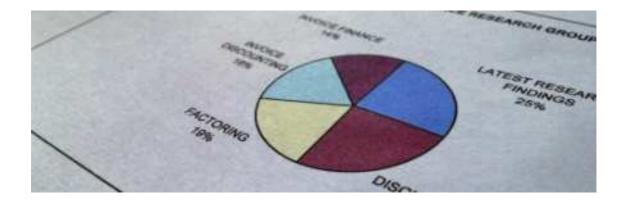


# INVOICE FINANCE RESEARCH SUMMARY

# January 2015



FundInvoice LLP PO Box 281, St Leonards on Sea TN38 1HS Phone: 03330 113622 Fax: 01424 236446 Email: info@fundinvoice.co.uk Web: www.fundinvoice.co.uk



# **FUNDINVOICE & BACKGROUND**

FundInvoice LLP offer the UK's 1st research based, business finance advice and quotation search service. We handle the whole of the UK and have access to all the key finance providers.

We have been **able to save money for 4 out of 5 businesses** who had received quotations elsewhere

We were able to find clients an average cost saving of 37% of the fees they would pay elsewhere

We have conducted, and shared, an extensive catalogue of market and customer research centred around the invoice finance sector. All our findings are published on our website.

FundInvoice are currently "Finalists" for the Business MoneyFacts 2015 Award for the "Best Asset Based Finance Broker".

### OBJECTIVE

The purpose of this document is to summarise some of the findings from our recent invoice finance related research, which has been conducted between 2013 and 2015.

# METHODOLOGY

These results encompass a number of studies, details of which can be found on our website:

http://www.fundinvoice.co.uk/find\_out\_more/invoice\_finance\_market\_research.html

### SIZING THE UK INVOICE FINANCE MARKET

At the beginning of 2014, the House of Commons Library reported there being 5,234,000 businesses operating with the UK.

At an equivalent point in time, the ABFA (Asset Based Finance Association) statistics to the end of 2013 reported 42,227 invoice finance clients across 40 of their members (we have excluded import factoring and stock/asset based lending clients).

We estimate that there are approximately a further 20 invoice finance companies that are not ABFA members. Our estimate is that they account for approximately 3,000 additional clients, bringing the total number of businesses using invoice finance in the UK, at the beginning of 2014, up to circa 45,227.

This suggests that:

#### Approximately 0.86% of UK businesses use invoice finance

However, some of our surveys have identified higher concentrations of users.

### **FAST GROWING BUSINESSES**

Our study of Fast Growing businesses (20%+ turnover growth per annum, conducted in 2013, amongst 100 respondents), found that there was a higher proportion of high growth businesses using invoice finance.

#### 12% of fast growing businesses used invoice finance

Our survey went on to identify a further subset of "Maximum Growth Businesses". These businesses told us that they could not grow their turnover any faster, even if they had access to additional funding. We found that:

#### 52% of Maximum Growth Businesses used invoice finance

Our study identified a correlation between fast growth and the use of these funding products. It also found that all those using invoice finance said that they had sufficient funding to meet their business needs. Where inadequate levels of funding were identified, the respondents were using funding sources such as bank overdrafts, bank loans and family money.

### **NEW START UPS**

We also conducted a study of new start up businesses (in 2013, amongst 100 respondents that had started trading with the last year).

We found that only:

#### 2% of new start ups said they used invoice finance

However, 31% said they hadn't been able to raise enough finance and 96% of those hadn't even considered invoice finance. The reasons for not considering this option were that they either didn't know about it, didn't think they would qualify or they thought it would be too expensive.

### **INVOICE FINANCE USERS**

Our March 2014 study looked at a sample of 100 existing invoice finance users. We found that, on average:

Clients used invoice finance for 5.28 years

During which time they used 2.14 different providers

The principle reason for moving between providers had been to achieve a cost saving (42.4% of the reasons given).

We also found that:

Clients of independent providers (i.e. not bank owned) were 45% more satisfied

### **MYSTERY SHOPPER PRICING STUDY**

In August 2014 we conducted a mystery shopper pricing study amongst our panel of the key invoice finance providers, using a number of specific product case studies. The following providers (listed in alphabetical order) provided the cheapest quotes for one, or more of our product case studies:

- ABN AMRO Commercial Finance
- Five Arrows Business Finance
- GE Capital Commercial Finance
- Leumi Invoice Finance
- Metro Bank SME

It was clear from the detailed findings that, within our study, there was no single invoice finance company that provided the cheapest quotation in all product scenarios.

# **CONTACT FUNDINVOICE**

We will happily put you in contact with any of the invoice finance companies mentioned in our survey or we can conduct a free, independent quotation search, based on your particular circumstances. You can call us in confidence and without obligation on:

# 03330 113622

email: info@fundinvoice.co.uk

or visit our website for more information and to request a quotation search online: <u>http://www.fundinvoice.co.uk</u>