



**he UK's Business Money and The Secured Lender will be trading editorial. Here is the first column by Bob LeFroy, editor of Business Money, about the goings on across the pond.**  
BY ROBERT LEFROY

If UK receivables financiers are delighted at the numbers of companies seeking help as their banks grow cautious, many are also worried about the cost of funds. Tight liquidity conditions in wholesale markets are creating volatile pricing. That said, new deals are being structured at rates that could only be dreamed of before the credit crunch.

Some changes of ownership have taken place. London Scottish placed its invoice finance operation on the market, needing to raise funds to comply with Basel capital adequacy criteria. Hitachi Credit made the highest bid, bringing a new entrant to UK invoice finance.

Five Arrows has gone too, the Rothschild-owned operation succumbing to GE Commercial Finance's overtures. When Rothschild quit its longstanding position in the London gold markets, the capital freed up was intended for growth at Five Arrows. This has been achieved with a broad range of products comprising factoring, invoice discounting and ABL: still too little capital, though, to participate in the big ABL syndicates and I also suspect that Roth-

schild's risk appetite for this medium may have dulled.

Two other UK middleweights must be looking over their shoulder. Close Invoice Finance has advanced strongly on the back of its innovative I-Deal package, one that makes optimum use of Vision Critical's real-time reconciliation software. Venture Finance has still to have its future finalised following the takeover of parent ABNAMRO by Fortis. If they both join Five Arrows, swallowed by a major player, it will leave large gaps in the centre of the market.

A big news story broke when Ted Ettershank announced that he is to step down as CEO at Lloyds TSB Commercial Finance. If I may employ a cliché, this is the end of an era. Few would argue that Ettershank has been one of the most significant UK players of the last two decades. The word pioneer comes easily to mind as well, opening the first invoice-discounting-only house in the UK whilst many still clung to a factoring-only approach; advocating the medium of ABL, then promoting it hard when stable UK economic conditions opened the door of opportunity; campaigning hard for the formation of an effective Factors and Discounters Association from three disparate bodies; making training a priority from the early days. Like a great quarterback, Ettershank had that something extra that just cannot be found in coaching manuals.

Simon Featherstone steps into his shoes, a widely applauded choice. He will benefit from the quality team Ted has built. The great operation, which draws 50% of its new business from outside of the Lloyds TSB network, may yet retain the cachet that allows it to rise above being just another division of a bank.

We welcome a USA player to our shores: Platinum Solutions LLC, headed in the UK by Toni Dare.

We also await the arrival of the

Receivables Exchange (Editor's Note: The Receivables Exchange is a new capital market for privately held companies to gain access to working capital, just like the NYSE is designed for public companies), which is surely the way much invoice finance will be transacted in the future. My wife and I met Nicolas Perkin and Paul Ellis, executives at the company, at the International Factors Group conference in Bangkok in June.

A couple of days back in England, then I was off to Dublin to celebrate the opening of Ken McGrath's new Coface office. The bags are back in the closet now, but will re-emerge for San Francisco in November and the CFA Convention. I have a feeling UK receivables finance will see more arrivals and consolidation before we catch the plane. **TSL**

Robert LeFroy is editor of *Business Money*, the first dedicated commercial finance journal in the UK. He can be contacted at [lefroy@business-money.com](mailto:lefroy@business-money.com).