

INNOVATIVE FINANCE ISAs TAKE OFF AFTER FIRST ISA SEASON

- **28,000 IF ISA accounts opened at P2PFA member platforms**
 - **More than £300 million already under management**

Innovative Finance ISAs (IF ISAs) have seen significant take-up in the first year of being widely available to customers, according to data published by the Peer-to-Peer Finance Association (P2PFA) today.

Twenty-eight thousand IF ISA accounts have been opened by customers at P2PFA member platforms, with more than £300 million already under management. IF ISAs offer returns between three and seven per cent and give people the opportunity to lend directly to other people, small-businesses, property developers and buy-to-let investors through peer-to-peer lending platforms.

Lending platforms match investors and borrowers directly for a fraction of the cost of traditional financial services entities, providing benefits to customers on both sides of the transaction. Sitting between a Cash ISA and Stocks & Shares ISA in terms of risk and return profile, IF ISAs give investors the opportunity to take advantage of this benefit tax-free. Capital is at risk and the value of investments can go down as well as up.

Today's news comes a week after the regulator announced that it is considering mandating banks to offer a 'Basic Savings Rate', as it is concerned that savers who stay with the same bank or building society for a long period of time see poor returns on their money. This could apply to both savings accounts and easy access cash ISA products, where interest rates for both are at historically low levels.

Releasing the figures, Paul Smee, Chair of the P2PFA, said: *'We are really pleased that the Innovative Finance ISA has attracted such impressive momentum in its first year of being widely available to customers. It justifies the investment which platforms have made in the product and shows that peer-to-peer lending has a growing role to play in the investment market.'*

Commenting on the data, Robert Pettigrew, Director of the P2PFA, said: *'Six P2PFA platforms have launched their Innovative Finance ISA products very successfully over the course of the last fifteen*

months, and these figures demonstrate that retail investors are eager to avail themselves of this opportunity’.

Peer-to-peer lending – regulated by the Financial Conduct Authority since April 2014 – involves the direct matching of funds between investors and borrowers through an online platform. Investors range from retail consumers to institutional investors as well as the government. Many platforms offer secondary markets where investors have the option to access funds early by selling loans to other investors, often at no extra cost.

The six P2PFA platforms who offer an Innovative Finance ISA are: Crowdstacker; Folk2Folk; Funding Circle; Landbay; Lending Works; and Zopa.

ENDS

For more information:

Robert Pettigrew (Director: Peer-to-Peer Finance Association)
e-mail – robertpettigrew@p2pfa.eu; telephone: 07771-547462

About the P2PFA: The Peer-to-Peer Finance Association (P2PFA) was established in 2011 as a representative and self-regulatory body for debt-based peer-to-peer lending. The P2PFA seeks to inform and educate; promote high standards of business conduct; and work with policy-makers and regulators to ensure an effective regulatory regime. P2PFA members are required to meet robust standards for the transparent, fair and orderly operation of peer-to-peer lending. The member platforms are: Crowdstacker; Folk2Folk; Funding Circle; Landbay; Lending Works; MarketInvoice; ThinCats; and Zopa.