

Request for Proposal

2024

A Changing of the Guards? The Evolving Roles of Banks and Independents in Equipment Finance

Industry Background

The Equipment Leasing & Finance Foundation publishes research for and about the nearly \$1 trillion equipment finance sector. Equipment leasing and financing companies represent important sources of finance in the U.S. economy, contributing to capital formation and providing additional critical tools that enable all types and sizes of commercial businesses to acquire the equipment they need to conduct their business operations.

Purpose of the Study

The purpose of the study is to dimension the future landscape of the equipment finance industry given the headwinds and tailwinds facing both Bank and Independent equipment finance companies after several prominent bank failures in the Spring of 2023 effectively altered the competitive landscape. It will discuss the new reality for Banks, evaluate their options, and potentially refocus their strategy. Similarly, it will determine how Independents are building and sustaining their position in the industry as some Banks have pulled back their equipment finance activities.

Problem Statement

2023 proved to be a tumultuous year as several high-profile bank failures early in the year sparked a liquidity crisis in the financial industry. Gone are the days of near-zero interest rates where many banks put their essentially free deposits to work in commercial equipment finance. Now, with deposits costing around 5%, the aftermath of last year's bank failures, predictions for recession, regulatory capital constraints, and bank leverage issues, some banks – including some super-regional banks - are reevaluating their investment in commercial equipment finance as part of a larger effort to preserve core depository relationship. At the same time, many Bank equipment finance companies are working to reimagine their role and strategy – whether to focus just on bank customers, reduce overall investment, and/or focus on originating and selling transactions.

Meanwhile, Independents are benefitting from this bank retrenchment as they fund 'fallen angels' and expand their markets to fill the void left by Bank EF firms. They've long been innovators within the industry and view themselves to be more than simply a source of financing, with the financing component simply one aspect among a variety of client solutions offered. These combined factors favor Independents as market conditions evolve but they face challenges not the least of which is consistent access to funding.

The study shall include:

- Post-bank failure growth patterns for both Banks and Independents as measured by assets, originations, and profitability.
- Migration of the Bank EF model from “originate and hold” to “originate and sell”.
- Bank EF exits, scaled back EF operations, and alternative strategies to service EF end-user customers.
- Avenues of growth for Independents – expanding existing footprint and/or entering new markets to fill the void left by the Bank EF pullback.
- Liquidity impact on COF for Banks and Independents.
- Profitability dynamics today for Bank EFs and Independents – which is more attractive?
- Regulatory issues: capital constraints, disclosure laws, etc.
- Outlook for banks remaining in EF – what differentiates them from others leaving the industry.
- Potential impact of generative AI on improving operational effectiveness through reduced friction and duplicative work.
- Expected credit quality performance, especially for Independents, in light of growth and recessionary concerns.
- Funding availability for Independents including Lender Finance and Securitization options including new funding sources.
- M&A outlook for the industry – likely buyers and sellers today and down the road; valuation implications.
- Strategic options for Bank EFs to remain both profitable and active in the industry.
- Opportunities for Independents to fortify their market share down the road.
- Whether this shift will be temporary or structural and the elements needed for Bank EF to remain a profitable and active participant in the EF space.

Suggested Researcher Resources

The Foundation and its affiliated organization, the Equipment Leasing and Finance Association (ELFA), provide a variety of resources that are relevant to this study, including:

- [Independents: Banking on the Non-Banks](#) (2019 report)
- [Rise of the Banks in Equipment Finance: Establishing a Sustainable Engine for Growth](#) (2013 report)
- [The Place of the Independent Equipment Leasing and Finance Company](#) (2011 report)
- [The Equipment Leasing & Finance Industry Horizon Report](#)
- [The Archives of Annual State of the Equipment Finance Industry Reports \(SEFI\)](#)
- [Monthly Leasing and Finance Index \(MLFI-25\)](#)
- MLFI-25 & Beige Book Quarterly Review
- The Foundation [Research Library](#) of Reports.

Additionally, the Foundation has two major databases accessible to researchers:

- Equifax database of select equipment leasing transaction information from a statistically valid sample of equipment leasing companies.
- Industry analysis database used to prepare the two annual ELFA overview publications noted above (SEFA).

The Foundation website (www.leasefoundation.org) provides additional information on resources available to its researchers.

Required Deliverables

The Foundation expects that the final study will be delivered in no more than five months from the contract date.

Specifics include:

1. All deliverables should be written for the lay reader and should be well-written.
2. Monthly progress reports should be submitted via email to the Foundation's Executive Director.
3. The delivery of the final Research Study will be selected by the researcher and subsequently approved by the Research Committee. Potential delivery vehicles include but are not limited to:
 - A formal, in-depth study with an estimated page count of 60 pages.
 - An informal, short-form study that features valuable insights but with slightly less rigor than a formal study. Page count for this option is 25-30 pages.
 - An executive summary styled-study that includes related charts and graphs with an estimated page count of 5-10 pages.
 - A webinar whose prepared remarks can be transcribed and, along with relevant charts and graphs can be turned into an executive summary-style study. The prepared remarks would be submitted to the Foundation's Executive Director prior to conducting the Webinar.
 - A video whose outline and script would be submitted to the Foundation's Executive Director for approval before commencing the videography.
4. The final Research Study should be provided in Microsoft Word and PDF versions. Charts and graphs should be provided in Excel or PowerPoint and should include source data. See our [Report Guidelines](#) for more details.
5. An article of approximately 2,000 words must be submitted for publication in the peer-reviewed Journal of Equipment Lease Financing. Please review our Author Guidelines specific to the JELF.
6. An abstract of approximately 250 words of project results must be submitted along with the first draft of the project. The abstract will be used to report the study to a general audience. The abstract must be written for the lay reader.
7. Upon request by the Foundation, you shall be available to present findings live and/or via web seminar or podcast.

Response Details

Submit your proposal to Kelli Nienaber, Executive Director of the Foundation, at knienaber@leasefoundation.org.

Information Required:

1. Researcher (or Firm's) history and background
2. Experience/knowledge with lease finance
3. Experience with nonprofit associations

4. Overview of the study design
5. Credentials and qualifications of staff to be assigned the project
6. References/client list, with written permission to contact
7. Description of similar studies performed by the researcher
8. If appropriate, description of how staff time and other costs are billed

Timeline and Contract Terms

- Proposals are due by March 10, 2024.
- Proposal selection generally occurs within 30 days. The review committee meets on the third Wednesday of each month.
- For further information regarding contract terms, see our Research Grant Guidelines.

Selection Criteria

The Equipment Leasing & Finance Foundation is an equal opportunity employer and submissions are considered without regard to the age, religion, ethnicity, gender, sexual orientation, marital or veteran status, political affiliation—or any other classification protected by law—of the author. The Foundation encourages the diversity of perspectives and experiences that result in a holistic view of the ever-evolving challenges and opportunities that face the equipment finance industry. As such, all interested researchers are welcomed and encouraged to submit their proposal for consideration.

The proposal should be based on original research about a future-focused topic benefitting a major segment of the equipment finance industry and include a detailed methodology for the proposed research project.

1. Experience in similar assignments
2. Resources/capacity to perform the required work
3. Experience with associations
4. Qualifications of the individuals who will perform the work
5. Knowledge of the equipment finance industry
6. Quality of the proposed study design
7. Price
8. References
9. Intangibles

For additional information on the grant process visit: www.leasefoundation.org/grants

Staff Contacts

Kelli Nienaber Executive Director Equipment Leasing & Finance Foundation 1625 Eye Street, NW Suite 850 Washington, DC 20006 202-238-3400 knienaber@leasefoundation.org	Stephanie Fisher Director of Programs Equipment Leasing & Finance Foundation 1625 Eye Street, NW Suite 850 Washington, DC 20006 202-238-3417 sfisher@leasefoundation.org
--	--

About the Equipment Leasing & Finance Foundation

Established in 1989, the Equipment Leasing & Finance Foundation is a 501c3 non-profit organization dedicated to inspiring thoughtful innovation and contributing to the betterment of the equipment leasing and finance industry. The Foundation propels the equipment finance sector—and its *people*—forward with its industry-specific knowledge, intelligence, and programs. Through free studies, internships, and academic opportunities, we help people navigate the changes coming up and make better business and personal career decisions. Since its formation, the Foundation has commissioned and endowed over \$3 million in primary and secondary research projects, doubling the body of knowledge available to equipment finance organizations and those that work with these financing organizations.

Foundation Operating Budget: \$780,000 for fiscal year ending December 31.

IRS Classification – 501c3

Staff – 3

Website: www.leasefoundation.org