Topic Proposal: Peer-to-Peer Lending

Direct peer-to-peer (P2P) lending was a popular way for less-than-qualified borrowers to find financing when more traditional methods, such as banks, would turn them away. Online marketplaces crowd-sourced lending by connecting people who needed funding with investors willing to loan out their extra money as an alternative investment opportunity. Early on, this cut out the traditional banks and fostered a new means of raising capital or consolidating debt. But the direct P2P model eventually evolved and is now dominated by larger institutions functioning as the lenders rather than private individuals.

LendingClub was the leader in true P2P lending during and leading up to its peak around 2015 and 2016. We intend to explore historical LendingClub data to glean insight into what drove loan approvals and default rates. What influenced whether a loan was approved or not? Were there certain indicators that could accurately predict the probability of a borrower defaulting on their loan? Concentrating on LendingClub’s approval policy and comparing factors, such as credit scores and income and debt levels, will shed light on some of the answers we are looking for.

Although direct P2P has undergone changes over the past five years, it remains a viable option for borrowers and “investors,” alike. Our research will increase the understanding of P2P lending and its practicality as a viable source of funding or as an investment opportunity. Our data is entirely quantified and can be categorized or grouped as needed. We are equipped with sufficient people and skills to fulfil the research and analysis over the duration of this course. We do not anticipate other professional responsibilities and required coursework to significantly strain time or resources.

Follow the link(s) below for access to our dataset, as well as our GitHub repository where we will be collaborating throughout the period of this project.

* <https://github.com/jschild01/JMB_DATS_6101.git>
* <https://www.kaggle.com/datasets/urstrulyvikas/lending-club-loan-data-analysis?resource=download>