2019 SECURED FINANCE

Market Sizing & *Impact Study*

EXTRACT REPORT

Commercial Finance Association Education Foundation

Secured Finance Foundation

The Commercial Finance Association Education Foundation *is becoming* ***The Secured Finance Foundation***

www.cfa.com {www.sfnet.com June 2019}

Building a better working world

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Commercial Finance Association Education Foundation

Secured Finance Foundation

EY Building a better working world

Introduction

Foreword

Welcome to the **summary view** of the Commercial Finance Association (CFA) Education Foundation's most comprehensive assessment to date of the secured finance ecosystem and its impact on the US economy.[1] The CFA is a global network of lenders, finance companies, service providers and related parties who, together, deploy the capital that fuels our nation's economy. Through education, development of the next generation of leaders and community involvement, the Foundation is a nonprofit affiliate of the CFA dedicated to the betterment of the secured finance community.

In commissioning the Secured Finance Market Sizing and Impact Study (Study), the Foundation sought to dimension the size and scope of the US marketplace for secured lending and its related products for the purpose of attracting capital, strategic planning and assisting in advocacy efforts on behalf of the industry. Part primer, part data compilation and part analytical assessment, the **full version of the Study** provides the reader with a view into the highly interconnected components of this network and their collective impact on capital deployment and economic development. The findings dimension an industry that is far-reaching, influential and thriving, and one that presents significant growth opportunities for its participants to expand their served and available markets.

In 2019, the CFA and its Foundation will rebrand as the Secured Finance Network and Secured Finance Foundation to better reflect our purpose of shaping a dynamic and inclusive system of interconnected and indispensable relationships, resources and ideas as the essential community of organizations and professionals who deliver secured financing to businesses.

We would like to thank Ernst & Young LLP; our data partners (LPC Refinitiv and Westat); Study Chairman Peter York from J.P. Morgan Securities, LLC; our Steering Committee and the dozens of subject-matter resources who made this undertaking possible. We hope you find this information useful and will continue to support the Foundation's work through your generous donations.

With our sincere appreciation,

David Grende
CEO, Siena Lending Group LLC
President, Commercial
Finance Association

Charlie Johnson
Chairman, Commercial Finance
Association Education Foundation

Richard D. Gumbrecht
CEO, Commercial Finance Association

[1] The full 80-page version of this Study may be found on the Commercial Finance Association's (soon to become the Secured Finance Network) website.

Please note: When using information from this Study, please cite the Commercial Finance Association Education Foundation as the source.

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Summary analysis
Overview of Study

Objective

This Study aims to provide perspectives on the dimensions, influence and potential of secured financing activity for commercial enterprises in the US.

Scope

The Study covers the US secured finance universe across seven major financing types: asset-based lending (ABL), factoring, supply chain finance, equipment finance and leasing, leveraged lending, cash flow lending and asset-backed securitization. To some degree, each of these financing types involves one form or another of a secured interest in the borrower's assets and/or equity. These financing transactions universally involve governing documentation (such as a credit agreement, or for factoring, a purchase of receivables) and some form of security interest (a lien) on assets. Security interests in borrower assets are commonly on one or more of accounts receivable, inventory, equipment, purchase orders, fixed assets or intangibles.

Approach

The Study's sections on ABL, factoring and supply chain finance use survey data, market analysis and interviews where available to characterize these activities. These areas are also where the Study believes sizing and characterizing are most in need by market constituents. For the areas of equipment finance and leasing, leveraged lending, cash flow lending and asset-backed securitization, market analysis of available data was used to provide broad views and aid readers in gaining perspectives relative to the other forms of secured finance.

This Study was conducted under the oversight of the Study's Steering Committee, which was comprised of members of the Commercial Finance Association, and is based on interviews with survey participants, market research, data from third-party providers, and publicly available information. Ernst & Young LLP ("EY US") provided assistance with administering the Study and conducting market research and objective data analysis. No independent assessment or verification was performed on the completeness, accuracy or validity of the information used in the preparation of this Study.

EY US did not render an assurance report or opinion, nor does the information presented herein constitute an audit, review, examination, forecast, projection or any other form of attestation as those terms are defined by the American Institute of Certified Public Accountants, Inc. (AICPA). None of the information in this Study constitutes any legal opinion or advice. EY US did not conduct an examination, compilation or apply agreed-upon procedures to prospective financial information (PFI) in accordance with attestation standards established by the AICPA. EY US has not provided any opinion, conclusion or any type of assurance about any of the material presented herein including, but not limited to, specific assumptions, components of the PFI, or the PFI as a whole. In addition, EY US takes no responsibility for any other forward-looking information/results. This material has been prepared for general informational purposes. It is not intended to be relied upon when making investment or other business decisions as it does not replace the skill and experience of the user, its management, employees, advisors and/or clients. Please refer to your advisors for specific advice.

Summary analysis

Overview of Study (continued)

Summary dimensions of the secured finance market

The table on the following page summarizes this Study's estimates of secured financing volumes for 2018, the 2018 growth rates of these volumes and amounts outstanding as of year-end (YE) 2018. The volume of transaction flow across each category tallies to over $4.1 trillion, which means the business of secured finance underpins, either directly or indirectly, about one-fifth of the transaction volumes that make up the $20 trillion US gross domestic product.

We estimate that persons directly employed in either providing or supporting secured financing activity is around 60,000. The secured transactions covered in this Study provide financing to comfortably over one million US commercial entities, ranging from single-employee firms to large corporate and public enterprises. Roughly one-third of the approximately 4.6 million firms in the US with at least two employees directly feel the impact of secured finance. And the benefits effect not only the enterprises, but also more broadly their employees, customers, communities and the economy as a whole.

Sizing the overall secured finance market requires understanding the lending activity of over 5,000 commercial banks and another approximately 1,500 non-depository lenders across the US. Despite US banks being required to report thousands of data points quarterly in call reports (bank operating company reports) and Y-9Cs (bank holding company reports), data specific to secured finance for commercial enterprises is generally rolled into the single reporting category called commercial and industrial (C&I) loans and a separate category, leases. Further adding to the challenge is that non-depository institutions have only a fraction of the reporting requirements of US banks. For these reasons, sizing each secured finance category requires a good deal of approximation and analysis, especially for ABL, supply chain finance, factoring and equipment finance.

Each of the full Study's sections covering a secured finance category addresses the approaches, assumptions and sources used for sizing and characterizing its respective area.

Summary analysis

Sizing the secured finance markets for commercial enterprises

US secured finance market dimensions[1] ($b)

	Calendar year 2018 Transaction: Volume	Calendar year 2018 Transaction: Growth		YE 2018 Cumulative: Levels	YE 2018 Cumulative: Measured amount
Asset-based lending	$164	6%–7%	Structured, mostly revolving loans on eligible receivables and inventory	$465	Revolving and term commitments
Factoring	$101	3%–5%	Purchases of receivables	$6	Net funds outstanding
Supply chain finance	$416	5%–6%	Arrangements commonly led by buyers that provide payment flexibility to suppliers	$104	Net funds outstanding
Equipment finance and leasing	$1,040	3%–5%	Loans and leases secured by equipment	$2,974	Loans, leases and lines of credit
Leveraged lending	$1,240	-10%– -12%	Secured, cash-flow-based loans to non-investment-grade borrowers	$4,300	Funded loans
Cash flow lending	$1,035	22%–26%	Predominantly unsecured loans generally to investment-grade borrowers	$1,800	Revolving and term commitments
Securitization	$127	3%–5%	Securities sold in tranches by credit strength, collateralized by assets	$305	Asset-backed securtizations
Total	**$4,123**				

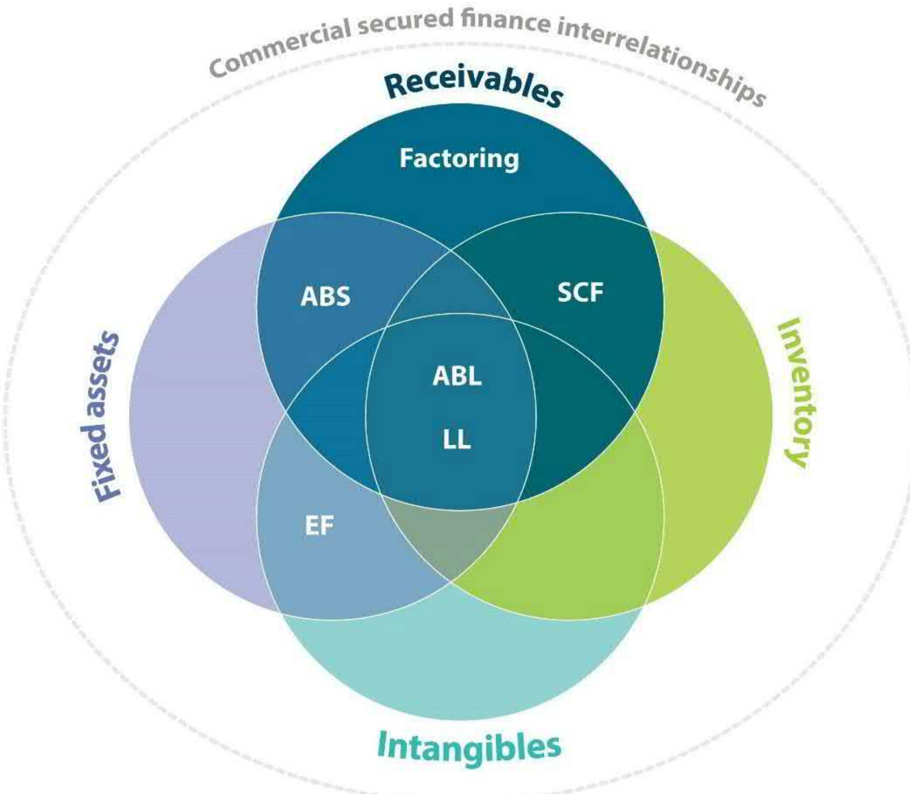
[1] Indicated levels are Study estimates and subject to future revision. ABL: values based on total facility commitments and include syndicated and non-syndicated loans; Factoring: net funds outstanding assumes annual volume of factored purchases average 45-day terms with 22-day average outstanding funds; Supply chain finance: annual volume derived using an assumption of 90-day average terms on YE estimated outstanding amount; Equipment finance: annual volume uses assumptions from 2018 Equipment Leasing and Finance Foundation Industry Horizon report, outstanding level assumes five-year amortizing terms; Leveraged lending and cash flow lending: Study estimates based on LPC Refinitiv data; Securitization: includes only commercial asset-related ABS, Study estimates based on SIFMA data.

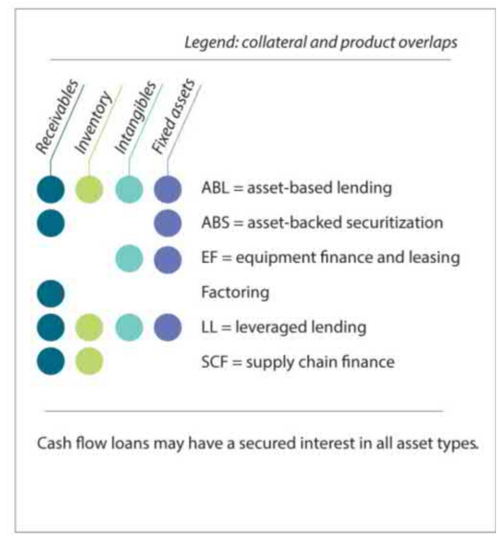
Summary analysis
Interrelationships

Interrelationships in secured finance

Secured Finance products and structures have strong interrelationships and may be complementary, interchangeable or transitional depending on borrower profile and stage of life cycle. This is important because it underpins the options that are available to borrowers in choosing the most appropriate, or most cost-efficient financing solution. Interrelationships also occur between financing and service providers. The diagram below demonstrates how the secured financing types covered in this Study overlap with four major collateral forms: receivables, inventory, fixed assets and intangibles.

Collateral and product overlaps





Summary analysis

Key market themes

Drivers of US secured finance market growth

- Overall economic growth and the avoidance of major economic slowdown
- Slowdown in pace of interest rate increases
- Commercial enterprise liquidity demand remains strong
- Regulatory landscape remains steady
- Unemployment remains low
- Innovation and alternative solutions are adopted
- Availability of talent improves

Trends in US secured finance market

- Private equity and hedge fund market players with significantly growing assets under management (AUM) are exerting increasing influence
- Intertwined financial system, abundant capital and resulting excessive competition for deals are putting negative pressure on pricing and weakening documentation standards
- Nontraditional market players' entry is adding to overall market size by serving underrepresented market segments, particularly in the small- and middle-market segments

Risks in the next three to five years

- Weaker credit documentation, underwriting standards and borrower quality caused by excessive competition on the supply side
- Trade policy uncertainty and challenges
- Rising competition from non-bank finance companies
- Rising interest rates, reducing the willingness and ability of commercial enterprises to finance
- Economic recession
  - Respondents stress that today's risks are not as great as pre-2008 crisis period

Regulatory framework expectations over the coming three to five years

- Overall, respondents felt a slight easing of regulatory pressures over the past 18 months and expect that trend to continue
- The current US administration is a key contributor in partial regulatory easing

Source: Study interviews

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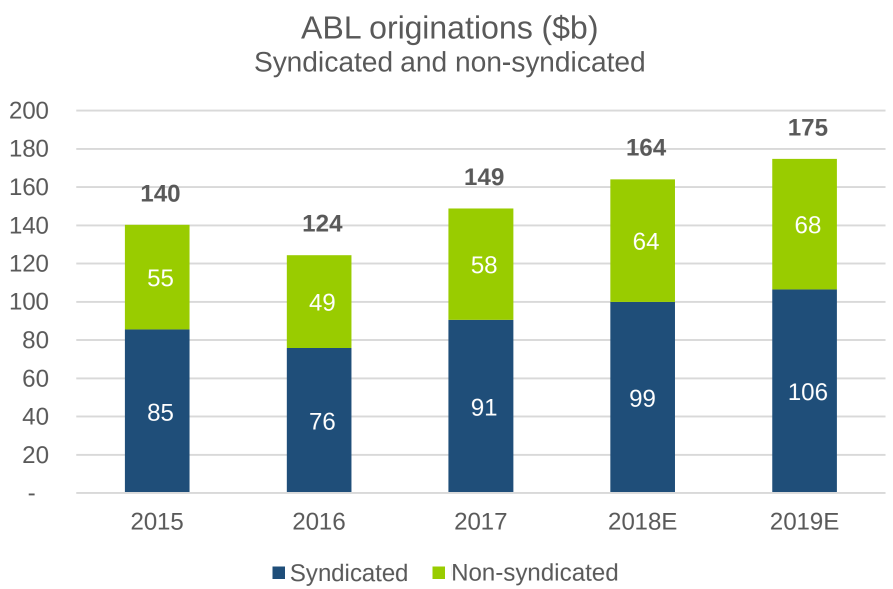
ABL

Total ABL commitments by US lenders were about $465 billion in 2018 and are expected to grow in the range of 6%–7% in 2019.

Source: CFA Westat surveys, LPC Refinitiv, Study



Source: CFA Westat surveys, LPC Refinitiv, Study

US ABL market

Total ABL commitments by US lenders were about **$465 billion in 2018** and are expected **to grow in the range of 6%–7%** in 2019. About $164 billion of ABL commitments were originated in 2018, a slight increase over 2017.

Syndicated to non-syndicated

The Study sized the syndicated market at $283.7 billion as of the end of 2018, based on data provided by LPC Refinitiv. We use this value to net from the aggregate modeled amount of $465 billion to arrive at an estimated $182 billion of non-syndicated ABL in the market – or about 39% of the total market. We have assumed that this ratio of syndicated to non-syndicated holds steady for all periods shown in the graph to the lower left.

Sizing methodology

The ABL market size was determined by bottom-up profiling of over 114 ABL lenders using asset size, commercial and industrial loan balances, US Federal Reserve Bank reporting, agented credit in ABL league tables, and both CFA survey data and Westat survey data.

The market sizing includes syndicated and non-syndicated deals, as well as bank and non-bank lenders.

ABL

US banks hold about 92% of overall ABL commitments in the US.

Contribution to ABL commitments by segment

Segment	$ billions	%
>$500b banks	$172.2	37.0%
$250b-$500b banks	72.7	15.6%
All other banks	182.0	39.1%
Non-banks	38.2	8.2%
Total	**465.1**	**100.0%**

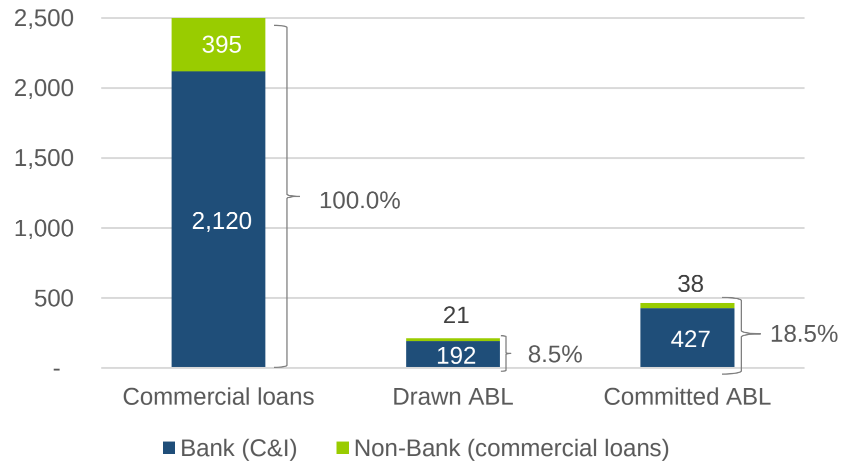
Sources: LPC Refinitiv, S&P Global Market Intelligence, Federal Reserve G.20, Study

Mix of commitments held

The four largest US banks held about 37% of total US ABL commitments as of year-end 2018.

Non-banks held about 8.2% of the total US ABL commitments as of year-end 2018.

All US commercial (C&I) loans vs. ABL loans ($b)



Sources: LPC Refinitiv, S&P Global Market Intelligence, Federal Reserve G.20, Study

ABL in proportion to overall commercial and industrial (C&I) loans

Total funded ABL debt represents about 8.5% of the total US C&I loans outstanding in the US. On a total commitment basis, $465 billion represented about 18.5% of the overall funded commercial loan debt held by banks and non-banks in the US, as of year-end 2018.

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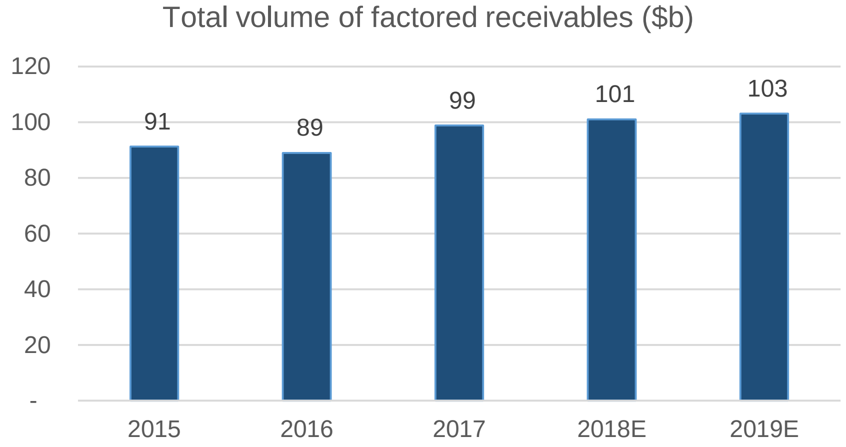
Factoring

Total volume of factored receivables was about $101 billion in 2018 and is expected to grow in the low single-digit range in 2019.



Source: FCI, Study

“There is a need for alternative sources of financing for smaller players. With the rise in consumer confidence and a favorable economy, you’re seeing a lot of demand from these businesses.”

- Factoring survey participant

Sizing methodology

The analysis of survey data conducted for this report covers 16 factors representing about 90% of the US market on a dollar basis, but only about 2% of the total count of firms offering factoring.

Our sources for characterizing the market include the CFA’s annual factoring survey conducted by Westat, the Study survey, the FCI annual report, analysis of reported NAICS codes and other data sources.

US factoring transaction volume

The volume of receivables financed in factoring arrangements by US factors (companies that provide factoring services) was about $101 billion in 2018 and is expected to grow in the low single-digit range in 2019.

Based on a 22.5-day average turn cycle, the $101 billion of transaction volume translates to about $6.2 billion in net funds outstanding for the period.

The Study believes the number of US firms providing some form of factoring is in the range of 700-900 firms. Our analysis is based on evaluating US firms designated under the NAICS code that specifically covers factoring account receivables.

Factoring

The US factoring market is fragmented not only by the large number of US firms that offer factoring, but also by factoring's usage among tens of thousands of small and medium enterprises.

Segmenting the market by size

Understanding the US factoring market requires a good appreciation for how a majority of the market is dominated by several leading firms competing with hundreds of smaller firms to reach micro, small and medium-sized businesses spread throughout the country. The Study subdivided the estimate of the total number of US factors into three categories below by total annual factoring volume: greater than $5 billion, $1 billion–$5 billion and less than $1 billion.

By the numbers, factoring is largely a business pursued by non-depository institutions. A typical factored volume per client by large factors exceeds $10 million annually. Large factors' scale gives them modest pricing advantages over smaller factors.

	Total US market				Transaction level	
Segment	Est. # of factors	% non-banks	Est. factoring volumes (% of total US factoring volume)	Est. # of clients	Typical vol./client	Typ. revenue /transaction
Large factor >$5b in annual factoring volume	3	Not disclosed	76%-78%	1,800-2,000	>$10m	0.6%-1.2%
Medium factor $1b-$5b in annual factoring volume	15-20	>85%	14%-18%	8,000-10,000	<$5m	>1%
Small factor <$1b in annual factoring volume	675-875	>90%	5%-9%	Over 10,000	<$1m	>1%
Totals	700-900	>90%	$101b	Over 20,000	n/m	n/m

Source: Study, Dun & Bradstreet

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Supply chain finance

The supply chain finance (SCF) market in the US is about $416 billion in annual flows.

The Study estimates the SCF market in the US is about $416 billion in annual transaction flows, which is determined based on an estimation that SCF predominantly holds around 3% of the total outstanding trade receivables in the US, and that typical SCF terms are based on a 90-day settlement cycle. The growth of the market over the long run is generally related to the rate of growth in trade receivables. Approaches to determining the size of the market require a high degree of estimation and published values can vary greatly.

The table below shows annual transaction flow relative to the sizes of four measures closely associated with supply chain finance: US imports and exports, and US trade payables and trade receivables.

SCF 2018 annual flow estimate in relation to major US benchmarks

Annual flow of SCF:
$416 billion
(YE 2018)

Flow of SCF as % imports: **11.9%**	Flow of SCF as % payables: **15.6%**
Flow of SCF as % exports: **16.4%**	Flow of SCF as % receivables: **12.0%**

Source: BEA, Study

Supply chain finance

Three subcategories of supply chain finance are purchase order finance, supplier finance and inventory finance.

Descriptions of SCF subcategories

Within the US market, in addition to traditional letter of credit (L/C) and open account solutions, the Study examined three SCF subcategories: purchase order finance, supplier finance and inventory finance. As with other forms of secured finance addressed in this Study, SCF is often provided in conjunction with and is complementary to other forms of secured finance.

Purchase order finance	Purchase order finance and pre-shipment finance are synonyms whereby a commitment is issued by a financing entity for the benefit of a seller that, once goods relating to a specific purchase have been received by the buyer, the seller will be paid by the financing entity. It is a form of payment guarantee. Two distinctions between L/Cs and purchase order finance are a) purchase order finance pays the seller on the purchase order and not on delivery of finished goods, and b) the financing may be viewed as more of a true form of financing rather than just a protection against credit risk.
Supplier finance	Supplier finance, reverse factoring and trade payable finance are synonyms for a financing program in which sellers in a buyer's supply chain are able to access financing by means of factoring (a receivables purchase). The technique provides a seller of goods or services with the option of receiving the discounted value of receivables (represented by outstanding invoices) prior to their actual due date and typically at a financing cost aligned with the credit risk of the buyer. The payable continues to be due by the buyer until its due date. Reverse factoring arrangements are commonly buyer led, whereas traditional factoring arrangements are seller led.
Inventory finance	Inventory finance, distribution finance, and dealer or channel finance are synonyms whereby a financing party is providing funding for a client's need to acquire inventory (commonly finished goods) for the purpose of selling such inventory to end customers. Inventory finance is a pocket of SCF that probably has been least disrupted and generally has a strong bank presence.

Source: ICC, Study

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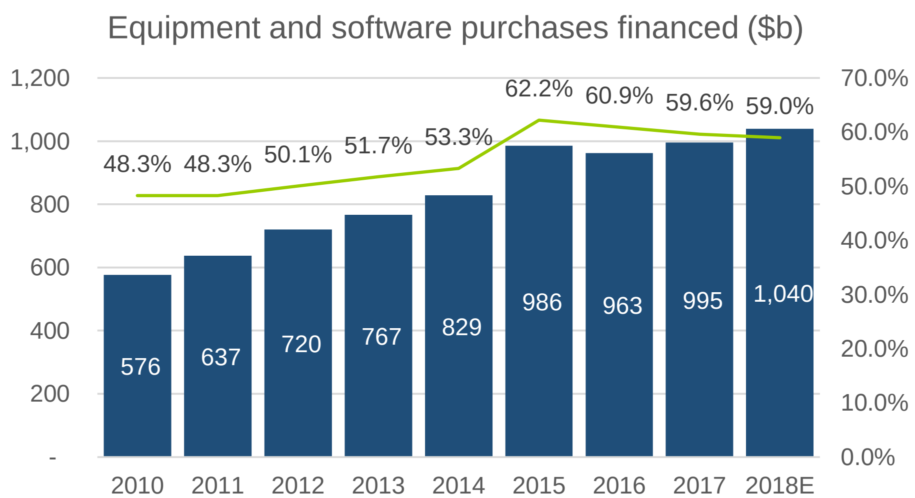
Equipment finance and leasing

The equipment loan and lease market in the US is about $1.04 trillion, growing at 4%–5%.

Equipment finance and leasing is among the most visible and impactful segments of the US commercial finance ecosystem because of the volume and breadth of products it provides businesses. It also strongly complements many other forms of secured lending and is often bundled with ABLs or other lines of credit. US private enterprises and public institutions acquired about $1.76 trillion in equipment and software in 2018, representing 8.5% of US GDP. Nearly 60% of that purchase volume, or about $1.04 trillion, uses either lease, loan or line of credit financing. Commercial equipment includes both equipment and software with service lives of one year or more that may be capitalized or expensed for accounting purposes. Equipment is further subdivided into “big ticket” and “small ticket” markets, which are somewhat informal distinctions with breakpoints of item price usually around $500k.

The growth of equipment finance is primarily driven by purchase volumes and secondarily by the relative attractiveness of financing options to buyers. Using the U.S. Bureau of Economic Analysis (BEA) measures of investment in private non-residential fixed assets, total purchase volumes grew at a 4.0% CAGR between 2011 and 2017 and grew 5.0% in 2017 alone. The strength of the US economy in 2018 would point to 2018 growth matching and likely exceeding 2017’s growth.



Source: BEA, Study, ELFA 2018 Survey of Equipment Finance Activity

Financing penetration

Determining a precise level of financing penetration on the market largely requires surveying the market and applying survey results to the overall purchase volumes. Analysis conducted with the backing of ELFA reveals the range of financing penetration (defined as leases, loans and lines of credit) has ranged between about 48% up to 62%, with trend lines both in upward and downward directions since 2010.

Rising short-term interest rates can motivate lease options and lock in current rates. Overall, the Study believes that absent a downturn in the economy, modestly rising rates and 2% levels of inflation are unlikely to strongly influence the volume of financed equipment in either direction.

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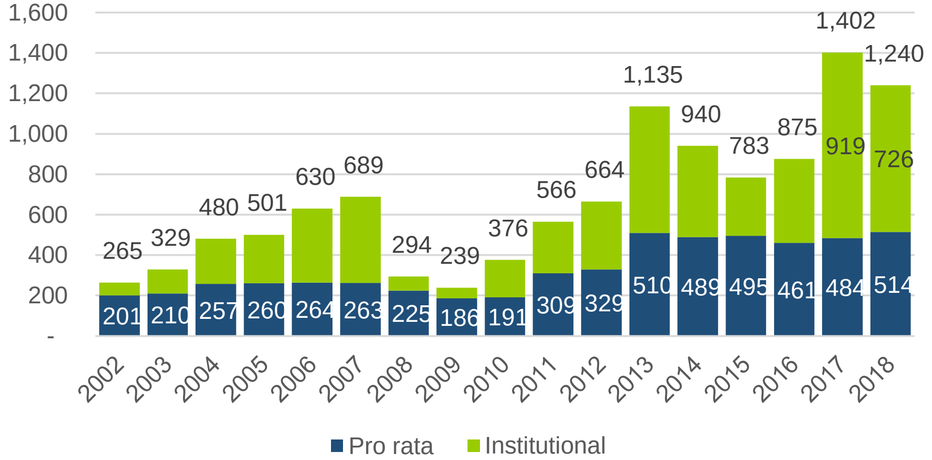
Leveraged lending, cash flow lending

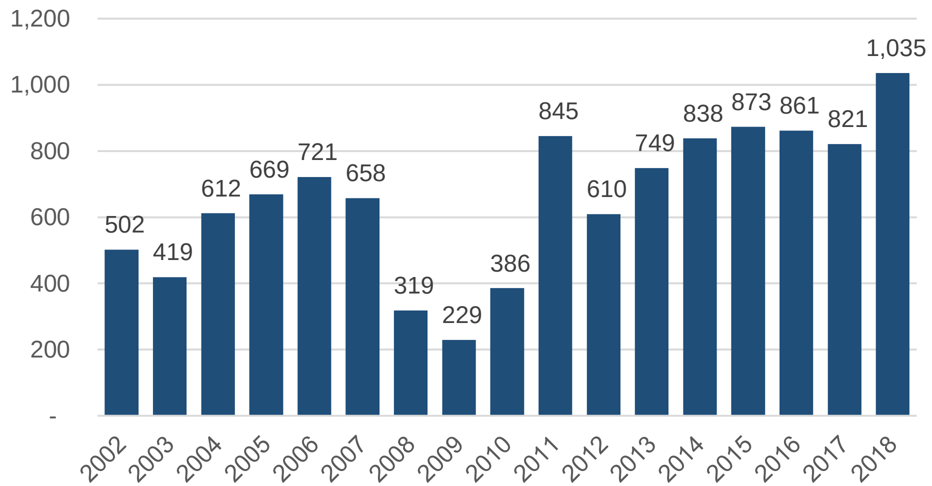
Leveraged lending volume issued was $1.240 trillion, while cash flow lending volume issued was $1.035 trillion in 2018.

Leveraged lending issuance in US ($b)



Source: LPC Refinitiv

Investment grade loan issuance in US ($b)



Source: LPC Refinitiv

Overview

Leveraged lending is a form of secured financing, typically syndicated, in which lenders hold some form of collateral but expect that loan repayment will come from the borrower's earnings.

Leverage lending underwriting volumes

The more substantive contributor to overall leveraged lending growth since the financial crisis has been in institutional tranches. Approximately $726 billion of institutional loan volume was issued in 2018. While this number was down from $919 billion in 2017, the average institutional volume of the 10 years prior to 2017 was $310 billion. On a combined pro rata and institutional basis, leverage lending was off by 11.6% in 2018, but both 2017 and 2018 were materially higher than all prior years.

Cash flow lending

The cash flow lending market, for the purposes of this Study, refers to investment grade loans. 2018 was a record year for issuance, rising 26% above 2017 and reaching $1.035 trillion. About 75% of the 2018 volume ($756 billion) was refinancings. The estimated total outstanding par amount of committed cash flow term loans was $1.8 trillion as of the end of 2018, based on LPC Refinitiv tracking of outstanding investment grade loans.

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Asset-backed securitization

Commercial asset-backed securitizations issued were $127 billion in 2018.

Overview

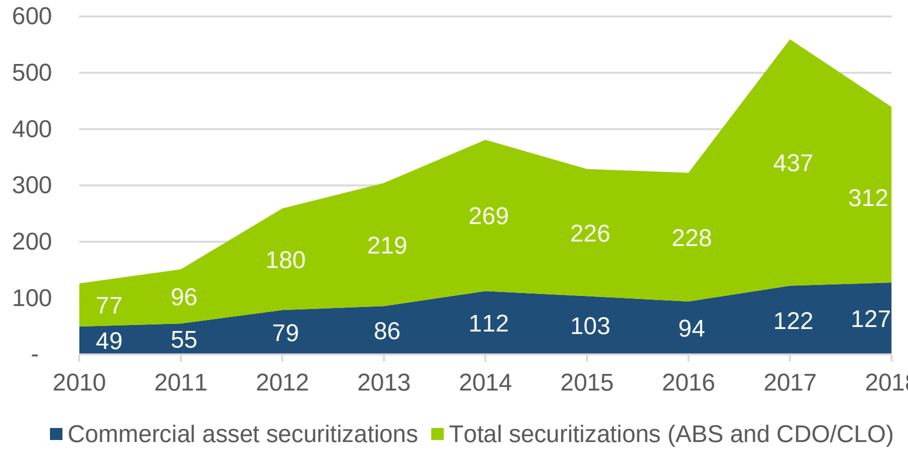
Securitization is a repackaging of a pool of assets for sale as a fixed-income security. When commercial financings are securitized, the very nature of the securitization interconnects the original financing – be it a lease, loan or package of any receivables – to another debt instrument.

Commercial asset-backed securitization issuance volume

The asset-backed securitization market enabled commercial lenders to obtain $127 billion of funding in 2018. The issuance of commercial finance-related ABS has steadily grown at about a 12.6% CAGR since 2010 – a growth rate slower than the overall ABS issuance growth rate of 16.9% CAGR; however, the overall market value includes CLO issuance, which is addressed in more detail in the full report.

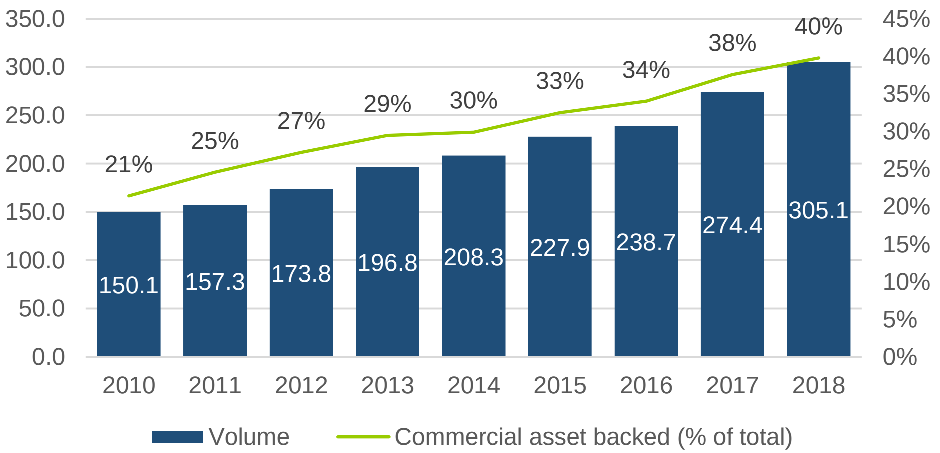
Total outstanding commercial finance-related ABS has grown at a 9.3% CAGR since 2010. At $305 billion at the end of 2018, these securities represent 40% of all outstanding ABS (ex-CLOs). Commercial finance-related ABS' growing percentage in the overall mix of non-CLO-related ABS has been aided by the declining presence of credit card and student loan ABS, which have averaged decreases of 6.3% and 3.8%, respectively, per year since 2010.

Commercial asset securitizations vs. total ABS/CDO/CLO issuances ($b)



Source: SIFMA

Securitizations outstanding of commercial assets (not including CLOs) ($b)



Source: SIFMA

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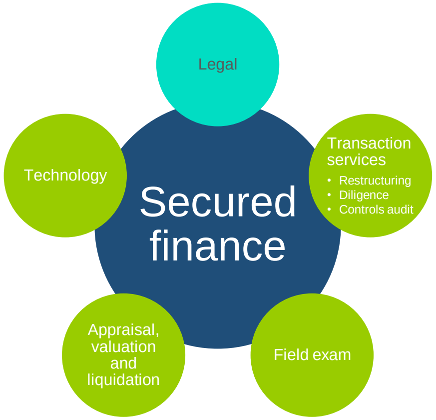
Service providers

Professional services play vital roles in maintaining the diversity of secured finance options available to commercial borrowers. The following describes those services primarily related to asset based lending.

Legal services Behind all secured financings lie a credit agreement, a purchase agreement and often multiple other contractual arrangements necessary for protecting creditors and borrowers. Legal services arguably play the most important role in facilitating a secured financing.	
Competitive dynamics	About a dozen national law firms have practice areas focused on ABL, with numerous regional firms also in the mix.
Employment characteristics	Large, national practice firms with diversified specialty practice areas can have over 100 professionals focused on ABL alone.
Select economics	Legal fees are billed on hours, which depend on deal complexity. Total legal billings for a typical syndicated ABL facility can amount to between 50 and 100 basis points of total commitments.

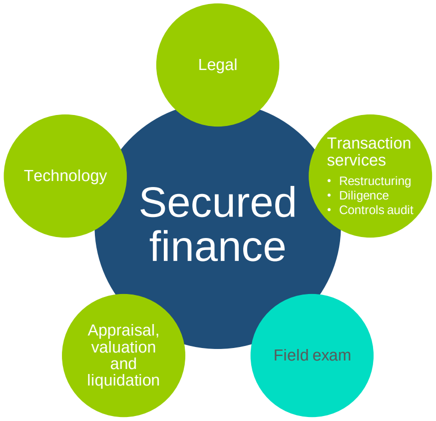


Transaction services Relationships with clients commonly need to be supplemented with due diligence and, if needed, restructuring and turnaround advisory services.	
Restructuring	There has been a meaningful level of consolidation due to competition, with three large restructuring firms holding their positions, middle-tier firms diminishing in presence, but an uptick in the number of boutique firms. The segment employs several thousand professionals.
Diligence	Diligence work is handled by a wide mix of transaction advisory firms.
Controls audit	Non-financial audit work is handled by a large number of national and local audit and advisory firms.

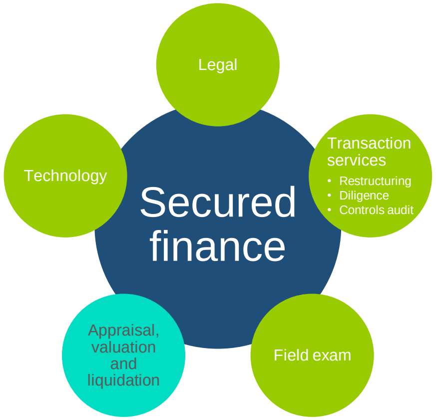
Service providers

Field exam and appraisal, valuation and liquidation services

Field exam Of particular importance to ABL lenders is the practice of periodic field exams that provide lenders understanding of the quality and condition of collateral and the appropriateness of the operating controls in place to make ABL lending secure.	
Competitive dynamics	There are about a dozen prominent independent firms, plus dozens of additional internal bank teams conducting field exams.
Employment characteristics	It is estimated that perhaps 250–300 persons are employed in the field exam departments of major bank ABL lenders. Independent firms employ perhaps an additional 200–300 persons, many of whom are contract employees.
Select economics	It is estimated that perhaps $300 million annually is spent on field exam services, just by the top 10 ABL lenders alone. Exams costing $200,000 and up are not uncommon for large deals.

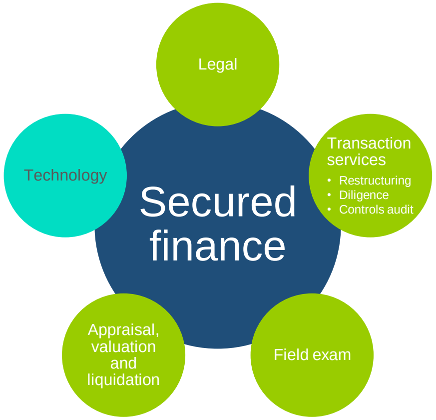


Appraisal, valuation and liquidation The collateral underpinning secured finance transactions must be appraised by specialists understanding the diverse markets and avenues for liquidating if necessary. Virtually all ABL deals depend on appraisers' work to help ensure dollar amounts supporting borrowing bases are tuned to market conditions.	
Competitive dynamics	About a dozen prominent, independent appraisal and valuation firms serve the ABL market alone. Many more serve areas outside ABL.
Employment characteristics	The number of appraisal, valuation and liquidation professionals focused on secured lending are estimated to be in the 750–1,000 range.
Select economics	Appraisals are generally priced slightly below the cost of field exam, with most ranging from $75,000 up to $150,000, depending on the complexity of the appraised market. The size of the served market for valuation, appraisal and liquidation services in ABL is well in excess of $100m annually.



Service providers
Technology services

Technology The role of technology greatly enhances the operating efficiency and potential for better serving borrowers, and will likely grow to become even more important in the future. Software for tracking borrowing base reporting, a networked tracking system for monitoring the flow of product through a supply chain, automated credit scoring systems for small ticket equipment finance, or a customer relationship management system that aggregates multiple forms of financings up to a single obligor-level view already play major roles in secured finance.	
Competitive dynamics	One provider of ABL software leads the space, with three or so other ABL workflow software providers in the mix. A greater number of software providers serve the overall secured finance spectrum.
Employment characteristics	Relatively light employment, in part based on the scalability of software.
Select economics	Annual maintenance contracts on software sales run about 20% of the installation costs.



Sources

This Study has used the following sources:

- ABL Advisor
- Bank for International Settlements (BIS)
- Dun & Bradstreet
- Equipment Leasing and Finance Association (ELFA)
- Factors Chain International (FCI)
- Federal Reserve Bank of St. Louis
- International Chamber of Commerce (ICC)
- Loan Trading & Syndications Association
- LPC Refinitiv
- S&P Global Market Intelligence
- U.S. Federal Reserve
- U.S. Bureau of Economic Analysis (BEA)
- Office of the Comptroller of the Currency (OCC)
- Westat, Inc.

The Study also utilized customized surveys and interviews with dozens of subject matter specialists within each discipline examined.

Full Study

For the full 80-page detailed version of this Study, please visit cfa.com (sfnet.com after June 2019) .

The Commercial Finance Association Education Foundation is becoming the Secured Finance Foundation.

About the Commercial Finance Association
Founded in 1944, the Commercial Finance Association, soon to become the Secured Finance Network, is the international trade organization representing the asset-based lending, factoring, trade and supply chain finance industries, with over 1,000 member organizations throughout the US, Canada and around the world. CFA provides education, networking opportunities and industry advocacy to the global secured finance community. For more information, please visit cfa.com.

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The CFA Education Foundation, soon to become the Secured Finance Foundation, exists to cultivate education, innovation and charitable works for the betterment of the secured finance community. As a separate entity from the Commercial Finance Association, the CFA Education Foundation is a 501(c)(3) organization that funds crucial initiatives benefiting secured lenders worldwide. For more information or to make a donation, please visit cfa.com.

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