

edLoan

Educational Loan using Crowdsourcing and Blockchain

College and higher education is expensive in the USA. Most aspiring students take educational loans which typically ranges above a compounded interest rate of 6-10%. This becomes a huge financial burden to students which discourages some not to pursue or drop out of college or pick up a job not to the best of their abilities.

edloan.me

Edloan.me is a platform that allows a student to avail financial help at a much reduced rate than traditional 6-10% rate.

- It uses crowdfunding in the form of loan with interest, donation or scholarships as the lender desires.
- The money will be paid to the educational institutions directly to avoid any misuse of the intent of the fund.
- The denomination may not be limited to any particular currency.
- It uses a decentralized network (Blockchain) where the individual identity is managed by the lender and borrower themselves without any loss of privacy.
- The platform allows the loan process to occur as a Contractual agreement between the borrower and lender without any third party intermediation, thus reducing administrative cost, faster loan adjudication and lower interest rate.
- The collateral for the loan would be the standard process that occurs when one takes a regular loan from a bank or any other entity.
- Student's credit checking may be used as part of their digital identity in the Blockchain system using zero knowledge proof to maintain data privacy.
- The platform would buy 3rd party insurance to account for "defaults" in the loan repayment process so that lenders are protected.

Note: There are other Blockchain based lending services being developed by start ups but they are using the traditional banking and lending institutions. :

Process Flow:

1. Identify Permissioned Blockchain platform to host the product
2. Digital identification framework for lenders and borrowers to sign in to the platform
3. Establish Contract between Lender and Borrower (Duration, Amount, Terms, Repayment)
4. Loan Aggregator Contract to tie multiple lenders to a Loan and Borrower
5. Buy Insurance protection against Contract
6. Student Background verification and Credit History Check
7. Establish Collateral for Student Loan
8. Student Admission Verification with Educational Institution
9. Payment framework for Lenders to contribute fund
10. Integration with Educational Institution for payment
11. Repayment set up with Student