

# The Market of Crypto Loans Is Rapidly Growing

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SHERIDAN, WYOMING, USA, April 8, 2021 /EINPresswire.com/ -- According to The World Bank in 2019, loans to the private sector by banks around the world accounted for 90% of global GDP, and interest rates on deposits in the world have not increased for almost 10 years. According to PointPay, the market for crypto loans, where bitcoin and stablecoins are pledged as collateral, is estimated at approximately \$ 30-35 billion in 2021 - and it continues to grow.

The Cambridge Center for Alternative Finance in 2020 established there are at least 100 million cryptocurrency users in the world. But this is only the active part of users, the unsatisfied demand for cryptocurrencies, especially during the bull run, is much higher. Interest from both large institutional investors and private investors skyrocketed following the price. So, more than 50% of recipients of incentive payments in the United States are ready to invest them in bitcoin. This suggests that the demand for cryptocurrencies as investments in the presence of free funds from citizens around the world is enormous. Blockchain projects have picked up this trend and are creating cryptocurrency banks that are ready to lend digital money before anyone else.

The easiest way to borrow digital money would be to buy cryptocurrency directly by paying with a regular credit bank card. But this is not always possible. The classical banking system in many countries is wary of cryptocurrencies. And there are banks that are unfriendly with cryptocurrencies that prohibit buying crypto with a credit card. This is one of the reasons why cryptocurrency loans are so in demand - it's not always possible to spend money from a credit card on bitcoin just like that. The official position is that cryptocurrencies are too volatile and that the collateral cannot be sold, simply taken away from the owner.

In fact, there are fears that cryptocurrencies can shake the traditional banking system: the bank does not have the ability to control the borrower's cryptocurrency accounts, in the event of a default of cryptocurrencies, clients will go to real banks to revise the loan conditions, and, finally, the third reason is that blockchain technology is much more transparent than banking as we know it. One way or another, according to Point Pay, about 15-20% of cryptocurrency buyers from more than 200 countries on the platform use a credit card. A 2018 study by Lend Edu announced roughly the same numbers. In 2020, according to The Student Loan Report, 1 out of 5 students in the United States buys cryptocurrency on credit in the hope of getting rich.

The potential demand for cryptocurrency and for banking services in cryptocurrency is much higher than the existing one. According to PointPay, the interest of the Internet users in buying

cryptocurrency, bitcoin, and ether is even higher in some cases than in 2017. This is also confirmed by the data from Google Trends for the requests “buy cryptocurrency”, “bitcoin”, “ethereum”, “binance”.

“The most active recipients of loans secured by cryptocurrency at PointPay are cryptocurrency traders, as well as small blockchain startups. Although there are projects in the world that lend to agribusiness in cryptocurrency, creative and social projects - they all have their own target audience, - says Andrey Svyatov, CEO of Point Pay. “The maximum loan amount on our site is 0.1 BTC, so most consumers are traders and private borrowers who have savings in cryptocurrency, but there is a current need for cash”

Today, the lending market in which bitcoin is the collateral is valued at \$25 billion. Bitcoin is a convenient subject of collateral, as it can be easily confirmed that it is owned, and no additional assessments of such collateral are needed, as is the case with real estate or other property.

“But if we add the collateralized stablecoins, we believe the market is even bigger at the moment - about \$30-\$35 billion, and it has every chance to double in 2021-2022,” says Andrey Svyatov, CEO of PointPay. Projects issue loans in cryptocurrency, as a rule, for a short period of time - from several days to several months. Another important parameter is the interest rate - it depends on the currency of the loan and can range from 2% to 30% or more.

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