



# Supplier Finance

## Suppliers Guide

Supplier Finance also known as Supplier Payments, is a working capital solution that provides you with the option to receive early payment from your customer ahead of the invoice maturity date.

Supplier Finance is delivered via a web-based platform, allowing you to manage your receivables quickly and easily.

### How it works

The following table illustrates the process for settling an invoice once you are set up on the programme and have agreed terms with your customer:

Step 1	You deliver the agreed goods or service and send your invoice to the customer.
Step 2	Your customer receives, checks and approves the invoice and uploads it to the Supplier Finance platform.
Step 3	We (Santander) confirm receipt of the approved invoice to you via email.
Step 4	You request payment from us, this payment can either be made early or on the invoice maturity date.
Step 5	We make payment to you in accordance with your request.
Step 6	We claim repayment from your customer on the invoice maturity date.

### Choosing between early repayment or waiting until the invoice maturity date

You can decide on a case by case basis whether to ask for early payment of an invoice or to wait until the agreed invoice maturity date.

If you decide to ask for early repayment there are no restrictions in terms of the value or volume of invoices you choose to ask for. We (Santander) will pay you the invoice amount less a discount fee (see below) on the requested date and collect the full value of the invoice from your customer on the agreed invoice maturity date.

If you decide not to ask for early payment of an invoice made available to you via the Supplier Finance programme we will pay you the full value of the invoice on the agreed maturity date – there are no fees or charges for you to pay.

### Benefits to you

Supplier Finance enables you to get paid ahead of the agreed maturity date of the invoice which in turn:

- improves your cashflow.
- could reduce the need you have for credit insurance (and associated costs) albeit you would have to consider this carefully.
- improves your balance sheet as money received earlier can be used elsewhere in the business.

### Considerations

- To allow you to take advantage of the early payment, you are required to sign a legal agreement with Santander.
- Your current cost of credit insurance may be less than the cost of taking early payment of invoices through Supplier Finance (see 'What does it cost?' below).
- Payments are no longer paid directly by your customer, but by Santander.

### What does it cost?

If you decide not to ask for early repayment there are no fees or charges to pay.

If you ask for early repayment of an invoice **interest (also called a discount fee)** will be charged. The amount of interest charged is based on your customer's credit rating at Santander and calculated over the term of the early payment period (up to their agreed term limit).

## Fee example:

1. Based on you waiting until the invoice maturity date on an invoice for £20,000.
2. Based on you asking for early payment of a 90 day invoice for £20,000 on day 10. The calculation assumes a 3 month LIBOR rate of 0.91% and a 3% interest charge.

	No early repayment (1)	Early repayment (2)
Full invoice amount (due day 90)	£20,000	£20,000
Amount we pay early to you (day 10)	£0	£19, 828.60
Amount we pay you at maturity (day 90)	£20,000	£0
Total cost to you	£0	£171.40

This fee example is an indication only based on the LIBOR assumption set out above which may be subject to change.

## What if I no longer want / need the programme?

We just ask that you either email or write to us to let us know and you'll be removed from the programme – there's no notice period or cost involved. Any invoices raised after you've withdrawn from the programme will need to be paid directly by your customer.

## What's next?

- o If you've already confirmed with your customer that you're happy to participate in Supplier Finance you'll be sent a welcome pack shortly.
- o If you decide you wish to start receiving early payment of invoices made available to you by your buyer, you'll need to sign a supplier agreement (one-off) and provide us with a copy of your Companies House Certificate of Incorporation.
- o Alternatively, if you have any questions please feel free to contact our dedicated supplier helpdesk on 0800 917 4780 or **[confirmingsupplierdeskUK@gruposantander.com](mailto:confirmingsupplierdeskUK@gruposantander.com)**.