



# High-Tech, High-Touch

Evaluating the customer experience for the first ever  
CDFI-fintech partnership

June 19, 2018





# Agenda





## Presenters



**Luz Urrutia**  
CEO  
**Opportunity Fund**



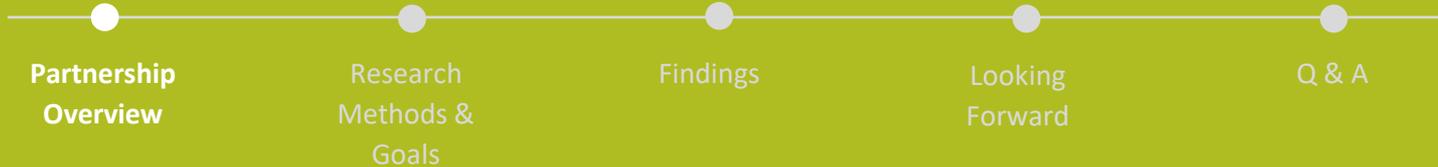
**Amy Wallace**  
VP, Global Philanthropy  
**JPMorgan Chase**



**Karen Stephens**  
Partner  
**Baccus Research Group**



# Partnership Overview





## Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods)

\$125M five-year commitment to address neighborhood quality issues that are among the biggest drivers of income and wealth inequality.

Supports CDFIs and housing innovators that can leverage capital and expertise to drive greater investment in low to moderate income neighborhoods through:

- ***Annual CDFI competition and peer learning program*** to address complex community challenges by aligning talent, technology and balance sheets
- ***Innovative housing financing models*** to increase or preserve affordable housing that connect LMI individuals to resources that drive economic mobility
- ***Research and Data*** that informs local planning and investment decision-making

JPMORGAN CHASE & CO.



# PRO Neighborhoods

*PRO Neighborhoods provides tailored solutions for:*

- ***Comeback Cities*** through promotion of comprehensive revitalization efforts, inclusive small business growth, mixed income neighborhoods and housing and CDFI capacity building
- ***High Growth Cities*** through affordable housing preservation focused on LMI and workforce housing, and transition and preservation support for small businesses and nonprofits
- ***High-poverty, Rural Communities*** through equity and operating grant support to CDFIs to help them borrow from government programs offering low-cost, long-term debt

JPMORGAN CHASE & CO.

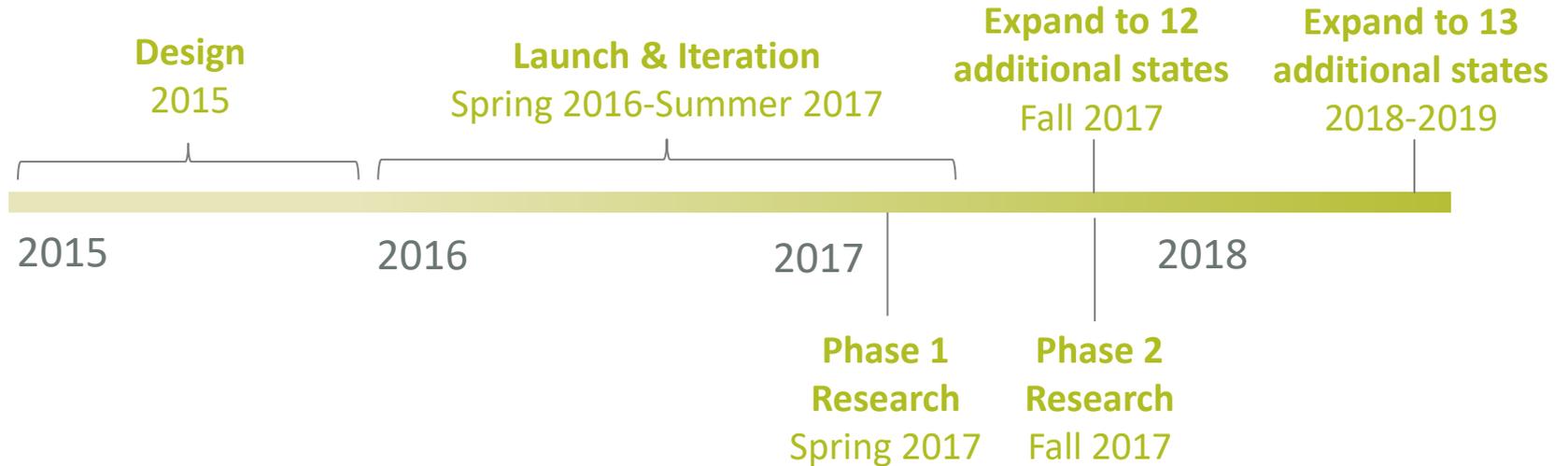


# CDFI-Fintech Partnership





# Partnership Timeline





## Prior Research

# Cross-Sector Collaboration: A Case Study of Fintech-CDFI Partnership Success



shared vision



shared values



shared resources



shared risks

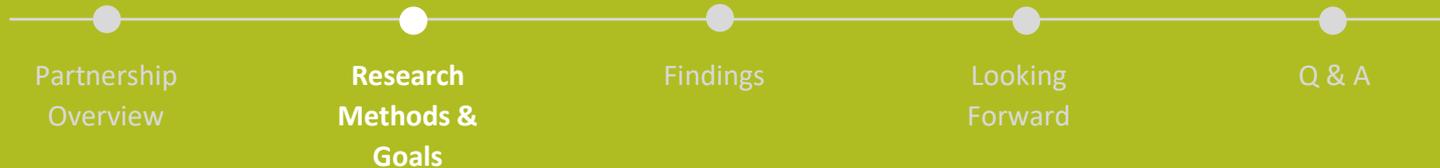


shared rewards

- Partnerships succeed when there's alignment in goals and resources.
- Dynamic partnerships require a nimble, nuanced approach to goal setting and evaluation.



# Research Methods and Goals





## Research Goal

To better understand the experience and preferences of Opportunity Fund's borrowers who receive a loan through the LendingClub referral process.





# Research Overview

## Specific research goals:

1. Determine online borrowers' experience and level of satisfaction with the loan process
2. Ascertain the level of connection borrowers have with Opportunity Fund and the qualities that drive that connection
3. Determine if the experience differs for LendingClub vs. bank-referred borrowers
4. Learn how Opportunity Fund can better cultivate a relationship with its online borrowers



# Research Overview



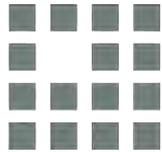
PALMER RESEARCH





# Methodology

34 in-depth telephone interviews were conducted in November 2017



24 LendingClub referrals



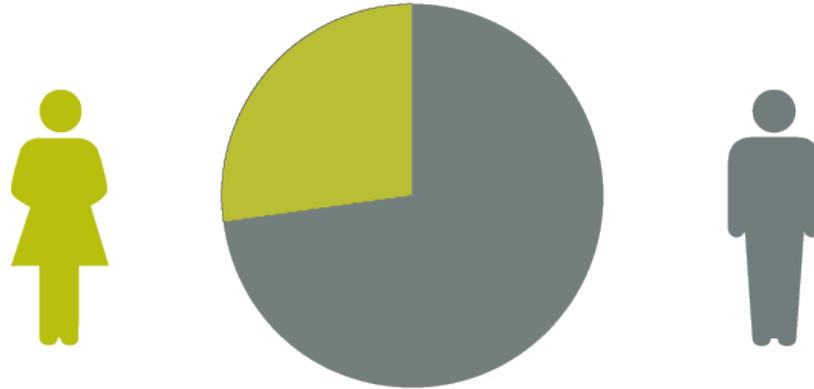
10 Bank referrals

- Borrowers received their loan between January and September 2017
- Each interview was approximately 20-30 minutes
- All interviews were conducted in English



# Methodology

## Interviewee profile



9 female, 25 male  
Representative range of industries



# Findings: Overview





## Key Insights: Borrower Experience

Clients are highly satisfied  
with their Opportunity Fund experience.

- Experiences with Opportunity Fund are very positive for both online and offline borrowers
- Timeliness is more than satisfactory
- Nearly all would return to Opportunity Fund in the future
- Sense of fairness





## Key Insights: Opportunities

While clients overwhelmingly expressed satisfaction, a small number of borrowers identified room for improvement when pressed.

- Time zone challenges for borrowers outside CA
- Some confusion around LendingClub's "pre-approval" marketing (prior to loan application)
- Additional business supports would be appreciated
- Credit reporting - business vs. personal
- Final approved loan amount





# Findings: Borrower Experience





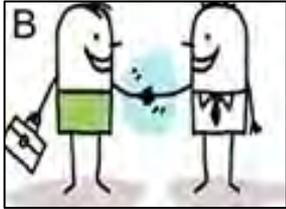
# Imagery Exercise

Borrowers were shown the images below and asked to select one or two that best reflect their feelings about going through the loan process with Opportunity Fund.





## Positive Associations



These images represent the positive associations borrowers have regarding the process of obtaining a loan from Opportunity Fund.

“ I met the rep at a coffee shop and had a great meeting. I feel like these guys care about my business.”



## Borrowing Can Be Stressful



The borrowing experience can be emotional and challenging for some.

“ *This was my first time seeking financing. It was daunting in the beginning, but I had a good agent on the other end.*”



## Findings: Borrower Experience

### Researching Lenders

“*I wasn't able to find terms better than Opportunity Fund, so I stuck with them.*”



# Researching Lenders

## Assessing Options

- The majority research options on the Internet
- Little prior awareness of Opportunity Fund
- Many who are referred by a banker forego looking at other lenders

## Web Search

- Google search and start at the top of the list
- Lots of information available online, almost overwhelming
- Positive reviews, feedback, social media
- Not deterred by negative reviews

## Key Influencers

- Opportunity Fund website professional, legitimate-looking, and helpful
- Reviews are positive; ratings are good
- Speed to funding is important
- They are confident in their decision based on their research



# Researching Lenders

## Assessing Options

- The majority research options on the Internet
- Little prior awareness of Opportunity Fund
- Many who are referred by a banker forego looking at other lenders

## Web Search

- Google search and start at the top of the list
- Lots of information available online, almost overwhelming
- Positive reviews, feedback, social media
- Not deterred by negative reviews

## Key Influencers

- Opportunity Fund website professional, legitimate-looking, and helpful
- Reviews are positive; ratings are good
- Speed to funding is important
- They are confident in their decision based on their research



# Researching Lenders

## Assessing Options

- The majority research options on the Internet
- Little prior awareness of Opportunity Fund
- Many who are referred by a banker forego looking at other lenders

## Web Search

- Google search and start at the top of the list
- Lots of information available online, almost overwhelming
- Positive reviews, feedback, social media
- Not deterred by negative reviews

## Key Influencers

- Opportunity Fund website professional, legitimate-looking, and helpful
- Reviews are positive; ratings are good
- Speed to funding is important
- They are confident in their decision based on their research



## Findings: Borrower Experience

### Priorities When Choosing a Lender

“*To me, the reputation (through reviews) and terms of the loan are more important than my familiarity with the company.*”



## Priorities When Choosing a Lender

Borrowers were shown a list of factors and asked which are most important to them when evaluating lenders for their business.

- A. The lender's name is familiar to me
- B. The lender has a good reputation
- C. I can get easy access to a live person, if needed
- D. I can do everything online
- E. There is a real person to help
- F. me through the process and provide advice
- G. I feel a personal connection to the loan officer
- H. The lender cares about me and my business
- I. The lender offers financial advice
- J. The lender offers business advice
- K. The lender is respectful of me
- L. The lender makes the process easy
- M. I feel like I am getting a fair deal
- N. I can speak to someone who speaks my language (non-English)
- O. Is a lender I can trust



# Priorities When Choosing a Lender

A consistent set of factors rise to the top

## Most Important Factors

- Access to live person
- The lender cares about me
- I feel like I am getting a fair deal
- The lender makes the process easy

## Least Important Factors

- I can do everything online
- Speak my language (note: all interviews conducted in English)
- The lender offers financial and business advice (but this comes up later)



# Priorities When Choosing a Lender

A consistent set of factors rise to the top

## Most Important Factors

- Access to live person
- The lender cares about me
- I feel like I am getting a fair deal
- The lender makes the process easy

## Least Important Factors

- I can do everything online
- Speak my language (note: all interviews conducted in English)
- The lender offers financial and business advice (but this comes up later)



## Findings: Borrower Experience

### Rating Opportunity Fund

“*Opportunity Fund was really helpful. They always picked up immediately or called back quickly. They made the decision to work with them easy.*”

“*The human touch is nice... now that they know me, they can move more of the process online.*”



# Rating Opportunity Fund

Borrowers were shown the same list of factors again, and asked where Opportunity Fund rates the highest.

**Borrowers consistently identify the high-touch, trust-inducing factors as aligning with Opportunity Fund.**

## Highest Rated Factors

- Access to live person
- The lender cares about me and my business
- The lender makes the process easy
- I feel like I am getting a fair deal
- Lender I can trust

## Lowest Rated Factors

- Brand familiarity
- Good reputation (they did not know Opportunity Fund prior to receiving their loan)
- Borrowers not looking to have a fully automated experience.



# Rating Opportunity Fund

Borrowers were shown the same list of factors again, and asked where Opportunity Fund rates the highest.

**Borrowers consistently identify the high-touch, trust-inducing factors as aligning with Opportunity Fund.**

## Highest Rated Factors

- Access to live person
- The lender cares about me and my business
- The lender makes the process easy
- I feel like I am getting a fair deal
- Lender I can trust

## Lowest Rated Factors

- Brand familiarity
- Good reputation (they did not know Opportunity Fund prior to receiving their loan)
- Borrowers not looking to have a fully automated experience.



## Findings: Borrower Experience

### Application Process

“*The rep helped me through the process—  
it was actually easier than I expected.*”



# Application Process

Most agree the application process was easier than they had experienced in the past.

## Pros

- Personal touch
  - Dedicated representative
  - Easy to reach, quick to respond
  - Knowledgeable rep
- Fast turnaround
- Smooth, straightforward process
- Efficient—not a lot of "layers"

## Cons

- Need for collateral
- Approved for less than “pre-approved” amount
- Higher than hoped interest rate
- Solicitation by other lenders once in the process with Opportunity Fund



# Application Process

Most agree the application process was easier than they had experienced in the past.

## Pros

- Personal touch
  - Dedicated representative
  - Easy to reach, quick to respond
  - Knowledgeable rep
- Fast turnaround
- Smooth, straightforward process
- Efficient—not a lot of "layers"

## Cons

- Need for collateral
- Approved for less than “pre-approved” amount
- Higher than hoped interest rate
- Solicitation by other lenders once in the process with Opportunity Fund



## Referral Challenges

Online borrowers are pleased that they receive the money they are looking for, but a few said the process could benefit from more effective communication.

- A few were surprised or confused when referred to Opportunity Fund instead of receiving an offer from LendingClub.
- Borrowers like Opportunity Fund's smooth, responsive process, but have to submit some information again.



# Findings: Opportunity Fund Service





# Human Interaction

With rare exception, borrowers truly appreciate the level of human interaction and attention they receive from Opportunity Fund.

- Representatives are knowledgeable, responsive, available, and helpful.
- Clients feel confident in the process.
- Clients feel a better sense of connection to Opportunity Fund than they do with other financial institutions.

“*I was able to talk to a very good accessible representative so that I could provide all of my personal information and bank statements. It was quick and fair.*”

“*Working with Opportunity Fund has been a very pleasant experience. I'm loving it.*”



## Brand Loyalty

Clients are highly likely to return to Opportunity Fund again if seeking another loan.

- A more automated process is ok, but don't lose the connection to the loan consultant
- Expectation that their information is kept on file
- Opportunities to expand business advising

“*Opportunity Fund understands small business. They were able to get it done when others either couldn't or wouldn't.*”



# Becoming Their Preferred Lender

When asked how Opportunity Fund can become their preferred lender in the future, many indicate the company has already earned that distinction.

Ideas for earning/keeping Preferred Lender status include:

- Offer a lower APR
- Communicate actively about different types of loans/terms available
- Provide access to business advice (financial forecasting)
- Provide webinars / “How-to's” on topics such as:
  - Cutting costs
  - Modeling/forecasting
- Offer access to business mentors—“how best to run a small business”

“*Opportunity Fund would be my first choice for a future business loan. Just stick to being who you are... responsive and good to businesses.*”



# Recommending Opportunity Fund

Nearly everyone interviewed indicated they would recommend Opportunity Fund to another small business owner, and in some cases, already have.

## Primary reasons for recommendation

- Great person-to-person contact
- Easy process with documentation clearly defined
- Good website – builds confidence

“ I tell people looking for business loans, ‘give Opportunity Fund a go, they deliver.’”

“ I would 100% refer them. The people and company are very good.”



# Looking Forward





## Looking Forward

- Provide education about high-cost alternative loans
- Leverage expertise of partners to offer resources to customers
- Bring the best aspects of our online lending to our other lines of lending
- Explore how to reward returning borrowers



## Direct Quotes

*"I'm very thankful for Opportunity Fund. They helped me improve my score because **they gave me a chance when nobody else would.**"*

*"I'd like to see a monthly reminder of when the payment is coming out—just so I can plan. **Send me an email or text with the date and the amount.** That would be helpful."*

*"Am I their first loan? Because **they have a lot of time to speak to me.**"*

*"I'm in TX and they are in CA. **There is a little bit of difficulty in working outside the state.** I feel like an outlier."*

*"**This interview has been really good.** It tells me a lot about this company, that they are even doing this project."*

*"**I wish everyone were this open and straightforward.** Nobody here is trying to rip you off."*



## Q&A



**Luz Urrutia**  
CEO  
**Opportunity Fund**



**Amy Wallace**  
VP, Global Philanthropy  
**JPMorgan Chase**



**Karen Stephens**  
Partner  
**Baccus Research Group**

To ask a question, please send a chat message to the webinar host.