

## Looking for a return on your savings or access to business finance?

Historically investors and borrowers have often found themselves on opposite sides of the coin, writes Stuart Dey, Business Development Director of Shipleys LLP, Godalming. When interest rates were high, savers got a decent return, but the cost of borrowing was expensive. Conversely, when interest rates were low, borrowers had access to cheap money but depositors got low returns.

At the moment though, both parties seem to be losing out. Those needing business finance often find it hard to obtain. If a lender can be found, arrangement fees are much increased and the rate of interest charged seems out of step with the returns offered to investors. Perhaps this is what 'rebuilding a bank's balance sheet' means in practice to investors and depositors. Let's hope the recently announced initiative for the Bank of England to make cheap money available to the banks to lend on is a success.

But other alternatives are emerging. More businesses are issuing retail corporate bonds, where companies go directly to their customers.

Retailer Hotel Chocolat raised £3.7m from its customers a couple of years ago. Members of its tasting club invested £2,000 or £4,000 for a return of around seven per cent gross, but paid in chocolate!

The Angel Cofund ([www.angelcofund.co.uk](http://www.angelcofund.co.uk)) could be attractive to businesses who have a syndicate of investors but have not been able to secure all the investment they need.

Launched in November 2011, the fund was created with a grant from the Regional Growth Fund and invests alongside business angel syndicates from across England.

Both lenders and depositors might be interested in web-based Zopa which facilitates peer-to-peer lending.

People who have spare money lend it directly to individuals who want to borrow. There are no banks in the middle, no huge overheads and fees are clear, so the idea is that everyone gets better rates.

Zopa started in 2005 and has lent more than £200m.

A new business, Crowdcube, matches investors and companies looking to raise equity through share issues. It's been going in earnest for about a year and has resulted in investment of almost £3m.

Investors and depositors may need to look beyond the traditional options.

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