**KSA P2P Lending Platform Feasibility**

Q1- What challenges do you see in P2P lending platforms in Saudi Arabia?

The P2P lending system can face some challenges, the most important of which are: Market liquidity as there is no secondary market yet where lenders can sell their investments, rather than holding on to them during their tenures of three years or more. And the second challenge facing the P2P lending system as well: fraud prevention, how platforms identify and prevent fraud is probably of the most important concerns for P2P lending operators especially at the stage where the platforms are still relatively young. The third challenge facing P2P lending platforms is to ensure the integrity of the platform. Regulators can play an essential role in this regard by implementing a system to verify the integrity of the lending platforms, their credit scoring models and their reliability.[1]

Q2- Do you think that if SMEs cannot get a loan from banks, lending platforms like FORUS present a strong case? Justify your response by analyzing digital lending ecosystem in middle east. what value proposition they present to the market?

- Forus may be a Sharia-compliant P2P lending market authorized by the Central Bank of Saudi Arabia (SAMA) to enter the Sandbox, which enables investors to invest through another loan market targeting SMEs. Our marketplace provides investors with a wide variety of investment options, while the business has the opportunity to grow and expand. We achieve this by reducing friction, simplifying the customer experience, and providing a smooth, secure, and clear platform.[2]

- Two fintech firms, Aion Digital and Qarar, have partnered up to accelerate the growth of digital lending across the Middle East. In a first for the region, the paring would allow traditional and challenger banks to offer instant financing to their customers, paving the way for peer-to-peer lending to be introduced in the future. “Qarar welcomes this opportunity join forces with Aion,” said Zaid Kamhawi, chief executive of Qarar. “Digital platforms are the next natural step in the future of financial institutions and will allow banks to onboard, assess and process lending applications in real-time using state of the art cloud-based technology.[3]

Q3- How SMEs and small startups can be benefitted.In addition, what is the role of regulatory bodies you see, like SAMA or CMA in trying to protect operational risk.

The role of the regulatory bodies is to study and improve the financial and administrative procedures and determine the workflow in a way that ensures the activation of the internal control force, as well as testing the technical system from time to time and examining it, activating the role of the internal and external auditors more, linking investors to opportunities and empowering companies by stimulating transformation Digital for a competitive business economy in line with Vision 2030. Forus vision is to be the market leader in Fintech that delivers continuous innovation in computing, machine learning and advances customer experience.[4]

**References**

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