

www.zltymelon.sk: Peer-to-Peer Lending Already in Slovakia

The same way as Google has changed an access to information, as Amazon let people approach books easily, and eBay has made buying and selling goods easier, peer-to-peer lending is right now changing the world of finance. Žltý melón is the first to bring this change to Slovakia.

P2P lending allows lending and borrowing money directly among people. This model omits costly financial institutions; it allows borrowers to obtain a loan on more favorable terms and lenders to increase the value of their investments. It's a straightforward, transparent, and simple system.

The first peer-to-peer portal in Slovakia, which has only recently started its operation, is Žltý melón (www.zltymelon.sk).

How does Žltý melón work?

The functioning of Žltý melón is based on loans auctions. Credit analysts initially verify the reliability and solvency of all borrowers who must meet strict criteria. They use an evaluation process similar to the one used by banks. Subsequently, borrowers are verified by the system set up an auction for their loans. The auction provides each borrower with a large number of lenders competing with one another, and thus offers them the best conditions for their loans. Lenders diversify their investments among greater number of borrowers and it is only their decision to whom, under what conditions, and how much money they lend.

Peer-to-Peer loans around the world

Peer-to-peer portals have been successfully operating in nearly every country of the western world and also in our neighbouring countries. In 2011, the portals provided loans for a total value of more than 1 billion USD and the development in the first half of this year shows that this amount will be significantly surpassed in 2012.

The main reason for this rise is that, after years of low interests on bank deposits and other forms of investment, people are looking for alternatives to increase the value of their savings. Peer-to-peer lenders achieve a net return of 6% - 10% as a standard and sometimes even more. The risk profile of the borrowers is well above the average and represents people who are simply looking for better market conditions to refinance their existing expensive loans. Therefore, the level of outstanding loans is in the case of peer-to-peer lending is as good as in the case of banks, often even better. For instance, English Zopa's default rate is only 0.9%.

The first portal, which extended peer-to-peer lending to large numbers, was Zopa in the UK in 2005. After its enormous success, other similar companies started appearing on the world market. Today, collective loans are well known around the world. English Zopa, German Smava, American Prosper and Lending Club are just some of the successful leaders.



GRADIAL INVESTMENT MANAGEMENT, a.s. and Žltý melón

After an intense preparation process, Žltý melón started its operation in August 2012. Behind its establishment and operation is a team of people experienced in the area of finance and investment management. The team is closely connected to GRADIAL INVESTMENT MANAGEMENT a.s.. Furthermore, the Žltý melón team was supplemented by experienced credit analysts who are concerned about the safety of all investments and loans.

GRADIAL INVESTMENT MANAGEMENT, a.s. is a financial and investment house providing full-service financial management, M & A and investment management for projects in the areas of real estate, IT, infrastructure and finance for the Slovak and Czech market. The company cooperates with major domestic and foreign players and investment firms. GRADIAL IM currently actively manages projects with a total value exceeding EUR 250 million. More on www.gradial.sk

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