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Kuflink mulls new BTL product suite as demand heats up

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| KUFLINK NARINDER KHATTOARE |

Narinder Khattoare, chief executive of Kuflink, reveals his plans to launch an innovative new term loan product, in response to investor demand...

Kuflink is set to introduce a new suite of buy-to-let (BTL) term loans, in response to soaring demand from both investors and borrowers.

Narinder Khattoare, chief executive of Kuflink, says that his team is looking at how to package those loans at the moment, but the roll-out is likely to take several more months.

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“It’s something that we are looking at,” he says. “From an investor’s point of view, they are putting their funds into a platform which predominantly offers short-term loans, as well as some medium-term products too.

“But what if they want to deploy their funds over a slightly longer term? So we are looking at a three to five-year product, which investors can put their funds into. Yes, they’re going to earn a lower margin on it, but the actual product itself and the profile of the borrower is totally different to that of a property developer or somebody going to buy a property from auction.”

The BTL term loans would be for landlords or anyone who has a portfolio of income-producing properties. Khattoare points out that these properties typically generate more than enough rent to cover the interest payments on a term loan, which reduces the risk of a default. Kuflink will try to match the existing BTL bank rates of between two per cent to 4.5 per cent as closely as possible.

These BTL term loans are just one example of the ways in which Kuflink continues to innovate and stay ahead of market trends. Over the past year, the platform has made a few tweaks to its existing product suite. Investors can now compound their interest to maximise their gains, and Kuflink has also introduced an Innovative Finance ISA wrapper around its individual loans, again, in response to investor demand.

“We listen to our investors,” says Khattoare.

“Most of our bigger investors like to go into individual deals rather than spreading the risk across our portfolio. Our team has been listening and about six or seven weeks ago that was launched on our platform. And it’s going down pretty well!”

Covid has also created a changing landscape for borrowers. Khattoare says that Kuflink has seen “a massive influx of development enquiries that come our way” as the country came out of lockdown. However, he is aware that the property development market is facing its own set of unique challenges.

“I think there’s going to be a bit of a challenge over the next 12-18 months on some of those funds because of the shortage of supplies,” he cautions.

Kuflink intends to handle the rising risk of defaults by taking an even more detailed approach to its due diligence, and ensuring that forbearance measures are available to borrowers who need them, while investors are kept informed about any potential delays in their interest and capital payments.

“The loan term is key,” explains Khattoare. “We’re trying to encourage some borrowers to take a longer term on their loans, knowing that they may not be able to get the supplies that they need to complete their project.”

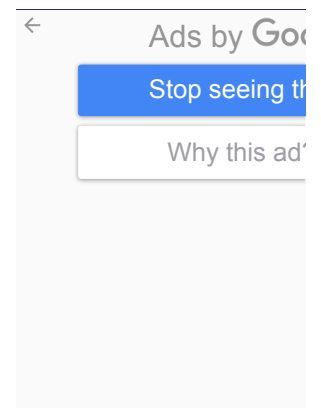
When Kuflink becomes aware of a forthcoming payment delay, it notifies its investors immediately. However, investors should always be aware that not all investments pay back on the due date due to circumstances out of the platform’s control. Therefore, investors should allow some time to receive their funds if they need them for a particular purpose.

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This back-and-forth relationship between the platform and its investors ensures that Kuflink can respond quickly to demand, even in a rapidly changing market.

As Khattoare explains: “Innovation means doing something which people have done previously, but doing it even better, faster, and with more flexibility than before.”

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