



smartbiz[®]

Case Study:
TAB Bank



About TAB Bank

Founded in 1998, TAB Bank focuses on building strong relationships with customers, guided by their commitment to seamless customer experiences and advocating for clients while “balancing risks, rewards, and relationships.” Guided by three core pillars of great financials, great customer experience, and great people, TAB Bank is a celebrated, trusted banking partner that helps meet clients where they are with the financial solutions best for customer growth and success.

Originally founded as a bank specifically for B2B businesses in the trucking industry, TAB Bank now works with SMBs of all kinds, including offering small business financial services, such as lending, to companies primarily focused on selling to consumers. Uniquely, the bank has no physical branches aside from its Ogden, Utah headquarters, so all transactions are conducted online and by phone, expanding its tentative reach—and requests for financial services—nationwide.

The Challenge

In 2017, TAB Bank decided to expand its services and offer small size business loans to companies in sectors that service consumers, like retail stores and gyms. To do so, its executive leadership team realized the bank would need a strategic fintech partner to help develop a loan application, approval process, and credit policy for these new customers. The end goal was a partnership through which TAB could cost-effectively identify and assist the borrowers least likely to default and, upon finding these borrowers, process all approved loans. TAB knew that identifying and working closely with a hands-on partner that could support its newly expanding services would be the key to success.

As TAB Bank searched for a partner, the company prioritized service providers that aligned with their three core pillars: cost-effective loan processing (great financials), a borrower-friendly application (great customer experience), and a highly collaborative working relationship with its fintech partner (great people). Many of the companies they interviewed didn't make the grade: Some only processed loan applications, while others developed credit policies and identified borrowers without TAB Bank's input. These platforms did not offer the comprehensive partnership that TAB Bank wanted for this developing portion of their business. That's where SmartBiz came in.



“

WE WANTED A NEW BUSINESS LINE THAT WOULD DIVERSIFY THE BANK'S REVENUE SOURCES AND ASSET CLASSES. WE LIKED THE IDEA OF HELPING BORROWERS THAT DIDN'T QUALIFY FOR SBA LOANS OR NEEDED MONEY FASTER THAN WHAT THE SBA ROUTE WOULD PROVIDE.

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Tyler Heap
Chief Compliance Officer
TAB Bank



“ WE LOOKED AT WHAT SMARTBIZ WAS DOING AND, PRIMARILY, A LOT OF THEIR CUSTOMERS HAVE BEEN CONSUMER-CENTRIC ENTERPRISES LIKE RESTAURANTS, AS OPPOSED TO B2B BUSINESSES. WE THOUGHT IT WAS INTRIGUING, AND WE WANTED TO EXPAND INTO THAT AREA.



Tyler Heap
TAB Bank

The SmartBiz Solution

Headquartered in San Francisco, SmartBiz Loans connects small business owners with low-cost SBA or bank term loans, walking them through every step of the process. To date, SmartBiz has facilitated more than \$9 billion in loans to more than 230,000 small businesses, 70% of which went to women, minority, or veteran-owned businesses.

SmartBiz is known for its cost-effective loan processing, simple online loan application, credit risk modeling suite, and —perhaps most importantly—a communicative, enthusiastic, and wholly supportive support staff.

“We liked what SmartBiz was doing,” says Tyler Heap, Chief Compliance Officer at TAB Bank.

“We liked that they were willing to work with us on developing a credit policy, because in a lot of instances, we’ve run across with other ... firms [that say], ‘Hey, we do the credit policy, we hand you the customer.’ And so what we really enjoyed with SmartBiz is them saying, ‘Hey, let’s develop this product line together.’”

As TAB Bank spent more time talking with SmartBiz, TAB quickly discovered that both companies share the three pillars of great financials, great customer experience, and great people. A meaningful partnership—and a solution to get small businesses the funding they need while diversifying TAB’s services with minimal risk—was all but inevitable.



The Implementation

TAB Bank and SmartBiz worked closely to finalize TAB's loan application process, credit policy, and loan pricing. Through SmartBiz, TAB Bank also gets access to unique pipeline reporting, automated financial analysis, document storage, and applicant communication tools. SmartBiz also offers state-of-the-art credit risk modeling tools that ensure TAB only approves loans to those companies unlikely to default on their loans.

SmartBiz's hands-on assistance comes at a fair price point that avoids needless price hikes for TAB customers. The SmartBiz application portal provides these customers with a seamless application experience, as SmartBiz is intimately familiar with the digitized small business lending experience. Plus, SmartBiz isn't just a platform—a whole team works hand-in-hand with TAB to discuss results and identify additional solutions for both TAB and its borrowers.

By the numbers



February 2017

TAB BANK BOARD
APPROVES CREDIT POLICY



March 2017

TAB BANK SIGNS AGREEMENT
WITH SMARTBIZ



6 months

TO IMPLEMENT SYSTEM AND
PROCESS FIRST TERM LOAN



October 2017

TAB PROCESSES
FIRST TERM LOAN



500

NEW CUSTOMERS SINCE
TERM LOAN IMPLEMENTATION



\$7 million

PER MONTH IN
LOAN ORIGINATIONS



“

SMARTBIZ DOES AN ABSOLUTELY PERFECT JOB MATCHING POTENTIAL BORROWERS TO THE POLICY WE CREATED TOGETHER.

”

Tyler Heap
TAB Bank

The Results

TAB Bank’s expansion has been a resounding success. After partnering with SmartBiz, TAB generated **\$7 million per month** in term loan originations to businesses in varying B2C sectors, up from none when their program first launched.

To date, TAB’s partnership with SmartBiz has resulted in **500 new customers**. Since the outset of the COVID-19 pandemic, TAB Bank has used the SmartBiz solution to process an additional 10,000 Paycheck Protection Program loans.

“TAB’s footprint has always been national, but the [new] conventional loan [services through SmartBiz have] enabled us to reach customers in different segments,” says Heap.

“This product line has allowed us to better serve these borrowers, and this improved service has resulted in new deposit relationships as well.”

In fact, SmartBiz helped TAB Bank achieve its best performance to date in the first quarter of 2021.

We’ve tried partnering with similar institutions, and we can say from experience that SmartBiz has the best platform we’ve worked with. ... The conventional loans [we added through SmartBiz] have provided roughly 500 new customers since inception, [and] our partnership on PPP [loans] added roughly 10,000.

— Tyler Heap



KYC

KNOW YOUR CUSTOMER



KYB

KNOW YOUR BANK

TAB Bank also uses SmartBiz's platform to move its borrowers through the application process.

Heap says that SmartBiz is key to TAB knowing that "all the required regulatory **Know Your Customer** (KYC) and **Know Your Business** (KYB) has been completed and all required documentation has been received."

Heap aptly summarizes how essential SmartBiz is to TAB's B2C services: "[SmartBiz] has been

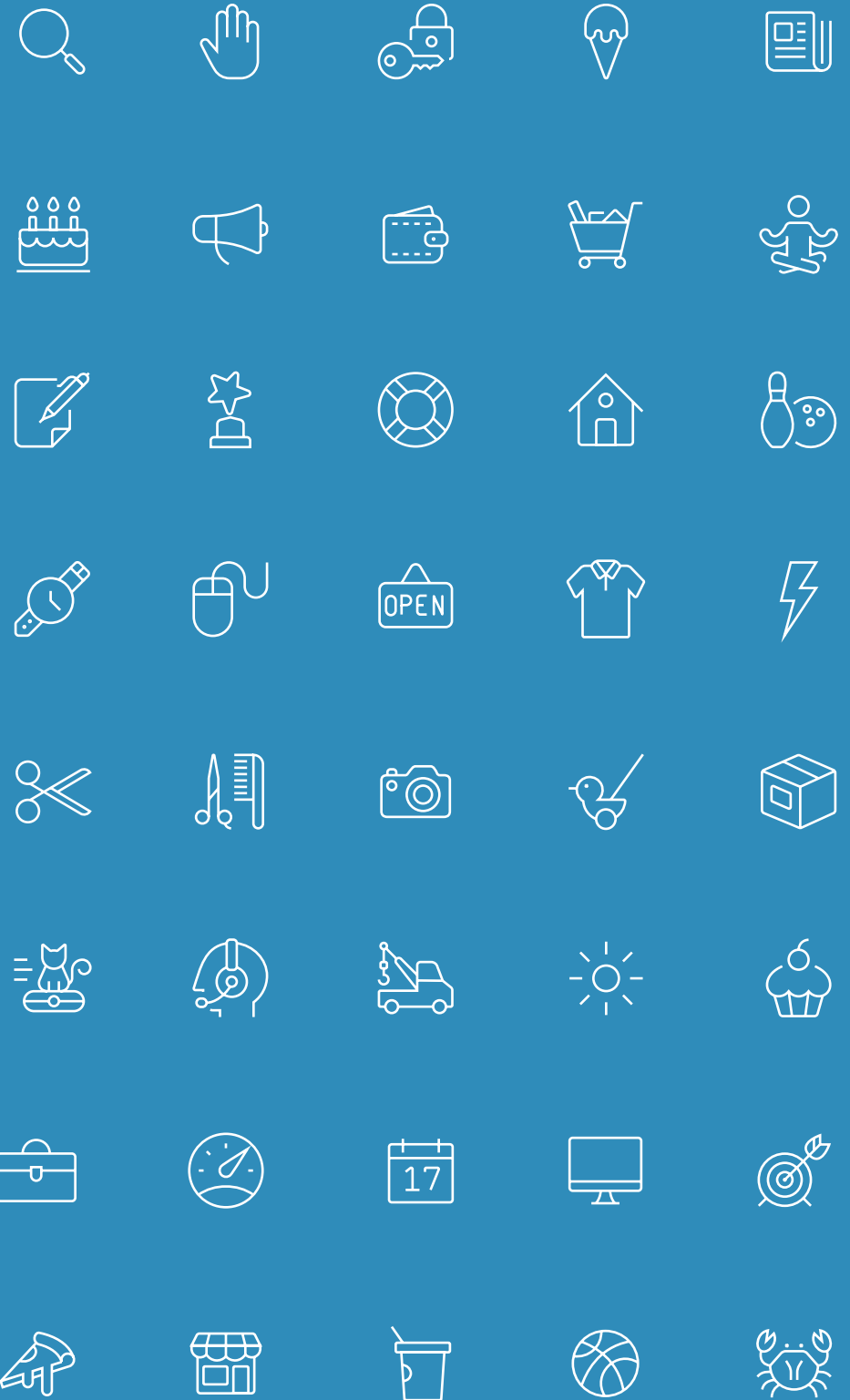
instrumental in accomplishing everything we set out to do."

"The bank had its best quarter...ever...in Q1 [2021]. So credit quality in general across the bank is looking really solid. And delinquencies are down for the most part... We feel really comfortable with where we're at in all of our products, including the [new loans]. ... We're looking really solid." —Tyler Heap

What's Next

TAB Bank is improving and increasing its digital capabilities. By the end of 2021, the bank plans to unveil its new online and mobile banking platforms, which it expects will help it integrate even more with SmartBiz. In further bolstering its new loan program, the company hopes to figure out how to obtain more customers for its other services.

"[We're focused on integration so that] we can start sharing data back and forth and really start to look at, 'Okay, we have this new business loan program, why aren't we as successful in getting deposits? How can we do that? Can we embed that experience?' Or can you embed that experience inside the application process so... [it becomes], 'Hey, here's your checking and savings account and here's your loan? That's really where it becomes slick,'" Heap shared.



About SmartBiz

SmartBiz Loans helps banks in their network streamline the small business loan application process, providing top-notch customer service and a swift experience. SmartBiz has helped banks on their platform process more than \$9 billion in PPP, SBA 7(a), and bank term loans serving nearly 230,000 small businesses. Banks in the SmartBiz network used the platform to originate 9.4% of the total U.S. market of sub-\$350,000 SBA loans during FY 2020.

HEADQUARTERS

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