

# Peer-to-peer Business Finance - UK - 2021

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## This report looks at the following areas:

- 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 2021.

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.

With the government-backed COVID support schemes having been accredited to several P2P lenders over the last 12 months, MBD expects the value of the P2P business lending market to have continued growing in 2021 and to have risen by a cumulative 127% over the last five years – from £3.42 billion in 2017 to £7.77 billion in 2021.

The sector achieved significant growth over each of the last five years, with estimated annual growth ranging between 10% (in 2021) and 99% (in 2017).

Mainstream banks continue to treat SMEs differently from their larger counterparts in the terms and conditions they charge on loans – giving P2P lenders vast business opportunities.

Furthermore, P2P lenders can still help fill the funding gap that exists for businesses that require working capital but do not meet the criteria for the government coronavirus support schemes.

P2P lenders continue to seek scale while also returning a profit, with several approaches used to achieve this. These have included diversifying product offerings and target audiences, expanding overseas, partnerships with large



“With simple processes and quick approval times, P2P is likely to remain in high demand and at a time when the UK is facing a looming debt crisis, investors will seek out more favourable non-bank returns – presenting a major opportunity for P2P lenders.”  
– Lewis Cone, Senior B2B Analyst

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banks, partnerships with challenger banks, creating specific funds to encourage institutional investment and seeking banking licences.

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