The modern savings account.

Finding the value in loan investment

"Keep your money safe, put it in the bank"

Traditional Banking

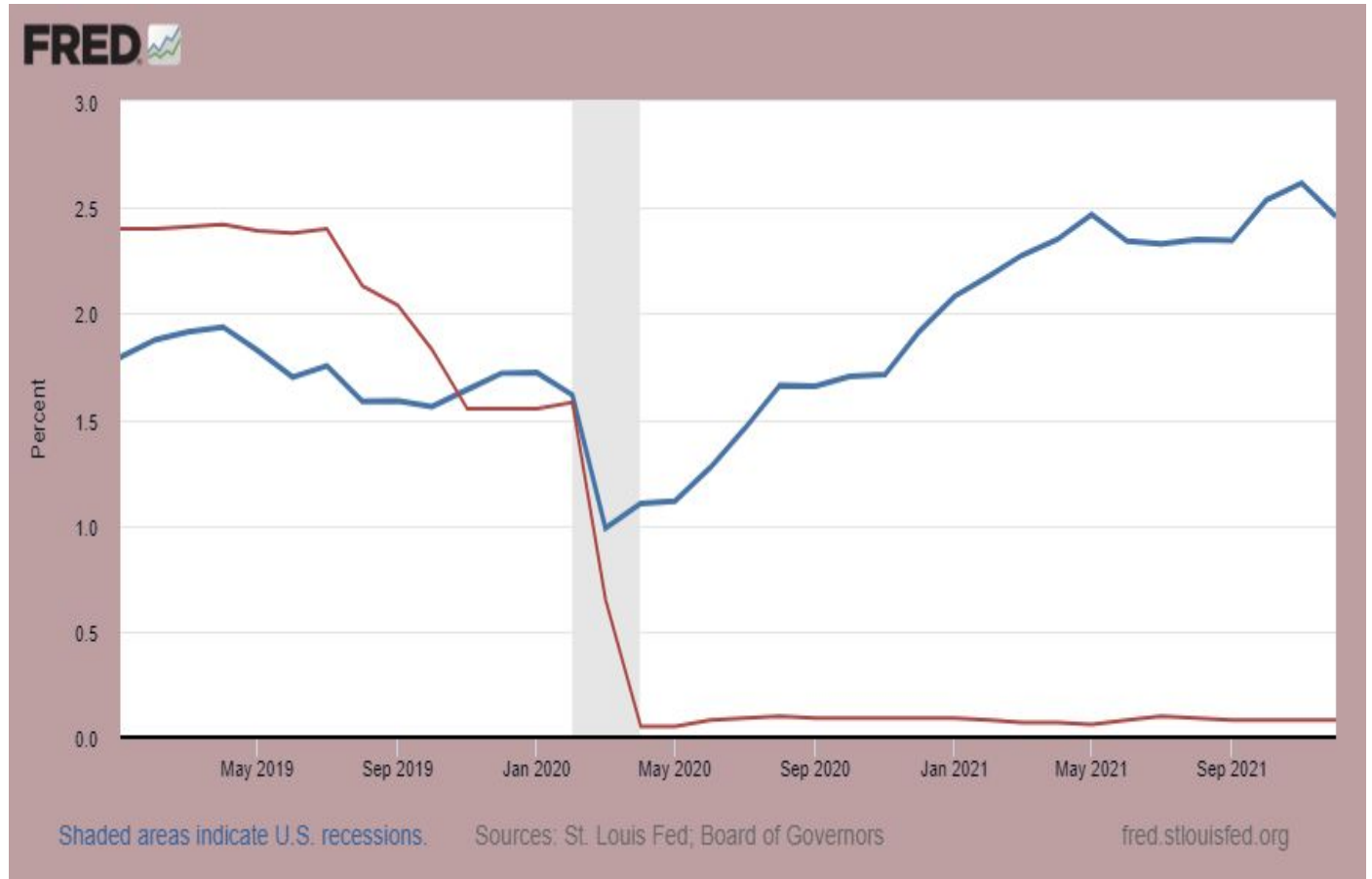**You deposit**

They lend

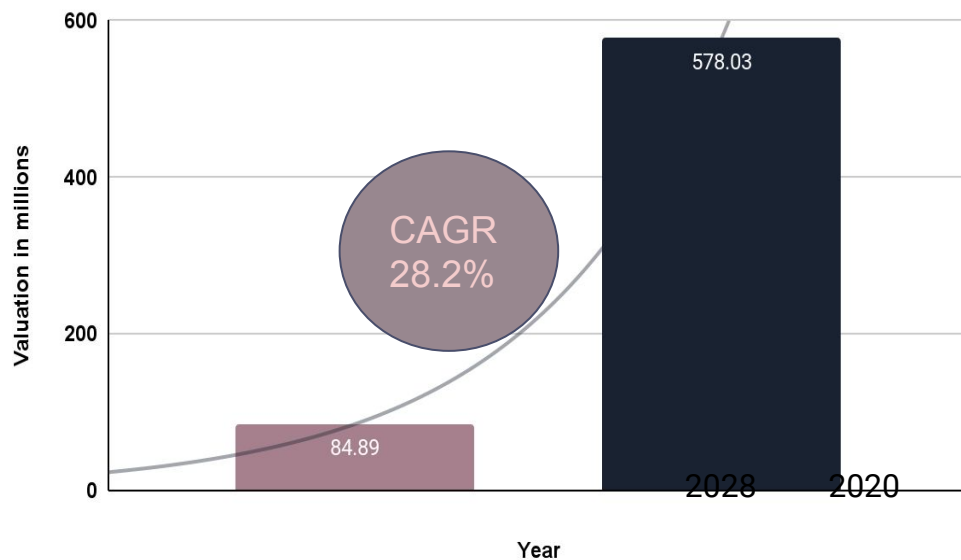# Federal funds effective rate vs inflation

■ **Interest rate**

■ **Inflation**

Peer-to-Peer Lending

LendingClub

Market size projection

Valuation in millions

600

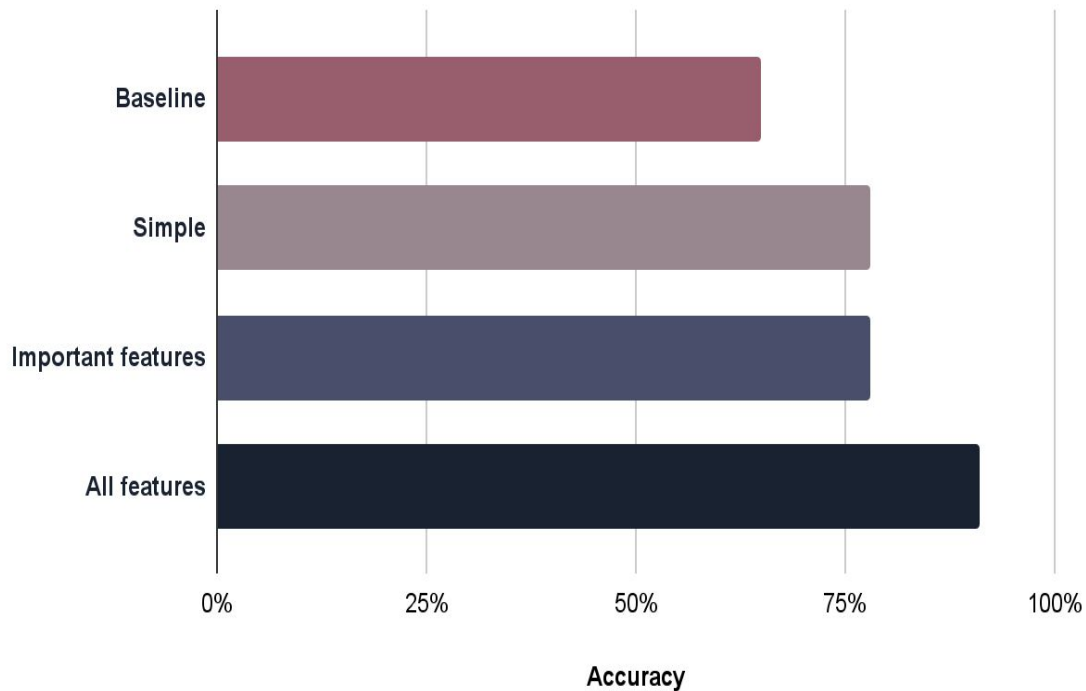400

CAGR 28.2%

200

578.03

84.89

0

2028   2020

Year

Model results

Model Performance

Baseline
Predict randomly for comparison
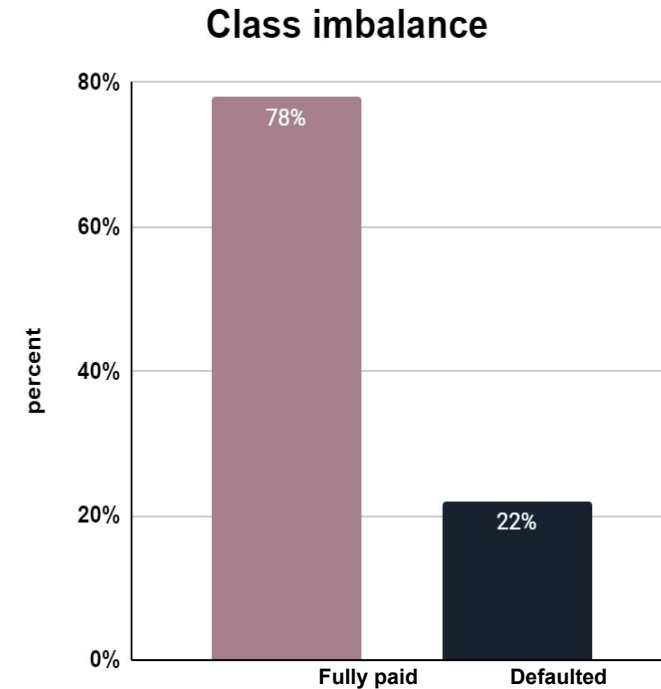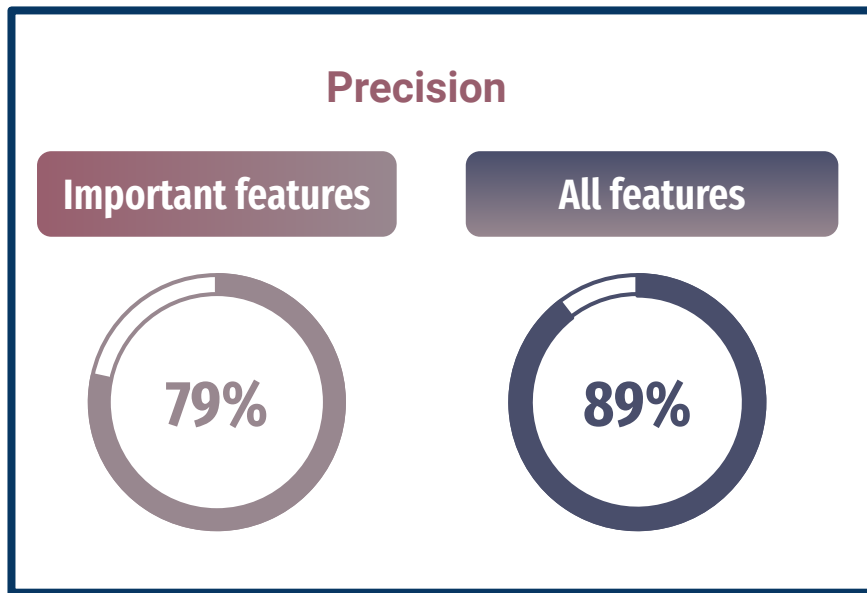
Simple
No hyper-parameter tuning

Important features
e.g.
annual income
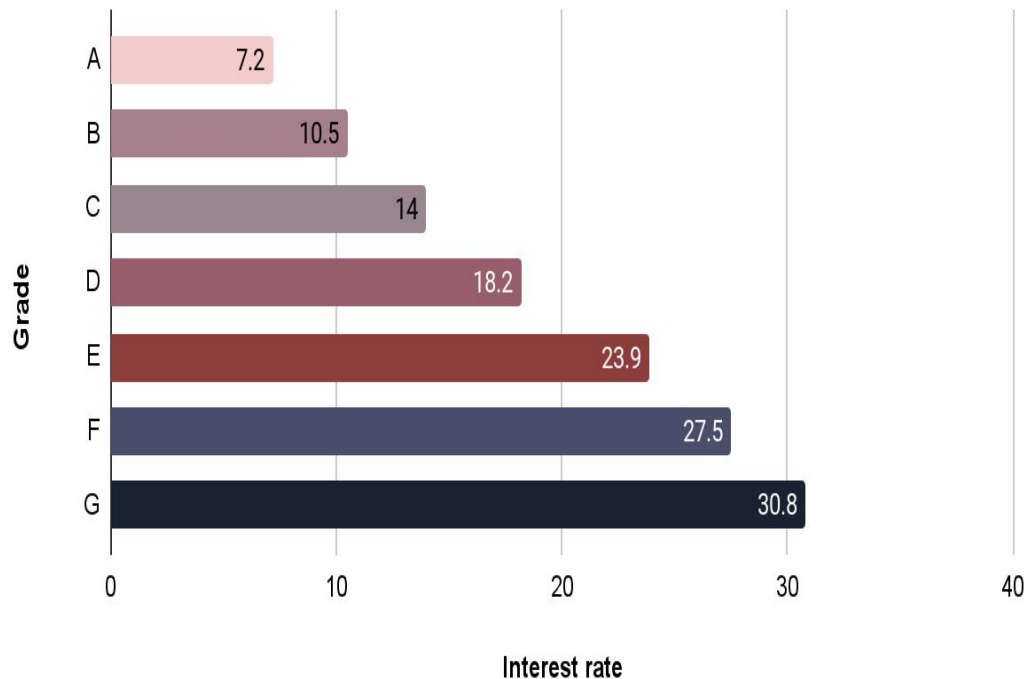loan amount

All features
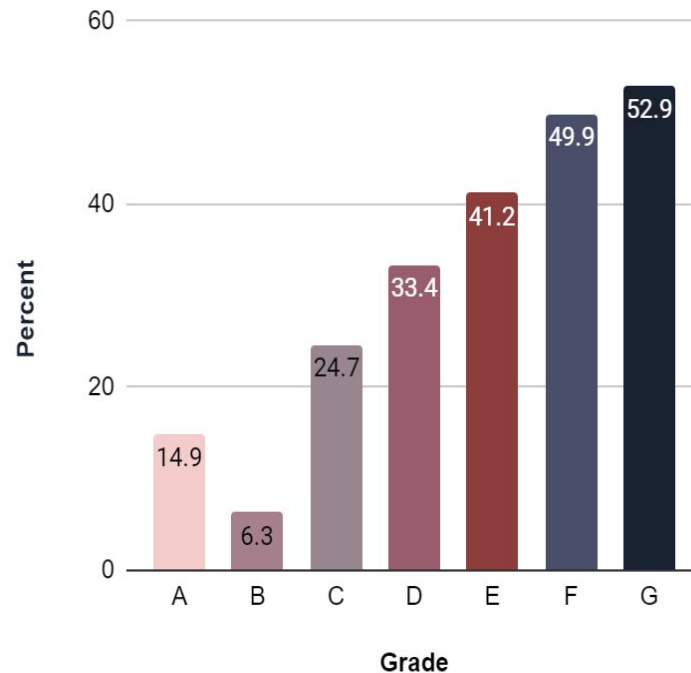Every feature available to the investor

Better understanding

Precision

Important features

All features

79%

89%

Class imbalance

80%

78%

60%

percent

40%

22%

20%

0%

Fully paid

Defaulted

Finding better value

Interest rates by grade

Grade	Interest rate
A	7.2
B	10.5
C	14
D	18.2
E	23.9
F	27.5
G	30.8

Default rate per grade

Grade	Percent
A	14.9
B	6.3
C	24.7
D	33.4
E	41.2
F	49.9
G	52.9

HIgh reward low risk

Bad grade
Only grades "D"
or worse

High risk
Over 37%
default rate

High reward
Average
interest rate
21%!

Accuracy
Above 85%

Precision
Above 80%

Next steps

Due diligence before investing

Get more recent data.

Test other P2P platforms.

Use probabilities to get more value.

THANK YOU

Questions?

 Mendy Nemanow