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The fall of Greensill and the future of supply chain finance

Greensill was formed on the simple belief that access to working capital should be easier, better priced and more readily available.

Legal notice, Greensill.com

In March 2021, Greensill Capital, the UK-based leading supply chain financing provider, with 16 offices across the world, filed for insolvency; its Germany-based bank closed by regulators. Less than two years earlier, Greensill had received a $1.5 billion investment from SoftBank's Vision Fund, valuing the company at $3.5 billion. By 2020, the company was targeting a $7 billion valuation[1] with a potential IPO. Supply chain finance was a centuries-old method that enabled companies to better manage their working capital. Greensill had ridden the wave of technological advances to bring supply chain finance into the 21st century, but it had spectacularly failed. The repercussions of this failure touched SoftBank, Credit Suisse and the steel empire of Sanjeev Gupta, and stretched across the globe, potentially putting tens of thousands of jobs at risk. The failure also revealed one of the biggest lobbying scandals to hit the UK Government. **What caused the epic fall of Greensill? And how would it affect the future of supply chain finance?**

Brief history of Greensill

Lex Greensill founded Greensill Capital in 2011 with the goal of solving the trade-finance problem that small and medium companies experienced: waiting for long periods to receive payment for their goods and services – a problem he had experienced first-hand. Growing up on a sugar cane and melon farm in Queensland, Australia, he experienced his parents' endless financial struggles. As he put it, "Being a farmer is a terrible working-capital trade – it's always boom or it's bust". These small/medium businesses found that banks were reluctant to offer financing to them, preferring to offer loans only to large firms and their suppliers.[2] Greensill could not afford to go to university and studied law through a correspondence course. In 1999, he lost $160,000 in a start-up that tried to use the internet for supply chain finance.[3] In 2001, aged 24, he moved to the UK to study for an MBA and four years later started working for Morgan Stanley, which was expanding into supply chain finance.

At Morgan Stanley, Greensill would meet influential bankers and investors, and businessmen such as Jeremy Heywood. Heywood had previously been private secretary to UK Prime Ministers Tony Blair and Gordon Brown. He would return to Whitehall to become the most senior civil servant under Prime Ministers David Cameron and Theresa May.[4] Greensill left Morgan Stanley in 2009 to join Citigroup, taking a senior role in its supply chain finance business. Two years later, in November 2011, Greensill set up Greensill Capital. In January

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