



White Paper

# Reframing equipment finance: Lessons from commercial lending's evolution

Unlock technology-driven strategies for long-term growth and profitability



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## Executive summary

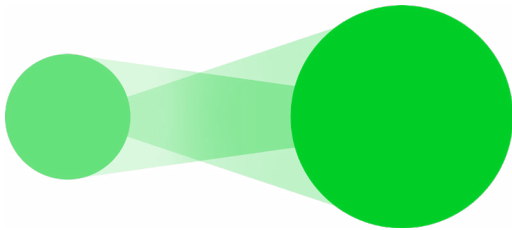
Equipment finance is entering a structural transition. Artificial intelligence adoption, embedded finance, private credit, ESG-driven capital and industry consolidation shape competitive advantage today. Equipment finance firms that operate as standalone lenders reliant on manual underwriting may find it increasingly difficult to compete on speed, price and relevance.

We must translate lessons from commercial lending into concrete strategies. The next generation of market leaders will likely evolve from traditional lenders into technology-enabled platforms. By connecting capital, assets, data and ecosystems across the full asset lifecycle, firms may be better positioned for long-term growth and profitability.



# AI is moving from experimentation to core lending infrastructure

Artificial intelligence increasingly plays an important role in daily commercial lending operations. By embedding AI into front-office and underwriting workflows, banks and non-bank lenders can empower relationship managers and credit teams with real-time insights that directly influence productivity. Because it generates substantial amounts of telemetry, payment history and lifecycle data, equipment finance is structurally well-suited for AI-driven transformation.



## Key applications and industry proof points

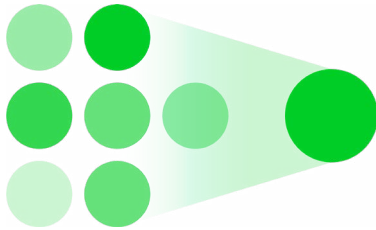
- **Faster credit decisioning:** Lenders using AI-backed underwriting models report that time-to-decision can drop significantly, in some cases from days to minutes. AI models analyze alternative data sets to create a more comprehensive picture of borrower health.
- **Predictive maintenance and risk:** By linking asset IoT data with risk modeling, financiers can better predict asset depreciation and maintenance needs. This helps protect residual values and reduce default rates.
- **Sales productivity:** AI assistants empower originators by surfacing high-probability leads and automating routine administrative tasks.



# The shift toward customer-centric, digital and embedded experiences

Borrowers expect digital access, real-time information and seamless engagement across channels. Lengthy, paper-heavy origination processes no longer align with these expectations.

Additionally, commercial customers maintain relationships with multiple lenders, so it's important to meet customers where they are. Equipment finance is rapidly moving toward embedded delivery models at the point of sale through OEMs, dealer networks and digital B2B marketplaces.



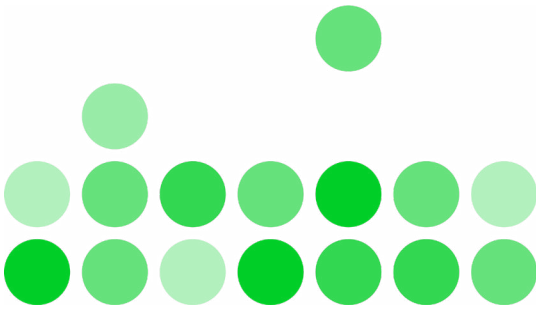
## The embedded advantage

- **Point-of-sale integration:** Offering finance options directly within the digital checkout process or dealership portal can increase capture rates.
- **Customer retention:** A seamless digital portal for account management, upgrades and end-of-lease options keeps customers within the ecosystem.
- **Data sharing:** Deep integration with OEMs allows lenders to view inventory and usage data, enabling proactive upgrade offers.



# The rise of private credit and non-bank competition

Private credit and non-bank lenders reshape competition, pricing and speed expectations. Armed with agile technology stacks and flexible capital, these entrants capture market share from traditional banks. For equipment finance firms, this shift presents both a threat and an opportunity.



## Strategic responses

- **Partnerships:** Traditional firms can partner with private capital to fund specialized or higher-risk tranches that don't fit standard credit boxes.
- **Structured finance capabilities:** Expanding structured finance offerings allows equipment lenders to provide more flexible terms to compete directly with agile non-bank entities.
- **Data sharing:** Deep integration with OEMs allows lenders to view inventory and usage data, enabling proactive upgrade offers.



## ESG and green financing are becoming core

Sustainability considerations heavily influence capital allocation decisions, but the pace and focus of ESG and green financing vary significantly by region. Political swings and shifting regulatory landscapes have made ESG-linked financing less prevalent in the U.S. than in Europe, where stronger policy incentives and regulatory pressure are driving more rapid adoption. As a result, U.S. lenders may encounter uncertainty or delays related to ESG priorities, while their European counterparts continue to accelerate green asset portfolios.

Despite these differences, the wider trend toward supporting electric fleets, renewable energy infrastructure and energy-efficient equipment remains clear globally. Lenders who fail to develop green finance capabilities might face potential risks of losing access to institutional capital and falling behind evolving customer and market expectations.

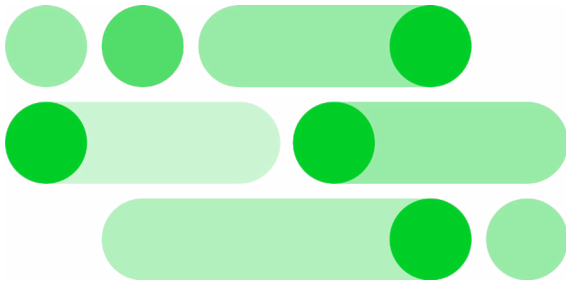
### Tips that can help capitalize on green trends

- **Accommodate new asset classes:** Develop specialized underwriting models for emerging technologies like EV charging stations, solar arrays and energy-efficient manufacturing gear.
- **Provide ESG-linked pricing:** Offer preferential rates or terms for borrowers who meet specific sustainability metrics.
- **Align with regulations:** Proactively track and offer finance assets that help customers comply with tightening environmental regulations.



# Consolidation and the importance of scale

Consolidation across the equipment finance industry reflects the increase in technology, funding and compliance demands. Operating a modern lending platform requires significant capital expenditure. Scale increasingly determines competitiveness. Smaller regional players face a difficult choice: invest heavily to modernize, specialize in a highly profitable niche, or seek a merger partner.



## Three drivers of consolidation

- **Technology costs:** Building and maintaining AI models, APIs and digital customer portals requires significant investment.
- **Cost of funds:** Larger entities typically secure more favorable funding rates, which can provide a pricing advantage in a competitive market.
- **Regulatory burden:** Navigating complex compliance requirements favors organizations with dedicated teams and automated reporting systems.



# What does this mean for equipment finance leadership in 2026?

To succeed in 2026, leaders must rethink their organization's business model, value proposition and approach to ecosystem partnerships.

## Redefine the role: From lender to platform

Embed financing seamlessly into OEM, distributor and SaaS partner platforms. Build open architectures that connect with third-party data sources. Foster mutually beneficial partnerships with fintechs and private credit funds to expand product offerings.

## Shift from asset ownership to asset usage

Adopt and scale subscription, pay-per-use and outcome-based financing approaches. Offer lifecycle solutions that bundle financing, maintenance, upgrades and asset management into a single recurring service.

## Transition from manual underwriting to AI-augmented decisions

Deploy AI-enabled models to help provide fast approvals, tailored pricing and adaptive risk rating. Equip sales and risk teams with AI-powered insights that surface product recommendations and flag emerging issues.

## Enable lifecycle financing

Build product suites that align with customers' long-term equipment strategies. Integrate data analytics, digital workflows and IoT to proactively manage the equipment lifecycle.



# Conclusion

As equipment finance undergoes rapid transformation, leaders face important choices that may influence long-term success. The sector's future likely rests on the ability to leverage core advances by embedding artificial intelligence throughout operations, delivering digital and embedded customer experiences, responding to private credit and non-bank competition, prioritizing ESG and green financing even amid regional regulatory fluctuations, and achieving scale through strategic consolidation.

Organizations may benefit from shifting from transactional lending approaches to holistic, platform-based solutions that integrate lifecycle asset management, robust partnerships and flexible capital strategies. Those who invest in technology, streamline collaboration across ecosystems, and maintain a relentless focus on customer needs can advance beyond modernization. They have the opportunity to redefine equipment finance as a central, trusted partner in driving business outcomes and supporting sustainable growth across industries.

[Unlock more](#)

## Forward-looking statements

This white paper contains forward-looking statements that involve risks and uncertainties. These statements relate to future events, market trends, and business strategies. Actual results may differ materially from those projected due to various factors, including changes in economic conditions, regulatory environments, competitive dynamics, and technology developments. Readers should not place undue reliance on forward-looking statements, which speak only as of the date of this publication.

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