

# Peer to peer lender planning UK student loan ABS to form warehouse

A NEW online marketplace lending platform in the UK is planning to securitize student loans next year as peer to peer (P2P) lenders increasingly look to the capital markets for financing.

The student lender, Future Finance Loan Corporation, has originated about 1,100 loans totaling around £8m since it was founded in 2014 and is close to launching a warehouse to finance loans that will back new securitizations, chief executive Brian Norton told *GlobalCapital* after a panel discussion on P2P lending at the Global ABS conference in Barcelona on Thursday.

Norton was unable to disclose the bank working on its warehouse facility, but said he expected Future Finance to sponsor a securitization sometime in 2016. Supporting the new issue would be the sponsor's loan data tracking systems which Norton said would help Future Finance and other online platforms come to the ABS market.

"I think the technological advances coming into place for modern originators are leaps and bounds beyond pre-crisis [originators]," Norton said during the panel discussion. "What is neat about modern platforms is the substantial availability of data collected per customer in an automated manner."

"When securitization comes around, the data available to investors will be much richer from origination to when the bonds are sold," added Norton.

Marketplace lending — commonly called "peer to peer" — has [grown quickly in the US](#) as banks have exited some credit origination markets, following a long line of regulatory actions and lawsuits related to how they originated, underwrote and distributed credit in the form of asset backed securities. Now online marketplace lenders are filling what some observers call a "credit gap" that has left some would-be borrowers outside of traditional lender's origination standards.

Market participants speaking on the panel on Thursday repeatedly said that marketplace loans should be viewed comparatively to those by specialty nonbank lenders, albeit with newer technology and granular data tracking systems that they said would make it easier to securitize their loans.

"Specialty lending has been around a long time and that's how we're viewing [marketplace loans]," said Emmanuel Issanchou, a managing director at Natixis in London. "The only problem we have — and the ratings agencies will have, probably — is that there is not a big track record."

Also speaking on the panel were Sachin Patel, the head of UK capital markets at [Funding Circle](#), and Karan Chabba, a portfolio manager at [KLS Diversified Asset Management](#).

Funding Circle has [plans to securitize](#) small and medium sized business loans, and the company is also selling its loans to KLS which plans to issue deals backed by Funding Circle itself. ■