Meet ThinCats, the new peer-to-peer platform that wants to lend your SME money

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UK-based peer-to-peer business lending platform ThinCats has launched in Australia, vowing to shake up SME lending with a mix of old and new world thinking.

The **latest disruptor to shake up the SME lending space**, ThinCats' UK operation has already recorded more than $160 million worth of secured business loans to SMEs in the UK.

The new Australian arm of the business wants to offer a borrowing alternative to the country's 2.1 million small to medium sized business, which borrow about $73 billion a year to finance their operations.

ThinCats works on an auction based platform, where SMEs apply for loans of up to $2 million through a "sponsor" (a licensed finance broker) who vets applications and prepares a credit submission on their behalf. Investors can undercut each other on rates to offer the SME the best deal.

Chief executive of ThinCats Australia, Sunil Aranha, told *SmartCompany* the platform offers a unique mix of old-world banking ideas, with new technology.

Aranha, who comes from a corporate finance background himself, says unlike the new tech-based lenders who base their lending decisions on algorithms and big data, ThinCats uses a vetting process much like the credit committee of a traditional bank.

"The decisions are made by the people," Aranha says. "People who've had deep and substantial experience in the SME sector."

Aranha says the process offers confidence to investors and transparency to SMEs.

Aranha was approached ThinCats UK to come to Australia after working in the SME sector, where he found a "gap between what the banks do and what the SMES of Australia need".

He says ThinCats' niche will be Aussie SMEs who are growing, but do not have the assets to offer up to the bank to fund that growth.

While he says the market will decide the exact rate of lending, he imagines interest will be between 11% and 18% — the gap between the rates banks usually charge for an overdraft loan versus an unsecured loan.

"This gap between 11% and 18%, good businesses would have the ability to repay that based on their business model, but they are currently unable to get that sort of money from banks. If they don't get money, they don't grow, and their cost base starts to creep up."

Aranha says non-bank lending is a $300 billion industry with massive potential.

"In time, we will be a very viable alternative to the banks," he says.