

# 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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- **Peer2Peer Finance News**
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- FSE Week
- NACFB Commercial Finance Expo 2021
- The Finance Professional Show

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