



# Invoice Finance and Asset Based Lending Update



Release date : 08 March 2019

## UK Finance: Invoice Finance and Asset Based Lending Update for 2018 Q4

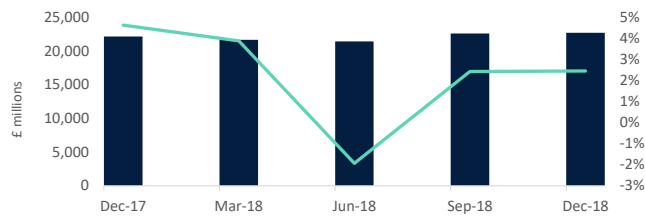
### Key data highlights:

- Support for businesses through invoice finance and asset based lending at the end of 2018 stood at £22.7 billion, some two and a half per cent higher than the same period in 2017. Headroom remained for firms with an additional £8.5 billion in undrawn funding available to clients.
- The number of businesses using invoice finance and asset based lending during the year remained steady at over 40,000.
- The number of larger SMEs (those with turnovers in excess of £10 million per annum) using invoice finance and asset based lending increased by 13 per cent compared to the same month a year ago.
- Advances against certain assets other than invoices increased substantially year-on-year, with an 18 per cent rise in lending against stock and 16 per cent increase in lending against plant and machinery.

### Notes to Editors

- 1 For more information please call the [UK Finance Press Office on 020 7416 6750](tel:02074166750) or e-mail [press@ukfinance.org.uk](mailto: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, we act 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 against 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 £22 billion of funding to clients, and in 2018 UK Finance's IFABL members supported clients with a total turnover of around £285 billion.

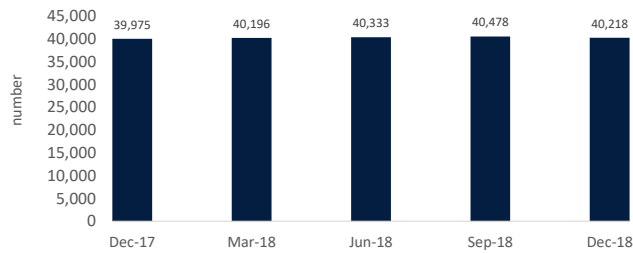
## Advances at quarter end



|          | Latest (Dec 18) | Y-o-Y comparison |
|----------|-----------------|------------------|
| Advances | £22,677 mn      | 2.4%             |

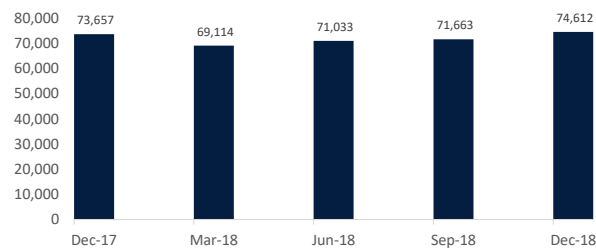
## UK Finance: Invoice Finan

### Number of clients at quarter end



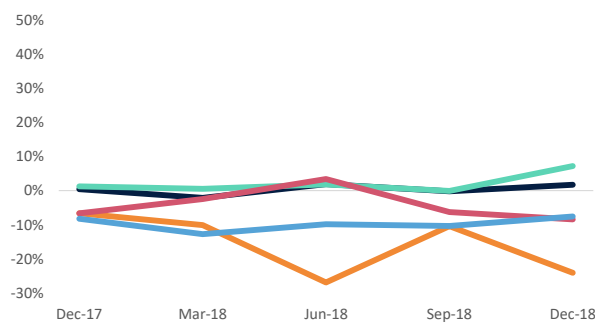
|                   | Latest (Dec 18) | Y-o-Y comparison |
|-------------------|-----------------|------------------|
| Number of Clients | 40,218          | 0.6%             |

### Total quarterly client sales



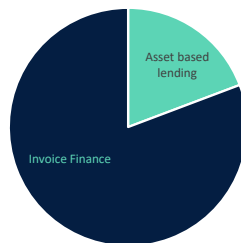
|                  | Latest (Dec 18) | Y-o-Y comparison |
|------------------|-----------------|------------------|
| Client Sales     | £74.6 bn        | 1.3%             |
| YTD Client sales | £286.4 bn       | -0.5%            |

### Client sales by product



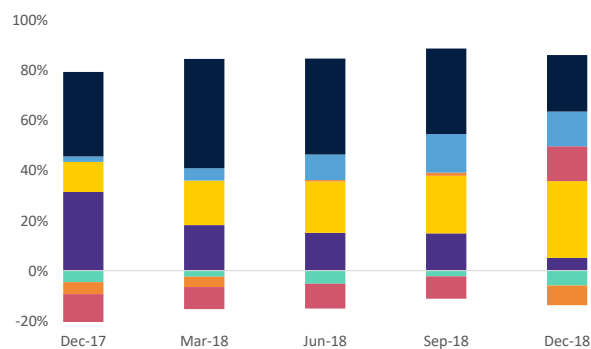
|   | Latest (Dec 18) | Y-o-Y comparison |
|---|-----------------|------------------|
| Non-recourse (included within all products) | £7,800 mn       | -24.1%           |
| Export & Import factoring                   | £423 mn         | -8.4%            |
| Domestic Factoring                          | £5,403 mn       | 7.2%             |
| Domestic invoice discounting                | £63,417 mn      | 1.7%             |

### Distribution of advances by product



|                     | Latest (Dec 18) | Y-o-Y comparison |
|---------------------|-----------------|------------------|
| Asset based lending | £4,363 mn       | 7.5%             |
| Invoice Finance     | £18,291 mn      | 1.3%             |

### Growth by industry sector



|               | Latest (Dec 18) | Y-o-Y comparison |
|---------------|-----------------|------------------|
| Other         | 3,645           | 6.2%             |
| Construction  | 2,396           | -5.6%            |
| Retail        | 999             | 7.0%             |
| Transport     | 2,657           | 0.8%             |
| Services      | 11,003          | 1.3%             |
| Distribution  | 9,245           | 0.5%             |
| Manufacturing | 10,273          | -1.0%            |

|  |               |  | Dec-17        | Mar-18        | Jun-18        | Sep-18        | Dec-18        |
|--|---------------|--|---------------|---------------|---------------|---------------|---------------|
| <b>Release date : 08 March 2019</b>                            |               |  |               |               |               |               |               |
| Domestic factoring   | £mns          |  | 5,041         | 4,727         | 4,858         | 5,000         | 5,403         |
| Domestic invoice discounting                                   | £mns          |  | 62,344        | 58,162        | 59,212        | 60,622        | 63,417        |
| Export & import factoring                                      | £mns          |  | 462           | 436           | 458           | 447           | 423           |
| Export invoice discounting                                     | £mns          |  | 5,810         | 5,789         | 6,505         | 5,594         | 5,369         |
| <b>Total</b>   | <b>£mns</b>   |  | <b>73,657</b> | <b>69,114</b> | <b>71,033</b> | <b>71,663</b> | <b>74,612</b> |
| Non-recourse included in total above                           | £mns          |  | 10,278        | 9,346         | 7,618         | 8,608         | 7,800         |
| Credit protection payments to clients                          | £mns          |  | 9.5           | 9.4           | 11.0          | 10.6          | 17.3          |
| <b>Client sales growth by product</b>                          |               |  |               |               |               |               |               |
| Domestic factoring   |               |  | 1%            | 0%            | 2%            | 0%            | 7%            |
| Domestic invoice discounting                                   |               |  | 0%            | -2%           | 2%            | 0%            | 2%            |
| Export & import factoring                                      |               |  | -7%           | -2%           | 3%            | -6%           | -8%           |
| Export invoice discounting                                     |               |  | -8%           | -13%          | -10%          | -10%          | -8%           |
| Non-recourse included in total above                           |               |  | -7%           | -10%          | -27%          | -10%          | -24%          |
| <b>Number of clients at period end (all products)</b>          |               |  |               |               |               |               |               |
| Domestic factoring   | Number        |  | 15,111        | 15,112        | 15,197        | 15,132        | 14,866        |
| Domestic invoice discounting                                   | Number        |  | 14,647        | 14,623        | 14,247        | 14,231        | 14,330        |
| Exports and mixed domestic exports                             | Number        |  | 8,692         | 8,876         | 9,225         | 9,385         |               |
| Stock finance  | Number        |  | 95            | 99            | 88            | 89            | 84            |
| ABL facilities   | Number        |  | 1,430         | 1,486         | 1,576         | 1,641         | 1,716         |
| <b>Total number of clients</b>                                 | <b>Number</b> |  | <b>39,975</b> | <b>40,196</b> | <b>40,333</b> | <b>40,478</b> | <b>40,218</b> |
| <i>Clients lost in quarter</i>                                 | <i>Number</i> |  | <i>1,885</i>  | <i>1,698</i>  | <i>1,948</i>  | <i>2,165</i>  | <i>1,973</i>  |
| <i>Clients gained in quarter</i>                               | <i>Number</i> |  | <i>1,731</i>  | <i>1,919</i>  | <i>2,085</i>  | <i>2,310</i>  | <i>1,713</i>  |
| <b>Total advances (end quarter balances)</b>                   |               |  |               |               |               |               |               |
| <b>Total advances</b>  | <b>£mns</b>   |  | <b>22,135</b> | <b>21,633</b> | <b>21,408</b> | <b>22,572</b> | <b>22,677</b> |
| <b>Annual Growth</b>   |               |  | <b>5%</b>     | <b>4%</b>     | <b>-2%</b>    | <b>2%</b>     | <b>2%</b>     |
| Invoice finance - advances against debt                        | £mns          |  | 18,031        | 17,344        | 17,052        | 17,910        | 18,262        |
| Invoice finance plus – advances against debt plus other assets | £mns          |  | 29            | 29            | 31            | 30            | 29            |
| <b>Total asset-based lending</b>                               | <b>£mns</b>   |  | <b>4,059</b>  | <b>4,246</b>  | <b>4,303</b>  | <b>4,607</b>  | <b>4,363</b>  |
| Against debt   | £mns          |  | 2,693         | 2,822         | 2,850         | 3,127         | 2,786         |
| Against stock  | £mns          |  | 759           | 893           | 867           | 867           | 899           |
| Against plant and machinery                                    | £mns          |  | 450           | 378           | 426           | 442           | 512           |
| Against property   | £mns          |  | 85            | 86            | 94            | 102           | 91            |
| Against other assets   | £mns          |  | 72            | 67            | 66            | 69            | 75            |
|  |               |  | <b>Dec-17</b> | <b>Mar-18</b> | <b>Jun-18</b> | <b>Sep-18</b> | <b>Dec-18</b> |

|   |                              |                 |               |               |               |               |               |
|---|------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total advances<br/>(end quarter balances) contd..</b>      | Other commitment             | £mns            | 16            | 14            | 22            | 25            | 23            |
| <b>Total funding available</b>                                |                              | <b>£mns</b>     | <b>30,500</b> | <b>30,016</b> | <b>31,156</b> | <b>30,638</b> | <b>31,250</b> |
| <b>Total facilities agreed</b>                                |                              | <b>£mns</b>     | <b>41,387</b> | <b>41,639</b> | <b>42,168</b> | <b>42,764</b> | <b>43,697</b> |
| <b>Security values</b>  |                              |                 |               |               |               |               |               |
|   | Debtor outstandings          | £mns            | 36,816        | 35,941        | 35,911        | 37,031        | 37,597        |
|   | Stock                        | £mns            | 2,786         | 2,887         | 2,995         | 3,100         | 3,015         |
|   | Plant & machinery            | £mns            | 840           | 858           | 975           | 1,005         | 1,125         |
|   | Property                     | £mns            | 198           | 216           | 201           | 216           | 193           |
|   | <b>Total security values</b> | <b>£mns</b>     | <b>40,640</b> | <b>39,902</b> | <b>40,082</b> | <b>41,352</b> | <b>41,930</b> |
| <b>Analysis of advances and client numbers by client size</b> |                              |                 |               |               |               |               |               |
| <b>Client annual turnover bands</b>                           |                              |                 |               |               |               |               |               |
|   |                              | Number          | 12,401        | 12,259        | 12,193        | 12,105        | 11,977        |
|   | £ 0.0-0.5 mn                 | £mns            | 758           | 865           | 745           | 631           | 702           |
|   |                              | Average advance | £61,124       | £70,560       | £61,101       | £52,127       | £58,612       |
|   |                              | Number          | 5,785         | 5,783         | 5,808         | 5,765         | 5,585         |
|   | £0.5-1.0 mn                  | £mns            | 496           | 456           | 452           | 440           | 419           |
|   |                              | Average advance | £85,739       | £78,852       | £77,824       | £76,323       | £75,022       |
|   |                              | Number          | 13,052        | 13,288        | 13,289        | 13,352        | 13,145        |
|   | £1.0-5.0 mn                  | £mns            | 2,742         | 2,643         | 2,653         | 2,737         | 2,524         |
|   |                              | Average advance | £210,083      | £198,901      | £199,639      | £204,988      | £192,012      |
|   |                              | Number          | 3,809         | 3,842         | 3,916         | 3,967         | 4,004         |
|   | £5.0-10.0 mn                 | £mns            | 2,091         | 1,965         | 2,069         | 2,070         | 1,914         |
|   |                              | Average advance | £548,963      | £511,452      | £528,345      | £521,805      | £478,022      |
|   |                              | Number          | 3,049         | 3,117         | 3,188         | 3,303         | 3,435         |
|   | £10.0-25.0 mn                | £mns            | 3,483         | 3,475         | 3,576         | 3,727         | 3,714         |
|   |                              | Average advance | £1,142,342    | £1,114,854    | £1,121,706    | £1,128,368    | £1,081,223    |
|   |                              | Number          | 960           | 997           | 990           | 1,026         | 1,080         |
|   | £25.0-50.0 mn                | £mns            | 2,441         | 2,633         | 2,429         | 2,531         | 2,641         |
|   |                              | Average advance | £2,542,708    | £2,640,923    | £2,453,535    | £2,466,862    | £2,445,370    |
|   |                              | Number          | 514           | 492           | 517           | 531           | 563           |
|   | £50.0-100.0 mn               | £mns            | 2,878         | 2,538         | 2,992         | 3,057         | 3,167         |
|   |                              | Average advance | £5,599,222    | £5,158,537    | £5,787,234    | £5,757,062    | £5,625,222    |
| <b>Client annual turnover bands<br/>contd....</b>             |                              |                 | <b>Dec-17</b> | <b>Mar-18</b> | <b>Jun-18</b> | <b>Sep-18</b> | <b>Dec-18</b> |
|   |                              | Number          | 405           | 418           | 432           | 429           | 429           |

|                |                 |             |             |             |             |             |
|----------------|-----------------|-------------|-------------|-------------|-------------|-------------|
| over £100.0 mn | £mns            | 7,246       | 7,058       | 6,492       | 7,379       | 7,596       |
|                | Average advance | £17,891,358 | £16,885,167 | £15,027,778 | £17,200,466 | £17,706,294 |
|                | Number          | 39,975      | 40,196      | 40,333      | 40,478      | 40,218      |
| <b>Total</b>   | £mns            | 22,135      | 21,633      | 21,408      | 22,572      | 22,677      |
|                | Average advance | £553,721    | £538,188    | £530,781    | £557,636    | £563,852    |

#### Analysis of client numbers by Industry sector

|               |               |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Services      | Number        | 10,858        | 10,964        | 11,102        | 11,108        | 11,003        |
| Manufacturing | Number        | 10,381        | 10,334        | 10,318        | 10,371        | 10,273        |
| Distribution  | Number        | 9,199         | 9,219         | 9,236         | 9,430         | 9,245         |
| Transport     | Number        | 2,635         | 2,724         | 2,649         | 2,588         | 2,657         |
| Construction  | Number        | 2,537         | 2,640         | 2,591         | 2,473         | 2,396         |
| Retail        | Number        | 934           | 939           | 951           | 948           | 999           |
| Other         | Number        | 3,431         | 3,376         | 3,486         | 3,560         | 3,645         |
| <b>Total</b>  | <b>Number</b> | <b>39,975</b> | <b>40,196</b> | <b>40,333</b> | <b>40,478</b> | <b>40,218</b> |

#### Average debtor days

|                     |      |      |      |      |      |
|---------------------|------|------|------|------|------|
| Factoring clients   | 53.3 | 54.3 | 57.0 | 54.8 | 54.6 |
| Discounting clients | 53.9 | 54.2 | 54.4 | 55.4 | 55.5 |

#### Client sales (all products) (Dec and year to date)

|                                       |             | Dec-17        | Dec-18        | %<br>Change | Total 2017     | Total 2018     | %<br>Change |
|---------------------------------------|-------------|---------------|---------------|-------------|----------------|----------------|-------------|
| Domestic factoring                    | £mns        | 5,041         | 5,403         | 7%          | 19,523         | 19,988         | 2%          |
| Domestic invoice discounting          | £mns        | 62,344        | 63,417        | 2%          | 240,649        | 241,413        | 0%          |
| Export & import factoring             | £mns        | 462           | 423           | -8%         | 1,829          | 1,764          | -4%         |
| Export invoice discounting            | £mns        | 5,810         | 5,369         | -8%         | 25,903         | 23,257         | -10%        |
| <b>Total</b>                          | <b>£mns</b> | <b>73,657</b> | <b>74,612</b> | <b>1%</b>   | <b>287,904</b> | <b>286,422</b> | <b>-1%</b>  |
| Non-recourse included in total above  | £mns        | 10,278        | 7,800         | -24%        | 40,710         | 33,372         | -18%        |
| Credit protection payments to clients | £mns        | 9.5           | 17.3          | 82%         | 36.3           | 48.3           | 33%         |