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Fintech Intelligence Report: Marketplace Lending

Lending Technology for Banks in the U.S.

RESEARCH PAPER

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Introduction

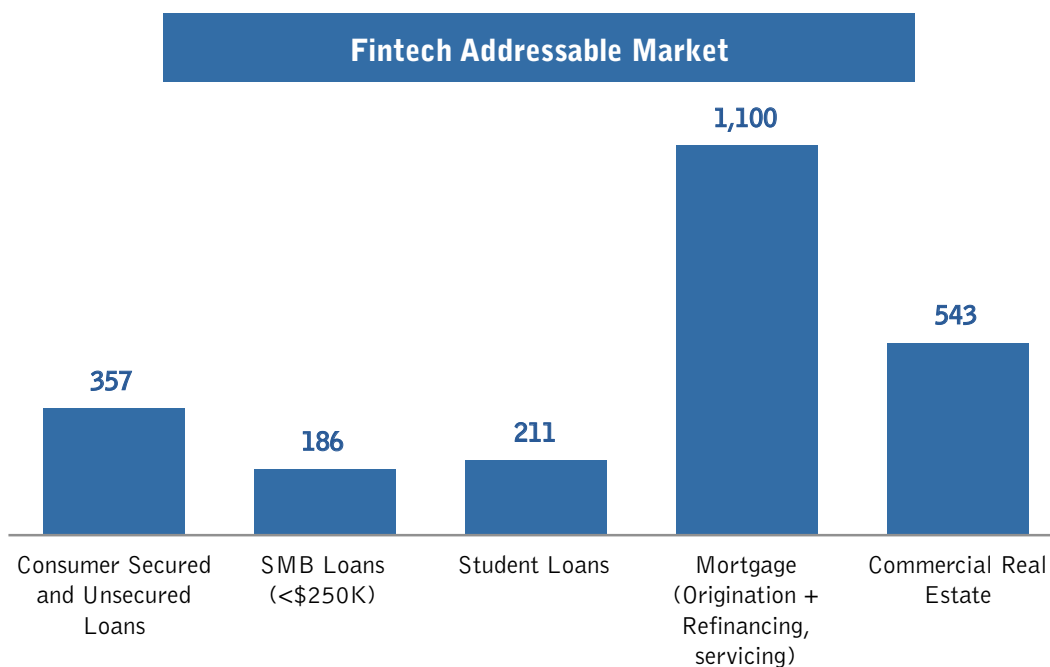
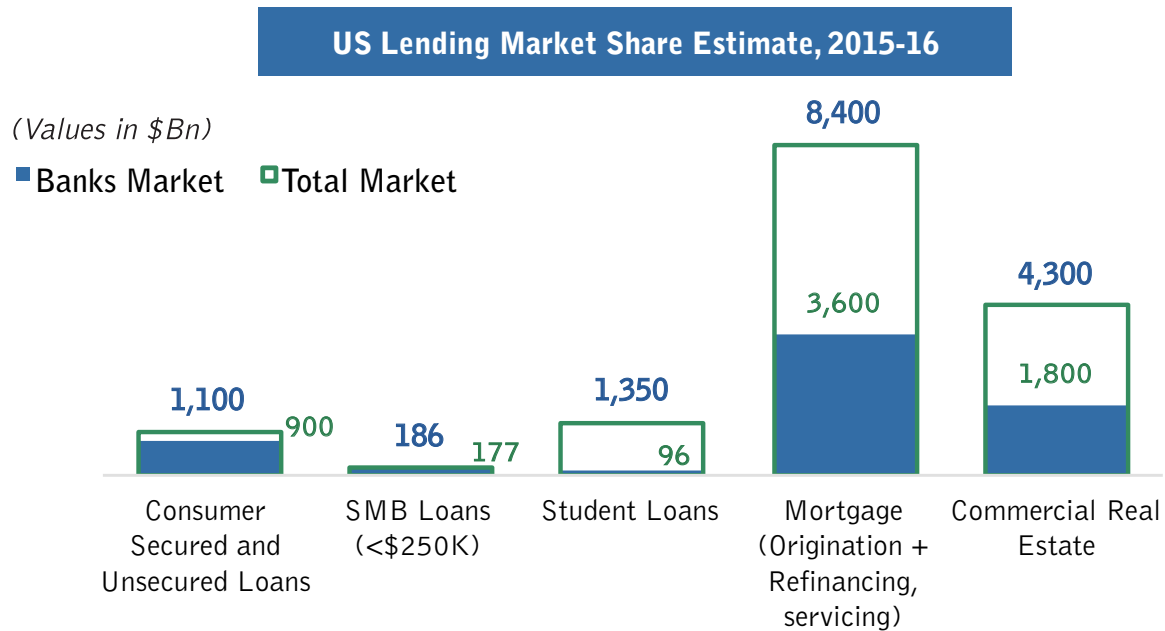
Lending is an estimated \$15 trillion industry in the United States. The banking industry's share in this market is estimated to be around \$6.6 trillion, which is around 44 percent of the overall market. Lending is also the segment that received fierce scrutiny in the wake of the 2008 financial crisis. Strict regulations and rules were put in place in order to avoid subprime-like scenarios in the future. These regulations led to increased costs of the end-to-end loan process. While lending still seems beneficial for large-ticket loans, the small-ticket loans, typically that of a small business (SMB) customer or a retail consumer, have been slow to gain momentum. However, this is changing. 2016 saw a faster uptick in consumer and small & medium enterprise (SME) lending coupled with the emergence of an alternative business model: marketplace lending.

Marketplace lending, a concept introduced by tech-enabled new-age fintech startups, has altered the lending landscape. These new startups utilize digital technologies to automate and speed-up the loan decisioning process while reducing costs. By providing superior user experience and interface, these firms have facilitated customer-friendly solutions. Also, within the booming fintech sector, lending is the largest segment in terms of funding from investors. The tremendous amount of focus has led to startups specializing and reimagining the entire lending value chain: underwriting, digital delivery, customer service and segment-specific solutions like mortgages and student loans. Alternative platforms started during 2010–2012 are estimated to have issued close to \$37 billion in loans. With new solutions coming online at a rapid pace, the addressable market is also growing exponentially. While the initial solutions targeted consumer lending and SME lending, new-age solutions target student loans, mortgage loans, commercial real-estate loans and business loans, thereby contributing to considerable growth in the addressable market.

The gains of new fintech companies were widely thought to be at the expense of banks; however, many banks recognized the potential value from collaboration and built relationships with fintechs. This partnership can take on many forms based on the bank's available capital, risk appetite and lending goals. Furthermore, these relationships are not exclusively executed through acquisition or equity stakes as fintechs have leveraged software-as-a-service (SaaS) models to enable partnerships with more banks at a cheaper price point. In the report, we explore the market dynamics, technology and partnership models which have emerged over the last several years to make the lending market full of opportunity in the years ahead.

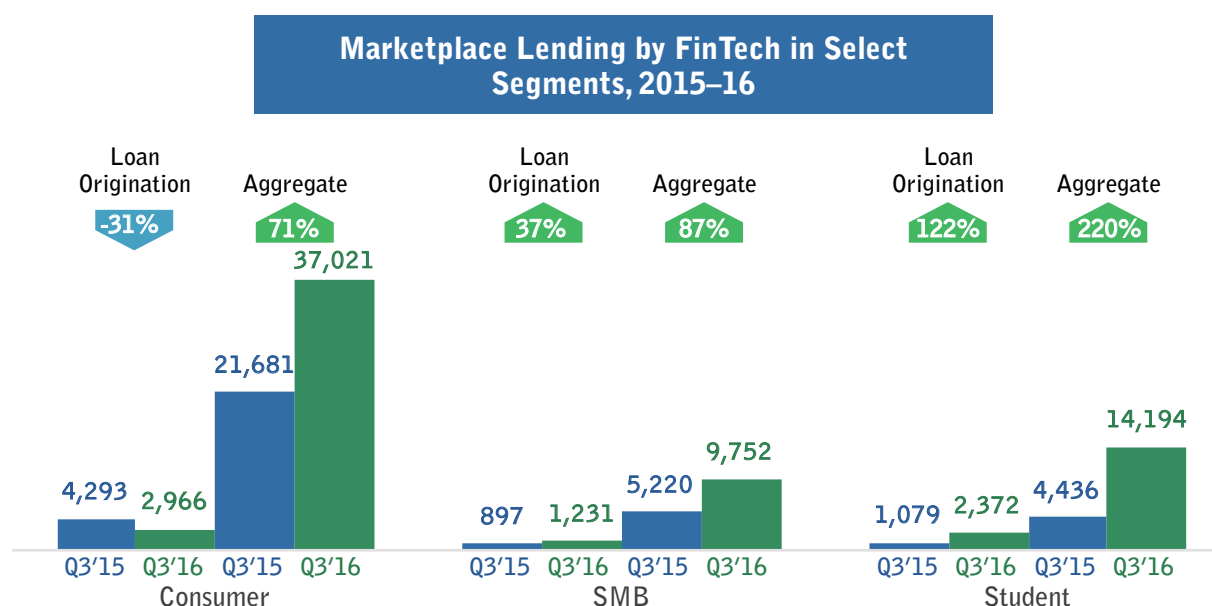
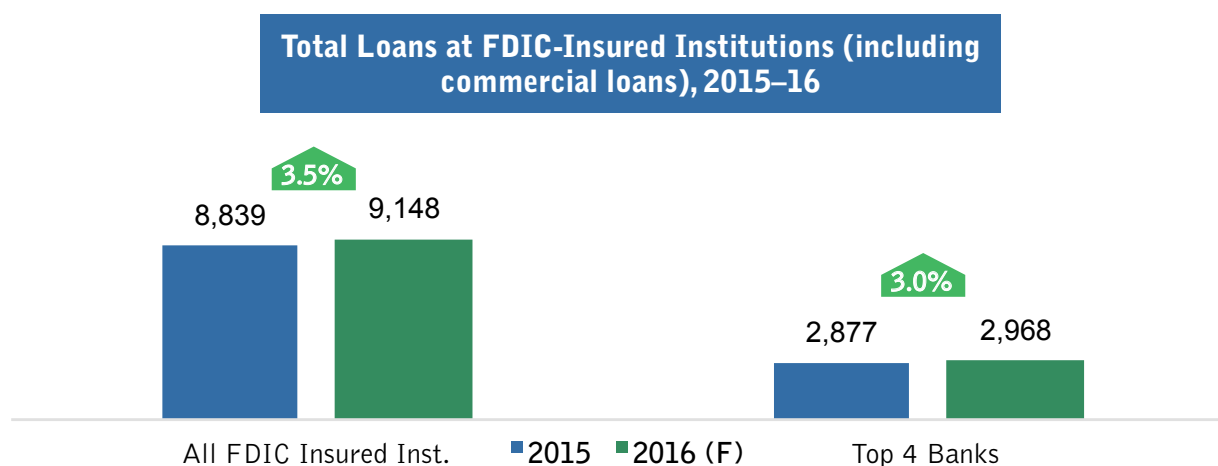
U.S. Lending Market

Banks in the U.S. have a large established base of lending across segments. However, the growth of this base has been lukewarm. Increased regulation and rising delivery costs are major areas of concern for banks. Fintech vendors have recognized the opportunity and are entering the lending market, currently estimated at \$2.4 trillion (excluding commercial business loans).



The flood of fintech companies has fragmented the lending market resulting in specialized, agile solutions which traditional lending platforms find difficult to match. Well-known examples include Lending Club and Prosper (consumer), OnDeck (SME) and SoFi (student loans).

In 2015, loans at all depository institutions insured by the Federal Deposit Insurance Corp. (FDIC) totaled \$8.8 trillion. This market was forecasted to grow to \$9.1 trillion by the end of 2016, a growth of 3.6 percent. This growth is a good sign for banks. The top four banks in the United States, which constitute close to 30 percent of the country's overall assets, witnessed a 3 percent growth in their lending. However, recent interest rate hikes and an uncertain regulatory future forecast a slowdown in 2017 and beyond.



Fintech lending has grown from \$12 billion in 2014 to \$23.2 billion in 2015 and is expected to reach \$36.7 billion in 2016, a year-over-year growth of 93 percent and 58 percent in 2015 and 2016. This market, according to Morgan Stanley Research, is expected to grow further and reach \$122 billion by 2020.

With fintech solutions gaining momentum, banks are looking at viable alternatives to meet consumer demands, maintain and expand their lending revenue and give formidable competition to fintechs looking to take that marketshare.

Marketplace Lending (MPL) and Bank-MPL Collaboration Models

Marketplace Lending

The first marketplace or person-to-person (P2P) lending firm, Zopa, was launched in the U.K. in 2005. The U.S. then witnessed the formation of Lending Club and Prosper in 2006. The initial response was low due to the platform's multiple restrictions. After the financial crisis, the firms had to comply with regulatory changes, amend their offerings and gain specific licenses to operate in the U.S. However, with banks taking a cautious approach immediately after the crisis, P2P lending firms witnessed a large and growing demand for their services due to increased underwriting scrutiny and a slow economic recovery. From 2010 to 2013, multiple firms entered this market. The last three years has seen a tremendous amount of funding and investor interest leading to a proliferation of new innovations and solutions.

The business model of the MPL platforms are defined by three types:

1. **P2P Model:** Individual or institutional investors invest directly with individual or corporate borrower.
2. **Balance Sheet Model:** Vendors provide loans (and take on risk) from their own capital by leveraging a large bank line of credit or private investment like venture capital.
3. **Marketplace Model:** A new segment offering, the marketplace model, aggregates multiple alternative lenders and connects them with potential borrowers. This creates a better borrower experience and competition among the lenders.

The below figure explains the overall different models, where the loan is kept, who takes care of the underwriting and decisioning and who takes the risk.

	P2P Model	Balance Sheet Model	Marketplace Model
Description	Individual investors/lenders and institutional investors are connected directly with borrowers.	Firms provide capital from their own balance sheet.	An evolving segment, these platforms act as aggregators of loan providers. They list various lending (new-age and banks) options to borrowers for comparison.
Loan Owner	Loans are off the book of the platform provider.	Loans stay on the providers' books.	Loans are on the books of the respective lender.
Underwriting and Decisioning	Borrowers are profiled based on data provided and ranked according to the platforms algorithm. Only provides information of the risk. Decision is on the investor.	Borrowers are generally profiled and underwritten based on data aggregated from multiple third parties. Thorough risk profiling and loan decision is done by the platform itself.	Comparatively low focus on underwriting. Platform could only check for certain conditions and not complete profiling. Decision would be two-way (borrowers could select where to apply and lender would decide on whom to approve).
Risk	The risk lies with the investor. (In some cases, there is a risk pool to mitigate losses.)	Firm takes the complete risk for the loans provided.	Risk is completely born by the respective lenders.

Customer acquisition (a major area for banks), loan processing, underwriting and origination are the major areas where startups have built superior solutions.

Alternative lending fintech firms have some advantages as well as disadvantages.

Major advantages:

- Low operating expenses by leveraging new technology (i.e. cloud) and, in most instances, are not carrying the loan on their balance sheet
- Enhanced underwriting capabilities leveraging new data (e.g. social media) and capabilities such as big data analytics and machine learning. The additional underwriting complements the bank-specific underwriting model by creating a richer borrower profile.
- Greater utilization of emerging technologies that can be easily customized for a better customer experience

Disadvantages:

- Reliance on external funding
- 2016 saw multiple violations of compliance and regulations by fintech lending firms. This questions the underlying business model and practices employed to meet growth potential.
- New underwriting algorithms and alternative business models have yet to face stress test from macroeconomic conditions

Why Banks Need Fintech Players

As discussed earlier, close to 33 percent of retail banking revenues are from lending. Growing lending revenue share with increasing competition will be a challenge for any bank. Apart from the increased competition, banks need to analyze their digital capabilities across their service offerings. Among the four major service offerings that a bank provides, lending lags in terms of digitization. A Bain study done in conjunction with SAP found that banks can handle only 7 percent of their lending products digitally.

Digitization Across Banking Activities			
Retail Banking	Investments, Trading and Asset Management	Lending – Consumer & Business	Corporate and International Banking
High Digitization			Low Digitization
Checking and savings account Mobile banking Digital account opening Customer servicing	Securities trading Investment management Online brokerage services Mobile capabilities Discount broker services PFM a major laggard for banks	Loan status, payments and balance checking. Digital support for personal lending. Improved underwriting Digital onboarding, service channels and omni-channel selling Digitization in credit cards, SMB loans, home loans and other segment based loans (Ex.: auto, solar loans, etc.)	Largely unchanged. Has seen incremental innovation in terms of offering. Relies on personal relationship Long way to match retail banking digitization.
Only 7% End-to-End Digital		Lower op-ex from >6% to <2%	Business Expansion
Bain and SAP Value Management Center estimate that banks can handle only 7% of products digitally from end-to-end.		Op-ex as a % of outstanding loans at new FinTech firms is estimated to be less than 2% while that at banks is estimated to be around 6%.	Apart from cost benefits, banks, especially community banks and small banks can benefit from FinTech partnership as it provides them a way to: <ol style="list-style-type: none"> 1. Enhance service capabilities 2. Provide new products 3. Improve customer experience.

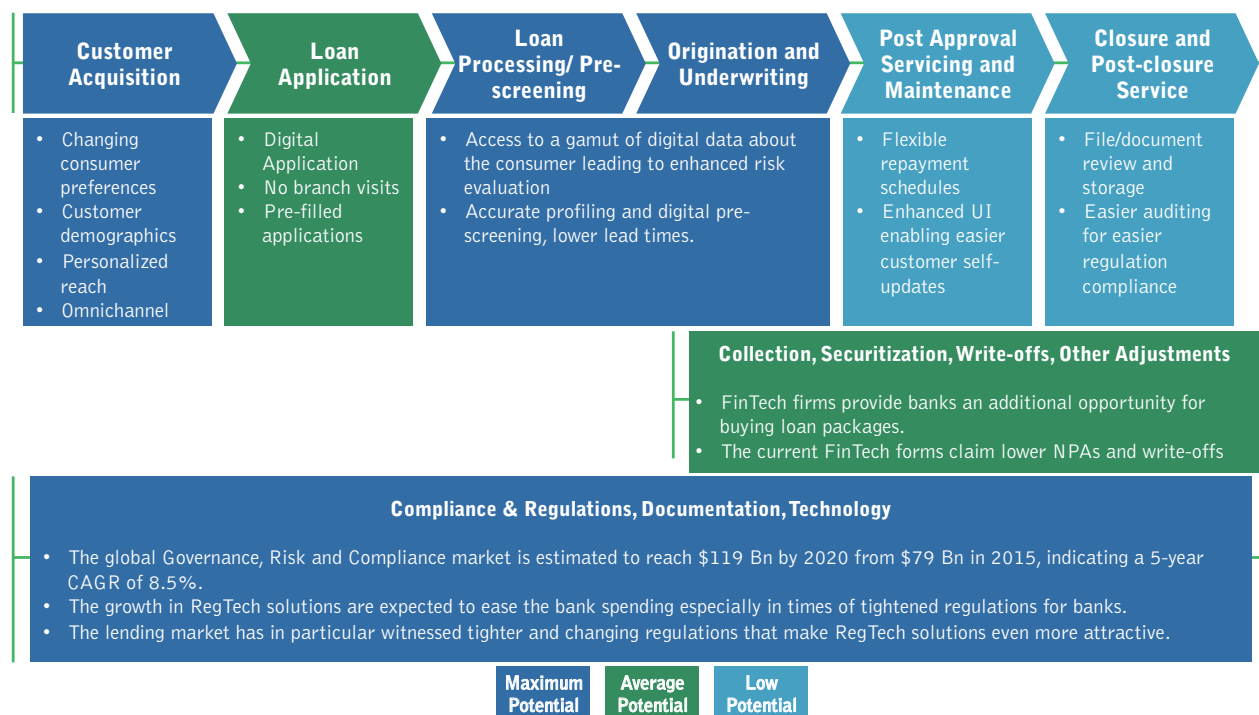
Services such as loan status, loan payments and basic account information have been digitized but consumers are expecting and wanting more. The majority of a bank's lending services, including underwriting, digital onboarding, SMB loans and omni-channel selling, are yet to be overhauled with today's technology. This means there is still a lot of opportunity for increased productivity, increased loan closings and revenue expansion per loan with cheaper, faster and automated services.

Apart from digitization, banks have major benefits from utilizing new fintech lending platforms:

1. Reduced operational expenses: Operating expenses, as a percentage of outstanding loans at new fintech firms, is estimated to be less than 2 percent while banks average 6 percent
2. Improved customer experience and satisfaction
3. Enhanced service capabilities
4. Increased loans per month
5. Ability to provide new products
6. Reduced time spent on loan overhead

Fintech Services Across the Lending Value Chain

While we have discussed the importance of fintech in lending, the degree of disruption that these players are providing is varied across the value chain. The below figure gives a fair idea of the complete lending process from origination to after-sales:



Bank-Fintech Collaboration Models

There are three collaboration models worth exploring, each involving various levels of investment, control and degree of risk: business partnership, investment-based and technology partnership.

Business Partnership	Investment-Based	Technology Partnership
<ul style="list-style-type: none"> • Business partnerships are generally made at the early stage of a FinTech firm. • Banks can be the originator for all loans on a FinTech platform. They would be able to use their experience to product offering and underwriting criteria. • Another business model investment is the Specific LoC/Warehouse LoC. This enables banks to extend specific amount of loans for the platform to disburse. 	<ul style="list-style-type: none"> • Equity and debt investments are major decisions generally taken by venture arms of the banks. • Securitization is an additional option. However, banks need to take extra care in meeting regulatory requirements which are now advising banks to apply same level of diligence for bank-originated and purchased loans. 	<ul style="list-style-type: none"> • With low investment upfront, tech partnerships provide a lucrative option for banks looking to rapidly transform their lending process. • Referral methods are the easiest to enable but the level of control is dependent on the vendor-bank agreement. • Multiple firms have started to provide digital lending SaaS solutions. A few lending platforms have also opened up their back-end technology to banks.

While we provide a brief explanation of each of these models below, tech partnerships and securitization are explained in further detail as we believe this is a good low-cost and efficient solution for small banks and large banks. Also, they are comparatively less risky than the other types of partnerships.

Business Partnership: There are two types of business partnerships: Loan originator for all loans and a specific line of credit service.

A loan originator deal is typically signed with early-stage fintech startups wherein the bank holds all loans originated on the platform. Banks typically play the back-end role of capital provider and the platform, and front-end is completely run and branded by the fintech startup. Banks could also direct the platform on what type of loans and what kind of risk level needs to be maintained. However, the risk here lies in the ability for a platform to reach out to customers, acquire them and service them to full-cycle loan completion.

Investment-Based: Three types of investments that a bank or the venture capital arm of a bank can do in a fintech startup are: equity-based, debt-based and securitization. While equity and debt investments generally provide a large degree of control, they also come with higher risk and high investment requirement.

Securitization, on the other hand, is a common practice in the lending market, where loans are repackaged and sold to other banks or investors. However, regulators are now advising banks to be more cautious when buying such loan packages and apply same level of diligence for bank-originated and purchased loans.

Securitization Model

The securitization lending model refers to the process of buying back loans from a vendor. At its core, this concept is a well-established practice in financial services. However, advances in data analytics, APIs and new data sets like social media has opened entirely new ways of identifying and qualifying lending customers. Bank-Fintech or bank-MPL securitization models are a recent trend that is catching up with other high-growth alternative lending channels. An estimated 50-plus securitization deals have taken place within two years (2013–2015) since the first one in 2013.

Benefits to the Securitization Lending Model:

- No upfront investments
- Can increase loan book without much cost

Areas of Concern for the Securitization Lending Model:

- No clarity on fintech firms' internal process
- Regulators scrutiny on such processes--they have suggested banks apply the same level of due diligence on bought loans as the bank applies to a self-originated loan.
- Low return-to-risk as compared to other alternatives such as lines of credit, debt investments, or referral models.

Examples of Securitization Lending Models:

- CommonBond with Barclays and Goldman Sachs: Secured a \$150 million and \$168 million securitization deal in October 2016 and April 2016, respectively, with Barclays and Goldman Sachs as joint-lead managers.
- Avant with JPMC, Credit Suisse and Morgan Stanley: A \$225 million asset-backed securitization was secured between Acant and Credit Suisse (lead runner), JPMC and Morgan Stanley.

Technology Partnership: The growing number of fintech lending startups presents an opportunity for banks to collaborate with the partners that best fit their customer base and risk appetite. Partnerships between fintech lending companies and banks can truly be synergistic, which many banks are beginning to realize. For banks, these new lending fintech companies enable them to provide a better customer experience, increase revenue by providing more loans (with no additional risk!), and expand their margin by reducing their cost per loan. For fintech, banks provide a loyal customer base, vast financial services experience to learn from, and are familiar with the regulatory landscape. There are two types of technology partnerships that banks can work with fintech startups: White label and Referral Model.

White Label

Many fintech lenders realized that there is an opportunity to provide banks value not by competing with them but rather empowering them with new technology. Furthermore, these startups realized that establishing a trusted brand-particularly when it comes to people's savings-is a very difficult process. This has led many fintech lending firms to create white label solutions which means that they provide a new lending product or service which looks like it is coming directly from the customer bank. This trend is also putting pressure on core software providers to modernize their own lending products.

Benefits to White Label Solutions:

- Banks can offer a new product or service under their own brand, increasing their brand value with current and potential customers
- Modern, agile technology gives white-label fintech companies the flexibility to customize their platform to quickly fit existing banks practices, such as underwriting criteria. Furthermore, future changes are easier to implement than traditional lending technology
- Banks may have the opportunity to collaborate on the development of the product
- Loans remain on the bank's books, so there is higher confidence of regulatory compliance
- Typically, these solutions have lower costs to implement

Areas of Concern for White Label Solutions:

- White label solutions require a longer evaluation process, as selecting a white labels partner requires an implementation
- Need to assess overall banking platform readiness to transform and adopt new-age technologies
- Need for a defined marketing and GTM plan to target new offerings

Examples of White Label Solutions:

- **Akouba Credit and Metropolitan Capital:** Akouba Credit's white label solution digitizes small business loans enabling Metropolitan Capital to lower its cost per loan, increase its loan value, and create a better customer experience within its current loan policies and underwriting criteria.
- **LendKey and WSFS Bank:** WSFS Bank partnered with LendKey to develop the bank's own custom private student loan and refinancing programs. The partnership is expected to help the bank tailor its student loan product and enhance its service offering.
- **JP Morgan Chase and OnDeck:** Using OnDeck's technology, JP Morgan is building a digital platform for its own SMB Lenders. Under the partnership, all the credit parameters and underwriting are provided by JPMC while OnDeck would only provide the technology for digitization and automation.

Referral Model

The Lending referral model is a fast-growing trend among banks and financial services firms. There are two types of referral models. In the first model, banks refer rejected customers or customers falling out of their credit parameters to the fintech startup to provide a possible alternative lending product that fits the customers need. Alternatively, fintech companies qualify prospective lending customers and offer specific lending products from banks to fit their needs. There is a variant where the "marketplace" provides borrowers with various bank and alternative finance offerings based on the specific criteria set by lenders. Some of the referral models also offer co-branded loans, where banks or fintechs offer their customers each other's products.

Benefits to the Referral Model:

- Very low upfront investment
- Provides additional revenue (referral revenue) opportunity for banks
- Can increase customer satisfaction (if customer gets funded)
- Can cross-sell and reach out to a larger segment of customers

Areas of Concern for the Referral Model:























- Requires a tight regulation check on fintech firms' lending practice
- The degree of success from referral partnership is yet to be proven broadly
- Will have low control on who else the vendor can partner with.

Examples of Referral Lending Models:

- **FUNDATION and Regions Bank:** Regions Bank is to provide its small business customers an application form for Foundation's loan product. SMB owners could use Foundation's application for Regions' lending product or for Foundation's lending product.
- **Prosper and Radius Bank:** Radius Bank can apply for consumer loans from Prosper through the bank's website for amounts ranging from \$2,000 to \$35,000.

Technology Vendors

While there are more than 230 new-age fintech lending companies in the U.S., pure-play lending technology providers are a fairly recent phenomenon. The number of such vendors could increase drastically as lending firms like OnDeck and Kabbage have opened up bank platform services, realizing the potential benefits of partnering with banks. Below is a list of 23 fintech firms with the kind of services they provide banks:

Companies	Service Provided		Companies
	Loans and refinancing platform focused on student loans and home loans	Line of credit for SMBs and technology provider of SME lending to lenders	
	Marketplace for business loans	Marketplace for institutional loans	
	Marketplace for SME lenders	Marketplace SME lender and technology provider	
	SME loan origination and automation	Mortgage loan origination software	
	Enterprise mortgage CRM software	Origination and underwriting solution for commercial lending	
	Marketplace consumer lending technology provider	Digital SME lending service provider	
	Pureplay end-to-end SaaS digital lending services and marketplace for different loans	Mortgage loan origination, document qualification & automated payment solution provider	
	Loan origination software with focus on risk management	Risk Management and data science solution provider	
	Risk management solution provider	Analytics and decisioning software for LendingClub and Prosper	
	Pureplay end-to-end SaaS digital lending services		
			

Select Vendor Profiles

From the gamut of lending tech providers, the following pages profile a few firms which have either been in the market for a long time and have already established community bank and/or credit union partnerships or have recently opened up and have made significant enhancements to the kind of offerings they could provide.

LendKey

Type: White Label Lending Solution

Website: www.lendkey.com

Founding year: 2007

Headquarters: New York, NY

Founder: Vince Passione

Prior to founding LendKey, Vince was the COO of DealerTrack, which built the nation's first and largest credit portal connecting automotive dealerships to banks and credit unions. He also held positions at Ameritrade's Institutional Client Division, OnMoney.com and Citigroup.

Funding:

October 2007- Seed: Raised \$500,000

January 2010 - Series A: Raised \$6.5 million

August 2013 - Series B: Raised \$12.5 million

Raised a total debt financing of \$12.2 million between August 2009 to May 2015

Investors:

TTV Capital, Udata Partners, Gotham Ventures, Draper Fisher Jurvetson (DFJ), Silicon Valley Bank, DFJ Gotham Ventures, Brazos Group, Tourne View Ventures

Company description:

LendKey provides a white label cloud-based lending platform that enables banks/credit unions to quickly, securely and profitably lend to anyone. It provides a lending-as-a-service platform, enabling financial institutions of all sizes to attract new business, grow relationships, manage liquidity and mitigate risk. It provides solutions for private student loans, student loan refinancing, home improvement loans and auto loans.

Product/Service:

Lending service: Compares student loan refinancing options from 300-plus community banks and credit unions. Student loan borrowers can refinance \$7,500 to \$175,000. Borrowers are required to maintain a minimum credit score of 660 and an income of at least \$24,000.

Interest rate: Fixed: 3.25 percent to 7.26 percent APR. Variable: 2.09 percent to 5.72 percent APR.

Provides banks and credit unions with digital tools that enable them to launch online lending programs.

Term: 5, 7, 10, or 15-year term.

Major Business News:

LendKey has made considerable advancement in its partnerships, especially with credit unions and community banks for its segment-focused lending program. Some of its partners include Summit Credit Union, Belvoir Federal Credit Union, Betty house, Navy Federal, WSFS Bank and True Car.

The company claims to have deployed \$800 million in loans to 35,000-plus borrowers.

It plans to use the latest funding to enable rapid growth, drive technology and product innovation, expand its network of partners, and enhance its marketing initiatives.



BUSINESS FINANCE

Type: Technology Partner

Website: <https://lqdfinance.com>

Founding year: 2013

Headquarters: Chicago, IL

CEO and Founder: George Sourì

Prior to LQD, George had founded Atria Capital, a middle-market investment bank and prior to that co-founded Ramzey Broadband, a national provider of end-user fulfillment services to major cable companies.

Funding:

November 2015 - Received \$30 million credit facility.

July 2016 - Series A: raised an undisclosed amount.

Investors:

Fintech Ventures Fund, Route 66 Ventures

Company description:

LQD is a business lender that offers structured loans to small and medium-sized businesses. It utilizes its proprietary underwriting and risk management platform, LQD Matrix, to underwrite loans and manage risk. It claims to have a total transaction time of less than 10 business days to respond to borrowers. LQD Matrix uses LQD's dataset of over 1 million lending transactions and probabilistically models business performance and lending risk, including both endogenous and exogenous risk factors, then prices debt facilities accordingly. The company is open to partnering with banks and providing LQD's proprietary underwriting technology.

Product/Service:

A single loan application that caters to any or all of the loans a small business needs (expansion/acquisition, working capital, PO and A/R, refinance).

Provides loans up to \$3 million, determined by assets, cash flows and future cash flows.

Target Clients: Any bank looking to expand qualification

Term: 6 months to 4 years

Fees and interest rate: Fees: 1 percent–3 percent; interest rate: 15 percent–25 percent

Major Business News:

Unlike multiple alternative lenders that have focused on loans less than \$100,000, LQD targets larger near-prime and mid-prime loans in the range of \$250,000 to \$3 million.

The underwriting technology is akin to traditional underwriting process. However, it automates much of the data gathering and analysis and hence, increases the speed and efficiency with which the processing is done.

With the funding raised in 2015 and 2016, LQD is aiming to expand nationally.



Type: White Label Lending Software

Website: www.cunexusonline.com

Founding year: 2008

Headquarters: Santa Rosa, CA

Founders: Dave Buerger, Darin Chong, & John Reich

Dave Buerger, prior to CUnexUs, worked with multiple credit unions for over 10 years as a client-side marketer.

Darin Chong, prior to CUnexUs, worked as a marketing executive with Redwood credit union for 14 years.

John Reich, prior to CUnexUs, had 12 years of experience as a computer programmer with Redwood Credit Union

Funding:

2013 - Seed: Raised \$700,000

January 2016 - Raised \$1 million equity funding

August 2016 - Series A: Raised \$5 million

Company description:

CUnexUs solution provides white label software-based solutions that help credit unions and banks maximize the potential of customer relationships. CUnexUs' end-to-end pre-approved lending solution includes an advanced risk-based pricing and multi-product rules engine, branch and call center cross-sales integration, online and mobile communications, and a full analytics suite. It also provides full-service design, print, direct mail and email capabilities, offered through its fulfillment partner PSB Integrated Marketing.

Product/Service:

cplXpress platform: Comprehensive Prescreened Lending Xpress--an always-on, mobile compatible lending dashboard where consumers are provided with a perpetual loan approval status based on the partner FI's criteria.

Target clients: Banks and credit unions with asset sizes from \$150 million to \$10 billion. Some of its existing clients are: EECU, Harborstone, Golden 1 Credit Union, Neighbour Credit Union, Mocse Credit Union, Excel Federal Credit Union, Neighbors Credit Union, Los Angeles Police, Dort Federal Credit Union.

Partners: PSB Integrated Marketing, Digital Insight, FIS, Harland Clarke, Edmunds.com, Richards, Rodriguez & Skeith, LLP, CircaNow, Hemingway & Hansen, LLP.

Major Business News:

Since 2013, the company has made multiple partnerships for both enhanced marketing and sales and for developing innovative products.

Some of its recent new initiatives are:

- Integrating MeridianLink's loan origination system, LoansPQ to cplXpress.
- Partnered with Edmunds.com, a car shopping portal and launched AutoXpress, which enables banks and credit unions to deliver an end-to-end auto purchasing experience.

The company plans to use the latest funding to expand growth and hire additional personnel and for continuous product development. It has also claimed that they have multiple additional products to be launched in 2017.



Type: White Label Lending Software

Website: www.akoubacredit.com

Founding year: 2014

Headquarters: Chicago, IL

Founders: Chris Rentner, Evan Hareras, & Nick McMillan

Chris Rentner, prior to Akouba, attended the Merchant Marine Academy and was commissioned in the Navy Reserve. Worked with BP for a short while, and later founded RenArk Holdings, a commercial and residential asset holding and management company.

Evan Hareras, prior to Akouba, was an Operations Manager at Duke of Bubbles. Later he founded Maven Ventures, LLC, a direct marketing software to identify and contact distressed real estate property. Later he co-founded iSocket Acquired by RUBI, technology platform purpose-built to simplify the buying and selling of fixed price, premium, reserved inventory.

Nick McMillan, prior to Akouba, had worked as a software engineer and developer at Motorola, SpringCM, and The Nerderly for 6 years. He was also the Co-Founder for RYTE Bytes, a FoodTech startup before co-founding Akouba.

Funding:

2016 - Seed: Raised \$50,000

Investor:

VC FinTech Accelerator

Company description:

Akouba provides banks, credit unions and other financial institutions with an end-to-end white label technology solution to automate and speed up small and medium-business loans.

Product/Service:

A software platform that integrates with the banks, takes their underwriting requirements and automates the entire process of small-business lending. The company claims to reduce the time for loan origination from four or five hours over a four to six day period compared to around 30 hours of over six weeks.

Target clients: Community and Regional Banks

Major Business News:

The company has been a part of the Techstars accelerator and is currently part of Arkansas-based VC FinTech Accelerator which is operated by FIS.