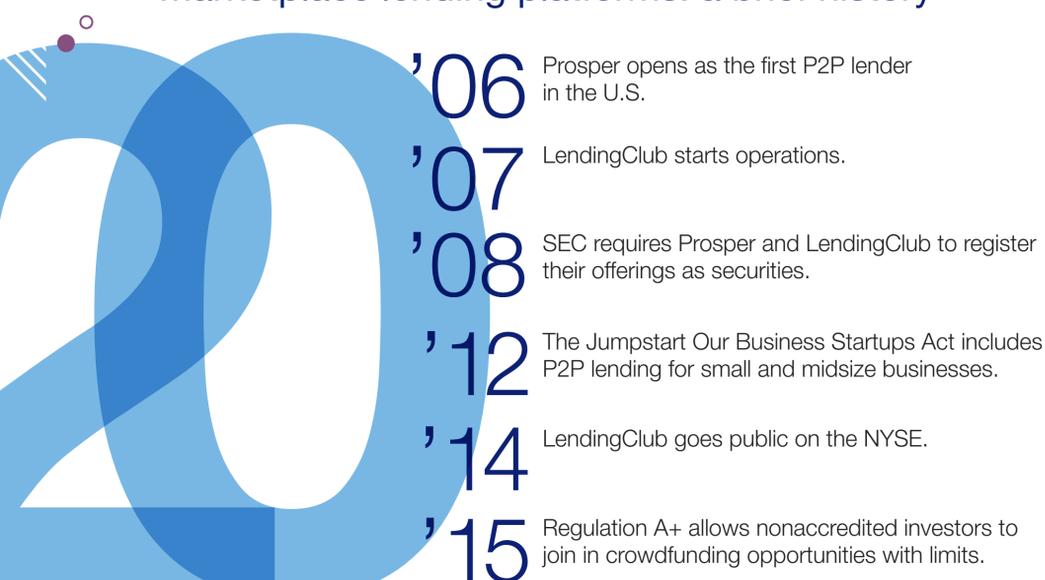


# Examining marketplace lending — how it affects borrowers, lenders and investors alike

Having disrupted the personal and commercial finance landscape, marketplace, or peer-to-peer, lending appears poised for strong, steady growth. But just how steady — and big — will marketplace lending get?

## Marketplace lending platforms: a brief history



Sources: NYSE, media reports

## Soaring growth, then a pause

Issues at one lender dampened enthusiasm for marketplace lending in 2016, but analysts expect an extended rebound.

\$7.6 billion  
2014 — in the Americas

\$18 billion  
2015 — in the Americas

\$21.1 billion  
2016 — in the Americas

\$898 billion  
2024 globally (projected)

Projected compound annual growth rate of marketplace lending from 2016 to 2024: 48.2%

Sources: University of Cambridge Centre for Alternative Finance, Majesty Alliance

## Institutional investors capitalizing on opportunities



Yields, with measured risk, trend toward the higher end of the fixed-income spectrum.

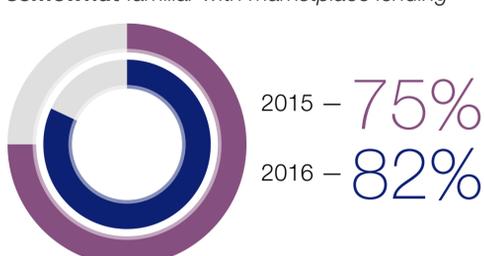


It offers very low correlation to other asset classes.

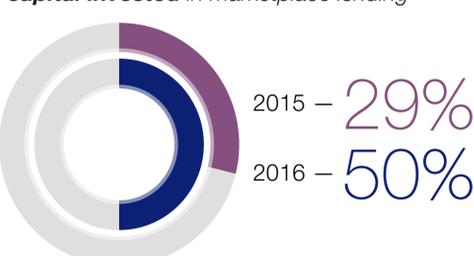


Sophisticated automation tools and technology quickly analyze loan offerings.

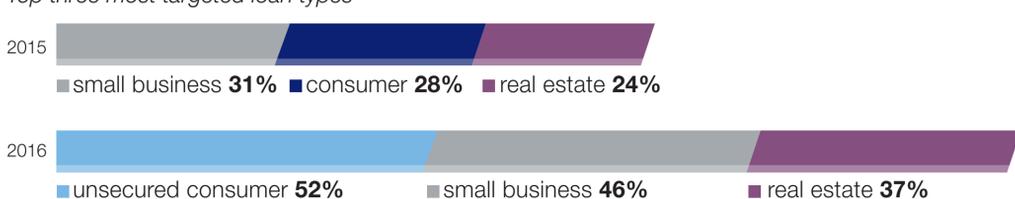
Percent of institutional investors polled **very or somewhat** familiar with marketplace lending



Percent of institutional investors polled with **capital invested** in marketplace lending



Top three most targeted loan types



Source: 2016 Survey of U.S. Marketplace Lending released by Richards Kibbe & Orbe and Wharton FinTech

## Securitization extending the impact

Institutional investors are snapping up marketplace-loan-backed securities, which package multiple P2P loans into a larger fixed-income security, a long-standing practice with mortgages, auto loans and credit card debt.

P2P lending securitization by quarter



Source: PeerIQ

## Financial service providers getting involved

- Investing in securitized marketplace loans
- Supplying lendable capital to P2P platforms
- Sharing customers and business with a marketplace lending platform
- Acquiring a marketplace lending platform
- Providing administration services to investment managers' P2P funds



## Partnerships proving advantageous

Banks and investors are providing complementary — and valuable — business practices to marketplace lending platforms.



- Origination and underwriting expertise
- Capital accessible through existing distribution channels
- Administration of P2P funds and securitized debt investments
- Reporting with transparency and real-time pricing and performance information
- Artificial intelligence and machine learning to drive data and borrower insights

## Robust expectations

With billions of dollars pouring in, the marketplace lending market will continue to grow — as will the need for P2P platforms and fund managers to leverage outside expertise to keep their operations going at peak efficiency.



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