

# Origins and Development of Credit-Based Crowdfunding

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Although the term “crowdfunding” was only recently coined in 2006, the more specific category of crowdfunding known as debt crowdfunding (or credit-based crowdfunding) is built on a much older concept and represents the latest incarnation of social lending, which has existed for centuries. This descriptive paper examines the origins and development of credit-based crowdfunding from the “friendly societies” of the 18<sup>th</sup> century to the crowdsourced peer-to-peer lending platforms of today. This paper provides chronology and details regarding more than one hundred early debt crowdfunding sites.

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## 1. Introduction

Crowdfunding refers to the process of acquiring capital for a project by collecting relatively small amounts from many investors or “backers.” It represents a specific form of the more general term “crowdsourcing,” which is the acquisition of any resource (services, creative content, funds, etc.) from a large group that is typically performed online. The term crowdfunding was first coined in 2006 by Michael Sullivan on *fundavlog*, his video blogging project (Zhang 2012). crowdfunding is a rapidly evolving concept which, at the time of this writing, exists in four principal forms: 1) credit-based crowdfunding which consists of loans which are repaid with interest; 2) donation-based crowdfunding in which backers donate funds because they believe in the cause; 3) reward-based crowdfunding in which backers receive a reward with actual monetary value, often an early version of the product or service being funded; 4) equity-based crowdfunding in which the backers receive shares of the company.

This article focuses solely on credit-based crowdfunding, which is the oldest and most mature form of crowdfunding. It has been known by various other names, such as social lending, peer-to-peer lending, P2P lending, debt crowdfunding, and crowdlending. For space considerations, this article will use the term debt crowdfunding generically, unless one of the other terms is more appropriate for historical reasons. One of the primary contributions of this paper is the data

summarized in Appendix A1, which provides a comprehensive chronology of the early crowdfunding services across the globe.

### **I. Origins of Social Lending**

Debt crowdfunding is a technology-enabled form of social lending. The advent of modern social lending is attributed to the English “friendly societies” of the 18<sup>th</sup> and 19<sup>th</sup> century that arose spontaneously during the industrial revolution as clubs that helped their members pool resources and risk. The friendly societies allowed members to make deposits and receive loans, and also assisted member families in the case of negative shocks such as illness. With the Friendly Societies Act of 1793, the British Parliament formally recognized and regulated the burgeoning industry. Although the records of the era are informal and incomplete, it is thought that by 1815 as many as 33% of the families in England were members of a friendly society (Gorsky, 1998). An even earlier implementation of a microfinance-style social lending paradigm was instituted in Ireland in the early 18<sup>th</sup> century, when Jonathan Swift (author of *Gulliver’s Travels*), with his own resources, instituted a fund for lending to poor tradesmen. To address the adverse selection problem, he required each borrower to obtain a personal guarantee from two neighbors. Any late payment would result in a notice being sent to the borrower and both guarantors (to help ensure future punctuality). There were reportedly no defaults on the Swift loans (Hollis & Sweetman, 2001).

The concept caught on, and Irish microloan funds flourished for more than 100 years until they eventually fell into decline in the mid-19<sup>th</sup> century as a result of dual death blows from the potato famine and from punitive legislation introduced through the lobbying efforts of mainstream banks. During their heyday, the Irish loan funds are said to have provided services to as much as 20% of the population of Ireland. The Irish loan funds of the 19<sup>th</sup> century were quite similar in structure to those instituted by Jonathan Swift a hundred years earlier, except that Swift did not charge interest. Like modern microfinance efforts in lesser developed countries (LDCs), the Irish loans were intended for enterprises that would generate enough cash flow to allow the borrower to make the required payments and hopefully help lift him out of poverty (Hollis & Sweetman, 2001).

The concept of organized social lending was transplanted from England to the United States in 1831 with the Oxford Provident Building Association in Frankfort, PA (near Philadelphia). Individuals could purchase up to five shares for five hundred dollars apiece. Whenever the association accumulated at least five hundred dollars, a loan would be made to the member offering the highest bid (Potter, 1954). This auction approach is remarkably similar to the structure of many online social lending platforms today.

## **II. Parallels to Microfinance**

Microfinance is not necessarily crowdfunding, but frequently is structured in a similar way. The words microcredit, microfinance and microenterprise loans are sometimes used somewhat interchangeably, but typically differ from each other in terms of scale. Microcredit generally refers to loans less than \$500 (US), microfinance generally refers to loans less than \$10,000, and microenterprise loans generally refer to a larger capital expenditure loan of less than \$100,000 for a business (such as bakery or small factory). The three largest social lending sites (Prosper, Zopa, and LendingClub) report that approximately 20% of their loans are for small businesses (Farrell, 2008).

Examples of microfinance implementations of social lending in the developing world are Grameen bank in Bangladesh and the Rotating Savings and Credit Associations (ROSCAs) elsewhere in the world. The Grameen Bank of Bangladesh began in 1976 as the experiment of Mohammed Yunus, who ultimately won the Nobel Peace Prize for his efforts (in 2006). Due to the success of Grameen Bank, it became an official financial institution in 1983. It is founded on the proposition that small loans to fund microenterprises will help lift the borrower out of poverty, as long as the return on assets exceeds the rate of interest on the loan. Since the borrowers lack assets to pledge as collateral, Grameen implemented a soft system of group liability. Each Grameen group consists of five members. Unlike ROSCAs, Grameen allows multiple group members to receive loans simultaneously. Group members are not directly responsible for the repayment of each other's loans, but failure to stay current on a loan prevents any other group member from obtaining future loans (Wahid, 1994). According to information provided by Grameen, as of January 2008, it has had a total of 7.44 million borrowers to date. There are nearly 2500 Grameen branches, covering 96% of Bangladesh. Grameen boasts an overall default rate of approximately 2% and has been self-sufficient (no donors) since 1998. Grameen is one of the most extreme instances of group lending, since their enforcement model takes legal collection action completely off the table. Grameen purposefully does not require its borrowers to sign any sort of promissory note for the loan, thereby relying entirely upon group dynamics for loan enforcement. Similarly, Hung (2006) shows that U.S. microlenders can reduce staff and transaction costs by transferring the screening, monitoring, and enforcement activities from the bank to the group members themselves.

Opinion is not universally positive concerning microcredit. While most of the literature appears to hold it in high esteem as a pathway out of poverty, others see a dark side where unsophisticated and uneducated people are snared into a cycle of debt (Williams, 2004). The other major concern is one of efficiency. The reasoning behind this concern is that if the principal purpose of microfinance is to help the poorest and most underprivileged people get a new start, then commercial microcredit must inevitably fail since fixed transaction costs will drive lenders toward higher loan amounts to improve profitability. Consequently, since the

poorest of the poor will not be suitable risks for those higher loan amounts, they will no longer qualify as borrowers in for-profit programs (Williams, 2004). Jaffee and Russell (1976) refer to this last effect as a type of credit rationing, which can be viewed as the lender's simplest way of mitigating the adverse selection problem.

Most implementations of microcredit in the developing world take the more informal structure of ROSCAs. These are found on nearly every continent and are in fact quite similar to the aforementioned Oxford Provident Building Association of 1831 Philadelphia. In ROSCAs, all the members of the group contribute to a general fund on a regular basis, and then the proceeds are distributed as loans, one at a time, to each member. ROSCAs are known by many names in various parts of the world, including "kye" in Korea, "esusu" in West Africa, and "partner" in Jamaica (Williams, 2004).

### III. The Pioneers of Debt Crowdfunding (2005-2006)

Unsurprisingly, today's preferred platforms for social lending in the developed world are internet-based. This is more efficient than the traditional community social lending approaches since funds can be gathered from a much larger and potentially geographically dispersed pool of backers. Table 1 presents a comprehensive listing of online crowdlending platforms, listed chronologically in order of inception. The pioneers of online social lending, those that were founded in the first two years (2005-2006), are briefly discussed in more detail in this section.

#### A. *Zopa.com*

Zopa.com is the original online crowdlending platform. It was launched on March 7, 2005 in the United Kingdom by Giles Andrews and Richard Duvall, who was one of the founders of Egg, an internet bank and credit card company. Loan terms are from 2-5 years (originally 1-2 years) and loan amounts range from £1,000 to £25,000. Zopa's source of revenue is a 1% transaction fee. There is no rate bidding associated with this platform. Zopa.com makes the lending decisions, generally within 24 hours. As such Zopa.com operates much like a bank, with investors depositing as little as £10. Investors can choose to take their monthly earnings or have them reinvested. Investor money is committed for 3 to 5 years, but can be withdrawn early and assessed a 1% penalty (Durman, 2005). This penalty is driven mainly by the fact that Zopa investors become members of a credit union and their funds are locked up in certificates of deposit (Hoak, 2008).

#### B. *Kiva.org*

Kiva.org is a non-profit founded in 2005 by Matt and Jessica Flannery as the first internet based crowdfunded social microfinance platform (Flannery, 2007). Matt Flannery had been an application developer at TiVo before launching Kiva (Hempel, 2006). Lenders select projects in developing countries from listings on the Kiva website and pledge the amount that they want to loan. Once the loan is funded, the

funds are delivered to the borrower by way of “field partners” which are other microfinance institutions already on the ground in that geographic area. Lenders are repaid the loan principal but do not receive interest. Kiva is supported by separate charitable donations rather than taking fees or percentages as part of the lending process.

### ***C. Prosper.com***

Prosper.com was the first U.S. peer-to-peer lending site. When originally founded, it functioned as a crowdlending Dutch auction, with the interest rates being set by a bidding process (Hof, 2006). Now, the interest rates are set by Prosper, based on the borrower’s credit worthiness. Under the original process, loan amounts were limited to \$25,000 (USD), which imposed a type of credit rationing that can lower overall default rates (Jaffee and Russell, 1976). Simply the threat of future credit rationing can also mitigate moral hazard problems (Stiglitz and Weiss, 1981). Under the new process, there is still a limit, but it has been raised to \$35,000 (USD). For historical perspective, both the original and current processes will be discussed.

#### *Prosper.com Original Process (2006-2008)*

Prosper.com originally operated as a Dutch auction. The process began when a borrower created a listing that included the loan amount requested, the maximum interest rate they were willing to pay, personal data such as income and occupation, and a detailed description of the purpose of the loan. The legal borrower was always an individual, even for business loans.

Once the listing was submitted, Prosper.com pulled a credit report for the borrower and appended the salient credit report information onto the loan listing. The credit report information included credit score, delinquency history, number of credit lines, credit line utilization and other pertinent information. The borrower’s bank account information was also verified. When the listing was approved, it appeared on the website. Lenders, who were simply investors who had signed up on the site and had also had their bank accounts verified, are then permitted to bid on loans. Lenders could bid as little as \$25 (USD) toward any listing and can bid any interest rate less than or equal to the borrower’s maximum rate.

The process then worked like a Dutch auction. The loan stayed in “unfunded” status until enough bids were submitted to add up to the full amount of the loan requested. At that point, additional bids at lower interest rates could continue to be submitted, crowding out the bids at higher rates. The winning lenders were the collection of lenders who bid the lowest interest rates and whose cumulative bid amounts added up to at least the loan request amount. The ultimate interest rate to the borrower was 0.05% less than the lowest rate that was bid among the *losing* bidders.

Each loan auction stayed open for seven to ten days. Bidders were notified by email whenever they had been outbid and therefore no longer one of the potential winners. Lenders then had the option of updating their bid to a lower interest rate.

At the end of the ten day period, if the loan received enough bids to be funded, the loan was originated and the funds were withdrawn from the lenders' bank accounts, and the loan proceeds were deposited to the borrower's account. The website charged an initiation fee to the borrower equal to one percent of the loan principal, as well as a small monthly servicing fee to the lenders. Prosper.com then serviced the three-year loan on an ongoing basis, doing automatic withdrawals from the borrower's account and proportional deposits to lenders' accounts each month. During Prosper.com's Dutch auction era, it was the largest P2P lending provider (Everett, 2011). Prosper.com temporarily suspended doing new loans in November of 2008 when it received a cease and desist order from the US Securities and Exchange Commission (SEC) because Prosper was marketing loans to potential lenders as "investments" (Assadi & Hudson, 2011). When Prosper commenced lending again in July of 2009, it had dropped the Dutch auction model.

#### *Prosper.com Current Process (2009-Present)*

The current Prosper.com platform has abandoned the interest rate auction concept and instead uses a rate table based on the creditworthiness of the borrower, established by Experian credit score and history with Prosper. Loans range from \$2,000 to \$35,000 (USD) and can have a term of 3 years or 5 years. Fixed interest rates range from lows around 6% for low-risk borrowers to above 30% for high-risk borrowers. The listing period ends after fourteen (14) days, or when the loan receives enough bids to be fully funded, whichever comes first. Under the current business model, there is a secondary market for Prosper loans, which provides liquidity to investors.

#### *D. MyC4*

MyC4 is a microfinance lender based in Denmark that was founded in May 2006 by Mads Kjaer and Tim Vang. Although positioned as humanitarian and inspired by Kiva, MyC4 is a *for-profit* company that makes small business loans in sub-Saharan Africa. The bidding process is a dutch auction similar to the original Prosper model. Unlike Kiva, where only the loan principal is returned to investors, MyC4 investors also receive a small return on their funds (Ashta & Assadi, An analysis of European online micro-lending websites, 2009).

#### *E. CreditEase (宜信)*

CreditEase was the first debt crowdfunding platform in China. It was launched in 2006 by founder Ning Tang (唐宁), who had studied microlending in Bangladesh under Grammeen Bank founder Mohammed Yunus (Jun, 2012). CreditEase partners with local governments and NGOs to provide crowdsourced funding to agricultural projects and has now expanded to providing wealth management services (Kostka & Zhou, 2010). Prior to founding CreditEase, Mr. Tang worked in investment banking on Wall Street and as director of M&A at

AsiaInfo-Linkage, Inc. He studied mathematics at Peking University and economics at the University of the South in Tennessee.

#### **IV. Debt Crowdfunding's Rapid Expansion Phase (2007-2008)**

The second two years (2007-2008) of online peer-to-peer lending were marked by rapid expansion and the entrance of many new competitors as the crowdfunding idea caught on. The full listing and chronology is reported in Table 1, with highlights from this two-year period featured below.

##### ***A. Lending Club***

Lending Club was founded in May 2007 as a US-based social lending service initially available exclusively to Facebook members, but soon expanded beyond that community (Berger & Gleisner, 2009). At the time of the writing of this paper, Lending Club had exceeded Prosper.com as the largest P2P lending network in the US.

At its inception, Lending Club differed from Prosper in its process of granting loans in a number of significant ways. The most significant of these was risk-tolerance. Prosper would provide a loan to anyone who could convince investors to bid, regardless of their credit-worthiness. Lending Club, on the other hand, required a FICO score of at least 640 from potential borrowers (Hoak, 2008). Instead of the interest rate being set by the auction bidding process (like the original Prosper process), Lending Club fixes the interest rate based on credit-worthiness, and then lets the individual investors decide whether or not to participate.

##### ***B. Fynanz***

Fynanz was founded in June 2007 by Chirag Chaman as the first online peer-to-peer lending site for student loans. The first loans were originated in March 2008 and are legally considered private student loans. One key difference between Fynanz and other social lending sites is that Fynanz offered loan terms up to twenty years, in contrast to the short term loans offered by the other players like Prosper and Lending Club (Wolfe, Student Lending Exodus Lures a P-to-P Network, 2008). Fynanz became LendKey in 2013 and has discontinued its crowdfunding model in favor of its cloud-based lending platform partnerships with credit unions for auto loans, construction loans and student loans (Chilingirian, 2013).

##### ***C. The Receivables Exchange***

The Receivables Exchange was the world's first online auction marketplace for asset-based lending based on accounts receivable. The company was founded in May 2007 by Justin Brownhill and Nicolas Perkin (Schedler, 2007). Companies desiring to borrow against their receivables post the invoices on The Receivables Exchange and the investors (institutions and accredited investors) bid on all or part of those invoices. The Receivables Exchange takes a commission from both the borrower and lender (Totty, 2010).

#### *D. PPDai*

PPDai, founded in June 2007 by Jun Zhang, is a pioneer in debt crowdfunding in China. In contrast to CreditEase, which specializes in agricultural microloans, PPDai instead focuses on small business loans. An estimated 80% of PPDai loans are made to small businesses, in amounts ranging from 3,000 to 500,000 Yuan. The primary focus is borrowers that sell on Alibaba. At the time of this article, these loans have a one-year term and interest rates that range from 9.49% to 23.99%. There is also a 4% origination fee (Jun, 2012). Prior to founding PPDai, Mr. Zhang worked for Microsoft. He received bachelors and masters degrees in engineering at Shanghai Jiaotong University.

#### *E. Qifang*

Qifang was founded in August 2007 by Yale alumnus Calvin Chin and was the first Chinese social lending site to specialize in student loans. According to the founder, Qifang's model is patterned after Grameen Bank, Zopa and Prosper. Transaction fees for Qifang loans were 2% (Schenker, 2008). Qifang ceased operations in April 2013.

#### *F. Microplace*

MicroPlace was founded in March 2006 by Tracey Pettingill Turner, a Stanford graduate who worked at Grameen Bank in Bangladesh in 1998. Ebay purchased MicroPlace in June 2006 and then launched in October 2007 (Stempel, 2007). Individuals can invest as little as one hundred dollars with the money then funding microloans in the developing world (Magid, 2007). MicroPlace ceased operations in January 2014. At the time of its closing, MicroPlace had raised over fifty-eight million dollars and had funded projects in 35 countries (Husain, 2014).

#### *G. Elolly*

Elolly was the first peer-to-peer lending platform in Germany, providing crowd-funded personal and business loans without requiring Schufa (German credit score). Founded by Dirk Morina and launched in February 2007, the Elolly platform was truly peer-to-peer, merely matched borrowers and lenders, who were then put in contact with each other to work out details and arrangements (Trentmann, 2007). No financial intermediation was provided other than the initial matching. Elolly closed in 2013 (The Internet Archive, 2014).

#### *H. Cashare*

Cashare.ch is the first P2P lending platform in Switzerland, launched in April 2008 by Michael Bortler and Roger Mueller (Lehmann, P2P-Banking.com, 2008). Interest rates are set via Dutch auction all-or-nothing process. Fee is 5%, charged upon payout. There is a maximum interest rate of 15%, which means that high risk borrowers are typically rejected (Dietrich & Amrein, 2015).



## **V. Innovations in Debt Crowdfunding (2009-2013)**

In the aftermath following the financial crisis of 2008, the growth in the number of crowdfunding platforms slowed considerably. For many borrowers during that period, social lending was one of the few available sources of credit, since many traditional sources had tightened their lending standards or stopped lending entirely. As the financial crisis abated, new crowdfunding sites began to appear around the globe with innovations in the types of loans offered, the target recipients, or the target investors. The detailed chronology of this era of debt crowdfunding is included in Table 1. The providers of particular interest due to innovation or impact are described below.

### ***A. Energy in Common***

Energy In Common (EIC) is a non-profit organization founded in 2009 by Hugh Whalen and Scott Tudman. EIC functions on a model very similar to Kiva, working with local microfinance institutions in the developing world. The critical difference is that EIC is the first crowdfunding platform to specialize in clean energy projects. Since many of these projects result in reductions in carbon emissions, they generate carbon credits which can then be sold and the proceeds reinvested in additional energy projects (Popova, 2010). Initially, energy projects were limited to solar home systems, clean burning energy stoves, and LED lamps (Bueno, 2010).

### ***B. IsePankur***

IsePankur was originally founded as “Sobralaen” in 2008 by Pärtel Tomberg, Mikhel Tasa and Martin Rask. Only six weeks after its February 2009 launch, it was renamed IsePankur (Lehmann, 2009). It is the first social lending service in Estonia and provides loans to both individuals and businesses. The site was originally bilingual (Estonian and English), but now supports twenty-three languages.

IsePankur innovated in several ways. After a loan is funded, the investors learn the identity of the borrower. Borrowers have the option of selecting an auction period as brief as one day. The winning lenders each get the interest rate that they bid. The borrower then pays a weighted average of all the lender bids. This differs from the Dutch auction approach of Zopa, where all lenders get the same (highest) winning rate. IsePankur originally charged no fees to either the borrower or lender (all revenue came from sponsors), but now they have switched to a model where borrowers pay a loan initiation fee (3.9 - 4.9%) and a monthly management fee of 0.5%.

IsePankur was rebranded as “Bondora” in 2014 and now operates cross-border throughout Europe, allowing lenders from anywhere in Europe and borrowers from Estonia, Spain, Finland and Slovakia (Lemarchand, 2014). Liquidity is provided to investors through a secondary market where both buyers and sellers pay a transaction fee.

### *C. Funding Circle*

Funding Circle was founded in 2010 as the first UK crowdlending platform dedicated to business loans rather than personal loans. Loan amounts range from £5,000 to £1,000,000 and the term ranges from six months to five years (Aron, 2011). Funding Circle uses an auction process (similar to the process originally used by Prosper.com) and the loan auctions stay open for seven days. There is also a secondary market for Funding Circle loans, which provides liquidity to the investors (Laven, 2014). Funding Circle entered the US market in 2013 by merging with San Francisco-based Endurance Lending Network in 2013 (Lunden, 2013).

### *D. MarketInvoice*

MarketInvoice launched in February 2011 by founders Anil Stocker and Charles Delingpole. It was the first UK crowdfunding site to do asset-based lending (ABL) by providing loans backed by accounts receivable. It was inspired by US-based Receivables Exchange and is similar to early equity crowdfunding sites in that it is only open to institutional, high net worth, and otherwise sophisticated investors. It is a confidential auction platform, allowing businesses to borrow against their assets without publicly revealing their identity. The average cash advance is £25,000 (Hurley, 2011).

### *E. SoFi*

Social Finance, Inc. (a.k.a. SoFi.com) is a San Francisco based debt crowdfunding platform founded in June 2011<sup>1</sup> by Mike Cagney and Dan Macklin. SoFi specializes in student loans that targets alumni to be the investors that provide the funding for loans to students studying at their alma mater. The business model is founded on the theory that the strength of the alumni connection between lender and borrower will reduce the probability of loan default. This alumni effect was also demonstrated by Everett (2008). SoFi started with a soft launch at Stanford in the Fall of 2011 and expanded to Harvard, MIT, Northwestern and University of Pennsylvania in 2012. At the time of launch, new consolidation loans ranged from \$5,000 to \$100,000 and carried a fixed rate of 6.24% (Carrns, 2012).

### *F. BTCJam*

BTCJam was founded in 2011 by Celso Pitta as the first debt crowdfunding platform based on borrowing and lending bitcoins. Since this platform is global, borrowers cannot be verified solely by using a credit score like other crowdfunding sites. Instead, BTCJam uses credit score when available and also validates using social and payment networks (Bruene, BTCJam: P2P Lending via Bitcoin, 2013). As of November 2013, BTCJam had originated 2,700 loans. On April 8, 2014, BTCJam

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<sup>1</sup> Social Finance, Inc. registered as a California corporation on June 17, 2011 according to the California Secretary of State website.

was hacked and an undisclosed number of bitcoins were stolen from customer accounts. The company took the website offline for security reasons (Bitcoin News, 2014). As of May 28, 2014, the BTCJam website was still not accessible.

### ***G. Lending Works***

Lending Works is a UK debt crowdfunding site launched in January 2014 by Nicholas Harding and Matthew Powell. It is the first peer-to-peer lender to offer insurance to investors against the possibility of loan default, as well as fraud and cybercrime (Jones, 2014). Positioning itself as the safest peer-to-peer lender, Lending Works holds investor funds in a trust administered by a non-profit third party. The default insurance will protect lenders even if 10% of the loan portfolio goes into default. Lender fees are limited to 1% (Fitzsimons, 2014).

### ***H. AQUSH***

AQUSH is a stylized form for the word “handshake” and is a P2P lending site in Japan founded in 2008 and launched in 2009 by Russel Kamar (Sugiyama, 2014). The initial focus was consumer loans, but quickly expanded to real estate collateralized loans and solar projects. In June of 2018, the parent company of AQUSH changed its name to Paidy Co., Ltd.

### ***I. Renrendai***

Renrendai, one of China’s largest peer-to-peer lending sites, was founded in 2010 by Zhang Shishi (aka Jackson Cheung) and Li Xinhe. Target market is small business owners and white-collar employees. For lenders, loan returns are estimated between 10% and 18%. Loan approvals are based on income, occupation, assets and family connections.

## **VI. Conclusion**

Upon examination of the history of credit-based crowdfunding, a pattern emerges that closely parallels the one that has characterized the long history of social lending in general. Just as our modern understanding of social lending began in the 18<sup>th</sup> century with small agricultural loans and then evolved into much more sophisticated financial arrangements, online social lending also appears to be experiencing an evolution from simple personal loans into more specialized and sophisticated products.

The basic model of personal crowdfunded loans created by Zopa in 2005 has paved the way for more advanced lending arrangements, such as crowdfunded business loans, student loans, asset-based loans, and even bitcoin-based loans. In existence now for nearly ten years, the debt crowdfunding model has weathered the severe worldwide financial crisis of 2008 and emerged as a more widely acknowledged and legitimate investment vehicle. It is not unreasonable to imagine

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that potentially any *form* of traditional personal or business loan in the physical world will eventually have a crowdfunding counterpart in the online world.

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## Appendix A : History of Credit-Based Crowdfunding

This Appendix lists the principal credit-based crowdfunding services, their founding (or launch date), country of origin, and description. Listings appear chronologically. All listings are commercial for-profit enterprises unless otherwise indicated. Research authoritative preference is given first to peer-reviewed sources, then to professional news sources, and then to blogs and company websites.

Lending Site	Inception	Country	Description	Reference
<i>2005</i>				
Zopa.com (UK)	Mar 2005	UK	P2P Lending. Founded by Giles Andrews and Richard Duvall, who was one of the founders of the internet bank and credit card company Egg. Max £25000 loan for 1-2 year term. 1% fee. £200 max bid to any single loan. Launched March 7, 2005.	(Durman, 2005)
Donjoy.net	Sep 2005	South Korea	Personal loans with interest rates up to 66%. Founder Jiyoung Lim. Closed in 2008. <sup>2</sup>	Lehmann 2007 (The Internet Archive, 2014)
Kiva.org	Oct 2005	USA	Non-profit microfinance. Allows individuals to make loans to entrepreneurs in developing countries. \$25 min. Matt Flannery application developer at TiVo.	(Hempel, 2006) (Flannery, 2007)
<i>2006</i>				
Prosper.com	Feb 2006	USA	P2P lending. Allows borrowers to list their loan requirements and members can then bid as lenders. Prosper then services the loan for the 3-year term. Funded by Benchmark Capital which also funded Zopa. Launched Feb 5, 2006. Founded by E-Loan cofounder Chris Larsen and John Witchel.	(Hof, 2006) (Everett, 2011)

<sup>2</sup> September 29, 2005 is the first date that the Donjoy.net domain had a nameserver record, making it visible on the internet. The domain was registered on January 17, 2005 by Jiyoung Lim. The first archive snapshot of Donjoy.net with loans was on November 24, 2005 and the site closed sometime between August 28, 2008 and January 25, 2009 according to <http://web.archive.org>.

Lending Site	Inception	Country	Description	Reference
CreditEase	Apr 2006	China	P2P microfinance for agricultural projects. Founded by Tang Ning, who studied under Mohammed Yunus. Partnered with local governments and NGOs. Now also provides wealth management services.	(Jun, 2012) (Kostka & Zhou, 2010)
MyC4	May 2006	Denmark	Denmark for-profit Microfinance Institution (MFI) in Africa	(Ashta & Assadi, An analysis of European online micro-lending websites, 2009)
<b>2007</b>				
Boober.nl	Feb 2007	Netherlands	Personal loans. Closed March 2009.	(Ashta & Assadi, An analysis of European online micro-lending websites, 2009)
VirginmoneyUS	Feb 2007	USA	Formally circelending.com. Manages and services direct family and friend lending, thus not technically crowdfunding since loans were mainly one-person to one-person. Closed Nov 2010.	(Assadi & Hudson, 2011)
Elolly	Feb 2007	Germany	First peer-to-peer lending site in Germany. Personal and business loans. Founded in 2007 by Dirk Morina. Closed in 2013.	(Trentmann, 2007)
Smava.de	Feb 2007	Germany	Personal loans	(Ashta & Assadi, An analysis of European online micro-lending websites, 2009)

Lending Site	Inception	Country	Description	Reference
Auxmoney	Apr 2007	Germany	Founded by Raffael Johnen, Philipp Kriependorf and Philip Kamp and launched in April 2007. Crowdfunded personal and auto loans (auto loans started in 2010).	(Lehmann, 2010)
Fairrates.dk	Apr 2007	Denmark	P2P lending inspired by Prosper. Founders Robert Bialek and Arkadiusz Hajduk sold to IOUCentral.	(Owczarek B. , 2008)
Lending Club	May 2007	USA	P2P lending originally limited to Facebook.com members	(Berger & Gleisner, 2009)
MoneyAuction	May 2007	South Korea	Launched May 2007 providing personal loans. Crowdfunding-style rewards are offered in order to lower the interest rate. Also offers equity investments. Small business loans in March 2013 via spin-off site called Opportune, launched by CEO Jong lee Rhyu.	(Lehmann, 2007) (Internet Archive, 2014) (Moenninghoff & Wieandt, 2013)
The Receivables Exchange	May 2007	USA	First asset-based crowdlender, limited to institutional and accredited investors.	(Totty, 2010)
Fynanz	Jun 2007	USA	P2P Student Loans. Founded 6/21/2007 by Chirag Chaman but began lending March 2008. Up to 20 year term. Now LendKey.	(Wolfe, Student Lending Exodus Lures a P-to-P Network, 2008)
Popfunding	Jun 2007	South Korea	Launched in June 2007 by founder Hyun Uk Shin. Personal loans with rates set by auction.	(Lehmann, 2007) (Lee, Lee, & Chae, 2012)
PPdai	Jun 2007	China	P2P lending. 80% to small business. 3000 to 500,000 yuan. One year loans. Max 23% interest. 4% fee.	(Jun, 2012)
Qifang	Aug 2007	China	Student loans. Ceased operations in Apr 2013.	(Schenker, 2008)

Lending Site	Inception	Country	Description	Reference
Nexx	Aug 2007	New Zealand	Founded in Aug 2007 by Ben Milsom, Glenn Riddell, James Wallace, Mark Catley after winning a business plan competition at University of Auckland. Subsequently raised 600k NZD from angels, but did not launch.	(Lehmann, 2008)
Prodigy Finance	Sep 2007	UK	Founded by Cameron Stevens (CEO), Ryan Steele (COO) and Miha Zerko (CTO). Only lends to MBA students. Launched Sep 2007	(Merced, 2017) (The Internet Archive, 2014)
Frooble	Oct 2007	Netherlands	Short term (1 to 3 month) crowdfunded loans to entrepreneurs. Closed March 2012.	(Lehmann, 2007)
Microplace.com	Oct 2007	USA	Crowdfunded investments in microfinance projects. Founded by Tracey Pettingill Turner. Ebay purchased in June 2006. Investors earn interest. Closed Jan 2014.	(Stempel, 2007) (Magid, 2007) (Husain, 2014)
IGrin.com.au	Oct 2007	Australia	The first Australian P2P lending site, founded in Feb 2007 by Phil Hooper. Site launched in Oct 2007. Interest rates for the three-year loans were set by an auction process. Loan amounts from 2,000 to 25,000 AUD. After regulatory issues, re-opened in 2012.	(Balnaves, 2012) (Lehmann, P2P-Banking.com, 2007) (Bryce, 2011)
Peermint	Oct 2007	Australia, New Zealand, Canada	Founded in Australia in October 2007 by siblings Scott, Ryan and Shelley Rigby. Planned January 2008 launch, but never got through regulatory hurdles.	(Bryce, New year debut planned for Peermint, 2007)



Lending Site	Inception	Country	Description	Reference
Boober.it (Italy)	Nov 2007	Italy	Launched November 2007. Joint venture between Centex and Boober International. Personal loans with the interest rate set by auction. Offered loan default insurance to investors. Temporarily shut down in the Summer of 2009 by the Bank of Italy.	(Ashta & Assadi, An analysis of European online micro-lending websites, 2009) (Lehmann, 2007) (Masini, 2008) (Dotta, 2009)
Loanland	Dec 2007	Sweden	Founded by Daniel Kaplan who sold Swedish auction site Tradera to Ebay in 2006. Personal loans with flexible term lengths and rates set by auction. Max loan 300,000 SEK (45,000 USD). Closed Sep 2010, then acquired by Trustbuddy.	(Vesterinen, 2008) (Lehmann, 2010)
Zopa.com (US)	Dec 2007	USA	Not truly crowdfunding. They provided loans via credit unions. Closed Oct 2008.	(Bruene, 2008)
<hr/>				
<i>2008</i>				
Fosik	Jan 2008	Australia	Beta launch in Jan 2008 by founder Pat Hammond. Personal, car and mortgage loans. First Australian site to be able to process direct debits. Never got beyond beta testing due to regulatory issues.	(Bryce, 2011) (Internet Archive, 2014)
Grameen America	Jan 2008	USA	Not-for-profit small business microloans. Loans are funded via charitable donations, therefore this is not technically crowdfunding.	(Shevory, 2010)

Lending Site	Inception	Country	Description	Reference
Rang De	Jan 2008	India	Non-profit microfinance lender. Borrowers pay 8.5% interest. 5% of that goes to the field partner, 2% to the investor, 1% to Rang De, and 0.5% to a default fund. Founded by Smita Ramakrishna and N. K. Ramakrishna.	(Ashta & Assadi, 2010)
Zopa (Italy)	Jan 2008	Italy	Zopa franchise launched by Maurizio Sella. Personal loans with interest rates set by auction. Operations were suspended by the Bank of Italy in July 2009 because they claimed Zopa (Italy) was acting like a bank. Rebranded as Smartika in December 2011.	(Skinner, 2009) (Lehmann, 2011)
DhanaX	Feb 2008	India	Founded by Siva Cotipalli and Prashant Mishra. Microloans averaging \$250. Minimum investment \$23. Funded by Morpheus Ventures.	(Ashta & Assadi, 2010) (Lehmann, 2008)
IOUCentral.ca	Feb 2008	Canada	Launched in February 2008 by founder Phil Marleau. First P2P lender in Canada. Personal loans \$1,000-\$25,000. Loan term one month to three years. Rates set by auction.	(Morris, 2008) (Trichur, 2008)
Kokos	Feb 2008	Poland	Founded by BlueMedia as first P2P lender in Poland. Loans from \$25 to 25,000.	(Ashta & Assadi, An analysis of European online micro-lending websites, 2009) (Lehmann, 2008)

Lending Site	Inception	Country	Description	Reference
Finansowo	Mar 2008	Poland	Founded by Rafal Agnieszczak in April 2006 and launched in March 2008. Personal loans between \$25-\$1000. Merged with the Polish firm Smava in 2010.	(Internet Archive, 2014) (Owczarek, Stelmaszczyk, & Janczewski, 2008) (Lehmann, 2010)
Monetto	Mar 2008	Poland	Founded by Lucas Banach of Prender, Ltd. Provided P2P loans to borrowers mostly in rural Poland. Closed in Feb 2010.	(Ashta & Assadi, 2009) (Lehmann, 2010)
Zopa (Japan)	Mar 2008	Japan	Announced in Mar 2008 by Zopa (UK). Zopa Japan never launched. In September 2011 the "coming soon" website was taken down.	(Wolfe, 2008) (The Internet Archive, 2014)
CommunityLend	Apr 2008	Canada	Founded in 2006 and launched in April 2008 by Michael Garrity and Colin Henderson. Sophisticated investors only. Now operates as consumer lender under the name Financeit.	(Greenwood, 2009) (Lehmann, 2012)
ZingFunding	Jun 2008	USA	Founded June 2008 by Robert Gloer. Never launched.	(The Internet Archive, 2014)
Wokai	Sep 2008	China	Not-for-profit targeting US donors for microloans in China. Donation-based (funds are not repaid) so this was not debt crowdfunding. Closed in 2012.	(Ashta & Assadi, 2010)
Babyloan	Sep 2008	France	First peer-to-peer microfinance site in France, founded by Arnaud Poissonnier and Aurelie Duthoit, and launched in September of 2008. Focuses on microloans to third-world borrowers.	(Schott, 2009) (Pineau, 2010) (Ashta & Assadi, An analysis of European online micro-lending websites, 2009)

Lending Site	Inception	Country	Description	Reference
Loanio	Oct 2008	USA	Launched in 2008 by Michael Solomon and closed in 2011. Third P2P lender in the USA offering personal loans	(Renton, Loanio Closing Down in Next Two Weeks, 2011)
Veecus.com	Oct 2008	France	Veecus is a microfinance lending platform based in France that launched in October of 2008. Founders are Clément Carjat and Baptiste Fabre. Lenders bid in multiples of 20 Euro on microentrepreneurial projects around the world. Veecus ceased lending operations in 2015.	(Lehmann, P2P-Banking.com, 2008)
PretP2P	Nov 2008	France	P2P lending in France. Founded by Jonathan Despres in April 2008 and launched in Nov 2008.	(The Internet Archive, 2014)
Cashare	Apr 2008	Switzerland	First P2P lending platform in Switzerland, launched in April 2008 by Michael Borter and Roger Mueller.	(Dietrich & Amrein, 2015)
Friendsclear	2008	France	Personal loans where borrower and lender are matched on the platform but the transaction is strictly between the two peers. Closed in 2013.	(Schott, 2009)
Comunitae	Sep 2008	Spain	Founded by José Miguel Rotaèche and Arturo Cervera, both ex-bankers at BBVA. Ceased operations in 2017 due to fraudulent offers on their marketplace.	(Lehmann, P2P-Banking.com, 2012)
maneo	Oct 2008	Japan	First P2P lending platform in Japan. Founded by Tadatoshi Senoo, and launched October 15, 2008.	(Kitanaka, 2008)

Lending Site	Inception	Country	Description	Reference
Myelen.com	2008	Czech	Launched as a microfinance site in the Czech Republic. Around 2011 started focusing on investment in specific social benefit projects. Founded by Linda Hanyková, executive director at microfinance.cz	(Velek, 2007)
KuberaMoney	2008	UK	Founded in 2009 as a microfinance social lending organization by Aaron Kumar and Rahul Verma. Authors could not find any evidence that this site ever actually launched or initiated any loans.	(The Internet Archive, 2014)
<hr/> 2009 <hr/>				
Pertuity Direct	Jan 2009	USA	Personal loans. Founded by Kim Muhota. \$1000 minimum investment in their entire pool of loans. Rates between 8.9% and 17.9%. 2% early withdrawal fee. Closed in August 2009 after only 7 months.	(Lehmann, 2009)
Noba.hu	Jan 2009	Hungary	Personal and charitable loans. Launched in Jan 2009 by Peter Petrovics and Charlie Szabo. P2P loans with interest and charity loans (like Kiva) with no interest. Failed because Hungary did not allow non-banks to charge interest on loans.	(Lehmann, 2009)
isePankur	Feb 2009	Estonia	The first social lending service in Estonia. Founded in 2008 and originally launched as "Sobralaen." Provides loans to both individuals and businesses. Rebranded as "Bondora" in 2014. Allows lenders from anywhere in Europe and borrowers from Estonia, Spain, Finland and Slovakia.	(Lehmann, 2009) (Lemarchand, 2014)

Lending Site	Inception	Country	Description	Reference
Aqush	Apr 2009	Japan	Aqush means handshake. Launched in 2009 by Russel Cummer. Personal and real estate loans.	(Sugiyama, 2014)
UnitedProsperity	May 2009	USA	Non-profit loan guarantees. Since donors only provide capital in case of default, and do not earn interest, this is not debt crowdfunding. Founded in 2008 and launched in May 2009 by Bhalchander Vishwanath.	(Lehmann, P2P-Banking.com, 2009)
Lending Hub	Jun 2009	Australia	Founded by Ivan Mantelli and launched in 2009. Provided personal loans. Closed due to lack of investor interest in loans.	(Mantelli, 2017)
Lendland	Jun 2009	Russia	Founded by Zahar Bowl and the site stopped lending upon his death in November 2010.	(Blogarbik.ru, 2010)
Prestiamoci	Oct 2009	Italy	Founded by Michele Novelli, Mariano Carozzi, and Paolo Galvani (as an initiative of Agata, SpA) in 2007 and launched in October 2009 when it received authorization from the Bank of Italy. First native Italian crowdlending site (Boober and Zopa were imported).	(Arata, 2010) (Venturcapitaly, 2013)
Zidisha	Oct 2009	USA	Founded in 2009 by Julia Kurnia. Non-profit making microfinance loans in Africa.	(Lehmann, P2P-Banking.com, 2012)
Uppspretta	Oct 2009	Iceland	Launched in October 2009 by founders Björk Theodórsdóttir, Ingi Gauti Ragnarsson and Ragnheiður H. Magnúsdóttir. Uppspretta allows Icelandic companies and entrepreneurs to apply for microloans up to 3m ISK.	(Lehmann, 2009) (ArcticStartup, 2014)

Lending Site	Inception	Country	Description	Reference
DajPo	Nov 2009	Poland	Founded by Robert Rychtik. Never launched.	(The Internet Archive, 2014)
Energy in Common	2009	USA	Not-for-profit loans for clean energy projects	(Bueno, 2010) (Popova, 2010)
Vittana	2009	USA	Non-profit student loans. Investors do not earn interest, like Kiva. Founded by Kushal Chakrabarti.	(Lehmann, P2P-Banking.com, 2012)
Lubbus.com	Jan 2009	Spain	Launched in 2009 by founders Vicente de Luna and Maria J. Bustamente. Website site no longer in operation at of September 2017.	(The Internet Archive, 2014) (Lehmann, P2P-Banking.com, 2012)
CajaNavarra	Jun 2009	Spain	Founded by Spanish savings bank CajaNavarra in 2009, which broke up in 2012.	(Lehmann, P2P-Banking.com, 2012)
Bankless Life	Oct 2009	Austria	Founded by Siegfried Fischer and non-profit "Von Menschen für Menschen." Closed almost immediately by Austrian regulators in December 2009 because its offering was not in compliance with lending laws.	(Lehmann, P2P-Banking.com, 2012)
Savanza	2009	Brazil	Founded by Thomas Redmond and focused on student loans. Could not find evidence of a launch.	(Redmond, 2019)
<hr/> <i>2010</i> <hr/>				
Priva	Mar 2010	Poland	Smava (Poland) rebranded as Priva after becoming part of the Kreativ group.	
PeopleCapital	Mar 2010	USA	VC funded peer-to-peer student loan platform. Lenders must be accredited investors. Founded by Al Alper in 2008 and launched in March of 2010. Website taken down in early 2013.	(Schultz, 2010) (The Internet Archive, 2014)

Lending Site	Inception	Country	Description	Reference
Trustbuddy	Mar 2010	Sweden	Founded by Jens Glasø. First launched in Norway, then in Sweden. Provides payday loans. Acquired loanland in November 2010. Rates set by auction (EAR ranges from 219% to 852%).	(The Internet Archive, 2014) (La Torre & Mango, 2012)
RenRenDai	May 2010	China	P2P lending. 10-17% interest. 3 months to 24 months. Some sources say founded in 2007. Founded by Zhang Shishi (aka Jackson Cheung)	(Jun, 2012) (Global Times, 2013)
Funding Circle	Aug 2010	UK	Founded by James Meekings and provides small business loans.	(Lunden, 2013) (Laven, 2014) (Aron, 2011)
Lendit	Aug 2010	New Zealand	Founded by John Walley and provided personal loans. Suspended application for lender license in 2014.	(Vaughan, 2014)
Ratesetter	Oct 2010	UK	Peer-to-peer lending in UK founded by Rhydian Lewis (CEO) and Peter Behrens (COO). Provides rolling monthly loans, like credit card.	(Lehmann, P2P-Banking.com, 2012)
Ducatto	Nov 2010	Poland	Personal loans. Site stopped offering loans in 2014. Founded by PBS Finance.	(Monetto,pl, 2013)
Sekrata	Nov 2010	Poland	Personal loans	(Lehmann, P2P-Banking.com, 2012)
i-Lend.in	2010	India	Founded by VVSSB Shankar and launched in May 2012. Provides personal loans.	(Lehmann, P2P-Banking.com, 2012)
Lendfolio	Apr 2010	USA	P2P lending founded by Meytal Benichou and Mikael Rapaport. Relaunched in 2012 as Peerform.	(Renton, Peerform is Back With an Interesting New Investment Partner Random Forest Capital, 2017)



Lending Site	Inception	Country	Description	Reference
Milaap	Jun 2010	India	Founded by Mayukh Choudhury and Anoj Viswanathan. Loans for basic facilities projects in India	(Crunchbase, 2010)
Quakle	2010	UK	Founded by Josselyn Digny. Peer-to-peer lending in UK based on social media connections rather than credit score. Closed in 2011	(Lehmann, P2P-Banking.com, 2012)
Fairplace	2010	Brazil	Founded by Eldes Matiuzzo. Personal loans funded by P2P auction.	(Lehmann, P2P-Banking.com, 2012)
Fixura	Aug 2010	Finland	Founded by Simon Sandvik and provides personal loans.	(Lehmann, P2P-Banking.com, 2012)
LendFriend	2010	USA	Founded by David Kuchar, Geno Moschetti, and Monica Miller. Targets friends and family, thus is not truly crowdfunding.	(Crunchbase, 2019)
Yadyap	2010	USA	Founded by Jared Ericksen and provides crowdfunded payday loans.	(Renton, State of P2P Lending in the USA – Part 2, 2010)
Money360	Nov 2010	USA	Founded by Evan Gentry and offers real estate loans. Accredited investors only.	(Lehmann, P2P-Banking.com, 2010)
ThinCats	2010	UK	Founded by Kevin Caley and focuses on crowdfunded business loans	(Crunchbase, 2019)
People2Capital	Mar 2010	USA	Founded by Tom Shelton and provided P2P student loans.	(Lehmann, P2P-Banking.com, 2009)
BigCarrots	2010	UK	Assumed to be founded by Mark Ashton, since he is listed as a director on LinkedIn since prior to launch. Business loans. Stopped operating in 2012.	(LinkedIn, 2019)
Yes-Secure	Jun 2010	UK	Founded by Chandra Patni. Approves P2P loans based on network connections rather than credit score.	(Lehmann, P2P-Banking.com, 2010)

Lending Site	Inception	Country	Description	Reference
Lainaaja	2010	Finland	Founded by Tuomas Talola. P2P loans	(Lehmann, P2P-Banking.com, 2010)
Wikiloan	Dec 2010	USA	P2P personal loans that integrated with borrower social media to invite friends. Founded by Marco Garibaldi and Ted DeFeudis.	(Lepro, 2010)
<hr/>				
2011				
MarketInvoice	Feb 2011	UK	Asset-based peer-to-peer lending in UK. Only available to institutional investors and high net worth individuals. Founded by Anil Stocker, Charles Delingpole, and Ilya Kondrashov.	(Hurley, 2011)
SoFi	Aug 2011	USA	Social Finance, Inc. Student loan refinancing. Founded by Daniel Macklin, Ian Brady, James Finnigan, and Michael Cagney	(Carrns, 2012)
CommonBond	Nov 2011	USA	Founded by David Klein, Jessup Shean, and Michael Taormina to provide student loans in USA.	(Crunchbase, 2019)
BTCJam	2011	USA	Bitcoin-based peer-to-peer lending founded by Celso Pitta.	(Bruene, BTCJam: P2P Lending via Bitcoin, 2013) (Bitcoin News, 2014) (Swanson, 2014)
Prêt d'Union	2011	France	Founded in 2009 and launched in 2011 by Charles Egly, Geoffroy Guigou, and Thomas Beylot. Personal loans. Changed name to Younited Credit in 2016 when it expanded outside France.	(Dillet, 2016)

Lending Site	Inception	Country	Description	Reference
SBI Social Lending	2011	Japan	Founded by SBI FinTech Solutions for P2P personal loans. Now also does real estate loans.	(Lehmann, P2P-Banking.com, 2014)
Rebirth Financial	2011	USA	Founded by Chonchol Gupta and Xavier Cabo. Provides P2C small business loans	(Lehmann, P2P-Banking.com, 2011)
<hr/>				
<i>2012</i>				
Endurance Lending Network	Apr 2012	USA	Peer-to-peer business lending in the US. Founded by Alex Tonelli and Sam Hodges. Merged with Funding Circle May 2014.	(Lunden, 2013)
SocietyOne	Aug 2012	Australia	Provides P2P loans. Founded by Andy Taylor, Greg Symons, and Matt Symons	(Crunchbase, 2019)
Rebuildingsociety	Sep 2012	UK	Founded by Daniel Rajkumar and provided small business loans in UK	(Lehmann, P2P-Banking.com, 2015)
Dianrong.com (SinoLending)	Nov 2012	China	Peer-to-peer lending to individuals and SMEs. Founded by attorney Yuhang (Kevin) Guo and tech expert Soul Htite (who co-founded Lending Club).	(Dianrong, 2014)
Peerform	2012	USA	Renamed. Used to be Lendfolio, founded in 2010.	
FriendCredit	2012	Romania	P2P personal loans in Romania founded by Florin Dradiciu.	(LinkedIn, 2019)
Squirrl.com	May 2012	UK	P2P lease financing. Closed in 2013.	(Lehmann, P2P-Banking.com, 2012)
Rainfin	Jul 2012	South Africa	P2P personal loans. Founded by Sean Emery and Hannes van der Merwe.	(Lehmann, P2P-Banking.com, 2012)

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<b>Lending Site</b>	<b>Inception</b>	<b>Country</b>	<b>Description</b>	<b>Reference</b>
SoMoLend	May 2011	USA	Crowdfunded business loans. Founded by Candace Klein. Closed in 2014.	(Buchanan, 2013)
Kudols	2012	USA	Payday loans, Founded by Tom Contreras. Pooled loans for investors due to high risk borrowers. Founded in 2010 but launched in 2012.	(Renton, State of P2P Lending in the USA - Part 2, 2010)

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