

# Releasing cash through block discounting

## A BLOCK FINANCE EXAMPLE



How can lenders use block finance from a specialist financier to release capital and support more customers?

Flexibility is vital for lenders who want to take advantage of new opportunities while also insulating themselves against periods of downturn. Yet many lenders have their cash tied up in existing agreements, making it difficult to react to market challenges or pursue new business. With this in mind, Siemens Financial Services (SFS) offers block discounting arrangements that allow independent finance providers and lenders to release tied-up funds and grow their portfolio.

### Funding blockages

In one example, an independent lending company wanted to expand its panel of block funders to support growth ambitions. The lender had established relationships with other block discounting providers, but increased restrictions and controls from one partner meant the lender was finding it more difficult to raise funds quickly.

### Seeking new partnerships

The lender needed a new finance partner who could offer fast payouts and flexible arrangements. Following a recommendation, the lender decided to meet with the SFS team to have an open discussion about its requirements and whether SFS would be a good fit. As a specialist financier with deep knowledge of the sector, SFS was receptive to the lender's specific needs and offered flexible and competitive terms for the block discounting agreement.



# How Block Discounting Works



## What is block discounting

Block discounting allows independent finance providers and lenders to release capital which is tied up in customer finance agreements. The product provides access to a revolving credit facility so that lenders can raise funds against future income streams.

SFS approves a credit line to allow drawdowns at an agreed discount of the value of current finance receivables. Funds can be released as and when required and the advance is repaid at a fixed price over a set period, giving the company confidence in its cash flow.

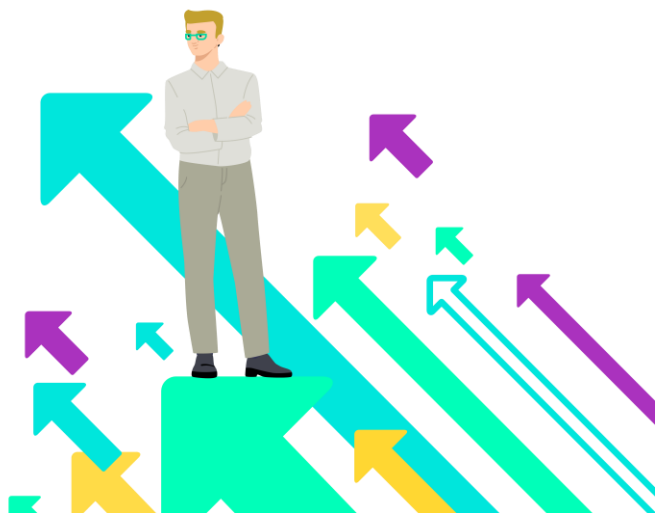


## Online block portal

Following this successful conversation, the block discounting facility was implemented swiftly and efficiently, and the lender has been drawing from it regularly. The lender was especially pleased with the facility's easy access. Thanks to SFS' advanced digital capabilities, the lender can draw down funds electronically, typically receiving payments the same day as submitting a drawdown request.

## Looking to the future

As a result of the facility, the lender has been able to strengthen support of existing clients as well as onboard new customers. The lender and SFS have forged a strong working relationship bolstered by open lines of communication and mutual trust. The lender is already looking to the future with the dedicated team at SFS, who are keen to support the company as it expands its portfolio.





*This example draws on a real-world arrangement that is typical of the service that Siemens Financial Services (SFS) regularly offers independent finance providers and lenders. If you'd like to learn more about how block discounting can help you reach your strategic goals, don't hesitate to get in touch.*

*Learn more about block discounting:*

[www.siemens.com/uk/en/products/financing/block-discounting.html](https://www.siemens.com/uk/en/products/financing/block-discounting.html)

### **Talk to the team**



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