

# The 6 Best Peer-to-Peer Lending Websites (LC)

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The rigid and time-consuming procedures of traditional banks have unknowingly paved the way for an industry that has grown tremendously in less than a decade. The [peer-to-peer lending](#) industry has become a viable alternative to standard bank loans and is emerging as a competitor to the traditional banking system.

[The peer-to-peer lending marketplace](#), popularly known by the acronym P2P lending marketplace, works through a simple online platform, which connects borrowers and [lenders](#), thereby cutting out the traditional banking protocols. The P2P platforms do not lend their own funds but act as facilitators to both the borrower and the lender.

The P2P lending system has made the practice of borrowing and loaning money easy. With just a click of the mouse, you can easily find loans online without going to banks in person or waiting for approvals. Low interest rates, simplified applications, and accelerated decisions have made this peer-to-peer model a huge success in the modern world. Having offered borrowers an improved financial landscape, these institutions are gaining a foothold and gathering momentum. According to a PriceWaterhouseCoopers report, “although still in its infancy as a market, US P2P platforms issued approximately \$5.5 billion in loans in 2014.” PwC estimates that the market could reach \$150 billion or higher by 2025.

## Popular P2P Platforms

With the rising popularity of [peer-to-peer lending](#) platforms, competition and products have increased as well. While these marketplaces operate on the same basic principle, they vary in terms of eligibility criteria, loan rates,

amounts and tenures as well as offerings. Some focus on personal loans, and a few target students and young professionals, while some cater exclusively to business needs. Below are some of the popular peer-to-peer lending websites (in no specific order).

## 1. Upstart

[Upstart](#), a venture by ex-Googlers, is a peer-to-peer lending platform with a difference. It was founded in 2012 by Dave Giround, along with Paul Gu and Anna M. Counselman as co-founders. According to Upstart, “You are more than your credit score. On Upstart, your education and experience help you get the rate you deserve.” Thus loan eligibility is decided on factors that go beyond the [FICO](#) score, such as the school of graduation, academic performance, area of study and work history. Upstart offers loans starting from a minimum of \$1,000 to a maximum of \$50,000 at an [annual percentage rate](#) (APR) starting at 8.85%. Upstart offers loans for almost everything, be it for repaying a student loan or attending a boot camp, for buying a car or paying medical bills to supporting a business. Upstart has become increasingly popular with the younger generation (20s and 30s) who don’t have a long [credit history](#), making it hard to get a loan based on conventional criteria, but who have the potential to honor the commitment.

## 2. Funding Circle

Funding Circle is a leading marketplace with a focus exclusively on small businesses in the U.S. and U.K. The U.S. co-founders started this platform to facilitate funding small businesses. After their own loan was rejected the 96th time, the founders decided to work towards providing a feasible solution for [small business](#) owners. Funding Circle has given out \$5 billion in loans to approximately 40,000 businesses globally. The company has not only grown with a huge number of borrowers, but the number of investors has increased as well. Today, its investor base includes more than

71,000 [retail investors](#), [financial institutions](#), banks and even the U.K. government. Funding Circle offers loans starting from \$25,000 to \$500,000 for a maximum 5-year tenure for any business purpose like expansion, new equipment, hiring more people or launching innovative campaigns.

### 3. Prosper Marketplace

Prosper Marketplace, Inc. was the first ever peer-to-peer lending marketplace in the U.S. The platform has grown tremendously since its inception; it now has a member base of 810,000 people and has funded over \$12 billion in loans. Prosper offers a wide range of loans from debt consolidation to home improvement, short-term and [bridge loans](#), auto and vehicle loans, small business loans, baby and adoption loans, engagement ring financing, special occasion loans, green loans, and even military loans. These loans are offered starting from a minimum \$2,000 to a maximum of \$40,000 for a term of 3 or 5 years, for rates ranging from 5.99% to 36% [annual percentage rate](#) (APR) for first-time borrowers. Prosper invites lenders to invest as little as \$25 per note; these investments offer competitive returns along with a monthly cash flow option.

### 4. CircleBack Lending

CircleBack Lending offers various types of loans. Their personal loans range from a minimum of \$1,000 to a maximum of \$35,000, their payday loans start at \$100 up to \$1000 and their installment loans begin at \$1000 and have a maximum of \$5000. The APR moves in the range of 6.63% to 36%, and the actual rate that a borrower gets depends upon the credit score, amount of loan, tenure, and credit usage and history and also the state the borrower resides in. CircleBack Lending offers personal loans for various purposes: [credit card](#) refinancing, debt consolidation, home improvement loans, [medical expenses](#), auto loans, wedding loans, engagement ring loans, small business loans, relocation loans, vacation

loans, green loans, motorcycle loans and boat loans. CircleBack Lending gives small businesses access to personal loans to individuals rather than as a business.

## 5. Peerform

Peerform, founded in 2010 by Wall Street executives, is another popular lending marketplace. The platform caters to 3-year loans in the range of \$4,000 to \$25,000, with annual percentage rates (APR) in the range of 5.99% to 29.99%. Peerform believes that [FICO score](#) alone is not an adequate measure of risk and has a Peerform Loan Analyzer for the job. According to Peerform, “developed in conjunction with leading economists, the Loan Analyzer represents a differentiated way to determine the [creditworthiness](#) of borrowers, enabling individuals with credit scores as low as 600 to secure funds.” Peerform offers funding for debt consolidation, installation loans, wedding loans, home improvement, medical expenses, moving and relocation, as well as car financing.

## 6. Lending Club

Founded in 2007 by Renaud Laplanche, Lending Club Corporation is a premier player in the peer-to-peer lending space. Lending Club is a giant in the online market place that connects lenders and borrowers; the total loans issued as of March 2018 amounted to \$35,940,013,016. Lending Club caters to loans for various purposes like personal finance (consolidate debt, pay off credit cards, home improvement and pool loans), business loans, patient financing (dentistry, fertility, hair and bariatric), as well as for investing. The minimum personal loan amount offered is \$1,000 (\$15,000 for businesses), going to a maximum of \$40,000 (\$300,000 for business). This popular brand became the first publicly traded online peer-to-peer lending company in the U.S., with its successful [initial public offering](#) (IPO) on the NYSE in December 2014. The company currently has a market capitalization of 1.853 billion.

## The Bottom Line

There are many other popular P2P platforms other than the ones mentioned in the list above, like [Zopa](#) in the U.K., [BorrowersFirst](#), [Kiva](#), [Pave](#) and [Daric](#). For the P2P platform, borrowers and lenders alike, the system has worked wonders. As for revenues, the P2P platform generates them through [origination fees](#) charged to borrowers and partially from [interest](#) charged to investors as service fees. The investors generate revenue from the remaining portion of the interest that the borrowers pay on loans. As for borrowers, they benefit from easy access to loans at decent rates, small loans for specialized purposes, faster and smoother procedures, and benevolence to small business ambitions.