

Lending Loop Review: Peer To Peer Lending for Canadians

Lending loop introduces peer-to-peer lending for Canadians. This is my Lending Loop Review.



Peer-to-peer lending is basically where you can, as an individual investor, lend out money and earn interest like a bank. This creates the possibility of higher than average market returns and steady income.

How peer-to-peer lending (P2P Lending) works is by pooling the money with other individual investors lend that money at a higher than average interest rates compared to a lot of traditional investments. This also allows you to participate without the increased risk of lending to one person or company - and without having to fund the entire loan yourself.

*Note: If you are interested in Peer-to-peer lending and you live in the United States, I recommend joining **Prosper**, which does the same thing, but for Americans.*

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In fact, you can invest as little as \$50 in any given loan, and we recommend you start with at least \$500 in your account – because as soon as you have a deposit of \$500, you get a \$50 bonus – which is a 10% return on your initial capital.

Lending Loop Review: Main Benefits

Here are some of the main benefits:

- attractive fixed income
- be your own bank
- monthly fixed income

Peer-to-peer lending is discussed in this [Globe and Mail article from September 2015](#).

Here is how [LendingLoop](#) describes what they are:

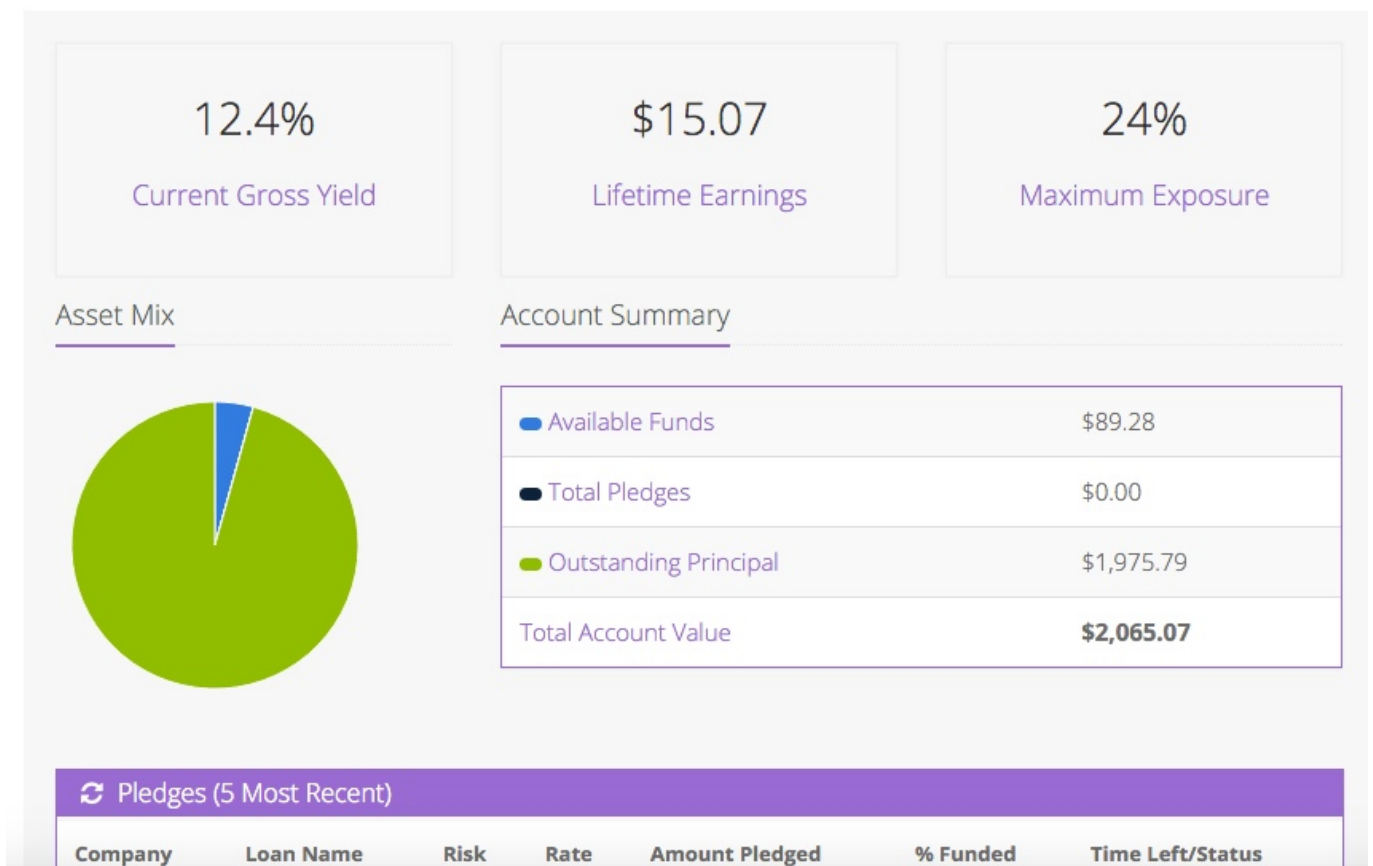
“Lending Loop is Canada’s first peer-to-peer lending marketplace. Our core focus is providing businesses with accessible capital at fair interest rates through a simple online process. We do this by cutting out the costly intermediaries, such as banks, allowing Canadian businesses and lenders to prosper together. Lending Loop gives all Canadians access to simple and attractive returns by

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supporting the growth of local Canadian businesses.”

At any time, there are 2 or 3 different loans in the marketplace you can choose to evaluate for your portfolio. Funding my account was easy. I simply set up a bill payment from my RBC bank account and it was ready to go.

Here is the dashboard of my own Lending Loop account which I started less than a month ago:



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The \$89.28 includes my income (\$15.07 currently earned via interest income) and the principal repaid along with the interest.

As you can see, it shows your maximum exposure on any single loan, and the current gross yield. The total pledges are loans that are being finalized. As investors pledge on loans, the spots fill up until the loan has been pledged in full. Once that happens, the loan gets finalized, and then payments start after 30 days.

You can see your upcoming payments and recent payments in a nice chart. Again, this is from my account:

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Upcoming Payments		Recent Payments			
⇒ Scheduled Loan Payments					
Company	Loan Name	Interest	Principal	Total Owed	Due Date
	Second Cup Franchise Operational Loan	\$6.04	\$18.08	\$24.12	2016-01-17
	Second Cup Franchise Operational Loan	\$2.41	\$7.23	\$9.64	2016-01-17
	Short-term Working Capital	\$1.98	\$32.51	\$34.49	2016-01-23
	Launching New Rental Fleet	\$3.80	\$9.37	\$13.17	2016-01-24
	Launching New Rental Fleet	\$2.85	\$7.02	\$9.87	2016-01-24

(The names of the companies have been blurred out as per the LendingLoop Terms of Service to protect the borrowers.)

I found the process really fun, and I love the easy access to the statistics and repayment schedule.

Why would you want to invest in loans?

Loans are the bread and butter of the banking industry, which is known for consistently profitable companies. Most people never default on a loan, but that is the one risk factor involved in peer-to-

peer lending.

With LendingLoop, you are investing in Canadian businesses. Now the loan interest ranges from 11.9% to 14%. Not as high as some consumer credit cards, which can be as high as 24.99% and are often in the 19%-20% range. But it's still a number that should consistently outperform the market in most years.

I like the Lending Loop concept, as you can get a high rate of return and not worry as much about the overall market fluctuations that can be very worrying for Canadians.

The best practice is to diversify your "pledges" to the loans so your risk is mitigated.

Why Would Companies Use LendingLoop Over a Traditional Bank?

There are many reasons, but one of the most obvious is that they can get better rates from LendingLoop than they can from a traditional bank. And that creates the opportunity for the individual Canadian investor, like you or me to participate in the profits.

Another thing LendingLoop does really well is it gives you some very detailed information about the companies, including why they want

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the loan, and 3 years of past financials. Some investors like to ask questions of the companies before pledging to the loan – and they get quick responses from the business owners.

Here is an example of what a loan looks like in the marketplace. Note there are several tabs with detailed info to review before pledging to any loan.

[← Back to the Marketplace](#)

Ontario

19d 8h 21m Remaining

\$17,550.00 Pledged

48.08% Funded

\$36,500.00 **1 Year 6 Months**

	YTD	2014	2013
Revenue	\$1,497,618.00	\$1,551,995.00	\$1,438,502.00
COGS	\$667,975.00	\$814,008.00	\$666,201.00
Gross Profit	\$829,643.00	\$737,987.00	\$772,301.00
Operating Costs	\$637,630.00	\$564,589.00	\$516,590.00
Interest Paid	\$42,969.00	\$53,027.00	\$46,589.00
Tax Paid		\$20,971.00	\$30,622.00
Profit After Tax	\$149,044.00	\$99,400.00	\$178,500.00

Balance Sheet	
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One of the nice things about Lending Loop is the interface. It is clean, easy to navigate, and you can see a list of your upcoming payments broken down into interest and principle.

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LendingLoop gives you steady return on investment so it's very much like a dividend income - but paid monthly rather than quarterly.

I think it's a fantastic idea for all investors to have something like this - that offer much higher returns than bonds or CDs, and is diversified away from the stock market. Of course, I invest in stocks too, but I like the stability and predictability of peer-to-peer lending.

Lending Loop is bringing peer-to-peer lending to Canadians. Peer-to-Peer lending has been operating for nearly a decade in the US and in Europe.

How To Get Started With Lending Loop:

[Open a Lending Loop account today using this link](#) (And get a \$50 credit once you fund your account with \$500 or more.) If you click this link, you will get the [Lending Loop Promo Code](#) (as it's embedded in the link.)

If you want to hear a little more about Peer-to-peer lending, it's discussed on episode 2 of the [Dividend Academy podcast](#). Or you can download this [Lending Loop PDF Guide](#) on how to get started lending.

Lending Loop Review & Summary:

What's exciting about this is that this allows individual investors to

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lend businesses money, like a bank, and make the majority of the interest earned back – which delivers high rates of return and steady return of capital and interest.