



Bondora

Category of Good Practice: Technology

Good Practice's title:

Connecting creditworthy borrowers with investors via a secure pan-European online marketplace.

Main objective:

The objective of the company is to provide a pan-European platform that connects creditworthy borrowers with private and institutional investors, giving both parties mutually beneficial terms, i.e. better rates and faster service for borrowers and premium risk-adjusted returns for investors.

Key words:

P2P platform, Bondora Rating

Type of organization: Peer-to-peer lending platform

Country: Estonia

Year of inception of the good practice: 2009

Services and products provided: Personal loans

Funded loans (€): 56.5 million

Avg loan size (€): 2,341.92

of clients: 214,000 borrowers

Website: www.bondora.com

Address: A.H.Tammsaare tee 47, Tallinn 11316, Estonia

Institutional profile:

Bondora is a leading platform for investment into European personal loans. Since 2009, it has processed over 400 million EUR of loan applications from prime and near-prime borrowers. More than 10,000 investors from 37 countries have funded over 55 million EUR in loans and received over 4 million EUR in interest payments. Bondora has attracted a wide range of investors, from individuals investing a few thousand euros to sophisticated investors investing hundreds of thousands of euros.

Mission of the organization:

“Lending beyond the borders”: to facilitate a pan-European marketplace that connects creditworthy borrowers and investors.

Governance structure:

Bondora is managed by its CEO and co-founder and a team of seasoned professionals. The Supervisory Board, consisting of investor representatives and independent members performs the supervisory and advisory role.

Good Practice

Introduction:

In most of the markets in which Bondora operates, P2P lending is the only affordable alternative to a bank loans. The platform excludes the middle-men (banks) from the transaction and introduces borrower loan applications directly to thousands of investors from across Europe. As a result, the platform ensures access to financing for people who are underserved by the banking sector, as well as to those who demand a faster and more convenient process than traditional lenders can offer.

Target group and accessibility:

Financing is available for borrowers seeking better rates and faster service and residing in Estonia, Finland, Slovakia and Spain with pending expansion to other European countries.

The standardization of borrower information and credit scoring models allows investors from any European country to easily invest across all Bondora markets.

Innovativeness:

Bondora is the only pan-European peer lending platform that not only excludes the middle-med (banks) from the transaction, but also facilities the free flow of capital across Europe, resulting in better terms for borrowers and premium returns for investors.

Relevance given the context:

Efficient capital flow from countries where investors face low interest rates on their deposits (such as Germany) to countries where borrowers face high interest rates on personal loans (such as Finland) allows both parties to engage in a mutually beneficial transaction.

Adaptability to other contexts:

The midterm goal of Bondora is to continue building a truly pan-European platform and start offering loans across all Eurozone countries. Although operating across multiple European markets requires an in-depth understanding of the regulatory framework, legal processes and consumer behaviour, the system was designed with intention for a pan-European roll-out (meaning that both borrowers and investors will enjoy the same efficient process irrespective of their country of residence).

Efficiency:

The platform uses proprietary technology for fraud detection and borrower identity verification, as well as for credit scoring and loan pricing. The process is almost entirely

automated and standardized, which allows the company to serve borrowers in 4 markets, and investors from 37 countries out of a single office located in Tallinn, Estonia.

Outcomes:

Since the inception of the company, investors from 37 countries have funded over EUR 55 million of personal loans for borrowers in Estonia, Finland, Slovakia and Spain. Investors have been consistently earning double-digit returns.

Sustainability:

Expansion to new geographies (in terms of servicing borrowers) will allow the company to further scale its fraud detection and risk scoring systems, thus making the processes even more efficient.

Further readings:

Loan statistics:

https://www.bondora.com/en/invest/statistics/data_export

Investment performance:

<https://www.bondora.com/en/invest/statistics>