MoneyLion®

3Q21 Earnings Call Transcript

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Company Participants

Cody Slach - IR

Dee Choubey - CEO and Co-Founder

Rick Correia – CFO

Conference Call Participants

Sean Horgan - Rosenblatt

George Sutton - Craig Hallum

Josh Siegler - Cantor Fitzgerald

Operator

Good day and welcome to your MoneyLion Inc. Third Quarter 2021 Earnings Call. Following the presentation, we'll open the call for your questions.

Before we go further, I would like to turn the call over to Mr. Slach as he reads the company's Safe Harbor statement within the meaning of the Private Securities Litigation Reform Act of 1995 that provides important cautions regarding forward looking statements. Cody, please go ahead.

Cody Slach

Good morning, everyone, and thank you for participating in today's conference call to discuss MoneyLion's results for the third quarter ended September 30, 2021. Joining us today are Dee Choubey, CEO and Co-Founder and Rick Correia, Chief Financial Officer.

Before I introduce Dee, I'd like to remind you that any forward-looking statements made in this commentary are subject to our Safe Harbor statement found in our SEC filings and in our press releases. Today's call is also accompanied by an earnings presentation that you can view on our webcast and is also available for download on our website, at investors.moneylion.com.

With that, I'll hand it over to Dee.

Dee Choubey

Thank you, Cody. Welcome everyone. It's an exciting moment for us to be hosting you for MoneyLion's first earnings call, as a public company. Today, we'll talk to you about our mission, our vision of building a private bank for the working middle-class by owning the culture of money and our go-forward product innovation strategies.

By way of background, we started MoneyLion in 2013 to create financial access for hard-working Americans. We are a mission-driven company, and all of our team members are passionate about building the most innovative financial technology products in the world. We are well-positioned with a global team. We are distributed across New York; Sioux Falls; Kuala Lumpur, Malaysia, and a host of U.S. cities through our remote work programs. Our Kuala Lumpur team consists of the region's leading engineers, product developers, and data scientists. These folks are young, excited and hungry to work on the hardest problems in FinTech, using the latest technology tools.

This international location gives us significant operating leverage, flexibility, and both costs and speed to market advantages. We always say we are a technology and data first company with a deep emphasis on building enduring technologies that expand our platform and network benefits. Over the medium and long-term, we will use our advantage in data to continue adding even more features into our ecosystem to drive user engagement, and even more reasons for consumers to join and stay on MoneyLion. The big milestone for the year, of course, has been bringing MoneyLion to the public markets, via a SPAC merger under the historic ticker ML.

With the transaction, we've greatly fortified our balance sheet with over $300 million in cash. And this really allows us to execute against the plan we've laid out. We've assembled a world class Board that increases our vantage points across regulatory and compliance with the additions of former SEC Commissioner, Annette Nazareth and former U.S. ambassador and banking veteran, Dwight Bush, as well as on data, content and lifestyles with the additions of Matt Derella, formerly Chief Customer Officer at Twitter; Lisa Gersh, formerly at NBC Universal; and Michael Paull, currently President of Disney+.

Our users represent the 90-plus-million hardworking Americans that are unhappily banked, and are looking for financial products that make sense and are easy to understand. We are building essential content, tools and technologies for our members to navigate times of access, and invariably, a few times a year, times of need.

The money center banks continue to offer good single products to consumers, but no one bank or even any FinTech properly provides context or personalization on what is the right financial product to use next. Oftentimes, we see MoneyLion enables our customers to achieve the biggest financial achievements of their lives by helping them build credit to buy a house, buy a car, or generally live a better life. We continuously operate at this intersection of lifestyle and finance. Our strategy is to deliver a daily destination experience where our members look to spend 60, 90, a 120 seconds a day in our app, engaging with personalized insights, timely recommendations, market movements, account tracking, financial content, all to optimize daily life, using the superpowers of a feature-rich digital bank.

The future of commerce is live and social. We're making MoneyLion more dynamic and allowing users to engage in finances alongside of their friends, families, influencers, and trusted thought leaders. We believe finance should not be walled off, but actually it should be part of social conversation. From Q1 2022, we plan to launch a series of social features, like chat-based peer to peer capabilities that continue to bring together the power of community in financial decision-making. Good things are meant to be shared. We're investing heavily in a referrals program to create MoneyLion ambassadors to drive new user acquisition, influencers and maidens will be able to use the MoneyLion today's feed to share their own learnings with our users and help democratize access to financial knowhow and advice that was previously held for those in the know. Our long-term vision is to create a repository of interest and content graphs for our user base to deliver targeted content and product recommendations in a fun and social way.

As American society changes, as more Americans work gig or multiple jobs, we’re well positioned to be the private bank of the future of the fastest growing labor segments of the United States. And we see this in the numbers. Not only is customer growth accelerating, but we’re doing it with highly profitable unit economics, resulting in year-over-year increases in contribution profit margin.

Our adjusted revenue grew to $42 million at the end of Q3, up 119% from Q3 2020.Adjusted gross profit, which is a good measure for our unit cash flows, increased to $27 million in Q3, up 146% from Q3 2020. What’s exciting is that while we’re accelerating user growth, our gross profit margin increased to 64% compared to 55% in Q3 2020. We’ve always said we provide superpowers to our users in times of access with our banking and investing products, but also must-have solutions with credit products in times of need. With that, total originations jumped to $274 million in the quarter, up 135% from Q3 2021. We’re run rating now at well over $1 billion on an annualized basis, and there’s more growth ahead for these products in the future.

The top of the funnel advantages and the flywheel effect of our multi-product strategy are working. A great way to see this in action is through the significant growth in total products consumed by MoneyLion members. By way of background, we have 9.4 million registered users on the MoneyLion platform at the end of Q3. These users enjoy our PFM tools, credit monitoring tools, content, and other free resources. Of those 9.4 million, total customers with at least one financial account, which we think is a higher bar of user measurement than what the industry typically discloses, increased to 2.7 million at the end of the quarter, vastly exceeding our 2021 full year expectations, and representing our seventh straight quarter of growth.

Those 2.7 million customers have taken out 6.9 million products on our platform, representing 75% growth from Q3 2020. Total product adoption over our cohort continues to increase as we cross sell throughout the life cycle of the user.

Let me take this opportunity to make an important point on what MoneyLion is. MoneyLion is a unique, accelerating growth story in the public markets, requiring continued investments in technology, people, and user growth to propel what we see as compounding growth for future periods. MoneyLion provides exposure to hyper-growth characteristics of a late stage private company in the public markets while building the essential proprietary technology and data assets that will provide sustained long-term cash flows, earnings and ROI.

There is a future of money for Middle America, and we will always be innovating and experimenting to be at the forefront of technology that will be loved by consumers today and tomorrow. At the same time, given this opportunity to create a consumer finance behemoth, MoneyLion is not currently optimizing for short-term profitability. Why is that? Well, we can see that new user growth is contributing to incremental profitable unit economics. Our payback periods on customer acquisition continue to be under one year. New users are accretive to ARPU and contribution profit margin. We’re sustaining $55 of ARPU on a new user in the first calendar year and seeing significantly more on top of that over a cohort with robust lifetime values. Given the growth and adoption we’re seeing, the smartest use of cash is to continue that user growth. We want to use this opportunity to continue accelerating and keep investing cash flows and building proprietary technology to expand our cross sell advantage and operating leverage.

We have a lot of confidence in this strategy. This management team has a proven track record of financial product innovation, and we've done it cost-effectively having used less capital to create the platform than most of our FinTech peers. As an example, we pioneered algorithmic lending in financial management technologies. We added a fully managed robo advisor in 2017 along with behavior linked rewards. We followed that with a full service banking product in 2018 and continued driving financial access with the expansion of Instacash advance product in 2020, crypto, BNPL and personalized advice were either added or refined continuously in 2021.

Our technology drives full automation of account opening, servicing, lifecycle nurturing, and cross-selling. We will continue to invest in automation across our tech stack to drive operating leverage. This automation is a constant optimization, and we continue to work on it every quarter.

I'd like to emphasize, we're one of the few FinTechs globally that have this breadth of products already in market. It's not just that we can build the products, but MoneyLion's elegance is in the seamless integration of each capability to drive instant funding and importantly insights to users on when and how to use the product? Our platform approach is not an afterthought. We've been very intentional about it and it's working well.

While others are just now getting onto adding cross sell features and product lines, our platform has been built from the get-go and from the ground up to foster this holistic relationship, as opposed to a transactional one-time relationship with the consumer. As I've noted before, we're seeing this approach pay off now with our customers now trusting us with a second, third, fourth, and sometimes even a fifth product on our platform. Once they're in, they don't have to leave. And our strategy is to remove any reason for them to leave us for financial decision-making.

If you look at our product journey, it starts with RoarMoney, our digital banking product. We've designed and built this wallet to be one of the most feature-rich products of all of American financial services. Its features include two-day early paycheck, remote deposit check capture, automated direct deposit switches, MasterCard's purchase price protection, cash back rewards, spare change, roundups into Bitcoin, roundups and our managed investment capabilities, a very unique Shake 'N' Bank rewards on every swipe of $10. And earlier this year, we announced the creation of our own buy now, pay later product. Very soon, we look forward to fully releasing the capability out of our beta program and into the hands of our users nationally.

Our investing solutions seamlessly connect with the rural money account, making it easier -- making it very easy for consumers to set up and fund the account. We believe in giving users investing choice across the spectrum of returns, but our philosophy is that every American should have access to a managed way to invest for specific goals, tailored to their time and risk horizons, and for the long run. We have opened millions of investment accounts over the years, and for 80% of our users, MoneyLion is their first managed investment account. We're teaching our members the essentials of compounding and growing savings responsibly. The features of this account include personalized portfolios from Wilshire and Global X, thematic portfolios, giving exposure to ESG, greater good, feature innovation, as well as roundups and auto investing, as well as goals-based investing for our consumers as well.

While we know that managed investing is usually the best way to start investing, we have always been an advocate for the consumer. And our customers have resoundingly told us that they want access in easy ways to learn and get exposure to cryptocurrencies. We're very proud of our team for releasing integrated crypto into our RoarMoney digital bank account in Q3 and broadly into our ecosystem as well. The adoption has been phenomenal, as evidenced by account openings, with over 80,000 accounts opened in the first week of announcing our Crypto Prize Pool.

Our product set will focus on rounding up daily into Bitcoin to give exposure to dollar cost averaging. And for first-time crypto investors, this is the best on-ramp into the asset class. Our innovation is always around giving more micro investing capabilities to our consumers, as well as more sound money strategies. In the future, we'll look to add additional coins to drive education and engagement.

In Q3, we increased the adoption of GamePlan, continuing on the success in the past we've had with building personal financial management tools. The value proposition to consumers here is that MoneyLion is able to bring to bear the habits of millions of other consumers on our platform to illuminate the best path forward.

Most Americans don't have a financial advisor, but GamePlan curates the best practices of a large community to bring advice to financial decision-making, like buying a car, saving for a house, reducing debt and planning for retirement, all for free. Features like GamePlan, allow us to accelerate our two-sided marketplace. We know we can't provide every financial product to consumers, but we know our consumers better than anyone from a data perspective. It puts us in the best position to match our users' inflection points with just the right products at just the right time. And financial product creators like being part of the MoneyLion ecosystem, because they can be served as actionable solutions to consumers, who display high intent, at a point of time when the product is really needed, leading to better conversion metrics than most other publishers. Because of that, we are executing a strategy of becoming an aggregator. We want to be in the middle of every financial decision made by our consumers. Just like Apple and Google and Amazon have app marketplaces, our strategy is to build a financial product marketplace at similarly large scale.

I'd like to emphasize, we have a purpose-built team of data scientists and engineers that are building this feature of dynamic marketplaces that meld content, advice, our own first party financial product, like banking, investing, crypto, credit and GamePlan with that of every type of third-party financial products originator. No one does this well in the market today, and our investments into marketplace already resulting in strong growth in Q3. But more importantly, we are making the investments today in 2021 to set us up as the go-to destination for any financial decision across mortgages, insurance, credit cards and wealth management advice, too. We are excited about how all of these products are fitting together and working together. It gives us confidence to invest in the top of the funnel brand marketing, knowing that users are taking multiple products and contributing to ARPU in multiple ways. We are seeing the flywheel effects, all of these products working together to deliver positive consumer outcomes, while helping us to deliver a diversified profitable unit economics.

In conclusion, I'd like to drive home that we're in a great position with a well-capitalized balance sheet. The SPAC transaction met its intended outcome. Network team will continue to use our platform benefits to deliver flywheel usage of our many features and products at the top of the funnel. We feel confident deploying marketing dollars to brand and awareness marketing. And as we continue to expand on our data advantage with even more users using our platform, we'll be in a great position to aggregate consumer choice, goals with third-party financial and non-financial products, further driving our ability to collect economic wins for having created a daily destination.

MoneyLion will always innovate and bring together the best of FinTech, easy to use, powerful financial accounts, insights, advice encapsulated by a delivery mechanism that aims to be at the center of the culture of money and making it fun while doing it.

With that, I'll pass it on to Rick to run us through the results in more detail. Thank you.

Rick Correia

Thanks, Dee. Good morning to everyone and welcome to our first earnings call.

Another record quarter across our most important metrics, revenue, products, and customers, positioning us for a strong close to the year and momentum as we head into 2022. I'll start off with an overview of our financial performance for the third quarter and the last 12 months, and then transition to our key operating metrics, segment revenue, net income, and end on our financial outlook.

As we're going through the financials, please note that unless otherwise stated, I will be referring to adjusted results, and all period references refer to the third quarter of 2021 versus the third quarter of 2020. Our GAAP consolidated financial statements and reconciliations are available in today's earnings release and our upcoming 10-Q filing.

Starting with our Q3 2021 financial performance, adjusted revenue for the quarter grew 119% year-over-year to $42 million, another record for us and our third consecutive quarter with a 100-plus year-over-year growth and in line with our increased revenue guidance.

In Q3 2021, we generated $27 million of adjusted gross profit, which is an increase of 145% over our Q3 2020 gross profit of $11 million. The Q3 2021 adjusted gross profit was also realized at a higher gross profit margin of 64% versus 55% in Q3 2020. That represents a 16% year-over-year gross profit margin improvement.

For the last 12 months, we generated $136 million of adjusted revenue, which is a 78% increase versus full year of 2020, and a 240% increase over full year 2019. Importantly, we accomplished these record levels while generating $83 million of adjusted gross profit at a 61% gross profit margin.

Our last 12 months gross margin of 61% represents a 20% increase over full year 2020. This is a critical differentiator for MoneyLion as historical investments in our technology platform, data and artificial intelligence driven processes is translating to margin expansion.

Looking at our key operating metrics. Three key performance metrics drove our performance. These include customers, originations and products. First, customers, which is defined as the cumulative number of customers that have opened at least one account, including banking, membership, secured personal loans, Instacash advances, a managed investment account, a cryptocurrency account or affiliate product. As Dee mentioned, our customer growth continues to be above plan at the end of the quarter with 2.7 million customers, representing a 131% year-over-year increase. Given our $55 ARPU on a user in the first calendar year with mature cohorts using over $165 of ARPU, these customers continue to represent strong unit economic potential and revenue growth.

Shifting to our operating metrics. Our originations, which is defined as the dollar volume of the secured personal loans originated and Instacash advances funded within the stated period. From an accounting perspective, origination is a key driver for our fee and interest revenue. Also, given the GAAP requirement to book credit provisions and reserves upfront, this metric along with our provisions line provides transparency into the strong performance of our credit products. This of course also highlights where originations in excess of our plan can drive non-cash provision expenses on our statement of operations. However, you will see from the provision to originations ratio later in the presentation that product performance is very consistent, which is indicative of our highly predictive AI-based underwriting models.

We had yet another consecutive record quarter with $274 million of originations, which is 135% year-over-year increase and translated directly into our Q3 revenue performance. This also provides us with strong momentum for upcoming quarters.

Lastly, products and the KPI we are introducing as it is a key driver of both engagement and revenue. Product is the total number of products that our customers have opened, including banking, membership subscription, secure personal loans, Instacash advances, a managed investment account, a cryptocurrency account and affiliate product or signing up for our financial tracking services. Note that if a customer has funded multiple secured loans or Instacash advances, it is only counted once for each product type.

Now, from a business equation perspective, we see this as a better metric versus any one of our standalone product KPIs, such as payment volume, as it demonstrates the utilization of products across the platform. Total products were at a record 6.9 million, which is a 75% year-over-year increase and is driven by strong product adoption and continues our strong revenue to product trend.

Looking at our ARPU, importantly, the increasing product trend drives our ability to increase ARPU from $55 for all of our customers to $165 ARPU for mature cohorts, meaning customers that are on the platform for more than 12 months. Our success in cross selling current and new products to customers is evident in both, the ARPU and our revenue per product trend.

Shifting to our segment adjusted revenue, adjusted net income and operating metrics. Looking at our detailed revenue performance, I want to remind you that we report across four revenue segments. Fees, our largest segment, which represents revenue from our Instacash and Credit Builder Plus membership, it is made up primarily of optional instant transfer fees and membership subscriptions.

Fees generated $33 million of revenue, representing another record revenue quarter and 120% year-over-year increase. We continue to see the benefits of user growth and product adoption in Instacash utilization of instant transfers. Our high-returning customer base and user capacity optimizations drove consistently strong performance in the quarter. Similarly, Credit Builder Plus memberships continued a strong pace as users benefited from bundle pricing and exclusive rewards.

Payments, this represents revenue from merchant paid interchange, ATM out of network fees and a user admin fee. Payments generated $3 million of revenue in the quarter, representing

114% year-over-year increase. While the largest component of revenue merchant paid interchange experienced some seasonality and volatility, driven by revenue share rate that varied by merchants and purchase charge backs, Payments segment revenue continues to be an important offering from a platform perspective, as it drives lifetime value by unlocking both user data and a better experience across our high margin products.

Advice, this represents revenue earned from our managed investing platform and our third-party product marketplace. Not only is this our fastest growing segment, but strategically, this is an important growth area, as we continue to surround our customers with engaging content that provides advice, entertainment and education based on user data observations. Then, at the right moment, we cross sell financial and non-financial products and offers to our customers.

In Q3, we generated $3.4 million of revenue, up from $0.7 million last year. As we talked about in our prior analyst calls, content continues to also be a focus area from an M&A perspective for us.

The Interest segment represents interest from our secure consumer loans, made available as part of the Credit Builder Program. It generated $2.8 million of revenue in the quarter, which is up 75% year-over-year, while secured lending is an important product on the platform to be able to meet the full spectrum of our customers, needs, our focus is to make the credit available, while monetizing through our other product offerings.

Looking at net income. As Dee highlighted, we are taking advantage of our product market fit, attractive unit economics and payback period, 60-plus-percent gross profit margins and a unique platform to drive growth from both, a user and product perspective. These growth investments will of course have short-term negative implications to GAAP net income. But, we believe, driving compound growth and attractive gross profit margins strategically represents the optimal use of our balance sheet. As we discussed, Q3 was transformative for MoneyLion, as we became a public company. We strengthened our balance sheet to adequately fund our long-term financial plan. Additionally, we closed another warehouse facility to finance originations. Of course, with this transformation, we realized a few one-time expenses. But more importantly, we funded user and product growth outperformance, which fueled Q3 and create strong momentum for Q4 and 2022.

With that backdrop, our adjusted net loss for Q3 2021 is $20 million. As you will see in the supplemental financial information, there was a $6.6 million warrant liability, fair value adjustment benefit, and one-time SPAC expenses of $6.5 million. Excluding these items, our GAAP net loss for the quarter was $20 million. Further, we attribute $6 million of costs in the quarter from variable costs, driven by outperformance versus plan due to variable user acquisition and origination costs. Given our consistent user CAC, short payback period, increasing revenue per product and consistent credit performance, our focus on growth outperformance is warranted and will continue to be a priority in Q4. Excluding costs and outperformance metrics, our adjusted net loss was $14 million for Q3.

A couple of items, we want to highlight in the 10-Q. We continue investing in people as we increased personnel across the globe, as we expand our product offering and scaled functional areas to support new business growth. Additionally, there’s a one-time $6.5 million transaction-related bonus in net expense line. Another important clarification is our increased provisions. As a reminder, provisions are an upfront non-cash expense that is a percentage of originations. Given higher growth in our Instacash and secured credit builder loans, we recognize higher provisions. We are very encouraged by the continued strong performance of the originations and our highly predicted AI-based underwriting models, which you can see in our provisions to originations ratio.

Lastly, while total marketing cost increases, we accelerated our marketing budget, given our strong ARPU and unit economics, our CAC and payback periods remained in line with our plan, which leads the digital finance competitive set, as Dee mentioned earlier.

Lastly, shifting to our Q4 2021 and 2021 full year adjusted revenue guidance. We are highly encouraged by the performance of our business and the momentum with which we enter the fourth quarter. Our growth priorities, platform investments and product optimizations give us considerable confidence in our business equation. And as such, we are expecting strong originations, customer adds and product adoption to drive 2021 full year revenue of 155 million. We'll generate a $100 million of gross profit and we'll exit with over 3 million customers, which reiterate the increased guidance we provided in our prior Investor Day presentation.

As you can sense from our tone, we are very bullish on MoneyLion and look forward to being the platform of choice for hardworking Americans.

With that, I'll turn it back to Dee for final comments and QA.

Dee Choubey

Thank you, Rick. We want to leave you with the following: We have a fortified balance sheet following a successful SPAC merger that gives us ample resources to realize our strategic vision; we have a laser-focused and motivated management team and a mission-driven Board of Directors in place; we're accelerating our user growth to make sure MoneyLion's all-in-one financial platform demonstrates strong product market fit for the additional cross sell and ARPU expansion opportunities; we have high confidence in our ability to scale marketing budgets while continuing to deliver efficient tax and payback periods; and we have a strong data advantage that allows MoneyLion to aggregate consumer needs and goals and deliver a very differentiated marketplace and daily destination strategy.

Thank you so much for joining our third quarter earnings call. And we're happy to take questions. Back over to the operator. Thank you.

Q&A Session:

Operator

Thank you. [Operator Instructions] We'll take our first question from Sean Horgan with Rosenblatt. Please go ahead.

Sean Horgan

Hey, guys. Good morning. First question, I just wanted to dig into buy now, pay later and crypto a bit. How should we think about sizing the potential impact in 2022? And what are your expectations for things like adoption rates? And what will you be -- what will pricing look like for each of those offerings?

Dee Choubey

Hey, Sean. First off, good morning. Thanks for the questions. So, on crypto, we've been, for the good part of the year, in alpha program. And as we announced, we launched it to the entire user base in Q3, and we had a very successful crypto price pools. So, by way of background, really the elegance of the product is it allows our consumers to round up into Bitcoin, as well as trade both, Bitcoin and Ethereum. And we've said over time, we'll use opportunities to educate our consumer base on the benefits of cryptocurrencies, and of course, add additional capabilities to that capability down the line.

We're super excited about the adoption. Remember, when we first decided to do crypto, 77% of our users were saying that they want access to the asset class. So, we launched really with the crypto price pool, which is more of a promotional product to educate and get consumers excited about it. And then, as we said, we had 80,000 new account openings in the first three weeks of launching the product. Needless to say, we're seeing the momentum continue incredibly well into Q4 as well.

From an adoption perspective, looking -- our crypto program works well with our digital bank. The product innovation there is really fiat can be converted into Bitcoin or Ethereum instantly, and we've built all the technology in the backend from a custody perspective to allow that. And again, right now, all of the costs are included in delivering the product, but none of the revenue implications are included in the guidance for this year, at least. On buy now, pay later, again, we've been an alpha for the better part of a year. And we're looking to scale that program and launch that nationally in the first quarter of 2022.

Rick Correia

Yes. So, I think just to expand what Dee is saying, in terms of just to reiterate, it has included all the expenses to bring both, crypto and buy now, pay later into the market. And then, we've included none of the revenue in either our '21 or '22 financials. And that gives us the opportunity to outperform on our revenue projections.

The other point is just around engagement. So, what we're finding is kind of both, buy now, pay later and crypto are driving that kind of engagement and daily destination as customers continue to transact.

Sean Horgan

And then, the next question is kind of a two-part question. But, the recent privacy changes, I'm just curious how that's impacting customer acquisition costs? And how you guys are combating those pressures? And how would you describe MoneyLion's competitive position from a cost standpoint there? And then, I guess, related to that, what are some of the most interesting brand marketing investments you're making, whether it's content, influencers, sponsorships, videos or podcasts?

Dee Choubey

Sure. So, the great thing that we're seeing in our business today is that we've been in a position of strength by having first party data. Consumers are engaging with MoneyLion for banking, for investing, for crypto, and that gives us a 360-degree view of the consumer, their inflection points. We're able to provide them products in times of access, and invariably with our credit products in times of need. So, what that allows us to do is really be our own walled garden and a lot of ways, from a customer acquisition perspective. Our customer acquisition is highly diversified. 75% of our new users are actually coming through word of mouth referrals and other organic channels. They're reading our MoneyLion blog content, and they are engaging with the broader MoneyLion everywhere strategy of us delivering our content. And this is where we think of this daily destination strategy acts as a moat, because consumers are seeking MoneyLion for content, and then we're able to nurture that into financial accounts.

What that really allows us to do is, not necessarily be beholden to performance marketing on the social media channels or any other one particular channel. So, as data privacy changes or policies change, or technology platforms take their own views of walling off consumers, one of the great things about the way we are approaching this is, we have our own relationship with consumers, and consumers are seeking us outside of the technology platforms for must have financial content. So, that puts us in a pretty unique position.

And as it relates to sort of channels that are working, we've always said that finance is social. Consumers really want to be at the intersection of the financial accounts. What does it really drive? Does it help me buy a car? Does it help me live in a better house? Does it allow me to send my kids to college and really plan for it? And that's what we're seeing is a future of FinTech really going, is this melding of consumers using MoneyLion to think about outcomes rather than the tactics of these individual accounts. So, we are 100% investing significantly in financial content in different reasons to be a part of the MoneyLion ecosystem. And we are seeing that partners are now seeing that as well, as they're creating purpose-built content for the MoneyLion feed, to help to drive the awareness of whether it's an insurance product or a mortgage product for the exact inflection point when a consumer may need it. You'll see us investing a lot more in that strategy as we go forward here in Q4 and early 2022 as well.

Operator

We'll take our next question from George Sutton with Craig Hallum. Please proceed.

George Sutton

Thank you. Wonderful initial results, guys. So, with metrics as attractive as you have, I just want to be on the side of endorsing fully aggressively investing in the business. I wanted to talk about a question I've had from clients pretty consistently since we launched coverage, relative to your CAC. It is uniquely attractive in the space. Frankly hard for me to explain why it is as low as it is, why you are seeing as much unaided benefit as you are. Can you just give us some picture that might not be clear to people looking at this from the outside?

Dee Choubey

Yes. We appreciate the endorsement and the question. So, I think when you look at MoneyLion's marketing mix, we'll spend around 50%, 60% of our marketing budget on performance marketing. We'll spend around 20% to 30% of our budget on brand awareness. And what that translates to is of course, kind of a high organic growth, which is currently sitting north of 70%. The third element is where we spend about 20% of our budget on data. And this is a secret weapon for us, because what it allows us to do is it allows us to have a very kind of high conversion from our top of funnel. It then also allows us to create that bespoke experience that Dee was referring to. And then, lastly allows us to cross sell affiliate and give our customers access to third party financial and non-financial products. And that happens to be our fastest growing segment as well.

And so, overall, what our marketing spend allows us to do then is to be able to take advantage of immersing our customer in extensive content and experience that gives them real solutions. And it allows them to kind of extend the lifetime value with us because we're able to support them in both their times of excess, as well as their times of need. And so, we've just been finding is that that product market fit is what allows us to continue to have payback periods of under six months and CACs that are well within our targeted CAC spend.

George Sutton

Got you. That's helpful. Dee, honestly, one of the most overused words in the language these days is the word flywheel. But, I do actually think you've got a very significant flywheel situation. So, I just want to make sure I'm representing it correctly. You basically are bringing in these customers at relatively inexpensive levels. You are basically able to grow the engagement dramatically, increasing the average revenue per customer, which increases the lifetime value, which basically makes that low CAC even more attractive and therefore additional investment. Is that sort of the simplest way to summarize it?

Dee Choubey

Yes, it is. Look, so, if you look at our digital banking strategy, it's a low cost, highly powerful account that we're giving to most of our consumers. And you'll see that there's really two ways to make money in digital banking, whether you're a crypto bank, a virtual bank, a physical bank, we've said this all the time, really from a business model perspective, you have to be able to provide advice. And we have our investing in crypto and recommendations businesses that help do that, or you have to provide credits in those times of need -- our Instacash products, credit building products, as well as our marketplace kind of initiatives that make it very seamless. We've been investing in the TransUnion credit score since 2014. So our ability to know every single trade line and every single inflection point of those this consumers having from a data perspective actually gives us an unfair vantage to make that sort of the rate of change or that slope of that flywheel probably in a lot of ways more dynamic than most other competing platforms out there.

So, that low cost digital bank account acts as the hub where we're able to engage with the consumer around recurring spending, how they're getting their payroll, what they may be interested in by way of preferences. And then, we're able to take that data to help them invest better, give them alpha [ph] to crypto, and when they need it, really go into the GMV side of the equation and allow them to have very powerful payments products, right? So, our Instacash product is at the end of the day a payments product. We're seeing it be used as a credit card replacement. We're seeing it really being used by consumers in a very smart way because of its low cost nature, right? So, all of that working together creates these internal growth loops inside of MoneyLion that each product makes the other one better.

And of course, with investing, because it can be funded instantly with our digital bank, because crypto can be funded instantly with our digital bank, Instacash works really well with RoarMoney. All of that continues when we say flywheel, each one of these products makes the other better. And I think that's why I talk about the total products as well, which is increasing nicely over the quarter.

George Sutton

Absolutely. Just last comment, it's nice to live a life with an unfair advantage. Nice job, guys.

Dee Choubey

I appreciate it. Thank you, George

Operator

[Operator Instructions] We'll take our next question from Josh Siegler with Cantor Fitzgerald. Please go ahead.

Josh Siegler

Hi. Thanks for taking my call. Really nice growth in your advice revenue, I want to dive a little further into that, given that you project it will be a big chunk of revenue in the next few years. What were some of the drivers behind the performance this quarter? And how do you plan on growing that business exponentially in the future?

Dee Choubey

So, let me start off, and Rick is going to answer some of the slope related questions there. We're continuing to invest in making the offerings in the marketplace, more integrated to the first party product. So, what that means is, if you think about the industry and you think about some of the great players that are out there, they often take your credit score and they give you three or four or five static products that you may consider. But, because we have such a handle on our data platform, we're actually able to form the exact unit of insurance, whether it's auto, whether it's life, whether it's home renters, or the exact amount of mortgage tailored for how the consumer is earning, how they're spending, where they're living. That data platform, when we talk about AI and machine learning, that's the next generation of the marketplace where it's completely contextualized and personalized for the consumer. We're not fully there on our vision, but we're starting to see the platform benefits of the technology investments that we're making into the marketplace to fully integrate that living like a native product next to banking, investing and the credit products that we have on a first party basis.

Rick Correia

When you look at our ability to understand a customer and what their pain points are, what the opportunities are for them, it surpasses most any other market participant. So, we're able to deliver relevant content in our today feed. And that allows us to surround the customer with engaging entertainment content, it allows us to surround them with advice and allows us to surround them with products that make sense for them, and their particular situation. And as a result of that, we get that high conversion with our affiliate partners. In addition to -- so that was a key driver, and I'm glad you observed that.

The second is around the -- just number of partners, and this continues to be an area of investment for us as we continue to expand and have that connectivity between the partners that we have in the platform and the focus areas for our customers, what they care about, whether it's around health, whether it's around fitness, whether it's around just kind of entertainment or their commutations expenses and things like that. So, from that perspective, it makes our customers highly convertible into those third party products that we've continued to add on the platform.

I think, what you'll see when Dee talks about we continue to fulfill on that vision, we've talked about this which is there are kind of two key areas for us in terms of expansion from an M&A perspective. The first is around just significantly expanding that availability of kind of content for our customers. And then, the second focus area for us is around exponentially increasing the number of affiliates that we have available on our platform. Those two focus areas from an M&A perspective are ones that we'll continue to execute over the coming quarters.

Josh Siegler

Got it. That's very helpful commentary. Thank you for that. As my follow-up, I'm curious to hear a little more color about the rollout process for new solutions, given that MoneyLion does operate as a financial platform with a competitive advantage, being your suite of solutions. Clearly you have a lot more coming in the pipeline. How much do you invest in these new solutions? And what's their typical time of market? What should we expect moving forward?

Dee Choubey

Sure. So, I'll start off there. If you look at our crypto and the BNPL products, both of them took inside of six months from ideation to testing, to at least the alpha program coming to market. And I think as was said in our commentary today, one of the things where we see an incredible opportunity for Q1 is really investing in MoneyLion's social capabilities, whether it's referrals, whether it's peer-to-peer, whether -- everything that we're seeing from our consumers is they want to make their financial decision-making even more social, and they want to use the mistakes or the alligator bites, or the successes of the community to make their own financial decisions. So, you can expect MoneyLion to be releasing and working on more of these peer-to-peer solutions that again, from the previous conversation, if you think about the flywheel effects, if you think about the network effects or the platform effects, that's where we see a lot of excitement and a lot of the investments that we're making in Q4 to drive scale in Q1 of next year.

Josh Siegler

Great. Thank you very much.

Operator

For our next question, we'll return to Sean Horgan with Rosenblatt. Please go ahead.

Sean Horgan

Hey, guys. Thanks for taking my follow-up. I appreciate the new product metric disclosure. I was just wondering if you could give any more color on the breakdown there. So, the number of members per product, and Rick, if you could remind me which products are included there, that would be great.

Rick Correia

Yes, absolutely. So, we have introduced this metric. We believe that it's important for our metric to represent how we differentiate in the marketplaces, which is we are a platform. And as a result, our customers kind of run the gamut in terms of using the product set that we have, ranging from our bank offering to our membership product, to our Credit Builder loans, to Instacash, to our third-party products, our financial tracking, which includes our credit building -- our credit monitoring as well as our kind of linked bank accounts. And so, that's an important metric for us. And it is a metric that also helps us demonstrate what the revenue per product is across the platform, which again our differentiator is the ability for customers to move really seamlessly across that product set, and sometimes using one more than the other in any one quarter versus another. And so, that kind of revenue per product set is indicative and that trend is indicative of the value and the benefit of having that platform.

So, we exited with just under 7 million of total products in Q3 and we exited with about 2.7 million customers, and that translated to adjusted revenue per product of just over $6. Again, that's also nicely fits with when you look at our overall ARPU for our customers. That metric allows us to bring customers on and generate that kind of north of $55 over our entire kind of customer set. And it represents significant upside, as we continue to cross sell those products and drive that ARPU up to about $155 for customers that kind of take one plus products across our platform, once they've been on the platform for about 12 months. And it continues to go to the north of that, as customers take two and three plus products in the platform. So, we think that is the power of our overall platform. We think that this metric best represents the potential and the growth going forward.

Sean Horgan

And then, if I could just follow up there, what -- I know RoarMoney, I think you guys have mentioned before is usually the first product. What's the typical second product for most members?

Dee Choubey

Yes. So, the first product that they'll open tends to be that bank account, and that bank relationship really does drive lifetime value in terms of just extending it. It makes all of our products better. It allows us to kind of cross sell higher margin products to the customer. And so, while that's kind of the first product that they open, the steep curve on our ARPU comes from our -- either Credit Builder membership or the Instacash product. So, that's one where it's got that high conversion, it solves a solution for -- solves a problem for a customer and allows us to kind of have them quickly engaging with us and using that product anywhere from kind of five to eight times a month. And so, again, while you have kind of the steep ARPU driven by the solutions that are Instacash and the Credit Builder Plus membership, the driver of our lifetime value tends to be the bank relationship. And that also gives us considerable insights into the customer's life. And so, we're able to then cross sell them third-party affiliate products as part of that overall experience.

And it's important just to note, as you'll see in kind of a definition around the products, we really only kind of count Instacash once. If you tick it second time, it's still one product. Similarly on the secured loan side, if they tick it multiple times, we only kind of count it once. And so, it's a real indicator of really just the adoption of the product. From an engagement perspective, it's significantly higher, the number we didn't reflect.

Sean Horgan

Okay. So, just so I understand, it's typically RoarMoney first and then maybe Instacash or Credit Builder Plus as the second product?

Dee Choubey

Yes. But to clarify, the relationship around banking takes time to season and mature. And so, while they open that account right away, the driver from an ARPU perspective will be the Instacash and the Credit Builder Plus product.

Sean Horgan

Got it. Thanks. And then, if I can just squeeze one more. Do you have any more updates on direct deposit accounts, whether it's a penetration rate or something? I think you've said 30% before, but just wanted to see if there's an update there.

Dee Choubey

Yes. We continue to see kind of steady conversion to a direct deposit. Again, that is a product where we garner a lot of information as our kind of customers on a link to third party accounts, whereas they are engaging with direct deposit with us and driving payments volume. It gives us insights into the areas of their spend, their focus areas, their decay of their paycheck. And so, those are important factors for us and to continue to the steady rate of conversion.

Rick Correia

Yes. From a technology investment perspective, we continue to invest in the onboarding of RoarMoney and sort of the rewards and the feature quality that continue to nurture the repeat customers into using it as their primary recurring spending account as well. So, the combination of payroll and recurring spending gives us a lot of confidence that there's more growth ahead from just a RoarMoney usage perspective.

Sean Horgan

I'm sure the crypto roundups will be helpful there as well. So, thanks for the color, guys. I appreciate it.

Dee Choubey

Yes. It's exactly right. I mean, we're expanding the brand awareness of Bitcoin roundups. Every time you swipe your MoneyLion, debit card, you can round up cents at a time into Bitcoin, which we believe is a powerful and differentiated value proposition overall in the ecosystem.

Operator

At this time, this concludes our question-and-answer session. I would now like to turn the call back over to Mr. Choubey for closing remarks.

Dee Choubey

Thank you, everyone, for joining our third quarter earnings call. We're super excited. And we'll look forward to updating you in Q1 of next year as well. Thank you.

Operator

This does conclude today's teleconference. We thank you again for your participation. You may disconnect your lines at this time. Have a great day.

[END OF TRANSCRIPT]