Lending Game: Results in Round 1

Simulation of profits

Recall that for each loan application, your team is in competition with two other teams, which have different information sets than yours. The identity of the two teams that compete with you are different for each loan application. For example, if you are a type 3 lender (i.e., you have variable 'digital3' for new applications), for each loan application one of your competitor is a type 1 lender (i.e., has variable 'digital1') and the other is a type 2 lender (i.e., has variable 'digital2'). Because two teams are type 1 lenders (call them 1a and 1b) and two teams are type 2 lenders (call them 2a and 2b), I simulated the market by randomizing the identify of your competitors for each loan application over the four (two time two) possible situations (your competitors may be 1a and 2a; 1a and 2b; 1b and 2a; or 1b and 2b). I also randomized loan applicants' types, that is, the lender for which each loan applicant is ready to pay 2% extra to borrow from this lender.

Detailed results

The detailed outcome of the market is in the dataset Round1_Diagnostic_xx.csv. It contains the 100,000 loan applications. The variables in the dataset are (if you are a type 3 lender):

- id: Loan identifier.
- own: Interest rate offered by your team.
- competing1: Interest rate offered by lender 1.
- competing2: Interest rate offered by lender 2. Missing interest rate means no offer.
- borrowertype: =1,2,3 indicates the lender for which the borrower is ready to pay 2% extra.
- accepted: =1 if the borrower takes your loan offer; =0 if the borrower does not take your loan offer. Note that you can reconstruct this variable using the information about the three interest rates and the borrower's type.
- default: =1 if the borrower defaults on the loan; =0 if the borrower repays the loan.
- profit: Your profit on this loan. The profit if your loan offer is accepted is equal to interest rate times 10,000 if the borrower repays, and to negative 10,000 if the borrower defaults.

League table

The table below shows the market shares and the profits and losses (P&L) of all the teams participating to the game. The market share for each team is calculated as the market share on all loans for which it competes. The P&L for each team is the profit summed over all the loans made by the team.

	Market share	P&L
Alex Augustin Carlo Jules	13.9%	69,951,475
Jack of All Rates	13.5%	55,695,004
Ponzi Partners	7.5%	42,461,246
Cash Me If You Can	55.5%	13,882,772
Centsible	12%	10,585,940
Les Pinces: la banque d'un monde qui a peur	11.5%	1,028,398
Antonio Charles Eva Mohamed	46.7%	312,632
Hombert de l'argent	78.3%	-5,434,710

Round 2

Most groups did very well in the first round. Congratulations! This is quite an achievement because this business game is quite challenging. Only one group lost money—probably a return of karma for a questionable wordplay ☺

Your task now is to use the diagnostic data to review your strategy and make offers to a new batch of loans. See the guidelines of the game for the detailed instructions. The simulation of profits in round 2 will be done in exactly the same way as in round 1. May the force be with you!