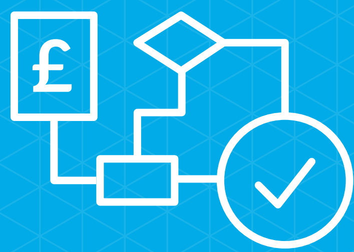
Modulr

Whitepaper

Alternative Finance sector:
Innovative payments processing as an enabler to growth

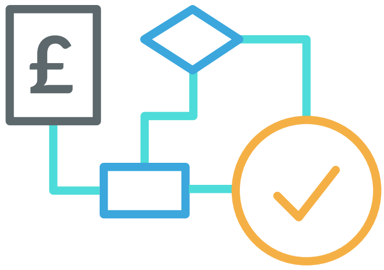
June 2017



Alternative Finance sector: Innovative payments processing as an enabler to growth

Modulr, June 2017

The Alternative Finance and non-bank lending market has grown massively quickly in recent years. In the UK, peer to peer (P2P) business lending increased at an average rate of 194% between 2013 and 2015 and reached around £2.5 billion in 2016[1]. Meanwhile Euro volumes came close to €1 billion in 2016, up 85% year on year[2].



Alternative Finance, or Altfi, lenders are regulated non-bank lenders that use innovative technology and business models. They typically offer simpler, faster applications and approvals, facilitate lending to those who would otherwise find it difficult to get credit and in the case of peer to peer models, provide relatively high risk/return opportunities for investors.

There are signs that the sector is now starting mature and consolidate. Leading players are focusing on product diversification and innovation, partnering and international growth to cement their position and challenge more traditional lenders, predominantly the banks.

At the same time, some banks are responding with competing online platform offerings. For example, Barclays and NatWest have recently launched SME lending platforms offering business loan approvals in less than an hour. Smaller Altfi platforms face the challenge of building critical mass if they are to prosper.

These increasing pressures place an imperative on Altfi platforms to minimise operational costs while expanding product offerings. At the same time they need to retain customers and continuously evolve core technology while maintaining security and meeting compliance requirements.

As complex payment processing is so core to the business of providing financing, there are real gains to be made by streamlining key payment related functions. SME finance provider and Modulr client, Liberis, achieved a 35% cost saving by overhauling key payment processing workflows.

A new generation of payment service providers offers lending platforms more flexible and cost effective ways to process collections and make instant outbound payments to borrowers, all through a simple API. →

> SME finance provider Liberis has seen a significant cost reduction of 35% since overhauling their processes using Modulr's technology.

1. Cambridge Centre for Alternative Finance: Pushing Boundaries The 2015 UK Alternative Finance Industry Report
2. http://www.altfi.com/article/2537_alternative_finance_in_2016_good_growth_in_a_tumultuous_year

This paper examines the challenges Altfi companies face in taking their businesses to the next stage and the role that innovative payment services can play in their strategies.

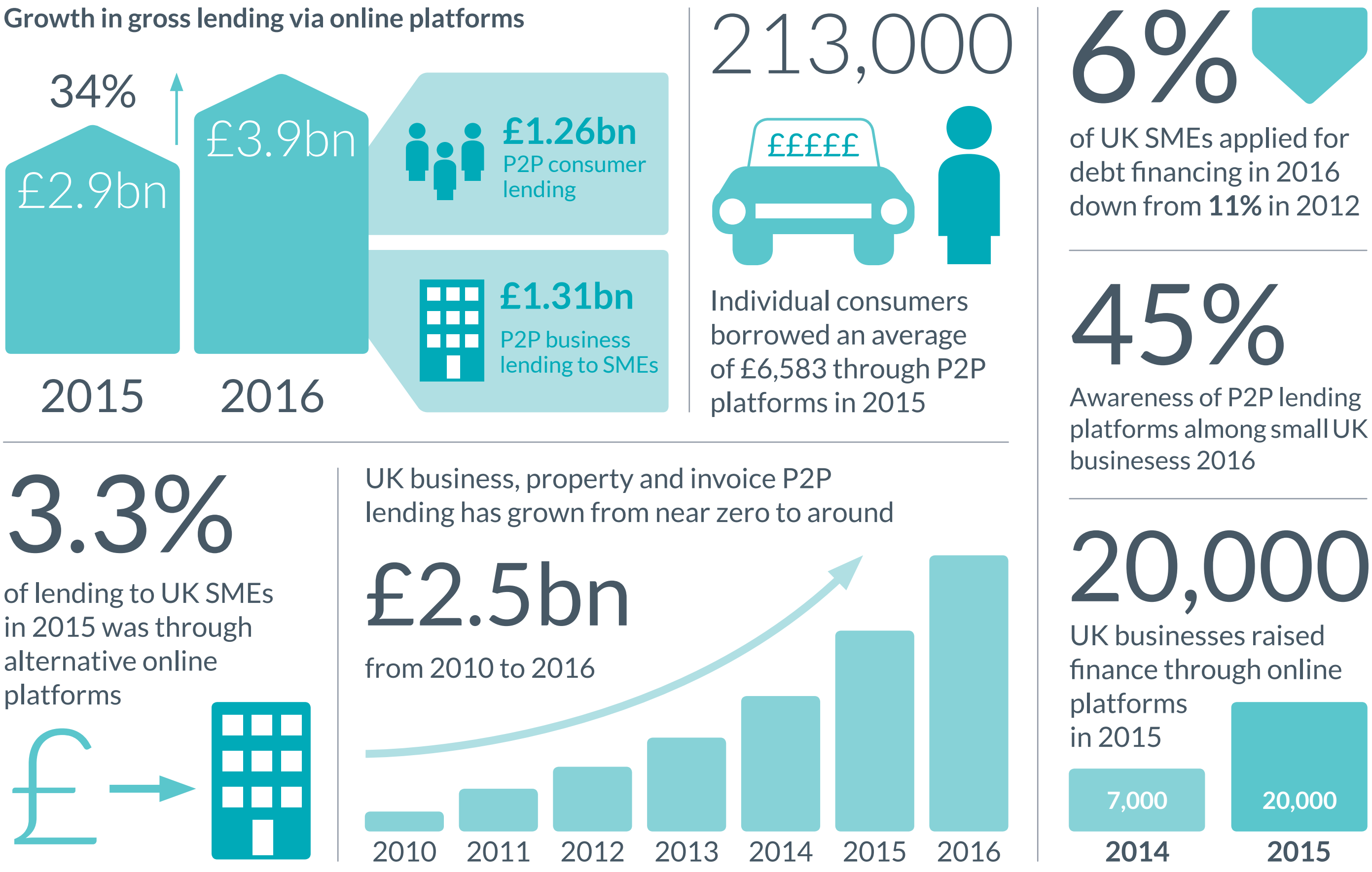
Lending – strong growth and significant opportunity

The UK and European Altfi market continues to grow strongly, delivering significant opportunity for leading players. According to Altfi Data[3], UK P2P business lending has grown from almost zero in 2010 to nearly £2.5 billion in 2016. Year on year growth between 2015 and 2016 was around 40%. In 2015, Altfi providers accounted for 12% of lending to small businesses in the UK with over 20,000 SMEs receiving £2.2 billion through online channels[4]. Demand from funders is also growing. The Cambridge Centre for Alternative Finance estimates around 1.1 million people invested, donated or lent via online alternative finance platforms in 2015, although it does warn that this figure likely includes a high level of double counting.

This is against a background of declining overall demand for small business lending driven at least in part by a perception that it is difficult to raise finance.

UK peer to peer business lending has grown from almost zero in 2010 to nearly £2.5 billion in 2016.

Alternative finance in numbers



Data Sources: Cambridge Centre for Alternative Finance/Nesta, AltFi Data, British Business Bank

3 http://www.altfi.com/article/2681_uk_p2p_business_lending_growth_remains_robust
4 Cambridge Centre for Alternative Finance: Pushing Boundaries The 2015 UK Alternative Finance Industry Report

A recent survey by the British Business Bank suggests that an estimated 56% of smaller businesses perceived finance to be difficult to obtain. Altfi lenders that focus on simple loan applications and almost instant approvals appear to be addressing a genuine need.

Business and consumer P2P lending are the leading categories amongst the Altfi sectors with real estate being the largest recipient sector. However emerging models, notably donation-based crowd funding, whilst still very small at £12 million in 2015, are growing very rapidly.

Growth in the sector is being driven by a number of factors including:

- Strong business and consumer demand for credit.
- Increasing comfort amongst consumers and businesses with using online platforms.
- Lack of consumer trust in banks.
- Low interest rates encouraging investors to seek alternative opportunities to achieve higher returns.
- A supportive approach from the UK Government – for example the distribution of British Business Bank loans to SMEs through P2P lending platforms and offering of tax incentives, to funders who typical invest via P2P and crowd funding platforms.
- A relatively supportive regulatory environment, notably in the UK.

The signs are that the market is starting to mature. One indication of this is the fact that it is increasingly attracting funding from Institutional Investors. The Cambridge Centre for Alternative Finance notes[5] that this trend started in 2015 when 45% of platforms it surveyed reported some institutional involvement. It estimates that just over one thousand institutional funders were actively involved in financing or co-financing loans or equity deals on alternative finance platforms in the UK in that year and that 26% of all P2P business loans and 35% of consumer loans were institution funded. Organisations including universities, local authorities and accounting forms are actively partnering with alternative finance platforms to provide funding for projects, and small business growth initiatives.

As a result of this, leading platforms are still experiencing very high growth rates. According to Altfi Data, the four leading UK P2P providers maintained high double digit growth through 2016[6]. Invoice financing platform MarketInvoice reportedly quadrupled its lending, reaching a cumulative total of £1.1bn lent[7]. However, there are challenges that need to be addressed if sustainable growth is to be maintained →

Alternative finance that focus on simple loan applications and almost instant approvals appear to be addressing a genuine need.

5 Cambridge Centre for Alternative Finance: Pushing Boundaries The 2015 UK Alternative Finance Industry Report
6 http://www.altfi.com/article/2537_alternative_finance_in_2016_good_growth_in_a_tumultuous_year
7 http://www.p2pfinancenews.co.uk/2017/03/14/marketinvoice-anil-stocker/

Non-Bank Lending Products

Altfi and non-bank lenders offer an increasingly wide portfolio of products. They differentiate from banks by using technology to significantly simplify and speed up the application, risk assessment and approvals process and/or business models that facilitate lending to those who would otherwise find it difficult to get credit. Typical products include:

Business

General purpose non-bank secured and unsecured lending
Providers use technology platforms and business data to rapidly asses risk and make approval decisions. Examples include iwoca and ezbob.

Peer to peer business lending
Secured and unsecured debt-based transactions between individuals/institutions and businesses with trading history, typically SMEs and/or property developers. For example, Funding Circle.

Invoice factoring
Businesses sell their invoices or receivables to a pool of primarily high net worth individuals or institutional investors. Examples include MarketInvoice and DueCourse.

Merchant/business cash advance
Businesses take unsecured loans repaid as a percent of future payment card sales. For example, Liberis.

Pension-led funding
Allows mainly SME owners/directors to use their accumulated pension funds to re-invest in their own businesses. For example, Clifton Asset Management.

Debt based securities
Individual lenders purchase securities (typically a bond or debenture) at a fixed interest rate. Full repayment plus interest paid at maturity. Abundance Generation is an example.

Consumer

General purpose non-bank loans
Providers use technology platforms to rapidly asses risk and make approval decisions. Examples include besavvi and Freedom Finance.

High cost short term credit
Often known as Payday Loans or microloans, relatively small amounts are lent for a short period of time at high interest rates. For example, Wonga.

Peer-to-peer consumer lending
Debt–based transactions between individual/institutional lenders and consumer borrowers. Typically, these are unsecured personal loans. Examples include Zopa and Ratesetter.

Guarantor loans
Loan is approved based on guarantees from credit worthy third party guarantor known to the borrower. For example, Amigo Loans and 1plus1 loans.

Credit card lending
Credit card issuers offering products to consumers including those with poor credit records but often at a high rate of interest. Vanquis is an example.

Car finance
Loans specifically designed for car purchase. Approvals given rapidly and loan company pays the dealer directly. Examples include Midland Credit and Blue Motor Finance.

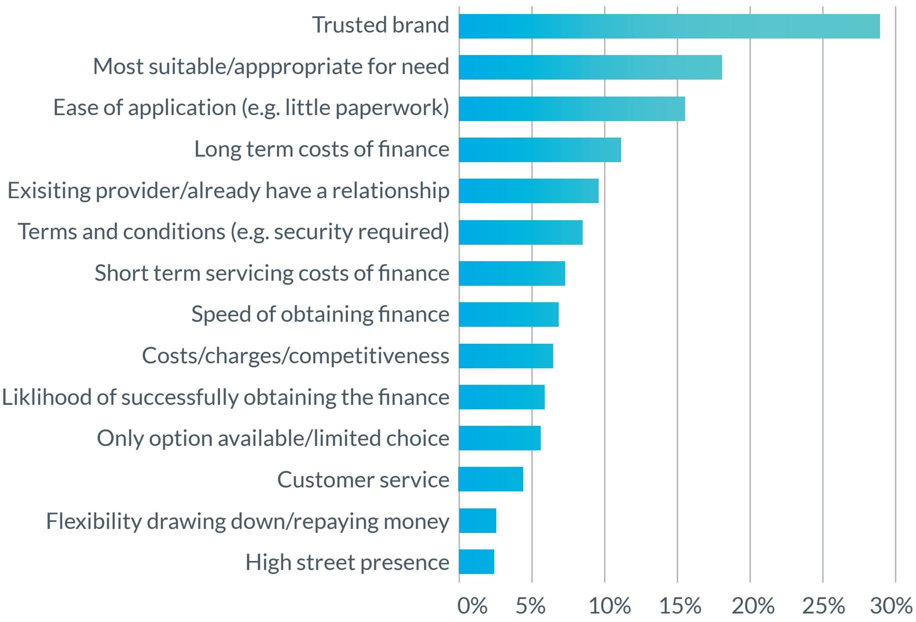
Other specialist lenders
Loans provided for specific purposes such as travel season tickets (for example CommuterClub) or using innovative application or repayment processes, such as point of sale financing (for example pay4later) and salary deductions (for example Salary Finance).

Key challenges: maintaining growth and reaching critical mass in a consolidating market

Alongside the growth, there are signs that the market is starting to consolidate. There are large number of players, we estimate at least 100 in the UK, but volume in key sectors is highly concentrated around the leaders, some platforms have closed and fewer new players are entering the market. Furthermore, while market growth rates are strong they are inevitably slowing. This implies that leaders need to work hard to maintain their momentum and smaller players have a challenge to reach critical mass.

Building a recognised, trusted brand and driving traffic is one of the challenges in both consumer and business markets. According to survey data from British Business Bank, the most common reason SMEs offer for choosing their finance provider is "trusted brand", with 28% citing this as their main reason[8]. Building this requires significant marketing investment and focus. Competition is no longer coming just from other Altfi platforms. The banks have recognised the challenge and are starting to fight back. Both Barclays and NatWest have recently launched online automated lending platforms for SMEs[9]. While these are not P2P, they aim to replicate many of the benefits of simplicity and rapid loan approval.

Reasons for choosing a provider



Source: British Business Bank 2016 Business Finance Survey – *Ipsos MORI*
Notes: Base: all SMEs that contacted only one provider (n=461 in 2016). Multicode, unprompted.

Trusted brand is the most common reason SMEs offer for choosing their finance provider – building this requires significant marketing investment and focus

8 British Business Bank Small Business Finance Markets 2016/17
9 http://www.p2pfinancenews.co.uk/2017/02/15/natwest-launch-alternative-lending-platform/

In addition to marketing spend, there is a need for ongoing technology investment. Increasingly complex and diversified products drive a requirement for more sophisticated platforms and processes, notably for underwriting and credit risk management. Partner integration and ensuring cost effective platform and process scalability are additional critical challenges for platforms looking to consolidate their position in the market.

Security and management of fraud is a further important consideration. The risk of security breach and malpractice resulting in the collapse of a player were both seen as threats to the growth of the industry by over half of the platforms surveyed by the Cambridge Institute for Alternative Finance in 2015. While the report notes that the UK industry to date has seen very few incidents of systematic fraud or malpractice, it suggests that the growth of the industry will inevitably bring with it examples of platforms not playing by the rules. There have been collapses in less regulated markets, most notably the closure and 2015 bankruptcy of Swedish platform TrustBuddy following its admission of misuse of lenders capital. This places a clear responsibility on platforms to minimise the chances of first party, fundraiser and borrower malpractice or fraud. Effective protection of client funds, KYC and anti-money laundering processes are important elements of this.

Regulatory compliance is another challenge. While regulation of alternative lending platforms in the UK is well defined and strikes a fair balance, some consumer non-bank lending providers with high risk products, notably payday lenders, have had to operate within a much tighter regulatory framework since the FCA took over responsibility for consumer credit regulation in 2014. This has resulted in dramatic reductions in profitability, severe financial penalties for non-compliance[10] and many players exiting the UK market. These regulatory restrictions put additional pressure on remaining responsible lenders to minimise operating costs and ensure that compliance and reporting requirements are met.

Peer-to-peer and crowd funding platform regulation and client money protection

In 2014, the Financial Conduct Authority (FCA) introduced regulation of peer-to-peer lending and equity based crowdfunding. These have come into full effect in 2017.

The rules aim to protect investors in this part of the crowdfunding market focus on ensuring that consumers interested in lending to individuals or businesses have access to clear information to allow them to assess the risk and to understand who will ultimately borrow the money.

The FCA has also applied consumer protection requirements on firms operating in this market, including client money protection and minimum capital standards. Firms running platforms are required to have resolution plans in place so that, in the event of the platform collapsing, loan repayments will continue to be collected and those lending money do not lose out.

There is a clear responsibility on platforms to minimise the chances of first party, fundraiser and borrower malpractice or fraud. Effective protection of client funds, KYC and anti-money laundering processes are important elements of this.

10 https://www.ft.com/content/620c4bcc-7e4a-11e6-bc52-0c7211ef3198

Strategies for growth

Leading platform players are adopting a number of strategies in order to maintain growth in the face of market maturity and increasing competition. These include:

- **Attracting business that has traditionally gone to banks.** Lenders are moving on from serving customers who would have found it hard to raise bank finance to competing directly with banks for their traditional loans business. Altfi platforms have a number of natural advantages over banks. These include the ability to launch responsive products meeting specific customer needs, better customer service, quicker onboarding and approvals, more responsive automated platforms and a lower operational cost base. Against this they are at a disadvantage in terms of brand awareness, marketing resource and sheer volume of established customer relationships. To execute successfully, it is critical that the natural advantages are maintained as platforms scale.
- **Channel partnering.** Lenders are partnering and integrating with organisations that can give them greater access, particularly to SME business customers. These partners include banks, accounting firms, business associations and universities.
- **Internationalisation.** Platforms are increasingly moving beyond the UK to grow business. As we have already highlighted, the European market is also growing strongly and offers attractive opportunities. Challenges include operating in multiple currencies and under different regulatory regimes.
- **Product/sector diversification.** While most platforms have built their initial success by focusing on product category, such as P2P loans or invoice financing, they are now diversifying to maximise growth potential. This is in addition to continuous development of new and innovative products required to respond to market conditions and meet specific customer needs. Ongoing platform and process development is required to support the matching, authorisation and payment processing requirements of these diversified product sets. This includes development of auto-bidding and auto-selection functionality, credit risk management, customer onboarding and partner integration.
- **Improving customer retention:** Winning customers is hard and can be expensive, which is why it is critical to retain them. High levels of customer retention are possible, but are dependent upon delivering excellent customer service.
- **Cost reduction:** As platforms scale it is critical that operational costs are maintained at a low level in order to maintain competitive advantage and profitability.

Challengers and smaller players need to pursue similar strategies to reach critical mass and avoid being marginalised, but with greater focus on defined product areas and customer segments rather than diversification. →

As platforms scale it is critical that operational costs are maintained at a low level in order to maintain competitive advantage and profitability

The critical role of payment processing and client account management

Payment processing and client account management are core to the operation of all Altfi platforms. Collection of loan repayments and investor funds, fund allocation, fee extraction and rapid payment of loans all need to be managed efficiently and at scale. Add to this need for ledger reconciliation, client fund separation and protection and client account management, and it is clear that suboptimal processes can lead to unnecessary overheads and risk of errors.

Just looking at the outbound payments side, fast loan approvals need to be matched with instant payments to ensure customers are delighted. While use of Faster Payments facilitates this, bank integration can be challenging and same day payments are not always possible due to bank cut-off times.

Payment needs and challenges increase for those platforms that typically process very high volumes, for example High Cost Short Term lenders and consumer non-bank lenders.

Optimisation of payment processes can be an important enabler of growth and platform development strategies – specifically those on improvement of customer service and reduction in cost. Platforms that are internationalising into Europe need the additional capability to efficiently accept and disburse funds and collect investments and repayments in GBP and Euros.

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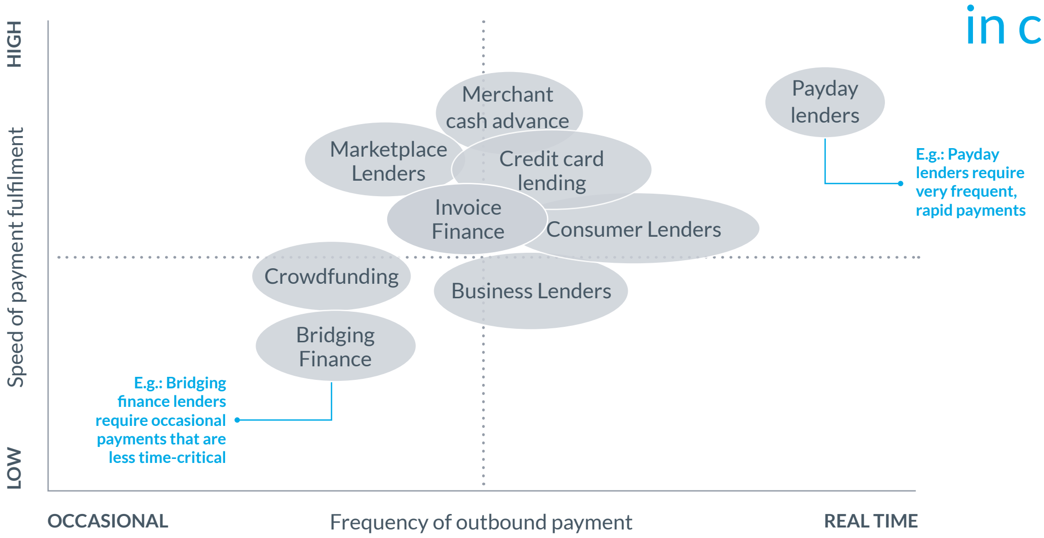
Outbound payment needs increase with frequency



Next generation payment services offer major benefits to Altfi platforms

The payments industry is in the middle of a revolution. This is seeing faster, simpler and cheaper payment services made available to businesses. It is becoming much easier for companies to integrate their software and systems with those used by their banks and payment processors through the use of simple APIs. This allows more processes to be automated, makes reconciliation much easier and provides richer data for reporting. →

These changes have come about due to a combination of developments in technology, changes to regulation, notably the European Union's Payment Services Directive 2 (PSD2) and the UK Government's Open Banking Initiative, along with the emergence of a well-funded fintech sector that is grasping the opportunity to offer innovative new payment solutions.

These innovative new payment providers, of which Modulr is a leading example, are able to offer quickly deployed and easily customisable services typically based around the following key features:

1. Open APIs: Providing simple integration with lenders' platforms, open APIs facilitate Instant Payment Account creation, highly flexible and immediate payment initiation and ongoing ledger reconciliation. Coupled with Webhook notifications, they allow customers to be instantly informed of repayment receipts.

2. Instant payment accounts: Unlimited dedicated accounts complete with a unique sort code and account number can be instantly created for every client using a platform without the need for time consuming KYC checks. Using a unique Instant Payment Account as a dedicated client account to hold the funds of each individual borrower or investor significantly simplifies, real time ledger reconciliation, separates client funds and facilitates instant client onboarding.

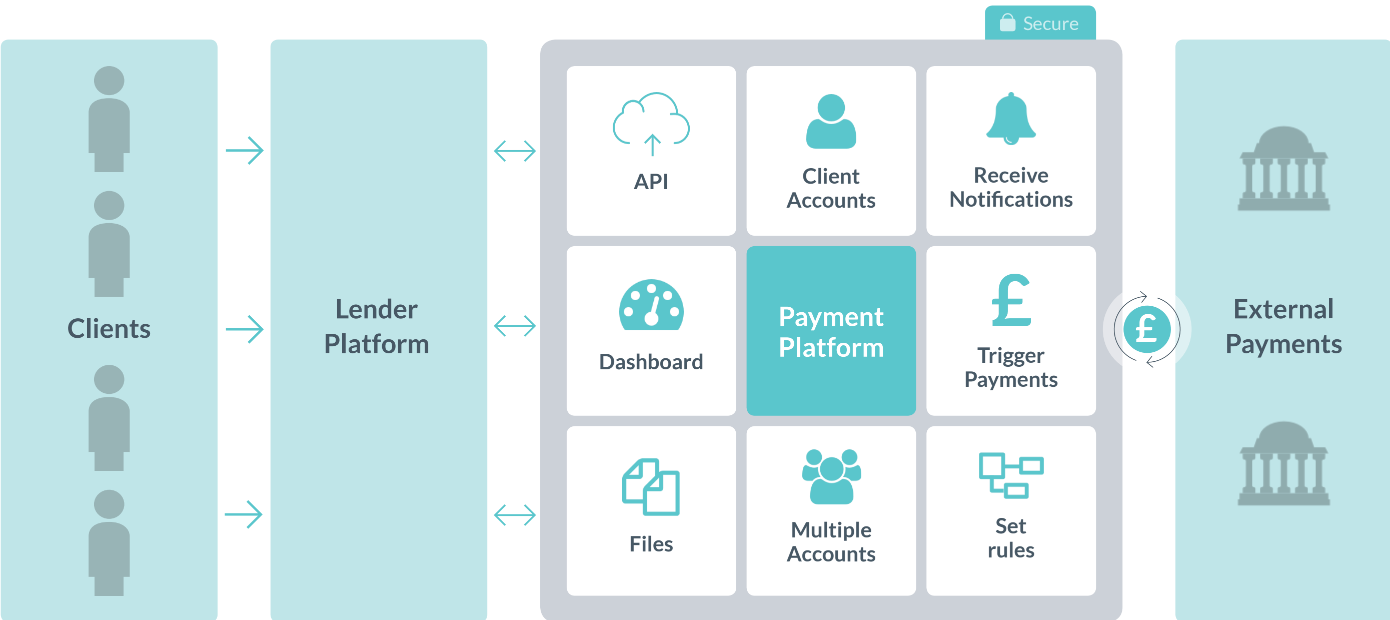
3. Flexible 24x7 payment initiation: Flexible, automated access is offered to Faster Payments and other payment services via the API. This eliminates the need for batched payments, avoids some of the time restrictions imposed by banks and can reduce errors, 1st party fraud risk and processing costs.

4. Rules engines: Programmable rules engines allow the design and automation of complex payment flows, fee collections and treasury management offering the potential to significantly decrease operational overheads.

5. Management dashboards: Allow access to client account creation and reporting features simplifying manual onboarding and customer services processes. →

The payments industry is in the middle of a revolution. This is seeing faster, simpler and cheaper payment services made available to businesses.

Anatomy of a new payment platform



What is an instant payment account?

An Instant Payment Account is like a standard bank account in that it has a dedicated account number, holds a balance and statements can be produced for it.

However, unlike a standard bank account, there is no need to go through the time consuming due diligence or 'Know Your Customer' process required each time a new standard account is created. Additionally, there is no limitation on the number of Instant Payment Accounts that can be opened. Customers need to be validated once when the facility is set up, but when that has been done, it is possible to create and close Instant Payment Accounts as required. There is no need to worry about the security of funds held. Instant Payment Accounts are managed by authorised companies, such as Modulr, backed by partner or 'sponsor' banks who are custodians of the funds. the funds.

Integrating a payments service with these sorts of features can offer Altfi businesses a number of benefits that can both drive revenues and reduce costs of operation.

Using payments to drive revenue and growth

As we discussed above, one of the key challenges for Altfi is consolidating and driving growth and critical mass. This means winning customers from traditional bank lenders and retaining those customers through excellent customer service. While a key part of that will be achieved through offering innovative products carefully tailored to the needs of specific target customer segments, delighting and engaging clients is also critical. Some of the things that help build client trust and satisfaction include:

- Rapid, professionally handled onboarding of borrowers with instant loan payments once approval has been given.
- Proactive client communications, for example providing repayment reminders and immediate notifications of repayment or investment payment receipts through your app, social media or other messaging services.
- Self-service portals that allow both borrowers and investors to check the status of their account and have full visibility of completed transactions.
- Immediate, automated repayment of any client overpayments.
- Responsive and informed customer support interactions when things go wrong. This includes ensuring that customer service agents have all the information on the status of a client's account transactions at their finger-tips – and have the ability to immediately rectify any errors.

A flexible and responsive payments and client account service that is tightly integrated with the lending platform can play a key role in delivering these tangible client benefits as some of our case studies show. →

> A flexible and responsive payments and client account service that is tightly integrated with the lending platform can play a key role in delighting and retaining customers.

Salary Finance: a flexible solution for complex customer onboarding, support and payment flows

Case study

SalaryFinance is a Fintech business with a social purpose: to help middle-to-low income workers pay off their debt faster and start saving toward their financial goals. Its platform consolidates existing personal debts and lets employees repay them via a single low-interest, fixed-rate loan, direct from their salary.

As a market-leading innovator, SalaryFinance was looking to scale a new operating model but without the complexity inherent in the legacy banking systems of incumbent providers.

Modulr's APIs enable SalaryFinance to quickly and easily create individual accounts for clients and maintain better visibility of cash flows while delivering automated real-time reconciliation and seamless onward payments. This removes the need for time-consuming manual interventions and overcomes the inherent challenge of identifying, tracking and processing payments.

> Quite simply, Modulr offered a great solution for our business needs. Where we were faced with complexity, which would have slowed development, Modulr has brought us simplicity, clarity, speed to market and great service.

Tim Philip
Chief Operating Officer
SalaryFinance

The role of payments platforms in operational cost reduction

We have already discussed how cost optimisation needs to underpin the growth strategies of Altfi and nonbank lending companies. As complex payment processing is so core to the business of providing financing, there are real gains to be made by streamlining key payment related functions. This is particularly the case for platforms and lenders dealing with high volumes of relatively low value payments. Specific improvement opportunities include:

Automation of accounts payable and receivable: It is critical for fast growing companies to be able to scale their payment and finance operation without a comparable increase in overhead. Ideally, they need to take all available opportunities to reduce costs of an API enabled payment automation service can enable this. Not only does it eliminate the operational overhead, error and first party fraud risk associated with manually initiated, batched payment processing, it also allows for immediate initiation of individual outbound payments – thus driving customer satisfaction. On the receivables side, notification and data retrieval APIs allow automatic, incremental updating of ledgers.

Acceleration of collection cycles: While loan default rates are relatively low, it is important that loan providers are able to rapidly and constructively respond when customers do miss repayment dates. This protects cash flow and reduces the risk of bad debt. API notifications that advise the provider when a payment

> Modulr's APIs enable SalaryFinance to quickly and easily create individual accounts for clients and maintain better visibility of cash flows

has arrived, coupled with timely automated webhook enabled customer reminders are helpful tools to facilitate this.

Elimination of reconciliation: Segregation of funds by client, project or supplier through Instant Payment Accounts and real time account/ledger synchronisation via an API can reduce daily reconciliation activity to a minimum. The use of Instant Payment Accounts, coupled with a dashboard provided consolidated account view also facilitates faster error tracing and resolution.

Automation of treasury management: Automation of the complex payment flows that underpin effective finance operations can lead to greater efficiencies in treasury management. A payments logic engine can be used to facilitate a range of functions including automated fees and commissions extraction, fund pooling from collection accounts, account to account funds transfers and routing of outbound payments.

Reductions in technology support costs: resolution of errors caused for example by file processing and banking system unavailability can be an unwanted burden for technology support and finance teams. Processing payments via a platform that supports per-transaction interaction via dedicated Instant Payment Accounts and automatic transaction queueing into payment networks can help eliminate this overhead.

Lower compliance costs: Specifically relevant to regulated market place and P2P platforms, use of EMI client accounts can reduce the CMAR reporting burden and improve speed and efficiency for FCA reporting.

While these improvements can potentially benefit most Altfi platforms, solutions can be optimised to meet the very specific needs of individual providers and use cases, as the following specific examples show.

Example 1: **Marketplace and P2P Platforms**

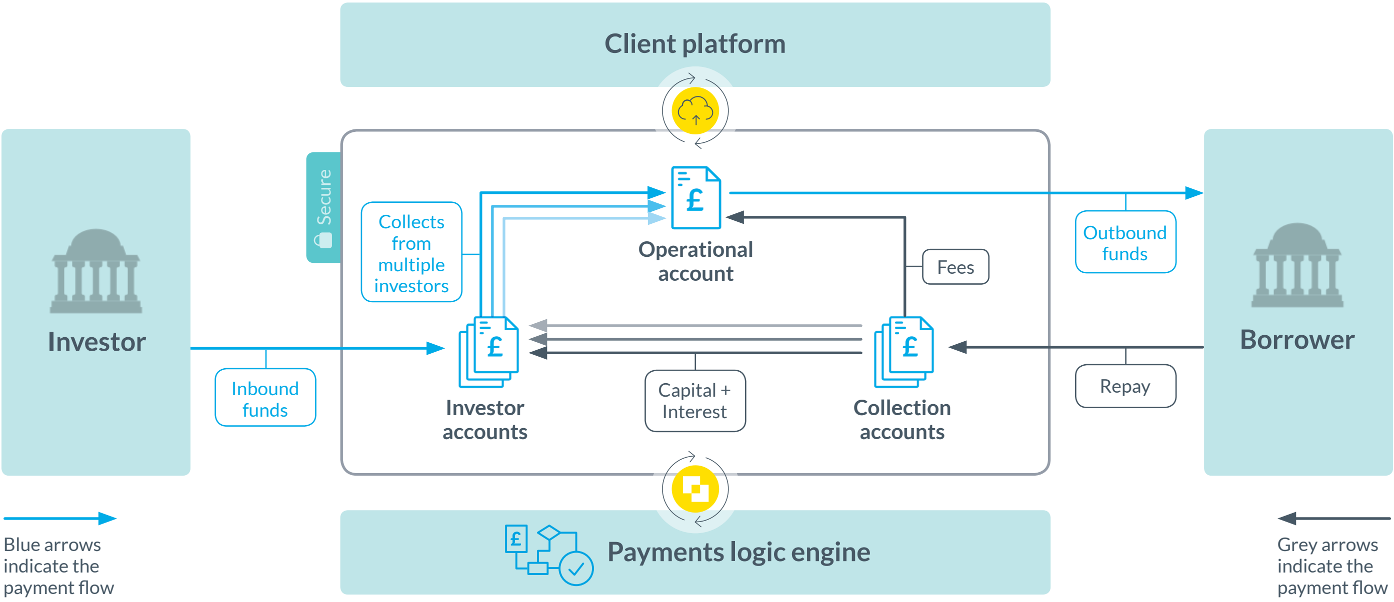
Marketplace and P2P platforms face the specific challenges of managing complex payment flows between the borrowers and investors while ensuring compliance and protection of client funds. Use of a secure, regulated payment service that offers individual, on demand accounts with dedicated account numbers, statements to hold and manage funds for every client can significantly simply the task.

Investors make funding payments into their dedicated accounts so that their funds are segregated. When borrowers' projects are fully funded, the investors funds can be easily pooled and distributed through immediate payments to borrowers. Repayments from borrowers are received into dedicated collection accounts, platform fees can be extracted and investor returns allocated back into investor accounts.

Physical separation of accounts ensures protection of client funds and provides transparency in reporting and simplifies compliance. The ability to create, and close, these accounts on demand, accelerates investor, buyer, borrower and seller on-boarding and the ability to inform clients when funds arrive and payments are sent helps deliver truly differentiated quality of service.

Streamlined payment solutions can be optimised to meet the very specific needs of individual providers and use cases

The Modulr platform simplifies P2P payment flows



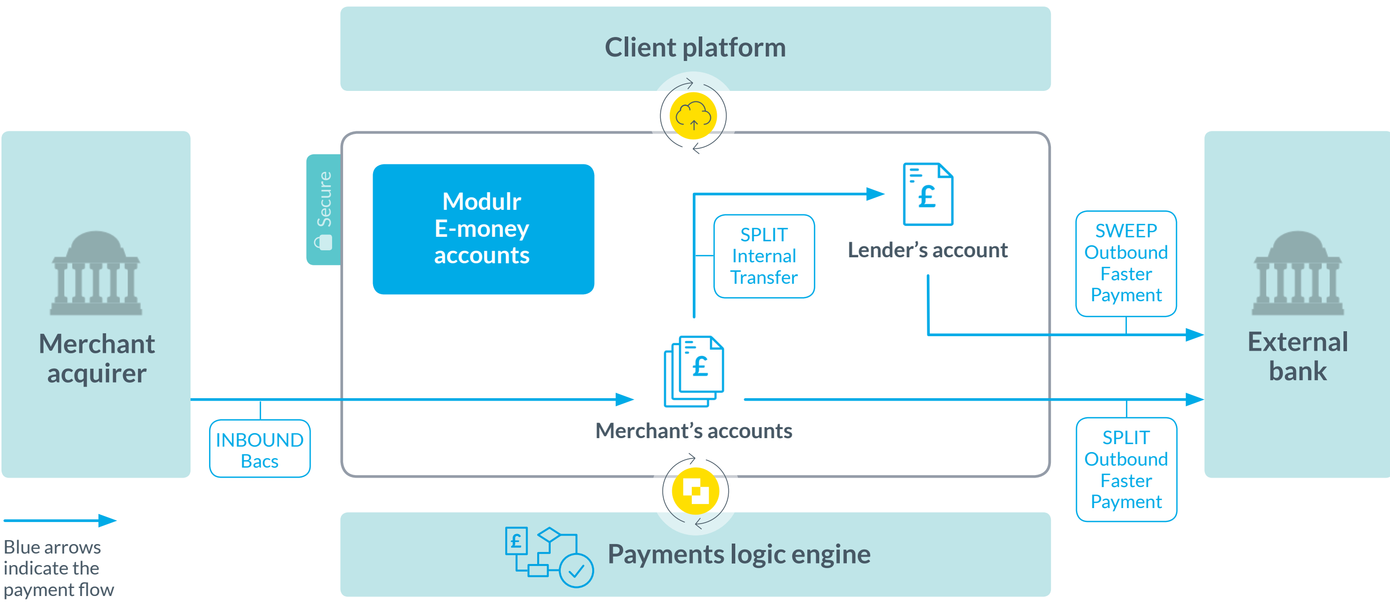
Example 2: **Cash Advance**

Merchant cash advance platforms can significantly benefit from improvements in customer onboarding, funds flow and payment splitting that can be facilitated by simplified bank integration, Instant Payment Accounts and an effective rules processing engine.

Dedicated customer accounts, that can be instantly created, reduce the normal customer onboarding time from days to minutes. Individual loan payments can then be made from the lender's account immediately on approval of the financing. Receivables from the customer's acquirer are paid directly into the dedicated customer's Instant Payment Account and the rules engine calculates the repayments and lender's fees which are split out. The balance of the acquirer's funds can be instantly credited to the merchant via Faster Payments.

The savings in time and administrative overhead not only provide much better customer experience but can also significantly reduce operating costs.

The Modulr platform enables simple financing



Liberis Case Study: a flexible solution for complex customer onboarding, support and payment flows

Case study

Liberis is a leading provider of merchant cash advance financing. They enable business owners to access a loan based on their customer credit and debit card takings. This is repaid by deducting a small percentage from each future card transaction until the balance is repaid.

This provides an easy, low risk way for a borrowing business to repay with repayment amounts directly linked to takings. This reduces financial stress during quieter trading periods.

While the concept is simple, it depends upon some complex payment flows to calculate and split out the loan repayments before the merchant receives the funds from its card transactions. Prior to their partnership with Modulr, Liberis' process for reconciling customer accounts lacked the required flexibility, staff were often unable to retrieve data required to resolve customer queries easily and the onboarding process had pitfalls.

Modulr worked with Liberis to address these issues, and through a simple integration via the Modulr API, Liberis was able to cut transaction costs by 35%, reduce account on-boarding from days to minutes, resolve customer queries much faster, and introduce rules which removed much of the admin overhead.

> Modulr's payment APIs enable us to onboard more customers and improve the certainty when servicing all our customers.
>
> Our customers' feedback about our improved onboarding process has been extremely positive, and the team has noticed how much time we now save.

Rob Straathof
CEO, Liberis

Our customers' feedback about our improved onboarding process has been extremely positive, and the team has noticed how much time we now save.

Partnering for simplified payments

Peer to peer lending in the UK has grown from zero in 2010 to nearly £2.5bn in 2016 and alternative finance is set to take increasing market share especially in the small business market. There are significant growth opportunities for innovative lending platforms in mainland Europe.

With leading companies registering high double digit annual growth, there are many challenges to overcome to maintain momentum. These include the need to support an increasingly complex product set, at scale, while maintaining customer trust and satisfaction. At the same it is essential to meet compliance requirements and ensure platform flexibility and security, while facing off increasing competition, not least from traditional banks.

Ensuring efficient payment processing and client account management can be a critical enabler in meeting these challenges.

Innovative new payment providers offer quickly deployed and easily customisable services. Modulr is a leading example, with a platform featuring open APIs, instant payment accounts, flexible 24x7 payment initiation, →

programmable business rules engines and intuitive management dashboards. The benefits include access to multiple banks through a single API integration, simplified customer onboarding, dedicated accounts for each client, instant loan pay-outs, simpler reconciliation and reduced administrative overhead.

Partnering with a platform such as Modulr should be a key consideration for Altfi lenders developing a roadmap for scaling key business processes while optimising simplicity and customer experience."

Contact Modulr at **hello@modulrfinance.com** to find out how we can help your business turn payments into a competitive advantage.