

Faster payments and unlocked working capital at Tata Motors Finance Ltd (TMFL)

About Tata Motors Finance Limited

Tata Motors' vehicle financing subsidiary, TMFL, provides more than 200,000 commercial and personal vehicle loans each year, which represent around 25% of all Tata Motors vehicles sold in India.

The Challenge

TMFL needed to unlock working capital trapped in advance payments to insurers

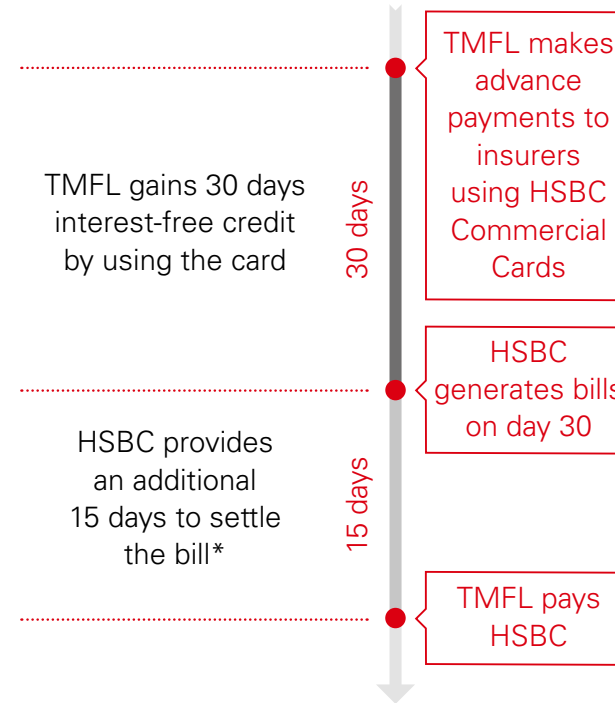
Under regulations in India, TMFL has to provide insurance for the vehicles it finances

- Policies are not active until insurers receive payment, but processing new policies can take up to **a month**. This was frustrating for customers who were excited about their new vehicle
- To minimise delay, TMFL made premium payments **30 days** in advance
- But this locked up working capital of **USD 3-5 million per month** that could be better invested in the business or financial markets

The Solution


TMFL switched to HSBC Commercial Cards to make high-value payments to insurers


By using HSBC Commercial Cards, TMFL can meet the expectations of both insurers and customers while freeing up working capital



Outcome


By implementing HSBC Commercial Cards, TMFL has delivered benefits to customers, insurers and its own business


 **Customers** get to drive their vehicle away on time


 **Insurers** receive policy premiums on an agreed date, so new policies are not delayed

Benefits to TMFL

 **Working capital.** 45 days interest-free credit creates USD 150-200K value each year in additional investment income

 **Visibility and control.** Treasury has greater control over cash positions, and can better manage liquidity and risk

 **Payment security.** Card use is restricted to authorised users and approved insurers, with one-time password (OTP) payment validation

 **Scalability.** The solution can be expanded to new insurers, and additional volumes, in the future

“ This amazing partnership with HSBC has helped us in controlling cost through an innovative solution, and now we are looking forward to more unique solutions like this from HSBC.”

Anand Bang, COO,
Tata Motors Finance Limited

*The number of interest-free days is dependent on the agreed billing cycle. Utilisation of the card facility is subject to terms and conditions and HSBC's credit and risk policies.

