

Reducing default rates through streamlined payments and collections

Key outcomes

Decreased default rates

Increased customer satisfaction

Decreased regulatory and compliance risk

Key features

Integrated Payment Processors

Pre-built integrations with payment processors that allow for a seamless implementation process.

Payment Flexibility

Payment amounts and due dates can easily be adjusted to fit unique loan products.

API-First

Ability to easily integrate an existing tech stack and perform automatic actions by calling the Loan Management System or Secure Payments API, including payment changes.

Challenge

Lenders need their payment process to be perfect, otherwise, they may face increased default rates and decreased margins. Many lenders use third-party payment processors that charge high fees and frequently have errors and delays. Best Egg, a leading financial confidence platform that provides flexible solutions to help people with limited savings confidently navigate their everyday financial lives, uses LoanPro's Secure Payments product to handle 80% of their payment processing needs.

Jason Castaldi, Product Technology Owner says, "Before our launch with LoanPro, we had a third party do all payment processing for us. We would routinely run into issues where the file was late, had incorrect information, or a remittance process broke." This ongoing problem affected default rates, increased regulatory risk, and damaged relationships with our customers.

Solution

With LoanPro, Best Egg was able to optimize their payment and collections process. Castaldi continued, "I would say, in the four years that we've worked with the LoanPro team we've only had a handful of issues." Let's break down their solution.

How it works with LoanPro

Secure Payments is a hub for payment processors that stores payment profiles in accordance with PCI compliance so lenders can facilitate loan repayment with their chosen payment processor. Best Egg, using LoanPro's Secure Payments product, has centralized all payment profiles, driving compliance and lower default rates by increasing payment flexibility.

Best Egg trusts LoanPro and Secure Payments to facilitate their loan payments because we are PCI compliant which relieves this regulatory burden from Best Egg. Secure Payments stores tokenized card data and ensures the safety of borrower data. Agents can input card data through a Secure Payments i-frame in LoanPro's loan management system, which is especially important for compliance audits. Jamie Carty, Senior Director of Operations says, "With LoanPro it is much easier to share a screenshot of the Automation Engine and how it works with an auditor."

Secure Payments also provides Best Egg's borrowers with the ultimate payment flexibility

to make changes and enroll in hardship programs through the borrower and agent portals. Due to LoanPro's API-first architecture, both of these channels refer to LoanPro as the source of truth.

One of the most impactful examples of payment flexibility is Best Egg's biweekly payment optionality. Best Egg wanted their borrowers to enroll in this program via the borrower portal, as to not overload agents; however, before a borrower can sign up for biweekly payments, they need to be current on their loan; otherwise, they may be caught in a perpetual delinquency loop. Using LoanPro, Best Egg can easily inform the borrower how much they need to pay on their loan before they can enroll in the biweekly payments program. Biweekly payments are just one example of payment flexibility that LoanPro provides to Best Egg, but the list goes on to countless other programs. "LoanPro has enabled us to use our payment program suite through loan extensions, reduced interest programs, reduced payments, settlements, and more," said Carty on the benefits he's seen since enabling these programs.

The end result

Payments are essential to a lender's tech stack to ensure repayment on their loans, and Adaptive Wallet provides all the tools necessary to drive a best-in-class customer experience. Alex Rhodes, Chief Operating Officer, explains it like this, "Providing our customers with limited savings flexible solutions to help them be money confident is one of our strategic differentiators at Best Egg. Payment flexibility has many shapes and forms – it can be unique and innovative payment programs for customers if they fall on hard times, or it can be unique and innovative repayment plans at the outset of a loan."