



Specialising at scale: The strategic guide to profitable asset finance in the UK market



01 Executive summary

In an era of intense margin compression, evolving regulation and shifting borrower expectations, UK lenders face a critical choice: continue operating generalist models that deliver diminishing returns, or embrace tailored lending at scale through increased specialisation in segments.

Across 2024 and 2025, specialist and challenger lenders have been continuing to eat into the market share of traditional players. The British Business Bank reported that challenger and specialist banks now account for over 60% of total UK SME lending, a figure that's doubled in the past decade.

Yet within this success story lies a clear dividing line: lenders succeeding to deliver above peer group shareholder returns in 2025 are no longer one-size-fits-all. They are focusing on a collection of carefully chosen niche markets, building teams with domain expertise and investing in platforms that allow them to deliver highly personalised borrower journeys, at speed, and at scale.

This eBook explores the strategic case for specialisation in the UK asset finance market, examining its role in improving profitability, reducing risk, and enhancing compliance. It illustrates why specialisation is no longer a nice-to-have, it's a must-have for lenders who want to compete in the next decade.

Specialisation doesn't automatically drive operational efficiency. In fact, it can do the opposite. Without the right tech in place, focusing on niche sectors or asset classes can quickly become admin-heavy, resource-intensive, and difficult to scale.

Key takeaways



Specialisation is key to sustainable targeted customer growth that commands premium pricing



Technology, especially platforms like Transcend Finance, are essential for scaling a specialisation profitably while maintaining a personalised customer experience.



Lenders who understand their sectors, optimise operations, and leverage technology will thrive in 2026 and beyond.

02 Introduction: Lending in transition

Lending in a changing UK economy

The UK's lending environment in 2024–2025 reflects both a return to cautious optimism and a structural transformation. Business lending is finally rebounding after years of pandemic-era stagnation and inflation-driven caution.

According to UK Finance's Q1 2025 Business Finance Review [↗](#), gross SME lending by the main UK banks increased to £4.6 billion, marking a 14% increase YoY and the highest quarterly figure since early 2022.

However, this headline masks a deeper reality. UK SMEs still face a significant £90 billion funding gap compared to pre-COVID levels, as reported by The Times in May 2025 [↗](#). Traditional high street banks have pulled back on riskier or lower-yield segments, leaving space for new players to fill the void.

▶ Enter specialist and challenger lenders.

According to the British Business Bank’s 2024 [↗](#) report, specialist lenders accounted for over 60% of SME finance, doubling their share from just 30% a decade earlier. This shift indicates not only diversification in funding sources but also a clear preference among SMEs for finance partners that understand their every day business realities.

Lenders who embrace specialisation at scale can have a competitive edge as they are able to tailor to segment needs to attract new business. This growing trend reflects the market’s shift towards tailored solutions for specific sectors, and for specialist lenders to win, they must understand the unique characteristics each of their chosen segments.



Changing borrower expectations

UK business owners are no longer willing to accept inflexible, slow, or opaque lending journeys, especially when seeking finance for mission-critical assets. Expectations today are shaped by three realities:

The infographic consists of three main sections, each with a text box and an icon. The top-left section has a green-to-teal gradient background and a document icon. The top-right section has a teal-to-green gradient background, a tractor icon, and a document icon with horizontal lines. The bottom-right section has a green-to-teal gradient background, a network icon, and a speedometer icon showing 20. A white car is shown in motion in the bottom-left area.

SMEs expect lenders to “get” their sector, not just offer a generic service.

Borrowers want a clear, guided journey, not unnecessary red tape and excess admin.

Digital expectations have accelerated. Admin and long approval times kill deals.

In 2025, trust is built through relevance and authenticity, and that relevance can’t be delivered by generalist models alone. In the UK, a significant share of asset finance flows through brokers and dealers, who act as the critical link between SMEs and lenders.

Specialist lenders who empower brokers and dealers with tailored technology tooling create a multiplier effect – improving SME outcomes while securing loyalty from the intermediaries who originate in segments.

03

The problem: Generalist models falling behind

Operational inefficiencies and cost pressures

“One-size-fits-all” lending operations often struggle when the asset, usage pattern, and buyer profile vary materially. The result is:



Longer service times

Generalist lenders often have lengthy, manual processes to evaluate a wide range of assets and sectors using overly standardized processes. This can result in slower decision-making and longer wait times for borrowers, which can lead to customer dissatisfaction and wastage.



High operational costs

High operational costs can undermine specialisation if the tech stack isn't fit for purpose. Many lenders rely on generalist systems that struggle to support the nuanced workflows required by specialist segments, leading to process inefficiencies, heavier back-office reliance, and rising costs.



AI-powered automation can help solve this, but only if the underlying platform is designed to support configurable, segment-specific journeys without needing a complete overhaul.

[Learn more](#)



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Lack of tailored experiences

Generalist lenders struggle to deliver the tailoring and personalisation that borrowers and intermediaries in specialised sectors increasingly expect. Generic solutions often frustrate customers — especially in complex or high-value industries — where cookie-cutter questions and rigid processes signal a lack of understanding.

Why can't generalists tailor their approach? Because they lack the human domain expertise required to design industry-specific journeys, ask the right questions, or assess risk with nuance.

The result? Cheaper pricing to compensate, a squeeze on margins, diminishing returns and growing risk blind spots that stem from poor segmentation and misaligned underwriting models.

Margin squeeze and risk blindspots

One of the fundamental problems of generalist models is their inability to price and manage risk accurately, especially in volatile sectors. For example, residual value (RV) forecasting, particularly in asset-heavy sectors like transportation or equipment finance, can become significantly distorted.

Specialists are ahead in this area because of their deep understanding of their sectors and their unique asset risk management capabilities.

Generalist lending pain points

The following issue, impact matrix summarises the most common operational and commercial weaknesses of one-size-fits-all lending models. Use it as a quick diagnostic to identify where generalist approaches create friction, cost, and risk, and where a specialised, tech-enabled model can deliver immediate gains.

Issue	Impact
Long approval times	Increased churn, negative borrower experience
High operational costs	Reduced profitability due to inefficiencies
Inflexible risk models	Poor risk management, leading to financial losses
Slow to adapt to regulatory change	Increased compliance risk, operational downtime and business disruption
Poor residual value forecasting	Distorted pricing, higher losses on repossessions, lower returns
Limited broker/dealer support	Loss of market share as brokers prefer others with tailored digitally enabled propositions
Fragmented customer journeys	Frustration for SMEs, weaker loyalty and retention
Reliance on legacy IT	Slower product innovation, slow to change, higher cost of change

04 Why specialisation is a profit multiplier

The fundamental principle behind specialisation is simple: the more you know about a customer, specific sector or asset class, the better you can serve its unique needs.

“Genuine specialisation means you understand the market, the assets, and the risks better than anyone else. When you get it right, you can command a premium price.

[Learn more](#)



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But why exactly does specialisation improve profits? Let's break it down:

Reduced risk and better residual value forecasting

In the generalist model, lenders use one-size-fits-all risk models, often relying on generic credit scores and simplistic asset depreciation tables. These models fail to account for the complexity of specific industries and asset classes. Specialised lenders, on the other hand, use industry-specific data and industry human expertise to assess risk, allowing them to safely lend competitively.

Premium pricing and customer loyalty

A core advantage of specialisation is the ability to command a premium price.

In competitive markets, customers who perceive value in a tailored service are often willing to pay more for it.

In sectors like construction and IT equipment finance, borrowers are willing to pay a premium for lenders who understand their unique needs and provide tailored service.

Furthermore, customers are more likely to engage in long-term relationships with lenders that understand their business challenges and provide bespoke solutions.

Operational efficiency and cost reduction

The real value of specialisation is unlocked when lenders pair deep industry knowledge with tailored, configurable technology that enables automation, custom workflows, and multi-segment orchestration, all within a single platform. Otherwise, specialist lending risks high operating costs and lower returns.

Better customer journeys and faster decision-making

In a competitive market, speed of service can make or break a deal. Specialised lenders are able to optimise their workflows for specific asset classes, enabling faster decision-making and more streamlined customer journeys.

05 Technology as an enabler of specialisation

Modular, AI-driven platforms

Modular technology allows lenders to tailor their platforms to meet the specific needs of various industry sectors without requiring a complete overhaul of their systems.



Improved Efficiency

By automating routine tasks like document management, data entry, and customer communications, modular platforms reduce the burden on staff and increase productivity.



Scalability

As lenders grow, the modular nature of the technology allows for the seamless addition of new modules or features, enabling rapid adaptation to new market demands.



Customised Workflows

Lenders can design multiple workflows simultaneously in one platform that align with specific industry needs, ensuring that each asset class is serviced with the appropriate tools and processes.

AI and automation

Artificial intelligence (AI) plays a central role in streamlining lending operations and enhancing decision-making. For specialised lenders, AI is not just about automation but also about smart decision-making and personalisation.



AI-powered risk management

AI algorithms can analyse historical data and current market trends to assess risk more effectively. For example, when financing agricultural equipment, AI can take into account factors like weather patterns, crop yields, and commodity prices to forecast the likelihood of repayment.



Automation in document processing

AI-driven platforms can automatically extract and analyse data from documents such as contracts, credit reports, bank statements, and customer applications, eliminating the need for manual intervention and reducing processing time.



Improved customer journeys with AI and automation

In the world of asset finance, customer experience is everything. A standardised approach is no longer enough to win and retain clients, especially in specialised sectors where businesses expect personalised service. AI and automation help lenders create seamless, tailored experiences for their customers by:



Real-time decisioning

Offering instant credit assessments and financing options based on pre-configured customer profiles, allowing for quicker and more responsive service.



Predictive lending

Using AI to predict a customer's financing needs based on their industry, financial behaviour, and asset usage.



Personalised recommendations

AI-driven systems can recommend the most suitable financing products for each customer based on their specific needs, historical data, and market trends.

The importance of integrating risk management

Risk management is a critical function for any lender, but it becomes even more vital for specialised lenders. With a deeper understanding of specific asset classes, lenders can more accurately assess and manage risks associated with their portfolios. AI tools can assist in:



Dynamic risk assessment

AI can continuously monitor market conditions and asset performance to adjust risk models in real-time, plus provide statistical analysis matching new applications with outcomes of similar funding requests received.



Residual value management

Predicting the residual value of assets more accurately and adjusting loan terms accordingly to reflect these predictions.

Design principles for scalable specialisation

Genuine specialisation requires technology that balances configurability, compliance, and customer-centric design. The principles that matter most are:

◆ Multi-journey orchestration

The ability to run distinct journeys simultaneously, e.g. for agriculture, construction, auto finance, or vendor programmes under a unified platform.

◆ **Embedded compliance**

Regulation isn't bolted on after the fact; it is designed into workflows.

◆ **Real-time intelligence**

Decisioning, risk assessment, and residual value management all happen dynamically.

◆ **Scalability without fragmentation**

New verticals can be launched quickly without parallel infrastructure.

Specialist lenders in the UK are increasingly adopting platforms that reflect these principles. Transcend Finance, for example, embodies this approach by enabling lenders to configure multiple asset-specific journeys in parallel while embedding compliance and risk monitoring into every interaction.

“ Genuine specialisation is about understanding the market, the assets, and the risks better than anyone else. Transcend Finance helps lenders achieve this by enabling multiple customer journeys to run simultaneously, each tailored to meet the distinct needs of various asset classes and sectors.

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06 The future of lending

The future of asset finance: Embracing specialisation for competitive advantage

UK lenders are increasingly at a junction on how to elevate returns as they scale. The debate is no longer whether to specialise, but how to build an operating model that can scale multiple specialisms without fragmenting the organisation.

“ The future of asset finance lies in specialisation. It’s about understanding the unique needs of each market, using the right technology to scale, and delivering the best possible service to your customers.

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Over the next decade, competitiveness will hinge on four forces



Convergence of finance and technology

Asset finance will increasingly blend into embedded ecosystems, dealers, digital platforms, and supply chains, requiring lenders to plug seamlessly into external journeys.



Rise of adaptive compliance

Regulators are demanding evidence of outcomes, not paperwork, and moving toward continuous supervision. Specialist lenders with configurable platforms are better positioned to embed compliance into workflows and adapt quickly.



Sustainability and green finance

Net zero commitments, emissions-linked reporting, and ESG-driven investment will redefine residual value models and funding appetite across fleets, equipment, and agri-assets.



Data as a differentiator

Those who leverage asset telemetry, market feeds, and customer behaviour insights will outperform on pricing, portfolio resilience, and customer loyalty.

What this means for UK lenders

The competitive landscape will reward lenders who think less like “finance factories” and more like configurable service platforms. Generalists will find it increasingly difficult to compete, not just because of thinner margins, but because borrowers, regulators, and investors are all demanding evidence of relevance, resilience, and responsibility.

Specialisation is therefore not just a strategy; it is the foundation for a future-proof operating model that aligns profitability with purpose.

07 The role of Transcend Finance in scaling specialisation

One of the biggest challenges for specialised lenders isn't personalisation. It's scalability. As lenders double down on niche segments, their cost-to-serve can quickly balloon if processes remain manual or fragmented. The real challenge is scaling a specialised model without dragging heavy operating costs along with it.

The solution? Tailored technology that enables specialisation at scale, allowing lenders to run multiple segment-specific journeys efficiently within a single platform.

This is where NETSOL Technologies' Transcend Finance platform steps in. Transcend Finance is designed not simply as a lending system, but as an enabler of systemic specialisation. Its modular architecture, multi-journey orchestration, and AI-driven decisioning allow lenders to:

1 Launch new verticals rapidly without parallel infrastructure.

2 Harness data for continuous risk, RV, and ESG monitoring.

3 Embed compliance logic into every customer touchpoint.

4 Serve multiple industries under one operating roof, while keeping journeys distinct and customer centric.

“ With Transcend Finance, you can deliver tailored journeys for multiple sectors, whether it's agriculture, construction, or auto finance. It's scalable, adaptable, and built for the future

[Learn more](#) 

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08

Final thoughts

The next era of UK lending will not be won by scale alone, but by specialisation with precision and scale. The lenders that thrive will be those who combine deep sector expertise with agile governance and technology-driven innovation and efficiency. Specialisation is no longer optional; it is the operating model that aligns profitability, compliance, and customer trust.

The £90 billion SME funding gap, the rapid shift in borrower and broker expectations, and the UK's accelerating regulatory and sustainability agenda all point in one direction: lenders must move beyond generalist models and build scalable, sector-specific propositions. Those who act now will not only capture market share but also help reshape how capital flows into the industries driving the UK's economic future.

NETSOL's Transcend Finance is built to support this shift. With its modular architecture, embedded compliance, and AI-driven decisioning, it gives lenders the ability to scale multiple specialisms under one unified platform, without sacrificing the tailored service that defines competitive advantage.

For UK lenders ready to take the next step, the path is clear: specialise with scale, compete with confidence and efficiency, and deliver the outcomes your borrowers, brokers, and regulators now demand. To explore how Transcend Finance can enable that journey, contact NETSOL today.



Finance

About the author



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Jason Hurwitz is a senior financial technology leader with more than two decades of experience helping banks, captives, and independent lenders modernize their lending and leasing operations.

As Sales Director for Europe at NETSOL Technologies, Jason leads strategic growth initiatives for Transcend Finance, working closely with financial institutions to reimagine their asset finance and wholesale lending ecosystems. His expertise spans auto, equipment, and commercial finance, with a focus on helping lenders leverage technology to improve profitability, compliance, and scalability.

Today, he works with some of the region's most forward-thinking lenders to implement AI-powered, composable platforms that support multi-segment specialisation, deliver seamless broker and dealer experiences, and scale efficiently across markets.

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About NETSOL

With over 40 years of innovation in the financial technology industry, NETSOL Technologies is a global leader in AI-powered asset finance and digital transformation. Serving Fortune 500 companies, global banks, captives, independent lenders, and dealer networks, NETSOL helps businesses modernize their operations and stay competitive with composable, cloud-based platforms.

Operating in more than 40 countries, NETSOL's platforms manage over \$500 billion in assets globally, delivering end-to-end lifecycle automation across originations, credit decisioning, loan and lease management, and wholesale funding.

Backed by 300+ successful implementations, NETSOL continues to redefine digital finance by combining domain expertise, advanced finance by combining domain expertise, advanced technology, and measurable outcomes that help clients scale with confidence.





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