

SOLUTION BRIEF**ALTERNATIVE LENDING: FACTORING**

The Marqeta Solution for Factoring

Large banks have been slow to respond to changing market demands and the traditional financing experience continues to be rigid and complex. When small or middle market businesses need fast access to capital, they are faced with a myriad of hurdles ranging from the extensive documentation to a rigorous, underwriting process which delays disbursements of financing products such as factoring.

As factoring companies work to provide the best possible funding experience, they face three critical factors that make differentiation a strategic imperative:

CHALLENGES **Immediate access to funds**

SMB factors aim to provide the most seamless possible funding experience as a point of differentiation among archaic old-school players, however the process is far from optimized. Because businesses borrow against their future receivables, they require immediate capital within hours, not days.

Growing competition

Today, the competitive landscape in SMB financing is more fierce than ever. Not only are incumbents pressured by the volume of new financing providers, but tech giants who provide payment services, such as PayPal and Amazon, now offer their own financing products in line with their core business. These tech companies no longer need a financing partner – they are the financing provider.

Outdated technology infrastructure

Most factors are not keeping pace with the industry at large, or are using outdated technology. This puts them at risk for losing market share if they don't embrace a technology-first mindset. They must address the need to rapidly evolve the lending experience and differentiate their brand.

BENEFITS To stay relevant in this fast-evolving environment, the small and mid-market business factor must transform their funding experience and become a technology-driven payments company. Adding a modern payment card solution can optimize the last mile of their customer's experience by disbursing funds quickly and seamlessly. It can also provide downstream payouts to contractors or expense card solutions to employees. Marqeta's solutions helps provide the speed, simplicity, and control that today's modern businesses demand.

Marqeta's modern payments platform is built for modern use cases including the alternative lending industry. Our suite of open APIs and platform tools support the

world's leading innovators with card issuing and payment processing, giving factors a powerful new model for scaling and engaging borrowers. Marqeta's Alternative Lending solution is the new standard for lending use cases, including MCA.

For Lenders:

- Immediate disbursements to businesses via digital and physical cards
- Top of wallet, top of mind marketing for future A/R sales
- Easy to integrate into existing technology infrastructure
- Real-time data insights inform financing provider risk and underwriting strategies
- Developer-focused tools for integration in as little as 60 days

Greater management over transactions

Manage authorization and spend category codes at merchant, terminal, and store ID levels. Combination of gateway Just-In-Time (JIT) funding and card token tracking enables scalability with access to out-of-network merchants. Lenders set parameters to approve or decline each transaction based on business logic, helping to mitigate risk and adding further control and transparency. Marqeta's Program Dashboard allows managers, accounting teams, and customer service teams to manage all aspects of a card program in a user-friendly interface.

Simplified implementation

Marqeta enables factors to design and build their own custom payment solution with full transparency and interoperability with their back office systems – at unprecedented speed. Our suite of open APIs gives developers the control, agility, and insight they need to build beautiful payment experiences, without the complexity of legacy issuer-processors in as little as 60 days.

Instant top of wallet marketing for future receivables sales

Because the Marqeta card is a vehicle for continuous funding, factors can build stronger, ongoing customer relationships.

On-demand data & insights

Detailed transaction data help financing provider learn more about the business behavior and preferences helping to inform risk, underwriting, and marketing strategies.

ABOUT Marqeta is the first modern card issuing and core processing platform, powering prepaid, debit and credit cards for the world's top commerce innovators. Marqeta's advancements represent the first fundamental updates in the past twenty years to card issuing platforms, a \$30 trillion addressable market covering all possible cardable spending.