lendfoundry

Relaunching Business Leanding Services to Merchants in the US in a Digital Avataar
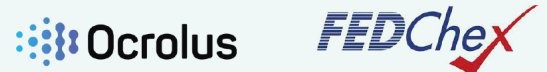
ABOUT THE CLIENT

Our client is a data-driven FinTech company dedicated to improving the financial health of America's small businesses. As an industry leader in direct lending, they strive to build long term, value-added relationships with small business owners that oftentimes are underserved by traditional banks.

The company was **founded in 2003** by a team of entrepreneurs and finance professionals committed to providing small business owners an alternative financing solution.

A nationwide supplier of financing to small businesses, our client uses technology and nontraditional credit algorithms to finance 98% of U.S. businesses that banks consider too small and too risky for a business loan. They have helped thousands of owners of restaurants, retail stores, auto repair shops, hair salons, dry cleaners, medical practices, and many other businesses achieve their goals. They offer the value and personalized service that America's small businesses deserve but rarely receive.

Integrations used in LendFoundry Business Lending System

LexisNexis

EQUIFAX

emailage
A LexisNexis® Risk Solutions Company

PLAID

HELLOSIGN
a Dropbox Company

ValidiFI

Ocrolus

FEDChex

BACKGROUND

The financial services markets overall stumbled due to uncertainty posed by the pandemic. During such times financial institutions across the world have weathered the impact of disruption of this scale. The impact was even more serious on the SME segment which generally has limited capital and is dependent on churning of the same capital multiple times. Not to mention financial services institutions dealing in the SME segment had to bear the brunt automatically due to limited or no repaying capability of SMEs during those challenging times.

Our client is one such institution which deals with business loans to SMEs. They had their own share of impact on the business during the start of covid. Like every other business they had come back and started strong once again. Our client, with their share of lessons learnt had realized that the systems they were using had become highly human dependent over the period of time. Many elements of their earlier system were built on a as need basis which was not scalable. Every time they tried introducing new features or upgrading existing ones, it would take time & some other element of the system would give up.

Our client saw an opportunity in the pandemic to do away with their monolithic system and decided to explore readily available lending stacks in the market which can support their existing products, help introduce new products in minimal time, who can go live at the earliest. In their discovery of finding the best suited lending system they came upon LendFoundry. As LendFoundry leverages Micro-services based architecture which is easy to scale, configurable, API first SaaS platform, our client realized strengths of the LendFoundry platform from long term perspective and signed up. We were able to gather requirements, configure the end-to-end system & deliver in production literally in 90 days flat. Our client started servicing existing customers and within the next couple of weeks they were able to onboard new customers on the LendFoundry platform configured for them.

KEY REQUIREMENTS OF THE CLIENT

- To create a fully digital lending process which could be managed by team working remotely.

- To integrate with 12+ third party data providers for underwriting evaluation at various stages of the application processing. End to End loan lifecycle management to ensure seamless automation of the business process i.e., from onboarding to pay-off.

- Expose a set of APIs to communicate back and forth with its Hubspot CRM.

- Build flexible workflows to meet the needs of their lending products.

- Configurable business rules and Underwriting verification rules to move the loan application through different stages.

- Contract Creation, Addendum, Provisioning Digital Signature and Managing the Signed Contract.

- Adverse Action Notifications

- Automated Workflow till Offer Creation for digitally connected accounts.

- Multiple Products Configurations, Based on location, Frequency, Payment Solution Types, Customer Acquisitions (Daily, Weekly, Automated Payments On/off, Statewise Product Offerings, Initial Funding, Renewal Types).

- Automated loan repayments collection through ACH and payment settlements for MCA products with various factor rate having daily/weekly/Monthly frequency payments.

- Automated reversal of payments in case of ACH failure & related adjustments in loan economics.

- Ability to net-off the previous loan residual balance with newly approved loan balance while renewals or incremental loan.

- Ability to generate documents such as Statement of Accounts, PayOff letter with pre-populated data.

- Automated Statement of Account generation at given frequency and automatic trigger to designated email ID.

- Automated posting of transaction entries in General Ledger, based on the lender specific Chart of Accounts.

- Automated Workflow till Offer Creation for digitally connected accounts.

- Migration of existing portfolio of **20,000+** loans

SOLUTIONS DEPLOYED

LendFoundry deployed its integrated SaaS stack for digital lending which includes:

- API based application submission from their website to the Loan Origination System

- Loan Origination System including integration with 10 third-party data providers and 2 internal systems

- Loan Servicing System including integration with 3 third-party data providers and 2 internal systems

- Reporting Solution

- Decision Engine

- API Integration to their CRM

- API Integration to their Pricing Algorithm

LendFoundry implementation team worked closely with the client's business and technology team to configure the LendFoundry stack to achieve the digital lending objectives of the client. LendFoundry's support team works with the client's business team for their ongoing needs

OVERALL IMPACT

The client achieved significant automation of the loan origination, underwriting, decision making and loan servicing process. The integrated LOS and LSS platform provided a single system where different teams could interact and perform appropriate actions based on the business functionality.

The system also offered a document upload facility with a centralized repository where all documents uploaded by the borrower would be available for reference. The system administrator could control which business user could view which aspects of the application. Migration of loans makes it easier to use the data of existing borrowers, their performance for providing any new loans to these borrowers. Ability to manage multiple loan products makes it easier to create new lending products from time to time to meet the changing market needs. A fully digital process provides the necessary scale to ramp up operations. A fully hosted SaaS solution takes away the burden of running the technology for our client. Ability to use multiple 3rd party data sources and that too on a need basis, enables the client to leverage the power of data while still keeping the cost of using the 3rd party providers low.

ABOUT LENDFOUNDRY

LendFoundry is the next-generation, cloud-based, SOC1 and SOC2 Type2 compliant, full stack technology platform to enable digital lending.

Available as a SaaS offering on AWS, LendFoundry is built using a micro-services architecture and is highly customizable and scalable. Powered by API integration with 80+ traditional and alternate data providers and platforms, it can help digitize a lender's entire loan lifecycle to deliver faster loans and also add new customer segments.

Key Solutions Offered: Borrower Portal, Broker Portal, Dealer Portal, Merchant Portal, Lender Portals, Loan Origination System, Loan Management System, Business Analyticss.

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