

Press Release
28th January 2021

Global Supply Chain Finance Forum (GSCFF) announces update to its Standard Definitions to include description of corporate payment undertaking (CPU)

The update to the influential document comes following discussions with industry experts and intention to include most accurate reflection of latest supply chain finance market practices

The Global Supply Chain Finance Forum (GSCFF) – comprising BAFT (Bankers Association for Finance and Trade), FCI (previously known as Factors Chain International), the International Chamber of Commerce (ICC), the International Trade & Forfeiting Association (ITFA) and the Euro Banking Association (EBA) – today announced plans to update its Standard Definitions for Techniques of Supply Chain Finance (Standard Definitions) to provide further clarity on the distinctions between the individual techniques.

Alongside the existing Receivables Purchase and retitled Loan sub-categories, a newly created Advanced Payable sub-category now includes three techniques: Corporate Payment Undertaking (CPU), Dynamic Discounting (DD) and Bank Payment Undertaking (BPU).

This update highlights and confirms the quality of the original content – first published four years ago – and the need to be agile in a dynamic field such as supply chain finance. Thus, it is intended to reflect an up-to-date view of current market practices within supply chain finance, in particular by establishing greater clarity between the Payables Finance technique under the Receivables Purchase category and the CPU technique.

CPU is a buyer-led programme within which sellers in the buyer's supply chain can, at their option, access liquidity by requesting a discounted early payment. However, unlike a Payables Finance scenario, the finance provider does not purchase the underlying receivable from the seller, but rather, fully relies on the buyer's irrevocable payment undertaking.

Christian Hausherr, Chair of the GSCFF, and European Product Head of Payables Finance, Trade Finance & Supply Chain Finance at Deutsche Bank, says: "At the time of publication, the Standard Definitions were deemed to be complete and widespread acceptance of the terminology confirms their benefit for the wider industry. Today, the GSCFF aims to bring further clarity to the techniques, with new description of CPU, DD and BPU. Adapting to current business practices, these updates will continue to encourage greater adoption of the Standard Definitions by market participants."

The first description document on CPU has also been released today, with subsequent documents on DD and BPU expected over the coming months. Each description document will provide an overview of the technique's definition, involved parties, distinctive features and variations, relevant risks and benefits, among other technicalities. Once the series has been published, a final updated version of the master Standard Definitions document will be made publicly available.

To access the description document on corporate payment undertaking, please click [here](#).
To read the full breakdown of the reasoning behind the enhancements to the Standard Definitions, please click [here](#).



GLOBAL SUPPLY CHAIN FINANCE FORUM

About the Global Supply Chain Finance Forum

The Global Supply Chain Finance Forum was established in 2014 to develop, publish and champion a set of commonly agreed standard market definitions for Supply Chain Finance (SCF). Comprised of trade bodies BAFT (Bankers Association for Finance and Trade), FCI (previously known as Factors Chain International), the International Chamber of Commerce (ICC), the International Trade and Forfaiting Association (ITFA) and the Euro Banking Association (EBA), the industry consortium leverages its collective footprint to aid the target audience of SCF in gaining clarity and consistency on the various terms and techniques used. The main objective of the GSCFF is to support the sustainable growth of supply chain finance by establishing consistency and a standardized understanding of SCF across the industry. Subsequently, the GSCFF strives towards acknowledgement of its definitions and their benefits by its target audience, especially on the regulatory side. The GSCFF monitors and reacts to major market developments in all relevant matters for SCF. It is open to financial institutions, non-FI finance providers, accounting firms, investors, rating agencies, regulators and corporates who have a stake in SCF.