

**Q3 2022**

# **SFNet Quarterly Progress Report**



**NETWORKING  
INDUSTRY DATA  
EDUCATION  
ADVOCACY**

**SFNET.COM**



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# SFNet Quarterly Progress Report

Welcome to SFNet's first-of-its-kind Quarterly Report to Member Directors. These periodic briefings are being introduced to keep you apprised of our progress against key objectives and accomplishments throughout the year.

**NETWORKING**  
**INDUSTRY DATA**  
**EDUCATION**  
**ADVOCACY**

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**Below, please find highlights of Q3 2022. If you have any questions, feel free to reach out to me.  
Thank you for your continued support of our association and for all you do for our secured finance community.**

**SFNet continued its focus on attracting new entrants and assisting in their professional development**

- [Mentoring program](#) was launched with 24 mentors and mentees. Feedback has been overwhelmingly positive.
- Several Guest Lecture Programs were held, including at Rutgers University and The Ohio State University
- 76 member employees attended [education programs](#) (Reminder: all employees of member companies are entitled to attend On Demand classes at no cost as part of your membership dues.)
- SFNet welcomed 13 new members. Be sure to open [TSL Express](#) each day to read details about new members.

**SFNet delivered robust data and info resources**

- The [2019 Market Sizing and Impact Study](#) refresh is underway in conjunction with EY and with assistance from University of Illinois graduate students. We expect this to be published in early 2023.
- The [SFNet Q2 2022 Asset-Based Lending Survey](#) was published, demonstrating demand for financing is improving and portfolio performance remains strong even as broader business conditions weaken and recession risks rise.
- Two [Crucial Conversations](#) webinars were held: *Overview of California's Commercial Finance Disclosures Regulations Final* and *The Importance of Ancillary Documents and Credit Insurance Administration*
- The Business Development Forum was held in September. Our next round of cohort forums will be held during SFNet's Annual Convention in Austin.
- SFNet's [International Finance and Development Committee](#) launched an ABL Cross-Border Database. The database is a comprehensive compilation of information from publicly available credit agreements in large cross-border asset-based loans.
- SFNet and industry veteran Barry Bobrow have partnered to produce a series of [video and audio podcasts](#) focused on important trends and developments in secured lending. The first one went live on July 1, with five more episodes published in the quarter.
- *The Secured Lender's* [October issue](#) featured Great Places to Work profiles highlighting SFNet members companies. The issue is being distributed to colleges and law schools to increase knowledge of the industry and encourage the next generation to explore career opportunities in the industry.



# SFNET QUARTERLY PROGRESS REPORT

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NETWORKING  
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## SFNet brought together our community for networking, relationship building and deal-making opportunities

- SFNet regional [chapters](#) offered many fun networking activities this summer including golf outings, sporting events and beach parties.
- SFNet hosted two national events in Q3 including a YoPro Summit in Atlanta and the Cross-Border Summit, which was held virtually with over 100 attendees

## SFNet advocated for the industry on important initiatives

- SFNet, with the assistance of Advocacy Committee members, has successfully negotiated a consensual form of [subordination agreement](#) with the Small Business Administration (“SBA”) on EIDL loans, allowing asset-based lenders priority over certain of the same collateral granted to the SBA under an SBA facility whether the ABL facility is put in place prior to or after the SBA facility goes into effect. Details can be found [here](#).
- Development of a California Financial Disclosures Law Compliance Guide is nearing completion and expected to be available soon.

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**SFNet met its budgeted financial objectives for the Quarter and will release complete FY22 details in its Annual Report to members in January.**



■ **RICHARD D. GUMBRECHT**  
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Secured Finance Network  
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**The essential  
community of  
organizations and  
professionals  
delivering  
and enabling  
secured finance**

 **Secured Finance  
Network**

**The Secured Finance Network (SFNet)** is an international trade association that brings together the people, data, knowledge, tools and insights that put capital to work. Founded in 1944, SFNet has more than 272 member companies, an active network comprising over 20,000 professionals, and 20 chapters located throughout the United States, Canada and Europe.

## The secured finance market

U.S. secured finance market dimensions<sup>1</sup> (\$b)

Please note to be on the lookout for the 2023 update to our ground-breaking SFNet Market Sizing and Impact Study, this update will be conducted, yet again, by Ernst & Young, with continued support by the Secured Finance Foundation and a broad group of subject matter experts comprised of SFNet members. Release date February 1, 2023.

	Calendar year 2018			YE 2018	
	Transaction: Volume	Growth		Levels	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 securitizations
<b>Total</b>	<b>\$4,123</b>				

<sup>1</sup> 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.

# \$4,123 Trillion

The volume of transaction flows in our industry

# 60,000

Persons directly employed in the industry

# 1/5th of U.S. GDP

Secured finance underpins, either directly or indirectly, about one-fifth of the transaction volume that makes up the \$20 trillion U.S. gross domestic product.