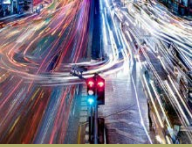




# PROMISE & PERIL

Managing the Uncertainty of Rapid Innovation and a Changing Economy



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Managing the Uncertainty of Rapid Innovation and a Changing Economy

## Panel 2: Small Business and Consumer Lending

### *Moderator*

- **Chuck Morris**, *VP & Economist, Federal Reserve Bank of Cleveland*

### *Panelists*

- **Usman Ahmed**, *Head of Global Public Policy, PayPal*
- **Michael Busch**, *President, Burling Bancorp, Inc.*
- **Gilles Gade**, *President & CEO, Cross River Bank*
- **Cathy Lemieux**, *EVP, Federal Reserve Bank of Chicago*
- **Joseph Smith**, *Group Leader, Mortgage Banking & Securitization, OCC*

## ABOUT CROSS RIVER

Cross River is the premier financial services organization that merges established lending and credibility of a bank with the innovation and product offering of a tech company. We support business needs spanning the entire spectrum of the transactional chain by adapting our technology and ensuring compliance to provide trusted, streamlined solutions to our clients so they can grow in the ever-evolving market.

**Compliance:** Our regulatory and compliance framework is at the heart of all our product and service offerings.

**Technology:** Through constant innovation, we provide streamlined solutions that make our clients' vision come to life.

**Leadership:** We put our trusted experience to work on behalf of our clients, so they can lead the industry forward.



# FINTECH PRODUCT SOLUTIONS

## Marketplace Lending

Cross River's Marketplace Lender Solutions deliver fully integrated technology that leverages our payment products and platforms with best-in-class compliance. This enables partner marketplace lender platforms to underwrite in a controlled, compliant and consistent manner. Since January 2014, Cross River has originated ~ \$6Bn on behalf of 17 active platforms.

## Payments

Cross River offers a variety of payment processing solutions

## ACH

Cross River's proprietary ACH platform offers a robust, highly scalable and compliant solution with simple client integration.

- Data can be transferred individually or batched
- Option to transfer data via APIs without the creation of a NACHA file
- Secure and reliable NACHA file transfer options
- Automated ACH alert notifications, query resolution, error and return services
- International ACH transfers via IAT processing
- Same day ACH service will be available upon release
- ISO 27001 and SSAE16 certified, PCI compliant

## Flash Disbursement

Cross River offers a unique payment solution to move money to US debit cards within minutes at a significantly reduced cost compared to wire transfers.

- Funds available instantly in approximately 80% of transactions
- System operates live 24/7
- Excellence in compliance, fraud prevention and mitigation
- Advanced BIN routing to ensure fastest funds delivery
- Tokenization options for secure payments and reduced PCI obligations

# **Fintech Lending: Market Penetration, Risk Pricing, and Alternative Information**

Julapa Jagtiani and Cathy Lemieux

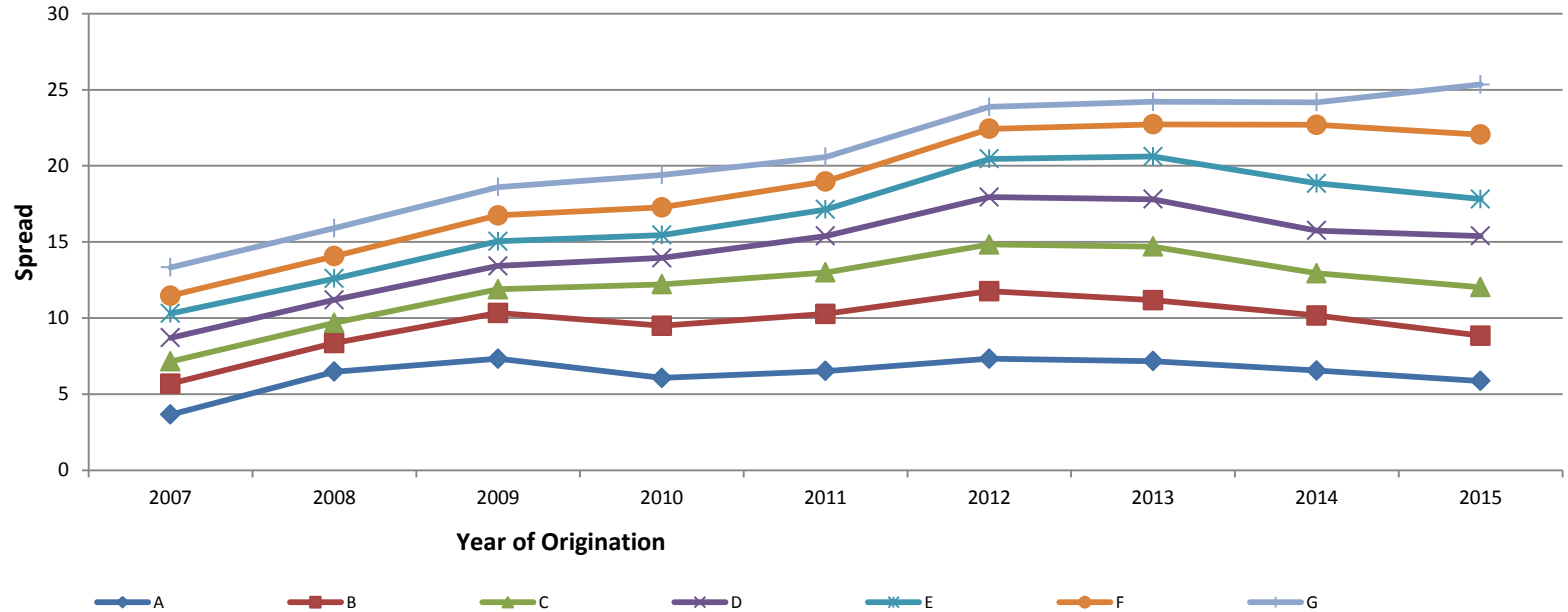
Risk Conference

Federal Reserve Bank of Chicago

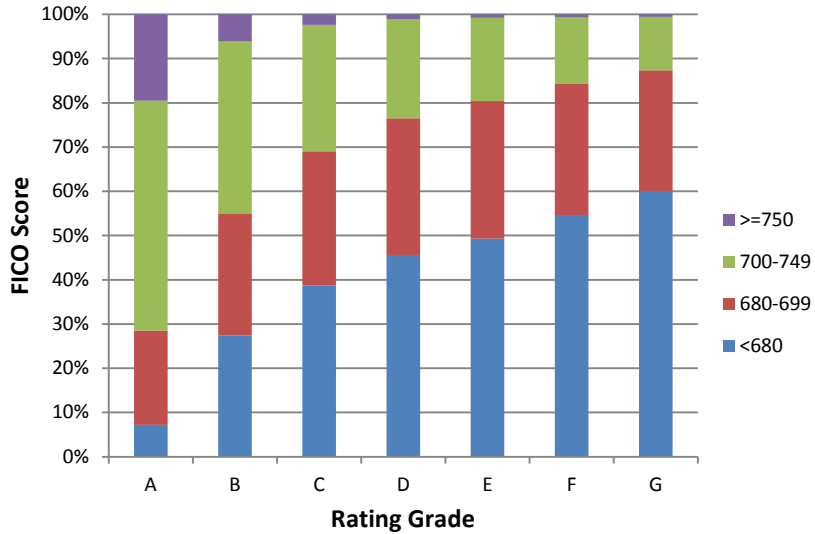
March 29-30, 2017

The opinions expressed here are the authors' own and do not represent the views of the Federal Reserve Bank of Chicago, the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

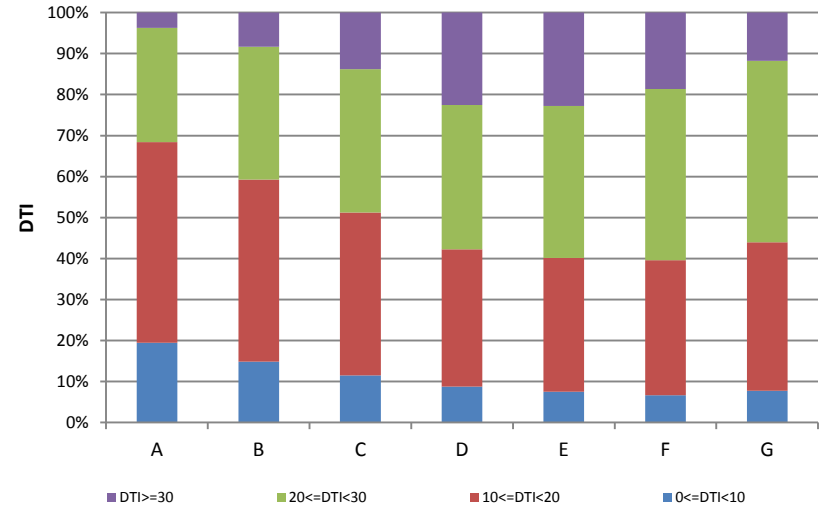
## Average Spread by Rating -- Cards and Debt Consolidation (2007-2015)



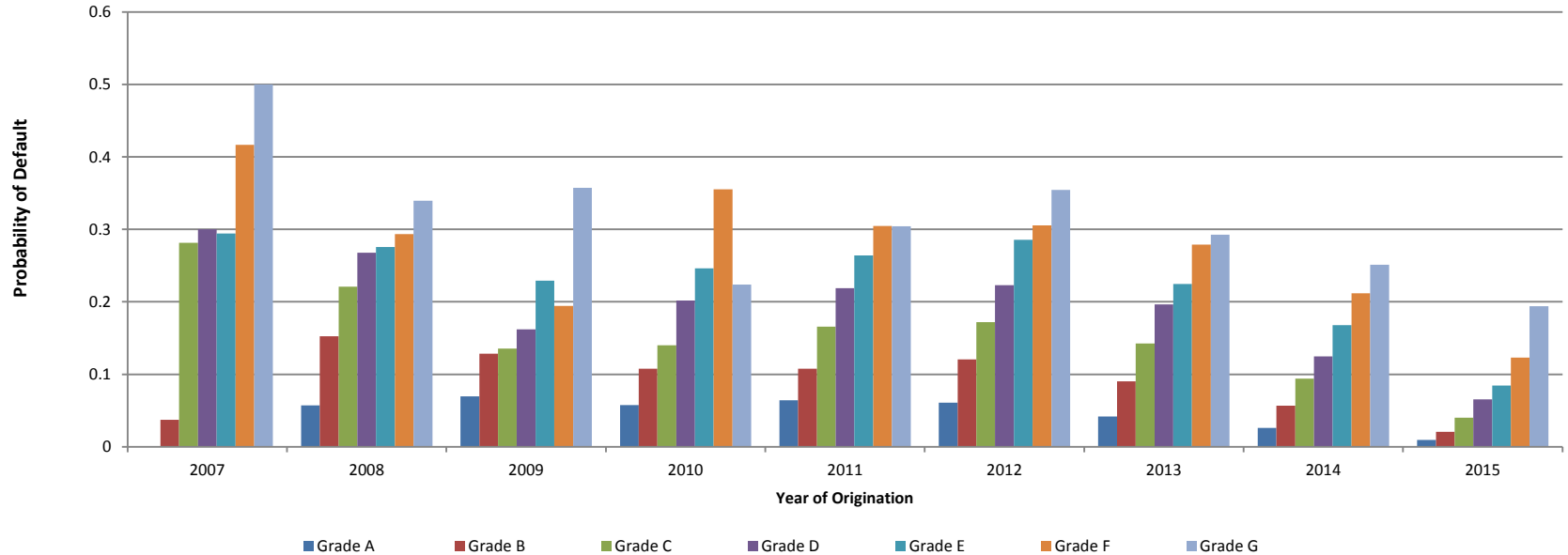
## FICO Distribution by Rating Grade - for Credit Card and Debt Consolidation -- Loans Originated in 2015



## Newly Originated (2015) Credit Card and Debt Consolidation by DTI and Loan Grades

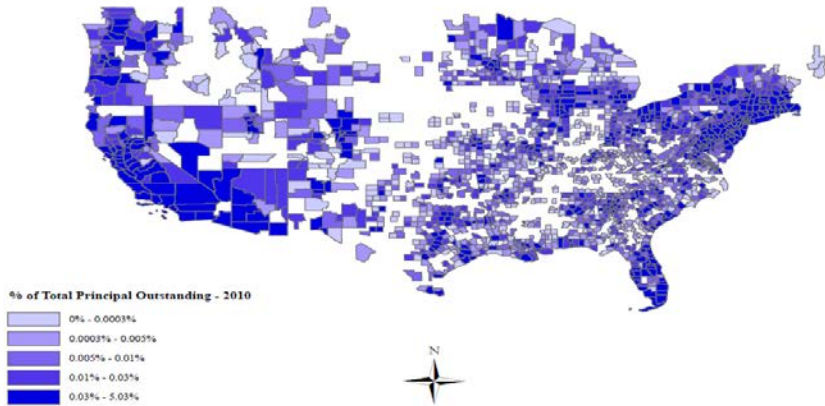


## Lending Club Cards & Debt Consolidation 60+DPD within 12 Months -- by Loan Grade

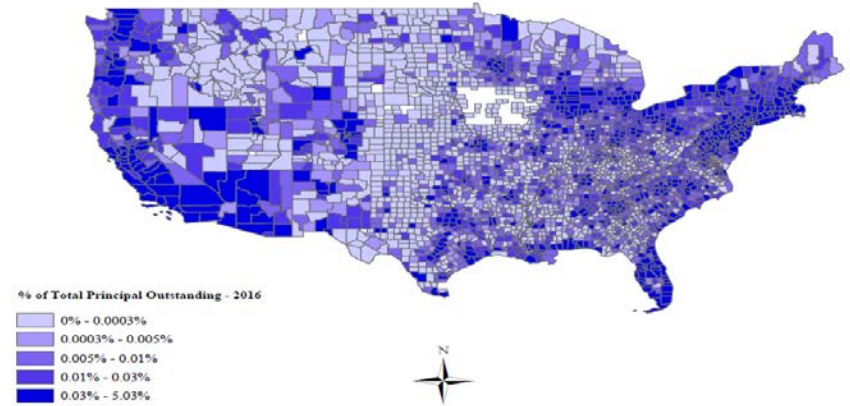




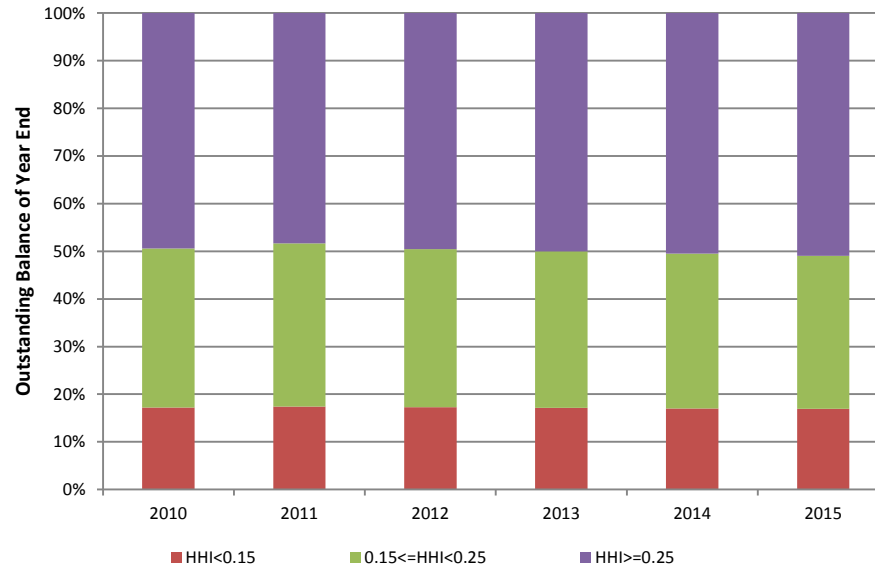
## Lending Club -- % of Total principal Outstanding – December 31, 2010



## Lending Club -- % of Total principal Outstanding – June 30, 2016



## Share of Lending Club Personal Loans Outstanding Balance -- by HHI in 5-Digit Zips



# Origination Activity and Change in Bank Branches

