

Whitepaper

## Multi-Bank Intermediation

After nearly two years of diligent preparation, we are proud to unveil our new innovative funding channel: Multi-Bank Intermediation. It offers even more flexibility and possibilities to our customers for connecting with our financing partners.



**Florian Reis**

Head of Capital Markets  
CRX Markets AG

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Our new model is a strong sign for our commitment to connect with all relevant financing partners in the working capital finance ecosystem. At the same time, it will help us ensure we keep offering the broadest funding base to our corporate clients.

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### Today's Payables Offering

For supply chain financing, we are already offering two distinct but complementary funding channels to cater to a wide range of financing partners' requirements:

- The Multi-Bank funding channel is our direct assignment model, meaning that approved receivables are purchased directly from the corporate's supplier by a financing partner.
- The Multi-Investor funding channel is a securitization model operated by us. Approved receivables are purchased by a Luxemburg-based special purpose vehicle (SPV). This purchase is refinanced by the issuance of securities and we are licensed to directly sell these to financing partners.

## **Problem Statement and Opportunity**

Many traditional trade finance banks prefer a direct assignment approach as it gives them direct access to both the supplier receivables and the payment undertaking of the buyer.

However, such direct access comes with additional operational efforts. Examples are many individual and sometimes small payments, cumbersome reconciliations, and recurring “Know Your Customer” (KYC) or similar checks for every supplier. The latter is particularly relevant for programs that are funded by various financing partners as this multiplies the overall amount of KYC checks with every supplier being onboarded by several financing partners.

These multiple KYC checks do not apply in our Multi-Investor financing channel. Here, the approved receivables are purchased and held by the SPV, and the purchase is refinanced via the issuance of securities. These securities are sold to the financing partners via our CRX Marketplace.

The sale and assignment of the approved receivables happens only between the suppliers and the SPV. Hence, the financing partners only need to conduct a KYC check on the SPV and not on the suppliers while we perform our regulatory obligations to KYC each supplier. Unfortunately, many traditional trade-finance banks cannot book securities within their respective business divisions and hence are unable to support the Multi-Investor financing channel.

## **A new funding channel that combines the advantages of the two existing models**

Out of successfully operating the existing models for more than seven years, we collected firsthand experience of the practical implications of its funding channels. Based on these insights, we concluded that a new funding channel that combines the advantages of the two existing ones would be a highly valuable addition: Multi-Bank Intermediation was born.

Within Multi-Bank Intermediation the suppliers sell their receivables to an Irish SPV operated by CRX Markets.

The SPV immediately on-sells these receivables to selected financing partners. While the financing partners are purchasing buyer approved receivables and directly obtain the Promise-to-Pay of the buyer as in the Multi-Bank approach, they only face one counterparty: the Irish SPV, very similar to the well-known bank participation model. This brings a variety of operational simplifications and limits the supplier KYC effort to that of CRX Markets.

Although more than 40 financing partners and thousands of suppliers based in over 60 countries have been successfully onboarded to our CRX Marketplace already, the full potential of the global working capital finance market is much bigger. The Multi-Bank Intermediation funding channel will help to further scale and internationalize both our business and that of our customers.

Moreover, introducing Multi-Bank Intermediation doesn't constrain us from continuing to offer the existing two channels. Out of these three channels, we can establish the best fitting funding solution considering the needs of our customers, and their suppliers, as well as currencies or country specific regulations.

This unique flexibility within the supply chain financing industry enables corporate buyers to access the widest range of possible financing partners and hence offer the most attractive SCF programs to their suppliers.

Multi-Bank Intermediation is a highly relevant innovation in the working capital finance market and therefore, a unique differentiator compared to other working capital finance platforms.

## About CRX Markets

CRX Markets is Europe's leading independent marketplace for working capital financing with global reach. By financing both receivables and payables, our customers are able to optimize their cash flow via our global marketplace. Across all our products, they can access a deep and diversified liquidity pool. Our focus is on working capital financing for mid- to large-size companies operating on a global scale. CRX Markets is headquartered in Munich, Germany.

Today, our team of 90 international professionals is driving the continuous development of the CRX Markets platform and the onboarding of additional clients and financing partners. The CRX Markets platform currently manages a monthly financing volume of roughly EUR 2 billion in more than 60 countries.

[www.crxmarkets.com](http://www.crxmarkets.com)