FEDERAL RESERVE BANK *of* NEW YORK

COMMUNITY DEVELOPMENT

THE MARKET FOR CREDIT-BUILDING: DEMAND, PRODUCT CHARACTERISTICS, AND CONSUMER USES

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Key Takeaways

- Nearly one in five consumers lacks access to mainstream credit (7.2%, or 25.1 million) or has damaged credit (11.1%, or 38.7 million).
- Populations without a credit score typically live in rural areas. Populations with damaged credit are regionally concentrated in the South, with counties seeing as high as 30% of their populations struggling with existing credit.
- Credit-building loans/cards are small dollar products issued by financial institutions, non-profits, and online fintechs to help consumers establish or improve their credit histories. Despite potential benefits, only an estimated 1.2% (4.19 million) of consumers use credit-building loans or cards.
- Credit-building products remain small-scale as consumers typically find them through referrals by financial counselors or through online searches to fintech products. However, they primarily deliver to high-need populations (including older adults, immigrants, and those formerly incarcerated).

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Introduction

Households that would benefit from access to credit often face significant barriers to access. Many lower-income households either do not have an established credit history or struggle with credit constraints, including delinquencies, a deeply subprime credit score, or lack of a credit line—conditions referred to as credit insecurity.[1]

A strong credit profile, with a history of on-time payments and prime credit scores, is needed not only for borrowing but also for economic stability and mobility. For example, securing a standard apartment lease increasingly requires minimum credit scores of between 600 and 650.[2] The price of having subprime credit (a credit score of 580 or below) is usually observed in interest rates on auto loans or credit cards that are double or triple those offered to prime borrowers, along with down payments and additional fees.[3]

In recent years, a growing sector of the financial services industry has emerged to help consumers build credit. These solutions take two primary forms: products that report alternative data sources showing a positive payment history (such as rent and utility payments), and products specifically designed to help consumers build a positive payment history over time. This paper focuses on the latter category: credit-building loans and secured credit cards, which are structured to help consumers establish and improve their credit.

Credit-building is the process of establishing or improving credit histories and scores by demonstrating a consistent on-time payment history to lenders and credit bureaus. The credit-building market encompasses a diverse set of providers, from community development financial institutions (CDFIs) and nonprofit organizations to fintech companies, each offering products with varying structures, costs, and support services.

Estimating the size of the population with credit-building needs and characterizing available solutions can help inform whether current programs and policies are reaching intended populations at an appropriate scale, and whether they can inform future efforts to address gaps in credit access. This report uses credit bureau data to size and describe the credit-building industry, examining both the scale of need and current product use. This report also incorporates qualitative data collected through roundtables and interviews with credit counselors and financial service providers. Together,

[1] https://www.newyorkfed.org/outreach-and-education/household-financial-stability/credit-insecurity-and-alice-households-in-the-united-states

[2] https://www.experian.com/blogs/ask-experian/what-credit-score-do-you-need-to-rent-an-apartment/

[3] https://www.nerdwallet.com/auto-loans/learn/average-car-loan-interest-rates-by-credit-score

this mixed-methods approach provides a holistic view of the credit-building landscape: who needs these products, how they are designed and delivered, and how consumers use them to achieve their financial goals. This report addresses a gap in the existing research by estimating the market size for credit-building products, identifying geographic areas where there is demand for credit-building, and providing qualitative insights into the populations that use these products and providers that service them. This report is intended for policymakers, financial service providers, community development practitioners, and researchers seeking to understand the credit-building industry.

Key Definitions

Credit-Building: The process of establishing or improving a credit history and score by demonstrating a consistent on-time payment history to lenders and credit bureaus.

Not in the Credit Economy: An individual with no or limited credit history who, as a result, does not have a credit score or credit file.

Credit Constrained: An individual who has a credit score and credit file but also has credit constraints or damaged credit such as a low credit score, a delinquent payment history, over-utilized credit lines, or a lack of revolving credit.

About the Data

The data we use to estimate the size of the population that could benefit from credit-building and the share of consumers that uses credit-building products are from the Federal Reserve Bank of New York's (New York Fed's) Consumer Credit Panel (updated as of Q4 2025), which consists of an anonymized 5% representative sample of individual-level credit records from Equifax, and from the U.S. Census Bureau. The Equifax credit data used in this report come from the fourth quarter of each year. We do not use Equifax data for individual income or socioeconomic characteristics, but they do contain information about the geographic location and age of borrowers. The two most prominent direct-to-consumer products for credit-building are *credit-builder loans*[4] and *secured credit cards*, which are the primary focus of this paper.[5]

The report also contains qualitative insights from roundtables and interviews with financial counselors and financial service providers (including credit unions, community banks, community

[4] The data do not allow us to distinguish between passbook loans and installment loans that are in this category.
[5] In recent years, as new financial technology companies have entered the market, new products that report alternative data such as on-time rent and utility payments have become more popular. This paper does not estimate the size of the population that is using alternative data as a credit-building mechanism.

development financial institutions, nonprofits, and fintech firms)[6] who provided information about consumer experiences with credit-building products. Please note that quotes were edited for brevity.

For an extended explanation of the quantitative and qualitative methodology, please refer to the Appendix.

What Is Credit-Building?

Credit-building is defined as an action taken to raise or establish a credit score, and this is often done by establishing an adequate history of on-time payments on accounts that report activity to credit bureaus for a certain period of time,[7] to either establish or improve consumers' credit scores.[8]

Table 1 shows an expanded list of credit-building products that are serviced by providers of various types, including banks, credit unions, nonprofits, fintech firms, and even credit bureaus themselves.

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[6] A limitation of collecting the qualitative data is that large depository institutions were not included. They do not typically provide credit-builder loans explicitly for the purpose of credit-building for subprime credit-invisible and credit-constrained populations. However, several large depository institutions do provide secured credit cards with no minimum scores, typically for borrowers with no credit history.

[7] Additionally, credit-building also often requires lower use of credit on existing accounts. In some cases, credit-building may also make it necessary for a borrower to review and fact-check their credit report with a trusted financial counselor or directly with rating agencies.

[8] https://www.federalreserve.gov/econres/notes/feds-notes/an-overview-of-credit-building-products-20241206.html

Table 1: Credit-Building Products Vary Widely in Structure, Offering Multiple Pathways for Consumers to Establish or Improve Credit

PRODUCT	DESCRIPTION
Credit-Builder Loans (Two Types)	A small-dollar loan product that is an installment loan (<$2500) typically attached to a savings account. At the time of origination, the amount of the loan is placed in a CD or savings account as collateral. The borrower is then required to make payments, including interest and fees, over a set time period, normally between 6–24 months.[9] At the end of the loan term, the funds become available to the borrower.
	A passbook loan that is a secured small-dollar loan collateralized by a savings account or CD owned by the borrower. The borrower builds credit by making payments that the lender reports to the credit bureaus.[10]
Secured Credit Card	A secured card is credit card with a low credit limit that requires the borrower to make a security deposit into an account that is typically equal to the credit limit.[11] Credit limits for these cards tend to be between $200 - $1000. These cards often do not require a credit check, which means they are easier to obtain.
Unsecured Credit Card	An unsecured card is a credit card that does not require any security deposit or collateral to be opened and used. These cards require a credit check and the credit limit and approval are based on the borrower's creditworthiness, which may include data such as the borrower's previous repayment history and income.[12]
Lending Circle	A lending circle is a credit-building tool managed by a platform or organization where a group of typically 6-12 people come together and make monthly payments ranging from $50-$200 toward a pool of loaned money. Each month a member receives the loan until all members have received a loan.[13]
Alternative Data	Other credit-building tools and apps use alternative data sources to increase a client's creditworthiness with lenders. Some of these tools include rent and utility reporting.
Credit Bureau Credit-Boosting Services	Credit bureau credit-boosting services, such as Experian Boost, are free or paid tools that allow consumers to instantly add a positive payment history for utilities, rent, telecom, and streaming services to their credit reports. By opting in, users connect bank accounts to identify on-time payments, which are added as alternative data to boost credit scores immediately.

[9] https://files.consumerfinance.gov/f/documents/cfpb_targeting-credit-builder-loans_report_2020-07.pdf
[10] https://www.federalreserve.gov/econres/notes/feds-notes/an-overview-of-credit-building-products-20241206.html
[11] https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/secured-card-market-update.pdf
[12] https://www.bankrate.com/credit-cards/advice/what-is-an-unsecured-credit-card/
[13] https://www.missionassetfund.org/lending-circles/

Product guidelines for credit-building products, as outlined by organizations such as the nonprofit Credit Builders Alliance[14,15] (CBA) and the industry- and nonprofit-funded Boston Builds Credit (BBC),[16,17] emphasize accessibility, affordability, and a positive impact on a consumer's credit profile. A primary requirement for any reputable credit-building loan or secured credit card is that it is reported to all three major credit bureaus (Experian, TransUnion, and Equifax). This ensures that the consumer's on-time payment history is reflected across the entire credit ecosystem, which is necessary for raising a credit score. For credit-building loans, a minimum term of 12 months is recommended to demonstrate long-term financial stability, because the length of credit history accounts for a significant portion of a credit score. The recommended loan amount varies, with some organizations recommending very small loans of $120-$500, and others recommending installment loans as high as $2500.

The standards suggested by CBA and BBC also set limits on costs, underwriting, and payment collection protocols. Recommended interest rates vary, but some of their guidelines say that ideally, rates should be capped at 18% APR (annual percentage rate) for credit-builder loans and 26% for secured credit cards. Furthermore, if a borrower defaults, the institution is encouraged to recover the unpaid balance only from the secured funds rather than employing third-party debt collectors or initiating legal action. While underwriting is often more flexible than it is with traditional loans, it still requires a meaningful assessment of a borrower's income and budget to ensure repayment readiness. If a borrower falls behind, "safe harbor" collection procedures are used that prevent a 30- or 60-day delinquency from appearing on the credit report, which could otherwise cause a score to plummet by 100 points or more. In the event of default, the secured funds are applied to the outstanding loan balance, avoiding the need to send the account to a third-party collection agency.

Finally, a key component of their credit-building standards is financial "graduation" and holistic support for the consumer to transition to traditional unsecured credit products. Their guidelines advocate for integrating financial coaching and education, as these services are proven to reduce financial stress and decrease the likelihood of late payments, leading to more sustainable long-term credit health.

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[14] https://cbatraininginstitute.org/visitor-toolkits-tipsheets/

[15] The Credit Builders Alliance (CBA) is a national 501(c)(3) nonprofit network organization. It functions as a unique B2B (business-to-business) bridge, connecting over 600 equity-focused local nonprofits and municipal agencies with the major credit reporting bureaus.

[16] https://www.bostonbuildscredit.org/wp-content/uploads/2022/05/BOBBC-Product-Guidelines-3.5-2022-05-02.pdf

[17] Boston Builds Credit is a cross-sector, citywide collaborative initiative operating as a public-private partnership. Its operations are led by the national nonprofit Working Credit, in close collaboration with a founding leadership coalition that includes the City of Boston, the United Way of Massachusetts Bay, and LISC Boston.

Box: Distinguishing Credit Repair Products and from the Credit-Building Ecosystem

The distinction between credit repair services and Credit-Builder products marks a fundamental divide between retroactive dispute management and proactive credit-building behaviors. While both target improvements in credit scores, credit repair focuses on the deletion of historical data, whereas credit-building focuses on consistent, positive credit reporting. Credit repair organizations function as intermediaries that leverage the Fair Credit Reporting Act (FCRA) to challenge negative entries, often using administrative loopholes to force temporary removals.[18] This sector poses some consumer risk; the Credit Repair Organizations Act (CROA)[19] prohibits upfront fees and guarantees to remove accurate data, yet credit repair firms circumvent these rules.[20,21] Furthermore, these services are often redundant. Section 611 of the FCRA mandates that credit bureaus provide consumers with free, direct channels to investigate and delete inaccurate or unverifiable information.[22]

FEATURE	CREDIT REPAIR SERVICES	CREDIT-BUILDER PRODUCTS
Primary Use	Deleting/disputing old information	Adding new, positive information
Ownership	Third-party middleman companies	Banks, credit unions, nonprofits, or fintech companies
Cost	Monthly subscription ($80–$150/month)	Interest and small loan fees
Long-term Value	Temporary fix if items are verified later	Builds a permanent history of on-time payments

The Market for Credit-Building

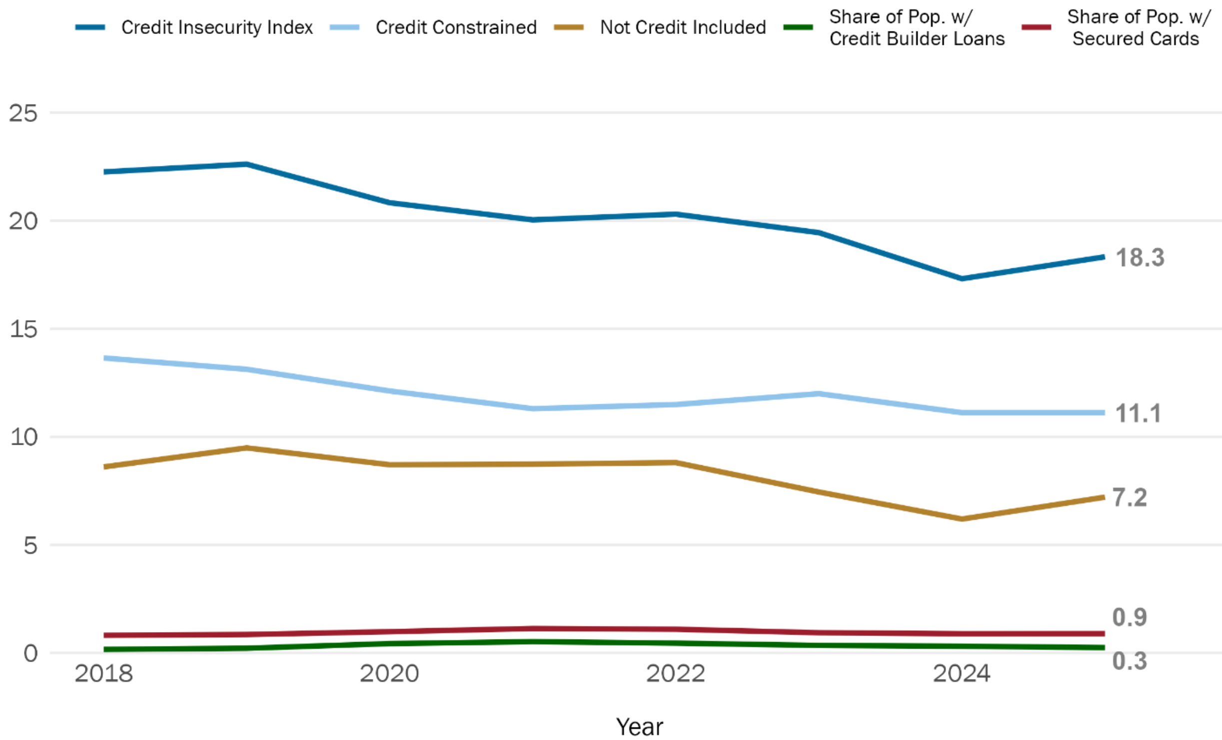
Understanding the market for credit-building products requires examining both the population experiencing credit insecurity and the availability of products designed to address their needs: by combining credit bureau data on credit-insecure consumers with the supply of credit-building products, we can examine whether the supply of credit-building products matches the scale of populations who could benefit from them.

[18] https://www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act
[19] https://www.ftc.gov/legal-library/browse/statutes/credit-repair-organizations-act
[20] https://www.ftc.gov/business-guidance/blog/2019/06/ftc-says-credit-repair-company-en-croa-ched-consumer-rights
[21] Predatory practices, such as the sale of fraudulent "credit profile numbers" (CPNs), can even lead to federal bank fraud charges.
[22] https://www.thecreditpeople.com/debt-collection/what-is-fair-credit-reporting-act-section-611

Sizing the Supply and Demand for Credit-Building

Figure 1: Only a small share of credit-insecure consumers use credit-builder loans or secured cards

National Credit Insecurity Index, and Shares of Populations That Are Credit Constrained, Not Credit Included, with Credit-Builder Loans, and Secured Cards (2018 Q4–2025 Q4[23])



Source: FRBNY Consumer Credit Panel/Equifax, American Community Survey (2020-2024 5-Year)

The potential demand for credit-building is relevant to populations we define as being credit insecure, including those who are not in the credit economy (adults without a credit score or credit file) and those who are credit constrained (adults experiencing credit over-utilization, deep subprime credit scores, consistent delinquencies, or a lack of revolving credit products). Figure 1 shows a decline in the credit-insecure population from 2018 to 2023, with recent upticks in those not in the credit economy as of 2025. As of Q4 2025, 7.2% of consumers (25.1 million) were not in the credit economy, and 11.1% of consumers (38.7 million) were credit constrained. In contrast, only 1.2% of consumers (4.19 million) as of Q4 2025 held credit-builder products, with 0.9% of consumers (3.14 million) holding secured cards and 0.3% of consumers (1.05 million) holding credit-builder loans.[24] In

[23] Population estimate for 2025 was linearly imputed from previous years.

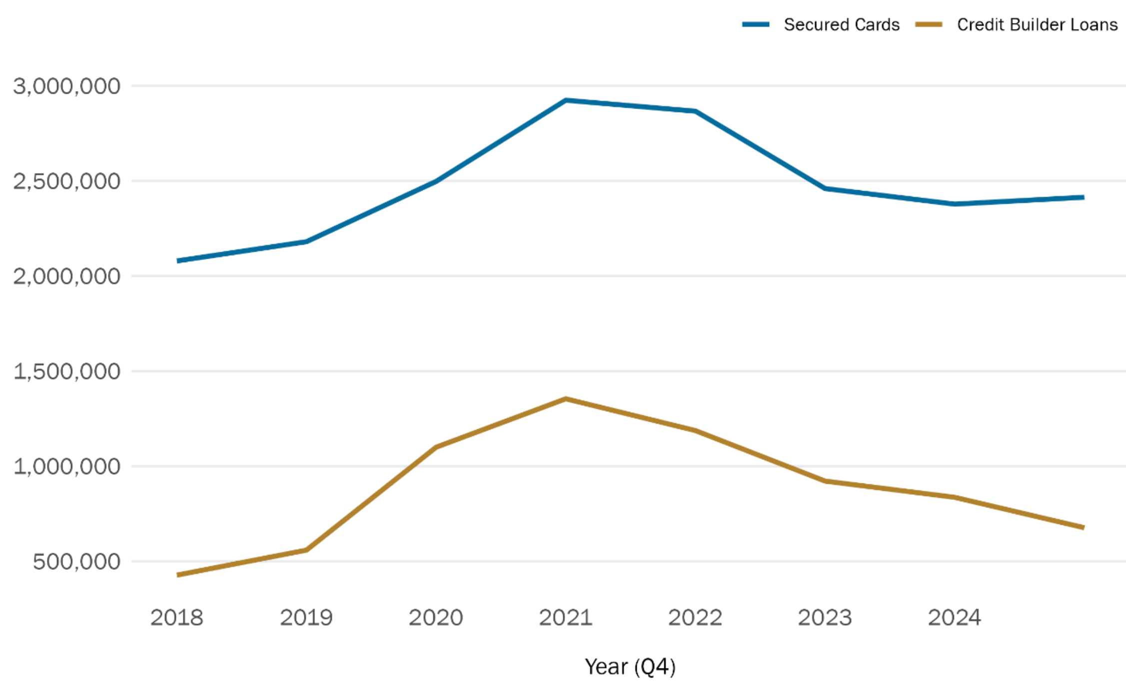
[24] This figure does not account for alternative data (such as rent reporting or cash-flow) and other types of nonproduct credit-building mechanisms.

other words, the number of consumers who could benefit from credit-building products (63.8 million) greatly exceeds those actually using such products (4.19 million), revealing a significant gap between the scale of credit needs and the reach of current solutions.

Figure 2 below shows that, generally, there are more secured credit cards on the market than credit-builder loans. This is likely due to differences in provider types in both markets: while credit-builder loans are typically provided by community development financial institutions and non-profits, secured cards are provided by banks and fintech firms, which have a greater ability to fund and scale these products.

Figure 2: The number of credit-building products originated saw rapid growth until 2021, after which originations declined but remained above pre-pandemic levels

Number of loans or cards, 2018 Q4 – 2025 Q4



Source: Calculations using FRBNY Consumer Credit Panel/Equifax

Both products saw increased originations from 2018 to 2021, likely driven by three factors seen in the small-dollar product market at large: favorable interest rates, stimulus payments that enabled consumers to pay down existing debt and take on credit-building products, and growing small-dollar credit offerings from banks and credit unions.[25] However, from 2021 onward, there was a decrease in the number of credit-building products originated, particularly between 2022 and 2024,

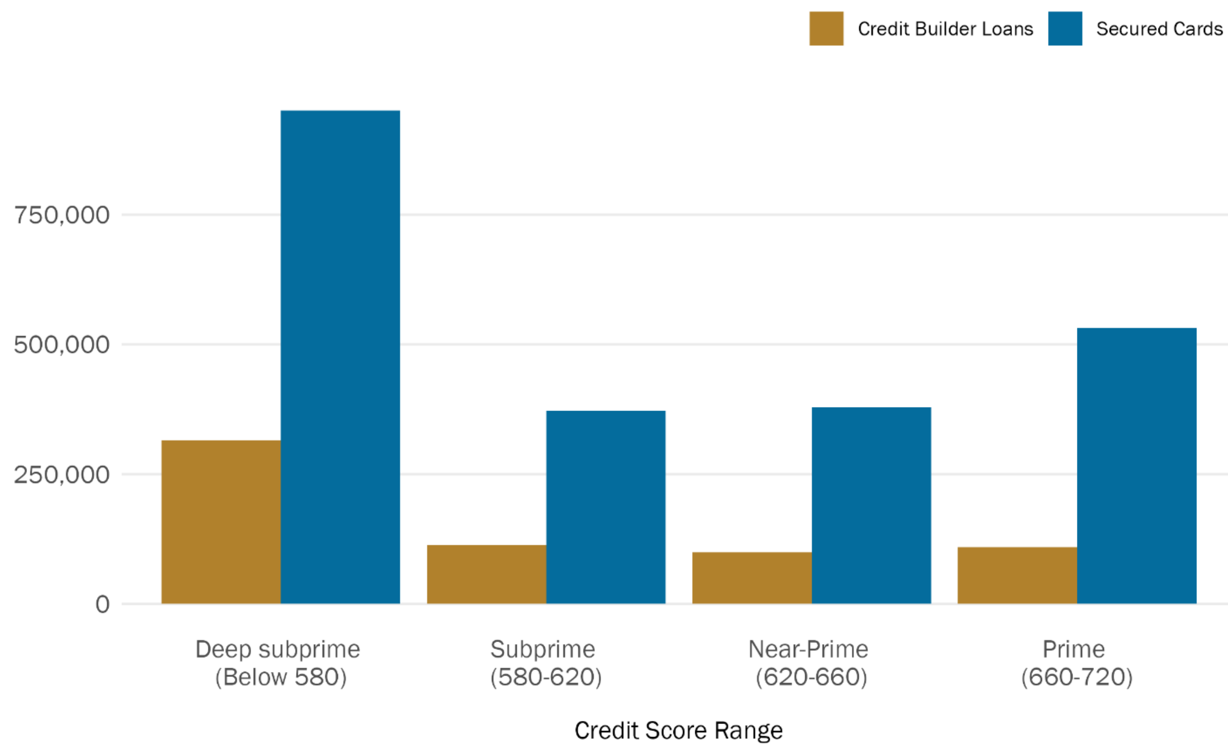
[25] https://www.federalreserve.gov/econres/feds/files/2023057pap.pdf

corresponding to a higher interest rate environment and an industry-wide cutback in lending to below-prime borrowers. That said, the levels of usage for credit-builder loans and secured card products remain higher than pre-pandemic levels, even as credit insecurity overall declined and the cost of credit has increased.

Additionally, deep subprime borrowers are the most frequent users of credit-builder loans and secured cards, as demonstrated in Figure 3 below. Secured cards are used three times as much as credit-builder loans in every below-prime credit risk category, and four times as much by prime borrowers.

Figure 3: Credit-builder loans and secured cards are most commonly used by borrowers who are deeply subprime

Number of loans or cards, Q4 2025



Source: Calculations using FRBNY Consumer Credit Panel/Equifax

Table 2 reveals notable differences between the two credit-building product types as of Q4 2025. Secured credit cards serve a substantially larger market, with 1.7 million accounts compared to 528,000 secured small-dollar loan accounts, though the total outstanding balances are similar ($494 million vs. $350 million), suggesting smaller average balances per credit card account. The mean credit scores indicate that secured credit cards serve lower-risk borrowers (641) compared to secured small-dollar loans (576).

Table 2: Credit-Building Product Characteristics as of Q4 2025

KEY CHARACTERISTIC	SECURED CARDS	CREDIT-BUILDER LOANS
Outstanding Balance (Million $)	**494**	**350**
Number of Accounts	**1,702,360**	**528,260**
Mean Balance Per Account ($)	**290**	**663**
Mean Credit Score	**641**	**576**

Source: Calculations using FRBNY Consumer Credit Panel/Equifax data

Findings from Figure 3 and Table 2 above both suggest that while secured credit cards serve both subprime and prime borrowers as a credit-building tool, credit-builder loans serve a more concentrated population of higher-risk borrowers.

Geographic Variation in the Market for Credit-Building

There are also some notable regional variations in populations not in the credit economy or credit constrained. Populations who have limited credit histories often live in rural areas and on tribal lands, many of which are considered banking deserts. There are some notable exceptions in low- and moderate-income (LMI) metropolitan counties (such as Bronx County, NY) that also have considerable shares of populations that are not in the credit economy, and these counties have also seen declines in physical bank branches.

In contrast, credit-constrained populations are regionally concentrated in the South and Southwest U.S. as well as southern Appalachia; as high as 30% of county populations in these areas experience credit constraints. Many southern counties have high shares of populations with deep subprime credit scores. Additionally, the southern region has a relatively lower number of bank branches per person than elsewhere in the country (3.6 branches per 10,000 people compared to 5 branches per 10,000 people nationally).[26]

[26] https://files.consumerfinance.gov/f/documents/cfpb_ocp-data-spotlight_banking-and-credit-access_2023-06.pdf

Figure 4: Populations that are not in the credit economy are largely concentrated in rural areas and tribal lands

Share of adult population that is not in the credit economy by U.S. county

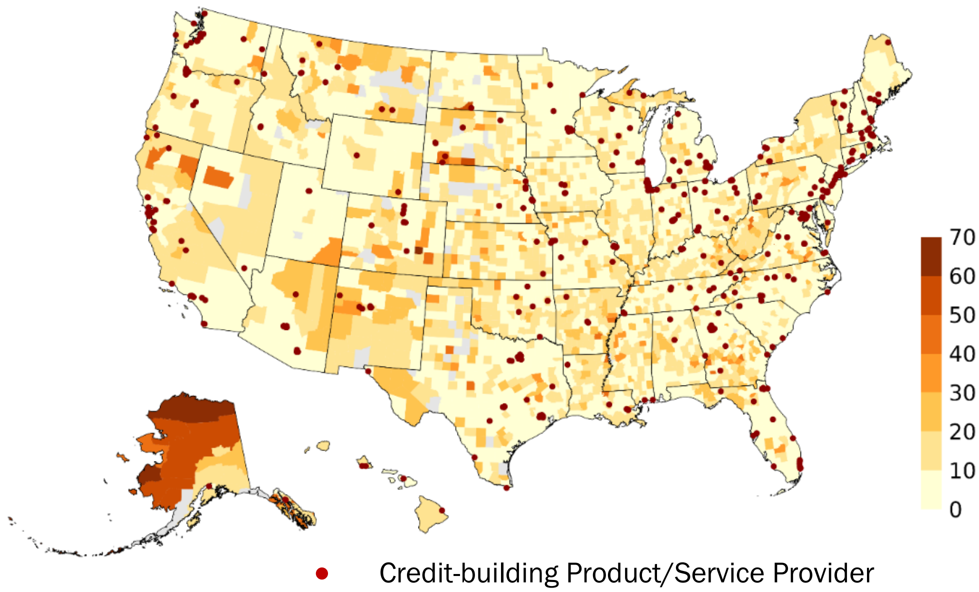
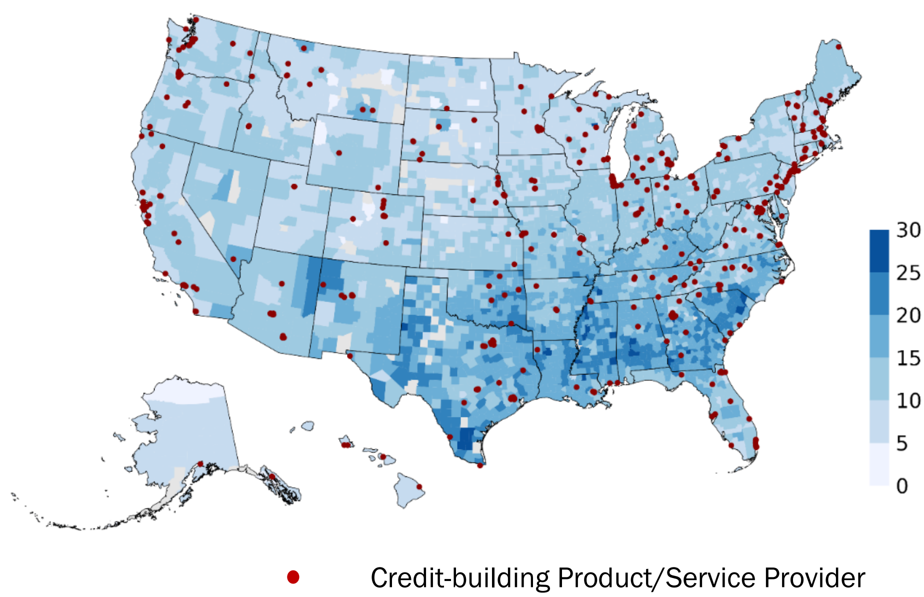


Figure 5: There is a notable concentration of credit-constrained populations in the southern states

Weighted share of adult population that is credit constrained by U.S. county



Sources: FRBNY Consumer Credit Panel/Equifax, American Community Survey (2020-2024 5-Year), Missouri Census Data Center Geocorr 2022; Credit Builders Alliance Map

Note: Red dots indicate physical branches of a local organization providing a credit-building product or service that is a nonprofit member of Credit Builders Alliance. This is not the complete universe of credit-building product providers and may not account for certain online services or uncertified service providers.

Existing Research on Credit-Building Products

The credit-building product sector has grown significantly in recent years, with a 2024 Federal Reserve Board of Governors study by Alexander Bruce and Simona Hannon estimating the market at $845 million across more than 3 million accounts held by over 2.8 million individuals as of Q4 2024, while a 2024 Federal Reserve Bank of Philadelphia study by Larry Santucci found the secured card market alone included 3.7 million open cards with $817 million in balances as of September 2023, up from 1.57 million cards in 2012.[27,28,29]

Research on credit-building loans indicates varying outcomes depending on consumers' starting credit profiles, with stronger evidence of positive impacts for those not in the credit economy compared to mixed or even negative results for credit-constrained populations. For individuals without a credit score, studies demonstrate that credit-building products help establish credit.[30,31] However, for credit-constrained individuals with existing debt or damaged credit, outcomes are more varied.[32,33,34] Research on secured cards show gains in credit scores across populations,[35] though smaller gains for those with existing debt than those without a credit score or history.[36] These divergent outcomes underscore the need for differentiated products and services depending on the population being addressed.

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[27] https://www.federalreserve.gov/econres/notes/feds-notes/an-overview-of-credit-building-products-20241206.html

[28] https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/secured-card-market-update.pdf

[29] The estimates for the secured card market are calculated from a different data source (Federal Reserve Y-14 reports) and methodology than those used in this study and are therefore different than the estimates in Table 2.

[30] A 2025 Financial Health Network study (a nonprofit membership organization funded by financial institutions, fintech companies, and foundations) found that 99% of Self (a fintech platform that helps users build credit and savings) users without a score established one in the subprime range after two months of using a credit builder account (https://finhealthnetwork.org/wp-content/uploads/2025/05/Credit-Builder-Loans-and-Rent-Reporting_-a-Study-with-Self.pdf)

[31] A 2017 Local Initiatives Support Corporation study of 555 participants in the Twin Accounts program, which combined a $300 credit builder loan with financial coaching, found that participants were more than twice as likely to gain and keep a credit score compared to a control group. (https://www.lisc.org/media/filer_public/ed/51/ed516c85-5917-4f0a-9fa0-edbc79a4cbdb/022717_resource_loan_products_for_credit-building_twin_accounts_analysis_final.pdf)

[32] The Financial Health Network study found that while subprime borrowers saw a 14-point increase on average, those starting with near-prime or prime scores experienced 22 and 27 point decreases respectively (https://finhealthnetwork.org/wp-content/uploads/2025/05/Credit-Builder-Loans-and-Rent-Reporting_-a-Study-with-Self.pdf)

[33] A 2020 Consumer Financial Protection Bureau study of 1,531 credit union members found that credit builder loans improved scores for those without existing debt but led to slight decreases for those with existing debt. (https://files.consumerfinance.gov/f/documents/cfpb_targeting-credit-builder-loans_report_2020-07.pdf)

[34] Other research by Poverty Action has found no significant impact of credit-building products on credit scores. (https://www.poverty-action.org/publication/impact-credit-building-loan-product-credit-scores-and-credit-market-united-states)

[35] A September 2025 Experian study found that Chime Credit Builder users achieved an average credit score increase of 28 points after eight months, with the top 10% gaining 71 points. (https://www.chime.com/join/campaigns/debit-credit/)

[36] https://www.aspeninstitute.org/wp-content/uploads/2025/05/FIELD-ABC.pdf

Characteristics of Credit-Building Products and Providers

The characteristics and terms of credit-building products largely differ based on the type of organization offering them, the location of the organization, and the specific populations they may be aiming to serve.

Table 3: Credit-Building Loan Product Characteristics from Roundtable Participants

KEY CHARACTERISTIC	RANGE FROM ROUNDTABLE PARTICIPANTS
Loan Amount	**$100-$3000**
Term	**5 months–3 years**
Payments Due	**Weekly or Monthly**
Fees	**$0-$50**
Interest Rates	**0–18%**
Reporting	**All three credit bureaus**
Wraparound Services	**Some require meetings with a financial coach or completion of a financial literacy course before application.**

Source: FRBNY authors' summarized insights from roundtables and interviews with credit-building service providers.

Based on our roundtables and interviews with organizations that offer credit-building products, we developed the tables and comparative models below showing the range of terms and characteristics in the credit-building products they offer. Through the two roundtable conversations we hosted, we spoke with 10 financial coaches and 12 individuals who work for organizations that offer credit-building products and services representing 19 unique organizations. Additionally, we conducted separate interviews with two fintech firms. These organizations were a mix of small banks, CDFIs, fintech firms, and nonprofits from across the United States.

The following section presents anonymized examples of credit-building products offered by a nonprofit CDFI, a fintech firm, and a bank. These examples are intended to illustrate the range of products currently available on the market and do not necessarily encompass the characteristics of all products offered by organizations of these types.

Credit-Builder Loans

Table 4: Comparing Two Credit-Builder Loan Products

KEY CHARACTERISTIC	MODEL A – NONPROFIT CDFI	MODEL B - FINTECH
Loan Size	**$500-$1500**	**$600-$3600**
Loan Term	**5–10 months**	**24 months**
Payment Frequency	**Weekly or Biweekly**	**Monthly**
Annual Fees	**$0**	**$0**
Late Fees	**None**	**Payments that are over 15 days late incur a fee of up to 5% of the scheduled monthly payment.**
Interest Rate*	**11%-15.32%**	**15.51%-15.92%**
Description	• **No hard credit check required** • **Reported to all 3 credit bureaus** • **Funds are put into a secure account and received at the end of the loan term (minus interest and fees) or can be accessed early if needed**	• **Reported to all 3 credit bureaus** • **Funds are put into a secure account and received at the end of the loan term (minus interest and fees)**

*Interest rates noted for these products are as of June 2026

A credit-builder loan (CBL) is a small dollar installment product specifically designed to help consumers build credit. These loans are offered by a range of providers, including banks, credit unions, nonprofits, CDFIs, and fintech firms. While the basic structure of credit-builder loans is similar across providers, the specific terms and requirements can vary.

Table 4 compares two different credit-builder loan products, Model A offered by a nonprofit CDFI and Model B offered by a for-profit fintech. Although both products serve the same purpose, they differ in loan size, loan term, payment frequency options, interest rates, and certain eligibility requirements. Model A provides greater flexibility by offering multiple options for loan amounts, loan terms, and payment frequency, as well as slightly lower interest rates. Model B offers more choices in loan amount but keeps the payment frequency and loan term fixed. Model B also imposes a late fee while Model A does not.

The distinctions between Model A and Model B suggest that fintech CBL products reach borrowers with a wider range of financial profiles, while CBLs offered by non-profits are designed to reach those who may be more income or credit constrained and who may benefit from having no fees and smaller credit lines.

Secured Cards

Table 5: Comparing Two Secured Card Products

KEY CHARACTERISTIC	MODEL A – BANK	MODEL B - FINTECH
Security Deposit Amount	**$200-$5000**	**Variable, depending on amount in linked checking account**
Payment Frequency	**Monthly**	**Monthly**
Annual Fees	**$0**	**$0**
Late Fees	**Up to $41**	**$0**
Interest Rate*	**25.99%**	**0%**
Description	• **Reported to all 3 credit bureaus** • **Bank will review overall credit history over time and borrower may have security deposit returned**	• **No hard credit check required** • **Reported to all 3 credit bureaus** • **Up to 5% cash back on a category of choice**

*Interest rates noted for these products are as of June 2026

A secured card is a type of credit card and revolving credit that requires the borrower to make a deposit into an account, typically in an amount equal to the credit limit. Similar to credit-builder loan products, most secured card models follow a similar structure across provider types. Providers that offer secured credit cards include banks of all sizes, credit unions, and fintech firms.

Table 5 compares two secured card products; one offered by a bank and one offered by a fintech firm. Model A offers less flexibility in the required security deposit amount and has a standard interest rate. Model B is more flexible because the security deposit is equal to the amount the borrower has in their built-in linked checking account. This design means that no interest is charged because the amount spent is paid in full each month using funds from the attached checking account.

Challenges in Scaling Credit-Builder Products

Credit-builder loans and other small-dollar loan products remain limited in scale despite significant consumer demand for several key reasons. These products present substantial profitability challenges for financial institutions that may limit their adoption by large institutions.[37] Although the loans are small, they require underwriting and loan management infrastructure similar to those of larger loans while generating far less revenue.

[37] https://www.urban.org/sites/default/files/2023-05/413278-Small-Dollar-Credit-Consumer-Needs-and-Industry-Challenges.PDF

Large financial institutions face opportunity costs when deciding which products to offer, meaning small-dollar loan products must compete internally with more profitable business lines such as mortgages and credit cards for limited resources and institutional focus.[38] On the other hand, nonprofits and CDFIs leverage government grants and philanthropic subsidies to absorb high operational and service costs (such as wraparound services).[39]

Some fintechs are funded by social venture capital, bank loans, and bond issuances and use low-overhead digital automation to offer these initial small loans as a low-cost strategy to establish a customer relationship and sell future products.[40] Many fintechs in credit-building space, however, offer secured cards and loans using automation and partner banks, relying on the customers' own funds to secure their accounts.[41]

Product Characteristics and Design Choices

From specific product terms to wraparound services, providers of credit-builder products are making specific design choices based on the consumers they aim to serve and their institutional capacity to fund and scale these products.

The roundtables we held with financial counselors and service providers revealed that the greatest distinction in credit-builder products between providers is whether service providers offer additional wraparound services alongside the product, which may impact a consumer's success with the product depending on their level of existing credit and income constraint. Table 6 below shows that, generally, nonprofits and CDFIs offer more high-touch, tailored financial coaching and counseling services in addition to their credit-builder products. Fintechs often do not offer these services themselves but instead offer financial education materials on their websites and have created various UX (user experience) design features such as in-app reminders and tips to encourage long-term behavioral changes in consumers.

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[38] https://www.urban.org/sites/default/files/2023-05/413278-Small-Dollar-Credit-Consumer-Needs-and-Industry-Challenges.PDF

[39] https://www.philadelphiafed.org/community-development/credit-and-capital/capital-for-communities-cdfis-innovate-on-small-consumer-loans

[40] https://www.philadelphiafed.org/community-development/credit-and-capital/capital-for-communities-cdfis-innovate-on-small-consumer-loans

[41] https://finhealthnetwork.org/wp-content/uploads/2023/06/FSL-Credit-Builder-Brief-2023.pdf

Table 6: Products, Wraparound Services, and Product Design Choices

	Credit Unions, Community Banks, CDFIs	Non-profits	Fintech Firms
Product Offerings	• **Credit-Builder Loans** • **Secured Cards** • **Unsecured Cards** • **Lending Circles**	• **Credit-Builder Loans** • **Lending Circles**	• **Credit-Builder Loans** • **Secured Cards** • **Alternative Data Reporting**
Wraparound Services	• **Financial counseling and coaching** • **Financial education classes**	• **Financial counseling and coaching** • **Financial education classes**	• **UX design** • **Notifications/Nudges** • **Financial education videos/articles**
Product Design Choices	• **Size of the loan** • **Financial counselor check-ins** • **Payment frequency, timing, and method** • **Flexibility on late or missed payments** • **Report to all 3 bureaus**	• **Size of the loan** • **Financial counselor check-ins** • **Payment frequency, timing, and method** • **Flexibility on late or missed payments** • **Report to all 3 bureaus**	• **Size of the loan** • **Payment frequency and method** • **Flexibility on late payments *for first-time* clients** • **Report to all 3 bureaus**

Across roundtable discussions and interviews, three themes about the service design and delivery of credit-builder products stood out.

Insight: Loan Terms Are Structured Around Affordability, With Payment Amounts Tailored to Fit Client Income and Liquidity Constraints

> "Specific terms for our loan products were largely based on affordability – a payment of about $80 to $100 a month for most of our clients. We recognize that some folks are going to need us to structure their monthly payment differently and we aim to build it around their budgets."

Roundtable participants from community-based organizations noted that they are willing to work with a client based on their budget to determine a credit-builder loan amount that makes the most sense for the client's financial situation. This is designed so that clients who are more income and credit constrained are more likely to both repay their loan and manage the rest of their household expenses while also building credit.

Insight: Flexible, Frequent, and Multichannel Payment Options Improve Repayment Likelihood for Credit-Building Clients

> "We created it [our credit-building product] so that the payment amounts were really easy to remember. It can be $25 or $50 or even $5. We also accept payments via a lot of different avenues. Clients can sign up for ACH withdrawals, or they can pay via Cash App, Venmo, or debit card."

Payment frequency is a design choice that can significantly influence consumer success with credit-building products. Roundtable participants noted that depending on a client's work schedule or paycheck frequency, weekly or biweekly payments may be more manageable than the monthly schedule typical of traditional credit products. Aligning payment due dates with pay dates increases the likelihood of on-time payments.

Several providers also allow consumers to make payments through alternative platforms outside of traditional bank accounts. While the unbanked population has declined in recent years, many LMI consumers still find bank account requirements prohibitive and instead rely on platforms like Venmo or Cash App to manage their income. Accepting payments from these alternative sources removes a significant barrier to access.

Insight: Some Product Designs Avoid Early Harmful Reporting and Offer Grace Periods for Initial Missed Payments

> "For the credit builder card and account, we report delinquencies if a customer goes beyond 30 days after the due date. But if they don't even make the first payment, we do not report that. We close the account so that it doesn't affect their credit."

Credit-building providers across all types share a common goal: supporting positive changes in behavior to encourage users to make on-time payments. However, these organizations generally recognize that their clients often face competing financial priorities that may lead to late or missed payments even while pursuing financial wellness and higher credit scores. Consequently, providers have adopted various approaches to mitigate negative impacts. Organizations with digital platforms have incorporated payment due date reminders and mechanisms to encourage autopay enrollment for credit-builder products. Providers offering financial counseling and coaching communicate directly with clients via email, phone, and text to send reminders and help them plan for on-time payments. Beyond reminders, organizations have also implemented grace periods or fee waivers while maintaining the reporting standards required by credit bureaus.

Consumer Experiences with Credit-Building Products

While credit-building products represent a relatively small share of the overall credit market (1.2% of consumers), they play a notable role in reaching highly vulnerable populations that cannot always access mainstream credit. Consumers approach these products from varied starting points, with some already working with financial counselors to address immediate financial crises, others working toward long-term goals like homeownership or entrepreneurship, and many navigating both simultaneously. Moreover, certain vulnerable populations face unique systemic barriers that make credit-building particularly critical to their financial recovery and stability. This section explores the lived experiences of users of credit-building product, highlighting the distinct needs of specific groups (such as domestic violence survivors, formerly incarcerated individuals, immigrants, and youth or seniors) and examining how and why credit-insecure consumers come to use these products.

Pathways to Credit-Building Products

Insights from our roundtable and interviews suggest two primary pathways consumers follow to access credit-building products:

Existing Relationships with Community-Based Organizations: The first pathway begins with an existing relationship with a CDFI, credit union, or nonprofit organization that provides wraparound or support services. An LMI client may initially seek assistance with housing, workforce development, or other needs and then be referred to a financial coach or counselor for additional support. After assessing the client's financial situation, the counselor may recommend a credit-building product that best fits the client's needs. Notably, consumers on this pathway are often not seeking credit-building products themselves.

Online Products Through Fintechs: The second pathway involves consumers finding a product online through a fintech firm. These consumers may already access financial services with a fintech (such as owning a digital wallet or account) or find fintech credit-building products through their own online searches or online advertisements. In other cases, they may have been referred to a fintech credit-building product by a financial coach or counselor whose organization does not offer its own credit-building products in-house.

Why Do Consumers Use Credit-Building Products?

Consumers seek and use credit-building products and services for reasons that include meeting immediate needs in a crisis and achieving long-term financial goals, such as buying a car or a home.

Insight: Homeownership Is Often Deferred until Immediate Crisis Is Stabilized Through Financial Counseling and Then Credit-Building Can Begin

> "A lot of clients come in with a goal of homeownership. But then on the other side of that it's immediate financial crisis. Clients are coming in to get support so they can navigate through whatever situation they are dealing with, and we usually have to handle that before we can work on credit-building."

Many individuals may begin the process of working toward a long-term goal such as homeownership and then realize through a counselor or service provider that they either have damaged credit or no credit at all, which makes it either very expensive or impossible to achieve these goals. Credit-building products serve as a bridge in this process, allowing clients to work toward credit improvement while also demonstrating their ability to manage regular payments, which may position them for mortgage approval at more favorable terms.

Insight: Transportation Needs Create Persistent Credit constraints in Many Areas Where Public Transportation Is Limited, Because of the Need to Take on High-Interest Auto Debt

> "75 to 80% of our clientele are female and a lot of what we see are high interest car loans on their credit reports. Luckily, if they're paying it [the loan], they're getting credit for it. But a lot of times they end up behind and take the dings or they get a repossession. It's a balancing act because we've got to have wheels in this area just to get around."

Roundtable participants noted that limited public transportation in their communities makes car ownership essential for basic activities like taking children to school or commuting to work. Many individuals are forced to accept high-interest auto loans due to a lack of alternatives. Service providers said that credit-building loans help clients with no or damaged credit histories improve their scores enough to qualify for more affordable auto financing, which in turn may enable them to access better employment opportunities.

Who Are the Sub-Populations Using Credit-Building Products?

Through our roundtable discussions we identified a number of distinct populations that experience the credit economy differently and have unique product and service needs.

Insight: Survivors of Domestic Violence Turn to Credit-Building to Recover from Financial Harm Caused by Abusive Partners

> "Most of the survivors are seeking these products because they've had ruined credit specifically due to the domestic violence. Oftentimes survivors leave with ruined credit, because partners will take out loans that they didn't know about or promise to repay things and don't."

Domestic violence victims are often also victims of financial abuse, leaving them both income and credit constrained when they exit abusive relationships. Many survivors face damaged credit from accounts opened fraudulently in their names or jointly held debts they cannot repay, while simultaneously experiencing reduced income due to employment disruptions or limited work history.[42,43] To support this population, the National Network to End Domestic Violence (NNEDV) created the Independence Program, which provides credit-building microloans to survivors in all U.S. states, territories, and the District of Columbia.[44] The program was specifically designed to address survivors' unique barriers: the starter loan is $100 with a 10-month term and $10 monthly payments. The only requirements are meeting with a domestic violence advocate at least three times and creating a monthly budget demonstrating repayment ability. The organization does not verify income or require employment, lowering barriers for survivors who are rebuilding their financial lives.

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[42] https://law.utexas.edu/magazine/2025/11/05/coerced-debt/
[43] https://nnedv.org/content/about-financial-abuse/
[44] https://nnedv.org/content/independence-program/

Insight: Formerly Incarcerated Individuals Rely on Credit-Building Products and Services to Reconstruct Financial Lives after Long Periods of Incarceration

> "So, for our clients, being credit constrained versus not credit included has to do with how much time you were incarcerated. If you were there longer than seven years, you're coming out with a clean slate. But the majority are probably credit constrained. If you literally lost everything, your car, your house, and all your things, the amount of pressure to rebuild your life is obviously overwhelming."

Formerly incarcerated individuals face unique challenges when reentering society after release. Depending on the length of their incarceration, they may find themselves either credit constrained due to former debt or delinquencies or completely excluded from the credit economy.[45] At the same time, they must quickly secure basic necessities such as employment, housing, and transportation, all of which typically require access to affordable credit. Financial counselors reported working with formerly incarcerated clients who were using credit-builder loans to establish positive payment histories in order to access lower-cost auto loans, to ultimately drive to workforce development centers and new jobs.

Insight: Some Immigrant Clients Use Familiar, Community-Based Credit-Building Models to Establish U.S. Credit Histories

> "We use a lending circles credit-builder product. One of the biggest factors is that this is a loan structure that a lot of our immigrant clients are very familiar with and people have been using it in their home countries. They know that it's an effective way to actually restrict their budget for a time and then get some savings out of it at the end."

Immigrants comprise a significant portion of those outside the credit economy. Having recently arrived in the United States, many have no credit history and limited understanding of how the U.S. credit system works.[46] Some organizations have tailored products specifically for this population, including adopting the practice of lending circles, whereby groups pool money and take turns

[45] https://pmc.ncbi.nlm.nih.gov/articles/PMC7417202/#Abs1
[46] https://www.smu.edu/-/media/site/cox/departments/finance/conference-2025/immigration_benedict.pdf

receiving funds, as a formal credit-building tool that leverages a familiar, community-based approach while reporting payments to credit bureaus.[47]

Insight: Credit-Building Supports Both Young Adults with No Credit and Older Adults Who Have Fully Exited the Credit System

> "An interesting thing that we see happening for folks who are not in the credit economy is a split between young people who just have not accessed credit before and much older people who have accessed credit before. But because they [older adults] got to the point to where they didn't need credit any longer, they paid everything off and closed everything out."

Financial counselors noted that many clients who are not in the credit economy are younger adults under 30 and older adults over 55. The younger adults they have observed have never formally accessed credit and are often interested in establishing credit for the first time to work toward goals such as purchasing a car or renting an apartment. Older adults have likely had credit products and a credit score in the past but may not have participated in the credit economy for seven plus years, effectively cleaning their credit history. Counselors noted that many older adults on fixed incomes have recently realized they cannot afford day-to-day expenses and need to re-establish credit to support basic living costs.

Barriers to Access for Credit-Building Products and Services

Indirect Pathways to Services

Low- and moderate-income borrowers typically encounter credit-building services through indirect pathways rather than through intentional outreach. Financial counselors and service providers in our roundtables noted that individuals usually approach them seeking assistance with immediate financial challenges, such as debt management, housing counseling, or emergency assistance, and only then are identified by staff as potential candidates for credit-building programs. This reactive rather than proactive model may limit reach to those already connected to the financial empowerment ecosystem, missing the many LMI consumers who could benefit from but never engage with these organizations for other reasons.

[47] https://www.missionassetfund.org/lending-circles/

Limited Geographic and Digital Access

Our roundtables also revealed that geographic and digital access gaps also create barriers for many LMI consumers seeking credit-building support. Some individuals lack physical proximity to trusted community-based providers that offer in-person counseling and credit-building programs, particularly in rural areas or underserved urban neighborhoods. Additionally, while online platforms could theoretically bridge geographic gaps, many LMI borrowers face technological barriers, including limited internet access, lack of digital literacy, or concerns about data privacy and security that prevent them from engaging with digital credit-building tools.

Higher Service Delivery Costs

Certain costs in providing credit-building services to more credit-constrained consumers present unique challenges for providers. LMI and credit-constrained clients typically require greater staff time, more frequent follow-up, and comprehensive wraparound services to address multiple financial challenges simultaneously, making the per-client cost considerably higher than that for higher-income and prime borrowers. This cost structure makes it difficult for community-based providers to achieve scale, often necessitating more reliance on philanthropic funding or government grants.

Emerging Partnerships

To address these multifaceted barriers, emerging models are exploring partnerships between community-based organizations and technology-enabled platforms. These partnerships leverage the trusted relationships and cultural competency of local nonprofits while incorporating scalable tools and platforms, automated credit monitoring, and data-driven customer insights from tech platforms. Such hybrid approaches have the potential to create more accessible and cost-effective pathways to credit-building for underserved populations, combining the high-touch approach needed in constrained financial situations with the efficiency and reach that technology can provide.

Conclusion

Our study characterizes the products and consumers that make up the market for credit-building products and services, finding that while the industry for credit-building loans and secured cards is small (1.2% of consumers) relative to the size of the need, credit-building products have unique product designs that can reach high-need populations. According to insights from roundtables and interviews conducted with financial service providers and credit counselors, individuals not in the credit economy (who comprise 7.2% of borrowers and are often younger adults, older individuals who have exited the credit system, or recent immigrants) and credit-constrained populations (11.1% of borrowers) turn to either secured credit cards or credit-builder loans, some with or without wraparound services, to establish a credit score and positive payment history.

Income constraint adds another dimension of financial vulnerability to both scenarios: credit-building products become options for income-constrained populations when providers offer flexible payment terms (such as weekly rather than monthly payments), smaller loan amounts tailored to tight budgets, multiple payment channels including cash-based options, and grace periods that prevent early delinquencies from being reported to credit bureaus.

This study's qualitative findings highlight that certain vulnerable sub-populations face unique barriers that require specialized product design. Survivors of domestic violence benefit from products with no employment or income verification requirements, formerly incarcerated individuals need products that account for disrupted credit histories and that help fill urgent transportation needs, and immigrant populations respond well to culturally familiar models such as lending circles.

Provider type matters too: community banks, credit unions, CDFIs, and nonprofit organizations that offer wraparound services including one-on-one financial counseling and coaching may be better suited to serve the most income- and credit-constrained populations, while fintech firms offering self-managed products with UX-driven behavioral nudges may best serve those without a credit history or limited existing debt, with the exception being instances where fintechs work with community-based organizations to provide wraparound services to their credit-constrained clients.

Credit-building products may offer a path to other advanced financial services that promote wealth-building and economic mobility, but additional research is needed to track the long-term outcomes of borrowers who use these products, particularly research to assess who successfully achieves financial goals not just in the short term but also in the medium to long term, and whether the pathways from credit-building to wealth accumulation function differently across different population segments.

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Financial Coach and Counselor Roundtable Participants

PARTICIPANT NAME	ORGANIZATION
Phil Brockton	Habitat for Humanity Financial Opportunity Center
John Eagan	Focus: HOPE
Sandra Garcia	Focus: HOPE
Shaulonda Jones	NeighborWorks Toledo Region
Joseph Lauchlan	International Institute of Metropolitan Detroit
Alexandra Luke	MiSide Wealth
Kristal Mathews	Arouet Foundation
Brandy Smith	Arouet Foundation
Lupita Vavalle	Youth Job Center
Jamie Wallingford	Missouri Women's Business Center/Central Missouri Community Action

Financial Service Providers Roundtable Participants

PARTICIPANT NAME	ORGANIZATION
Maria Baez	Neighborhood Housing Services of Greater Berks, Inc.
Joseph Ceasar	LIFE Empowerment Fund
Spike Hosch	BetterFi
Maggie Johnston	New Reach Lending Company / CLC New England
Carmen Labrador	Neighborhood Housing Services of Greater Berks, Inc.
Elaine Orsini	Mutual Security Credit Union
Kim Pentico	National Network to End Domestic Violence
Rich Reynoso	Accompany Capital
Kristin Schell	Working Credit
Melanie Stern	Spring Bank
Lakota Vogel	Four Bands Community Fund
Sara Zeier	Clearwater Credit Union

Fintech Interview Participants

PARTICIPANT NAME	ORGANIZATION
Mona Jabbour	Chime
Roy Elis	Chime
Baishi Wu	Chime
Brett Billiack	Self Financial
Ram Chandrasekaran	Self Financial

Appendix A: Methodology

About the New York Fed Consumer Credit Panel/Equifax Data

The data we use to estimate credit-insecure populations and credit-building products are from the Federal Reserve Bank of New York's Consumer Credit Panel (updated as of Q4 2025), which consists of an anonymized 5% representative sample of individual-level credit records from Equifax and demographic information from the U.S. Census Bureau.[48] The Equifax credit data used in this report come from the fourth quarter of each year. We do not use Equifax data for individual income or socioeconomic characteristics, but they do contain information about the geographic location and age of borrowers.

About the Credit Insecurity Index

The New York Fed's Community Development team published a report in March 2025 called *Credit Insecurity in the United States: 2018 – 2023*[49] that provided an overview of the Credit Insecurity Index from 2018 to 2023.[50] We used the Credit Insecurity Index, a community-level measure of access to affordable credit, to size and characterize the populations most relevant to credit-building. The Credit Insecurity Index combines data on credit inclusion (whether or not adults have a credit score or file) and credit constraints (whether or not adults experience credit constraints) to create a county-level measure of access to affordable credit.

We took the index's two sub-components, **Not Credit Included** (which is the share of the adult population that does not have a credit score or credit file) and **Credit Constrained** (which is the weighted share of the adult population that experiences at least one of the following four credit constraints: no revolving credit, credit over-utilization, deep subprime credit score, or struggling/consistently delinquent payment history) and use these definitions as the basis for our quantitative and qualitative studies.

Estimating the Supply of Credit-Building Loans and Secured Cards

The methodology used to size and estimate the supply of credit-building loans and secured credit cards was adopted and adjusted from An Overview of Credit-Building Products (2024) by Alexander Bruce and Simona Hannon. We base our analysis on credit card and small-dollar loan holdings reflected in the tradeline-level (or account- or loan-level) version of the FRBNY Consumer Credit

[48] https://www.newyorkfed.org/microeconomics/hhdc/background.html
[49] https://www.newyorkfed.org/outreach-and-education/household-financial-stability/credit-insecurity-united-states
[50] https://www.newyorkfed.org/outreach-and-education/household-financial-stability/credit-insecurity-united-states

Panel/Equifax (CCP) data. The CCP sample used for this study covers of all credit cards (up to 10 cards per borrower) and all personal loan holdings (up to 4 loans per borrower). For the purposes of this analysis, we define credit-building products as those secured credit cards with a limit of $1,000 or less and secured small-dollar loans (inclusive of both passbook loans and installment loans, which cannot be distinguished in the CCP) with a credit limit or an origination amount of $2,000 or less issued by banks, thrifts, credit unions, and finance companies[51] to borrowers with credit scores of 720 or less, based on insights from providers of credit-building products in our roundtables. The data comes from Q4 every year from 2018 to 2025.

Please note that the data do not allow for the distinction of loans and cards that are specifically designed for establishing or improving credit. However, the data do allow us to use narrative and industry codes to filter for providers of credit-building products (banks, thrifts, credit unions, and finance companies; non-profits are not included). For loans, revolving accounts and unsecured products were excluded. For secured credit cards, retail cards and unsecured products were excluded.

Qualitative Data Collection: Roundtables and Interviews

Qualitative data collection consisted of two virtual roundtables and two interviews with experts and practitioners in the field of credit building. The first virtual roundtable was coordinated in collaboration with the Local Initiatives Support Corporation (LISC), which invited financial coaches from its partner Financial Opportunity Center® (FOC) organizations from across the country. LISC's FOC's are nonprofit organizations that adopt and implement LISC's FOC model which is built on four core components: Financial Coaching, Career Coaching, Income Supports and a Shared Data System.[52] Ten financial coaches participated in the virtual roundtable.

The second virtual roundtable was coordinated with the support of Credit Builders Alliance (CBA) which is a national nonprofit network dedicated to building the capacity of a diverse and growing network of hundreds of nonprofits focused on credit building across the country.[53] Twelve individuals representing 10 organizations that are members of CBA participated in the roundtable hosted for financial service providers. Of the 10 organizations, eight of them offered credit-building products, while the other two organizations had in depth knowledge of various credit-building products on the market due to client referrals. Both roundtables began with an overview of Community Development

[51] Does not include non-profits, which are also providers of credit-building loans.
[52] https://www.lisc.org/rural/our-work/workforce-development/financial-opportunity-center/
[53] https://creditbuildersalliance.org/about-cba/

at the Federal Reserve and the goals of this research report. Researchers then moderated the discussion, which was audio and video recorded. The roundtable recordings were reviewed and transcribed to identify key themes.

Financial Coach Roundtable Questions:

1. How do most of your clients learn about your financial counseling/coaching and credit-building services?
2. What are reasons your clients seek credit-building products and services, or reasons you recommend credit-building products and services to your clients?
    a. What are their needs when they seek your services?
    b. What stressors are causing people to seek your services? How have these causes changed in the last few years?
3. What consumer profile is most common among your clients? Credit constrained or not in the credit economy?
    a. What are their ages, income levels, racial/ethnic backgrounds, or geographic characteristics?
    b. For clients that have a credit history, what types of debt do they normally have?
4. What credit-building products or models does your organization typically refer clients to use and what are their characteristics?
    a. Do you observe measurable improvements in clients' credit scores or financial health after using these products?
    b. Do clients typically "graduate" to other credit products or mainstream financial services?
5. What other strategies or tools do you use to help your clients achieve their goals?
    a. What does a typical relationship with a client look like? How often are you meeting with them and how long do you typically meet with them?
    b. Where have you had the most success in helping clients?
6. What wraparound services do you offer to clients that receive credit counseling?
    a. Do most of them use these additional services or are they required?

Credit-Building Product and Service Provider Roundtable and Interview Questions:

1. What types of loan or credit products does your organization offer?
    a. Specifically, what credit-building products do you provide, and what informed your decision to offer these?
        i. Why were the specific terms for your product chosen (i.e., loan size, terms of the loan, interest rate, and duration of loan.)?
        ii. How can clients apply for these products and access their loan information for the duration of the loan (online, app, etc.)? Why do they seek your credit-building products?
        iii. Do you design products to cater to the needs of either or both credit-constrained and credit-invisible populations? If so, how?
2. What types of consumers are most common among your clients—credit constrained or not in the credit economy?
    a. What are their ages, income levels, racial/ethnic backgrounds, or geographic characteristics?

3. Do you have minimum standards for your clients to use your credit-builder product (for example, having a bank account, having a minimum debt to income ratio, having monthly income vs monthly expenses ratio.)?
4. Do you choose report to all three credit bureaus? If so, do you have practices that minimize negative impacts on a client's credit score while using the credit-building product? For example, late payments, hard credit pulls, account going into collections?
5. How do you measure success or impact for your credit-building products (e.g., credit score improvement, financial stability, long-term outcomes)? If you see credit improvement, on average how long does it take to see a change?
    a. Do clients graduate to other loan or credit products after completing the credit-builder product?
    b. What are outcomes for credit-building products like for credit-invisible or credit-constrained populations?

Appendix B: Literature Review

1. An Overview of Credit-Building Products - Alexander Bruce and Simona M. Hannon
2. The Secured Credit Card Market – Larry Santucci
    a. Secured Card Market Update - Larry Santucci
3. Credit Building in the Digital Age - David Silberman
4. Targeting Credit Builder Loans - Consumer Financial Protection Bureau
5. Credit Building or Credit Crumbling? A Credit Builder Loan's Effects on Consumer Behavior, Credit Scores and Their Predictive Power - Jeremy Burke, Julian Jamison, Dean Karlan, Kata Mihaly and Jonathan Zinman
6. Credit Builder Loans and Rent Reporting - Trey Waters, Hannah Gdalman, Necati Celik, and Heidi Johnson
7. Credit Invisibles - Consumer Financial Protection Bureau
    a. Technical correction and update to the CFPB's credit invisibles estimate
8. The Power of Credit Building - Sarah Chenven
9. Loan Products for Credit-Building: An Impact Analysis of Twin Accounts - Sarah Rankin
10. Access to Credit and Financial Services: A Bridge to Financial Well-Being - Liz Deichmann