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Person-to-Person Lending

Does the eBay model lend itself to consumer credit?

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Abstract: More than five years ago we authored the first comprehensive report on what was then a novel concept, so-called person-to-person payments (⇒ OBR 54). Two Palo Alto startups, X.com and PayPal, along with Bank One, were the best-funded efforts attempting to create a new market in electronic payments between private parties.

In a similar pattern, two startups are mounting a PayPal-like assault on an entirely different and considerably more profitable banking front, consumer credit. The fledgling marketplaces are operated by Silicon Valley-based **Prosper** that launched in February and UK-based **Zopa**, launched last year.

In this 36-page, 16-table report, we'll take a detailed look at how Prosper operates, including a walkthrough of the borrowing and lending process. We'll also take a look at the initial results including funded loan rates, credit risks, and so on. Detailed opportunities and risks are analyzed and a market forecast through 2010 is presented (*see the **Table of Contents** on the next page for more details*).

Also reviewed:

- Zopa's online loan exchange, the first person-to-person exchange launched in mid-2005

Companies Mentioned: Benchmark Capital, Circle Lending, eBay, Egg, E-Loan, Experian, FatWallet.com, IAC/InterActiveCorp, LendingTree, Prosper Marketplace, Zopa

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