

# Linked Finance sets sights on further growth

BY EMMA KENNEDY

Just over 18 months since its launch in the Irish market, Linked Finance, which allows Irish businesses to raise money via a peer-to-peer lending model, has its sights set on expansion.

Linked Finance, which launched in March 2013, has the backing of Enterprise Ireland, as a high-potential start-up client, and ranks high-profile Irish entrepreneurs, such as *Insomnia* chairman Bobby Kerr and Senator Feargal Quinn, among its lending community.

The company's founder and chief executive, Peter O'Mahony, describes Linked Finance as a typical tech start-up.

"We raised €500,000 from friends and family to get where we are today. And we've just done a Series A funding and have raised €2.5 million for the next stage," he said. "The idea is to get this right in the Irish market and then our sights are set on Europe. There's 28 markets and there's only peer-to-peer lending for businesses in three of them; Ireland, Germany and Britain.

"People might think that regulation could be an issue [to hinder future growth], but I don't see that as an issue at all.

"Regulation is in place in Britain. It's very light. If we wanted to operate there tomorrow, we'd have to hold client money in a separate client account, which we do already. We'd have to have a third-par-

ty provider in place in case we go bust, and we have that. And the third requirement then is that you have to pay a bond. To move into Britain isn't very onerous," O'Mahony said.

The company's platform allows lenders to pledge money, with a minimum bid of €50, to fund a project listed by a business. Lenders bid on a loan, setting rates ranging from 5 per cent to 15 per cent. The lowest interest rate bids are accepted, so the borrower secures the best rate.

Lenders, who could include friends, customers, employees, business associates or people who simply want to take a punt on a business, are then repaid with interest by the borrower in a number of instalments.

So far about 200 projects have been funded via loans from Linked Finance. "The average bid on a loan is €156, and our average loan is €24,000," O'Mahony said.

To date, thousands of people have joined Linked Finance as lenders.

"We have nearly 7,000 people registered as lenders on the site. Of them, 5,000 have lent and just over 2,000 of those are considered active lenders, in that they have lent to more than two businesses," he added.

O'Mahony, who ran a printing business in London before returning to Dublin to set up the Laughter Lounge comedy venue, said that the first 50 loans organised by Linked Finance "were like pulling teeth".

"No one wanted to be the first, say, coffee shop, for example on the platform. But once you see other coffee shops, it becomes easier," he said.

"We've got to the stage now that we have lent to about 20 different sectors, and 98 per cent of loans that go on the site get fully funded."

Linked Finance plans to expand on the back of its latest funding round. Currently the company employs six staff and intends to grow to about 14 or 15 staff by next year.

"Our aspiration for next year is to lend €30 million and we think that's possible. We've done €5 million so far," O'Mahony said.

"The only thing that the market lacks at the moment is education and awareness. It makes sense. We're charging a fee for putting everyone in touch, but it is a very transparent lending model."

From January, the maximum loan available via Linked Finance will double in size, increasing from €50,000 to €100,000.

"That's probably as big as we want to go. It becomes a whole different credit risk beyond that," he added.

To date, there's a zero default rate on its loans, which O'Mahony attributes to the "community effect" of borrowing from a group of people.

He said that Linked Finance offered companies more than just access to credit. "It builds strong business relationships, as a company's lenders become its ambassadors."

## How I started

Lessons in Entrepreneurship

# Top tips on how to be a cut above the competition

Dylan Bradshaw is owner and creative director of the Dylan Bradshaw Salon & Academy on South William Street in central Dublin. He set up his hairdressing salon in 2000 and the academy in 2012, and now employs more than 40 staff.

### Why did you set up your business?

I have been in the business for over 20 years, ten of which I have spent travelling the world as an educator for L'Oréal.

I realised there was a niche in the market, that there was a need for higher standards of hair education in Ireland, and I felt that I could deliver that through my experiences in the business.

Ongoing education is, I believe, the foundation for a successful career in this industry.

### How did you fund the business initially?

When it came to opening the academy, we were lucky enough to have space within our existing building on South William Street that we could expand into. We could take our time to develop the space, so there was less pressure with regards to deadlines.

### What was the most important lesson you learned starting out?



Dylan Bradshaw

Karen Hatch Photography



**I wouldn't change a thing. It's my passion**

Stay on top of all overheads. In the beginning it was quite daunting – to be honest, it was mind-boggling – to stay on top of the business aspects of the start-up, as I had come from the creative side of the business.

You have to immerse yourself in the business for it to be a success. Myself and my wife Charlotte's motto is: 'Work your arse off like you never did before', and I will always follow that advice.

### What was your biggest 'make or break' moment?

Generally speaking, in the early stages of running a business there is a fine line between a 'make or break' moment. Personally, there is no defining moment; to this day I can't sit still as I am always thinking of ways to improve and develop the brand.

### If you had it to do all over again, what would you change?

Honestly, I wouldn't change a thing. It's my passion.

### At what point were you sure that your business would make it past start-up stage?

I never doubted it for a moment. My business isn't a hobby; it's my life choice, so I was determined it was never going to fail. I surround myself with a fantastic team who are all extremely talented and well-respected professionals.

### What advice would you have for other budding entrepreneurs?

Most people will tell you not to do it, as it's so stressful! But if you do, you need to constantly think about your clients – they are so important and you need to treat them like a king or queen.

The relationships you build with your clients – and your staff and suppliers – are so important to the success of your brand. It really comes down to showing respect.

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