

# CRED Mint

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**In news-** CRED has launched a peer-to-peer lending product which is called CRED Mint.

## **More information-**

- CRED Mint is a **community-driven investment product**, which has been launched in partnership with Liquiloans, an RBI registered **peer-to-peer** non-banking financial company.
- It will enable members to earn interest on idle money by lending it to other members on the platform.
- The **members who will lend money will be able to earn interest as well.**
- Additionally, any investment made through CRED Mint will be given through **CRED Cash**, which is a product designed for the platform's highly trusted members.
- To reduce the default rate and investor's risk, the money that a member will invest will be routed directly to an escrow account held by Liquiloans.
- Additionally, the amount will then be lent to over 200 borrowers on the platform.
- The investors can earn **interest at inflation-beating rates at up to 9% per annum.**
- Members will be able to invest between Rs. 1 lakh and 10 lakh within minutes, without any commission.
- They can also request withdrawal in one tap, both partially or fully at any point in time without penalties, earning interest on the amount of money and time for which it was invested.
- The money will be returned within one day to the member within one working day.

## **Peer to peer lending-**

- Peer to peer lending is a financial system where individuals can take loans from other individuals, **without the intervention of a financial body like a bank.**
- Peer to peer lending is **also called crowdlending or social lending.**
- P2P lending is not a new feature as in 2017, the Reserve Bank of India had brought this service under its regulatory purview.
- Even at the time, there were more than 20 P2P lending players in the market but RBI's regulations ensured only the serious ones with watertight business models remained in the sector.
- In P2P lending, users sitting on idle money provide loans to potential borrowers identified by the service provider.
- These lenders then receive payments from the borrowers on a set basis – either one time, or in equated monthly instalments.
- Some of the major companies operating in this space include RupeeCircle, Finzy, IndiaMoneyMart, etc.

One of the biggest **risks associated** with this kind of lending is the non-repayment of loans. Given that P2P lending is a form of **unsecured loan**, there is no guarantee put up by the borrower for the lender to redeem in case of a default.