LEND ACADEMY

PODCAST TRANSCRIPTION SESSION NO. 225 - NOAH BRESLOW

Welcome to the Lend Academy Podcast, Episode No. 225, this is your host, Peter Renton, Founder of Lend Academy and Co-Founder of the LendIt Fintech Conference.

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Today's episode is sponsored by LendIt Fintech USA, the world's largest fintech event dedicated to lending and digital banking. It's happening on May 13th and 14th, 2020, at the Javits Center in New York. Lending and banking are converging and LendIt Fintech immerses you in the most important trends of the day. Meet the people who matter, learn from the experts and get business done. LendIt Fintech, lending and banking connected. Go to lendit.com/usa to register.

Peter Renton: Today on the show, I'm delighted to welcome back Noah Breslow, he is the CEO of OnDeck. This is actually his third appearance on the Lend Academy Podcast, he was on in 2014 and 2016. I wanted to get him back on because there's a lot that's happened in OnDeck's world. They've become profitable, they've announced they're going to apply for a bank charter, which we talk about in some depth.

We also talk about their lending business and how they're growing that, how they're competing against the likes of PayPal, Square, and Amazon and we talk about transparency and the Smart Box Initiative and we talk about ODX and the bank partnerships that they have. It was a fascinating interview, I hope you enjoy the show.

Welcome back to the podcast, Noah!

Noah Breslow: Hey, thanks so much, Peter, great to be here today.

Peter: Okay, so you have a distinct honor today. You are the very first person to appear on the Lend Academy podcast three times which, obviously, speaks to your longevity, for one thing. Before we get started, what do you think is the secret to your longevity in your job, given the fact that, obviously, many of your compatriots fintech CEOs have come and gone during your tenure. So, why do you think you've had such good longevity here?

Noah: Well, first of all, that's really cool to know that, you know, I'm the first person to appear three times on the podcast. That's a great honor, thank you for having us back. The longevity thing is interesting. One of my board members, I think, summed it up recently well, she said that I guess I'm adaptable (Peter laughs) and I think when you look back over the 12 years of OnDeck, you know, we've had to adapt.

When the company started back in 2006/2007, we immediately had kind of a huge economic recession, we had to adapt to that environment. Then kind of our hyper growth years, we sort of adapted into that model, raised a lot of capital, we were able to scale the business, as I'm sure we'll get into, we went public and had to sort of adapt once again to becoming a profitable financial services companies as opposed to sort of a hyper growth privately held company.

Now, I think, we're starting to reap some of the benefits to that decision to get profitable. Yes, I guess, on one level I'm adaptable. Two, it's no secret, I love what I do. I mean, I love, love the folks at OnDeck and the team that we've built here loved the mission that we're on. I love working on small business lending, I think it's a really important thing to solve in the economy, and, yeah, I feel honored to have been able to serve this long and hopefully, we'll get to continue to do so in the future.

Peter: Yes, yes, indeed. So, you just touched on it. For one thing, I want to get right off the butt here is next month, it's five years since you went public. It hasn't been all smooth sailing, but I just would like to get your perspective on, you know......taking back five years, knowing what you know now, would you have done anything differently back in 2014?

Noah: It's a great question. I mean, internally when I ask myself periodically....and so, you know, hindsight is always 20/20, but I go back to a couple of things. One is, you know, some advice we got from someone in the industry before we went public which is that the category leaders, doesn't matter what industry you're in, generally go public eventually. And so, we always felt that OnDeck was being built to last versus being built to sell and we had several opportunities to sell the company when we were a private company and we passed on that because we really felt and believed in the long term vision of what we were doing.

So, I think if you believe you're building a company for the long term and you believe you're one of the leaders in your category, your going public is probably something that you eventually do. Of course, we've learned things in the last five years and I think chief among them are the way we position the company as we went public, so we went public with more of a technology positioning, but the at the end of the day, we're a technology-driven business that has a financial services business model.

So, almost all of our income comes from lending and not just lending, but, you know, really spread lending, right, we retain the risk on our loans, we maintain a balance sheet, and so, I think, our positioning there and our valuation probably should have reflected the financial services nature of the business a bit more than it did. That was sort of really lesson one.

Lesson two, I think, is just sort of the stage of where the company was when we went public. We were still loss making when we went public and as we've learned, you know, once you get the company profitable, a lot more of your value as a company can be in your current year financial metrics as opposed to some long term point in the future where an analyst model is that you'll turn profitable. And so, when you have that, it can lead to a lot of volatility in your projections and your stock price.

And so, that being said, we were able to raise over $200 Million for our balance sheet, you know, at an attractive price and we haven't had to raise equity in five years, nor do we expect to in the future. In fact, we're actually buying back our stock now, given our level of profitability. So, I think, ultimately, it made the company stronger, a better-run company, more disciplined, but, certainly, I don't want to claim the last five years had been smooth sailing, they obviously haven't and there's something we can learn from that.

Peter: Right, right. Speaking of profitability, one of the knocks on the fintech/lending sector is there's a lot of loss making companies out there. I know that you guys really switched focus on profitability, I know it might have been two years ago now, you're certainly ahead of the game. So, what was the driving forces that kind of put you over the edge towards profitability?

Noah: Yeah, I think a couple of things. We didn't change our capital market strategy in 2016 so let's call it three years ago now. You know, we had gone from a hybrid model of selling some of our loans off balance sheet and holding a good amount of the loans as well to a model that we held all the loans and that was the first step, I think, in stabilizing the business model. We had been selling loans off balance sheet, they were gain on sale, you know, amounts that would change quarter to quarter, there was credit demand, there was a lot more volume quarter to quarter. That was sort of step one towards getting the company, I think, more stable.

Step two was in 2017, which, by far, has been the hardest year we've been through in 12 years of OnDeck which was we made a decision to restructure, we laid off a percentage of our staff and really reduced our expense base and we sort of set a goal in the beginning of 2017 to get profitable by the end of the year on a true gap profitability as well, not an adjusted EBITDA or non-gap metric and we achieved that. But, it wasn't without cost, it was a painful process to go through, we learned a lot of lessons about the company, about leadership through that, but, I think, it was the right thing to do.

As a lending business, ultimately, you have to be profitable, you have to be growing book value, and your equity base, you know, quarter over quarter, and I will say, it's really paying dividends now. Our cost of capital as a borrower in the capital market has come down partially because of that profitability. We made our first acquisition last year partially because that profitability allowed us to do that and I think you'll see us make more moves over the coming year when we leverage the profitability we have in the business to expanding growth.

Peter: Right, right. So, I want to dig into your lending business for a little bit here. Maybe we just get started, I mean, you know, you have your term loans, you have your lines of credit, maybe you could just tell us what is the rough mix today between those two products?

Noah: Yeah, so the rough mix is, I think, 78% of our books is the term loan products there, about 22% of our book is the line of credit product.

Peter: And the term loan, what's the sort of average of the term loan, how long do you go out on average?

Noah: On average, our term loans are, right now, hovering around 13-month of kind of a dollar weighted average, not a loan weighted average.

Peter: Right.

Noah: We go from three to 36 months in terms of range, but really, the majority of the OnDeck offers and what customers are looking for from us today are really between six and 24 months. That's kind of the vast majority of the portfolio.

Peter: Right, right, Let's talk about underwriting, how has your underwriting changed, or has it changed much this year. You're tightening things up in preparation for maybe turning the credit cycle, where are you at with that?

Noah: Yeah, you know, this is all in our earnings called recourse, but we did make some changes earlier this year. So, we pulled back a bit, bit on some kind of signals we saw in our data early in the year. I would say that we were a little bit ahead of the curb on that in the sense that the Fed at that time...people thought the Fed was going be raising rates all year and it turns out now we've lowered rates several times this year.

So, I think, we did see some signals in the economy that eventually were picked up in other places, and what we've now been doing for the last sort of four/five months is really focusing on what we call our "offer quality initiative." So, kind of focusing in on the top third of borrowers that we approve and basically offering them slightly better loan amounts, slightly longer terms, completely better pricing and I think on the margin, trying to increase our dollars in the portfolio from the top third of borrowers.

As a result of that, you know, the average FICO score in our portfolio has never been higher. We just had a securitization price last Friday and that securitization is the first actually Triple A-rated securitization in the online small business loan market. So, you know, the rating agency picked up both from the company's profitability and we improved our quality in the portfolio and so, I think, it's a great position for us to being kind of late in the cycle. We, obviously, are cognizant of where we are, we don't know when the downturn will happen, but it definitely will and so, we think really focusing on our best borrowers is the right move right now.

Peter: Of course, you could be like Australia though. We could go 20, what is it 26 years, I think, since Australia's had a recession, so you never can tell. (laughs)

Noah: That is true, that is true, and I won't say....there's a lot of political pressure on the Feds to keep rates low, to keep the economy growing. So, I think the critique of what we are doing is that if, in turn, the recession doesn't happen for three more years, we'll probably a little bit under investing in growth right now, but, obviously, you know, in a lending business we are planning for the long term here and we want to make sure if a recession does happen, we're set up right.

Peter: Yeah, fair enough. In the last year, or two, we've seen a real surge in some interesting competitors in the space. We've got PayPal who are doing huge volumes now in small business lending, we've got Square that are also doing a lot, Amazon's doing some. These are, obviously, big tech companies, deep pockets, and with all having some sort of proprietary access to proprietary data on the businesses that they underwrite. First, do you see these companies when you go head-to-head in the market and if so, how do you compete with those kinds of companies?

Noah: I think the answer to the second part of your question, in terms of do we see them, we absolutely do. I think, you know, not just PayPal, Square, Amazon, but we have some online lenders too that are getting bigger themselves, and so I think you see a classic kind of scenario where a market is maturing. So, going from call it 40, or 50, smaller players over time will consolidate down to six to ten kind of players that have scale and all of us will have different competitive advantages. I do think the arrival of the close mood players in our market......we call them close mood because they do have an existing merchant base and a data feed as you noted, is one of the most important development in the industry in the last couple of years.

And, you know, I think a couple of things that will play out here and we still think we're well positioned to grow and win in this market, but we, obviously, have to be careful where and how we compete. So, I think, those players are generally much stronger, underwriting their own merchants and some of them don't have the capability to underwrite merchants that are not on their platform. One of the advantages of the OnDeck approach, is we can underwrite any small business, regardless of who they process their payments with.

The other thing is we have a more holistic view of the business, so certainly, payment processing data is one, data source and having access to that helps. There are other ways to get access to that particular data sets, it's not that impossible to get to one. Two, what we learned over the years is that no single data source carries the day, and so, when you see a business that has a diversity of revenue streams and maybe has a more complex balance sheet, maybe needs to borrow a little bit more capital, you know, that's where OnDeck has a real edge.

We can often out-lend those companies that you mentioned on sort of from a time basis, from an amount basis, from a speed basis as well clearly in the smaller end of the spectrum. So, if someone is looking to borrow $10,000 for their business.......you know, I think that sector is now quite competitive so the players you mentioned, from all the online lenders, the pure play online lenders go after and to some degree, consumer lenders are going after that space as well because the small business owners are consumers as well and can maybe borrow from a player like a Lending Club, or a SoFi, so forth. So, I think, that's really it, the smaller end of the market is very competitive right now, but we still feel differentiated as the loan sizes get a bit bigger and the terms get a bit longer.

Peter: Right, right, okay. So, I want to just talk about transparency. I know you're one of the founders of the Smart Box Initiative which gives comparison tools so lenders can see the different ways ....how much a loan is going to cost them. So, California has passed a law to mandate more disclosure and focusing a lot on APR, so what's the impact of the California law on you guys and then are you seeing sort of traction with the Smart Box Initiative, what's going on with transparency?

Noah: Yeah. So, transparency is incredibly important. You know, as online lending continues to grow, 32% of the small business owners tried an online loan in 2018, that's up from like 15% or something in 2016. So, as the industry grows and goes from kind of alternative to mainstream, the focus on consumer protection and transparency is going to be front and center.

I do think we're reasonably ahead of the curb when us and the other members of the ILPA, the Innovative Lending Platform Association, rolled out the Smart Box. I think that was like two, or three years ago now, so it's been out there for a while and we were actually fairly involved in the drafting of the California bill so we worked with legislators to educate them on online lending, we showed them the Smart Box. The Smart Box is always disclosed APR and so we widely feel the Smart Box satisfied the requirements of the California bill, maybe made a couple of small adjustments, so I think that's really our strategy.

I think you'll see small business loan disclosure bills cropping up in a few other states. We have our eye on a few other states, they're kind of in discussions, and our goal really is to come in to the state to educate on the economic impact, the positive economic impact of small online business lending and then offer up the Smart Box as a tool that could potentially be a....rather than inventing something from scratch, gives you a template to work off of. So, I'd say we've been pretty successful on that, so far, and you, know, in terms of Smart Box adaption, we continue to expand membership in the ILPA.

We've also got the Smart Box now in slightly localized forms, adapted in Australia.....speaking of Australia, so the top seven online small business lenders in Australia have now agreed to adapt the Smart Box and we're working on a similar measure up in Canada where we have a business as well. So, the hope is to make it a de facto loan disclosure for the industry and I think regulators appreciate that and no doubt, it's going to be a critical issue for the industry over the next couple of years as adaption continues to grow.

Peter: Right, right, okay. So, I want to switch gears a little bit and talk about bank charters. So, you know, you announced early this year that you were going to pursue a bank charter. So, why do that and why do it now?

Noah: The decision to pursue a bank charter was not one we take lightly and it was really done after several years of careful study because I think we had said even prior to the last couple of earnings call that we've been exploring different bank charter options. So, why now?

I think, you know, one is reaching a level of scale where we're really a national business and sort of to give a long term regulatory structures for our industry. We think there are some advantages to being a nationally chartered bank, in terms of rate exportation would be one; in terms of consistency of laws, the application of laws across all 50 states kind of more generally than just rate too is another.

And then, you know, as you mentioned earlier, we're probably late cycle, we don't know when the next cycle will turn, but the stability of bank deposits as a funding source is not lost on us.

There's a long history of monoline, or you, know, very limited number of product lenders turning into banks and rather than wait for an economic cycle to happen and turning into a bank on our back foot, we thought that the company was mature enough to go on our front foot.

The other part of the now, I guess, readiness of OnDeck to take on a bank charter....so, over the last couple of years, turning profitable obviously really improved the stability positioning of the company. All the compliance we've had to build out being a publicly traded company and also running our ODX business, I think, positions us well to interact with regulators, you know, in that new way.

And we've also updated our management team and board of directors with a number of folks who have substantial banking experience, so Ken Brause, our CFO who joined us from CIT who joined us. CIT, you know, bought a bank while he was at CIT and has, you know, 30 years of financial industry experience. We added two executives to our Board last year as well who have that experience.

So, I think, the now is partially a function of OnDeck being ready and partially a function of our scale and I think partially a function of wanting to make sure our business is stable and a reliable source of funding for our small business customers, regardless of where we are in the cycle.

Peter: Right. So, do you anticipate then being like a full service bank where you've got a whole range of different products? I mean, I presume you're going to continue to maintain your small business focus, but are you looking at small business checking accounts, small business savings accounts, are you going to have a consumer element to deposit gathering? What's the OnDeck bank going to look like?

Noah: Yeah. So, we've been a little bit tightlipped about this publicly until we're more ready to announce kind of the methods and plans for obtaining a bank charter. But, what I can say is that's all business focus absolutely, that's our bread and butter, it's our core customer. This is really about hearing from our customers that they don't always feel well served by existing products that are out there in the market, and small business has always been a bit of the forgotten stepchild child between large commercial customers and the large scale of consumer banking, right.

And so, we think that a digitally integrated front end of that combined kind of checking, savings and lending and really timely lending options that can leverage some of the data that we're able to share with our customers and know about their business, we can be a better partner to them.

So, you know, I think a little bit TBB on the consumer piece of this...I think by getting back to our strategic focus, it really is on doing the best we can for our small business customers who have been somewhat underserved. So, that's the thinking for now and certainly as we get further down the road on this, we'll talk more about what our plans are.

Peter: Sure, sure. And I know you can't really share much, but can you at least share like is your timetable that you had laid out for this is....are you on track with that?

Noah: We are, but, again, I can't say too much about the specifics. So, you know, suffice it to say, I think it was our 2nd quarter earnings call where we changed the public facing language around this from sort of exploring to pursuing. We felt we kind of had to do that given how far we were getting in the process and we want our investors and the community around OnDeck to not be surprised, you know, if we, in the next x number of quarters, make an announcement sort of more specific about what our plans are.

So, we felt that was the right kind of pre-signaling to do and we are on track for our timetable, so we wouldn't know of that change in language if we felt like we were years away from detailing what our plans are, but we're definitely not weeks away either. That's probably measured in the order of months.

Peter: Right, right, okay. It's not a quick process, we all know that. So then.....

Noah: That is true, not totally in our control either as others have learned, so I think we want to be respectful to the regulators and everyone else involved.

Peter: Right, right. Hopefully, it will go quicker than what Varo Money has experienced which is certainly a multi-year process, but....anyway, let's talk about ODX for a second. Obviously, you made a big splash...I still maintain it was the biggest partnership in the history of fintech when you announced you were going to be Chase's partner for online small business loans, maybe we can start off with that.

So, when you signed, I think it was 2015, four years ago right around now from memory, when you announced that deal, did you expect it was going to last for five/ten years? Did you feel like four years, or thereabouts was about right, I mean, what did you think back then?

Noah: Yeah, I think both back then and until relatively recently like as much as, you know, seven or eight months ago, we really thought it was a long term partnership, kind of been that five to ten-year time frame, we always knew that partnering with Chase....they are, you know, the biggest bank, they have the largest IT budget, and if anyone was going to try to build a solution themselves over time, it was probably them.

But, you know, I got asked the question similar to this a couple of weeks ago and someone said, did you feel used by the whole experience (both laugh)….. No, not at all. Even though I'm aware that's happening, I would do it again, and the reasoning why is it actually knew there's a better company not only for the ODX business, but in terms of even how we operate the company.

Chase had a very high standard for compliance and data security and business continuity and how they thought about their customers, and we built a successful program and I think we're very proud of that. If you look at the loss rate, the volumes we achieved, we can't discuss these things publicly, but, you know, Chase also said in their public remarks that OnDeck was a fantastic partner to work with and so we're proud of what we did. I think we moved the ball forward in online small business lending, as you said, as a result of that partnership.

What happened, simply put, was there was a change in leadership at Chase, you know, earlier this year and kind of with that is a strategic review and I think Chase was at a point where they were either going to have to invest a lot of money over the next three to five years kind of deepening the relationship with OnDeck, extending it to more products. That was not a small investment on their side to make, and it felt like well, we’re Chase and a point of arrival for this even if it's three to five years down the road, probably is eventually bringing it on to our system. So, we learned from that and I think Chase is one of the few banks in the country, I think, that can make that trade, just given the size of their technology investment and what we learned.

You know, we've announced several other banks, PNC, we have recently announced Investors Bank, we have some other banks who expect to sign between now and the end of the year, we may not announce them till next year, but what we're learning is that not every bank is prepared to make that investment and many of the smaller banks may never be able to make that investment on their own and partnership really is the right strategy for them.

Peter: Right, do you think you need to be a top ten, top 25 bank to be able to really get something that is as good as an experience as an OnDeck customer gets with all of the effort that goes into that on many fronts, not just tech, it's marketing and all kind of things. So, do you feel like....what size bank do you think you realistically can pull that off?

Noah: Yeah. So, I would say I don't think it's limited to the top ten, or 25, I mean, there's kind of a sweet spot where you're big enough to have a customer base and a sophistication level that would allow you....as you said, it's not just implementing the technology, it's absolutely about your credit modeling and your marketing strategy and how you approach your borrowers, but also.....you know, what we did learn, with the Investors Bank deal, in particular, is working with five of these smaller banks can go faster.

Peter: Right.

Noah: There are fewer committees to go through and fewer hoops to jump through to get approval for different projects and the integration can be smoother and so, we haven't talked publicly about our timeline with Investors Bank, but suffice it to say.....but, I did say on our prior earnings call is that the fail cycle was faster there than we experienced at the larger banks and the time to implement will be dramatically, I think, smaller as well.

That's what we're learning, you know, so, top ten, top 25 banks still is a little restrictive, you know, top 100, top 200 banks feels like the sweeter spot maybe, overall, but you're absolutely right, a very, very small community bank, we haven't yet modularized the OnDeck technology and also there's a business case issue. How much are you actually going to be able to invest at that size of an institution to make the business case close. So, expanding our universe though from the top ten to the top 100, or 200 will keep us busy for a few years (Peter laughs) and we'll start with that.

Peter: Right, right, yes, no doubt, no doubt. So, obviously with Chase...I mean, the fact that you had that relationship must make always others....I mean, even the fact that Chase is going away, you pulled it off without any major hiccups, at least externally (laughs). We don't hear anything, so, I imagine, that's a .....I mean, if you've done it with Chase people will say, well, they can certainly have the capability of doing it with anybody. How much did that really....the Chase kind of partnership drive the rest of these discussions?

Noah: Yeah, I think, it was a big deal, you know, it's sort of....one person referred to it as the good housekeeping seal of approval and I think that absolutely has had an effect on building the ODX business up and it' still an asset today, even though Chase is no longer going to be working with us, we're still working through a wind down period on the portfolio.

But, we also are very happy that our pipeline didn't stop there when we made the announcement because that was obviously a source of concern, you know, what will happen to the banks that are exploring an ODX solution because it is a longer sales cycle and everyone, you know, stood firm and that was good to see as well. So, I think, that's right, we did get a capability uplift from implementing the program with Chase and I think it is still serving us well, you know, going forward.

Peter: Right, right. Okay, we're running out of time, but before I let you go....you know, you have a great window into the health of small businesses, even sector by sector, I'm curious to see, you know, you hear about.....listened to NPR the other day talking about CEO confidence levels are lower than they were a year ago, so I'm curious about what you're seeing as far as the small business community are. Are you seeing any hints, any pockets of slowdown, or do you feel like people are still confident, still taking out loans to buy new equipment, to expand their business, I mean, what's it like out there?

Noah: Yeah, that's a great question and we have a lot of data coming in to inform our perspective on this and so we said....you know, previously, about 2019, earlier this year, we did see a little bit of weakness in transportation and manufacturing and I think a lot of that was related to some of the trade uncertainty that we've had, right, fewer imports at our ports lead to fewer goods shipped across the country and, you know, it really hit in the transportation space, some of the owner operators out there.

You know, the spot rates went down, manufacturing volumes declined a little bit as well and so that is....you know, they were exporting as well and those exports were being impacted by terrorists could be a challenge, so we did see some of that earlier in the year. You know, currently, I would say we are not sort of publicly talking about anything dramatic, we think the American consumer is still strong, but I think there's a lot of data sources that backed that up.

But, to your point, the business climate and the business outlook is a little bit more conservative than it was last year. So, if you look at sort of the small business optimism index that, I think, it's run out of the University of Michigan, you've got the CEO temperature gauge that you just mentioned, I think, you know, businesses are still optimistic about the future, but maybe a little bit less so than they were a year ago and that's probably influencing demand for loans a little bit so, I think, that's our read on it right now.

Just a little bit more caution, especially as we head into an election year in the US, obviously, a really different set of options in front of the American populace, in terms of voting. So, I think, you're going to see some uncertainty lead up to the election and we actually saw that a little bit even in Australia where there was an election not too long ago and there was a little bit of a slowdown in business investment right up to that election because people don't know who's going to win and what their policies are going to be.

Peter: Right, right, got it. So, final question then, looking through into the future, what's the long game for OnDeck? If we get back together, Noah, in three years time, what do you hope you will have achieved?

Noah: Yeah, it's a great question. So, I do think as we talked about earlier, this OnDeck bank idea is pretty exciting and I do think it will take a couple of years to get there because as you noted there's a number of applications going through the process now. It takes a while, but we, again, are in it for the long haul and so the idea of OnDeck's bank being the digital bank for small business is very exciting.

We think we can spend the next five, or ten years really working on that vision, building it out and just creating a killer set of tools for our customers to manage their cash flow and when they have extra cash we can probably pay a more competitive rate than they're getting today from their current bank, and when they're in need of cash flow for the day-to-day expenses, we'll have products for that, and then when they're in need of cash, you know, for investments, we have term loan products today that deals with that.

We could also offer potentially SBA products over time, or secured lending products like equipment finance, or asset-backed lending over time as well. And so, my hope is three years from now, we have a wider, you know, maybe a much wider variety of products to serve our customers with.

Hopefully, we figured out how to navigate the overall bank charter process, and we've started to succeed in re-positioning ourselves in the market like, hey, you knew us as a leader in online lending, but now really know as more as a digital bank for small business and that would be a lot to get done in three years, but we'd be pretty excited if we did.

Peter: Okay, well good luck with that. I know it's not going to be easy, but anyway, I really appreciate your coming on the show today, Noah.

Noah: Thanks so much, Peter, always a pleasure.

Peter: Okay, see you.

The lines continue to blur in fintech between lending, digital banking and savings and all these different silos of products are really.....the fintech companies are now becoming diversified financial institutions and, you know, this is going to be a long process as Noah mentioned.

Getting a bank license is not a trivial process, but looking down the track you can see that consumers and small businesses are really going to be well served, better served than they've ever been with these options of digitally native companies that are now well established in their sector and offering a full suite of banking services. It's a really exciting time, I think, to be involved in finance.

Anyway on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

Today's episode was sponsored by LendIt Fintech USA, the world's largest fintech event dedicated to lending and digital banking. It's happening on May 13th and 14th, 2020, at the Javits Center in New York. Lending and banking are converging and LendIt Fintech immerses you in the most important trends of the day. Meet the people who matter, learn from the experts and get business done. LendIt Fintech, lending and banking connected. Go to lendit.com/usa to register.

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