

## Assignment 5 SCF Instruments

1. What is reverse factoring? Plot all the relevant steps (with arrows) in a diagram.
2. Explain the main difference (from supply chain management perspective!) between factoring and reverse factoring.
3. What is dynamic discounting? Explain the dynamic price algorithm in the dynamic discounting tool.
4. What inventory financing? Give an example of inventory financing in the supply chain.
5. What is pre-shipment financing?
6. What is crop or pre-harvest financing? Give an example from the beer market and from the coffee market (and make a link to Kraljic's matrix).
7. What is a letter of credit (LC)? Why is it still used?
8. Explain the system of INCO terms.
9. What is equipment financing? Give two examples of equipment financing.
10. Give an example of a strategic supply chain finance instrument. Why is focal company using such a tool of supply chain finance?