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## Four ways to access the P2P sector as a retail investor

**KATHRYN GAW** | COMMENT & ANALYSIS INDUSTRY

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Retail investors were the original inspiration for peer-to-peer lending, but it has become more challenging for them to enter the P2P space.

Investor marketing restrictions, platform liquidity issues and government-backed loan schemes – which are only open to

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institutional investors – have limited the opportunities for retail investors to access P2P loans.

loan schemes

However, there are still a few ways for the average investor to access the inflation-beating returns offered by P2P lending platforms.

## 1. Stock market investments

Funding Circle is the only UK-based P2P lending platform **currently listed on the London Stock Exchange**.

However, there are other ways to indirectly invest in the P2P sector. Metro Bank is listed on the London Stock Exchange and its recent acquisition of RateSetter means that an investment would give some indirect exposure to the P2P firm's loanbook.

## 2. Crowdfunding campaigns

**Crowdfunding sites such as Seedrs and Crowdcube** have been great sources of fundraising for P2P platforms.

Platforms such as Assetz Capital, The House Crowd, Abundance, CrowdProperty, Crowdstacker, Elfin Market and British Pearl have all managed crowdfunding campaigns in recent years.

In return for their investment, supporters are offered a small amount of equity or convertible equity in the business, which means that as the platforms scale up, these ground-level investors will see the value of their stake increase accordingly.

## 3. Investment trusts

After a spate of wind-downs, there are still a few alternative finance-focused investment trusts listed in the UK. VPC Specialty Lending, Honeycomb Investment Trust, the **newly-rebranded Alternative Credit Investments** (formerly known as Pollen Street Secured Lending), and GLI Finance are all still open to new investors.

While the portfolio allocations are different for each trust, all of these firms offer exposure to a range of alternative finance

opportunities.

## 4. P2P lending platforms

But of course, the best way to invest in P2P lending as a retail investor is via the platforms themselves.

While many platforms have paused or stopped retail lending this year, there are **still plenty of options for would-be P2P lenders.**

The likes of CrowdProperty, Zopa, Assetz Capital and Folk2Folk are still accepting new retail investors, as are **smaller lending platforms such as Kuflink** and FutureBricks. While there have been fears that defaults will rise as the economic outlook worsens, most of these platforms are still targeting inflation-beating returns for their investors – both institutional and retail.

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