Peer-to-Peer Lending: UK

Description: Peer2Peer lending in the UK provides an up to date and independent analysis of the launch, growth and potential of peer-to-peer lending in the UK. It examines how this once anti-bank offering is linking with banks to fund and sell on loans.

Peer2peer lending is an increasingly popular way of financing projects, business ideas, and personal loans through small contributions from a large number of individuals, and the financial market.

This report looks at the history, background, potential, problems, and complex regulation, as well as profiles of over 50 UK peer-to-peer lending platforms.

Peer2peer lending is still new and often misunderstood. Regulators are looking a lot closer at the industry and individual platforms, with most platforms still not fully authorised. Peer to peer lending will stimulate change and make business and personal lending quicker, simpler and more transparent.

Peer-to-peer platforms offer a range of models in how they work, whom they lend to and whom they get money from. It is highly unlikely that all those platforms now operating on interim authorisation will become fully authorised. So is it a great new boom industry with amazing prospects, or an annoying pest that the banks will destroy as soon as they can?

There is a real opportunity for collaboration between them and banks where they are not in competition with one another. A top peer2peer lender is planning to launch a peer2peerbank. Banks could buy lenders. A social lending platform is being launched.

Key Findings:

- By 2018 peer-to-peer lending in the UK could be worth over £5 billion, up from less than half a billion in 2013
- Not everything is as rosy as the industry cheerleaders may suggest, with several platforms closing, never opening or clearly designed to make quick money for owners. Over 50 platforms have closed or failed to launch in the UK. Over 50 platforms are active or preparing for launch, but only one in four are fully authorised by the FCA
- Over the next decade the peer-to-peer industry will grow rapidly and is part of the alternative finance movement that is forcing banks to change some of their ways. But make no mistake, banks are finding ways to make money from peer to peer platforms, such as buying up loan books or providing finance or entering into partnerships
- By 2020 it will be common for businesses and individual to connect with lenders via peer-to-peer websites and market wide platforms. It allows for the lending of money while bypassing traditional banks. Returns are financial, but investors also have the benefit of having contributed to the success of an idea they believe in
- Peer to peer lending is a new form of technology driven by a social model. Some platforms are well thought out, others are by techie dreamers with no understanding of regulation, law or banking
- The UK is the European leader in peer-to-peer lending, and on-going regulation has seen a weeding out of platforms. Some have gone broke, others closed, some taken over, and many just faded away
- Most peer2peer platforms are not a bank or other establishment business, so how do they work and how to they make money? Some could not exist without their links to banks and government, so can no longer claim to be alternative or anti-establishment

FCA is struggling to keep up with regulation, and there is even a Bitcoin peer-to-peer lender over which FCA has no control, as it does not regulate alternative currencies.

Reasons to Buy:

- The banking ecosystem is undergoing transformation and innovation like never before, and what we have seen is only the beginning
- Peer to peer lending is part of a Fintech revolution that banks ignore at their peril
- Any organisation considering partnering with a peer2peer lender needs to understand the industry and what they may gain or risk
1. Background

- Introduction
- Alternative finance
- Alternative finance and peer to peer
- Sharing economy
- Social media
- Reputation economy
- Crowd funding
- Crowd funded banks
- App based banks
- Peer to peer banks
- Peer to peer insurance
- Peer to peer foreign exchange
- Peer to peer lending
- How peer to peer lending works
- Peer to peer property rental
- Peer to peer car sharing
- New payment models
- Alternative payment systems
- Bitcoin
- Bitcoin and peer-to-peer lending
- Technology
- Blockchain
- Blockchain and lending
- Role of Governments and NGOs
- Fintech companies
- History
- Key trends
- UK and Fintech
- Fastest growing UK technology businesses

2. Regulators

- Treasury
- Bank of England
- Financial Policy Committee
- Prudential Regulation Authority
- Financial Services Act 2012
- FCA purpose
- Controlling the FCA
- National Audit Office
- FCA and competition
- Regulators code for FCA and PRA
- FCA and product intervention
- FCA and warning notices
- FCA and misleading financial promotions and adverts
- FCA and consumer credit
- FCA international strategy
- Innovation Hub
- FCA sandbox
- FCA and non-regulated platforms
- FCA and House of Commons
- Advertising Standards Authority
- Competition and Markets Authority
- Competition and Markets Authority report on retail banking
- Competition and Markets Authority report on unfair contract terms
- Financial Ombudsman Service
- Financial Ombudsman case studies
- Financial Services Compensation Scheme
- Office of Fair Trading
- European Commission
- EC Capital Markets Union Action Plan 2016 update
3. Regulators and Peer-to-Peer Lending

- FCA, the Treasury and the PRA
- FCA and alternative currencies
- Financial Policy Committee and buy to let lending
- FCA and crowd funding
- FCA regulation of peer-to-peer lending platforms
- Progress on regulating peer-to-peer platforms
- FCA delays in authorising peer-to-peer platforms
- Project Innovate and peer-to-peer platforms
- Fully regulated and authorised peer-to-peer platforms
- P to P and IFISAs
- IFISAs and platforms
- IFISA waiting list
- Green IFISAs
- IFISAs and crowd bonds
- HMRC and IFISAs
- PtoP and Junior ISAs
- PtoP and Lifetime ISAs
- FCA and promotions
- FCA and SIPPs
- FCA and ring fenced accounts
- FCA and peer-to-peer advisors
- FCA and the Consumer Credit Act
- FCA review of peer-to-peer lending
- FCA and the Cambridge Centre for Alternative Finance
- FCA site visits
- FCA concerns
- FCA and performance data
- Future FCA regulation of peer-to-peer lenders
- New FCA boss serious sector concerns
- October 2016 speech by Chris Woolard of the FCA
- FCA review of FSCS

4. Trade Bodies

- European Crowdfunding Network
- Peer-to-Peer Finance Association
- Peer-to-Peer Finance Association lending rules
- Peer-to-Peer Finance Association research
- UK Crowdfunding Association
- UKCFA code of practice
- UKCFA membership

5. Other Organisations

- ActionCOACH
- Airbnb
- Alternative Business Funding
- Babergh and Mid Suffolk Councils
- British Business Bank
- British Business Bank Investments
- Cambridge Centre for Alternative Finance
- Cambridge Centre for Alternative Finance FCA review
6. Market Size

- Introduction
- UK peer to peer lending figures
- Future figures
- Institutional funding
- UK consumer lending figures
- UK business lending figures
- Property lending
- P2PFA data
- P2PFA data latest table
- Number of active platforms
- Profit or loss
- When it all goes horribly wrong
- Family and friend lending
- Bank lending to SMEs
- Business population estimates for the UK in 2015

7. Bank and Platforms

- Banks, professional investors and lenders
- Bank branch closures
- Banks investing in loans
- Banks and lending
- Banks as loan originators
- Banks referral scheme
- Banks setting up platforms
- Community banks
- European banks
- Institutional lending
- Lenders pretending to be peer-to-peer lenders
- Offering banking licences
- Partnerships with peer-to-peer lenders on funding
- Payday loan companies
- Platforms as sellers of services to small banks
- Secondary loan markets
- Securitisation
- Securitisation deals- bad calls
- Specialist hedge funds
- Threat to banks and other lenders
- Venture capital
- White label
- Why bank lending has fallen off

8. Peer-to-Peer Lenders Deals with Banks

- Metro Bank
- NatWest
- RBS
- Santander

9. Peer-to-Peer Lending Overview

- Peer to peer lending
- How peer-to-peer lending works-overview
- Automation
- Basic principles
- Benefits
- Borrower insurance
- Charges to lenders
- Consumer lending
- Costs
- Defaults and late payments
- Distribution
- Family and friend lending
- Getting a loan
- How loans are set up
- How platforms make money
- Lenders
- Litigation
- Loans to company employees
- Micro financing
- Need for peer-to-peer lending
- Protection funds
- Risks to lenders
- Social media
- Target market
- Tax
- Why peer to peer lending is better than a bank loan
- Why peer-to-peer lending is a risk
- World's largest loan

10. Peer-to-Peer Types of Loan

- Asset
- Bridging
- Business
- Buy to let
- Cars
- Commercial property
- Commuter
- Development
- Development exit
- Education
- Energy
- Entrepreneurs in developing countries
- Family and friends
- Farmers
- Franchise
- Graduate
- Green
- Guaranteed personal
- High net worth
- High net worth property
- Hunting
- Individual Savings Accounts (ISAs)
- Livestock
- Micro
- Mining
- Mortgages
- Non-standard borrowers
- Pawnbroking
- Pension funds
- Personal
- Post-graduate students
- Professionals
- Property
- Property developers
- Scottish businesses
- Shariah
- Social lending
- Solar
- South West England
- Students
- Tracker
- Wedding
- Westminster businesses
- Women business owners in Africa
- Young doctor

11. Future

12. Platforms - Closed, Never Opened or Changed Name

13. Profile of Peer-to-Peer Lending Broker Platform

- InvestUP

14. Profiles of Peer-to-Peer Lending Platforms

- ArchOver
- Assetz Capital
- Bricks Finance
- BridgeCrowd
- British Pearl
- BTCPOP
- CapitalStackers
- Collateral
- Credit Peers
- Crowd2Fund
- Crowdstates
- Crowd for Angels
- CrowdProperty
- Crowdstacker
- Downing Crowd
- eMoneyUnion
- Emerging Crowd
- Flender
- Folk2Folk
- Funding Circle
- Funding Empire
- Funding Knight
- FundingSecure
- FundingTree
- Growth Street
- Go2
- Hargreaves Lansdown
- HNW Lending
- House Crowd
- Initiative Ireland
- InvestDen
- Invest and Fund
- Kuflink
- LandBay
- LandlordInvest
- LendingCrowd
- Lending Works
- LendInvest
- Money and Co
- Money Circles
- Money Platform
- Octopus Choice
- Orchard Lending Club
- Peer Funding
- Prodigy Finance
- Proplend
- QuidCycle
- RateSetter
- Rebuildingsociety
- Relendex
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