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## The importance of good regulation

**CONTRIBUTOR** | FEATURES, IFISA, JOINT VENTURES AND PROMOTED CONTENT | **KUFLINK, NARINDER KHATTOARE**

*P2P regulation has been in the spotlight lately. But for Narinder Khattoare, chief executive of property-backed P2P platform **Kuflink**, good regulation has always been a priority...*

REGULATION is vital for the success of any industry, but it has been particularly important in the peer-to-peer sector. However, as the sector evolves, many platforms have struggled to cope with the increasing presence of the Financial Conduct Authority (FCA). Earlier this year Collateral went out of business after failing to secure full FCA approval, while numerous other platforms have complained about being forced to wait two years or more for FCA authorisation.

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But property-backed P2P platform Kuflink believes that good regulation is absolutely worth the wait.

“We embrace the FCA, because they’ve got to do the relevant checks on the businesses to make sure they’re sustainable,” says Kuflink’s chief executive Narinder Khattoare. “At the end of the day, people’s money is at risk, and I think the FCA does a fantastic job.”

Kuflink works “very closely” with the FCA – “and we need to,” says Khattoare. This close relationship is particularly important for P2P lenders in the wake of the FCA’s recent consultation paper, which promises to make some changes to the sector in the near future.

These upcoming changes do not concern Khattoare, who has had plenty of experience dealing with the complexities of regulating property-backed P2P loans.

“One thing I did notice was when most of the P2P platforms were going through their authorisation process with the FCA, the majority were offering small- and medium-sized enterprise (SME) loans only,” he says. “And those SME-focused lenders got through the authorisation process faster than those of us who were offering property-backed loans.

“I think the set-up of a property-backed P2P platform is different because there’s a bit more due diligence to be done on the vetting of the properties,” he adds. “The underwriting process has to be different to make sure that the structure and the placement of the loans is correct. And it’s different again for someone like us because we’ve got skin in the game too, so the structure that we have to put in place from the outset is totally different.”

In fact, Khattoare says that he would welcome more interaction with the regulator, either through regular workshops, person-to-person meetings or simply via consultation papers, like the CP18/20 document which was made public earlier in the summer.

Ultimately, Khattoare knows that good regulation is essential when it comes to winning the trust of investors who can still remember the impact of the global financial crisis just 10 years ago.

“FCA regulation gives the retail investor a bit more security,” he says. “OK, so there is no Financial Services Compensation Scheme. However, it gives users a bit more security knowing that the FCA has thoroughly vetted us. This allows investors to make better decisions when they deploy funds on the platform.”

If enhanced regulation means that more investors start considering P2P lending, then ‘embracing the FCA’ could be the smartest strategy for every platform.

[Click here](#) for more information on the investment opportunities offered by Kuflink.

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