

P2P Lending vs Traditional Banking

Traditional Bank

Intermediary:	Bank holds deposits, lends own capital
Cost structure:	Branches, staff, compliance overhead
Interest spread:	3-6% spread between deposit/loan rates
Approval time:	Days to weeks
Minimum loan:	Often \$5,000+

P2P Platform

Marketplace:	Connects borrowers directly to investors
Cost structure:	Tech platform, lower overhead
Interest spread:	Platform takes 1-3% fee
Approval time:	Minutes to hours (automated)
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