

Lease Vs. Loan: Evidence from Bangladesh



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ABSTRACT: Finance comprises mainly three decisions, namely investment decisions, financing decisions, and dividend decisions. Every decision is significant to maximize shareholders' value. Among these three decisions, financing decisions determine the proportion of debt and equity capital in the capital structure. The importance of financing decisions is enormous in the business world. A firm cannot reach its ultimate goal of wealth maximization if it undertakes a wrong financial decision. Thus, this paper examines the comparative cost of two sources of financing, namely lease and loan to determine the best sources at different tax rates and interest rates. It is a case-based analysis where six lease contracts are examined. Data collection is the most troublesome step in this research. The prevailing interest rate, loan amount, and conditions of the loan collected from the lessee are based on high confidentiality. After analyzing six cases the research finds that the present value of cash outflow of lease is less than that of the loan at different interest rates and tax rates in Bangladesh. The study also reveals that tax, cost of capital, duration, present value of cash flow differences, and additional payment of lease and loan significantly impact the present value of cash outflow of leases and loans. Moreover, lease financing has some other benefits compared to loans. Thus firms should give more attention to lease financing as a source of financing.

KEYWORDS: Finance, Lease, Loan, Reasons, Case-study.

1. INTRODUCTION

Lease financing is a popular medium and long-term financing option in which the owner of an asset grants another person the right to use the asset in exchange for a periodic payment. The asset's owner is known as the lessor, and the user is known as the lessee. Lease financing have different advantages and disadvantages. On the other hand, firms can purchase their assets taking loan. Loan is a contract between borrower and lender where borrower incurs a debt and is usually liable to pay interest on that debt until it is repaid, as well as to repay the principal amount borrowed. Loan has also some advantages and disadvantages. Moreover, leasing played a significant role in financing the business operation (Roszkowska-Mądra & Łupińska, 2018). The study found that the volume and frequency was high due to favorable financing conditions, location of the enterprise, low costs, understandable and easy procedures. The study also found that the main problem of leasing was the low level of knowledge of leasing to the businessmen. Moreover, the usage of leasing depends on internal characteristics of the firms (Cosci, Guida, & Meliciani, 2015). Firms that had limitation in getting credit were more likely to use leasing. Moreover, leasing as a preferable source of financing due to several reasons, such as absorbs losses, multiplies fixed assets and grows continuously, employment and income (Atseye, Mboto, & Lawal, 2019). The effect of tax rates and borrowing rates was also clarified on lease and buy (Musumeci & O'Brien, 2019). The study found that the benefit of leasing largely depended on borrowing rate differences rather than tax rate differences. There was also a positive relationship between equity value and the announcement of lease contracts (Ezzell & Vora, 2001). Concerning the sale and leasebacks, lessee common equity value increased significantly with the announcement of lease contracts. But in case of direct lease, the announcements insignificantly affect the equity value. This study also revealed that lease reduce the cost of external financing arise in markets due to asymmetric information. Moreover, operating lease was used to finance the income earning projects in many REITs and experienced a considerable growth rate and there was a negative relation between intensity of operating lease and credit ratings (Devos, Devos, Li, & Tsang, 2021). The accountant played a significant role in financial decision of family business and depended on several factors, such as relational aspects, family goals and attributes, and technical contingencies to choose a particular form of financing (Michiels, Schepers, Vandekerckh, & Cirillo, 2021). But when financing expenses were included in the cash flows, the conventional analysis of the lease or-buy decision was inaccurate (Johnson & Lewellen, 1972). This study found that, choosing a project by using the PV of

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owning versus the PV of not owning was an imperfect procedure. Additionally, as opposed to lease-or-borrow, the study framed this decision as lease-or-buy, eliminating explicit finance costs from the capital budgeting decision. The study revealed that the after-tax borrowing rate of the company should be used to capitalize after-tax cash flows whose predictability matches that of the firm's debt servicing obligations. Moreover, the two methods IRR and NPV always lead to identical lease or buy decisions (Nantell, 1973).

In Bangladesh, lease is a relatively new concept under the Transfer of Property Act 1882, a lease of immovable property is a transfer of a right to use that property, made for a while, express or implied, or perpetual, against payment of a price paid or promised, or of money, a share of the crops, services or other things of value to be rendered regularly or occasionally by the transferee to the transferor who accepts the transfer on these terms. The lease began in November 1983 with a meeting of the partners of the Industrial Promotion and Development Company of Bangladesh Limited (IPDC) in Washington D.C. The International Finance Corporation (IFC), as one of IPDC's shareholders, had played a significant role in promoting the leasing business in developing countries and took initiative to help IPDC establish the leasing company in Bangladesh. Finally, in 1985, the leasing business started in Bangladesh as a joint venture between IDLC (Industrial Development Leasing Company of Bangladesh Limited) and Korean Development Leasing Corporation (KDLC) and IFC, a private sector arm of the World Bank and others. It started its operations as a no-deposit organization. The company started operations in February 1986 as a no-deposit organization. Balancing, modernization, replacement and expansion (BMRE) of existing units are the primary focus of the IDLC. With its groundbreaking vision, IDLC not only established leasing finance as an efficient and high-quality financial service but also laid the foundation for creation 10 other leasing companies in the country. Moreover, JD Lee, a Korean leasing expert, was appointed as the first CEO and Managing Director of IDLC who also played a pioneering role in the foundation of the leasing business in Bangladesh, as there was no expert in lease business in Bangladesh who can deal with complex accounting and tax treatment of the lease. The leasing industry is one of the flourishing sectors of Bangladesh (Islam, & Siddiqui, 2013). The study revealed that lease financing was a preferred form of financing compared to a loan as the degree of financial leverage was significantly reduced through leasing. This study advocated that now is the time to educate people about lease financing, as the leasing sector in Bangladesh had great prospects. The popularity of lease financing in Bangladesh is due to tax advantages, time saving and conservation of cash and funds provided by the lessors (Mohajan, 2011). Examining brief distinction between leases and lends and the merits and demerits of leasing and loan, this study found lease became a pioneering and alternative source of financing in business and industrialization. The leasing is also very popular as an alternative financing mechanism for SMEs in Bangladesh (Hossain, 2013). This study found that SMEs were not able to collect sufficient fund needed to purchase equipment and run their operation from banks and other financial institutions due to the unreliable credit histories, inadequate capitalization or additional assets for collateral, whereas leasing was provided financing for the SMEs. Moreover, leasing as a source of financing was consistent with the performance of SMEs in Bangladesh (Salam, 2021). In Bangladesh, the key to a successful leasing business in Bangladesh was ownership and organizational structure, and flexible nature of leasing (Islam, 1999).

The funding decision is one of the most important decisions for companies to maximize shareholder wealth. However, companies always face a dilemma when it comes to selecting the appropriate sources of financing between lease and loan. One way is to finance assets through a loan and another is to finance the property just through the lease. Businesses must choose between loans and leases to finance the purchase of assets. Each funding source has some advantages and disadvantages. If the bank loan is cheaper than leasing, the company uses the loan to purchase the equipment and vice versa. As a result, the comparison between leasing and loans as a source of financing became crucial for companies. Thus, the researcher examines the lease and loan financing to find out the lower cost financing. Thus, the study will answer the following questions:

- ✓ Which one is cheaper, lease or loan?
- ✓ What are the rationales that cause investors to use one source than another?

This study, however, will differ from other researches by evaluating lease and loan using actual six lease contracts and interviewing employees in Bangladesh. Several researches proved that lease is a preferable source of financing due to tax benefit, and cost of capital. But no study was conducted on actual dataset on Bangladesh to examine the nature of lease and loan. The research finding will inspire firms to concentrate more on lease. Furthermore, this paper will also serve as a blueprint for the policymakers. Finally, it will also hope that this paper will serve as the primary reference for the industry players and the general public on lease and loan financing.

2.0 MATERIALS & METHODS

The research methodology includes a sample set, data collections method, and research design.

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2.1 Sample Set & Data collection Methods

The study uses six cases to analyze and choose the better sources of financing between lease and loan. There are six lease companies and their corresponding lessee (**Table 1**). The study uses primary and secondary sources of data. It is a case-based analysis. The interest rate is collected through personal interview with the employees of the lessee organizations.

Primary sources

Personal interview has been used to collect the primary data.

Secondary Sources

- ✓ Annual reports of lease and bank companies
- ✓ Website of the lease companies and bank

2.2 Research Design:

The study is case-based research. Data will collect from employees of the leasing companies. Firstly, the study will calculate a straightforward tax adjustment of the regular lease payments. The price of exercising a purchase option for the remaining months of the lease term will be factored in. Secondly, for tax shields arising from the tax deductions related to maintenance, depreciation, and interest, this step will (a) modify the total of the scheduled loan payment (fully amortized) and (b) maintenance cost outlay. The loan's asset will be depreciated using the Modified Accelerated Cost Recovery System (MACRS) approach. In Bangladesh, asset of a bank loan is mostly depreciated using the MACRS method. Thirdly, Steps 01 and 02's PV for cash outflow will be determined using the implicit cost of borrowing method (after tax cost of debt). Cost of debt in this context will refer to the associated interest rate of the relevant loan option. Finally, the best alternative choice for investors will be determined based on lowest present value of cash outflow between lease and loan.

3. RESULTS

3.1 First Finance Limited & Jamuna Oil Company Limited.

First Finance Limited (Lessor) has approved a lease finance of Tk. BDT 15,000,000 for 3 years only under Sale and Lease Back arrangement to Jamuna Oil Company Limited (Lessee). The monthly lease installment and the purchase price of the lease are BDT 490,204 and BDT 50,000 respectively. The borrowing rate is 16.50% and corporate tax rate was 37.50%.

The study also uses 25% and 45% corporate tax to examine the impact of tax on choosing between lease and loan financing. The following procedure followed to compare lease and loan alternatives:

Tax rate	25%	37.50%	45%
After Tax Cash Flow of Lease			
After Tax Cash Flow of Lease	367653.00	306377.5	269612.2
Total Payment	17,697,344	17,697,344	17,697,344
Additional Payment	17.98%	17.98%	17.98%
After Tax Cash Flow of Loan			
Periodical Payment	6,372,788.88	6,372,788.88	6,372,788.88
Total PMT of Loan	19,118,366.64	19,118,366.64	19,118,366.64
% of Additional PMT of Loan	27.46%	27.46%	27.46%
Calculating The PV			
PV of Purchase Price	254,228.37	225,153.76	205,567.98
PV of CF of Lease Installments	11,013,126.87	9,452,104.94	8,469,142.01
PV of Cost of Lease Financing	11,267,355.24	9,677,258.71	8,674,709.98
PV of Cost of Loan Financing (Table 2 & 3)	11,526,877.89	10,063,802.20	9,139,668.36
Difference between loan and lease (Loan-Lease)	259,522.65	386,543.49	464,958.38

Lease financing is chosen due to lower present value of cash outflow of lease compared to loan. The difference between loan and lease is also increasing along with the corporate tax rate.

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3.2 United Leasing Company Limited & Abdul Monem Limited

United Leasing Company Limited (Lessor) has approved a lease finance of Tk. 25,000,000 for 3 years only under Sale and Lease Back arrangement to Abdul Monem Limited (Lessee). The monthly lease installment and the purchase price of the lease are BDT 815,000 and BDT 90,000 respectively. The borrowing rate is 16.50% and corporate tax rate was 37.50%.

The study also uses 25% and 45% corporate tax to examine the impact of tax on choosing between lease and loan financing. The following procedure followed to compare lease and loan alternatives:

Tax rate	25%	37.50%	45%
After Tax Cash Flow of Lease			
After Tax Cash Flow of Lease	611,250	509,375	448,250
Total Payment	29,430,000	29,430,000	29,430,000
Additional Payment	17.72%	17.72%	17.72%
After Tax Cash Flow of Loan			
Periodical Payment	10,621,314.72	10,621,314.72	10,621,314.72
Total PMT of Loan	31,863,944.16	31,863,944.16	31,863,944.16
% of Additional PMT of Loan	27.46%	27.46%	27.46%
Calculating The PV			
PV of Purchase Price	46675.58	41337.56	37741.67
PV of CF of Lease Installments	18310128.84	15714815.74	14080568
PV of Cost of Lease Financing	18356804.41	15756153.30	14118309.63
PV of Cost of Loan Financing (Table 4 & 5)	19211463.03	16,773,944.75	15231302.47
Difference between loan and lease (Loan-Lease)	854,658.62	1,017,791.45	1,112,992.84

Lease financing is chosen due to lower present value of cash outflow of lease compared to loan. The difference between loan and lease is also increasing along with the corporate tax rate.

3.3 Bay leasing and & Investment Limited & Runner automobiles Ltd.

Bay leasing and & Investment Limited (Lessor) has approved a lease finance of Tk. 15,000,000 to Runner automobiles Ltd. (Lessee). The lease period was 5 years. The monthly lease installment and the purchase price of the lease are BDT 3,40,000 and BDT 50,000 respectively. The borrowing rate is 16.50% and corporate tax rate was 37.50%.

The study also uses 25% and 45% corporate tax to examine the impact of tax on choosing between lease and loan financing. The following procedure followed to compare lease and loan alternatives:

Tax rate	25%	37.50%	45%
After Tax Cash Flow of Lease			
After Tax Cash Flow of Lease	255,000	212,500	187,000
Total Payment	20,450,000	20,450,000	20,450,000
Additional Payment	36.33%	36.33%	36.33%
After Tax Cash Flow of Loan			
Periodical Payment	4,425,213.84	4,425,213.84	4,425,213.84
Total PMT of Loan	22,126,069.20	22,126,069.20	22,126,069.20
% of Additional PMT of Loan	47.51%	47.51%	47.51%
Calculating The PV			
PV of Purchase Price	20276.25	18693.75	17459.75
PV of CF of Lease Installments	11370322.5	9927660	8983199.5
PV of Cost of Lease Financing	11390598.75	9946353.75	9000659.25
PV of Cost of Loan Financing (Table 6 & 7)	11,793,740.85	10,360,815.79	9438130.09
Difference between loan and lease (Loan-Lease)	403,142.10	414,462.04	437,470.84

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3.4 International Leasing and Financial Services Limited & HRC Group

International Leasing and Financial Services Limited (Lessor) has approved a lease finance of Tk. 50,000,000 to HRC Group (Lessee). The lease period was 5 years. The monthly lease installment and the purchase price of the lease are BDT 1,110,000 and BDT 80,130 respectively. The borrowing rate is 14.50% and corporate tax rate was 37.50%.

The study also uses 25% and 45% corporate tax to examine the impact of tax on choosing between lease and loan financing. The following procedure followed to compare lease and loan alternatives:

Tax rate	25%	37.50%	45%
After Tax Cash Flow of Lease			
After Tax Cash Flow of Lease	832,500.00	693,750.00	610,500.00
Total Payment	66,680,130	66,680,130	66,680,130
Additional Payment	33.36%	33.36%	33.36%
After Tax Cash Flow of Loan			
Periodical Payment	\$14,116,968.6	\$14,116,968.6	\$14,116,968.6
Total PMT of Loan	70,584,843.00	70,584,843.00	70,584,843.00
% of Additional PMT of Loan	41.17%	41.17%	41.17%
Calculating The PV			
PV of Purchase Price	34976.14	31887.73	29618.03
PV of CF of Lease Installments	38399204.03	33371567.25	30126648.75
PV of Cost of Lease Financing	38434180.17	33403454.98	30156266.78
PV of Cost of Loan Financing (Table 8 & 9)	39,171,000.21	34,283,296.56	31160447.41
Difference between loan and lease (Loan-Lease)	736,820.04	879,841.58	1,004,180.63

Lease financing is chosen due to lower present value of cash outflow of lease compared to loan. The difference between loan and lease is also increasing along with the corporate tax rate.

3.5 IDLC Finance Limited & A K Khan & Company

IDLC Finance Limited (Lessor) has approved a lease finance of Tk. 65,000,000 to A K Khan & Company (Lessee). The lease period was 7 years. The monthly lease installment and the purchase price of the lease are BDT 1,148,881 and BDT 4,00,000 respectively. The borrowing rate is 13.70% and corporate tax rate was 37.50%.

The study also uses 25% and 45% corporate tax to examine the impact of tax on choosing between lease and loan financing. The following procedure followed to compare lease and loan alternatives:

Tax rate	25%	37.50%	45%
After Tax Cash Flow of Lease			
After Tax Cash Flow of Lease	861,660.75	718,050.63	631,884.55
Total Payment	96,906,004	96,906,004	96,906,004
Additional Payment	49.08%	49.08%	49.08%
After Tax Cash Flow of Loan			
Periodical Payment	\$14,488,249.20	\$14,488,249.20	\$14,488,249.20
Total PMT of Loan	101,417,744.4	101,417,744.4	101,417,744.4
% of Additional PMT of Loan	56.03%	56.03%	56.03%
Calculating the PV			
PV of Purchase Price	147360.00	137575.00	130020.00
PV of CF of Lease Installments	51581942.14	45252340.24	41150470.3
PV of Cost of Lease Financing	51729302.14	45389915.24	41280490.30
PV of Cost of Loan Financing (Table 10 & 11)	51795666.87	45,474,814.69	41399079.3
Difference between loan and lease (Loan-Lease)	66,364.73	84,899.45	118,589.00

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Lease financing is chosen due to lower present value of cash outflow of lease compared to loan. The difference between loan and lease is also increasing along with the corporate tax rate.

3.6. People's leasing and financial services limited & Partex Group

People's leasing and financial services limited (Lessor) has approved a lease finance of Tk. 75,000,000 to Partex Group (Lessee). The lease period was 7 years. The monthly lease installment and the purchase price of the lease are BDT 1,385,400 and BDT 90,000 respectively. The borrowing rate is 15.50% and corporate tax rate was 37.50%.

The study also uses 25% and 45% corporate tax to examine the impact of tax on choosing between lease and loan financing. The following procedure followed to compare lease and loan alternatives:

Tax rate	25%	37.50%	45%
After Tax Cash Flow of Lease			
After Tax Cash Flow of Lease	1,039,050.00	865,875.00	761,970.00
Total Payment	116,463,600	116,463,600	116,463,600
Additional Payment	55.28%	55.28%	55.28%
After Tax Cash Flow of Loan			
Periodical Payment	17,620,512.12	17,620,512.12	17,620,512.12
Total PMT of Loan	123,343,584.84	123,343,584.84	123,343,584.84
% of Additional PMT of Loan	64.46%	64.46%	64.46%
Calculating The PV			
PV of Purchase Price	30003.75	28563.75	27096.30
PV of CF of Lease Installments	59507640.36	52614807.79	47901625.04
PV of Cost of Lease Financing	59537644.11	52643371.54	47928721.34
PV of Cost of Loan Financing (Table 12 & 13)	59778950.79	52,965,227.27	48347438.59
Difference between loan and lease (Loan-Lease)	241,306.68	321,855.73	418,717.26

Lease financing is chosen due to lower present value of cash outflow of lease compared to loan. The difference between loan and lease is also increasing along with the corporate tax rate.

4. DISCUSSIONS

4.1 Lease or Loan

The study finds that the lease is a better option compared to loan as a source of financing in all six cases (Table 14). In first case, the PV of cash outflow of lease (9,677,258.71) is lower than the PV of CF of loan (10,063,802). Thus the lease financing is chosen as a source of financing. Similarly, the present value of lease for second, third, fourth, fifth and sixth case is lower than the present value of loan by 1017791.45, 414462.04, 879841.58, 84899.45 and 321855.73 respectively. Therefore lease financing is also better option for the remaining five cases. The highest percentage of present value of cash flow varied in 2nd case by 6.46 percent, compared to the lowest variation of 0.61 percent in fifth case. The study finds that the following points play a significant role in lowering the present value of cash outflow of lease compared to loan.

4.2 Additional Payment of Lease and Loan

From the result, the study also finds that the additional payment of lease is larger than that of loan for all six cases (Table 14). The additional payment is not calculated by using the present value of the lease or loan. The total payment of lease is calculated by summing up total lease installment (lease installment multiplied by the total installment) and purchase price. The additional payment of lease is calculated through dividing the net change (the value of equipment minus the total payment of lease) by asset value. The additional payment of loan also calculated through dividing the increase in payment (Loan minus asset value) by equipment value. The additional payment of lease of first case is 17.98 percent whereas the additional payment of loan is 27.46 percent. The additional payment of lease is 9.48 percent lower than that of loan. Likewise the additional payment of loan for second, third, fourth, fifth and sixth case is higher than that of lease by 9.74 percent, 11.18 percent, 7.81 percent, 6.95 percent, and 9.18 percent respectively. This larger payment for loan has an impact in choosing the better option of financing compared to lease, as both are discounted by the same discount rate. And finally the study also finds that the PV of lease is lower than that of loan. Thus, lease financing become the preferable sources of financing.

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4.3 Cost of Capital, Duration and Difference in Additional Payment

Cost of capital also plays a significant role in lowering the present value of the lease, compared to loan. The study finds that cost of capital has a significant positive impact on the difference in additional payment at 1 percent level of significance (**Table 15**). The higher cost of capital means higher interest rate that leads to higher present value of the loan, compared to lease. The study finds that the higher the duration of the contract, the lower the difference in present value of cash flow between lease and loan.

4.4 Tax Advantage

Tax is another reason for lowering the present value of lease than the present value of loan. The study finds that the higher the tax rate the higher the difference between the present value of cash outflow of loan and present value of cash outflow of lease (**Table 15**). The study reveals that tax is advantageous for both loan and lease in lowering its present value. But tax is more advantageous for lease compared to loan. The reason behind this is that only interest on loan is tax deductible expense, not the principal (loan payment comprises of interest and principle), whereas total lease installment is tax deductible.

4.5 Lower monthly payments

The employee of lessee organization conveys that lease has lower monthly payment compared to loan. From our six cases it evident that the lease installment is lower than the loan installments. Moreover, the additional payment of loan is also higher than that of lease.

4.6 More cash available

Employees of lessee organization convey that banks set a maximum borrowing cap for the business and, typically, the principals as well. This inhibits borrowing in the future. In addition to the company's bank loan alternatives, leasing provides a wide range of alternative lending possibilities.

4.7 Soft Expenses:

Soft expenses include items like delivery, installation, instruction, software, and sales tax. Employees of lessee organization convey that bank does not provide loan for bearing all soft expenses, where lease does. Moreover, these soft expenses play an important role in some businesses.

4.8 Little or no down payment:

Employees of lessee organization convey that lease companies require in most cases little and in some cases no down payment. The down payment of loan from a bank is higher than that of lease.

4.9 Ownership and organizational structure

In 1999, Islam assessed the expansion and improvement of the leasing industry in Bangladesh. To comprehend Bangladesh's development and progress, three leasing companies—IDL, ULC, and PLC—have been assessed. The study discovered that ownership and organizational structure were crucial for a leasing company to succeed in Bangladesh. Also, one of the main ingredients for a successful business in Bangladesh was the leasing industry's flexibility as a source of finance.

5. CONCLUSION

Investment decisions, financial decisions, and dividend decisions make up the bulk of decisions in finance. To optimize shareholder value, each choice matters greatly. Financing decisions, out of the three, decide how much debt and equity capital will be present in the capital structure. In the corporate world, financial decisions carry a great deal of weight. If a company makes the incorrect financial decisions, it will not be able to achieve its ultimate aim of wealth maximization. In order to establish the optimum forms of funding at various tax and interest rates, this study compares the costs of two methods of financing, namely lease and loan. This investigation is case-based. Both primary and secondary data are used in this study. Initially, the analysis will determine after tax lease payments and after tax purchase price. After then, the scheduled loan payment (completely amortized) and maintenance cost outlay are modified. The asset subject to the loan will be depreciated in accordance with the Modified Accelerated Cost Recovery System (MACRS) method. Lastly, using implicit cost of borrowing approach, the study calculates the present value of the cash outflow of lease and loan. The lowest present value of cash outflow between the lease and loan is used to evaluate the best solution for investors. Based on the findings, the study concludes that lease is a preferable source of funding than a loan for all six cases. In every case, the present value of lease is lower than the present value of loan. Based on the result, the analysis reveals that taxes cost of capital, duration, and additional payments all have important roles. The analysis also reveals that in all six cases, the additional payment for a lease is more than one for a loan. According to the study, the difference in additional payment is significantly positively impacted by the cost of capital at the

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1% level of significance. When compared to leasing, a loan's present value will be higher due to the loan's higher interest rate and higher cost of capital. The study also reveals that the larger the period of the relationship, the lesser the difference in present value of cash flow between lease and loan. The study also finds that tax is advantageous for both loan and lease in lowering its present value. But tax is more advantageous for lease compared to loan. The reason behind this is that only interest on loan is tax deductible expense, not the principal (loan payment comprises of interest and principle), whereas total lease installment is tax deductible. The research's findings will motivate businesses to focus more on leasing. Moreover, this study will act as a guide for decision-makers in the field of policy. Finally, the study will become the primary reference on lease and loan finance among industry participants and the general public.

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