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Individual investors do well in P2P…if they choose the right platform

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Retail investors can enjoy great returns from peer-to-peer lending, as long as they choose the right platform, as Kuflink explains…

Small investors and their advisers, looking for alternatives to the poor returns available from traditional savings sources, are increasingly disillusioned with finding any form of vehicle that provides more than the lamentable offerings on display from banks and building societies.

So, what's the problem?

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While the media have quite rightly highlighted the fall of certain P2P platforms, the accompanying narrative has tended to highlight the dangers with too little focus on demonstrating that there are P2P platforms that do provide solid returns – provided investors understand the risk but also look for experience in the management team and the quality of the underlying asset that secures the loan.

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It is hardly any surprise that investors are missing out when media commentators only look at negative stories like Lendy, which failed because its management team were unable to deliver the promise of over-hyped returns, and increasingly took on more and more risky projects.

It was not because P2P is inherently unsound as an investment medium.

What Lendy and other failed P2P platforms had in common was a lack of proper foundations. With the primary failing being a lack of experience to assess the quality of projects seeking finance and of the value of the underlying security being offered against the loan.

Kuflink’s contention is that P2P can still work for investors. Larger P2P platforms have successfully switched from private to institutional investment in light of increasing regulation and have the infrastructure in place to direct volume investment on their platforms.

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P2P platforms like Kuflink backed by private investors, set up its P2P platform in 2016 for the sole purpose of funding its growing short term bridging business.

It had already built up a great deal of property experience and therefore the ability to look at projects thoroughly. In Kuflink’s case, they have the added incentive that they have their own money invested in the platform.

Over four years of operation Kuflink has not lost a penny of investor capital. Its success is based on matching manageable investor funds with fully researched property backed projects, based predominantly on private investment.

Peer to peer investment works. However, the investor must do their own research and only work with platforms that demonstrates a proven track record, have a strong management team and a realistic attitude to risk and reward.

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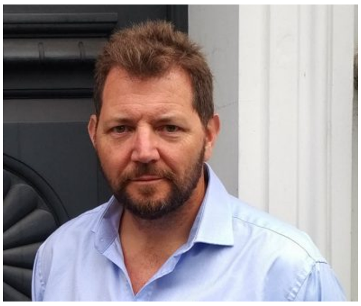

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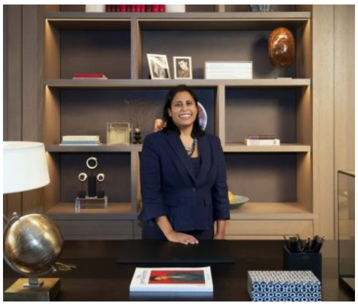

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