"Will Crowdfunding go mainstream?"

A Bluerock Consulting Ltd Whitepaper

Executive Summary

Since its inception in the 1990s, the crowdfunding industry has seen significant growth, driven by advancements in technology, the growth of online channels and increasing consumer dissatisfaction with traditional providers in the wake of the banking crisis.

In 2011, c$1.5 billion was raised through various forms of crowdfunding. It is estimated that this figure will rise to around $3 billion in 2013. In the UK, the three largest providers (Zopa, Funding Circle and RateSetter), who account for 99% of the market, lent nearly £355 million in 2012, a threefold increase on 2010 volumes.
However, these numbers are dwarfed by the sums raised via more traditional forms of finance. In contrast, c$40 billion is raised by traditional venture capitalists annually and almost $300m billion was made in charitable donations in 2012 in the US alone.

Nevertheless, in a difficult market, with banks seemingly unwilling to lend to small businesses and venture capitalists looking for less risky investments, it may well prove that crowdfunding will grow to become a more mainstream option - not only for borrowers and lenders looking for better rates but also for small and medium sized enterprises seeking investment to grow their businesses.

We believe that the future direction of the industry will be shaped by a number of factors, including:

- Regulation -the approach taken by the regulatory authorities and how these regulations are implemented in practice will play a major role in either limiting the potential of crowdfunding or confirming it as a viable alternative.
- Development and consolidation within the crowdfunding industry.

The recent proliferation of crowdfunding platforms is likely to continue as new sites are launched for particular causes, specialist interests and regional projects. However, in terms of the big players in lending and equity models, there is more likely to be some consolidation and as this sector develops there will be winners and losers. The winners are likely to be those platforms that have managed to differentiate themselves by:

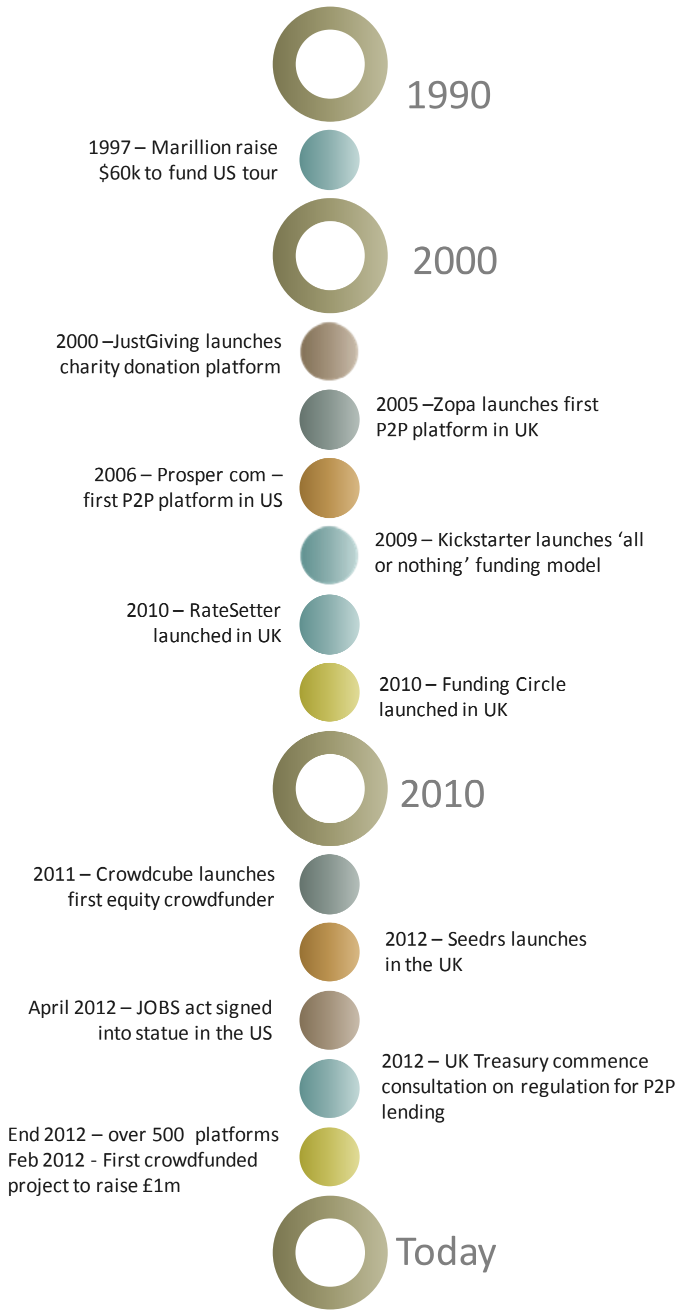
- Developing a track record of performance in terms of returns, bad debt and fraud detection
- Attracting quality, headline projects that prove to be successful
- Encourage high profile lenders and business ‘angels’ to become advocates
- Deliver value added services that go beyond acting as an intermediary – for example, guidelines around business valuations, performance tracking tools, community building and social media integration.

Crowdfunding is unlikely to replace or even exceed traditional forms of finance. It is however likely to find a recognised place within a wider financing framework. The exact nature and size of the role it plays will depend on how it meets these challenges.

A brief history

It is widely recognised that crowdfunding grew as a natural extension of online communities. The rock band Marillion was one of the first to garner the support of its wide fan base to provide funding for its tour of the US in 1997. Just a few years later and the first crowdfunding platform was launched. These early platforms tended to be rewards based, where artists / musicians would seek funding for projects in return for offers such as concert tickets etc. Not far behind came donation based schemes such as JustGiving. The 2000s saw the growth of micro lending and peer to peer lending sites, such as Zopa in the UK and Prosper in the US. More recently, the industry has turned to the previously unchartered territory of equity based, seed funding and community based project funding.

In this article we will look at the reasons behind the growth in this market and explore how it might develop over time.



The Crowdfunding Model

Crowdfunding involves large numbers of small contributions from individual contributors towards a specific cause or project. Typically, the individual contribution is less than £1000 with the average project target in the tens of thousands.

There are broadly four models of crowdfunding in existence today:

Donation based funding where the provider of funds derives a social benefit. Typically these support charitable organisations and the donation is rewarded by way of recognition – for example, credits or acknowledgements. Examples include YouCaring, JustGiving and Fundrazr.

Rewards based funding, where the subscriber receives a 'reward' other than money in return for providing funding support for a project. These have typically been in support of technology and media projects where rewards could be tickets to a concert or advance copies of a new game. Examples include Kickstarter, Artistshare and Sellaband.

Lending based, which to date makes up by far the largest element ($1.5b lent between 2008 and 2012). This is largely consumer based lending, typified by platforms such as Zopa and RateSetter in the UK. The platform directly connects savers with borrowers. In the wake of the banking crisis, with firms struggling to obtain loans from their banks, platforms such as Funding Circle have become established as a valuable source of finance for small and medium sized businesses.

Equity based or seed funding, which so far makes up the smallest segment but has shown significant growth over the last year. Typically, new start ups have used a combination of personal savings, credit card borrowing and friends and family for first round funding before turning to banks, 'angels' or venture capitalist firms. Small and medium sized businesses looking for equity finance have struggled to find first round funding from traditional routes in the current economic climate. Venture capitalists tend to prefer less risky, second round funding. The advent of online platforms such as Seedrs has provided those looking for funding with an alternative route to raising finance by appealing directly to individuals to support their projects with small amounts of money.

Case Study 1 – Rate Setter (Peer to Peer Consumer Lending)

Founded in 2009 by ex Lazard investment banker Rhydian Lewis and launched in October 2010, RateSetters has grown to become one of the largest peer to peer lending businesses in the UK. It is a privately owned business, having been through three rounds of funding raising in the region of £3m.

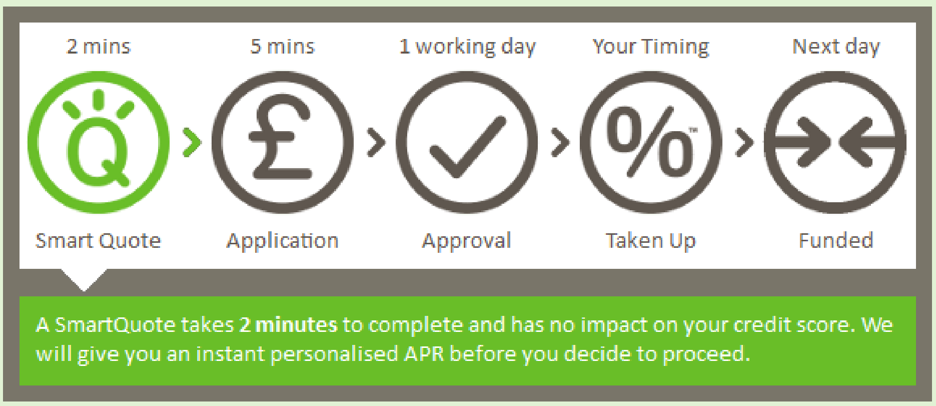
As in most P2P models, the site puts lenders directly in touch with borrowers, taking a fee from both parties. The rate is set directly by the market - lenders say how much they would like to earn and borrowers say how much they would like to pay. Ratesetters matches the two parties, dealing with vetting, credit checking and the necessary paperwork, transfer of funds and loan repayments.

The site has a simple, easy to use interface with handy tools such as a rate wizard to make it easier for both borrowers and lenders to get started quickly. Their 'provision' fund is an innovation aimed at providing peace of mind for investors. Funded out of borrowers', it is a fund set aside to cover bad debts – stepping in when loan repayments are missed to ensure the lender gets back their capital and interest. This innovation was quickly copied by close rival Zopa with their 'Safeguard' tool.

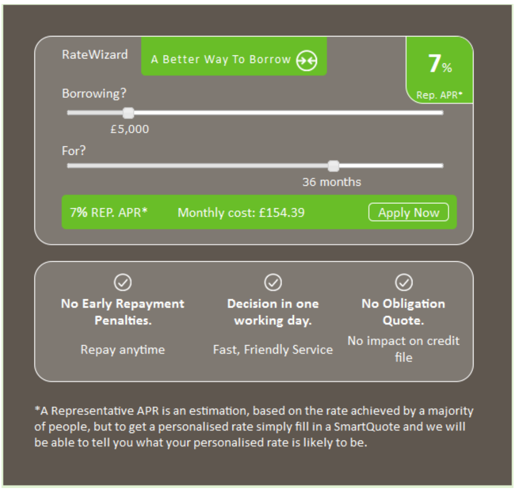
To date, Ratesetters has arranged over £80 million in lending.

Selected RateSetter Screenshots

Borrowing processes



Rate wizard



Provision Fund

The Provision Fund Key Data

How much is in the Fund?	£1,086,043
How much is on loan?	£50,480,202

Anticipated Bad Debt

This is based on careful statistical analysis of over 7m data records.

Expected Bad Debt(%)	<1.4%
Expected Bad Debt(£)	£696,626

Coverage Ratio: 1.6x

Actual Bad Debt

This is our actual default data, updated in real time.

1 Month Late	0.16%
2 Months Late	0.02%
Historic Default Rate	0.34%

Coverage Ratio: 6.3x

Case Study 2 - Funding Circle (Peer to Peer Small Business Lending)

Funding Circle was launched in 2010 to fill a perceived gap in the market – businesses being starved of finance and people receiving a poor return on their savings. Its three co-founders built the platform with financial backing from venture capitalists Index Ventures and Union Square Ventures together with support from British entrepreneurs Charles Dunstone, Ed Wray and Jon Moulton.

Funding Circle is an online lending platform for the SME market which connects individual investors looking to get a better return for their money with SMEs seeking funding. Investors are able to spread their risk by parcelling out their savings to many businesses, whilst a business has access to a wide range of potential investors.

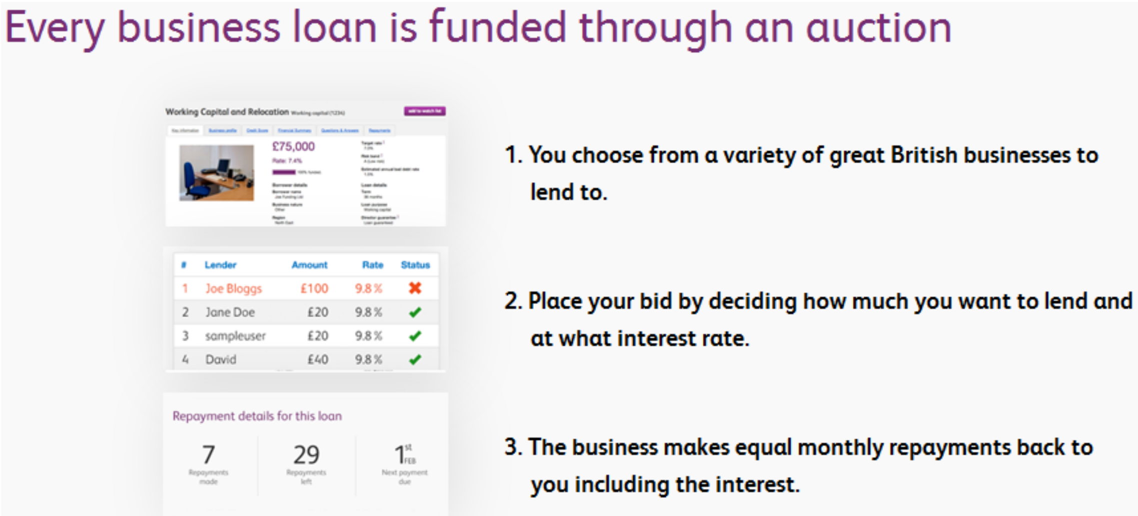
Businesses apply to join the site, with applications taking twenty minutes on average to complete. Applications are vetted by Funding Circle and successful applicants are given a 'risk rating', after which they are able to place their requests for funds on Funding Circle Marketplace (screenshot below). This operates in a similar way to an auction platform. The business states the amount of money it wishes to raise within a given time period. Individuals then bid the amount they are prepared to invest together with the interest rate they wish to receive. The minimum investment is £20 with no maximum, enabling investor to spread their risk across many businesses.

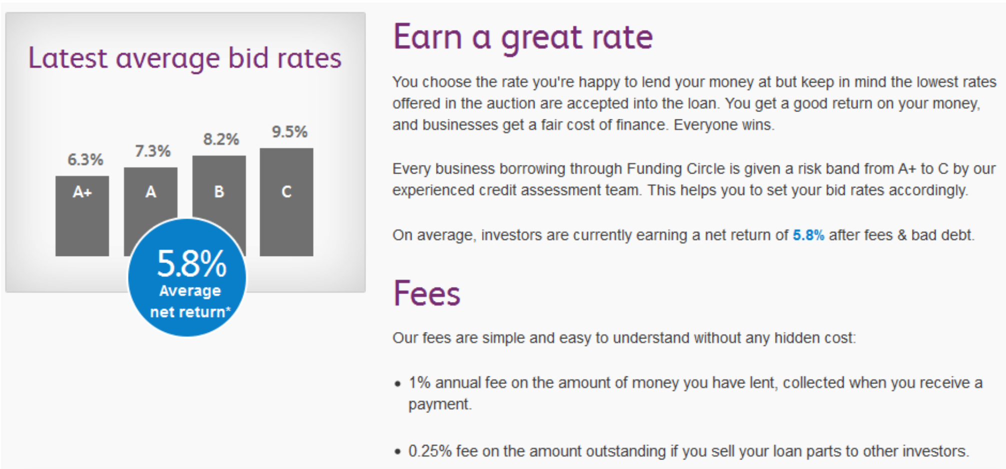
The business chooses which bids it wishes to accept and, provided the target is achieved within the allotted time, the platform manages the transfer of money. The platform provides an ongoing service for the investor, managing collection of loan repayments and providing online reporting and account management.

The platform makes its revenue through fees. It charges businesses between 2 and 5% depending on the term and type of loan. It also charges individual investors 1% on the amount invested per annum which is collected directly from the loan repayments.

Funding Circle's Marketplace

Loan Title	Risk	Amount	Term	Avg Rate	% Funded	Time Left
Digital Expansion I.T and Telecommunications, South East - 2824	A (Low risk)	£150,000	60	7.5%	100%	53m 47s left
Working Capital Education & Training, North West - 2825	C (Average risk)	£100,000	60	9.2%	100%	1h 2m left
Loan to part fund an acquisition Professional and Business Support, South East - 2828	B (Below average risk)	£50,000	12	7.9%	100%	4h 30m left
Business Development Loan Retail, South East - 2833	B (Below average risk)	£50,000	36	8.1%	100%	22h 50m left
Bucking the economic trend I.T and Telecommunications, South West - 2834	A (Low risk)	£100,000	60	7.4%	100%	23h 8m left





To date, Funding Circle has attracted nearly 50,000 investors in the UK lending over £120 million to small businesses, with an average return after fees and bad debts of c5.8% (bad debt since its inception in 2010 has averaged 1.5%). This compares favourably with the performance of many of the high street banks.

Case Study 3 – Seedrs (Equity/ Venture Capital Investing)

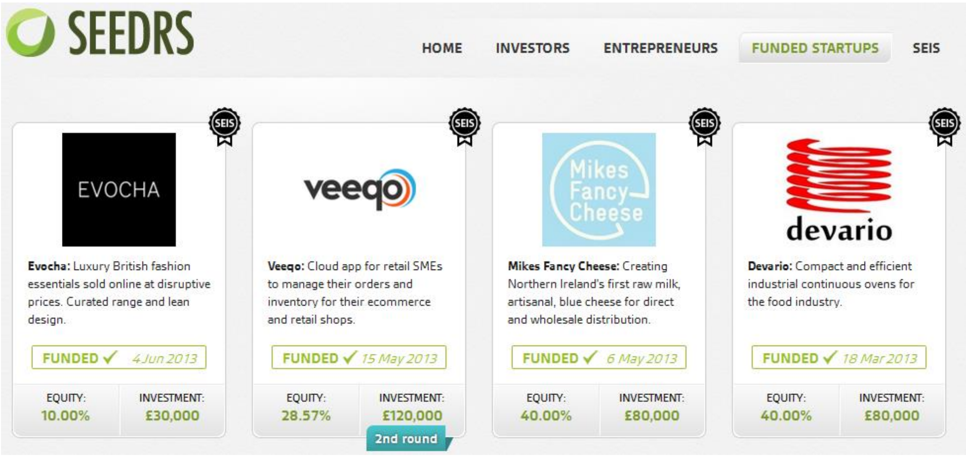
Seedrs is an equity based crowdfunding platform in the UK for investing in seed stage start ups. The company was founded in 2008 by Jeff Lynn (CEO) and Carlos Silva (COO) as part of an MBA project at Oxford University's Saiid Business School. It officially launched in 2012, having become the first equity based crowdfunding platform to receive authorisation to operate from the FSA. In order to launch it raised £1.3 million from venture capitalists including DFJ Esprit, Digital Prophets and a number of 'angel' investors. Its Board of Advisors includes names such as James Alexander (of Zopa) and Mike Butcher (TechCrunch). It has received much media coverage, being named by the Guardian as one of 'East London's Hottest Start Ups' in 2012 and 'Wired's 'Start Up of the week' in August 2012. Jeff Lynn was named 'Britain's 55th most influential man' in GQ magazine's February 2013 edition.

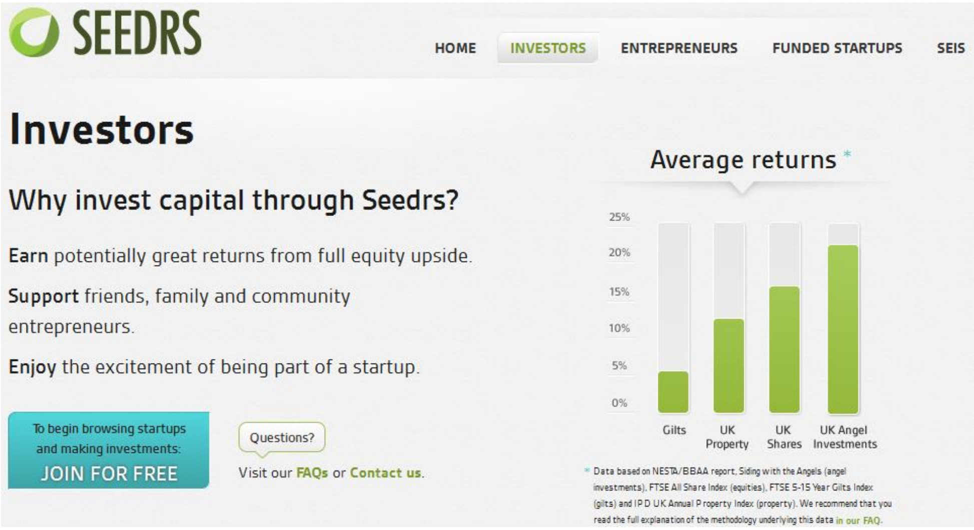
The company benefited from the launch in 2012 of the Seed Enterprise Investment Scheme (SEIS) which offers individuals up to 50% income tax relief and 28% capital gains tax relief for investments in start up companies. This added to similar tax reliefs available to investors in established businesses offered by the Enterprise Investment Scheme (EIS). Seedrs has a high concentration of SEIS and EIS eligible start ups listed on its site and such listings are put through a vetting procedure prior to investments being finalised to ensure they will be eligible under the relevant scheme.

Investors are asked to complete a brief questionnaire to ensure they understand the risks of investing in start ups. Having registered, they are then able to browse the listings of entrepreneurs seeking funding and invest from as little as £10 to the full target amount. Seedrs collects and transfers funds to the business and holds shares as nominees for the investor, managing payment of dividends and share sales thereafter.

Businesses seeking funding are required to complete a disclosure questionnaire which is vetted by Seedr before they are able to list details of the offer (including amount required and proposed equity). The business can create and upload videos to present their proposal along with their prospectus. The project is given three months in which to raise the target amount from potential investors. After that time, if the offer has been met in full, Seedr close out the listing and complete the necessary transfer of funds and equity. If the target is not met in full then the investors are reimbursed (otherwise known as the 'all or nothing' model). Investors pay 7.5% to Seedrs of any profits made from the investment, whilst businesses pay 7.5% of the amount raised from the listing. These are the only fees charged and cover all costs including legal fees. In its first nine months of trading, Seedr has exceeded the £1 million mark in raising funding for small businesses, with £700,000 raised in the last three months alone which serves to emphasise the rapid growth in this market this year.

Seedr listing





Challenges facing the crowdfunding industry

Crowdfunding has seen significant growth over recent years but whether or not it is able to reach its full potential in the UK will depend on a number of factors:

The regulatory environment

Regulation will play a significant role in determining the growth of the market – particularly the equity crowdfunding sector. In the UK, there are currently restrictions on a company promoting shares to people requiring them either to produce a prospectus which is approved by an FSA authorised person (where the funding required is £5 million +) or that shares are only offered to exempt persons (typically more sophisticated investors such as business angels or venture capitalists). In the US, the JOBS Act (Jumpstart Our Business Start-ups) was signed into law by President Obama in April 2012. The main provisions of the act as they apply to crowdfunding are aimed at easing requirements for SEC registration of certain forms of small funding via registered internet 'funding portals'. There are conditions attached to this exemption, notably a limit on the annual total an individual can invest in this type of offering which is tiered according to the person's net worth or annual income (the greater of $2000 or 5% for people earning up to $100,000 p.a, and the greater of $100,000 or 10% for people earning over $100,000). The effectiveness of the JOBS Act in stimulating the crowdfunding market in the US has been called into question and there has been criticism from regulators and consumer advocates over a perceived weakening of investor protection. The SEC is currently reviewing a number of amendments to the act to address industry concerns.

To date, whilst the UK government has been broadly supportive of the industry (the Department of Business and Innovation made some £30m in loans available to small businesses through P2P lending in 2012), it has yet to turn this into practical legislation. For the individual investor this means that there is very little protection available to them when it goes wrong, but it also creates an administrative burden for the crowdfunding operation in interpreting the rules and ensuring they are compliant. This was no better illustrated than in the case of Zopa's Italian venture. Despite having been originally cleared by the authorities to operate, the platform had its licence revoked when the Bank of Italy held that Zopa's 'transit account', which it used to collect and re-distribute monies, did require it to have a full banking licence. Faced with having to go through the full regulatory process again, Zopa broke its ties with the Italian operation which subsequently re-launched under the brand name Smartika.

Trade bodies such as the Peer to Peer Finance Association (founded by Zopa, RateSetter and Funding Circle) have lobbied the UK government for a formal regulatory framework. In December 2012, the government announced that P2P will come under the regulation of the FCA (Financial Conduct Authority) from April 2014. A Treasury consultation paper 'Transferring consumer credit regulation to the Financial Conduct Authority' was released in March 2013 which proposed that "operating an electronic system in relation to lending" become a 'Tier1' regulated consumer credit activity. There are a number of issues as to how this will operate in practice and a consultation process is due to commence in the autumn. It is believed that this will focus on establishing rules around vetting / credit checking procedures and capital requirements for firms. The moves to establish regulation have been widely welcomed by the main crowdfunding platforms, not least because it establishes the industry as a credible alternative to mainstream lending.

Providing Added Value Services

As the crowdfunding model develops, there will be increasing pressure on platform operators to engage, inform and educate both businesses and investors in order to find a way to differentiate themselves from other providers. In particular, the way in which businesses value themselves when listing a prospectus is, at the moment, open to abuse, with little guidance for either entrepreneurs or investors on how to arrive at a fair valuation. There are a variety of options that a platform could adopt, ranging from market driven approaches (where the entrepreneur can adjust the equity offering in line with investor demand) to expert coaching/ advice services being made available to businesses or the development of online valuation tools.

Developing a track record of performance

As a relative newcomer, the industry has only a limited track record and is operating at a time when returns from more traditional operators are particularly poor. As interest rates inevitably rise and the performance of investments via crowdfunding begins to be demonstrated more accurately, the appetite of small investors to accept greater risk in return for potentially higher rewards will be properly tested. The ability of the crowd to select 'good investments' and the role of social media and networks in this is an area that is likely to play a key role in determining the success or otherwise of the model.

Fraud Detection and management

The risk of fraud is one of the main concerns voiced by detractors of the model. To date, platforms have been quick to point out that levels of fraud on their sites have been negligible, citing the levels of protection already afforded through existing vetting procedures and the inherent protection of the 'all or nothing' model where monies are refunded in the event of the project not hitting 100% of its target . Despite this, it is a fair assumption that if the model becomes more mainstream, it will inevitably become a target for more sophisticated fraudsters and the platforms may be forced to develop more stringent fraud detection and prevention practices.

Some platforms have already innovated in this area by building safety nets to compensate lenders where borrowers default - for example RateSetter 'Provision' fund and Zopa's 'Safeguard' tool. Both these services provide lenders with a guaranteed return of their capital which is paid for out of a provision fund. Arguably fraud detection and prevention may improve as the model develops and data becomes more readily available. The crowd itself may have a major role to play here in vetting individuals who use the sites, in the same way that buyers provide seller ratings on eBay.

The Future of Crowdfunding

The crowdfunding industry is still in its infancy. It has seen significant growth in recent years and predictions for 2013 indicate that this growth will accelerate in the short term. The longer term outlook for the industry is somewhat more complicated. Much may depend on the economic conditions and the ability of platforms, regulators and businesses to address the issues raised above.

It is likely that crowdfunding will find a more settled position within the wider framework of lending – both consumer and business finance. In its equity form, crowdfunding seems most likely to have a role in complimenting more traditional sources of finance, providing seed funding where VCs and business angels fear to tread. The impact of regulation is likely to have the biggest effect on the industry – potentially limiting it to millions of pounds or allowing it to grow into a business worth £billions. Much will depend on the ability of platforms and regulators to find a balance between allowing the industry to innovate and grow whilst at the same time ensuring that sufficient governance and protection is in place to enable ordinary investors to feel confident in the model.

By the end of 2012, it was estimated that there were in the order of 500 recognised platforms and over 9,000 registered domain names relating to crowdfunding. In our opinion, whilst the number of platforms is likely to continue to grow in respect of specialist interest sites, community projects et al, there will be a relatively small number of high volume players. There will be winners and losers in this marketplace. The winners are likely to be those that successfully:

- Differentiate themselves from the competition by innovating and attracting big name investors as advocates
- Consistently deliver a supply of high quality projects and investment opportunities
- Adhere to good regulatory practice and become mainstream in terms of reputation

About Bluerock Consulting

Founded in 1999 and based in the City of London, Bluerock is a specialist Financial Services consultancy which provides a full service capability for financial services clients, from business strategy through to design and operational build. Our highly experienced consultants combine deep industry knowledge with pragmatic and proven delivery skills. This core team is supported a pool of over 1500 experienced UK based associates.
In 2011 we were acquired by BE Consulting a Milan listed Italian and pan-European business change and IT consultancy, with revenues in excess of €90m and over 850 staff. This alliance has substantially increased our pool of highly experienced resources, widened our capability and extended our expertise.

Contacts

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Neville has over 25 years' experience in the financial sector. He started his career in banking, working at the National Westminster Bank before joining the KPMG Consulting. Over the last 15 years he has worked extensively with clients in the Life and Pensions and Banking sectors. He is now Head of Performance Improvement at Bluerock.

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Appendix I – Crowdfunding in the rest of Europe

The European crowdfunding market is estimated to have doubled between 2011 and 2012 to a value of around €1 billion, with an estimated 300 active platforms at the end of 2012.

The SME market (small and medium sized enterprises) is significant to the European economy. The European Commission estimates that there are some 23 million SMEs in Europe, accounting for around 67% of all jobs and nearly 80% of all new jobs created. However only 30% of these businesses have bank loans, while 40% rely on short term credit or overdraft facilities. With VCs and business angels seemingly reluctant to support this sector, a large number rely on friends, family and their own resources to fund their enterprises. Crowdfunding therefore has the potential to play a large part in servicing this sector of the market and thereby providing economic growth. The European regulatory framework has evolved over time and is still adapting to changes in the digital space. Moreover, implementation and country rules vary from member state to member state, leading to variations in the development of crowdfunding models.

In Germany, the approach taken towards crowdfunding has not been dissimilar to that taken in the UK. There is no specific regulation that applies and crowdfunding platforms, particularly P2P lending and investing platforms are subject to authorisation under the German Banking Act and require a licence to operate from BaFin (Bundesanstalt für Finanzdianstleistungsaufsicht). An important exemption exists in respect of 'silent partnerships', defined as agreements where the stakeholder plays no part in the day to day operations of the business. In these cases, provided the amount of capital does not exceed €100,000, the business does not require authorisation. As a result most of the equity crowdfunding platforms in Germany have adopted this model. Platforms such as Seedmatch have gone further and circumvented this cap by offering 'subordinated loans' which are technically debt instruments rather than equity shareholdings, and therefore require a more straightforward licence.

Similarly, in Spain there is no specific crowdfunding regulation. There are three predominant crowdfunding models in Spain – lending, equity and donation. The equity model is not viable in Spain in the same way that it is in other EU countries due to stricter regulation. Instead sites like Bihoop, are based on a 'Joint Account' model. This is defined as a 'form of co-operation between individuals and companies through which an account-participant, contributes an amount of money to carry out an activity, foreign trade or business by...becoming participants in both prosperous and adverse outcomes.' Such accounts are regulated by the Spanish Commerce Code which provides a simpler form of regulation.

Italy has often been hailed as one of the most progressive countries in the EU in terms of the development of, and support for, crowdfunding. A report in December 2012 listed twenty one active crowdfunding platforms in Italy. The vast majority of these are social lending sites (Peer to Peer lending), accounting for around 78% of the overall value of funded projects (€13 million). On the other hand, equity sites like CrowdfundMe accounted for only 15%.

It is generally thought that ProduzioniDalBasso (launched in January 2005) is the oldest Italian crowdfunding site. This was closely followed by Smartika in 2008. 2011 was a significant year for the industry with the launch of a number of whole raft of new sites - Shinynote, Eppela, Cineama.it, Retedeldono and SiamoSoci, followed by Musicraiser, Starteed and CrowdfundingItalia in 2012

It is likely that the country will be one of the first to pass crowdfunding specific legislation. CONSOB (Commissione Nazionale per le Società e la Borsa) recently issued a set of proposed regulation of the industry for public comment. The CONSOB law under consideration does limit crowdfunding participation to 'innovative start-up companies' but that restriction may be lightened or lifted altogether after regulators can weigh the experience gained in crowdfunding start-ups. There is also some concern about a pending rule that requires participation by a financial investor. It proposes a pre-condition that 5% of share capital for such start-ups would need to come from a 'financial investor'. This is intended as a protection to the ordinary investor on the assumption that the 'financial investor' will have the ability to professionally vet projects. This provision could again materially limit the raising of money, without bringing any actual protection of the public investors as the efficacy of this method of investor protection is questionable.

Appendix II – Sample of the top donation and reward based crowdfunding platforms

Site	Domicile	Focus	Model	Fees
appbackr	US	Donation based funding for mobile apps	KIA	For a $0.99 app sold, Appbackr would take $0.1 for each $0.45 donated by a backr and $0.03 of final sale
Artistshare	US	Reward based site for musicians	KIA	30% of funds raised
Crowdfunder	US	Crowdfunding site for businesses which works on either an equity or donation model	AON	5% of funds raised if project hits target + Payment charges
Crowdrise	US	Charities, good causes, events	KIA	4.95% deducted from donations
Fundrazr	Canada	Wide-ranging – projects, charitable causes	KIA	5% of funds raised
Indiegogo	Global	Wide ranging creative projects from music to charities and personal finance needs	KIA/ AON (see fees)	Choice of flexible or fixed fees. Fixed – 4% if you reach target, otherwise 0% and contributors refunded Flexible – 4% if you reach target but 9% if you don't but you keep contributions 25% reduction for registered charities + Payment Charges
Kickstarter	US/ UK	Creative projects – e.g. music, art. Not for charities or businesses	AON	5% of funds raised if project hits target + Payment charges
RocketHub	US	Wide ranging creative projects	AON/ KIA	4% if project reaches target, 8% if it doesn't
Sellaband	Germany	Music projects	AON	15% of funds raised
YouCaring		Medical issues, life changing causes	KIA	Free

Definitions

AON ('All or nothing') - the project need to meet its target funding within a required timescale, otherwise the listing is cancelled an any contributions received to date are refunded

KIA (Keep it all) – the project gets to keep the contributions even if the project target is not met. It is up to the recipient to decide whether or not to refund contributors

Appendix III – Sample of the top peer to peer and business lending platforms

Site	Domicile	Focus	Model	Fees
AngelList	US	Equity or loan based site for start-ups. Only open to accredited investors	AON	Unable to determine from website though press articles quote $450 fee for lenders per deal and $10,000 for listing on the partner second market site for businesses
BankToTheFuture	UK	Combination of equity, donation and lending model for businesses	AON/ KIA	5% if full funding goal met 10% if min target achieved
Companisto	Germany	Equity based for start-ups	AON	Not listed on site unless registered
Crowdcube	UK	Equity and rewards based	AON	5% of funds raised for successful campaigns
CrowdfundMe	Italy	Equity based for projects up to €4,999,999	AON/ KIA	
FundedByMe	Sweden/ Finland	Equity and rewards based	AON	6% of funds raised for the equity model
Funding Circle	UK	Loan based site for small businesses	AON	2-5% of loan for borrowers, 1% p.a. for lenders
Prosper	US	Peer to peer lending	AON	From 0.5% to 4.95% of loan
RateSetter	UK	Peer to peer lending	AON	Lenders are charged 10% of interest received Borrowers are charged a fixed fee plus a credit rating fee dependant on rating
Seedrs	UK	Equity based for start-ups	AON	7.5% of funds raised for business, 7.5% of profits for investors
Seedups	UK, Ireland, USA	Equity based site for tech start-ups	AON	5% of successful listing for the business 5% of profits made by the individual investor
SeedInvest	USA	Equity based site for start-ups	AON	Currently free though likely to introduce 'small' commission for businesses according to the site in the near future
Somolend	US	Lending to small businesses and start-ups	KIA	4% charge to borrowers on amount borrowed and 1.8% 'portfolio management fee' charged to lenders
ThinCats	UK	Peer to peer secured business lending for more experienced investors and established businesses. Investments can be held in a SIPP	AON	No fees for lenders £450 listing fee for business + 1% of funds raised if listing is successful
Zopa	UK	Peer to peer lending	AON	Borrowers - £0 - £190 in fees Lenders- 1% p.a. of amounts lent