

## China's New Lenders

Welcome again to As It Is from VOA Learning English. I'm Mario Ritter.

Today, we learn about creative groups that are gaining popularity in the United States. But first, we hear about the rise of person-to-person lending in China. People are finding new ways to get credit in the country and that has China's bankers concerned.

China's economic growth is slowing and credit is becoming more difficult for many Chinese to get. Inside the country, some borrowers are turning to substitute lenders to get money. And it is on the Internet that different kinds of small lending websites are making a profit. They are offering to connect people who may not succeed in getting traditional loans with lenders willing to lend their money at a higher rate of interest than banks collect.

In just a few years, such lending websites have become huge marketplaces that offer loans for almost any purpose. They are now very popular among middle-class Chinese.

Yang Yifu established the website Renrendai.com three years ago. This year, he expects to oversee loans worth about \$326 million. Borrowers can receive as much as \$8,000 from Renrendai.com.

He says there is still a lack of individual financial services through traditional institutions in China. He says people who borrow from him own small businesses. He says, "They are young white-collar workers with needs for further studies. They want to refurbish their house or get married."

For them, Renrendai.com and more than 100 similar websites make it easy to borrow money. Individuals sign up on the website and search for matching partners. The website charges a fee for each deal and has little difficulty attracting investors. The returns on Renrendai.com's loans are between 10 and 18 percent. That is higher than the 3.25 percent offered by one-year term deposits in banks.

Dong Huibo is an online lender. He registered on a person-to-person, or peer-to-peer, financial platform last May. He has loaned more than \$32,000 that way.

Renrendai.com and other platforms enforce rules to ensure that borrowers will be able to repay their loans. But loan defaults are still a concern for investors.

Online lending services are growing in popularity. Business people have increasingly turned to the peer-to-peer websites for loans that avoid commercial banks. China's traditional banking system is now concerned that online lending services could expand out of control.

China's Banking Regulatory Commission recently released a statement warning that peer-to-peer companies are evolving into illegal financial institutions. It said they are even carrying out illegal fund raising.

Last month, the People's Bank of China, China's central bank, published a report on peer-to-peer lending websites. It based the report on a study of companies based in Hunan, Shanghai and Chongqing. The report said they illegally offer wealth management products, seek deposits and offer loan guarantees.

People's Bank of China studies admit there is no agreement about who should oversee lending or how it should be supervised. However, the government is starting a campaign against this new form of lending. In recent days, officials shut down five peer-to-peer lending websites in Chongqing for doing illegal business.

Community meetings known as "hackerspaces" began in Germany over ten years ago. People share ideas and tools at these gatherings. Now, hackerspaces are appearing in cities around the world, including some in the United States. Kelly Jean Kelly has more from VOA's Tom Banse and his report from Seattle, Washington.

## **Hackerspaces: Workshops for Creative Cooperation**

The word "hacker" is most commonly known as someone who breaks into computer systems.

"Our original name had the word 'hack' in it. Those of us in the know knew what it meant, felt like it was a positive term, but it was not perceived that way on the outside."

That was Justin Burns. He helped establish a hackerspace in Olympia Washington. The meetings are social gatherings for people who like to work on activities to improve devices, share machines or ideas. Some groups simply call themselves "maker spaces" to avoid any misunderstanding.

Justin Burns's group is called Olympia Makers, Engineers, Geeks and Artists, or OlyMEGA. He describes how the group began.

"We started out and have generally been focused on just being a resource for people. Being a space where quirky individuals, people who are creative, can come together and make stuff, make stuff they couldn't make on their own."

Recently, around 25 people gathered around a common area talking while they shared tools to work on partially completed projects. One member performed on a steel guitar he rebuilt.

Members pay fees to support the group. They have discovered that it is more fun to work on projects when you work with other people. While hackerspaces started as social gatherings, some members use them to develop machines or devices they plan to sell. OlyMEGA is organized as a non-profit. But some maker spaces are businesses designed to earn a profit.

One maker space that is a business is the company Metrix Create. It is based Seattle Washington. Owner Matt Westervelt supervises a room crowded with tool stations.

People pay Metrix Create by the minute or the hour to use devices such as a laser cutter, a room to melt metals, or a machine to create things with cloth. Mr. Westervelt says he did not start Metrix Create as a business, but that is what it has become.

"Every single day I come in here I am surprised at what is going on. I like to make introductions when possible, but it's not from an 'incubator' sort of sense. We're not taking a slice out of any new company that starts up here, other than what we charge for the services."

Hackerspaces may have different business models, but they all hope to gain from having people interacting and working together to create something special.

Chris Coward is with Shift Labs, a company that started as a project in a hackerspace. He says creativity and invention is really a team effort.

"There is this thing I would call the 'lone thinker myth,' that people have these Eureka moments on their own, kind of like the Gauguin statue. That's largely a myth. What the research says is that most good ideas, creativity and invention come out of the collision of ideas when people are able to interact - mostly in physical environments."

I'm Kelly Jean Kelly.

## **World War Two Ends**

On this date in 1945, President Harry S. Truman announced the surrender of Japan to Allied Forces, ending World War Two. The surrender brought to a close the bloodiest war in world history.

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