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Trade Me acquires stake in peer-to-peer lender Harmoney

Trade Me has acquired a 15 per cent stake in lending platform Harmoney (harmoney.com), New Zealand's first peer-to-peer lending company, for \$7.7m.

The Auckland-based company was founded in July 2013, and is led by consumer finance entrepreneur Neil Roberts. Harmoney is currently the only licensed peer-to-peer lender in New Zealand.

Peer-to-peer lending is where investors loan money directly to unrelated borrowers via an online platform, rather than the lending occurring via a traditional financial institution like a bank.

Trade Me CEO Jon Macdonald said the investment was a great fit. "Harmoney and Trade Me share a common purpose in that we are both all about providing Kiwi consumers with a safe, trusted, scalable, efficient online platform to undertake a transaction – the Trade Me platform is all about items changing hands, and Harmoney's platform is all about dollars changing hands."

Mr Macdonald said consumer finance and peer-to-peer lending were proving sustainable and successful overseas, although it was a fledgling industry locally. "It is early days but we think there's a lot of potential for P2P lending to work well in New Zealand, and of course consumer finance is a large and well-established industry. To us it looks like an area of the market that will undergo a long-term structural shift online – and we believe Harmoney is well-placed to take advantage of this."

He said Trade Me would bring several things to the table including its trusted consumer brand, broad audience and its ability to cross-promote Harmoney products in a targeted and relevant way.

Harmoney CEO Neil Roberts said it was fantastic to have Trade Me on board as a key investor and partner. "The investment is a great endorsement for Harmoney but more importantly we gain a strategic partner and distribution channel with deep domain knowledge of building and running an online marketplace.

"Trade Me operates the country's most popular online marketplace with more than 700,000 domestic browsers visiting it every day. Combining Trade Me's experience and distribution with Harmoney's proven ability to bring innovative financial services product to market is the most exciting part of this transaction."

As part of the shareholding, Trade Me will appoint a director to join the Harmoney board of directors. Mr Macdonald said Trade Me chief financial officer Jonathan Klouwens would take on this role.

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