CHAIN/-i (FSC/FSC-i)



Member of PIDM



## What is Supply Chain?

A supply chain is the whole system of producing and delivering a product or service, from the very early stage of sourcing raw materials to the final delivery of the product or service to end-users.

## Why is Supply Chain important?

Companies may not function well and succeed on their own if their supply chains are disrupted or not stable. The collective well-being of supply chain partners is important to keep the entire ecosystem functioning well.

## How can Financial Supply Chain/-i (FSC/FSC-i) help?

With AFFIN BANK/AFFIN ISLAMIC's never-ending pursuit of better solutions to support your business in this digital age, AFFIN BANK FSC/AFFIN ISLAMIC FSC-i is created to offer an innovative supply chain solution for open account transactions. AFFIN BANK FSC/AFFIN ISLAMIC FSC-i provides a platform which facilitates buyers and suppliers in meeting their working capital needs, mitigating risk, achieving cash flow objectives and streamlining payment processes with a full spectrum of open account financing propositions.

# What are the features of Financial Supply Chain/-i (FSC/FSC-i) ?

- Links suppliers under a Principal Buyer or links buyers under a Principal Supplier, which forms a supply chain community respectively.
- Program lending/financing on a community basis - acquires transactions under Account Payable Financing or Account Receivable Financing.
- A platform where supplier financing funds and processing made by communities are handled and managed in one integrated system.
- Linked to an external Supplier Portal (a platform that allows businesses to connect and collaborate with their third-party suppliers on the internet) which ensures matched and approved transaction data before transmission to FSC platform.

# What are the benefits of Financial Supply Chain/-i (FSC/FSC-i) ?

- **Automated and digitalised process with paperless submission for financing.**
- **Fast turnaround time on funding requirements.**
- **Facilitate payment process within supply chain community.**
- **A web-based solution that runs on a secure platform.**
- **Provide suppliers access to faster payment while buyers hold onto their cash longer, improving cash flow for both parties.**
- **Able to improve overall Days Payable Outstanding and reduce Days Sales Outstanding which unlock working capital for both buyer & supplier respectively.**
- **Improve balance sheet of suppliers as no borrowing/financing is required for sales of receivable, while buyers purchase on credit term.**

# Financial Supply Chain/-i (FSC/FSC-i) Payable

A facility offered to a buyer (borrower/customer) where the financing is granted to its local suppliers against the suppliers' invoices (data uploaded) that have been accepted and approved by the buyer (electronically) using the FSC platform.

The buyer is designated as the Principal or Anchor and suppliers will be referred to as Members. The buyer must be a customer of AFFIN BANK/AFFIN ISLAMIC and will be the principal debtor in the FSC/FSC-i Payable.

FSC/FSC-i Payable is aimed at buyers who buy on credit from many suppliers. It will help their suppliers turn their receivables into cash on a non-recourse basis.



## Benefits to Principal Buyer

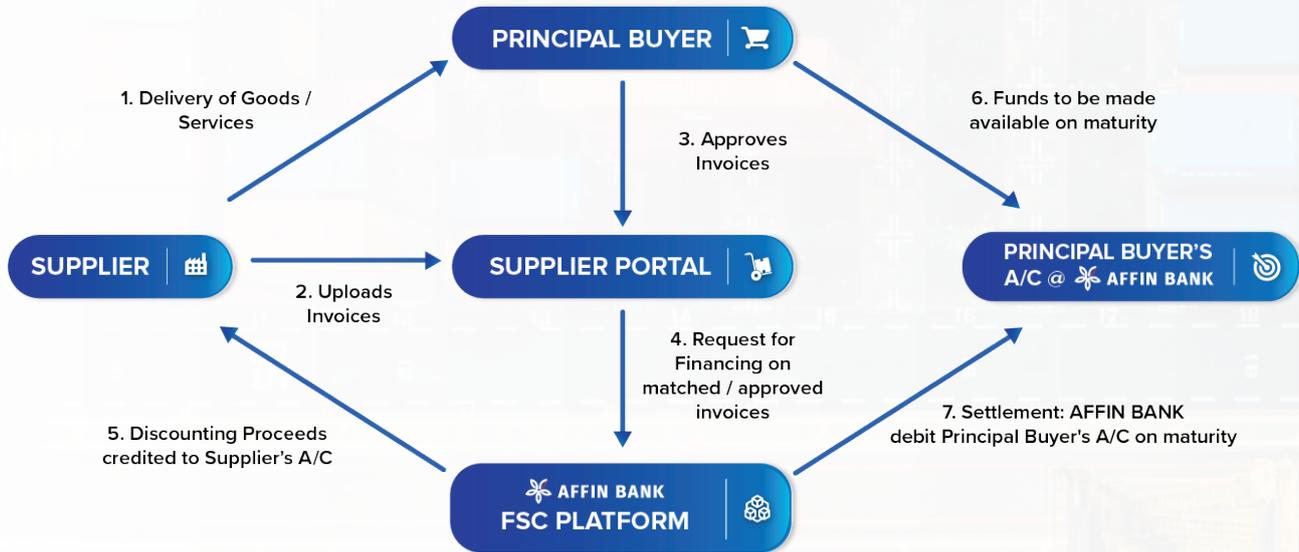
- ▶ Enhance relationship with suppliers
- ▶ Longer credit terms from suppliers
- ▶ Steady supply of goods



## Benefits to Supplier

- ▶ No collateral required
- ▶ Immediate / predictable cash flow
- ▶ Without recourse financing
- ▶ Competitive pricing with Cost of Fund/  
Islamic Cost of Fund based funding

# FSC Payable



## STEP 1

The Supplier sells on credit under open account basis and deliver goods/services to the Principal Buyer.

## STEP 2

The Supplier uploads Invoice/Delivery Order details via the Supplier Portal.

## STEP 3

The Principal Buyer will approve invoices via the Supplier Portal upon confirmation of goods/services received in good order and to pay at maturity.

## STEP 4

Matched/approved invoices will then be submitted as request for financing from Supplier Portal to the FSC platform.

## STEP 5

AFFIN BANK will process the financing request based on approved/matched invoices that have been approved by the Principal Buyer for payment at maturity. The discounted proceeds will be remitted/credited to the Supplier's account.

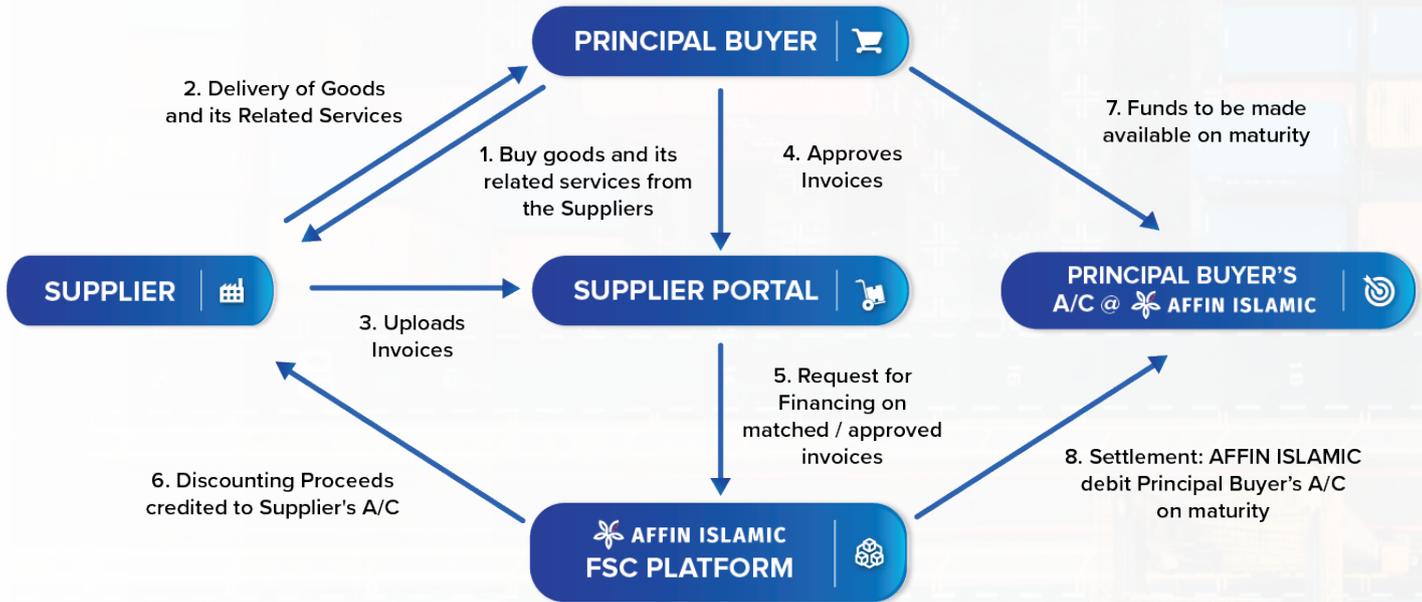
## STEP 6

Funds are to be made available by the Principal Buyer in their designated AFFIN BANK account on maturity.

## STEP 7

AFFIN BANK will debit the Principal Buyer's account on date of maturity.

# FSC-i Payable



## STEP 1

The Principal Buyer as the Bank's agent buys goods and its related services from the Supplier on behalf of the Bank.

Note: The appointment as the Bank agent will be executed via acceptance of Letter of Offer (LO).

## STEP 2

The Supplier sells on credit under open account basis and deliver goods and its related services to the Principal Buyer.

## STEP 3

The Supplier uploads Invoice/Delivery Order details via the Supplier Portal.

## STEP 4

The Principal Buyer will approve invoices via the Supplier Portal upon confirmation of goods and its related services received in good order and to pay at maturity.

Note: The Principal Buyer shall make an offer to purchase from AFFIN ISLAMIC the Merchandise by the conduct of the Principal Buyer uploads the relevant invoices into the FSC platform.

## STEP 5

Matched/approved invoices will then be submitted/as request for financing from Supplier Portal to the FSC platform.

## STEP 6

The discounted proceeds will be remitted/credited to the Supplier's account.

## STEP 7

Funds are to be made available by the Principal Buyer in their designated AFFIN ISLAMIC account on maturity.

## STEP 8

AFFIN ISLAMIC will debit the Principal Buyer's account on date of maturity.

# Financial Supply Chain/-i (FSC/FSC-i) Receivable

A financing facility offered to local supplier (borrower/customer) against its invoices (data uploaded) that have been accepted and approved by the established local buyers (electronically) using the FSC platform.

The supplier is designated as the Principal or Anchor and buyers will be referred to as Members. The supplier must be a customer of AFFIN BANK/AFFIN ISLAMIC and will be the principal debtor in the FSC/FSC-i Receivable.

FSC/FSC-i Receivable is also aimed at small suppliers of a well-established buyer who were unable to obtain financing of their receivable.



## Benefits to Buyer

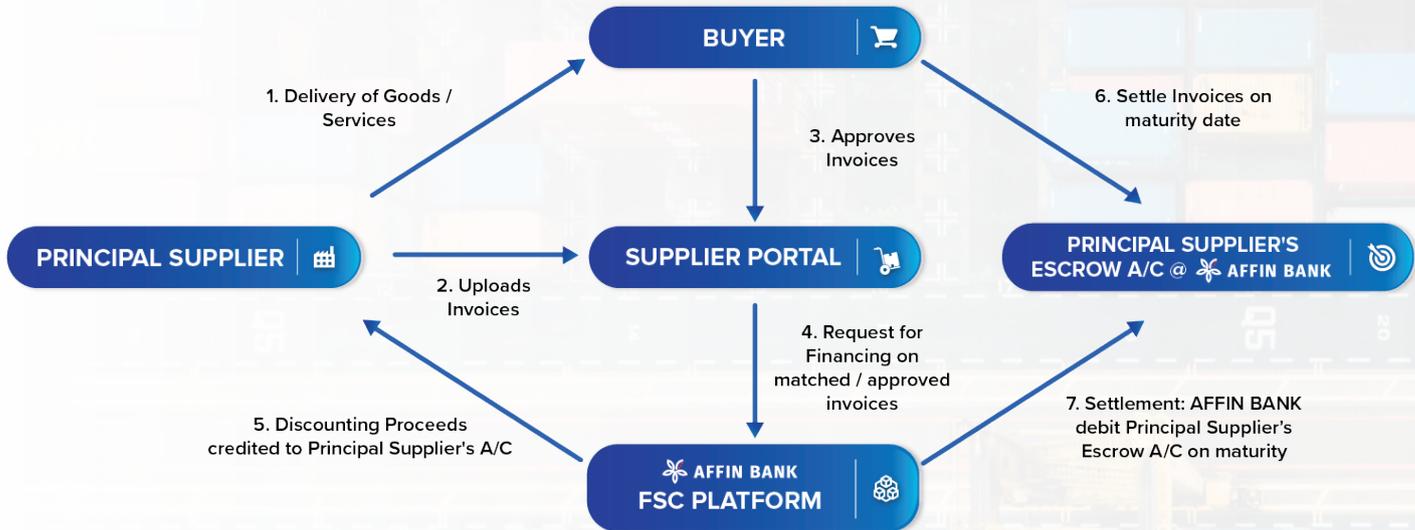
- ▶ Enhance relationship with suppliers
- ▶ Longer credit terms from suppliers
- ▶ Borrowing/Financing costs are transferred to the supplier
- ▶ Reduce risk on advance payment to supplier



## Benefits to Principal Supplier

- ▶ Assured and steady source of finance available
- ▶ Immediate / predictable cash flow
- ▶ No hassles of delayed payment

# FSC Receivable



## STEP 1

The Principal Supplier sells on credit under open account basis and deliver goods/services to the Buyer.

## STEP 2

The Principal Supplier uploads Invoice/Delivery Order details via the Supplier portal.

## STEP 3

The Buyer will approve invoices via the Supplier Portal upon confirmation of goods/services received in good order and to pay at maturity.

## STEP 4

Matched/approved invoices will then be submitted as request for financing from Supplier Portal to the FSC platform.

## STEP 5

AFFIN BANK will process the financing request based on approved/ matched invoices that have been approved by the Buyer for payment at maturity. The discounted proceeds will be remitted/ credited to the Principal Supplier's account.

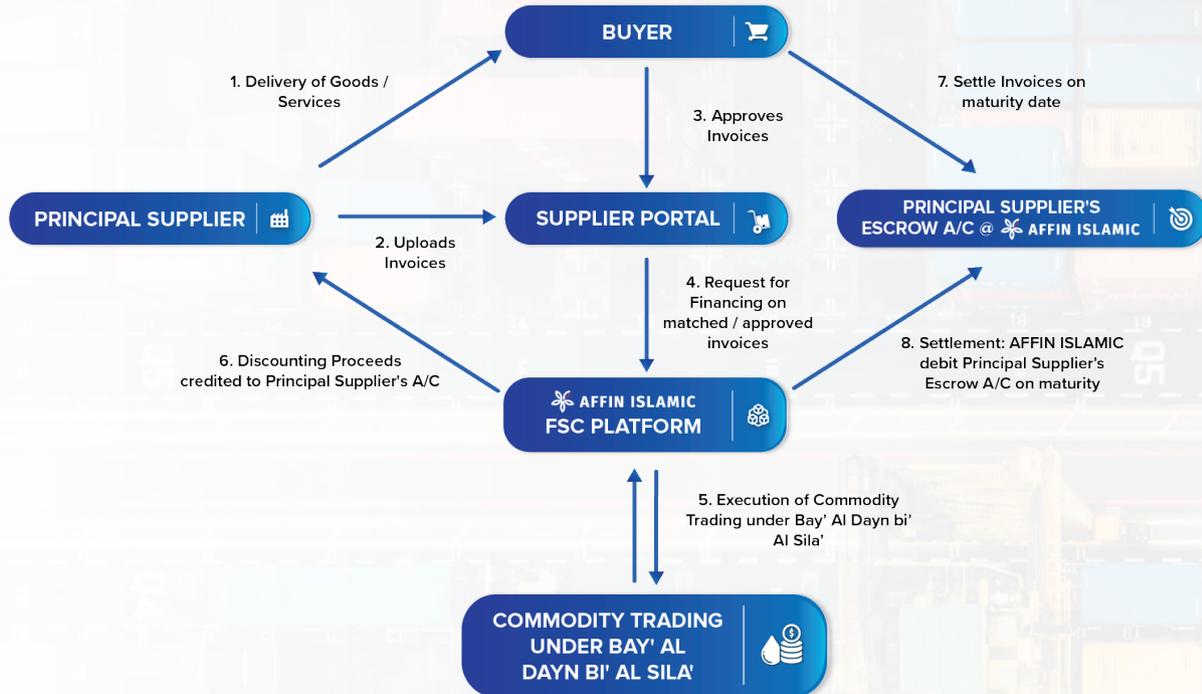
## STEP 6

The Buyer will settle the invoices and pay to Principal Supplier's escrow account on maturity.

## STEP 7

AFFIN BANK will debit Principal Supplier's escrow account on date of maturity.

# FSC-i Receivable



## STEP 1

The Principal Supplier sells on credit under open account basis and deliver goods/services to the Buyer.

## STEP 2

The Principal Supplier uploads Invoice/Delivery Order details via the Supplier portal.

## STEP 3

The Buyer will approve invoices via the Supplier Portal upon confirmation of goods/services received in good order and to pay at maturity.

Note: The Principal Supplier shall make an offer to sell to AFFIN ISLAMIC the Receivable by the conduct of the Principal Supplier uploads the relevant invoices into the FSC Platform

## STEP 4

Matched/approved invoices will then be submitted as request for financing from Supplier Portal to the FSC platform. AFFIN ISLAMIC will process the financing request based on approved/ matched invoices that have been approved by the Buyer for payment at maturity.

## STEP 5

AFFIN ISLAMIC will execute commodity trading for the invoices under Bay' Al Dayn bi' Al Sila' trading operandi.

Note: AFFIN ISLAMIC shall accept the offer as per Step 3 above by the conduct of the relevant commodity supplier issuing the certificate of ownership certifying the ownership of the Principal Supplier over the commodity as sold by AFFIN ISLAMIC to the Principal Supplier.

## STEP 6

The discounted proceeds will be remitted/ credited to the Principal Supplier's account.

## STEP 7

The Buyer will settle the invoices and pay to Principal Supplier's escrow account on maturity.

## STEP 8

AFFIN ISLAMIC will debit Principal Supplier's escrow account on date of maturity.



## CONTACT US

### Central

Trade Finance Centre,  
Level 22, Menara Affin,  
Lingkar TRX,  
Tun Razak Exchange,  
55188 Kuala Lumpur

 [trade\\_exim@affingroup.com](mailto:trade_exim@affingroup.com)  
[trade\\_financing@affingroup.com](mailto:trade_financing@affingroup.com)  
[trade\\_guarantee@affingroup.com](mailto:trade_guarantee@affingroup.com)  
[sales\\_trade@affingroup.com](mailto:sales_trade@affingroup.com)

### Southern

Johor Trade Services,  
1st Floor, No 130 & 132, Jalan  
Rosmerah 2/17, Taman Johor  
Jaya, 81100 Johor Bahru

 07-357 3317 / 3318 / 3319  
 07-357 3320

### Batu Pahat

Batu Pahat Trade Desk  
2nd Floor, No 3 & 4,  
Jalan Merah, Taman Bukit Basir,  
83000 Batu Pahat, Johor.

 07-438 5152  
 07-432 5158

### Northern

Penang Trade Services,  
2nd Floor, No.10 Jalan Todak  
Satu, Pusat Bandar Seberang  
Jaya, 13700 Prai, Pulau Pinang

 04-398 8231 / 8233  
 04-398 8229

### East Malaysia

Sabah Corporate Division  
Level 11, Suite 6, 7 & 8, Menara  
Jubili, 53 Jalan Gaya,  
88000 Kota Kinabalu, Sabah

 088 - 223 301 / 02 / 03 / 04  
 088 - 223 305