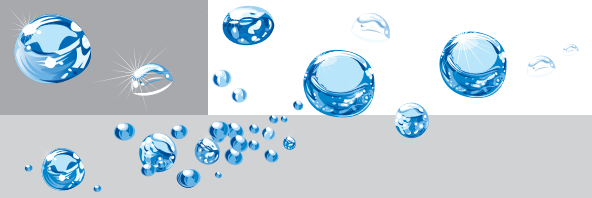


# case study



## Increased buying power for metaljunction auction participants

Over the years, metaljunction has built a large buyer community for e-selling services. These buyers have finance requirements in order to make their purchases through metaljunction. After in-depth research, metaljunction – the eFinance arm of mjunction, identified that the buyer community faced many critical challenges in terms of: Difficult demand prediction; Lengthening payment cycle; Competition from cheap imports; Rising selling cost

In order to provide the community easy access to finance at competitive rates and to facilitate their purchase through metaljunction auctions, metaljunction launched the buyer finance scheme. This was done in association with leading private sector banks. The objective to launch the buyer finance scheme was to: Increase customer participation by providing funds at cheaper rates; Disinter mediate the unorganised players acting as financial intermediaries; Achieve better price discovery for the seller due with the help of increased participation

### Approach

metaljunction obtained mandates from Tata steel & SAIL to launch 'Buyer Finance Scheme' without any

financial recourse to the companies. metaljunction also negotiated with private sector banks to offer the facility at competitive rates. An online platform was designed, developed and hosted by metaljunction to carry out the financial transactions on real time basis to reduce the cycle time of operations.

### Achievements

metaljunction extended a substantial amount of online finance covering 65 buyers of SAIL and Tata Steel. The finance scheme, introduced 4 years ago, has shown impressive results and contributed to a 50% cumulative increase in purchase on year-on-year basis for the buyers who availed the scheme. Moreover the cost of fund, which is the key value driver of the scheme, has been brought down by more than 300 basis points in line with the expectation of the buyers over a period of time. The availability of the buyer finance scheme has helped the buyers increase their buying capacity which in turn has led to a greater participation by them in the auctions.



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