

COMMENT

More compliance, less nonsense please

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The increased complexity of financial products and markets poses greater challenges to our understanding of what has been happening to the leasing industry over recent weeks.

So what is the likelihood of bankers and regulators keeping pace with what has been happening, and the evolving risks to markets and companies?

Banks, the parents of much of the leasing industry, are now facing fatigue with the storm of reg-

ulation and compliance initiatives that are now being suggested.

An obvious response is to view regulatory requirements as a cost burden on the business.

An alternative response, however, is to use them as a lever for change and to adopt a business benefit in parallel to achieving regulatory compliance. They could create an opportunity for a 'spring-clean' and even a sunny future for firms that grasp the opportunities they present.

Hopefully the future will bring less enthusiasm for the esoteric,

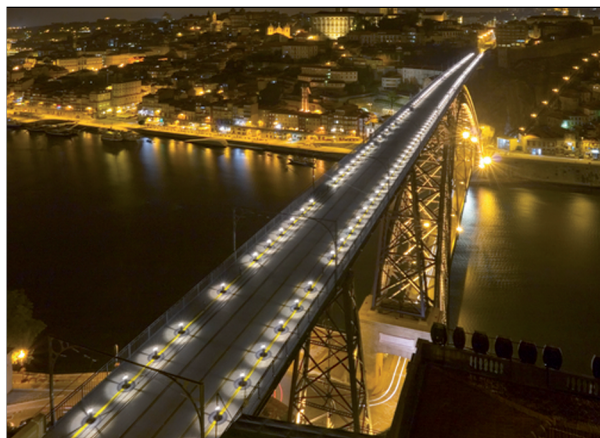
and more for the old fashioned asset finance products. After all, the real world does not benefit from the securitisation and packaged structures seen in recent times anywhere near as much as from the financing of production equipment and infrastructure.

Leasing companies are in the business of making money, and may well be seen more in this light by their parent organisations in the future. When the present problems have died down, I hope the bankers do not return to their so-called 'creative' mode. The

scene will be set for the tried and tested 'asset financiers' to get on with the job started nearly 50 years ago.

The bottom line is that senior decision makers in the banking industry need to step back from the new compliance issues which they will undoubtedly have to deal with in the coming months, and consider the economic value that is being generated.

The author is chairman of The Alta Group, 'Advisors to the Asset Finance Industry' I



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