



Compassionate loans, on your terms

Zirtue brings structure and accountability to friends-and-family lending

By Alex Clarke



Every year, Americans borrow \$184 billion from friends and family. Too often, those loans are never formalized, which can result in painful misunderstandings and strained relationships.

Zirtue is an app that takes the guesswork and awkwardness out of repaying a friend or family member by digitizing those loans on a simple online platform. Over the last year, their number of users has grown by 60% month-over-month.

“Many of our borrowers don’t have access to more traditional forms of credit,” said Javier Martinez, Head of Growth Marketing at Zirtue. “They may be deep in credit card debt; they may not have a credit score at all. Zirtue is valuable to them because it allows them to borrow with dignity from people they know and trust.”

But there was a problem. Many of Zirtue’s users keep their money at smaller banks and credit unions—accounts that can be difficult to access when it’s time to transfer money. In fact, 83% of Zirtue’s transactions involve one of these smaller banks.

That’s why Zirtue turned to Plaid. Plaid now connects to all 11,642 American banks and credit unions, so nearly every potential borrower and lender can access Zirtue’s platform. As a result, Zirtue’s overall conversion rate has increased by 10%.

“Many of our users keep their money at smaller banks and credit unions,” said Will Traweek, Data Analyst at Zirtue. “Plaid has been incredibly helpful in verifying those accounts.”

10%

Since implementing Plaid’s enhanced account authentication product, Zirtue’s overall conversion rate has increased by 10%.

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Data Analyst, Zirtue

Making ends meet

Although the stock market continues to reach record highs, the economy remains challenging for many Americans. Consider:

- Nearly two thirds of Americans live paycheck-to-paycheck
- More than 20% of adults are unable to pay their monthly bills in full
- One in four adults skips necessary medical care because they can’t afford it

By making it easier to borrow money, Zirtue helps these Americans get the funds they need to meet their needs and work toward their goals without resorting to payday loans, credit card advances, or bank overdrafts.

Here's how it works. A borrower requests a specific loan amount and sends it to the lender, who sets the repayment terms. When both parties agree to the terms, Zirtue issues a digital promissory note and initiates a series of bank transfers.

The first transfer is from the lender to the borrower, the full amount of the loan. Subsequent transfers are loan repayments, all of which take place via ACH. The average Zirtue loan is \$535 and is repaid in four months. Most often, these loans are going toward things like rent, utilities, and medical bills.

65%

65% of Zirtue users have avoided overdraft fees thanks to Plaid's real-time balance checks.

"A \$35 overdraft fee may not seem like much. But for someone making \$30,000 a year, it can mean the difference between putting dinner on the table or not."

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Broader coverage, fewer overdrafts

After carefully weighing its options, Zirtue chose Plaid to connect users' bank accounts. The reason was Plaid's superior institution coverage. Plaid now connects to all 11,642 US banks and credit unions using one of the following methods:

- **Instant account verification:** For the largest banks and credit unions, users can connect their accounts in seconds by entering their bank login and password.
- **Automated microdeposits:** For medium-sized financial institutions, Plaid takes the guesswork out of microdeposits by automating the process. Users simply enter their account and routing numbers, and the rest is automatically verified.
- **Same-day microdeposits:** For the smallest banks and credit unions, Plaid expedites the process of microdeposits. In the past, it has taken 2-3 days to complete, but Plaid shortens that time to just one business day.

For users, it's a seamless process. After they select their bank from a list, they are guided to the form of account authentication that makes the most sense for them. And that's important, because 83% of Zirtue's transactions involve a medium- or small-sized financial institution.

As a result, Zirtue has experienced an uptick in onboarding. In the six months since they implemented Plaid's enhanced account authentication, they have seen their overall conversion rate increase by 10%.

Plaid offers another advantage. By instantly verifying users' account balances, Plaid ensures that there is enough money in the account to make an intended payment. As a result, 65% of Zirtue's users have avoided an overdraft fee.

"A \$35 overdraft fee may not seem like much," said Will Traweek, Data Analyst at Zirtue. "But for someone making \$30,000 a year, it can mean the difference between putting dinner on the table or not."

83%

83% of Zirtue transactions involve a small- or medium-size financial institution.

The road ahead

Looking ahead, Zirtue wants to grow with its users. That means helping them rebuild their financial lives, including things like savings and credit scores. To that end, they are developing partnerships with banks to use Zirtue repayment records as proof of creditworthiness.

“The vast majority of our users repay their loans on time or ahead of schedule,” said Martinez. “They are demonstrating their creditworthiness, and they deserve to be recognized for that accomplishment in the eyes of the American banking system.”

The next step is taking this innovative form of credit to other parts of the world, especially where banking infrastructure is less developed. As a purely digital lending platform, Zirtue believes they can help millions of people in rural areas gain access to the resources they need to accomplish their goals.

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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.