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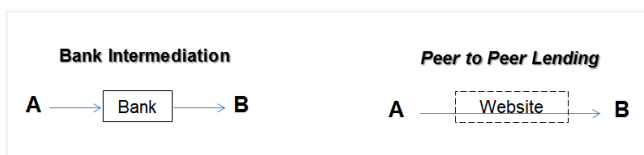
Peer to Peer Lending – a new path in the credit market?

Concept

Peer to peer (P2P) lending corresponds to loans made directly between a borrower (a company, for example) and a non-professional lender. It is a way of credit disintermediation where there is no credit institution between a party with funds available and a party who needs those funds.

Lending Platforms

Some platforms have already been developed to facilitate bringing together the demand and supply of credit. These platforms make available some key information about the borrowers and/or the projects, as well as procedures to implement the direct contracting between the parties. The service provider will normally charge a fee over the use of the platform.



Growing use

P2P lending is an increasing market, including in jurisdictions such as the UK, the US and Germany. In a context where banks are deleveraging, this may be a funding alternative, notably for SMEs. And it may also be an option for investing some savings, in a context of unattractive interest rates.

Regulation

It has not yet been specifically regulated in Portugal.

If that comes to be the case, then it should be reminded that regulation may entail costs for operators and, in the absence of market scale, it may cause such operators to exit the market, in detriment to the economy. A coordinated approach at an EU level, if and when deemed appropriate, would certainly prove useful.

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