

EFMA CONVENTION 2007
Towards financial services 2.0
Rome, 29-30 March



James Alexander

UK Chief Executive Officer

Zopa

The EFMA logo, consisting of the letters 'EFMA' in white, bold, sans-serif font, centered within a red square background.

EFMA



A journey from Egg ... to Freeformers ... to Zopa

March 2007

IOU UOME

That's how Zopa works. People like moley who want to lend money meet creditworthy people like basil365 who want to borrow money and they strike a deal that suits both parties. moley chooses the rate he wants to lend at and basil365 gets the rate that best suits him. Banks don't work like that, last we heard.

People are better than banks
www.zopa.com



People are better than banks



Consumers are changing

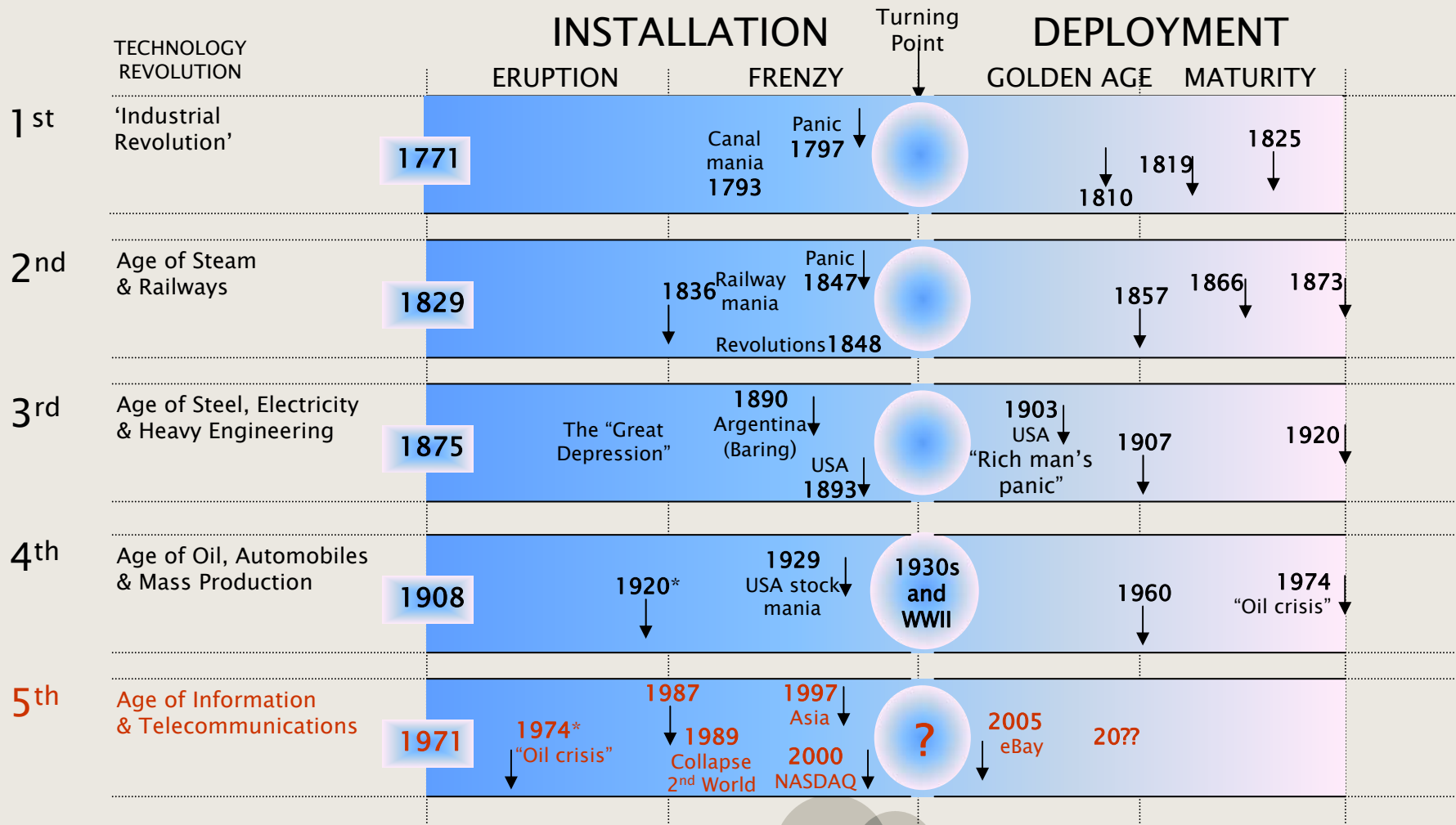
“... The consumer revolution of the last 30 years is giving way to the Freeform Revolution of the next 30 ...”



People are better than banks



We have been here before



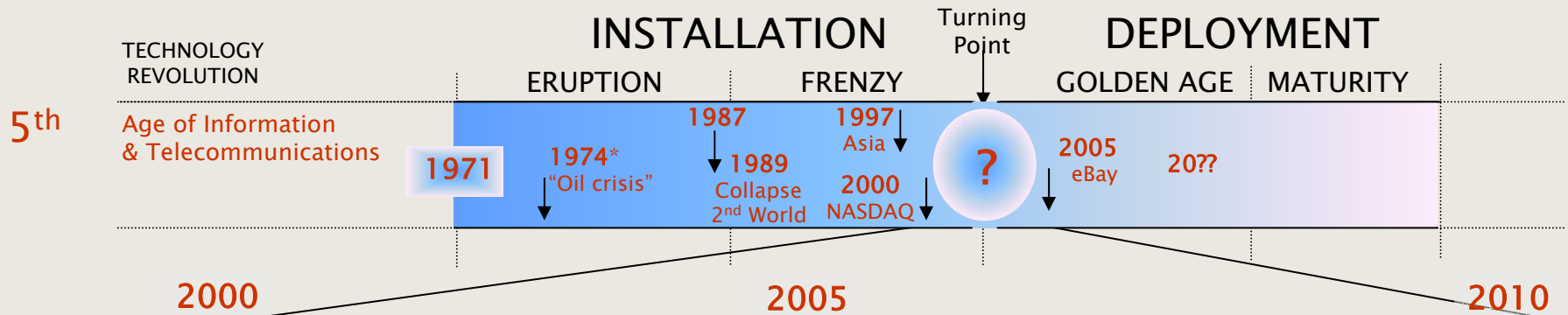
Source: Carlota Perez 'Technological Revolutions and Financial Capital - the Dynamics of Bubbles and Golden Ages'



People are better than banks



Freeform companies, enabled by technology are transforming industries



P2P Payments



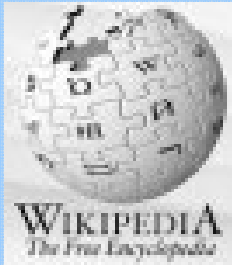
P2P Voice



P2P Video



P2P Trading



P2P Info



P2P Social



Personalised Search



P2P Photos



P2P Lending

eBay for things ...

iTunes for music ...

Zopa for money



People are better than banks



What is Zopa?

Zopa is the online marketplace where people meet to lend and borrow money. With no bank in the middle, both parties get better rates

Lenders

- Great Returns*
- It's human
- It's safe
- You're in control



Borrowers

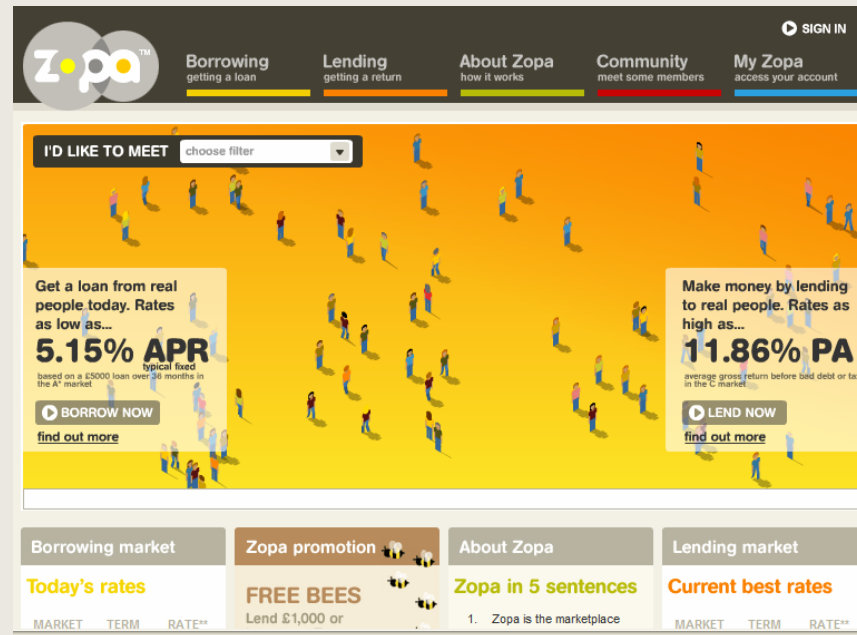
- Low, low rates*
- No banks
- It's fair

* Lenders getting a 45% better return than base rate, borrowers borrowing 30% below the market



Zopa works = financial return and social reward

- We can communicate the proposition
- We can attract lenders and borrowers
- Lenders and borrowers do get great rates
- Lenders and borrowers do enjoy the experience (a social return)
- We can manage credit
- We can manage fraud
- We can operate within a well defined regulatory regimen



In the UK

- >135,000 members
- Average borrowing £5k
- Average lending £3k
- Average lending return 6.8%
- <0.2% bad debt

... getting ready to launch in the US

... franchising elsewhere



People are better than banks



An industry breaking model



Zopa shows that P2P lending can work
“LENDING WILL NEVER QUITE BE THE SAME AGAIN.... Peer-to-peer lending is here to stay”



The Case for Peer-to-Peer Online Lending Exchanges”
Now financial institutions like Zopa...are coming from nowhere to challenge the established order in what may be the start of a new revolution.”



Peer-to-Peer Lending : Back to the future
“There is huge potential for young adults who are Internet/e-Bay savvy”



Peer-to-Peer Lending: Understanding a New Phenomenon
“The evolution of online marketplaces for loans could present a potential threat to traditional financial services institutions”



Zopa: Product of the month. 5 stars
“Zopa has arguably created a new asset class. For the first time, lenders have an opportunity to invest directly in unsecured consumer lending”



Asiff Hirji, COO:
“All finance categories will move to an exchange model – it’s a no-brainer to offer Zopa to my 6m+ active share-traders”



People are better than banks



Additional value from control, community, transparency and ethicality

Openness
is highly
valued

“no other financial site that I have visited has the guts to run a discussion board and take it on the chin.

Users feel
valued
and
committed

That makes me feel like I am part of a community and seems to trigger a sense of belonging. With belonging comes pride and passion.

Users
become
champions
of Zopa

When I tell my friends about Zopa I feel hurt by any negative comments they make as though the site was my own, and for that reason it gets me all wound up when I see even the tiniest glitches on the site”

Mosshill, Zopa lender (Oct 18 2006, 09:17 AM)



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