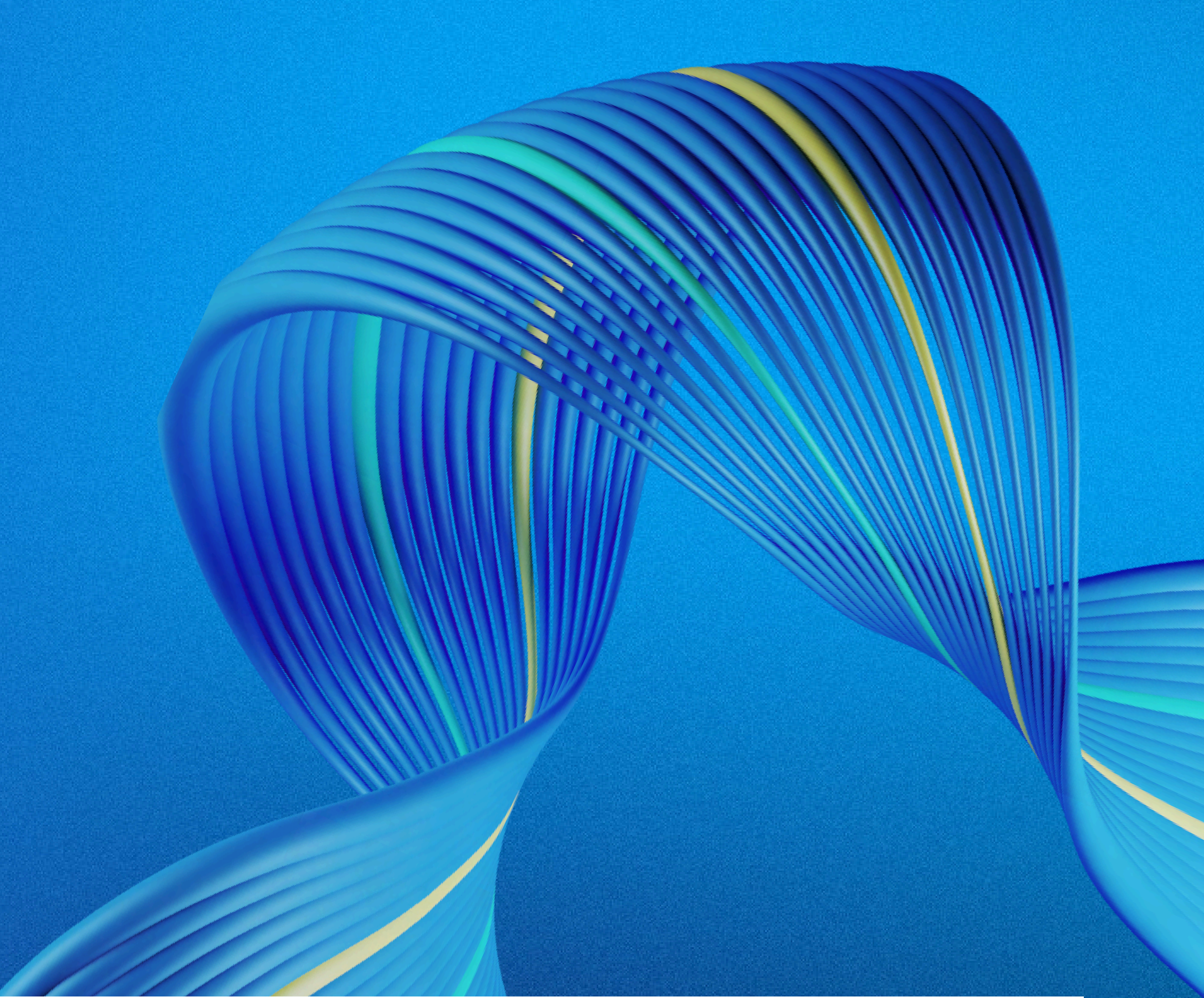

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2025

From start up to scale:

Choosing BaaS partners that *grow* with you

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Executive Summary

The Problem: Many fintechs select a banking partner early in their lifecycle, often before they fully understand what sustainable growth will require. These early decisions, while expedient, can create structural limitations that surface years later. Growth is rarely linear: it comes in unexpected ways and places, putting stress on relationships forged when the business was at a very different stage. As a result, many fintechs eventually hit a growth ceiling—not because of their ambition, but because their BaaS partner cannot evolve with them.

The Solution: As the BaaS industry has matured, leading players have carved out niches where they can differentiate and better serve fintechs. The best partners don't just provide services — they evolve in lockstep with their clients. Instead of gambling on a short-term vendor, fintechs should seek an "evolution partner" like Cross River from day one.

The Proof: Consider Best Egg, a personal lender that grew from startup to a category leader issuing over $39 billion in loans over 10 years. Cross River was a strong banking partner throughout that journey, supporting its evolution from a balance-sheet lender to a scaled platform with capital markets sophistication. This partnership shows how choosing the right BaaS partner early can remove growth ceilings and unlock long-term success.

Your Action: Not all partners are created equal. Use this playbook to evaluate whether your current partner can scale with your roadmap—and with the unexpected opportunities that growth often brings.

The three growth stages (and where most partnerships break)

Every fintech's journey is unique, but most follow a similar arc as they mature. Across the lifecycle, **three distinct growth stages** emerge, each with different needs, risks and measures of success.

Only the rare BaaS partner can support fintechs through all three.

Stage 1: Launch (0–2 years)

In this early stage, fintechs are racing to prove market-fit. Early offerings are stepping stones, but critical for achieving escape velocity.

- **Need:** Basic products, early building of compliance program, speed to market
- **Partner Role:** Infrastructure provider
- **Success Metric:** Time to market

Stage 2: Scale (2–5 years)

Once market fit is established, the focus shifts to growth. Fintechs expand their product suite, drive operational efficiency, and differentiate in the market.

The role of a BaaS partner evolves – from infrastructure provider to growth enabler, offering strategic alignment and access to capital (e.g. direct balance sheet solutions, investment banking, and broker-dealer services). This is also the stage where many partnerships stretch and break.

- **Need:** Product expansion, operational efficiency, market differentiation
- **Partner Role:** Growth enabler
- **Success Metric:** Development velocity
- **Where many partnerships fail**

Stage 3: Leadership (5+ years)

At scale, successful fintechs need advanced products and access to capital markets as they build their own ecosystems of partners and services.
Few partnerships make it this far intact.

Those that do require true co-innovation, where fintech and Baas partner create value together that neither could achieve alone.

- **Need:** Advanced products, capital markets, ecosystem integration
- **Partner Role:** Strategic co-innovator
- **Success Metric:** Market sophistication
- **Most partnerships don't get to this stage**

Case Study

Best Egg's 12-Year Evolution

2013: The Beginning

A conversation between Best Egg's founder and Cross River's CEO sparked over a decade-long collaboration. Since then, the partnership has facilitated over $39 billion in loans and reached 2.4 million customers, reshaping credit access for consumers traditionally underserved by legacy financial institutions.

2020: The Test

The COVID-19 pandemic tested the resilience of both Best Egg and Cross River. As many lenders paused loan issuance, Cross River stood out as one of the few institutions still purchasing loans. That consistency strengthened trust and positioned Best Egg to accelerate growth coming out of the crisis.

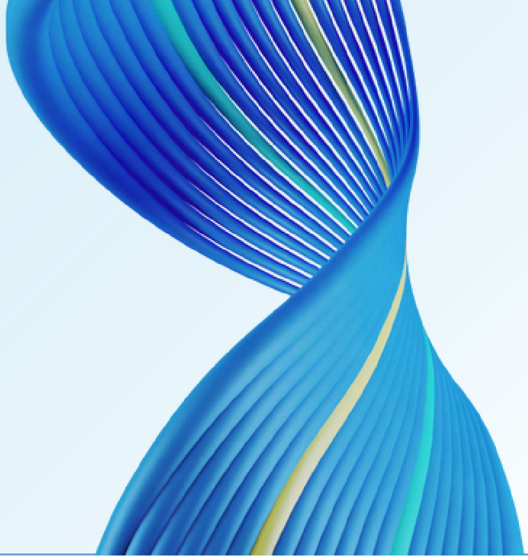
2024: The Evolution

What began as basic loan origination evolved into sophisticated closed-loop capital market solutions. Best Egg launched its $160 million "BEAST" securitization platform, powered by Cross River's CRB Securities, enabling assets to be packaged and sold to institutional investors.

This milestone illustrates the difference between point-solution vendors and long-term evolution partners: Cross River's support allowed Best Egg to move beyond the startup mindset into market leadership.

The Result: $950MM loans issued through the BEAST program and industry-leading customer satisfaction.

Build vs. Partner
Decision Tree



Build vs. Partner: The Decision Tree

Every fintech must decide what to build in-house and what to outsource to a BaaS partner. While building offers control, it also requires massive resources and regulatory expertise. Partnering accelerates speed to market and provides scalability. Here's how to evaluate your path:

When to Build: Current Case Study

In 2015, Current's leadership determined that no BaaS solutions could support their product vision. CTO Trevor Marshall explained that the company's aspirations exceeded what the market offered. Rather than compromise, Current built its own proprietary core banking platform, gaining full control over differentiation.

With the foundation in place, Current has since leveraged Cross River to launch its credit-building "Build Card" and secure warehouse funding for Paycheck Advance. The combination illustrates how even fintechs that build core infrastructure can rely on evolution partners to accelerate growth.

Build if:

- You have raised significant funding
- Core banking is (or will be) a competitive advantage
- You can commit 3+ years to platform development
- You have deep regulatory expertise in-house

When to Partner : Best Egg Case Study

Instead of building its own banking infrastructure, it partnered with Cross River, which provided regulatory expertise and banking infrastructure and kept its own focus on serving customers and improving customer satisfaction.

This allowed Best Egg to concentrate on customer acquisition and product innovation while scaling quickly without building compliance systems from scratch.

Partner if:

- You want to focus on customer experience
- You need faster time to market
- Banking infrastructure isn't your core competency
- You want proven regulatory compliance

Industry Reality

Only a small minority of fintechs have the funding, expertise, and regulatory capacity to successfully build core infrastructure in-house. For the vast majority, long-term success depends on choosing an evolution partner capable of enabling growth across all stages of maturity.

The *Partnership* Evaluation Framework

Once you've decided to partner, the next challenge is choosing the right partner.

Switching BaaS providers mid-growth is costly and disruptive. Instead, evaluate upfront whether a potential partner has the scale, resilience, and vision to grow with you.

Evolution Partner Checklist

BaaS partners should be evaluated across four distinct paradigms to gauge their capability to support a fintech as it matures:

Technology Capability

Technology cycles move fast – what was modern yesterday may be legacy tomorrow.

- [ ] API-first, modern platform (not 25+ years old)
- [ ] Faster development velocity than peers
- [ ] Real-time processing and data visibility

Regulatory Expertise

Early stage fintechs lean heavily on their BaaS partners for compliance guidance. The right partner balances speed with smart risk management.

- [ ] Proactive, not reactive, compliance
- [ ] Direct regulator relationships
- [ ] Compliance that enables innovation

Capital Commitment

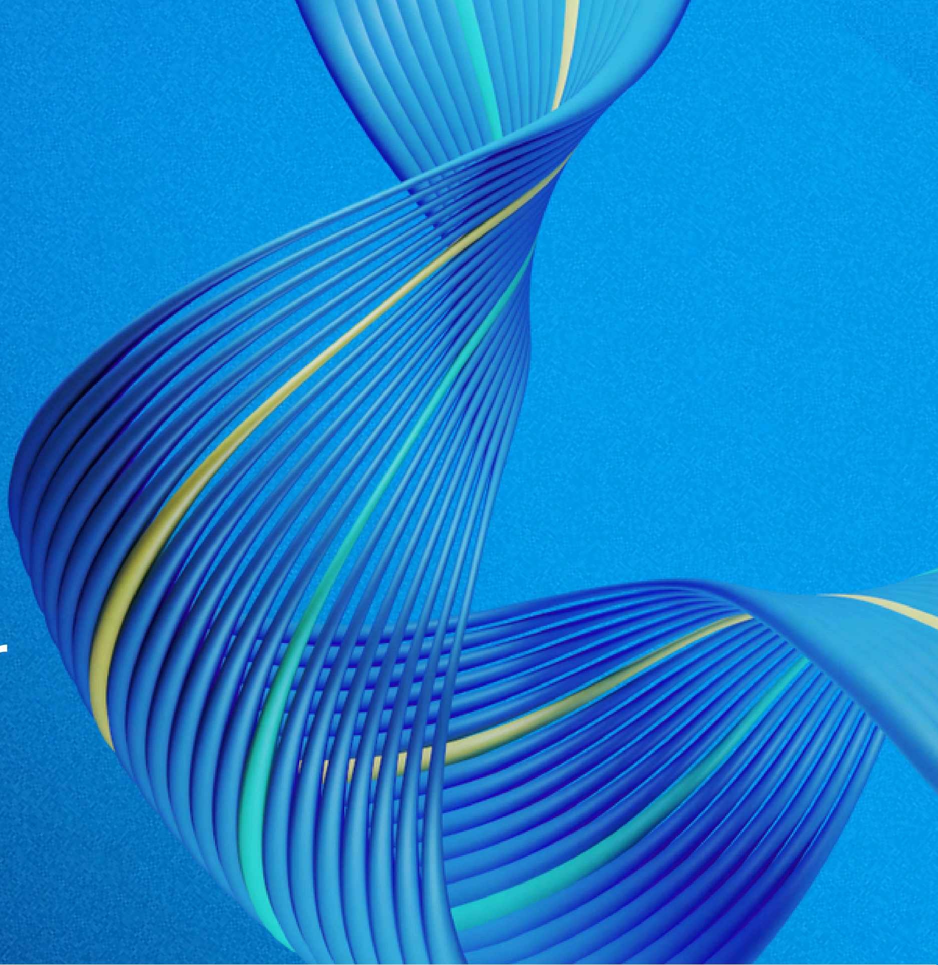
Most BaaS providers don't offer capital support. A true partner provides balance sheet strength to help fintechs grow, even in volatile markets.

- [ ] Balance sheet support in times of stress
- [ ] Multi-year funding commitments
- [ ] Shared risk partnership model

Partnership Philosophy

The best relationships go beyond transactions to long-term alignment and joint innovation.

- [ ] Mission alignment beyond transactions
- [ ] Joint product development capability
- [ ] Proven 5+ year relationships



How Cross River sets fintechs up for *success*

Unlike traditional banking partners, Cross River takes partnerships beyond transaction facilitation, providing an integrated ecosystem that includes direct balance sheet financing, warehouse facilities, and structured credit solutions under one roof.

The combination means fintech companies can access everything from initial lending support to sophisticated capital markets services without needing to establish relationships with multiple financial institutions. For fintechs evaluating potential BaaS partners, prioritizing those with robust capital solutions capabilities like Cross River's is crucial because it ensures your banking partner can support your journey from startup through scale-up to public markets access.

Rather than outgrowing your initial banking relationship and facing the costly, time-consuming process of switching partners or adding new ones, you gain a single, deeply integrated partner whose in-house broker dealer can connect you with institutional investors when you're ready to access capital markets. That continuity is invaluable for maintaining momentum during critical growth phases.

Evolution
Partner in Action

Cross River's Partnership Flexibility

Focus on UX
Trustly

Niche-specific
Aeropay

Mission Alignment
Current and/or
Best Egg

Pain Point - specific
Intuit and Carvana

Growth forward
Best Egg

Red Flags – Signs Your Partner Won't Scale

Sometimes the fastest way to make a great decision is to rule out the wrong ones. Use these red flags to assess a current BaaS partner or vet a new one.

Technology Red Flags

- Simple features take too long to ship
- Rigid/legacy platform; frequent “not supported” responses

Quick test: Ask for a sandbox + sample build and a concrete delivery timeline for a small feature.

Regulatory Red Flags

- Reactive compliance; no direct regulator relationships
- History of consent orders/exam findings impacting partners
- Slow or unclear policy guidance during product changes

Quick test: Request named compliance contacts, recent exam outcomes (to the extent shareable), and a policy change SLA.

Capital Red Flags

- No balance-sheet support; pulls back in stressed markets
- No multi-year funding commitments/term sheets
- No broker-dealer/structured credit capability

Quick test: Ask how they supported partners during market dislocations (e.g., 2020–2023) and for examples of committed facilities.

Partnership Red Flags

- Treated as a vendor, not a strategic partnership
- Automatic fee escalators; little roadmap alignment
- No willingness to co-create or staff a joint pod

Quick test: Request a 12–18 month joint roadmap with named owners on both sides.

Market Red Flags

- No Stage 3 (leadership) clients
- Recent large-client departures
- Vague or shifting references

Quick test: Speak with at least two reference clients: one at your stage, one 1–2 stages ahead.

Action threshold:

- If you see 2+ red flags in any single category or 4+ overall, begin evaluating alternatives now.
- Hard stops (any of these = immediate Plan B): active consent order that limits partner operations, paused loan/issuance support, refusal to provide compliance or capital contacts.

30-Day Contingency Checklist (use if threshold met)

- [ ] Run a targeted RFI to 3–5 evolution partners
- [ ] Do a data portability audit (files, formats, APIs, SLAs)
- [ ] Second-source critical flows (KYC/KYB, payments, funding)
- [ ] Negotiate interim capacity/warehouse coverage if applicable

Your *Next* Steps

It's time to take action – whether you're identifying your first banking partner or evaluating your current one. Today's market offers enough experienced players to benchmark BaaS providers on their ability to be a true evolution partner for your fintech.

Immediate Actions (This Week)

1. **Audit your current partner** using the Evolution Partner Checklist.
2. **Map your growth plan,** highlighting Stage 2 and Stage 3 needs.
3. **Benchmark development speed** against industry standards.

30-Day Evaluation

1. **Stress-test your partner** by asking about Stage 3 capabilities and examples.

2. **Reference-check** their most sophisticated clients.

3. **Review regulatory track record** to ensure proactive compliance

Strategic Decision

1. **Weigh switching costs** against the limitations of staying with a partner that won't scale.

2. **Run a growth impact analysis** to quantify opportunities you may be missing.

3. **Evaluate alternatives** using the Evolution Partner Framework

The Bottom Line

The partner you choose today will define the limits—or unlock the possibilities—of your growth over the next five years. Choose one with the vision, scale, and commitment to evolve alongside you.

Contact **Cross River** to discuss your growth strategy and explore what an evolution partner can mean for your business.