

# Peer-to-peer Business Finance: Inc Impact of COVID-19 - UK - October 2020

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## This report looks at the following areas:

Whilst banks are busy with coronavirus business interruption loan scheme (CBILS) applications and with many only serving their existing customers, P2P lenders can help fill the funding gap for businesses that require working capital but do not meet the criteria for CBILS.

The credit environment that supported the significant growth in the P2P industry since the early 2010s has changed with the current pandemic and end of Brexit transition period, as well as wider global economic uncertainty, presenting a new challenge for lenders.

MBD expects the value of the P2P business lending market to grow in 2020 and to have risen by a cumulative 309% over the last five years – from £1.72 billion in 2016 to £7.01 billion in 2020.

The sector achieved significant growth over each of the last five years, with estimated annual growth ranging between 17% (in 2019) and 99% (in 2017).

P2P lenders are continuing to seek scale whilst also returning a profit, with several approaches being used to achieve this. These have included diversifying product offerings and target audiences, expanding overseas, partnerships with large banks, partnerships with challenger banks, creating specific funds to encourage institutional investment and seeking banking licences.

- The impact of COVID-19 on P2P business finance and how lenders and borrowers will react to the new market conditions.
- How the P2P business finance market will adapt to the post-COVID-19 environment.
- The value of individual segments in the market in 2020.



"In the times ahead, businesses will look for the best and quickest ways to obtain finance. With economic uncertainty expected to last for at least a few more quarters yet, investors are also seeking a middle ground between the volatility of stocks and shares and the relatively poor returns on savings products."

– Lewis Cone, Senior B2B Analyst, 16 October 2020

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## Table of Contents

### OVERVIEW

- Key issues covered in this Report
- COVID-19: market context
- Economic and other assumptions
- Products covered in this Report

### EXECUTIVE SUMMARY

- **COVID-19 and P2P business finance**

Figure 1: Expected impact of COVID-19 on P2P business finance, short, medium, and long term, 16 October 2020

- **The market**
- **Market lending expected to rise in 2020 in spite of challenges**

Figure 2: P2P business lending, 2016-20, by market value, (£ million)

- **Property and construction receive greatest level of P2P loans**

Figure 3: P2P business lending, 2020, largest six sectors, (£ million)

- **P2P loans most commonly directed towards the South East**

Figure 4: P2P business lending, 2020, largest six regions, (£ million)

- **P2P business lending to rise by 40% to 2025**

Figure 5: P2P business lending forecast, 2021-25, by market value, (£ million)

### ISSUES AND INSIGHTS

- Extension of coronavirus business interruption loan scheme could affect lenders who do not have access to it
- Business debt and higher risk of insolvency could dampen lending opportunities

### THE MARKET – KEY TAKEAWAYS

- Market lending expected to rise in 2020 in spite of challenges
- Lending by sector
- P2P business lending to rise by 40% to 2025

### MARKET SIZE

- Market lending expected to rise in 2020 in spite of challenges

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Figure 6: P2P business lending, 2016-20, by market value, (£ million)

## MARKET SEGMENTATION

- Lending by sector**

Figure 7: P2P business lending, 2020, by sector, (% of total lending)

- Lending by region**

Figure 8: P2P business lending, 2020, by region, (£ million)

## MARKET FORECAST

- Short-, medium- and long-term impact on the industry**

Figure 9: Expected impact of COVID-19 on P2P business finance, short, medium, and long term, 16 October 2020

- Lockdown**

- Re-emergence**

- Recovery**

- Market drivers and assumptions**

Figure 10: Key drivers affecting Mintel's market forecast, 2015-24, (in % annual change, % rate, and £ million) – (prepared on 16th October 2020)

- Learnings from the last recession**

Figure 11: Industry performance following the last recession, 2010-15, (£ million)

- P2P business lending to rise by 40% to 2025**

Figure 12: P2P business lending forecast, 2021-25, by market value, (£ million)

## THE IMPACT OF THE ECONOMY

- Annual GDP growth falls to decade low in 2019 and is expected to decline in 2020 due to COVID-driven economic shutdown**

Figure 13: Annual GDP growth rate, 2015-20\*, (% change)

- Bank rate set at a record low of 0.1%**

Figure 14: Bank rate, 2008-20, by date of adjustment, (%)

## MARKET TRENDS

- SME confidence hits a low point**

- Credit demand and availability turn positive for small businesses as government schemes implemented**

Figure 15: Availability of corporate credit provided to small businesses in the past three months, Q3 2014-Q2 2020, (net percentage balance)

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Full Report PDF

Infographic Overview

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Interactive Databook

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Figure 16: Demand for corporate lending by small businesses in the past three months, Q3 2014–Q2 2020, (net percentage balance)

- Local authorities increasing their role in P2P lending

## MARKET DRIVERS

- Significant increase in insolvencies expected by year end as government measures end meaning lenders must be prepared for greater default risk

Figure 17: Company insolvencies in England and Wales, 2015–19, (Number)

- App launched to highlight P2P's involvement in open banking

## REGULATION AND INDUSTRY STANDARDS

- The Small Business, Enterprise and Employment Act
- The Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001
- FCA changes

## COMPANIES AND BRANDS – KEY TAKEAWAYS

- Former trade body axed and replaced with new wider fintech-based group
- ArchOver partners with R&D lender and rolls out open banking data

## INDUSTRY STRUCTURE

- Industry development
- Former trade body axed and replaced with new wider fintech-based group
- Industry deals and movements
- New lending market share

Figure 18: Net new lending, by selected P2P lender, January–September 2020, (£ million)

## COMPETITIVE STRATEGIES

- ArchOver partners with R&D lender and also rolls out open banking data
- Rebuildingsociety launches smartphone app for investors
- Funding Circle announces partnership with Santander to support UK businesses

## COMPANY PROFILES

- ArchOver

## What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

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- **Recent company activity**
- **Financial information**  
Figure 19: Financial analysis of ArchOver, 2015-19, (£ 000)
- **Assetz Capital**
- **Recent company activity**
- **Financial information**  
Figure 20: Financial analysis of Assetz SME Capital Limited, 2018-19, (£ million)
- **Folk2Folk**
- **Recent company activity**
- **Financial information**  
Figure 21: Financial analysis of Folk2Folk Limited, 2019-20, (£ million)
- **Funding Circle**
- **Recent company activity**
- **Financial information**  
Figure 22: Financial analysis of Funding Circle, 2015-19, (£ million)
- **LendingCrowd**
- **Recent company activity**
- **RateSetter**
- **Recent company activity**
- **Financial information**  
Figure 23: Financial analysis of RateSetter\*, 2015-19, (£000)

## APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**
- **Methodology**

## FURTHER SOURCES AND CONTACTS

- **Trade associations**
- **36H Group**
- **Association of Short Term Lenders**
- **Financial Intermediary & Broker Association (FIBA)**
- **National Association of Commercial Finance Brokers**
- **Trade magazines**
- **Bridging & Commercial**
- **Business Matters**
- **Commercial Reporter**
- **Loans Insider**
- **Peer2Peer Finance News**
- **Trade events**
- **AltFi Festival of Finance 2020**

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- FSE Week
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