



4x faster loan decisions

Plaid helps BlueVine speed up underwriting and disburse more funds to small businesses



4x

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HERMAN MAN,
Chief Product Officer,
BlueVine

Challenge

BlueVine needed frequent, reliable and accurate financial data in order to underwrite more loans for small businesses.

Solution

With Plaid, BlueVine gets user transaction history to make faster, smarter loan decisions.

Results with Plaid

BlueVine reports the following results after integrating Plaid:

4x	BlueVine makes loan decisions 4x faster with Plaid over a competing platform
150%	When BlueVine applicants use Plaid to connect an outside bank account, they complete that step of the application process 150% faster than with the manual method
7%	At the bank-connection step in the application process, BlueVine saw a 7% higher conversion rate when applicants connect using Plaid
#1	When BlueVine applicants use Plaid to connect an outside financial account, they draw on credit faster than with any other bank-connection method

Most small business owners have a choice when it comes to applying for a loan. They can visit a traditional bank, enduring a manual application process which can take months to complete and result in an 80% rejection rate. Or they can work with a growing number of fintech lenders that offer a faster and simpler digital application experience.

When comparing the two options, it's clear why fintechs are gobbling up market share of small business lending in America. Despite the fact that small businesses make up 99.9% of American businesses, banks have largely overlooked them.

PLAID PRODUCTS

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“Unless they're making millions in annual revenue, banks aren't that interested in lending to small businesses,” explains Herman Man, Chief Product Officer at BlueVine. “Things are even worse for minority owned businesses who disproportionately lack access to capital.”

Founded in 2013, BlueVine offers digital banking and financing to small and medium size businesses. To speed up the application and onboarding process, BlueVine wanted a way to efficiently obtain detailed financial information about applicants for underwriting, while still providing a modern user experience and protecting their privacy.

"We tried a financial data aggregator but the APIs were sloppy, we lost data, and it was unreliable," says Man. "We wanted a new-gen, more efficient solution—so we went with Plaid."

150%

When BlueVine applicants use Plaid to connect an outside bank account, they complete that step of the application process 150% faster than with the manual method.

Cash-flow underwriting

When applying for a loan at BlueVine, users are asked to connect an outside financial account. With Plaid, this step is easy. Users simply select their financial institution from a list and enter the username and password for the associated accounts. Plaid now connects to more than 12,000 financial institutions—often in a matter of seconds. And it's not just large financial institutions; Plaid connects to the majority of credit unions, community banks, and small financial institutions that small businesses rely on.

Once connected, BlueVine gets instant access to user-permissioned financial data, including debits and credits, to power their cash-flow underwriting. The connection gives BlueVine detailed transaction history—more than what uploaded bank statements typically give. Plus, uploaded documents can be forged; data from Plaid cannot.

This ongoing bank connection not only enables BlueVine to make fast and smart underwriting decisions for first-time borrowers, it allows them to constantly underwrite that business, which is helpful for when they need more funds.

"Unlike with traditional banks, our customers don't need to ask for credit line increases because we already know what they're capable of," says Man. "Plaid enables us to be proactive and offer working capital to small businesses who need it."

BlueVine applicants can still choose to manually type in their bank details during the application flow, but the vast majority choose Plaid for convenience. In fact, BlueVine reports a 7% higher conversion rate at this step in the application process when applicants connect using Plaid.

"This translates to hundreds of additional small businesses who get funded, many of which are underserved by big banks," says Man. "When users connect via Plaid, they convert faster, more frequently, more reliably, and with a better user experience. If we don't get a Plaid connection on day one, we seek it on day two because it's so valuable to us."

"When users connect via Plaid, they convert faster, more frequently, more reliably, and with a better user experience."

HERMAN MAN,
Chief Product Officer,
BlueVine

7%

At the bank-connection step in the application process, BlueVine saw a 7% higher conversion rate when applicants connect using Plaid.

Man says Plaid's high conversion rate has a multiplier effect for BlueVine. The more small businesses they can approve today, the more they can approve tomorrow through referrals. It also has a multiplier effect within BlueVine, as happy customers are more likely to use other BlueVine services, such as their BlueVine Business Checking account and payments product.

More loans via faster decisions

Fintech lenders know speed-to-decision is another competitive differentiator over traditional banks. So BlueVine uses Plaid to expedite the underwriting process.

For starters, applicants who choose Plaid to connect an outside financial account get through that step of the application process 150% faster than with the manual method. (When comparing Plaid to driving to a bank with printed bank statements, the speed difference is incalculable.)

Once an application is submitted, BlueVine strives to automate the underwriting process with the help of Plaid. According to Man, Plaid provides the frequent, reliable, and accurate data needed for automating underwriting decisions.

"With Plaid, we're seeing a 7% lift in page conversion rate when customers connect using Plaid rather than manual data entry," says Man. "The median time-to-decision is also 4x faster with Plaid." He adds that 20% of clients who use Plaid get an offer within 30 minutes, while the other platform is around 12% for the same period.

"Speed is important to us because it's important to our users," explains Man. "Being able to make decisions faster helps our customers grow faster."

As with any technology success story, the secondary benefits can be impactful as well. For BlueVine, faster decisions equals higher loan volume because BlueVine can jump to the top of the applicant's inbox. In addition, fewer underwriters are needed, saving OPEX costs. And when BlueVine applicants use Plaid, data shows they draw on their credit faster than with any other bank-connection method, boosting top-line revenue.

Putting small businesses first

BlueVine integrated Plaid just as the pandemic hit. A fast integration meant BlueVine was able to use Plaid to help underwrite thousands of Paycheck Protection Program (PPP) loans for small businesses in desperate need of financial support.

"We're quite happy with Plaid and really appreciate their dedication to removing barriers to innovation in fintech."

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BlueVine disbursed nearly \$9 billion in PPP loans to more than 300,000 small businesses. By comparison, Wells Fargo distributed fewer PPP loans than BlueVine, highlighting the growing role fintech plays in small business lending.

When reflecting on all the small businesses they were able to help during the pandemic, Man notes how Plaid helps BlueVine be agile during unpredictable times, while providing the stability for sustained growth. BlueVine already uses Plaid for account funding and to enable users to easily link their BlueVine accounts to other fintech apps via Plaid Exchange. Looking forward, the company aspires to scale into a full-service small business banking platform.

"We want to be there for small businesses—whatever their needs," concludes Man. "We're quite happy with Plaid and really appreciate their dedication to removing barriers to innovation in fintech. They've been great to work with and we look forward to the continued partnership."