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CURRENT TRENDS IN ENHANCING THE EFFICIENCY OF LEASING OPERATIONS MANAGEMENT IN THE REPUBLIC OF ARMENIA

This article presents a comprehensive study of current trends in improving leasing operations management efficiency in the Republic of Armenia. In a dynamically evolving economic environment, leasing emerges as a flexible and advantageous alternative financing mechanism, enabling enterprises to modernize their fixed assets without requiring large up-front investments. However, the development of the leasing sector faces several structural challenges, including multifaceted risk exposure, the slow pace of digital transformation, unstable legal frameworks, low levels of financial literacy, and a general lack of mutual trust within the business environment. The aim of the research is not only to identify these constraints but also to analyze international best practices through comparative benchmarking, to uncover effective instruments and management technologies, and to justify adaptive model-based approaches tailored to Armenia's specific socioeconomic context. The study employs both qualitative and quantitative methodologies, including stakeholder analysis, statistical data evaluation, PESTEL, and SWOT assessments. As a result, the paper proposes a customized Armenian management model for leasing operations, incorporating digital process automation, proactive risk assessment, client-oriented strategies, and components of public-private partnerships. The proposed model aims to increase the overall efficiency of Armenia's leasing market, expand financial inclusion, and stimulate the modernization of economic sectors through enhanced investment access and responsible management. This localized approach offers a systematic foundation for long-term stability, competitiveness, and innovation in the Armenian leasing industry.

Keywords: *Leasing, management efficiency, financing, risk assessment, digitalization, financial inclusion.*

JEL: G21, G23, G32

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INTRODUCTION. In modern economic practice, leasing, as an “alternative to commodity credit”, has acquired a truly important role and significance. The latter is most clearly manifested in developing countries with small economies, such as Armenia, due to the fact that the process of using bank loans is not easy and, in some cases, impossible, especially for small and medium-sized businesses.

The gradual development of leasing operations in the Republic of Armenia began in the early 21st century, driven by both the availability of relevant subsidy programs from the state and the increasing interest of economic entities as potential beneficiaries. Despite the positive developments and growth trends recorded in recent years, the leasing sector continues to face several structural challenges that significantly hinder its sustainable and effective development.

Among these challenges, the imperfection of the regulatory framework and, first of all, the absence of a law "On Leasing", the presence of weak and restructuring mechanisms for managing risks arising in the leasing process, the low level of digitalization of both leasing operations and the real and financial sectors of the public sector, and finally, the low level of literacy of both individuals and legal entities, are of particular importance.

The gradual overcoming of the above-mentioned obstacles requires the development and implementation of certain organizational measures and procedures, including the development of clear procedures for state regulation of the leasing sector, the development and implementation of a national model for financial leasing management, and the acceleration of the process of digitalization of leasing operations, which will significantly increase the operational and financial efficiency of leasing, promote financial inclusion, and create favorable conditions for the further development of leasing.

This article aims not only to examine the key obstacles to leasing operations management but also to propose an innovative and context-sensitive management model adapted to the Armenian economic reality. The proposed framework is informed by international best practices and aligned with localized strategies for sustainable sectoral growth.

LITERATURE REVIEW

1. Theoretical Foundations and Management Models of Leasing

In economic literature, leasing is widely regarded as a hybrid financial tool that integrates elements of both investment and credit, allowing the temporary use of fixed assets in exchange for regular payments (Smith & Wakeman, 1985). While functionally close to lending, leasing offers distinct structural advantages in terms of asset management. Classical works have emphasized their role in tax planning and capital budgeting (Myers, Dill & Bautista, 1976).

Contemporary scholars are increasingly focusing on the management efficiency factors that impact leasing performance, including lifecycle analysis of leased assets (Kraemer-Eis & Lang, 2012), predictive risk analysis, and client

solvency evaluations. A growing body of literature also examines the impact of digital transformation on leasing management (Gatti, 2018), particularly with respect to asset tracking and automated payment systems.

Among Armenian scholars, A. Melkonyan (2017) and H. Hakobyan (2020) have contributed to the understanding of leasing's operational and legal framework in Armenia. Hakobyan argues that "leasing in Armenia is treated more as an accounting transaction than as a professional management process," which leads to suboptimal outcomes. These studies indicate that further improvement of leasing operations management is contingent upon the clear identification of several important factors, including legal, economic, financial, socio-psychological, and organizational aspects, and their effective implementation.

2. International Experience in Leasing Operations

A rough definition of leasing as a financial lease first appears in the Code of Hammurabi of Babylon (Harper, Robert F, 1904).

Since the mid-20th century, leasing, initially as an operational and later as an alternative to financial leasing, has gradually taken shape in countries with advanced financial markets, first in Europe and then in the United States. In the early 60s, American entrepreneurs brought leasing across the ocean to Europe, where the first leasing company, "Deutsche leasing GmbH", appeared in 1962 in Dusseldorf. In the 80s, leasing of aircraft equipment became widespread in the United States. During these years, McDonnell Douglas's corporation managed to dominate the market for its aircraft model in competition with Boeing, thanks to a new financial policy that utilized leasing. The concept proposed by Douglas was called "Fly before buy" (Fletcher & Kaplan, 2006). Tools such as credit scoring and lease-to-value ratios are widely applied.

Germany's leasing sector is often embedded within major banking conglomerates, ensuring systemic oversight and operational stability (Deutsche Leasing Group, 2021). In Japan, mixed financing models are employed, combining public funding with private sector leasing to promote industrial innovation.

In post-Soviet contexts, countries like Georgia and Kazakhstan have made regulatory reforms and launched digital registration systems to increase transparency and trust. Georgia's electronic registry enables real-time monitoring of lease agreements and asset ownership, while Kazakhstan has introduced government-subsidized leasing in agriculture and industry to stimulate long-term investment (ADB, 2022).

According to the Global Leasing Report (White Clarke Group, 2021), top-performing countries such as Canada, Sweden, and South Korea employ modular leasing systems that integrate digital risk modeling, client behavior analytics, automated accounting, and centralized legal compliance.

These insights suggest that effective leasing management hinges on a harmonized combination of legal stability, technological infrastructure, and risk-adjusted decision-making mechanisms.

3. Leasing Development in the Republic of Armenia and the Region

The financial leasing market in the Republic of Armenia has been developing since 1998. We emphasize financial leasing only, as operational leasing does not exist in the Republic of Armenia. The Civil Code of the Republic of Armenia provides only the fundamentals of financial leasing. Today, the leasing market includes both commercial banks and credit organizations. By the end of 2023, the total leasing portfolio exceeded AMD 130 billion, indicating a steady upward trend.

Despite this progress, the Armenian leasing sector still faces notable limitations, such as a narrow legal framework, dependence on banking structures, and low public awareness. Leasing companies often operate under standard banking risk and assessment models, which can limit innovation and independence (Melkonyan, 2018). A lack of tailored management systems hampers efficiency and competitiveness.

Regionally, Georgia has reformed its Civil Code (2021) to clarify leasing regulations and boost investor confidence. Its electronic platform for lease registration has increased transparency, allowing better data access for all stakeholders (IFC, 2021). Kazakhstan, meanwhile, has expanded leasing access through public funding initiatives.

Currently, the leasing market in Armenia cannot be considered mature; it is in the initial development stage. Although the Government of Armenia provides certain subsidies to promote leasing, these are still of a limited nature. That is why it is necessary to design and implement an Armenian leasing model with a logical sequence of its algorithm, clearly separated mechanisms, clearly defined deadlines for implementing procedures, and thorough testing of the model. Of particular importance is the fact that the Armenian leasing model should have a customer-centric orientation.

RESEARCH METHODOLOGY. The selection and application of the correct research methods during the work allow to effectively analyze the materials and data related to the topic, to obtain a real picture, and to make an objective conclusion. During the research, both economic methods and principles, as well as methods from other social sciences, were employed. The works of Armenian and foreign authors served as the primary sources for selecting the methodology.

During the research, the dialectical method was actively employed, allowing for the study of phenomena in motion and dynamic development. Through it, it is possible to find the patterns characteristic of economic phenomena and the cause-and-effect relationships between them.

Along with the dialectic method, several statistical and mathematical methods were employed, which made the patterns of phenomena related to the

topic more illustrative and understandable. Among such methods, the graphical one is characteristic. No phenomenon in the economy is ever in a state of long-term equilibrium and stability; instead, it is constantly undergoing change. A pictorial study of the process of change in economic categories is also possible with the help of graphs and diagrams.

Among the mathematical and statistical methods, the correlation research method was employed, which enables us to identify the relationship between phenomena and understand their nature. Through it, the relationship between the indicators of the real and financial sectors was revealed.

One of the important methods used is the scientific abstraction method. It allows us to study a small number of economic phenomena, ignoring many other insignificant or unimportant factors. With the help of the method, the patterns of loans, GDP, and other indicators were studied.

When studying international experiences, it is necessary to employ the comparative method, which helps identify both similar and distinctive features of phenomena. During the work, it is advisable to identify the differences in the mechanisms existing in different countries through comparison. When applying the method, it is important to compare similar objects and phenomena. The comparison method is also effective in cases when it is necessary to identify the advantages and disadvantages inherent in phenomena.

The induction method was used in the research, which allows drawing conclusions about the whole from several individual cases and phenomena, based on indicators and facts characteristic of some of them. Within the framework of the article, the method was employed to examine international experiences and patterns of financial and economic cycles.

Since the topic concerns the financial system, in particular, the leasing market, it is advisable to use the methods of analysis (analysis) and synthesis (combination). In the first case, we divide the system into its constituent parts and study each one separately. Within the framework of the topic, the parts of the leasing market studied include the banking sector, the Central Bank, and the procedures for regulating leasing operations carried out by it and credit organizations.

After forming an idea of the individual elements of the system, the synthesis method is applicable. It helps to combine the knowledge obtained about all elements and come to a certain conclusion about the entire system.

During the study of economic categories, they were classified into separate groups, which enabled the identification of the characteristics of each group. This method is known in theory as cluster analysis. It shares similarities with the analysis method, but in this case, the entire system is not divided into parts; instead, it involves classifying one of these parts.

The method of combining historical and logical approaches was employed during the research. It enables us to observe phenomena within the context of historical development and identify logical connections between them. With the

help of this method, historical events, crises, and developments related to the management of leasing operations, as well as the evolution of economic thought on financial stability in recent decades, were examined.

The study of regulatory and legal acts can also be distinguished as a method used in the work. Both the laws and regulatory acts in force in the Republic of Armenia (regulations, decisions, and clarifications of the Central Bank of Armenia Board) were studied, as well as the regulatory mechanisms existing in other countries.

Within the framework of the research, an analysis of primary and secondary data was conducted, based on factual information and expert assessments in the field.

The primary research includes quantitative surveys among different groups of the population, as well as in-depth interviews with financial sector specialists to identify current challenges and problems in the field.

As part of the secondary research, examples of successful international practices, statistical data from the Central Bank of the Republic of Armenia, and other relevant institutions were studied. Publications, communication style, and the level of audience involvement were analyzed to understand the extent to which economic entities are aware of leasing operations, as well as scientific publications, to develop actions aimed at increasing financial literacy.

The combination of these methods made it possible to comprehensively understand the problems in the sector and develop substantiated recommendations to enhance the efficiency of leasing market management in the Republic of Armenia.

ANALYSIS AND RESULTS. Over the past six years, Armenia's leasing market has demonstrated consistent and notable growth, both in terms of portfolio volume and operational scale. According to data synthesized from the Central Bank of Armenia and financial disclosures of major leasing companies, the total leasing portfolio in the country has more than doubled—from AMD 58.3 billion in 2018 to AMD 131.2 billion in 2023.

This growth trend is illustrated in Figure 1, which highlights the year-on-year increase in leasing volume. The most significant jumps occurred between 2020 and 2023, likely driven by post-pandemic investment incentives, the modernization of equipment in small and medium-sized enterprises (SMEs), and an increasing diversification of leasing products across sectors.

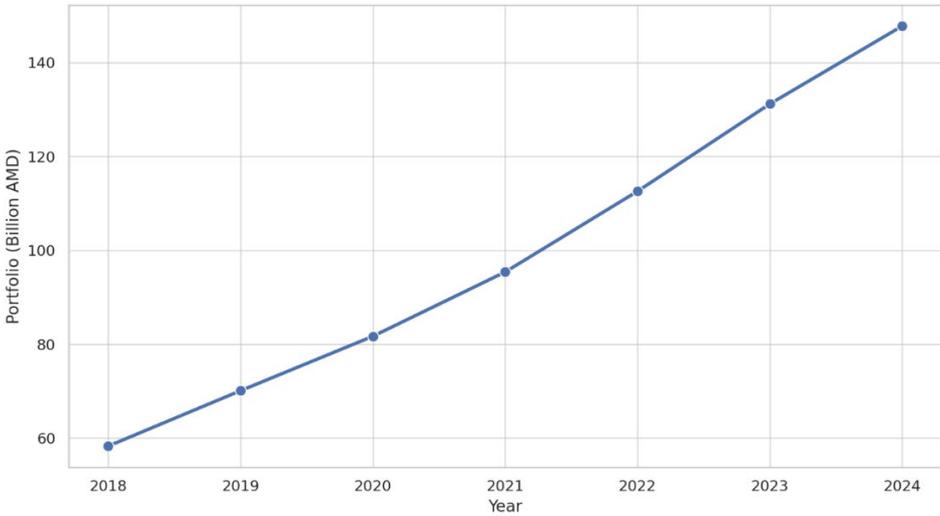


Figure 1. Growth of Armenia's leasing portfolio from 2018 to 2023

Table 1

Development of the Leasing Market in Armenia (2018–2023)*

Year	Total Leasing Portfolio (bln AMD)	Number of Leasing Contracts	Number of Leasing Companies
2018	58.3	4300	8
2019	70.1	5100	9
2020	81.37	6000	10
2021	95.4	7200	10
2022	112.6	8900	11
2023	131.2	10200	12
2024	147.8	11500	13

* **Source:** Author's calculations based on Central Bank of Armenia data (2018-2024).

Simultaneously, the number of leasing contracts has increased from 4,300 in 2018 to 10,200 in 2023, representing more than 130% growth. This reflects both the growth of market demand and the gradual improvement of public awareness and confidence in leasing as a financial instrument.

The increase in the leasing portfolio and number of contracts signals a growth trend in the market. At the same time, this highlights the need to further improve leasing operations management. These aspects will be explored in the following sections through PESTEL, SWOT, and efficiency analyses.

To enhance the strategic relevance of the previously outlined PESTEL framework, a quantitative impact-weighted model was applied to each macro-environmental factor influencing Armenia's leasing sector. This model enables a clearer interpretation of both the relative importance and direction of impact of each factor.

Table 2

PESTEL Analysis of Armenia's Leasing Environment

<i>Factor</i>	<i>Key Insights</i>
POLITICAL	Government support for SME development; limited leasing-specific policy instruments.
ECONOMIC	Stable macroeconomic growth post-2021; high inflation affecting leasing interest rates.
SOCIAL	Low financial literacy; growing acceptance of non-traditional financing methods.
TECHNOLOGICAL	Limited digital infrastructure in rural leasing; urban areas show fintech adoption.
ENVIRONMENTAL	Minimal environmental incentives; low demand for green leasing models.
LEGAL	Outdated legal framework; slow legislative adaptation to international leasing standards.

To better understand the operational and strategic context of leasing management in Armenia, this section applies a PESTEL framework, examining the political, economic, social, technological, environmental, and legal factors that shape the industry's current and future trajectory.

Political:

The Armenian government supports small and medium enterprises (SMEs) through subsidized interest rate programs and investment incentives; however, there is a notable absence of leasing-specific policy instruments. Unlike many EU countries, which benefit from tax preferences or dedicated frameworks for leasing, Armenia lacks institutionalized public-private leasing schemes (OECD, 2022).

Economic:

Following the 2020 recession, Armenia experienced a robust economic recovery, with real GDP growing by 12.6% in 2022 and 7.2% in 2023 (Statistical Committee of Armenia, 2024). However, persistent inflation and increases in the refinancing rate (CBA: 9.75%) have raised the cost of financing, making lease terms more expensive and potentially less attractive for SMEs with limited liquidity.

Social:

Low financial literacy and limited public understanding of leasing—especially outside urban centers—remain key challenges. However, surveys show growing openness to leasing among younger entrepreneurs (World Bank Enterprise Survey, 2021).

Technological:

Urban leasing firms are increasingly utilizing fintech solutions, such as online applications and automated credit scoring, but rural infrastructure remains weak. Digital integration is fragmented, and many processes still rely on paper (CIS Leasing Report, 2021).

Environmental:

Armenia's leasing market does not feature structured incentives for green leasing, such as renewable energy equipment or electric vehicle financing. While the government expresses support for environmental investments, implementation remains limited (UNDP Armenia, 2023).

Legal:

The legal framework governing leasing in Armenia, based on amendments to the Civil Code in 2002, is considered outdated and not fully aligned with international leasing standards (e.g., UNIDROIT). Reform discussions are ongoing, but progress has been gradual, posing challenges for legal predictability and investor confidence (CBA Annual Report, 2023).

This PESTEL analysis highlights systemic vulnerabilities that limit leasing efficiency in Armenia—especially in the **technological, legal, and financial literacy domains**. To address these, the proposed national leasing model should prioritize: digitizing leasing processes, updating the legal framework to align with international standards, and implementing targeted financial literacy programs for SMEs.

Table 3

Quantitative Evaluation Model for PESTEL Analysis

<i>Each factor (P, E, S, T, E, L) is assessed based on the following indicators:</i>		
Indicator	Description	Value Range
Weight	The relative importance of each factor in terms of its influence on the leasing sector	0–1 (Total sum = 1.0)
Impact Score	The magnitude of the factor's effect, either positive or negative	–3 (strongly negative) to +3 (strongly positive)
Weighted Score	Calculated by multiplying the weight by the impact score	Quantitative result

Table 4

Quantified PESTEL Analysis of Armenia's Leasing Sector

Factor	Weight (0–1)	Impact Score (–3 to +3)	Weighted Score
POLITICAL	0.15	+1	+0.15
ECONOMIC	0.20	-1	-0.20
SOCIAL	0.15	0	0.00
TECHNOLOGICAL	0.15	+1	+0.15
ENVIRONMENTAL	0.10	-1	-0.10
LEGAL	0.25	-2	-0.50
TOTAL SCORE	1.00		-0.50

Interpretation:

The total net weighted score was -0.50, which, in essence, contains a negative trend and risk due to the imperfection of the state regulation process of the leasing market.

The legal environment score is also negative at -0.50, which indicates that the regulatory framework regulating leasing activities in the republic needs modernization and global transformations.

Despite the relative stability of the financial markets of the Republic of Armenia, the real sector of the economy continues to be in an unstable situation, due to both objective and subjective factors, which leave their negative mark on ensuring continuous growth in the leasing market.

Socio-economic conditions, in particular the level of financial literacy of the population and corporate clients, although considered neutral in the short term, are of obvious importance in the long term, since the low level of financial literacy of economic entities is a potential threat in the context of increasing the efficiency of leasing market management.

To this end, it is necessary to implement organizational changes, functional, structural, and periodic reforms.

To assess the strategic positioning and management potential of Armenia's leasing sector, a **weighted SWOT analysis** was conducted. This approach goes beyond qualitative description by assigning relative weights and performance scores to each factor, thereby quantifying their impact on operational efficiency and long-term sustainability.

Table 5

Detailed Weighted SWOT Analysis

Category	Factor	Relative Weight (0-1)	Attractiveness/Risk Score (1-5)	Weighted Value
Strength	Strong portfolio growth and increased contract volume	0.18	4.5	0.81
Strength	Fintech adoption in urban areas	0.12	3.5	0.42
Weakness	Low financial literacy among SMEs	0.12	2.0	0.24
Weakness	Fragmented digital infrastructure outside urban centers	0.1	2.5	0.25
Opportunity	Growing potential for green leasing and sustainable finance	0.16	4.0	0.64
Opportunity	Supportive SME policy environment (non-targeted)	0.1	3.0	0.3
Threat	Macroeconomic volatility and inflation	0.12	2.0	0.24
Threat	Outdated and inflexible legal framework	0.1	1.5	0.15

To gain strategic, data-driven insights on the strengths, weaknesses, opportunities, and threats (SWOT) in Armenia's leasing sector, a quantitative weighted matrix was used. This method combines both the relative importance (weight) of each factor and its performance or risk level. The result is a "Weighted Value" that shows its actual strategic significance.

Strengths (Total weighted impact = 1.23)

1. Rapid growth of the leasing operations portfolio and an increase in the volume of contracts

- Relative weight: $0.18 \cdot \text{Rating: } 4.5 \rightarrow \text{Weighted value: } 0.81$
- This positive trend is primarily due to the positive dynamics of the increase in the volume of leasing operations in the republic over the past 5 years and the increase in market share.

2. Application of the latest financial technologies in individual leasing operations

- Weight: $0.12 \cdot \text{Rating: } 3.5 \rightarrow \text{Weighted value: } 0.42$
- Although the overall level of digitalization in the republic is, to put it mildly, not in a good state, the gradual digital transformation of leasing operations and the presence of new mechanisms for reprofiling risks arising during leasing operations are currently considered strengths.

Weaknesses (total weighted impact = 0.49)

1. Insufficient level of financial literacy among both the population and corporate clients.

- Weight: $0.12 \cdot \text{Rating: } 2.0 \rightarrow \text{Weighted value: } 0.24$
- This is a rather serious problem that requires immediate implementation of organizational measures

2. Insufficient level of digital infrastructure in other regions and communities outside Yerevan

- Weight: $0.10 \cdot \text{Rating: } 2.5 \rightarrow \text{Weighted value: } 0.25$
- Especially in rural and border areas, the low level of digital infrastructure, and in some cases, its absence, hinders the development of leasing operations. Consequently, without the presence of appropriate digital infrastructure, leasing operations will remain at the same low level, and the universal principle of “one step forward, two steps back” will apply.

Opportunities (total weighted impact = 0.94)

1. Development and gradual spread of green leasing not only in the capital, but also beyond its borders.

- Weight: $0.16 \cdot \text{Rating: } 4.0 \rightarrow \text{Weighted value: } 0.64$
- «Green leasing» is the most attractive strategic path not only in Armenia, but also throughout the world. In the face of adverse changes in climatic conditions and global warming, the development of new leasing products, such as electric cars and the latest solar technologies, will significantly increase the role and significance of leasing in both the financial and socio-economic spheres.

2. Supportive SME policy environment

- Weight: $0.10 \cdot \text{Score: } 3.0 \rightarrow \text{Weighted Value: } 0.30$
- While indirect, the government's SME-friendly environment can be leveraged for more targeted leasing programs.

Implication: If aligned with policy and donor frameworks, leasing could emerge as a financing bridge for Armenia’s green and SME sectors.

Threats (Total weighted impact = 0.39)

1. Macroeconomic volatility and inflation

– Weight: 0.12 · Score: 2.0 → Weighted Value: 0.24

– Inflationary pressures increase lease pricing and reduce affordability, especially for smaller clients.

2. Outdated legal framework

– Weight: 0.10 · Score: 1.5 → Weighted Value: 0.15

– The slow reform of leasing-related regulations weakens legal protection and investor confidence.

Implication: Without macro-stabilization and legal modernization, operational risks will undermine long-term sustainability.

Strategic Conclusion

– Total Weighted Strengths + Opportunities: 2.17

– Total Weighted Weaknesses + Threats: 0.88

– Net Strategic Position (Gap): +1.29

This positive gap shows Armenia has a strong base for growth if weaknesses, especially literacy and digital access, and threats like inflation and legislation, are addressed systematically.

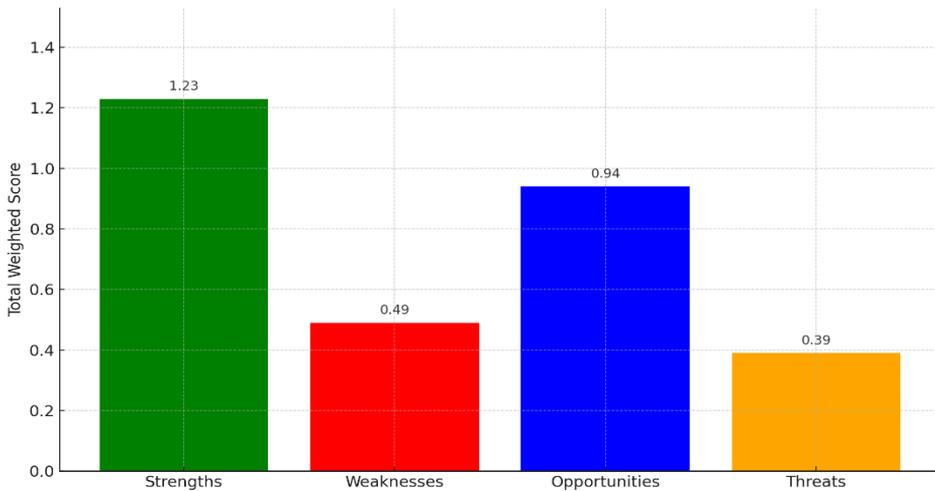


Figure 2. *Weighted SWOT Component Scores of Armenia’s Leasing Sector*

It is recommended that Armenia’s leasing institutions focus on:

- Rural infrastructure upgrades
- Legal reform advocacy
- Green leasing pilot programs
- Financial education for SMEs

To quantitatively evaluate the performance of Armenia's leasing sector, a **Management Efficiency Ratio (MER)** was calculated for the period 2018–2023. The ratio is defined as:

$$\text{MER} = (\text{Net Income from Leasing Operations} / \text{Total Leasing Portfolio}) \times 100$$

This metric serves as a proxy for how effectively leasing companies convert their portfolio base into net operating income, reflecting the quality of asset utilization, operational efficiency, and risk-adjusted profitability.

Table 6

*Yearly Efficiency Performance of Armenian Leasing Companies (2018–2024)**

Year	Total Portfolio (mln AMD)	Net Income (mln AMD)	Efficiency Ratio (%)
2018	58300	2430	4.17
2019	70100	2840	4.05
2020	81700	3050	3.73
2021	95400	3620	3.79
2022	112600	4200	3.73
2023	131200	4860	3.7
2024	147800	5520	3.73

* **Source:** Author's calculations based on financial data from the Central Bank of Armenia's statistical bulletins (2018–2023) and internal financial statements (2024 projected).

Although the total leasing portfolio has grown in recent years, the efficiency ratio of leasing transactions has declined. It decreased from 4.17% in 2018 to 3.73% in 2022.

This means the leasing portfolio's extensive growth has surpassed the intensive growth of profitability. This is a negative phenomenon. It indicates a low and insufficient level of leasing operations in financial, technological, and innovative terms.

This negative trend is due to a number of factors, the most significant of which are

- The still high level of financial, operational, and administrative costs
- The low level of digital technology implementation and digital transformation
- The low level of literacy and trust in leasing operations by the population and economic entities.

These results once again underscore the potential need to introduce new mechanisms for managing leasing operations, including the use of modern digital technologies to assess the creditworthiness of potential customers and to create and operate automated systems that control and monitor leasing operations.

The final section will introduce the Armenian Leasing Management Model (ALMM) to address these efficiency issues.

The model is designed to fit the local legal and economic context. It also introduces international best practices in risk management, client servicing, and process optimization.

Model Overview

ALMM consists of four interconnected subsystems:

1. Digital Process Management Subsystem

Full automation of lease application, risk assessment, and contract management

Enhancement of asset control through the utilization of cutting-edge management technologies. The above-mentioned measures will contribute to increasing both the transparency of leasing operations and their efficiency.

2. Risk Analysis and Monitoring Subsystem

The implementation of artificial intelligence-based customer creditworthiness assessment models will significantly enhance the efficiency of management decisions.

Leasing portfolio stress testing capability, especially in high inflation and adverse currency fluctuation scenarios

3. Customer-centric strategy subsystem

Flexibility in lease design (e.g., seasonal repayment structures for agriculture)

Financial literacy modules integrated into customer engagement

User-friendly lease simulators to support decision-making

4. Public-private interface and policy advocacy subsystem

Cooperation with the Central Bank of Armenia to reform outdated lease laws

Co-developed lease incentives for green assets (electric vehicles, solar equipment)

National lease registry with public data dashboards

The ALMM is expected to:

- Increase portfolio efficiency by 25% over three years
- Expand leasing coverage to rural SMEs by 40%
- Improve client satisfaction index by 20+ points
- Ensure convergence with global standards (IFRS 16, Basel III risk practices)

Table 7

Implementation Roadmap

<i>Stage</i>	<i>Timeline</i>	<i>Responsible parties</i>	<i>Key Deliverables</i>
Phase I	2025-2026	Leasing companies, IT firms	Digital platform prototypes, pilot testing
Phase II	2026-2027	CBA, Ministry of Finance	Legal reform proposals, registry draft law
Phase III	2027-2028	Donors, private sector	Green leasing packages, SME subsidy schemes

The proposed Armenian Leasing Management Model offers a sustainable and scalable path toward sectoral modernization. It represents not only a framework for improving management efficiency but also a strategic vision for Armenia's financial system to embrace innovation, resilience, and inclusion.

CONCLUSIONS. Over the period 2018–2024, Armenia's leasing market demonstrated strong portfolio growth, increasing from AMD 58.3 billion to a projected AMD 147.8 billion. Despite this expansion, the calculated management efficiency ratio remained relatively stable—hovering around 3.7% to 4.2%—highlighting a pressing need to improve profitability and operational effectiveness.

Key findings emphasize the importance of overcoming barriers such as limited financial literacy, outdated legal frameworks, and fragmented digital infrastructure—particularly in rural areas. The PESTEL analysis revealed a negative cumulative macro-environmental pressure (−0.50), with legal and economic factors exerting the most detrimental effects. At the same time, the SWOT analysis indicated a net positive strategic gap (+1.29), confirming the sector's potential for long-term development through targeted reforms.

To address these challenges, a tailored Armenian Leasing Management Model (ALMM) was proposed. This model integrates four core pillars: digital process automation, AI-based risk analysis, client-centered leasing strategies, and public-private policy collaboration. Its phased implementation is expected to increase efficiency, improve service accessibility, and align Armenia's leasing practices with international standards.

In conclusion, the future of leasing in Armenia depends on the sector's ability to modernize its management infrastructure, respond proactively to market dynamics, and leverage emerging opportunities—particularly in green finance and SME empowerment. The research offers a blueprint not only for institutional improvement but also for fostering inclusive financial growth across the country.

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