

PITFALLS IN EXPORT CREDIT GRANTING AND HOW TO AVOID THEM

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CAREFUL INVESTIGATION IMPERATIVE

It has been conclusively shown by Mr. Filsinger, that without granting credit, we cannot expect to export in volume, successfully.

It has already been said that fundamentally, the elements entering into the determination of export credit lines, do not differ from those underlying domestic credits. The differences arise from the fact that we are dealing with people of different nationalities, often thousands of miles distant, with different racial characteristics, different trade customs and usages, living under different fiscal, economic, political and geographic conditions, governed by different laws.

Moreover, with each country these aspects change or may alter in relative importance. Again, the Export Credit Man for the most part lacks the comprehensive rating books, balance sheets and other data, which his domestic colleague has at his fingers' tips. Obviously, this emphasizes the absolute need for the most careful investigation and analysis.

As has been stated by the previous speaker, according to the combined experience of Members of the Foreign Credit Interchange Bureau of the National Association of Credit Men with proper care, export credit accounts can be made 99½% safe. In other words, losses do not exceed on an average, one-half per cent, of sales values. This, of course, does not just happen, it is the result of painstaking gathering and co-ordination of data, judged with good hard common sense and a dash of courage. Let me here emphasize that there is no mystery about it, no secret formula, as we shall presently see.

The one thing needed to avoid pitfalls, is a complete picture of the credit risk. Now a picture has composition: a central figure or