

The Research Centre of the School of Economics and Business,
in cooperation with **the Bank of Slovenia,**
cordially invites you to a research seminar
on **Wednesday, 8th May 2019**
at **15:00** in room **P-119**
at the **School of Economics and Business, University of Ljubljana**

Author:

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will present the article

“Business lending efficiency in online credit markets”

“Online credit markets enable borrowers to seek funding from lenders on a direct peer-to-peer basis using web-based platforms, without the traditional intermediation function provided by financial institutions. Initially dominated by retail investors, a significant emerging trend is the increasing participation of institutional investors in the provision of credit through online platforms. In this context, we provide new insights into the lending decisions of institutional investors. Exploiting the ‘wholeloan’ (loans funded by single participants, exclusively institutions) and ‘partloan’ (loans funded by a number of participants, predominately retail investors) segmentation of a leading online credit market, we make three important contributions to the literature, framed around a key research question: how efficient is business lending in online credit markets? Firstly, we provide evidence that institutional investors in the wholeloan market place could have achieved greater efficiencies in their lending decisions through pursuing a default risk based decision rule, evidenced at both the aggregate and the loan purpose level. Secondly, we show that our findings are not an artefact of the observed outcome of the random loan allocation process

administered by the lending platform. Indeed, we show that the lending inefficiency of institutional investors in the wholeloan market place is consistent with randomised loan rejection decisions. Thirdly, we show that if the large institutional investor that participated in the partloan market place had (randomly) reduced the number of loans that it backed then greater efficiency would have been achieved in partloans.”

You can register for the free seminar by phone (01) 58-92-489, or via e-mail: research.seminars@ef.uni-lj.si by Tuesday, 7th May 2019.

You can find all information regarding future research seminars on following link: http://www.ef.uni-lj.si/raziskovanje/seminarji_in_konference

We look forward to seeing you!