

Standardizing project finance:

The path to market scale



Executive summary

A fundamental challenge threatens the growth trajectory of renewable energy project finance.

Despite substantial capital availability – global renewable energy investments reached \$728B in 2024 – the industry faces a critical bottleneck: a lack of standardization. Today's fragmented market is made up of lenders that evaluate projects according to their own unique metrics and methods. The result is a market that struggles to deploy capital efficiently and scale effectively.

This standardization gap manifests in real-world constraints. Organizations with ambitious growth targets are slowed down by manual, inconsistent processes that aren't optimized for scale – creating a perception of increased risk and deterring potential funders. Digital transformation offers a solution pathway. Implementing purpose-built software to standardize practices helps to foster ecosystem-wide collaboration with a common language, and ultimately helps create a healthy financial market for renewable energy assets.

The current state of project finance

Breaking down the silos

The project finance landscape for renewable energy is operating in silos rather than as a cohesive ecosystem. Most lenders have created their own unique evaluation processes, with disparate metrics and methodologies that make market-wide comparisons challenging to measure. The market needs a universally recognized rating system – think of it as a FICO score for renewable energy – that can quickly and accurately communicate project quality and risk.

Current tech infrastructure perpetuates this fragmentation. Basic tools like spreadsheets and generalized software dominate, and many organizations lack centralized software systems. This fragmentation creates operational hurdles, where information silos compound the already challenging task of evaluating and funding quality projects.

The dependence on basic tools and manual processes creates measurable inefficiencies. According to the latest [market research from Banyan Infrastructure](#), **30% of lenders spend at least five hours weekly on origination and underwriting tasks**, with another 25% dedicating similar time to compliance management and reporting. For organizations juggling multiple deals, these administrative burdens compound rapidly, significantly driving up overhead costs and limiting scalability.

“ Without a central platform to manage our projects, it's tough to streamline our data collection and portfolio management processes... **We needed a solution that could hold all of our deal details in one place** so that all of our models, reporting, and obligation management could pull from that single source, keeping all our reporting consistent and standard across the board.

- Kyle Nesselbush
Senior Associate, Advantage Capital

Information silos also create significant operational vulnerabilities. When critical data is siloed within individual spreadsheets, organizations become exposed to disruption and struggle to scale operations effectively. This dependency on individual knowledge holders creates business continuity risks and limits collaborative potential.

These challenges are particularly acute with smaller distributed energy projects that require similar due diligence to large-scale investments but with smaller ticket sizes. Without standardization, the overhead costs make smaller projects difficult to finance despite their importance to the energy transition.

The value of standardization for lenders

01. Improve deal efficiency

Standardization can dramatically improve efficiency and deal velocity for project finance organizations. For example, SMBC Bank achieved a **40% improvement in origination processes after implementing consistent methodologies.**

This systematic approach also unlocks greater portfolio diversification and expansion opportunities. Organizations with streamlined, consistent workflows can handle more deals without proportional headcount increases, creating operational leverage that supports scale.

02. Strengthen risk management

Beyond efficiency, standardization strengthens risk management through consistent baseline metrics and pattern recognition. When organizations evaluate projects consistently, they can quickly identify non-viable opportunities and focus resources on the most promising investments.

This standardized approach extends to operational monitoring, where real-time data integration enables proactive risk management of live assets. Compliance issues or production anomalies trigger automated alerts, allowing risk teams to respond swiftly to metrics that deviate from established parameters, further enhancing portfolio oversight and performance.

“*Technology extends our reach. We're a small team, and Banyan Infrastructure functions as an extension of our technology department, providing expertise and solutions we couldn't afford in-house.*”

Damon Burns, CEO, Finance New Orleans

03. Streamline compliance management and reporting

Standardization also transforms compliance management and reporting – critical pain points in the project finance workflow. Financial institutions engaged in renewable energy investments typically face substantial compliance and reporting costs that can range from millions to tens of millions of dollars in operational overhead.

Implementing standardized software solutions can significantly reduce this burden through templated reporting, digital record management, and centralized data repositories that serve multiple stakeholders throughout the program lifecycle. This streamlined approach cuts costs, improves data accuracy, and reduces compliance risks.

With digital transformation, project financiers can **lower overhead costs, save time** throughout the life cycle of an asset, and **create long-term business resiliency**.

BEFORE

High volume of data and cumbersome, inefficient processes are hindering growth.

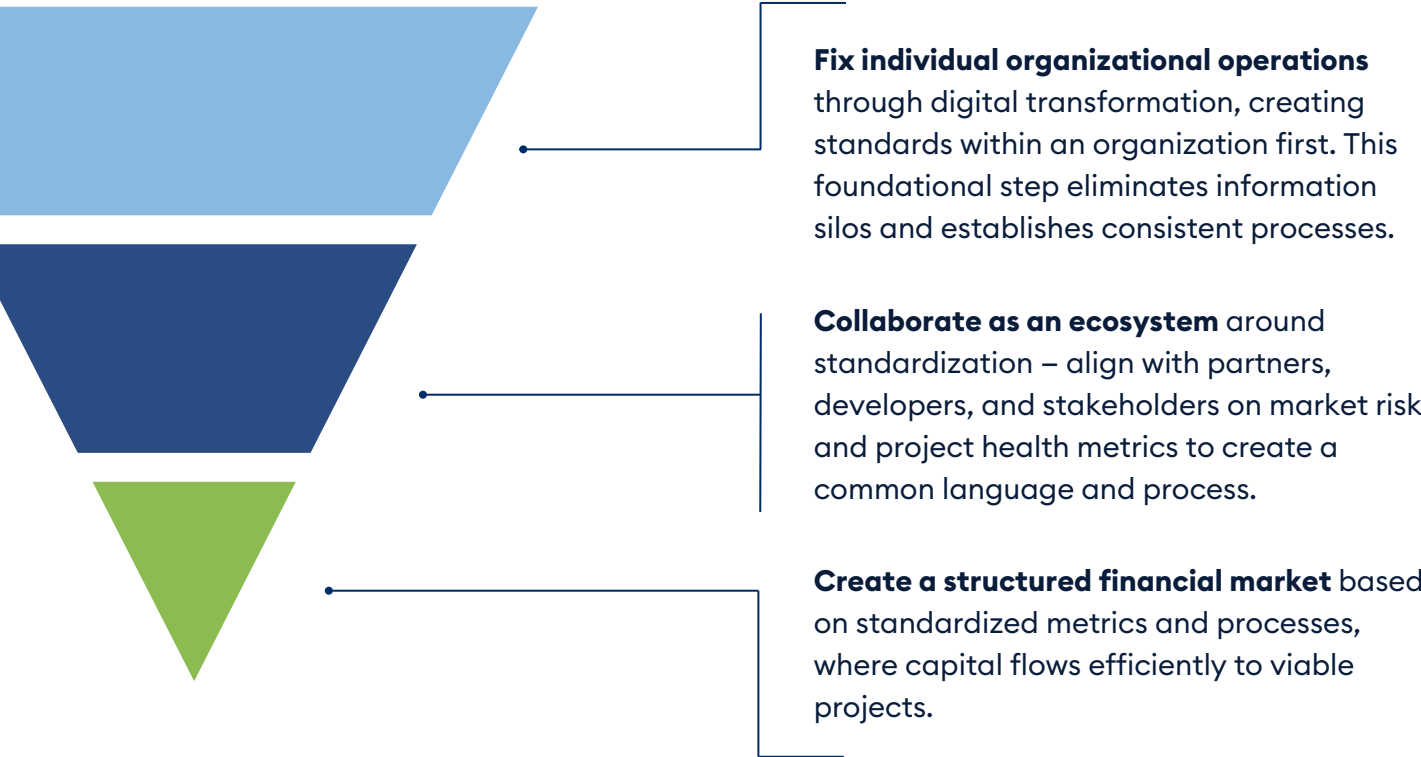
Reactive risk management, delayed information gathering and insight sharing are leading to suboptimal outcomes.

AFTER

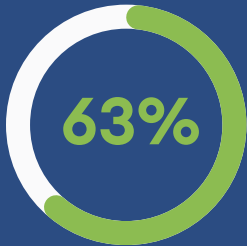
- ✓ **Unlock scalability** through automation
- ✓ **Increase deal velocity** with excellence
- ✓ **Unlock new markets** through standardization + streamlining
- ✓ **Mitigate risk** to avoid missed deadlines and underperformance
- ✓ **Improve profitability and liquidity** in sustainable investing
- ✓ Efficient collaboration allows for **improved competitiveness** in the market

The path to standardization

Digital transformation provides the pathway toward market consistency and unified practices. Purpose-built software creates templates, centralizes data, and automates workflows – essential capabilities for consistent evaluation and management of complex projects. The standardization journey follows three key steps:



Banyan Infrastructure's research reveals a critical mismatch:



of organizations recognize the importance of digital strategy.



But only 38% plan to increase their technology investment.

Many organizations intellectually understand technology's ROI but hesitate to implement it until facing urgent operational challenges.

Market models for standardization

Other financial sectors demonstrate the transformative power of standardization. Residential lending uses the FICO scores to standardize risk assessment, while the Bloomberg Terminal transformed a host of financial markets through standardized data access.

There is ample opportunity to create similar standardization in project finance for sustainable infrastructure.

A standardized system for renewable energy would establish common metrics that enable broader capital market participation.

This universal assessment framework would incorporate multiple factors – technical specifications, financial projections, environmental impact, and risk profiles – into a comprehensive framework that would allow investors to quickly compare diverse projects regardless of size, location, or technology type.

Digital data rooms represent another critical standardization tool. These secure, centralized repositories host all project documentation, financial models, compliance records, and performance data in one accessible location. Unlike traditional document sharing via email or physical storage, digital data rooms offer controlled access rights, version tracking, and real-time updates. When implemented across stakeholder groups, they provide a single source of truth that eliminates information asymmetry, reduces duplication errors, and ensures all parties make decisions based on identical, current information. As project ownership changes or new investors enter, the complete historical record remains intact and accessible, significantly reducing due diligence time and transaction costs.

Taking action: Practical implementation steps

Organizations ready to lead this transformation should begin by assessing their most time-intensive processes – typically portfolio management, origination, and compliance management. The focus should be on aligning business goals with operational improvements.

The implementation journey typically follows these key steps:

01

Business Assessment:

Identify pain points, critical workflows, and business objectives.

02

Software Evaluation: Identify existing software solutions that will foster organizational growth. Validate the solution against real-world scenarios and use cases.

03

Documentation: Record desired process and data flow. Collect and organize existing data (asset and financial information).

04

Technical setup: Configure and customize the digital platform to match process and data requirements.

05

Refine: Update processes or workflows within the system based on stakeholder feedback.

06

Training: Launch new processes, technology, and workflows. Ensure all users understand how to leverage the new tools effectively.

07

Ongoing success and growth: Continuously improve while expanding use cases across the organization.

Key takeaways

Standardization through digital transformation represents both a competitive necessity and a wider market opportunity.

The cost of delay extends beyond missed efficiency gains to result in a competitive disadvantage as forward-thinking organizations capture market share.

Early adopters gain the opportunity to shape industry standards rather than adapting to standards set by others. By embracing standardization, renewable energy project finance organizations can improve their operations while helping create a more efficient, transparent market that accelerates capital deployment into sustainable infrastructure.

For the project finance industry to achieve its potential in scaling renewable energy, standardization is essential. Organizations that lead this evolution will define the future of renewable energy finance.

Banyan[™]

INFRASTRUCTURE

Banyan Infrastructure is a project finance software platform designed to simplify, accelerate, and optimize sustainable infrastructure financing across the deal life cycle. Our solution oversees and automates the complex and time-consuming processes in the origination, portfolio, and compliance management of sustainable assets, which boosts profits per investment, increases deal velocity, and saves thousands of hours at every stage.

