

# BACKGROUND



## ONLINE MARKETING

Online marketing refers to a set of advertising and marketing methodologies that use the Internet and other digital channels to inform, promote and drive direct sales via electronic commerce. It provides a broader spectrum of marketing elements than traditional marketing methods due to the breadth of channels available online. It is the fastest growing single advertising category and is forecasted globally to exceed \$239 billion dollars by 2019 surpassing television.

## AFFILIATE MARKETING

Affiliate marketing is a type of performance-based marketing where an advertiser, often referred to as the merchant, pays an affiliate, also known as a publisher, when a specific action is completed such as a sale, lead or click as a result of an affiliate's marketing efforts. This type of marketing relies on the advertiser to provide financial motivation to an affiliate to drive sales. Affiliates often use highly targeted, multi-channel advertising methods to drive traffic to a specific offer, which can include email, digital or traditional channels. There are four core components of affiliate marketing. These include:

### ADVERTISER



Specifies the product or service offer and the affiliate's financial incentive to promote it.

### NETWORK



Intermediary between affiliates and advertiser affiliate programs.

### AFFILIATE



Earns commission by promoting an advertiser's product or service offer.

### CUSTOMER



End user that utilizes the product or service offered by the advertiser.

## TRIBAL SHORT TERM LENDING BACKGROUND

ArrowShade is the first performance-based affiliate marketing distribution network wholly owned by a sovereign government. The company provides end-to-end solutions for advertisers seeking to originate short-term loans and better assist consumers in times of financial need. The company is an economic development arm and enterprise of the Habematolel Pomo of Upper Lake, a federally recognized Indian tribe. The Tribe is uniquely positioned to support and engage in online consumer financial services. The United States Congress has recognized tribal governments as states with regard to consumer financial services in the Dodd-Frank Act. Further, the Tribe has exercised its own sovereign authority by adopting its own stringent set of licensing laws and regulations, which are strictly enforced. ArrowShade operates within this unique tribal regulatory environment. The company carefully complies with all tribal laws and regulation and with all federal law. The Tribe is also a founding member of the Native American Financial Services Association.

After tribal lending came under criticism by states and some federal agencies, tribal lenders united under a common purpose to protect and advocate on behalf of Native American sovereign rights, offering responsible lending products and promoting the truth about tribal lending products and their critical contributions to economic development in Indian country. That effort resulted in the Native American Financial Services Association (NAFSA) in 2012.

Online tribal lending allows tribes to alleviate the economic burden of geographic isolation. The tribal profits derived from these businesses go to fund crucial government services and economic development programs for their respective tribal communities. These revenues, which account for a significant portion of a tribal government's operation budget, go towards vital social programs like healthcare services, housing assistance, education for children, elder care, cultural programs and more. These businesses also create jobs, reducing the unemployment rate and providing meaningful opportunity to tribal members within their own communities.

## TRIBAL NETWORK FOR SHORT TERM LENDING

Short-term financial services offered by Tribal entities have become an integral part of the Tribal economy, while also providing an essential service for underbanked consumers across the country. The "underbanked" are those consumers that unfortunately do not have ready access to traditional forms of credit like banks or credit cards. Without traditional avenues for short-term credit solutions, these consumers often turn to short-term solutions for unforeseen expenses, such as emergency car repairs. Poor credit, lack of collateral and geographic isolation often makes access to finance a major obstacle for these Americans. Tribal lenders provide access to small-dollar credit to more than 54 million Americans, who, without such access, would be almost entirely excluded from the consumer finance market to help cover necessary expenses. It is estimated that today that 63% of Americans who say they don't have the savings to cover a \$500 car repair or a \$1,000 medical bill will consider a short-term loan. Tribal lenders offer online access to credit options, and meet a large demand for credit that would otherwise go unmet.

The consumer financial services offered by Tribal entities have played an important role in the Tribe expanding its economic development services and striving for self-sufficiency. Because of this business, the Tribe is no longer solely dependent on federal awards. The Tribe's consumer financial services operations have utilized electronic commerce to bring consumers to its rural land base through the Internet to diversify the Tribal economy. The Tribe has proudly offered financial services to consumers with otherwise limited financial options in their most critical time of financial need.