

WHO HAS A COMPETITIVE ADVANTAGE?

	Traditional Banks and Other Lenders	Marketplace Lenders
Capital	<ul style="list-style-type: none"> • Low cost capital from deposits • Federally insured 	<ul style="list-style-type: none"> • Higher cost of capital from institutional and private investors looking for yield • At risk in downturn
Customer Service	<ul style="list-style-type: none"> • Small business spends an average of 26 hours on loan paperwork • Response is usually weeks or months 	<ul style="list-style-type: none"> • Streamlined application of 1 page or online • Response within minutes or days
Credit Assessment	<ul style="list-style-type: none"> • Costly personal underwriting or reliance on FICO scores 	<ul style="list-style-type: none"> • New credit algorithms (still unproven)
Source of Customers	<ul style="list-style-type: none"> • Large pool of existing customers (on which extensive data is available) 	<ul style="list-style-type: none"> • Customer acquisition costs can be as high as 15 percentage points (without sourcing alliances)
Regulation	<ul style="list-style-type: none"> • Heavy government regulations 	<ul style="list-style-type: none"> • Largely unregulated except at state level and by the SEC

