



Lending as a Service (LaaS)

How banks and non-bank lenders are modernizing their operations using cloud-based commercial solutions. Featuring profiles of top LaaS providers.

Banks and non-bank lenders are bringing Marketplace Lending best practices under their own roofs by adopting 'Lending as a Service' (LaaS).

LaaS packages the latest lending software, operated in the cloud by a vendor, often with expertise and operational services included.

This Market Leaders' brief, produced by LendIt Fintech, compiles descriptions of 16 North American and European LaaS vendors, along with insights based on industry research and interactions with solution providers.

The Growth of LaaS

The lending software market was valued at \$2,615mn in 2017 in software and services. The market is expected to reach \$5,580mn by 2024. LaaS solutions are largely concentrated in **the U.S. and the U.K.** Mainland Europe is opening to the possibilities; however, the region is more constrained by its regulatory framework.

Growth is driven by the dramatic benefits achievable for banks and non-bank lenders. By replacing legacy applications with a natively-digital LaaS platform and realigning business processes, **approval can be completed in minutes** for certain types of loans, with funds disbursed within hours. LaaS impact studies find that key costs of the acquisition, decisioning and servicing of loans can be reduced by up to 80%.

Areas of Impact

Small-to-Medium-Business lending is a prime segment for LaaS, as previously the size of SMB loans did not mesh well with the cost and time for processing them. This ranges across SMB loan types – working capital, factoring, equipment, franchise, etc. **Residential mortgages** are expected to be another segment showcasing strong LaaS growth, in line with the dynamic evolution of digital mortgage platforms. LaaS

applies to consumer loans, too. Solution providers with extensive experience in niches such as auto loans (featuring loan pre-approval before visiting dealers) are also thriving.

Both **large banks and small banks, as well as credit unions and private lenders**, are seriously considering LaaS. For example, NatWest launched a branded, digital lending platform with Ezbob to provide fast decisioning on SMB loan applications. On the other hand, certain all-digital “neo banks” and most innovative, large financial institutions still are developing their own solutions.

Solution Features

Many of the LaaS solution providers surveyed are considered **end-to-end**. They support many of these features: digital demand generation, online customer acquisition, onboarding, document capture, automated decisioning, customizable decision/risk profiles, electronic funds disbursement, remittances, account monitoring with personalized loan extension offers, and audit and compliance reporting.

Machine learning is touted by a number of solutions as a key element supporting profitable underwriting and pricing, prospective customer targeting and retention, and fraud prevention. Thus, LaaS is a relatively easy way to incorporate artificial intelligence into one’s technology toolkit.

Vendors also offer initial consultations and **ongoing expertise and servicing skills** in areas ranging from customer acquisition marketing to the customization of underwriting risk parameters. This helps financial institutions with the cultural changes and business process re-engineering associated with the new digital lending practices. Often, the most robust solutions are delivered by the largest marketplace lenders and their spin-offs including Kabbage, LendKey, and OnDeck/ODX.

Certain solutions fill a specific **functional niche** within a bank’s lending process. For instance, FICO has positioned its credit scoring and risk management capabilities as a Software as a Service.

Evaluating the Alternatives

One of the biggest decisions for an institution considering LaaS is choosing an overall approach that fits with their capabilities. Options include using an end-to-end platform or several niche services; on-behalf-of or fully outsourced operations; and white label offerings or affiliate agreements.

Feature-wise, many prospective clients of banks are drawn to the **risk/underwriting analytics**. Biz2Credit highlights the SMB lending insights derived from its first-party risk management data from 26 million credit and cash flow records touched by its own online lending site. Biz2Credit can also configure underwriting rules by banks.

Regardless of institution size, the evaluation period may be **shorter than one month** but can extend to a calendar quarter or two depending on internal decision-making. Key evaluation criteria include risk management, corporate due diligence, IT infrastructure and data security, company stability and governance, and auditing and reporting. The actual “hands on keyboard” implementation phase can take as little as a few weeks.

An Evolving Market

While the market will experience continued growth in North America and Europe, the appetite of financial institutions for LaaS in **Asia Pacific** is greater than in some Western markets as companies can move faster owing to less stringent regulations around customer data.

Technologically, look in the coming decade for **Open Banking** APIs standards to make LaaS integration with broader BaaS (Banking as a Service, including bank accounts, payments and wealth management) more modular.¹

Some predict that LaaS will drive banks to refocus strategically on customer relationships, cost of capital advantages and governance/compliance expertise. Meanwhile, entrepreneurial ventures will demonstrate how nimbly technology-centric platforms can streamline processes, add features, and target increasingly **niche borrower segments** with tailored lending products and experiences.

¹ See LendIt Fintech’s white paper on Open Banking, pages.lendit.com/2018-the-state-of-open-banking-white-paper.html

Summary of Lending as a Service Solutions

The following table lists LaaS solution providers with a European and/or North American focus identified by LendIt Fintech. We welcome reader feedback about companies to cover in the future; please write research@lendit.com.

Company	Website/LaaS URL	Lending Segments	Regional Presence
Ario (ZetaTango Technology)	arioplatform.com	Small Business	Canada
Biz2Credit	biz2credit.com	Small Business	N.America, Australia, India. In progress in Europe, Asia, S.America.
Cloud Lending (Q2)	cloudlendinginc.com	Small Business, Consumer	U.S.
Ezbob	ezbob.com	Small Business, Consumer	U.K.
FICO	fico.com/en/latest-thinking/product-sheet/fico-alternative-lending-platform	Small Business	Global
Fundation Group	fundation.com	Small Business	U.S.
GDS Link	gdslink.com	Small Business	U.S.
IDEALINVENT	idealinvent.com	Consumer	Europe, India
Kabbage	kabbageplatform.com	Small Business	Global
LendKey	lendkey.com/lend/digital-lending-solutions	Consumer (student, home improvement)	U.S.
Mambu	mambu.com	Small Business, Consumer, Mortgage	Global
ODX (OnDeck)	odxsolutions.com	Small Business	N.America, Australia
Quotanda	quotanda.com	Student	Americas, Europe
Spotcap	spotcap.com	Small Business	Europe. In progress in Australia.
Thinking Capital	thinkingcapital.ca	Small Business	Canada
Upstart Network	upstart.com	Consumer	U.S.

Solution Profiles

The following profiles contain more details about the companies in the previous table. Information is provided about a company's customers where available, and about the company itself only when its products and scope are broader than solely LaaS. The information is based on public sources and vendor survey responses when provided.



Ario (ZetaTango Technologies)

arioplatform.com

Regional Presence: **Canada**

Lending Segments: **Small Business**

Company Description	Ario enables enterprises and lenders to offer profitable white-label banking services to their customers. The company has announced plans to expand into card issuance and cash management for SME loans. In 2018, the company secured a \$10mn investment from Purpose Finance to launch its white-label digital lending solutions and account management services, and expand its banking-as-a-service technology platform supporting SMEs.
LaaS Solution	The Ario LaaS platform supports small business working capital loans, term loans, lines of credit, invoice financing, and payroll financing. Machine learning is integrated into the core underwriting functionality.



Biz2Credit

biz2credit.com

Regional Presence: **N.America, Australia, India. In progress in Europe, Asia, S.America**

Lending Segments: **Small Business**

Company Description	Through its lending website, Biz2Credit has arranged over \$2bn in small business lending since 2007 for over 225,000 SMB borrowers. The company's website matches small businesses to the best sources of capital for their needs.
LaaS Solution	Biz2Credit provides an end-to-end small business lending platform for large and small financial institutions. The company's platform has risk management capabilities, and client-configurable rules that help in achieving low default rates. Features include origination, onboarding, underwriting, risk and fraud monitoring, automated decisioning, servicing, and collections. Client implementation and success teams draw industry experience from Biz2Credit's track record of financing small business clients across global markets.
LaaS Customers	HSBC, Popular Bank, Tata Capital



Cloud Lending

cloudlendinginc.com

Regional Presence: **U.S.**

Lending Segments: **Small Business, Consumer**

Company Description	Cloud Lending offers lending solutions for commercial, consumer, small businesses, and equipment through its lending platform CL Loan.
LaaS Solution	The application automates loan billing, payments, collection, and accounting processes. Features include loan application, origination and underwriting, funding and disbursement, repayment, and collections.



Ezbob

ezbob.com

Regional Presence: **U.K.**

Lending Segments: **Small Business, Consumer**

Company Description	Ezbob's lending experience includes having processed over 60,000 SME loans and completing approximately 10,000 full loan cycles. It now focuses exclusively on offering its solution to financial institutions.
LaaS Solution	Ezbob (pronounced "easy bob") offers LaaS platform, which enables financial firms to offer virtual self-service loans to small businesses, and individuals. Decisions can be validated in under 7 minutes. Features include: client onboarding, fraud detection, decision engine, instant funding, automated collection, CRM, and monitoring dashboard. The platform's anti-fraud engine automatically processes and validates over 40 data sources and gives a complete view of each lending application through an underwriter dashboard.
LaaS Customers	American Express, CYBG (Virgin Money), ESME Loans (powered by Natwest/RBS)



FICO

fico.com

Regional Presence: **Global**

Lending Segments: **Small Business**

Company Description	FICO is an analytics software company that offers consumer credit lifecycle, analytics and optimization, marketing, fraud, compliance, and cyber security services. It's particularly known for its credit scoring. The company uses predictive analytics and data science to enhance operational decisions.
LaaS Solution	FICO's Alternative Lending Platform encapsulates the company's credit/risk scoring engine in a SaaS environment. FICO has over 60 years of experience in modeling/analytics, which enables financial institutions entering new lending segments to eliminate the requirement of building an in-house dataset of historic segment performance. Further, the solution recommends decisioning outcomes and supports the optimization of originations.

[foundation.com](https://www.foundation.com)


Foundation Group

Regional Presence: **U.S.**Lending Segments: **Small Business**

Company Description

Foundation Group is a provider of credit solutions to banks and financial institutions. The company offers private labeled sales, underwriting, and servicing.

LaaS Solution

Foundation Group offers bank-ready infrastructure with demand generation capabilities based on advanced technology, and machine learning. The technology streamlines the loan application process of small businesses by collecting third-party data, and automating credit review process. Features include marketing, demand generation, customer acquisition, loan origination, and underwriting.



GDS LINK

GDS Link

[gdslink.com](https://www.gdslink.com)
Regional Presence: **U.S.**Lending Segments: **Small Business**

Company Description

GDS Link supplies a range of technology, analytical, and consulting services for lenders. Its credit risk management portfolio of software includes a credit decision engine, case management solution, and credit bureau software.

LaaS Solution

Several modules are combined to support the full lending cycle. Highlights of the platform are: segmentation strategy support, custom decisioning models, and collection/propensity to pay analysis and recovery support. Features include origination, application processing, decisioning, risk management, and credit collection.



IDEALINVENT

[idealinvent.com](https://www.idealinvent.com)
Regional Presence: **Europe, India**Lending Segments: **Consumer**

Company Description

IDEALINVENT is a provider of technology products to financial institutions. The company offers banking-software-as-a-service (via the B-SaaS brand), data management, and consulting solutions. The company partners with innovative retail banks, startup banks, credit unions, and online lending platforms.

LaaS Solution

The B-SaaS (Banking as a Service) platform includes a lending module as well as banking, cards, payments, and marketplace modules. Features include loan origination, credit scoring, loan management, and loan servicing. The module supports various functions such as online credit checks, loan re-pricing, and tax handoffs. LaaS services become more affordable for the clients due to the multi-tenant cloud architecture of the platform.

LaaS Customer

Postal Savings Bank of the Philippines

**Kabbage****kabbage.com**Regional Presence: **Global**Lending Segments: **Small Business**

Company Description	Kabbage delivers online lending to small businesses. Installment loans of up to \$250,000 are most common. They have extended more than \$6.5bn directly to business borrowers since 2011. In addition to operating their own lending site and providing a LaaS solution, Kabbage partners with non-bank institutions having an e-commerce, social media or other online consumer footprints to custom integrate lending capabilities.
LaaS Solution	Kabbage delivers its LaaS technology through Kabbage Platform along with extensive expertise on reviewing and enhancing a financial institution's lending processes. Kabbage leverages data generated through business activities such as accounting, online sales, shipping, and dozens of other sources to understand lender financial performance; deliver fast, flexible funding; and develop robust risk models. 'True automation' from start to end of the loan cycle is achieved through features including onboarding, underwriting and credit reporting, risk modeling, and ongoing monitoring. Client focus is larger banks and non-bank lenders with high loan volumes.
LaaS Customers	Celtic Bank, ING, Santander

**LendKey****lendkey.com/lend/digital-lending-solutions**Regional Presence: **U.S.**Lending Segments: **Consumer (student, home improvement)**

Company Description	LendKey is a lending platform and online marketplace that allows consumers to receive private student loans, student loan refinancing, and home improvement loans from their local credit unions, and community banks. The pro-community nature of the lenders keeps interest rates relatively attractive.
LaaS Solution	LendKey offers end-to-end solutions supporting primarily student loans and refinancing, plus home improvement financing, with other credit categories being developed. LendKey has an association with relevant agencies to remain compliant throughout regulatory changes due to its extensive focus on student lending. Solution features include marketing, demand generation, online credit decisioning, loan origination, compliance and regulatory support, and balance sheet management. Multiple liquidity options allow credit unions of all sizes to digitally lend to collegiate students, graduates, and homeowners. LendKey's liquidity options allow lenders to choose to hold full, partial, or no balance sheet. Options include a proprietary participation network, and a forward sale program to third-party investors. The company says that an institution can launch a program within four weeks.
LaaS Customers	Northwest Credit Union Association, WSFS Bank

**Mambu**

mambu.com

Regional Presence: **Global**Lending Segments: **Small Business, Consumer, Mortgage**

Company Description	Mambu offers cloud solutions for banking, lending, marketplace, and microfinance. The company offers lending solutions addressing the SME, commercial, consumer, and mortgage segments.
LaaS Solution	LaaS is an element of Mambu's Banking as a Service platform. Features include origination, onboarding, underwriting, automated decisioning, fraud monitoring, and servicing collections. It's designed natively as a cloud, API-based architecture that is entirely based on configuration - comparable to Salesforce's architecture for CRM.
LaS Customers	Lendico Switzerland (PostFinance), New10 (ABN AMRO), TBC Bank

**ODX (OnDeck)**

odxsolutions.com

Regional Presence: **N.America, Australia**Lending Segments: **Small Business**

Company Description	Parent company OnDeck offers lending solutions to small business that include short-term financing, long-term financing, and lines of credit. Subsidiary ODX represents an expansion of OnDeck's existing platform services business.
LaaS Solution	ODX's complete offerings include an omni-channel LaaS platform; analytics and insights; and sales, service and operational teams. The platform components can be adopted end-to-end modularly or holistically. Features include pre-approved loan, digital application, credit decisioning, presentment & booking, account monitoring, fraud prevention, servicing & collections, and compliance checks.
LaS Customers	JPMorgan Chase, PNC Bank

**Quotanda**

quotanda.com

Regional Presence: **Americas, Europe**Lending Segments: **Student**

LaaS Solution	Quotanda offers a white-label LaaS platform that enables organizations (schools, lenders, foundations, and government agencies) globally to quickly launch and efficiently manage student financing programs to make education more affordable. Features include: marketing, origination, decisioning, loan servicing, default management, and reporting. Highlights are: customized, mobile-enabled loan leads and/or full loan origination with automated, algorithmic, and risk-priced credit decisions using alternative data.
LaaS Customers	Goobec México The company asserts dozens of clients in 7 countries (Spain, Mexico, the U.S., the Netherlands, Germany, Brazil and Colombia)



Spotcap

spotcap.com

Regional Presence: **Europe. In progress in Australia.**

Lending Segments: **Small Business**

Company Description	Spotcap is an online lender offering small business loans in 5 countries with loan amounts ranging from EUR 10k to 400k. Since launching in 2014, it has issued more than EUR 300mn in credit lines.
LaaS Solution	The platform supports small/mid-sized businesses applying for unsecured/working capital loans. Features include onboarding, client servicing, decisioning, after-sales support, and advanced risk engine. The platform is noted for being a flexible solution with a high degree of customization based on a modular architecture, and supporting conceptual risk input for scorecard development.
LaaS Customers	2 partnerships are live to date, 3 partnerships in development. Partners (clients) include American Financial Group, Bawag, FBAA.



Thinking Capital

thinkingcapital.ca

Regional Presence: **Canada**

Lending Segments: **Small Business**

Company Description	Thinking Capital is a provider of lending solutions to small businesses. The company offers long-term loan, short-term loan, and lines of credit.
LaaS Solution	Features include origination, credit scoring, and decisioning.
LaaS Customer	National Bank in Canada



Upstart Network

upstart.com

Regional Presence: **U.S.**

Lending Segments: **Consumer**

Company Description	Upstart operates its own direct-to-consumer lending platform. The company's mission involves better pricing consumer credit offerings by leveraging machine learning.
LaaS Solution	Upstart offers an artificial intelligence and machine learning-based lending platform, available in LaaS format, to automate the borrowing process. It's known simply as "Powered by Upstart." A key differentiator is a highly-tuned yet adaptive machine learning element that yields lower loan default rates and therefore lower costs of credit for approved consumers. Features include onboarding, underwriting, customer verification, and servicing.
LaaS Customer	BankMobile



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LendIt hosts three conferences annually: our flagship conference LendIt Fintech USA as well as LendIt Fintech Europe in London and LendIt Fintech China in Shanghai.

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