

Factoring Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented, By Factoring Type (Domestic, International), By Enterprise Size (Small & Medium Enterprises (SMEs), Large Enterprises), By End-User (Construction, Manufacturing, Healthcare, Transportation & Logistics, Energy & Utilities, IT & Telecom, Others), By Region, By Competition, 2020-2030F

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Abstracts

Market Overview

The Factoring Market was valued at USD 4561.51 Billion in 2024 and is expected to reach USD 6666.76 Billion by 2030 with a CAGR of 6.37%. The factoring market refers to the financial services industry that provides businesses, particularly small and medium enterprises (SMEs), with working capital solutions by purchasing their accounts receivable at a discounted rate. This process allows businesses to convert outstanding invoices into immediate cash, improving liquidity and enabling smoother operational continuity. Factoring serves as an alternative to traditional bank loans, offering faster access to funds without requiring collateral beyond the receivables themselves. In a factoring arrangement, the factor (usually a financial institution or a specialized factoring company) assumes responsibility for collecting payments from the debtor, allowing businesses to focus on growth rather than credit management.

The market encompasses various types of factoring, including recourse and non-recourse factoring, domestic and international factoring, and invoice discounting. Non-recourse factoring offers protection against credit risk, as the factor bears the burden if

the customer defaults, whereas recourse factoring requires the business to buy back unpaid invoices. International factoring supports exporters in managing trade credit risks and bridging cash flow gaps caused by long payment cycles from foreign buyers. The demand for factoring services is rising across sectors such as manufacturing, transportation, logistics, retail, construction, and healthcare, where delayed payments are common and access to traditional financing is often limited.

Key Market Drivers

Increasing Demand for Working Capital Among Small and Medium Enterprises (SMEs):

The growing need for accessible and flexible working capital solutions among small and medium enterprises (SMEs) is a major driver of the global factoring market. SMEs frequently face cash flow constraints due to delayed invoice payments, seasonal business cycles, and limited access to traditional bank loans, prompting them to seek alternative financing mechanisms such as factoring. Factoring provides a practical and efficient way for these businesses to convert outstanding receivables into immediate cash, thereby improving liquidity and supporting day-to-day operations. Unlike conventional loans, factoring does not require fixed collateral or long credit histories, making it an attractive option for newer or underserved businesses.

The expansion of global trade and e-commerce has only intensified the need for agile financial solutions, especially among SMEs engaged in cross-border transactions that face even longer payment cycles. With factoring, these enterprises can maintain a healthy cash flow, pay suppliers on time, and reinvest in growth initiatives such as inventory expansion, market penetration, and technology upgrades. Moreover, factoring firms often provide additional services such as credit checks, receivables management, and collection services, helping SMEs reduce administrative burdens and operational risks.

In regions where banking infrastructure is underdeveloped or credit conditions are stringent, factoring serves as a crucial financial lifeline, enabling businesses to bridge the funding gap. Governments and financial institutions in many emerging economies are also launching programs to promote factoring services for SMEs, recognizing its role in strengthening economic development and job creation. As SMEs continue to be the backbone of global economies, their growing reliance on factoring to ensure operational continuity and competitive agility is expected to significantly boost the market's long-term growth trajectory. Globally, SMEs account for over 90% of all businesses and contribute more than 50% to employment, creating sustained demand

for working capital solutions. The global SME financing gap is estimated to exceed USD 5 trillion annually, highlighting unmet credit needs. Over 60% of SMEs in emerging markets report insufficient access to working capital for daily operations and expansion. Demand for short-term financing among SMEs is growing at a CAGR of 8–10% globally. Fintech-driven working capital solutions for SMEs are expected to surpass USD 1 trillion in transaction value by 2030. Asia Pacific and Latin America together represent over 55% of the unmet SME working capital demand worldwide.

Key Market Challenges

Regulatory Complexity and Compliance Burden

The factoring market faces significant challenges due to the increasing complexity of regulatory environments across global jurisdictions. Financial institutions and independent factoring firms must navigate a growing web of legal, tax, and compliance frameworks, many of which vary widely between countries and even within regional blocs. The introduction of digital operational resilience regulations, data privacy laws like GDPR, and anti-money laundering (AML) standards has increased the compliance burden on factoring providers, especially those operating internationally. Meeting these diverse requirements necessitates substantial investment in legal expertise, digital compliance systems, and internal audits, straining the operational budgets of smaller and mid-sized factoring firms.

Moreover, inconsistent regulatory standards across borders make it difficult to create a streamlined approach to cross-border receivables financing, forcing firms to adapt their models to fit local rules, which reduces efficiency and increases overhead. In emerging economies, unclear or underdeveloped regulatory structures can also hamper factoring operations, increasing the risk of disputes, delayed payments, and unenforceable contracts. Additionally, factoring companies must deal with challenges associated with client due diligence, particularly in sectors deemed high-risk or in regions with limited financial transparency. As regulators become more vigilant about the potential misuse of trade finance instruments for fraudulent or illicit purposes, factoring providers are increasingly under pressure to invest in advanced KYC (Know Your Customer) and risk management tools, further escalating operational costs.

These growing regulatory hurdles create a high barrier to entry, limit market expansion opportunities, and discourage innovation, especially among smaller or tech-driven firms looking to enter the market. Furthermore, increased regulatory scrutiny may deter potential clients, especially SMEs, from using factoring services due to the perceived

bureaucratic complexity or concerns about data sharing and transparency requirements. As a result, even though demand for working capital financing remains strong, regulatory bottlenecks and compliance risks can slow down market growth, reduce customer onboarding speed, and hinder service scalability. Overall, navigating the evolving and fragmented regulatory landscape represents one of the most critical and resource-intensive challenges for the factoring industry, impacting profitability, agility, and long-term sustainability.

Key Market Trends

Digital Transformation and Automation in Factoring Services

The factoring market is undergoing a significant shift through digital transformation and automation, revolutionizing traditional invoice financing practices. Financial technology is streamlining the end-to-end factoring process by integrating AI, machine learning, and data analytics into client onboarding, risk evaluation, credit scoring, and real-time invoice verification. Automation not only reduces processing time but also minimizes human error and administrative costs, thereby enhancing the operational efficiency of factoring companies.

Digitally-driven platforms now offer faster disbursement of funds, often within 24–48 hours, which significantly boosts working capital availability for small and medium enterprises (SMEs). Cloud-based systems, digital documentation, and electronic invoicing are replacing paper-intensive workflows, making the entire factoring cycle more transparent and scalable. These platforms also enable real-time creditworthiness monitoring and fraud detection, offering an extra layer of security to both factors and clients. Moreover, digital integration with ERP systems, supply chain networks, and e-commerce platforms allows seamless data flow, facilitating embedded finance models. This automation trend is also driving the rise of self-service portals where clients can manage invoices, monitor payments, and track funding status independently.

As factoring firms increasingly adopt APIs and blockchain technologies for secure, immutable transactions, trust in digital factoring services is growing, particularly among tech-savvy startups and mid-sized companies. In addition, regulatory compliance and reporting are being digitized, ensuring that factoring providers stay aligned with regional financial regulations and risk management frameworks. The convenience of digital KYC (Know Your Customer) and AML (Anti-Money Laundering) checks further accelerates onboarding, making factoring more accessible than ever before. Overall, the trend toward digitization is enhancing customer experience, expanding market reach, and

enabling factoring firms to serve a wider spectrum of clients while reducing operational bottlenecks.

Key Market Players

BNP Paribas Factor

HSBC Holdings plc

Société Générale Factoring

Deutsche Factoring Bank

Hitachi Capital (now Mitsubishi HC Capital Inc.)

Bibby Financial Services

Kuke Finance Group

eCapital Corp

RTS Financial Service, Inc.

Triumph Business Capital

Report Scope:

In this report, the Global Factoring Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Factoring Market, By Factoring Type:

Domestic

International

Factoring Market, By Enterprise Size:

Small & Medium Enterprises (SMEs)

Large Enterprises

Factoring Market, By End-User:

Construction

Manufacturing

Healthcare

Transportation & Logistics

Energy & Utilities

IT & Telecom

Others

Factoring Market, By Region:

North America

United States

Canada

Mexico

Europe

France

United Kingdom

Italy

Germany

Spain

Asia-Pacific

China

India

Japan

Australia

South Korea

South America

Brazil

Argentina

Colombia

Middle East & Africa

South Africa

Saudi Arabia

UAE

Kuwait

Turkey

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Global

Factoring Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented, By Factoring Typ...

Factoring Market.

Available Customizations:

Global Factoring Market report with the given Market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional Market players (up to five).

Contents

1. PRODUCT OVERVIEW

- 1.1. Market Definition
- 1.2. Scope of the Market
 - 1.2.1. Markets Covered
 - 1.2.2. Years Considered for Study
- 1.3. Key Market Segmentations

2. RESEARCH METHODOLOGY

- 2.1. Objective of the Study
- 2.2. Baseline Methodology
- 2.3. Formulation of the Scope
- 2.4. Assumptions and Limitations
- 2.5. Sources of Research
 - 2.5.1. Secondary Research
 - 2.5.2. Primary Research
- 2.6. Approach for the Market Study
 - 2.6.1. The Bottom-Up Approach
 - 2.6.2. The Top-Down Approach
- 2.7. Methodology Followed for Calculation of Market Size & Market Shares
- 2.8. Forecasting Methodology
 - 2.8.1. Data Triangulation & Validation

3. EXECUTIVE SUMMARY

- 3.1. Overview of the Market
- 3.2. Overview of Key Market Segmentations
- 3.3. Overview of Key Market Players
- 3.4. Overview of Key Regions/Countries
- 3.5. Overview of Market Drivers, Challenges, and Trends

4. VOICE OF CUSTOMER

5. GLOBAL FACTORING MARKET OUTLOOK

- 5.1. Market Size & Forecast

- 5.1.1. By Value
- 5.2. Market Share & Forecast
 - 5.2.1. By Factoring Type (Domestic, International)
 - 5.2.2. By Enterprise Size (Small & Medium Enterprises (SMEs), Large Enterprises)
 - 5.2.3. By End-User (Construction, Manufacturing, Healthcare, Transportation & Logistics, Energy & Utilities, IT & Telecom, Others)
 - 5.2.4. By Region
- 5.3. By Company (2024)
- 5.4. Market Map

6. NORTH AMERICA FACTORING MARKET OUTLOOK

- 6.1. Market Size & Forecast
 - 6.1.1. By Value
- 6.2. Market Share & Forecast
 - 6.2.1. By Factoring Type
 - 6.2.2. By Enterprise Size
 - 6.2.3. By End-User
 - 6.2.4. By Country
- 6.3. North America: Country Analysis
 - 6.3.1. United States Factoring Market Outlook
 - 6.3.1.1. Market Size & Forecast
 - 6.3.1.1.1. By Value
 - 6.3.1.2. Market Share & Forecast
 - 6.3.1.2.1. By Factoring Type
 - 6.3.1.2.2. By Enterprise Size
 - 6.3.1.2.3. By End-User
 - 6.3.2. Canada Factoring Market Outlook
 - 6.3.2.1. Market Size & Forecast
 - 6.3.2.1.1. By Value
 - 6.3.2.2. Market Share & Forecast
 - 6.3.2.2.1. By Factoring Type
 - 6.3.2.2.2. By Enterprise Size
 - 6.3.2.2.3. By End-User
 - 6.3.3. Mexico Factoring Market Outlook
 - 6.3.3.1. Market Size & Forecast
 - 6.3.3.1.1. By Value
 - 6.3.3.2. Market Share & Forecast
 - 6.3.3.2.1. By Factoring Type

6.3.3.2.2. By Enterprise Size

6.3.3.2.3. By End-User

7. EUROPE FACTORING MARKET OUTLOOK

7.1. Market Size & Forecast

7.1.1. By Value

7.2. Market Share & Forecast

7.2.1. By Factoring Type

7.2.2. By Enterprise Size

7.2.3. By End-User

7.2.4. By Country

7.3. Europe: Country Analysis

7.3.1. Germany Factoring Market Outlook

7.3.1.1. Market Size & Forecast

7.3.1.1.1. By Value

7.3.1.2. Market Share & Forecast

7.3.1.2.1. By Factoring Type

7.3.1.2.2. By Enterprise Size

7.3.1.2.3. By End-User

7.3.2. United Kingdom Factoring Market Outlook

7.3.2.1. Market Size & Forecast

7.3.2.1.1. By Value

7.3.2.2. Market Share & Forecast

7.3.2.2.1. By Factoring Type

7.3.2.2.2. By Enterprise Size

7.3.2.2.3. By End-User

7.3.3. Italy Factoring Market Outlook

7.3.3.1. Market Size & Forecast

7.3.3.1.1. By Value

7.3.3.2. Market Share & Forecast

7.3.3.2.1. By Factoring Type

7.3.3.2.2. By Enterprise Size

7.3.3.2.3. By End-User

7.3.4. France Factoring Market Outlook

7.3.4.1. Market Size & Forecast

7.3.4.1.1. By Value

7.3.4.2. Market Share & Forecast

7.3.4.2.1. By Factoring Type

- 7.3.4.2.2. By Enterprise Size
- 7.3.4.2.3. By End-User
- 7.3.5. Spain Factoring Market Outlook
 - 7.3.5.1. Market Size & Forecast
 - 7.3.5.1.1. By Value
 - 7.3.5.2. Market Share & Forecast
 - 7.3.5.2.1. By Factoring Type
 - 7.3.5.2.2. By Enterprise Size
 - 7.3.5.2.3. By End-User

8. ASIA-PACIFIC FACTORING MARKET OUTLOOK

- 8.1. Market Size & Forecast
 - 8.1.1. By Value
- 8.2. Market Share & Forecast
 - 8.2.1. By Factoring Type
 - 8.2.2. By Enterprise Size
 - 8.2.3. By End-User
 - 8.2.4. By Country
- 8.3. Asia-Pacific: Country Analysis
 - 8.3.1. China Factoring Market Outlook
 - 8.3.1.1. Market Size & Forecast
 - 8.3.1.1.1. By Value
 - 8.3.1.2. Market Share & Forecast
 - 8.3.1.2.1. By Factoring Type
 - 8.3.1.2.2. By Enterprise Size
 - 8.3.1.2.3. By End-User
 - 8.3.2. India Factoring Market Outlook
 - 8.3.2.1. Market Size & Forecast
 - 8.3.2.1.1. By Value
 - 8.3.2.2. Market Share & Forecast
 - 8.3.2.2.1. By Factoring Type
 - 8.3.2.2.2. By Enterprise Size
 - 8.3.2.2.3. By End-User
 - 8.3.3. Japan Factoring Market Outlook
 - 8.3.3.1. Market Size & Forecast
 - 8.3.3.1.1. By Value
 - 8.3.3.2. Market Share & Forecast
 - 8.3.3.2.1. By Factoring Type

- 8.3.3.2.2. By Enterprise Size
- 8.3.3.2.3. By End-User
- 8.3.4. South Korea Factoring Market Outlook
 - 8.3.4.1. Market Size & Forecast
 - 8.3.4.1.1. By Value
 - 8.3.4.2. Market Share & Forecast
 - 8.3.4.2.1. By Factoring Type
 - 8.3.4.2.2. By Enterprise Size
 - 8.3.4.2.3. By End-User
- 8.3.5. Australia Factoring Market Outlook
 - 8.3.5.1. Market Size & Forecast
 - 8.3.5.1.1. By Value
 - 8.3.5.2. Market Share & Forecast
 - 8.3.5.2.1. By Factoring Type
 - 8.3.5.2.2. By Enterprise Size
 - 8.3.5.2.3. By End-User

9. SOUTH AMERICA FACTORING MARKET OUTLOOK

- 9.1. Market Size & Forecast
 - 9.1.1. By Value
- 9.2. Market Share & Forecast
 - 9.2.1. By Factoring Type
 - 9.2.2. By Enterprise Size
 - 9.2.3. By End-User
 - 9.2.4. By Country
- 9.3. South America: Country Analysis
 - 9.3.1. Brazil Factoring Market Outlook
 - 9.3.1.1. Market Size & Forecast
 - 9.3.1.1.1. By Value
 - 9.3.1.2. Market Share & Forecast
 - 9.3.1.2.1. By Factoring Type
 - 9.3.1.2.2. By Enterprise Size
 - 9.3.1.2.3. By End-User
 - 9.3.2. Argentina Factoring Market Outlook
 - 9.3.2.1. Market Size & Forecast
 - 9.3.2.1.1. By Value
 - 9.3.2.2. Market Share & Forecast
 - 9.3.2.2.1. By Factoring Type

- 9.3.2.2.2. By Enterprise Size
- 9.3.2.2.3. By End-User
- 9.3.3. Colombia Factoring Market Outlook
 - 9.3.3.1. Market Size & Forecast
 - 9.3.3.1.1. By Value
 - 9.3.3.2. Market Share & Forecast
 - 9.3.3.2.1. By Factoring Type
 - 9.3.3.2.2. By Enterprise Size
 - 9.3.3.2.3. By End-User

10. MIDDLE EAST AND AFRICA FACTORING MARKET OUTLOOK

- 10.1. Market Size & Forecast
 - 10.1.1. By Value
- 10.2. Market Share & Forecast
 - 10.2.1. By Factoring Type
 - 10.2.2. By Enterprise Size
 - 10.2.3. By End-User
 - 10.2.4. By Country
- 10.3. Middle East and Africa: Country Analysis
 - 10.3.1. South Africa Factoring Market Outlook
 - 10.3.1.1. Market Size & Forecast
 - 10.3.1.1.1. By Value
 - 10.3.1.2. Market Share & Forecast
 - 10.3.1.2.1. By Factoring Type
 - 10.3.1.2.2. By Enterprise Size
 - 10.3.1.2.3. By End-User
 - 10.3.2. Saudi Arabia Factoring Market Outlook
 - 10.3.2.1. Market Size & Forecast
 - 10.3.2.1.1. By Value
 - 10.3.2.2. Market Share & Forecast
 - 10.3.2.2.1. By Factoring Type
 - 10.3.2.2.2. By Enterprise Size
 - 10.3.2.2.3. By End-User
 - 10.3.3. UAE Factoring Market Outlook
 - 10.3.3.1. Market Size & Forecast
 - 10.3.3.1.1. By Value
 - 10.3.3.2. Market Share & Forecast
 - 10.3.3.2.1. By Factoring Type

- 10.3.3.2.2. By Enterprise Size
- 10.3.3.2.3. By End-User
- 10.3.4. Kuwait Factoring Market Outlook
 - 10.3.4.1. Market Size & Forecast
 - 10.3.4.1.1. By Value
 - 10.3.4.2. Market Share & Forecast
 - 10.3.4.2.1. By Factoring Type
 - 10.3.4.2.2. By Enterprise Size
 - 10.3.4.2.3. By End-User
- 10.3.5. Turkey Factoring Market Outlook
 - 10.3.5.1. Market Size & Forecast
 - 10.3.5.1.1. By Value
 - 10.3.5.2. Market Share & Forecast
 - 10.3.5.2.1. By Factoring Type
 - 10.3.5.2.2. By Enterprise Size
 - 10.3.5.2.3. By End-User

11. MARKET DYNAMICS

- 11.1. Drivers
- 11.2. Challenges

12. MARKET TRENDS & DEVELOPMENTS

- 12.1. Merger & Acquisition (If Any)
- 12.2. Product Launches (If Any)
- 12.3. Recent Developments

13. COMPANY PROFILES

- 13.1. BNP Paribas Factor
 - 13.1.1. Business Overview
 - 13.1.2. Key Revenue and Financials
 - 13.1.3. Recent Developments
 - 13.1.4. Key Personnel/Key Contact Person
 - 13.1.5. Key Product/Services Offered
- 13.2. HSBC Holdings plc
- 13.3. Societ? G?rale Factoring
- 13.4. Deutsche Factoring Bank

13.5. Hitachi Capital (now Mitsubishi HC Capital Inc.)

13.6. Bibby Financial Services

13.7. Kuke Finance Group

13.8. eCapital Corp

13.9. RTS Financial Service, Inc.

13.10. Triumph Business Capital

14. STRATEGIC RECOMMENDATIONS

15. ABOUT US & DISCLAIMER

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