REBALANCING RISK & REWARD

The ultimate guide to leveraging third-party data in fintech decisions

Taktile

Foreword

In financial services today, data-driven product innovation has evolved from a competitive advantage to an essential business function. But innovation alone isn't enough—teams must continuously recalibrate the balance between risk and reward as customer needs and behaviors shift.

As this guide will show you, emerging technologies are empowering teams to adapt their products in real time to drive growth and mitigate risk.

Take, for instance, how Salesforce transformed customer relationship management (CRM) by making better use of customer data. This shift didn't just change CRM; it fundamentally reshaped how industries approach growth, enabling companies to better understand and serve their customers.

The financial services industry is now experiencing a similar shift, driven by an expanding ecosystem of financial data APIs. These tools provide both product and risk teams with deeper insights into their customers, helping them manage risk more effectively while also uncovering new growth opportunities.

Innovative technology providers are speeding up this process, giving teams faster access to new data sources and the ability to experiment and adjust strategies quickly. The rise of generative AI is further enhancing this, enabling faster, more precise analysis of large, unstructured datasets.

At Taktile, we partner with forward-thinking financial service providers around the world, and we're seeing a new generation of leaders emerging as they integrate modern data sources and technology to balance innovation with risk management.

In this guide, we've gathered insights from product leaders, risk specialists, and our own experts to highlight the challenges teams face when discovering, integrating, and optimizing new insights for their products —and how they're addressing these challenges with new best practices.

The teams embracing this shift aren't just keeping up—they're leading the way. The opportunity for continuous product innovation is here. The key is having the right tools to make it happen.

Maik Taro Wehmeyer
Co-Founder & CEO
Taktile

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Executive Summary

This guide offers more than just theory. It provides a roadmap for product and risk teams to make more effective, data-driven decisions – and ultimately reach their goals faster.

We begin by exploring **the concept of rebalancing risk and reward**—a vital strategy that calls for a closer alignment between product growth and risk management. In this section, we cover three key strategies that teams are collaborating on: optimizing existing products, expanding into new geographical markets, and diversifying their product offerings.

Each approach hinges on being able to leverage data effectively, making it a key factor in achieving success across the board.

In the next section, we dive into the financial data revolution, showing **how an expanding ecosystem of third-party data providers is transforming financial services**. From fraud prevention to real-time credit risk assessments, you will uncover how innovative companies leverage new data sources to drive growth and risk mitigation. You will also learn how the rise of AI and machine learning accelerates the ability to act on these insights.

The guide then walks you through a step-by-step process of **how teams currently integrate these third-party data sources into their daily workflows**. You will get a clear view of the challenges at each stage—from discovery to implementation and optimization.

Then, we explore **how seamless data access and iteration are key to unlocking the value of the entire third-party data ecosystem**. We provide insights into how forward-thinking teams are streamlining the way they integrate new data sources to save time, reduce complexity, and increase efficiency. From selecting the right data provider to refining insights for better product performance, this section offers actionable strategies for success.

Whether you are a product leader focused on innovation or a risk manager concerned with compliance and reducing losses, you will find practical insights here to help you make smarter, faster decisions.

Rebalancing risk & reward in a constantly evolving market

Key strategies for product growth & optimization

Amid the constant shifts in the financial industry, regularly rebalancing product risk and reward profiles is crucial. However, the challenge for teams is finding ways to integrate product growth and risk management strategies effectively.

This section highlights three key strategies that teams across the globe are employing to manage risk and drive sustainable growth.

Pillar 1
Product optimization: Rebalancing risk within existing markets

In recent years, profitability and efficiency have taken center stage, prompting companies to reassess their existing products in search of untapped opportunities.

For the product teams, the opportunity may be to improve conversion rates; for risk teams, it may be to optimize risk management. The challenge is identifying these growth areas without increasing exposure to new risks.

By diving deep into the metrics of core market segments, teams can uncover opportunities—or potential threats—that may not have been apparent before. Examining metrics like acceptance and conversion rates, for example, can reveal key insights:

01
Can you accept more customers without proportionally increasing risk?

02
How do the characteristics of rejected customers compare to those accepted?

Pillar 2
Geographical expansion:
Balancing risk and opportunity in new markets

Bringing proven products to new markets can be a powerful growth lever. However, both product and risk teams must navigate the complexities of entering unfamiliar geographies, where risk and reward dynamics differ significantly.

For product teams, geographical expansion represents an opportunity to tap into new customer bases. For risk teams, it introduces new variables that need to be carefully managed. Success depends on balancing the opportunities for growth with the risks inherent to new markets. Key considerations include:

01
What insights are required to assess the viability of a new geography?

02
What regulatory challenges must be managed?

03
How do you maintain consistent risk and product strategies across different regions?

Pillar 3
Product expansion:
Balancing risk and innovation in existing markets

Expanding your product portfolio to serve existing customers with new offerings is another lever for growth—but one that also requires careful risk calibration. Introducing new products to existing customers requires teams to tailor new offerings that are compelling and within acceptable risk parameters.

Teams should consider:

01
What unmet needs do your current customers have, and how can new products address them?

02
How can existing data be leveraged to inform new product development?

03
What risks are associated with these new offerings?

Navigating the growth-risk balance

No matter which strategy teams choose to pursue, one fundamental question remains: What unites all teams in their drive for success?

The answer lies in one common element—data.

Data is the foundation that empowers teams to make more informed decisions and achieve a balanced, sustainable approach to both risk and reward.

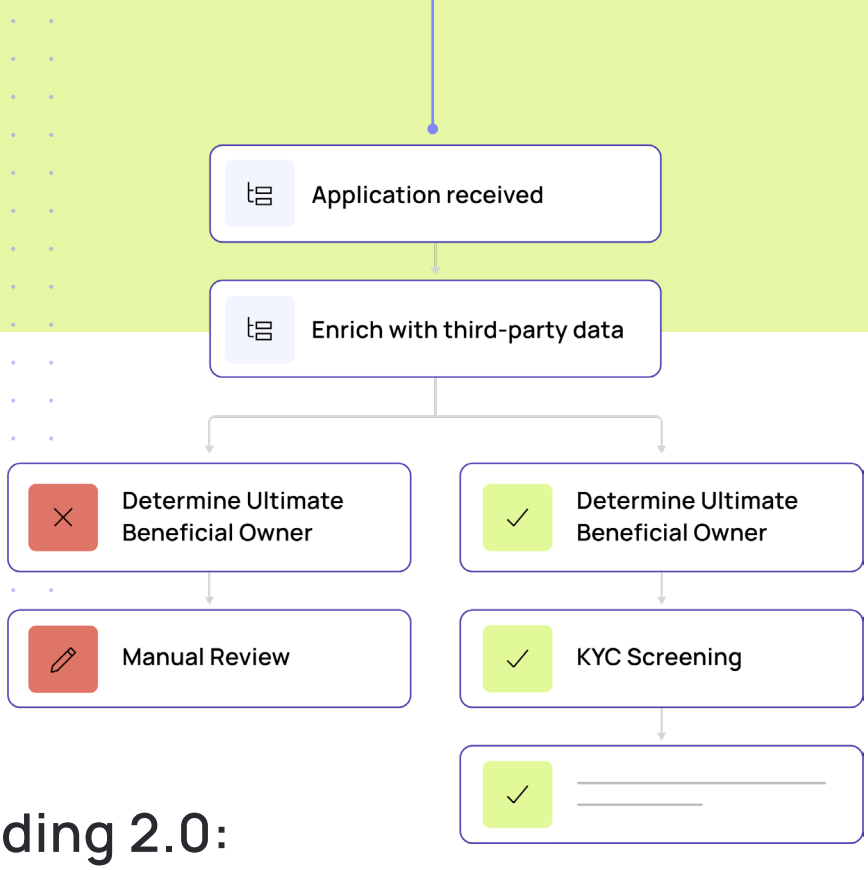
The financial data revolution: An expanding ecosystem of opportunity

How third-party data unlocks unparalleled accuracy and growth

Proprietary data—everything you know about your customers and their behavioral histories—has always been and will continue to be a critical competitive advantage in driving product optimization and growth.

Equally significant, however, is the seismic shift occurring in the financial services industry, fueled by the explosion of new data sources, providers, and aggregators.

We now operate in an era where sophisticated third-party data providers are not just enhancing companies' abilities to onboard, underwrite, and monitor customers; they are revolutionizing the entire industry, unlocking unprecedented opportunities for growth in existing markets and those previously unreachable.



Customer onboarding 2.0: Redefining best practices to fight fraud and maximize growth

It is safe to say that traditional methods of static identity verification and basic rule-based fraud detection systems are no longer adequate. In today's digital landscape, fraud tactics have become increasingly sophisticated, and synthetic identities have grown more prevalent, with nearly 2.5 million synthetic identities estimated to be hiding in US bank accounts[1].

Positively, however, this changing fraud environment has given rise to sophisticated AI-driven fraud detection solutions and machine learning models that are fundamentally transforming customer onboarding.

2.5M

synthetic identities hiding in US bank accounts[1]

[1]National Survey of Unbanked and Underbanked Households, Federal Deposit Insurance Corporation

From a consumer standpoint, the evolution of fraud detection has not only reduced fraud rates for businesses but also significantly enhanced the customer's onboarding experience. Real-time fraud scores now ensure that legitimate customers are onboarded quickly and seamlessly while potential fraudsters are flagged and stopped before they can cause harm.

Yigit Yildirim, SVP, Data & AI at Socure, a provider of artificial intelligence for digital identity verification, provides their take on the evolution of fraud prevention:

"The fraud prevention landscape has undergone a revolutionary shift, moving from fragmented, static systems to a unified, real-time approach that offers a comprehensive view of customer identity. At Socure, we've spearheaded this transformation by developing a centralized platform that instantly consolidates and analyzes identity data from multiple touchpoints.

This holistic, AI-driven solution not only dramatically reduces risk for businesses but also enables smoother, faster onboarding experiences for consumers, setting new standards for trust and efficiency in the digital economy."

In scenarios where new customers have limited digital footprints or are engaging with a platform for the first time, AI and machine learning models can analyze alternative data sources, such as device intelligence, behavioral biometrics, and geolocation data, to accurately assess risk. This has proven particularly valuable in onboarding customers in markets with fewer traditional sources of fraud screening but high mobile penetration – characteristics common in emerging and developing economies.

In these instances, fintech companies have turned to multi-layered authentication processes and continuous monitoring to ensure that fraudsters are identified and blocked before they can infiltrate the system. Behavioral analytics—examining patterns in typing speed, navigation habits, and device usage—has been transformative, offering deep insights into user authenticity and intent.

For business onboarding, integrating advanced fraud solutions has also opened new possibilities for B2B financial service providers. By leveraging data from accounting software, payment processors, and even industry-specific SaaS platforms, companies can now assess the legitimacy of new business customers in real-time, reducing the risk of onboarding fraudulent entities.

Jonathan Awad, CEO and Founder of Baselayer, a solution that delivers comprehensive identity business insights, explains why automated business fraud solutions are key to unlocking growth:

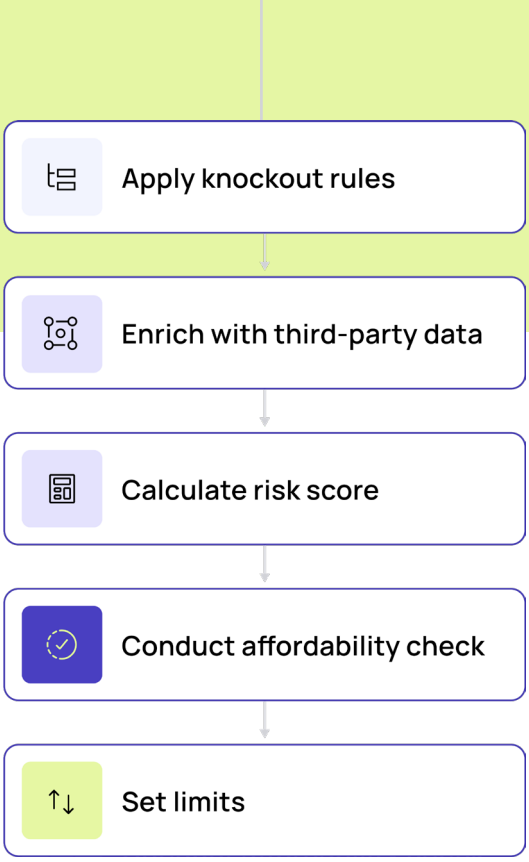
"In a competitive business banking/lending environment, and with limited room to staff large teams to handle manual reviews, you want a solution that will convert more good leads, and do so automatically. Baselayer verifies 100% of registered businesses and creates a comprehensive business profile that looks at compliance and risk factors."

Teams successfully leveraging these cutting-edge fraud solutions and third-party data providers are being empowered to reliably onboard customers, even in new and underserved markets. This proactive approach has set them apart as leaders in fraud prevention and enabled them to minimize fraud-related risks while achieving product growth goals.

For example, Socure's identity verification solution helped one leading digital banking company dramatically improve its approval rates, increasing automatic verification from 79% to 92% overall and from 66% to 84% in one of its largest portfolios.

This optimization led to significant fraud reduction, with identity fraud losses dropping by 54% while also enhancing the customer experience. In terms of growth, the implementation of Socure's platform resulted in a $24 million annual increase in value for just one business unit, delivering a 19.3x return on investment.

54% reduction in identity fraud losses



No credit score? No problem: The new status quo of credit risk assessments

When it comes to making credit underwriting decisions, for years, banks have heavily depended on credit bureau data to assess the creditworthiness of potential borrowers. However, the limitations of credit data and traditional credit scores have become increasingly evident, especially when evaluating applicants with thin or non-existent credit histories.

The advent of open banking and API-driven data aggregation has fundamentally changed the game, providing lenders with unparalleled access to real-time financial data and the ability to underwrite beyond traditional credit data.

Fintech companies have led the charge in adopting these novel data sources, assessing customer risk in ways traditional financial institutions will not or cannot. As a result, they have established themselves as formidable competitors in the industry.

On the consumer side, real-time data has driven product growth across all demographics, product lines, and geographies, unlocking previously unimaginable new opportunities.

In segments where customers lack established credit histories, alternative data points like bank account transactions, rent payment history, and utility payments allow for a more nuanced assessment of creditworthiness, particularly among younger demographics and immigrants.

In regions where traditional financial services are limited, fintech companies face the added challenge of assessing the risk of borrowers who lack both credit histories and bank accounts. To overcome this hurdle, data sources that provide insights into borrower behavior and creditworthiness—such as cell phone metadata – have been transformative. Information on device positioning (literally), usage patterns, and social connections now offer valuable indicators of a customer's reliability and risk profile.

Jonathan Gurwitz, Credit Lead at Plaid, a global open banking provider and data network, emphasizes the opportunities for new product growth led by cash flow data:

"With money moving faster than ever, lenders need real-time data so that they can make more precise credit decisions. One of the advantages of supplementing traditional credit reports with cash flow data is the ability for consumers to share their financial data in real-time to better reflect their holistic financial picture."

Jonathan goes on to say,

"This includes things like income, expenses, and the stability of their bank balances. Over the last few years, we've been working with hundreds of businesses to seamlessly embed cash flow data into their underwriting by providing them with categorized transactions and cash flow insights. We've seen this unlock opportunities for businesses to drive growth, manage risk, and automate the loan application experience across use cases like buy-now-pay-later, personal, auto, and mortgage lending."

When it comes to business risk assessment, the rapid adoption of accounting software solutions like Quickbooks and Xero has also opened new avenues for fintech companies to create highly specialized B2B product offerings that, for the first time, actually meet the needs of business customers.

By leveraging real-time accounting data, lenders can immediately understand a business's financial health, which is more accurate than traditional risk assessment techniques and significantly faster.

Ger Fitzpatrick, Chief Technology Officer at Wayflyer, an innovative fintech providing flexible eCommerce finance, delves into how accounting data has helped them unlock new product growth:

Wayflyer

"When we first started, we focused entirely on the E-commerce space and one of the reasons we did that was because of the richness of data available. When we started to expand our target demographic to include larger customers and move outside of E-commerce, accounting data became a really critical thing to understand."

To integrate accounting data into its underwriting processes, Wayflyer partnered with Codat – a solution that enables banks and fintechs to connect to all of the financial systems their customers use through business data APIs.

Ger goes on to explain,

"We've scaled very successfully over the past few years, mainly down to our incredible underwriting process. With Codat we've been able to build on that further. Since we integrated Codat into our processing workflows, we've experienced a 30% reduction in applications with data quality issues and a 20% faster decision-making time compared to before."

20% faster time-to-decision.

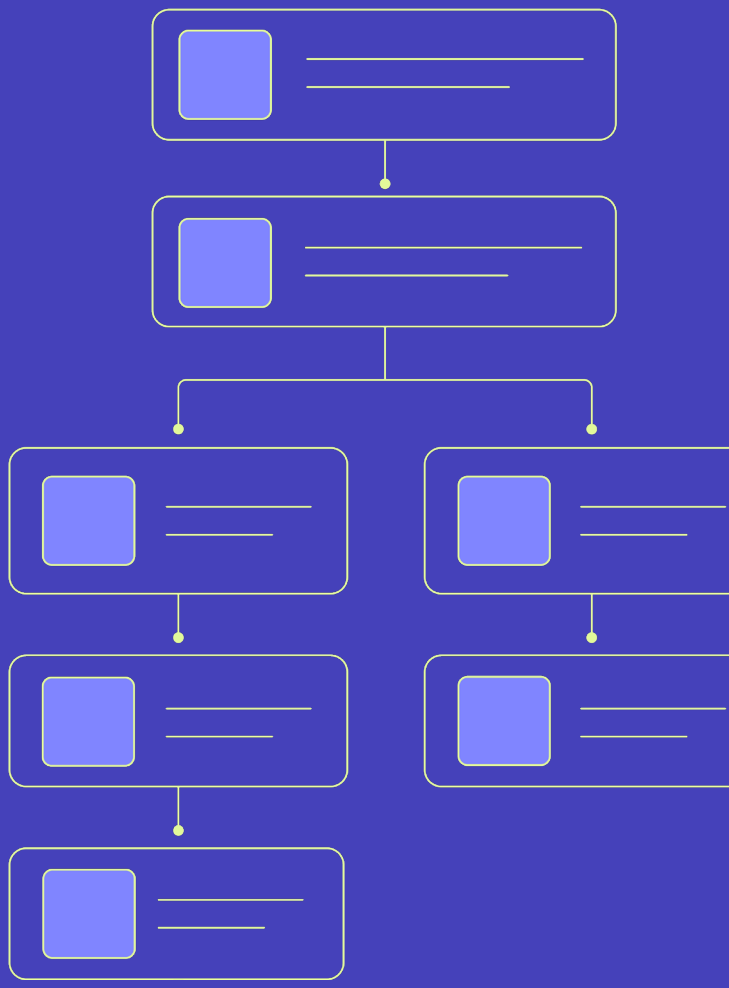
Similarly to the evolution of the fraud data ecosystem, innovative third-party data providers like Plaid and Codat continue to unlock new opportunities for teams to build and innovate competitive credit products – whether it's outpricing the competition, entering new markets, or increasing approvals and conversions.

However,
despite a growing
data ecosystem,
teams still struggle
to integrate new
insights in a
viable way.

While the technical side of integrating new insights from third-party providers may seem straightforward, the end-to-end process, from discovery to implementation, is far more intricate and multifaceted. Each phase presents distinct challenges and considerations that can quickly build uncertainty around return on investment (ROI).

The sheer number of third-party providers in the ecosystem requires teams to tackle the complex and time-consuming process of determining which insights best match their product requirements and securing approval (and budget) for their integration.

Furthermore, transforming raw data into actionable insights presents an even greater challenge. To derive real value from third-party data, teams need to start with best practices and continually refine and optimize their approach. This requires identifying the right combination of data attributes and variables tailored to their specific customer segments quickly and iteratively.



In the next section, we offer an overview of the process for integrating third-party data in-house, detailing what teams experience at each stage when managing the integration process independently.

Step-by-step overview: How teams transform third-party data into actionable insights in-house

Drawing on Taktile's deep experience with third-party data, our experts have collaborated with fintech teams globally to outline the key phases and challenges in transforming data into actionable insights in-house.

Step 1: Discovery
Identify the right third-party data providers

Selecting the right combination of data sources begins with understanding your target customer profile and determining the types of data you require to confidently prevent or evaluate their risk.

For example, if your lending product targets a demographic with established credit histories, leveraging credit data from a bureau might be sufficient for an effective credit risk assessment. However, for customers without established credit histories, such as students or immigrants, you may need to consider alternative data sources, like open banking data, to accurately assess their risk.

01

Market overview and data relevance

Teams often begin by surveying the ecosystem to identify types of data relevant to their segment. Common types of data include:

For credit underwriting & portfolio monitoring

- Credit data and credit scores as commonly provided by credit bureaus
- Open banking insights, such as bank account transaction data
- Accounting data derived from accounting software
- E-commerce data from platforms such as Shopify and Amazon
- Alternative financial behavioral insights, such as subscription and utility payment history

For customer onboarding & transaction monitoring

- Identity verification (including KYC/KYB checks)
- Business registry data
- Watchlists, blacklists, and sanction lists data
- Fraud and behavioral data such as device verification and email risk scores

02

Selection criteria for providers

Once relevant types of data are identified, teams evaluate potential providers based on several key criteria:

Strategic criteria

- **Coverage:** How much of my target segment is covered by the provider's insights?
- **Data quality:** What is the quality of the data offered by the provider?
- **Value-added features**: What additional capabilities does the provider offer to enhance insights, such as data enrichments, reports, or categorization, to help you get more from the data faster?
- **Cost:** What are the costs associated with integrating the data both technically and into my existing workflows (setup costs, base fees, and cost per pull)?

Technical criteria

- **Integration complexity:** Is it feasible for my engineers to build an integration with the chosen provider(s) in the timeframe I require? Are they able to maintain it?
- **Latency:** How quickly do I get an answer from the provider on a specific request?
- **Uptime:** What are the provider's uptime guarantees?

Key challenges during the Discovery phase

The main challenge for teams at this stage is **securing budget and resources, often due to difficulty predicting ROI.** This is influenced by three key factors:

Finding the most suitable providers

With new third-party solutions constantly emerging, researching and aligning on every provider relevant to your customer segment can become overwhelmingly complex and time-consuming.

Testing and comparing providers

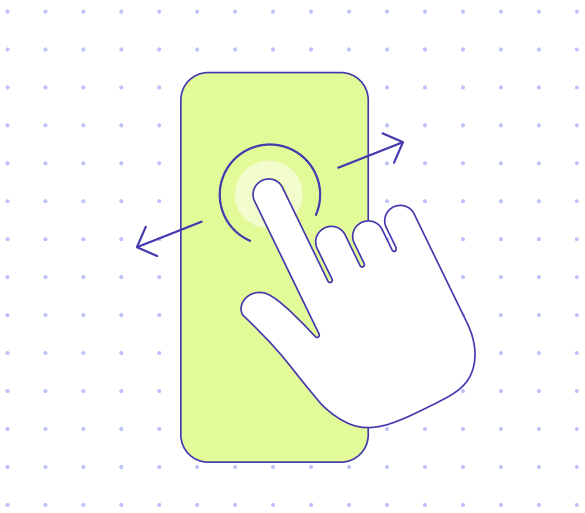
Many teams still lack the internal capacity to effectively test and compare different data providers within their risk policy setup. This can make it challenging to confidently determine the impact a new data source might have once implemented in production.

Obtaining resources to build the integration

Securing additional resources for evaluating providers and managing the subsequent contract negotiation and technical implementation can be challenging in lean teams and fast-growing companies.

In a recent interview with Taktile, a Credit Acceptance Expert specializing in European banking highlighted the challenge of discovering the best providers:

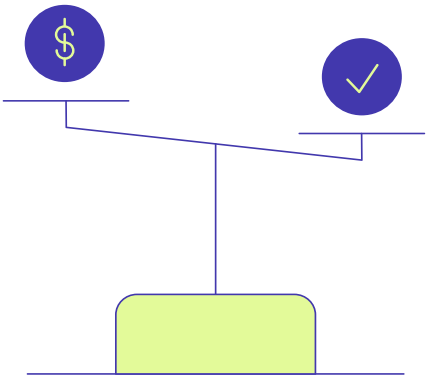
"In almost every use case, but especially in the fraud space, new providers are constantly emerging. Looking for third-party solutions online feels like endlessly swiping on a dating app—there's a new potential match appearing every day."



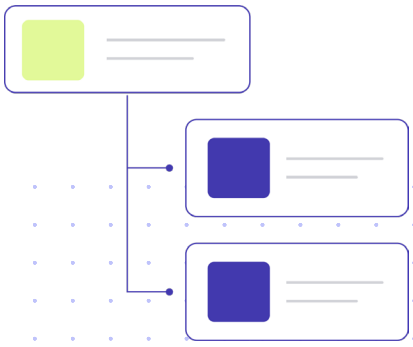
Important considerations during the Discovery phase

In the onboarding and underwriting stages of risk assessment, the ultimate goal is to accept as many “good” applicants as possible while reducing the acceptance of those that do not align with your risk strategy.

Trade-off #1
Risk assessment accuracy vs. customer experience



Although integrating third-party data can enhance decision accuracy, additional checks (through open banking providers, for example) can sometimes introduce friction to your customer journey and result in higher drop-off rates in the application process. Therefore, it is important to weigh whether the benefits of additional insights justify the potential impact on customer experience.



Trade-off #2
Assessment accuracy vs. decision cost

A further trade-off presents itself when adding multiple data sources to an onboarding or underwriting flow – although pulling data from several providers may improve your decision-making accuracy, it can also quickly make decisioning costs unviable.

Step 2: Implementation
Contract and connect with third-party data providers

After identifying the new data sources that will inform your risk decisions, the next step is to establish formal relationships and build technical connections with the providers.

This process involves several key stages:

01

Contract negotiation and commercial terms

This phase involves negotiating commercial and contractual terms, including pricing. In most cases, you have the flexibility to negotiate contracts, so it is worth asking providers about volume-based discounts.

02

Security checks and reviews

Depending on the provider, you may need to undergo various security and compliance checks to access their data. For example, many credit bureaus require physical office inspections, audits of technical infrastructure, and security reviews.

03

Technical Implementation

Receiving credentials
Once contractual agreements are in place, you need to obtain the necessary credentials for your engineering team to begin technical implementation.

Building the integration
This involves assigning engineering resources to build, test, and validate the integration. Depending on the complexity of this stage, you may require a more detailed project plan and timeline.

Key challenges during the Implementation phase

The implementation phase is the most challenging and resource-consuming for teams – from a time, complexity, and budget perspective.

Lengthy contracting processes

Contracting can take anywhere from weeks to months, depending on the type of provider. When dealing with more legacy providers, for example, contractual interruptions can cause delays of up to 3 months to get a single integration into production.

This involves substantial costs, both in terms of time and financial outlay. Therefore, in these instances, teams should account for lengthy contracting and security review processes in their project plans and budgets.

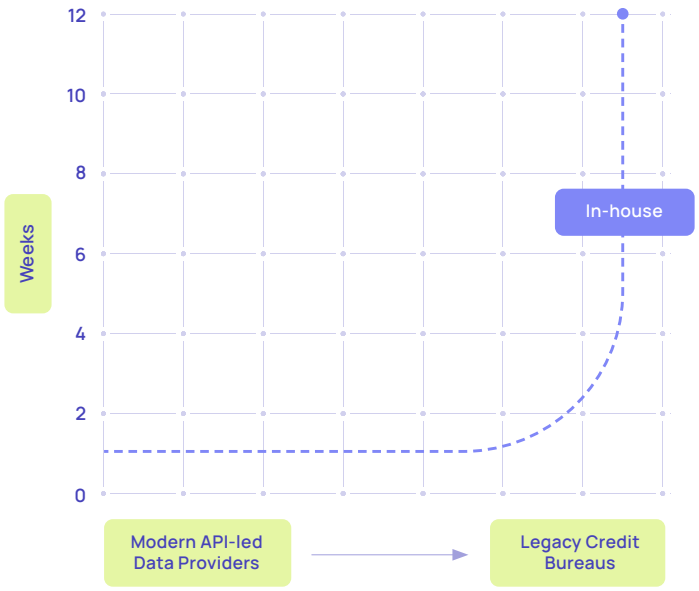
Furthermore, when dealing with multiple providers simultaneously, the complexity increases exponentially. However, opting for more modern aggregators significantly accelerates this process.

Resource allocation for technical integration

Securing the right engineering resources for data integrations is critical. Plus, the work itself can be cumbersome, so it helps to have engineers experienced in the integration process. Some providers' documentation comes in foreign languages, and the data formats can vary greatly, as can provider support.

Although a technical integration on its own takes just 1-2 weeks of engineering work, the entire process can extend over several months due to delays in contracting and technical troubleshooting.

Average time to build a third-party integration in-house depending on provider type[2]



[2] Based on Taktile's experience in building over 95 third-party data integrations within 12 months (including contractual delays)

Testing the technical integration

Once engineers can successfully call the API of a third-party data provider, the next critical phase is ensuring that your system can handle the range of responses you may receive from the provider.

For instance, you might encounter scenarios where there are multiple matches, no match, or a frozen account for an applicant. In each case, your team must design specific rules to manage these outcomes effectively. This is where collaboration between technical and business teams becomes essential, as these processes directly influence risk policy design and decision-making.

Much of this testing is closely aligned with the needs of business users, making it challenging to manage effectively in an engineering-led project.

"Integrating a new data source may seem straightforward at first—just call the API and process the response—but it's rarely that simple. In my experience, third-party data often brings unexpected complexity, especially when dealing with the vendor's unique response formats. These intricate formatting requirements can quickly consume countless engineering hours."

Frederik Vanhevel, VP of Engineering at Seen, a US-based fintech company making credit more accessible

seen™

When testing multiple providers simultaneously, managing both pre-processing and post-processing becomes essential. The number of profiles you receive will vary depending on the provider, which makes end-to-end testing more complex. Custom tooling is needed to build the necessary business logic between providers to allow you to effectively handle different responses and workflows.

Important considerations during the Implementation phase

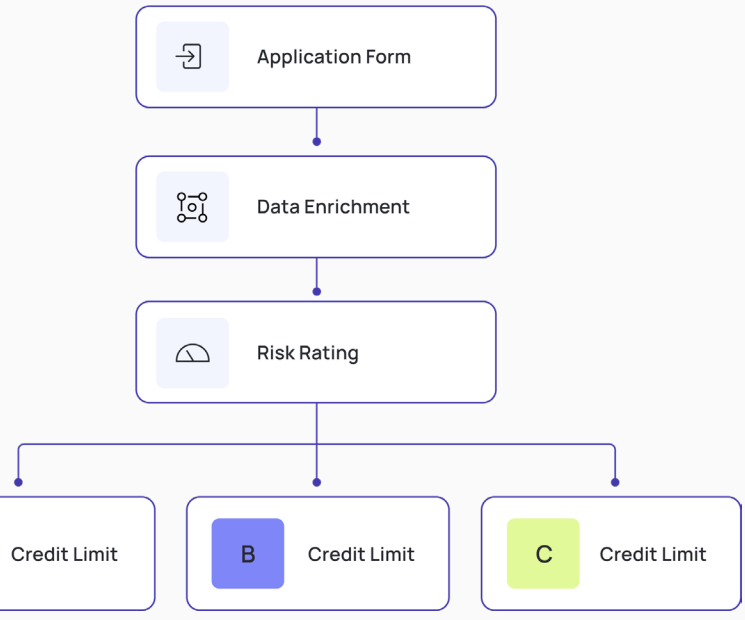
During the implementation phase, key trade-offs revolve around the prioritization of back-end versus customer-facing product development.

The time spent contracting and negotiating with data providers and by engineers on building integrations can divert crucial resources from other priorities like developing customer-facing features and optimizations.

Step 3: Optimization

Turn new data into actionable insights for your use case

Finally, the most crucial phase begins: Transforming new data into actionable insights tailored to your customer segment(s). This process unfolds in three stages:



01

Deriving insights

The natural first step is to leverage all applicable pre-packaged and aggregated insights that a provider offers. Most legacy providers like credit bureaus already offer aggregated insights in a simplified way – for example, a credit score.

However, there tends to be less standardization around data aggregation when it comes to more modern alternative data providers. This is where choosing a provider that offers high-quality aggregated insights can significantly speed up the process of generating value from customer data.

As Plaid's Credit Lead, Jonathan Gurwitz highlights:

"Assessing a consumer's ability to pay is more complex today than it has ever been. For example, gig work has tripled over the past few years, and buy-now-pay-later loans have become mainstream. That's why real-time cash flow data is becoming increasingly valuable.

Consumer Report, Plaid's new cash flow underwriting solution through Plaid Check, our consumer reporting agency (CRA), provides businesses with actionable insights derived from consumer-permissioned data, including cash flow attributes, cash flow-based risk scores, as well as risk signals based on an applicant's financial activity across the Plaid network. This provides businesses with a robust set of information to help them better assess credit risk."

There are also cutting-edge third-party providers that specialize in transforming existing raw customer data (such as account statements) into structured, actionable insights, enabling you to make more informed decisions in real-time:

Anneika Patterson, Director of Product at Ocrolus, highlights:

"Aggregating data from borrower documents goes beyond speed and accuracy—it's about transforming that data into actionable insights for superior credit decisions. Ocrolus empowers lenders with precise cash flow analytics, tailored to your specific portfolio, enabling confident underwriting at scale."

When an existing provider cannot aggregate insights for you, you need to rely on your internal resources—typically a collaboration between risk and engineering teams—to manually develop meaningful key performance indicators (KPIs) and variables using the raw third-party data.

02

Customizing insights to align with your risk policy logic

Once you have defined an initial set of new insights, you must integrate these into your product's risk policy logic.

In nearly every case, you must invest time in customizing 'out-of-the-box' aggregates or signals, such as determining the most appropriate thresholds for your customer segment and defining the actions based on these insights. Additionally, you need to find ways to handle edge cases where standard signals or KPIs may not deliver accurate assessments.

Ensuring that the wider orchestration works is key, particularly regarding how you pre-process, route, and post-process the insights. Each step involves numerous judgment calls, such as mapping and combining scores from multiple providers.

This is where a harmonization layer becomes essential. For example, when lending to businesses, you might need to pull a private credit score for some, while for others, you would assess their risk using publicly available business data. It is crucial to test the return values from each provider and harmonize them into a common scorecard. At this stage, business users must build and refine policy logic to ensure everything operates smoothly and consistently across different data sources.

Taktile tip on finding the most optimal use of new data

In the case of adding a new data source to an existing risk product, having streamlined access to historical data and being able to run back-tests and A/B tests is critical. When designing a new risk product, being able to simulate "real-world" tests leveraging synthetic data sets becomes the name of the game.

03

Optimizing logic for efficient data usage

If you pull data from multiple third-party providers, another crucial step is figuring out how and when it is most optimal to call each provider during an applicant's journey.

For example, is it better to call Provider A first and then cascade to Provider B? Or should I only call Provider A for this segment of applicants and Provider B for another?

Taktile tip on balancing assessment accuracy and decision cost when using multiple data sources

When predicting metrics like the probability of default, consider integrating multiple data sources in a segmented or 'cascading' manner to optimize decisioning costs. For instance, you might pull credit reports from a credit bureau for all customers during the creditworthiness assessment stage. Then, for applicants where you require more confidence to make a decision, you could route them to a workflow that pulls additional data from an open banking provider.

Key challenges during the Optimization phase

As most risk practitioners will agree, there is no one-size-fits-all approach to identifying the ideal mix of insights and variables for your customer segment(s). A learning phase is always necessary to find the most optimal signals from new third-party data.

During this phase, most teams depend on engineers to execute testing and optimization, as in-house systems typically require engineers to build, modify, and refine KPIs. As a result, product launch and optimization timelines often start to slow down.

> "One of the most significant challenges I faced when bringing new data integrations into production using our initial in-house rules engine was navigating the testing and optimization phase. I had to manage multiple sets of rules and test cases, and due to the technical setup, I was the only person able to set up and optimize KPIs. All of this really constrains engineering resources."

Frederik Vanhevel,
VP of Engineering at Seen

Important considerations during the Optimization phase

While leveraging pre-packaged insights can save time and reduce reliance on engineering resources, it may come at the cost of accuracy and relevance to your specific use case.

On the other hand, investing time in developing and testing custom KPIs and meaningful insights may yield better results but requires substantial resources from both risk and engineering teams, potentially delaying product launches and optimizations.

Plus, in every case, finding the right balance between optimizing risk assessment and maintaining a smooth customer experience is critical.

Therefore, teams must carefully evaluate the trade-offs associated with each of these decisions during the optimization phase.

Bridging the divide

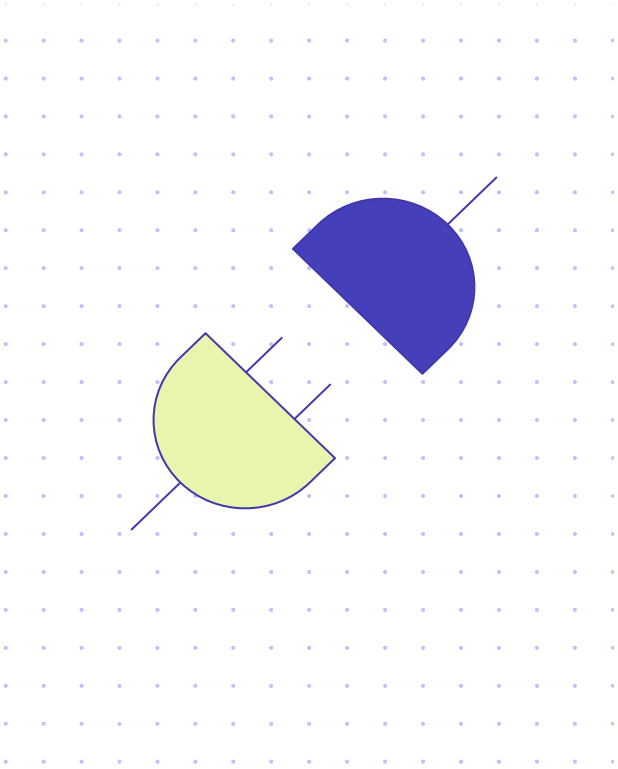
The importance of aligning risk management and product innovation systems

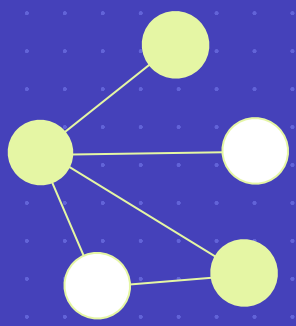
In an interview with Taktile, Alex Johnson, lending expert and founder of Fintech Takes, highlighted the growing need for risk management systems and product innovation to come closer together, particularly in the lending space:

> "Lending poses a unique challenge for fintech businesses because the systems built to manage risk aren't aligned with the speed of iterative product development. The question fintechs and banks must ask themselves is how to meld these two processes—if they can't, innovation in lending will continue to lag behind other financial products. The solution lies in seeing risk and product design as fundamentally interconnected."

Industry leaders, whether optimizing existing financial products or developing new ones, are adopting a transformative approach to integrating and experimenting with third-party data:

By partnering with innovative technology providers, teams are gaining unparalleled access to plug-and-play third-party data integrations, allowing them to innovate and experiment on their risk policies at a speed and efficiency previously unattainable.





This shift drastically reduces the time and resources traditionally required, enabling product launches to accelerate from months to weeks and policy optimizations to be executed in hours.

In the next section, we explore how outsourcing third-party data access and iteration is empowering forward-thinking teams today.

Your guide to seamless third-party data access and iteration

Given that there is no one-size-fits-all approach to discovering, implementing, and optimizing new data integrations, every team must undergo a unique integration journey. However, teams can accelerate this journey by outsourcing the process of accessing and iterating on third-party data.

This section explores how teams leverage technology providers like Taktile to efficiently expand and optimize their product offerings, unlocking access to:

01

A comprehensive Data Marketplace

A library of pre-built integrations for all major third-party data providers that eliminates the time and resource burden of discovering, contracting, and testing new data sources.

02

Pre-packaged data insights and templates

Optimized policy logic templates that help teams strike a balance between conversion rates and cost efficiency with minimal customer friction.

03

A low-code user interface

Empowerment of non-technical users to rapidly build customized KPIs and thresholds, plus all the relevant steps required for pre- and post-processing of new insights.

04

Rapid data testing and optimization

Advanced tools that enable users to quickly test new insights using test datasets—both before and after deploying changes to production—without needing support from engineers.

Step 1: Optimize discovery

Streamline the evaluation of third-party data providers

Imagine a world where, instead of manually searching for data providers and aggregators that might fit your product requirements, you can access a central hub with ready-to-use integrations for all relevant third-party providers.

Taktile's Data Marketplace offers a growing library of high-quality integrations, featuring essential types of data like credit information, fraud detection solutions, KYC/KYB insights, and open banking, with coverage across multiple geographies.

Key advantages during the Discovery phase

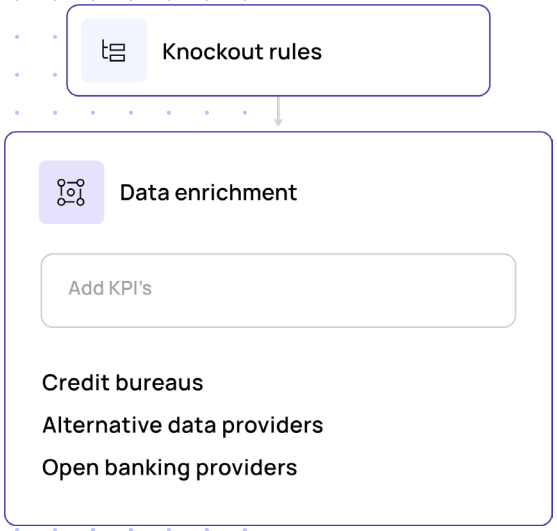
By accessing a well-maintained, pre-built marketplace of third-party providers, you not only gain an immediate understanding of the provider landscape but you can also increase your confidence in achieving a stronger ROI.

Taktile's Data Marketplace significantly reduces the time and resources required during the discovery phase, allowing teams to quickly identify relevant data types and providers for their specific segment and accelerate the transition to implementation and testing.

Additionally, you can leverage Taktile's expert recommendations for the most relevant providers to your specific use case and geographical needs. These suggestions are informed by our extensive experience working with product and risk teams across various industries and use cases, allowing for more targeted and effective integration choices.

“High-quality, ready data provider integrations”

Verified G2 User, Small Business Financial Services Provider



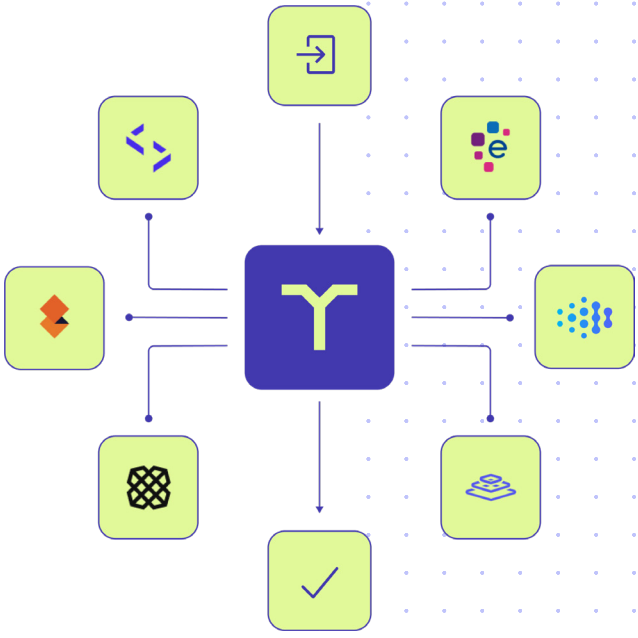
Taktile has a “flexible data structure, vast coverage of data integrations (including very local providers for smaller markets), and easy integration.”

Verified G2 User, Mid-Market Financial Services Provider

Rhino

Rhino, a fintech company dedicated to bringing financial freedom to renters, leverages Taktile to accelerate the evaluation and testing process for new data providers. As **Nicole Fong, Rhino’s Director of Risk**, explains:

“Taktile has worked with a lot of the major data vendors that Rhino has been interested in collaborating with, so it adds a lot of convenience to our vendor evaluation process.”



Step 2: Fast-track implementation

Seamlessly connect to your chosen providers

Once you have completed your evaluations and selected a provider, instead of navigating complex contractual and technical steps, you need a seamless transition that gets you operational quickly.

Taktile simplifies the integration process to get you up and running faster.

Key advantages during the Implementation phase

The primary benefits during this phase are the significant reduction in resources, time, and cost, which not only make your ROI stronger but also speed up product launch and deployment timelines:

01

Faster, easier contracting processes

Taktile's platform accelerates the contracting and credentialing steps with comprehensive onboarding guides and practical tips. In some cases, Taktile even provides direct access to third-party data, eliminating the need for additional contracts with certain providers.

This ensures that you can focus on applying the new insights to your risk policies without getting bogged down in contracting complexities.

02

Elimination of technical integration efforts

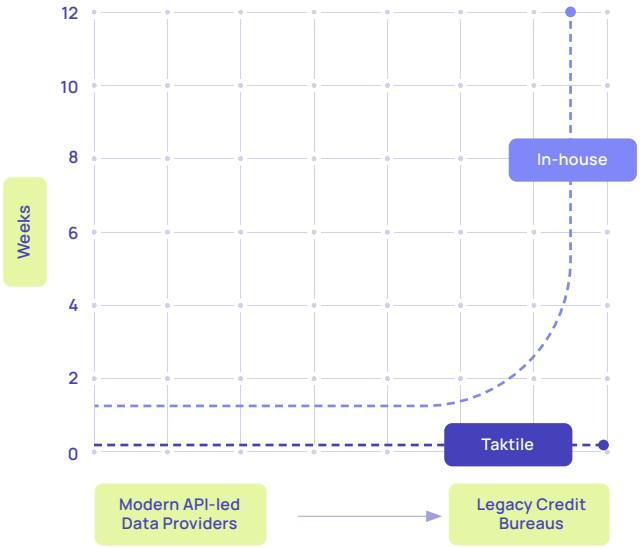
The Data Marketplace also completely eliminates the need for your in-house engineers to build and maintain API calls to third-party data providers, making it easier than ever for teams to connect to new data sources.

This not only makes the requirement for additional engineering resources redundant at this phase, but it also compresses the timeline for bringing a new data source into production from weeks to mere hours.

"Easy way to build third-party integrations. Clean and simple deployment and rollout."

Verified G2 User,
Small Business Financial Services Provider

Average time to connect to a third-party provider on Taktile vs. in-house[3]



[3] Based on Taktile's experience in building over 95 third-party data integrations within 12 months (including contractual delays)

"Taktile has quickly become a critical part of our firm's technical infrastructure. We often inquire about compatibility with Taktile before moving forward with other new apps and vendors simply because of how quickly we can get things set up when a connection is in place. When connecting to Baselayer, the integration was so straightforward, it felt almost automatic."

- Ian Bradley, Head of Operations & Technology

Innovation showcase

Breakout Finance, a fintech company that helps small businesses thrive by providing financial support, reduced the implementation of its new Baselayer integration from weeks to hours on Taktile.

03

Effortless testing and management of multiple third-party providers

Taktile's platform streamlines the testing and management of multiple third-party data providers by offering best practices, clear guidelines, and sample responses.

Whether handling multiple matches, no match, or other unique responses from bureaus, the platform provides multiple test cases, including edge cases, to ensure that all relevant scenarios are covered thoroughly. This allows teams to manage the variety of responses efficiently, speeding up the process and minimizing the need for extensive custom configurations.

Furthermore, by providing fine-grained control over test data, business users are enabled to test multiple providers together in a single flow. By simplifying this critical phase, both engineers and business users are freed from the burden of complex technical testing.

04

Seamless integration with existing systems and workflows

Taktile's API can be effortlessly integrated into and called by existing workflows that incorporate scorecards and risk policy logic, regardless of their location, ensuring minimal disruption to ongoing business processes.

"Integrating Taktile with our underwriting tech stack accelerated our credit risk roadmap by at least a year and removed significant maintenance burden long term."

Verified G2 User and Senior Product Manager
at Mid-Market Financial Services Provider

Innovation showcase

Jeeves, a US-based fintech company that has built powerful financial infrastructure for global companies, leverages Taktile to seamlessly connect to multiple third-party providers including critical connections in Latin America.

JEEVES

"Using the data providers on Taktile's platform has been a game-changer for us. Instead of managing multiple vendor integrations, we seamlessly access all the customer data we need in one place. This has not only saved us significant time and resources but also allowed us to make faster, more informed decisions to better serve our customers."

- Nitin Kalla, Head of Global Credit Policy & Analytics

Step 3: Rapidly optimize
Customize new insights to your segment with speed and ease

Deriving KPIs or insights that are highly specific to the characteristics of your customer segment(s) is, arguably, the most critical phase of an integration journey. This phase determines whether or not third-party data is going to genuinely deliver business value.

Whether you are building insights from scratch or utilizing pre-configured ones, nearly all cases require some level of customization.

Additionally, it is essential to consider the cost and conversion implications that certain data sources could have on a customer's onboarding or underwriting journey.

To relieve the time, resource, and technical burdens associated with integrating new insights into a risk policy, Taktile accelerates the process in three ways:

01

Pre-built templates optimized for immediate value, cost, and conversion

Templates with pre-designed logic are highly effective for instantly extracting valuable insights from third-party raw data, eliminating the need for teams to manually build and categorize insights.

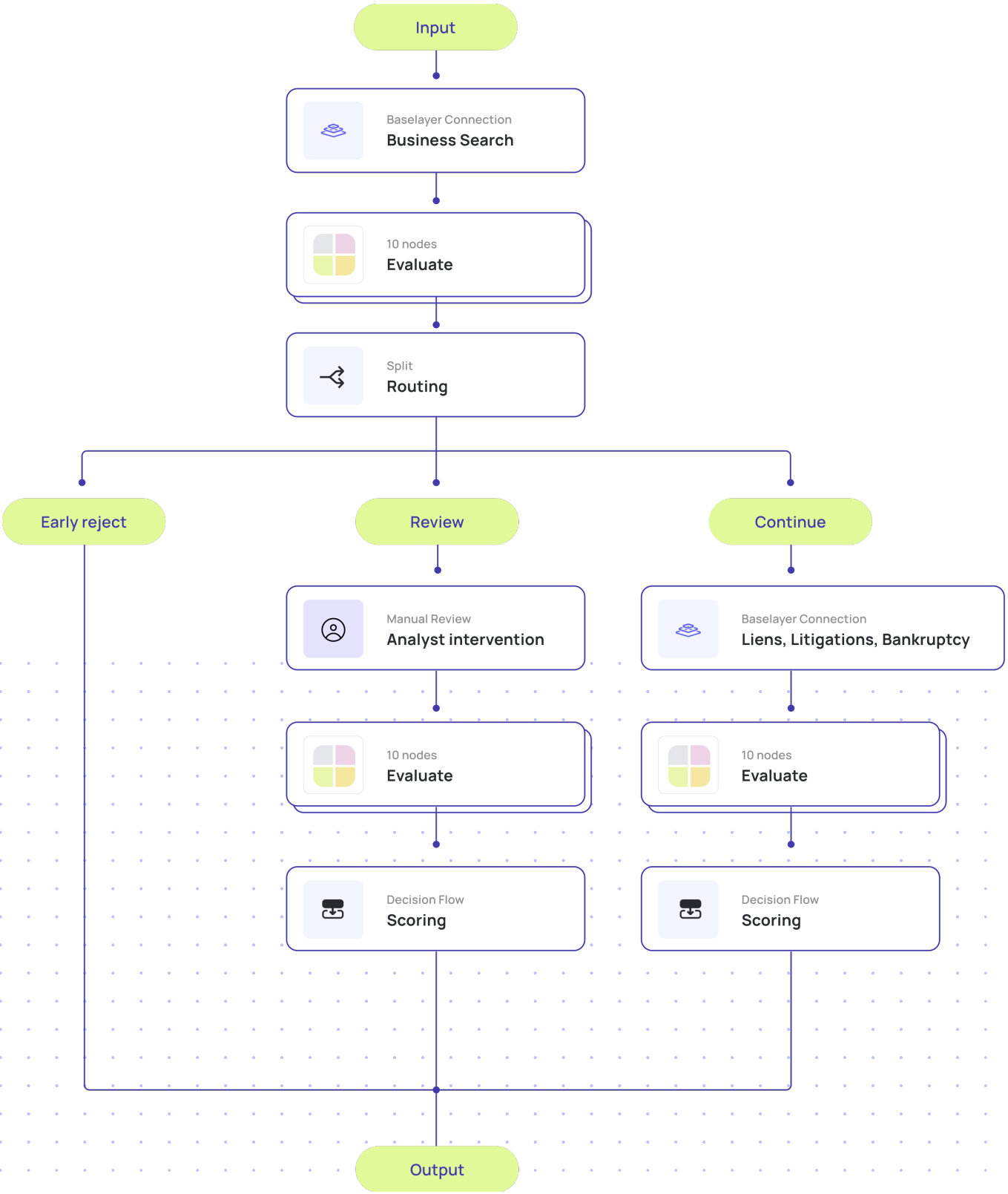
Developed by in-house risk experts, Taktile's templates are optimized to maximize cost-effectiveness and conversion rates by applying industry best practices to deliver immediate results.

> "Using a pre-built, optimized Baselayer template through Taktile, we were up and running for testing in one afternoon and live in production the following day. A process that used to take a week or more now takes a matter of hours thanks to Taktile's capabilities."

Ian Bradley, Head of Operations & Technology at Breakout Finance (United States)

Taktile Preview

Plug-and-play, fully automated KYB decision flow with seamless data enrichment from Baselayer's insights



02

Empowerment of non-technical users to build and adjust customized insights

By enabling non-technical teams to own the integration of new insights into a risk policy end-to-end, you not only get changes into production much faster, but you also save significant engineering resources.

Acting as a harmonization layer, Taktile allows business users to easily streamline and customize 'out-of-the-box' aggregates and signals. This includes defining optimal thresholds for specific customer segments and setting actions based on the insights gathered, all through low-code "Nodes."

> "The real key to success for teams integrating new insights into risk policies is effectively assigning task ownership within the organization. In my experience, the responsibility of extracting insights and implementing KPIs ends up with technical teams rather than the subject matter experts within the business teams who should naturally own these tasks."

Credit Acceptance Expert specializing in European banking

When working with multiple providers, users face important decisions on how to map and combine scores effectively. Taktile simplifies this by allowing users to harmonize data from various sources—whether it's private credit scores or publicly available business data—into a unified scorecard. With fine-grained control, business users can build, adjust, and refine the logic, ensuring smooth operations without the need for extensive engineering involvement.

Innovation showcase

Seen, a US-based fintech company making consumer credit more accessible, uses Taktile to empower its business teams to own the entire risk decisioning process end-to-end.

seen™

"Switching to Taktile for our automated credit decisioning, after initially using an in-house solution, has significantly streamlined our operations. The ability for business analysts to easily build and adjust rules and insights without needing engineers has completely revolutionized the speed and ease with which we can incorporate new data into a risk policy."

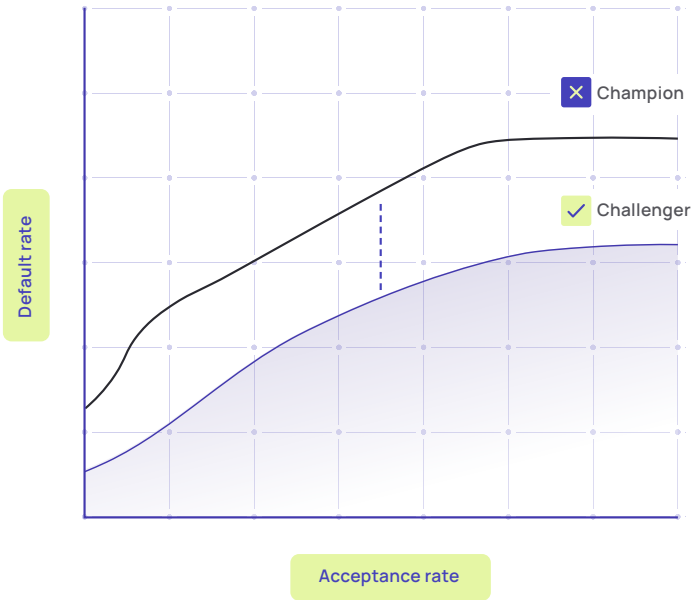
- Frederik Vanhevel, VP of Engineering

03

Rapid testing capabilities for data-driven optimization

A data-driven approach to policy optimization is crucial when working with new insights. Therefore, having strong back-testing and A/B testing capabilities is essential for effectively bringing new integration projects across the finish line.

Additionally, having the ability to rapidly and continuously refine insights and decision variables based on the outcomes of data-driven tests will help you reach your product goals faster – all of which non-technical users are empowered to do on Taktile.

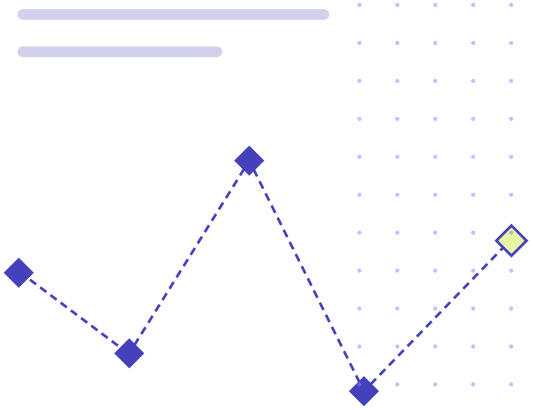


"We can run back-testing directly via Taktile and can simulate our outcomes based on our actual needs very easily. This also enables us to test the integration at the same time as data back-testing and reduces our back-and-forth evaluation time by at least 1 week."

Nicole Fong,
Director of Risk at Rhino

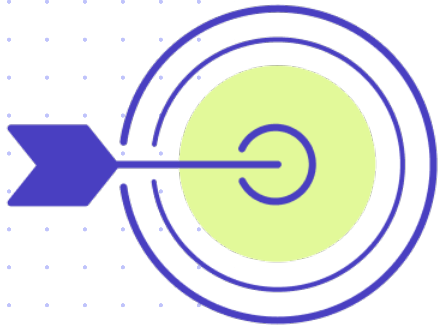
Rhino

According to a Taktile survey, teams that can quickly and proactively adjust their risk policies are the most successful in reaching their goals. For example, those who can modify their risk policies within hours report minimal need for improvement in key metrics like customer default rates.



"Now, I can completely offload testing to the business team. With Taktile's platform, they can quickly and easily handle large datasets of test cases from the provider, and it's as simple as clicking the 'Test Run' button. Previously, this phase alone would consume countless hours of engineering time."

Frederik Vanhevel,
VP of Engineering at Seen



"The Taktile platform has blown us away in terms of depth of functionality, ease of use, ease of integration, and reliability…. we could 10x our rate of credit model development and minimize our reliance on precious engineering resources with Taktile as we iterate and deploy."

Verified G2 User, Mid-Market
Financial Services Provider

Those that will win in fintech, as told by Jason Mikula

Beat-era writer William S. Burroughs famously said, “When you stop growing, you start dying.” And while he wasn’t referring to business when he said that, the sentiment surely applies. For any company, whether a mature, publicly traded one or an early-stage startup, growth is nearly always a key objective: growing customers, revenue, and profits.

But growth comes with risk, especially in the financial services industry. Risk can be obvious and quantifiable, like credit risk, or amorphous and challenging to measure, like reputational risk. Growing responsibly means having the information and doing the analysis to understand and appropriately mitigate risk.

As we’ve covered in this guide, financial firms have a variety of levers they can pull to balance risk and return, including optimizing your current products for existing and potentially new segments, expanding into new geographies, and extending new products to your existing segments. Understanding the risk/reward tradeoff, prioritizing correctly, and successfully executing on pulling any of these levers requires data.

The landscape of data providers – and what it takes to actually onboard, integrate, and make sense of the information they supply – has become increasingly difficult to navigate. Identifying the right data sources for your use case and getting through necessary vendor management processes, even to run a simple proof of concept, can be quite burdensome, involving not just contracting but information security, data privacy, and numerous other reviews and sign-offs, not to mention the actual product and engineering work needed to integrate.

These are exactly the kinds of challenges Taktile, the next-generation decision platform, was created to solve. Reducing these barriers means risk teams and business owners can more quickly and efficiently identify, test, and implement new data sources to better inform their decision-making.

There is no more “set it and forget it” when it comes to decisioning workflows in financial services. Not only are new sources of data continuously emerging, but user behaviors and the threats posed by bad actors are constantly evolving. Businesses that understand this also understand that to meet these challenges and grow – responsibly and profitably – means continually evaluating opportunities to improve the inputs (data) and processes in order to drive better results.

The companies that “win” will be the ones with the talent, operating model, and infrastructure to navigate this ever-changing environment.

About Taktile

Taktile is a next-generation risk decision platform designed to bridge the gap between product innovation and risk management in financial services.

By empowering subject matter experts to seamlessly build, monitor, and iterate on automated risk decisions end-to-end, Taktile enables teams to stay ahead of the curve without being bogged down by engineers. With built-in access to third-party data, advanced analytics, and machine learning, Taktile equips businesses to make smarter, faster decisions that drive both product innovation and risk management excellence across the entire customer journey, helping teams to deliver innovative financial solutions to their customers.

Ready to embrace seamless data access & iteration?

Get Started Now

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