



**VERITAS FACT-FINDING SERIES – TUESDAY, JUNE 23<sup>rd</sup>, 2020 – 11:00AM EST**



**MICHAEL ROTHE**  
**President & CEO – Canadian Finance & Leasing Association**

Michael is the President & CEO of the *Canadian Finance & Leasing Association*. With over 230 corporate members from large banks to independent finance companies, CFLA is the resource and advocate of the Canadian asset-based finance and leasing industry – which as of its most recent assessment, had financed assets in Canada valued at over \$416 billion.

Prior to joining the CFLA Michael practiced regulatory law for over 15 years, over half of which he served as Director of Legal Services with the *Ontario Motor Vehicle Industry Council* and for a short period held the position of Acting-Deputy Registrar.

In 2014 Michael was requested by the *Ontario College of Trades* to conduct an in-depth review of the College's complaints and enforcement process. The resulting report which encompassed a review of more than a dozen leading regulators provided over 50 practical recommendations and immediately reduced the College's 14,000 file backlog by over 99%.

Michael is a graduate of Wilfrid Laurier University and has studied at Heidelberg University, the University of Mannheim, Moscow State University and most recently Harvard University, Kennedy School of Government. Michael received his LL.B. from the University of New Brunswick and his LL.M. along with a post-graduate diploma in Justice System Administration from Osgoode Hall Law School in Toronto. Michael is a frequent speaker at both legal and industry conferences.

**Who is the Canadian Finance & Leasing Association?**

The 230+ corporate members of the CFLA are active in the asset-based financing, equipment and vehicle leasing industry in Canada. Members range from large multinationals to national and regional domestic companies, crossing the financial services spectrum from manufacturers' finance companies and independent leasing



companies, to banks, insurance companies, and suppliers to the industry. A list of CFLA members appears below.

The asset-based financing and leasing industry is the largest provider of debt financing to business customers and consumers in Canada after the traditional lenders (banks and credit unions).

In 2017, QEDinc estimated that the industry financed \$128 billion in new assets for a total of \$402 billion in assets financed. The Centre went on to estimate that the industry had a \$50 billion positive impact on Canadian GDP in 2015 alone.

### **What is Asset-based Financing?**

Asset-based financing is the financing of equipment, vehicles and related assets by way of specific asset-based priority financing, that is, the financing of particular equipment and vehicles and related items or services, primarily by way of lease, but also by secured loan or conditional sales contract.

The specific assets financed secure the borrower's unconditional obligation to make payments over the term of the agreement. In this way, users of equipment and vehicles can use the value of the asset as security to finance its acquisition. This form of financing relies on cash-flow-based credit analysis. Because the financing company retains legal ownership of the asset until the lease end, it allows a business or person to qualify on generated cash flow rather than on a net worth lending formula basis as typically offered by traditional lenders.

The services of the leasing industry are complementary to traditional banking and other financial lending in providing incremental capital to increase the pool of available credit in Canada and provide a vital competitive alternative in the financial services sector.

Funding for this industry comes from commercial markets, notably from pension funds, insurance companies and banks. In addition, well-capitalised manufacturing and servicing companies with substantial earnings have decided to leverage their own equity base and core competencies rather than using third parties. This has led to many manufacturers establishing their own financing arms or partnering with those who manage it for them. Many CFLA members fall into this category.

To raise living standards and improve the quality of life for all Canadians, the economy must become more productive. By facilitating the acquisition of productive assets by Canadian businesses and consumers, the asset-based financing industry is helping Canada work smarter.