**PRESS RELEASE**

**\*\*\* Monday 6th March 2017 \*\*\***

**IFISAS CAN BEAT SAVINGS IN SEVERE FINANCIAL CRISIS**

**New analysis by 4thWay shows investors can expect to earn up to**

**four times more than top savings accounts and cash ISAs**

Investors can expect to earn two to four times more money through IFISAs even through another 2008 financial crisis, according to stress tests carried out by peer-to-peer lending research agency 4thWay. When lending through the currently eight available IFISAs (1), the majority of investors can expect to make more money than they would with the best savings accounts and cash ISAs (2).

Interest in a repeat crisis would amount to under 10% over five years from the top cash ISA at current interest rates, but it would average between 20% and 40% after deducting bad debts at 4thWay PLUS-rated IFISA providers Landbay, Lending Works and HNW Lending.

Looking at IFISA providers Landbay (property lending to experienced BTL landlords), Lending Works (lending to prime individual borrowers) and HNW Lending (property lending to wealthy individuals), more than £100 million lent through these platforms is well protected against a severe disaster.

This is made possible by the platforms, with most of them offering either experienced underwriters approving the loans to quality borrowers, insurance or reserve funds to cover first losses, and/or property security that is far more valuable than the underlying loans.

4thWay’s stress tests are based on an extreme version of the international banking standard “Basel” tests. They look at the intrinsic risks in the specific type of loans, the history and record of bad debts, the interest rates, and protections like security and reserve funds.

Neil Faulkner, co-founder and managing director of 4thWay®, comments:

*“Even the Bank of England recently admitted it can’t and won’t predict the next recession or crisis, but the cycle will come again.*

*"The risk in investing is that you lose some of your money in downturns, but while your returns will fall, I still expect most people lending through P2P to keep positive returns and do markedly better than savings accounts and cash ISAs.*

*“Still, the risks vary considerably between the available IFISA opportunities, due to varying amounts of relevant banking experience, different security, differing histories upon which to assess their abilities, and the underlying risks in each type of lending on offer.*

*“Lenders should continue to spread their risks across lots of P2P lending sites - not just put all their eggs in one IFISA, with a focus on the lowest risk kinds of lending. This could include lending that is property-backed and receiving rent, such as Landbay’s buy-to-let loans, or to wealthy individuals with abundant property to use as security, such as HNW Lending.”*

**Big IFISA players still to come**

The larger platforms include Zopa, RateSetter, Funding Circle, MarketInvoice, Assetz Capital and Wellesley & Co. None of these have launched their IFISAs as they wait for the required regulatory approval.

Neil Faulkner adds: *“While we are still waiting for one of the really large P2P lending sites to get the approval to launch their IFISA, my money is on Assetz Capital being the first to get its IFISA status early in the new tax year. Assetz Capital is a rarity in secured business lending in that it actually takes the trouble to value business assets that it can repossess and sell, and that’s why it has a fantastic record so far in recovering bad debts.”*

**-ENDS-**

**NOTES TO EDITORS**

1. The eight IFISAs now open for lending

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| **Platform** | **Description** | **Interest rates** | **4thWay PLUS Rating (3)** | **Lender losses; bad debts\*** |
| HNW Lending | Property & asset loans to wealthy borrowers | 6%-11% | D:\Downloads\5 PLUSes.jpg | No losses; few bad debts |
| Landbay | Property: mortgages to BTL landlords with a reserve fund | 3.75% | D:\Downloads\5 PLUSes.jpg | No losses; no bad debts |
| Lending Works | Prime personal loans, backed by a large reserve fund & insurance | 4.5% | D:\Downloads\5 PLUSes.jpg | No losses; very low bad debts |
| LandlordInvest | Property: mortgages and short-term (bridging) loans to BTL landlords | 5%-12% | No rating due to short history | No known losses |
| Abundance | Loans to renewable energy businesses, secured against their infrastructure | 5%-12% | No rating due to lack of data | No known losses |
| Crowd2Fund | Loans to small businesses | 8.7% | No rating due to short history | No losses; very low bad debts |
| Crowdstacker | Loans to small businesses | 5.4%-7% | No rating due to short history | No losses; no bad debts |
| LendingCrowd | Loans to small businesses | 6% | No rating due to short history | Bad debts covered by interest earned |

*\*Past performance doesn’t equal future performance. What it can do is tell us is whether the platforms are performing well compared to similar competitors; gives us clues as to whether the platforms are being disciplined in selecting borrowers, and provides extra evidence that the people behind the platform possess the skills and experience they profess to have from previous roles in banking and lending.*

1. Currently the best cash ISA pays 1.75%, the Paragon Bank 5 Year Fixed Rate Cash ISA, according to Moneysupermarket on 3 March 2017. Atom Bank 5 Year Fixed Saver is the top-paying savings account. At 2.4%, that is 1.92% after basic-rate tax.
2. The 4thWay PLUS Ratings are based on an internationally recognised methodology. They reflect both the risk of losses from bad debts and the interest that you earn.

We believe PLUS-rated P2P products pay enough interest that lenders can expect positive returns, on average, even when going through a major recession and/or property crash. The higher the rating, the more quickly or easily we expect the average lender to recover losses, if they suffer any at all.

The PLUS Ratings assume that you take steps to spread your money across lots of loans, which might also mean lending across more than one P2P lending platform.

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**About 4thWay® – P2P Lending Research Approved By Your Peers**

4thWay® is an independent ratings agency for the peer-to-peer lending market that helps investors make comparing the many risks and aspects of lending through each P2P lending company easier. We uniquely have the full range of skills to research opportunities in this sector, and provide unbiased P2P lending comparisons, calculated ratings, detailed company insight reports, as well as exclusive lending tips, all available at [4thWay.co.uk](http://www.4thway.co.uk/)

Our mission is to be the most trustworthy source of information for P2P investors in the UK - which is why we hold ourselves accountable to our users, who govern us through a *Panel of Peers*, ensuring we always stay focused on individual lenders interests in this thriving market.