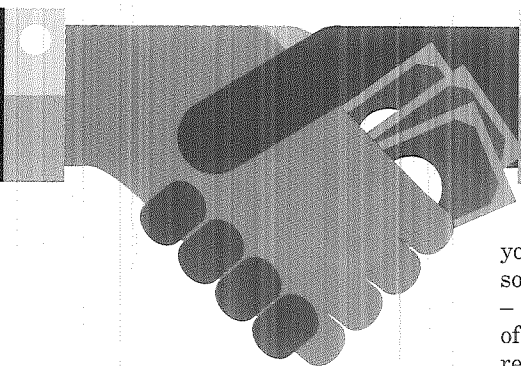


ThinCats closing market gap

peer-to-peer lending platform says it's growing by leaps and bounds



Peer-to-peer lending is tipped to be a growing trend in the way people source financing. ThinCats Australia, the new peer-to-peer business lending platform that launched last December, is now entering its third month, and *Australian Broker* caught up with CEO Sunil Aranha to hear the latest.

"We have received very encouraging feedback from both lenders as well as borrowers, and we have 122 lenders now registered on our website," said Aranha.

He said ThinCats had completed their first small loan of \$100,000, with a second deal currently on the platform and more in the pipeline.

"It's very interesting that we are getting quite a lot of interest, particularly from high net worth individuals," Aranha said. "They are the ones who are really seeing the power of this sort of platform, because they are able to invest in a fixed income class of assets which was previously unavailable to them because the big four banks of Australia control 91% of that lending."

With more than 400,000 high net worth individuals in the country, Aranha said ThinCats was looking for a share of that market.

He said many of these individuals were former business people, and to be able to help

young businesses grow was something they could relate to – and of course the fixed rate of return helped, especially for retired or semi-retired self-directed investors looking to generate a regular income.

He said the support they'd received from the lending and borrowing community indicated a market gap between what the banks would do and what borrowers needed.

"That amount is probably around the \$10bn mark," said Aranha. "So there is about that much money that people want that they can't get from the banks. So when they don't get that, they don't usually grow their business, and when they don't grow their business, then they miss the windows of opportunity and end up eventually failing as a business."

From a lender's point of view, Aranha said falling interest rates and the ability for fund managers to generate money had made the return lenders' earn on their investments quite low.

"Something like this comes along with much higher rates of interest – it's very attractive to lenders. So it's both great for lenders and great for borrowers."

Aranha said one of the biggest challenges for ThinCats in Australia was the regulatory environment, which made it difficult for new players, especially in the financial services circle – unlike for its UK counterpart, where regulation was more supportive of alternative finance.

"In the UK the banks have been told by the government that they have to recommend transactions that they're not willing to lend, to alternative financiers, and the Exchequer in the UK has actually provided a line of funding for alternative financiers, like ThinCats, to lend to people."

As the first peer-to-business lender in Australia, Aranha said the conservatism and lack of

awareness of the concept within the Australian market was also a challenge, one they would be tackling by raising awareness through networking and a strong digital marketing strategy.

GROWING BEYOND AUSTRALIA

As the company generates awareness, Aranha said the lender could look to expand. ThinCats has the authority to explore the entire Asia-Pacific region, and as New Zealand has no peer-to-business lender yet, it could be adding some turf to ThinCats' territory in future.

"We would consider (New Zealand) partnerships with people who would be interested," Aranha said.

Harmoney, a peer-to-peer lending platform for unsecured loans, recently launched in New Zealand.

"Harmoney is a wonderful outfit," said Aranha. "I know the CEO and I think they'll do well, with very encouraging and positive prospects."

ThinCats Australia went from idea to reality within about two years, when Aranha first saw the potential for introducing a peer-to-business lending platform in Australia.

"I always felt there was a gap between what small businesses needed and what banks would give them."

With a BCom, an MBA and 25 years of international and local banking experience, Aranha did his research, brought a team together and set out to joint-venture with one of the leaders in the peer-to-business lending sphere, ThinCats UK.

Peer-to-business lending is about building a channel for lenders to earn good interest, and for borrowers to have flexibility and money for growing their business.

"That's the real power of peer-to-peer lending," said Aranha. "The ability to diversify your risk." ■

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SUNIL ARANHA, THINCATS