

LoanHero Partners With Credit Union to Tap Medical Market

FINANCE: Startup to Get Portion of Revenue From Partnership's Loans

■ By SARAH DE CRESCENZO

LoanHero, one of San Diego's cadre of startup financial technology companies, has partnered with a New York-based credit union to offer point-of-sale lending for health care services to its more than 70,000 members.

A partnership with a credit union — LoanHero's first — was long sought by the fintech firm, which provides technology to retailers that allows them to offer consumers loans while prospective purchasers are at a business, such as a health clinic.

The San Diego company, which spent time at the **EvoNexus** incubator before moving into an office downtown, announced March 6 that it has teamed with **Quorum Federal Credit Union** to offer its members financing for health care expenses. LoanHero's platform facilitates loans from \$1,000 to \$25,000.

While some companies pay LoanHero to use its technology, under the agreement with Quorum, LoanHero will get a portion of revenue from any loans originated through the program.

Quorum got its start in 1934 as a financial institution for **Kraft Foods** employees.

Today, the credit union based in the city of Purchase has members who work at about 50 companies and live in every state in the nation.

LoanHero's financing platform offers consumers loans from its lending partners based on their credit, whether

purchasers have no credit or a top-notch score.

Access to Borrowers

"We work with lenders today, but we want to work with ones who aren't in point-of-sale yet," said **Kristin Slink**, co-founder and chief operating officer at LoanHero. "It's better for them because they get access to borrowers where they wouldn't normally."

Many credit unions already use point-of-sale technology, especially for auto loans, but others don't have the ability or resources to develop their own, Slink said.

"They're interested, but they don't have the infrastructure," she said. "It's been a mission of ours and something we've been wanting to do for a while."

A previous LoanHero partner made the introduction between the San Diego-based team and the New York credit union, Slink said.

Quorum, which had been using another platform, switched to LoanHero's in support of its effort to increase its lending in the health care arena. The software it used previously offered one lending option.

More Lending Options

LoanHero's platform will offer the credit union's members more lending options than were previously available, according to the company. It expands options for merchants by offering loan programs to consumers who don't have

prime credit as well as less risky borrowers. And, it has the potential to expand the credit union's loan portfolio.

"LoanHero's technology, capabilities, and expertise allow us to introduce consumers to our excellent financial products and service while helping us reach our growth potential," said **Bruno Sementilli**, president and chief executive officer of Quorum.



Bruno Sementilli

Todd Lane, chief executive officer at **California Coast Credit Union** in San Diego, said that while many credit unions — including Cal Coast — use point-of-sale technology for car loans, working with members on small-dollar loans is less common.



Todd Lane

"We have the technology to do it, it's just what merchants we choose to partner with," he said. "Medical loans are typically smaller-dollar loans ... most credit unions have the technology, they just don't have the merchant network."

Lane said Cal Coast has been looking to expand into that niche, but the final decision on whether to forge ahead would be contingent upon member demand.

Determining the Need

"If there's need by our membership, we would move into the marketplace, but at this point we haven't heard that's what they're looking for us to do," he said. "What

you want to avoid is members going to payday lenders and other alternative providers for small-dollar loans, because the interest and fees are very high as compared with what a credit union typically could charge."

Financial institutions like Quorum, Slink said, find LoanHero's platform appealing because the company has built relationships nationwide with retailers, from **Matrix Biosurgical**, which performs stem cell procedures, to laser hair removal business **LaserAway**. Health care is an area of focus for LoanHero because of the demand for elective medical procedures not covered by insurance, from laser eye surgery to correct poor vision to some chiropractic services.

When a financial institution uses the LoanHero platform, they also get the assurance that the firm is managing merchant risk and paying attention to compliance, Slink said.

Wanting to Work With Credit Unions

"We have a robust underwriting process," she said. The platform can also be tailored to a specific lender, depending on the type of consumer they're interested in lending to, the industry in which they prefer to lend and other metrics.

Quorum becomes LoanHero's first prime lender in the medical space. (The firm was lending funds for such procedures, but mostly to near-prime borrowers, Slink said.)

Slink said LoanHero hopes the tie-in with Quorum is the start of a collaboration with the credit union community.

"We would like to work with more credit unions," she said. "This is something we want to do more of in the future."