Peer To Peer Lending And Equity Crowdfunding A Guide To The New Capital Markets For Job Creators Investors And Entrepreneurs

Bridging the small business capital gap : peer-to-peer lending : hearing before the Committee on Small Business, United States House of Representatives, One Hundred Fourteenth Congress, first session, hearing held May 13, 2015.

This paper studies monetary policy transmission in China's peer-to-peer lending market. Using spectral measures of causality, we explore the impacts of Chinese monetary policy shocks on China's P2P market interest rates and lending amounts. The estimation results indicate significant spectral Granger causality from monetary policy surprises to P2P lending rates for borrowers, but not the reverse. Unlike the lending channel for traditional banks, monetary policy shocks do not Granger-cause the credit amount in the P2P lending market.

Peer to Peer Lending/Marketplace Lending is one of the most exciting areas of investment today. Unlike bond investments, peer to peer loan investments have higher interest rates and greater transparency, making peer loans the best fixed income investment on the market today. Fixed income investments are a necessary part of a successful investment portfolio so we go through what peer to peer lending/marketplace lending is, why you should invest in it and the 7 options currently available to

all U.S. investors. This book will give you the tools to help you determine your own risk you want to take with your fixed income investments whether they are bond investments or peer to peer lending investments.
The unsecured lending market in South Africa is characterised by a high consumer debt-to-income ratio, significant legislative amendments, government-instituted credit amnesties, abnormal lender profits, the bailout of African Bank Investments Limited and stagnating growth. A credit amnesty is a short-term reprieve for consumers with adverse credit information from past debts. There have been two amnesties in South Africa: in 2007 and 2014. Both amnesties were essentially information amnesties, which resulted in the removal of negative information from borrowers' credit profiles. The 2007 credit amnesty aligned the credit market with the National Credit Act (Act No. 34 of 2005) by the removal of specific borrower information that was in misalignment with the National Credit Act (NCA). The 2014 amnesty was a straightforward credit-information-removal exercise. A credit amnesty is a superficial remedy and a short-term fix of a deeper underlying problem of credit usage and profit maximisation. But an amnesty does not result in borrowers changing their behaviour. The credit amnesty in 2007 affected 8 million customer records, but research by the National Credit Regulator (NCR) shows that about 40% of customers who received amnesty (3.2 million people) defaulted on new loans within two years. Credit amnesties are a symptom of a graver underlying problem within the unsecured credit market in South Africa, which is

considered unsustainable based on the notion that government intervention artificially regenerates consumer access to credit without regard to lender risks. Unsecured lending is growing, and the existing model appears to be increasingly unsustainable. Peer-to-peer (P2P) lending might address some shortcomings and develop as an alternative model. As there has been insufficient research into P2P lending, the focus of this study is on the sustainability of P2P lending as an alternative to traditional unsecured lending in South Africa. The study could reveal P2P lending to be an alternative model of unsecured lending and a more equitable and sustainable lending model for poverty alleviation, economic growth and wealth inequality in South Africa. The approach of the study is to understand the unsecured lending market, its practices and norms in South Africa through a sustainability framework view and, by doing so, describe the shortcomings of market practices. Peer-to-peer lending, both formal and informal, is investigated to understand the nuances and variations in lending. There is a significant informal P2P lending market that has existed for decades, and a formal P2P market that was established less than three years ago. The theoretical investigation into P2P lending highlighted four themes: behavioural underwriting, peer pressure, disintermediation and degrees of separation. These were used as the basis for the qualitative research conducted. The research conducted probed aspects that revealed the readiness and willingness of South Africans to utilise P2P lending as an alternative to traditional unsecured lending. Information was collected through four means:

an online investigation of 1 121 people's preferences into savings and credit; two focus groups of 51 people in total; a sustainability review from unsecured lending practitioners; and a narrative study. The autoethnographic approach described and systematically analysed the personal experiences of the researcher to understand and make sense of real-world experiences. Having travelled to nine and worked in six African countries as a micro financier, the researcher relays personal experiences and attempts to understand the interrelatedness of unsecured lending through personal narratives. The conclusions of the study point to an intriguing future for P2P lending in South Africa. There seems to be validity in the statement that P2P lending could be a viable alternative to unsecured lending in South Africa. Peer-to-peer lending could be used as a tool to protect vulnerable borrowers from exorbitant credit costs and manage balance sheets more efficiently for individual lenders. A decentralisation of the lending function, with a specific set of investments that address the outcomes of this research, may begin to distribute wealth more proportionately than the traditional unsecured lending market. Barriers to P2P lending in South Africa could include legislative or regulatory acts, specifically within the NCA, and scaling difficulties of P2P platforms. Peer-to-peer lending needs further exploration to understand the far-reaching consequences in related fields such as secured lending, asset insurance, health insurance, remittances, small business lending and P2P financial education.

Can peer-to-peer lending (P2P) crowdfunding disintermediate and mitigate information frictions in lending such that choices and outcomes for at least some borrowers and investors are improved? I offer a framing of issues and survey the nascent literature on P2P. On the investor side, P2P disintermediates an asset class of consumer loans, and investors seem to capture some rents associated with the removal of the cost of that financial intermediation. Risk and portfolio choice questions linger prior to any inference. On the borrower side, evidence suggests that proximate knowledge (direct or inferred) unearths soft information, and by implication, P2P should be able to offer pricing and/or access benefits to potential borrowers. However, social connections require costly certification (skin in the game) to inform credit risk. Early research suggests an ever-increasing scope for use of Big Data and incentivized re-intermediation of underwriting. I ask many more questions than current research can answer, hoping to motivate future research.

Literature on China's finance in the West has focused on "financial repression" in its highly regulated financial markets. However, fundamental changes in China's financial system are underway and China's peer-to-peer (P2P) lending is now the largest in the world. This book uses exclusive researches, interviews and surveys to bring readers a clear picture of the rapidly developing P2P lending industry in China. It is comprised of two parts. The first part is a comprehensive analysis of China's P2P lending industry. It outlines the factors behind the meteoric rise of P2P lending in China, and also the challenges its rapid rise has posed. The second part is a panoramic survey of China's P2P lending industry with study of typical cases, which could also provide reference to the analysis in the first part. Besides, it introduces the existing relevant regulations, regulators, likely upcoming regulatory measures as well as the diverse body of new financial institutions appearing with the development of the industry, to analyse in-depth the current functioning of the industry in China and its lending practices through a large scale survey.

Essay from the year 2016 in the subject Business economics - Banking, Stock Exchanges, Insurance, Accounting, grade: 1,0, Edinburgh Napier University, language: English, abstract: Due to the exponential rate at which technology has developed in recent years, plentiful new businesses have established. The digital revolution is challenging many well situated, regulated and often conservative industries, such as the financial service industry. Several financial technology start-up companies, also known as Finance Technology Companies (FinTechs), thereby constitute as competitors to traditional retail banks by accessing technological innovations. While the FinTech “eToro” is challenging the investment divisions, start-ups like “Transferwise” are putting pressure on the prices for payment and transfer services. The largest market volumes of so-called alternative finance models in the United Kingdom (UK) have peer-to-peer (P2P) lending businesses, such as ZOPA. P2P, or social lending allows individuals to borrow and lend money to each other directly, without intermediate financial institution, such as retail banks. Subsequently, the global trend of disintermediation also arose in the banking industry. After reviewing relevant literature the market power of P2P lending as well as its impact on the financial services industry over the last ten years will be assessed. Furthermore, this essay will illustrate the current situation by evaluating the extent to which P2P FinTechs replace personal finance functions of retail banks in the UK. Finally, major aspects will be summarised and future aspects will be discussed.

To explore the determinants of peer-to-peer (P2P) lending expansion, this study examines factors that impact P2P lending using a sample of 62 economies over the period 2015-2017. We investigate the effects of financial development and financial literacy on the expansion of P2P lending. The level of development of financial institutions is assessed by access, efficiency, and depth. We find that financial institutions' efficiency, financial literacy, and lower branch and ATM penetration are positively related with the expansion of P2P lending. This finding suggests that P2P lending can fill funding gaps in economies where traditional financial institutions may be less available, and thus promote financial inclusion. We also find that better information technology infrastructure and high new business density are positively associated with the expansion of P2P lending, suggesting that physical infrastructure is an essential prerequisite for it, while this is more likely to happen in dynamic business environments.

Written by an industry pioneer who has hands-on experience in the brave new world of peer-to-peer lending and equity crowdfunding, this book serves as a resource for investors and entrepreneurs alike and investigates how these alternative mechanisms will increase the financial and operational capacity of borrowers, lenders, buyers, and sellers in the private markets. • Describes the inherent value in democratization of capital and financial inclusion using peer-to-peer credit and equity crowdfunding that can assist private investors, banks, small businesses, and pension fund managers with market participation • Documents the necessity for fostering transparency, enhancing risk management, and establishing a secondary market to increase distribution and liquidity • Explains how to raise capital, invest, and make a social justice impact using digital finance • Highlights how social media connections influence the capital-raising process

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How a vast network of shadow credit financed European growth long before the advent of banking Prevailing wisdom dictates that, without banks, countries would be mired in poverty. Yet somehow much of Europe managed to grow rich long before the diffusion of banks. Dark Matter Credit draws on centuries of cleverly collected loan data from France to reveal how credit abounded well before banks opened their doors. This incisive book shows how a vast system of shadow credit enabled nearly a third of French families to borrow in 1740, and by 1840 funded as much mortgage debt as the American banking system of the 1950s. Dark Matter Credit traces how this extensive private network outcompeted banks and thrived prior to World War I—not just in France but in Britain, Germany, and the United States—until killed off by government intervention after 1918. Overturning common assumptions about banks and economic growth, the book paints a revealing picture of an until-now hidden market of thousands of peer-to-peer loans made possible by a network of brokers who matched lenders with borrowers and certified the borrowers' creditworthiness. A major work of scholarship, Dark Matter Credit challenges widespread misperceptions about French economic history, such as the notion that banks proliferated slowly, and the idea that financial innovation was hobbled by French law. By documenting how intermediaries in the shadow credit market devised effective financial instruments, this compelling book provides new insights into how countries can develop and thrive today.

Despite the explosive growth of peer-to-peer lending in the People's Republic of China (PRC), information asymmetry remains a critical issue and is likely to be amplified in such an evolving credit market compared to a traditional credit market. This paper studies how investors screen the nonstandard, voluntary, and often unverifiable information disclosed by borrowers in making their investment decisions. Using data from the Renrendai P2P platform, one of the leading lending platforms in the PRC, we find that an additional item of disclosure increases the funding probability by 23.6%. The impact is even more remarkable for borrowers with a lower credit rating. However, investment in loan listings with more disclosures turns out to be riskier. An additional item of disclosure is accompanied by an incremental default probability of 11.7%. The puzzle that lenders remain attracted by such loan listings is explained by the higher profitability offered by the borrowers. Further investigation shows that investors can infer the real risk of borrowers marked by the disclosure.

Peer-To-Peer For Beginners! It's Time To Profit & Build Wealth With Small Loans Are You Ready To Learn All About P2P? If So You've Come To The

Right Place... Here's A Preview Of What This Peer-To-Peer Lending Book Contains... An Introduction To P2P What Is Peer-to-Peer Lending? Becoming a Peer-to-Peer Lender (And Why YOU Should) Investing Guidelines for Beginners P2P Lending from the Borrower's Point Of View (POV) Borrowing Guidelines for Beginners And Much, Much More! Peer-to-peer lending platforms connect investors/lenders directly to borrowers by circumventing banks.

Every now and then a company comes along that completely transforms an industry. Today, what Lending Club is doing to the financial services industry is truly revolutionary. The way we invest and borrow money is being changed forever.With over $1 billion in loans issued Lending Club is quickly moving towards the mainstream of consumer finance. Peer to peer lending can no longer be ignored as a passing fad, it is clearly here to stay.The Lending Club Story is the first book ever published about Lending Club, the world's largest p2p lender. It is part storytelling, part investment guide and part reference book.In this book Peter Renton, the publisher of the most widely read blog on peer to peer lending, will explain:* What is peer to peer lending and why it is becoming so popular* How Lending Club went from just an idea to $1 billion in loans in less than six years* How a little startup called Lending Club thrived during and after the

financial crisis while some of the largest companies on Wall Street were collapsing* How investors are benefiting from this new kind of investment* How the borrowing process works at Lending Club* What the future holds for this fast growing companyMany intelligent investors from successful hedge funds as well as small mom and pop investors are moving money away from the stock and bond markets and into peer to peer lending with Lending Club. After you have read this book you will understand why.
Bachelor Thesis from the year 2011 in the subject Business economics - Investment and Finance, grade: 1,3, The FOM University of Applied Sciences, Hamburg (Wirtschaftswissenschaften), language: English, abstract: Both alternative financing models, microcredit and p2p lending, opened huge possibilities to support so-called "unbankables" on their way out of poverty, unemployment and social exclusion. How they work, what impact they have on the German start-up endeavour and which kind of obstacles still remain that they need to overcome will be investigated in the paper at hand.
Seminar paper from the year 2016 in the subject Economics - Finance, grade: 1,7, University of Marburg (Accounting & Finance), course: Seminar Empirical Finance, language: English, abstract: In the following paper, I want to give an insight in two financial markets, the online peer to peer lending market and the payday loan market. Both are examples for disintermediated

finance. Disintermediation means to withdraw funds from intermediary financial institutions, such as banks and savings/loan associations, in order to invest them directly. Simply put, in disintermediated finance one gets rid of the middleman or intermediary. This paper is organized as follows. At first Chapter 2 will look into the online peer to peer market of Prosper.com. Therefore, I will analyse a paper of the authors Lin, Prabhala, and Viswanathan (2013) called "Judging borrowers by the company they keep: Friendship networks and information asymmetry in online peer-to-peer lending". In Section 2.1 I will start with an introduction to the market and the author’s intention. Section 2.2 will explain the system of the online platform Prosper.com. The following section will outline the empirical results of the authors, in order to express the result’s implication in the last section of chapter 2. Chapter 3 will continue with payday loans. The first section 3.1 gives an introduction into payday loans and explains how the industry of payday loans works. The second section 3.2 will analyse one specific paper of Adrian Morse (2011) called "Payday lenders: Heroes or Villains?" The last section 3.3 will give a summary of the author’s findings and question them critically.
This paper reviews peer-to-peer (P2P) lending, its development in the UK and other countries, and assesses the business and economic policy issues surrounding this new form of intermediation. P2P platform technology allows direct matching of borrowers' and lenders' diversification over a large number of borrowers without the loans having to be held on an

intermediary balance sheet. P2P lending has developed rapidly in both the US and the UK, but it still represents a small fraction, less than 1%, of the stock of bank lending. In the UK-- but not elsewhere--it is an important source of loans for smaller companies. We argue that P2P lending is fundamentally complementary to, and not competitive with, conventional banking. We therefore expect banks to adapt to the emergence of P2P lending, either by cooperating closely with third-party P2P lending platforms or offering their own proprietary platforms. We also argue that the full development of the sector requires much further work addressing the risks and business and regulatory issues in P2P lending, including risk communication, orderly resolution of platform failure, control of liquidity risks and minimisation of fraud, security and operational risks. This will depend on developing reliable business processes, the promotion to the full extent possible of transparency and standardisation and appropriate regulation that serves the needs of customers.