

COLLABORATION WILL SHAPE THE FUTURE OF ASSET FINANCE

By: David Woodroffe, SVP, Asset and Auto Finance, FIS

We live and work in fast-changing times for asset finance. But when the industry's finest put their heads together, change can not only be a challenge but also a powerful catalyst for innovation and growth.

FIS' educational and networking event, Emerald 2023, gave me a timely reminder of the power of in-person collaboration. For the first time since the pandemic, we got the chance to gather our asset finance clients and partners together in one room. And as we found, there's no better way to tackle today's biggest issues than in a face-to-face discussion.

There were certainly a lot of important topics to talk through. New customer expectations, competitive pressures, emerging technologies and climate change are all driving asset finance providers to find innovative new ways of operating. But radical change can be costly – and in tough macroeconomic conditions, it's hard enough to keep your business running, let alone carry out a complex digital transformation project.

One commercial vehicle manufacturer has come up with an inspired solution and built a whole separate company to support new pay-per-use services, underpinned by the latest extension of our asset finance software. As a result of this particular partnership, they can now offer flexible, futureproof, all-inclusive finance products to customers of its new fleet of electric trucks and light commercial vehicles. But realistically, not every firm can afford to launch a new business model through an equally new business entity. What they can do, though, is collaborate.

Even in the highly competitive auto manufacturing sector, joint ventures are already springing up among “rival” firms. For example, the Volvo Group, Daimler Truck and the TRATON GROUP have joined forces to install and operate at least 1,700 green energy charge points across Europe.¹

Then, in another joint venture, Volvo and Daimler have also teamed up to develop, produce and commercialize fuel-cell systems for use in heavy-duty trucks.²

Both of these initiatives are supporting broad capital requirements with multiple forms of financing, including one-to-one, fleet, dealer and project finance. Why shoulder the full burden when you can share it with partners?

Source:

1 AB Volvo, July 08, 2022 - <https://www.prnewswire.com/news-releases/the-volvo-group-daimler-truck-and-the-traton-group-kick-off-european-charging-infrastructure-joint-venture-301582899.html>

2 Daimler Truck AG, March 1, 2021 - <https://group.mercedes-benz.com/investors/reports-news/financial-news/20210301-fuell-cell-jv-cellcentric.html>



At FIS, we've recognized we can't solve every big challenge alone either. So, we're constantly working with our own fintech partners to keep bringing innovative new capabilities to our asset finance technology.

Fintechs are often highly specialist by nature and tend to home in on specific parts of the finance value chain. Take our relationship with Informed.IQ, who joined us at Emerald to showcase their AI-based software for income verification. Designed to enable faster and more accurate credit decisions, Informed's solution has optimized a time-consuming and tricky part of the lending life cycle. By collaborating with Informed.IQ and integrating the solution with our own ecosystem, FIS can quickly pass its benefits onto clients as part of their end-to-end asset finance process.

It's not always easy – or cost-effective – to innovate, ditch legacy systems and embrace digital transformation. But as technology advances, asset finance firms can't afford to get left behind. In times of great change, the growing trend of collaboration suggests a new direction for the industry's future. Two (or more) heads are usually better than one, so let's move forward faster together.

Source:

3 Informed.IQ, January 24, 2023 -

<https://www.prnewswire.com/news-releases/informediq-teams-with-fis-to-deliver-faster-lending-validation-301727260.html>



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