



FINANCE ASSOCIATION

Press release – for immediate publication

## **Peer-to-Peer finance market launches self-regulatory body**

London, 15<sup>th</sup> August 2011 - Today sees the launch of the '**Peer-to-Peer Finance Association**', a new UK trade body set up primarily to ensure this innovative and rapidly growing sector maintains high minimum standards of protection for consumers and small business customers, as it brings much-needed new competition and innovation to the banking market. In Britain this year, peer-to-peer finance will account for more than £100 million of loans to individuals and small businesses.

As new financial regulatory structures are put in place by the Government over the next 18 months or more, the Peer-to-Peer Finance Association will also work hard to ensure that the new rules will include effective regulation for the peer-to-peer finance market.

The initial members are Funding Circle, RateSetter and Zopa - the largest peer-to-peer finance platforms at present in the UK. Other peer-to-peer providers are known to be interested in seeking membership in the near future, subject to meeting the required standards.

The Association has established a wide definition of peer-to-peer finance providers as: *'platforms that facilitate funding via direct, one-to-one contracts between a single recipient and multiple providers of funds, where the majority of providers and borrowers are consumers or small businesses. Generally, funding is in the form of a simple loan, but other instruments may evolve over time.'*

Membership of the Peer-to-Peer Finance Association is open to all such businesses, but admission is subject to the Rules of the Association and members must comply with the Association's Operating Principles\*

The Association's Rules and Operating Principles set out the key requirements for the transparent, fair, robust and orderly operation of peer-to-peer finance platforms and cover:

1. Senior management systems and controls;
2. Minimum capital requirements;
3. Segregation of participants' funds;
4. Clear rules governing use of the platform, consistent with these Operating Principles;
5. Marketing and customer communications that are clear, fair and not misleading;
6. Secure and reliable IT systems;
7. Fair complaints handling; and

8. The orderly administration of contracts in the event a platform ceases to operate.

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The Peer-to-Peer Finance Association is run by a Management Committee, made up of one representative from each member, with one member acting as Chairman for one year on a rotating basis. Giles Andrews, CEO of Zopa, will act as the Committee's initial Chairman. As new members join the Association, their representative will join the Management Committee.

As first Chairman of the Peer-to-Peer Finance Association, Giles Andrews said:

"We are very pleased to be taking this significant step in the evolution of this new and exciting sector. The Association recognises that this fast growing market will benefit from the high standards that the Peer-to-Peer Finance Association has laid down and will police amongst its members.

Launch of the Association reflects that the peer-to-peer alternative to conventional banking not only delivers innovative new ways to provide better value for its customers, but is also committed to the highest standards of safety, transparency and customer protection."

**- ENDS -**

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#### **Notes for Editors**

\* Full details of the Peer-to-Peer Association's Rules and Operating Principles are available on request.

The Peer-to-Peer Finance Association is a UK trade body that maintains Rules and Operating Principles that must be followed by all Member organisations to protect the interests of all their individual and small business customers.

Currently, individual borrowers are protected by the Consumer Credit laws overseen by the Office of Fair Trading, with whom each of the P2P Finance Association's members are registered. The Association's Rules and Operating Principles are intended as a possible precursor to additional regulation to be put in place by the new regulatory bodies to protect the interests of those lending to these individual borrowers.

More information about the Association can be found at its website at [www.P2PFinanceAssociation.org.uk](http://www.P2PFinanceAssociation.org.uk).