PASTBEHAVIOR FIELDWORK 047

When Repayment Moves Into the Future

Two companies bought the same thing and got opposite results. Studying that gap across fifteen cases turned up a change that almost nobody watches for: the moment a business stops being repaid by money that already exists and starts being repaid by something that still has to happen.

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TODAY

Existing cash flow

The money is already there.

↓

TOMORROW

Future money

or

Future price

Something still has to happen.

Greensill Capital financed future receivables. So does Shopify.

That is not a loose comparison. It is Shopify's own description in its filings with the US Securities and Exchange Commission, where the company explains that it applies underwriting criteria before purchasing the eligible merchant's future receivables at a discount, after which the merchant remits a fixed percentage of daily sales until the balance is repaid.

Greensill collapsed in March 2021. Shopify Capital has operated since 2016 and is still writing business. Two companies, the same instrument name, described in almost the same words, and outcomes with nothing in common.

The difference is not that one had better analysts. It is that Shopify owns the till.

When a merchant using Shopify makes a sale, Shopify is the company processing that sale. It withholds its agreed percentage before the merchant's money reaches the merchant. Nobody has to write a check, remember a due date, or decide to pay. The sale happened, Shopify watched it happen, and Shopify held the money on its way past. If the merchant has a quiet week, Shopify takes less. If the merchant sells nothing on a given day, Shopify takes nothing.

Greensill started somewhere similar and moved somewhere very different. Its original business was straightforward. A supplier delivers goods, sends an invoice, and waits sixty days to be paid. Greensill would pay the supplier today and collect from the buyer later. The invoice existed. The goods had shipped. Somebody genuinely owed the money.

What Greensill grew into was financing against invoices that had not been issued for sales that had not been made. The clearest account came from Bluestone Resources, a mining company that sued Greensill after the collapse and said its program was based predominantly on receivables that had not yet been generated, and that the approved list of paying customers was not limited to Bluestone's actual customers but extended to companies that were not, and might never become, customers at all. That list, according to the filing, was compiled by Greensill.

SHOPIFY

Sale already happened

Money exists

Repayment passes through Shopify

Sale still has to happen

Money does not exist yet

Repayment depends on tomorrow

The industry's own view afterward was that this product sat beyond the risk appetite of the wider trade finance market. What made it possible was insurance, roughly $4.6bn of it. When the underwriter declined to renew, Credit Suisse froze around $10bn of funds and the company was gone inside weeks. Switzerland's financial regulator later concluded that Credit Suisse had seriously breached its supervisory obligations in the affair, singling out the future receivables practice specifically.

Both companies bought something called a future receivable. In one case the sale had already happened and the buyer simply had not paid yet. In the other, the sale itself was the future part.

That gap is the subject of this study. We looked at fifteen cases across property lending, supply chain finance, consumer credit, solar finance and specialty lending, going back to the early 2000s, and the same change kept appearing. It is not that the businesses started taking more risk, although some did. It is that the answer to a simple question changed underneath them, usually without the product name, the pricing or the paperwork changing to match.

The question is:

what actually pays this back?

The half-built building

Lendy was a British property lender funded by ordinary people investing small amounts online. It started with bridging loans, which are short loans against a building that already exists. Somebody owns a property, needs cash quickly, borrows against it, and repays when they sell or refinance. If it goes wrong, there is a building to sell.

Lendy then moved heavily into development finance, which is lending to build something that does not exist yet. The company explained the difference on its own help pages with unusual clarity. For a bridging loan, the loan is measured against the current value of the security when the loan is made. For a development loan, it is measured against the value the site will have once the project is finished.

Read that twice. The security for the second loan is a building that has not been built.

Development lending is a normal and useful business, and plenty of firms do it well. But it comes with a feature that bridging does not have. A finished building can be sold. A half-finished building is worth less than the land plus the money already spent on it, and turning it into something saleable requires more money to arrive. That money usually arrives in stages, as the project passes milestones.

So the whole structure rests on a question nobody at Lendy appears to have asked loudly enough. What happens if the next money does not come?

It did not come. The administrators' report set out the sequence. From early 2017 the number of problem loans rose, investors lost confidence, and money coming onto the platform fell from £15m in the first quarter of 2017 to £5m in the fourth. The decline meant Lendy could not fully finance many of the development loans it had already committed to, which left borrowers unable to build out their schemes, which produced part-built sites worth far less than their projected finished value, which produced losses, which reduced confidence further.

Notice what is not in that chain. It does not begin with bad borrowers. It begins with money that could leave, attached to buildings that could not be finished without it. When Lendy entered administration in May 2019 after action by the Financial Conduct Authority, it had 25 live development loans with £116m outstanding against sites given a projected finished value of £265m, many of them only partly built and worth considerably less than those projections implied.

Now hold Lendy next to two firms doing similar lending in the same country under the same regulator in the same years.

LendInvest wrote bridging and development finance too. It closed its retail investment platform and rebuilt its funding around institutional mandates, bank facilities, listed bonds and annual securitization. By its most recent financial year it reported over £9bn lent since inception and record annual originations of £1.44bn. Same assets. Different money behind them.

Assetz Capital is the more revealing case, because the company said the quiet part out loud. In December 2022, facing rising interest rates that made bank savings accounts more attractive, Assetz saw modest outflows from its retail accounts and decided to close the retail platform permanently and fund entirely from institutions. The detail that matters is what it did on the way out. The company confirmed its access accounts would remain gated to ensure all loans committed, but not yet fully funded through retail investor capital, are concluded as planned. It was already roughly 80% funded by institutional money, so it could afford to lose the rest.

ASSETZ CAPITAL, DECEMBER 2022

> “remain gated to ensure all loans committed, but not yet fully funded through retail investor capital, are concluded as planned”

Yesterday's commitments still required tomorrow's money.

In plain terms, Assetz would not let today's investors take their money out while yesterday's promises still needed it. That is the exact problem that destroyed Lendy, recognized in advance and closed off.

So the first version of the pattern looks like this. If repayment depends on more money arriving later, the thing to understand is not the borrower's credit. It is whether the money can stop coming, and who gets to decide that.

FUTURE PRICE

The other kind of future

Now change the setting completely.

A taxi medallion is a license to operate a cab. Cities cap the number issued, which makes the license itself scarce, which makes it worth something independent of the taxi bolted to it. In New York, medallion prices climbed to roughly $1.3m. In Chicago they went from about $50,000 in 2003 to roughly $370,000 by 2013, according to Medallion Financial's own annual report.

Lenders would advance up to 90% of a medallion's value, and this was widely regarded as low risk because the market functioned as the equivalent of a regulated monopoly, with limited supply and almost no competitive threat. Banks and credit unions built substantial businesses on it, and for years the loans performed. The US credit union regulator notes that until 2014, values were generally stable or rising and delinquency rates were low.

Here is the part that is easy to miss.

SAME RATIO

EARLIER		LATER
90%	→	**90%**
of **$200k**		of **$1.3m**

The taxi did not earn six times more.

A loan of 90% against a $200,000 medallion could plausibly be serviced from what a taxi earns. The driver works, the fares come in, the debt amortizes. The medallion is there as protection if things go wrong.

A loan of 90% against a $1.3m medallion is a different animal wearing the same collar. The taxi did not start earning six times as much. Nothing about the daily business changed. What changed is that the loan could no longer plausibly be repaid out of what the cab earned. It could only be repaid by the medallion still being worth something like $1.3m when the time came to sell or refinance it.

The loan-to-value ratio stayed roughly constant the whole way up, which is precisely why nobody noticed. A stable ratio against a number that has risen sixfold is not a stable risk. It is a completely different loan with the same label.

A stable ratio against a number that has risen sixfold is not a stable risk.

When ride-hailing apps arrived, the scarcity that the whole structure rested on evaporated. Chicago medallions that had touched $370,000 were worth about $25,000 by the end of 2019, or $19,500 after the costs of selling them. Medallion Financial's own filing puts the weighted average loan-to-value across its medallion book at approximately 190% at that date, meaning the debts were nearly twice what the collateral could fetch. The company had stopped writing new medallion loans in July 2015.

Some lenders did not survive it. Melrose Credit Union held about $1.5bn of assets and watched delinquent loans rise fivefold in two years to $670m before being wound up. Montauk Credit Union was seized by state regulators.

These were credit unions and banks, funded by insured deposits. That is the most stable money any lender can have. Depositors do not get to demand their savings back on a whim, the government guarantees them, and there is no fund manager who can decide overnight to stop buying. The funding was not the problem, and having good funding did not help.

Repayment had moved into the future here too. But the missing piece was not more money. It was a price.

SAME PATTERN, BIGGER SCALE

The same mistake at a hundred times the size

Countrywide Financial was the largest mortgage lender in America. Among the products it pushed hardest in the middle of the 2000s was the pay-option mortgage, which let borrowers choose each month how much to pay, including an amount so small that the shortfall was added to the loan. The balance owed could grow rather than shrink.

A mortgage like that is not really repaid by the borrower's income. It is repaid when the borrower eventually refinances or sells, and both of those depend on the house being worth enough at the time. If house prices keep rising, the arrangement works and everyone is pleased. If prices stop rising, there is nothing to refinance into.

RETAINED ON THE BALANCE SHEET

$4.7bn → $32.7bn

Pay-option mortgages retained on Countrywide's books, 2004 to 2006.

The volume was not small. Countrywide's own monthly disclosures show it funding $8.6bn of pay-option loans in July 2005 alone, and $95bn across the full year. What matters more is how much it kept. The pay-option mortgages Countrywide held on its own books grew from roughly $4.7bn at the end of 2004 to $32.7bn at the end of 2006. Angelo Mozilo, who ran the company, wrote in an email later surfaced in litigation that they had no way, with any reasonable certainty, to assess the real risk of holding these loans.

He wrote that while the position was growing sevenfold.

Countrywide had funding that most lenders can only envy. It owned a federally chartered savings bank with deposits and access to government-sponsored borrowing, and it had a standby credit line from forty banks. In August 2007 it announced it would move nearly all its lending into the bank so it could rely less on capital markets, and it drew the entire $11.5bn line at the same time. None of it worked. The company was sold to Bank of America the following year for a fraction of what it had been worth.

A house in California and a taxi license in Chicago have nothing whatsoever in common. The mistake underneath them was the same one. In both cases the loan had stopped depending on what the asset earned and started depending on what somebody would pay for it later, and in both cases the paperwork carried on looking familiar while that happened.

WHAT DURABLE FUNDING CAN AND CANNOT DO

Locking the doors does not fix the room

At this point a sensible reader reaches for an obvious solution. If the danger is money leaving, stop letting it leave.

Behringer Harvard REIT I is the reason that answer is incomplete. It was a property fund that raised roughly $2.9bn from ordinary American investors between 2003 and 2008 and was never listed on any exchange, so there was no market to sell into. In March 2009 it suspended almost all redemptions. In December 2012 it suspended them entirely, including for death and disability, along with the distributions it had been paying.

Investors were locked in about as completely as it is possible to be locked in. Nobody could run, and nobody did.

The money could not leave. The value still did.

Shares originally sold at $10 were revalued to $4.25 in 2010, then to $4.01 at the end of 2012, while such trades as occurred in the informal secondary market ran well below that. When the vehicle finally listed in 2015 under a new name, investors received roughly a third of what they had put in, before counting the distributions they had collected along the way. Analysis by Securities Litigation and Consulting Group, a firm that works on non-traded fund disputes and therefore has its own view of them, puts investor principal losses in the region of $1.4bn, and makes the point that American commercial property overall had recovered strongly during the same period.

The lock held for six years and the value went anyway. Preventing a run is not the same thing as preventing a loss. There is a further possibility that our cases suggest without proving, which is that when nobody can force the issue early, a weak position can simply sit there getting bigger for longer.

WHAT HISTORY SHOWS

What history actually shows

Two versions of one change, and they need different questions.

FUTURE MONEY

Repayment depends on money that has not arrived yet.

ASK

Can the transaction still finish if the next money stops?

EXAMPLES

Lendy · Greensill

FUTURE PRICE

Repayment depends on a price that has not been realized yet.

ASK

Could this repay if the asset price never rose?

EXAMPLES

Taxi medallions · Countrywide

Sometimes repayment starts depending on **money that has not arrived yet**. The building needs another draw. The receivable needs a sale that has not been made. The installation needs its next milestone payment. Lendy and Greensill both sat here. The question that matters is whether the transaction can still be completed if the next money stops, and Assetz answered it by refusing to let its investors leave until existing commitments were seen through.

Sometimes repayment starts depending on **a price that has not been realized yet**. The taxi medallion, the Californian house. Here the funding question is beside the point. Insured deposits did not save the medallion lenders and a bank charter did not save Countrywide. The question is whether the borrower could repay if the asset never became worth more than it is today.

In every case, the wrapper stayed still while the substance moved. Lendy's development loans paid roughly the same monthly rate as its bridging loans. Greensill's prospective receivables were governed by the same contractual definition as real ones. Medallion lenders held their lending ratios constant while the denominator rose sixfold. The price of the risk did not move, because from the outside the transaction still looked like the transaction it used to be.

COUNTEREXAMPLE

The case that limits all of this

None of the above says that moving repayment into the future is a mistake. Mosaic is the reason to be careful.

Mosaic began in 2010 as a solar crowdfunding platform letting small investors put money into commercial solar projects. In 2014 it changed nearly everything at once. It moved to lending directly to homeowners for rooftop solar, over terms of twenty years and more, funded not by its crowd but by warehouse facilities from banks and institutional capital. New borrower, new duration, new collateral, new money behind it.

It worked for eleven years. Mosaic became one of the largest residential solar lenders in the United States, financing billions of dollars of installations. When it eventually filed for bankruptcy in June 2025, the cause was not the transition it had made in 2014. It was that borrowing costs rose, residential solar installations fell sharply, and the margin between what it paid for money and what it charged for it disappeared.

Doing the transition properly bought Mosaic a decade. It did not buy immunity, and the funding structure that carried it through the change was the same one that eventually became too expensive. What we are describing is a signal worth stopping for, not a law that determines outcomes.

One more caution, on the other side. Shopify and Square both appear here as examples of a structure that works, and both have operated and grown for years through a pandemic and a sharp rise in interest rates. Neither publishes the loss rates on these products in a form we could check. Continued operation at scale is real evidence and it is not the same as proven credit performance, and we are not claiming the second.

WHAT FOLLOWS

What this predicts

If the pattern holds, four things follow.

01

The change may not show up in the metric everyone is watching.

The most dangerous changes will not look dangerous in the numbers people usually watch. The product name may not change. The pricing may not change. The lending ratio may not change, and in the medallion case its stability was the whole problem. What changed was what had to happen before the money came back.

02

Trouble appears in funding and completion before it appears in defaults.

Where repayment has moved toward future capital, trouble should show up first in funding and completion rather than in defaults. Watch for delayed draws, stalled projects, commitments the business cannot fully fund, refinancings that do not close, and money leaving faster than it arrives. Lendy's inflows fell a full two years before the administrators walked in.

03

Durable funding can keep the business looking healthy for longer.

Where repayment has moved toward a future price, durable funding can make the business look healthier for longer. The warning sign is not in the funding at all. It is in the growing distance between what the asset earns each year and what it would have to be worth for the numbers to work.

04

The most informative disclosure is the least glamorous one.

And the most informative disclosure is likely to be the least glamorous one. Not the headline rate, not the risk grade, but the section describing what the money is for and where repayment is expected to come from. What has to happen after today's money goes out, before today's money can come back?

THE FIELDWORK TEST

Six questions

These are worth asking about a new product, a new customer segment, an acquisition, a financing structure, or a business moving up or down its own supply chain.

01

What actually repays this?

Make someone name the cash. Not the collateral, not the valuation, not the projected exit. The cash.

02

Does that cash exist today?

If it does not, establish precisely what has to happen first, and get it stated in one sentence by someone who will still be there when it is supposed to happen.

03

Is the missing piece money or price?

This decides what to look at next, and the two failures behave nothing like each other.

04

If it is money, who can decide to stop providing it?

Ask what happens tomorrow if that party says no. Then ask whether the answer is written down anywhere or merely assumed.

05

If it is price, could this still repay with the asset's price flat?

If the answer is no, that assumption is now the whole investment, and it should be discussed as such rather than sitting silently inside a spreadsheet.

06

Has the answer to the first question changed while everything else stayed the same?

This is the one worth writing on a wall. Every case in this study involved a transaction whose label, pricing and structure looked familiar while the thing responsible for repayment had quietly moved.

An earlier study in this series, Fieldwork 016, looked at what happens when a company does more of the same transaction, and found that the machinery for handling the work tends to arrive after the work does. This one is about a different moment. When the transaction itself changes, the question stops being whether the company can process the volume and becomes what now has to happen for the money to come back.

Businesses notice when they launch a product. They notice when the price moves and when the customer changes. The harder thing to see is the day the answer to "what pays us back" quietly becomes something that has not happened yet, while the invoice, the loan agreement and the monthly report all carry on looking the way they always did.

That is the day worth stopping for.

Fieldwork 047. Fifteen cases examined across property lending, supply chain finance, consumer and specialty credit, and solar finance, from 2003 to 2026. Sources are linked in the text. This study is concentrated in property and financial intermediaries, and how far the pattern extends beyond them is not established here.