



The Voice of Leasing and Automotive Rental in Europe

## Leasing to Finance Innovation

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**Leaseurope represents the European leasing & automotive rental industry**

45 member associations in 33 countries\*

About 1 400 leasing firms & 500 short term rental companies

At least 40 000 employees

Representing around **91%** of the European leasing market

Including bank-owned lessors, captives, automotive lessors, short term rental companies, independent lessors, real estate lessors etc.

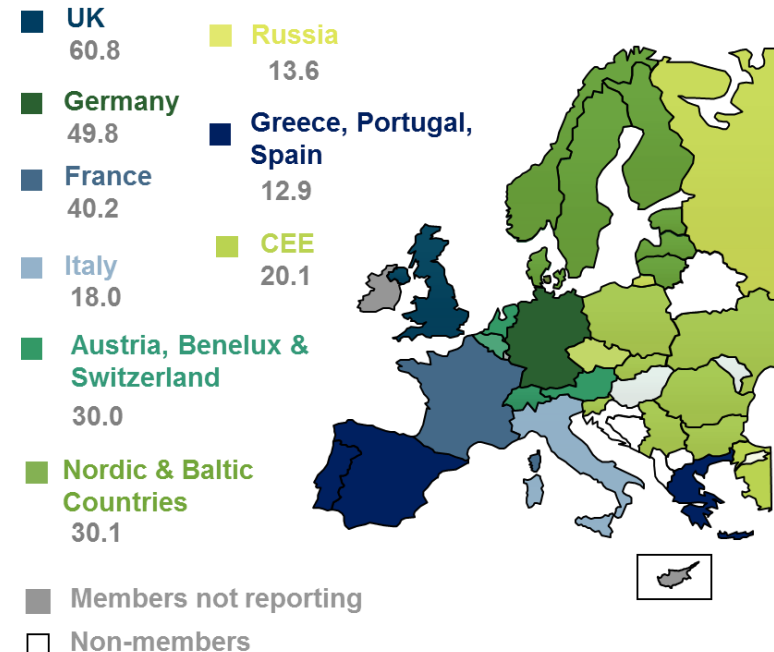
*\*The countries represented are: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, Morocco, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia & Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine and the UK*



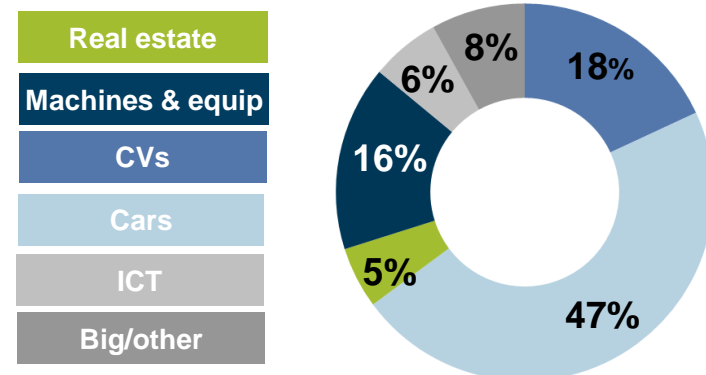
## In a nutshell:

- €276 billion new lease volumes granted in 2014
- ~1 400 leasing firms
- Bank owned, manufacturer owned (captive) & independent lessors
- All types of assets
- Average contract size: €29,400\*

## New leasing volumes per region in 2014 (in Bil €)



## Total new lease volumes per asset category, %



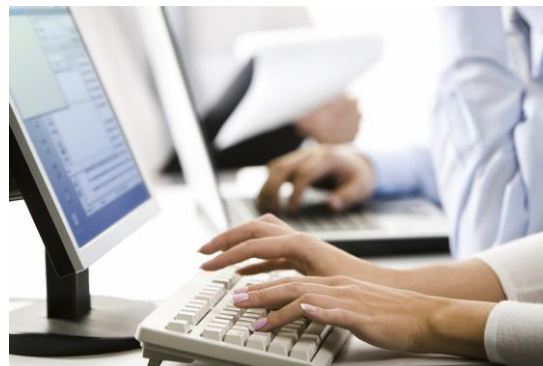
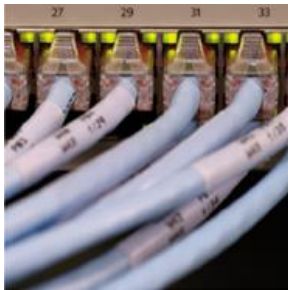
Source: Leaseurope Annual Statistical Enquiry 2014

\*2014, excluding real estate, if real estate is included, average of €31,500



Leases fit on a continuum....

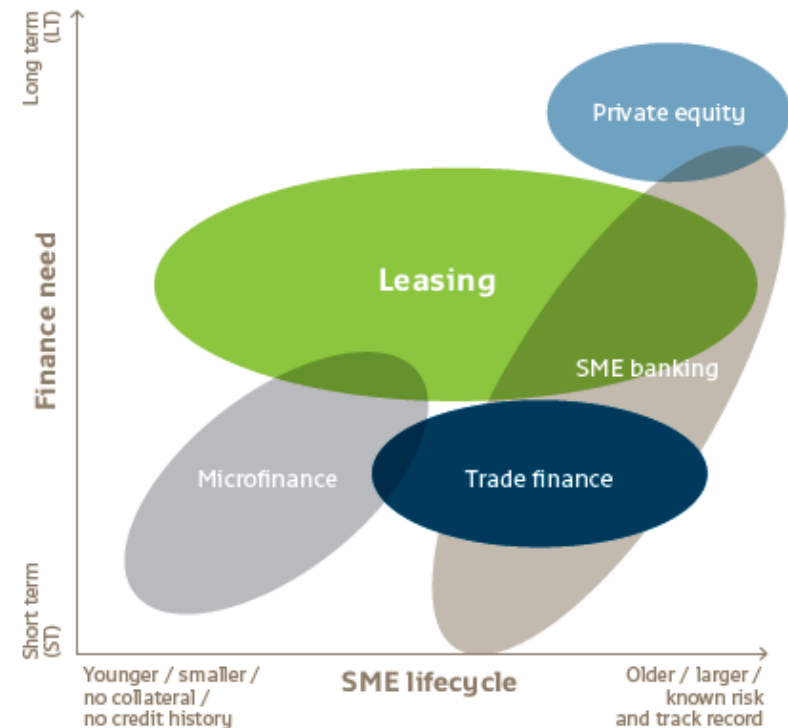








## SME finance landscape

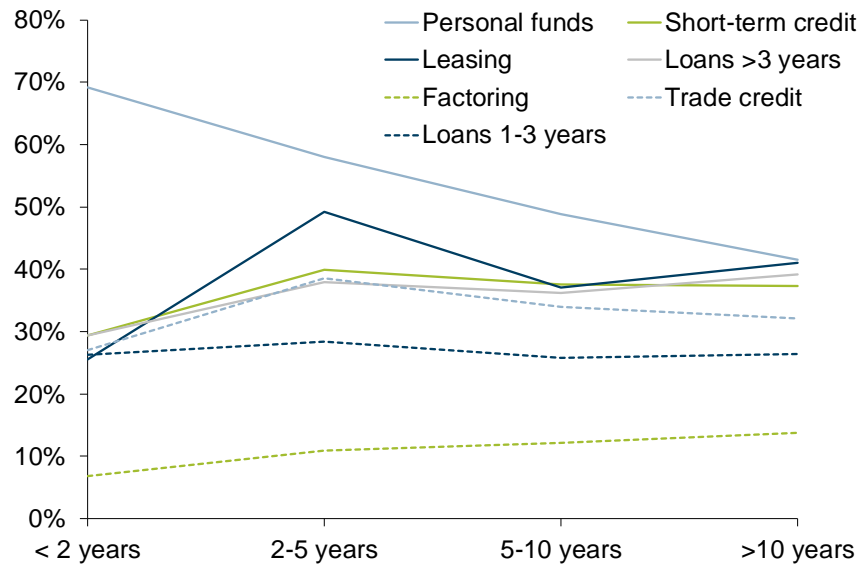


Source: Adapted from IFC (2008)

- Leasing equally suitable and accessible for the entire range of SME customers, including micros, gazelles, high tech, specialised firms and all other firms.
- Suitable across the entire SME lifecycle.

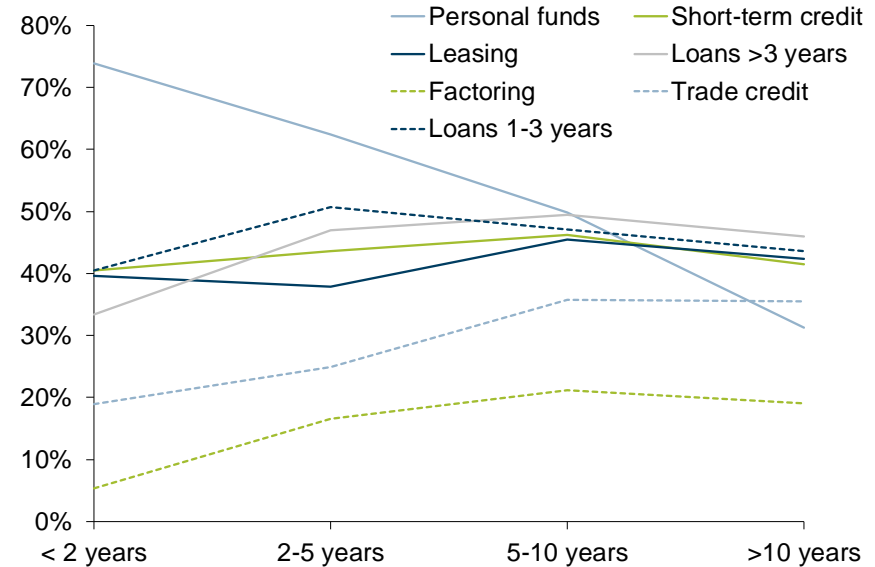
## SME lifecycle and finance choice

**SMEs using financing type by age, 2010**



Source : Oxford Economics/EFG

**SMEs using financing type by age, 2013**



Source : Oxford Economics/EFG

- Leasing is increasingly important for young firms (< 2 years of age) and remains a key source of finance across all other lifecycle stages.
- 40.3% of firms operating for less than 2 years used leasing in 2013, up from 25.6% in 2010.
- This proportion rises to 42.4% for more established firms (>10 years).

### Supporting European SMEs

#### LEASING ALLOWS SMES TO:

- Finance the full purchase price of an asset without requiring any collateral
- Better manage their working capital
  - Return their leased equipment if needed

Leasing is particularly appropriate for small businesses and has been a constant source of support for SMEs through difficult economic times.

### Supporting European manufacturers

#### MANUFACTURERS PROVIDE LEASING SOLUTIONS BECAUSE IT ALLOWS THEM TO:

- Sell more equipment
- Sustain a competitive advantage
- Increase repeat business

### Supporting public sector

#### LEASING ALLOWS PUBLIC SECTOR TO:

- Increase efficiency in public spending
- Access the latest clean technology
- Build projects for schools, hospitals, etc

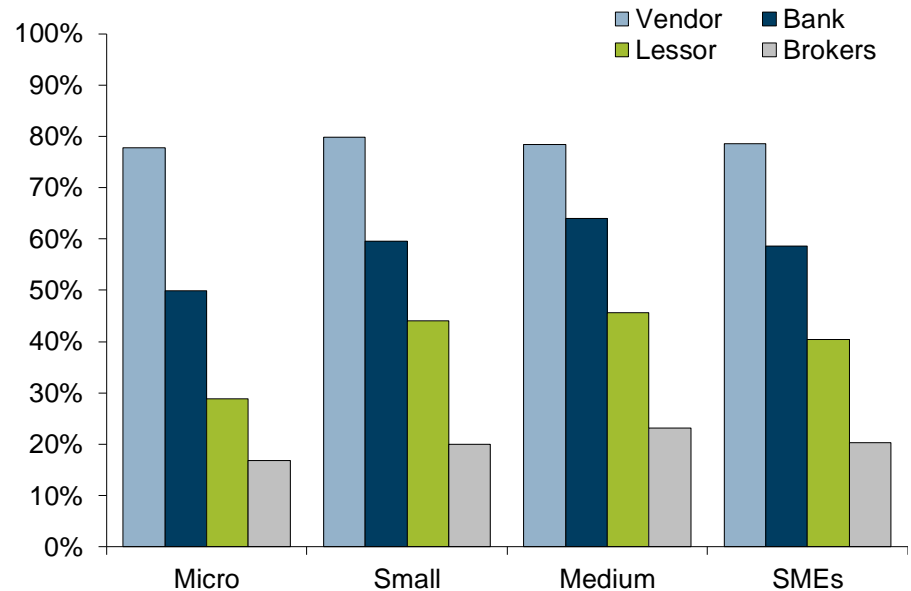


- The most popular means of accessing a lease is through an asset vendor or dealer at the point of sale. Thus providing a **convenient “one-stop-shop”** for obtaining **both the use of an asset** as well as a **financing solution**.

- Due to this, leasing provides a valuable form of support to European manufacturers who **use leasing to sustain their sales, launch new products and increase their business**.



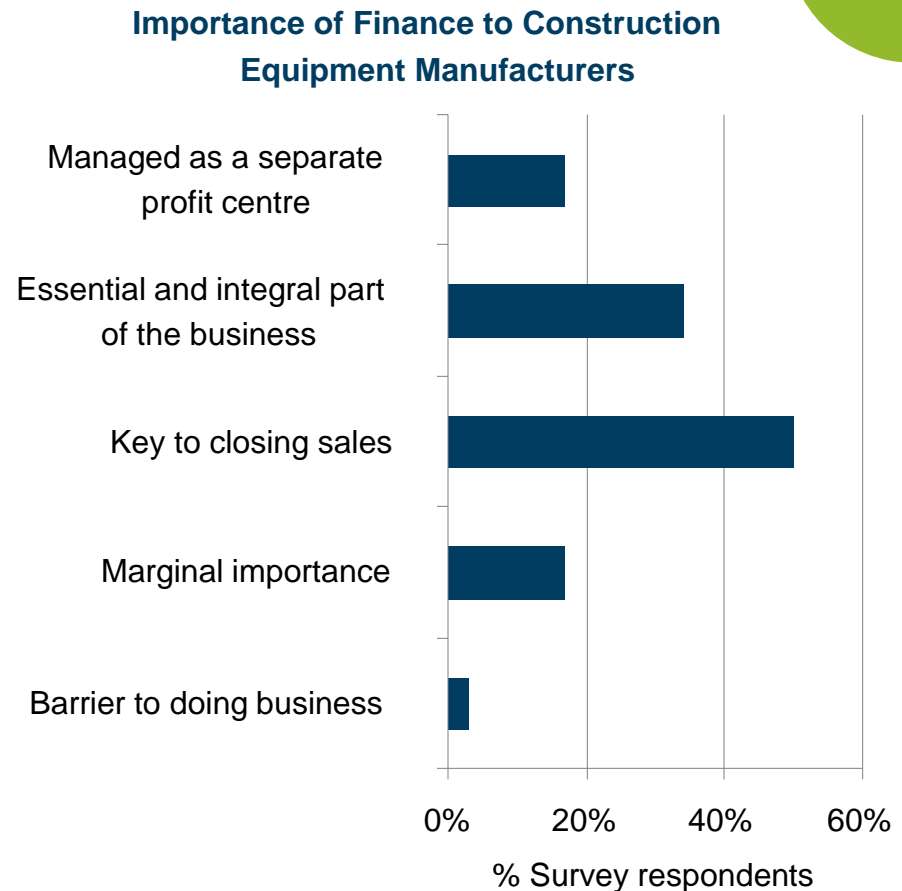
**Proportion of lessees using each channel by firm size, 2013**

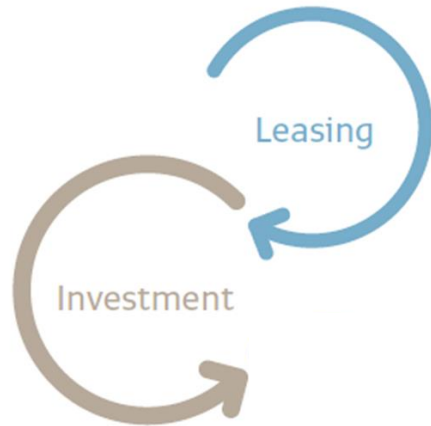


Source : Oxford Economics/EFG

In fact, over 80% of surveyed manufacturers viewed leasing to be either **key to closing sales** or an **essential and integral part of the manufacturing business**.

Supporting  
European  
manufacturers



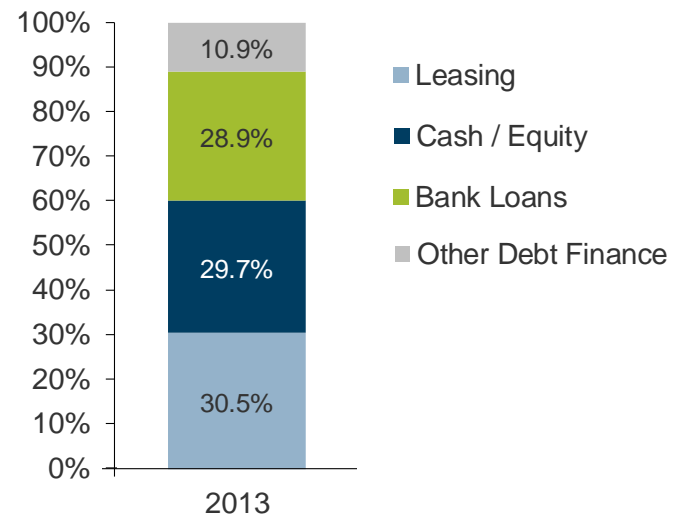


At EU level, leasing was responsible for financing just over **9 million individual SMEs** and **~€104 billion of SME investment** in fixed assets in 2013 (€121 billion is estimated in 2014).



Of those SMEs that use leasing, more of their investment is financed by leasing (30.5%) than by other types of finance.

Proportion of investment financed by:



- On average, lessees invest 123% more than non-users of leasing.
- Evidence on exporting and 'growth' lessees supports an EBRD study (2011), which finds SMEs that use leasing tend to perform better than those who don't.

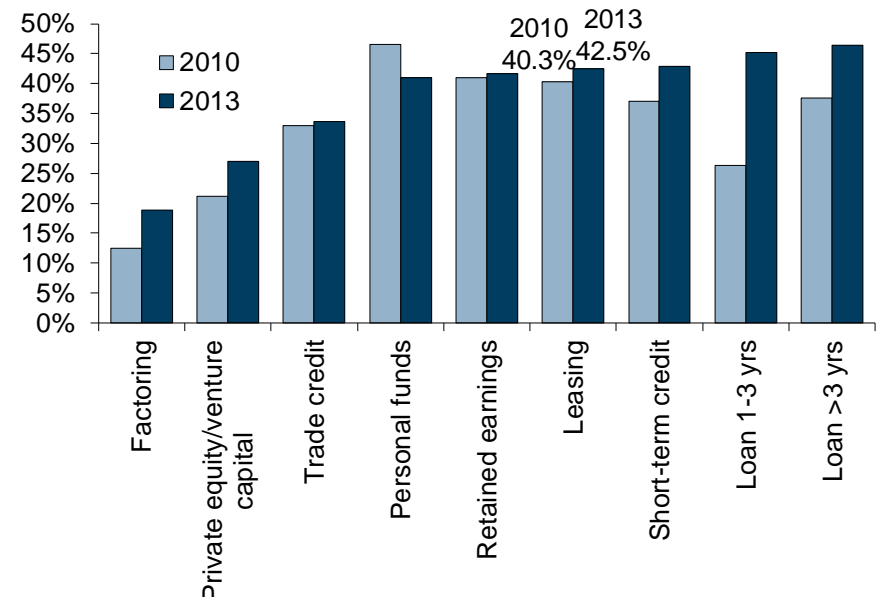


- Leasing has been a constant and reliable source of support for millions of European SMEs even during times of economic crisis.
- Around 43% of all European SMEs used leasing in 2013.



- Leasing industry finances more than 20% of European business equipment investment
- Oxford Economics (2015) estimate that a modest uptake of leasing by SMEs would add an extra 0.3% to 0.7% to the level of GDP by the end of 2020.

Proportion of SMEs using finance type, 2010 and 2013



- Lessees can finance 100% of the purchase price of the asset **without the need to post additional collateral**, legal ownership provides built-in security
  - Other secured lending is typically not done on the basis of physical collateral (e.g. preference for guarantees, etc.) as providers of these products do not have the same expertise as lessors when it comes to evaluating & managing physical assets
- Firms can **manage their working** capital more effectively by spreading payments for the use of the asset over the contract period
- Enables clients to upgrade their assets easily to the **latest technologies** so that they may remain competitive
- Can be accompanied by an array of services (insurance, maintenance etc.) allowing clients to effectively outsource all of their asset related needs in **one convenient package**
- Often more **affordable and quicker to obtain** than other forms of finance and provides greater **operational flexibility** in comparison to the outright purchase of an asset eg. matching duration of use to effective business needs



**Leasing plays a central role at the heart of the real economy.**  
Innovation as a concept comes with different definitions from different sectors of the industry.

### **Future trends**

- ✓ Develop services and solutions (mobility...)
- ✓ Finance new markets (cloud, third platform, new energy...)
- ✓ Foster innovation (big data, internet of things...)
- ✓ Asset focus and specialisation (new energy, 3D printing...)

**Looking ahead, the European leasing industry aims to remain at the forefront of innovative financing solutions in order to facilitate the ongoing shift from “ownership” to “usage”**



- Across Europe, policymakers and other stakeholders continue to stress the **importance of supporting SMEs** as a means of generating economic growth and jobs.
- Existing evidence demonstrates that **leasing is a vital source of finance for SMEs**.
- Given this fact, **European and national initiatives that raise SMEs' awareness of leasing** would help in ensuring that European SMEs can invest and expand in the future.

-> Targeting:



Leasing as a valuable financial tool for SMEs, especially for 'growth', exporting and innovative firms

## Channelling funding to SMEs that need it ...

- it is key to achieve the right incentives and to support institutions that are best placed to provide SME access to finance. E.g. effectively implementing national and the EU guarantee schemes to facilitate SME financing through leasing.
- **Leasing companies are acknowledged as natural partners for intermediating the EIB group financing to reach SMEs in the EU.**
  - Due to their vast expertise in national and sectoral markets and direct links to a wide range of enterprises
- In 2014, the EIB provided more than **€22 bn** in finance to SMEs through financial intermediaries, of which approx. **€1.5 bn to leasing companies for supporting SMEs in the EU**
  - **17,000 SMEs** received finance for their leasing projects and they employed more than **750,000 people**.



# Thank you for your attention!

Find out more about the benefits of leasing and its contribution to the EU economy in a [video clip](#) by Leaseurope

For more information please contact  
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