

Evaluating a FinTech Partner

Transparency and Due Diligence “Playbook” Essential for efficient and fast onboarding

Now that consumers are adapting to remote banking, they will expect these same services post-pandemic. With record low interest rates, financial institutions are managing decreased yield and increased loan originations while also facing increased refinancing demand. To meet this demand, financial institutions should consider digital lending tools to enable self-service, communication, and online servicing that drive ROI in our socially distant environment. When evaluating a digital lending tool there are many things to consider:

Evaluating the Value Proposition

Holistic partnership

- Evaluating knock-on or complementary benefits to the actual service
- New customer acquisition
- Marketing Benefits
- Credit data / access to market intel
- Diversification

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Contact References

- Existing Partners are an excellent source of information and review of a platform. 1-2 References can speak to performance, integration and client service
- Talk to peers current utilizing the service / partner

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Best-in-Class Due Diligence Review

- Transparency into Historical
- Easy access to all internal policies for all internal teams (online data rooms)
- Audit Support and Preparation

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Sample Oversight Checklist

Legal & Compliance

- Review of Partner application flow
- Review of sample marketing materials
- Review of borrower agreement, TIL, etc
- Review of current licenses
- Company Policies on Compliance
- Complaint Handling Procedure
- Training Course Catalog (and content, on request)
- Training Course Assignment Matrix
- Regulatory Applicability Matrix
- Red Flags Procedures / SAR Referral Procedure
- OFAC Sanctions Procedure
- SCRA Procedure
- CIP and Customer Due Diligence Procedure
- Privacy Procedures

Enterprise Risk

- Information Security Policy + Training
- FSSCC ACAT assessment results
- BCP/Disaster Recovery Plan
- Summary of BCP/DR Test Results
- Credit Risk Committee Minutes

Vendor Management

- Vendor Management Policy
- Annual Vendor Audit Plan
- Sample Vendor Due Diligence Worksheet

Operations/Servicing

- Screenshots of Borrower Application Funnel
- Collections Procedure / Bankruptcy Procedures
- Other Servicing Procedures (As requested)
- Verification docs
- PII documentation

Credit

- Loan Charge Off Policy / Charge-Off Procedure
- Review of historical performance
- Underwriting policy
- Model validation process
- Adverse Action process and sample pieces

Accounting and Treasury

- Internal account monitoring (are funds comingled)
- Wire process-timing and amounts
- Treasury controls – wire approvals and receipt

Investor Operations

- Data package to be received, review with banks' accounting team to confirm additional data needs
- Call with operations teams to review data fields and method of data transmission
- Review of front end portals