

Insights from the US market and global implications – From silos to unified operations

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The Great Convergence: How multi-product integration redefines auto and equipment finance

The equipment finance industry faces unprecedented transformation in 2025. Prime lending rates stand at 7.25% following the US Federal Reserve’s recent cut¹. This level remains significantly higher than the near-zero rates of recent years.

The convergence of traditionally separate financing products into unified operational platforms has accelerated.

This trend aligns with the Bank of England’s frameworks, which advocate integrated risk measurement “across the complete balance sheet.”

For equipment finance providers, unified platforms need to model rate impacts across leasing, factoring, credit, and floorplan portfolios simultaneously.



Critical questions

- Why do product interconnections demand unified platforms?
- How does the floorplan to-retail cycle create integration imperatives?
- What refinancing capabilities must modern platforms provide?
- Which architectural principles enable seamless multi-product operations?

Why do product interconnections demand unified platforms?

The Office of the Comptroller of the Currency recognises that “floor plan lending requires continuous tracking

of collateral through complete cycle.”³ This regulatory insight underscores a fundamental truth: financial products cannot operate in isolation when they finance the same underlying assets across different lifecycle phases.

The market scale reality

The US Federal Reserve data reveals the vast scale of interconnected financing needs. By August 2025, total loans and leases in bank credit reached US\$13.05 trillion⁴, making extraordinary growth compared to historical levels.

Within this broader market, equipment-specific financing demonstrates similar interconnection patterns. Average amounts financed have grown significantly, reflecting both inflation and customers’ increased comfort with comprehensive financing.

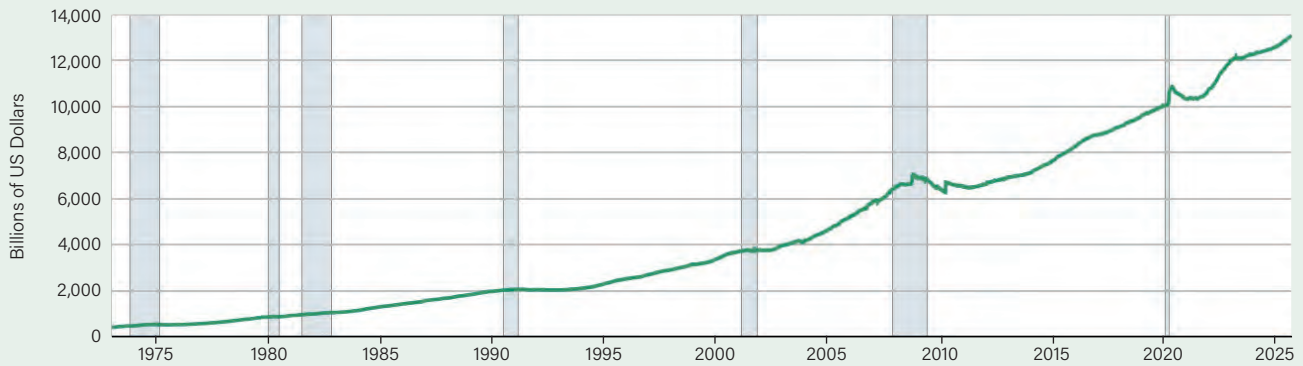
The interconnection reality

Consider a construction equipment dealer. The financial institution provides:

1. Floorplan financing for US\$2m inventory (20 excavators).
2. Retail leasing when the dealer sells equipment to contractors.
3. Factoring services for the dealer’s receivables optimisation.
4. Working capital credit for operational expenses.

Each product connects to the others. The same excavator moves from floorplan collateral to lease asset. The

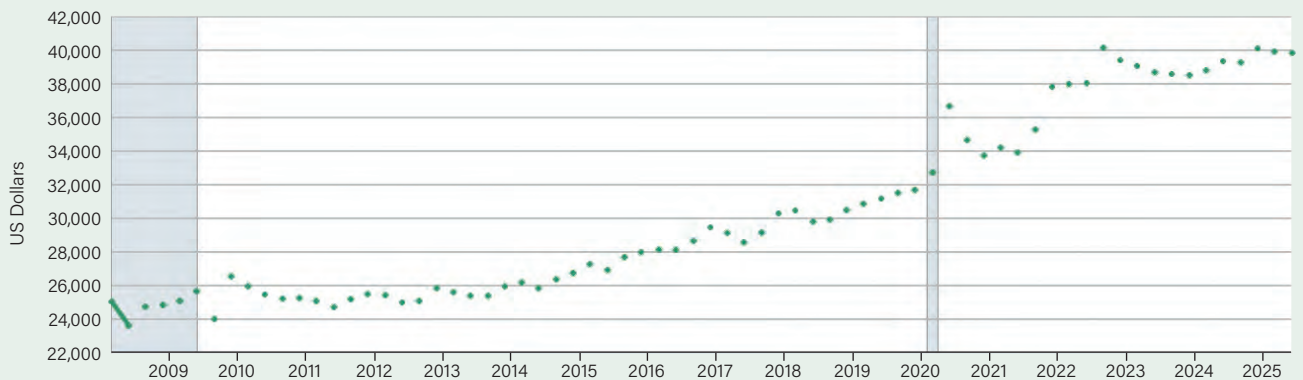
Figure 1: Total loans and leases in bank credit – all commercial banks



Shaded areas indicate U.S. recessions

Source: Federal Reserve Economic Data (FRED), Series TOTLL Shows exponential growth from ~\$1 trillion (1980) to \$13.05 trillion (2025)

Figure 2: Average amount financed – new car loans at auto finance companies



Shaded areas indicate U.S. recessions

Source: Federal Reserve Economic Data (FRED), Series DTCTLVENANM Growth from \$24,000 (2008) to \$39,833 (March 2025) – 66% increase

dealer’s cash flow depends on all four products working together.

The compensation challenge

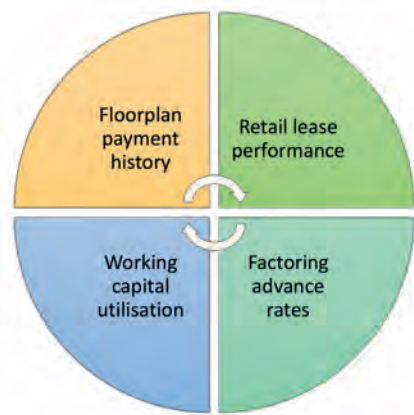
When a dealer sells equipment financed via floorplan, automatic compensation must occur. The floorplan balance reduces, and a new lease receivable is generated. This happens in real time.

Separate systems cannot handle this complexity. This results in errors, delays, and cash flow problems. Double-financing risks emerge.

Cox Automotive data shows dealers with multi-product access turn inventory faster, capture more market share, and generate higher profits.⁶

Risk assessment integration

Bank of England frameworks advocate integrated risk measurement for good reason.⁷ That reason is that a dealer’s creditworthiness spans multiple products:



Fragmented systems cannot provide a holistic view. Risk decisions become suboptimal, and pricing strategies fail.

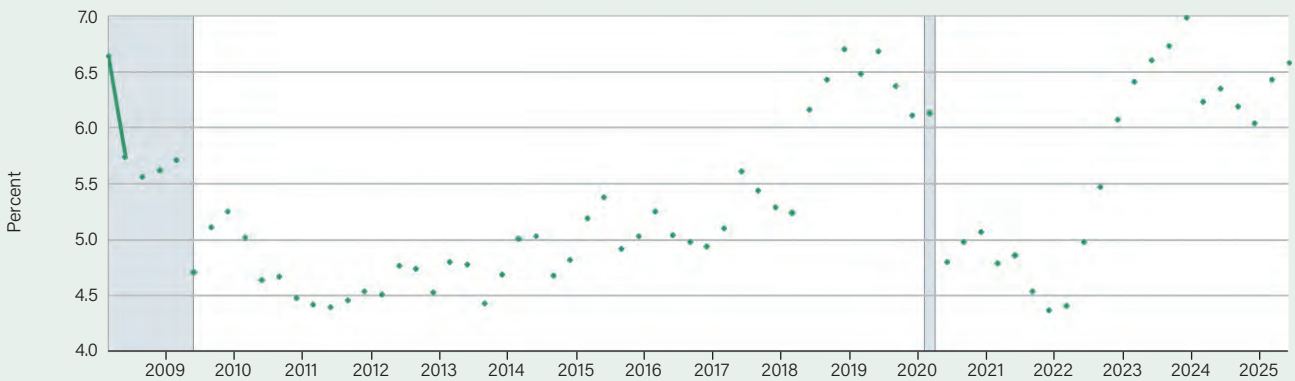
How does the floorplan-to-retail cycle create integration imperatives?

The floorplan-to-retail conversion cycle represents equipment finance at its most complex. Understanding this cycle highlights why unified platforms have become operational necessities.

Interest rate impact on financing decisions

Current market conditions

Figure 3: Average finance rate of new car loans at finance companies (amount of finance weight)



Shaded areas indicate U.S. recessions

Source: Federal Reserve Economic Data (FRED), Series RIELPCFANM Shows rate volatility: 4% (2021) → 7%+ (2023) → 6.43% (March 2025)

significantly influence financing strategies. Volatility creates many challenges and opportunities.

Higher rates drive customers toward providers offering comprehensive solutions, rather than shopping for individual products.

The integration imperative

This cycle demands unified platforms because:

1. Asset continuity: The same collateral moves through multiple product phases.
2. Risk correlation: Performance in one product affects others.

3. Cash flow optimisation: Timing across products impacts profitability.
4. Regulatory compliance: OCC requires continuous collateral tracking.

What refinancing capabilities must modern platforms provide?

Refinancing has evolved from periodic portfolio optimisation to a continuous strategic advantage. Modern platforms must integrate multiple refinancing models through sophisticated funding partner modules.

Real-time market analysis

The modular platforms should help banks leverage open banking data to deliver personalised refinancing strategies. This requires:

- Continuous rate monitoring across funding source
- Automated portfolio analysis for refinancing opportunities
- Integration with multiple funding partners
- Real-time decision-making capabilities

Funding partner integration

Advanced platforms support multiple refinancing models:

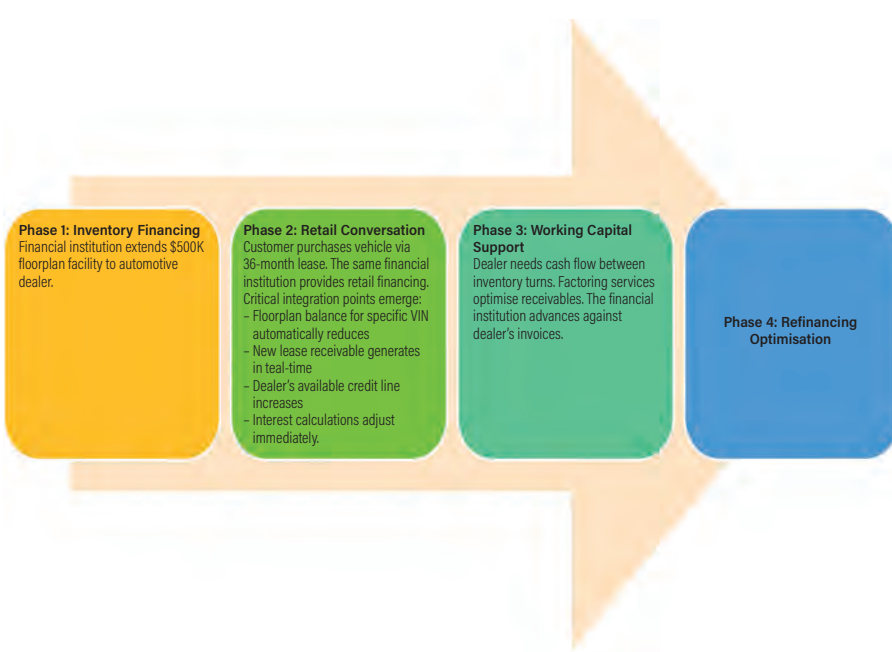
1. Securitisation Programs: Package diverse asset pools for capital markets
2. Bank Partnerships: Access wholesale funding at optimal rates
3. Institutional Investors: Direct placement of seasoned portfolios
4. Government Programs: Leverage SBA and other guaranteed facilities

Each funding source requires different data formats, compliance variance, and reporting standards.

Portfolio optimisation analytics

Sophisticated refinancing modules analyse:

- Asset performance across product types



- Geographic concentration risks
- Industry sector exposures
- Maturity profile optimisation
- Currency hedging requirements

The goal: Minimise weighted average cost of capital while maintaining operational flexibility.

Automated decision frameworks

Leading platforms utilise expert systems which analyse every portfolio change. Refinancing opportunities are triggered automatically when:

- Market rates drop below portfolio thresholds
- Asset performance exceeds projections
- Regulatory capital requirements change
- Funding partner terms improve

This automation requires event-driven architectures capable of processing thousands of variables simultaneously.

Which architectural principles enable seamless multi-product operations?

Successful unified platforms share common architectural principles which enable seamless operations across leasing, credit, factoring, and floorplan financing, while maintaining the flexibility to adapt rapidly to market changes.

Leading platforms feature highly configurable engines which accommodate unique requirements without custom development. Success in the American market demands sophisticated payment structure support, including TRAC leases with terminal rental adjustments, step payment schedules, Equipment Finance Agreements, and leveraged lease arrangements.

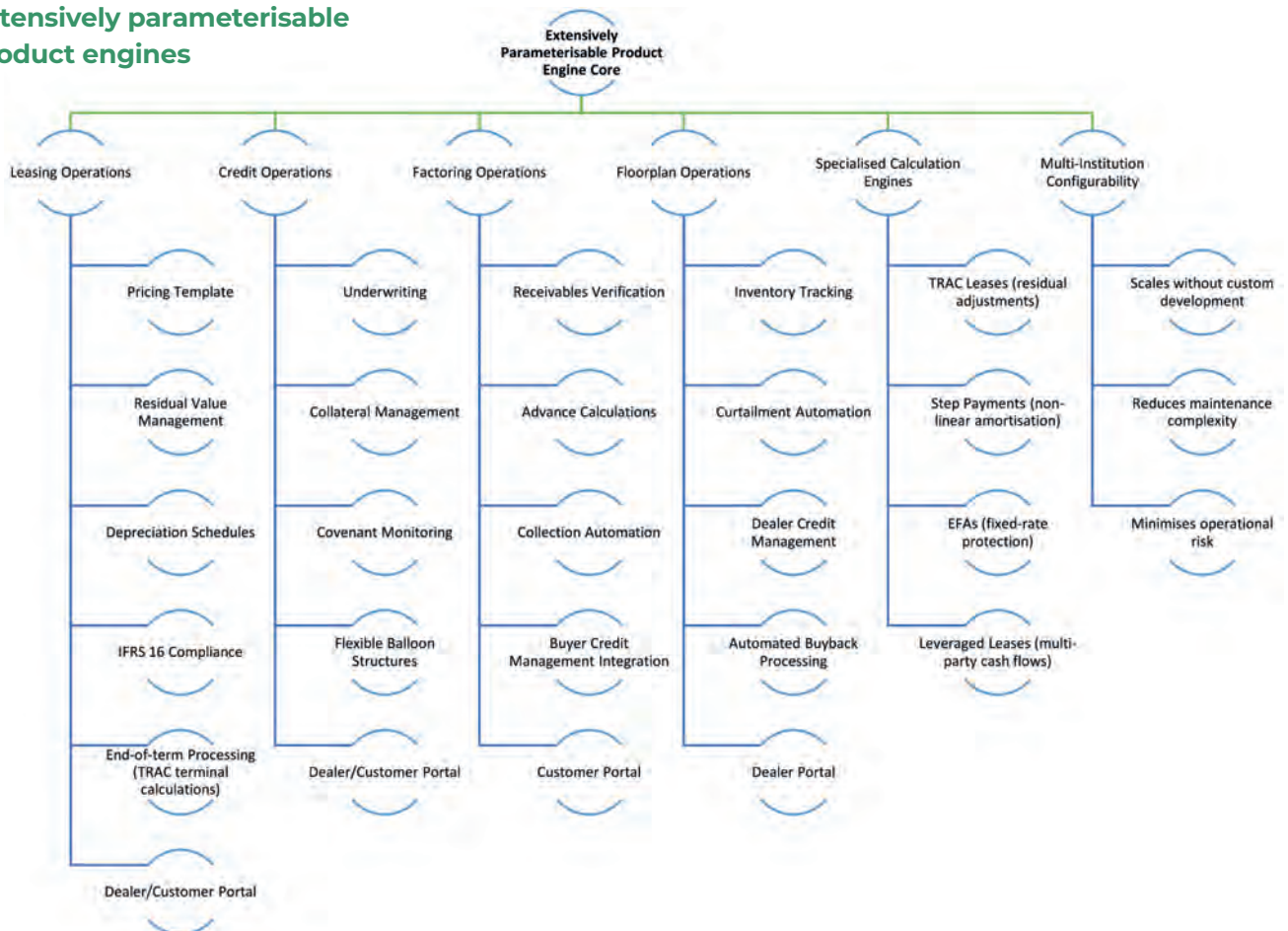
Critical capabilities span multiple product categories. Leasing

operations require residual value management, depreciation schedules, IFRS 16 compliance, and complex end-of-term processing, including TRAC terminal calculations. Credit operations demand traditional underwriting, collateral management, covenant monitoring, and flexible balloon structures.

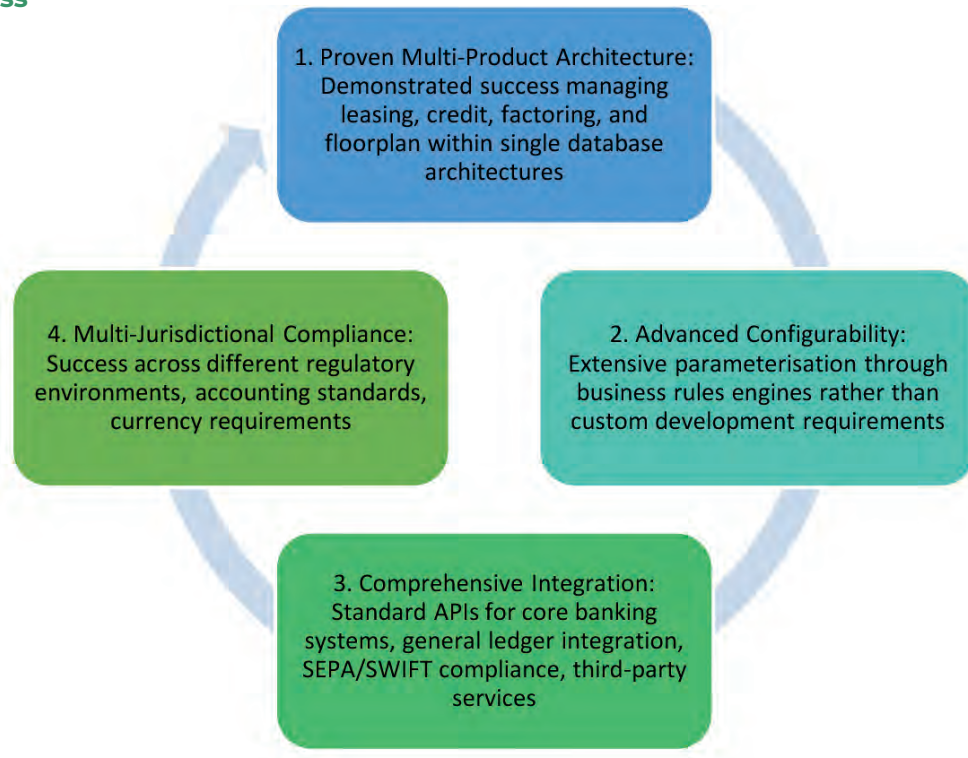
Factoring operations necessitate receivables verification, advance calculations, collection automation, and buyer credit management integration. Floorplan operations require inventory tracking, curtailment automation, dealer credit management, and automated buyback processing.

Each payment structure requires specialised calculation engines. TRAC leases demand real-time residual adjustments. Step payment schedules need non-linear amortisation

Extensively parameterisable product engines



Critical success factors



capabilities. EFA structures require fixed-rate protection mechanisms. Leveraged leases necessitate complex cash flow triangulation between multiple parties.

Configurability scales across multiple institutions without custom development. Customisation creates maintenance complexity and operational risk.

Event-driven expert system architecture

Advanced platforms analyse every database change in real-time. Corresponding actions are triggered automatically through parameterised business rules.

Benefits include:

- Automated portfolio management decisions
- Exception handling with appropriate escalation
- Consistent application of business rules
- Real-time responses to market conditions

- Multi-jurisdictional operational capabilities.
- Global financial institutions require platforms capable of handling:
- Varying accounting standards (IFRS, GAAP, local requirements)
 - Regulatory compliance across jurisdictions
 - Currency considerations within unified frameworks
 - Cultural and language adaptations.
- Workflows adjust automatically based on jurisdictional requirements while maintaining operational consistency.

Integrated capital management

Sophisticated platforms include built-in securitisation capabilities, enabling portfolio packaging across multiple product types. Functionality provides:

- Real-time analytics for optimal timing
- Automated asset-backed securities structuring
- Enhanced capital management flexibility
- Diversified asset pool creation

Market projections and strategic implementation

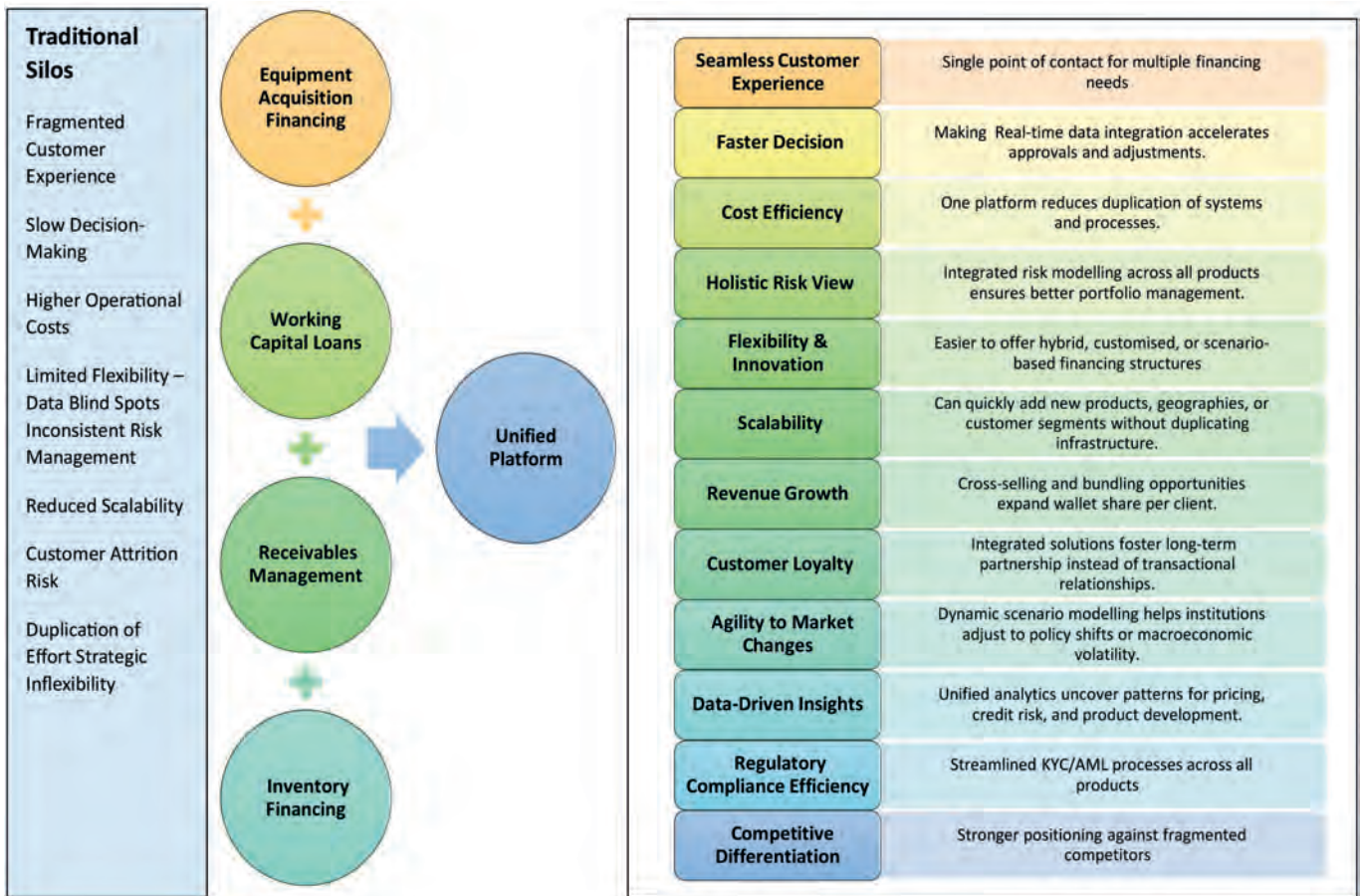
Market analysis through 2030 reveals extraordinary growth potential across interconnected financing segments.

Convergence market opportunity Current projections indicate:

- Equipment finance: US\$2.16 trillion by 2029 (10.6% CAGR)¹⁰
- Global factoring: \$5.92 trillion by 2030 (6.05% CAGR)¹¹
- Commercial lending: \$13.05 trillion by August 2025¹²

Combined markets represent US\$9+ trillion opportunity. The most significant growth occurs where financial institutions serve customers using multiple financing products simultaneously.

Federal Reserve data supports convergence trends. Average amount financed grew from \$24,000 (2008) to \$39,833 (March 2025)¹³. This 66% increase reflects customers' growing comfort with comprehensive financing relationships.



Critical success factors

Financial organisations evaluating platform unification should prioritise:

1. Proven Multi-Product Architecture: Demonstrated success managing leasing, credit, factoring, and floorplan within single database architectures.
2. Advanced Configurability: Extensive parameterisation through business rules engines rather than custom development requirements.
3. Comprehensive Integration: Standard APIs for core banking systems, general ledger integration, SEPA/SWIFT compliance, third-party services.
4. Multi-Jurisdictional Compliance: Success across different regulatory environments, accounting standards, currency requirements.

Implementation speed advantage

Early adopters gain competitive advantages which compound over

time. With prime rates at 7.25% and ongoing macroeconomic uncertainty, customers actively seek providers who optimise complete financing relationships.

However, few platforms offer the comprehensive capabilities required for true multi-product unification. The most robust solutions combine decades of financial services expertise with advanced technology architectures, extensive configurability, and proven implementation methodologies.

The competitive reality

The evolution of the equipment finance industry towards unified operations reflects both market necessity and competitive opportunity. Financial organisations which successfully integrate multiple financing products within sophisticated, configurable platforms capture a disproportionate share of the market.

The technology imperative

Bill Bosco, inducted into the Equipment Finance Hall of Fame in 2023, observed: “Today there are big opportunities for lessors willing to offer flexible structures.”¹⁴ However, capitalising on these opportunities requires platforms capable of dynamic scenario modelling and real-time portfolio adjustments.

McKinsey research confirms that financial institutions must enhance capabilities through “real-time data, scenario modelling, and integration of risks.” This transformation cannot be achieved through incremental improvements to existing silos.

The convergence acceleration

JPMorgan CEO Jamie Dimon warns about unknown impacts from policy changes.¹⁵ Goldman Sachs CEO David Solomon highlights macroeconomic uncertainty affecting growth. Such conditions

increase customer preference for integrated financial partnerships over transactional relationships.

Companies establishing domestic production require coordinated financing across equipment acquisition, working capital optimisation, receivables management, and inventory financing. Financial institutions managing these interconnected needs through unified platforms gain significant competitive advantages.

The path forward

Convergence will occur with or without the participation of individual financial institutions. Winners will be those recognising that operational efficiency and customer relationship optimisation are survival requirements in today's elevated rate environment.

The question is not whether convergence will happen, but which financial institutions will lead the transformation. Organisations implementing sophisticated, parameterisable platforms which adapt to rapidly changing market conditions while maintaining operational excellence across all product lines will dominate.

Few platforms offer the comprehensive capabilities required for true multi-product unification across leasing, credit, factoring, and floorplan financing, while supporting complex American payment structures such as TRAC leases, step payments, and leveraged arrangements. Among the most robust solutions, proven across multiple jurisdictions and regulatory environments, is the CODIX platform, which combines decades of financial services expertise with advanced technology architectures, extensive configurability, and proven implementation methodologies.

The future belongs to unified operations. The window for competitive advantage remains open, but it will not stay so indefinitely.

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- 5 Moss Adams, "Cash Flow Management and Floor Financing for RV Dealers," October 2022
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- 13 Federal Reserve Economic Data (FRED), Average Amount Financed for New Car Loans at Auto Finance Companies, Series ID: DTCTLVENANM
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FRED Data Download Links:

- Total Loans & Leases: <https://fred.stlouisfed.org/series/TOTLL>
- Average Amount Financed: <https://fred.stlouisfed.org/series/DTCTLVENANM/>
- Finance Rates: <https://fred.stlouisfed.org/series/RIELPCFANMM>

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