



# Opening the door to better rentals

Obligo helps people rent apartments without paying security deposits



## Problem

Obligo needed a way to connect users' financial accounts in order to assess their financial standing and creditworthiness.

## Solution

Obligo users who connect their bank accounts with Plaid onboard twice as fast, and they have three times fewer unsuccessful payments.

## Results with Plaid

2x	Obligo users who connect their bank accounts with Plaid complete onboarding twice as fast.
3x	Payments made by Obligo users with Plaid-connected bank accounts are 3x less likely to result in NSF (non-sufficient funds).
80%	80% of Obligo users qualify for a deposit-free rental after connecting their bank account using Plaid.

“We evaluated all the options, but Plaid was clearly the best choice. The initial launch was super fast; we were up and running in two weeks.”

YIFTAH BAROUCHE,  
Chief Technology Officer,  
Obligo

In the US, an estimated **\$46.5 billion** is locked up in security deposits for rented housing. That money could be earning interest or helping people pay for college; instead, it's stuck in escrow accounts.

Security deposits are also a burden for landlords and property managers, who spend countless hours dealing with them: depositing checks, managing escrow accounts, filing taxes, and returning deposits to forwarding addresses. To further complicate matters, the laws governing deposit management vary widely from state to state.

Obligo is a platform that solves both problems by eliminating the need for security deposits. The tenant pays a small monthly fee for Obligo's services. Meanwhile, Obligo establishes a secure billing authorization between landlords and qualified tenants. If a tenant causes damages, the landlord is authorized to charge them up to a pre-agreed amount.

Obligo launched in New York in 2018. Since then, the company has established partnerships with leading property managers across the United States, including Aimco, StuyTown (Beam Living) and Common Living. All told, their partners manage more than 200,000 units.

To screen renters, Obligo requests two forms of payment, typically a credit card and a bank account. By analyzing these inputs, they can assess the renter's financial situation and identify renters that are likely to default on their billing authorization. But it's important that the process of connecting their financial information be swift and smooth for users, or they won't finish it.

**That's why Obligo turned to Plaid.**

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# 2x

Obligo users who connect their bank accounts with Plaid complete onboarding twice as fast.

**“Obligo keeps landlords secure and renters accountable by combining Plaid’s technology with our AI-based underwriting model. Without Plaid, our screening and underwriting abilities would be severely diminished.”**

**YIFTAH BAROUCH,**  
Chief Technology Officer,  
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## Swift onboarding

The process begins when a property manager invites a new renter to qualify for Obligo. Once in the app, the renter starts by connecting their bank account.

To connect an account with Plaid, the renter simply selects their financial institution from a list, then enters the username and password associated with that account. Plaid now connects to more than 11,000 financial institutions in the US, Canada, and Europe—often in as little as seven seconds.

By contrast, verifying a bank account through microdeposits can take three days. Renters must manually enter their account and routing numbers, then return to the website after several days to verify their receipt of multiple small deposits, usually just a few pennies.

The result is that Obligo users who link their bank accounts with Plaid can onboard twice as fast as those who choose microdeposits.

“One of our most important metrics is the time it takes users to complete the onboarding flow,” said Yiftah Barouch, CTO at Obligo. “Plaid makes the process much, much faster.”

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## A streamlined leasing experience

When a renter gives Obligo permission to access their bank account via Plaid, that enables Obligo to get a good picture of their finances and, by extension, their creditworthiness.

To determine whether a renter is qualified to skip their security deposit, Obligo uses an AI-powered credit-based underwriting model. All told, 80% of renters do qualify. But those who don’t can still complete their move-in through Obligo. That involves using the platform to pay for things like broker fees, pet fees, and first month’s rent.

Skipping security deposits is a win on both sides of the marketplace. For landlords and property managers, advertising deposit-free rentals makes their listings more appealing and reduces vacancy rates. But the greatest value comes from building trust between renters and owners.

“Obligo keeps landlords secure and renters accountable by combining Plaid’s technology with our AI-based underwriting model,” said Barouch. “Without Plaid, our screening and underwriting abilities would be severely diminished.”

The final way Obligo uses Plaid is to reduce NSF (non-sufficient funds) fees. Before processing a payment, they run a quick balance check on the renter’s bank account to ensure that they have enough money to cover the payment. Renter’s that are short on funds receive a courtesy notice from Obligo to top up their account or choose a different method of payment.

It may seem like a no-brainer, but it has prevented hundreds of NSFs, which are costly for landlords and a terrible experience for tenants. In fact, payments from Obligo renters who have Plaid-connected bank accounts are three times less likely to result in an NSF fee.

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# 3x

Payments made by Obligo users with Plaid-connected bank accounts are 3x less likely to result in NSF (non-sufficient funds).

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**YIFTAH BAROUCH,**  
Chief Technology Officer,  
Obligo

## First to market

Barouch says he chose Plaid for its data quality and the ease of integration. Now, having worked together for several years, he appreciates how Plaid constantly adds new features.

*“We evaluated all the options, but Plaid was clearly the best choice,” said Barouch. “The initial launch was super fast; we were up and running in two weeks.”*

Looking ahead, Obligo plans to expand internationally, citing the widespread desire of renters and landlords around the world to rid themselves of the burden of security deposits.

*“We aim to support renters all around the world,” said Barouch. “Plaid has been a great partner since day one, and we look forward to everything we can accomplish together.”*

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Plaid is a technology platform and data network that enables applications to connect with users' financial accounts. We focus on lowering the barriers to entry in financial services by making it easier and safer to use financial data. Today, we support developers across North America and Europe.