

44 facts about alternative finance in the UK

The information below contains highlights from the 2014 UK Alternative Finance Industry report produced by Nesta and the University of Cambridge.

The results are based on analysis of transaction data from alternative finance platforms, surveys of their users and commissioned national surveys of consumers and SMEs in the UK.

P2P BUSINESS LENDING

£73,222

Average amount borrowed
33% of borrowers believed they would be unlikely to get funds elsewhere

On average it takes 796 micro-transactions from individual lenders to fund one loan

63% of business saw a growth in profit with 53% seeing an increase in employment since securing funding

83% of lenders were men

P2P CONSUMER LENDING

£5,471

Average amount borrowed
54% have lent more than £5,000

Lenders primarily motivated by interest rate available

More than half of borrowers had been offered a loan from the bank but went with P2P Lending

46% used loan to purchase a vehicle

INVOICE TRADING

£56,075

Average amount raised

33% of businesses said it was unlikely that they would have received finance could they not have turned to an invoice trading provider

The average invoice finance auction only takes 8 hours

Three in four users would use invoice trading in the future even if banks were to offer similar terms

EQUITY CROWDFUNDING

£199,095

Average amount raised

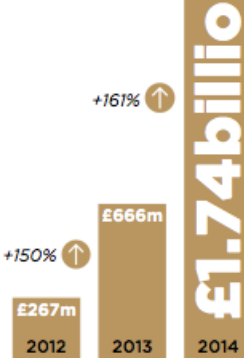
Two-thirds of investors have invested more than £1,000

38% of investors were professional investors or high net-worth individuals

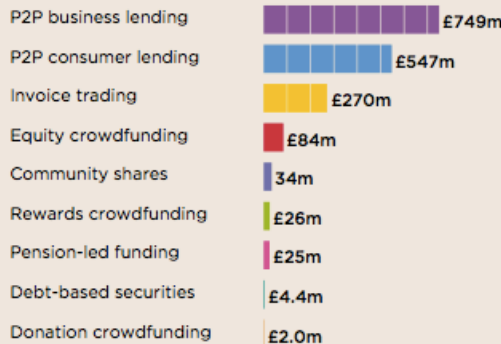
Since securing funding 70% of businesses have increased turnover, 60% have increased employment

54% of businesses sought expansion capital, 46% sought seed or start-up capital

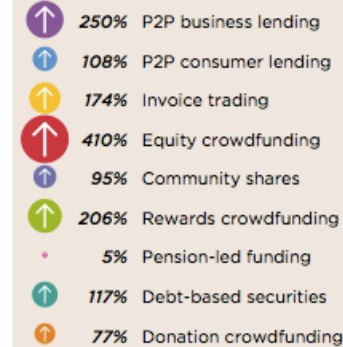
Market size
Growth



Breakdown of 2014 market by platform



Average growth rate 2012-2014



COMMUNITY SHARES

£174,286

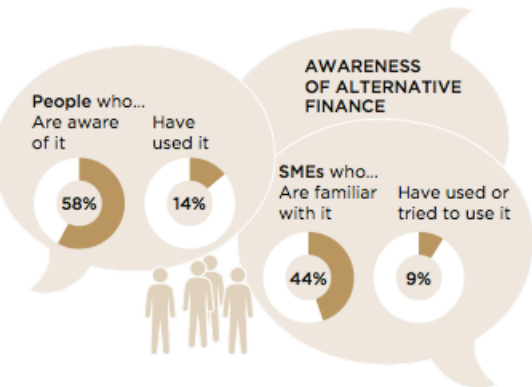
Average amount raised

The average investment in community shares is £368

38% of investors in community shares attended local shareholder meetings

32% of investors have offered to volunteer directly with the project they supported

The prospect of a finance return was only important or very important to 24% of investors



DONATION CROWDFUNDING

£6,102

Average amount raised

34% of fundraisers have seen an increase in volunteering after their campaign

27% of donors had offered to help or volunteer with the project they backed

46% of donors have funded projects that others in or outside their local area could use

DEBT-BASED SECURITIES

£730,000

Average amount raised

Average investment in debt-based securities is £1,243

On average it takes 587 funders to fund a renewable energy project through debt-based securities

The opportunity to make a positive social impact was an important factor in deciding to invest for 86% of investors

PENSION-LED FUNDING

£70,257

Average amount raised

Pension-led funding (PLF) users are mostly small businesses, 7% were sole traders while 60% had 5 or fewer employees

51% of PLF fundraisers thought that they would have been unlikely or very unlikely to secure funding elsewhere

43% have increased their employment after raising finance via PLF

REWARDS CROWDFUNDING

£3,766

Average amount raised

The majority of funders had spent less than £50 on supporting projects and mostly backed only a single project

53% said they would have been unlikely to get funded were it not for crowdfunding

72% of funders knew the person running the campaign they backed either personally or by reputation

Source: Understanding Alternative Finance ... 2014, NESTA & University of Cambridge

<https://www.nesta.org.uk/sites/default/files/understanding-alternative-finance-2014.pdf>