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COMMENT**The rise of
captive finance
companies**

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Recent times have been difficult for everyone in the finance industry, but one kind of company has seen its position strengthened.

Captive finance companies that rely on their parent company's balance sheet to provide support for customer lending have seen their importance in the market transformed, as they become "lenders of choice" for many of their parent's customers. Captives have benefited from stable or strong sales growth in the face of large market declines elsewhere, and parent companies are now paying increased attention to these important sales aid tools as a result.

They also have an advantage over traditional finance companies: more thorough understanding and engagement with their customers, both directly and through their parent – which gives them the inside track in assessing asset usage, valuation, resale and refurbishment. As a result, many companies without captive operations are now rueing the day they did not commit to developing this important mechanism for supporting and enhancing sales.

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