



Challenger bank and Fintex Capital invest in ex-Lending Club CEO's venture

By Daniel Lanyon on 19th July 2018

Banco BNI Europa and Fintex will deploy money through Upgrade to lend to US consumers.



European challenger bank Banco BNI Europa and UK-based Fintex Capital have entered into a strategic partnership to invest in US marketplace lender Upgrade's consumer loans, according to a statement by the firm.

Upgrade is the new venture from Renaud Laplanche (*pictured*), the ex-CEO of Lending Club, the leading marketplace lender in the US. His departure two years ago followed allegations of impropriety and prompted something of an upset to the wider industry after a period of rapid growth, the biggest in the industry's decade long history.

Laplanche, speaking to AltFi in May of 2018 two years on from his departure from Lending Club said Upgrade represents his goal to try to create a "version 2.0 of the industry by learning from all the bad ideas I had in the first ten years".

"As you can imagine, after 10 years there's a lot of areas where you say to yourself, 'if I had to do this again I'd do it differently'," he said.

Clearly Banco BNI Europa and Fintex Capital agree - who are also joining more than a dozen of institutional investors - investing in the Upgrade platform.

Banco BNI Europa has committed an initial sum of \$30m. Banco BNI Europa has already invested in US consumer loans originated on platforms like Lending Club and Prosper through a third-party fund.

This loan purchase programme was implemented by Fintex Capital, which issued a bond to Banco BNI Europa backed by the portfolio and Fintex acts as asset manager for the underlying loans.

Pedro Pinto Coelho, executive chairman of Banco BNI Europa said: “We are pleased to increase our exposure to the US consumer lending market and particularly delighted to benefit from the expertise of Upgrade’s experienced team lead by Renaud Laplanche.”

“We consider Upgrade to be different from other consumer loan offerings in light of its focus on borrower free cashflow as a key metric. We’re also supportive of Upgrade’s credit education initiative, which provides much needed advice and assistance to US borrowers as to how they can improve their credit health.”