



Elevate Launches research Body for “New Middle Class”

Bank Innovation

By Grace Noto – October 25, 2016

Alternative lending is an area ripe for development and innovation, which is probably why it’s one of the core topics of discussion at this year’s Money20/20 conference currently taking place in Vegas, baby.

From the turbulent story of Lending Club to the constant regulatory pressure—as well as fundamental shifts like the CFPB’s recent ruling—alternative lending is an industry prone to difficulty even when one is serving prime borrowers (those who fall below a credit score of 700, typically).

When it comes to subprime lending the difficulties are even more pronounced; but though the company has not filed the much-anticipated IPO it was expected to, those difficulties still have not stopped Elevate—a subprime lender with a current revenue growth rate of 40%.

“People are beginning to realize that the need for credit isn’t a transient need that is just satisfied with the credit itself,” said Ken Rees, CEO of Elevate. “They need both that immediate [product] and someone to partner with them and give them financial options.”

This is particularly true for subprime borrowers, an under-served segment of the market even though at this point the majority of Americans fall into that category.

The need to meet the particular needs of these Americans is one of the reasons Elevate has just launched the Center for the New Middle Class, as the company is calling it, a research body dedicated to solving the challenges these consumers currently face—as well as how those challenges can be overcome by alternative as opposed to traditional credit models.

“We’re really lending on the honor principle,” says Rees, who also participated on a Money 2020 roundtable panel surrounding the future of marketplace lender this afternoon alongside other panelists including LendUp’s Sasha Orloff, LendingTree’s Doug Lebda, as well as moderator Neil Wolfson of SF Capital. “There are lots of proxies from traditional credit—web analytics is really important; [it is] enabling us to go back to the old world of face to face, to [a customer’s] character.”

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