



TRADE RECEIVABLES LIQUIDITY FACILITY

The Trade Receivables Liquidity Facility (TRLF) is a program facilitated by the Government of Barbados that allows small businesses that have delivered goods or services to a Ministry/Department of Central Government to receive timely payment at a discounted rate. All outstanding invoices will be honored within seven (7) days.

ELIGIBILITY

The TRLF is available to small businesses as defined under the Small Business Development Act CAP. 318C, Section 3 (1). They must satisfy any two of the following criteria to access the facility:

- ✚ Has not more than \$1,000,000 as stated or paid up capital
- ✚ Has not more than \$2,000,000 in annual sales
- ✚ Has not more than 25 employees

HOW TO SIGN UP?

An individual or small business must first register with the **Small Business Development Unit (SBDU)** of the Ministry of Industry, International Business, Commerce and Small Business Development by submitting a completed application form.

HOW MUCH CAN BE FACTORED?

The minimum amount that can be factored is **\$5,000.00**.

A business or individual can factor invoices totalling a maximum of **\$200,000** per quarter.

HOW PAYMENT IS CALCULATED?

The financial institution disburses funds to the small business or individual which is discounted at the prevailing interest rate plus **0.75%** (annual guarantee premium).

For example, if a small business or individual is factoring \$100,000 the amount receivable would be \$98,582.19, calculated as follows:

Funds to be disbursed = Amount of Receivable (\$100,000) less (Amount of Receivable (\$100,000) x [Interest rate (5% or 0.05) + premium rate (0.75% per annum or 0.0075)] x 90/365) = \$98,582.19

ELIGIBLE FINANCIAL INTERMEDIARIES

Guarantee coverage through the Credit Guarantee Scheme for Businesses at the Central Bank of Barbados, will be provided to eligible financial institutions for facilities factored.

These institutions are as follows:

-  Commercial Banks
-  Consolidated Finance
-  Globe Finance
-  Signia Finance Corporation
-  Caribbean Financial Services Corporation
-  Enterprise Growth Fund Limited
-  Barbados Agency for Micro-Enterprise Development Ltd. (FundAccess)
-  Barbados Workers Union Credit Union Ltd
-  City of Bridgetown Credit Union

DISCOUNT RATES

Financial intermediaries are responsible for setting the discount rates on receivables which they have factored. However, since the repayment of the amounts factored are guaranteed by the Central Bank of Barbados, financial intermediaries are encouraged to use the risk rating of the guarantor as the basis for determining the discount rates.

Guarantee Premium

A premium of 0.75% per annum will be charged on facilities guaranteed in respect of the Trade Receivables Liquidity Facility.

Any further queries regarding Export Credit Insurance should be directed to:

The Foreign Exchange and Export Credits Department
Central Bank of Barbados
Tom Adams Financial Centre
P.O. Box 1016
Bridgetown

Telephone: (246) 436-6870

Email: foreignexchange@centralbank.org.bb

Website: <http://www.centralbank.org.bb/>