

## PRESS NOTICE

Date: Thursday 27 September 2018

Release: Immediate



# PEER-TO-PEER LENDING CONTRIBUTES MORE THAN £1 BILLION TO THE ECONOMY IN SECOND QUARTER OF 2018

The latest published data from the Peer-to-Peer Finance Association (P2PFA) reveals that the peer-to-peer lending industry contributed more than £1 billion to the UK economy in the second quarter of 2018.

New lending to businesses by members of the P2PFA has grown by almost £100 million quarter-on-quarter over the course of the last year, reaching nearly £750 million in the second quarter of 2018. In addition, the net lending (total lending minus repayments) flow to small and medium-sized businesses over the same period (£191 million) exceeded the combined net lending of the major high street banks by £60 million (£130 million)<sup>1</sup>.

Small and medium-sized businesses make up approximately half of the UK's turnover and half of all employment<sup>2</sup>, yet continue to face difficulties accessing finance through traditional channels. After the vote to leave the European Union in 2016, net lending by the banks to small businesses fell significantly, turning negative in the last quarter of 2017 (-£74 million). At the same time, the number of small businesses has continued to grow year-on-year<sup>3</sup>, and this recent data highlights the role peer-to-peer lending has played in underpinning their growth.

Commenting on the data, Robert Pettigrew, Director of the P2PFA said: *'in the last quarter, over 150,000 investors helped to facilitate more than £1 billion of new lending – nearly three-quarters of which supported businesses. This growth in the level of peer-to-peer lending underlines the significant impact the sector continues to make to the real economy'*.

He continued: *'It is clear that peer-to-peer lending is increasingly viewed as an important source of finance by consumers and businesses alike. These quarterly lending statistics demonstrate that peer-to-*

---

<sup>1</sup> Data taken from Bank of England '[Bankstats \(Monetary & Financial Statistics\)](#)' – Table A8.1 'Monetary financial institutions' loans to non-financial businesses, by size of business' under 'Net loans (excluding overdrafts).

<sup>2</sup> At the beginning of 2017, firms with less than 250 employees were responsible for 51.3% of all employment in the UK and 49.1% of all turnover. Department for Business, Energy & Industrial Strategy, [Business population estimates for the UK and regions 2017: detailed tables](#), table 2.

<sup>3</sup> There has been sustained growth in the total business population, with increases of 2.2m (+64%) since 2000 and 197,000 (+4%) since 2016. [FSB UK Small Business Statistics](#).

peer continues to increase choice and competition across the board – helping to consolidate the sector’s place in the financial services market’.

ENDS

## Notes to Editors

1. Peer-to-peer lending – regulated by the Financial Conduct Authority since April 2014 – involves direct matching of funds between investors and borrowers through an on-line platform. Investors range from retail consumers to institutional investors as well as the government. Borrowers range from consumers, small businesses, property developers and buy-to-let. Peer-to-peer lending platforms match investors and borrowers directly for a fraction of the cost of traditional financial services entities, providing benefits to customers on both sides of the transaction.
2. The Peer-to-Peer Finance Association (P2PFA) was established in 2011 as a representative and self-regulatory body for debt-based peer-to-peer lending. The P2PFA seeks to inform and educate, promote high standards of business conduct, and work with policy-makers and regulators to ensure an effective regulatory regime. P2PFA members are required to meet robust standards for the transparent, fair and orderly operation of peer-to-peer lending. The member platforms are: Crowdstacker, Folk2Folk, Funding Circle, Landbay, Lending Works, Market Invoice, ThinCats and Zopa.
3. Aggregate levels of peer-to-peer lending by P2PFA platforms during the four quarters leading to Q2 2018.

	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Cumulative lending</b>	<b>£7,168,727,657</b>	<b>£8,033,329,880</b>	<b>£8,962,960,776</b>	<b>£9,982,437,304</b>
o/w lending to businesses	£4,440,151,180	£5,039,000,838	£5,699,559,956	£6,448,565,177
o/w lending to individuals	£2,728,576,477	£2,994,329,042	£3,263,400,820	£3,533,872,127
<b>Base stock of loans (outstanding loan book)</b>	<b>£2,958,326,435</b>	<b>£3,258,708,518</b>	<b>£3,530,634,586</b>	<b>£3,749,920,897</b>
o/w lending to businesses	£1,754,510,098	£1,971,666,313	£2,170,368,751	£2,328,839,798
o/w lending to individuals	£1,204,816,337	£1,287,042,205	£1,360,265,835	£1,421,081,099
<b>New Lending</b>	<b>£733,270,490</b>	<b>£836,982,950</b>	<b>£929,137,724</b>	<b>£1,019,091,811</b>
o/w lending to businesses	£472,393,077	£571,229,385	£660,076,506	£748,620,503
o/w lending to individuals	£260,877,413	£265,752,565	£269,061,218	£270,471,308
<b>Capital repaid</b>	<b>£508,891,428</b>	<b>£551,968,213</b>	<b>£641,924,952</b>	<b>£757,864,189</b>
o/w lending to businesses	£337,105,103	£369,441,516	£446,087,365	£548,208,144
o/w lending to individuals	£171,786,325	£182,526,697	£195,837,587	£209,656,045
<b>Net Lending Flow</b>	<b>£228,055,356</b>	<b>£277,677,738</b>	<b>£287,533,338</b>	<b>£255,202,073</b>
o/w lending to businesses	£138,964,268	£194,451,870	£214,309,707	£191,386,810
o/w lending to individuals	£89,091,088	£83,225,868	£73,223,631	£60,815,263
<b>Number of current lenders</b>	<b>134,658</b>	<b>138,829</b>	<b>148,222</b>	<b>150,385</b>
<b>Number of current borrowers</b>	<b>246,813</b>	<b>263,110</b>	<b>276,278</b>	<b>272,225</b>
o/w are businesses	43,425	48,834	54,485	43,682
o/w are individuals	203,388	214,276	221,793	228,543

4. Cumulative P2PFA platform level lending data during the four quarters to Q2 2018:

	2017 (Q3)	2017 (Q4)	2018 (Q1)	2018 (Q2)
Crowdstacker		£35,209,322	£37,714,968	£46,612,890
Folk2Folk	£176,419,805	£191,918,805	£212,510,805	£234,562,305
Funding Circle	£2,747,357,362	£3,093,910,983	£3,448,615,744	£3,806,000,000
Landbay	£59,561,822	£82,627,314	£109,445,017	£133,771,821
Lending Works	£71,699,386	£83,183,353	£98,772,559	£115,658,873
MarketInvoice	£1,201,857,191	£1,366,252,414	£1,611,099,422	£1,939,220,161
ThinCats	£254,955,000	£269,082,000	£280,174,000	£288,398,000
Zopa	£2,656,877,091	£2,911,145,689	£3,164,628,261	£3,418,213,254
<b>Total</b>	<b>£7,168,727,657</b>	<b>£8,033,329,880</b>	<b>£8,962,960,776</b>	<b>£9,982,437,304</b>

**Contact**

Robert Pettigrew (Director: Peer-to-Peer Finance Association):  
e-mail – robertpettigrew@p2pfa.eu; telephone: 07771-547462