

Invoice Finance and Asset Based Lending Update



Release Date : 14 December 2018

IFABL Update - Quarter 3, 2018

Asset based lending continues to show steady growth

Key data highlights:

- Support for businesses through invoice finance and asset based lending stood at £22.6 billion at the end of Q3 2018, up two per cent compared to the same quarter the previous year.
- The number of businesses using invoice finance and asset based lending remain stable at over 40,400.
- For large businesses (with a turnover of over £100 million), support stood at £7.4 billion, with an average advance value of £17.2 million.

Commenting on the data, [Stephen Pegge, Managing Director, Commercial at UK Finance](#) said:

"Asset based lending continues to show steady growth, driven mainly by advances to larger businesses.

"Support to small and medium-sized companies through invoice finance and asset based lending is now comparable to total balances drawn on overdrafts.

"However, overall growth has remained modest in line with recent trends across SME lending, as businesses delay investment decisions until the broader economic picture becomes more certain."

Notes to Editor

- 1 For more information please call the UK Finance press office on 020 7416 6750 or mail press@ukfinance.org.uk.
- 2 UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, it seeks to enhance competitiveness, support customers and facilitate innovation.
- 3 Invoice finance and asset based lending are forms of finance provided to client businesses against the assets of the client. For many businesses, particularly small and medium-sized businesses, the debtor book will be one of the most significant assets they have. Invoice finance (factoring and invoice discounting) allows businesses to release the working capital tied up in the debtor book. In addition to providing finance against debt, an asset based lending facility can be used to provide a broader mix of funding, including revolving and amortising structures against the entire range of business assets. These can include inventory, real property, plant and machinery, and also intangible assets such as brands and forward income streams.

Invoice finance and asset based lending are used by client businesses of all sizes and across most sectors of the economy. The industry in the UK is diverse; these forms of finance are provided by the large UK banks, international, specialist and challenger banks, as well as by a range of non-bank specialist finance providers. At any one time, the sector will be providing over £20 billion of funding to clients, and in 2017 UK Finance's IFABL members supported clients with a total turnover of around £290 billion.

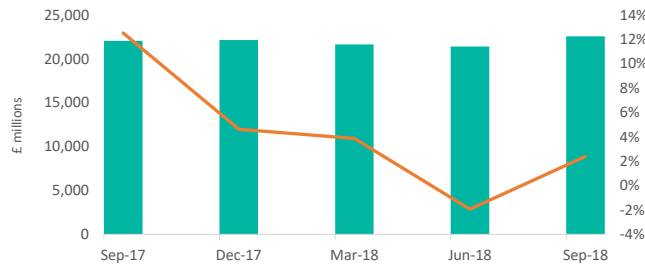
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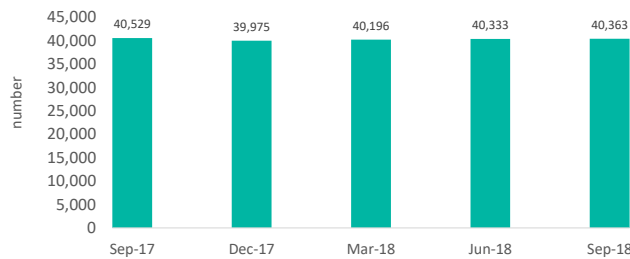
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Advances at quarter end



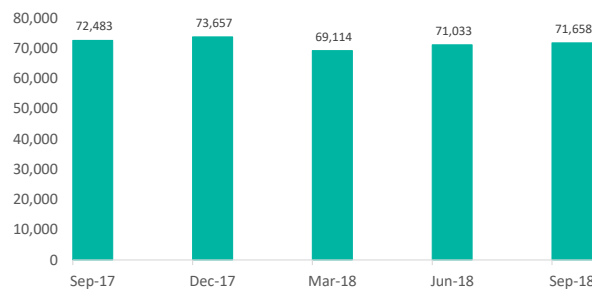
	Latest (Sep 18)	Y-o-Y comparison
Advances	£22,567 mn	2.4%

Number of clients at quarter end



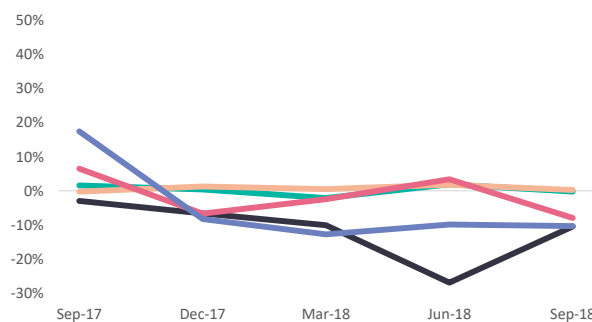
	Latest (Sep 18)	Y-o-Y comparison
Number of Clients	40,363	-0.4%

Total quarterly client sales



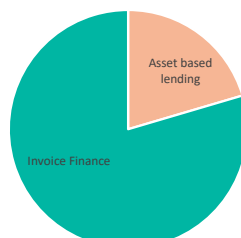
	Latest (Sep 18)	Y-o-Y comparison
Client Sales	£71.7 bn	-1.1%
YTD Client sales	£140.2 bn	-1.1%

Client sales by product



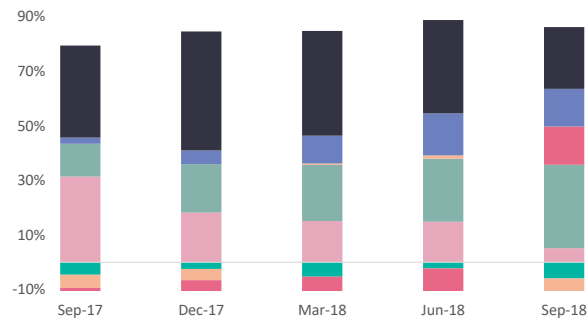
	Latest (Sep 18)	Y-o-Y comparison
Non-recourse (included within all products)	£8,604 mn	-10.5%
Export invoice discounting	£5,594 mn	-10.4%
Export & Import factoring	£439 mn	-8.0%
Domestic Factoring	£5,017 mn	0.2%
Domestic invoice discounting	£60,608 mn	-0.3%

Distribution of advances by product



	Latest (Sep 18)	Y-o-Y comparison
Asset based lending	£4,607 mn	10.8%
Invoice Finance	£17,935 mn	0.4%

Growth by industry sector



	Latest (Sep 18)	Y-o-Y comparison
Other	3,525	4.0%
Construction	2,460	0.2%
Retail	941	-0.7%
Transport	2,585	0.1%
Services	11,080	1.5%
Distribution	9,424	1.0%
Manufacturing	10,348	-1.5%

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Client sales (all products) (within the quarter)

		Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Domestic factoring	£mns	5,005	5,041	4,727	4,858	5,017
Domestic invoice discounting	£mns	60,761	62,344	58,162	59,212	60,608
Export & import factoring	£mns	477	462	436	458	439
Export invoice discounting	£mns	6,240	5,810	5,789	6,505	5,594
Total	£mns	72,483	73,657	69,114	71,033	71,658
Non-recourse included in total above	£mns	9,611	10,278	9,346	7,618	8,604
Credit protection payments to clients	£mns	8.5	9.5	9.4	11.0	10.6

Client sales growth by product

Domestic factoring	0%	1%	0%	2%	0%
Domestic invoice discounting	2%	0%	-2%	2%	0%
Export & import factoring	6%	-7%	-2%	3%	-8%
Export invoice discounting	17%	-8%	-13%	-10%	-10%
Non-recourse included in total above	-3%	-7%	-10%	-27%	-10%

Number of clients at period end (all products)

Domestic factoring	Number	15,396	15,111	15,112	15,197	15,043
Domestic invoice discounting	Number	14,725	14,647	14,623	14,247	14,226
Exports and mixed domestic exports	Number	8,577	8,692	8,876	9,225	9,364
Stock finance	Number	97	95	99	88	89
ABL facilities	Number	1,334	1,430	1,486	1,576	1,641
Total number of clients	Number	40,529	39,975	40,196	40,333	40,363
<i>Clients lost in quarter</i>	<i>Number</i>	<i>1,646</i>	<i>1,885</i>	<i>1,698</i>	<i>1,948</i>	<i>2,158</i>
<i>Clients gained in quarter</i>	<i>Number</i>	<i>1,875</i>	<i>1,731</i>	<i>1,919</i>	<i>2,085</i>	<i>2,188</i>

		Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	
Total advances (end quarter balances, all products)	Total advances	£mns	22,039	22,135	21,633	21,408	22,567
Annual year-on-year growth			13%	5%	4%	-2%	2%
	Invoice finance - advances against debt	£mns	17,834	18,031	17,344	17,052	17,905
	Invoice finance plus – advances against debt plus other assets	£mns	28	29	29	31	30
	Total asset based lending	£mns	4,158	4,059	4,246	4,303	4,607
	Against debt	£mns	2,860	2,693	2,822	2,850	3,127
	Against stock	£mns	733	759	893	867	867
	Against plant and machinery	£mns	391	450	378	426	442
	Against property	£mns	96	85	86	94	102
	Against other assets	£mns	78	72	67	66	69
	Other commitment	£mns	19	16	14	22	25
Total funding available		£mns	30,684	30,500	30,016	31,156	30,634
Total facilities agreed		£mns	42,298	41,387	41,639	42,168	42,065
Security values							
	Debtor outstandings	£mns	36,230	36,816	35,941	35,911	36,894
	Stock	£mns	3,433	2,786	2,887	2,995	3,100
	Plant & machinery	£mns	895	840	858	975	1,005
	Property	£mns	206	198	216	201	216
	Total security values	£mns	40,764	40,640	39,902	40,082	41,215
Analysis of advances and client numbers by client size							
Client annual turnover bands							
		Number	12,531	12,401	12,259	12,193	12,041
	£ 0.0-0.5 mn	£mns	699	758	865	745	664
		Average advance	£55,782	£61,124	£70,560	£61,101	£55,145
		Number	5,833	5,785	5,783	5,808	5,763
	£0.5-1.0 mn	£mns	515	496	456	452	436
		Average advance	£88,291	£85,739	£78,852	£77,824	£75,655

Client annual turnover bands
contd....

		Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
£1.0-5.0 mn	Number	13,115	13,052	13,288	13,289	13,302
	£mns	2,876	2,742	2,643	2,653	2,715
	Average advance	£219,291	£210,083	£198,901	£199,639	£204,105
£5.0-10.0 mn	Number	3,802	3,809	3,842	3,916	3,968
	£mns	2,173	2,091	1,965	2,069	2,065
	Average advance	£571,541	£548,963	£511,452	£528,345	£520,413
£10.0-25.0 mn	Number	3,021	3,049	3,117	3,188	3,314
	£mns	3,506	3,483	3,475	3,576	3,753
	Average advance	£1,160,543	£1,142,342	£1,114,854	£1,121,706	£1,132,468
£25.0-50.0 mn	Number	946	960	997	990	1,016
	£mns	2,475	2,441	2,633	2,429	2,504
	Average advance	£2,616,279	£2,542,708	£2,640,923	£2,453,535	£2,464,567
£50.0-100.0 mn	Number	494	514	492	517	530
	£mns	2,672	2,878	2,538	2,992	3,050
	Average advance	£5,408,907	£5,599,222	£5,158,537	£5,787,234	£5,754,717
over £100.0 mn	Number	387	405	418	432	429
	£mns	7,123	7,246	7,058	6,492	7,380
	Average advance	£18,405,685	£17,891,358	£16,885,167	£15,027,778	£17,202,797
Total	Number	40,129	39,975	40,196	40,333	40,363
	£mns	22,039	22,135	21,633	21,408	22,567
	Average advance	£549,204	£553,721	£538,188	£530,781	£559,101

Analysis of client numbers by Industry sector

Services	Number	10,920	10,858	10,964	11,102	11,080
Manufacturing	Number	10,506	10,381	10,334	10,318	10,348
Distribution	Number	9,327	9,199	9,219	9,236	9,424
Transport	Number	2,582	2,635	2,724	2,649	2,585
Construction	Number	2,455	2,537	2,640	2,591	2,460
Retail	Number	948	934	939	951	941
Other	Number	3,391	3,431	3,376	3,486	3,525

Analysis of client numbers by Industry sector *contd....*

Average debtor days

		Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Total	Number	40,129	39,975	40,196	40,333	40,363
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Factoring clients		53.2	53.3	54.3	57.0	54.9
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Discounting clients		57.1	53.9	54.2	54.4	55.4

More detailed data tables

For information or media enquiries, please contact press@ukfinance.org.uk

Next update:

28 February 2019