

CAPTIVES

New captive forum in agreement over key issues of the day

Derek Soper

I have started to look at captives quite differently in recent months, mainly as a result of decisions by Pitney Bowes Financial Services International and Xerox Financial Services to champion a new European forum for captives, one which my firm has been asked to help with. Why would they want to do that, one may ask – and the answer is very revealing.

First and foremost, the various leasing associations across Europe do not easily accommodate the needs of the captive. They concentrate on the various rules and regulations that affect the industry, such as taxation, codes of practice and those matters that are principally banking or politically driven.

It is a fact that the vast majority of European leasing companies are bank owned and therefore, it is natural that the associations look to serve the companies that pay the piper. In the absence of heavyweight assistance, and the lack of a relevant forum where their particular issues are discussed, it is not surprising that the

captive part of the industry has looked for an alternative.

I had the privilege of attending the first meeting of the new European Captives Forum in London a couple of months ago (it is going to alternate between Brussels and London) and was amazed at the intensity of the subject matter, and the willingness of the participants to be open and frank in the discussions. The meeting immediately took on a very different feeling to the various association meetings that I have attended over the years.

Similar issues

The first thing that was striking in its level of importance among the attendees – most of the leading players have signed up to the forum – was the similarity of the issues that are of concern to the captive, despite the wide diversity of equipment their parents provide.

The ones that come to mind are the link between the parent manufacturing company sales environment, the financial disciplines needed to successfully run a financial services company alongside it and also the

HR processes required to drive different behaviours, and which, in the final event, come together to produce the overall group bottom line. These difficulties arise when vital financial functions are outsourced to the parent, which may have a long-established presence, and, therefore, critical mass, in many countries across Europe.

On top of all this is the striving to establish shareholder value for the parent in its ownership of a financial services company, coupled with increased service levels to its customers. Not an easy task in any environment.

Virtually all captives are enthusiastic about the concept behind the new forum. The trick now will be to arrange it so senior people, most of whom are running Europe-wide companies and liaising with parent companies in the US, Asia and Europe, can commit their diaries to regular meetings. My own feeling is that it will continue to grow, and more and more issues will be on the table for discussion.

The author is chairman of The Alta Group



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