

Lending Times

Daily News, Analysis and Data For Alternative Lending Executives

Webinar

Latest Advances in Process-
Automation for Digital Lenders





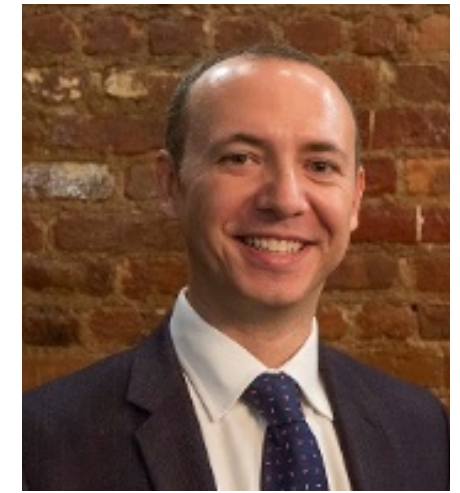
- Co-founder and President
- TCI founded in 1982, headquartered in Islandia, New York
- Launched first Loan Origination System in 2000
- Focuses on banks, credit unions, finance companies, and online lenders
- TCI serves small to mid-size institutions
- Powers over 700 lenders
- 80 employees



- Head of Marketing Technologies and Content at Kabbage
- Spent the past 4 years marketing technology solutions for small businesses
- Undergrad degree in Finance, MBA in marketing
- Speaker for the SBA and other small business organizations



- Director, Products & Experience
- Over a decade of experience in mobile and fintech
- Started career as a loan officer, consumer & equity products
- Worked as product manager for online loan origination platform offered by Digital Insight and Intuit



Lending Times

- Editor in Chief and Founder
 - Main source of news, analysis and data for online lending
 - Best journalist coverage award from industry, March 2017
- Entrepreneur
- Built 11+ companies
 - Built #1 fastest growing company in Boston
 - Inc 500/5000 4 years in a row

The (fairly) complete technology stack

Marketing

Application

Underwriting

Fraud / Data verification

Legal process

Disbursement

Servicing

Customer Service

What we
will
address
today

Marketing

Application

Underwriting

Fraud / Data verification

Legal process

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Servicing

Customer Service



CONSUMER LOAN ORIGATION

FOR ONLINE LENDING

Presented by: Bill Nass, President

Application

Underwriting

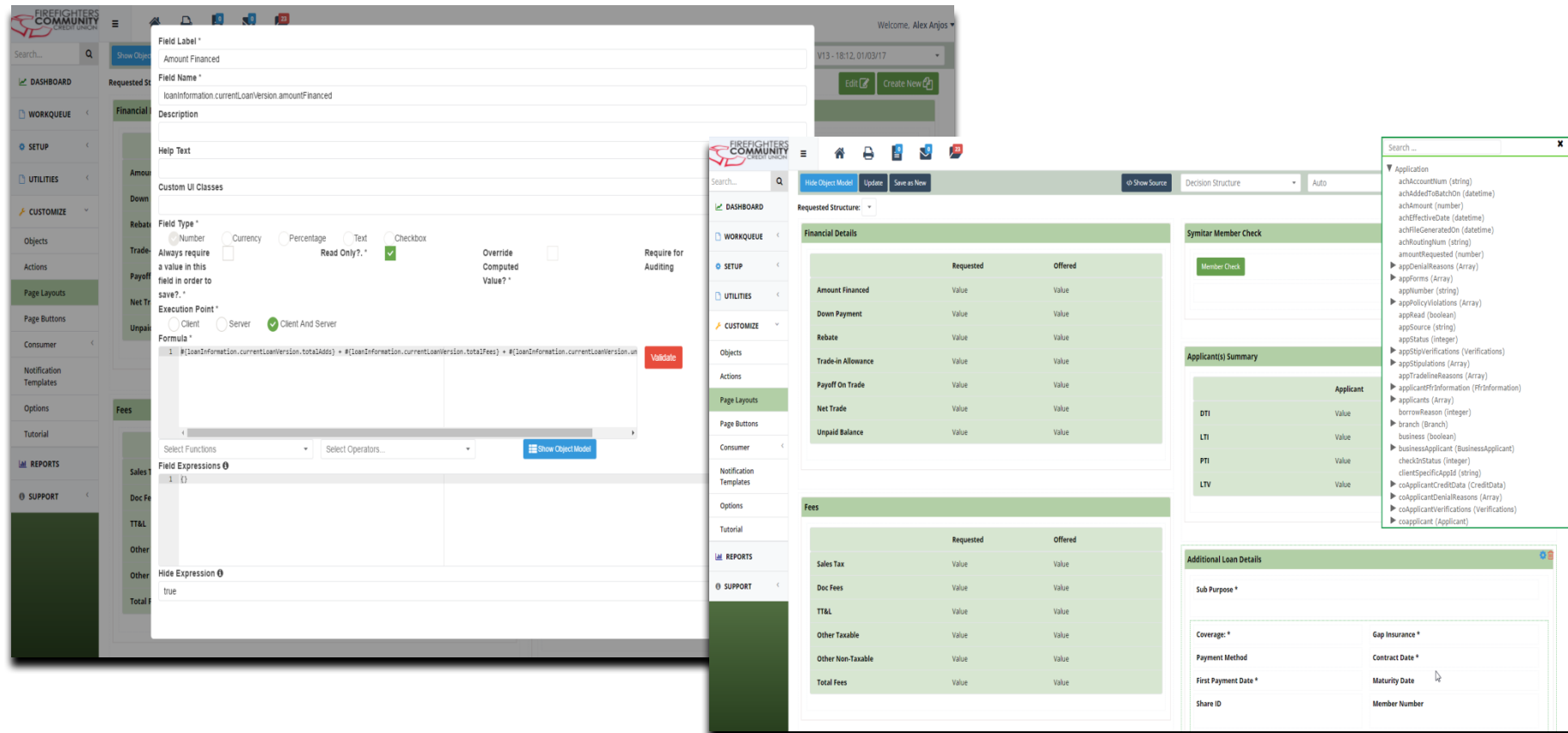
Legal process



- Internet lending is evolving, and to remain competitive you need a flexible loan origination solution with the following:
 - I. Configurability without developer resources
 - II. Event Handler
 - III. Open API
 - IV. Powerful Rules Engine
 - V. Analytics & Reporting Tools
 - VI. Documents and eSignature
 - VII. Champion Challenger Simulations

Configurability

- Fully configurable without IT resources
- Save time by making your own changes
- No more tickets sent to your LOS provider



The screenshot displays the TCI Loan Origination Solutions interface, specifically the configuration screen for a field labeled 'Amount Financed'. The interface is divided into several sections:

- Field Configuration:**
 - Field Label:** Amount Financed
 - Field Name:** loanInformation.currentLoanVersion.amountFinanced
 - Description:**
 - Help Text:**
 - Custom UI Classes:**
 - Field Type:** Number (selected), Currency, Percentage, Text, Checkbox
 - Always require a value in this field in order to save?:** ☐
 - Execution Point:** Client, Server, Client And Server (selected)
 - Formula:** `1: #[loanInformation.currentLoanVersion.totalAddgs] * #[loanInformation.currentLoanVersion.totalFees] * #[loanInformation.currentLoanVersion...`
 - Field Expressions:** `1: 1`
 - Hide Expression:** `true`
- Financial Details Table:**

	Requested	Offered
Amount Financed	Value	Value
Down Payment	Value	Value
Rebate	Value	Value
Trade-in Allowance	Value	Value
Payoff On Trade	Value	Value
Net Trade	Value	Value
Unpaid Balance	Value	Value
- Fees Table:**

	Requested	Offered
Sales Tax	Value	Value
Doc Fees	Value	Value
TT&L	Value	Value
Other Taxable	Value	Value
Other Non-Taxable	Value	Value
Total Fees	Value	Value
- Applicant(s) Summary Table:**

	Applicant
DTI	Value
LTI	Value
PTI	Value
LTV	Value
- Additional Loan Details:**
 - Sub Purpose:**
 - Coverage:** ☐
 - Payment Method:**
 - First Payment Date:**
 - Share ID:**
 - Gap Insurance:** ☐
 - Contract Date:**
 - Maturity Date:**
 - Member Number:**

Event Handler

- A trigger system of dominos that controls each event
- When a condition is met, do the following...

Application LifeCycle

Events

- ▶ Lifecycle
- ▼ Prescreen
 - Before prescreen event
 - Run prescreen event**
 - After prescreen event
 - Prescreen decision declined event
 - Prescreen decision referred event
 - Prescreen decision pass event
 - Pre auto pull creditreport event
 - Auto pull creditreport event
 - Post auto pull creditreport event
- ▶ AutoDecision
- ▶ ManualDecision
- ▶ Contract Prep
- ▶ Funding

Event: Run prescreen event

Description: This event runs prescreen rules on Application

Add New Application Life Cycle

Loan Type: *
Auto Indirect

Name *

Type: *
Select Type

Description

Execution Order *
2

Enable
☒

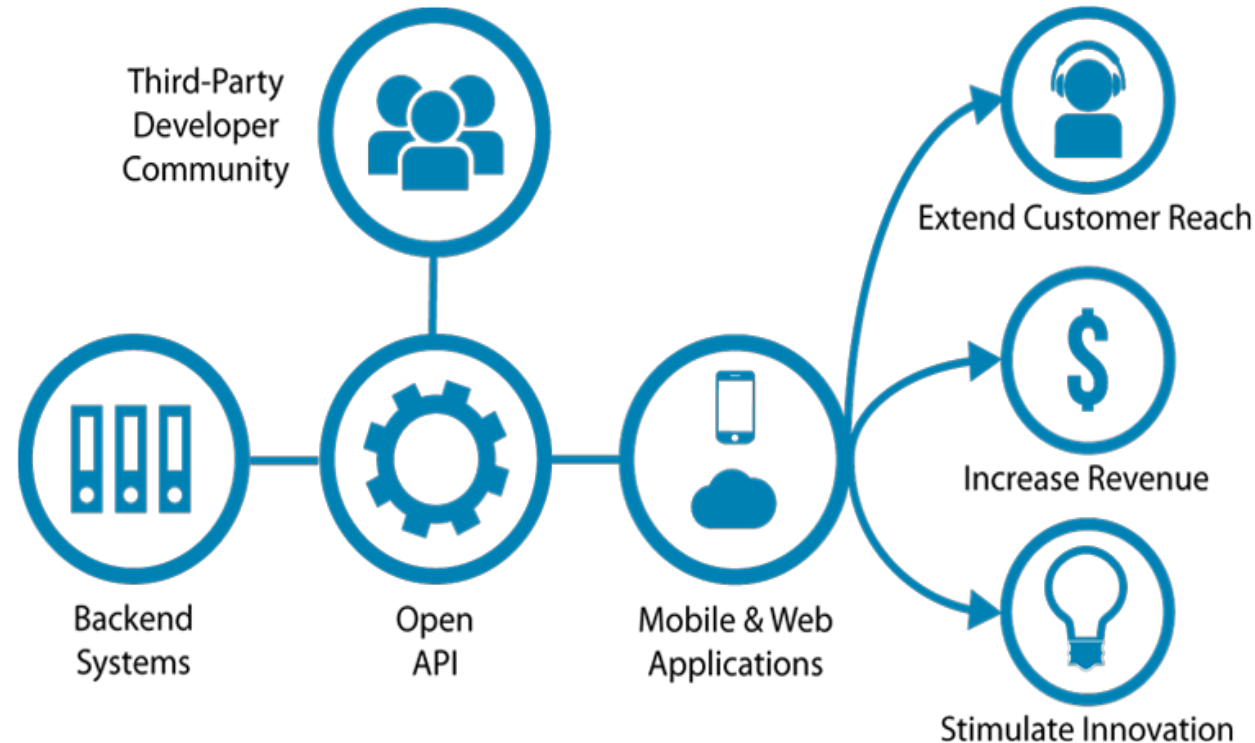
Execution Criteria	
1	

[Add Handler Chain Exit Condition](#)

Save
Cancel

Open API

- Difficult and expensive to connect with a third-party without an open API
- Save on integration costs
- Connect with any third-party
- Work with any data source



Rules Engine

- Construct your own rules without developer resources
- Customizing your rules allows you to run “special offers”
- Save money by making changes yourself

Rule Editor

[Decision Profiles / DL4 Lite Profile v2.0 - 06/04/2016 / Prescreen / MaximumAgeOfVehicle](#)

Back

Rule "MaximumAgeOfVehicle"

When [Add New](#)

☒ VehicleAgeDSL - Maximum age of vehicle <= 10 years

Then [Add New](#)

☒ Generic rule Passed

[Validate](#) [Save](#)

Rules List

[Decision Profiles / DL4 Lite Profile v2.0 - 06/04/2016 / Common](#)

Copy

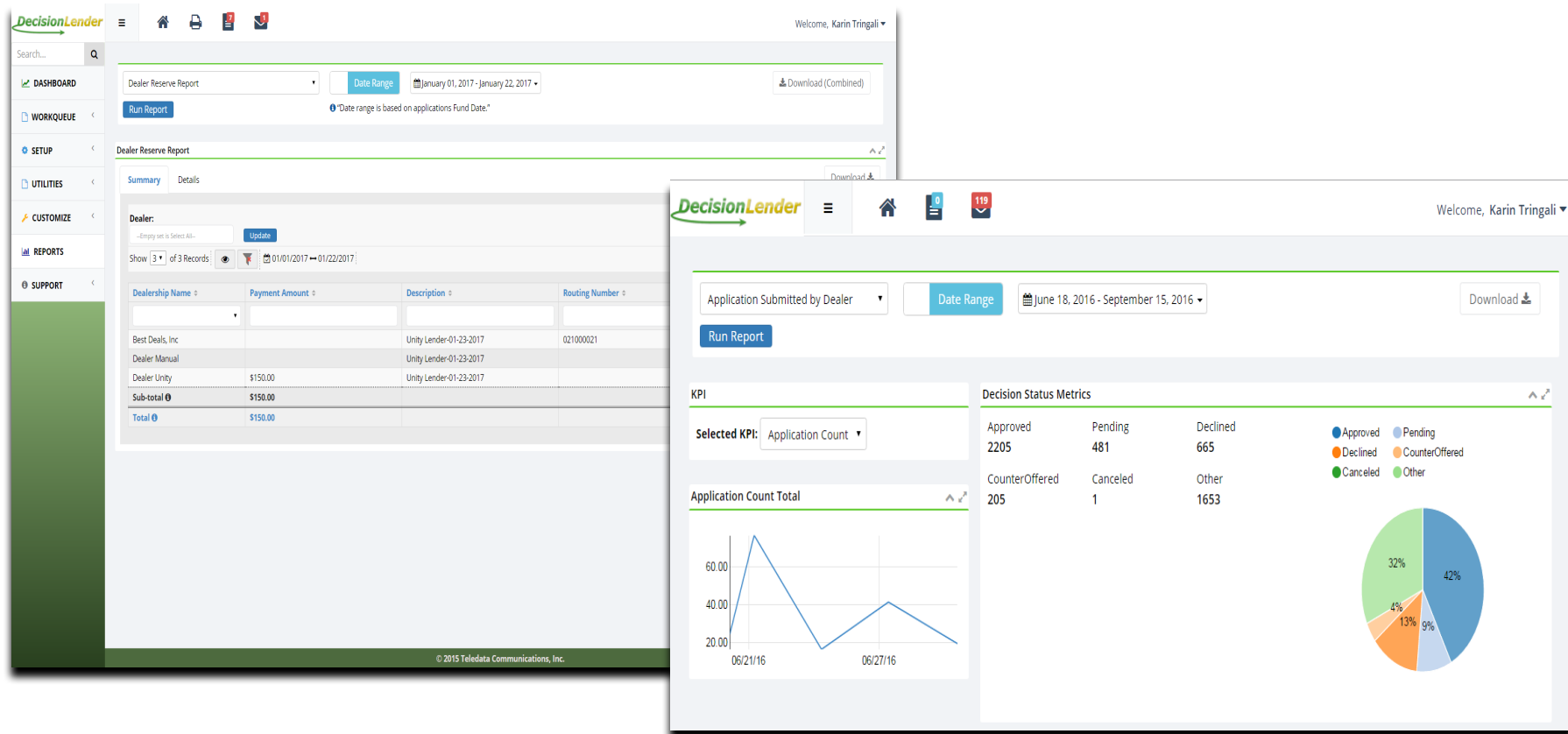
Show 10 Results from Total # Results: 27

Select	Rule Name	Description	Score	Critical	Policy Reference	Action
<input type="checkbox"/>	CreditScore-Applicant	Applicant Credit Score >= 700	1	false	No Reference Available	Edit Delete
<input type="checkbox"/>	CreditScore-CoApplicant	Co-Applicant Credit Score >= 700	1	false	No Reference Available	Edit Delete
<input type="checkbox"/>	DebttoIncomeApplicant-NonSpousal	Applicant (Non-Spousal) Debt to Income (DTI) <= 45%	0	false	No Reference Available	Edit Delete
<input type="checkbox"/>	DebttoIncome-Applicant	Applicant Debt to Income (DTI) >= 45%	1	false	No Reference Available	Edit Delete
<input type="checkbox"/>	DebttoIncome-CoApplicant	Co-Applicant Debt to Income (DTI) >= 45%	1	false	No Reference Available	Edit Delete
<input type="checkbox"/>	DebttoIncomeCoApplicant-NonSpousal	Co-Applicant (Non-Spousal) Debt to Income (DTI) >= 45%	0	false	No Reference Available	Edit Delete
<input type="checkbox"/>	DebttoIncome-Combined	Combined Debt to Income (DTI) >= 45%	1	false	No Reference Available	Edit Delete
<input type="checkbox"/>	GrossMonthlyIncome-Applicant	Applicant Gross Monthly Income >= \$1300	1	false	No Reference Available	Edit Delete
<input type="checkbox"/>	GrossMonthlyIncome-CoApplicant	Co-Applicant Gross Monthly Income >= 1500	0	false	No Reference Available	Edit Delete
<input type="checkbox"/>	LoanToIncome	Loan to Income (LTI)(Amount Financed/Total Combined Gross Annual) <= 20%	0	false	No Reference Available	Edit Delete

« 1 2 3 »

Analytics & Reporting

- Track performance and compliance
- Manage goals and expectations
- Identify areas of improvement



Documents and eSignature

- Upload and manage documents
- Authenticate transactions / Fraud prevention
- Sign documents digitally

Contract No. 6-_____

USED VEHICLE SERVICE CONTRACT – POWERTRAIN ONLY

MILWAUKEE SERVICE CONTRACT CORP.

6001 W. Capitol Drive

Milwaukee, WI 53216

(414) 447-5125

PURCHASER map primary applicant's name
(NAME)
Map Primary applicant address Line, city, state and postal code
(ADDRESS)

VEHICLE map veh map vehicle make f map vehicle model from contr map vin from contract collater
(YEAR) (MAKE) (MODEL) (IDENTIFICATION NUMBER)

DATE OF PURCHASE: contract date ODOMETER READING: map mileage from contract d
(ON DATE OF PURCHASE)

PRICE \$ map warranty f

6. PURCHASER'S OBLIGATIONS: To obtain the repairs or replacements covered by this Service Contract PURCHASER must:

(a) Notify MSCC of any defect of any Covered Part within the Term of This Service Contract.

(b) Deliver the VEHICLE to MSCC's Designated Repair Facility within a reasonable time after notice of the defect has been given and present PURCHASER'S copy of this Service Contract to MSCC.

(c) Authorize MSCC to make repairs or replacements required to be performed; and

(d) Upon re-delivery of the repaired VEHICLE, pay the \$50.00 Deductible and any costs associated with non-covered parts or labor. Plus tax.

7. EXCLUSION OF MSCC'S LIABILITY FOR INCIDENTAL AND CONSEQUENTIAL DAMAGES: MSCC SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY DEFECTS COVERED BY THIS SERVICE CONTRACT OR ANY IMPLIED WARRANTIES APPLICABLE TO THE VEHICLE INCLUDING, BUT NOT LIMITED TO, PROPERTY DAMAGE, LOSS OF USE OF VEHICLE, LOSS OF TIME, INCONVENIENCE AND COMMERCIAL LOSS. (Some states do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to you).

8. CANCELLATION: This contract may be canceled if no claim has been paid. If canceled within 30 days a full refund will be paid. After 30 days MSCC will retain an Amount, calculated pro-rata based on the months or mileage elapsed since the date of purchase whichever is greater plus a \$50.00 cancellation processing charge, refunding the balance to you. If the amount paid for this contract was financed then the refund will be made to the financing source so long as there is a balance owing. If a claim was paid - there is no refund.

9. PURCHASER'S LEGAL RIGHTS: This Service Contract gives you specific legal rights, and you may also have other rights which vary from state to state. This is a contract for repairs as specified herein. It is not a warranty or an insurance contract.

Lienholder Map Lender Name

Dated this MAP CONTR day of map the month of the contract, 20 map the

(MSCC'S AUTHORIZED SIGNATURE)

Purchaser acknowledges that prior to signing that he/she has read the foregoing Used Vehicle Service Contract including the reverse side and understands and accepts the same. Purchaser further acknowledges receipt of a copy of this Used Vehicle Service Contract.

(PURCHASER'S SIGNATURE)

THIS WARRANTY IS SUBJECT TO LIMITED REGULATION BY THE OFFICE OF THE COMMISSIONER OF INSURANCE.
WHITE COPY-MSCC YELLOW COPY-PURCHASER PINK COPY-LENDER

6 FORM 9-91

Welcome. You have 3 documents from First Heritage Credit, LLC waiting for you.

Enter your information below to begin the SmartSign process.

* denotes required field

* First Name Middle * Last Name

* Email Address

Please confirm the signature below is as you would like it to appear when you sign the documents.

* Signature:

John Smith

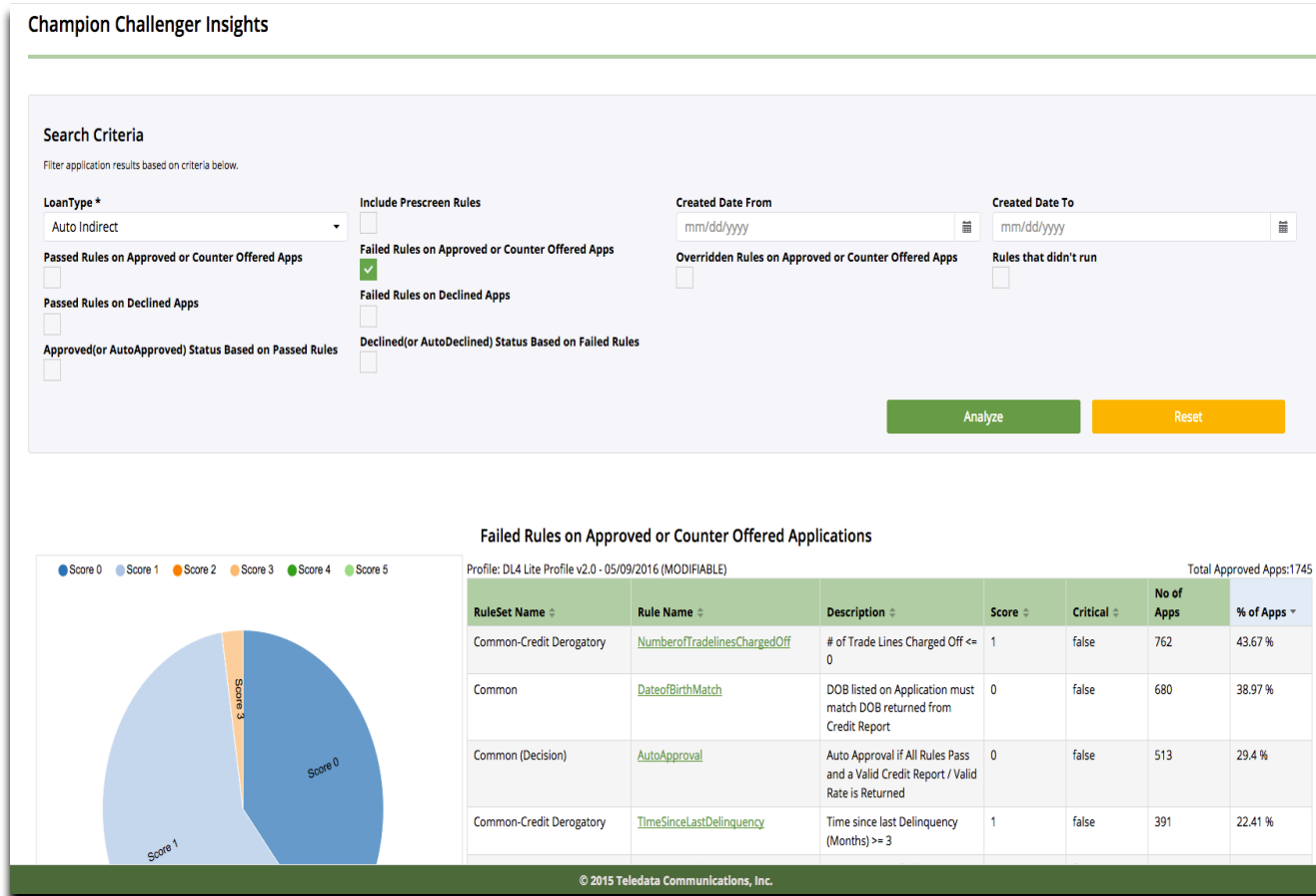
* ☐ I have reviewed and agree to be bound by the terms of the [ESIGN Consent](#) for use of electronic documents and signatures.

Copyright 2000 - 2017 eOriginal SmartSign® Web



Champion Challenger Simulations

- Find areas of improvement
- Run financial simulations to gain insight
- Did you leave money on the table?

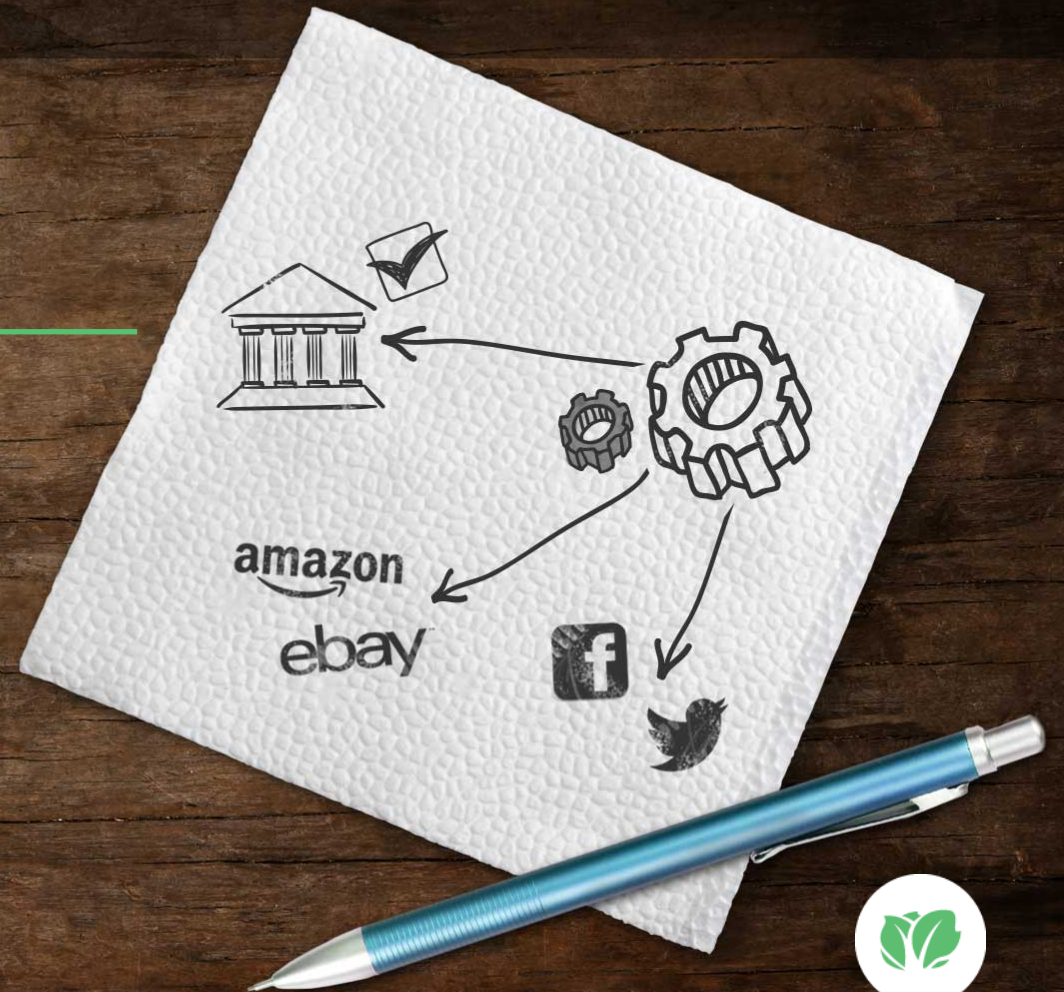




WELCOME TO
KABBAGE

Kabbage started with a simple idea

To leverage the power of real-time, persistently connected data to streamline the lending process.



Introduction

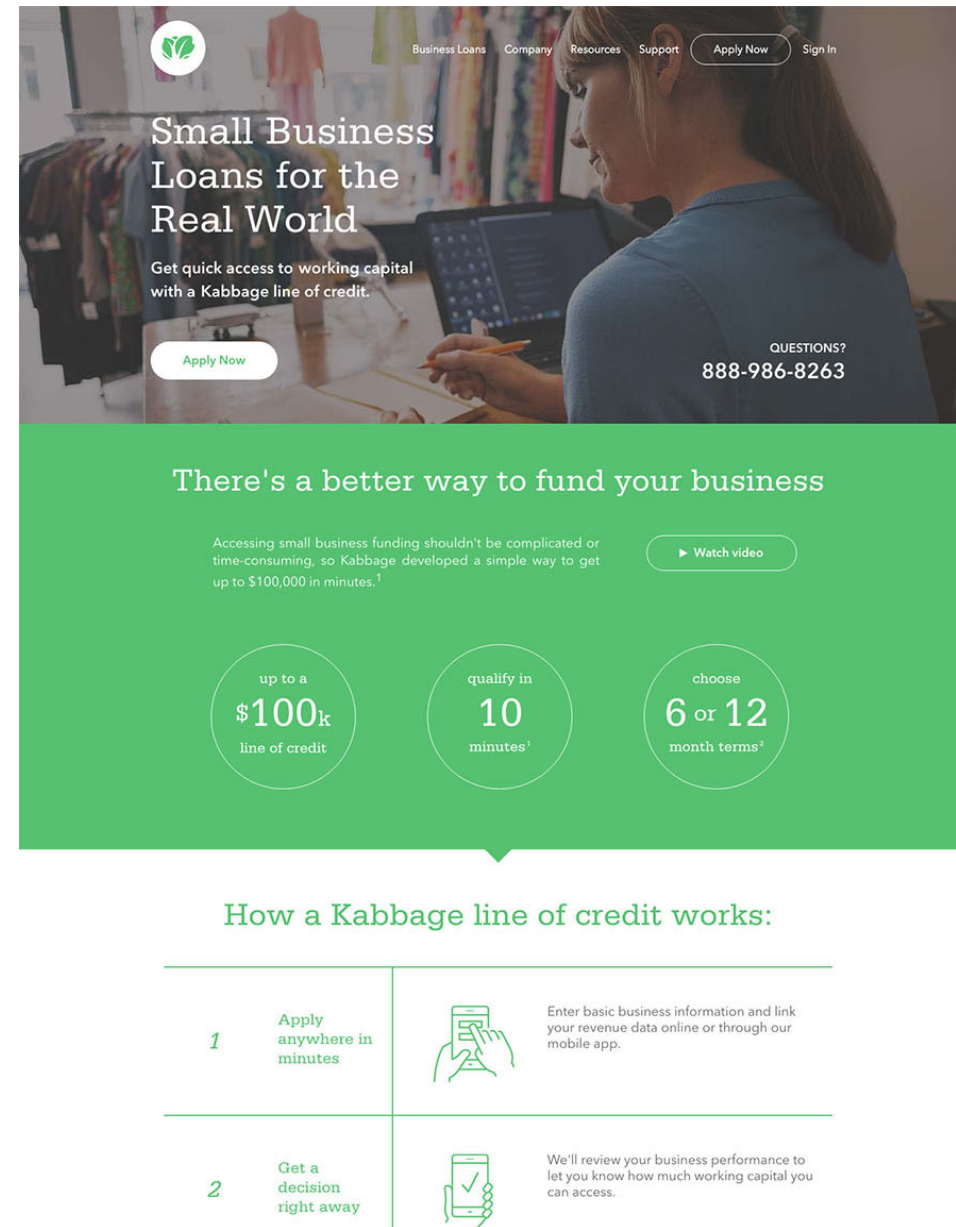
Kabbage, Inc. is a technology-enabled specialty finance company that provides working capital to small- and medium-sized businesses (“SMBs”)

- 5+ years of performance data and unique proprietary systems, risk models and risk management tools
- Driven by continuous monitoring of risk and frequent re-underwriting of portfolio



Kabbage

- › Lines of Credit: \$2K -\$150K
- › 6 or 12 Month Terms
- › More than \$3B Loaned
- › 100,000+ customers served across the United States



The image shows the Kabbage website landing page. At the top, there's a navigation bar with links for Business Loans, Company, Resources, Support, Apply Now, and Sign In. The main header features the Kabbage logo and the text "Small Business Loans for the Real World". Below this, a sub-header says "Get quick access to working capital with a Kabbage line of credit." and there's an "Apply Now" button. A phone number "888-986-8263" is also visible. The main body has a green background with the text "There's a better way to fund your business". Below this, a paragraph explains that accessing small business funding shouldn't be complicated or time-consuming, and that Kabbage developed a simple way to get up to \$100,000 in minutes. There are three circular icons: "up to a \$100k line of credit", "qualify in 10 minutes", and "choose 6 or 12 month terms". At the bottom, there's a section titled "How a Kabbage line of credit works:" with two steps: 1. "Apply anywhere in minutes" (with an icon of a hand pointing to a screen) and 2. "Get a decision right away" (with an icon of a smartphone showing a checkmark).

Small Business Loans for the Real World

Get quick access to working capital with a Kabbage line of credit.

Apply Now

QUESTIONS?
888-986-8263

There's a better way to fund your business

Accessing small business funding shouldn't be complicated or time-consuming, so Kabbage developed a simple way to get up to \$100,000 in minutes.¹



► Watch video

up to a
\$100k
line of credit

qualify in
10
minutes¹

choose
6 or 12
month terms²

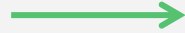
How a Kabbage line of credit works:

1	Apply anywhere in minutes		Enter basic business information and link your revenue data online or through our mobile app.
2	Get a decision right away		We'll review your business performance to let you know how much working capital you can access.

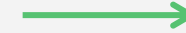
Lending Process



Customer completes a simple application & provides access to data sources



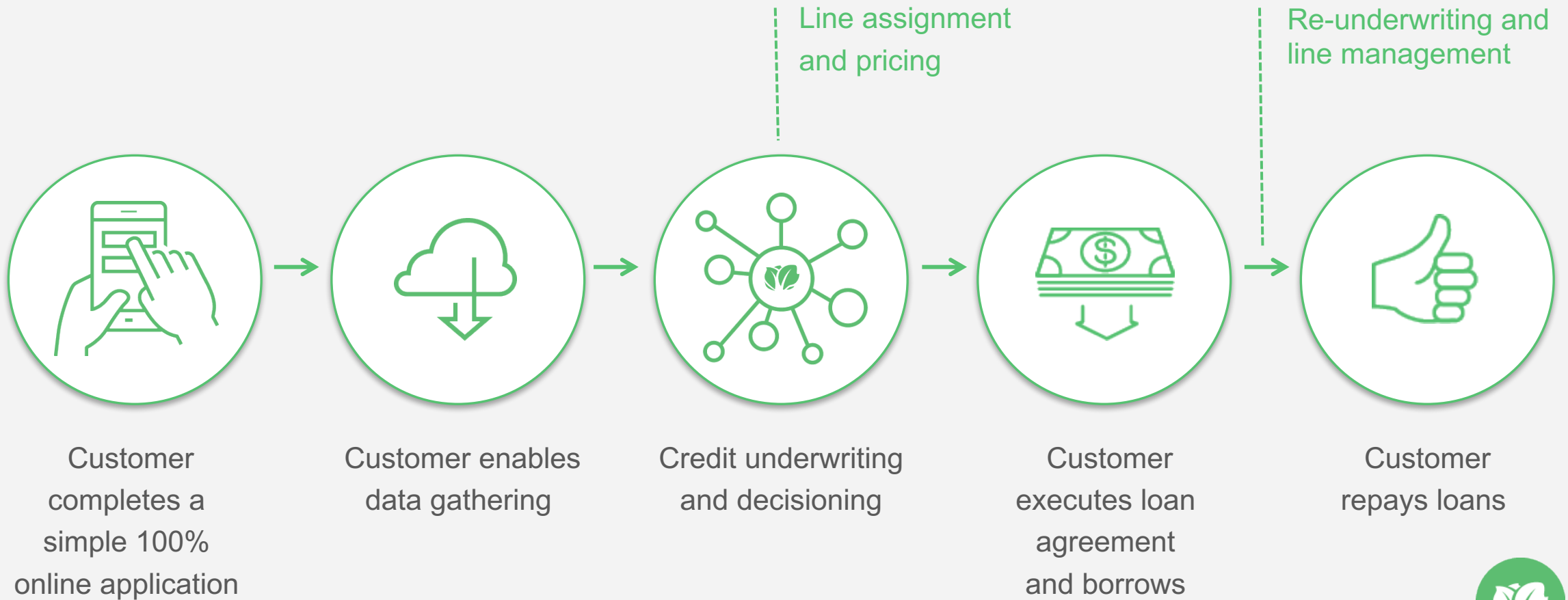
Kabbage looks at numerous data sources to *instantly qualify* customers



Capital is provided within minutes. 95% of customers have a 100% automated experience

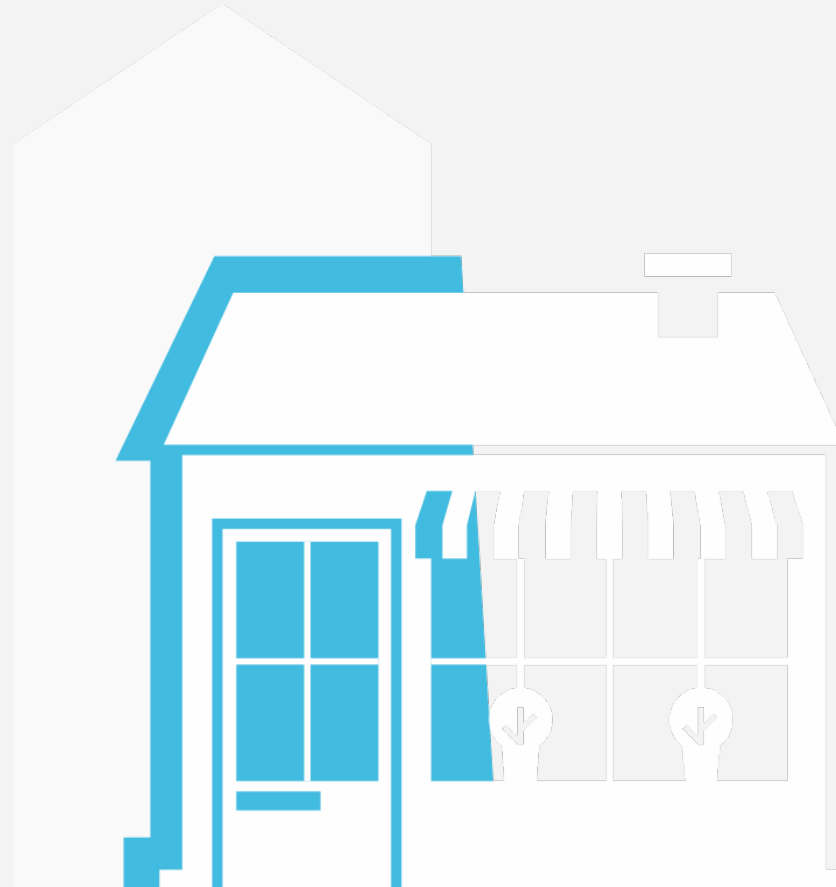


Customer Stages



Use Cases

- Inventory
- Marketing
- Product Expansion
- Equipment Purchases
- Hiring
- Working Capital



THE TECHNOLOGY ADVANTAGE

*The space between and around the data
is more important than the data itself.*

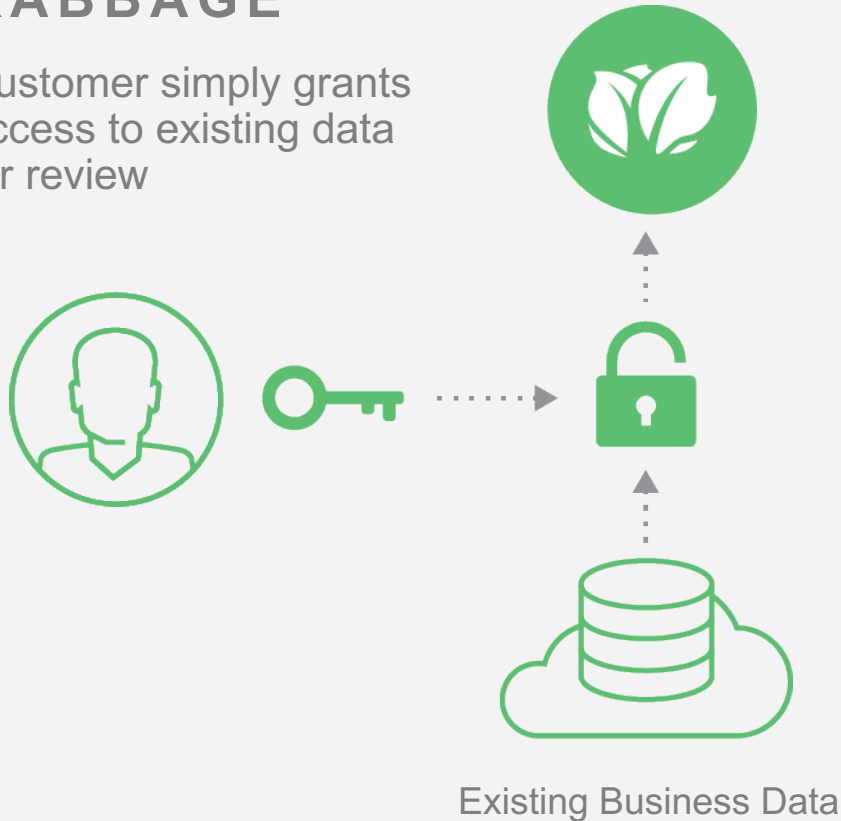
-Rob Frohwein, Co-Founder & CEO



Data Collection / Usage Comparison

KABBAGE

Customer simply grants access to existing data for review



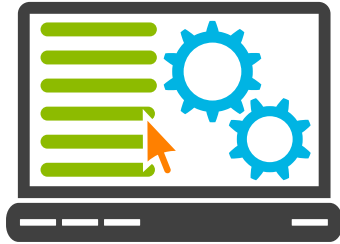
TRADITIONAL

Customer is responsible for gathering and providing all data for review



The power of automation in underwriting

Automated and ongoing access to data allows for an advanced approach to portfolio risk



AUTOMATION

By completely automating the loan application and underwriting, Kabbage has eliminated the dependency on slow manual processes giving the user an instant decision



ONGOING DECISIONS

This automated process enables the Kabbage Platform to make ongoing decisions (e.g., nightly) about our customers and take pre-configured risk actions based on new information.









DATA SOURCES

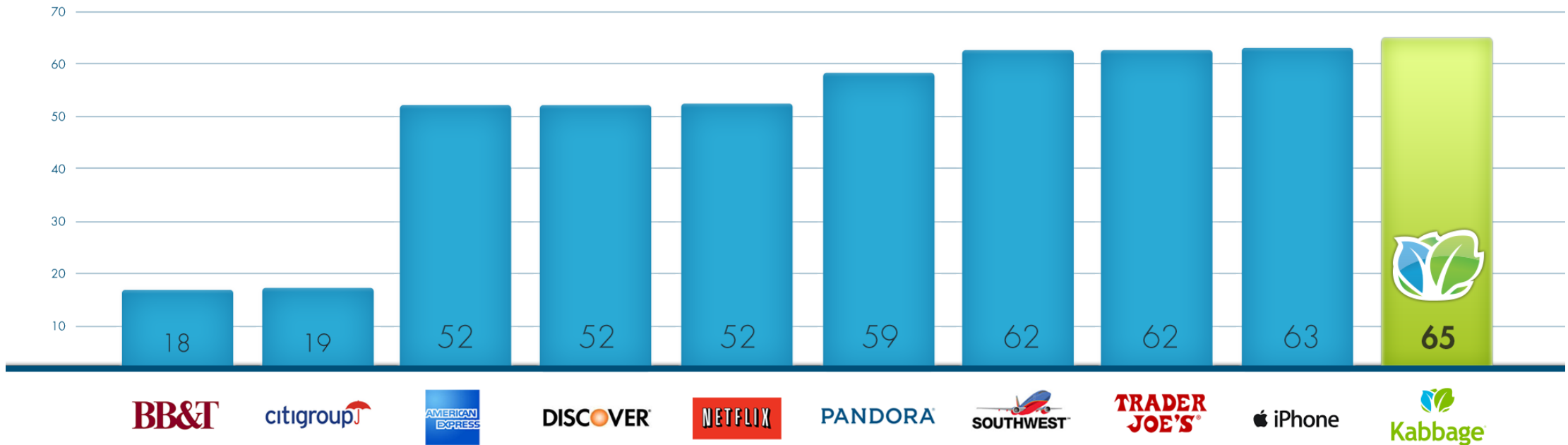
Kabbage's proprietary risk models are built upon our unique set of traditional and non-traditional customer data.



Kabbage vs. alternative products and lenders

Small business funding options	Their strengths	Their weaknesses and where Kabbage wins
Traditional bank loan / line of credit 	<ul style="list-style-type: none"> • If approved, you can typically get lower rates and a larger sum of money • Familiarity; it's what small businesses owners know due to personal banking relationship 	<ul style="list-style-type: none"> • Offline, slow process; Speed to funds • Paperwork • Likelihood to get funds is low • Collateral (personal guarantee + asset required)
Small business credit cards 	<ul style="list-style-type: none"> • Perks and points 	<ul style="list-style-type: none"> • Annual fees • Many vendors/employees don't accept credit. Kabbage delivers cash.
Other pure play online lenders 	<ul style="list-style-type: none"> • Fast approval compared to banks • Offers higher limits (up to \$500k) and longer terms (up to 36 months) 	<ul style="list-style-type: none"> • The process is not 100% automated, more time for SMB owner • Origination fees • Traditional loan product requires reapplying each time funds are required • Daily repayment
Other online lenders:  	<ul style="list-style-type: none"> • Quicker application process than banks • Ease of use: tied directly into PayPal account 	<ul style="list-style-type: none"> • Daily repayment tied directly to sales • Confined customer group/Not platform agnostic; does not account for revenue outside of Paypal account • Prepayment penalty
Merchant cash advances 	<ul style="list-style-type: none"> • Approves riskier small business owners 	<ul style="list-style-type: none"> • Rates often greater than 100% • Slower approval time • Daily repayment

Great customer service



- High Net Promoter Score (NPS) comes from exceptional in-house customer service and account management
 - Abandon rate less than 1%
 - ASA (average speed of answer) 12.7 seconds
 - Service level 96%
 - First contact resolution rate 71.6%

Technology Infrastructure

Designed for Scale

- Leveraging both physical and cloud based infrastructure to enable security and flexibility in core platform layers
- Distributed processing to enable asynchronous processes and a fluid user experience
- Real-time monitoring of the platform enables a near immediate response to issues
- Redundant Infrastructure and storage clustering
- Automated backups to offsite storage

Designed for Security & Privacy

- Multi-Layered Defense in Depth Strategy
- Data encryption in flight and at rest at all layers
- Both Internal and external penetration and security scans.
- Industry leading WAF protection to mitigate DDoS attacks

Designed for Agile Delivery

- New features and enhancements are deployed to our platform weekly
- Multi-layer testing strategies enable features to be vetted before being introduced to customers.
- Gated Environment promotion (four eyes)

- ✓ Penetration Testing
- ✓ Vulnerability Scans
- ✓ SSAE 16 SOC 1 Type 1
- ✓ Synthetic Monitoring
- ✓ Data Encryption
- ✓ Cloud enabled infrastructure
- ✓ Automatic scaling infrastructure
- ✓ Automated backups
- ✓ Redundant Architecture



Kabbage PLATFORM

- › Enable banks and non-banks to leverage our data, technology and infrastructure to serve their customers.
- › White Label, Custom & Turnkey Solutions
- › Leverage the power of global data across our platform to benefit all parties.



The SMART BOX

Q: What is the SMART BOX?

A: The **Straightforward Metrics Around Rate and Total** cost Box (SMART BOX). We partnered with industry leaders to create a uniform disclosure and comparison tool for our Small Business owners.

Q: Why?

A: Kabbage is committed to fees and rate structure transparency and **comparable terms** across products and companies. This is a way to see actual cost, compare products and be able to make straightforward business decisions based on a specific borrower use case.

- Uniform

Disclosure

- Transparency

- Comparison Tool



SMART Box is Coupled With Easy to Understand Monthly Fee Schedules For Redundancy in Transparency

1. Select loan details

Loan Amount

\$10,000

Term Length

6-Months

Have a promotional code?

☐ Enter Exact Amount

2. Review payment schedule

This loan will be repaid over 6 months via automatic withdrawal. There are no early payment fees so you can **pay early and save.**

New Loan

All My Loans

10/08	2015	11/08	2015	12/08	2015	01/08	2016	02/08	2016	03/08	2016
\$1,660.67	Loan	\$1,660.67	Loan	\$1,660.67	Loan	\$1,660.67	Loan	\$1,660.67	Loan	\$1,660.67	Loan
\$200.00	2% Fee	\$200.00	2% Fee	\$100.00	1% Fee	\$100.00	1% Fee	\$100.00	1% Fee	\$100.00	1% Fee
\$1,860.67	Total Due	\$1,860.67	Total Due	\$1,760.67	Total Due	\$1,760.67	Total Due	\$1,760.67	Total Due	\$1,760.67	Total Due

New Loan: \$10,000.00

Fees: \$800.00

Loan + Fees: \$10,800.00

Continue to Review

Account Details

Available Funds

\$75,000.00

Outstanding Balance

\$1,234.56

Next Payment Date

11/12/2015

Minimum Payment Due:

\$326.52

Deposit Location

Business Checking

**** * 9924

[How are my costs calculated?](#)

[How will my payments work?](#)





Mitek

More loans **faster** in the
digital channel



Global Leader in Mobile Capture & Identity Verification

Win the Mobile Moment

1

A **NASDAQ Company**
with offices in San Diego,
London & Amsterdam

2

Inventors of Mobile Deposit®
with more than 1 billion
transactions processed

3

Proven Technology
used by 5,600 companies and
loved by 80M+ consumers

4

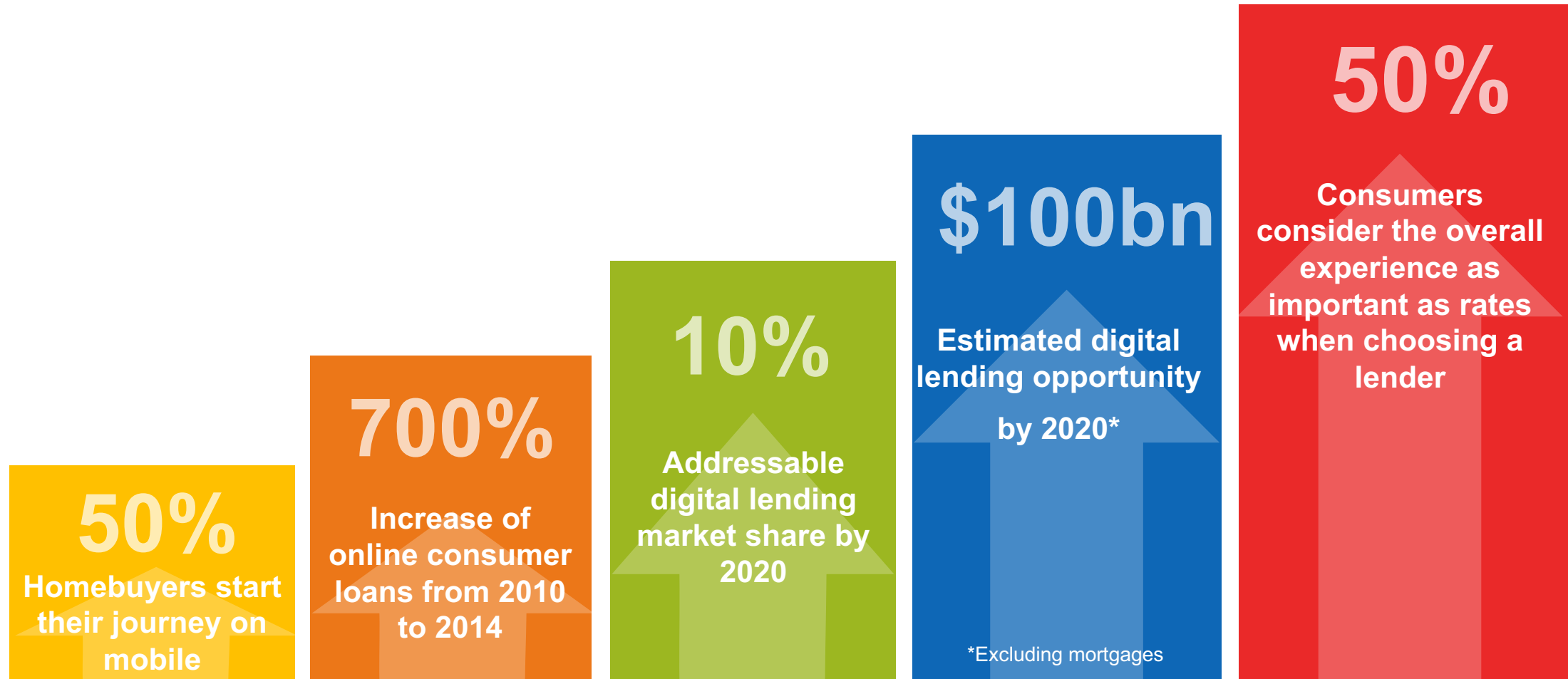
Global Document Expertise
helps leading brands build trust
in the digital economy

5

Trusted partner
dedicated to a great
customer and user
experience



Digital loan origination is coming of age



Digital Loan Origination Hurdles

Consumers expect the convenience of digital experiences to extend to their loan application journey

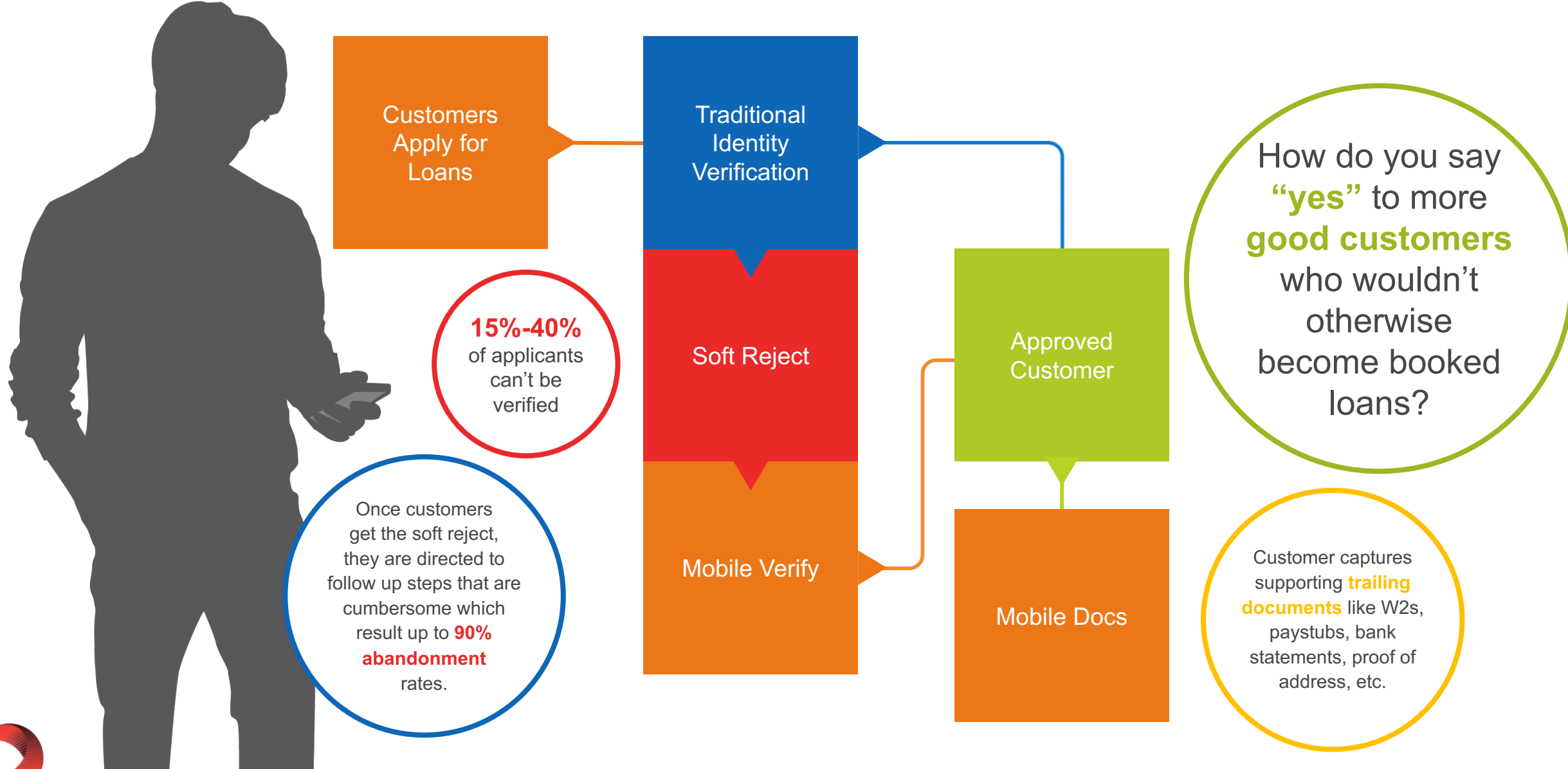
High operational costs erode margins. Time and money spent in achieving compliance and mitigating fraud risk is rapidly eroding the business' margins. Lenders need to invest in new technologies and specialized training to stay ahead of competition

Fraudsters are also benefiting from the ease of use and convenience of new technology

Regulators try to mitigate this increasing risk with ever stringent, costly and time-consuming KYC requirements that jeopardize the customer experience



ID Verification – Loan Application Use Case



Mobile Verify® helps **mitigate fraud risk** and **meet KYC** requirements without compromising the **customer experience**

Mitigate risk of fraudulent loans

Enable consumers to complete identity verification piece of digital loan application.

- Protect against fraudulent loans
- Meet KYC requirements
- Decrease the need for costly manual intervention with automated data pre-fill and document verification



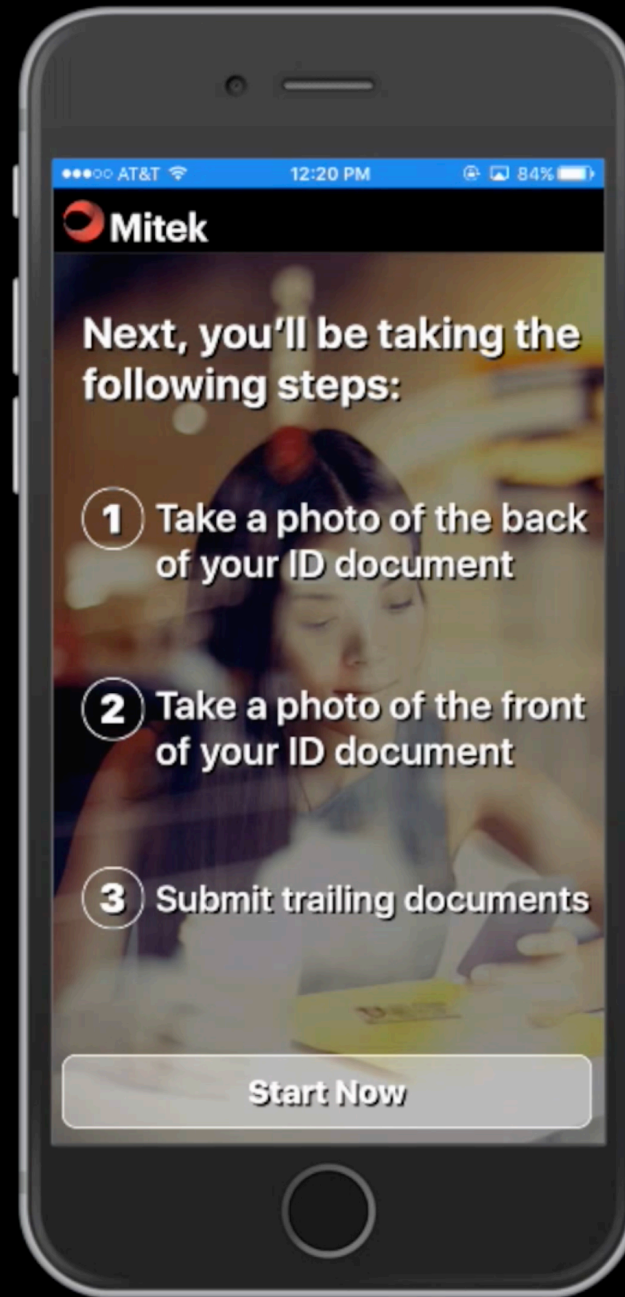
**Mobile Docs™ reduces
costs, effort and time**

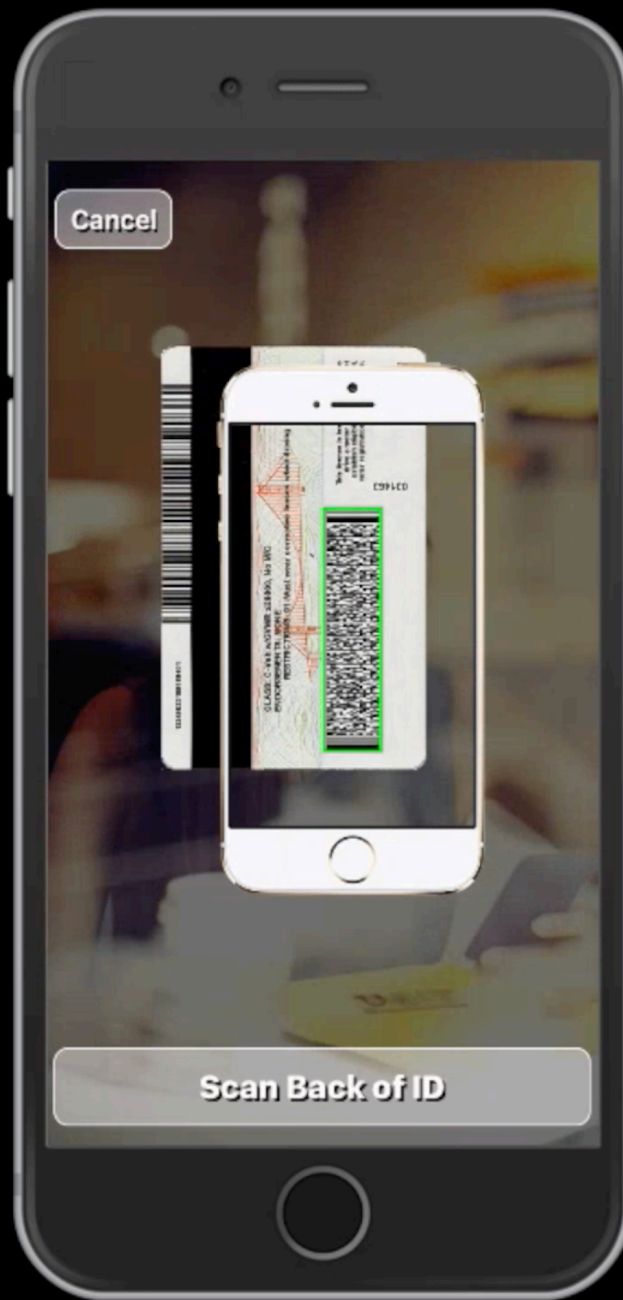
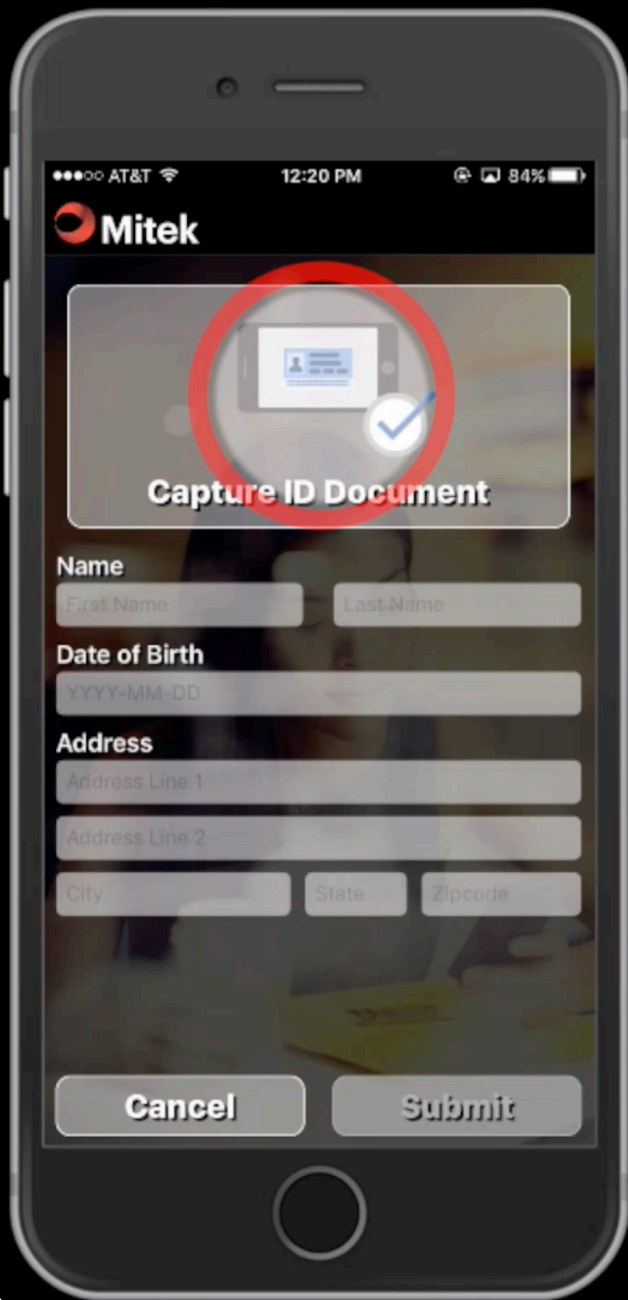
Fast and easy trailing documents submission

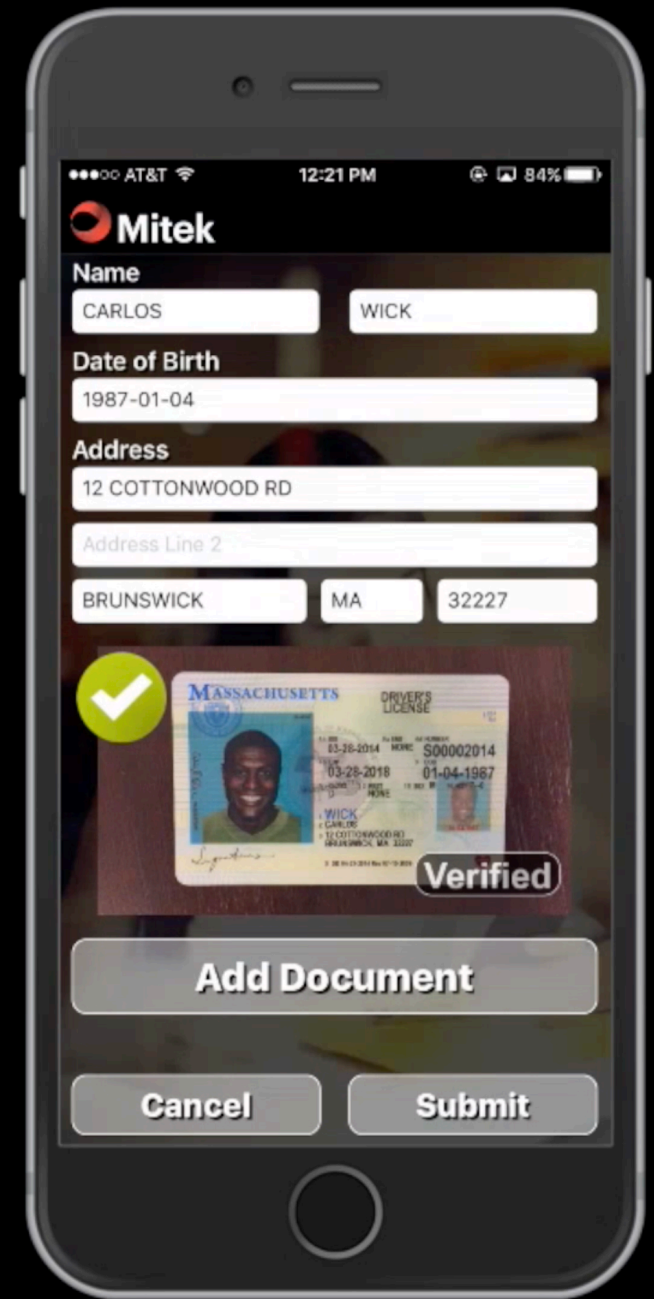
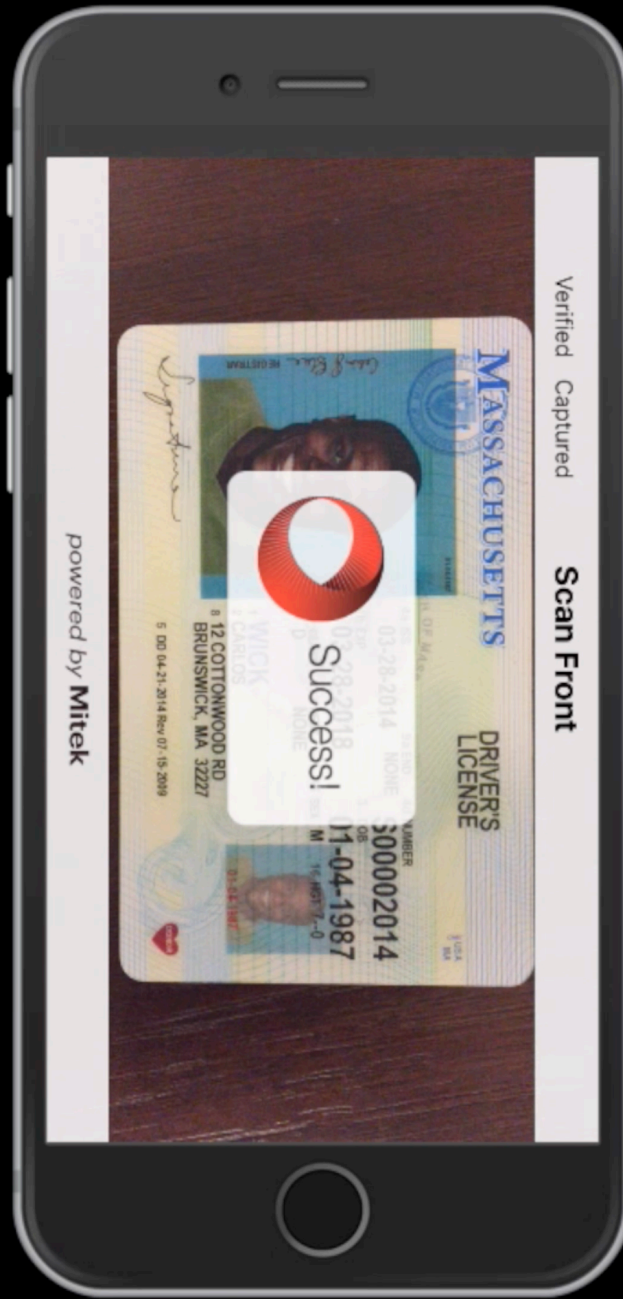
Mobile Docs allows consumers to capture and submit scanner-quality images of trailing documents using their mobile device camera, ensuring the document collection process is part of a seamless digital customer journey.

- Proof of address
- W2s
- Utility bills
- Bank statements
- Proof of insurance
- Proof of student status
- And more









AT&T 12:21 PM 84%

Mitek

Name
CARLOS WICK

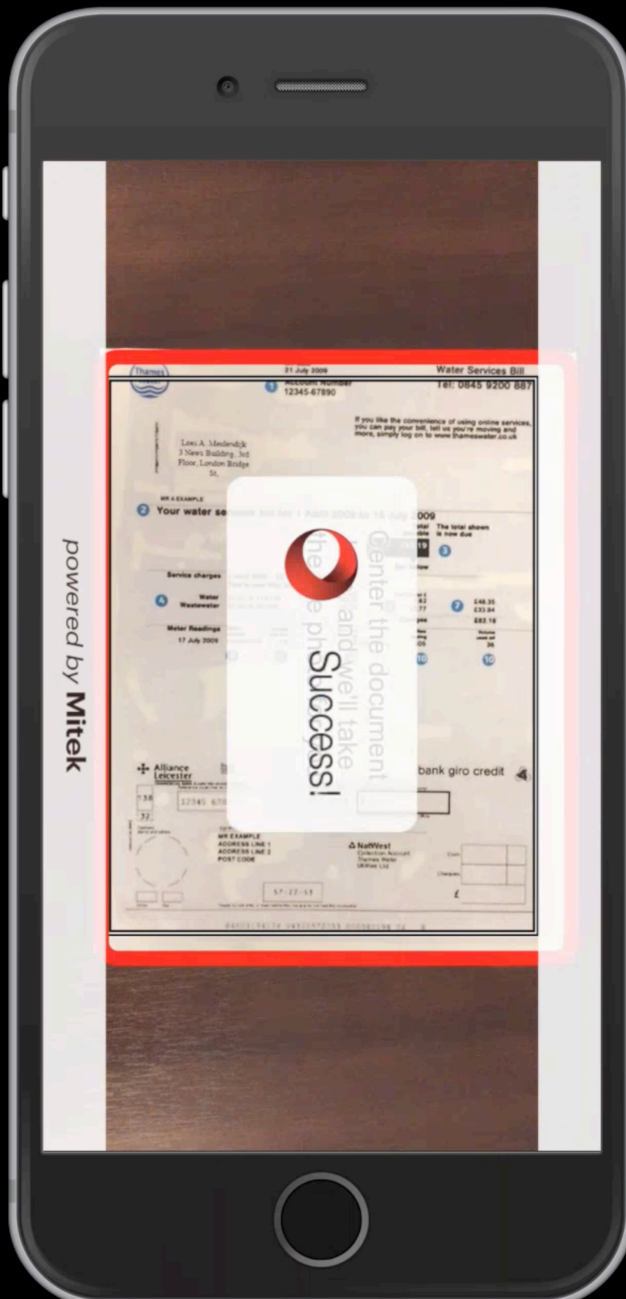
Date of Birth
1987-01-04

Address
12 COTTONWOOD RD
Address Line 2
BRUNSWICK MA 32227

  **Verified**

Add Document



Cancel Submit



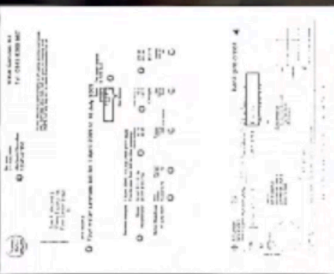
AT&T 12:21 PM 83%

Mitek

Address Line 2
BRUNSWICK MA 32227

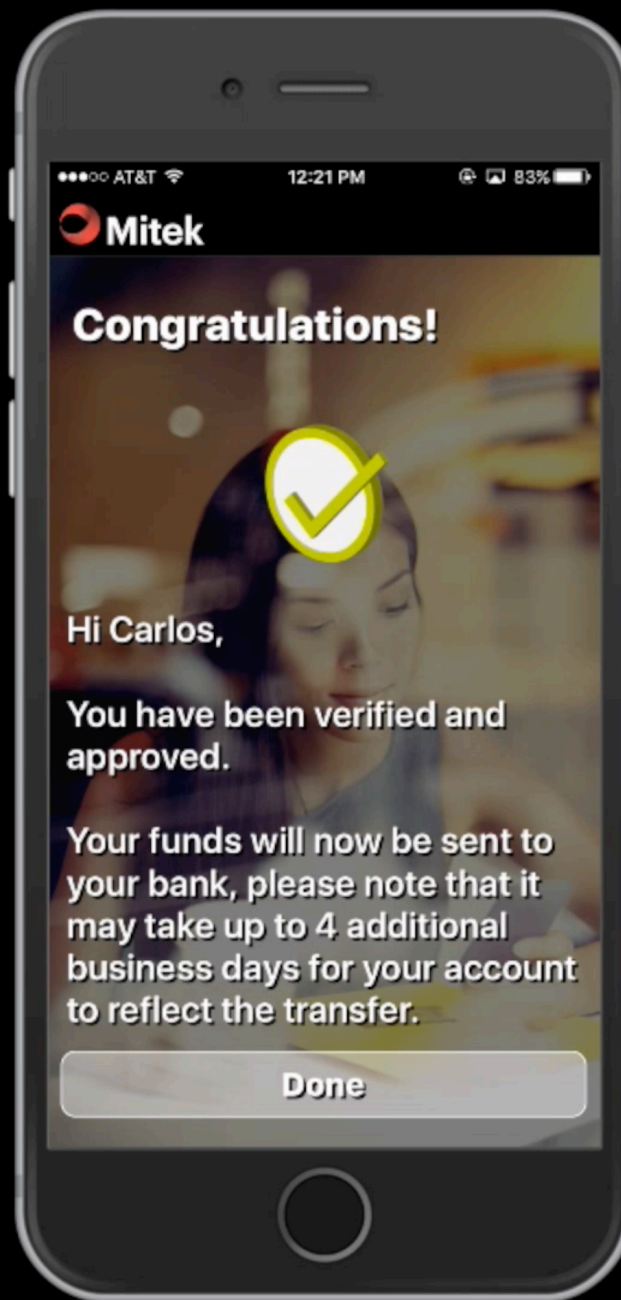
  **Verified**

Document



Cancel **Submit**





Q&A

Thanks!

