

PRESS NOTICE

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P2PFA PLATFORMS SURPASS £10 BILLION IN CUMULATIVE LENDING

- Significant milestone passed during the third quarter of 2018
- More than £900 million lent during each quarter of 2018

Total lending facilitated by P2PFA platforms passed £10 billion during the third quarter of 2018 with the sector's contribution to the UK economy approaching nearly £11 billion by the end of September – with the most pronounced growth continuing to be found in lending to small businesses.

The quarterly data – which for the first time includes statistics from CrowdProperty which joined the P2PFA in July – reveal that during 2018, platforms have lent more than £900 million each quarter, with the net lending flow of capital increasing between the second and third quarters of the year.

Insights from across the Association include:

- there is high demand from entrepreneurs to help with succession planning as they make plans to exit their businesses: Employee Ownership Trusts (EOTs) are becoming increasingly popular as employees get the benefit of shared ownership whilst exiting founders take comfort that the interests of employees are being looked after.
- across all lending sectors, there has been increased interest from institutional investors for loans to businesses, consumer and real estate lending markets are driving additional due diligence on platforms which enable co-investing retail lenders to benefit from loans

An example of the kind of project supported with a loan facilitated through the P2PFA includes Bobbins Bikes, which was founded in 2007 to fill a gap in the market producing stylish leisure bicycles. In 2016, they accessed £250,000 through Funding Circle to build a new online sales channel and reach the next stage of their growth.

Similarly, CrowdProperty, which joined the P2PFA in July, launched their new visual identity in September, facilitating a £1.45 million loan to transform a detached three-storey former Lloyds Bank building into a development of seventeen apartments in Tunbridge Wells. This was another example of a borrower returning to the platform, which has funded the development of 479 British homes, materially contributing to solving housing under-supply issues in the UK.

Commenting on the data, Robert Pettigrew, Director of the P2PFA said: *‘With this exciting milestone it is clear that the significance of the peer-to-peer lending sector’s contribution to the UK economy continues to grow in magnitude. Across the entire spectrum of small business, consumer and real estate lending, each billion facilitated by member platforms represents thousands of borrowers and investors helping each other achieve their goals – accessing the finance that they need or earning attractive returns’.*

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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: CrowdProperty, Crowdstacker, Folk2Folk, Funding Circle, Landbay, Lending Works, Market Invoice, ThinCats and Zopa.
3. Aggregate levels of peer-to-peer lending by P2PFA platforms between Q3 2017 and Q3 2018:

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Cumulative Lending	£7,168,727,657	£8,033,329,880	£8,962,960,776	£9,982,437,304	£10,999,319,416
-o/w lending to businesses	£4,440,151,180	£5,039,000,838	£5,669,559,956	£6,448,565,177	£7,204,410,255
-o/w lending to individuals	£2,728,576,477	£2,994,329,042	£3,263,400,820	£3,533,871,127	£3,794,909,161
Base stock of loans (outstanding loan book)	£2,958,326,435	£3,258,708,518	£3,530,634,586	£3,749,920,897	£3,994,953,650
-o/w lending to businesses	£1,754,510,098	£1,971,666,313	£2,170,368,751	£2,328,839,798	£2,527,017,211
-o/w lending to individuals	£1,204,816,337	£1,287,042,205	£1,360,265,835	£1,421,081,099	£1,467,936,439
New Lending	£733,270,490	£836,982,950	£929,137,724	£1,019,091,811	£934,786,603

-o/w lending to businesses	£472,393,077	£571,229,385	£660,076,506	£748,620,503	£673,749,570
-o/w lending to individuals	£260,877,413	£265,752,565	£269,061,218	£270,471,308	£261,037,033
Capital Repaid	£508,891,428	£551,968,213	£641,924,952	£757,864,189	£731,157,708
-o/w lending to businesses	£337,105,103	£369,441,516	£446,087,365	£548,208,144	£516,976,016
-o/w lending to individuals	£171,786,325	£182,526,697	£195,837,587	£209,656,045	£214,181,692
Net Lending Flow	£228,055,356	£277,677,738	£287,533,338	£255,202,073	£263,036,509
-o/w lending to businesses	£138,964,268	£194,451,870	£214,309,707	£191,386,810	£216,181,168
-o/w lending to individuals	£89,091,088	£83,225,868	£73,223,631	£60,815,263	£46,855,341
Number of current lenders	134,658	138,829	148,222	150,385	148,834
Number of current borrowers	246,813	263,110	276,278	272,225	281,479
-o/w are businesses	43,425	48,834	54,485	43,682	46,996
-o/w are individuals	203,388	214,276	221,793	228,543	234,483

4. Cumulative P2PFA platform level lending data between Q3 2017 and Q3 2018:

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
CrowdProperty					£23,013,692
Crowdstacker		£35,209,322	£37,714,968,	£46,612,890	£51,265,724
Folk2Folk	£176,419,805	£191,918,805	£212,510,805	£234,562,305	£257,130,306
Funding Circle	£2,747,357,362	£3,093,910,983	£3,448,615,744	£3,806,000,000	£4,183,000,000
Landbay	£59,561,822	£82,627,314	£109,445,017	£133,771,821	£182,891,798
Lending Works	£71,699,386	£83,183,353	£98,772,559	£115,658,873	£131,862,745
MarketInvoice	£1,201,857,191	£1,366,252,414	£1,611,099,422	£1,939,220,161	£2,213,027,735
ThinCats	£254,955,000	£269,082,000	£280,174,000	£288,398,000	£294,091,000
Zopa	£2,656,877,091	£2,911,145,689	£3,164,628,261	£3,418,213,254	£3,663,046,416
TOTAL	£7,168,727,657	£8,033,329,880	£8,962,960,776	£9,982,437,304	£10,999,319,416

5. Information about Bobbins Bikes can be accessed at:

<https://www.fundingcircle.com/blog/2017/10/meet-booming-bicycle-company-road-success/>.

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