

Beth Parker, *Unstoppable: The story of asset-based finance and leasing in Canada*. Toronto, ON: [Barlow Book Publishing](#), 2015. 303pp., tables, graphs, photographs, endnotes, appendices, index. Paper; ISBN 978-1-988025-04-9, Cdn \$25.99, ebook; ISBN978-1-988025-04-9, Cdn \$12.99.

Toronto writer, Beth Parker's, study of the asset-based finance and leasing business in Canada, *Unstoppable*, shines a light on an often overlooked, but nevertheless significant sector of the Canadian business economy. It is a business which is estimated to account for approximately \$400 billion in overall annual transaction value and it is considered to be the largest provider of capital and credit to Canadian businesses and consumers, after the major banks and credit unions. This oversight is one that The Canadian Finance & Leasing Association (CFLA), the trade association which represents over 250 industry members, sought to rectify in commissioning the writing of this book, while at the same time, commemorating its own 40th anniversary in operation.

The book is organized into six approximately decade-long historical periods, starting with the industry's rapidly accelerating growth in the 1960s and continuing through to its successful emergence from the financial crisis of 2007-2009. Its somewhat improbable title, *Unstoppable*, reflects the author's high regard for the industry's resilience over the years in the face of a variety of economic and other challenges.

The finance and leasing business has, of course a much longer history in Canada. For example, GMAC, actually a latecomer in this regard, opened for business in Canada in 1919. However, the author has chosen to focus her attention on the last 60 years, possibly because her principal information resource for this story seems largely to have been confined to the some 50 or so interviews which she conducted with senior industry executives.

Given the perception that the asset-based finance and leasing business is not well-known in this country, the author has inserted in various places throughout the text, and in a series of concluding appendices, several sidebar and other informational appendages designed to clarify the meaning of some of the principal industry terminology, (there is a "Glossary" section). These supplements explain a number of the arrangements commonly used in the business, see the section entitled "Commercial lending vs. leasing"(24). Although such inserts have the effect of interrupting the story's flow, they are helpful in gaining an understanding of the industry's inner workings.

The industry, as described in the book, is both complex and diverse and its membership comprises a multiplicity of participants. These include, in varying degrees, independent finance companies, equipment and vehicle manufacturers and vendors, leasing companies, manufacturers' captive finance companies, banks, credit unions, fleet leasing and finance companies, insurance companies, government agencies and crown corporations.

The industry typically provides financing in connection with the acquisition or lease of tangible personal property, ranging from consumer motor vehicles to "big ticket" items such as mining and construction equipment. The lender's/lessor's position is secured through such protective arrangements as leases, conditional sales contracts, chattel mortgages and personal property

security interests. As explained in the text, such financing tends to be secured by the assets being financed, with the lender/lessor looking primarily to the value of that collateral and/or the cash flow generated by its use in the borrower's or lessee's business. The customer's credit-worthiness is generally a secondary consideration.

While one assumes that the predominate business activity which is the subject of these arrangements is the sale and/or leasing of consumer vehicles, and that the predominate form of financing arrangement is leasing – since those are what is most frequently discussed in the book – curiously, this is not explicitly mentioned by the author. Indeed, the book is surprisingly light on industry data generally. Perhaps this is the result of the author's extensive reliance on oral history provided by senior executives in the industry. However the inclusion of detailed financial and other industry data, such as market share information sourced from the CFLA or government departments, if not available from the industry members themselves, would have been welcomed in order to provide a better sense of the dimension of these activities. Also, given that the Canadian and US economies tend to parallel one another in business activities such as these, it would have been interesting to have been provided with at least some general information comparing the results in Canada in this business with those of our neighbours to the South.

Notwithstanding these deficiencies, the narrative of the industry's ups and downs over the years covered in detail in the book is engaging and frequently entertaining. And the industry has not lacked for colourful characters and near heart-stopping economic crises to help enliven the story. This was particularly the case during the 1980s and 90s when businesses in Canada were beset with frequent challenges including high, often double-digit, inflation, low economic growth, scarcity of capital, under-employment and turmoil in the securities markets, all of which took their toll on participants in this business.

Individuals in this industry, such as the flamboyant Jimmy Pattison, Steve Hudson (of Newcourt Credit and later Element Financial) and many others led the way in development of innovative financing structures in this field and made, but also lost money in the process. Parker also details the history of relevant income tax amendments which periodically affected the profitability of industry participants. Also discussed are revisions to the Bank Act which have effectively limited the scope of activity of banks in this field.

Until recently, the greatest growth experienced in the business occurred during the period from the beginning of the 90s through to the financial crisis, starting in 2007. But thereafter, the whole industry, along with most of the Canadian economy, was caught up in this severe and protracted recession. It was a time when finance and leasing business shrank significantly and a number of its members either withdrew from the business or significantly down-sized. In this connection, it may be useful to disassociate the Canadian finance and leasing industry from two developments connected with the recession, which contributed to its severity. One of these related to the Asset-Backed Commercial Paper (ABCP) market in Canada which famously seized up during this period and required the joint efforts of banks, other financial industry members, major corporate issuers and government working together to re-establish liquidity in that market. The other, which was more of a US problem, related to the securitization of the so-called subprime real estate mortgage market, the losses in which were catastrophic for many investors.

While the losses sustained by the industry during this recessionary period were indeed a major

setback, the industry, starting in 2010 as recounted by the author, fairly rapidly regained its footing and began to move forward, once again, without having suffered too many significant casualties. As she put it, the industry did not merely weather the storm, but rose above it.

Whether *Unstoppable* will fulfill the hope of the CFLA and others of elevating the industry's public profile in Canada remains to be seen. However, people who take the time to read the book carefully should come away with a better appreciation of what the industry is, how it operates and its importance to the Canadian economy. Certainly, Parker has, through this well-crafted study, made a valuable contribution to the public's ability to understand this important industry.

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