

## Peer to peer market poised to swell by a third as industry comes of age

- 40% will consider investing through peer to peer loans following the introduction of the Innovation ISA
- A quarter (23%) of investors have been prompted to use peer to peer by their IFA

Independent research from ThinCats, the peer to peer business lending platform, today reveals that 40% of everyday investors would consider investing in peer to peer when the Innovation ISA launches next April.

The findings show that the new ISA will expand the market by as much as a third (33%) as investors seek to utilise the tax advantages available to them. Currently, peer to peer is the preserve of a select number (6%) of more experienced investors. The swell in investors will lead to peer to peer loans far outstripping allocations to equities (28%) and fixed rate bonds (24%).

When it comes to motivation, for the majority (55%) of current investors attractive returns are the main draw of peer to peer lending. Many also liked that they could readily see where their investment goes (51%) and were driven by the desire to try out this new asset class (51%). The perceived risks involved remain a key barrier for entry (43%), as do worries around the relative early stage of the industry and the partly unproven track record is a hesitation for a quarter (26%). As the Innovation ISA opens up the industry these concerns will need to be addressed.

As banks and investment services providers like Hargreaves Lansdown wised up to the benefits of peer to peer lending, this survey evidences how the industry has come of age. Interestingly, nearly a quarter (23%) of current investors say their IFA has recommended peer to peer to them and the government's Innovation ISA will bring alternative finance further into the mainstream.

### **Kevin Caley, Managing Director of ThinCats, comments:**

“The findings of our research show that the industry is poised for expansion. Early adopters are still very much core to our business, but the government's changes will open up peer to peer to a whole new audience. It is the industry's job to manage the current concerns and communicate the huge benefits and security available for peer to peer investment.

“All ThinCats loans are secured and we have a sponsor for each auction to help investors make informed decisions. So far, we have facilitated loans of over £135 million, and it's our aim to continue aiding significant investments to businesses and delivering 9% average returns for investors across the British Isles.”