



# Strategic roadmap for next-generation European lease origination systems

## Executive summary

The leasing sector has entered a period of profound change driven by regulatory pressure, sustainability commitments and rising customer expectations. As Europe accelerates toward decarbonization and a circular economy, leasing becomes a central mechanism that enables cleaner mobility, extends asset lifecycle and supports new usage based business models. These shifts create significant growth opportunities, but they also raise the bar on operational agility, data driven decisioning and a strong digital foundation. To compete in this environment, lessors need technology platforms that allow them to scale efficiently, innovate faster and deliver differentiated customer and partner experiences <sup>1</sup>.

Meanwhile the complexities in the operating environment continue to intensify. Emerging regulations—ranging from credit decisioning guidance to Digital Product Passport (DPP) requirements—demand higher standards of data quality, auditability and process consistency. Sustainability policies reshape product design; fiscal incentives influence asset economics and social leasing expands the customer base. These factors expose the limitations and challenges that come with using a traditional lease origination system (LOS) to support new business models, handle multipartner ecosystems or manage data efficiently. In contrast, a next generation LOS becomes a strategic enabler, not just an IT upgrade <sup>2</sup>.

This paper outlines the operating requirements of a next generation LOS. It defines the architectural principles needed to support modern leasing through omnichannel engagement, hyperpersonalization, modular workflows, cloud native services, intelligent decisioning and strong data and IoT foundations. It introduces a simplified forward looking reference architecture that aligns these capabilities within the customer experience, process automation and data intelligence layers. This architecture is designed to increase straight through processing (STP), reduce cost to serve, improve underwriting precision and accelerate the introduction of new products and channels <sup>3</sup>.

The paper also explores five strategic recommendations to guide future-ready LOS implementation: align technology to business KPIs, harmonize processes before automating, design with future business models in mind, engineer for scale from day one and use a maturity assessment to plan system transformation. Together, these insights provide a blueprint for building an LOS that unlocks sustainable growth, operational resilience and long term competitive advantage.

## Industry influx: How changing conditions are impacting lease origination systems

Understanding the future of leasing starts with recognizing the forces reshaping the industry. Like many asset intensive sectors, leasing is experiencing rapid regulatory change, rising societal and environmental expectations and the impact of new digital technologies.

A mix of sustainability pressures, circular economy requirements, fiscal incentives, social policy priorities, data enabled service models and evolving regulation is transforming customer expectations and the operating reality for lessors. This convergence creates meaningful opportunities, but it also adds complexity that organizations must navigate to remain competitive.

Forces	Implications for the leasing sector
Decarbonization and the Green Deal	<ul style="list-style-type: none"> <li>• <b>Corporate fleet electrification</b> increases leasing volumes and accelerates EV turnover into the second hand market</li> <li>• Lessors face <b>new operational demands</b>: charging infrastructure partnerships, EV lifecycle management and residual value complexity</li> <li>• Major lessors committing to fully electric fleets by 2030 <b>increases refurbishment pressure</b> to adapt</li> </ul>
Circular secondary economy EU circular economy regulations	<ul style="list-style-type: none"> <li>• Lessors shift from pure financing to <b>asset stewardship</b>: maintenance, repair and recycling</li> <li>• <b>Circular models</b> (e.g., for IT and medical equipment) increase residual value risk but extend asset lifetime and reduce waste</li> <li>• <b>Partnerships</b> for refurbishment become important for protecting asset value</li> </ul>
Fiscal and tax optimization	<ul style="list-style-type: none"> <li>• Tax benefits make <b>leased green assets</b> more cost competitive vs. purchasing</li> <li>• <b>Incentives</b> fuel demand for EVs and other clean tech assets</li> <li>• Strengthens leasing's role in <b>sustainability-driven asset turnover</b>, especially where technology evolves rapidly</li> </ul>
Social leasing and inclusivity ETS2 revenues	<ul style="list-style-type: none"> <li>• Opens a new customer segment with predictable, <b>policy-supported demand</b></li> <li>• Requires adaptation to <b>new risk profiles and customer behaviours</b></li> <li>• Increases <b>leasing volumes</b> and fosters a more <b>inclusive mobility ecosystem</b></li> </ul>
Equipment-as-a-service (EaaS) data-driven, usage-based models enabled	<ul style="list-style-type: none"> <li>• <b>Digital lifecycle</b> records enable transparent asset history, condition and carbon footprint</li> <li>• Lessors gain ability to <b>price dynamically</b> based on <b>real usage</b></li> <li>• AI-enabled billing and valuation systems shift leasing toward a utility based "<b>pay for use</b>" model</li> <li>• More <b>flexible contract</b> structures emerge</li> </ul>
Regulation as an enabler	<ul style="list-style-type: none"> <li>• <b>Regulation</b> promotes standardization, better data quality, stronger risk management and connected financial ecosystems</li> <li>• Enables scalable, automated, API-driven <b>origination journeys</b></li> <li>• Improves auditability, transparency, operational efficiency and customer experience</li> <li>• Positions regulation as a <b>strategic accelerator</b>, not just a compliance burden</li> </ul>

## **Decarbonization and the Green Deal: The strategic pivot toward electric mobility**

The EU Green Deal is one of the strongest forces shaping the transition to cleaner mobility in Europe. The commitment to reach net zero emissions by 2050 sets a clear direction for governments, businesses and consumers—and it encourages the phase out of combustion engines, promotes the growth of electric vehicles (EVs) and supports investments in cleaner technologies

This shift is accelerating change in transport and asset heavy industries. Corporate fleets, historically the largest leasing segment, now play a central role in scaling EV adoption. As companies switch to electric fleets, the EVs financed today will enter the second hand market within three to four years, making leasing a key channel for improving the affordability and availability of used EVs. Major European lessors are also committing to fully electric inventories by 2030, highlighting how quickly expectations are evolving.

This brings new operational demands for lessors, from building partnerships for charging infrastructure to managing more complex residual value and fleet lifecycle.

## **Circular secondary economy—from ownership to stewardship of assets**

Alongside decarbonization initiatives, new EU circular economy regulations are changing how products must be designed and managed. The Circular Economy Act encourages manufacturers to create assets that are easier to lease, repair, maintain and eventually recycle. The goal is to reduce waste, extend product lifespans and ensure that assets remain usable for as long as possible. Lessors are no longer expected only to finance an asset, but also to take an active role in maintaining, repairing and ultimately recycling it to protect its residual value.

Several leading European financial institutions are already adopting circular lease models for sectors like IT and medical equipment. Although these models carry higher residual value risk, refurbishment and re lease partnerships help keep assets in use longer and support Europe's broader circular economy ambitions.

## **Fiscal and tax optimization: Leasing as a sustainable activity to attract ESG focused capital**

Several fiscal measures make low emission assets more attractive in Europe. Value-added tax (VAT) reclaim rules help reduce the upfront cost of leased equipment, while EV road tax waivers—such as those applied in the Netherlands—lower the total cost of operating EVs. Combined with other tax optimized leasing and accelerated assets write-off, it encourages companies to adopt cleaner technologies faster.

For lessors, these fiscal tools strengthen the competitive position of leasing compared to outright purchasing. They are especially important for asset classes where technology evolves quickly or where green transition goals demand frequent renewal. These measures increase demand for leasing solutions and support wider adoption of sustainable assets by reducing cost barriers and improving affordability.

## **Social leasing and inclusivity: Democratizing access to clean mobility**

The EU Emissions Trading System 2 (ETS2) is designed to make polluting activities more expensive and use the revenue to support cleaner mobility solutions. By 2030, part of these revenue streams will fund social leasing programs and help low income households accessing EVs at much lower costs. These initiatives aim to ensure that the shift to clean mobility is not limited to corporate fleets or high income groups but benefits society more broadly.

For the leasing industry, these programs open a new and fast-growing customer segment. Social leasing comes with different risk profiles and customer behaviors but also with a strong policy backing and predictable demand. Lessors can expect higher volumes, new product opportunities and a more diverse customer base while being supported by EU level incentives.

### **Equipment as a service: Data-driven and usage based business models**

New European initiatives such as the DPP aim to give every asset a complete digital record of its lifecycle. By 2035, products will need to carry information about their maintenance history, usage and carbon footprint, making it easier to track how assets are used and how long they remain in good condition. These measures improve transparency for both manufacturers and users and lay the foundation for more accurate, data driven decisions.

These digital records combined with AI driven analytics enable much more precise valuation and pricing of assets. Lessors can better predict residual value, adjust monthly payments based on real world use and offer more flexible contract terms.

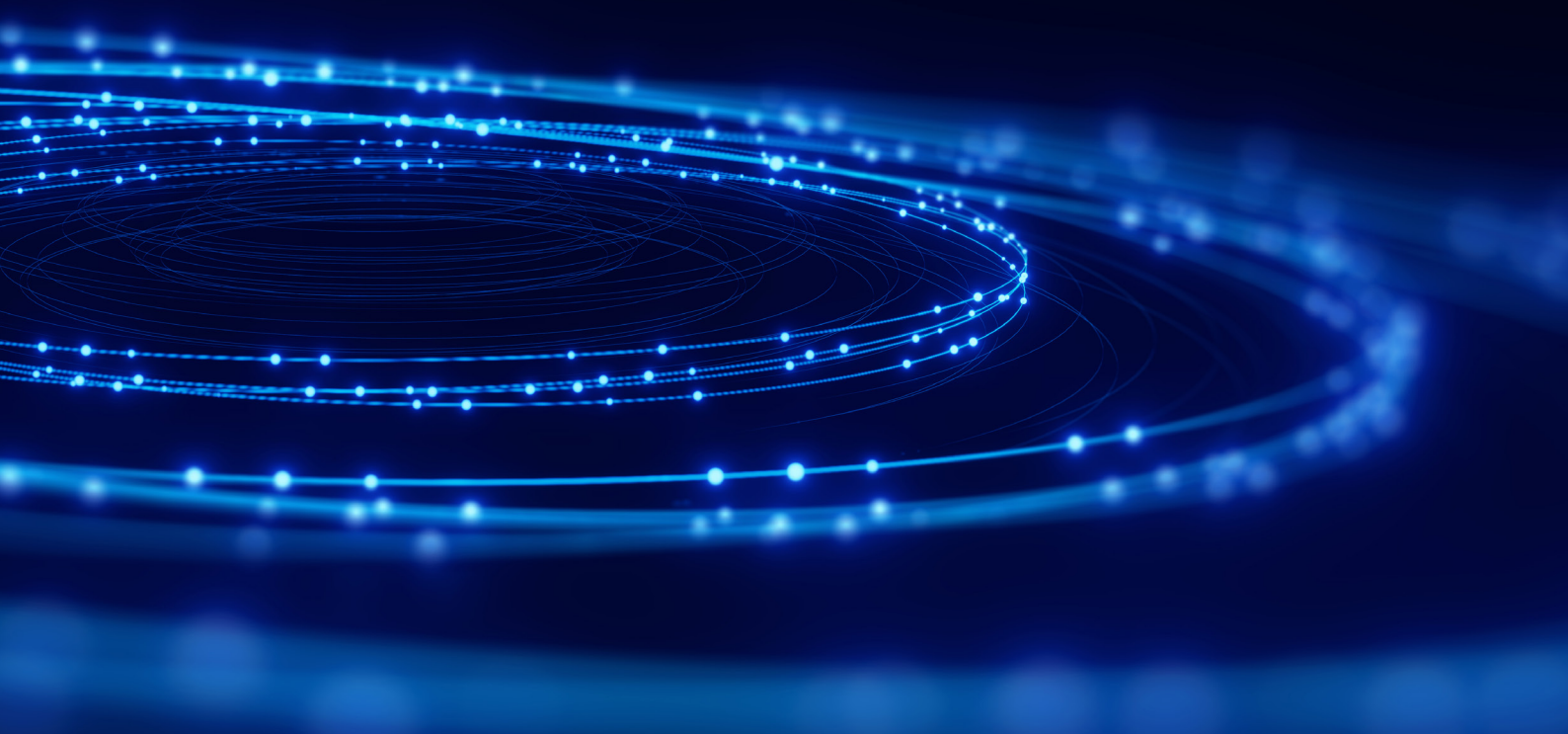
As an example, a leading European leasing institution is building sophisticated billing engines that use real time usage data to produce dynamic monthly invoices, effectively shifting leasing toward a utility based approach, where customers pay for what they use rather than for ownership.

### **Regulation as an enabler: Standardization and transparency**

Regulation is no longer just a compliance requirement, but it increasingly becomes a driver of modernization. New and upcoming rules promote better data standards, clearer accounting practices and more connected financial ecosystems. These changes create the foundations needed for digital, scalable and automated leasing platforms.

Key regulatory developments include new capital rules for leasing under Capital Requirements Regulation (CRR) III Article 495c, enhanced transparency through IFRS requirements, standardized underwriting through the EBA loan origination guidelines, broader data access through the Second Payment Services Directive (PSD2) and open banking frameworks, and improved reporting through financial reporting and common reporting.

These regulations have a direct and positive effect on the leasing sector. They push lessors to strengthen risk management, adopt consistent and auditable processes and operate with higher levels of data quality. They also encourage the shift toward API driven and ecosystem friendly origination journeys where information flows more easily between partners and systems. As a result, regulation becomes an enabler for more efficient operations, better decision making and a smoother, more transparent customer experience.



## Key architectural principles of an LOS

A modern leasing origination platform needs an architecture that is flexible, data driven, personalized, modular and scalable. The six principles that follow—covering the front end, process layer and back-end layer—outline the core capabilities required to support a next generation LOS and deliver strong operational performance.

#	Principle	Layer	Core Idea	Key Benefits
1	Omnichannel	Front end	Provide a consistent, seamless customer journey across all channels (web, mobile, branch, partner platforms)	Higher engagement and unified experience
2	Hyperpersonalization	Front end	Deliver tailored workflows and data driven interactions (chat, dashboards, notifications)	Relevant guidance, improved user satisfaction and personalization
3	API & microservices	Process layer	Use modular, independently deployable services for flexibility	Faster innovation, easier maintenance and better integration with partners
4	Cloud native Engines	Process layer	Leverage cloud compute for real time processing and analytics	Scalability, high performance and advanced analytical capability
5	AI/ML and advanced analytics	Back end	Enable pricing, residual value prediction and dynamic risk assessment using AI-driven models	Better decisions, accurate valuations and continuous optimization
6	Data assets and IoT	Back end	Treat data as a strategic asset; use IoT telemetry and data lakes for insights and monitoring	Real time insights, stronger risk assessment and fleet optimization

## **1. Omnichannel (front end)**

An LOS should offer a smooth, consistent customer journey across every channel. It needs to support self service and data driven interactions whether customers use the web, mobile apps, a branch or partner platforms. Providing the same experience everywhere helps keep customers engaged and reduces friction.

## **2. Hyperpersonalization (front end)**

Personalization becomes a core differentiator. Using data driven insights, the system must deliver flexible workflows and tailored interactions, such as integrated online chat, dashboards and push notifications. This helps each user receive relevant guidance throughout the entire leasing lifecycle.

## **3. API and microservices (process layer)**

The system should rely on small, modular and independently deployable services. This microservices architecture allows functions to be plugged in or replaced without disrupting the whole platform. It accelerates innovation, enhances maintainability and supports integration with partners or third party services.

## **4. Cloud native engines (process layer)**

Cloud native design enables access to massive computing power for real time processing and analytics, supporting operational needs and advanced data analysis.

## **5. AI/ML and advanced analytics (back end)**

AI based capabilities such as residual value prediction, real time pricing and dynamic risk assessment strengthen decision making. Continuous learning models lead to more accurate asset valuation and optimization during the entire leasing lifecycle.

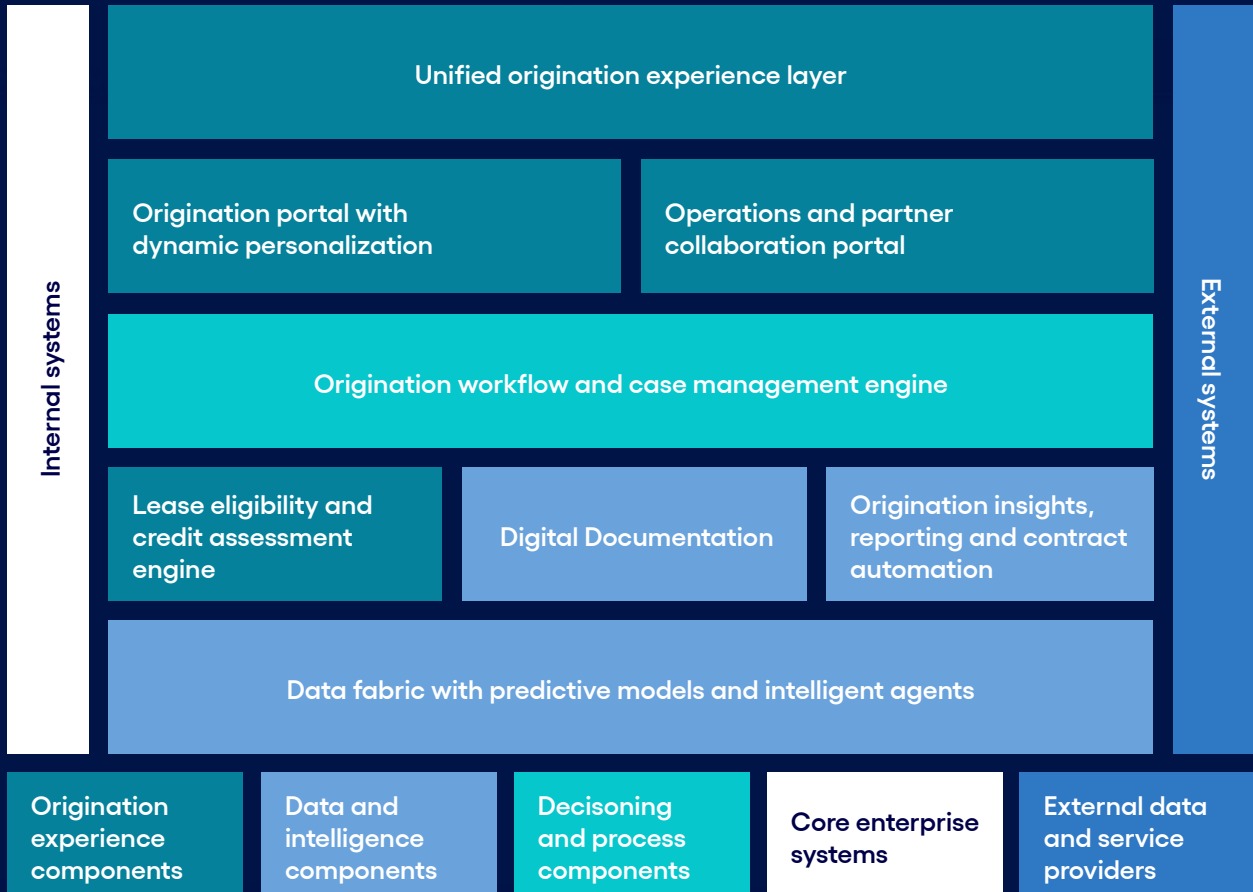
## **6. Data assets and IoT (back end)**

Data becomes a reusable and shareable strategic asset. Leveraging IoT telemetry and building data lakes supports real time insight generation and advanced monitoring of the leased assets. This improves risk assessment and fleet optimization.

These six architectural principles collectively enable a leasing origination system that is customer centric, data powered, modular and future ready. By modernizing the front end, process layer and back end, leasing organizations can unlock new business models, accelerate innovation and deliver superior customer value.

## Proposed next-gen LOS reference architecture

Building on the six key architectural principles outlined in the previous section, the proposed next generation LOS reference architecture translates these concepts into a practical and future ready design. While the principles define what a modern LOS must be—omnichannel, hyperpersonalized, modular, cloud native and intelligence driven—the reference architecture illustrates how they come together in an integrated system.

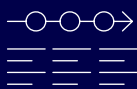


## Key maturity dimensions

With the reference architecture established, the next step is understanding how ready an organization is to adopt and operate a next generation LOS. Technology alone cannot deliver the full benefits of modernization; capabilities must be supported by the right structures, processes, skills and data foundations. The following maturity dimensions provide a clear lens to assess where an organization stands today, identify gaps and prioritize the actions needed to unlock the value of the proposed architecture. Together, they offer a practical framework for guiding transformation in a structured way.



**Governance  
and strategy**



**Processes  
and workflows**



**Technology  
and digital**



**Risk and  
compliance**



**People and  
culture**



**Data and  
analytics**



**Customer  
experience**

### 1. Governance and strategy

This dimension focuses on how well the organization defines its structure, policies and strategic direction for leasing operations—and how consistently teams follow this direction. It focuses on whether governance aligns initiatives, resources and expectations. Organizations with strong governance and ownership make disciplined KPI and market insight-driven decisions, remaining focused despite regulatory or market pressures.

When this dimension is strong, the LOS becomes a strategic enabler rather than just a system, supporting resilience and long term competitiveness.

### 2. Processes and workflows

This dimension looks at how effectively the organization structures and standardizes its end to end leasing processes. It also looks at whether workflows are designed to enable automation. Strong signs of maturity include processes that behave the same regardless of origin, when workflows are documented and manual work is minimized.

Mature processes enable smooth operations, allowing staff to focus on higher value work. The result is faster decisions for customers and a scalable operating model capable of supporting growth efficiently.

### 3. Technology and digital

This dimension evaluates if the LOS environment is modern, flexible and ready for integration. It particularly analyzes its use of cloud native, modular and API first principles.

Maturity is shown through adaptable architecture, scalable microservices, automated deployments and AI driven credit and eligibility scoring. These capabilities demonstrate that technology supports speed, reliability and smarter decisioning.

When this dimension is strong, technology accelerates innovation, partner connectivity and new models such as usage based or embedded leasing. A mature LOS stays flexible and scalable as the business grows.

### 4. Risk and compliance

This dimension explores how well the LOS embeds the rules and controls needed to manage credit, operational and regulatory risks—and whether these checks are part of daily workflows.

Maturity shows when automated risk checks, identity verification and consistent policy enforcement work reliably across all channels. Clear audit trails and well managed access rights help ensure that regulatory requirements are applied uniformly.

As this dimension improves, decisions become faster, more accurate and more consistent. Customers benefit from smoother onboarding, while regulators receive reliable and timely reporting. This level of maturity protects the business and enables safe, sustainable growth.

### 5. People and culture

This dimension assesses how ready people are to adopt new tools, follow improved processes and collaborate across teams. It looks at digital skills, openness to change and whether an organization's culture supports continuous improvement.

Maturity shows when employees embrace new systems, receive the right training and work together across business, IT and operations. Teams start using data to guide decisions and view change as an opportunity rather than a disruption.

At higher levels of maturity, transformation happens more smoothly, innovation increases and the organization fully realizes the benefits of new technology.

### 6. Data and analytics

This dimension assesses the quality, reliability and usefulness of data across the leasing lifecycle, including whether the organization has a single source of truth and clean, well governed data. It also looks at how well analytics—from basic reporting to predictive models—are embedded in everyday decision making.

Maturity shows when data quality controls are built into workflows—users can access insights through dashboards and predictive models support smarter pricing, risk evaluation and residual value decisions.

With greater maturity, data flows smoothly across systems, remains consistent and auditable, and enables both real time visibility and strategic planning.

### 7. Customer experience

This dimension measures how well the organization delivers seamless, personalized and consistent leasing journeys across all touchpoints. It evaluates how easily customers and partners can navigate each stage and whether the experience feels intuitive across channels.

Mature organizations offer unified journeys with transparent communication and low drop off rates, supported by smooth partner ecosystem integration.

Strong performance increases customer satisfaction and boosts conversion. It ultimately turns the leasing experience into a competitive advantage that enhances growth and market perception.

## Cognizant's POV for next-generation LOS

As we have analyzed in this paper, the evolution of leasing demands an LOS that is not only compliant but adaptive, data driven and ready for new business models. Cognizant's perspective is that future ready lessors need a regulatory first foundation—and a flexible, digital and analytics enabled core to compete.

By aligning these capabilities, organizations can modernize efficiently, improve customer experiences and unlock sustainable long term value. This vision provides a clear and actionable path toward a next generation LOS.

### Regulatory first foundation

Embed rules, auditability and automated checks.

A successful launch starts with a strong regulatory foundation. The LOS should embed local rules, auditability and automated checks directly into its workflows. This ensures compliance from day one and creates confidence that decisions are reliable and transparent.

### Digital core

Cloud-native, API-driven modular and AI-enabled.

Once the regulatory base is solid, the next step is to build a digital ready core. A cloud native, API driven, modular architecture, supported by data and AI intelligence, gives the organization the flexibility to innovate, connect to partners easily and scale without friction. This core becomes the engine for a modern origination experience.

### Risk-adjusted growth

Analytics-powered underwriting and pricing.

Growth should be pursued with a clear understanding of risk.

Using advanced analytics, asset data and predictive insights allows organizations to make better underwriting decisions, price more accurately and manage their portfolios with greater confidence. This approach balances ambition with financial resilience.

### Phased rollout

Start small, validate and scale safely.

A phased rollout reduces complexity and keeps the program manageable. The best approach is to start with a focused pilot on one or two asset classes. This controlled pilot allows teams to validate workflows, refine decisioning and learn quickly before expanding to additional products. By scaling only after the pilot has proven stable and effective, the organization protects daily operations while building confidence and capability for a broader rollout.

### Metric-driven approach

Use KPIs to guide product-market fit.

Product-market fit decisions should be guided by metrics. Linking system capabilities to key KPIs, such as straight through processing, origination velocity, underwriting accuracy and conversion rates, ensures that the LOS delivers value. A metric-driven approach keeps progress transparent and aligns technology investment with business outcomes.

## Conclusion

The European leasing industry has entered a decisive stage. Regulatory changes, sustainability imperatives and ever-evolving consumer expectations are fundamentally reshaping how leasing products are designed, priced and delivered.

In these volatile and uncertain times where B2B leasing is highly competitive, the LOS needs to adapt to support new business models, involve data-driven decisioning and be robust. The key imperative is to build the next-generation LOS—founded on the pillars of modularity, cloud-native architecture, embedded intelligence and allowing data-driven pricing and decisioning. Lessors must assess their existing LOS maturity, define a future-ready target state and be ready to transform to the next-gen LOS.

Reach out to Cognizant to gain insights into the vast experience of our partnership with leading leasing and banking institutions across Europe. Together, we can design, build and scale your next-generation LOS, turning regulatory complexity and market shifts into a long-term competitive advantage.

## About the authors

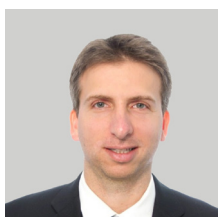


**Dr. Amitava Ghosh**  
Consulting Principal

Dr. Amitava Ghosh is a consulting leader with a decade of experience serving BFSI customers and ETRM customers primarily across investment banking, wealth and customer handling segments.

Amitava has executed projects across Bulgaria, Middle East, Benelux, India and Singapore. He is certified as a SAFe 6 Program Consultant. Amitava holds a doctorate in application of heuristic models in investment portfolio management.

Amitava can be reached at [amitava.ghosh2@cognizant.com](mailto:amitava.ghosh2@cognizant.com)  
<http://www.linkedin.com/in/dr-amitava-iimcal>



**Nicolas Benko**  
Senior Consulting Manager

Nicolas Benko is a Senior Consulting Manager within Cognizant's Banking and Financial Services practice. He advises European financial institutions on large scale transformation programs with a focus on data management and digital operating model and systems modernization.

He has executed projects across Australia, Indonesia, Benelux, Singapore and Malaysia. Nicolas brings extensive experience leading high-impact delivery teams, driving regulatory change and shaping next-generation architectures.

Nicolas can be reached at [nicolas.benko@cognizant.com](mailto:nicolas.benko@cognizant.com)  
<https://www.linkedin.com/in/nicolas-benko>



**Anshuman Choudhary**  
Senior Partner, Consulting

Anshuman has diverse experience in the financial services sector over the last 25+ years. He has strong subject matter expertise in risk management, capital markets and wealth management.

Previously, as a Partner at Deloitte, his role included evangelizing technology-driven transformation of the CRO operating model. He led projects in TOM design, core banking transformation, data governance and data architecture transformation for CROs and CFOs.

Anshuman has executed projects across multiple geos including North America, UK, Benelux, Nordics, India and Singapore. His current focus is to build capability across lending, risk and finance technologies in the financial services sector in Northern Europe for Cognizant.

Anshuman can be reached at [anshuman.choudhary@cognizant.com](mailto:anshuman.choudhary@cognizant.com)  
<https://www.linkedin.com/in/anshuman-choudhary-753b2a8>

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### World Headquarters

300 Frank W. Burr Blvd.  
Suite 36, 6th Floor  
Teaneck, NJ 07666 USA  
Tel: +1 201 801 0233

### European Headquarters

280 Bishopsgate  
London  
EC2M 4AG  
England  
Tel: +44 (0)1 020 7297 7600

### India Corporate office

Siruseri-Software Technology Park of India (STPI)  
SDB Block – Ground floor North wing  
Plot No H4, SIPCOT IT Park  
Chengalpattu District  
Chennai 603103, Tamil Nadu  
Tel: 1800 208 6999

### APAC Headquarters

1 Fusionopolis Link,  
Level 5 NEXUS@One-North,  
North Tower, Singapore 138542  
Phone: + 65 6812 4000

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