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— **Exclusive**

Fintech lender raises \$8m and banks on Prospa IPO boost

Yolanda Redrup *Reporter*



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Prospa rival Lumi is banking on a growth spurt when its competitor in the non-bank small business lender market lists on the ASX in coming weeks, saying a new \$8 million equity funding round will help it become a major player in the next year.

Founded by Yanir Yakutiel, the former chief executive of another SME lender called Sail, Lumi [closed a \\$31.5 million capital raise \(debt and equity\) in November last year](#).



Lumi chief executive Yanir Yakutieli says more small businesses are looking to alternative lenders for loans. **Supplied**

The latest capital injection was led and managed by the Melbourne-based Josh Liberman Investment Group, with participation from unnamed local family offices.

Mr Yakutieli said the company had raised capital again because it needed to take advantage of a market where anti-bank sentiment favoured new players.

"The business is growing phenomenally fast and we've exceeded our growth expectation," he said.

"The outcomes of the Hayne royal commission have been favourable to us as a sector and there's been increased demand from historically bankable customers."

Lumi offers loans of between \$5000 and \$100,000 for up to 12 months to businesses that have a gross annual turnover of at least \$50,000, and have been operating for a minimum of six months.

Mr Yakutieli would not reveal how many loans had been originated by Lumi, nor its monthly average, but said it had double-digit month-on-month growth since launching.

IPO impact

He said he was also expecting a boost to the company's profile thanks to the prominence of Prospa's long-awaited IPO.

Having originally tried to float in 2018, Prospa would have hit the exchange with a \$576 million market capitalisation. However, it dramatically [called off its IPO](#) 15 minutes before the bell, following queries from the Australian Securities and Investments Commission in an industry-wide review.

Lumi chief executive Yanir Yakutiel wants his business to be the second biggest player in the market in 12-15 months. **Supplied**

Street Talk reported it is now preparing to go public on June 11 with a valuation of \$610 million.

"The idea of having the market leader be a public company will be beneficial for the sector as a whole as it gives it a lot more credibility," Mr Yakutiel said.

Prospa and Lumi are just two rivals in an increasingly competitive field, with others in the market including Capify, GetCapital, Moula, OnDeck and Spotcap.

Mr Yakutiel said there would be space for multiple players, but ultimately only a few were likely to become big businesses.

"It's hard to put a number on how many players there will be and there's a long tail of participants," he said.

"But in a market the size of Australia, there will be three or four large players, another three to four second-tier players and then a bunch of smaller players that don't have scale."

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While the company is still a fledgling, Mr Yakutiel said it could become the second largest player behind Prospa in 12-15 months.

"To do this we're talking about \$30-40 million a month in loan originations," he said.

"What we're doing now in terms of the loans is just one step in a long roadmap of what we want to achieve."

Lumi intends to expand beyond SME lending and has flagged plans to raise another round of debt and equity capital early next year to help fund its product development.

One of its first areas for expansion will be invoice factoring – a financial product Mr Yakutiel believes is under-utilised in Australia compared to other geographies.



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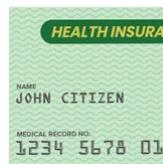
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