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Founder Insights _ a Q&A with Lendmarket CEO Alejandro Villalonga and Fintech Horizons' Berenice Caballero

by Berenice Caballero

Villalonga co-founded Madrid-based **Lendmarket** in July 2017. The company is building a secondary market for both non-bank and bank loans in Europe. Future versions of its platform will leverage blockchain to allow loan originators and investors in any country to connect. The interview has been condensed to fit an article format.

Can you provide an overview of what Lendmarket does?

Lendmarket is a secondary market for corporate debt. We connect originators of corporate loans with investors looking to purchase these loans or a portion of their credit rights.

How did you come up with the idea for Lendmarket?

The project launched in July 2017. The idea arose because we saw that Europe was building a primary market for non-bank debt and that this non-bank debt was an increasingly important source of corporate funding, which in turn necessitated the creation of a secondary market. Just as banks sell loan portfolios and reduce risk through syndication, non-bank debt originators need to rotate assets, distribute risk, and add investors to existing loans.

How much loan volume have you been a part of?

As a secondary market, we don't originate loans, but we have published loans worth \$40m euros and we are currently in the phase of commercializing them.

Do you keep any loans on your balance sheet?

Lendmarket is a pure intermediary. We tend to the sale of loans that have been originated outside of our platform.

Are you looking to raise venture capital?

Currently, we are in the accelerator program of ABANCA. This is for the purpose of a proof of concept with the bank, which could then allow us to do a second round that will help us grow in Spain. The eventual goal would be to consolidate the market and be a leader in the space.

Have you raised any funding thus far?

In April 2017, we did a first round of financing (\$300,000 euros) to cover initial start-up costs.

Do you expect at some point to consider an STO or ICO?

Regarding an STO, we are working with a Spanish agency to launch a \$5m euro STO via a loan title fund. Next year we want to launch another one from Switzerland of over \$100m euros.

Do you think your platform can help foster business growth in Spain?

Our value proposition, focused on debt originators, directly benefits small-to-medium sized enterprises, since we generate more support for the funds that finance SMEs, thus increasing an SME's chances of obtaining non-bank financing.

In what other countries will people be able to use your platform?

We are developing the platform using blockchain. This is done so debt originators and investors in any country will be able to use it.

What is your interest in forming partnerships with entities outside of Spain?

We would like to form partnerships in Mexico and Brazil to attract investment capital to support the secondary market for European corporate loans.

What is it like to be part of Spain's growing Fintech community?

In order to be a leader, you need to surround yourself with the best, and that is what we are doing. Our vision is to create a secondary market throughout Europe for bank and non-bank debt.

How do startups fit into this model?

They fit from the standpoint of venture debt. Thanks to asset rotation, investors can improve their IRR (via opening commission) and bet on other startups.

What new features are in the works?

We are developing all processes using blockchain, via ERC 721 (non-fungible tokens), in order to tokenize the loans. This will be done to reduce risk, improve traceability and transparency, and lower costs. Ultimately, this will translate into cheaper loans, which will allow both established SMEs and startups to become more competitive.

What are your most important goals for 2019?

Our goal is to help move loans with a volume of more than 100m euros in 2019 and to start also marketing loans originated by banks. Our vision is to build a secondary market for corporate loans throughout Europe, for banks and non-banks alike.

Do you already feel pride having started Lendmarket?

The entrepreneurial spirit is key to develop disruptive business models that foster greater productivity.

Our team was formed by professionals with experience in Fintech and banking, such as Rodrigo Imaz, Antonio Moreno, Alberto Ibañez and me. Our group understands that to "innovate you have to take risks and it is necessary to leave your comfort zone."

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