Change Management – The Price Of Getting It Wrong

Small Fintech Edition — Why A Six-Year-Old Warning Is Still A Live Risk

A Charterhouse Consultants white paper by Bridget Convey, August 2025.

Executive Summary

This paper makes one claim, applied to small, high-growth fintech specifically. A governance warning raised early in a company's life does not expire simply because the company keeps growing. Stenn Technologies, a London-based invoice financing fintech once valued at 900 million dollars and backed by Barclays, Citigroup, and US private equity firm Centerbridge Partners, collapsed into administration in December 2024. Its auditor, Ernst & Young, had resigned in 2018, six years earlier, explicitly citing concerns about certain related party transactions and the inadequacy of management's explanations. That warning was never publicly acted on with the seriousness it warranted. Two hundred employees lost their jobs when the company finally collapsed, following revelations that some of its largest clients may not have been genuine businesses at all.

The Premise: The Gap Is The Danger, Not The Growth Itself

Stenn's core business model, using technology and data-driven risk assessment to provide fast invoice financing to small and medium-sized businesses globally, was genuinely innovative and had attracted serious institutional backing. Founded in 2015, the company grew to a 900 million dollar valuation by 2022, secured partnerships with major global banks, and was named among the top 250 fintechs globally as recently as mid-2024. None of that scale of external validation caught what its own auditor had flagged six years earlier. When EY resigned in 2018, citing specific concerns about related party transactions and inadequate management explanations, that was change governance functioning exactly as intended: an independent party identifying a risk and escalating it. What failed afterward was everything that should have happened next, and did not.

This is the mechanism this paper is built on, at the smallest and fastest-growing end of fintech specifically. A small company scaling quickly has, almost by definition, less mature internal governance than a larger, more established one. That is not unusual, and it is not itself disqualifying. What made Stenn's case a genuine failure was that an external, independent warning was raised early, in 2018, while the company was still small enough that a genuine governance overhaul would have been comparatively straightforward, and the company instead continued scaling for six more years without publicly addressing the concerns that had prompted its auditor to walk away entirely.

What Six Years Of An Unaddressed Warning Actually Cost

The collapse, when it finally came, was rapid and total. HSBC Innovation Bank, one of Stenn's lenders, applied to London's High Court to place two of the company's UK operating entities into administration on 4 December 2024, after its own investigation into potentially suspicious transactions was triggered by a passing reference to Stenn in a US criminal indictment concerning an alleged Russian money laundering scheme. Investigation subsequently found Stenn had received numerous payments from entities with names similar to well-known global companies, but with no actual connection to them, alongside further suspicious transaction patterns involving customers in Taiwan and Japan. The company's founder and CEO, Greg Karpovsky, left the country under uncertain circumstances shortly before the collapse became public, with his location unknown even to his own employees.

The human and financial cost was immediate. Two hundred employees were made redundant as part of the administration process, with 44 retained solely to assist administrators in unwinding the business. Approximately 119 million dollars in outstanding receivables remained to be collected as of the administration date, with major backers including Barclays and Citigroup facing exposure to a business built substantially on relationships and transaction patterns that had, in HSBC's own words to the court, no genuine underlying substance. The specific detail that compounds this paper's core argument: Karpovsky had previously founded a Russian invoice financing firm, Eurokommerz, that defaulted and went insolvent in 2008 amid its own fraud allegations, a documented prior pattern that existed and was discoverable years before Stenn's investors and banking partners committed capital to his second venture.

The Evidence: Warnings At Small Scale Are Cheap To Act On And Expensive To Ignore

The Cost Of Investigation Rises Every Year A Warning Goes Unaddressed

The specific arithmetic of Stenn's case illustrates a principle this paper series has referenced before: the cost of investigating and correcting a governance concern rises sharply the longer it is deferred. In 2018, Stenn was a smaller, earlier-stage business, and a genuine governance response to its auditor's resignation, independent investigation, leadership change if warranted, rebuilt controls around related party transactions, would have been a materially smaller undertaking than unwinding a 900 million dollar, globally operating fintech six years later, after major banks and private equity investors had already committed capital on the strength of the company's unaddressed track record.

Related-Party And Key Hire Governance Deserves Specific Scrutiny At Small Scale

A further governance detail from Stenn's collapse deserves direct attention: shortly after a related UK fintech, Silverbird Global, entered its own insolvency proceedings in 2024 over links to Russian fraud schemes, Silverbird's own CEO joined Stenn as Chief Client Officer. A hiring decision of this kind, bringing in a senior leader directly from a company that had just collapsed under comparable fraud-related circumstances, is precisely the kind of change event that robust governance should flag and scrutinise explicitly, rather than treating as a routine leadership appointment.

Small Fintech In Three Horizons: The Gap Closes Or It Does Not?

Two Years: 2026 To 2028

What happens everywhere: small, high-growth fintechs continue raising institutional capital and forming banking partnerships at a pace that often outstrips the maturity of their internal governance.

- Thrive path. Founders and boards treat any auditor resignation or departure, regardless of company size, as an automatic trigger for independent investigation and public disclosure, rather than a private matter to be quietly managed.
- Die path. Small fintechs continue treating early governance warnings as growing pains to be outgrown rather than genuine risk signals, and a comparable multi-year gap between an early red flag and eventual collapse recurs at another venture-backed firm.

Five Years: 2028 To 2031

What happens everywhere: institutional investors and banking partners, having seen the Stenn pattern play out publicly, increasingly build governance history and related-party screening into their own due diligence for small fintech investment and partnership decisions.

- Thrive path. Small fintechs that build genuine, independently verifiable governance from an early stage find it materially easier to secure institutional capital and banking partnerships, converting early governance investment into a real competitive advantage.
- Die path. Small fintechs that treat governance as a later-stage concern find institutional capital increasingly difficult to access as investors apply the lessons of Stenn's collapse more rigorously to their own screening processes.

Ten Years: 2031 To 2036

What happens everywhere: the small fintech sector's overall governance maturity either improves structurally, reducing the frequency of collapses of this kind, or the underlying pattern persists across a new generation of high-growth ventures.

- Thrive path. Early auditor and governance warnings become a standard, actively monitored signal across the sector, closing the specific six-year gap that allowed Stenn's known concerns to persist undetected by its eventual investors and banking partners.
- Die path. The sector continues prioritising growth velocity over governance maturity at the small-company stage, and a comparable collapse, driven by an early, unaddressed warning, recurs with a new company and a new set of investors learning the same lesson for the first time.

What I Am Recommending To Small Fintech Founders And Boards

- Treat any auditor resignation, however it is characterised publicly, as a mandatory trigger for independent investigation and full disclosure to the board and key stakeholders, not a private matter to be managed quietly and moved past.
- Build related-party transaction screening into standard governance from the earliest practical stage, given that this specific weakness was the stated reason for Stenn's original 2018 auditor resignation.
- Apply the same background scrutiny to senior hires that a genuine investment due diligence process would apply to a funding round, particularly where a candidate is joining directly from a company that has itself recently collapsed under comparable circumstances.

Conclusion

Stenn's collapse did not happen without warning. It happened six years after the warning, once the company had grown large enough, and attracted enough institutional capital and banking relationships, that the eventual reckoning affected far more people and far more money than it would have in 2018. Two hundred employees lost their jobs. Major global banks face exposure to relationships built on transactions that, according to HSBC's own submissions to the High Court, appear to have had no genuine substance. For small, fast-growing fintechs, the lesson from Stenn is specific and actionable: a governance warning raised while the company is still small is the cheapest version of that warning the business will ever receive. The cost only grows from there, and it grows every year the warning goes unaddressed.

Sources: Finextra, Cobalt Intelligence, Bobsguide, AML Intelligence, PYMNTS, Flexi-News, Comsure Group, Financial Institutions News (Interpath Advisory administrators' updates). All figures current as of mid-2026, verified at time of writing. This is a first draft prepared for internal discussion.