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MRLN - Q2 2015 Marlin Business Services Corp Earnings Call

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Brian Hollenden *Sidoti & Company, LLC - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Marlin Business Services Corp. second-quarter 2015 earnings conference call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation.

As a reminder, this conference is being recorded and is being webcast simultaneously on the investor relations section of Marlin's website at www.marlinfinance.com. The recording of the call will be archived on the website for approximately 45 days.

I would like to remind you that this conference call may contain statements that are forward-looking within the meaning of the applicable federal securities laws, and are based on Marlin Business Services Corp.'s current expectations and assumptions, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.

Factors that could cause actual results to differ from those anticipated are detailed in the Company's Securities and Exchange Commission filings. Listeners are cautioned to not place undue reliance on these forward-looking statements. Such forward-looking statements speak only as of the date of which they are made, and the Company does not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date of this call.

Speaking to you today will be Dan Dyer, Chief Executive Officer. Also on the call is Ed Siciliano, Chief Sales Officer. The Company will begin the call with prepared comments and follow up with a question and answer session. It is now my pleasure to introduce your host, Dr. Dan Dyer, CEO of Marlin Business Services Corp. Thank you, Dan. You may begin.

Dan Dyer *- Marlin Business Services Corp. - President, CEO, Treasurer*

Thank you, and good morning again to everyone. And welcome to today's call. Let me begin with a few opening remarks on the business. To begin, second-quarter sales momentum was favorable with lease originations up 14% over first-quarter levels. We also saw pricing on new originations higher this quarter.

As Ed commented on, we are upbeat on the momentum growth indicators for the core business for the second half of the year, and continue to add and invest in our sales force.

We are excited on the launch of the new customer loan portal fundingstream.com, and how it fits into our small business strategy. We believe the Company is ideally positioned to grow this part of our business from several vantage points to include credit underwriting, technology, and importantly, the sizable base of our more than 65,000 customers we do business with today.

The portal offers Marlin's customers a highly intuitive, simple-to-use experience when applying for a working capital loan online. At the moment, the plan is to actively solicit customers and to begin test marketing to non-Marlin customers.

While it's early in the product's launch, we fully expect the pace of loan production to accelerate during the second half of the year. Early feedback and results are encouraging. Looking ahead, we see ample opportunity to generate a significant level of volume. The preliminary estimate for 2016 is targeted to be $50 million of new loan production from this new product.

In addition to targeting Marlin's customers, future plans also include building partnerships with B2B lenders and providers for both leases and loans. And towards this end, we have recruited an experienced industry veteran to lead this effort.

For the quarter, investment spending tied to the loan business and other core initiatives was $0.02 a share. Looking ahead for Q3 and Q4, quarterly EPS impact from incremental investment spending will range from $0.025 to $0.03 a share each quarter. Looking ahead to 2016, we anticipate the loan business to add an incremental $0.10 to $0.125 to EPS.

As I may have commented on in the past, we also have plans to expand our insurance offers complementary to Marlin's existing insurance business in serving the needs of small business. We hope to have an announcement soon on this new venture.

Portfolio asset quality trends remain in solid shape. Delinquency levels were favorable, and we estimate second-half charge-offs remain flat to modestly lower than first-half levels.

In connection with our strong capital position and what we see as an attractive investment opportunity, 98,000 shares were repurchased this quarter. Also pleased to announce an increase to the quarterly cash dividend to $0.14 a share, all part of an overall plan to optimize the capital structure and enhance returns on capital.

As announced, Taylor Kamp will be joining Marlin as the Company's Chief Financial Officer. Taylor will be starting August 10th. On behalf of the Board and the entire management team, we are delighted to have someone of Taylor's experience and industry stature join the organization. We are all looking forward to working with Taylor on the next chapter of Marlin's future success.

With that, let me talk to the financial results for Q2. Net income for the second quarter was $4.1 million, or $0.32 per diluted share. Return on equity was 9.5%. Portfolio growth grew close to 5% year over year. And again, with new asset origination's growth at 14% over first-quarter levels.

The yield on new originations for the quarter was 11.12%, up 33 basis points compared to 10.79% in the first quarter of 2015, and benefiting partially from the higher yielding working capital loans originated this quarter.

For the quarter ended, the net interest margin was 12.05%, 35 basis points lower than Q1, and 61 basis points from the comparable prior-year period.

Cost of funds remained relatively flat in the second quarter at 85 basis points, compared to the first quarter of 2015, and was up slightly to 4 basis points compared with the comparable prior-year period. We see the net margin leveling off in line with the addition of the higher yielding capital loan business.

Credit quality remained strong and in line with expectations. 30-plus day delinquencies declined to 70 basis points from 87 basis points in the first quarter of 2015, while net charge-offs increased to 1.84% of average net investment versus 1.7% in the first quarter, due primarily to the impact of a few large charge-offs in the quarter. On a year-to-date basis, charge-offs are 1.77% of average net investment.

The provision for credit losses was lower for the quarter based on the outlook for more favorable future charge-off levels resulting from the lower portfolio delinquencies reported this quarter. The allowance for credit losses remains strong at 1.34% of average total financed receivables, and 296% coverage of 60-plus day delinquencies. Additional information on static pool losses and delinquencies is available on our website.

Second quarter expenses were $11.6 million versus $11.2 million in the first quarter of 2015. Second quarter expenses was impacted by $300,000 of severance-related expense associated with our CFO departure, and $300,000 of expenses related to investments in the capital loan and franchise lending initiatives.

Our efficiency ratio was 56% versus 50% a year ago. Company's efficiency ratio adjusted for the aforementioned severance and investment cost was 53% for the second quarter. Going forward, we anticipate the efficiency ratio to remain in the low 50% range.

Our effective tax rate is 38.8% in the second quarter, consistent with the first quarter of 2015. On a year-to-date basis, the tax rate is also 38.8%. Going forward, we expect the tax rate to remain in that range.

Lastly, our capital position remained strong with an asset ratio of 23%. The Company increased the dividend by 12% to $0.14 per share. The Company repurchased approximately 98,000 shares of stock in the second quarter through our stock buy back program. And as announced, our Board has approved the repurchase of up to $15 million of share value.

Our objective is to continue to prudently manage capital to a target range of 18% to 19%, driven by growing the business, share repurchases, and dividends.

With that, I'll turn it over to the operator for questions.

QUESTION AND ANSWER

Operator

Thank you. (Operator instructions)

Bob Napoli, William Blair.

Bob Napoli *- William Blair - Analyst*

Good morning, everybody. Let's see, the capital loan product, getting to 50, 5-0, correct -- of originations in 2016, I mean, how do you see that ramping up? You did a half a million this year, so it's still very tiny. You're making the investments -- what do you expect from a ramp-up perspective? And is the vast majority of that going to be cross-sells to your current lease base?

Dan Dyer *- Marlin Business Services Corp. - President, CEO, Treasurer*

Sure. Thanks for the question, Bob. Yes. So it'll be a progressive ramp-up in 2015 building into the estimate of $50 million for 2016. So let me break it down. As just announced last week, the portal's up and running. So with the portal up and running, we're going to now start to actively solicit and market to our customers. We held off doing that until the portal was up and running because it was an important part of the value proposition.

So with that in place, marketing is going to pick up, and it's going to be primarily to our customers. All right, so looking at next year, we would estimate that 60% to 70% of loan production will be through Marlin's customers.

Now, as I mentioned on the call, we're going to do some test marketing to non-Marlin customers. We also, in our core lease business, do business with lease brokers, some of which sell loans. So the balance, the other 30%, will be -- or approximately 30% -- will be from lease and loan brokers.

Now, another part of the, sort of the growth plan is, as I commented on the call, we built the technology and the infrastructure to establish alliances with -- could be banks, other lenders, or other B2B providers. And we just hired an industry veteran -- we'll announce it soon -- who will lead that initiative. So we're going to look to partner with others that are in the B2B space and hopefully create an opportunity to generate business through these alternative channels.

Now, with respect to the ramp-up in 2015, in the month of -- and again, the numbers are small, but we're building momentum. We did approximately $300,000 in the month of July. So I estimate for the third quarter, we'll do somewhere around $1.5 million -- $1 million to $1.5 million. And then in the fourth quarter, it'll be somewhere, maybe $3 million, $3.5 million.

So that'll give us some runway as we, again, continue to ramp up and build into 2016. I don't have a breakdown by quarter for 2016. It's too early. But you're just going to see a steady build up in momentum through the balance of this year and continuing into 2016.

Bob Napoli *- William Blair - Analyst*

And then can you just give a little more color on that product, exactly what it is and -- ?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Yes, sure. So it's a cash loan. And it's used primarily -- and we [pose] to our customers that every business needs working capital for a variety of reasons, primarily business expansion, inventory -- whatever the use of working capital is for that specific business. And the term ranges from as low as 3 months to 24 months.

Now, the sweet spot is 10 to 12 months. And the loans can vary from $10,000 to $100,000. I think our average loan is in the $40,000 to $45,000 range. And it's an amortization loan. And they pay us back on a daily basis. And that's how it works.

And we can turn around the decision from time of application to approval in funding in as little as 48 hours. Now, the underwriting leverages off of our core competency in small business underwriting, and we enhanced it in a number of ways.

And I'm pleased to say, with the pilot that's been under way, our credit quality has been pristine year to date. And that's important to emphasize that. Because this is a relatively unsecured product, but our credit quality has been fantastic, which we're very pleased about.

Bob Napoli - ***William Blair - Analyst***

Okay. And then the -- what you show as syndication volume, are those essentially what the industry would call marketplace loans? Are you selling those loans, retaining servicing? You're syndicating -- I mean, what is the syndication volume that you're showing?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Yes, Ed, I'll ask for you to comment on that.

Ed Siciliano - ***Marlin Business Services Corp. - EVP, Chief Sales Officer***

Yes, so Bob, we want to be a one-stop shop for our vendor customers to place all their credits. And we've been doing syndication on a fee-based model for years. But now we've partnered with a larger bank for the larger credits where we are retaining servicing, but selling that loan. So that's the only syndication volume that we're counting even though we syndicate a lot more for just straight up fees.

Bob Napoli - ***William Blair - Analyst***

Okay.

Ed Siciliano - ***Marlin Business Services Corp. - EVP, Chief Sales Officer***

Does that make (inaudible)?

Bob Napoli - ***William Blair - Analyst***

Yes. And then just last question, on your core lease business, I mean, you've added a good number of sales people. You had a nice jump from the first quarter. But you're still only up 3% year over year.

Where do you expect that -- where do you see -- what is going on with that core lease business? How is the competitive environment? And do you expect that business to grow significantly? Or are we going to see most of the growth out of the working capital product?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

No, we absolutely expect the core business to grow and it's been growing, Bob. In regard to the sales force, our initial guidance going into this year is we want to increase the sales force size 10% to 15%. We're feeling a little more bullish about that, so we're going to increase the sales force by 20% this year.

So our end point last year was 115 reps. If we were to increase the sales force size 20%, we would end with 138 reps. The majority of those are actually going into the core business, not into loan. There's only so many in loan. We needed to increase the sales force size, and now we're very kind of pleased with the traction we're getting. We're actually able to add some reps that are ramping faster because we're pulling them out of our competitors in some cases.

Blair does a kind of average productivity by rep, and in the second quarter we were approaching $3 million per rep. But we really think we can get it back to $3.5 million. So with a larger sales organization size, say between 135, 140 at the end of the year, average productivity at $3.5 million, it sets us up really well heading into 2016 to really make a dent in growing the size of the portfolio, which obviously we need to do.

Bob Napoli - ***William Blair - Analyst***

Great, thank you. Appreciate it.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Thank you, Bob.

Operator

Chris York, JMP Securities.

Chris York - ***JMP Securities - Analyst***

Good morning, guys, and thanks for taking my questions. Could you talk a little bit more about asset pricing during the quarter? Because we find it hard to reconcile the sequential decline in the interest and fee yield to 12.9%, especially when we consider the pick-up in new yields on leases.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Okay, so Chris, the 12.9% -- what is that?

Chris York - ***JMP Securities - Analyst***

The NIM.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Oh, the NIM before cost of funds? Yes, okay, so obviously the 12.9%, the NIM on the portfolio is a blended in aggregation of current-quarter origination, current-year originations, and prior year.

So what we see here is that the NIM is being impacted by obviously the marginal pricing you're putting on a new business. But also take -- we have to factor in the fact that, what is the yield on prior origination? So we still see the amortizing effect of higher yielding business that was put on in prior years running off and being replaced by marginally lower pricing on new originations.

Now, our weighted average life of our business is two years. So reasonably soon, we'll see a troughing of that NIM. Now, that does assume that we get stable pricing on what we're putting on today. In the second quarter, pricing was favorable up over Q1. So it is influenced by, obviously, the new originations and the amortizing of the old portfolio. It's not so transparent because we only report on quarterly new originations, and you don't really see it in the aggregate on the portfolio NIM. But that's what's going on there.

Chris York - ***JMP Securities - Analyst***

Yes, that's helpful. And I'm trying to get a sense and maybe trying to predict or trend out when we'd potentially see that trough. So if we have kind of two years of duration in the lease portfolio, is it maybe safe to kind of think about a trough there in regards to the interest income and fee yield maybe in 2016? Is that how you guys are thinking about it?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Well, the overall cost of funds -- net of cost of funds it was [12.07] -- subtracting the cost of funds from the 12.9%, it was [12.07] for Q2. So the aggregate, not NIM, but net interest of fee margin, net of cost of funds, we estimate to be 12.12% in Q3 and 12.29% in Q4.

Now, let me just [qualify] that by that was a blending in of new loan origination volume, which will be a pick-up to yield. And it also does assume a stable pricing on new lease originations -- factor that in [to well]. So those are two variables that will have to play out.

But we do expect the new loan business to have a positive impact on margin. And based on Q2, we have seen some stabilization. We're going to have to see how that plays out. It's still somewhat volatile in terms of pricing in the market. We've signaled that we've seen some stabilization, but it's still not there entirely. So we do anticipate that margin to flatten out and then increase as the loan business comes on.

But in terms of giving you a little bit more color to what I just said, we can get you on the phone with our finance group and we can sort of walk you through the pieces of the NIM.

Chris York - ***JMP Securities - Analyst***

Got it. Appreciate that. But just to clarify, it seems like if we're moving from a net interest and fee margin, which includes the cost of funds there on Q3 and Q4, that in Q2 it troughed potentially, if you're assuming that we're at 12.12%, and I think you said -- (multiple speakers)

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

If the new loan originations come on as we anticipate, and we get stable pricing on new lease originations in the future, correct.

Chris York - ***JMP Securities - Analyst***

Okay, great. And then shifting gears a little bit, Dan, you said you expect the efficiency ratio to remain in the low 50s. So does this include any near-term anticipated marketing expenses in the capital loan product?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Yes. Yes, it factors that in.

Chris York - ***JMP Securities - Analyst***

Okay. And then are there any one-time expenses associated with the hire of Taylor?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

No. Outside of -- there will be a fee associated with a recruiter that we engaged, a professional recruiter.

Chris York - ***JMP Securities - Analyst***

Got it. Okay, that's it for me.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Thanks, Chris.

Operator

Brian Hollenden, Sidoti.

Brian Hollenden - ***Sidoti & Company, LLC - Analyst***

Hey, guys, and thanks for taking my call.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Hi, Brian.

Brian Hollenden - ***Sidoti & Company, LLC - Analyst***

You touched on this, but what in particular drove the lease equipment volume growth? And do you expect that trend to continue?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Yes, sure. It's a good question, Brian. Really, I would say it's a few things. The size of the sales force is helping, the fact that we have more girth there. But really all channels are contributing. So our existing core channels as well as some of our newer channels are contributing to that growth.

So I'll give you some numbers that are typically asked for on the call that I think would be helpful. In April, we booked $29.8 million, in May, $29.5, and then in June, which is a quarter-ending month, we did $32.8 million. You add a little bit of syndication, a little loan, and you get the $93 million.

We're really pleased and feeling like we've turned the corner. In July, we did $33.3 million in the core, and if you add syndication and loan, we did $34 million. I've been here eight years and we've never had a July beat a June, which is a quarter-ending month. So I think that's really significant and speaks to the size of the sales force, our dealer activity being higher, our new channels starting to contribute. Loan hasn't even started to contribute yet.

So we're feeling really good that we have turned the corner. We're bullish on the second half. If I were to throw a number out there, I would expect the second half to be 20% higher in originations than the first half. And that'll set up very well for 2016 for us. Hope that helps, Brian.

Brian Hollenden - ***Sidoti & Company, LLC - Analyst***

Yes, that helps a lot. And then if I could just ask one follow up, what primarily caused the yield on the lease and loan originations to tick up to 31 basis points sequentially? Was it a big factor due to the higher yields in the small business loans? Or were you seeing overall improved pricing in sort of the core leasing business? If you could break that out a little bit.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

No, it was absolutely mix. So we have a retail channel that focused with an internal -- I'm sorry, inside sales model focuses on smaller dealers, smaller businesses. And they really turned it up in the second quarter. And that's one of our highest yielding channels. So when we say mix, that channel turned it up.

Now, in the beginning of Q3 which we just started, we saw our national accounts starting to pick up and yields are a little bit lower. So the guidance there is we're going to be 25 to 30 basis points up and down in new originations depending on which channel is really productive in that quarter. And we really can't predict that.

If we are down a little bit in yield from our core business, that should be offset by loan originations, which have very, very healthy yields. So yes, there's a little color on that for you.

Brian Hollenden - ***Sidoti & Company, LLC - Analyst***

That's helpful. And then one more question and I'll jump back into the queue. Can you give us a little bit of an update on the franchise lending business? Any new clients you can talk about? Or possibly just a little update on how the relationship with Denny's is going?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Yes, so I won't comment on particular franchise concepts. But I will say that it's contributing in a more meaningful way. It was a part of our growth in the second quarter. We're still very, very optimistic on that being a meaningful channel for us going forward.

We're really not going to break out franchise or any of the other new things that we're getting into on the core business side, but it is really helping us right now.

Brian Hollenden - ***Sidoti & Company, LLC - Analyst***

All right, thanks.

Operator

Bob Napoli, William Blair.

Bob Napoli - ***William Blair - Analyst***

Thank you. Just thinking over the medium term here, what do you feel, Dan, is an acceptable return on equity target for you guys? I mean, obviously 10% ROE is not your target.

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Right, right. So on the business revenue slash profit side, we obviously want to be in the higher margin, higher return categories. Our lease business is highly profitable. The capital loan business is highly profitable. Things we're doing on insurance on the fee side will obviously contribute to and boost ROE.

With respect to the capital management side, as demonstrated this quarter, share buy backs and increasing the dividend will also help improve and strengthen ROE to get us closer to that stated goal of 13% to 15%.

Now, the reality is is that our capital levels, and I mentioned this on the call, target 18% to 19%. We're above that, so we need to get it down through growth primarily, but also the dividends and the repurchases. As you know, we've been very active in Q1 and Q2 to get as close to that 18% to 19% capital, and as close as we can to achieving that 13% to 15% ROE.

I think to get to that ROE, we continue to need to focus on the higher return business segments that will contribute to earnings growth and effective use of capital. We were up in that 11.5% ROE range and ROA. We obviously have taken a step back by continuing to accumulate capital. And we've got a little bit of a flattening earnings curve here.

But our goal and objective in terms of how we look at the business is to continue to strive for that as a goal in mind. And the Board continues to look at various options in order to drive to that objective. Increasing the dividend this quarter was one. Our active engagement in the market in terms of share repurchases was another step in that direction. And the Board continues to evaluate other options as well.

Bob Napoli - ***William Blair - Analyst***

Even that 18% to 19%, your target, that's a pretty high capital level. Longer term, can you get that down to 15%, which would still be a high capital level?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Well, we'd like to. But we're not -- and it's really -- I think we maybe have publicly commented on this in the past -- we were chartered as an IOC back in 2007, 2008. And we have to adhere to a CALM agreement, capital adequacy and liquidity management agreement. And that stipulates that our capital has to be at a minimum of 15% risk-based capital. You throw on a cushion on top of that, it gets you close to 17.5%, maybe 18%.

So that's the foundation for the target. If we didn't have to adhere to that CALM agreement, our capital levels, with all likelihood, would be closer to where the banking sector is as an average. But we continue to work with the regulators to see if we can get some form of relief from that CALM agreement.

Bob Napoli - ***William Blair - Analyst***

Okay. And then the insurance product, what type of capital do you need on that insurance product? Can you explain a little bit more about what that insurance product is?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Sure. So just to sort of just lay out -- today we do have an active insurance program, and it's insuring the equipment that we finance for our customers. Two things that we're looking to pursue -- one is coverage for other pieces of equipment our customers have where we don't have an insurable interest.

So we're working on creating a policy that would allow us to insure other commercial equipment that our customers own. And they have come to us and say, can you insure other pieces of equipment? We like your program. We like the features and benefits that it offers that our existing business owner policy does not. So we're working on that as a product extension to what we do today.

The other insurance-related initiative that we're working on is building out our agency capabilities, and working with insurers, commercial business owner policy insurers, to be able to offer our customers, on an agency fee basis, a business owner policy.

And we're working with some national providers just to establish a relationship where we wouldn't underwrite the business owner policy. We would generate a fee for being the agent of record, and being by definition, the sales arm of the insurer. So we've done a lot of polling with our customers, and we think that's an opportunity where we could generate some meaningful fee income if we were successful?

Bob Napoli - ***William Blair - Analyst***

What type of an opportunity is that? Do you expect -- like, over the next year or two, what do you see kind of revenue from these new insurance initiatives?

Dan Dyer - ***Marlin Business Services Corp. - President, CEO, Treasurer***

Well, I think on the -- an average BOP policy is somewhere between $2,500 and $3,000. The agency fee would be somewhere in the range of 12% -- 10% to 12%. So for every BOP policy that we originated, we could earn up to $200 in revenue. We have 36,000 -- I think about approximately 36,000 active customers on our existing program. So if you sort of do the math, and you add up what we could earn -- $200 per BOP policy referred and multiply that by how many active customers, you could see how it could be quite a meaningful number.

And the margins are quite high. Yes, there's some marketing involved, there's some back-end customer service. But it's a very -- insurance is a very high-margin business. Again, we're not taking any risk here. We're not taking any [cash] risk in anything like that. And so we'd be --

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Bob Napoli *- William Blair - Analyst*

(Inaudible) capital?

Dan Dyer *- Marlin Business Services Corp. - President, CEO, Treasurer*

Capital would be almost nonexistent. So it would just be purely a fee-based business opportunity.

Bob Napoli *- William Blair - Analyst*

Okay. And then just last question. Your new CFO -- congratulations on the hire. It looks like, I mean, I think, a nice hire. But what are you expecting? Are you looking for an additional value add beyond the traditional CFO role? Or what are you expecting out of Taylor?

Dan Dyer *- Marlin Business Services Corp. - President, CEO, Treasurer*

Yes, no. Yes, absolutely. Taylor brings a diversified and well-rounded background. His recent experience was obviously in business development in various capacities over a long stretch of time at CIT. So we have a very capable staff in terms of what you'd call the traditional CFO role.

So we see Taylor as a business partner to help us think through these new initiatives that we're talking about. Also, help us with our, as we talked about, with capital management and the bank and so forth. So we think that Taylor's sort of the right fit for the organization where we're at and where we're headed. And we're excited to have him decide to join us.

Bob Napoli *- William Blair - Analyst*

Great, thank you.

Dan Dyer *- Marlin Business Services Corp. - President, CEO, Treasurer*

Thanks, Bob.

Operator

Thank you. I am showing no further questions at this time. With that said, this does conclude Marlin Business Services Corp.'s second-quarter 2015 earnings conference call. Everyone may disconnect. Have a good day.