

## **FUNDING CIRCLE URGES GOVERNMENT TO CONSIDER BOLD ACTION TO SUPPORT SMALL BUSINESSES**

- Chancellor expected to announce new measures in his autumn statement to assist access to finance for small businesses
  - Investment in small business loans key to recovery, says Funding Circle

As George Osborne prepares for his autumn statement, Funding Circle, the online marketplace where people can lend directly to creditworthy small businesses in the UK, is today urging Government to consider alternative measures to stimulate business lending in the UK.

Funding Circle launched in August 2010 and currently facilitates up to £1 million per week of loans to small businesses. Funding Circle recently published a research paper '*Credit Easing - loans are better than bonds*', highlighting the need to find more innovative solutions to deliver finance to UK businesses. It believes this can best be achieved through loans, with peer-to-peer lending platforms playing a prominent role.

Samir Desai co-founder and CEO of Funding Circle said: "It is encouraging that the Chancellor is preparing to announce alternative measures to support small businesses and we would urge him to be bold and decisive in his decision making. Peer-to-peer lending platforms are a proven way of getting direct funding to small and medium businesses. Our market research shows that the most important factors businesses look for when seeking finance are access to quick, low cost, convenient finance; and a transparent fee and charging structure - which is what Funding Circle delivers."

Funding Circle is suggesting three initiatives that would immediately accelerate lending directly to businesses in the UK:

1. Tax incentives: The reduction or removal of income taxation on individuals wishing to lend to UK businesses would result in individual investors lending to a wider range of businesses, at lower rates. The Enterprise Investment Scheme (EIS) incentivises equity investment and there could be a similar scheme for business loans.



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2. Extend the Enterprise Funding Guarantee (EFG): Extending the scheme to cover loans or loan platforms rather than lenders would encourage more savers to invest directly into UK businesses.
3. Lending directly to small businesses through Funding Circle: Within days, Government could lend millions of pounds to small businesses through Funding Circle's platform, benefitting from the automated and scalable loan underwriting, arranging, servicing, and debt collection platform Funding Circle has built over a 3 year period.

Samir Desai continues: "There is a real need for greater competition in the lending market. At present the top four high street banks account for over 90% of lending to all UK small and medium-sized businesses. This can change if government action supports new and innovative solutions that offer a genuine alternative for UK small businesses."

Funding Circle enables people to receive high, stable returns for the long-term, and businesses get low cost finance to expand and develop. Funding Circle is backed by Index Ventures and prominent angels including Charles Dunstone (founder of Carphone Warehouse), Jon Moulton (founder of Better Capital) and Edward Wray (co-founder of Betfair).

### ENDS

To request a copy of the full report, please contact [press@fundingcircle.com](mailto:press@fundingcircle.com)

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#### **About Funding Circle:**

Funding Circle ([www.fundingcircle.com](http://www.fundingcircle.com)) is the first ever online lending portal to enable savers and investors to sidestep banks and lend directly to small businesses.

Funding Circle differs from other social lending platforms in that it facilitates loans to businesses, rather than consumers whilst also providing easy access to lenders' money at any time. It provides low cost finance for small, UK firms frustrated by the loan terms offered by the high street banks.



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The monthly repayment loans available are for either one or three years and for between £5,000 and £100,000. Each loan is comprised of small amounts of borrowing from many different people who compete to lend to the business in question, enabling it to borrow at a better rate. With no bank in the middle, both lenders and borrowers achieve a better deal. Funding Circle lenders receive 8.3% interest on average.

Investor risk is minimised through several measures: the underwriting process ensures only creditworthy, established businesses are allowed onto the marketplace and many businesses provide personal guarantees. Investors lend to lots of businesses to minimise exposure and unlike other peer-to-peer lending websites, at Funding Circle any losses can be offset against capital gains tax over an indefinite period.

Funding Circle was co-founded in August 2010 by Samir Desai (formerly of Olivant & the Boston Consulting Group), James Meekings (formerly of OC&C Strategy Consultants) and Andrew Mullinger (formerly of Citigroup, Ernst & Young and Nomura).