

In Asia and Africa, the widespread use of smartphones allows people to receive financial services at their fingertips, as long as an internet connection is available, and payments can be carried out through QR codes, fingerprints and facial recognition. A more recent development in the banking industry has been the emergence of competitors to the traditional role of banks in the form of peer-to-peer lending (P2P). P2P lending cuts out the banks so borrowers often get slightly lower rates, while savers get far improved headline rates, with the P2P firms themselves profiting via a fee. Regulators worldwide have become increasingly concerned about the risks this poses to the financial system and in China, for example, regulators have taken action to rein in shadow banking to curtail the risks they can pose. Ant Group operates Alipay, the world's largest mobile and online payments platform. In China, for example, tech giants, such as Ant Group and Tencent, have entered the financial services sector and are changing how financial services products are distributed. Available rates vary depending on the type of borrower that the P2P site lends to and the risk the lender is prepared to accept. These range from pawnbrokers and finance companies at one end of the sector to money market funds and specialised investment vehicles at the other. In exchange for accepting greater risk, savers can earn higher returns which can be very useful in periods of low interest rates. The deposit is lent out to individuals and businesses, but it may take time before all of a large deposit is lent out and earning interest. This term is a general phrase intended to catch a range of non-bank institutions that provide services similar to traditional banks but outside banking regulations. In the traditional banking model, banks take in deposits on which they pay interest and then lend out at a higher rate. A further development seen in many markets is the emergence of shadow banking.