

# Kabbage Case Study



## Customer Facts

Kabbage, Inc. provides automated financing and working capital to small businesses and consumers online.

The company was founded by Rob Frohwein, Marc Gorlin and Kathryn Petralia in 2009. To date, Kabbage has funded over \$1 billion to help businesses start and grow.

**Industry:** Online Lending

**Product Used:** Investnet | Yodlee Aggregation API and Account Verification API

## Leveraging the Investnet | Yodlee Platform for Automated Transactional Data

### The Challenge

Kabbage® is an online lending platform for small businesses and a pioneer in the fintech industry. As the company grew, Kabbage needed to get real-time access to financial data in order to quickly evaluate borrower’s credit risk.

One of their first technology partners was Investnet® | Yodlee®. By using the Investnet | Yodlee Aggregation API, they were able to leverage the Investnet | Yodlee Financial Data Platform to get automated transactional data through the cloud-based application.

Kabbage used the data to underwrite loans to small businesses and entrepreneurs that might not get credit approval through traditional banks.

However, the Kabbage verification and approval process took at least 24 hours, often longer. The extended approval process was an issue when potential customers would sometimes find faster verifications from other companies.

The ability to get data from bank accounts on a nightly refresh basis was a priority for Kabbage. It enabled them to take a “fresh” look at all of their customers, both businesses and consumers.

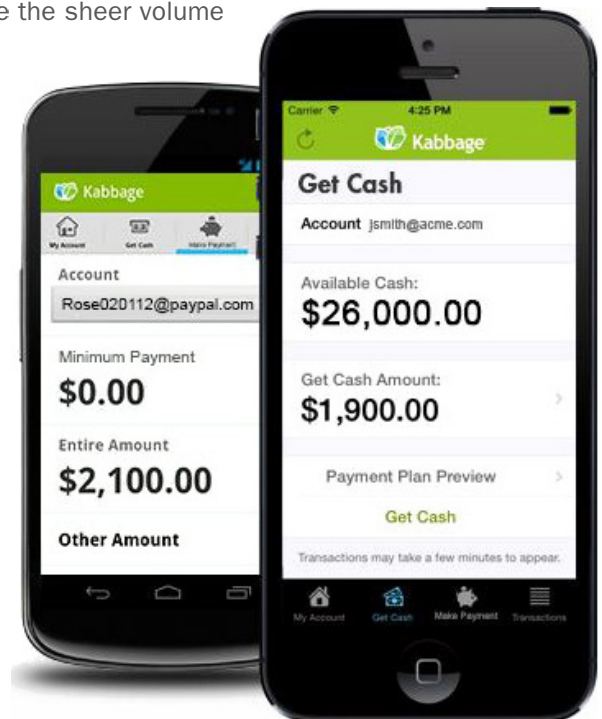
This was a key advantage in having the ability to give enhanced, nuanced risk assessments. And, Kabbage needed more consistency in meeting the challenges of maintaining high-level security and compliance standards.

They also needed to increase the sheer volume of financial data available.

### The Investnet | Yodlee Solution

Investnet | Yodlee is the primary financial data source Kabbage uses to review and run financials, in order to evaluate and enable instant underwriting for a line of credit or a financial products customer.

Kabbage started out using Yodlee Aggregation API and then added the Account Verification API. The results were dramatic. Real-time tracking, instant verification and end-to-end automation are part of the Kabbage success story.



**“In the small business lending industry, we’re expanding internationally. One focus area is how we get comprehensive checking account data for all of our partners both domestically and abroad. Envestnet | Yodlee has been fantastic at helping with that.”**

Pete Steger, Head of Business Development, Kabbage

While the time frame for account verification and approval was a problem, it became an almost instantaneous process with the implementation of the Envestnet | Yodlee Account Verification API which is linked to over 15,000 financial data sources.

As a result of this automated technology, approximately 95 percent of Kabbage borrowers have never had to see a manual underwriter.

Kabbage and Envestnet | Yodlee have a long, established, and supportive relationship. According to Steger, “We’re a pretty innovative company, and we also have a lot of ambitions abroad. The Envestnet | Yodlee team has been extremely flexible and able to work with us quickly when problems arise, creating a good partnership.”

Envestnet | Yodlee provides comprehensive enhanced developer toolkits and solid developer assistance. When Kabbage has questions or when issues arise, the customer support team has been very helpful.

#### **Proof Points**

It was reported in Inc. “Why Fintech Is One of the Most Promising Industries of 2015” by Maria Aspan that from 2009 to 2014, Kabbage grew its annual revenues to \$40.2 million. This includes an astounding 6,722 percent over three years. Overall, Kabbage has had phenomenal growth.

Pete Steger explained that, “Kabbage has implemented all of the Envestnet | Yodlee APIs, enabling us to know exactly who our customer is by providing a bird’s eye view of their transactions across various financial accounts. Working with a partner that can scale with us is very important.”

#### **Future Plans**

"We're really just at the beginning of this renaissance period in alternative lending," says Rob Frohwein, CEO of Kabbage. "And I look forward to the day when it's not called alternative."

Kabbage is planning to continue to grow the capability of their platform. According to Steger, “We’re working on licensing our platform and expanding in the U.S. and internationally. To support this growth, we’re collaborating with Envestnet | Yodlee in other markets to help facilitate our lending practices.”

For more information on Envestnet | Yodlee products and services, please visit [yodlee.com](http://yodlee.com)



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