

## Swedish leasing market

The Swedish vehicle leasing market is led by Volvo Finans Bank and Volkswagen Financial Services (VWFS) on the captive side and then local banks Handelsbanken and Nordea.

There hasn't been much consolidation in the Swedish fleet market, with VWFS being the biggest new entrant five years ago.

Sweden is a strong finance lease-market, with approximately 70% of commercial customers using that route to market. The last couple of years has seen an increased interest in operational leasing, although this still represents a smaller portion of the overall market.

Small and medium sized fleets make up the largest portion and around 25% are big fleets of more than 350 cars.

Patrik Lindroth, head of fleet at Volkswagen Financial Services Sweden, said: "Governmental business and big fleets is an area where VWFS has seen potential and a sector we've actively been targeting the last couple of years.

"This is also a sector where VWFS management product, Fleet Support, is complementing our finance offer very well."

A new bonus for electric cars and plug-in hybrids, combined with higher annual vehicle tax for most petrol and diesel cars, led to a jerky few months in Swedish car sales.

Patrik Riese, Volkswagen Financial Services chief executive and managing director in India, started his career in the Swedish fleet market.

Riese said: "The user chooser market is by far the biggest in Sweden, as a company car is a very common fringe benefit in Sweden. That cuts across both large and medium size companies."

Riese believes private leasing is the biggest growth opportunity in Sweden right now.

He said: "Private consumers are beginning to behave more and more like corporate buyers. They want convenient mobility, not car ownership.

"Also the financing of car pools and car sharing schemes is going to be a big growth area too."

Riese said electric and hybrids are gaining traction in big cities (there are a lot of Teslas in Stockholm

for example), but not in rural areas, due to lack of charging infrastructure and longer driving distances. Battery performance in cold weather can also be an issue in cases of extreme weather in Northern Sweden.

Lindroth thinks the biggest growth market beyond electric vehicles and hybrids is still a focus on lower emission vehicles in general.

He explained: "The attention from the corporate customers is of course driven by the higher tax and cost but also from a corporate social responsibility perspective.

"Given the overall focus on emissions we see an increased interest from the customers to show a movement from diesel/petrol to low emission vehicles, not only from a cost reduction point of view, but also to be able to talk about their footprint as part of their environmental work, both towards their customers as well as towards their employees."

There is high interest in alternative fuelled vehicles in Sweden, with many fleet customers looking to reduce total emissions.

However, Lindroth echoed Riese, saying there is still some hesitation due to a lack of charging infrastructure across the country.

He said: "Bonus-malus taxation has pushed the buyers further. At the same time we see that drivers who have had a hybrid or electric car once are reluctant to go back to an internal combustion engine."

Latest technology innovations include the demand from corporate customers for self-service and the need for configurators.

VWFS Fleet responded to the trend by launching a service that lets corporate customers order their company cars on their own through an online car configurator that lists models and derivatives that fit a specific company's spec.

Lindroth said: "The demand for self-service and need for configurators have increased over the last year. What was a nice USP three years ago is now a hygiene factor."



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