# Press Release

## Co-op Bank Leasing firm bags Sh 890 million Government fleet deal

The recently-established joint venture leasing firm named Co-op Bank Fleet Africa Leasing Limited has got off to a roaring start by concluding its first leasing deal worth over Sh890 million.

The new leasing firm known in short as 'Ço-op Bank Fleet' is a joint venture between the Co-operative Bank of Kenya and global leasing specialist Super Group based in South Africa which operates locally through a subsidiary known as Fleet Africa Limited.

This maiden transaction, which is part of a larger Sh2.2 billion deal, entails the financing and delivery of a fleet of 125 vehicles to the Ministry of Interior, the National Police Service and the Prisons Department.

The Co-operative Bank is the financier, with Co-op Bank Fleet arranging the leasing in collaboration with motor vehicle dealers Isuzu East Africa Limited who are to deliver the fleet made up of trucks, pickups and buses.

As the latest entrant in this increasingly popular leasing space, Co-op Bank Fleet is likely to rapidly stamp its presence and redefine the leasing game, being a joint venture of two key players who bring to the table complementary capabilities in leasing. Co-op Bank will make available its excellent client base to whom leasing is critical such as SMEs, Co-operatives and the Public Sector, while Super Group delivers its proven expertise in customer screening, risk management and product structuring.

“Super Group Limited is an established global leader in leasing business operating in three continents and is listed on the Johannesburg and Sydney stock exchanges. This partnership between Co-op Bank and Super Group is mutually beneficial as it taps the synergies created by the joint venture,” said Co-operative Bank Group Managing Director & CEO Dr. Gideon Muriuki.

Dr. Muriuki said the leasing business provides an opportunity for the bank to better support customers to acquire the assets, technologies and equipment they require at the same time enable the bank diversify its income streams.

Leasing is gaining traction in Kenya with the government setting the pace notably by opting to re-tool, equip and modernize the National Police Service by way of leasing.

Experts say the availability of leasing implies that it does not make commercial sense any longer to buy assets to own, whereas you can hire to use them as and when you need them. And as the world progressively moves to Uber-style economic models that are asset-light, leasing can only grow, they add.

Leasing is widely being seen a most cost-effective model of acquiring business assets. “Instead of spending all your money buying fixed assets, you can actually lease assets, you’ll be able to lease a lot more assets with the same amount of money,” Edna Kihara the Chairperson of the Leasing Association of Kenya was once quoted as saying.

“Secondly you will be able to manage your cash flow. The lump sum requirement for capital items when you are starting up a business, you don’t really require that. You can actually lease and then pay monthly or quarterly installments on the cost of that equipment.”
Players say that opportunities that are ripe for leasing disruption include school transport, and computer equipment and labs with leasing experts saying schools should stop conducting massive harambees to buy school buses and computers, yet they can easily lease them at a fraction of the cost.

In agriculture experts say farmers can quickly mechanize food production by leasing farm and irrigation equipment, storage, refrigeration and transportation vehicles.

Experts also point out that sale and lease-back allows organisations to shed heavy cost of carrying assets in their balance sheets, but still have access to use those assets. This is by selling off the assets they already own, and then simultaneously lease them back to use.

Some players feel that investors in Public Service Transport should stop buying the vehicles to own, as they can simply lease.

Other target areas include food handling equipment such as milk coolers and construction equipment, where contractors could cut project costs.

By embracing leasing as an alternative way of acquiring assets, the National Government has set the pace for counties, who should only be too happy to reduce expenses by adopting leasing.

Other sectors that are expected to drive high uptake of the leasing product include Oil and Gas, Co-operatives, Manufacturing, Construction, Transport, Mining and ICT.

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