

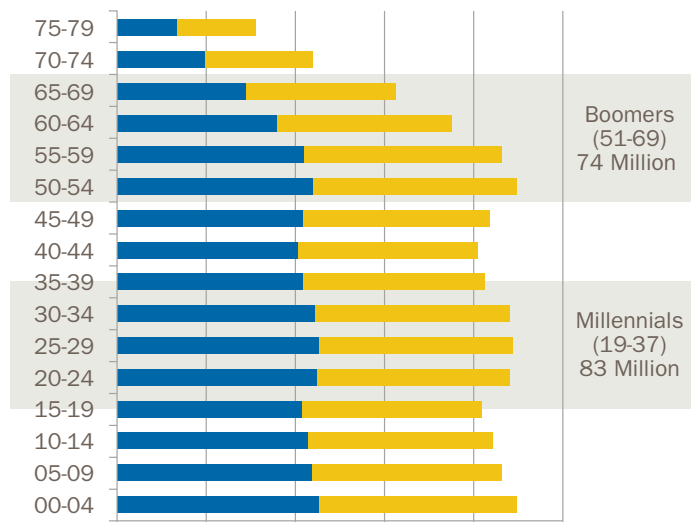
Enabling Financial Disruption: Instant Account Verification is the Key to Quickly Gaining Traction with Customers and Building Critical Mass

The world of traditional banking is being systematically disrupted and transformed by a wave of new digital financial applications and services. These financial applications create new and innovative ways for consumers to pay for products and services, send and receive money, and manage investments.

If you are in the business of creating one of these disruptive solutions, you realize that acquiring a critical mass of customers is crucial to success. Customers not only provide revenue by using your product, they create a network effect, bringing in more customers and locking in your solution as the market leader. If your potential customers encounter friction during activation – whether due to a poor user experience or a slow verification process – they are likely to abandon the process or move to a competitor.

Customer Opportunities

The customers are out there. By 2010, according to the U.S. Census, millennials outnumbered boomers for the first time. In 2015, there were 9 million more millennials than boomers in the U.S. That’s a drastic shift, and it has profound implications. Millennials are a coveted class of customers. They are not only comfortable transacting business digitally, many of them rely entirely on their mobile



devices to conduct transactions. And most of them are entering their “financial prime” – they have money to spend and are eager for simple and convenient ways to spend it.

On top of the growing generation of millennials, there is another large class of individuals who can benefit from innovation in financial transactions. These are the folks that were caught in the credit crunch that grew out of the Great Recession of 2008. Although overlooked by many traditional Financial Institutions (FIs), these otherwise financially-sound individuals are underbanked and underserved. They find it hard to get sufficient credit and eschew traditional financial institutions. According to the FDIC, in 2013 there were 34 million unbanked or underbanked people in the U.S., about 28 percent of the population¹. Like millennials, the underbanked are increasingly open to new and disruptive ways of conducting their financial business.

Funding Options

Venture firms realize the value in reaching these large and growing customer segments. According to PWC, in the first three quarters of 2014, over \$790MM in venture capital funds were invested in 50 financial services companies². These new ventures are increasingly “funded to disrupt” existing markets and market segments. Venture capital is flowing liberally into these disruptive plays, such as digital wallets, online trading, commerce and payments systems, and even crypto-currencies. But to justify these investments, companies need to build their customer base quickly.

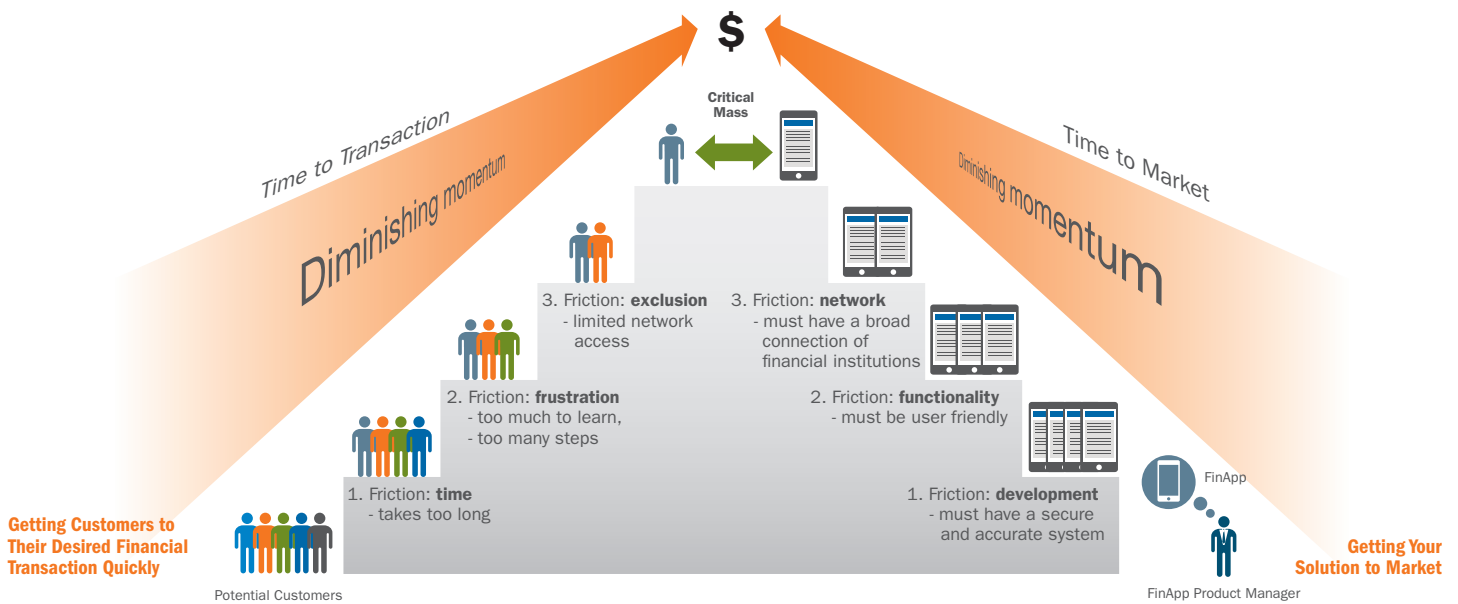
Enabling Personal Financial Management with Investnet | Yodlee Aggregation API

Building an application is not enough to get customers to use it. The experience of using it, if not frictionless, can sabotage customer acquisition. The finicky, digital-era customer has one goal: get to a desired financial transaction as quickly and as seamlessly as possible. Any friction in that process can lead to abandonment.

¹ <https://www.fdic.gov/householdsurvey/>

² <http://www.pwcmoneytree.com/HistoricTrends/CustomQueryHistoricTrend>

The Breakdown of Climbing Uphill to Critical Mass



Getting Customers to Their Desired Financial Transaction Quickly

One crucial element of most financial applications is account verification. Before any financial transaction can take place, you need to verify that a customer has a valid funding source, that the source has sufficient funds for the related transaction, and that the individual using the app is authorized to use those funds. This all needs to be done accurately (so that the customer's account is confirmed), and securely (so that sensitive information is kept confidential).

There are three main sources of friction that can derail the account verification process. The first is **time**. A verification system leveraging micro-deposits requires that customers enter their account number and routing number (information they may have to go look up), and then wait two to three days for the micro-deposits to show up. They must then sign in to their existing online banking application, write down the deposit amounts and return to your app with that information. It's time consuming and puts most of the effort onto the customer. It's not surprising that many customers abandon this process.

The second source of friction is **frustration**. Online customers have limited patience, and if the account verification process is confusing, requires knowledge of information that's not on hand, or requires multiple steps, it can lead to frustration and abandonment. The verification process is the first step in account creation for most financial applications. If it's not as smooth and simple as typing a user name and password, some customers will decide it's not worth the effort.

The third source of friction is **exclusion**. If your verification process only has access to a limited network of Financial Institutions, some customers will find they are not able to use your solution at all. You will have basically put a road block in front of a sizeable set of potential customers.

Ultimately, account verification is the crucial "first impression" that a customer will have with your product. If that process is frustrating, time-consuming, or exclusionary, customers will go elsewhere to conduct their transactions and may warn others to stay away.

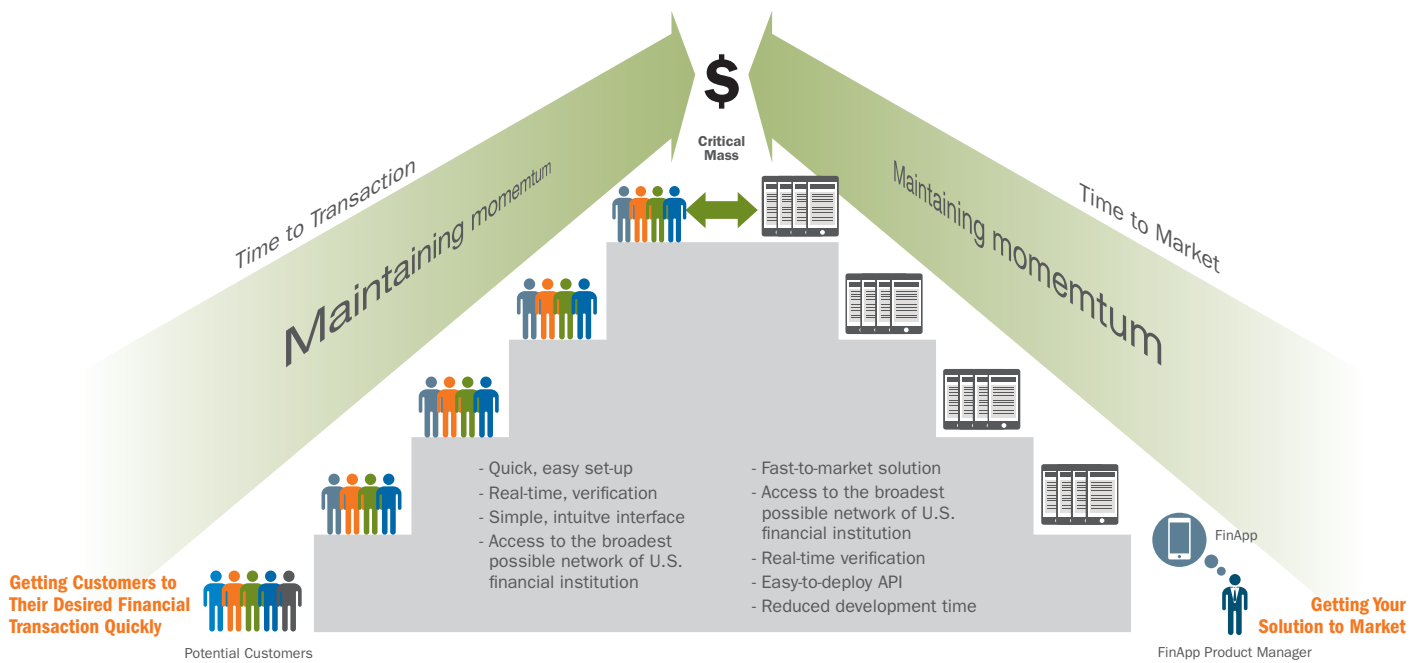
Getting Your Solution to Market

To reach customers at all, you need to have a functioning, usable financial application. You may have a brilliant, disruptive vision, but it will not gain traction until it is developed, stable, and functional enough to fully satisfy the needs of your potential customer base. Financial applications in particular are labor-intensive and require specialized resources in order to reach full potential.

For an application developer, building a secure and accurate account verification system is a herculean task. It requires specialized knowledge of bank systems, identity management, secure network protocols, and database security. It must be extensively tested and function flawlessly before trusting an individual's banking information to it. For anyone wanting to get a financial application to market quickly, building your own account verification solution is a non-starter.

Existing third-party solutions can be plugged in quickly, but they have serious drawbacks. Most account verification is done through micro-deposits – small random ACH deposits to a customer's bank account, which customers can then verify to prove they have access to their accounts. This process takes several days and requires that the customer have their bank account number and bank routing number on hand, an onerous requirement for someone who is out and about with their mobile device.

The Breakthrough of Accelerating Customer Acquisition and Time to Market



Other solutions are tied to a specific bank or small network of banks. While these solutions can verify customers quickly, their network is limited. The customer must hold an account at one of the participating banks. Using this kind of solution reduces your application's reach and cuts out a potentially lucrative population of customers. Additionally, many of the other solutions do not have the proven and tested security measures to ensure protection of your customer's account information.

Ideally, account verification could be done in real time, only require customers to have knowledge of their online banking credentials, and work with a majority of all U.S. and Canadian FIs. The solution is based on a robust API that would plug easily into a financial application, allowing developers to focus on the core aspects of their app, and it would come with a simple, intuitive user experience.

Why Account Verification Matters

Account verification lies at the nexus point between the two complementary goals of getting a solution to market quickly, and getting customers to their desired transaction quickly. It's a necessary element of most disruptive financial solutions, but if not implemented well, it can cause delays, frustration and abandonment, and ultimately lose you the most important types of customers – those most likely to be open to innovative financial solutions.

Investnet® | Yodlee® has developed an account verification solution that satisfies your two primary goals: it provides a smooth, quick verification process that is easy for customers to use, and it's built on a RESTful API that accelerates time-to-market for developers. Investnet | Yodlee Instant Account Verification (IAV) is a competitive lever that can help you build a critical mass of customers.

Reducing Friction

Yodlee IAV smooths out the account verification process through two key elements. The first is real-time verification. Out of the box, the account verification process takes less than a minute and only requires customers to know their online banking credentials. Your customers enter their online banking credentials and their funding source is verified in seconds. By using permission-based credentialing, Yodlee IAV verifies that the funding account exists, that the applicant has access to the account, that the funding source is authorized, and that sufficient funds exist. Yodlee IAV also enables same day Automated Clearing House (ACH) payments while mitigating potential fraud, operational, and settlement risks.

Investnet | Yodlee delivers real-time verification via several key advantages. It employs bank-level security developed over 17 years of building secure financial solutions. This allows for trust in its permission-based credentialing, which uses the customer's own banking login to provide access to account details. The customer retains control over the information, and only the data needed to verify the funding source is transmitted. Investnet | Yodlee encrypts all data and manages the user's credentials securely throughout the entire process.

Investnet | Yodlee has also built and nurtured a comprehensive network of FIs through formal and informal relationships, which allow a seamless connection to nearly all U.S. deposit accounts. In the vast majority of cases, a customer's account is verified instantly. In the rare instance that a customer is outside of Investnet | Yodlee's network, real-time verification is still possible using fall-back technologies, meaning nearly every customer is covered and no one is excluded from using your app.

The second key element that reduces friction is an easy-to-deploy API that gives developers access and freedom to customize their user interface to the exact specifications of their users. This control and flexibility over the data paves the road to an excellent user experience and a speedy go-to-market strategy.

Ultimately, Yodlee IAV allows you to give customers what they want: the fastest route to their desired transaction. By reducing friction in the verification process – through real-time verification and a seamless user experience – customers get a great first impression of your solution, and get on to using the core features that brought them to your solution in the first place.

Accelerating Time to Market

In addition to lowering barriers to customer acquisition, Yodlee IAV helps you get your solution to market faster. For potentially disruptive applications, getting to market quickly with a fully-functional solution is critical. If a competitor beats you to market, it could steal your customer base and stagnate your growth.

Envestnet | Yodlee has broad coverage, connecting to an industry leading 85 percent of U.S. FIs and 80 percent of Canadian FIs in real-time. Yodlee IAV verifies more than 70,000 accounts each day, with the unique ability to access personal account information at thousands of online sources, including banks, brokerages, credit cards, insurance providers, billers, lenders, and more. Quick, accurate decisions with the transaction process streamline the user experience for quick and efficient onboarding. That means you'll have a single partner to work with, not thousands of FIs, and Yodlee IAV can instantly verify nearly all accounts.

Secondly, Yodlee IAV is built on easy-to-deploy, fully RESTful API. This API supports multiple flows based on your needs, whether you need full account information, or only login

credentials. This dramatically reduces development time and allows you to focus on the core advantages of your application. Envestnet | Yodlee provides the broad network you need to reach everyone and the simple deployment you need to get to them quickly. As an additional feature, Envestnet | Yodlee FastLink makes it easier to collect the necessary information to identify an account to verify.

The Key to Disruption

The most successful companies are able to disrupt existing markets and achieve explosive growth by inventing new and innovative ways of performing everyday tasks. To disrupt a market effectively, you need to quickly reach a critical mass of customers – to demonstrate viability to your investors, create a network effect to become the market leader, and build crucial revenue. Anything that hinders that growth in your customer base could leave you vulnerable.

Although account verification is just one part of a breakthrough financial application, it may be the most crucial part. If it's slow or frustrating, customers will abandon your application.

If it takes too long to implement, you won't get to market fast enough or with sufficient functionality. In a highly competitive environment, only a verification solution that solves both these problems will truly allow for disruption.

That's why companies like yours are partnering with Envestnet | Yodlee. Yodlee IAV is a simple-to-deploy API that provide real-time account verification through a network encompassing most U.S. deposit accounts. It employs bank-level security developed over 17 years of building innovative digital financial services solutions. It reduces both time to market and your customers' time to transaction, giving you the best opportunity to build the critical mass of customers you need to succeed.



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