A Survey of 15 Marketplace Lenders’ Online Presence

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Disclaimer

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Goal

• What do consumers experience when interacting with marketplace lenders online?
  • Where do consumers see various loan terms and conditions?
  • How do the lenders advertise?
  • What types of data do they initially request?
  • What types of tracking and analytics might be present when a consumer visits the site?
Methodology

- Identify subset of marketplace lender websites
- Analyze available information on advertising
- Visit each website, observing loan terms and conditions
- Enter information into forms, noting the information requested
- Use Chrome browser extension to quantify third-party tracking
Outline

• Identification of Online Marketplace Lenders
• Display of Loan Terms
  • Websites
  • Fees and loan issuers
  • Advertising
    • Traditional media
    • Web
    • Social media
• Data Collection
  • Third-party tracking
  • Data requested from consumers
Marketplace Lenders

- The specific meaning for “Marketplace Lending” is still evolving
  - Frequently used when discussing the industry
  - Not necessarily in common use by participants
- Online portals to inform and interact with consumers
  - Some now advertise more broadly (e.g. radio, print)
- Variety of business models
  - Alternative credit scoring and underwriting
  - Some peer-to-peer
  - “Connecting consumers with investors”
Marketplace Lenders

- Method for choosing lender websites:
  - Looked at several online lender aggregator sites
    - Orchard Platform, Foundation Capital, CreditKarma, AngelList, LendingRobot
  - Found companies common to several lists
  - Excluded companies that did not market personal loans to consumers
    - e.g. Kabbage markets only to SMBs
    - Several offered other loans in addition to personal
  - Chose the top 15 companies based on Alexa.com homepage ranking
## Marketplace Lenders

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Alexa Rank (US)</th>
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<tbody>
<tr>
<td>Lending Club</td>
<td>1,243</td>
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<tr>
<td>Prosper</td>
<td>3,650</td>
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<tr>
<td>SoFi</td>
<td>4,500</td>
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<tr>
<td>Springleaf</td>
<td>5,483</td>
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<td>Avant</td>
<td>8,383</td>
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<td>LendUp</td>
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<td>Affirm</td>
<td>11,683</td>
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<tr>
<td>Upstart</td>
<td>14,391</td>
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<tr>
<td>Earnest</td>
<td>15,350</td>
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<tr>
<td>loanDepot</td>
<td>23,075</td>
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<tr>
<td>Best Egg</td>
<td>31,284</td>
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<tr>
<td>Common Bond</td>
<td>33,141</td>
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<tr>
<td>NetCredit</td>
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<tr>
<td>Payoff</td>
<td>37,648</td>
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<tr>
<td>Peerform</td>
<td>41,757</td>
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</table>

Source: Alexa.com (April 11 2016)
“What is the purpose of the loan?”
## Loan Terms

# of clicks from the homepage we observed specific loan terms

<table>
<thead>
<tr>
<th>Company</th>
<th>Min APR</th>
<th>Max APR</th>
<th>Minimum Loan Amount</th>
<th>Maximum Loan Amount</th>
<th>Fees</th>
<th>Type of Credit Check or Impact</th>
<th>Loan Periods</th>
<th>Avg # of Clicks</th>
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</table>

A term may appear earlier, but this considers only where a term is explained in non-legalese and in all the detail we could find.
For example, if the homepage lists “No hidden fees” but does not list what fees actually apply until 2 clicks in, that counts as a “2”.
(*) If we did not observe the term within two clicks, we count that as a “3”.
Loan Terms

- Data appearing most frequently on homepage:
  - Minimum APR and Maximum Loan Amounts
- Three websites included APR or payment amounts that dynamically changed with user input
- Only one website mentioned explicit credit rating requirements
- Websites that did not mention within our two clicks:
  - Maximum APR: 2
  - Loan Periods: 4
  - Type of Credit Check / Possible Impact on Credit: 4
Fees and Loan Issuers

• APR often includes other fees (e.g. origination)
  • Varies widely, ranges (of those listed):
    • Minimum APR: 4.49% - 34%
    • Maximum APR: 12% - 155%

• Many lenders observed used the same loan issuers:
  • Cross River Bank: 5 of 15
  • WebBank: 3 of 15
Fees and Loan Issuers

- Fees
  - Overall most common:
    - Unsuccessful Payment Fees: 9
    - Origination Fees: 8
    - Late Payment Fees: 8
  - 8 of 15 mention “No Hidden Fees”
    - Among these, the number who mention the following:
      - Unsuccessful Payment Fee: 6
      - Late Payment Fee: 5
      - Origination Fee: 4
      - Check Processing Fee: 2
      - 1099 Duplicate Fee: 2
      - Collections Fee: 1
How Do They Advertise?

Source: Kantar Media Ad Spender (Media Mix 3/2013-3/2016), ordered from most to least total spending.

Note on data availability: This covers only non-online media, and five lenders did not have data available.
How Do They Advertise?

• We looked at Google Display Network advertising (via MixRank):
  • Examples:

  Personal Loans up to $35K  
  660+ Score? Rates start at 6.78% APR. Fixed Rate. Instant and Secure

  Apply today for a loan!  
  Rates start at **5.84% APR**

• The most common items of information in ads are Minimum APR and Maximum Loan Amount
• Ads for three of the fifteen mention credit score requirements
• Eight of the fifteen display press and media mentions on their websites
• Only four of the fifteen have a mobile app
Twitter Hashtags

- #p2plending
- #fintech
- #payoffchat
- #marketplacelending
- #mortgage
- #studentloans
- #creditchat
- #p2p
- #financialwellness
- #lenditusa
- #mba
- #wbchat
- #personalfinance
- #payofflift
- #millennials
- #mcchat
- #money
- #householddebt
- #studentloan
- #lcphoto
- #cashchat
- #credit
- #studentdebt
- #hiring
- #finance
Third-Party Trackers on Homepages

- Used the Ghostery extension for Chrome web browser
  - Visited the homepage of each, recording the number of trackers identified and the trackers’ names and categories
  - Cleared cache, history, and cookies between each site visit
- **Ghostery**: Blocks third-party tracking, and provides information on the number and identity of trackers
Third-Party Trackers on Homepages

[Bar chart showing the number of third-party trackers on homepages, categorized by type.]
Third-Party Trackers on Homepages

Popular Marketplace Lender Homepages
(15 Homepages, 95 Unique 3rd Parties)

- Advertising: 44%
- Analytics: 25%
- Beacons: 18%
- Widgets: 12%
- Privacy: 1%

Popular Bank Homepages
(15 Homepages, 81 Unique 3rd Parties)

- Advertising: 44%
- Beacons: 41%
- Analytics: 10%
- Widgets: 4%
- Privacy: 1%
Consumer Data Collected

- Entered information for consumers with a range of generic credit profiles, did not go beyond prompts for SSN or bank account information
  - Created website accounts when required to continue
  - Cleared cache, history, and cookies between each site visit
  - Additional information may be collected later in the application process, outside the scope of this study
Consumer Data Collected
Consumer Data Collected

• Two lenders redirect consumers based on credit quality entered
• Ten of fifteen inform consumers that entering data will not impact credit scores during the form filling process
Review

• Looked at lenders, their advertising and websites
  • Possible uses for loans are diverse
  • Lenders vary in use of advertising media
  • Minimum APR and Maximum Loan Amounts appear most often in ads and on the homepage
    • Loan Periods and Max APR require more navigation
  • Some websites embed more third party tracking than others
  • Initial stages of data collection ask for a few common pieces of information
    • Longer tail of varied less frequently collected data elements