

Secured Finance Is Vital to U.S. Economy, Business & Banking

Secured finance refers to loans and other financial transactions that are secured using a borrower's asset/s as collateral. A Secured Finance Network study reveals the size and impact of this \$4.1 trillion industry.

The industry includes banks and other finance companies that together provide seven major types of financing: asset-based lending, factoring, supply chain finance, equipment finance and leasing, leveraged lending, cash flow lending, and securitization. While cash flow lending primarily involves unsecured loans, this is a complementary product often offered in conjunction with secured financing.



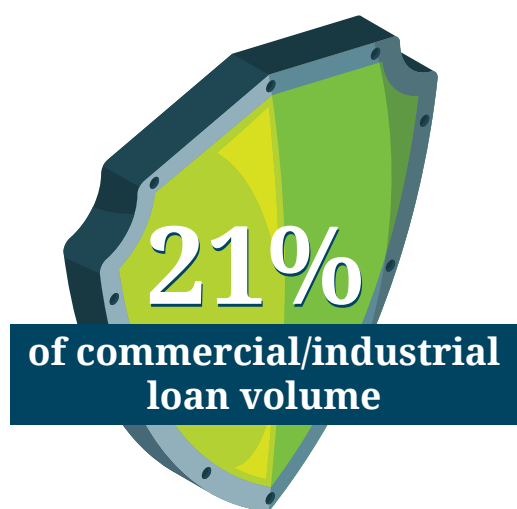
5,000
Commercial Banks
including the 4 largest



& 1,500
Other Lenders
offer secured
financing to businesses



1 Million+ Businesses
benefit from some form of secured finance



is generated by
asset-based loans,
one form of secured finance



Economic Lifelines

Secured finance products tend to be among the most durable lending products in finance portfolios during bad credit cycles. All of these finance products are interrelated and support businesses throughout their lifecycle.

Secured Finance Generates \$4.1 Trillion Annually — 20% of U.S. GDP

Finance Type	Transaction Volume*	Annual Growth*	Cumulative Levels*
Asset-based lending Structured, mostly revolving loans on eligible receivables and inventory	\$164 Billion	6% — 7%	\$465 Billion Revolving and term commitments
Factoring Purchases of receivables	\$101 Billion	3% — 5%	\$6 Billion Net funds outstanding
Supply chain finance Arrangements commonly made by buyers that provide payment flexibility to suppliers	\$416 Billion	5% — 6%	\$104 Billion Net funds outstanding
Equipment finance and leasing Loans and leases secured by equipment	\$1 Trillion	3% — 5%	\$2.9 Trillion Loans, leases and lines of credit
Leveraged lending Secured, cash-flow-based loans to non-investment-grade borrowers	\$1.2 Trillion	-10% — -12%	\$4.3 Trillion Funded loans
Cash flow lending Predominantly unsecured loans made to investment-grade borrowers	\$1 Trillion	22% — 26%	\$1.8 Trillion Revolving and term commitments
Securitization Securities sold in tranches by credit strength, collateralized by assets	\$127 Billion	3% — 5%	\$305 Billion Asset-backed securitizations
TOTAL	\$4.1 Trillion		

Source: Secured Finance Network sfnet.com

*Estimates based on 2018 data for U.S.