Creation date: 15.03.2024

LK Version: 27.0.0

Investment flow

(wallet and direct flows)

Table of contents

Intro

LenderKit is a robust platform meticulously crafted to empower fundraisers to attract investors and secure funds by showcasing their unique offerings on the Investor Portal marketplace. For investors, it presents many opportunities to diversify their investment portfolios across various campaigns, thereby optimizing capital growth. With a comprehensive suite of customizable tools, LenderKit enables you to tailor the investment process to suit your business goals, adhere to diverse regulatory frameworks across different countries, and meet the expectations of discerning investors.

With this foundation in mind, let's delve into several key investment scenarios that LenderKit facilitates.

Glossary

Before we proceed, please take a moment to review the terms that will be referenced later in this manual.

1. **Fundraiser**: This role allows users to create offerings, gather funds, and distribute payouts to investors.
2. **Investor**: Investors with this role can browse available offerings, make donations, express interest, and invest funds to reap potential benefits.
3. **Offering**: An offering represents a business investment proposal posted on the Investment Portal. By contributing, you can become eligible for various rewards or benefits.
4. **Capitalization Types**: These refer to the specific business rules and conditions governing how a company's total financial obligations are calculated. Within the LenderKit platform, there are three default capitalization types:
    a. **Debt**
    b. **Donation**
    c. **Equity**
5. **Investor Portal**: This is a marketplace for placing offerings. Registered users can create offerings to raise funds (using the Fundraiser role) or invest in available offerings (with the Investor role). Additionally, investors can sell their investments in the secondary market.
6. **Back Office**: The Back Office functions as a robust admin panel, providing a wide array of tools for overseeing and tailoring both the platform and the Investment Portal. Users granted access to the Back Office can create and publish offerings, oversee platform users, access financial statistics, and more.

Funding modes

The investment process represents just the visible part of the financial system in LenderKit. Below the surface, LenderKit offers a flexible system for configuring how funds are physically and technically stored and managed. Essentially, there are **two funding modes**, each with **two options for destination bank accounts**.

The two **funding modes** are as follows:

1. **Wallet Funding**: The Investment Wallet flow requires **customers to deposit funds into their e-wallets** before engaging in investments, repayments, dividend payouts, and other transactions. In this case, LenderKit functions as an online ledger for manual transactions.
2. **Direct Funding**: The Investment Direct flow allows **customers to invest funds directly** into offerings, with LenderKit serving as an online ledger for manual transactions. Investors receive payment instructions with bank account details and conduct transactions outside the platform using their preferred payment method.

Both funding modes offer two **approaches to destination bank accounts**:

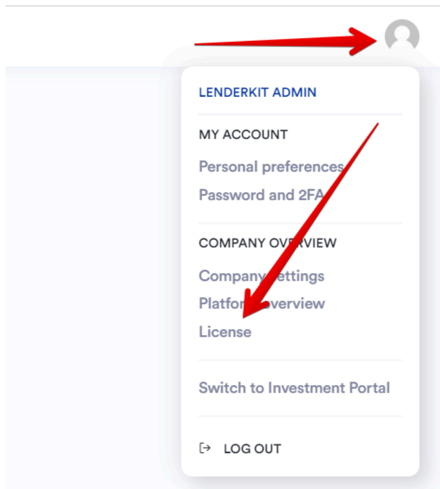
1. **Mutual Payment Destination Bank Account**: In this approach, all funds are consolidated in a single bank account, typically owned by the platform.
2. **Individual Payment Destination Account for Each Customer**: Here, every participant, whether an Investor or Fundraiser, maintains their own bank account.

One of these options must be selected before initiating the investment flow. Let's briefly explore how to configure each approach.

Back Office Configuration

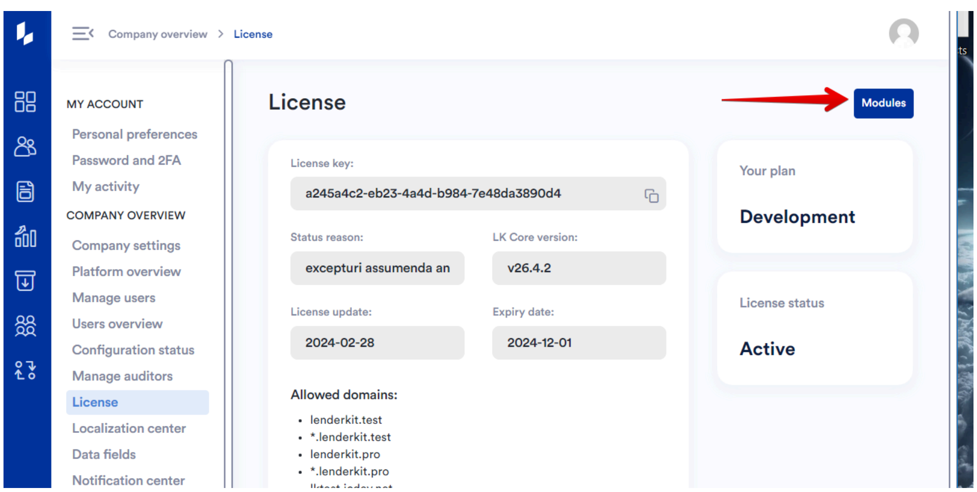
To set up the platform's financial operations, follow these steps:

1) Start by clicking on the **"System Administrator"** icon and select "**License**" in the expanded list.



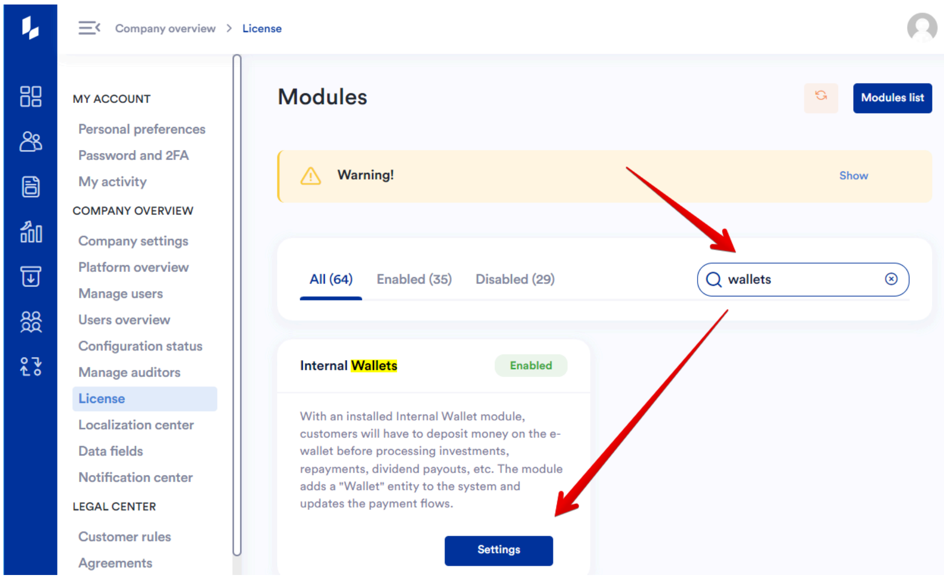
Back Office: Administrator popup

2) Then click on the **"Modules"** button on the right side.

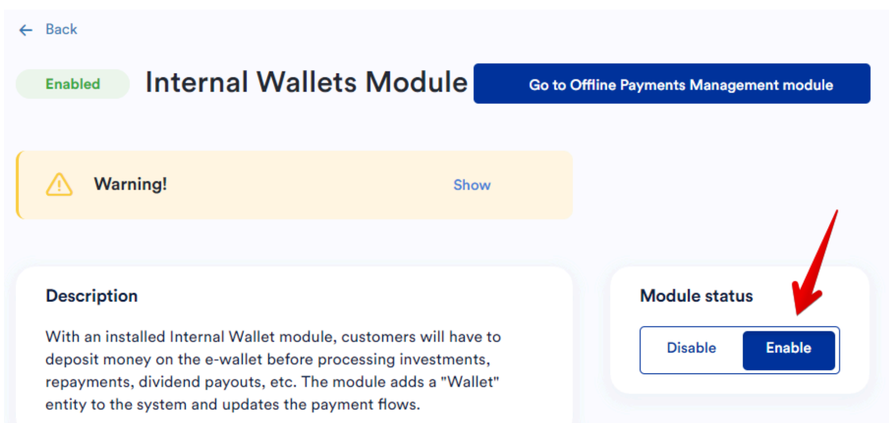


Back Office: Modules list link

3) Then observe modules and enable the "**Internal Wallets module"**. Click on the module's settings and activate it.



Back Office: Wallet Module settings link

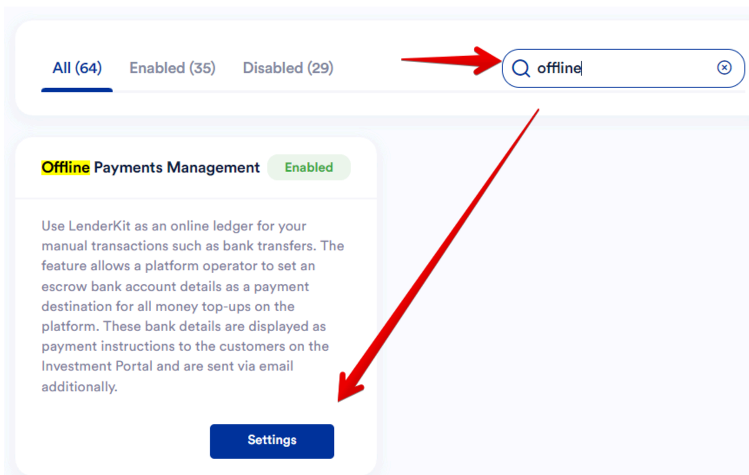


Back Office: Wallet Module activation

This module introduces a "**Wallet**" entity to the system and aligns payment flows. Note that you should activate the Internal Wallets module if you are using Wallet Funding mode.

NOTE: You should activate the Internal Wallets module if you are using **Wallet Funding mode**.

4) Next, **configure** and **enable** the **Offline Payments Management module**.



Back Office: Modules - Offline Payments Management

With this feature, the platform operator can designate an escrow bank account as the payment destination for all platform top-ups. Customers can access these bank details as payment instructions on the Investment Portal and receive them via email. Click on "**Settings**" to configure System bank settings and select the Payment destination from the provided options:

- **Wallet funding mode**. [Mutual Pay In]() payment destination bank account for all customers.
- **Wallet funding mode**. [Individual Pay In]() payment destination account for each customer.
- **Direct funding mode**. Payment **destinations are mutual** for all offerings.

- **Direct funding mode**. Payment **destinations are individual** for each offering.

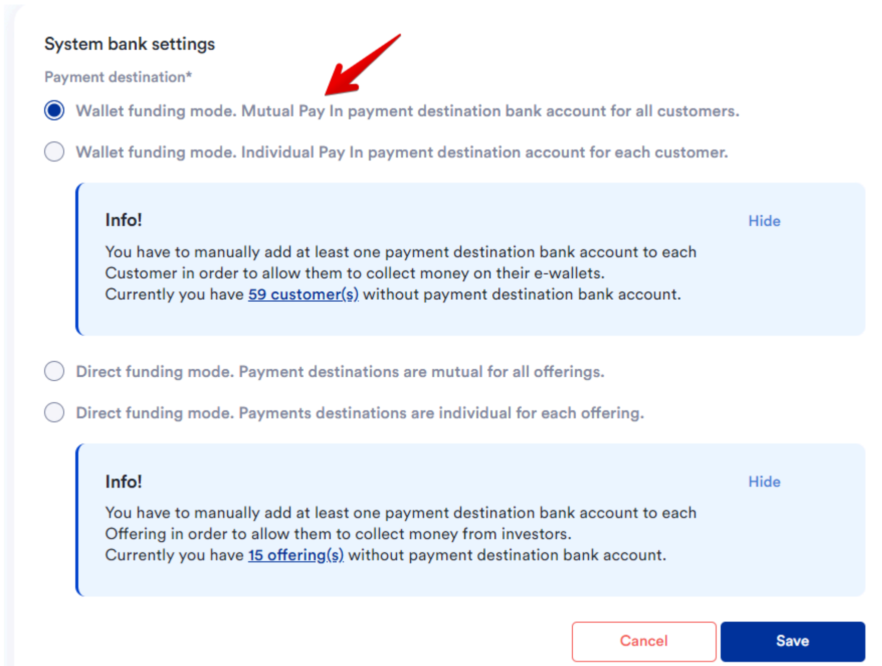
The following sections will describe detailed instructions for setting up each approach from the Offline payment module page.

Wallet Funding mode

The **Wallet Funding** mode requires customers to deposit funds into their e-wallet before initiating investments, repayments, dividend payouts, and more. In this scenario, LenderKit serves as an online ledger for your manual transactions.

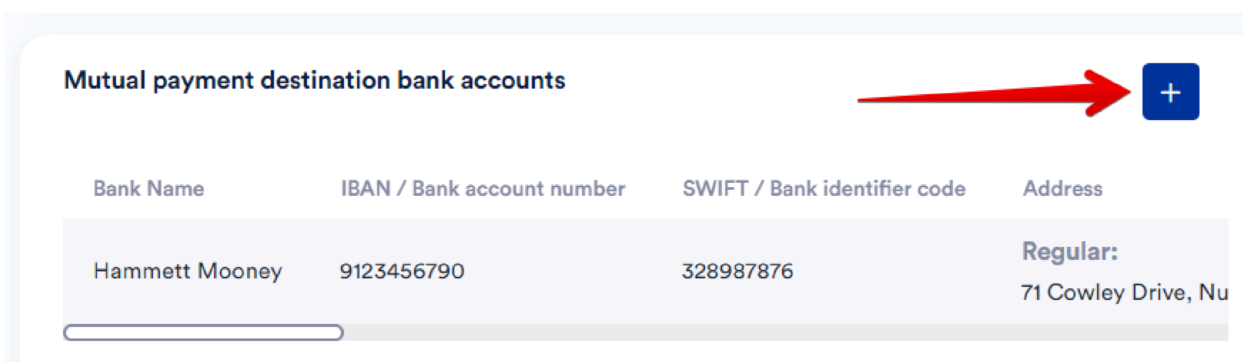
Mutual payment destination

When you choose the "**Mutual Pay-In**" payment destination bank account option, all platform pay-ins will be directed to a single shared bank account. To set this up, follow these steps:



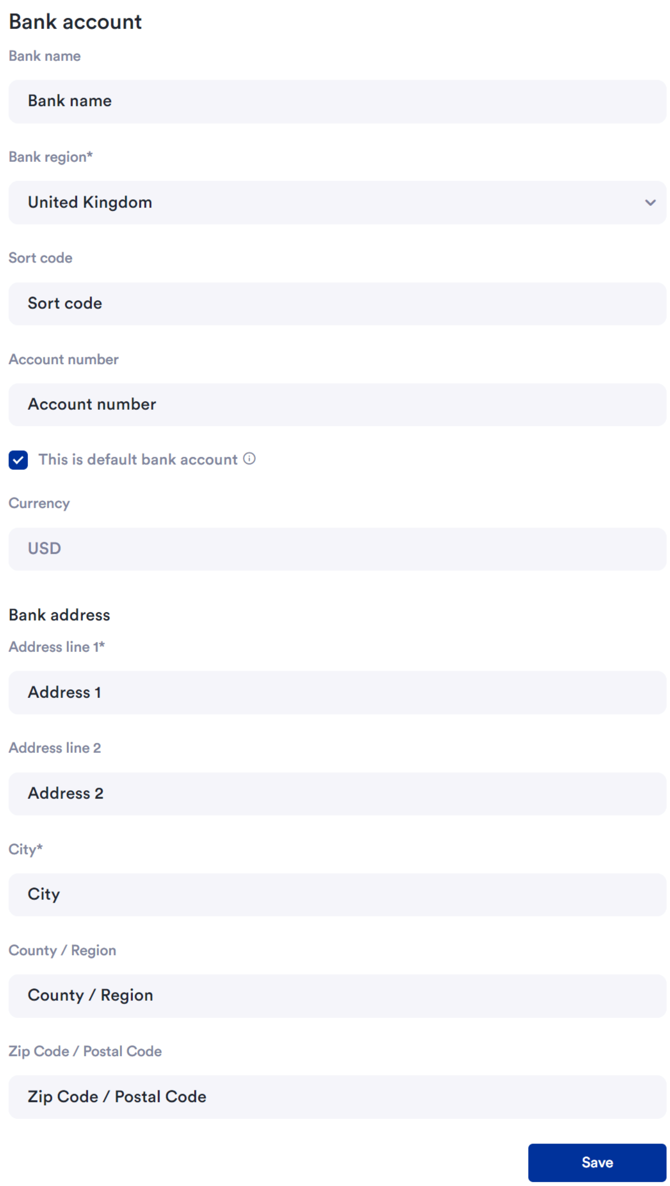
Back Office: module settings - Wallet + mutual pay in approach

Scroll down to the "**Mutual Payment Destination Bank Accounts**" section and click the "**+**" button (**Add Bank Account**).



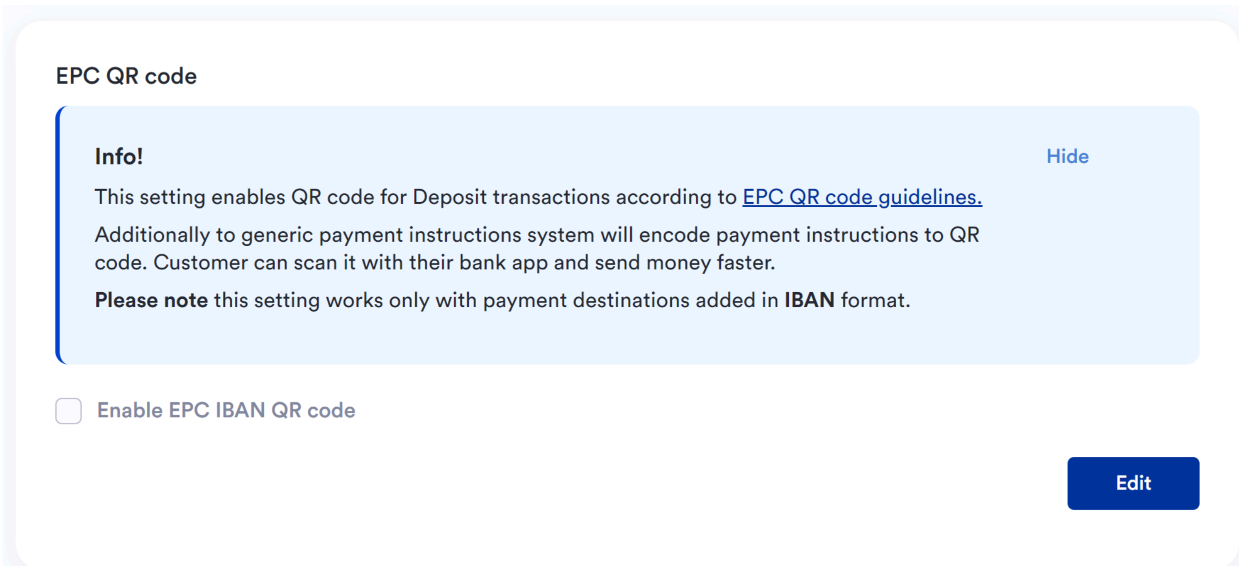
Back Office: module settings - mutual bank account

A form will appear on the right side where you can **input your bank account details**. You can add multiple accounts and set one as the default by selecting the checkbox.



Back Office: module settings - adding a bank account as a mutual payment destination

Additionally, you can enable the **EPC QR code** feature, which simplifies the deposit process for your customers. This feature encodes payment instructions into a QR code, following EPC QR code guidelines. Customers can scan the QR code using their bank app to transfer funds quickly.
NOTE: this feature is **applicable** only **to** payment destinations in **IBAN format**.



Back Office: module settings - EPC QR code

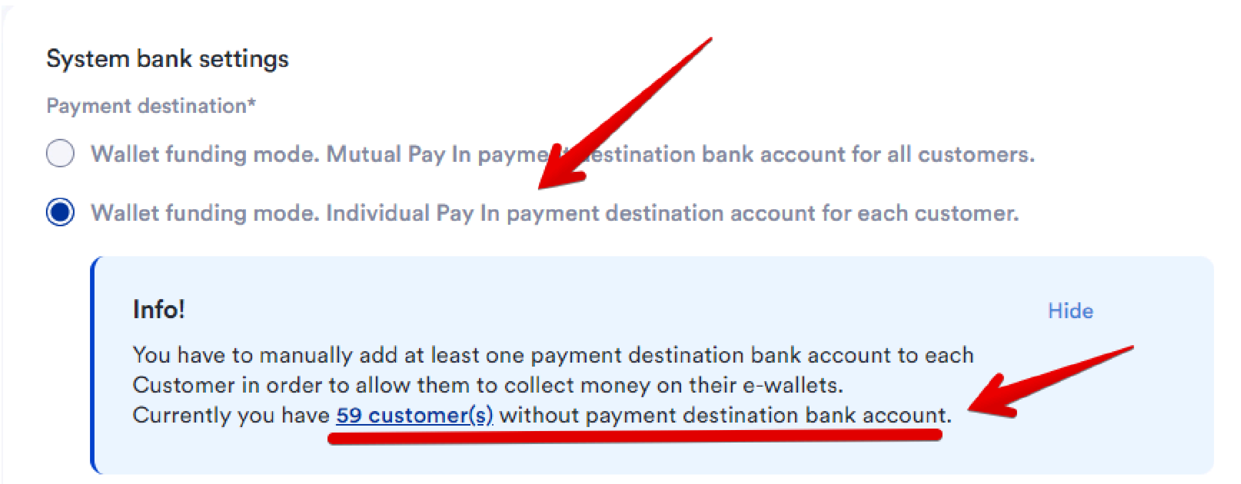
After configuring all settings, remember to save the changes and enable the module.

Individual payment destinations

If you choose the "Individual Pay-In" payment destination bank account option, follow these steps:

Scroll down to the **System bank settings** and select "**Individual Payment Destination Bank Accounts**" by clicking on the radio button.

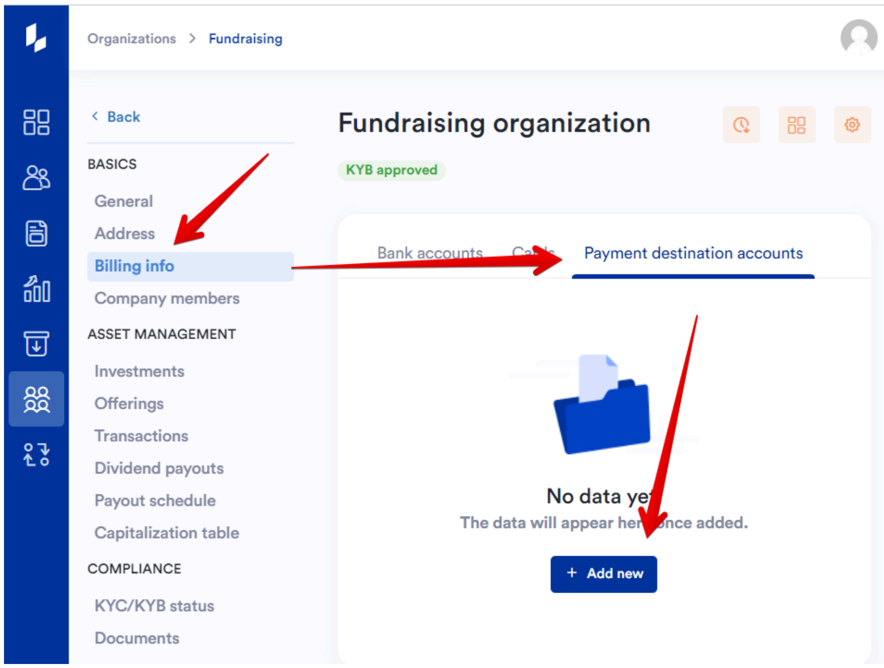
With this option, platform pay-ins will be directed to separate bank accounts. In this case, you must manually **add at least one payment destination bank account for each customer** to enable them to collect funds in their e-wallets.



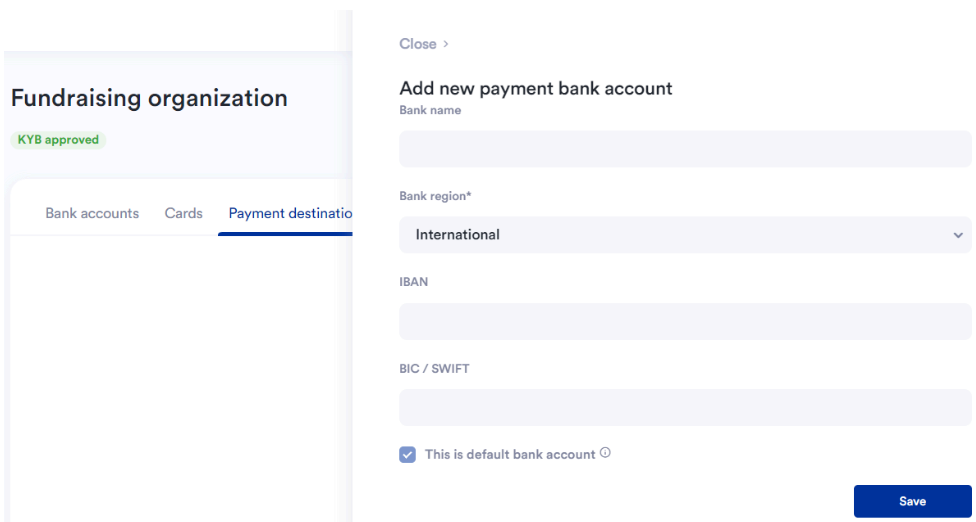
Back Office: module settings - Wallet + individual pay in approach

To check **customers** who **haven't added** payment destination **bank accounts** yet, click on the provided link in the description. This will take you to a list of these customers. Click on a specific customer to view their personal details.

Click on the "**Billing Info**" tab to add the payment destination accounts. A **form** will appear on the right side, which you should **fill out accordingly**.



Back Office: organization's payment destination tab



Back Office: adding a bank account to the user or organization

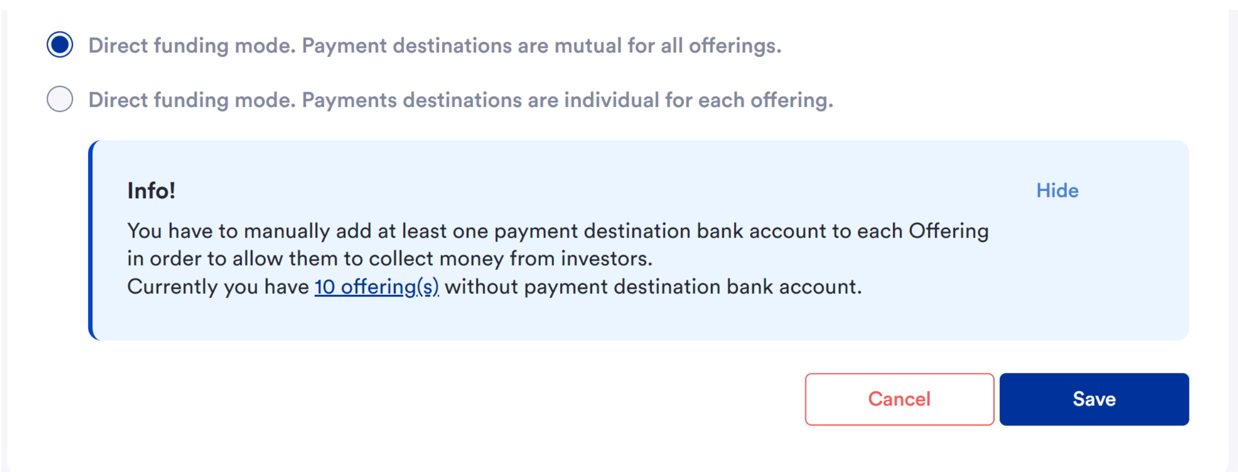
Direct mode

The "**Direct**" flow entails customers investing money directly into the offering. LenderKit acts as an online ledger for manual transactions. In this scenario, investors will receive payment instructions containing bank account details and must carry out the actual transaction outside the platform using their preferred payment method.

NOTE: This configuration is **incompatible** with the **Auto Investments** and **Secondary Market** modules.

Mutual payment destination

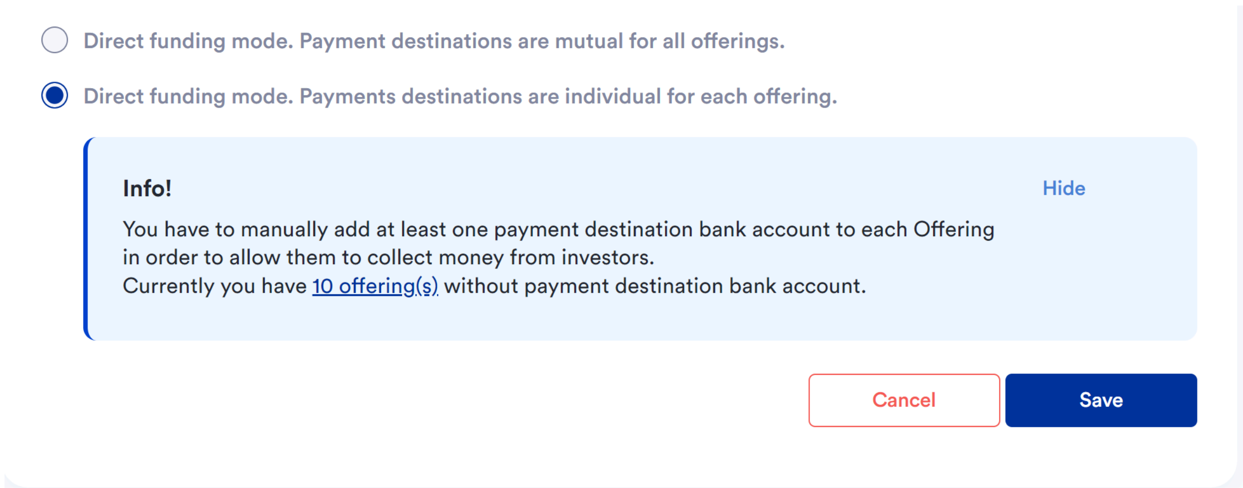
To configure this option, you should revisit the module settings and go to the **System bank settings**. From there, select your preferred payment destination. It's worth noting that if you opt for a **Mutual destination**, you'll need to add a shared bank account as [previously described](#).



Back Office: module settings - Direct + mutual pay in approach

Individual payment destinations

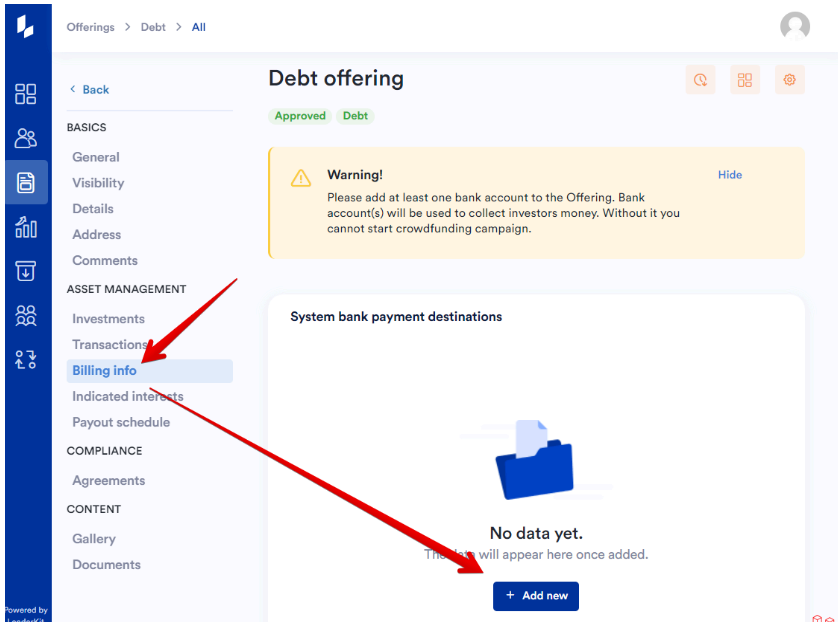
If you choose Individual Payment destinations for each offering, you should click on the corresponding radio button in the **System Bank Settings**.



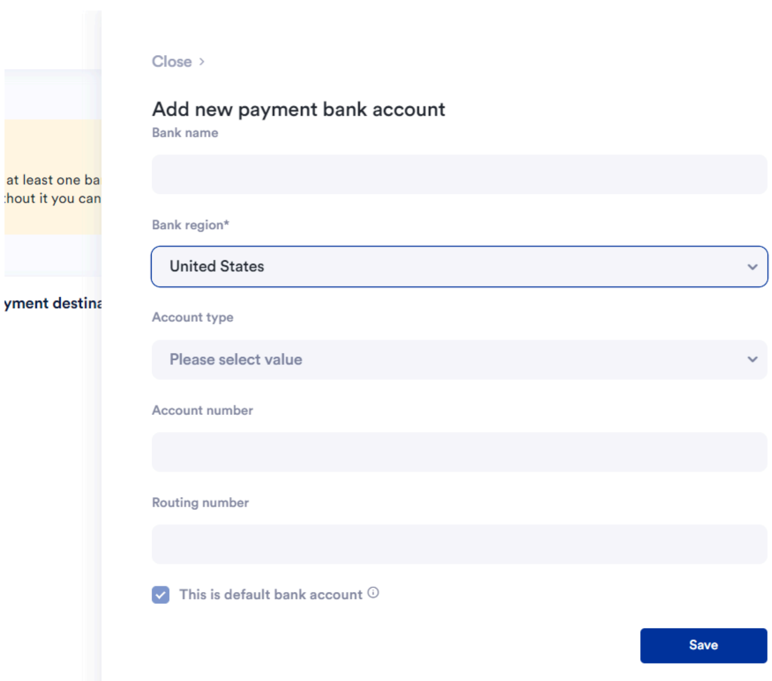
Back Office: module settings - Wallet + individual pay in approach

To check the list of offerings lacking payment destination bank accounts, click on the **link provided in the description**. This will **lead you to** a **list of** all such **Offerings**. Within this list, you can **select a specific Offering** to view its details. Please remember that you must **manually add a payment destination bank account to each Offering** to allow investors to make contributions.

At this stage, access a specific offering and proceed to the **System Bank Payment Destinations tab**. A form will appear on the right side, and you should complete it accordingly. Please click on any offering and follow the screenshots below.



Back Office: Offering details - path to bank account management

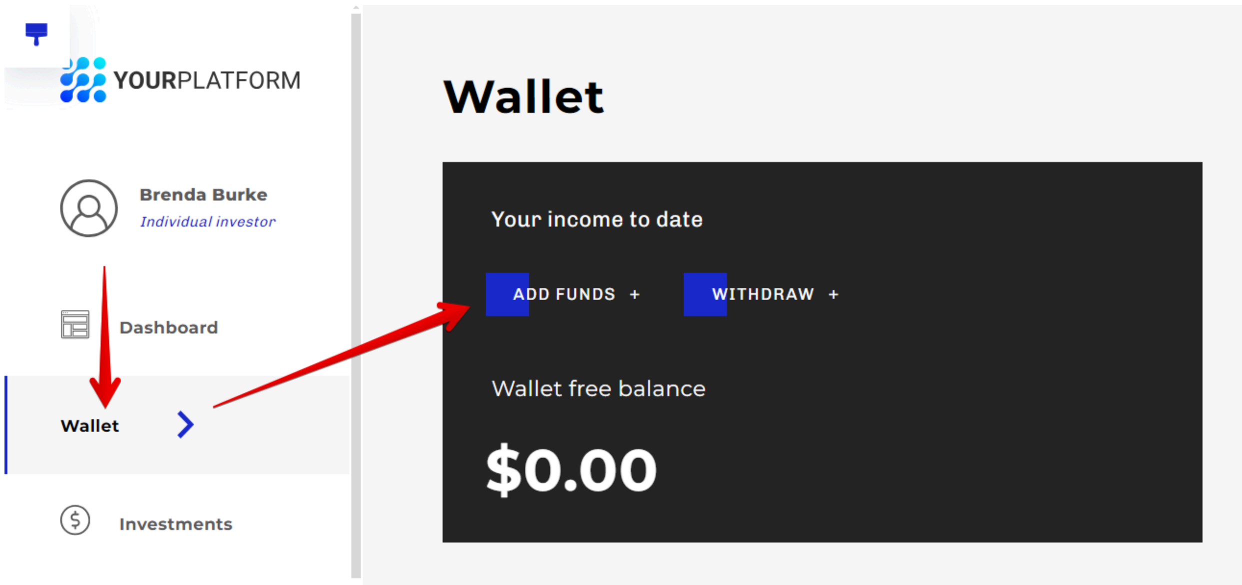


Back Office: Offering details - adding bank account

Wallet pay in

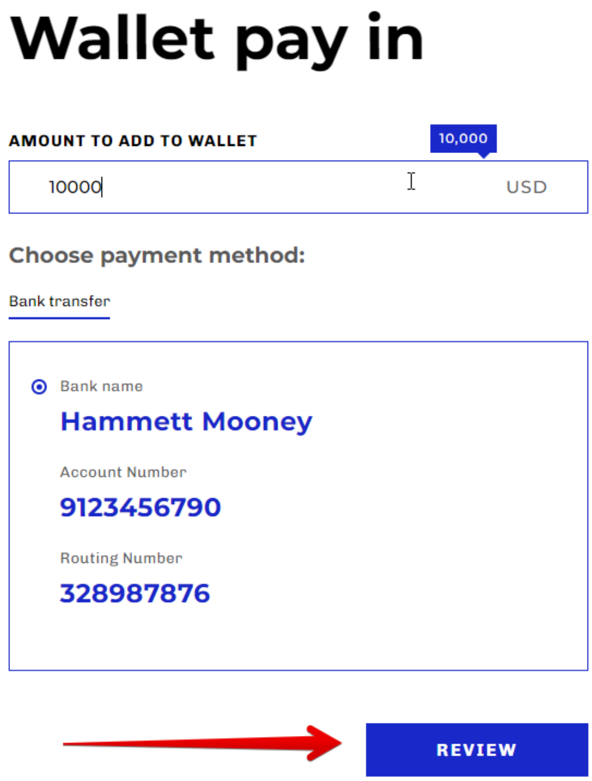
NOTE: This chapter pertains **exclusively** to the **[Wallet funding mode](#)**. It provides guidance on how users can deposit funds into their accounts before participating in investment activities.

The process of **depositing money** into the platform is **similar for** both **Investors and Fundraisers** and involves the following steps. To begin, **log in** to your account on the **Investor Portal**. Next, access the left-side menu and locate the **Wallet section**. In this section, Investors can view their Wallet balance and **add** their **bank accounts**, which are necessary as destinations for withdrawing funds from the platform and receiving payouts.



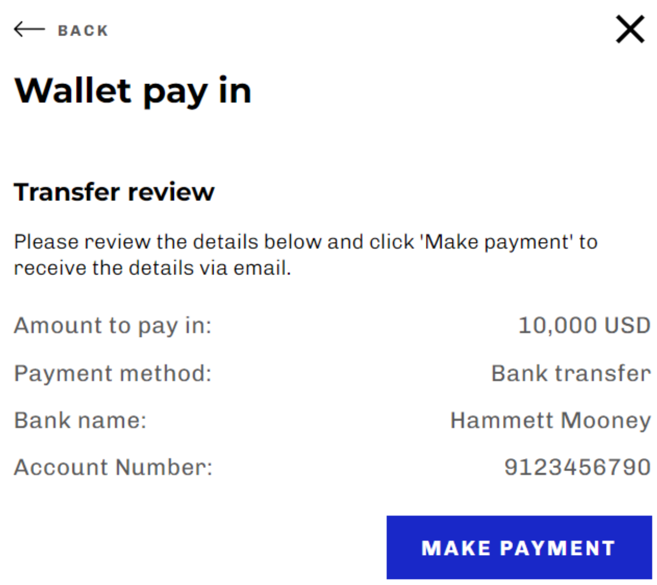
Investor Portal: Wallet section and CTAs

When an Investor clicks on the "**Add Funds**" button, a modal window appears, prompting them to enter the desired amount and select the destination for the bank transfer. In this case, they will see the platform's bank account details.



Investor Portal: Wallet pay in flow, initiation

After clicking the "**Review**" button, the system proceeds to the next step, where the Investor can review the transaction details to ensure their accuracy. If everything appears correct, they should click on "**Make Payment**" to receive the transaction details via email.



Investor Portal: Wallet pay in flow, confirmation

Subsequently, the user will receive an **email containing payment instructions** for adding the desired amount to their wallet. These instructions enable the **user to perform the transaction outside the platform** using their preferred payment method.

YOURPLATFORM

Hello Brenda Burke

We received your top-up request and will notify you when funds would have been added.

Amount: $10,000.00

Payment reference:

20 (please, specify one as comment in your payment)

Bank name: Hammett Mooney

Account type: savings

Account number: 9123456790

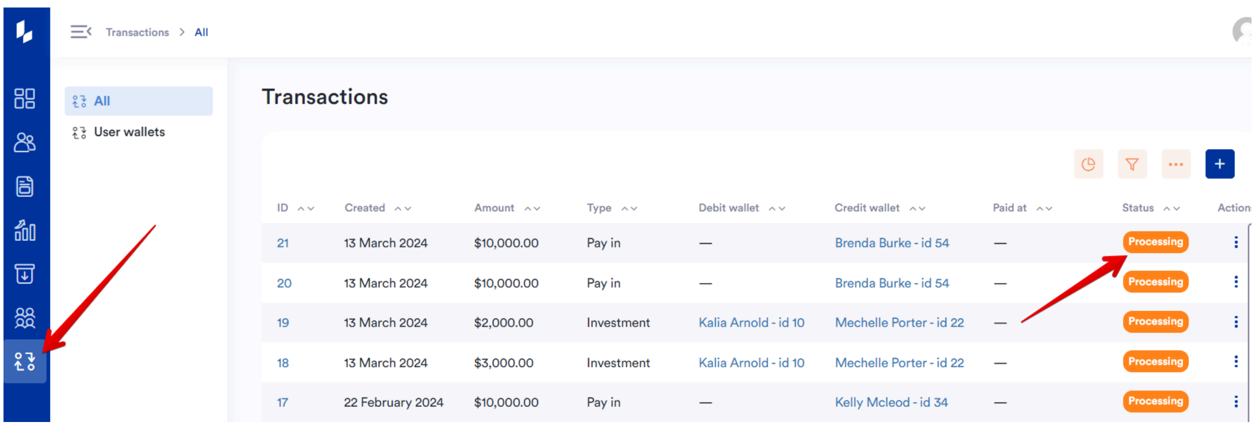
Routing number: 328987876

Email notification

Back Office: Managing transactions

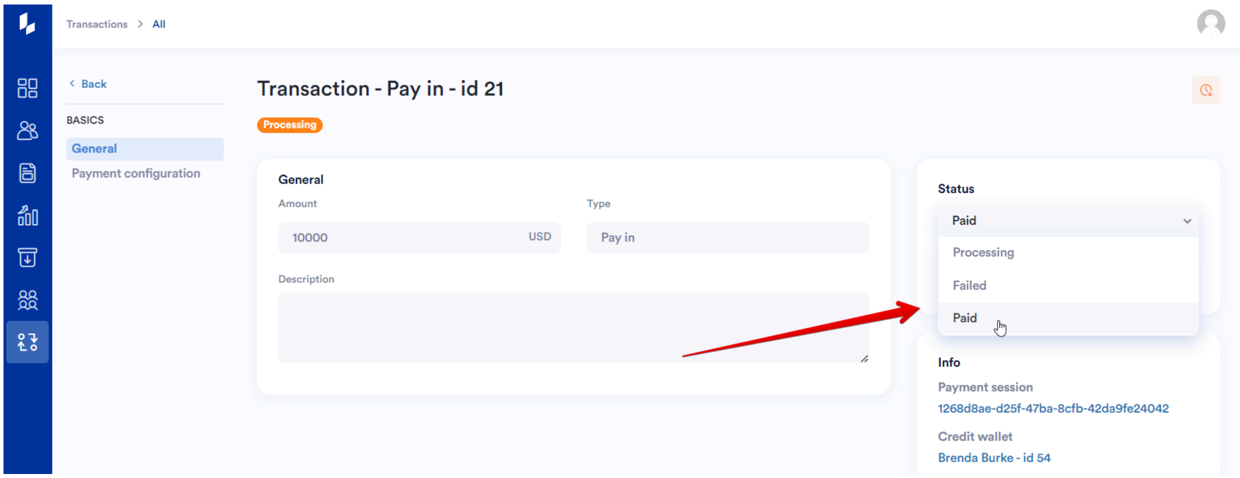
NOTE: This section covers transaction management rules that are applicable to the entire platform, encompassing both **[Pay-in]** and **[Investment]** transaction processes.

The Platform Administrator can oversee the status of all transactions by accessing "**Transactions**" from the left-sidebar menu. Here, they will find a grid displaying all transactions conducted on the platform.



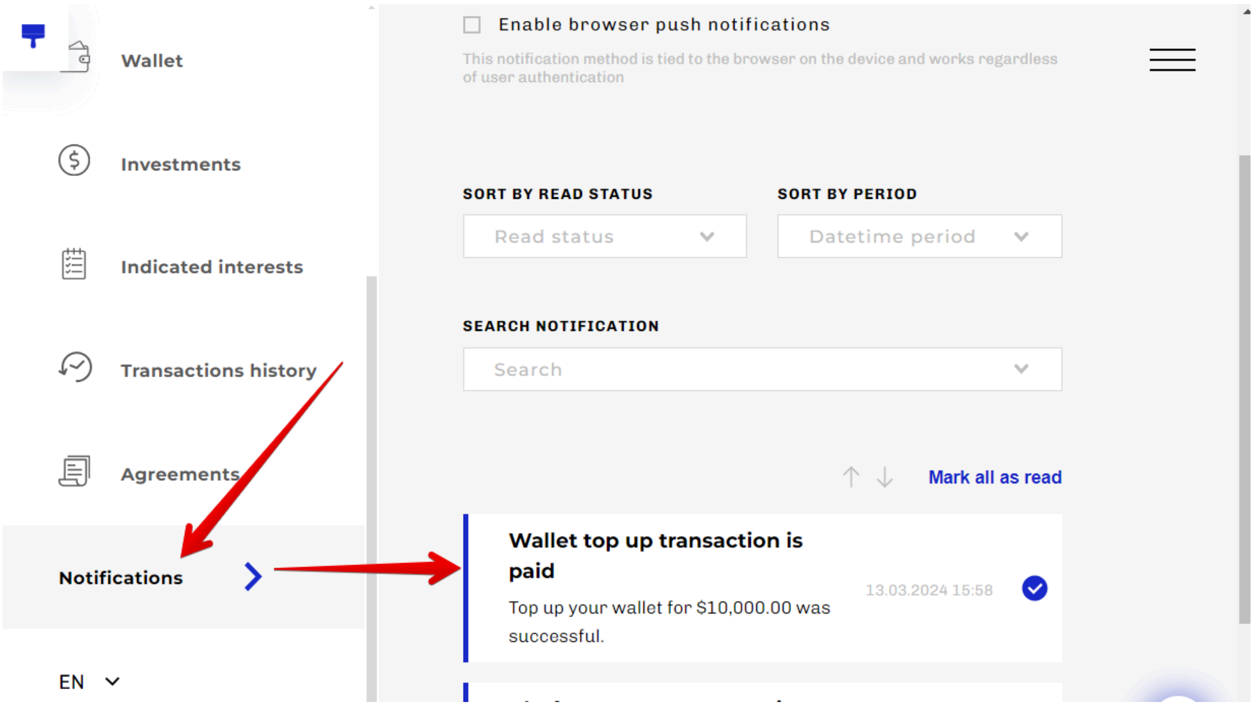
Back Office: transactions list

Once the Platform **Administrator** (or the designated personnel) **receives payment confirmation**, they **should update** the transaction status to "**Paid**." This can be done from the Actions in the transaction list (as in the screenshot above) or from the transaction page that shows up after clicking on the **transaction ID** (screenshot below).



Back Office: Transaction details

Subsequently, the **user**, whether an Investor or Fundraiser, will **receive** a **notification** confirming that they have successfully **topped up their walle**t. They can verify this by checking their **Wallet balance**, which should reflect the updated amount **in their platform account**.

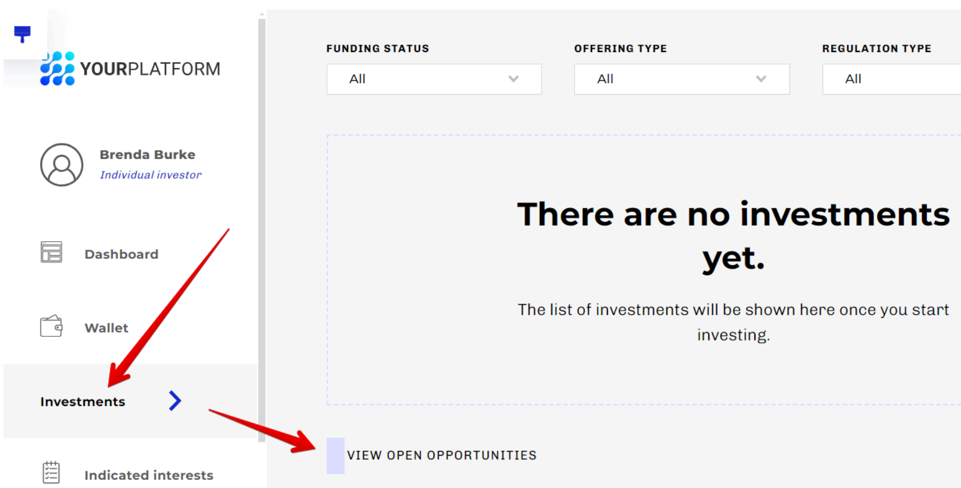


Investor Portal: Account - successful pay-in notification

Investment process

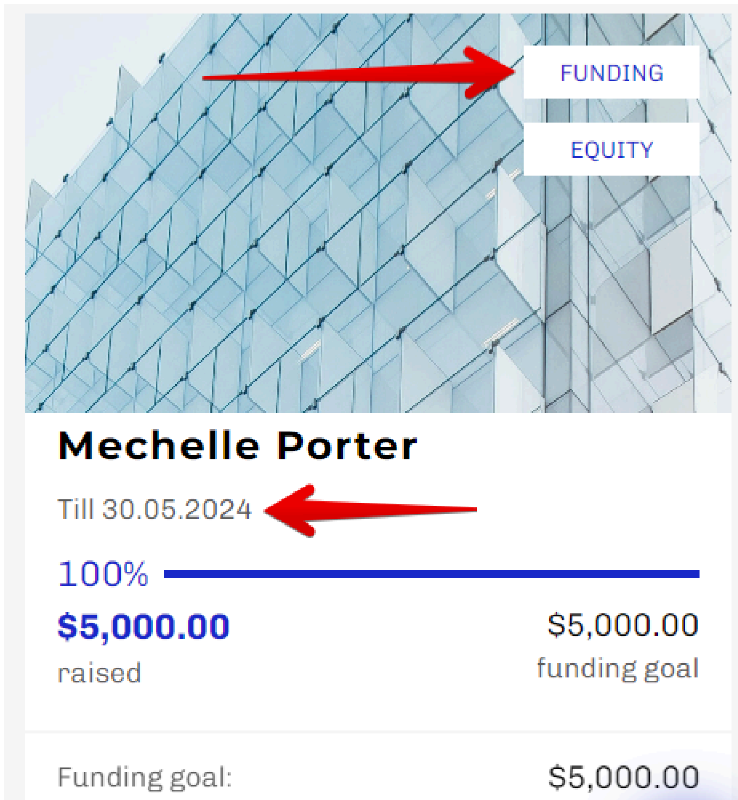
Finally, with **all modules configured** and the Wallet balance containing a sufficient amount of money for investment (applicable to Wallet funding mode), the Investment journey can be kicked off. Its user experience (UX) remains consistent for both modes. Therefore, the key flow of this guide is encapsulated in a single section.

The initial step of the Investment journey involves the Investor navigating to "**Open Opportunities**" from their **Investments** section, accessible by clicking the burger menu in the top right corner of **their Account**.



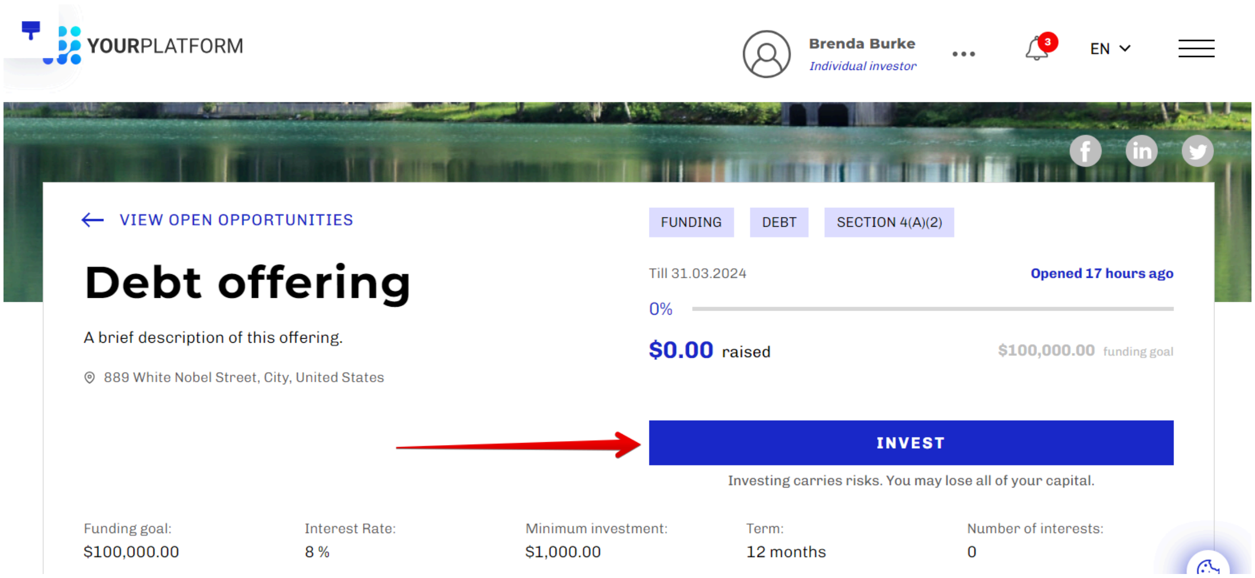
Investor Portal: Account - Open opportunities link

Here, users will find a curated list of available **Opportunities** ready for exploration. These offerings are currently in the "**Funding**" status, indicating that their **due date hasn't expired** and they are open for fund collection.

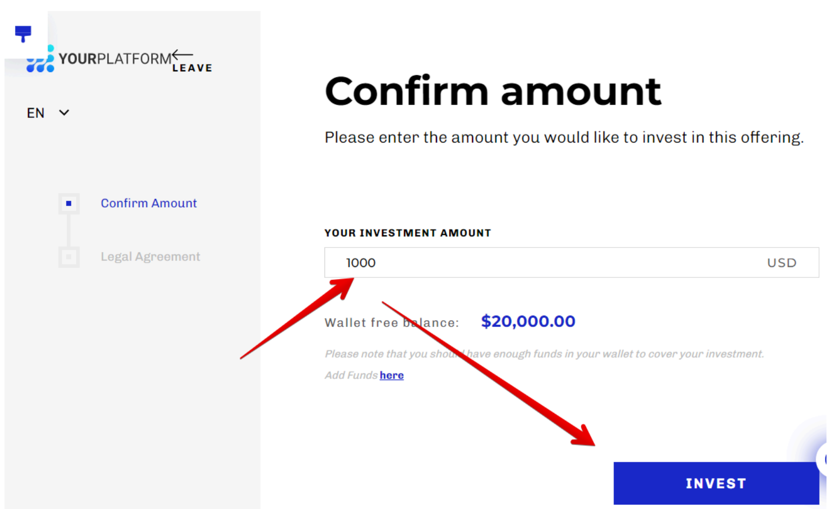


Investor Portal: Open Opportunity card (available for investments)

After conducting a thorough investigation and selecting an attractive opportunity, the Investor can **click on the chosen Offering** to delve into its details. If they are ready to invest, a simple **click** on **'Invest'** initiates the process, allowing them to **specify** the **investment amount**.



Investor Portal: Offering details



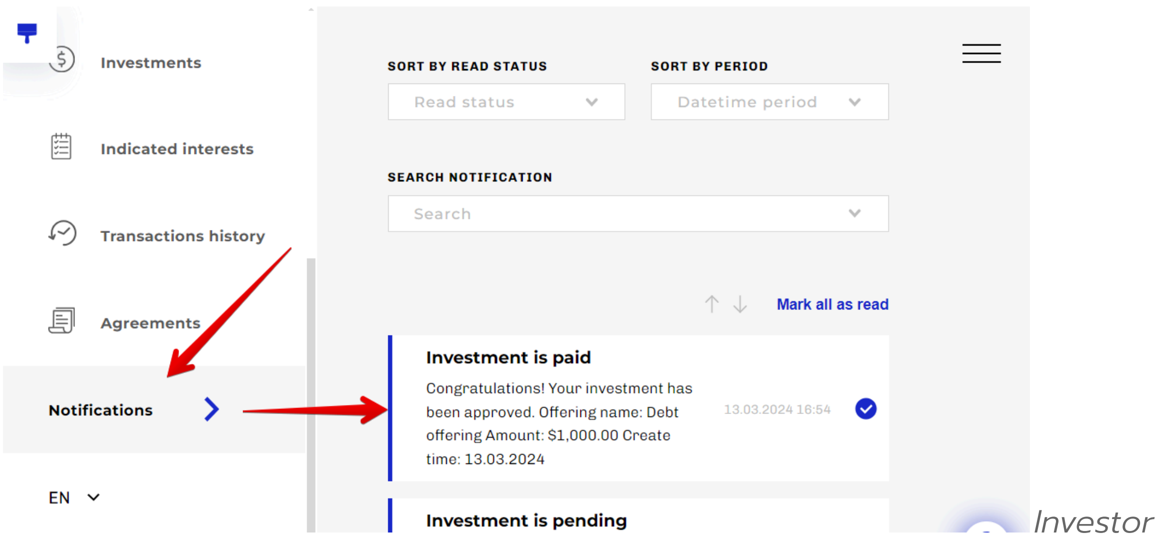
Investor Portal: Investment flow, enter amount

As part of the investment process, the Investor is required to confirm **the Legal agreement**, which is typically **configured during the offering creation**.

Investor Portal: Investment flow, confirm agreement

Once all the necessary steps are completed, the **Investor** will **receive** a **notification** confirming their actions and **providing investment details**. The remaining steps to finalize the transaction are managed on the Admin side. At this stage, **Admins should follow** the **guidelines** outlined in the "Managing Transactions" section. Alternatively, Admins can check Investments by navigating to "**Everything > Investments**," where a list of all Investments is displayed in a separate group.

Upon approval and confirmation of the **investment** as "**paid**," the **Investor** will **receive** an email **notification regarding** the **status** of their **investment**.



Portal: Personal account - Notifications

Congratulations! The investment process is now complete.