



# Open Banking for Lending

Accelerating digital transformation  
and market innovation

**APRIL 2022**

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# Consumer demand is driving digital transformation of financial services



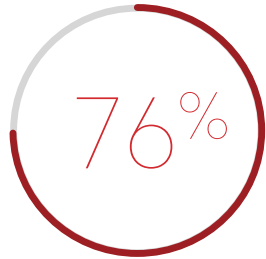
Digital consumers are driving new demand for better experiences

Financial service innovators are leveraging open banking to grow their market share with digital applications, processes, and data solutions.



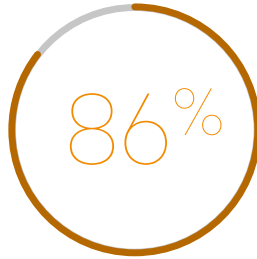
# Lenders and consumers are looking for a better experience

## Create a better customer experience



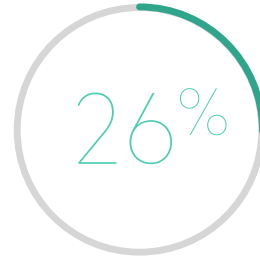
of executives say improving **customer experience** is a high or **critical** priority.<sup>1</sup>

## Enable consumer empowerment



**Consumers** want **more insight, control** over financial data being used to **determine their creditworthiness**.<sup>2</sup>

## Mitigate risk



Increase in **bad debt** in 2020— from \$9,750 million in 2019 to **\$12,262** million.<sup>3</sup>

## Scale your business



On average, it takes **47 days** for a mortgage loan to fund and close.<sup>4</sup>

1 -Forbes, The Growth of UX, August 2021

2- Fincity, Combating the Emerging COVID Credit Crisis, 2020

3- Gartner, Determining Receivables Risk in an Uncertain Environment, 2021

4- ValuePenguin, The Average Time to Close on a Home - 2021



# Friction within processes affects profitability and customer experience



## Legacy processes

Consumers manually uploading documents;  
Time and cost inefficiencies.

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## Bureau data

Highly or solely dependent upon bureau data can mean relying on lagging data.

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## In-house

Time and cost intensive to develop internal data analytics and models to support decisioning engine.

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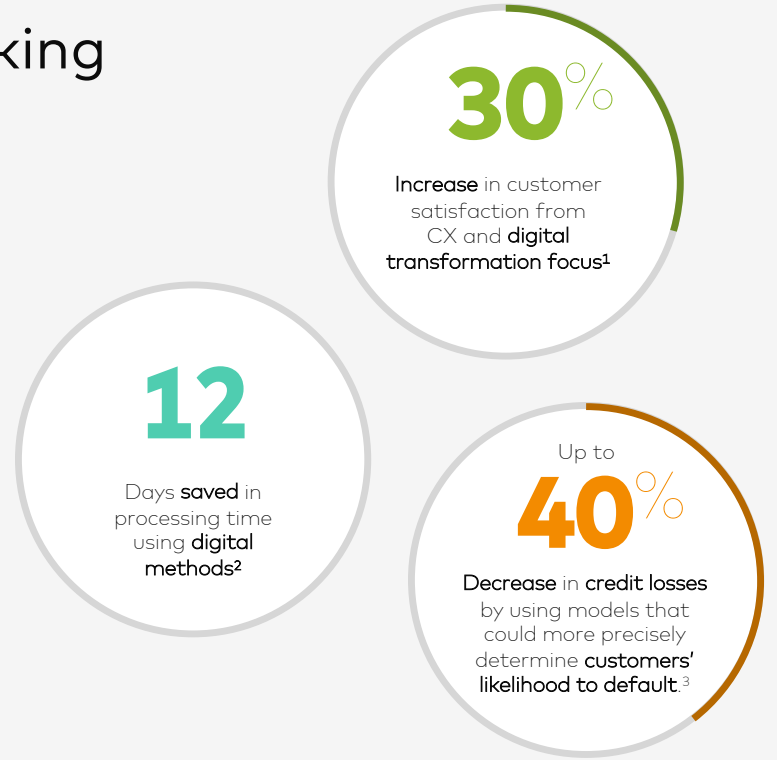
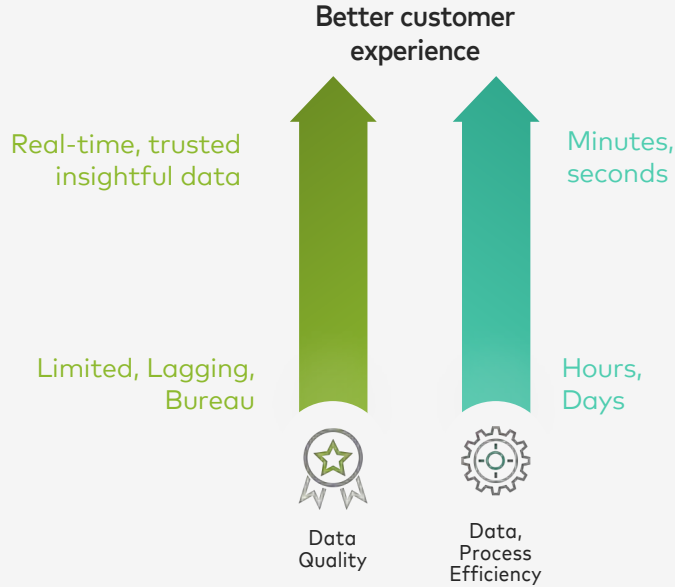
## Limited data

Trying to gather the best data from multiple sources means there could be gaps.

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# Lenders should leverage open banking to fuel innovation, transform processes and stay competitive



1 -Forbes, How Lenders Can Improve the Customer Experience Through Digital Transformation, 2021

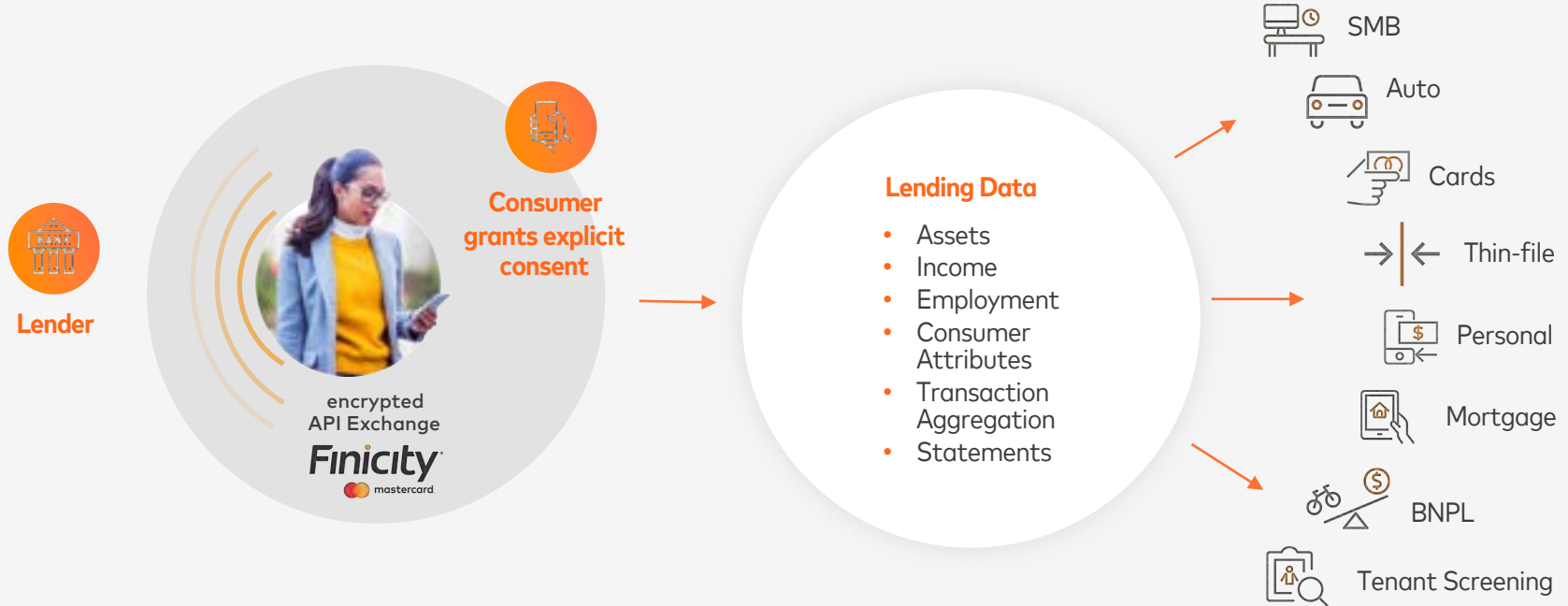
2- Freddie Mac Mortgage Closing Time Survey, Dec 2020

3- McKinsey, Designing Next Generation Credit Decisioning Models, 2021



# Open banking enables next-gen credit decisioning

Finicity's open banking platform is the next-gen, one-stop solution to accelerate digital transformation for lenders and their customers.



# Accelerating the Next-gen lending experience (1/2)

Powering instant credit decisions and digital underwriting



## Assets

- Account Owner(s)
- Current and rolling balances
- Customizable date ranges



## Income

- Average monthly income, estimated annual income
- Real-time view of income deposits, sources
- Up to 24 months



## Employment

- Cross-verification with bank deposits and pay stub
- Currently employed (last pay date)
- Up to 36 months of employment details



# Accelerating the Next-gen lending experience (2/2)

Powering instant credit decisions and digital underwriting



## Consumer Attributes

- Comprehensive picture of consumer finances—income, expenses, liabilities, assets, NSF's
- Comparable, predictive analytics (trends, ratios, net worth, net spend, cash flow, etc.)
- Bundled data attributes tailored to use case
- Customizable attributes



## Transaction Aggregation

- Detailed transactions
- Intelligent categorization
- Up to 180 days



## Statements

- Detailed transactions
- Customer information
- Account balances



NOTE: STATEMENTS AND TRANSACTION AGGREGATION ARE FCRA COMPLIANT

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# Deep, comprehensive, trusted data to mitigate risk



Consumer  
Permissioned



Real-time



Extended  
Lengths of Data



Data intelligence



Data attributes



Industry leader  
in direct API  
connections



Broad Account  
Coverage



CRA



GSE accepted  
reports



Ecosystem  
accessible



# Open banking solutions for the entire lending lifecycle

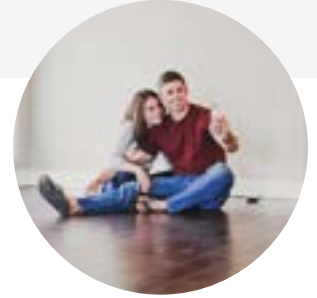


# Our next generation lending solutions benefit lenders and their customers



**Lenders**

- Streamline processes
- Scale lending opportunities
- Create positive customer experiences
- Optimize models
- Augment bureau data
- Smarter decisioning
- Expand addressable market



**Borrowers**

- Empower customers
- Foster financial inclusion
- Favorable terms
- Simple, easy
- Security



# Streamlining the smart credit decisioning experience

## Lender

- 1 Sends Consumer Invitation



## Our Solution

- 2 Consumer Permissions Data



- 3 Data Intelligence is Developed

Analytics and insights sent via API to lender



Functionality accessed via Finicity APIs

## Lender

- 4 Credit Decisioning

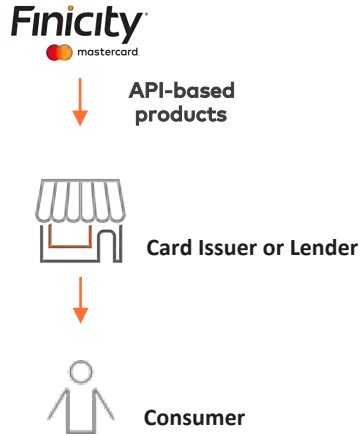
Lender reviews data and approves loan



# Getting started with digital lending

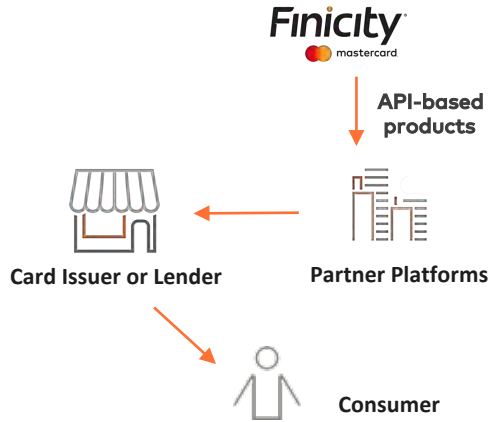
## Direct Integration

Allows for the highest level of customization and direct access.



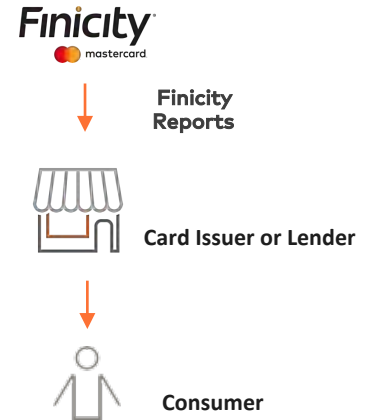
## Major Partner Platforms

Broad ecosystem access allows lenders to quickly begin using the solutions through their preferred platform.

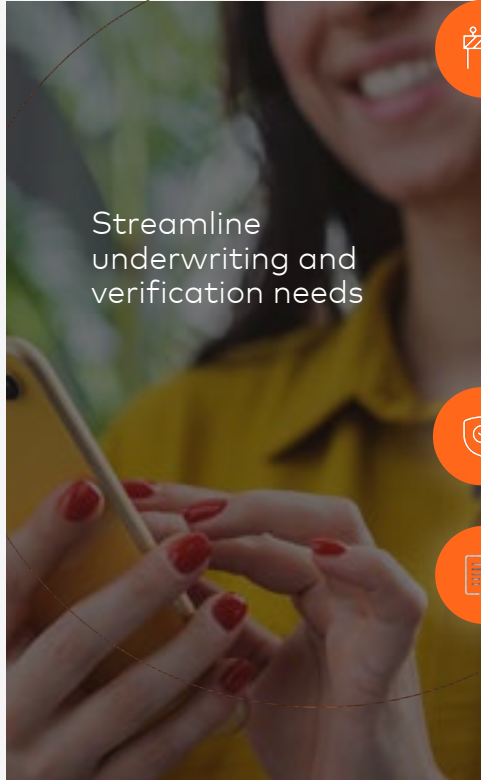


## Finicity Reports Portal

An easy-to-use online portal to request, access and manage reports that doesn't require any development work.



# Mortgage Lending



## Challenges

### As a Lender

- Credit & fraud risk associated with fraudulent documents
- Time intensive underwriting process
- Competitive mortgage lending market
- Uncertain loan assessment and success rate

### For your Customers

- Cumbersome paper-based verification process
- Lack of transparency with data sharing and process
- High degree of stress/anxiety



## Solutions

Assets, Income, Employment, Account Owner



## Benefits

- Accurate, real-time bank data up to 24 months
- Increased underwriting efficiencies and loan turnover
- GSE/Investor-accepted
- Instant, low-friction, and familiar CX for account connection
- Available broadly through ecosystem providers

## Market by the Metrics

# 14 days

Time saved in the origination process by using digital verification methods.<sup>1</sup>

<sup>1</sup>Freddie Mac Borrower Sentiment Survey

## Customers

ROCKET Mortgage  
by Quicken Loans



## Related Mastercard Products

Brighterion AI  
D&S Modeling for cross-selling  
Mastercard IDV Solutions



# Synergy One Lending—How Digitization Can Enable A Better Experience

## Context and Challenge

- Mortgage processes can still be manual and paper-based, providing a poor customer experience and creating inefficiencies for the lender.
- Synergy One Lending needed digital solutions to process more loans and provide a better customer experience.

## Approach

- Synergy One Lending partnered with Fincity to implement digital verification solutions into their origination process.
- Consumers were able to connect their bank accounts through Fincity quickly and digitally providing the verification needed to close the loan faster.
- Synergy One trained their loan officers on the benefits to digital verification, creating a digital-first culture within the organization.

## Results

14 days

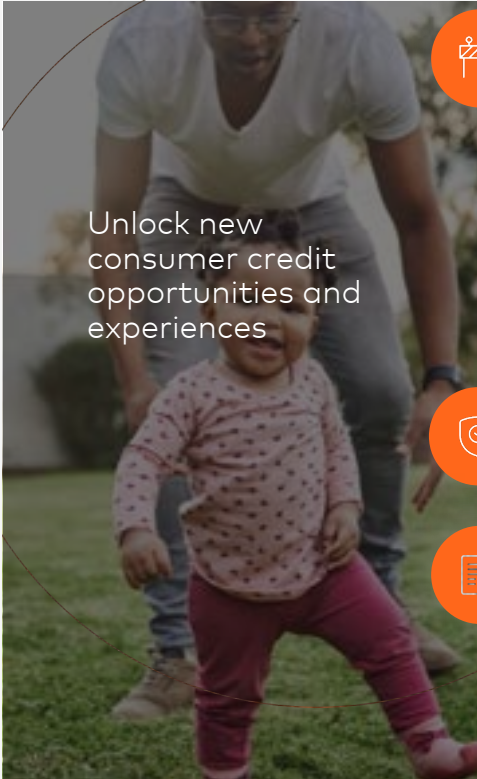
saved in the origination process by using digital verification to validate assets, income and employment.



Source: Freddie Mac, Synergy One, [Fincity](#)



# Consumer Lending (cards, personal, auto)



Unlock new consumer credit opportunities and experiences



## Challenges

### As a Lender

- High level of credit & fraud risk
- Limited financial view of customers with reliance on credit scores and/or outdated, manually-provided data
- Potentially labor-intensive underwriting assessment

### For your Customers

- Applicants outside financial system, thin/no file
- Potentially cumbersome application process
- Limited digital options to easily submit verified information



## Solutions

Income, Account Owner, Consumer Attributes, FCRA-Compliant Transaction Aggregation



## Benefits

- Streamlined instant, bank-certified verifications for income and account ownership, enhancing underwriting and fraud detection
- Accurate, real-time bank data up to 24 months for enhancing credit models; Detailed cashflow insights with attributes
- Easy account linkage for disbursement

## Market by the Metrics

1 in 5

Of American adults are credit invisible with no credit history or credit score.<sup>1</sup>

<sup>1</sup>Value Penguin by LendingTree 2021

## Customers



NOVA CREDIT

TOMOCREDIT

## Related Mastercard Products

Mastercard Credit Card  
Brighterion AI  
Mastercard IDV Solutions  
D&S Modeling for cross-selling  
Rewards & Loyalty Solutions





# TomoCredit – Providing Immigrants and Expats Access to Credit

## Context and Challenge

- The credit bureau file on immigrants and expats is usually very thin, and positive behaviors take time to reflect in traditional bureau reporting.
- Due to such constraints, more than 40 million people are prevented from accessing any type of credit, barring them from making large purchases

## Approach

- Tomo partnered with Fincity to leverage cashflow insights about the consumer and use it for their proprietary underwriting models
- Consumers were able to connect an existing checking account with Tomo through Fincity quickly and digitally providing access to insights
- Tomo along with their sponsor bank issues a Mastercard credit card with a dynamic credit limit set by Tomo

## Results

300k

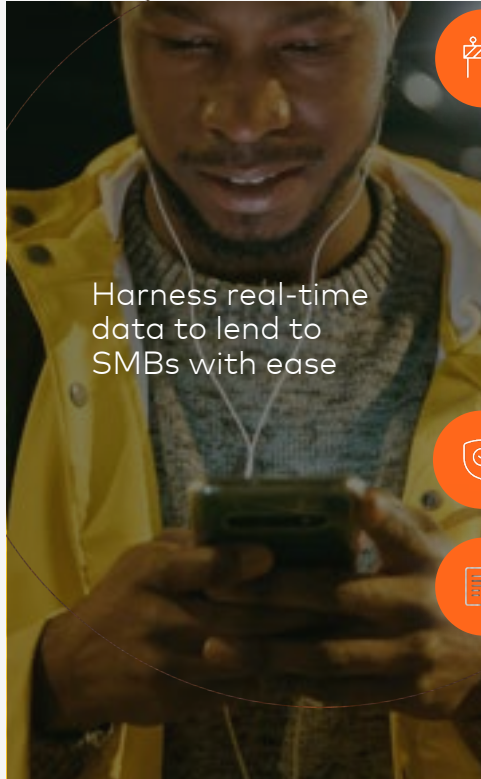
customers pre-approved for credit lines to build credit – default rate of <.1% (industry avg. 3%)

**tomo.**

Source: TomoCredit, [Mastercard](#)



# Small Business Lending



Harness real-time data to lend to SMBs with ease



## Challenges

### As a Lender

- Need longer statement histories
- Unsecure & outdated data — point-in-time, paper-based data
- Inefficiencies in assessing business' finances
- High level of credit & fraud risk

### For your Customers

- Business credit score reliant underwriting
- Slow, time-consuming paper-based processes
- Cumbersome application process
- Limited digital options to easily submit verified information



## Solutions

Assets, Income, Account Owner, Consumer Attributes, FCRA-Compliant Transaction Aggregation



## Benefits

- Accurate, real-time bank data up to 24 months for enhancing credit models; Detailed cashflow insights with attributes
- Bank-certified account ownership verification and distinction between business vs personal accounts
- Increase in lending opportunities with expanded set of data points

## Market by the Metrics

# 1 in 5

Of SMBs do not have their financing needs met.<sup>1</sup>

<sup>1</sup>Fed Small Business Credit Survey 2019

## Customers

lendio

BREX

AVANA CAPITAL

ramp

## Related Mastercard Products

Retail Spend Analytics  
Brighterion AI  
D&S Modeling for cross-selling



# Lendio—Small Business Lending Made Easier

## Context and Challenge

- Small businesses often have difficulty accessing the capital they need to build their business.
- The process to apply for a loan can be manual and lengthy and relies on bureau data.

## Approach

- Lendio partnered with Fincity to make it easier for SMB's to get funding through access to real-time data and insights.
- SMB's can quickly connect their accounts through Fincity's open banking platform and Lendio receives the financial account history.
- This financial data provides a more complete view of the SMB's creditworthiness and enables more businesses to secure the capital they need to grow.

## Results

\$8 billion

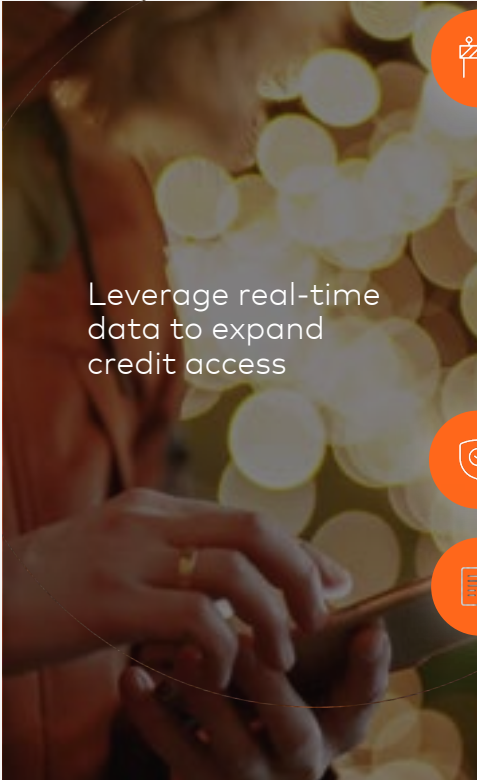
Amount of capital Lendio helped **100,000** small businesses in the U.S. receive in PPP loan approvals over three months in 2020.

Source: Lendio, [Mastercard](#)

lendio



# Buy Now Pay Later (BNPL)



Leverage real-time data to expand credit access



## Challenges

### As a Lender

- High level of credit & fraud risk
- Limited financial view of customers with reliance on credit scores and/or outdated, manually-provided data
- Potentially labor-intensive underwriting assessment

### For your Customers

- Applicants outside financial system, thin/no file
- Cumbersome, lengthy paper-based verification process
- Limited digital options to easily submit verified information



## Solutions

Income, Consumer Attributes, Account Owner, FCRA-Compliant Transaction Aggregation and Statements



## Benefits

- Accurate, real-time bank data up to 24 months for enhancing credit models
- Increased underwriting opportunities, especially for new customers who are thin file or credit invisible
- Additional access to credit for new customers

## Market by the Metrics

68%

Of Americans are living paycheck-to-paycheck.<sup>1</sup>

112M

American adults will have difficulty finding \$400 for an emergency.<sup>2</sup>

<sup>1</sup>Getting Paid in America Survey 2020  
<sup>2</sup>Financial Health Network Survey 2020

## Related Mastercard Products

Mastercard Send  
Mastercard Installments  
Prepaid  
Mastercard IDV Solutions



COMPETITIVE DIFFERENTIATION

Our platform offers unique products, connectivity across the ecosystem and a consumer centered approach

	<b>Finicity</b> <small>mastercard</small>	Competitor 1	Competitor 2
<b>Account Coverage</b>	●	●	●
<b>Direct API Connections</b>	●	●	●
<b>PreQualification &amp; Underwriting, Decisioning solutions</b>			
CRA	●	○	○
Assets	●	●	●
Income	●	●	●
Employment	●	●	●
Consumer Attributes	●	○	○
Mortgage solutions	●	●	○
SME decisioning solutions	●	○	○
Transactions (CRA)	●	○	○
Statements (CRA)	●	○	○
<b>Account opening &amp; funding solutions</b>	●	●	●
<b>Secondary market solutions</b>	●	●	●
<b>Servicing solutions</b>	●	●	●



KEY TAKEAWAYS

# Accelerating digital transformation and market innovation



**Trusted global data network**



**Consumer centered approach**



**Innovation partner**



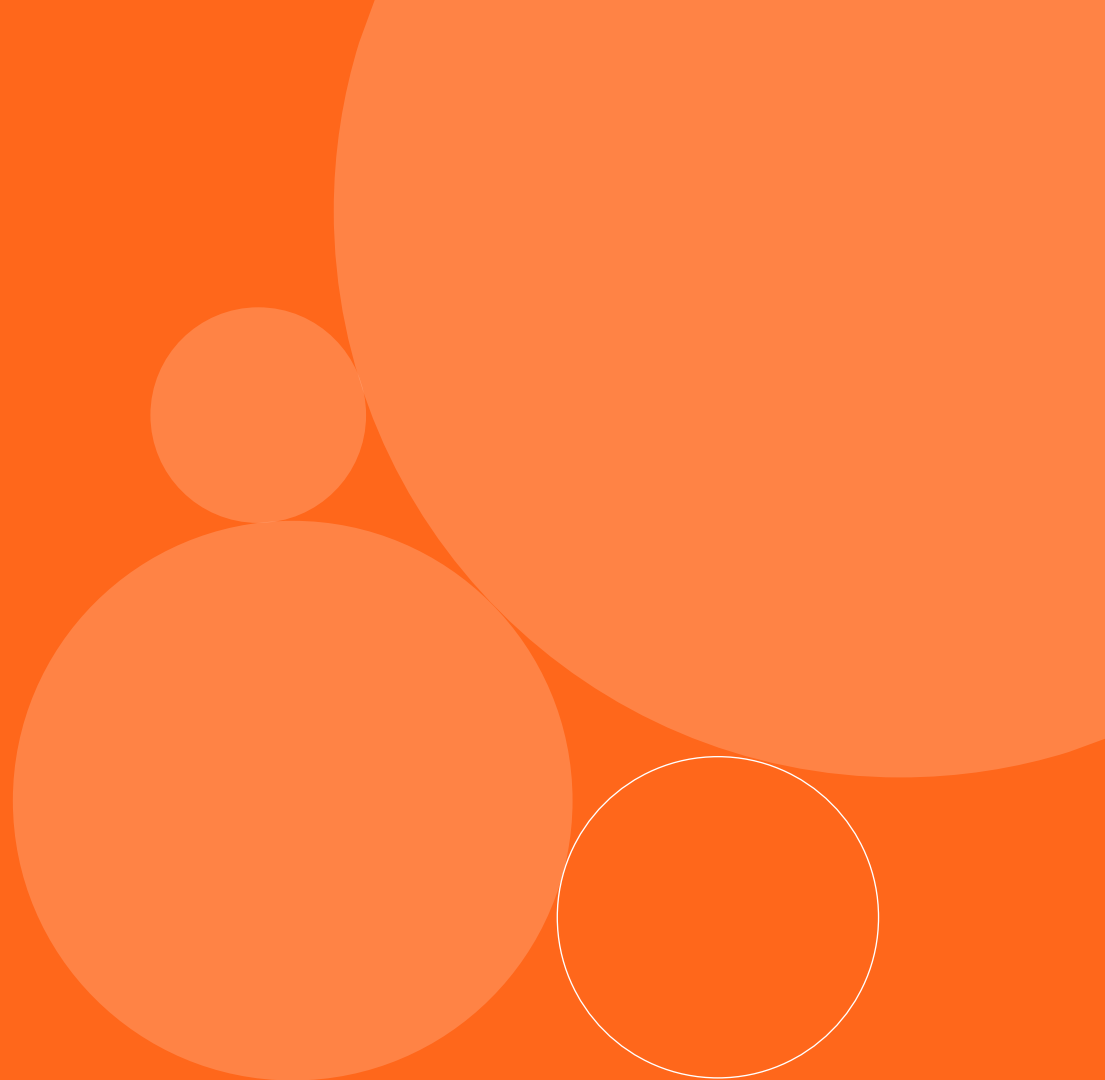
## NEXT STEPS

# Let's get started

For more information, please contact a Finicity account representative.

- ✓ **Identify** needs, GTM approach
- ✓ **Create** an account
- ✓ **API Docs** overview
- ✓ **Test** API endpoint in your business use case
- ✓ **Establish** a production timeline

# Appendix





# Consumer Reporting Agency (CRA)

Consumer benefits from established processes designed to protect their data and privacy



## FCRA Compliant

Compliant with FCRA data retention requirements



## Reports

Consumer report availability



## GDPR + CCPA

GDPR and CCPA data deletion mechanism



## Full Solution

Full consumer dispute management solution

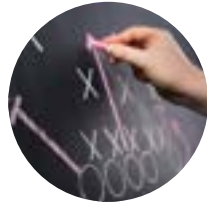


# Leverage Finicity Training Resources to Ensure a Maximum ROI



**Adoption Training**

+



**Best-practices Resources**

+



**Account Support**

=



**Highest return on investment**

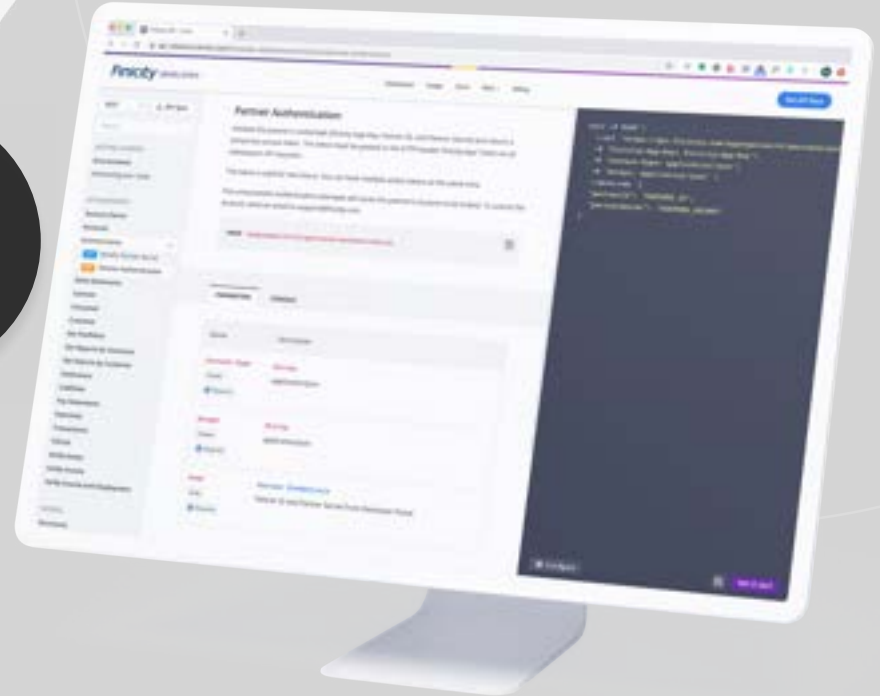


# Enabling Rapid Integration

Smart API  
and DevX  
Infrastructure

DevX  
Engagement  
& Community

Intuitive  
Docs,  
Content  
and Tools



# Our open banking platform provides trusted data for innovation and better lending



**Consumer Reporting Agency (CRA)**



**Broad Account Coverage**



**Extended Lengths of Data**



**Ecosystem partnerships**



# Implementation options available

How will you integrate and get started with digital lending today



## Direct Integration

For custom solutions or as needed for the customer workflow



## Major Partner Platforms

Broad ecosystem access allows lenders to quickly begin using the solutions through their preferred platform.



## Finicity Reports Portal

An easy-to-use online portal to request, access and manage reports that doesn't require any development work.



# Data Access Methods



Finicity  
Leads

## Mastercard technology and security

- Consumer authentication for tokenized access via OAuth
- Consumer may additionally manage on bank site

**Best**  
(FDX or API ready FIs)

95%



Finicity  
Leads

## Structured

- FI provided structured data: OFX, QFX, QIF, CSV, JSON
- Consumer permissioned credential access
- Market defining aggregation best practices

**Better**  
(FIs without API)

< 5%



## Unstructured

- Consumer permissioned credential access
- Fall-back option. Used only when FI does not support OAuth or provide structured data

**Good**  
(FIs without structured data access)



# Competitive Differentiation

	<b>Mastercard/Finicity</b>	<b>Open Banking Competitors</b> (Plaid, Yodlee, MX)	<b>Industry Specific Competitors</b> (FormFree, The Work Number)
<b>Data Sources, Connectivity and Coverage</b>	Over 10,000 connections with FI's, payroll providers, small business and more	Less O-auth connections, more third-party data connections	Less O-auth connections, relies on core aggregators for data
<b>Regulatory and Compliance Requirements</b>	<ul style="list-style-type: none"> <li>Compliant with FCRA data retention requirements</li> <li>GDPR and CCPA data deletion mechanism</li> <li>Consumer report availability</li> <li>Full consumer dispute management solution</li> <li>GSE approved for mortgage products</li> </ul>	<ul style="list-style-type: none"> <li>Limited consumer dispute management and consumer report availability</li> <li>Very limited number of GSE-approved products in mortgage</li> <li>Incomplete GDPR and CCPA data deletion mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Limited consumer dispute management and reporting capability</li> <li>Not always consumer-permissioned</li> <li>Partial GSE approval</li> </ul>
<b>Product Suite</b>	<ul style="list-style-type: none"> <li>Assets</li> <li>Income / Employment</li> <li>Transaction Aggregation</li> <li>Statements</li> <li>Consumer Attributes (NEW)</li> </ul>	<ul style="list-style-type: none"> <li>Assets</li> <li>Income / Employment</li> <li>Transaction Aggregation</li> <li>Statements</li> </ul>	<ul style="list-style-type: none"> <li>Assets</li> <li>Income / Employment</li> </ul>
<b>Distribution</b>	Direct and 1:many options Growing number of platform integrations in specific industries (ie. Mortgage, Auto)	Direct, platform integrations	Direct, limited platform integrations
<b>Other use cases</b>	Products support the complete lending lifecycle (ie. account opening, payments)	No additional product availability in lending	No additional product availability in lending

