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UK peer-to-peer lender targets Australian businesses

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The UK-based 'peer-to-business' lender ThinCats will begin offering loans to Australian small businesses via its web-based platform this week, while a new equity crowdfunder, Equitise, expects to facilitate its first capital raisings in New Zealand next week. **Photo: Jessica Shapiro**

James Eyers

The UK-based "peer-to-business" lender ThinCats will begin offering loans to Australian small businesses via its web-based platform this week, after wholesale and sophisticated investors were brought onto the site last week.

The arrival of ThinCats comes as a new equity crowdfunder, Equitise, expects to facilitate its first capital raisings in New Zealand next week after being awarded a license by the NZ Financial Markets Authority.

At a fintech event hosted by AWI Ventures in Sydney last week, ThinCats Australia CEO Sunil Aranha said the lack of competition among big banks offering business loans provided an opportunity for a new breed of peer-to-peer lenders to target small to medium enterprises (SMEs).

"The key focus of our business is the 2.1 million SMEs in Australia who borrow \$73 billion from the banks each year," he said. "There is \$10 billion of opportunity, where SMEs that are growing and established cannot get more money from the banking system because they don't have assets to provide."

In the UK, ThinCats facilitates SME funding of between £50,000 (\$92,000) and £2 million and since its launch three years ago has lent £83 million, delivering investors a 10.9 per cent average annual yield at a default rate of 2.3 per cent.

ThinCats will join SocietyOne and Ratesetter in the local P2P market, who focus on personal lending. Sydney-based SocietyOne began operating last year while Ratesetter, the local subsidiary of the largest P2P lender in Europe, launched earlier this month.

"We are excited to shake things up in Australia by giving both savers and borrowers a better deal and doing it in an - balanced way with lots of transparency," RateSetter Australia CEO Daniel Foggo told the fintech event held at the ASX on Thursday. Another peer-to-peer lender, Harmony, which is the only licensed P2P player in NZ, also has plans to come to Australia, said its head of institutional funding, Duncan Gross.

NZ rejuvenated its commercial laws earlier this year to allow retail investors to provide equity crowdfunding. Australia is considering a similar regime, and Equitise is expecting it will be given the green light to launch in Australia in the first half of 2015.

Its co-founder Chris Gilbert said Equitise will kick off its capital raising pipeline in NZ next week, including for Tourism Radio New Zealand, and Flirtey, an Australian drone delivery company being supported by Blackbird Ventures.

The Australian Financial Review



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