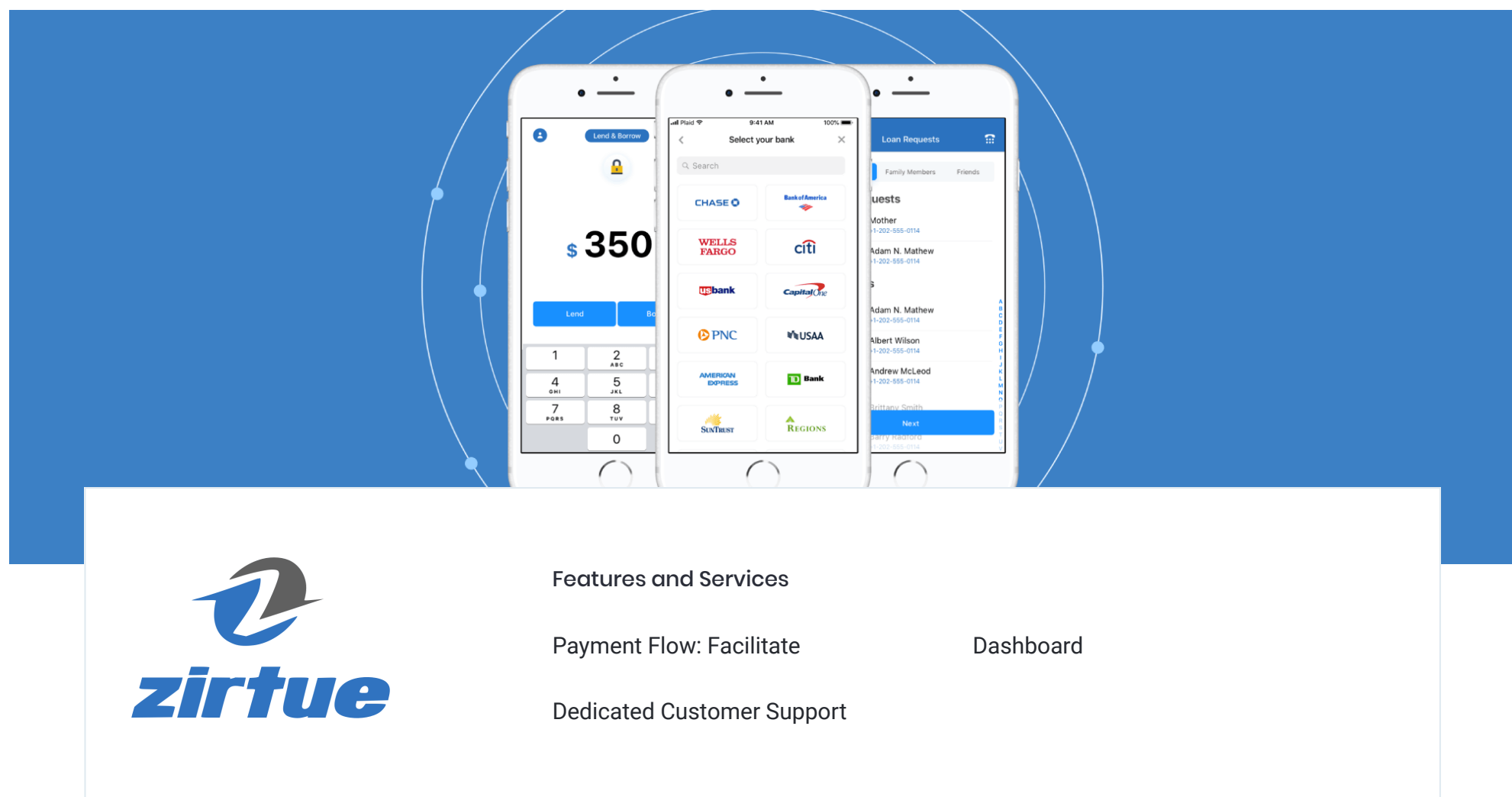




Zirtue Improves Onboarding & Increases Registered Users



Relationship Lending Infrastructure Powered by Dwolla

Money—everybody needs it but it can be an awkward and rude thing to talk about in social situations.

However, Americans seem to have no problem borrowing money from friends and family, to the tune of **\$184 billion dollars every year**.

These are typically small loans made between trusted acquaintances to avoid dealing with banks. With the amount of unstructured loans being made every year, two enterprising financiers wondered if there was a way of helping friends borrow money that was easy, agreeable and didn't create painful conversations at Thanksgiving.

Their curiosity led to the development of Zirtue, a mobile lending application that allows friends and family to lend or borrow money from each other—on their terms. The borrower can set the loan amount and the lender can set the repayment terms. After both parties agree to the terms of the loan, the request is serviced by Zirtue and automated loan repayments are initiated—a seamless connection to the Automated Clearing House (ACH) Network powered by a partnership with Dwolla.

The idea originally came from Dennis Cail and Michael Seay, who had an established friendship with backgrounds in finance and investment. Cail remembers having limited success getting paid back after he would lend friends or family money. This led to awkward situations where he was forced to ask or remind his friends or family members about money they owed him and their commitment to pay him back.

This experience eventually prompted Cail and Seay to becoming Co-Founders of Zirtue and officially launching their **lending application** in March of 2018.

“We are not an application searching to solve a new problem; friends and family are already lending each other money through various means,” Cail explains. “We are just providing those people with an option to take the awkwardness out of the situation and build a stronger commitment for repayment.”

Since launching the app in November of 2018, Zirtue has nearly 4,000 registered users, which is 4 times the amount they had initially thought. “The rapid growth that our application has seen can be attributed to such a positive and simple end user onboarding experience through integrating with Dwolla’s white label API,” says Cail. By the end of 2019, Zirtue is anticipating more than 100,000 active users.

A Friend In Need

Seay says the current family and friends market resembles the “wild west” because it lacks the infrastructure to formalize the lending process between both parties.

“Our idea was to come in and be that third party to provide infrastructure, the actual documentation and servicing of the loans,” Seay explains. “Then being able to automate the servicing of those loans, which exist in all these other markets except this one.”

To enable automated payment transactions, Zirtue needed a payment integration that could seamlessly onboard and verify new users.

Cail, who has a technical background, says Zirtue did consider building its own payment solution.

“Our interest in Dwolla started as a ‘buy versus build’ question,” Cail explains. “Then once we answered that question, the next was ‘Is Dwolla a good fit with us and are there complementary pieces that Dwolla brings to our platform?’ Dwolla checked those boxes.”

One of the complementary pieces included the capability to charge a 5% **facilitator fee**, in addition to fixing the 5% annualized interest rate paid by the borrower to the lender.

Dwolla’s Zirtue-friendly features were a selling point, but so was the very fact that they existed at all, without Zirtue having to build them itself.

“What Dwolla allowed us to do is go to market sooner, rather than later,” Cail says. “We could have spent at least six or nine months building out what Dwolla already has. That approach didn’t make sense, and that’s why partnering with Dwolla made so much sense.”



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Dennis Cail

CEO & Co-Founder

Lending A Hand

Both Cail and Seay expect significant growth in 2019 for Zirtue and feel confident they can scale effectively because of the security that comes with the ACH Network.

According to the 2016 edition of the ACH Product and Marketing Handbook from NACHA: The Electronic Payments Association, fraud studies concluded that ACH credit payments (pushing funds into another account) are one of the safest electronic payment types. According to the handbook, less than three of 10,000 transactions returned as unauthorized, compared to credit card and signature debit cards.

With that kind of data behind them and their platform being a relationship-based lending application where both parties must approve and authorize the transaction, Seay is confident Zirtue has built strong processes for handling fraud situations. Those processes combined with an integration with the ACH Network—through Dwolla’s **ACH payment API**— helps him sleep at night.

“Fraud is going to happen, but it’s harder and less occurring the way we’ve built out our platform,” Seay says. “Without ACH, I think the amount of fraud and fraudsters would be exponentially higher.”

In February, Zirtue signed a partnership with AT&T that allows AT&T customers to lend or borrow money for the specific purpose of paying their AT&T bill. While the AT&T payments will happen outside of the Dwolla integration, Cail estimates this partnership could bring as many as 100,000 new users to the Zirtue platform.

“We want the whole ecosystem to work for everyone,” Cail says.

To make sure their platform could handle the expected increase in transaction volume, Cail says they utilized the Dwolla Sandbox to test their application with Dwolla’s ACH payment API before going into production.

“**The Dwolla Sandbox** left us with no surprises,” Cail says. “Everything worked as expected and as we tested it. Once we moved into production, we didn’t see any differences or changes, which was great. Sometimes different environments can produce different results but it worked really well.”

Supporting the Growth

After going live with Dwolla, Cail says the Dwolla **Customer Support Team** has been “super responsive” to any of the technical process questions they had during both pre- and post-production.

“That’s been a fluid process back and forth, it’s been good,” Cail says.

The combination of Dwolla with an influx of new users has led to a streamlined onboarding process, Cail says. He expected to have “hundreds of users” within their first six months, not “thousands.”

“I don’t think we would have been able to onboard as many users in the time frame that we have, and with the security we’ve had, without Dwolla,” Cail says. “Having Dwolla in place as a partner allowed us to onboard people in a timely manner.”

He says currently Zirtue has more than \$700,000 in loan requests pending through the platform.

“We wanted to keep it simple,” Cail says. “And from an innovation standpoint, Dwolla is aligned with us making sure our platform is operating from an optimal standpoint.”