

WHITE PAPER

The Hidden Costs of *Exclusivity*

Why a diversified, multi-lender strategy is more profitable than trading lender choice for a lower merchant discount rate.

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September 2026

EXECUTIVE SUMMARY

An exclusive lending deal for a lower MDR is a bad trade.

Lenders often offer practices a reduced Merchant Discount Rate (MDR) in exchange for exclusivity. The discount looks attractive on a fee report — but it quietly suppresses approvals, concentrates risk, and removes the competitive pressure that keeps a lender performing.

15–20%**More lenders = more revenue**

Two competing prime lenders lift prime approvals by 15–20%. The revenue from those added procedures far outweighs a small MDR discount.

1 → 0**Avoid practice-ending risk**

Lenders regularly exit the medical market. Depending on a single partner puts your entire financing capability at risk.

↑ Terms**Competition drives performance**

An exclusive lender gets complacent. Competition pushes lenders to raise approval rates and give patients better offers.

BOTTOM LINE

The MDR you save on exclusivity is almost always *smaller* than the revenue you lose to declined patients.

INTRODUCTION

The promise — and the problem — of a lower rate

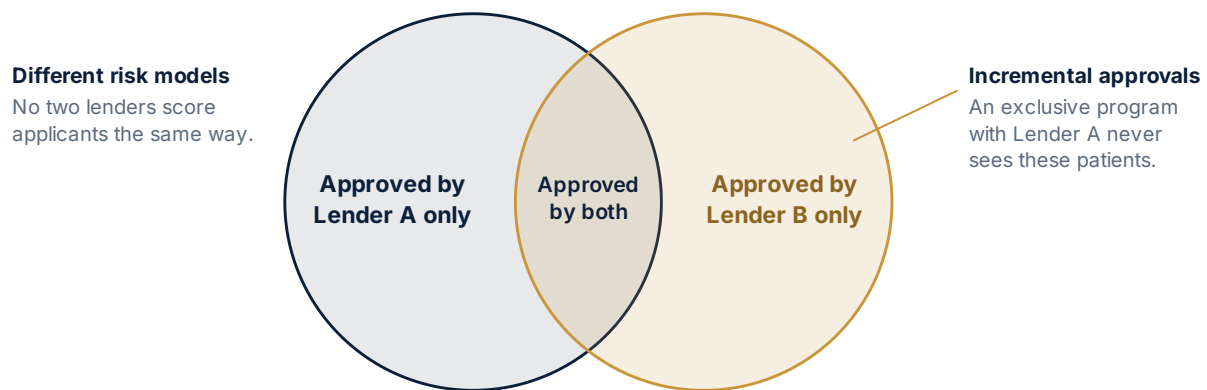
For a practice that finances a meaningful share of its treatment plans, the MDR is one of the most visible line items in the financing program. It is natural that a lower rate, offered in exchange for making one lender your exclusive partner, is tempting.

But the MDR is only one side of the equation. What the fee report doesn't show is the patient who was declined and walked out, the treatment plan that went unfunded because the approved line was too small, or the scramble that follows when a sole lender tightens its credit box overnight. This paper explains why a competitive, multi-lender environment is the key to maximizing patient conversion and long-term financial health — and why exclusivity usually costs more than it saves.

01 REVENUE Instantly increase prime approvals and revenue by 15–20%

Relying on one prime lender creates a single point of failure. Adding a second lender to the same credit tier immediately boosts conversions and revenue.

FIGURE 1 — TWO SCORECARDS CAPTURE MORE OF THE SAME PRIME APPLICANT POOL



Illustrative only. Circle sizes and overlap are conceptual and do not represent specific lender data.

- ◆ **Capture more approvals.** No two lenders use the same risk scorecard. An applicant declined by Prime Lender A could be a perfect fit for Prime Lender B. By using two prime lenders, practices see a **15–20% lift in prime approval rates** because they capture approvals from both scorecards, not just one.
- ◆ **Secure higher financed amounts.** More approvals mean more options. When a patient receives offers from two lenders, there is a higher probability that the approved credit line will be sufficient to cover the full treatment cost.
- ◆ **Drive conversion with better terms.** Competition pushes lenders to offer more attractive terms — lower APRs and longer repayment periods. When patients have a choice, they are more likely to find an offer they are comfortable with and move forward with treatment.

A 15–20% lift in approved, high-value cases generates far more revenue than the marginal savings from a lower MDR. It also reduces the need to send patients to expensive **“second-look” lenders**, further protecting your margins.

02

RISK

Mitigate practice risk through lender diversification

The elective medical financing market is volatile. Placing your practice’s revenue in the hands of a single partner is a significant, unnecessary risk.

- ◆ **Lenders exit the market.** History shows that major financial institutions regularly enter and exit the elective medical space — sometimes with little warning. Prominent examples include:

Capital One EXITED	Ally Bank EXITED	Chase EXITED	Citi EXITED
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- ◆ **Protect your revenue stream.** If your exclusive partner tightens its credit standards, is acquired, or decides to leave the industry, your patient financing capability could be crippled overnight. Diversification ensures that if one partner changes course, your practice keeps operating smoothly.

03

PERFORMANCE

Drive lender performance through competition

An exclusive agreement removes a lender’s primary incentive to serve your best interests: competition.

- ◆ **Exclusivity breeds complacency.** Without a competitor, a lender is focused on maximizing *its* profitability, not yours. There is little reason to be aggressive with approval rates or credit line assignments when it knows it is the only option.
- ◆ **Leverage data for optimization.** A multi-lender strategy produces invaluable performance data. You can benchmark approval rates and terms side by side — giving you the leverage to push lending partners to keep earning your business.

	EXCLUSIVE SINGLE LENDER	DIVERSIFIED MULTI-LENDER
Prime approvals	Limited to one scorecard	Captures approvals from two or more scorecards
Patient offers	One offer, take it or leave it	Competing offers, better terms and line sizes
Market risk	Single point of failure	Program continues if one lender changes course
Negotiating leverage	Low — lender knows it is the only option	High — benchmark data drives ongoing improvement

CONCLUSION

Build a more resilient, profitable, patient-friendly practice

A diversified lending strategy is not just about having more options. It is about protecting revenue, reducing risk, and making sure more patients can say yes to treatment.

Before accepting any exclusivity clause, weigh the MDR savings against the approvals, financed amounts, and negotiating leverage you would give up — and against the cost of rebuilding your program if that lender walks away.

HOW MED LEND ADVISORS CAN HELP

Lending Stack Optimization

A multi-tiered lending ecosystem across the full credit spectrum, so more patients say yes while your blended MDR goes down.

MDR Negotiation

Direct negotiation with lenders. Most practices accept the default rate — we don't.

Custom RFP Management

We run RFP cycles on your behalf, forcing lenders to compete for your volume.

Program Management

Quarterly audits, lender benchmarking, and instant pivots when a lender tightens its credit box.

Is exclusivity costing your practice?

Let's review your current lending stack and quantify what you're leaving on the table.

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Tim Belmonte brings 20+ years of experience in fintech and point-of-sale lending, with prior roles at Capital One, Alliance Data (Bread), Health Credit Services — scaled through its acquisition by Ally Financial — and PatientFi. Through Med Lend Advisors, he works with DSOs, med spas, surgical practices, and health systems to evaluate and optimize patient financing programs.

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The Hidden Costs of Exclusivity: Why a Diversified Lending Strategy Is More Profitable. Author: Tim Belmonte, Med Lend Advisors. Published September 2026.

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