



P2P Lending | Toronto, ON | Founded: 2006 | Employees: 31 | www.lendingloop.ca

PHONE: 1-888-223-5667

BLOOMBERG: www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=303769588

LINKEDIN: www.linkedin.com/company/questrade/?originalSubdomain=ca

COMPANY OVERVIEW

Lending Loop is Canada's first peer-to-peer (P2P) lending platform, based out of Toronto, that allows Canadians to invest in loans to small businesses. The loans are for periods of 3 – 60 months, at an interest rate of 5.9 to 15.5% plus fees of up to 6.5% on loan origination to the borrower and 1.5% to the lender.

SENIOR MANAGEMENT

Brandon Vlaar: Co-founder & CTO (2006-Present). Previously: Strategy & Operations Analyst, Fusion Homes (2014-2015); Business Development Intern, INCubes (Summer 2013); Business Analyst, Manulife Financial (Summer 2012); Finance Intern, NetShape Technologies, Inc. (Summer 2011). Education: HBA, Ivey Business School (2014).

Cato Pastoll: Co-founder & CEO (2006-Present). Previously: EVP & GM (2014-2015), Product Manager (Summer 2013), Business Analyst (2011-2012), Shift CRM; Strategy and Business Development Manager, CPOINR CAPITAL INC. (Summer 2013). Education: HBA, Ivey Business School (2014)

HISTORY

Cato and Brandon met at the Ivey Business School during an IT case competition in their final year, 2014. They both had spent summers working in various technical and entrepreneurial capacities. Cato had built CRM software and mortgage loan management applications, while Brandon had familiarized himself with marketplaces for online video games and chat apps. Lending Loop was incorporated on April 15 of 2014. The pair based Lending Loop on a UK P2P lender Funding Circle. Both Cato and Brandon quit their jobs in March of 2015 to work on Lending Loop full time. By January 2015, Lending Loop was originating 20 loans a month.¹ At time of writing, Lending Loop has over \$29M in loans originated, with 7500 investors having lent on the platform.²

FUNDING

The business was self-funded through Cato and Brandon's savings until they secured seed funding of \$650,000 in April of 2015.¹ They further secured a \$2M round of funding from the MaRS Investment Accelerator on August 2, 2017. Lending Loop raised a subsequent debt financing round of \$10M October 23, 2017.³

KEY CORPORATE DEVELOPMENTS

Press releases: www.lendingloop.ca/press

June 11, 2015: [Lending Loop is Now Live](#)

Oct 6, 2016: [After a regulatory detour, fintech platform Lending Loop relaunches](#)

Oct 23, 2017: [Lending Loop Hits Milestone of Providing \\$10M in Financing](#)

May 2, 2018: [Ontario government invests in fintech to boost small-business lending](#)

¹ Lending Loop: Fintech Disruption in Canadian Banking; Parker Cumming, Jean-Philippe; Ivey Publishing

² <https://www.lendingloop.ca/statistics>

³ <https://www.crunchbase.com/organization/lending-loop#section-funding-rounds>

BUSINESS HIGHLIGHTS

STRATEGY

Lending Loop is Canada's first regulated P2P lending platform for Canadians to lend money to small businesses. Lending Loop introduces both retail and institutional capital to small businesses through term loans.⁴ Their value proposition is quick loan issuance, at a price that is higher than banks, but lower than traditional credit cards. Along-side individual investors, Lending Loop announced in March of 2018 that they will allow corporations to invest in small business loans through the platform.⁵ The ability to invest in loans to small businesses created a new asset class of small business loans that was underserved by big banks.

PRODUCTS / PRICING

Lending Loop provides an online market place, connecting lenders (individuals and private investors) and borrowers (small businesses). While Lending Loop allows for loans from 3 to 60 months, the average maturity period for Lending Loop's loans is around 2 to 4 years. Lending Loop makes their money on fees, with the interest charges flowing directly from the borrower to the lender. The fees for lenders are 1.5% per year. The loan origination fees on borrowers ranges from 2.5% on a 3 to 12 month, low-risk loan to 6.5% on a 49 to 60 month, high-risk loan. The interest rate for borrowers range from 5.9 to 26% based off Lending Loop's credit rating, and this return flows directly from the borrower to the lender(s).

TECHNOLOGY

The user experience on Lending Loop's online marketplace application is polished and professional. They offer a consistent and logical user interface for both lenders and both lenders and borrowers to build an investment portfolio and create a loan request, respectively. Both their site and the platform follow modern design best practices. The algorithms they use to assess credit risk have been built in house. Lending Loop also provides graphic tools for investors that show the health and progress of their investments.

DISTRIBUTION / LOGISTICS

While their competitors either circumvented regulation, or worked with an existing Canadian big bank, Lending Loop received an "exempt market dealer" registration which gave them permission across all Canadian provinces for the retail public to invest, and for Lending Loop to act as a dealer for the issuance of securities.¹

MARKETING

Lending Loop operates a press page with articles posted to BetaKit.⁴ Their CEO Cato is particularly engaged with conferences relating to fintech and lending where they are often lobbying for better regulations around the future of lending in Canada.

COMPETITORS

Lenders can be subdivided into 3 groups: P2P (individuals), marketplace (institutional investors), and balance sheet lenders (traditional lending, big banks). Competition can be benchmarked based on risk ranging from low risk (prime + low-single-digit annual interest rates) to high risk (credit card to pay day loans with 40 to 60% annual interest rates). Lending Loop is in a unique interest rate bracket in Canada, it's nearest competitors are:

1. [Lendified](#) – (Toronto, ON) Lendified offers online loans to Canadian small businesses for terms less than 2 years at a rate of approximately 28%. Their source of capital is a hedge fund, as the legal requirements to be a market exempt dealer make the peer to peer business unattractive.⁶
2. [FundThrough](#) – (Toronto, On) FundThrough is an online lending platform that provides working capital factoring to entrepreneurs and small businesses through lines of credit in Canada and the United States.⁷ Their interest rates are 10 to 15% with fees from 0.075 to 1.25% on loans less than \$750 000¹

⁴ <https://www.lendingloop.ca/press>

⁵ <https://betakit.com/p2p-platform-lending-loop-now-offering-corporate-lending/>

⁶ Lecture, Kevin Clark, CEO of Lendified, Ivey Business School. October 2, 2018

⁷ <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=285979943>