



#Positions on the European Elections

Core Concerns and Demands of the German Leasing Sector



Core Concerns of the Leasing Sector for the 2024 European Elections

- 01 Regulatory policy: practical, flexible and with business involvement
- 02 Ensure access to subsidies for leasing investments
- 03 Strengthening sustainable investments
Set incentives
- 04 Improve framework conditions for digitalisation

REGULATION: PRACTICAL, FLEXIBLE AND WITH BUSINESS INVOLVEMENT

Leasing as a Pillar of SME Financing

German SMEs need financing partners on an equal footing. Three out of four SMEs in Germany regularly use leasing for their future investments. The sector itself is strongly characterised by SMEs and differs greatly in its structure from other EU Member States. The majority of leasing companies are independent and not tied to banks or manufacturers. However, the regulatory model is orientated towards major international banks. More proportionality is needed here.

Companies need time and flexibility to adapt to new regulations. However, requirements have to be implemented ever more quickly, while at the same time the room for manoeuvre is shrinking. The choice of instruments for achieving objectives is also becoming increasingly rigid and often does not correspond to everyday business life in many sectors.

In addition, businesses and associations must be better integrated into the legislative process (time for comments, early information, etc.) so that they can contribute their perspective. This is the only way to ensure that regulations are practical and supportive of the economy and that the competitiveness of the economy is not jeopardised.

The BDL demands:

- ✓ More practical relevance and flexibility in implementation
- ✓ Instead of "one-size-fits-all", take more proportionality and national characteristics into account
- ✓ Considering the diversity of financing types
- ✓ Integrating business more closely into the legislative process
- ✓ Securing competitiveness

SECURE ACCESS TO FUNDS FOR LEASING INVESTMENTS

Leasing as a Key to Future Investments

Future investments must be financed. With their specific expertise, leasing companies are key players in promoting investment and the introduction of new technologies and business models.

The inclusion of funding in leasing investments at both, EU as well national level, can support financing. However, the sector often encounters hurdles here, as the special features of the business model are not always taken into account when designing funding programmes.

Excessive bureaucracy also makes it difficult for small and medium-sized companies to access funding. Complicated regulations and authorisation procedures become a burden and make it difficult or impossible for SMEs to finance investments. This means that important investment potential remains untapped. A missed opportunity for economic growth.

At international level, politicians are not cooperating enough to harmonise standards and regulations. Instead, the EU has become the frontrunner of regulation in many areas, which the rest of the world is increasingly reluctant to follow. This makes international trade more difficult and threatens Europe's competitiveness!

The BDL demands:

- ✓ No barriers to subsidies for leasing investments
- ✓ Funding programmes should follow the principle of earmarked use instead of ownership
- ✓ Actively reducing bureaucracy
- ✓ Stronger international cooperation
- ✓ Tapping growth opportunities
- ✓ Securing Europe's competitiveness

STRENGTHENING SUSTAINABLE INVESTMENTS - SETTING INCENTIVES

Leasing as a Partner of the Economy for Sustainability

With an annual investment volume of 70 billion euros, the German leasing sector can make a significant contribution to the sustainable transformation of the economy. EU regulations must stimulate companies' willingness to invest and must not lead to false incentives. Market-based incentives are required for a gradual transformation and technology-open further development of the EU economy.

Transparency requirements help to channel capital into future investments. However, the scope and depth of the disclosure requirements should be practice-orientated, appropriate to the number of employees and take into account a company landscape characterised by SMEs. At this point, a few meaningful key figures are more effective than a confusing amount of data that requires interpretation.

Companies are being given less and less room for self-regulatory mechanisms. Sectors can often develop more effective standards for specific objectives without the need for comprehensive state regulation.

The BDL demands:

- ✓ Strengthening sustainable investments
- ✓ Creating incentives for transformation
- ✓ Avoiding false incentives through regulation
- ✓ Practice-orientated and proportional disclosure requirements
- ✓ Room for self-regulation

IMPROVE FRAMEWORK CONDITIONS FOR DIGITALISATION

Leasing as a Driver of Digitalisation

Digital technologies can accelerate sustainable development in many areas, such as data-driven efficiency improvements. Leasing companies can use their expertise to invest in digitalisation and innovation.

Digitalisation is also driving innovative leasing models. Networked machines that communicate with the user or with each other provide a wealth of additional data. By analysing this data, new services or usage-based financing such as pay-per-use models can be offered to companies. To do this, leasing companies need access to the usage data. In addition to a digitalised currency, legal certainty must also be created for innovative forms of contract such as smart contracts, including an independent legal identity for machines.

The handling of data should be characterised by greater fairness and lead to new data innovations. Important adjustments are still needed to clarify the definitions and take existing business models and processes into account. The specific risks must be taken into account.

The BDL demands:

- ✓ Adjustments and clear definitions when handling data
- ✓ Consider existing business models
- ✓ Ensure access to data



BDL – What We Stand for



The Federal Association of German Leasing Companies (BDL) represents the interests of the leasing industry in Germany with 220 member companies.

The structure of the sector is strongly characterised by medium-sized companies: The market is shared by large, mostly internationally active companies with a large number of small and medium-sized leasing companies.

Economic assets worth almost 200 billion euros are currently leased in Germany. Companies invest around 70 billion euros a year in electric vehicles, photovoltaic and hydrogen systems, energy-efficient machinery, IT equipment, medical technology, etc. through leasing.

Leasing is present in almost all sectors of the economy. The customer base ranges from sole traders to SMEs and international corporations, but with a strong SME core. Three out of four SMEs regularly use leasing to procure and finance their investments. Leasing is used intensively to finance digital projects and sustainable assets. Leasing companies are increasingly advising their customers on sustainability. Leasing is also an important component of the circular economy, as leased assets are used by another user after the lease ends.

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