

# Peer-to-peer & Crowdfunding An Overview:

Both Peer-to-peer and Crowdfunding can offer a **fast simple and flexible way to borrow money**.

### **PEER-TO-PEER**

#### **What is Peer-to-peer lending?**

Peer-to-peer lending is the practice of online auction-based money lending to unrelated individuals or businesses, "peers", without going through traditional financial intermediaries such as a bank or other financial institutions. Peer-to-peer lending providers facilitate the provision of loans to businesses and property developers through a network of investors.

#### **Why it is beneficial to both lenders and borrowers?**

**Lenders** can earn more from their investments than they would from a high street saving account, often between 6% and 15%. Lenders normally seek some security for their lending as they are not covered by the Financial Services Compensation Scheme. Peer-to-peer lenders include; Assetz Capital, Funding Circle and Thincats.

**Borrowers** may be able to receive funds that they would not be able to obtain from high street banks and often at more favourable rates. Funds can also be obtained quite quickly once full details have been supplied to the loan provider. Funds can be used for growing the business, working capital, buying an asset or developing a property.

### **CROWDFUNDING**

#### **What is Crowdfunding?**

Crowdfunding is a way of raising equity finance by asking a large number of people each for a small amount of money. Those seeking funds will set up a profile of their project on a website such as those run by members of the UK Crowdfunding Association. They can then use social media, alongside traditional networks of friends, family and work acquaintances, to raise money.

#### **Equity Crowdfunding**

People invest in an opportunity in exchange for equity. Money is exchanged for a share, or a small stake in the business, project or venture. As with other types of shares, apart from community shares, if it is successful the value goes up. If not, the value goes down.

Major Crowdfunding platforms are CrowdCube, Syndicate Room and SeedRS.

### **Need further advice or guidance?**

Whatever type of finance transaction you have in mind, we are committed to providing you with proactive advice, guidance and 'hands-on' support.

Contact our team of highly experienced advisors to discuss your needs in more detail and to find out how we can help you.



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# Peer-to-peer & Crowdfunding Providers include:

## Assetz Capital



In excess of £117M lent  
Over 11K+ registered private investors  
Panel of underwriters for fast-funding  
Security required  
FCA regulated

## Funding Knight



In excess of £30M lent  
Business loans £25K - £1M  
Property Bridging Loans £100K - £1M  
FCA regulated

## Crowd Cube



In excess of £170M invested  
289K registered investors  
FCA regulated  
419 businesses funded

## Syndicate Room



In excess of £55M invested  
Need a 25% lead investor  
Equity of £150K+  
FCA regulated

## Funding Circle



In excess of £1.3B lent to date  
Typical annual turnover £50K  
2+ years filed accounts  
50,500 investors in UK  
FCA regulated

## ThinCats



Loans since January 2011 total £180M  
Security required  
Loan period 6mths - 5years+  
Loans from £100K - £5M  
FCA regulated

## ArchOver



Loans from £100K to £3M  
Loan period 3mths - 3years  
Company needs to trade 2+years  
Security required  
FCA regulated

## MarketInvoice



Unlocks funds from unpaid invoices  
Volume of invoices funded £803M  
£100K+ turnover filed  
6mths+ trading history  
Member of Peer-to-Peer Finance Association

**Data correct as at 28.06.16**