

Topic Proposal: Peer-to-Peer Lending

Although direct peer-to-peer (P2P) lending has undergone changes over the past five years, it remains a viable option for borrowers and investors, alike. Individuals once flocked to the rising P2P credit markets as alternative sources of funding and for investment opportunities. However, while private individuals historically made up the bulk of lenders in P2P markets, large institutions and banks have since taken over as the primary sources of credit.

Cursory research indicates recent research has not distinguished between the P2P industry during its peak around 2015 and 2016, and its current state. We suspect/assume this shift in P2P lenders altered the makeup of who receives what, thereby rendering recent research on P2P loans as an investment opportunity less reliable as a guide for today's prospective individual investors.

Restricting our analysis to data that excludes institutions and banks as lenders in P2P markets would provide an analysis more applicable to the private individual. We are asking the following SMART question:

How did income-to-debt ratios, credit score, interest rates, and delinquencies impact who received loans and who defaulted on their loans between 2007 and 2015?

Our dataset contains over 9,500 observations of loan data from LendingClub, the largest online platform for direct P2P lending. We believe that the timeframe of 2007 to 2015 provides the most relevant data for prospective individual investors today, particularly because it is unlikely to include a significant number of large institutional lenders.

Source of data sets: <https://www.kaggle.com/datasets/urstrulyvikas/lending-club-loan-data-analysis>

GitHub repo: https://github.com/jschild01/JMB_DATS_6101.git