

## **Funding Circle's response to the ONS CPI stats**

Responding to today's 2011 Q4 Credit Condition Survey by the Bank of England, Andrew Mullinger, co-founder of Funding Circle said: "Today's figures may paint a distorted view of the business lending market. At the same time banks claim a marked fall in demand for small businesses, we have witnessed significant increases in loan requests from businesses, many who have not even approached their bank about further funding. November represented our best month to date and this week we passed £20 million worth of lending. There is not a lack of demand for finance among small businesses in the UK; there is a lack of demand for bank loans."

On the day that David Cameron referred to Funding Circle as an "innovative service" and part of the Big Society, Andrew highlighted that small businesses need access to quick and affordable finance, delivered in a transparent and straightforward way. "Attempts to simply channel additional funds through the banks will not address this problem. Applying for a bank loan is an outdated process. It takes far too long and is too inflexible to suit a business's needs."

"What we really need at the moment is greater competition in the lending market. At present the top five high street banks account for over 90% of lending to all UK small and medium-sized businesses. We believe new innovative solutions, such as peer-to-peer lending represent the best opportunity to deliver finance directly to small 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."

Launched in August 2010 Funding Circle is an online market place where people can lend directly to creditworthy small businesses. Funding Circle currently facilitates up to £1 million per week of loans to small businesses and 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

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\* As at January 2012

### **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 proving 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.

The monthly repayment loans available are for either one or three years and for between £5,000 and £250,000. 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.

Unlike, other person-to-person social lending websites at Funding Circle any losses can be offset against capital gains tax over an indefinite period. Along with the majority of businesses providing personal guarantees this lowers the risk of lending at Funding Circle.



## Funding Circle

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).

Read more about the team [here](#).