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Key growth in Europe

Brendan Malkin

Key Equipment Finance hopes to quadruple its European business by 2011, recognising that “major gaps” in the efficiency of local leasing businesses create opportunities, according to the CEO of KEF.

Paul Larkins cited “lack of internal control systems”, back office systems, “sporadic” data on assets being leased, and an underdeveloped secondary market for assets at the end of leases as the major inefficiencies facing the European leasing industry.

However, he added: “I don’t think there are big differences between Europe and the US – the fundamental benefits of leasing are the same.”

Larkins, who is chairman of the Equipment Leasing Association in the US, is driving a campaign to



■ Larkins: ‘gaps’ in European leasing

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increase KEF’s share of the European middle-sized market.

KEF last year saw total lease financing receivables grow by 16.5 per cent on 2004 to reach \$10.2bn.

Commenting on his plans for Europe, Larkins told *Leasing Life*: “In the last one-and-a-half years Europe has exceeded growth in the US. Europe is a growth engine and I hope to quadruple the size of the business over the next five years. We have a business that has the fundamentals in place, and which is beginning to pay dividends.”

A big growth sector in Europe for KEF is transportation, particularly tractors and aviation leasing for the business sector, both of which Larkins hopes to drive by leveraging off its US client base. He hopes to build on its number of joint ventures with other European leasing businesses. Last year, KEF established a JV with UBS Leasing in which Key offered operating leases to the Swiss bank’s clients.

Larkins plans additional growth in Asia Pacific over the next three years, although the region “does not have the same infrastructure as Europe, because transactions flows are not at the same level”.

Commenting on China he said: “It is a future viable market, and the requirement for capital is going to be very high, but it has two problems: it doesn’t have a currency that floats easily, and it has a limited body of law to help establish business practices.”

