

## Faircent forays into secured loans

**P2P lending players have been so far focused on unsecured credit**

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Faircent, the country's largest peer-to-peer (P2P) lending firm, has now started focusing on secured loans, a segment that these players had so far not been present in. Now, with tie-ups with companies, the firm has forayed into auto loans, and is eyeing dispensing loans for other asset-backed products.

These firms allow an individual to lend money to other unrelated individuals without assistance from any financial intermediary. And, these are mainly accessed by consumers who find it difficult to secure a loan from a bank or other non-banking financial company (NBFC).

Vinay Mathews, co-founder and chief operating officer, Faircent, explained that apart from personal loans, even for the secured products, some consumers may find it difficult to take a loan because of their income or risk profile. "Apart from this there are certain areas that bank lending is not extended to such as education loans for coaching classes which can cost lakhs. So we are also looking at exploring those areas and are planning to tie up with relevant companies," he said.

Apart from this, Faircent is also looking at exploring other products such as gold loans, loans against property etc. In the past couple of years, the P2P lending space has been gaining traction and apart from consumers, even small and micro enterprises (SME) have also been logging into these online players to access credit. This is because of the slowdown in the economic activity; even bank lending to the SME space has been reduced.

In order to stem the chances of defaults, Mathews said they will be tying up with companies whose employees will be able to avail the offer to ensure better background checks. Unlike the personal loans on these P2P lending sites, these asset-backed loans will have a fixed rate of interest.

For instance, at present the company has tied up with Baxi, an on-demand motorcycle taxi company operating in Gurgaon and Faridabad.

According to a report by the Reserve Bank of India (RBI) in April, there are around 30 start-up P2P lending companies in India. Globally, the cumulative lending through P2P platforms at the end of the fourth quarter of 2015 reached £4.4 billion, from just £2.2 million in 2012. And in most countries where these firms are allowed to exist, they are treated as banking intermediaries. Now, even RBI is looking at regulating this sector and is supposed to come out with guidelines pertaining to it.