

## StreetShares Case Study

### StreetShares: Social Lending Platform Leverages Yodlee<sup>®</sup> Interactive Aggregation API



With their innovative technology platform, StreetShares, an auction-based funding marketplace, was making great strides helping U.S. military veteran entrepreneurs and other small business owners qualify for loans. However, there was a cumbersome snag. Borrowers had to manually upload financial documents to the site, slowing the approval process and making it difficult to meet the needs of all interested borrowers. Then, they discovered Yodlee<sup>®</sup>, whose Yodlee Interactive Aggregation API was just what they needed. Via an aggregation engine, the solution automated the step that was causing the bottleneck. Almost immediately upon implementation, 92% of the company's customers were using the tool to upload their financial documents, gaining time back for themselves and freeing the marketplace for other interested borrowers.

#### Customer Facts

- Industry: Small Business Lending
- Year of Partnership: 2015
- Headquarters: Reston, VA
- Product Used: Aggregation API

#### The Sky's the Limit

*StreetShares is delighted with the Yodlee solution—a win-win for customers and the company. The feature improves borrowers' experiences and gives them time back to focus on what truly matters—growing their businesses. And it gives StreetShares a way to grow as well. With more than 28 million small businesses in America<sup>1</sup>, the StreetShares team has its work cut out for them. "Our goal is to fund as many of them as possible, and we want to do it in a way that is fast and easy," said Rockefeller. To that end, the company is moving from the initial FastLink option to a more robust and customized Yodlee API configuration.*

<sup>1</sup>According to the U.S. Small Business Administration

#### An Idea Born Over Breakfast: Adding Trust and Community to Digital Lending

Founded in 2013 in Reston, Virginia, StreetShares is a peer-to-peer (P2P) lending marketplace for small business loans. The company was founded when Mark L. Rockefeller, an Iraq war veteran and former finance lawyer, and Mickey Konson, former head of small business credit for Capital One, brainstormed how to bring trust and community to digital lending over breakfast at a local diner.

The team hit on the concept of blending social loyalty and the trust of affinity groups with traditional bank underwriting to enable investors to fund businesses they believe in. In StreetShares' case, that first affinity group is U.S. military veterans—the company currently serves more than two million of them.

Because their funding model is currently based almost entirely on private lenders, StreetShares is able to avoid much of the bureaucratic red tape imposed by Dodd-Frank and other financial regulations. Their tech-savvy nimbleness is a competitive advantage, as is the fact that the company has potential to offer lower interest rates for their loans than a bank can.

In what some in the press call "shark tank meets eBay," the company prides itself on providing a market-based solution that fills a critical gap between traditional banks constricted by tight regulatory regimes and online moneylenders that prey on desperate entrepreneurs looking for a break. Whereas banks typically require

a credit score of 660, two or three years of financial performance and approximately \$200,000 in annual revenues, StreetShares needs just one year of operations, \$25,000 in business revenue, and offers a flexible approach on the credit score.

StreetShares itself backs five percent of the debt and leaves the rest to investors, "so we have skin in the game," Rockefeller said. "The investors trust us."

## Tech-Savvy and Nimble... Except For That Pesky Manual Upload Process

StreetShares exists because traditional lenders aren't serving veterans and small businesses the way they used to, particularly after World War II. In fact, in stark contrast to that time, today's traditional banks have pretty much abandoned the \$5,000 to \$75,000 loan range offered by StreetShares.

The idea is, business owners pitch their business through a three-step, mobile-enabled application. Interested investors then compete to fund them through an online auction. Finally, the StreetShares marketplace combines the lowest bids into a single loan between \$5,000 and \$75,000—a technique designed to decrease the borrower's cost to the lowest-possible rate.

The idea was exciting, and the company made great strides. The problem was that there was an annoying snag in an otherwise streamlined operation—a problem StreetShares couldn't easily solve alone. Each time a small business borrower applied for a loan, he or she had to manually upload every business bank statement from the previous six months—a task as arduous and unappealing as it sounds. Since the goal at StreetShares is to fund small business borrowers quickly and easily, they needed a solution that would help customers avoid this bottleneck.

## Opening the Floodgate: An API To Eliminate the Blockage

StreetShares needed a solution that would make the loan application process simple enough for a business owner to fully apply for a loan from his or her mobile device. As long as manual uploads were necessary, this goal would remain elusive.

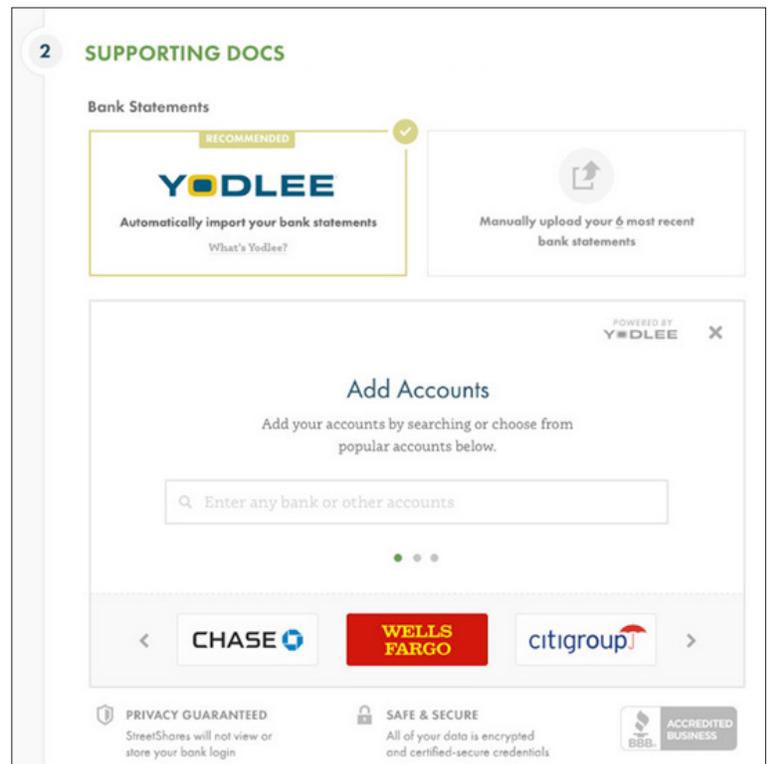
The team wanted to fully automate the application process, including the task of entering important documents like bank statements or business financials. The process needed to be as seamless and fast as possible. The solution? Aggregation. The team needed a way to quickly and easily aggregate financial data. A short time later, they discovered Yodlee Interactive Aggregation API, which enables small business owners with a simple way to add the documents that StreetShares needed to verify financial history.

Even better, the solution offered the flexibility to choose between an out-of-the-box FastLink version or a fully-customized API approach, depending on the vendor's individual needs. StreetShares initially opted for FastLink, in part because doing so ensured a quick implementation. "We were able to turn on (the solution) in a number of weeks," said Rockefeller.

## Win-Win: Customers Get Time Back While StreetShares Extends Itself to More Borrowers

The proof was in the results. Customers began using the added functionality to upload financial documents immediately. Not only was a very manual and time-intensive process eliminated—a great benefit for the borrowers—but StreetShares also scored a win. Automating the process removed a significant bottleneck, enabling the company to be more responsive. "With their technology and expertise, Yodlee is helping us improve our customer experience," said Rockefeller.

Since implementing the new system, 92% of StreetShares business loan applicants have opted in to use the account aggregation feature, greatly expediting the approval process. StreetShares borrowers can now get funded faster than ever, and get back to running their businesses.



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