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# Equipment Lease Finance Digital Transformation Index Q3 2024

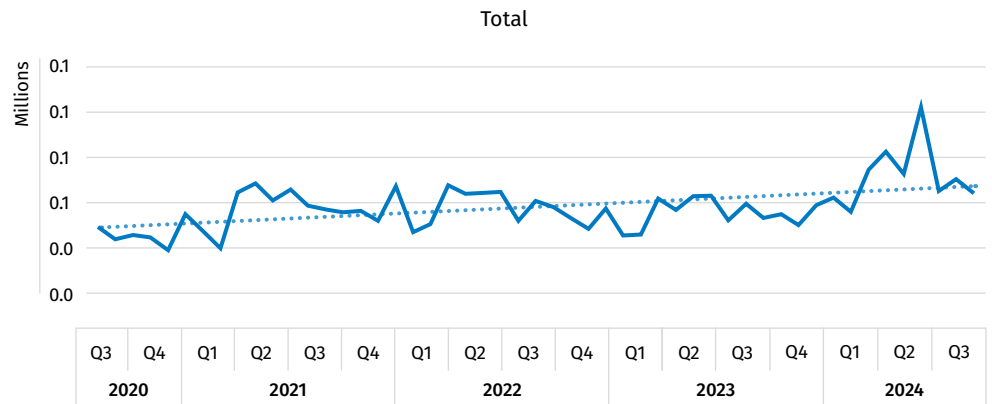
Wolters Kluwer, a global leader in professional information, software solutions, and services, announced the latest analysis from its Equipment Lease Finance Digital Transformation Index. A positive four-year moving trend in digital contracting adoption was recorded by the key resource, which tracks the rate at which equipment lessors and service providers are progressing the evolution of paper-based finance back-office processes to digital.

## Digital adoption rate accelerates in year-over-year and four-year trends

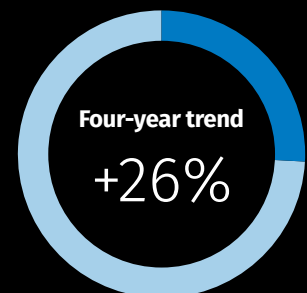
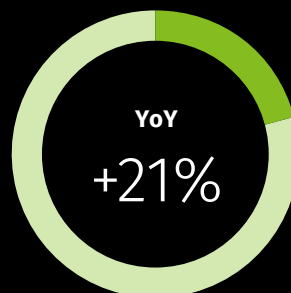
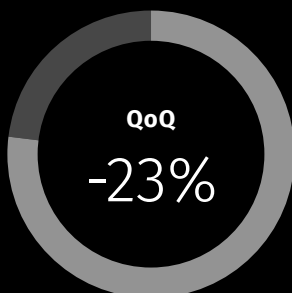
Despite the rate of adoption for digital contracting decreasing 23 percent between Q2 and Q3 2024, the index registered an increase of 21 percent when compared to the same quarter last year. Even more, the moving four-year trend continues to be positive, with a growth rate of 26 percent dating back to Q3 of 2020.

The mixed results underscore the overall business landscape for equipment financing in 2024. While the segment has experienced moderate growth, there have also been challenges in certain sectors, including transportation equipment investment remaining in negative territory, a soft manufacturing sector, and small businesses continuing to feel the impact of high interest rates and inflation. As a result, many manufacturers have been hesitant to invest in capital expenditures and inventory.

Digitization adoption growth Q3 2020 – Q3 2024

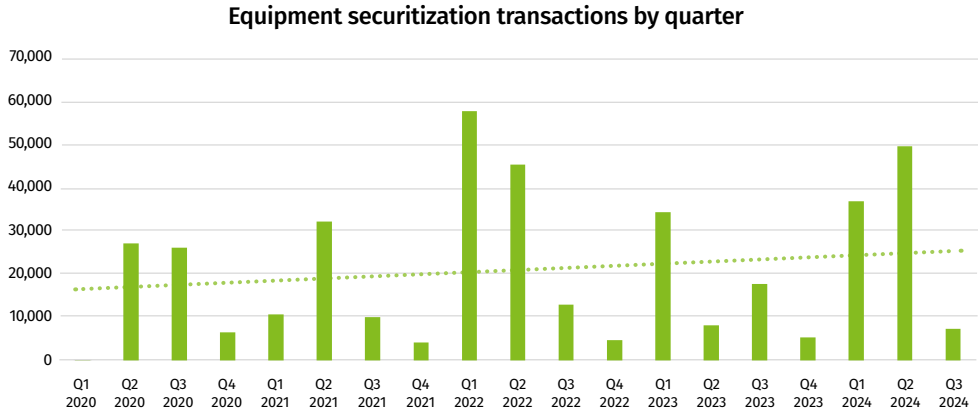


## eContracting digital adoption rate



# ELF Index now includes digital adoption trends for securitization markets

Beginning this quarter, Wolters Kluwer’s Q3 Equipment Lease Finance Digital Transformation Index is incorporating digitization adoption rates for securitization markets. Over the last four years, the adoption rate increased 54 percent, indicating positive movement in the segment’s digital journey to convert paper-based finance back-office processes. However, the digital ELF loan volume in securitization markets decreased 85 percent from Q2 to Q3 2024, as well as dropped 59 percent year-over-year.



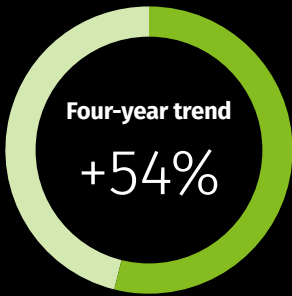
The declining numbers underscore some of the market’s current challenges, including inflationary pressures and higher interest rates that have led to some deterioration in underlying collateral performance. In addition, the segment is anticipating increased delinquencies and defaults, as well as lower recovery rates. Yet despite economic headwinds, the market has still maintained notable activity, with various large companies issuing asset-back securities deals that suggest ongoing demand for equipment lease securitizations. These transactions indicate strengths such as diverse collateral spanning various industries, strong structural protections including overcollateralization and cash reserve accounts, and short asset terms that help mitigate certain risks.

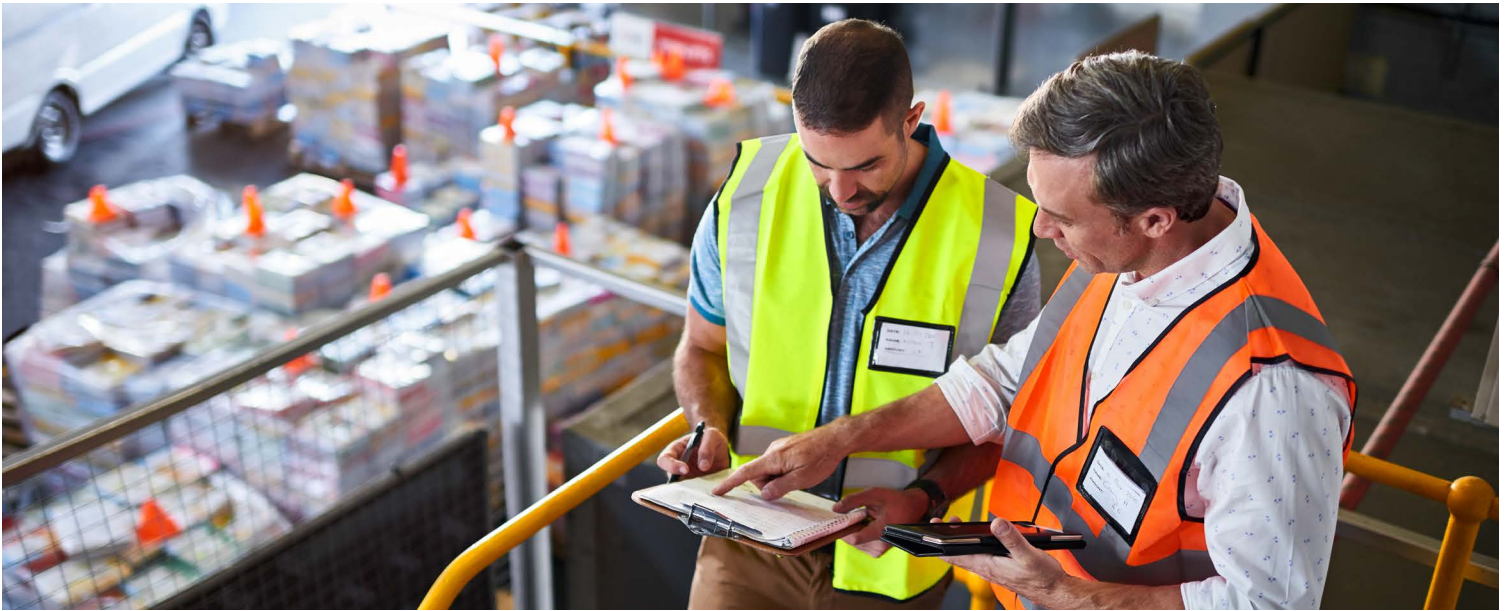


**Tim Yalich**  
Head of Auto Strategy  
for Wolters Kluwer

*“While 2024 has presented its share of challenges for business investment and equipment financing, particularly in sectors like transportation and manufacturing, the industry cannot afford to be complacent. As interest rates begin to ease, it’s crucial for businesses to position for success by relying on digital transformation to fuel and shape the path for future growth. In today’s rapidly evolving business landscape, those who invest wisely in technology now will be in the driver’s seat to capitalize on the anticipated economic upswing in 2025.”*

## Securitization adoption rate





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## Summary

The Wolters Kluwer Equipment Lease Finance Digital Transformation Index helps identify and track adoption drivers, while providing insights into market shifts that may impact the digitization of the equipment lessors and servicers. Results of the Q3 Index showed positive YoY and four-year growth for equipment lessors and service providers, as well as four-year growth in securitized markets.



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### About Wolters Kluwer Financial & Corporate Compliance

Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2023 annual revenues of €5.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,400 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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