

# Electronic commerce and prosper.com

[Technology](#), [Information Technology](#)



Electronic Commerce: The Case Study of Prosper. com Introduction Prosper. com follows a to business model and devoid from the traditional lending/ borrowing business model, since customers lend or borrow amongst themselves without the involvement of any intermediary or broker such as the bank, thereby lowering the overall transaction cost.

This essay spells out the impact the business model of prosper. com have on the traditional lending/ borrowing businesses.

## 2. Impact of the C2C based e-commerce business model on traditional lending businesses

The business model of prosper. com has unique characteristic that differentiates it from the traditional lending business model. For example, in the business model of prosper. com there is no intermediary, since a borrower gets funds directly from the lender while prosper simply disburse funds to borrowers and also collect and transfer loan repayment and interest to lenders. This form of borrowing and lending is much cheaper unlike the traditional lending businesses like credit cards. Hence, borrowers in pursuit of cheap credit will definitely opt to borrow through prosper. com than their bank. Consequently, according to (Arnold and Harzog 75) the traditional lending/ borrowing businesses are likely to experience a drop in their lending business as more and more Americans are opting for peer-to-peer lending. Secondly, the business model of prosper. com does not require borrowers to deposit collaterals to get loans. Therefore, borrowers in pursuit of small loans will opt for prosper. com due to minimal lending requirements. Subsequently, this will lead to a fall of traditional lending/ borrowing businesses.

## 3. Conclusion

According to (Arnold and Harzog 78) customers of traditional lending businesses will most likely shift to the peer-to-peer lending business model offered by companies such as prosper. com, because of low interest rates and minimal lending requirements. This will definitely lead to a decline in borrowing from traditional lending businesses.

#### Work Cited

Arnold, Curtis. and Harzog, Beverly. *The Complete Idiot's Guide to Person-to-Person Lending*. Auckland City, Alpha Publishing Limited, 2009 Print.