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CASE STUDY · MARLUC SYNOPSIS

Upstart AI lending marketplace

IMPLEMENTED 2012 ONWARDS · FINANCIAL SERVICES AND INSURANCE · US · BAND B · PARTLY PROVED

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A listed lender that sells AI credit models to more than 100 banks and credit unions, with filed results through a sharp downturn and recovery, and an independent fair lending monitor's findings.

ABOUT THIS SYNOPSIS

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Facts and figures are as reported by the sources listed below, which may be incomplete, self-reported or out of date. Check the original source before relying on any figure.

The impact band, proof marker and SEAM view are MarLuc's opinion. The organisation is not a MarLuc client and has not reviewed or endorsed this synopsis. Names and trademarks belong to their owners.

NOTICE WORDING LAST UPDATED 16 NOVEMBER 2026

AT A GLANCE

AI-native company: built around AI from the start and attempting transformational change. It claims band A; MarLuc grades it on what is evidenced.

AI used: Machine learning credit models used by partner lenders, with most loans fully automated.

Implemented: 2012 onwards. Grade: band B, Operating model redesign, Partly proved.

Headline result, as reported: Q3 2026: originations $4.1bn (up 44%), revenue $371m (up 34%), 90% of loans fully automated; full-year revenue guidance lowered to about $1.35bn, per Upstart's filing

1 · The case

The facts, as reported by the 5 sources listed at the end. Where a source is silent, the field says "Not reported".

Organisation

Upstart. US publicly listed AI lending marketplace, founded in 2012 and based in Burlingame, California (San Mateo in its 2024 release). It says it connects consumers to more than 100 banks and credit unions that use its AI models and cloud applications. Canvas block: 3. Customers and proposition. Also 6. Data and technology, 8. Governance and risk.

Business challenge

The challenge. Upstart says banks and credit unions can approve more borrowers at lower rates with its AI models while giving customers a digital-first experience. Not reported in the sources opened: the lenders' own starting position.

Who implemented it

In-house (In-house): Upstart: Builds and operates the AI models and cloud applications..
More than 100 banks and credit unions (Industry partner): Partner lenders that use Upstart's AI models to decide and fund loans, per Upstart..
Model providers and cloud vendors are not named in the sources opened.

Technology (SEAM pillar E)

SEAM types: T8 Predictive / ML models, T5 Custom / fine-tuned models. Deployment: Not reported. Vendors and products: Upstart AI, Cash Line.

Where it was built in: Partner banks and credit unions use Upstart's AI models and cloud applications to decide and fund loans; more than 90% of loans are fully automated with no human intervention by Upstart.

What changed

Before the AI platform: Not reported. By Upstart's account, 90% of loans in Q3 2026 were fully automated (91% in Q3 2025). Originations were $4.1 billion in Q3 2026 against $2.85 billion in Q3 2025. In 2023, originations fell 59% to $4.6 billion and the company lost $240 million, a result its then chief executive attributed to a difficult lending environment. [1] [2] [3] [4] [5]

What it cost

Not reported.

What it saved

Not applicable. Results are reported as originations, revenue and profit: Q3 2026 revenue $371 million and net income $36.6 million. [1] [2] [3] [4] [5]

Governance and control

An independent fair lending monitor, Relman Colfax, reviewed Upstart's lending model for three years under an agreement with the NAACP Legal Defense and Educational Fund and the Student Borrower Protection Center, and issued four public reports. It found no quantitative evidence of close proxies for race, national origin, sex or age, but identified approval disparities for Black applicants. Upstart adopted nearly all recommendations and the parties remained at an impasse on one methodology. Accountable owner: Not reported.

S2 · Accountable owner · Not reported
Not reported.

A1 · Safe use · Evidenced
Upstart adopted nearly all of the monitor's fair lending recommendations and enhanced its testing protocols, per the monitor's final report. [4]

A2 · Human in the loop · Not reported
More than 90% of loans are fully automated with no human intervention by Upstart; review of the rest is not reported. [1]

A3 · Monitoring and assurance · Evidenced
An independent monitor, Relman Colfax, issued four public reports between 2021 and March 2024 testing the model for proxies and disparate impact. [4] [5]

A4 · Vendor AI · Not reported
Not reported.

A5 · Agent controls · Not reported
No agents described in the sources opened.

A6 · Standards and regulation · Outside scrutiny (a regulator, court, auditor or similar body acted)
The monitorship tested the model against fair lending law (the Equal Credit Opportunity Act); the monitor reported disparities for Black applicants and an impasse with Upstart on one methodology. [4] [5]

What worked, what did not, what is unproven

WORKED

– Originations of $4.1 billion in Q3 2026, up 44% on Q3 2025, and Q2 2026 originations of $4.2 billion, up 50%, per Upstart's filings.

– Returned to GAAP profit in Q2 2026 and reported net income of $36.6 million in Q3 2026.

– Adopted nearly all of the independent monitor's fair lending recommendations, per the monitor's final report.

DID NOT

– 2023 revenue fell 39% to $514 million and the net loss was $240 million, against $109 million the year before.

– The monitor found lower approval rates for Black applicants in an earlier version of the model; the report says this does not by itself demonstrate a fair lending violation.

– The parties ended the monitorship at an impasse over how to assess whether a less discriminatory model would meet Upstart's business needs.

– Full-year 2026 total revenue guidance went from about $1.4 billion in August to about $1.35 billion in November, with the chief executive citing macro pressure.

UNPROVEN

– Whether Upstart's models outperform conventional credit scoring; no independent comparison was found in the sources opened.

– How the 2026 model compares on fair lending with the version the monitor tested, which the monitor says was a prior version.

– Whether results will hold if credit conditions or funding availability weaken, which Upstart's filing lists as a risk.

Timeline

Sept 2022 Fair lending monitor reports lower approval rates for Black applicants under an earlier version of Upstart's model; Upstart says it is improving its models [5]

2023 Full-year revenue falls 39% to $514 million, originations fall 59% to $4.6 billion and the net loss is $240 million [3]

Mar 2024 Monitor issues its fourth and final report, noting Upstart adopted nearly all recommendations but the parties remain at an impasse on one methodology [4]

Nov 2026 Q3 2026: originations $4.1 billion, up 44%; full-year total revenue guidance of about $1.35 billion; chief executive says macro is putting pressure on the near-term outlook [1]

2 · Grade and SEAM assessment

MarLuc's opinion, made on the evidence above. How cases are graded: marluc.co.uk/case-studies/how-we-rate

Level of change and impact

Claimed: A. Grade: B, Operating model redesign. Proof: Partly proved. Level of change: Operating model.

Operating model change (Level 3, band B), claimed as business model change (band A). The platform is designed around AI decisions with most loans fully automated, and filed results show growth, but results swung sharply with the credit cycle.

Graded B, claimed A. The business is built around AI credit models sold to lenders, and 90% of loans run end to end with no human involvement by Upstart, a structural change shown in filed results. Volumes fell 59% in 2023 and the 2026 outlook was lowered, so results depend on the credit cycle and funding. Upstart's description of its model as superior to conventional credit scoring is its own claim and not independently proved in the sources opened.

The SEAM view and lessons learnt

The structure is a platform that sells model decisions to regulated lenders, so fair lending testing sits with an outside monitor as well as with the company. The setbacks are instructive: volumes fell 59% when lending conditions turned, and the monitor's reports show a model can be tested and improved while a methodology dispute remains. A buyer should ask how partners evidence fair lending and how decisions are reviewed when 90% of loans have no human step.

1. Commission independent fair lending testing of any credit model, and publish the findings.
2. Plan funding and volumes for a downturn, as automated lending volumes can fall sharply.
3. Agree the standard for judging alternative models before disputes arise.

Evidence

Score 2 of 4. Mixed: company results announcements filed with the SEC (self-reported), plus an independent monitor's report and press coverage.

Evaluation method. Company results announcements for 2023 and 2026 filed with the SEC, and the independent monitor's final report. Model performance is the company's own claim.

Sources disagree. American Banker (September 2022) reports the monitor found lower approval rates for Black applicants; the monitor's final report (March 2024) notes these disparities do not by themselves demonstrate a fair lending violation and that it found no quantitative evidence of proxies for protected characteristics.

3 · Original sources

Read these in full. To challenge a fact or a grade, use the contact form at marluc.co.uk or the link on https://marluc.co.uk/case-studies/upstart-ai-lending

[1] Upstart (SEC Form 8-K, Exhibit 99.1): Third Quarter 2026 Results
https://www.sec.gov/Archives/edgar/data/0001647639/000164763926000083/upst991prq32026.htm

[2] Upstart (Nasdaq copy of press release): Second Quarter 2026 Results
https://www.nasdaq.com/press-release/upstart-announces-second-quarter-2026-results-2026-08-04

[3] Upstart (Nasdaq copy of press release): Fourth Quarter and Full Year 2023 Results
https://www.nasdaq.com/press-release/upstart-announces-fourth-quarter-and-full-year-2023-results-2024-02-13

[4] Relman Colfax: Fair Lending Monitorship of Upstart Network's Lending Model, Fourth and Final Report
https://www.relmanlaw.com/assets/htmldocuments/Upstart%20Final%20Report.pdf

[5] American Banker: Upstart says it's improving AI models after report finds race approval disparities
https://www.americanbanker.com/news/upstart-says-its-improving-ai-models-after-report-finds-race-approval-disparities

Upstart website: https://www.upstart.com

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VERSION HISTORY

v1.1 15 November 2026 Method update: standards and regulation (A6) relabelled "outside scrutiny" because the evidence is a regulator, court, auditor or similar body acting, not the organisation's own compliance.
v1.0 15 November 2026 First published