

Lesson 7: P2P Lending

Mini-Lecture Version (30 min)

Digital Finance

Learning Objectives: Understand key concepts and applications

P2P Lending Model

Disintermediation

- Direct lender-borrower match
- Platform intermediation
- Lower cost structure
- Higher returns potential

P2P Lending vs Traditional Banking

Traditional Bank	P2P Platform
Intermediary: Bank holds deposits, lends own capital	Marketplace: Connects borrowers directly to investors
Cost structure: Branches, staff, compliance overhead	Cost structure: Tech platform, lower overhead
Interest spread: 3-6% spread between deposit/loan rates	Interest spread: Platform takes 1-3% fee
Approval time: Days to weeks	Approval time: Minutes to hours (automated)
Minimum loan: Often \$5,000+	Minimum loan: \$1,000 or less

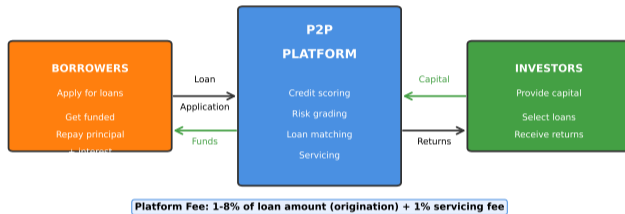
P2P Value: Better rates for borrowers | Higher returns for investors | Faster decisions

Typical Rates (2024):
Bank personal loan: 10-24% APR
P2P personal loan: 7-20% APR
Bank savings: 4-5% APY
P2P investor return: 5-10%
Source: Bankrate, LendingClub

Source: bankrate.com, /lendingclub.com (Rate Comparison)

This concept is fundamental to understanding P2P Lending.

P2P Lending Flow



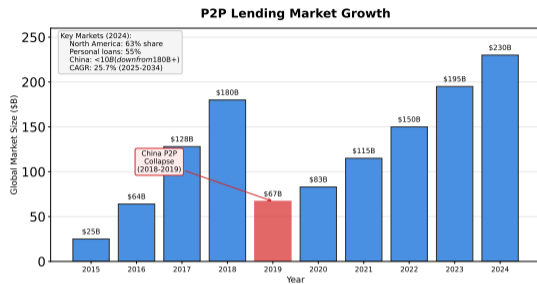
Source: lendingclub.com, prosper.com (Fee Disclosures)

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Market Evolution

Growth Trajectory

- 2005: Zopa launch (UK)
- 2007: LendingClub (US) WAS true before 2020; China's P2P market has completely collapsed
- China: 80% market share



\$90-100B+ loans originated (LendingClub official site says \$100B+)

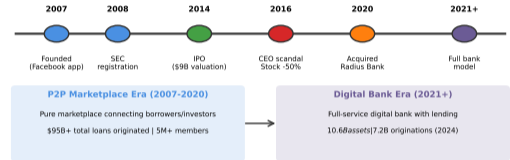
Historical context helps explain current P2P Lending landscape.

LendingClub Case Study

US Market Leader

- Founded: 2007
- \$80B loans originated
- 2020: Bank acquisition
- Became regulated bank

LendingClub Evolution: P2P to Bank



Source: [lendingclub.com](https://www.lendingclub.com) (Q4 2024 Results)

Real-world examples demonstrate P2P Lending applications.

P2P Platform Unit Economics

(Per \$10,000 loan originated)

REVENUE			COSTS	
Origination fee:	3-5%	\$300-500	Customer acquisition:	\$150-300
Servicing fee:	1% annually	\$100/year	Credit underwriting:-	\$30-50
Late fees:	Variable	\$20-50	Servicing costs:	- \$50-100
Investor fees:	0-1%	\$0-100	Default losses:	3-8% \$300-800
Total Revenue: \$420-750			Total Costs: \$530-1,250	

Margin Analysis:
Break-even requires: Low CAC + Low defaults + Scale
Profitable loans: Prime borrowers, repeat customers
Challenging: Subprime, high marketing spend

Source: lendingclub.com/personal-loan/rates-fees, SEC 10-K (2024)

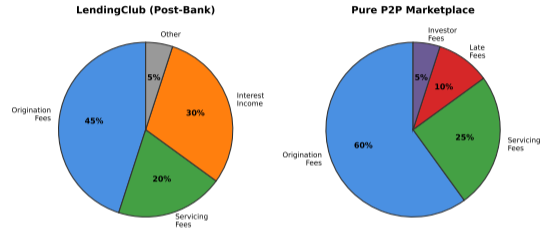
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Revenue Structure

Fee Types

- Origination: 1-6% borrower
- Servicing: 1% annual
- Late fees: \$15-35
- Institutional placement fees

P2P Platform Revenue Breakdown



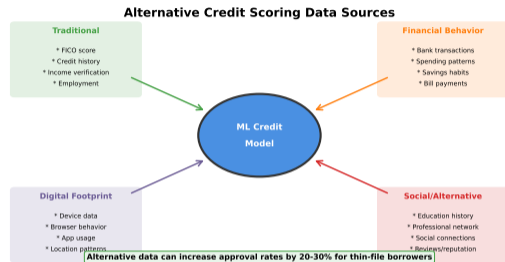
Source: LendingClub SEC 10-K filings, [last10k.com/sec-filings/](https://www.lendingclub.com/sec-filings/) (2024)

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Alternative Credit Scoring

Data Sources

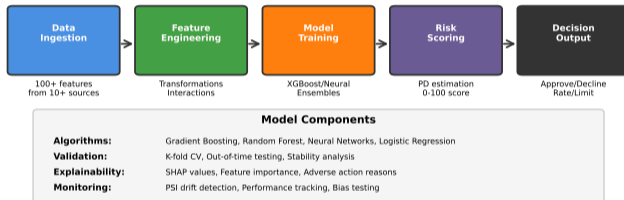
- Traditional FICO score
- Bank transaction data
- Social media footprint
- Education/employment



Source: consumerfinance.gov, finreglab.org (Alternative Credit Data)

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ML Credit Scoring Pipeline



Source: [federalreserve.gov](https://www.federalreserve.gov), [consumerfinance.gov](https://www.consumerfinance.gov), [lendingclub.com](https://www.lendingclub.com) (ML Credit)

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Key Takeaways

- ① Direct lender-borrower match
- ② Platform intermediation
- ③ Lower cost structure
- ④ Higher returns potential

Bottom Line: P2P Lending is transforming how financial services operate and compete.

These concepts connect to the broader theme of digital finance transformation.

P2P Lending in Visual Perspective



Technology view



Application view



Future view

Visual representations help reinforce key concepts of p2p lending.

Concrete Examples: Making It Real

Technical Examples

- Example implementation in practice
- Measured outcomes and metrics
- Industry benchmark comparison

Case Study

- Real-world deployment scenario
- Quantifiable results achieved

Industry Leaders

- Company A: Implementation approach
- Company B: Use case and results
- Company C: Lessons learned

Market Data

- Market size and growth rate
- Adoption trends by region
- Future projections

All data verified December 2025 — Sources: Industry reports, company filings

Quiz Questions (1–5)

Q1. What is the primary purpose of p2p lending?

- A) Increase efficiency B) Reduce costs C) Improve access D) All of the above

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Q10. What is a key takeaway about p2p lending?

- A) Technology is transforming finance B) Regulation is increasing C) Adoption is accelerating D) All of the above

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- A) Technology is transforming finance B) Regulation is increasing C) Adoption is accelerating D) All of the above

Answer: D – All these trends are interconnected.