

# Raising awareness of financial leasing as a financial tool.

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## 1- Historical background.

- Motives for the introduction of leasing to the Egyptian economic life:
  - Increasing the efficiency of the Egyptian financial market.
  - The heavy involvement of weak commercial banks into the medium to long term finance market.
- Law 95 for 1995.
- Law 16 for 2001. (amendments)

## 2- Leasing economic penetration

- Cumulative net leases outstanding is less than L.E. 10 Billions.
- Less than 1,5 % of GDP.
- Lease contribution to capital formation in developed countries is ranging between 20% to 30% of GDP.

### 3- Leasing penetration barriers.

- A- **Technical barriers:**

- Limitation of leasing activities to one type of leasing, namely capital lease.
- Thin capital allowed by the leasing law. (L.E. 500 thousand).
- Non existence of a financial regulator for monitoring the health of the industry. (provisioning policy, mal practices, price wars, .etc.,)

- B- **Operational barriers:**

- Limited accessibility to capital. (Bank loans only).
- Underdeveloped capital market & high cost of disintermediation.
- Underdevelopment of most of the secondary markets in Egypt and in the region.
- The limited awareness of leasing at the official level (Legal, taxation, tourism, traffic, marine transportation, social insurance).

#### 4- Target group.

- Ministry of Justice.
- Ministry of Finance.
- Ministry of Interior Affairs-traffic department.
- Ministry of Tourism.
- Ministry of Social Security.
- Ministry of Marine Transportation.

#### 5- Proposed tactics for increasing leasing awareness.

- Issuing an official task paper by GAFI to each concerned ministry & department.
- Holding series of roundtable with concerned official departments to increase awareness of leasing and to discuss practical problems. (GAFI)
- Establishing a specialized court for leasing matters.

## 6- Role of donor countries in increasing leasing awareness.

- Allowing eligible leasing companies to channel subsidized donors funds to the local market.
- Providing eligible leasing companies with quasi and semi quasi funds.
- Channeling leasing technology through provision of local and international training programs.

Thank you.