



13 December 2016
Hilton London Bankside



John Davies
Chief Executive Officer
The Just Loans Group

Credit Strategy (CS): You're speaking at Credit Strategy's inaugural F5: Future of Finance Conference. What drew you to speaking at the conference and what are you most looking forward to at the event?

John Davies (JD): We see the future as traditional banks and alternative lenders increasingly working in partnership with each other. They share the common aim of helping UK businesses invest and grow. It is for this reason we have aligned ourselves with the BBA – the voice of banking in the UK. It is a great way to accelerate this and share experiences that come from a sole focus on business lending and innovative fintech investments. The F5 Future of Finance Conference focusses on the evolution of the alternative lending market, which is exactly why The Just Loans Group entered the alternative finance sector in 2012. We have built a robust, scalable, Anti Money Laundering (AML) compliant process for on boarding Corporate Borrowers in the UK and eventually Europe.

CS: Who are you most looking forward to hearing from and why?

JD: Our industry is rapidly changing and you never know with events of this calibre the people you may meet and the opportunities that may present themselves. A key theme I am keen to hear other presenters' and attendees' views on is the what I perceive to be a shift in alternative finance being complimentary to traditional banks' offerings rather than disruptive.

CS: What do you think are the biggest credit/risk type challenges facing alternative lenders over the coming year? Why are they important?

JD: The biggest challenge is avoiding being targeted and put in the position of funding terrorism or other criminal activity. There is always the risk of this but terrorists/criminals are getting smarter at covering their tracks. The EU Forth Anti-Money Laundering Directive is designed to address this and will shortly come into force. The entire industry is going to have to dramatically up its game.

Secondly, it is important to remember that growth doesn't come without pain. I believe more focus is needed on understanding the need for proper, intelligent and risk based assessment and then pricing accordingly.

CS: What do you believe have been the most visible changes in your industry over the last year?

JD: We have continued to see a vibrant alternative finance sector becoming more established. The P2P sector has attracted a lot of attention with the media often portraying it as 'the only show in town' and we have seen a stream of adverse reports from the U.S. I believe with the P2P sector we haven't witnessed the bubble bursting - more a case of the air coming out of the ballon as reality kicks in and valuable lessons have been learnt.



F5 CONFERENCE

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FinTech and funding

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11.20 Securing funding lines and lending capital funding

In 2015, the UK was second in the world for fintech funding; accounting for £675m of the £8.9bn raised globally.

- Trends and what products are being invested in
- How do you capture the imagination of a PE house?
 - Common and not-so-common challenges in securing credit
 - How easy/hard is it to secure funding?
- Where are investors putting their money?
- New forms of investment vs traditional VC and PE funding
 - High street banks
 - Family offices
 - Highly entrepreneurial individuals

Panellists:
Matthew Bradley
Investor
FORWARD PARTNERS

Ricky Knox
Founder
TANDEM

John Davies
Chief Executive Officer
THE JUST LOANS GROUP

Adam Dabrowski
Managing Director
CREAMFINANCE



John Davies
session

CS: Looking ahead a year from now, how do you see the structure of your market changing?

JD: Even greater acceptance from businesses that finance provided by alternative lenders is a trusted and viable alternative to that provided by traditional banks. Both groups are focused on helping businesses invest and grow but support businesses at different stages of their development.

CS: What do you think are the biggest challenges relating to underwriting, credit risk and collections facing alternative lenders over the coming year? Why are they important?

JD: By far the biggest challenge will be compliance. I don't believe all lenders fully understand the impact the EU Fourth Anti-Money Laundering Directive is going to have on their businesses and how they onboard new customers. I believe this applies to both alternative lenders and traditional banks.

CS: By product, do you think your lending criteria will stay the same, loosen or tighten in the next six months?

JD: Inevitably, Brexit will lead to a tightening of lending

criteria as we assess the impact this is going to have on potential business customers.

CS: How much of a threat do you think Brexit poses to the UK, as Europe's capital of FinTech?

JD: By far the biggest issue will be the Passporting of Permissions and whether or not Brussels sees this as a negotiating weapon to achieve other aims. Nobody likes uncertainty.

CS: What is going to be the biggest area of investment for your business over the coming year?

JD: The cost of meeting increased regulatory requirements.

CS: Without giving too much away, what three things will delegates learn from your session?

- JD:**
- There is great value in traditional and alternative lenders working together in a complimentary way.
 - The reasons why everyone is going to have to step up to meet compliance challenges.
 - The EU Fourth Anti-Money Laundering Directive is something you ignore at your peril.

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