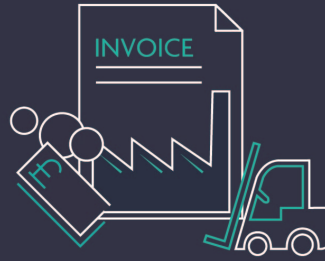


# Invoice Finance and Asset Based Lending Update



Release Date : 4 September 2018

IFABL Update - Quarter 2, 2018

## Q2 2018 sees further increase in businesses using asset based lending

Key data highlights for Quarter 2 2018:

- Client numbers reached 40,333, an increase of 1.1 per cent compared to the same quarter the previous year and the highest quarterly level since 2015.
- The number of clients with a turnover of over £10 million increased to over 5,000, up seven per cent compared to the same quarter the previous year.
- Total advances to all client businesses supported by invoice finance and asset based lending stood at £21.4 billion at the end of Q2. This was 1.9 per cent lower than the same quarter the previous year.
- Asset based lending (lending against assets other than invoices) amounted to £4.3bn, 5.6 per cent higher than the same quarter the previous year. This was driven in particular by funding advanced against stock, which was 18 per cent higher than the same quarter in 2017.

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

"It is encouraging to see steady growth in client numbers for the second consecutive quarter, with over 40,000 businesses receiving funds through invoice finance and asset based lending. This is being driven partly by an increase in the number of larger businesses opting for this form of finance. We are also seeing the number of smaller clients and the funding provided to them remain steady, and the industry has the capacity and expertise to provide even more financing to these businesses in future."

## Notes to Editor

- 1 For more information please call the UK Finance press office on 020 7416 6750 or email [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk)
- 2 UK Finance is a trade association formed on 1 July 2017 to represent the finance and banking industry operating in the UK. It represents around 250 firms in the UK providing credit, banking, markets and payment-related services. The new organisation brings together most of the activities previously carried out by the Asset Based Finance Association, the British Bankers' Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association
- 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 £20 billion of funding to clients, and in 2017 UK Finance's IFABL members supported clients with a total turnover of around £290 billion.

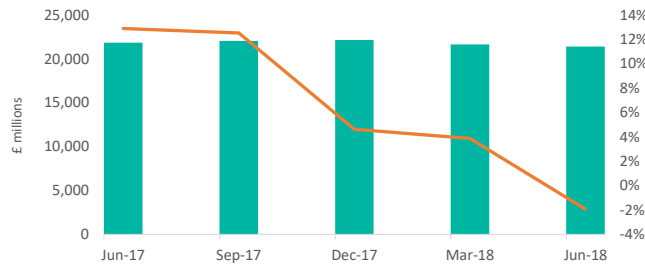
Next update: 30 November 2018

# Invoice Finance and Asset Based Lending Update



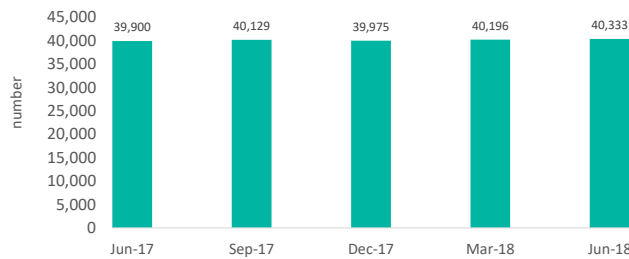
Release Date : 4 September 2018

## Advances at quarter end



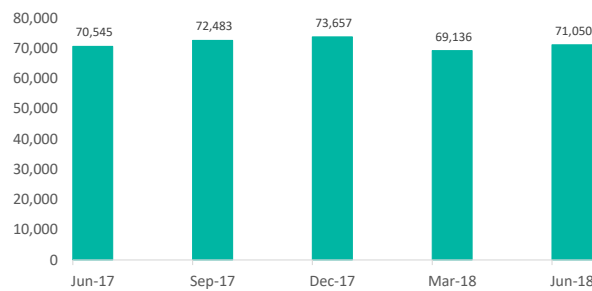
	Latest (Jun 18)	Y-o-Y comparison
Advances	£21,408 mn	-1.9%

## Number of clients at quarter end



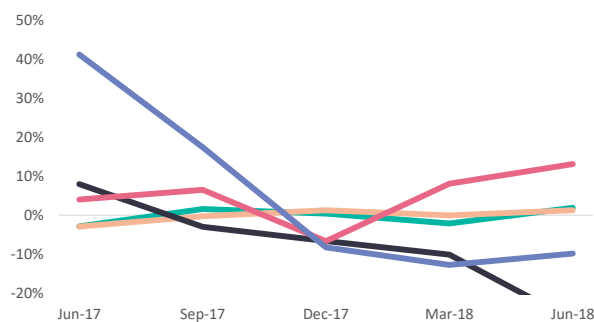
	Latest (Jun 18)	Y-o-Y comparison
Number of Clients	40,333	1.1%

## Total quarterly client sales



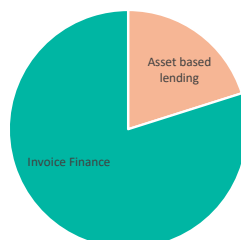
	Latest (Jun 18)	Y-o-Y comparison
Client Sales	£71.1 bn	0.7%
YTD Client sales	£140.2 bn	-1.1%

## Client sales by product



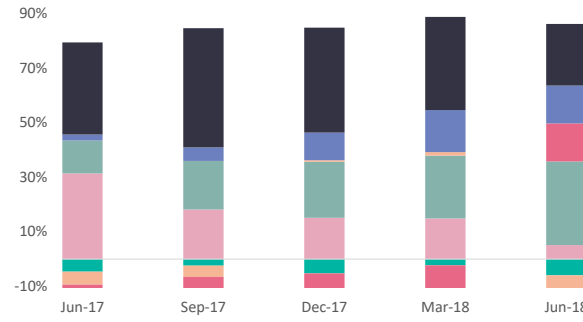
	Latest (Jun 18)	Y-o-Y comparison
Non-recourse (included within all products)	£7,618 mn	-26.9%
Export invoice discounting	£6,505 mn	-9.9%
Export & Import factoring	£501 mn	13.1%
Domestic Factoring	£4,833 mn	1.3%
Domestic invoice discounting	£59,211 mn	1.9%

## Distribution of advances by product



	Latest (Jun 18)	Y-o-Y comparison
Asset based lending	£4,303 mn	5.6%
Invoice Finance	£17,083 mn	-3.7%

## Growth by industry sector



	Latest (Jun 18)	Y-o-Y comparison
Other	3,486	1.4%
Construction	2,591	8.3%
Retail	951	6.1%
Transport	2,649	3.8%
Services	11,102	3.8%
Distribution	9,236	-2.1%
Manufacturing	10,318	-1.6%

Next update: 30 November 2018

# Invoice Finance and Asset Based Lending Update



Release Date : 4 September 2018

## Client sales (all products) (within the quarter)

		Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Domestic factoring	£mns	4,773	5,005	5,041	4,702	4,833
Domestic invoice discounting	£mns	58,112	60,761	62,344	58,162	59,211
Export & import factoring	£mns	443	477	462	483	501
Export invoice discounting	£mns	7,217	6,240	5,810	5,789	6,505
<b>Total</b>	<b>£mns</b>	<b>70,545</b>	<b>72,483</b>	<b>73,657</b>	<b>69,136</b>	<b>71,050</b>
Non-recourse included in total above	£mns	10,424	9,611	10,278	9,346	7,618
Credit protection payments to clients	£mns	8.8	8.5	9.5	9.4	11.0

## Client sales growth by product

Domestic factoring	-3%	0%	1%	0%	1%
Domestic invoice discounting	-3%	2%	0%	-2%	2%
Export & import factoring	4%	6%	-7%	8%	13%
Export invoice discounting	41%	17%	-8%	-13%	-10%
Non-recourse included in total above	8%	-3%	-7%	-10%	-27%

## Number of clients at period end (all products)

Domestic factoring	Number	15,365	15,396	15,111	15,112	15,197
Domestic invoice discounting	Number	14,674	14,725	14,647	14,623	14,247
Exports and mixed domestic exports	Number	8,125	8,177	8,275	8,439	8,758
Import Factoring	Number	374	400	417	437	467
Stock finance	Number	103	97	95	99	88
ABL facilities	Number	1,259	1,334	1,430	1,486	1,576
<b>Total number of clients</b>	<b>Number</b>	<b>39,900</b>	<b>40,129</b>	<b>39,975</b>	<b>40,196</b>	<b>40,333</b>
Clients lost in quarter	Number	1,898	1,646	1,885	1,698	2,164
Clients gained in quarter	Number	1,894	1,875	1,731	1,919	2,301

		Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	
<b>Total advances (end quarter balances, all products)</b>	<b>Total advances</b>	<b>£mns</b>	<b>21,830</b>	<b>22,039</b>	<b>22,135</b>	<b>21,633</b>	<b>21,408</b>
<b>Annual Growth</b>			<b>13%</b>	<b>13%</b>	<b>5%</b>	<b>4%</b>	<b>-2%</b>
	<b>Invoice finance - advances against debt</b>	<b>£mns</b>	<b>17,711</b>	<b>17,834</b>	<b>18,031</b>	<b>17,344</b>	<b>17,052</b>
	<b>Invoice finance plus – advances against debt plus other assets</b>	<b>£mns</b>	<b>25</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>31</b>
	<b>Total asset-based lending</b>	<b>£mns</b>	<b>4,075</b>	<b>4,158</b>	<b>4,059</b>	<b>4,246</b>	<b>4,303</b>
	Against debt	£mns	2,754	2,860	2,693	2,822	2,850
	Against stock	£mns	730	733	759	893	867
	Against plant and machinery	£mns	400	391	450	378	426
	Against property	£mns	103	96	85	86	94
	Against other assets	£mns	88	78	72	67	66
	Other commitment	£mns	19	19	16	14	22
<b>Total funding available</b>		<b>£mns</b>	<b>30,469</b>	<b>30,684</b>	<b>30,500</b>	<b>29,939</b>	<b>30,114</b>
<b>Total facilities agreed</b>		<b>£mns</b>	<b>41,669</b>	<b>42,298</b>	<b>41,387</b>	<b>41,639</b>	<b>42,166</b>
<b>Security values</b>							
	Debtor outstandings	£mns	35,683	36,230	36,816	35,937	35,907
	Stock	£mns	3,402	3,433	2,786	2,887	2,995
	Plant & machinery	£mns	896	895	840	861	933
	Property	£mns	215	206	198	217	247
	<b>Total security values</b>	<b>£mns</b>	<b>40,196</b>	<b>40,764</b>	<b>40,640</b>	<b>39,902</b>	<b>40,082</b>
<b>Analysis of advances and client numbers by client size</b>							
<b>Client annual turnover bands</b>							
		Number	12,390	12,531	12,401	12,259	12,193
£ 0.0-0.5 mn		£mns	674	699	758	865	745
		Average advance	£54,399	£55,782	£61,124	£70,560	£61,101
		Number	5,920	5,833	5,785	5,783	5,808
£0.5-1.0 mn		£mns	503	515	496	456	452
		Average advance	£84,966	£88,291	£85,739	£78,852	£77,824

**Client annual turnover bands**  
contd....

		Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
£1.0-5.0 mn	Number	13,090	13,115	13,052	13,288	13,289
	£mns	2,788	2,876	2,742	2,643	2,653
	Average advance	£212,987	£219,291	£210,083	£198,901	£199,639
£5.0-10.0 mn	Number	3,704	3,802	3,809	3,842	3,916
	£mns	1,939	2,173	2,091	1,965	2,069
	Average advance	£523,488	£571,541	£548,963	£511,452	£528,345
£10.0-25.0 mn	Number	3,001	3,021	3,049	3,117	3,188
	£mns	3,366	3,506	3,483	3,474	3,576
	Average advance	£1,121,626	£1,160,543	£1,142,342	£1,114,533	£1,121,706
£25.0-50.0 mn	Number	915	946	960	997	990
	£mns	2,298	2,475	2,441	2,634	2,429
	Average advance	£2,511,475	£2,616,279	£2,542,708	£2,641,926	£2,453,535
£50.0-100.0 mn	Number	486	494	514	492	517
	£mns	2,437	2,672	2,878	2,538	2,992
	Average advance	£5,014,403	£5,408,907	£5,599,222	£5,158,537	£5,783,262
over £100.0 mn	Number	394	387	405	418	432
	£mns	7,825	7,123	7,246	7,058	6,492
	Average advance	£19,860,406	£18,405,685	£17,891,358	£16,885,167	£15,034,862
<b>Total</b>	<b>Number</b>	<b>39,900</b>	<b>40,129</b>	<b>39,975</b>	<b>40,196</b>	<b>40,333</b>
	<b>£mns</b>	<b>21,830</b>	<b>22,039</b>	<b>22,135</b>	<b>21,633</b>	<b>21,408</b>
	<b>Average advance</b>	<b>£547,118</b>	<b>£549,204</b>	<b>£553,721</b>	<b>£538,188</b>	<b>£530,779</b>

**Analysis of client numbers by Industry sector**

Services	Number	10,696	10,920	10,858	10,964	11,102
Manufacturing	Number	10,488	10,506	10,381	10,334	10,318
Distribution	Number	9,437	9,327	9,199	9,219	9,236
Transport	Number	2,553	2,582	2,635	2,724	2,649
Construction	Number	2,392	2,455	2,537	2,640	2,591
Retail	Number	896	948	934	939	951
Other	Number	3,438	3,391	3,431	3,376	3,486

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

**Average debtor days**

		Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Total	Number	39,900	40,129	39,975	40,196	40,333
Factoring clients		52.2	53.2	53.3	54.3	57.0
Discounting clients		56.8	57.1	53.9	54.2	54.4

More detailed data tables

For information or media enquiries, please contact [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk)

Next update:

30 November 2018