

# The Folly of the Crowd: Violations of Market Efficiency in Peer to Peer Lending

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DC '15

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Mellon Forum, Davenport College

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## Listing Summary

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Auto use

Borrower: [borrowerone](#)

Location: **California**

Borrower Rate: **17.90%**

Monthly payment: **\$380.09**

Lender Servicing Fee: **1.00%**

## Loan for Car Repairs

**\$15,000**

Personal loan

**5**

Years

**16.90%**

Lender yield

**B**

Rating

37% Funded

\$9,450 left

Expires: **Monday, 10/23/11**

Note: this listing will fund at 70% or higher

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Effective yield\*: **15.00%**

Estimated loss: **5.95%**

Estimated return: **9.05%**

\$ Enter amount

**Invest Now**

Your cash balance: **\$29,560**

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## Borrower's Credit Profile

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Prosper Rating: **B**

Prosper Score (1-10): **8**

Credit score: **800-819 (Sep-2010)**

Now delinquent: **0**

Amount delinquent: **\$0**

Public records last 12m / 10y: **0 / 0**

Delinquencies in last 7y: **0**

Inquiries last 6m: **0**

First credit line: **Oct-1982**

Current / open credit lines: **9 / 7**

Total credit lines: **17**

Revolving credit balance: **\$1,339**

Bankcard utilization: **1%**

Home ownership: **No**

Debt/income ratio: **38%**

Employment status: **Employed**

Length of status: **15y 7m**


Stated income: **\$25,000-\$49,999**

Occupation: **Professional**

Credit and home ownership information obtained from borrower's credit report and displayed without having been verified.

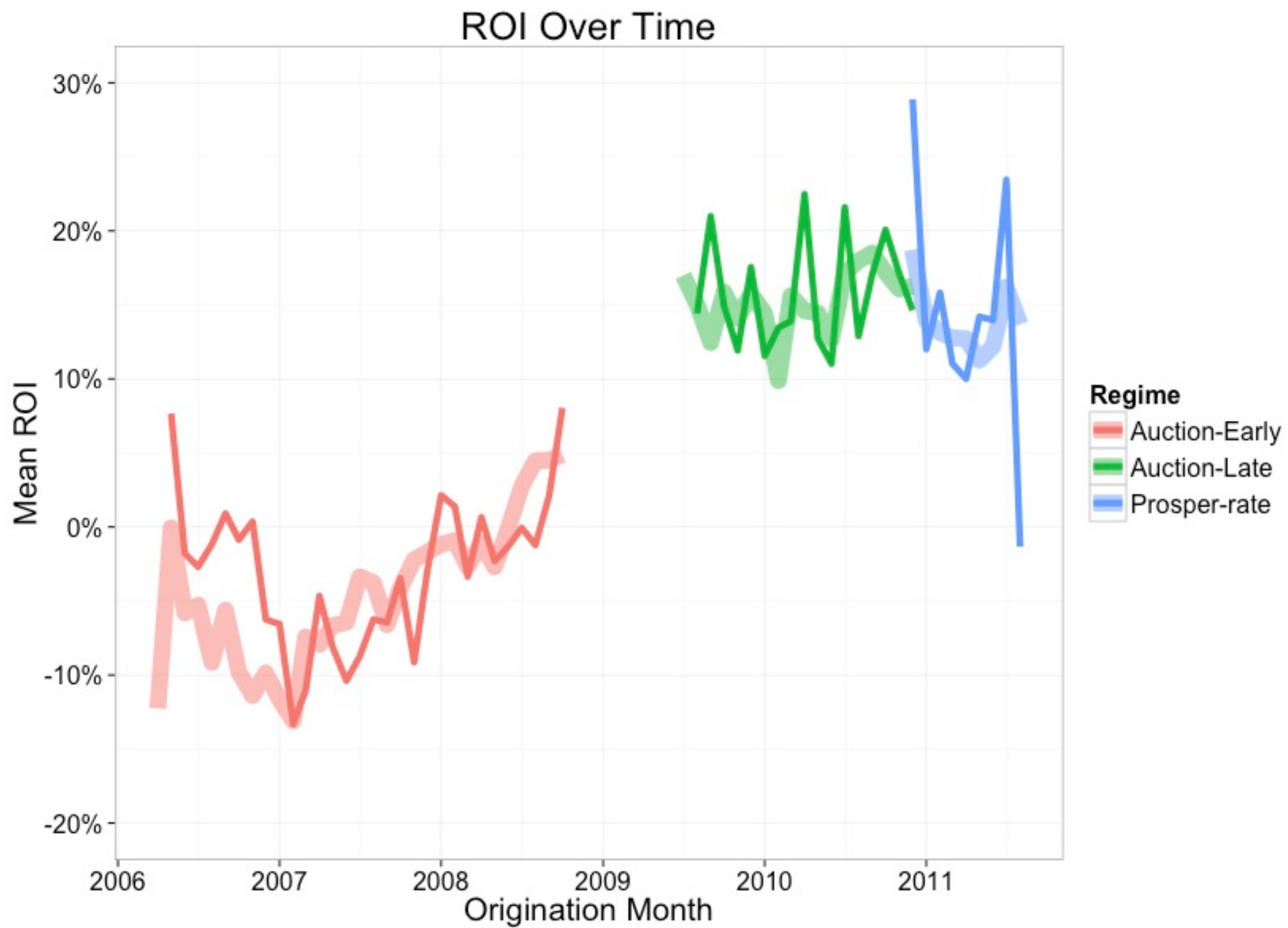
Employment and income provided by borrower and displayed without having been verified.

# Listing Data

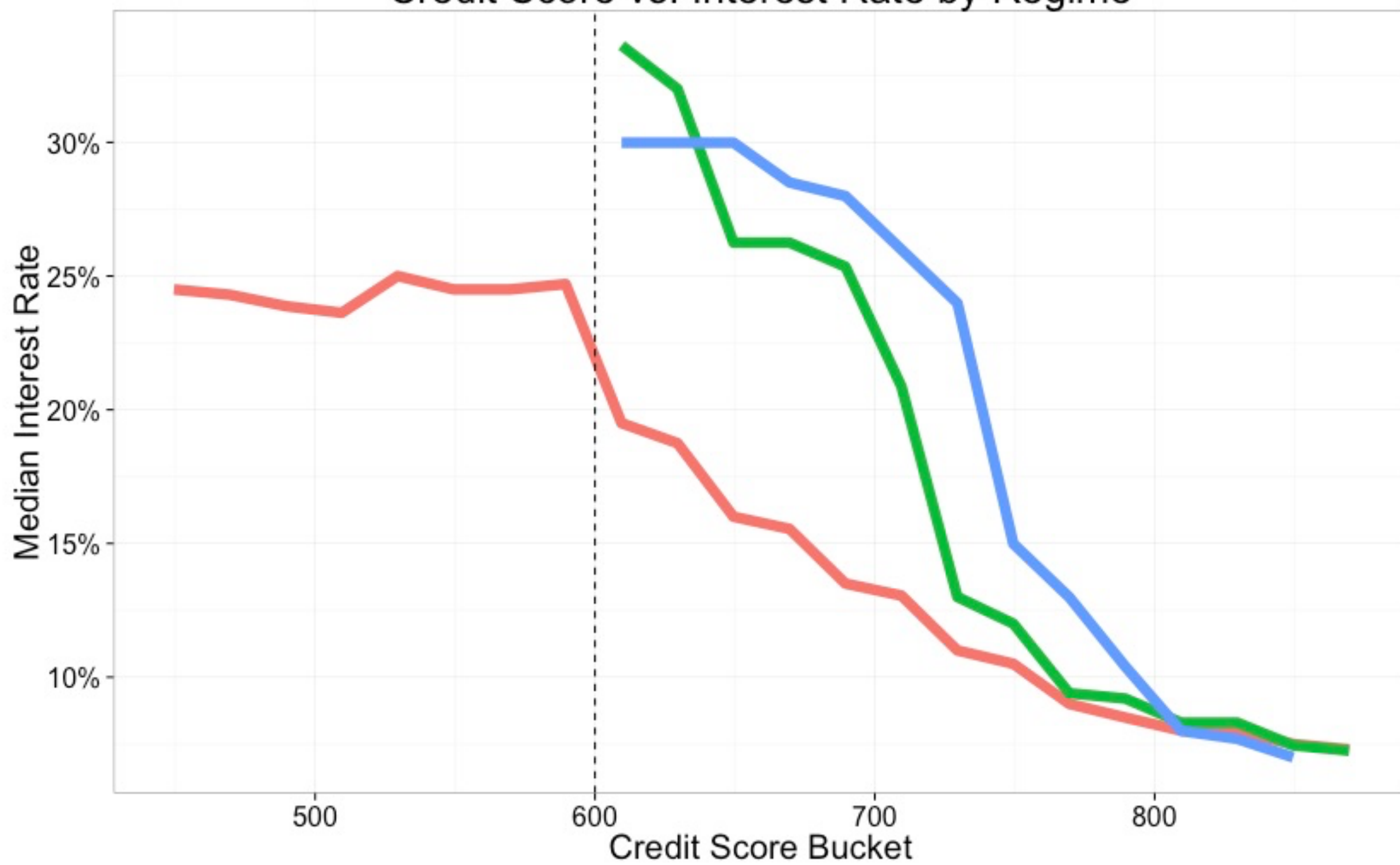
Borrower's Credit Profile				 <a href="#">Help</a>	
Prosper rating:	A	Inquiries last 6m:	1	Debt/Income ratio:	29%
Prosper Score (1-10):	7	First credit line:	May-1986	Employment status:	Employed
Credit score:	760-779 (Aug-2013)	Current / open credit lines:	12 / 12	Length of status:	8y 6m
Now delinquent:	1	Total credit lines:	47	Stated income:	\$50,000-\$74,999
Amount delinquent:	\$37	Revolving credit balance:	\$20,511	Occupation:	Truck Driver
Public records last 12m / 10y:	0 / 0	Bankcard utilization:	35%		
Delinquencies in last 7y:	0	Home ownership:	Yes		
Credit and home ownership information obtained from borrower's credit report and displayed without having been verified.				Employment and income provided by borrower and displayed without having been verified.	

The right price “might have been arrived at by one single mind possessing all the information which is in fact dispersed among all the people involved in the process.”

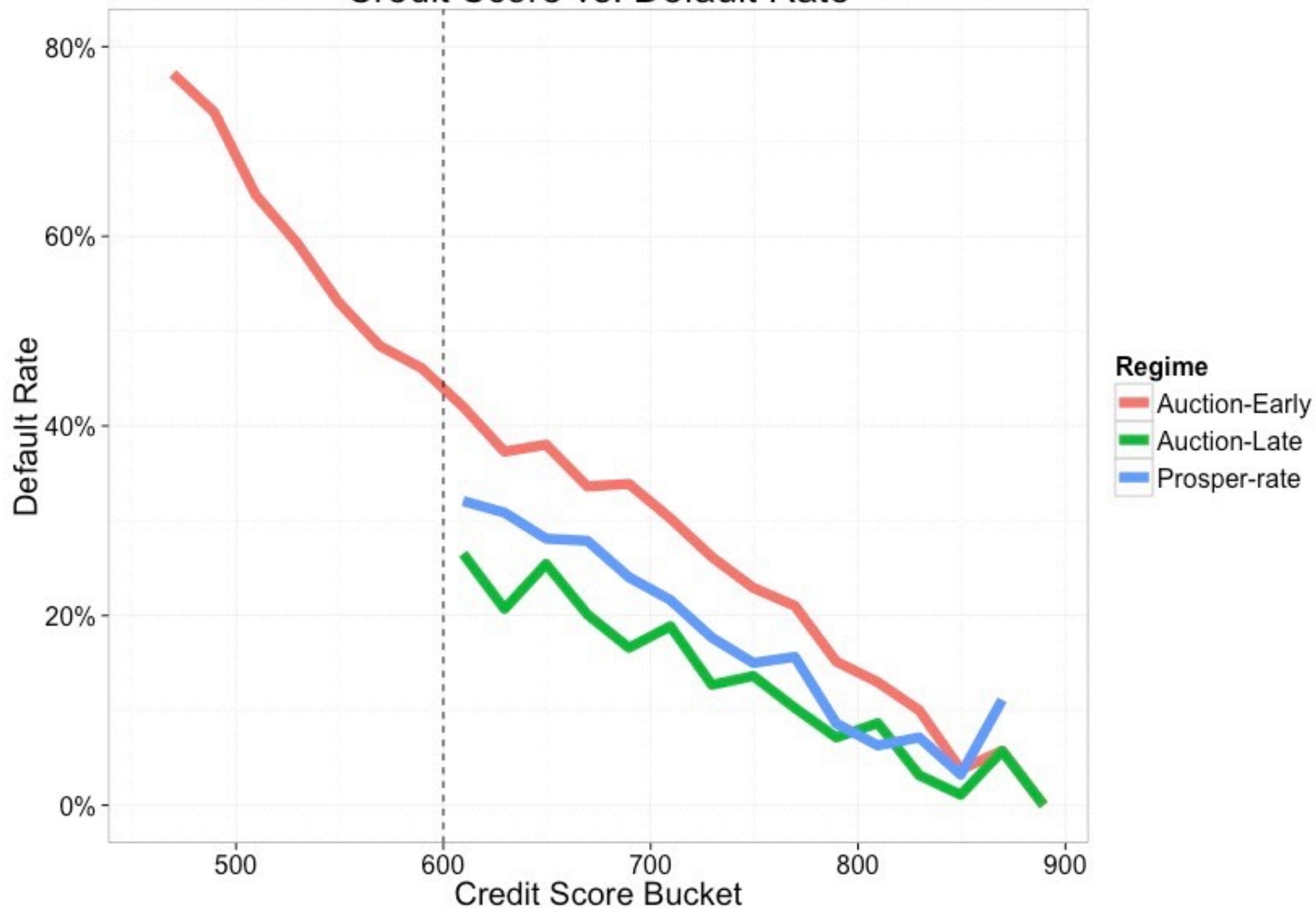
-Frederich Hayek, 1945



Credit Score vs. Interest Rate by Regime

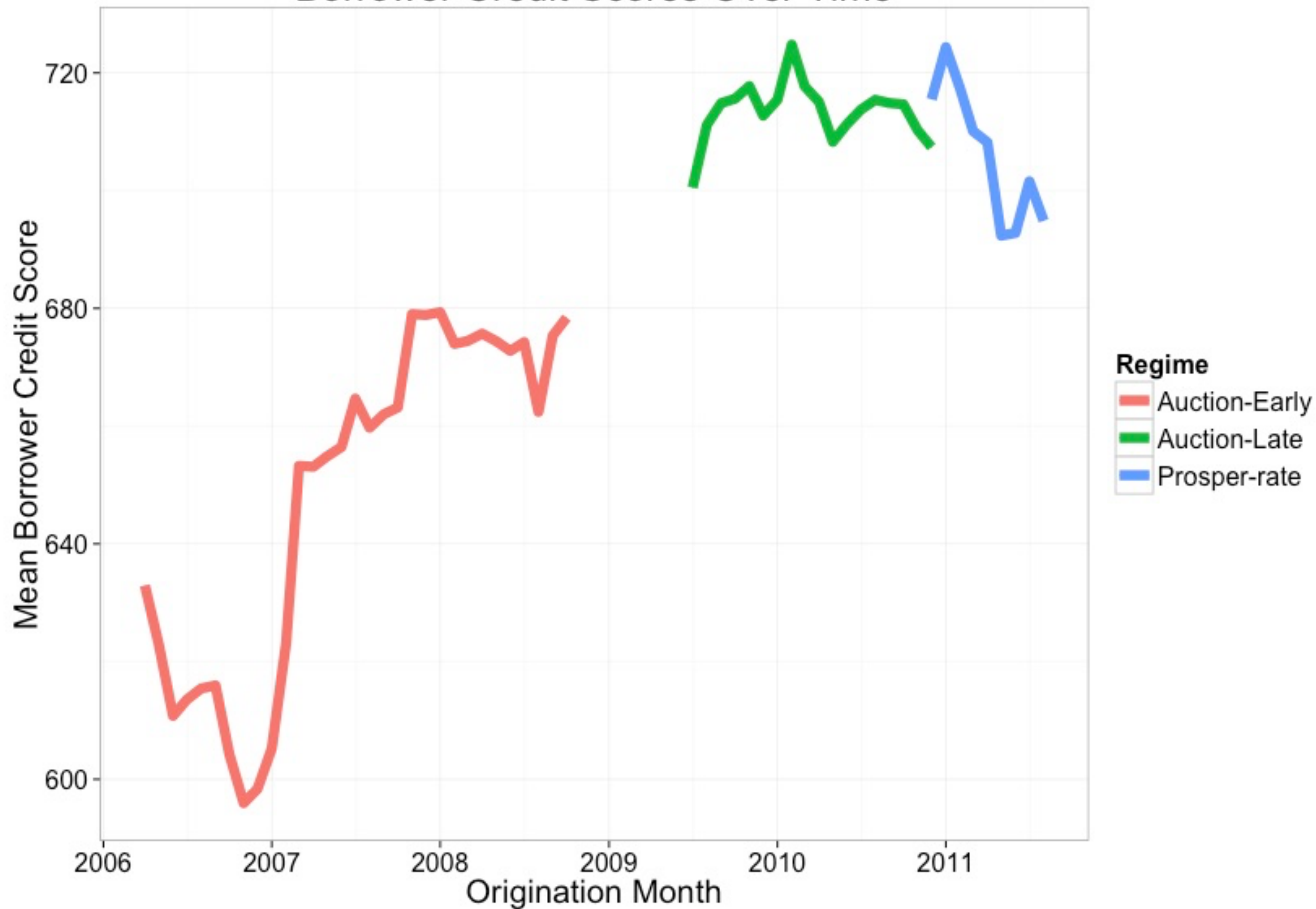


# Credit Score vs. Default Rate



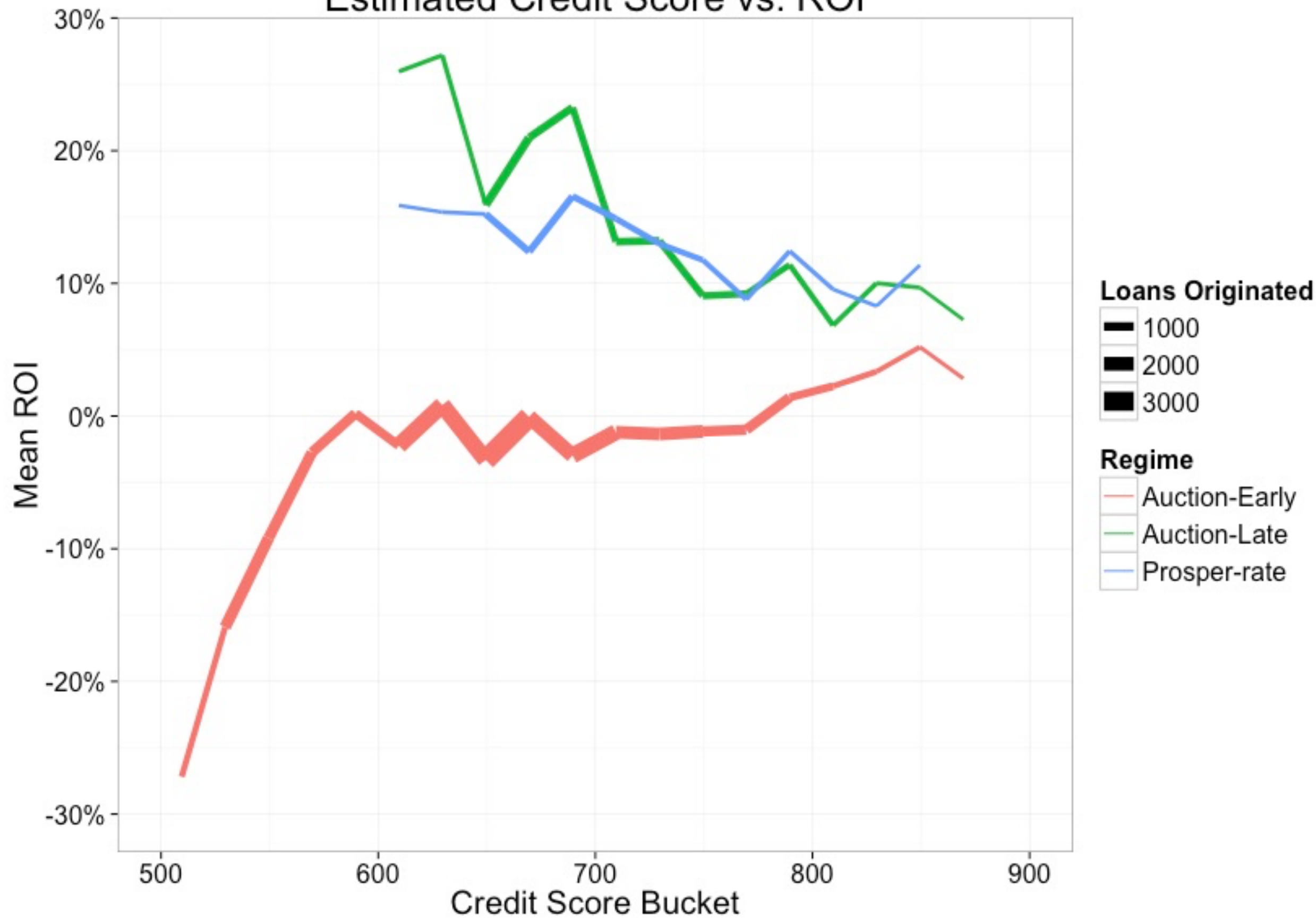


# Borrower Credit Scores Over Time





# Estimated Credit Score vs. ROI



# Causality (Excess Returns) & Conclusions