



FINTECH ONE-ON-ONE PODCAST – SHMULIK FISHMAN

Welcome to the Fintech One-on-One Podcast. This is Peter Renton, Chairman & Co-Founder of Fintech Nexus.

I've been doing these shows since 2013 which makes this the longest-running one-on-one interview show in all of fintech, thank you for joining me on this journey. If you like this podcast, you should check out our sister shows, PitchIt, the Fintech Startups Podcast with Todd Anderson and Fintech Coffee Break with Isabelle Castro or you can listen to everything we produce by subscribing to the Fintech Nexus podcast channel.

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Before we get started, I want to talk about our flagship event, Fintech Nexus USA, happening in New York City on May 10th and 11th. The world of finance continues to change at a rapid pace, but we will be separating the wheat from the chaff covering only the most important topics for you over two action-packed days. More than 10,000 one-on-one meetings will take place and the biggest names in fintech will be on our keynote stage. You know, you need to be there so go ahead and register at fintechnexus.com and use the discount code "podcast" for 15% off.

Today on the show I'm delighted to welcome Shmulik Fishman. He is the CEO and Founder of Argyle. Now Argyle are all about payroll and income data. Whatever the source is, they are able to connect this in real-time with whatever the use case is, and we go through several different use cases, and we talk about how they are able to do this, what's involved in the process, we talk about some of the use cases, and where this data is being used, and real-time payroll and income data is becoming more and more important in the lending space, so we go over some of those use cases. We also talk about the banking space and what it takes to be a modern lender today, and much more. It was a fascinating discussion, hope you enjoy the show!

Peter Renton: Welcome to the podcast, Shmulik!

Shmulik Fishman: Thanks so much, it's good to be talking with you.

Peter: Likewise. Let's just get started by giving the listeners a little bit of background about yourself. You've had some interesting stops on your career so why don't you give us some of the highlights?

Shmulik: I started my career in adtech when slinging ads of Coca-Cola in The New York Times was a growth industry, it was an amazing experience just to watch as the volume of transactions go to websites and really get a taste of what the Internet was all about. That business sold to AOL when AOL was its own company, which dates me nicely.

Peter: Right.

Shmulik: And after that I moved to San Francisco and from about 2014 to the end of 2017 I was a valet parking operator, we operate in about 7 or 8 cities, we were parking thousands of cars a day and our largest clients ended up being fleet managers, or Avis and Enterprise. They were moving



thousands of vehicles from an airport to a dealership or to an auto body shop and then back to the airport again and it was there, sort of that the initial concept of this started. I didn't know it at the time, but to get a job to move cars around, you have to fill out this very long application of your first name and your last name and your phone number, your email address, your social security number, your last employer.

Didn't fully appreciate it at that time, but that base application to get a job is very similar to the base application to get a loan or to rent a car, rent an apartment, open a bank account. When you think about it, most of the products that we purchase or consume every day as consumers require us to verify ourselves and our income that we can pay for this product or service. And so, all the way back there while I was parking cars, the first light bulb started there. So I've been doing that ever since.

Peter: Right, right. I think you're the first valet car operator we've ever had on the show. (both laugh)

Shmulik: I'll take that as a trophy. (both laugh)

Peter: Exactly. So then, maybe we can talk about the founding story then, obviously, you sort of touched on it there, but tell us when you kind of solidified the idea for Argyle.

Shmulik: It was really in those very early innings of digging into what it means to get a gig or a job to move cars around. And we originally thought we were going to call this business Application Auto Completion, Argyle is shorter (Peter laughs). The idea was that you could go to a website and log in to your current employers and we would auto generate a resume for you based on the data inside of those payroll accounts. That concept is not the winner, some small clients at that time reached out to us that were doing lending for gig companies and they said, you know, we can use this same data and the same workflow to help our lending operation and that's really when the pivot happened and we realized we had a real business that we were going to go put a lot of energy after.

Peter: Right, got you, okay. So then, fast forward sort of to today, how do you describe Argyle, what's your core suite of products?

Shmulik: Argyle helps consumers connect their payroll accounts to products and applications they need and it's everything from lending, to banking, to mortgage, to auto, we help transport or give consumers the ability to transport their own payroll information to those businesses.

Peter: Okay. So then, are you still working with a lot of lenders, like who's the target market?

Shmulik: The way I break it down is that people today, right now, lend to consumers, rent cars to consumers, rent apartments to consumers, these are all workflows that are happening in tremendous volume today and as part of all of those consumer experiences, there is a component of that application where you need to verify that consumer's income. And today, this is happening millions of times and sometimes you call the employer to verify, sometimes you get pay stubs and W2s to verify, sometimes you can ask a credit bureau to verify.

We are an embedded workflow where the consumer doesn't need to leave that application or that experience, and the verification process for their income happens inside of that app where they don't



have to, you know, open up a new tab and download a bunch of forms or type in their social security number or give their employer's phone number. Instead of all those, sort of legacy, antiquated manual experiences, we've replaced it with an embedded experience where you can just ask a very simple question, how do you make your money and you can start to type ADP, or type Uber, or type Target or type Google, any place where you think you're making your money you can type that in and then we're going to present you with a log-in experience, you going to log-in to that payroll processor, to that employer.

And after that, the whole experience from the consumer is done, whether you're trying to rent an apartment, or rent a car, the experience is done from the consumer. We can shift in a verified fashion all the requisite income data and details that that business needs for verification, without the consumer needing to worry about do I have the right pay stub, is it the most recent one, do I have the W2? I'm just trying to rent an apartment, I'm just trying to get a loan, I just want to click a few buttons and be done with it. And so, that's what we're modernizing through all these different consumer flows.

Peter: Right, right. So, let's just dig into that for a little bit. You're doing a loan application or whatever it is, let's just say it's a loan for an example, then it comes to the screen where, you know, you type in your income and then you come into play where...oftentimes, you're supposed to type in your income, but not everyone knows exactly their income and so...then they say well okay, verify this income, and you go off, log in to the payroll system. And then, you're kind of bringing in the data that's... obviously different lenders, different use cases need different types of data, right, so I presume behind, like you've got it sort of customized for the use case, right?

Shmulik: Yeah, just to zoom out for people listening or trying to contextualize some of this, I bet you most people that are listening right now are probably salaried workers and they make a fixed amount of money every year, that's actually the minority of the US and the global workforce. Most workers make money hourly, piece meal, by task, by shift and that requires them to log in to their payroll portal, to log in to their employer multiple times a day to pick up shifts, track their earnings, clock-in and clock-out. So, most workers are logging into these payroll systems daily and they know these credentials better than they know their payroll credentials, better than they know their social security number because they're using it on a daily basis and we're presenting them with that exact log in screen, whether you work for Starbucks or whether you work for Uber.

We're presenting that screen inside of a loan application, inside of an apartment rental application, inside of a bank opening application. Experiences that we've probably all had, I'm sure that you can relate to the experience of renting an apartment and somebody sends you an email and says, I need your W2's, I need your pay stubs. Instead of that email, instead of that manual process, it's all on a single website, it's all part of one flow, nobody needs to exit anything and you're so right, the data set that is needed between renting an apartment or getting a mortgage, you're right, it varies, it's part of the reason why Argyle has a 170 different data elements, no client uses all 170.

There's some fields that all of our clients use, fields like job title or fields like base pay, fields like hire date and then there's different fields that we have that are for specific use cases, we record every shift that somebody takes and how much money they make every hour. If you're trying to lend on a daily basis, or trying to provide instant payouts, you might need to use that shifts. If you're making a mortgage we have a sent of end points about commissions and bonuses and taxes and 401(k)



contributions, really granular information about how your money is segregated between the government and you, and so we have those end points too. And so, we provide all the data that's inside of these payroll systems and we provide a lot of guidance to the different types of clients we have so we're servicing the information that's most relevant for them for the application that they have.

Peter: Right. So what about those people, they might have a W2 job and they drive for Uber on the weekends, they might have Uber and Lyft, for example, and so what do you do for those people?

Shmulik: So, this is the really exciting part of our business that's really different from legacy methods of verification. We put Uber data and Walmart data and ADP data and Quickbooks data and Upwork data, all as columns and then the rows are all start date/base pay and consumers are encouraged to connect all their sources of income or all their employers inside of an application. And people don't need to worry about well, this is W2, this is 1099, this is through this portal, this is through that portal, it's all just sort of natural conversation of how do you make your money?

Type that in one at a time, we're going to connect to all of those sources and then on the back end, without the consumer needing to worry about it, we're going to make sure that base pay means base pay and job title means job title for all your sources of income and we format that in a JSON file or in a PDF report for the business. And the business doesn't need to worry about the difference between Uber and Target pay types because, again, we've formatted all of that, sort of the net pay, gross pay, bonuses, you can look at different types of income side by side.

It's actually just talking about the impact of our business. A lot of every day Americans are turned away from getting a mortgage, renting an apartment, getting a loan because you can't put multiple sources of income on the application. They only allow for one W2 or only allow for one pay stub and it means that the first paystub that they upload is what they have to go with instead of allowing them to add all their sources of income. It's a really exciting opportunity, both for business but also for consumers so they can connect all their ways that they're making money and provide a better application.

Peter: Right. So, on the backend then have you had to connect like one by one with all of these different sources? I imagine, that's probably a pretty onerous process.

Shmulik: I wouldn't want to do it a second time. (Peter laughs) Doing it once is totally enough work for me. For some context, just to think about some other platform business out there, I think SendGrid or something like Twilio, these are infrastructure businesses, where Twilio is connecting to thousands of different ISPs around the globe and they're managing a huge network of connectivity to all sorts of different vendors so you only need to connect to Twilio and we're doing the same thing for payroll.

We're connecting to the tens of thousands of payroll systems, all the different types of log in that they'd all use, whether they're using Microsoft SSO or OPTA or Google, we manage all of that so you just need to connect to Argyle and we handle all of that complexity and it is very complex. I unfortunately, know way too much about payroll systems, but no one needs to know anything like that anymore and manage the taxonomy of the fact that, you know, ADP has 30 various systems, no one should need to know about that, you should just need to type in ADP and that's a service we're offering to clients.

Peter: Right, right, And so, then what percentage would you say of the workforce do you cover?



Shmulik: Yeah. So, by most common methodologies, we're covering 85/90% of what you would consider available employment in the United States. I will say that I think that the legacy ways of looking at coverage are perhaps not best suited for today. It really doesn't matter how many employers or how many payroll processors in the aggregate, each one of these systems have or we have. What really matters is what percentage of users that use Argyle are able to connect to their income sources because what all clients are looking for is higher conversion, lower drop off rates. This is the work of making sure that the users that are coming through your application, that are interacting with Argyle are able to connect to what they're looking for.

And what's really exciting is that if we look at our user base, upwards of 90% of people that type something in find what they're looking for and we're constantly monitoring what people search for, what they can't find, and that guides us into what we need to build integrations into next, not looking at a top down or bottom sort of approach of what's the largest employers? What's the largest payroll platforms? Everybody can do that, we've done that as well. But the real work if we're really trying to provide a solution to clients, we're trying to make it so every consumer or everybody that goes through the funnel is able to find what they're looking for, not some sort of mythical number you can find in Forbes.

Peter: Right, right, okay. So, I want to go through some of the solutions that you guys... You list these on your website and one of my favorite ones is payroll-linked lending where you connect your payroll to a lender and the reason I like it so much is you can get a substantially lower interest rate when you do this because the loan payment is going to be coming directly from your payroll system. So, tell us a little bit about that.

Shmulik: We've an amazing partner in this vertical, the business is called Highline and they're a 100% digital paycheck linked lender. Keep in mind that there are a ton of paycheck link lenders today that do this manually where they manually request pay stubs and then they manually ask the consumers to take a screen shot of their payroll account to make sure that the direct deposit has been changed. And what we're doing is digitizing that experience where, again, you go to highline.com, you say you want a loan, they ask you to connect to your payroll, afterwards they analyze the data set that's inside of the payroll, they give you a custom quote for your loan. You're so right, it's at a reduced APR because they have a direct connection into payroll, the reduce in fraud, it also can continuously update.

And then after they've analyzed and issue you a loan, you can switch your repayment to be repaid directly from your payroll so you don't have to worry about setting up ACH or worry about making sure that you make the next payment. When payroll runs the next time for your employer or your payroll processor, a portion of the funds (and Highline sets it) \$500, 20% of pay, you can set those amounts. Automatically is directed directly to the paycheck link lender and the net amount then just goes to your normal Wells Fargo, Bank of America, Chime account. And all that's managed through a single flow; nobody has to leave the application, which is the reason why it's so exciting.

Peter: Right, right, okay. Then what about mortgages, you talked about it earlier where, you know, a lot of people you go through, you put your one pay stub in there, or your W2 or whatever, are mortgage lenders starting to use this to get a more holistic view on income?



Shmulik: So, mortgage is the Holy Grail of income verification because it has the highest standards and it's very robust. There's really exciting news that.... usually, a mortgage takes 90 days to close and it's a lot of paperwork and you have to make a lot of phone calls, collect a lot of paper, we've consolidated all of that into a single experience. And we also have a data set that is compliant with mortgage standards that Fannie Mae has which means you can use our data set like for like, with legacy mortgage processors.

We're the first business, and I think we're the only business that is able to do that, where you can look at a report from a credit bureau and a report from Argyle, both verifying income with the same fields and the same format and the same manner of granularity. It's something that we've been working on for a really long time and it's finally starting to actually be used in production. And I think it's very exciting because a lot of people, to your point are cut out, from getting a home because they can't verify their income because they have multiple income sources or they can't find their pay stubs, it's really tough to get a mortgage actually so I'm really excited that we have some smart key clients using it.

Peter: Okay. Let's talk about banking, I mean, one of the other things that is painful is sort of switching banks and, you know, going in and moving your deposits, and that sort of thing. Tell us about your deposit switching and how that's sort of helping, you know, neobanks and digital banks.

Shmulik: When we were talking about Highline and paycheck link lending, same experience, it's just for a different type of product, but if you're opening a bank, banks want to know that you make money, similar to if you want to get a loan you want to make sure that you make money, and so a bank can verify income digitally. And then, you're so right, a bank wants to set up direct deposits so they have 100% of your income coming directly to that bank and we make that really simple, we're part of that application, nobody has to type in a routing account number anymore.

I will say that banks want to provide more than just a normal checking account and that as we look at both legacy banks and neobanks, where the innovation is coming from, and where the stickiness is coming from, what people are trying to attract users with is by providing a holistic financial services application where you can look at your income, yes, you can have a checking account, you can get early pay, it's a portfolio of products.

And all of those products inside a legacy bank or a neobank or a modern bank require income data so you can see how much money somebody is making and advance funds, perhaps provide a loan inside of a bank, perhaps provide some analysis on how much money you're making month over month from an income perspective. All that can be powered by our data set, so I'm really excited that's sort of a holistic offering that we give to banks that's inclusive of direct deposit switching, but I think is a much bigger story there.

Peter: Right. And we also talked about the gig economy and I know you're working with some platforms there that are serving the gig economy, why don't you tell us a little bit about that.

Shmulik: A great partner in this vertical for us is a company called Moves Financial, they're sort of the Chime for gig workers. So, you can open a Moves finance account, it comes with a checking and savings account, and gig workers love this product, they're connecting five, six, seven gig platforms,



they have a Lyft account, an Uber account, DoorDash account. They're seeing all this data all in one place. Moves does an amazing job at creating graphics to understand your income trends over time and they're using that same data set to provide lending and early pay against.

And what I'm really excited about that we're able to do for all gig platforms, and Moves is making really good use of it, is that that direct deposit use case we were talking about before. Most gig platforms actually pay out via debit rails where it's not ACH but they're paying out to a debit card and we switch debit card numbers too through the same process where you go through the flow, and you say do you want to get paid out via a Moves debit card? And we can run that process every day.

So, both gig workers and conventional workers can use that same flow and we manage direct deposit switching both on debit card rails and on ACH rails. Very long term is few, I think in the next 15/20 years, if you can look out that far, most work is going to look like gig work where people have multiple jobs, they're working small blocks of time, two or three hours at a time, something different on Monday then they are on Wednesday.

And it's very exciting to see this happen in the gig space and it's really, I think it's really exciting times. I'm sure that Moves is going to expand with Walmart workers, and Target workers where there's a lot of overlap. It's an exciting space. It's not a space that you and me know, or a bunch of people listening know, I work at a desk. Unfortunately I think there's less of those jobs every day and more of the gig type jobs every day.

Peter: Right, got you, got you, okay. I want to switch gears a little bit in the time we have left and sort of just talk more broadly about the fintech and banking space. What I'd love to get your perspective on, you know, traditional banks and how they can sort of learn about innovation from the neobanks and how you see that playing out right now?

Shmulik: Maybe Steve Jobs is echoing some of this conversation, but people steal, or copy, or learn from each other all the time and neobanks have created wonderful consumer experiences that are very sticky and that are way more pleasant to use than opening up a bunch of legacy banks. And, I think banks that have been around for 50 years, 75 years, 100 years are taking note, and are copying and learning from what is available in the market.

At the end of the day, whether it's a new bank or a legacy bank, banking requires you to have a relationship with the consumer, one where you are providing services, providing lending facilities, providing insights and guidance. These are things that all banks want to do and I think that at the end the app on your phone is a way to provide those services and so I think there's going to be a lot of merging between what we think of as a neobank and we think of as a legacy bank, to banks. And it does seem to be the home base for a lot of finance, if you're just a regular American worker.

Peter: Right, got you. So, let's talk about the lending space for a little bit. You work with a number of lenders, how do you kind of view sort of traditional lenders versus more of the fintech lenders? What does it mean today to be like a modern lender, shall we say?

Shmulik: A great client that we have in the lending space is a business called Regional Finance and Regional Finance has been around since before I was born and they have a couple hundred branches



across the United States. And the way they perform lending services is you have to go to the lender, you have to go to the Regional Finance branch and come with your pay stubs. And somebody there at the counter actually looks at them and analyzes them and scans them in and then provides you with a loan, this is legacy lending.

Peter: Right.

Shmulik: And what we've rolled out now in a few branches, and it's actually going to go across the entire branch network before the end of the year, is that they have iPads now and somebody comes into the branch, they hand over an iPad, they say connect to your employer. They run this experience that we can talk about, it takes 30 seconds, 45 seconds, they hand the iPad back and they say, all set and then all the data comes into there and it's a fully digital loan. In person, but fully digital. This I think is what modern lending is about and what our clients are pioneering. You can ditch the pay stubs, ditch the copying, ditch the file management, you can just ask somebody to connect to their employer and what's great is that not everything happens at a branch but a lot of things do.

That same type of concept of upload your pay stubs to get a loan, you can take that same process and put it on the Internet where somebody doesn't have to come into a branch. I'm sure that Regional Finance is working on ways where their website now can process all this without even having to go to the branch in the first place. It's very exciting because most loans even today are verified manually. I like to say that our largest competitor is paper, what are we displacing? You having to print out pay stubs, you having to go find pay stubs and I think lending is such a fertile ground to make that transition.

Peter: Yeah. And the fintech lenders have done a pretty good job I think on that and there's, obviously some of them are doing high levels of automation. I mean, in the lending process you're part of the underwriting process, but you're not really touching the credit data, you're touching the income data. So, when you think about automation and underwriting what are some of the best practices there for someone who's not doing it in an automated fashion?

Shmulik: Sure. So, what we've learned over time, and I've definitely been schooled and educated by people that have been in this industry far longer than me, is that the best factor in figuring out somebody's ability to repay or somebody's borrowing capabilities is to understand how consistently they show up for work? And what we can do with our system is say that, you know, they have shifts and 95% of the time they show up on time for their shifts, they might not be making more money every month, but they're consistently performing work.

This is a great way to create a better model for who to lend to, better than saying that somebody has a 650 and that means they should get a better low 600. These are very antiquated and old ways of thinking about who a good borrower is, and if you have a direct connection to a payroll system, you can actually get the real data set of somebody's income not some sort of black box system where you just have to take a credit bureau at their word.

You can figure out somebody's start date, figure out somebody's base pay, figure out somebody's consistency of work pattern, did they get a pay increase in the last six months, have they worked there



for at least a year? These are all parameters you can pull directly out of the data set and it leads to better lending.

What I find so powerful about building these products is that providing this type of data set, yes, it works for fintechs, yes it works for neobanks, but this is the same data set that lenders that have been around for 30, 40, 70 years have been trying to access, that have been trying to get from pay stubs, and here it is now fully digital for everybody to use.

Peter: I imagine it's highly correlated to view consistency of work, consistency even just showing up on the same time every week would have a high correlation, I would imagine, with consistency of repayment of loans, but that's another story.

As we move into a world of instant payments, I'm curious to get your perspective here as we move more towards instant payments people have suddenly.....expectations are changing, they don't want to wait two days, three days longer for their money to arrive, what's that mean for funding of loans?

Shmulik: Well, on products like daily pay or instant pay, some people call it continuous pay, there's a lot of terms here, but it's just basically when you're done working, you get the money for your work right that moment. With direct deposit switching and particularly with pay out to debit that we have, you really can get paid every day. I do think, again, over the long term, this is going to be table stakes, the expectation that all employers and payroll systems provide this type of functionality. On top of it, as somebody that has spent many, many hours inside of payroll systems, they need partners. These systems were built quite some time ago and run on systems that just pay every end period, every two weeks, once a month and the way to speed it up is not to rebuild the entire payroll system.

The way to speed it up is put an abstraction layer on top where the payroll systems can keep doing what the payroll systems do well. But because we're able to get real-time earnings, real-time shifts, we then can make smart lending decisions that have a very high security of repayment because we're getting the money directly from payroll when they run their next payroll. And so, I think as we move forward this can be the expectation and services like Argyle will enable everybody to have instant pay without the payroll processor actually needing to have that functionality themselves.

Peter: Right, right, got it, okay then. So, last question, what's coming down the pipe at Argyle, what are you excited about?

Shmulik: Yeah, so we've been working for the last two quarters on some really exciting initiatives. Q2 is going to be very big for us, it so happens that we're coming up shortly this year on our five-year anniversary and we've learned a thing or two about payroll. We've learned a thing or two about data structures, how people connect, how to optimize conversions and we're going to be packaging a lot of our learning and a lot of learnings not just from ourselves, but what our clients have taught us on how they use our system.

And we're going to be coming out with some pretty big releases on how the modern Argyle is going to look or how the next generation of Argyle's going to look. So, I'm really excited as we get into Q2, to take the wrapper off a lot of work that the team has been really focused on. It's part of the reason that I'm in Europe this week. So, I'm looking forward to getting into Q2.



Peter: Alright. We'll look forward to that as well. We'll have to leave it there, Shmulik, thank you so much for coming on the show, great hearing your story and best of luck.

Shmulik: Thank you so much.

Peter: If you like the show, please go ahead and give it a review on the podcast platform of your choice and be sure to tell your friends and colleagues about it.

Anyway, on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

(music)