

Is Online Lending Safe?

Sam Taussig

Head of Policy & Community

Banking, Kabbage Inc.



Kabbage®

Meet Our Speaker

Sam Taussig

Head of Policy & Community Banking,
Kabbage, Inc.



- Served as a special assistant to the Head of the United Nations in Indonesia.
- Responsible for Kabbage's interactions with state, federal and foreign governments and community development organizations.
- He covers issues ranging from banking regulations to artificial intelligence, privacy and corporate social responsibility.



Types of online lenders

The background of the entire image is a dense, overlapping collage of US dollar bills. Visible denominations include \$100, \$50, and \$20. The bills are slightly faded and layered, creating a textured, financial backdrop. The text labels are overlaid on this background in a clean, white, sans-serif font.

Peer to peer

Crowdfunding

Term loans

Types of online lenders

SBA Loans

Invoice Financing

Equipment Financing

Merchant Cash
Advance

Online Banking

And of course, business lines of credit.



Kabbage®



Kabbage®

(Shameless plug)

Have you used an **online lender** for your business or personal financing needs?

a) Yes.

b) No.

c) Not yet, but looking into it.

d) Never have. Never will.



A man with a beard and blue shirt, looking thoughtful with his arms crossed.

How do I spot **bad actors** when researching my options?

5 Questions to ask...

- 1 Does the lender have a physical address?
- 2 Does the lender have any third party verifications?
- 3 What are their customers saying?
- 4 Who owns their website?
- 5 Does this company actually offer loans or are they just a lead gatherer?

What would give you **piece of mind** when researching an online lender?

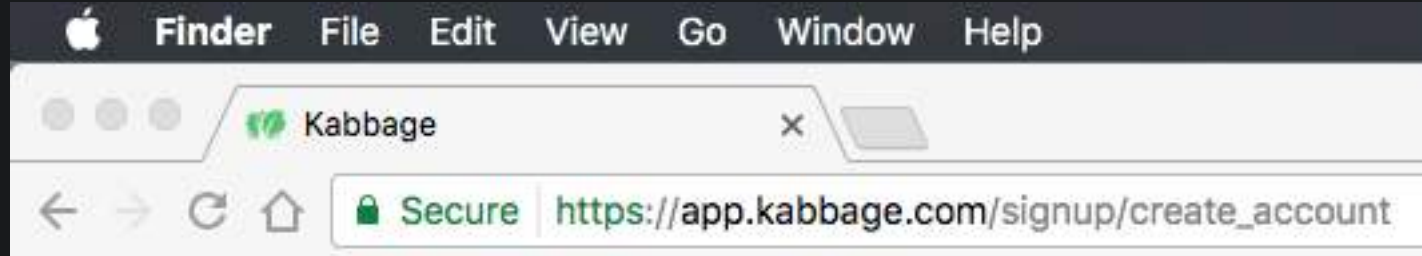
- a) Calling a representative from the company.
- b) Positive mentions about the company in reputable news articles.
- c) Understanding their data protection policies.
- d) Clear, transparent payment terms.

The background is a dark blue field filled with a complex network of thin, light blue lines that intersect to form various geometric shapes, primarily hexagons and triangles. Some of these shapes are filled with a lighter, translucent blue. Scattered throughout the field are numerous small, glowing green and yellow dots, some of which are slightly out of focus, creating a sense of depth. The overall aesthetic is futuristic and technological.

Data security and regulations at Kabbage.

Key security features to look for

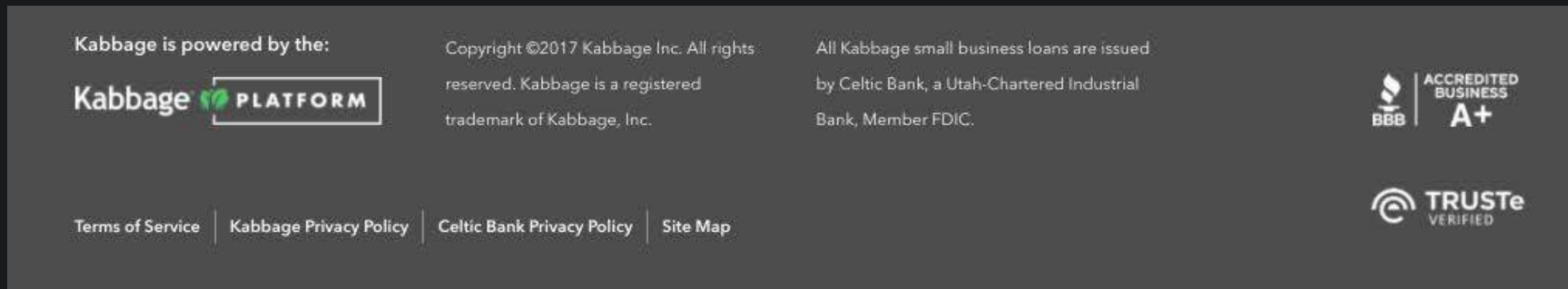
1.



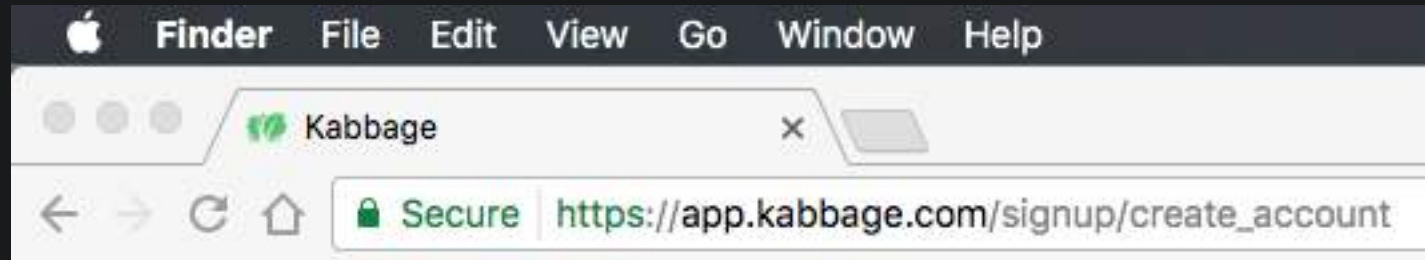
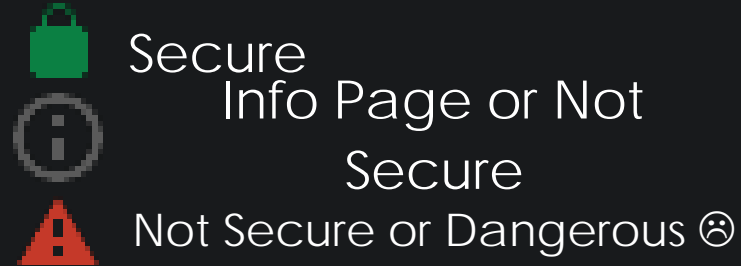
2.



3.



"The Lock" and "HTTPS"



Sites that use **HTTPS** (connection security) use a website server with a certificate to prove the website's identity to you.

"**The Lock**" means safeguards such as firewalls and data encryption using secure socket layer technology (SSL) are active

Third Party **certifications**

The **Better Business Bureau** provides free business reviews and “letter grade ratings” on more than 4 million businesses and serves as an intermediary between you and businesses



TRUSTe's Privacy Certification Standards are for businesses who collect personal information, and comply with strict standards for responsible data collection and privacy practices.



Website footers and terms

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All Kabbage small business loans are issued by Celtic Bank, a Utah-Chartered Industrial Bank, Member FDIC.



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[Kabbage Privacy Policy](#)

[Celtic Bank Privacy Policy](#)

[Site Map](#)



Regulations to ask --- about

- 1 Equal Credit Opportunity Act (ECOA/ Reg B)
- 2 Fair Credit Reporting Act (FCRA/ Reg V)
- 3 Unfair & Deceptive (and Abusive) Acts and Practices (UDAAP)
- 4 Right to Financial Privacy Act
- 5 Telephone Consumer Protection Act (TCPA)



Don't get in over your head:
Tools to help you understand the total **cost of funds.**



Capital Comparison Tool

This tool is provided to help you understand and assess the cost of your small business financing.

The calculations below involve certain key assumptions about this Loan, including that the Loan is paid off in its entirety according to the agreed payment schedule and that no repayments are missed.



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The following shows an example of information included in the SMART Box for a \$75,000 loan paid back over 12 months. Your loan agreement will include a SMART Box displaying information specific to your loan and terms.

Example Loan Amount	Disbursement Amount (minus fees withheld) ¹	Repayment Amount	Term (repaid monthly)
\$75,000	\$75,000	\$90,750	12 Months

Metric	Metric Calculation	Metric Explanation												
Total Cost of Capital \$15,750	<table><tr><td>Interest Expense:</td><td>\$0.00</td></tr><tr><td>Loan Fee:</td><td>\$15,750.00</td></tr><tr><td>Origination Fee:</td><td>\$0.00</td></tr><tr><td>Other Fees:</td><td>\$0.00</td></tr><tr><td>Total Cost of Capital:</td><td>\$15,750.00</td></tr></table>	Interest Expense:	\$0.00	Loan Fee:	\$15,750.00	Origination Fee:	\$0.00	Other Fees:	\$0.00	Total Cost of Capital:	\$15,750.00	<p>This is the total amount that you will pay in interest or Loan Fees and other fees for the Loan.</p> <p>The amount does not include fees and other charges you can avoid, such as late payment fees and returned payment fees.²</p>		
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Example Loan Amount

\$75,000

Disbursement Amount
(minus fees withheld)¹

\$75,000

Repayment Amount

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Term
(repaid monthly)

12 Months

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Total Cost of Capital (TCC)

The total cost of all interest, loan fees and any other fees that are a condition of receiving capital.

Annual Percentage Rate (APR)

APR provides the cost of capital –including fees that are a condition of receiving capital, expressed as a yearly rate. While APR can be used for comparison purposes, it is not the interest rate used to calculate the total dollar cost of a finance option. APR should be considered in conjunction with TCC.



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Average Monthly Payment

The average monthly payment metric captures the average monthly cash flow impact regardless of whether the product requires daily, weekly, or monthly repayment.

Cents on the Dollar

The amount of interest (or loan fees, as applicable) paid per dollar borrowed.

Learn more at

Innovativelending.org



New! Business Line of Credit

Receive a \$200 Gift Card when you qualify for a business line of credit of up to \$100,000.

Get instantly approved to purchase inventory, hire new employees, build a new marketing campaign and more!

To learn more about NFIB's member benefit from Kabbage,
visit <http://www.nfib.com/kabbage>

An aerial photograph of the Atlanta skyline, featuring the Georgia State Capitol and the Georgia Tech campus in the foreground, and the downtown skyline with the Georgia State Capitol and the Georgia Tech campus in the background. The text "Q & A" is overlaid in the center of the image, with a horizontal line extending from the "Q" to the "A".

Q & A