

The Development of P2P Lending: The Risks and Advantages*

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Abstract

Nowadays a modern private lending instrument - a commercial peer-to-peer network for peer-to-peer lending is rapidly growing. Peer-to-peer lending is a form of lending where the borrowers can be natural and legal persons and the creditor can be anyone. The use of Internet peer-to-peer lending platforms represents a new innovative approach both to raise money on the one hand and to obtain credit resources by individuals and small businesses to the other. The main purposes of this research are: to identify the types of P2P lending, describe the advantages of P2P lending in comparison with bank loans, define Russian platforms of online lending, consider the peer-to-peer lending process by stages of its implementation and depict their risks. The high profitability of peer-to-peer lending is due to no less high risks of its provision. There is a conclusion that P2P lending is of significant undeniable interest for increasing investment and innovation activity in the Russian economy.

Keywords: Peer-to-peer lending, peer-to-peer platforms, risks of peer-to-peer lending, crowdfunding, crowdlending, commercial bank loans and P2P lending.