

The Evolution and Impact of Peer-to-Peer Lending on the Financial Sector

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Abstract: Peer-to-peer (P2P) lending is one of the most disruptive changes to hit the financial sector over this time; providing a new and direct method for people (and businesses) to borrow from investors via online platforms that medium connected. The paper starts with addressing the trajectory of P2P lending, from its roots to explosive growth and a series of technological enhancement that has driven widespread penetration. In this study, we analyzed the effect of P2P lending on financial industry, to see how it changed credit availability; interest rates and in contrast fulfilled financial inclusion. This paper, then reveals an approach taken to uncover the problems and business opportunities as experience through P2P lending initializes by exploring literatures review knowledge from case study studies along with market data analysis. The results shed light on the possibility of P2P lending democratizing finance as well as resolving issues regarding regulation, operation and risk under this modern financial model.

Keywords: Peer-to-peer