



FUNDING XCHANGE

THE BUSINESS FUNDING MARKETPLACE

Can Alternative Lending Be Successfully Transplanted from Developed to Emerging Markets?

December 2016

Snapshot of the UK funding alternative funding market (SME funding)

High street banks



Challengers, International banks, Building Societies



Crowdfunding and Marketplaces



Alternative lenders



Key: Entered in last 5 years

Strong eco-system has evolved facilitated by enlightened UK government policy

Ease of starting up – Regulatory environment

- **Benign regulatory approach towards innovative financial services** – ease of accessing FCA through Innovation Unit
- **FSA sandbox** environment to ‘learn together’

SME demand for alternative funding

- **Regulatory focus on increasing transparency on non-bank funding** and ease of access to alternative solutions
- **Regulated (SBEE Act) SMEs on available alternative funding options**

Investor support for start-ups / access to equity

- **Tax incentives for early stage investors** – e.g., SEIS/EIS income tax incentives
- **Broad and deep pool of VC/PE funds**

Funding for alternative lenders

- **Tax incentives for private investors (e.g., ISA wrapper for P2P platforms)**
- **Direct funding provided by British Business Bank**
- Large institutional investor base

Access to strong support network

- Ease of access to eal advisors, legal services, investment banks
- Ease of renting flexible office space / join accelerators
- **Accounting / FD services for start-ups**

Access to data for alternative lenders

- Tax incentives for early stage investors – e.g., SEIS/EIS income tax incentives
- **Broad and deep pool of VC/PE funds**