

Alternative Finance Index By Equifax – H2 2017

What is Alternative Finance?

Equifax has classified Alternative Finance as a newer lending category for consumers and businesses that may use a variety of funding sources and leverages online technology and a range of data sources to make risk based pricing decisions. This category excludes payday lenders, debtor finance and factoring businesses.



State of the Nation



+130%

Demand for Alternative Finance rose 130% in H2 2017, compared to the same period in 2016



+139%

Consumer demand is leading the charge, up 139% year-on-year

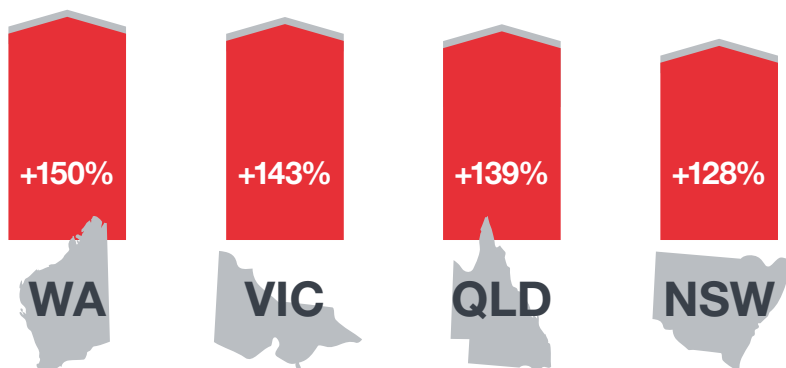


+69%

Businesses are increasingly seeing alternative finance as a viable option, with **commercial demand** growing 69% in H2 2017 vs H2 2016

Consumer Demand

Geographical breakdown – Consumer



Of the larger states, **WA experienced the strongest demand growth rate** year-on-year, up **150%**

This was followed by **Victoria (+143%)**, **Queensland (+139%)** and **NSW (+128%)**

New South Wales saw an equal spread of enquiries between metro and regional areas, while enquiries in the remainder of states were mostly concentrated in metro areas

Age Demographics

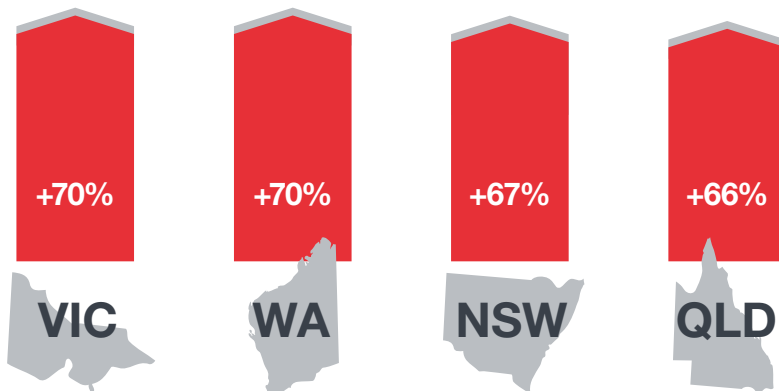


Millennial consumers (18-38 years) made up the largest proportion of Alternative Finance enquiries, with **62%** of applications in H2 2017 originating in this age bracket

This was followed by **Gen X consumers** (aged 39-53) with **12%** of applications

Commercial Demand

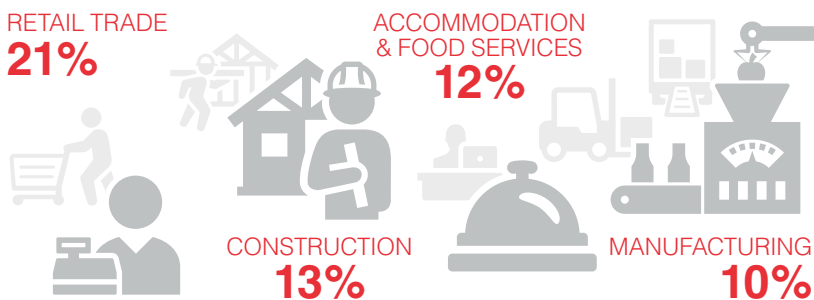
Geographical breakdown – Commercial



VIC and WA experienced strong growth in business demand for alternative finance, with both states experiencing growth of **70%** year-on-year

Business demand also increased in **NSW (+67%)** and **QLD (+66%)**

Industry Demand



Retail trade entities accounted for the largest volume of alternative finance enquiries by industry, with **21%**

This is almost **double the volume** of retail trade enquiries to traditional lenders (**12%**)

This was followed by **construction (13%)**, **accommodation and food services (12%)** and **manufacturing (10%)**

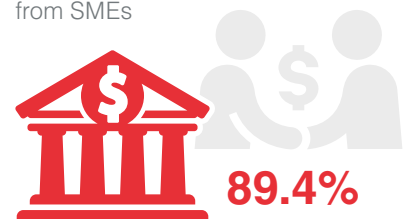
Mining, public administration and safety and **utility** were the lowest enquiring industries

Business Size

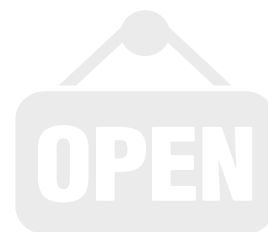


98.8% of **alternative finance enquiries** in 2017 came from Small and Medium Entities (SMEs)

By comparison, **89.4%** of demand for **traditional finance** comes from SMEs



Time in Business



Businesses more than **20 years old** showed significantly **lower** demand for alternative finance (**+7.1%**) compared to those that had been in business for between **1-19 years (+92.5%)**

Typically, businesses that have been trading for **more than 20 years** make up **24.3%** of the traditional lending market

FOR MORE INFORMATION

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Footnote:

All statistics quoted are based on Equifax data analysis completed in March 2018

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