

Live Oak Bank and Alloy partner to decrease fraud and enhance customer experience

Alloy's holistic solution helped Live Oak reduce fraud losses by 27%

Live Oak Bank was founded in 2008 in Wilmington, North Carolina, with a goal to revolutionize small business banking. As a digital bank, Live Oak relies on best-in-class technology and innovation to create positive customer touchpoints.

At a glance

Sector

Regional Bank

Company size

900+

Established

2008

Location

Wilmington, NC

Total Assets

\$11.27 billion



The Challenge

Live Oak needed a plug-and-play solution to automate good customer approvals and accelerate portfolio growth

As a leader in Small Business Administration (SBA) 7(a) lending, Live Oak prioritizes the speed at which they can get capital in the hands of borrowers. In 2021, Live Oak was using an in-house legacy onboarding platform for deposit customers, and between the time it took to review each application and the quality of data they were able to access, their existing process simply wasn't cutting it anymore.

The team needed a solution that could automate some of the manual processes for their day-to-day operations so they could focus on expanding their product offerings and attract new customers.

"Historically, we've shied away from targeting small balance lending simply because we didn't have a platform with the ability to scale — it takes a lot of time and effort to underwrite and feel confident about a credit decision. Alloy bridged this gap for us, allowing us to expand our small-dollar lending portfolio."

— Tristan Manley, SVP - Small Business Banking Product Leader



The Solution

Live Oak enlists Alloy to bring onboarding, transaction monitoring, and credit underwriting into one centralized platform

After a short search, Live Oak entrusted Alloy as the right partner to simplify customer onboarding, transaction monitoring, and credit underwriting.

With their eyes set on continued growth, Live Oak knew Alloy would be a partner that would help them scale.

Live Oak was excited to tap into Alloy's vast network of data vendors and testing capabilities. They work closely with the Alloy team to ensure their workflows are aligned with best practices, and they rely on Alloy's testing capabilities to confidently go live with new risk policies.

"Being in a highly regulated industry, we tend to use extreme caution before making modifications to our risk policies. Alloy makes it easy to test changes in a low-risk way before ultimately pushing into production."

— Tristan Manley, SVP - Small Business Banking Product Leader

Live Oak also leverages Alloy to ensure they keep the right amount of oversight and control within their embedded finance programs.

"Part of what differentiates us for embedded banking is our approach to account opening. In our model, we control the KYC and KYB flows for our fintech partners. This ensures we have full oversight of the CIP program and can comply with all applicable regulations, standards, and governance."

— Will Haynes, SVP - Embedded Banking Product Leader



The Outcome

Live Oak reduced investigation time by 30%*, giving them time back to focus on their customers and building new products

Since going live with Alloy, Live Oak has been able to substantially increase their auto-approval rate, subsequently decreasing their time spent on lengthy manual reviews. This gave them time to focus on expanding products, like the [Live Oak Express program](#). They also launched their first checking account with treasury and cash management functionality in 2023.

"We save development time. We save expenses. And our underwriters work through applications faster because we're not flipping screens and systems."

— Joe Thompson, Head of Live Oak Express

Without the ability for customers to go to a branch, streamlining the customer journey has been critical for Live Oak. Alloy's data orchestration capabilities give Live Oak the insight needed to trust each approved applicant is who they say they are, which has given their team countless hours of valuable time back and has helped decrease fraud losses by 27% in the process.

"Not only does Alloy help us make more informed decisions, it's also faster. Our partnership with Alloy has ensured that our time is spent actually running our business instead of triaging issues, and you can't understate the value of that."

— Joe Thompson, Head of Live Oak Express

As Live Oak continues to grow, Alloy remains their critical tool for assessing customers' identity risk, while getting new customers onboarded quickly.

*Data sourced internally as of March 2024

27%

27% decrease in fraud YoY

30%

30% reduction in investigation time

8%

8% decrease in manual review rate

