

# CREDIT, PRIVACY, AND DATA MONETIZATION BY DIGITAL PLATFORMS\*

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## Abstract

Digital platforms collect extensive personal information from users while often, at the same time, provide credit services. We study the interaction between data monetization and credit provision. Data monetization creates incentives for a monopolistic platform to subsidize credit, enabling it to compete with traditional financial institutions even when it faces higher costs. Credit services allow the platform to manipulate buyers' outside options, extract greater surplus, and raise the value of monetizing data. This may lead to socially inefficient outcomes. When platform competition is considered, platforms may specialize, with some focusing on data monetization and others on privacy. When credit provision is possible, the set of parameters under which platforms monetize buyer data expands. Finally, under certain conditions, platforms specializing solely in credit services may emerge in equilibrium.

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