

FOR IMMEDIATE RELEASE

New Report Shows Leasing is an Increasingly Important Source of European SME Finance

Brussels, 24 July 2015 - Leaseurope, the trade association representing the European leasing and automotive rental industries, has released a new report on the use of leasing amongst European SMEs¹, undertaken by leading economic consultancy Oxford Economics. This research provides the industry with updated and extended analysis by building on our pioneering study conducted in 2011. The report is based on a survey conducted throughout August-September 2014. Just under 3,000 SMEs were interviewed across 9 industrial sectors and in 8 countries (Germany, France, UK, Italy, Spain, Netherlands, Poland and Sweden), which together account for 82% of total EU economic output and 72% of the European leasing market. The report received generous support from Netsol Technologies, a global provider of enterprise IT solutions, with core focus on asset finance, wholesale finance and leasing software.

The report shows that leasing is an increasingly valued source of SME finance. Of the SMEs surveyed, 43% used leasing in 2013, up from 40% in 2010 and this figure was estimated to have risen further to 51% in 2014. Of those SMEs who did not lease in 2013, more than a quarter had done so in the past, with 17% of these stating they would use leasing in 2014.

SMEs in the eight countries in our sample financed 19% of their total investment via leasing in 2013, more than any individual form of bank lending – up from 17% in 2010. This compares to a leasing penetration rate of 12% in 2013 (13% in 2010) for businesses of all sizes in the same countries, which implies European SMEs use leasing to finance a greater proportion of their investment than larger businesses, to an even greater extent in 2013 than previously. Micro firms in particular rely on leasing, with 15% of their 2013 investment financed this way compared to 10% in 2010.

Evidence in the report highlights that exporting and growth SMEs, whose investment needs are generally higher, rely on leasing to an even greater extent than other firms. Not only do exporting firms use leasing more but they use it more intensively, financing 20% of their investment via leasing as opposed to 18% for non-exporters. Similar results are seen for growth firms with almost a quarter (24%) of their investment financed through leasing, significantly more than the 18% for non-growth SMEs.

According to the report, SMEs that use leasing invest 123% more than non-users of leasing, more than twice as much. This divergence is largely due to lessees increasing their investment substantially in 2013 compared to 2010, whereas non-users' investment levels remained flat. These lessees finance more of their investment through leasing (31%) than any other form of finance, including bank lending and cash/equity. Micro lessees appear to benefit the most, experiencing the largest investment increase in 2013 relative to other firm sizes.

The SMEs surveyed were asked what advantages of leasing are most important to them. A diverse array of benefits was valued highly and most have increased in importance since 2010. This suggests a

¹ This acronym refers to “Small and Medium sized Enterprise” and for the purposes of this report incorporates micro firms too.

growing appeal for leasing amongst SMEs, with benefits fitting diverse business needs. While no single reason stands out particularly, the price of financing an asset via leasing relative to other forms of finance remains the most popular reason for leasing in 2013. Lessees being better able to manage their working capital by spreading payments over the life of the asset and the flexibility provided by lease contracts also rank as important benefits.

Our estimate of the total value of SME leasing in the 8 countries of our survey sample is €74 billion for 2013. Scaling this up to the EU level implies that the overall size of the market for leasing to SMEs in Europe was just over €103 billion in 2013, equating to roughly 9.2 million SMEs. As such, SMEs account for nearly half the total leasing market in Europe.

SMEs are responsible for 67% of total employment² in the EU-28 and account for approximately 58 cents in every euro of value added³. Therefore, it is vital to ensure that SMEs, the driver of the European economy, can finance investment in productive assets. In the report, projections for GDP growth based on a greater uptake of leasing under various scenarios show a potential impact on growth rates of between 3 and 10 basis points per annum for the 8 countries sampled. Set against the estimated Eurozone long term trend growth rate of 1.6% per annum, this boost is significant and would add an extra 0.3% to 0.7% to the level of GDP by 2020, equating to an additional €34 billion - €100 billion.

Tanguy van de Werve, Director General of Leaseurope said that: “Leasing to SMEs has been a priority of Leaseurope’s research programme, starting with our pioneering first report in 2011. This topic is key to our industry, with the new report demonstrating the increasing importance of leasing for Europe’s small businesses. Within the EU, policymakers and other stakeholders continue to stress the importance of supporting SMEs as catalysts for growth and providers of jobs. Leaseurope has once again contributed to the debate by providing its members, policy makers, and those with an interest in SME access to finance with valuable evidence showing that leasing is a crucial form of finance for SMEs.”

Enrico Duranti, Chairman of the Leaseurope Board and General Manager of Iccrea BancalImpresa commented: “SMEs undoubtedly play a vital role in providing jobs (2 out of every 3 in Europe) and in stimulating economic growth, making them a key focus of policymakers. This report demonstrates that leasing is an important form of investment finance for the SME sector and that promotion of this market would boost SME growth in the future. Given this fact, European and national initiatives aimed at improving SME access to finance should be raising awareness of leasing, as well as facilitating its use. Ideally placed as a reliable and well suited form of finance for smaller firms, leasing can play a crucial role in ensuring European SME investment and, in turn the European economy, go from strength to strength.”

– END –

² In the non-financial business sector.

³ Latest available data. Source: European Commission’s Annual SME Performance Review 2014.

NOTES FOR THE EDITORS:

How to Obtain the Report

To access the report, please visit the SME page on Leaseurope's [website](#).

About Leaseurope

As a Federation, Leaseurope brings together 45 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope's members ranges from hire purchase and finance leases to operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 91% of the European leasing market. Find out more at www.leaseurope.org.

About Leaseurope's Research Programme

Leaseurope's Research Programme enables the Federation to be a catalyst for leasing and automotive rental related research at European level. It is instrumental in ensuring that the leasing industry is provided with up-to-date and comprehensive market data, research studies and publications on the trends and developments of the leasing and automotive rental industry. This research expertise helps to reaffirm our position as an information hub and centre for market intelligence. More information on the Leaseurope Research Programme can be found [here](#).

Media Contacts

For further information, please contact:

Anne Valette
Head of Communications
+32 2 778 05 65
a.valette@leaseurope.org

Jurgita Bucyte
Senior Advisor, Economic & Financial Affairs
+32 2 778 05 63
j.bucyte@leaseurope.org