What drives the expansion of the peer-to-peer lending?

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Discussion by Sara Biancini

Janvier 2017

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- Very young industry, mainly post 2007 financial crisis... difficult and challenging to predict the evolution of the sector.
- More on the size of the phenomenon? Figure in the paper shows exponential growth. But in %?

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- Data from the US platforms Lending Club and Prosper (2006-2013).
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- Allows to test (separately) the three alternative hypothesis and to consider spatial diffusion (impact of adoption in neighbour counties).
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- Empirical strategy: based on the hypothesis of spatial correlation. Tested?
- Alternative models inspired by the innovation literature: logistic diffusion models...
- The autoregressive term is strongly significant. But, do the other explanatory variable have high time variation? If not, risk to capture something else?
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Competition variables:

- C3 and branches per capita significant and negative (HHI never significant). Interpreted as consumer loyalty (switching costs).
- Alternative explanation: small markets (high costs/risks foreconomic, historical reason) are associated with both high concentration/low development of P2P lending.
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- Not significant.
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