

SOLUTION BRIEF**ALTERNATIVE LENDING: SMB**

The Marqeta Solution for **SMB Lending**

Lenders across the industry have been hit hard by rising costs that put significant pressure on their business. Companies are finding it more and more challenging to contain the high costs associated with customer acquisition, loan underwriting, capital, and operations. Traditional marketing activities, such as direct mail and pay-per-click advertising, have become more expensive than ever, and lender brand loyalty is at an all-time low.

For all SMB lenders, customer retention is critical to business growth and increasing lifetime value of each loan. The average lender target for loan renewals is five per customer per year. However, the practice of “stacking” has become a considerable problem in SMB lending. Users take out loans from numerous lenders – unbeknownst to the initial lender – and risk defaulting on one or more of the loans.

How can lenders deepen their engagement with customers to become “top of wallet, top of mind” for future loans?

The Marqeta Payment Card Solution

For the past several years, Marqeta has worked with SMB lenders who specialize in a variety of areas, including merchant cash advance, factoring, equipment leasing, term lending, and lines of credit. Marqeta’s prepaid, and debit card solutions give approved users easy access to funds at the point of sale. Marqeta’s Just-in-Time (JIT) Funding enables lenders to fund accounts based on the shopper’s spend activity instead of pre-loading an entire line of credit when they need them.

LENDERS For lenders, the Marqeta solution can help grow their business with:

- Increased renewals help extend the life-time value of users. Research indicates that customers with a card make up to 15% more than those without a card
- Improved spend and loan velocity as the card enables lenders to be top of wallet and in turn, top of mind that promotes customer loyalty
- Enabling easy loan renewals, decreasing the risk of businesses seeking funds elsewhere
- Access to data for better underwriting, decisioning, and merchant co-marketing
- New revenue stream improving, not harming lender/business relationship

BUSINESSES For SMBs, Marqeta provides the luxury of not having to plan ahead for purchases with:

- Instant access to funds with one card swipe – no applications or phone calls
- Access to the exact amount needed, at the time funds are needed
- Cost savings by not paying fees or interest until money is spent

For the past several years, Marqeta has worked with SMB lenders who specialize in a variety of areas, including merchant cash advance, factoring, equipment leasing, term lending, and lines of credit. Marqeta’s prepaid, credit, debit, and push-to-debit card solutions give approved users easy access to funds at the point of sale. Marqeta’s Just-in-Time (JIT) Funding enables lenders to fund accounts based on the shopper’s spend activity instead of pre-loading an entire line of credit when they need them

Ultimately, Marqeta helps lenders cultivate longer term relationships with businesses. By servicing loans via a physical payment card, SMB lenders can become more central to their customer’s business while extending lifetime value and lowering marketing costs.

CASE STUDY With Marqeta, Kabbage users spend more money, more often

Many of our lenders report that renewals have increased since implementing a Marqeta card solution. Kabbage, a leading SMB lending technology provider in the U.S., differentiated their brand by issuing the “Kabbage Card” powered by Marqeta. The card enables Kabbage to differentiate their product offerings, increase renewals, open new customer acquisition channels, and be more effective marketing to current and prospective customers.



“By leveraging Marqeta’s Just-in-Time technology, we have enhanced our ability to connect customers with the right amount of capital at the right time.”

KATHRYN PETRALIA
CO-FOUNDER & HEAD OF OPERATIONS OF KABBAGE

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.