



Asset finance in 2025: Trends and innovations

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Introduction

Technology in the asset finance market has significantly shifted in recent years. From standard day-to-day operations to the latest process enhancements, such as digitalization and the rise of artificial intelligence (AI) and machine learning (ML), businesses globally have been forced to rapidly adapt their processes to changing market dynamics and customer expectations.

According to The Business Research Company's [Leasing Global Market Report 2024](#), the global leasing market was expected to grow and be valued at \$1.85 trillion this year. The same report projected that the market would increase to \$2.73 trillion in 2028 at a compound annual growth rate (CAGR) of 10.2%. Growth during this period is attributed to a rising population, urbanization, the popularity of electric vehicles (EVs), start-ups, and other infrastructure and infrastructure projects.

However, this growth comes with challenges. Organizations unprepared for scaling or digitizing operations may find themselves struggling to maintain their market position. They may see a high investment in legacy software that brings little return and find that their differentiators are unappealing or outdated to new and existing customers.



+10.2%

\$2.73 trillion
in 2028

01. 2024 Review

2024 was a year of growth for the asset finance industry, driven by increased demand across key sectors such as transportation, energy, and manufacturing. Investment in new assets such as electric vehicles has been led by a shift toward digital transformation and green technologies, fueled by businesses looking for flexible financing options during uncertain economic conditions and interest rate fluctuations seen in recent years.

Updated figures released by the UK's [Finance & Leasing Association \(FLA\)](#) show that total asset finance new business (primarily leasing and hire purchase) fell in August 2024 by 7% compared with the same month in 2023. In the first eight months of the year, new business was 4% higher than in the first eight months of 2023.

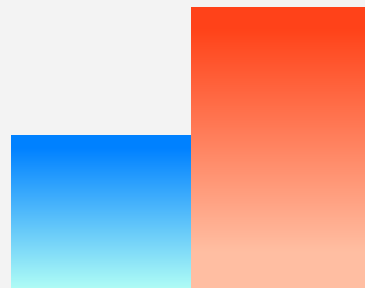
Technological innovations such as AI have enhanced the operational efficiency of early adopters within the asset finance industry,

helping to streamline processes such as credit risk assessments, asset tracking, and contract management. A June 2024 [Deloitte report](#) suggested that successful AI innovators can achieve a 5% to 15% improvement in the cost-income ratio over the next five years, emphasizing just how important it is to not only invest in AI, but also ensure it is configured in a way to complement a business.

The rise of fintech companies and alternative lending platforms has further expanded access to finance, challenging the norm. Looking to the future, with sustainability remaining a key focus for many businesses, the combination of digital, financial, and sustainable trends positions the sector for further expansion. Research by US-based [Allied Market Research](#) in 2024 showed that the global equipment: finance market was valued at \$1.2 trillion in 2022 and is expected to reach \$3.1 trillion by 2032, showcasing the possible expansion for businesses that remain competitive and innovative throughout this period.

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Deloitte.



02. Importance of Real-time Data

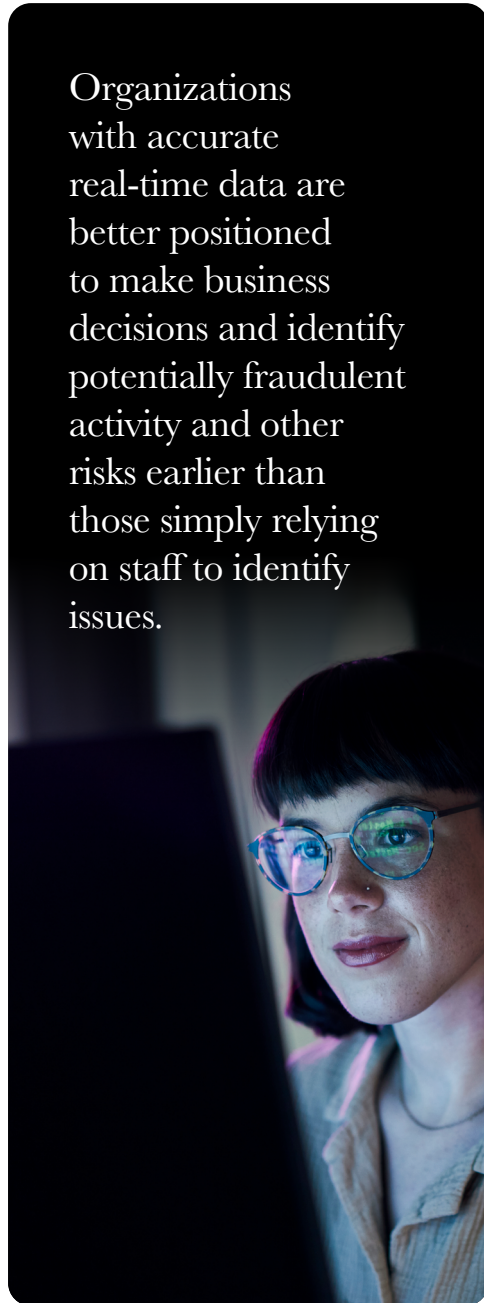
Is real-time data always real-time? It depends on how a business implements its software, but not always. When integrating multiple systems, data sources may work in differing cycles. A July 2024 Cox Automotive [Power of Data Study](#) showed that 54% of respondents experienced conflicting data across multiple sources caused by Original Equipment Manufacturer (OEM) and third-party data being on 30-, 60-, or 90-day trends, which can differ from month-to-month data at the dealership level. As a result, dealers are less confident with the accuracy of third-party insights, with only 26% saying they had confidence in third-party vendors.

Alignment of all data sources across all business locations is critical. Organizations with accurate real-time data are better positioned to make business decisions and identify potentially fraudulent activity and other risks earlier than those simply relying on staff to identify issues. Without automated insights, organizations depend on human intervention, which puts a high burden on staff time and is open to human error and interpretation.

The Cox Automotive study also noted that dealers expected data to help them increase revenue and profitability, improve customer experience, and boost internal operations. When utilized correctly, real-time data can help facilitate these points and more. Streamlining internal operations is made significantly easier by automating reports and workflows, which can help identify areas for improvement, such as reducing risk or identifying opportunities to reduce overheads and other spending.

In addition to reducing costs, automated insights with real-time data enable businesses to allocate staff resources to other areas to focus on growth or support customers seeking a personal touch. By carefully analyzing business data, businesses will be positioned to better understand their customer journeys, determine where improvements can be made, and ultimately enhance the end-customer experience, which is becoming increasingly critical every year.

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03. Onboarding & Decision-making

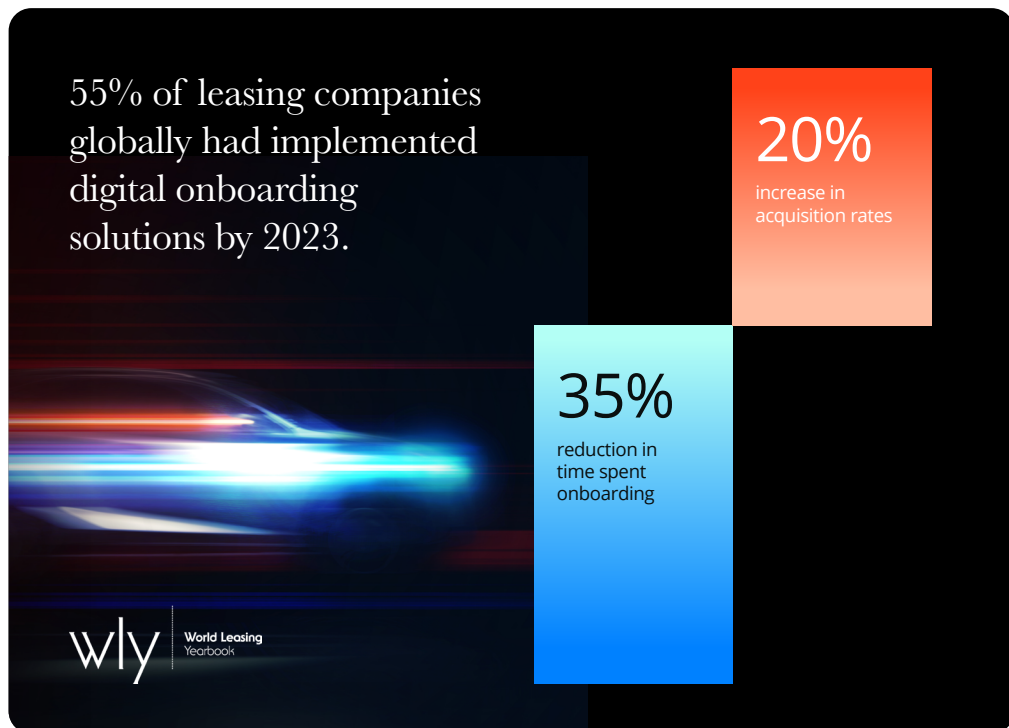
How an organization onboards clients has a significant impact on the customer experience as well as operational efficiency. Integrated AI and ML within credit-risk assessments and decision-making processes help analyze large datasets and accurately predict an applicant's creditworthiness, ultimately helping to reduce defaults. These solutions also significantly reduce verification times, improving the onboarding experience and customer acquisition rates.

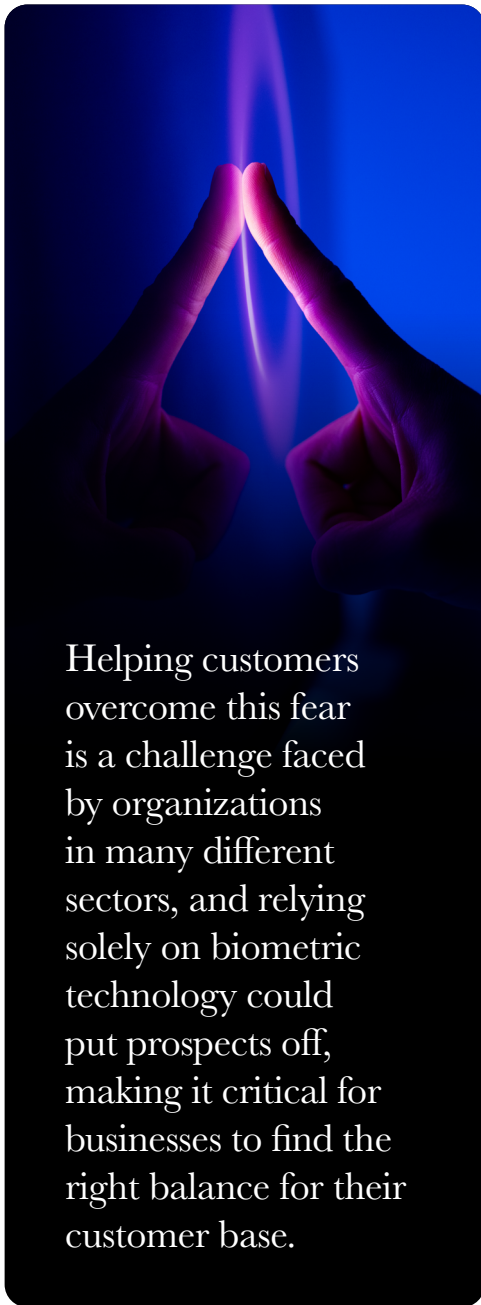
According to the 2023 [World Leasing Yearbook](#), 55% of leasing companies globally had implemented digital onboarding solutions by 2023. This resulted in a 35% reduction in time spent onboarding and a 20% increase in acquisition rates. It is worth noting that a fully automated process is not for every business. In such cases, AI and ML can enhance business operations and reduce the instances of manual

intervention, enabling companies to focus their resources elsewhere. This rate will continue to rise, and businesses resistant to AI and ML tools could lag behind competitors.

Emerging markets have seen a significant rise in digital and mobile-based onboarding solutions. Biometric verification and digital identity systems are widely used to facilitate customer acquisition. These markets are expected to adopt biometric verification and digital identity solutions to streamline customer acquisition in the coming years. However, clients may adopt biometrics at a slow rate due to fears that companies will not keep their biometric data secure and that criminals could access their information.

In February 2024, a [NordVPN consumer survey](#) on biometric authentication found that 18% of respondents in the UK and 20% in the US had this fear. The survey revealed that 50% of US





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respondents use at least one type of biometric technology daily, and 15% said they never use it because they do not trust it. Helping customers overcome this fear is a challenge faced by organizations in many different sectors, and relying solely on biometric technology could put prospects off, making it critical for businesses to find the right balance for their customer base.

Despite this, a biometrics insights report by the UK's [Information Commissioner's Office](#) showcased the rise of biometrics technologies, such as facial recognition and emotional analysis. There has been a sharp rise in emotional analysis despite it not being widely available in the market. This technology will help businesses build on behavioral analysis and interpret factors such as gaze tracking, facial expressions, and skin moisture to gauge a user's emotional state. There is a risk to detecting this highly contested data when used in marketing materials as it is viewed as lacking transparency and fair notice of processing.

Alternative data sources, such as social media activity and mobile phone usage, are increasingly used for credit assessments in regions with limited access to traditional credit data. This approach expands credit access to previously underserved populations. Another onboarding process expected to grow is Know Your Customer (KYC), where automation will streamline processes driven by AI and ML and reduce the time and costs associated with customer verification.

04. Client Experience & Servicing

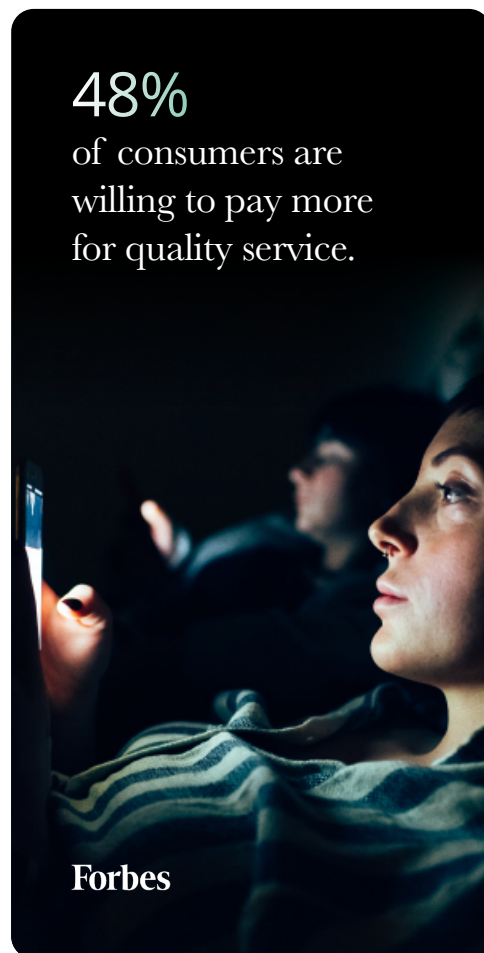
How customers feel about a service they receive is often one of the main reasons they will choose to continue using a product or service. Cost can also be a factor for many clients, but consumers who see the value in a better experience may pay more. According to a May 2024 [Forbes article](#), 48% of consumers are willing to pay more for quality service.

In a world where the newest generation of adults has had access to technology their entire lives, consumers crave more control over their financial lives. Clients across most industries expect more self-service and automation, responding to clients' needs may not be solved by investing in a bigger workforce. [The Hubspot Annual State of Customer Service Report 2024](#) showed that 78% of customer relationship management leaders say customers prefer to solve issues independently and expect more personalization in interactions than ever before. This can be supported by offering a wider range of self-service APIs and new digital channels, such as mobile-friendly applications. Digital platforms enable customers to manage their accounts, payments, and communications in real-time. Businesses offering mobile applications will see an enhanced customer experience and increased operational efficiency. The report added that the most preferred customer service channels were AI chatbots and online chats at 15%.

Mobile apps are an effective way for businesses to achieve some of these self-service solutions for their clients, offering easier access to information and providing a customer-centric experience. It is common for global trends to mirror those in the US. However, regional variations of digital platforms and customer-centric approaches exist based on local technological infrastructure and regulatory environments. An example of this can be seen in the [GSMA Mobile Economy 2024](#) report, which shows that North America had a 53% subscriber penetration in 5G in 2023, which is expected to rise to 90% by 2030. In comparison, 3G was the widest-used technology in the Sub-Saharan Africa region in 2023 with 55%. By 2030, 3G usage is expected to drop to 33%, with 48% subscribing to 4G and 17% opting for 5G, while 2G will represent the remaining 2%. The comparison illustrates the challenge that global

organizations face when working to provide a unified service across multiple geographies.

Efforts to improve financial inclusion are evident, particularly in developing regions. Digital finance solutions and alternative credit-scoring models have enabled millions of people who were previously excluded from the traditional banking system to access financial services. In Africa, asset financing, particularly vehicle finance, plays an important role in the region's economic development.



How a business is located within different geographies will also differ, not only because of the technologies available but also the regulatory differences. An example of this can be seen in privacy laws applicable in the US versus the UK and Europe. The General Data Protection Regulation (GDPR) protects personal data and the rights of EU citizens, irrespective of where they live, and any company in the world that does business or employs EU citizens must comply. In contrast, no single principal data protection legislation exists in the US. Instead, there are hundreds of federal and state laws to protect US citizens' personal data. The Federal Trade Commission Act (FTC Act) enables the US Federal Trade Commission to protect consumers against deceptive practices and enforce privacy and data protection regulations. State laws may also apply restrictions or obligations to organizations regarding holding information such as biometric data, medical information, social security numbers, driver's license information, viewing habits, tax records, criminal justice information, and phone records, among others. How the individual state legislates this information varies, but even if a business does not have a physical presence in each state, it must comply with local laws when processing data about residents.

05. Digital Auditing

While a relatively new concept, [digital auditing](#) is a way for businesses worldwide to transform their operations, and the benefits are substantial

Digital auditing is a method by which companies can remove restrictions from traditional physical auditors traveling to a business location to audit assets on a car lot. Some benefits include achieving large cost savings and low-cost scaling, with the added benefit of being sustainable and reducing an organization's carbon footprint.

By digitizing business rules, digital auditing also supports companies with faster risk identification and resolutions, real-time dynamic risk management, and the ability to pair audit frequencies to risk. This method also allows businesses to use geolocation services to locate an asset and ensure it is at a dealership.

Digital auditing helps organizations conduct self-audits with dealerships at key times of the year when accurate, company-wide reporting is crucial. A good example is when tax season arises, and an organization needs an accurate view of its inventory or loan balances. Tax season in the US has a unique approach for the different types of asset finance businesses. For



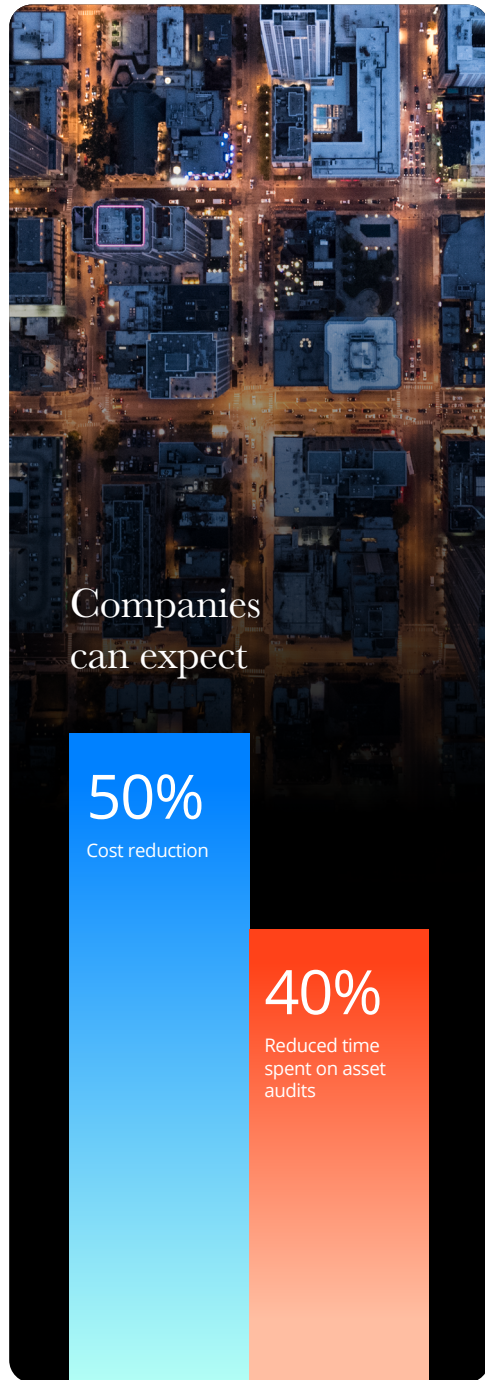
Digital audits will become a standard practice globally, with varying levels of adoption based on regulatory requirements and technological readiness. The integration of AI and blockchain will enhance audit accuracy and reduce costs.

example, a floorplan lender is predominantly a financial institution, and its tax reporting obligations revolve around interest income, loan balances, and other financial activities. However, if it repossesses or takes ownership of a vehicle due to default, that asset may appear on the balance sheet under the value of repossessed assets instead of an itemized list. On the other hand, a dealership that owns the inventory is required to track and report its inventory for tax purposes and supply the costs of goods sold (COGS) along with the value of the inventory at the year-end. For dealerships, having a clear and accurate view of inventory is vital to comply with tax obligations.

Digital audits will become a standard practice globally, with varying levels of adoption based on regulatory requirements and technological readiness. The integration of AI and blockchain will enhance audit accuracy and reduce costs. In addition, the focus on sustainability has grown, with more [lenders offering green finance options](#) for environmentally friendly vehicles and equipment. It makes sense that these businesses would look to make their operations ecologically friendlier.

Costs associated with auditing fluctuate between the price of fuel changing, more expensive airline tickets, the potential costs for hotels, meals, and more for staff traveling to locations to audit assets. There are also the fluctuating costs of third-party auditors to consider. SBS client research has shown that by moving to a [digital auditing solution](#), businesses can expect to reduce costs by more than 50% and lower time spent auditing assets by more than 40%. In addition to these figures, SBS found that by increasing the audit frequency, businesses saw a lower total cost of ownership as they were not charged for the instances of the audit.

The human element could also pose additional risks to costs and time investment. Businesses will experience a significant knock-on effect on their auditing operations if an auditor becomes sick on a day they are supposed to be traveling or if they have booked time off. Our research has shown that taking a hybrid approach to auditing is one way to combat this. Infrequent physical auditors conducting an in-house audit of all business locations combined with digital dealer self-audits enable a best-practice approach.



06. Compliance & Risk

With the enhancements that automated AI and ML bring to operations and the customer experience, an unfortunate side effect is fraud, which is becoming more sophisticated.

This forces businesses of all sizes to adapt their systems, processes, and behaviors to proactively address fraud. [The Global Economic Crime Survey 2024 by PwC Global](#) indicated that 59% of companies surveyed had completed an enterprise-wide fraud risk assessment in the past 12 months, with a further 12% planning to complete one within the next year. Infrequent reporting and reviews can increase the likelihood of a business falling victim to fraudulent activities.

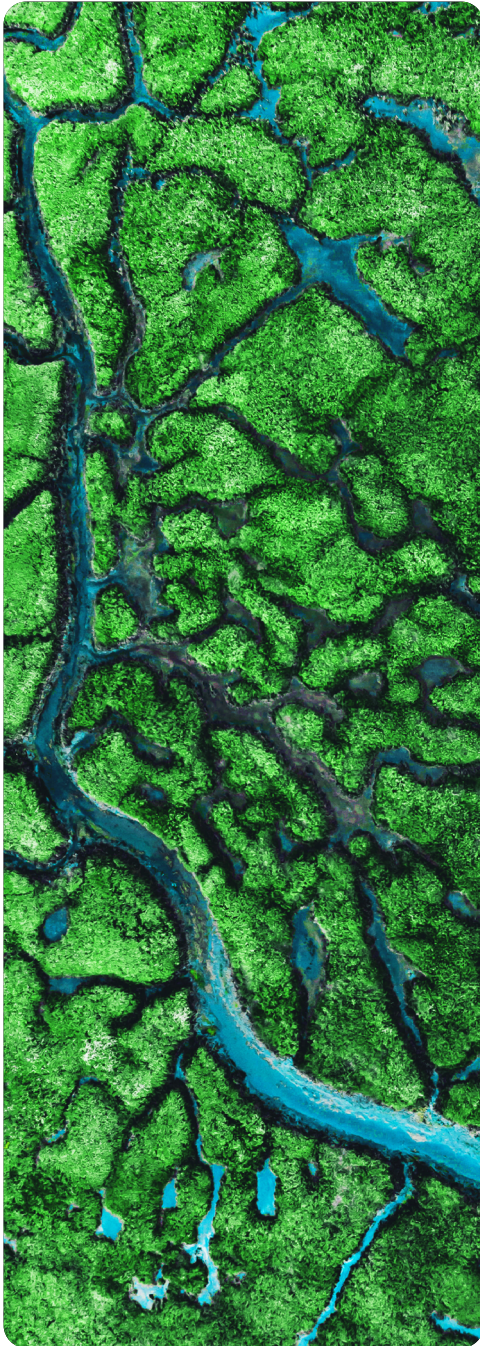
Changes to compliance and regulation are another area where asset finance organizations must be vigilant and ensure their operations meet the ever-changing and often varied requirements globally. The US and Europe have introduced enhanced Customer Due Diligence (CDD) Requirements, which will apply a standard process. This will require businesses to conduct a broader range of checks including customer identification, current and ongoing risk assessments, and establishing the source of funds. It will also apply to how a business collects and stores data while additional information may be required for high-risk customers.

In addition to the CDD Requirements, KYC compliance is a set of processes businesses use to identify customers and ensure they are not acting illegally. This also helps to avoid financial crime. The process goes beyond the

initial verification stage and includes monitoring transactions for suspicious activity, as well as conducting regular audits. Some of these processes can be automated to help identify risks or suspicious activity sooner and reduce the need for human intervention. These initiatives aim to reduce money laundering and are governed by various Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations.

Data and privacy regulations are constantly changing. While businesses may not be required to comply with regulations based on their location, they may need to adhere to local laws that apply to individual users. While the GDPR regulates how personal data is handled is similar in the UK compared to EU member states and the European Economic Area (EEA), this regulation is dealt with differently in the US. In some US states, the data companies collect is unregulated, and they can use, sell, or share data without notifying the user. In other states, such as California, which introduced the [California Privacy Rights Act](#) in 2023, strict data laws apply to businesses that collect personal information, and the law outlines consumers' rights.

Another regulation businesses must adhere to is the EU's Sustainable Finance Disclosure Regulation (SFDR), which requires companies in the financial sector to disclose sustainability-related information. The UK equivalent is the Sustainable Disclosure Regulation (SDR), which is led by the Financial Conduct Authority (FCA) and aims to provide investors with better sustainability information from financial market suppliers. While these regulations outwardly appear to cover the same initiative, they have substantial differences in how labels, classifications, and disclosures are made. While the SFDR is an older regulation, the SDR was introduced in 2023 and was updated in 2024, with the FCA allowing businesses until April 2025 to comply with the law.



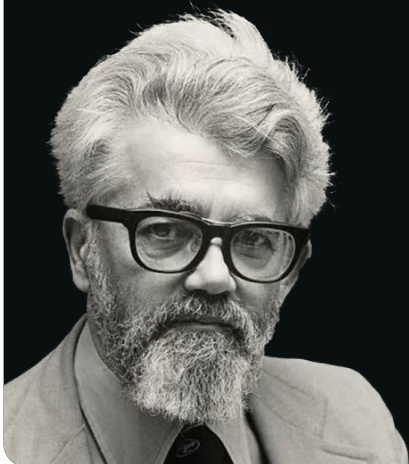
To achieve this, companies will have to engage with stakeholders within the business to align their activities with their wider sustainability goals and expectations. By implementing robust sustainability reporting frameworks, companies can track and disclose environmental impacts and use the information to develop and promote green finance products that meet the regulatory criteria.

Further investments are being made to protect sensitive data with advanced cybersecurity measures. Regulation related to cybersecurity will mandate stronger protections against cyber threats and require businesses to adopt advanced security measures and perform regular risk assessments. Another key part of risk assessments will be to develop and test a data breach response plan, which will enable businesses to quickly address and mitigate any security incidents. Investments in systems with advanced data management and modern encryption technologies are key to safeguarding customer data. Outside of technology, privacy policies must be updated regularly to reflect new regulatory requirements and ensure that businesses are transparent with customers.

07. AI & Machine Learning

Artificial Intelligence

The term “artificial intelligence” was first used during a workshop hosted by American computer scientist John McCarthy at Dartmouth in 1956.



Two years later, during a speech about teaching machines to play chess better than the humans that programmed them, Arthur Samuel, also a computer scientist, introduced the term “machine learning.” Since these initial concepts, AI and ML have experienced rapid growth. Software solutions that use these technologies have been helping to make businesses more efficient with every passing year.

In 2025, the market is expected to see further development in predictive AI and ML to help lenders drive growth and transform the industry. These tools can be used to enhance processes, remove unnecessary manual intervention, and identify potential risks to businesses in real-time. AI and ML can also personalize the customer experience by analyzing their data and behaviors, producing targeted offers, or predicting preferred contact methods.

While some customers prefer the personal touch, there is a rise in consumers who expect self-service solutions that enable them to service their accounts anytime, anywhere. As Forbes reported in May, 86% of consumers approved of brands using artificial intelligence in 2023, including for marketing content, chatbots, automated voice systems, predictions, and upselling.

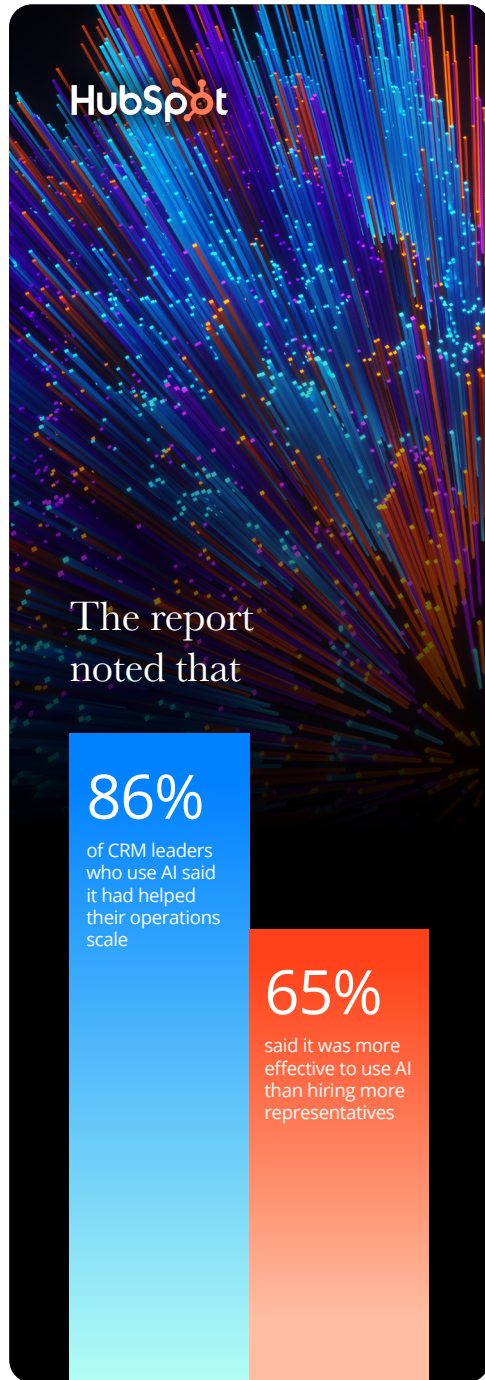
The Hubspot State of Customer Service Report also highlighted the technology's impact on businesses, with 92% of CRM leaders saying that AI has improved their customer service response times, and 77% believing that AI will handle most ticket resolutions by 2025. The report noted that 86% of CRM leaders who use AI said it had helped their operations scale, and 65% said it was more effective to use AI than hiring more representatives.

The report also found that 59% said AI had reduced their spending on customer service. The ROI of AI makes it an attractive investment; however, it is worth noting that unoptimized AI can actually increase scaling. Therefore, it is important to ensure that the investment is the right one to ensure long-term growth.

Fraud and financial crime come with unknown

costs to rectify, which makes budgeting for a potential attack challenging. This burden can impact businesses financially, reputationally, and internally, affecting their ability to continue working towards business objectives and goals. Fraud detection systems are, however, becoming more refined and are adapting to an increase in complex fraud schemes, but these again come at a cost. That cost should be considered a long-term investment instead of an additional burden. This is another area in which AI and ML can help businesses detect and prevent fraudulent activities, ultimately helping reduce losses.

While applying blanket AI and ML solutions is not for every business, the key is to find the balance that enables better decision-making, reduces manual touchpoints and the processing of repetitive tasks, and improves self-service offerings for clients.



Conclusion

According to a 2022 [Deloitte](#) asset finance software industry report, the market size for the global leasing industry was \$1.35 trillion in 2021, and it is expected to rise to \$1.60 trillion in 2025. However, the [Leasing Global Market Report](#) published in January 2024 showed that it was \$1.68 trillion in 2023 and is expected to reach \$2.73 trillion by 2028.

This illustrates that the asset finance market is growing at a rate exceeding market predictions, signifying the importance of keeping up with the latest market trends to avoid being left behind.

The market is on the cusp of a significant evolution, driven by technological advancements and evolving customer expectations. In 2025, digitalization is set to transform onboarding, decision-making, servicing, risk identification, and auditing, making processes more efficient and services more customer-centric. The US and global markets will see these trends unfold, albeit with regional variations. However, it is clear that stakeholders in the asset finance industry must adapt to this ever-changing market to offer a competitive service and meet the demands of a rapidly changing market.



SBS is a global financial technology company that's helping banks and the financial services industry to reimagine how to operate in an increasingly digital world. SBS is a trusted partner of more than 1,500 financial institutions and large-scale lenders in 80 countries worldwide, including Santander, Société Generale, KCB Bank, Kensington Mortgages, Mercedes-Benz, and Toyota FS. Its cloud platform offers clients a composable architecture to digitize operations, ranging from banking, lending, compliance, to payments, and consumer and asset finance. With 3,400 employees in 50 offices, SBS is recognized as a Top 10 European Fintech company by IDC and as a leader in Omdia's Universe: Digital Banking Platforms. SBS is headquartered in Paris, France.

To find out how we can help your bank to create market-beating digital transformation strategies:

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James is the Chief SaaS Transformation Officer and Head of Specialized Finance Strategy within SBS. James is an asset finance industry expert with over 30 years of experience and is passionate about helping organizations transform their operations and optimize their customer journey. Over his time with the organization, James has played a significant role in the company's expansion and emergence into the US market, continuing to lead the strategic direction in this market to ensure its continued growth.



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