



# Helping people invest in each other

Prosper uses consumer financial data to offer loans that are socially and financially rewarding

by Kathleen McGuirk



As the first peer-to-peer lending marketplace in the United States, Prosper's mission is to advance financial wellbeing by giving borrowers access to affordable credit—while giving investors the opportunity to invest in the consumer credit asset class.

A seamless onboarding process is critical to Prosper's success. So when a vendor they had been using to connect customer bank accounts began to experience frequent outages, they knew they needed a solution.

To streamline the process of connecting customer bank accounts, Prosper launched a pilot program with Plaid. The resulting partnership has exceeded every one of their performance benchmarks.

## No time for downtime

Prosper's marketplace model is simple: connect good-credit borrowers with individual and institutional investors. In return, investors can expect solid returns and feel good about knowing that they have helped someone achieve their goals.

For most of the company's history, Prosper relied on just one vendor to process bank account verification using bank account connection requests. That vendor often experienced outages, and its data quality was inconsistent.

*"When our vendor went down, it meant that we needed to manually verify the bank account ownership by asking for additional documents from our customers" said Siva Shanmugam, Prosper's director of verification and fraud strategy. "We did not have an alternative to fall back on, and we needed to change that."*

## Hit every mark

The Prosper-Plaid pilot program started in 2017 with the goal of testing the feasibility of integrating with Plaid's Auth, Identity, and Transaction products.

Over a three-month period, Prosper gave a randomized set of its users the option to connect their bank accounts using Plaid's Link interface. Simultaneously, they collected performance metrics like conversion rate, response time, and data quality. Compared with what had come before, the Plaid results showed a significant improvement.

*"Plaid consistently outperformed our previous solution on the top banks," Shanmugam reported.*

# 80%

Since integrating with Plaid, Prosper's customers successfully connect their bank accounts about 80% of the time.

**"Over the course of the pilot program, Plaid met or exceeded every performance benchmark."**

**SIVA SHANMUGAM,**  
Director of Verification and  
Fraud Strategy, Prosper

**“Previously, we only had access to three months of transaction history. Plaid provides up to two years.”**

**SIVA SHANMUGAM,**  
*Director of Verification and  
Fraud Strategy, Prosper*

	Plaid	Benchmark
Conversion rate	75 – 80%	60%
Data Quality (Auth) +	~99%	80 – 85%
Data Quality (Identity) >	~99%	
Data Quality (Transactions) *	>95%	
Response Time (Transactions) ~	>95%	

+ success = account selected returns full account and routing number

> success = account selected returns full name

\* success = account selected has 5 transactions or more

~ success = 90 days transactions history in <10 minutes

**“Better data, better response times, fewer outages—these were things that we were able to achieve with Plaid.”**

**SIVA SHANMUGAM,**  
*Director of Verification and  
Fraud Strategy, Prosper*

### Know your customer

As a result of its successful pilot, Prosper converted to a long-term Plaid customer. Beyond uptime, Shanmugam says that Plaid’s superior data quality has helped Prosper improve the simplicity and speed of the verification process.

*“Plaid has direct APIs with the top financial institutions. That makes it more robust, not just in terms of response time, but also the quality and depth of data it provides.”*

That data provides a better understanding of a borrower’s cash flow, as well as variations in income over time. This in turn helps Prosper make better verification decisions for loan applications.

*“Is the borrower within an acceptable risk tolerance level? Is an auto-verification appropriate, meaning we don’t require additional documents like pay stubs or W2s? Those are the questions more confidently answered with the extended transaction history Plaid provides,” said Shanmugam.*

# \$15B

Since Prosper’s founding in 2005, the company has facilitated more than \$15 billion in fixed-term, fixed-rate personal loans through its platform to 900,000 people.

### Grow together

In 2019, Prosper plans to launch home equity lines of credit—a space that Shanmugam says is “ripe for disruption from a customer experience perspective.” Prosper will also explore leveraging Plaid in connection to these products, which, Shanmugam says, continues to enable Prosper to deliver an exceptional experience to borrowers and investors alike.

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Plaid is a technology platform and data network that enables applications to connect with users’ financial accounts. We focus on lowering the barriers to entry in financial services by making it easier and safer to use financial data. Today, we support developers across North America and Europe.