



R.C. Giltner Services, Inc.  
August 30, 2015

Thank you for joining the  
webinar. We will being shortly.

# Agenda

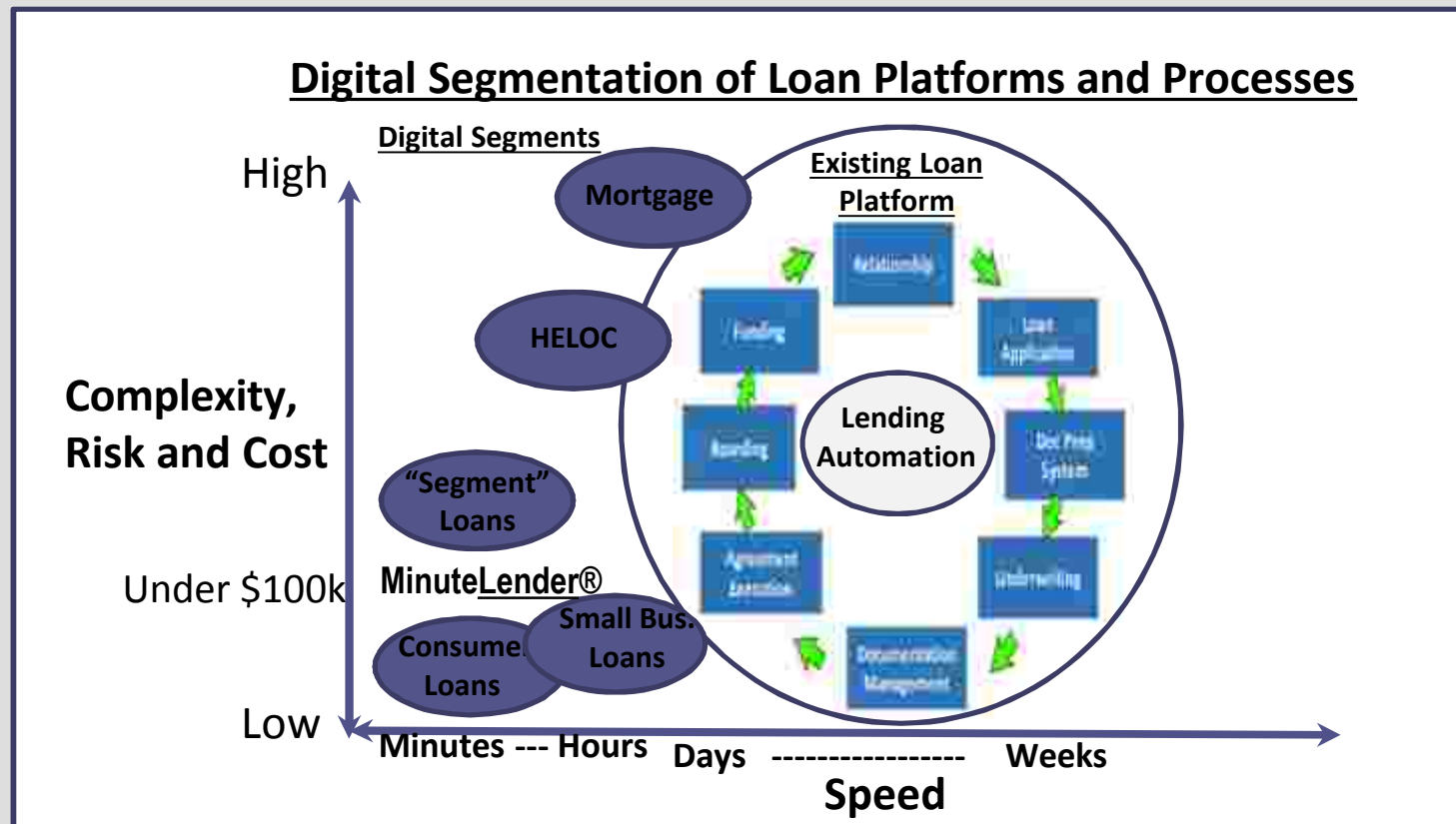
1. Webinar Objectives
2. Benefits: Relationships, Efficiencies and Revenues
3. Fintech Technology
4. Underwriting, Compliance and Data Security
5. Sales and Marketing
6. Conclusion

# 1. Webinar Objectives

- What is “digital lending technology” and why has it burst into the marketplace?
- What are the benefits, revenues and efficiency opportunities for community banks with online digital lending?
- Who are different players, including Marketplace Lenders, Alternative Lenders, Lending Automation and Bank Digital Lending?
- Is the underwriting and delivery of loans sound and proven?
- Can community banks implement digital lending online with complete data security and compliance, from e-sign and ALLL to loan monitoring, model governance and BSA/CIP?

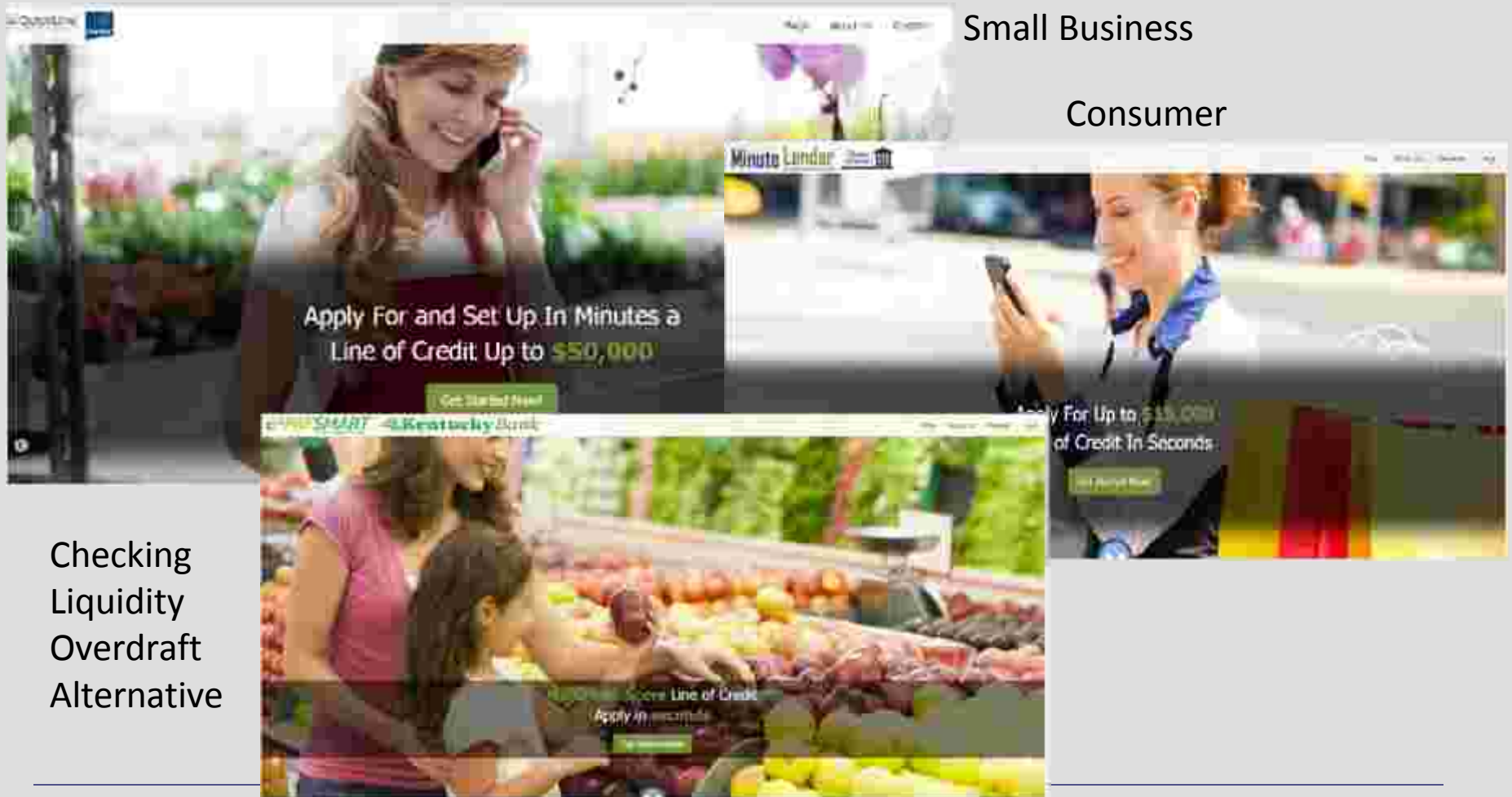
## 2. The Segment Opportunity

Digital and mobile technology and data allow efficient delivery of multiple loan platforms by segment improving “frictionless” service, and driving revenue through speed, simplicity and efficiency.



### 3. FI's: The MinuteLender® Digital Platform

FIs can have digital lending platforms for their brand, their loans, their underwriting and their control.



Checking  
Liquidity  
Overdraft  
Alternative

### 3. FIs: The Customer Experience Opportunity

In our hyper-connected world, digital and mobile technology is rapidly becoming the delivery preference of community bank customers.

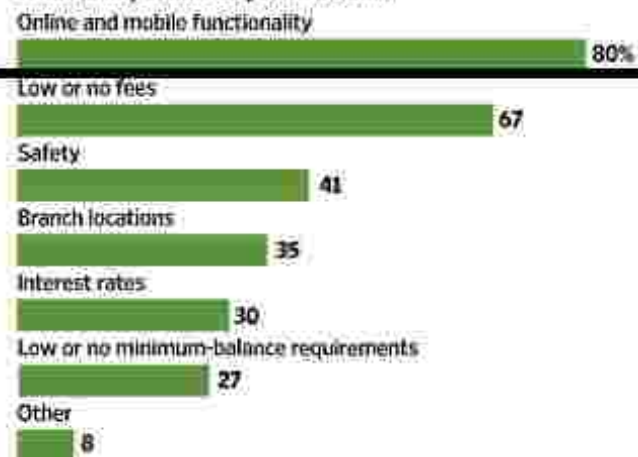
#### Making the *Customer Experience* Mobile, Personal, Fast and Frictionless

The Hyper-Connected Digital Personal Customer Experience

#### Plastic, Mobile Rank for Bank Customers

Results of an online WSJ reader survey about banking and payment preferences:

#### What is important to you in a bank?



See my loan available in *seconds*; set up in *minutes*.

#### The Experience

- Mobile
- Personal
- Fast
- Frictionless
- Customizable
- Accessible

### 3. FIs: The **Customer Experience Opportunity**

The digital and mobile channel provide a simple, “frictionless” experience drive efficient, new loans.

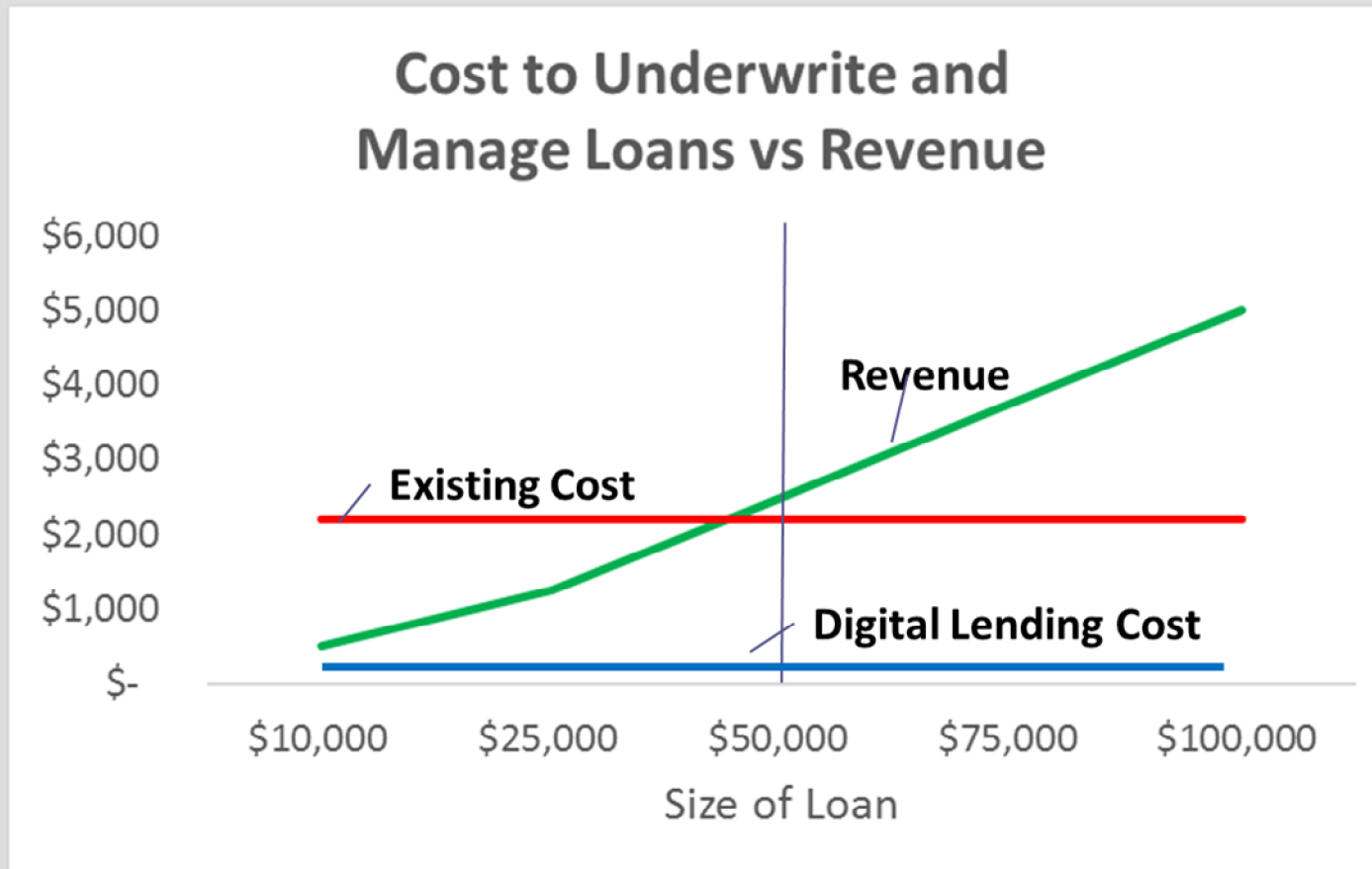
The image displays two screenshots of the 'Live Client' interface. The left screenshot shows a 'Recent Signups' table with columns for Site and Customer. The right screenshot shows a 'Recent Registrations' table with columns for Name, Email Address, When, BirthDate, and Email Confirmed.

Site	Customer
Business Express Loan	ARNE
Express Loan	TARA
Express Loan	NOAH
Express Loan	SCOT
Express Loan	DAVE
Express Loan	CARI
Express Loan	CHRIS
Express Loan	DALE
Express Loan	DEBB
Business Express Loan	COFF

Name	Email Address	When	BirthDate	Email Confirmed
Chris W	chrisw@att.net	3m hours ago	05/06/1988	Yes
Richard	ry@ymail.com	2 hours ago	07/24/1988	Yes
Seamus	sl@yahoo.com	7 hours ago	04/07/1979	Yes
Witz J	wtj@gmail.com	6 hours	11/18/1993	Yes
James	je@gmail.com	7 hours ago	10/20/1981	Yes
John C	jcc@verizon.com	12 hours ago	06/17/1983	Yes
Julian F	2julianf@postoffice.com	12 hours	05/20/1964	Yes
Michael	m@comcast.net	18 hours	05/02/1979	Yes
Andrew Kirk	ak@ymail.com	4 days ago	10/17/1988	Yes
Hoguel	h4@gmail.com	4 days ago	06/02/1982	Yes

### 3. FI's: The **Efficiency** Opportunity

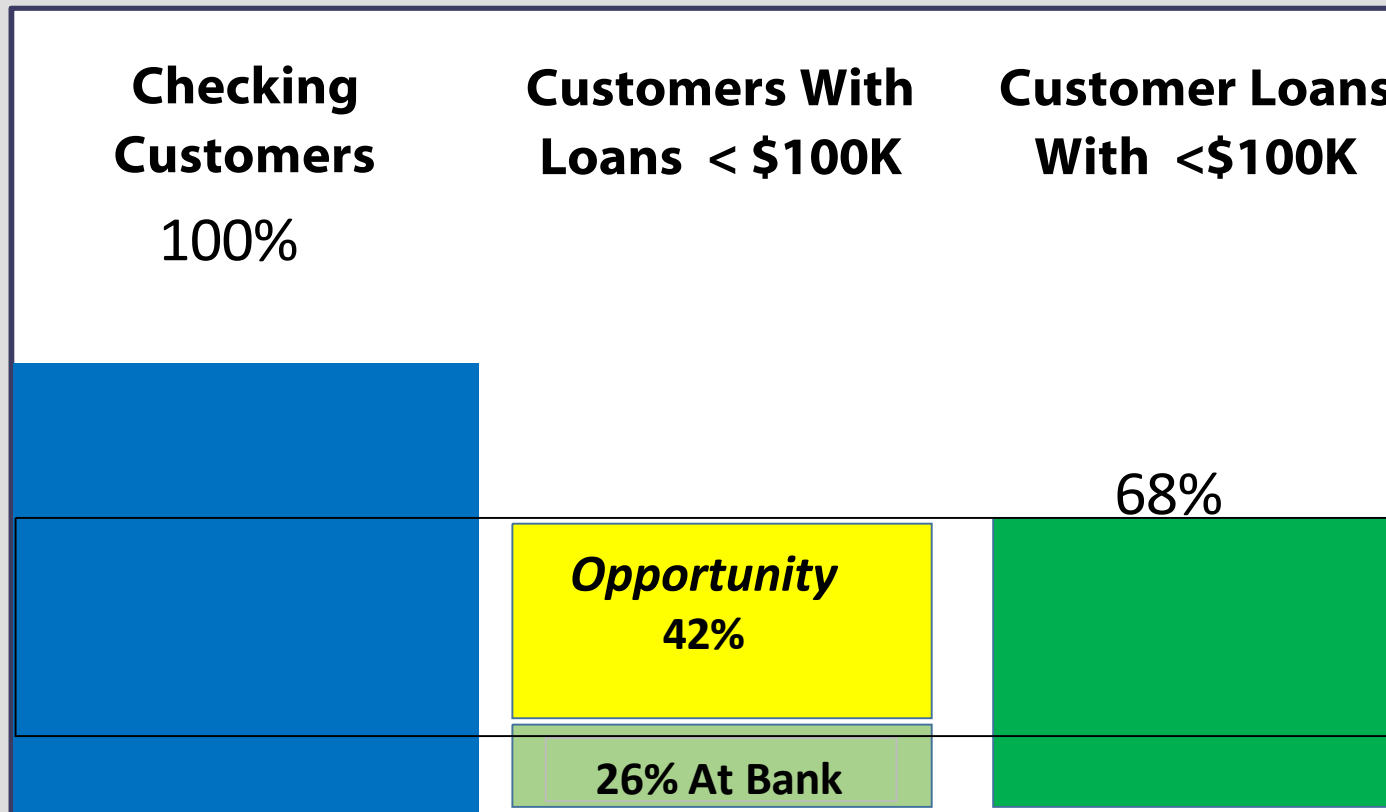
Digital lending can significantly reduce the service and delivery cost of loans.





### 3. FI's: The Revenue Opportunity

Most of your checking customers have no lending relationship with you; most borrow elsewhere. Digital lending adds on average **\$52** per checking account.



Source: Client Study

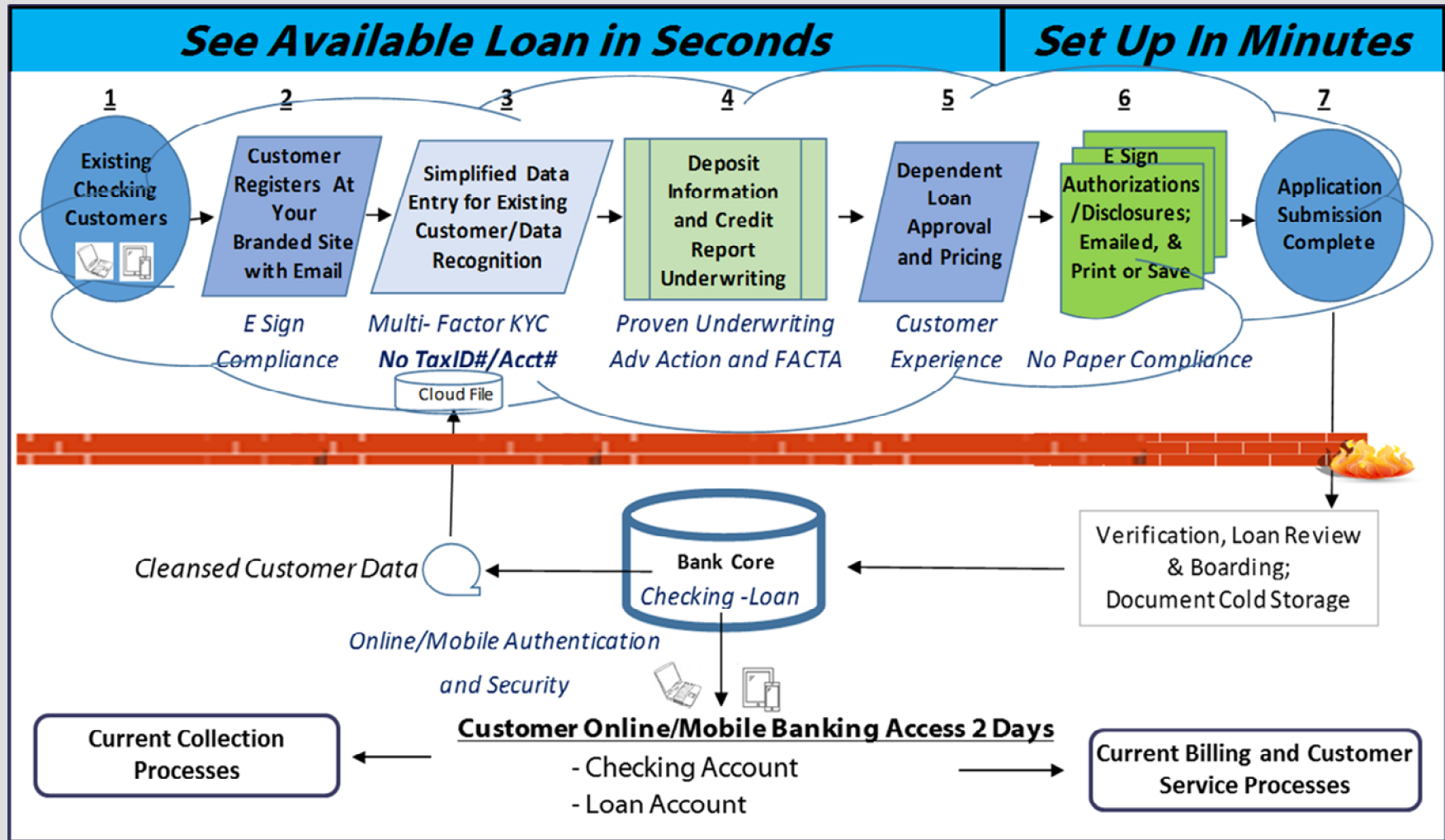
### 3. The Competitive Opportunity

***“A sea change in banking economics is gathering strength - as digital grows the fight to hold on to customer relationships will be bank’s high stakes struggle.”*** The Fight for the Customer, McKinsey, 2015



# 4. FI: Digital Technology

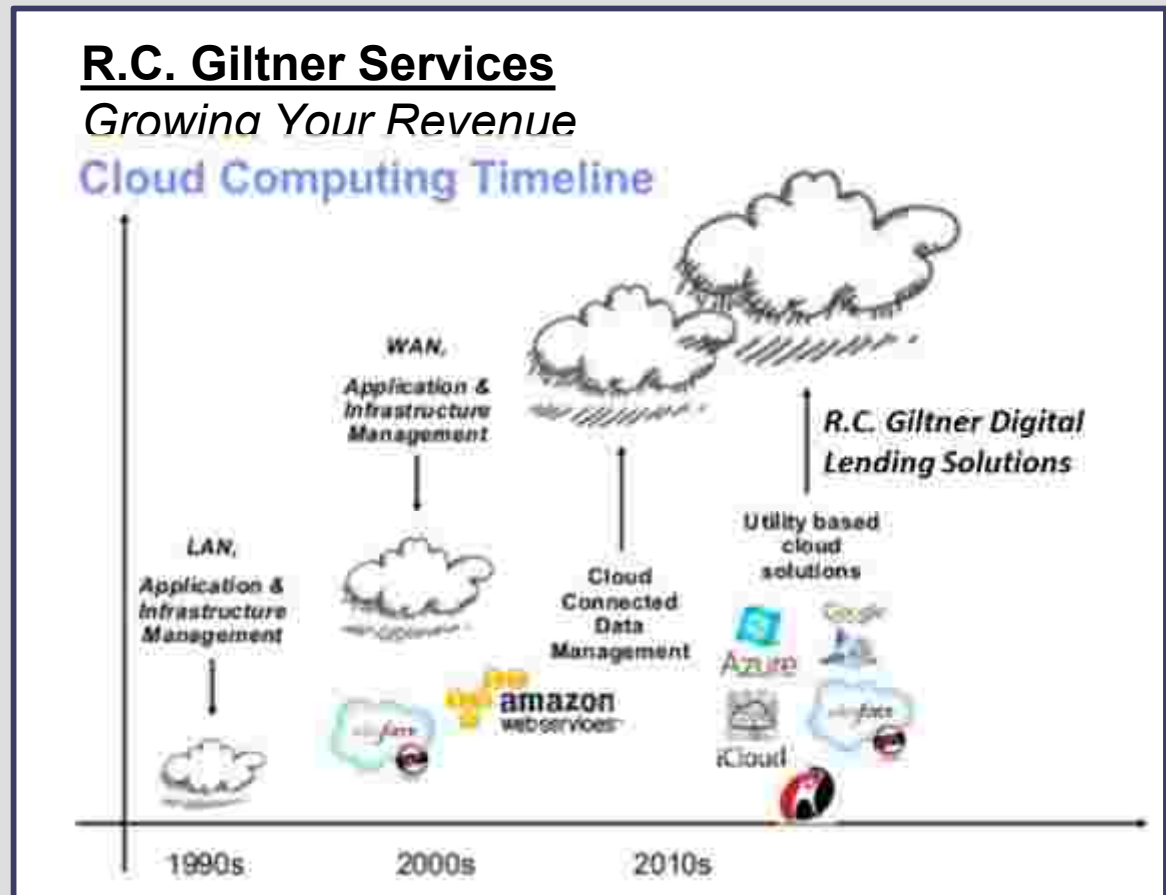
## RCG Cloud-Based, Digital Loan Technology Platforms



## 4. FI: Digital Technology

Digital technology *platforms* developed with cloud technologies available since 2012 use utility applications in the cloud rather than on a core to reach broadband-connected consumers and providers for speed, scalability, and simplicity.

1. Simplify operations and reduce costs for increased efficiency.
2. Expand retail sales and better serve customers in minutes with digital technology requiring no lending knowledge.
3. Grow revenue from large, previously underserved markets.



## 4. FI: Digital Technology



## 5. FI: Key Segment Opportunities

Digital lending allows FIs to profitably and efficiently serve key market segments previously poorly served, usually where they already have checking relationships.

<u>Market Segment</u>	<u>Rev Size</u>	<u>Current Cmty FI Position</u>
• SMB Loans <\$100k	<b>\$ 30B</b>	<u>Down \$5B Since 2010; Inefficient</u> service delivery; Low penetration of checking customers.
• Consumer Loans <\$5k	<b>\$ 90B</b>	<u>5% of Market; Down from 64% in</u> 1984. Low penetration of checking customers.
• LMI Household Loans	<b>\$ 40B</b>	Earn \$12 Billion in NSF Fees from 25% of customers; No service for <u>45% wanting &lt;\$1,000 loans.</u>

Source: FDIC, Credit Cards.com, CFSI, Our Analysis

## 5. Preference for Digital Technology

TransUnion reports Online/FinTech lenders with new delivery technology produced the largest volume of personal loans in 2015.

### Personal Loans to Prime and Near-Prime Consumers

<b>First 3 Quarters 2015</b>	
Online Lenders	\$10.14 Billion
Banks	\$7.24 Billion
Credit Unions	\$7.28 Billion
Finance Companies	\$5.58 Billion

Source: TransUnion

## 6. FI: Underwriting, Compliance and Data Security

### Underwriting, Compliance, Data Security

1. Underwriting for less complex loans:
  - borrower credit reports (debt capacity), and
  - cash flow (coverage ratio) measured also by deposit activity.
2. Compliance can be achieved by standard bank loans delivered digitally.
3. Data security can be assured by having no customer identifying information outside your firewall.



# 7. FI: Sales and Marketing

We provide sales processes in our technology, marketing templates and support and digital tracking.

### Site Visit and Closing Ratios

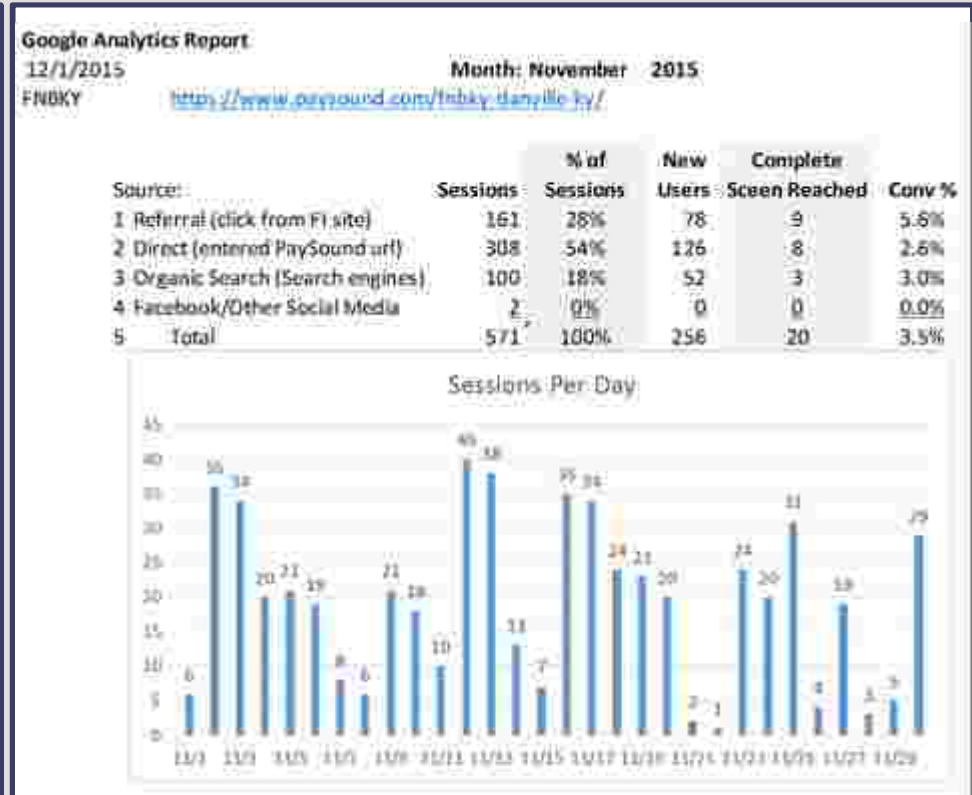
Week of July 11-17, 2016

Action	#	%
Log In Site	142	100%
Applied	109	77%
Adverse Action and Adverse Action Credit Alert	91	64%
Did Not Progress	3	2%
Approved Signed Up	15	11%

Device Category ?

Device Category	Sessions
1. mobile	(53.30%)
2. tablet	(14.35%)
3. desktop	(32.35%)



## 8. Conclusion

- Online digital lending technology is critical to community banks for:
  - Relationships
  - Revenue
  - Efficiency
- You should focus on how best to integrate technology for targeted segments now available which is totally under your control.