

The background features several overlapping geometric shapes in shades of orange and yellow. A large, dark orange triangle points from the top-left towards the center. To its right, there are several smaller, overlapping triangles and polygons in lighter orange and yellow tones, creating a layered, abstract composition.

How Lenderwize is
transforming
telecommunications financing
with Wiserefunding

“Wiserfunding gives us a complete and uniform tool for analysis that should be the industry standard. It blows away anything I’ve seen for credit reporting.”

Lawrence Gilioli, Founder & CFO



Lenderwize is a digital marketplace that enables small to medium telecommunication businesses to optimize cashflow through flexible invoice factoring. Many of these businesses face a crippling cashflow gap of 50 days or more: suppliers require payment within 7 days, but their own clients typically pay within 60 days. Lenderwize enables these companies to solve this problem by accessing on-demand loans from accredited investors using their receivable invoices as collateral.

The challenge

Invoice factoring for digital businesses is a new, fast growing asset class, and Lenderwize is scaling it to new investors and businesses. Not only does validating and securitising invoices require a highly reliable risk assessment tool, but the stakes are higher; investors don’t have historical experience with it, so the stakes for building trust are even higher than normal. Lenderwize needed a credit analytics tool that could accurately predict risk for their borrowers so they could rapidly screen new candidates, confidently maintain a profitable loan portfolio, and build trust in the digital marketplace amongst lenders and borrowers.

Objectives

Lenderwize needed a solution that:

- Generate fast, highly-accurate risk assessments for potential borrowers
- Reduce time-to-funding by streamlining applicant screening and credit scoring for risk committee review
- Build trust with key stakeholders and reduce the friction of portfolio reporting to Lenderwize’s investors and insurers

How it works

Automating client validations

When a customer applies to Lenderwize, their application must be validated via a number of different data points. First, Wiserfunding validates the customer's details against third party data, like Companies House. Once validated, Wiserfunding performs a risk assessment using the borrower's data to generate a series of risk ratings: the candidate's SME Z-score, Bond Rating Equivalent (BRE), Loss Given Default (LGD) and Probability of Default (PD).

Empowering the credit committee

Once the client's application has been validated, Lenderwize's internal system automatically generates a tentative decision with a pre-approved credit limit based on the candidate's SME Z-score. The tentative decision is passed to the credit committee with the candidate's full risk assessment provided by Wiserfunding.

Reporting to investors and key stakeholders

Lenderwize needs to transfer high amounts of working capital in order to make their model work, which entails regular reporting to their investors and insurers when new loans are originated. Before, the credit committee compiled a variety of risk assessments and added their own commentary to reconcile differences and justify the decision, and each reporting cycle required 14 days. Now, the team sends along the same report from Wiserfunding's portal that was used to make the credit decision and has reduced decision-making time to 3 days.

Results: Rapid, lean growth



Safe, profitable scaling

Lenderwize has processed €600mn in financing on their platform in the last 2 years with only 0.05% in defaults.



Rapid decisioning

Customers applying to Lenderwize face a cashflow crunch, and every day counts. Most borrowers would have limited financing by traditional banks, and would typically wait weeks to have a loan disbursed. With Wiserfunding, Lenderwize is able to give applicants a decision in under 48 hours, and approved customers can access their money within 96 hours of approval.



Lean operations

Lenderwize's entire operation is digital, and Wiserfunding has enabled them to automate 95% of their credit decisioning process using the new API-led platform. They have been able to process over €600mn on their platform while maintaining their headcount at 16 people, with only 3 dedicated credit employees – over €200mn processed per credit employee.



Cheaper, standardised data

Before Wiserfunding, Lenderwize would use 3 distinct credit reporting agencies to make their lending decisions, which increased both the costs of accessing and reconciling the data for their credit committee. Now, Lenderwize has been able to reduce the cost of analytics and the operational friction of interpreting conflicting data reports.



Trusting relationships

Building a digital lending marketplace for a new asset class comes down to gaining trust amongst borrowers, lenders, and importantly, investors alike. With a platform that delivers the greatest sector-specific accuracy built on 5+ decades of academic research, their partnership with Wiserfunding has built confidence with investors and lenders in the category's long-term viability. Since partnering with Wiserfunding, Lenderwize has raised €100mn from investors to continue scaling.