

Person to Person Lending

Traditional lenders will generally take most of the point risk themselves when lending to individuals or businesses. There are 2 key factors in determining your suitability as a borrower:



1. What is the risk that you will default on your loan and how much will I lose
2. What annualized return can I make from you

This can lead to a finance bottleneck and restriction on the number of loans approved through traditional financial institutions.

Person to Person lending or Peer to Peer Lending can help reduce this risk and provide great returns:



With P2P loans the risk is spread amongst many people and there is opportunity to obtain lower interest loans than you could potentially get with your risk profile and traditional lenders.

How Can You Increase Your Chances to Get a Peer to Peer Loan ?

1. Borrow only what you need - every extra unnecessary dollar you borrow means extra interest
2. Work out a payment plan using the [loan repayment calculator](#) online - see what you can afford to pay and over what period and what rate.
3. The first time you borrow from a [P2P site](#) borrow a manageable amount and pay on time and in full - your rating will improve and give you the opportunity to borrow more in the future
4. If you are [borrowing for a business](#) write your brief plan on how the loan will be used to generate cashflow to make the loan repayments and pay yourself. Outline your contingency plans for example, 'every month we will put aside 25% of a loan payment into a contingency fund'
5. Be honest for your reasons to borrow the money. If you need money for debt consolidation say so and show how consolidating your loans will save in interest and help facilitate the loan repayments
6. Proactively [monitor your credit score](#). There's a chance that loans that have been cleared have not been removed from outstanding liabilities. Clean up your credit score before taking out your next loan.

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