

across the pond

THE UK AND IRELAND SCENE



Independence has ever been a theme for celebration in the USA. In the UK, and amongst invoice financiers, it provides no end of entertainment as several companies choose a flexible definition so they may claim a marketing empathy with the small and medium businesses they seek to finance.

David Thomson's team at Close Invoice Finance captured the benefits of Vision Critical's real-time reconciliation software to offer invoice discounting with higher loan exposure ratios, and at a competitive price, to smaller companies with conspicuous success. Calling yourself independent whilst part of the Close Brothers group stretches the imagination; the bank is a watchword for quality in the SME sector, but the innovative way in which invoice discounting is now offered is worthy of note

A true independent, i.e. nonbank-owned, that also championed small-company invoice discounting, SME invoice finance achieved this through stringent underwriting and careful selection of clients. Having made its name in discounting, it then grew through the acquisition of the Potential and RDM factoring books to present a very attrac-

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tive target for some acquisitive buyer. I hope it never happens; this one is a beacon to which others should look.

Venture Finance, once part of the ABNAMRO empire, also lays a tenuous claim to independent credentials. It had a rewarding 2008 under Peter Ewen, ably assisted by Steve Websdale, and the mighty queen of the north, Alison Small.

Ironically, given that many define independence as not being one of the mighty banks' invoice finance companies, Bibby, a name making steady progress in the USA too, has more factoring clients than Barclays, though the link between the two is close. Barclays funds Bibby and has long offered it deals that just miss its own criteria, though Bibby has a fearsome, and fearless, marketing edge of its own and reaps a rich harvest financing companies of all shades.

If we mourn the loss of Five Arrow, the classy outfit swallowed by GE Commercial Finance, we welcome Gener8, the new factor from Dave Richards.

IGF Invoice Finance has taken a while to regain equilibrium. Its acquisition of Dynamic through a hostile bid, and some internal problems, have commanded the attention of Tracy Ewen who is now looking to write much new business.

Another new entrant awaits an opportunity to join the party featuring some famous names and companies like Ashley, Calverton, Regency, Factor 21, Aston Rothbury, Challenge Charterhouse and Ultimate all had good years, as did Hitachi Capital which bought London Scottish as part of its expansion into the UK business finance market.

Centric, a newer entrant to the market driven by a former GE Commercial Finance team, is writing much high-quality business and Skipton Commercial Finance conservatively run under City Invoice Finance's old boss, Dave Thomas, should prosper.

If the opportunity to finance good propositions has been seized by many

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whilst the big banks are being coy, funding is an issue.

Close had to issue an attractive deposit account package to secure liquidity, though at a price. Many thought the departure of Ted Ettershank from Lloyds TSB Commercial Finance would see the end of its back-to-back funding of many small independents though successor Simon Featherstone made reassuring noises when we interviewed him. Now that the government has a large stake in the bank, and should that resolution be tested, a withdrawal from supporting a major source of finance of small business might be politically awkward.

Cattles Invoice Finance has a private equity financed purchase agreed, but the parent company, Cattles plc, is sorely pressed, its secondary and tertiary personal finance business suffering huge losses and an internal spat over treatment of delinquent accounts has left a dark cloud over its future.

Cattles Invoice Finance is a major player in the independent sector: anything that impinges it from taking its rightful place in the SME finance sector would cause pain in many places.

The UK independents are thriving and space permits only a superficial review. If anybody would like to hear more about any of them, please contact me. **TSL**

Robert Lefroy is editor of *Business Money*, the first dedicated commercial finance journal in the UK. He can be contacted at leeroy@business-money.com.