



ELFA Membership Committee at 2023 Annual Convention – Photo by ELFA

ELFA Convention Afterglow

Yes, defaults and charge-offs are creeping up in commercial finance, but more on that later.

First, let's bask in the afterglow of the ELFA Annual Convention. Thank you to all the organizers and speakers for another superb conference. We wish Ralph Petta a wonderful and well-earned retirement, and welcome the association's incoming president and CEO, Leigh Lytle.

Our company was a convention sponsor and has been an active member of the ELFA for 25 years. As CEO of TBF, my personal involvement in the organization has been rewarding, inspiring and great fun. We certainly had fun with this outtake photo of the ELFA Membership Committee at the conference. Pictured left to right are: Kayla Perlinger, Andrea Tzamaras, Susan Carol, Marci Slagle, Amy Gross, Julie Benson, Brent Hall, Xiang Ji, Stephanie Hall, Deborah Cole and me, Brett Boehm.



A Light on Charge-Offs

TBF is the leading debt buyer in equipment leasing and commercial finance, so our conversations at the ELFA Convention inevitably turned to default and charge-off trends. Both are rising after a sustained period of historic lows.

For example, ELFA's most recent Monthly Leasing and Finance Index, for October 2023, showed receivables over 30 days were 2.5%, up from 2.3% in September and up from 1.7% in the same period

in 2022. Charge-offs were 0.42%, up from 0.36% the previous month and up from 0.26% in the year-earlier period. It is worth noting that charge-offs of non-performing equipment leases and loans typically take place at 180 days, which means growing debt will become more apparent in the months to come. Other commercial finance sectors that have shorter cycles are already having to manage a noticeable increase.

Another source of finance data, Equifax's Commercial Strategic Insights Report for November, estimates small business loans 31–90 days past due increased 2bp in September to 1.69% which is 36bp above its year-ago level; loans 91–180 days past due rose 1bp to 0.52%, up 16bp Y/Y; and defaults climbed 6bp to 2.79%, which is up 97bp Y/Y.

Many commercial finance businesses routinely sell off all or a portion of their charge-offs as part of their debt management strategies. If your company hasn't done so in the past, now is the time to consider your debt selling options.

We have answered your frequently asked questions in our blog, which covers considerations for equipment leasing and finance, small-business lending, banking, credit card, fintech and merchant cash advance companies.

[FAQs about commercial debt selling as loan and lease charge-offs mount](#)



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