

Organic Growth: Intriva Capital

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by Jennifer Forrest



Often an overlooked aspect of value creation, organic growth is essential for materially improving companies' professionalism, geographical reach and product and service offering. Real Deals presents examples of organic growth success.

Lending Works

INTRIVA CAPITAL

Simon Finn, managing partner

Intriva acquired Lending Works in July 2020 as a peer-to-peer (P2P) lending platform focused on matching borrowers with retail investors. P2P lenders grew rapidly after the global financial crisis. But savers gradually become more cautious, meaning that funding dried up. The problem became so severe that by Q1 2020, Lending Works was forced to suspend new lending. We could see that the company had the potential to originate a consistent pipeline of new loans, but it was paralysed by funding constraints.

BUILDING THE TEAM

There was an opportunity to further strengthen the senior leadership team. We hired Jonathan Kramer as COO and head of a newly formed capital markets division. As President of Zopa, Kramer had

successfully diversified the P2P lender's funding base, raising capital via the institutional and wholesale markets.

We appointed a new board director and non-executive chairman of the capital markets division.

Intriva team members also joined the holding company board, enabling us to play a proactive role in developing and driving the new strategy. Other hires have included a new head of compliance in the capital markets division and several new roles in the analytics, data science and collections teams.

In addition, we have identified the need for a chief product officer to act as a connection between credit risk, loan pricing, marketing, customers, and partners. This is an important new role, and our search is well progressed. We plan to make further hires throughout 2021 to scale the business.

DIVERSIFICATION

Our first priority was to diversify the funding base. We recapitalised the business soon after acquiring it, and the funding base will be further diversified once we implement a warehouse line. This enabled the company to re-enter the lending market in Q1 2021. We have also started discussions for an on-balance sheet warehouse, with institutional business expected to come online during Q3 2021, subject to the necessary regulatory approvals. This will provide the deep and dependable source of funding that the company needs to thrive in future.

On the lending side, the company has a strong track record on price comparison websites, as well as the ability to implement white label partnerships with household financial services brands. We have been improving the customer journey and forging new partnerships to distribute loan products.

INTERNAL CHANGES

We took the time to develop the strategy, build operational resilience and reset the business to commence limited lending under updated credit frameworks.

We launched the capital markets division, hiring key roles within that team, as well as in risk and compliance. We also updated the company's technology roadmap with support from external specialists, to independently challenge and verify against the existing and future needs of the business.

Finally, we initiated a review of the brand, including defining the company's purpose and ensuring that all branding aligns with our target customer base.

In terms of external assistance, we brought in Hogan Lovells to help secure on-balance sheet lending permissions, and we expect them to provide longer-term legal, compliance and regulatory assistance as we scale.