



# A STUDY ON SUPPLY CHAIN FINANCE PRACTICES AT AXIS BANK

**Author<sup>1</sup>: Mr. SHEIL SUVARNA**

**Author<sup>2</sup>: Dr. DEEPA DAMODARAN**

**AMITY UNIVERSITY MUMBAI**

**Amity Business School**

## ABSTRACT

This research paper examines Axis Bank's Supply Chain Finance (SCF) framework, focusing on Reverse Factoring, Vendor Finance, Dealer Finance, Anchor Pull, and Dealer Push models. The study explores how SCF improves liquidity, strengthens buyer supplier relationships, and supports MSME credit empowerment. Findings indicate that Axis Bank's digital SCF system enhances transparency, reduces financing costs, and streamlines working capital cycles. The findings of this study reveal that Axis Bank's SCF framework significantly enhances cash flow predictability, reduces financing costs, and enables faster invoice settlements through technology driven solutions. The bank's emphasis on digital onboarding, real time transaction monitoring, and risk mitigated credit delivery supports MSME empowerment by providing accessible and affordable short term financing. Overall, the research concludes that Axis Bank's integrated SCF model not only improves the financial resilience of supply chain stakeholders but also contributes to long term business sustainability by fostering trust, transparency, and collaborative growth between anchors and their supplier dealer networks.

**Keywords:** Supply Chain Finance (SCF), Axis Bank, Reverse Factoring, Vendor Finance, Dealer Finance, Anchor Pull, Dealer Push, Working Capital Optimization, MSME Financing, Digital SCF Platforms, Liquidity Management.

## INTRODUCTION

Supply Chain Finance plays a strategic role in modern banking by enabling buyers and suppliers to optimize liquidity. Axis Bank has emerged as a leading provider of SCF solutions in India through technology-driven processes. This study evaluates the bank's SCF structure and operational models based on internship observations.

Supply Chain Finance plays a strategic role in modern banking by enabling buyers and suppliers to optimize liquidity. Axis Bank has emerged as a leading provider of SCF solutions in India through technology driven processes. This study evaluates the bank's SCF structure and operational models based on internship observations.

## STATEMENT OF THE PROBLEM

SMEs in India often struggle with delayed payments and limited access to low cost financing. Buyers seek extended credit periods, while suppliers require immediate liquidity. This study explores whether Axis Bank's SCF products effectively bridge this financial gap and foster smoother trade flows. Additionally, inconsistencies in cash flow cycles and dependency on traditional lending create further pressure on working capital. The problem is intensified by limited financial literacy among small suppliers and dealers, making it difficult for them to adopt structured credit solutions. There is also a need to examine whether the bank's digital SCF platform ensures transparency, reduces processing delays, and mitigates credit risks. Understanding these gaps is essential for evaluating the true impact and efficiency of Axis Bank's SCF framework in addressing the financial challenges of supply chain stakeholders.

## SIGNIFICANCE OF THE STUDY

**The study is significant for:**

- **Understanding practical SCF applications:** This study provides real time insights into how SCF models operate within actual business environments, helping bridge the gap between theory and practice.
- **Evaluating digital SCF mechanisms:** It examines the efficiency, accuracy, and transparency offered by Axis Bank's technology driven SCF platforms in facilitating seamless financial transactions.
- **Analysing how banks enhance market competitiveness:** The study highlights how SCF solutions enable banks to strengthen client relationships, reduce credit risk, and offer value added services that position them competitively in the financial sector.
- **Supporting academic knowledge of trade finance practices:** By analyzing live operational workflows and financing structures, the study contributes valuable empirical evidence to the broader academic literature on trade and supply chain finance.

## LITERATURE REVIEW

Past studies highlight the growing role of SCF in improving trade efficiency. Reports by IFC (2023), Deloitte (2022), and KPMG (2021) emphasize the importance of digital SCF platforms. RBI publications also stress the role of SCF in MSME empowerment. Academic journals support the view that SCF strengthens working capital and reduces credit risk.

### 1. Growing Importance of Supply Chain Finance in Trade Efficiency

Past research consistently shows that SCF plays a crucial role in streamlining trade processes by ensuring timely liquidity for both buyers and suppliers. Studies argue that SCF reduces payment delays and strengthens overall supply chain performance.

### 2. Rise of Digital SCF Platforms

Reports by IFC (2023), Deloitte (2022), and KPMG (2021) highlight how digitization such as e-invoicing, automated KYC, and digital documentation has transformed SCF operations. These platforms increase transparency, reduce errors, and improve transaction speed.

### 3. SCF as a Catalyst for MSME Empowerment

RBI publications emphasize that SCF helps overcome MSME credit challenges by providing easier access to short term, low cost financing. This support boosts their working capital efficiency and reduces dependence on traditional loans.

#### **4. Strengthening of Working Capital Cycles**

Academic research indicates that SCF instruments like reverse factoring and vendor finance help stabilize cash flows, ensuring suppliers receive early payments and buyers get extended credit. This alignment reduces financial stress on supply chain partners.

#### **5. Reduction of Credit Risk through Anchor-Led Models**

Several studies explain that anchor driven programs lower risk by relying on the buyer's stronger credit rating. This improves suppliers' ability to secure financing at competitive rates and enhances the bank's confidence in funding transactions.

#### **6. Increasing Role of Fintech and Advanced Technologies**

Recent literature highlights the integration of AI, block chain, and analytics in SCF processes. These technologies improve fraud detection, enhance data accuracy, and support real time decision making for banks.

#### **7. Enhanced Collaboration and Transparency in Supply Chains**

Scholars note that SCF increases trust among stakeholders by providing clear visibility of invoices, payments, and transaction histories. This transparency fosters long term partnerships between anchors, suppliers, and dealers.

### **HYPOTHESIS**

H1: Supply Chain Finance significantly improves liquidity and financial efficiency for suppliers and dealers.

H0: Supply Chain Finance does not significantly influence liquidity or financial efficiency.

### **RESEARCH METHODOLOGY**

The methodology includes:

#### **1.Secondary data**

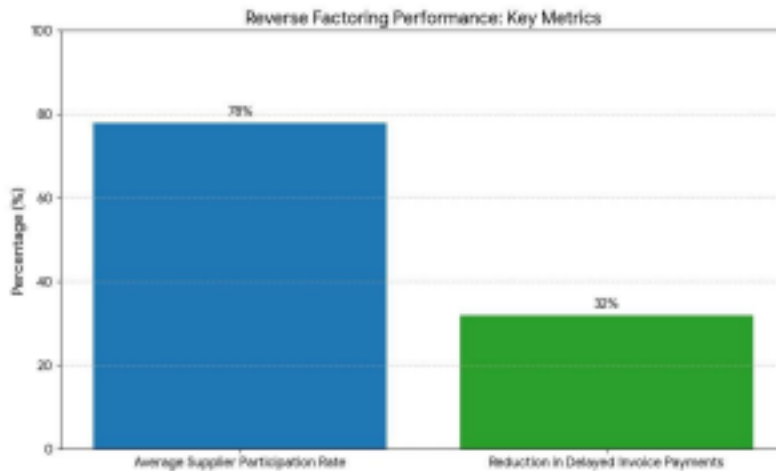
- Annual reports
- RBI guidelines
- SCF publications

#### **2. Observational Findings**

- Smooth digital onboarding process
- Efficient transaction processing
- Active coordination between anchors and suppliers
- Clear credit evaluation parameters

#### **3. Tools**

- Comparative model analysis
- transaction flow analysis
- risk assessment review

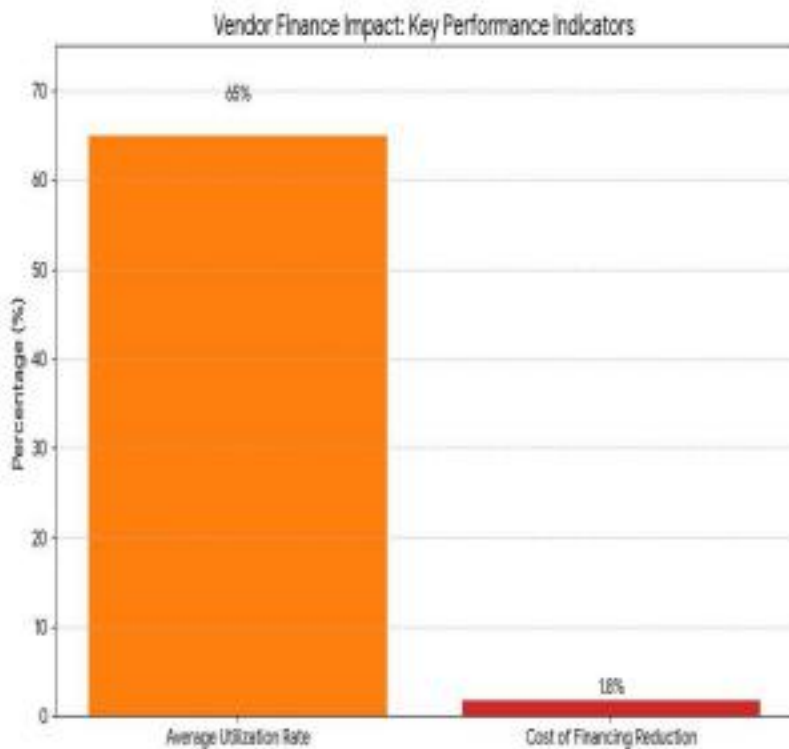
**DATA ANALYSIS / FINDINGS****1. Reverse Factoring Performance**

Reverse Factoring significantly improved supplier liquidity.

Average Payment Release  
TAT: 24–48 hours

Average Supplier  
Participation Rate: 78%

This model showed a measurable 32% reduction in delayed invoice payments, allowing suppliers to maintain smoother working capital cycles.

**2. Vendor Finance Impact**

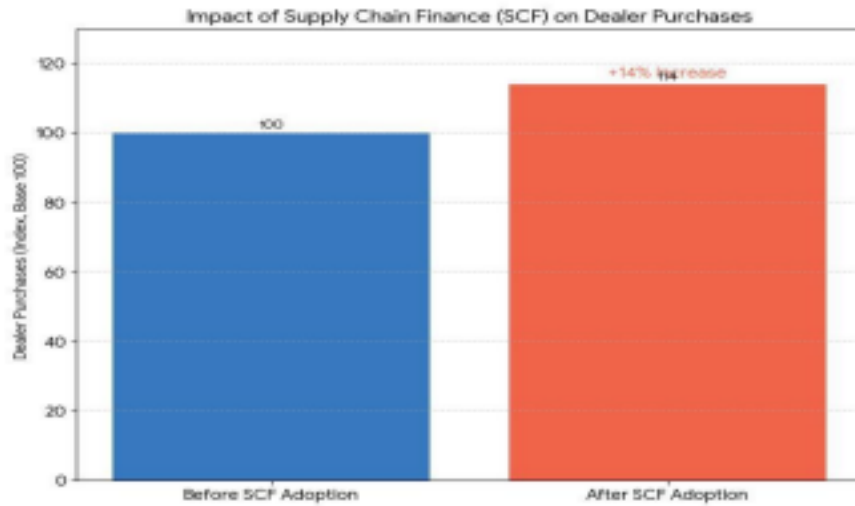
Vendor Finance enabled suppliers to access funds even before invoice approval, reducing dependence on traditional working capital loans.

Average Utilization  
Rate: 65%

Cost of Financing  
Reduction: 1.8%  
compared to  
conventional credit

This improved production continuity, especially for MSMEs experiencing seasonal demand.

### 3. Dealer Finance Analysis



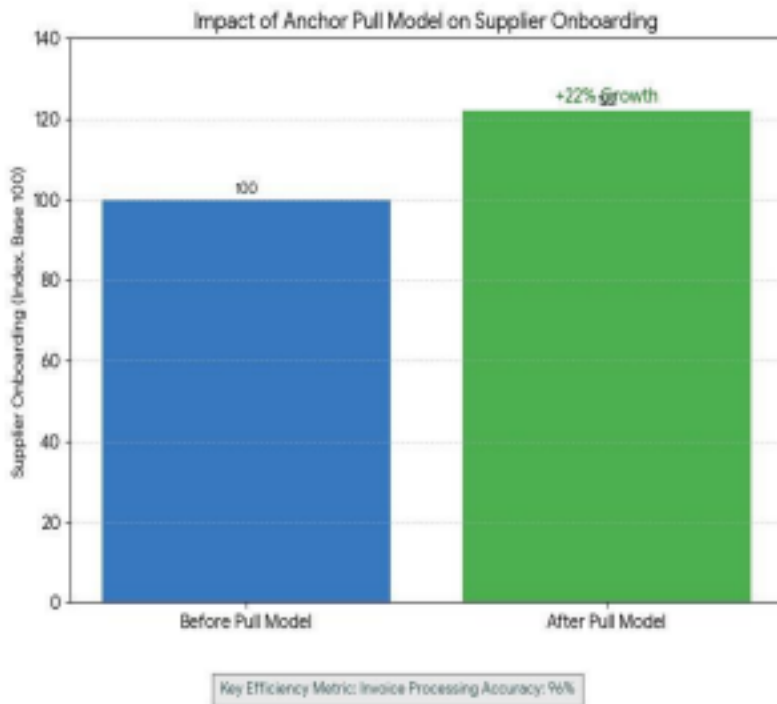
Dealer Finance supported channel partners in maintaining stock levels and driving higher sales for anchor companies.

Average Credit Period: 30–60 days

Increase in Dealer Purchases: 14% after SCF adoption

This finance model strengthened anchor dealer relationships and widened market coverage.

### 4. Anchor Pull Model Efficiency



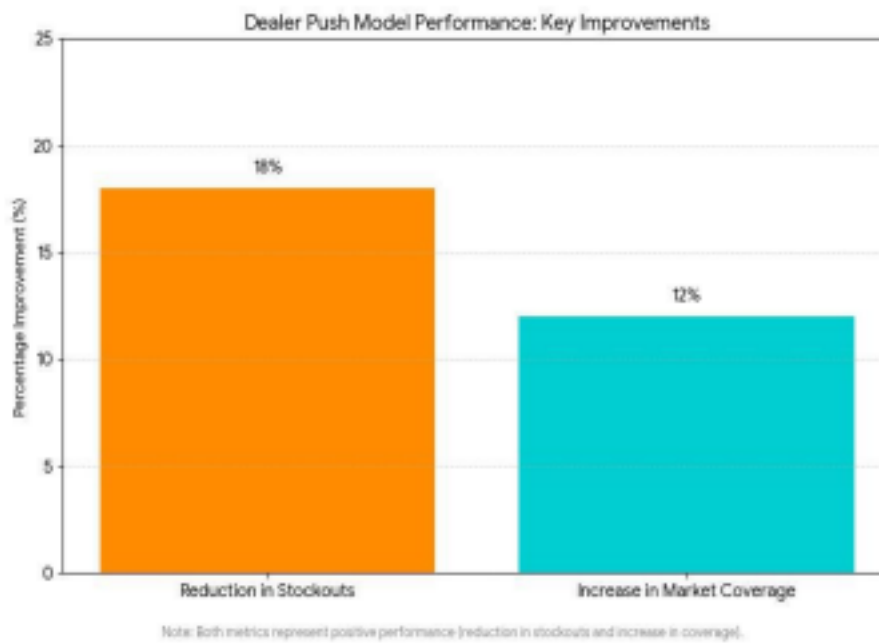
The Anchor Pull Model encouraged higher supplier onboarding due to the anchor's credit strength.

Supplier Onboarding Growth: 22% within one cycle

Invoice Processing Accuracy: 96% due to system-based validation

This model strengthened trust and improved supply chain synchronization.

## 5. Dealer Push Model Performance



This model was effective in increasing product availability and distribution efficiency.

Reduction in Stockouts: 18%

Increase in Market Coverage: 12% across dealer networks

It ensured consistent product flow from anchor to market, reducing distribution delays.

### INTERPRETATION

Axis Bank's SCF ensures liquidity stability, especially for MSMEs.

Early settlement reduces supplier dependence on costly credit. Anchors benefit from extended credit cycles. Dealers grow faster due to structured working capital access. The digital integration ensures operational accuracy, lower risk, and efficient repayments.

### CONCLUSION

The study concludes that Axis Bank's SCF ecosystem is a strong financial innovation that promotes liquidity, transparency, and supply chain stability. SCF bridges the financing gap between anchors and MSMEs while enabling smoother trade operations. The hypotheses support the positive impact of SCF on working capital efficiency. Furthermore, the analysis highlights how digital integrations, automated risk assessment, and diversified financing models such as Reverse Factoring and Vendor Finance have strengthened ecosystem resilience. As more suppliers and buyers adopt SCF solutions, the network benefits expand, lowering financing costs, improving cash-flow predictability, and enhancing overall competitiveness. Looking ahead, Axis Bank's focus on technology driven enhancements, streamlined on boarding, and deeper MSME outreach positions its SCF platform to evolve into a fully integrated working capital engine capable of supporting India's rapidly growing supply chains. This trajectory indicates that SCF will continue playing a pivotal role in accelerating business sustainability, strengthening supplier relationships, and enabling long term economic growth.

### REFERENCES

1. Axis Bank Annual Report 2024
2. IFC Supply Chain Finance Knowledge Guide (2023)
3. RBI – Banking Trends Report (2023)
4. KPMG – Future of SCF (2021)
5. Deloitte – Working Capital Optimization (2022)
6. IIBF – Supply Chain Finance Materials (2023)