Credit Score Management:

The $110 Billion Deposit and Payments Magnet

Elizabeth Gujral
Director
Cornerstone Advisors

Ron Shevlin
Chief Research Officer
Cornerstone Advisors

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Executive Summary

We'd bet that 95% of the banks and credit unions in the United States with a digital banking offering provide their retail customers and members the opportunity to see their credit scores. On the other hand, we'd also bet that just 5% of those institutions help consumers manage their credit scores. They're missing a huge opportunity.

Based on the results of a survey of Americans with a subprime (580 to 619) or near-prime (620 to 670) credit score, Cornerstone Advisors estimates that banks and credit unions could recapture $110 billion in deposits and generate more than $1.5 billion in interchange fees by integrating credit reporting capabilities into their checking and payment accounts.

What is credit reporting? It's the process of establishing and improving creditworthiness by demonstrating how consumers handle debt and make payments.

To date, credit scores have narrowly focused on how consumers handle debt, offering little or no credit score benefit for consistently making recurring bill payments. Both are important. Credit building—via credit reporting—requires financial institutions to improve the pathways to credit product access, affordability, and selection as part of building consumers' credit experiences and financial service relationships.

Six in 10 Americans between the ages of 21 and 44 said that a checking account that reports rent and bill payments to the credit bureaus—thereby helping them improve their credit score—would provide "better value" than their current checking or debit card account.

In fact, credit building stood out as the most attractive hypothetical checking account feature, ahead of innovations like automated health expense reimbursements, rewards for investing, and a paid bundle of subscription services. A credit building feature can entice consumers to change accounts and alter payment behaviors. Among Gen Z and millennial consumers with subprime or near-prime credit scores:

- **73% would consider opening a new checking account** if it helped them build their credit by reporting rent and utility payments to the credit bureaus
- **79% would use a non-primary checking account more frequently** to pay bills and make other purchases if it reported their rent and bill payments to the credit bureaus
- **68% would switch their direct deposit to a non-primary checking account** if it reported rent and bill payments to the credit bureaus

This report makes the business case for integrating credit reporting into checking accounts and offers recommendations to help financial institutions successfully capitalize on the opportunities.

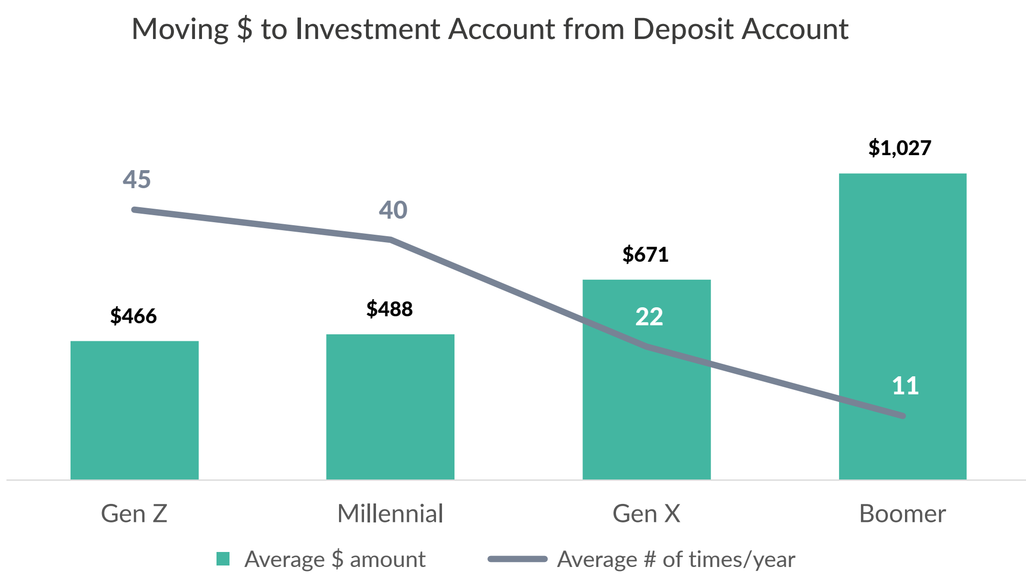
Stemming the Deposit Outflow

The run-up in interest rates in the past few years has led to a massive outflow of deposits to investments and high-yield savings accounts. Since 2020, $2.15 trillion has left megabanks, regional banks, and community-based financial institutions for fintech investment accounts, with another $1 trillion leaving banks and credit unions for high-yield savings accounts.[1]

Among older consumers, it's a slow leak; among younger consumers, it's a steady drip. On average, Gen Zers and millennials (ages 21 to 44, combined, we call them zillennials) move deposits to investment accounts about three to four times per month. Gen Xers average nearly two moves per month, and baby boomers average almost one each month (Figure 1). Overall, the two younger generations have accounted for roughly 60% of the deposit displacement.

FIGURE 1:

Deposit Displacement by Generation

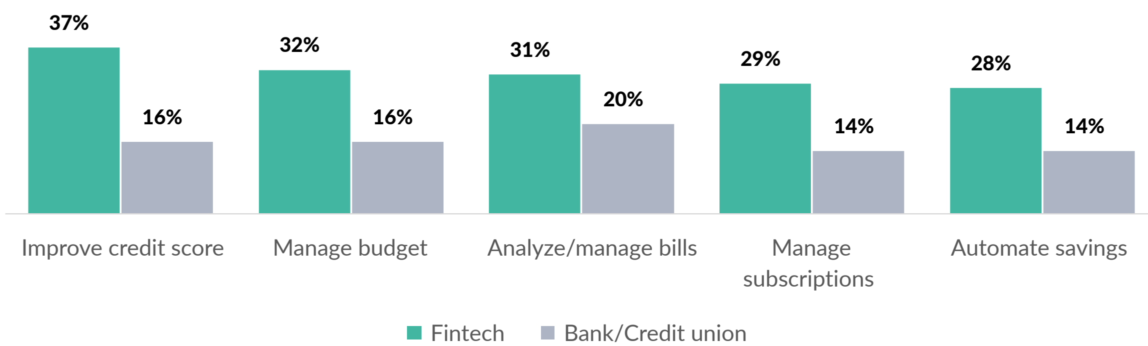


Source: Cornerstone Advisors

In addition to deposits, community-based financial institutions have lost, and continue to lose, young consumers' banking engagement. Roughly speaking, about twice as many zillennials use a fintech to improve their credit scores, manage their budgets, analyze and manage their bills, manage subscriptions, and automate savings as those who use a bank or credit union (Figure 2).

FIGURE 2:
Gen Z and Millennial Use of Financial Management Tools

What type of provider do you primarily use for the following financial management activities?
(Base=Consumers 21 to 44 years old)



Source: Cornerstone Advisors

Using Credit Score Management to Attract Deposits and Drive Engagement

Community banks and credit unions need new strategies and tactics to attract and retain deposits and engage customers and members. The traditional approach—offering higher interest rates, free checking, or convenient digital banking—is falling short.

Cornerstone Advisors' research shows that consumers—particularly those with subprime and near-prime credit scores—are highly motivated to improve their credit and will move deposits and open new accounts to boost their credit score. This report will dive into how and why offering credit score management tools can become a strategic lever for community financial institutions to increase and retain deposits, drive payment activity, improve loyalty, and convert loan denials into future business.

Success, however, requires integrating new tools and services, managing customer expectations about credit improvements, and positioning credit score management as a core offering rather than an add-on. **This report explores how credit building tools can drive deposit attraction, retention, and customer loyalty, and offers strategic recommendations for community financial institutions.**

About Subprime/Near-Prime Consumers

Subprime typically refers to credit scores in the range of 580 to 619, while near-prime comes in just above subprime, generally around 620 to 670 in many scoring models. Experian estimates that roughly 57 million American adults—25% of the adult population—have a subprime credit score.[2] Precise data for near-prime is less frequently cited. We estimate that, together, subprime and near-prime consumers account for approximately one-third of the American adult population.

This varies by age, of course. About 1 in 3 Gen Zers have subprime credit scores. While there is no definitive published data yet on how many are in the near-prime range, it's likely that about half of Gen Z adults currently sit below the prime credit score threshold.

An even larger percentage of millennials are in the subprime/near-prime segments. Experian calculates that 40% of millennials have a credit score in the subprime range, leading to an estimate of nearly 60% of millennials in the combined subprime/near-prime segment.

In Q2 2025, Cornerstone Advisors surveyed 1,846 adult consumers in the United States with a subprime or near-prime credit score. The sample was recruited to represent the U.S. adult population in terms of age, gender, and race. The margin of error is 2% at a 95% confidence level. Among zillennials, roughly half:

- **Have more than one checking account.** Forty-five percent of Gen Zers and 42% of millennials have two or more checking accounts.
- **Use credit building tools.** Forty-six percent of Gen Zers and 48% of millennials currently use credit building tools. The impact of these services is lacking, however—63% of Gen Zers and 69% of millennials said they have seen no or limited improvement in their credit scores from these tools.
- **Have had a loan application denied in the past five years.** Forty-six percent of Gen Zers and 57% of millennials have been denied a loan since the pandemic.
- **Are managing.** Among Gen Zers, 50% characterized the state of their financial health as "managing," with 28% struggling, 7% in dire straits, and 13% thriving. Among millennials, 44% are managing, with 37% struggling, 9% in dire straits, and just 7% thriving.

Credit Building is a Deposit and Payments Magnet

Attracting new deposits isn't just about getting new accounts—it also means getting existing customers and members to bring more of their financial life to your institution. Credit score management (and credit building) tools can do both. They can entice people who only have a loan or inactive account with you to open and fund a checking account, and they can turn a customer's secondary account into their primary account.

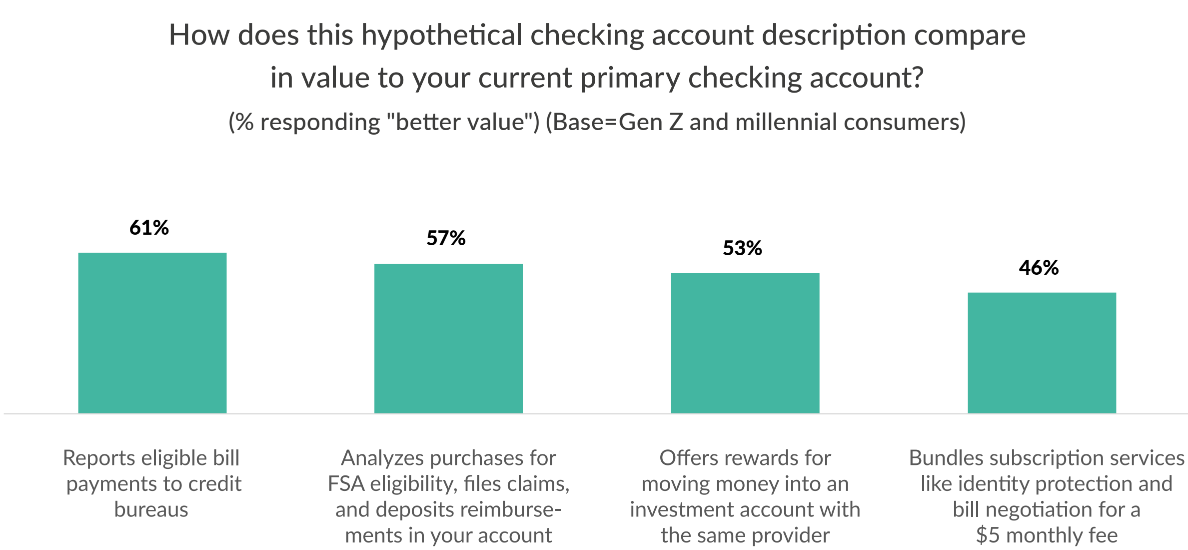
What Americans Want in a Checking Account

When asked what a "better" checking account might look like, the most popular scenario was one that helps build credit by reporting bill payments. Four out of 10 zillennials said if they found a better checking account (or debit card), they would be very likely to open it.

What constitutes a "better" checking account?

Six in 10 zillennials said an account that reports rent and bill payments to the credit bureaus—thereby helping them improve their credit score—would provide "better value" than their current checking or debit card account. In fact, credit building stood out as the most attractive hypothetical checking account feature, ahead of innovations like automated health expense reimbursements, rewards for investing, and a paid bundle of subscription services (Figure 3).

FIGURE 3:
Value Rating of Hypothetical Checking Accounts



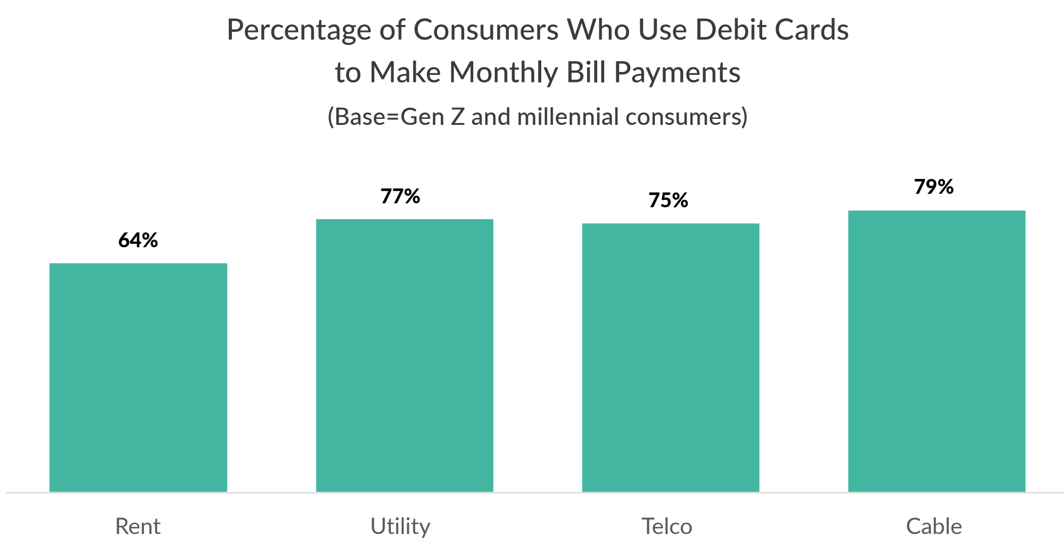
Source: Cornerstone Advisors

Despite this strong demand for credit building functionality in deposit accounts, just 18% of zillennials say their current primary checking account helps them manage their credit score—no doubt because most banks and credit unions provide only the credit score and not the tools to improve it.

Subprime and Near-Prime Consumers Will Change Accounts and Payment Methods for Credit Score Management

Today, most zillennials use a debit card to pay their rent and monthly bills, with a credit card being the second-most popular form of payment (Figure 4).

FIGURE 4:
Bill Payment Methods



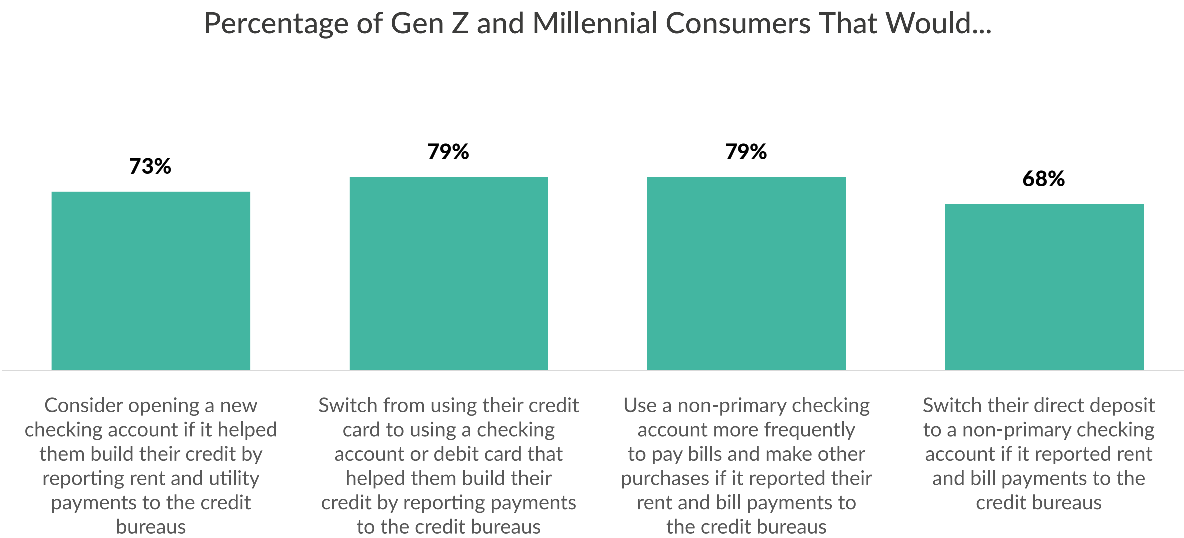
Source: Cornerstone Advisors

A credit building feature can entice consumers to change accounts and alter payment behaviors. Among subprime and near-prime credit score zillennials (Figure 5):

- **73% would consider opening a new checking account** if it helped them build their credit by reporting rent and utility payments to the credit bureaus
- **79% would switch from using their credit card to using a checking account or debit card** that helped them build their credit by reporting payments to the credit bureaus
- **79% would use a non-primary checking account more frequently** to pay bills and make other purchases if it reported their rent and bill payments to the credit bureaus
- **68% would switch their direct deposit to a non-primary checking account** if it reported rent and bill payments to the credit bureaus

FIGURE 5:

Account Opening and Behavioral Shifts from Credit Reporting Capabilities



Source: Cornerstone Advisors

Providing credit building capabilities is an urgency for many zillennials because:

- **44%** say they don't pay reasonable interest rates on their outstanding loans
- **36%** of those who currently rent plan (or want) to purchase a home within the next three years

The Loan Declination Opportunity

More than half of zillennials—46% of Gen Zers and 57% of millennials—have had a loan application declined sometime in the past five years. Most financial institutions never see or hear from these consumers again. In fact, for many credit unions, a declined loan is the number one reason why a member defects, closes out an account, or stops engaging with the institution.

Banks and credit unions have an opportunity to capture the business of consumers they turn down for loans. Among zillennials who have been turned down for a loan in the past five years, 70% said if the financial institution that turned them down for a loan or credit card had offered them a free service to help them build their credit, they would have used it.

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Credit Reporting: A $110 Billion Deposit Opportunity

For every 1,000 deposit customers attracted by this type of service, a financial institution could see $333,000 in incremental annual interchange revenue. Integrating credit reporting capabilities into checking accounts could shift more than $110 billion in deposits and drive nearly $1.7 billion in interchange fees from bill payments (Table A).[3]

TABLE A:

Integrated Credit Reporting Business Case

	Gen Z	Millennial	Gen X	Total
Total population (millions)	43.8	67.9	65.2	
Subprime/near-prime	50%	60%	25%	
Very likely to switch to better product	42%	37%	29%	
Consider credit reporting a better product	62%	60%	59%	
Credit reporting consumers (millions)	**5.7**	**9.0**	**2.8**	**17.5**
Pay rent with debit card	72%	60%	47%	
Pay utilities with debit card	71%	80%	72%	
Pay phone with debit card	72%	77%	73%	
Pay cable with debit card	76%	81%	75%	
Pay rent with credit card	13%	9%	21%	
Pay utilities with credit card	15%	12%	26%	
Pay phone with credit card	15%	12%	26%	
Pay cable with credit card	16%	13%	27%	
Total annual debit card bill pay ($ billions)	**$52.1**	**$62.8**	**$14.4**	**$129.3**
Total annual credit card bill pay ($ billions)	**$12.7**	**$14.2**	**$9.0**	**$35.9**
Debit interchange fees ($ millions)	**$380.3**	**$458.2**	**$105.4**	**$943.9**
Credit interchange fee ($ millions)	**$228.2**	**$256.4**	**$161.4**	**$646.1**
Average deposits per consumer	$2,400	$23,000	$72,000	
Subprime/near-prime % of average	75%	75%	50%	
% of deposits moved to credit reporting account	75%	50%	25%	
Deposits in credit reporting accounts ($ billions)	**$7.8**	**$77.9**	**$24.8**	**$110.4**
Deposit shift per credit reporting customer	$1,350	$8,625	$9,000	
Annual bill pay per credit reporting customer	$11,280	$8,522	$8,513	

Source: Cornerstone Advisors

The New Realities of Credit Score Management

The sheer adoption (millions of users) and positive outcomes tell us a few things about attitudes and motivations towards credit score management:

- **Consumers are actively seeking ways to improve their credit.** They're not just passively hoping it improves. They will try new tools, especially free ones, if there's a chance of a score boost. This dispels any notion that "maybe people don't care enough about their credit to bother with such features." Clearly, they do care.

- **Even modest score improvements are considered worth it.** Nearly half (46%) of zillennials said a 20-point increase in their credit score would be sufficient for them to see value in a credit building tool. Larger improvements are possible—30% of zillennials who use credit building tools reported gains of 30 points or more.

> Nearly half (46%) of zillennials said a 20-point increase in their credit score would be sufficient for them to see value in a credit building tool.

- **Thin-file and credit-invisible consumers are eager to become scoreable.** According to Experian, Boost—its service that helps (or, at least, *promises* to help) improve credit scores by including bill payments in the credit file—helped 47% of previously scoreless users get a credit score.[4] This indicates that those users saw credit reporting as an entry point. They're highly motivated to join the credit system, and they'll use a product that offers that opportunity.

- **Consumers trust a major credit bureau with their bank data if it helps them.** Millions of consumers use Experian Boost, which requires users to connect their bank accounts and allow Experian to scan transactions. This demonstrates that people will overlook data privacy concerns or inconveniences for a perceived benefit.[5] This should assure banks and credit unions that if they offer credit reporting tools, consumers will likely be willing to enroll and link their external accounts to get results.

The Credit Score Management Competitive Landscape

Not surprisingly, Credit Karma is the most popular tool that zillennials use to track their credit scores. The second most popular—used by 25% of zillennials—is Experian Boost.

A well-known drawback of Boost is that it only impacts the Experian credit report. It doesn't touch Equifax or TransUnion. This limits its usefulness for consumers whose lenders primarily use other bureaus, such as TransUnion or Equifax, in their underwriting decisions.

In our survey, just 25% of zillennial Boost users are “very satisfied” (the percentage of “very satisfied” Gen X and baby boomer users is even lower). In fact, 71% of Boost users—of all ages—reported no to just slight improvement in their credit scores from using the service. Comments from survey respondents included:

- “Couldn't get my bank linked.”
- “My score went up a few points and then nothing after that.”
- “I ended up having to pay for it.”
- “Too much work involved to get a credit score boost.”
- “I found them to be difficult to deal with, and they didn't provide as many services as they promised.”

To date, credit bureaus and fintechs only offer partial solutions (e.g., single-bureau boosts, standalone apps that aren’t tied to a bank account), leaving an opening for integrated, full-spectrum credit building checking accounts that local institutions can occupy.

Conclusion: **There’s room—and consumer desire—for credit building tools that report to all bureaus and provide a more seamless experience. Community banks and credit unions can seize this opportunity by building it into their core offerings and using it to attract, retain, and cross-sell.**

Recommendations for Community Banks and Credit Unions

Providing a credit score management tool requires a strategic approach to maximize its impact on deposits and customer engagement. Here are key recommendations and implications based on the analysis:

1. **Embed credit building as a core feature, not a sideshow.** Don't treat credit score tools as an optional add-on or a gimmick. Position them front and center in your checking account value proposition. Market them prominently ("Build your credit by paying bills with us!") and train staff to discuss them as a primary benefit. Embedding these tools can transform a commodity checking account into a "relationship-building engine." Rename an existing account or create a new account (e.g., "Credit Builder Checking") to highlight the new capabilities. The strategic play is to make your institution known for its credit building capability in your market—a differentiator that other financial institutions don't offer.

The strategic play is to make your institution known for its credit building capability in your market—a differentiator that other financial institutions don't offer.

2. **Eliminate cognitive and practical barriers to participation.** Ease of use is critical. Consumers are interested but cite "hassle to switch" as a barrier. If enrolling in credit reporting requires a few steps, guide them through it in-app. Automate what you can—allow customers to easily designate which recurring payments to report (maybe through bill pay or ACH setup). Ensure that once it's set up, the reporting takes place in the background without the customer needing to do anything extra each month. At account opening (or loan denial scenarios), proactively offer enrollment.

3. **Target the right audience and promote outcomes.** Focus on marketing this to segments who will benefit most: near-prime, subprime, thin-file, young adults building credit, and customers who were denied credit. Use internal data to identify candidates (credit scores from soft pulls, loan turndowns, etc.). When promoting it, use both emotional appeals ("Get credit for the bills you're already paying!") and data ("82% of users see their scores improve!"). Emphasize multi-bureau reporting if applicable.

4. **Train staff to be credit coaches.** Train your frontline and lending staff to talk about credit building in a helpful, non-judgmental way. They should be able to explain how rent or utility reporting works, reassure customers about data security, and encourage participation. They essentially become financial coaches who have a specific tool to offer for a common problem (bad credit). This not only helps enrollment, but it deepens the advisor role of your staff. It shifts the conversation from "we can't give you this product" to "here's how we'll help you get to a place where you can get it."

5. **Mind the metrics and adjust.** Track metrics like the number of accounts enrolled, average deposit balance change in those accounts, and increase in number of transactions (especially bill payments) per month. In addition, follow the retention rate of those customers versus others, loan conversion rate of previously denied borrowers who used the program, and the credit score improvements achieved (maybe aggregated and anonymized).

If something isn't moving as expected (e.g., few are using it for utilities but many for rent, or vice versa), dig in and adjust your approach or messaging.

6. **Create complementary offerings.** Customers who work on their credit might benefit from other products like credit builder loans or secured credit cards. There's a natural synergy: someone using checking-based credit reporting might also take a small credit builder loan (where the loan proceeds are held in a savings account and they pay it off to build credit). Using both could accelerate their improvement. Offering a *suite* of credit building tools positions the institution as a hub for financial health improvement and performance.

It's rare to find an initiative that can holistically impact the customer lifecycle from acquisition (drawing new accounts) to growth (higher balances and transactions) to retention (stickier relationships) to reactivation (turning denied loans into eventual approvals). Credit score management tools present a timely strategic opportunity for community banks and credit unions. They tap directly into a genuine customer need and desire—better credit scores—and, in doing so, they serve the institution's goals of attracting deposits, increasing usage, deepening loyalty, and creating future lending opportunities.

About the Authors

Elizabeth Gujral

Director

Elizabeth Gujral focuses on the development of quantitative and qualitative analyses that help Cornerstone clients boost their efficiency, service, and profitability to high-performance levels. Before joining Cornerstone, Gujral was a public policy analyst at ICF Consulting and conducted market research at Gartner. She holds a master's degree in business and development economics from the University of Sussex, Brighton, England, and a bachelor's degree in sociology from the University of Pittsburgh.

p 480.990.5767

e egujral@crnrstone.com

in /egujral

Ron Shevlin

Chief Research Officer

Ron Shevlin heads up Cornerstone Advisors' fintech research efforts and authors many of its studies. He has been a management consultant for over 30 years, working with leading financial services, consumer products, retail, and manufacturing firms worldwide. Before joining Cornerstone, Shevlin was a researcher and consultant for Aite Group, Forrester Research, and KPMG. He is the author of the book *Smarter Bank*, writes the Fintech Snark Tank blog on Forbes, and hosts the What's Going On in Banking podcast. Shevlin is ranked among the top banking and fintech influencers globally and is a frequent keynote speaker at banking and fintech industry events.

p 480.424.5849

e rshevlin@crnrstone.com

in /ronshevlin

𝕏 @rshevlin

About
Cornerstone Advisors

For over 20 years, Cornerstone Advisors has delivered gritty insights, bold strategies, and data-driven solutions to build smarter banks, credit unions, and fintechs. From technology system selection and implementation to contract negotiations, vendor management, performance improvement programs, strategic planning, merger integration, and enterprise program management, Cornerstone combines its expertise with proprietary data to help financial institutions thrive in today's challenging environment.

p 480.423.2030

e info@crnrstone.com

crnrstone.com

in /cornerstoneadvisors

@CstoneAdvisors

About
Bloom Credit

Bloom Credit is a financial data infrastructure company. Bloom's API platform, strategic relationships and critical innovations, such as Bloom+ for consumer-permissioned data (CPD), enable access to validated financial data and reporting in real-time. The company's fintech solutions empower organizations to create, launch, and grow new classes of credit products, increase business relevance, and better address their consumers' needs. For its accomplishments in transforming the credit data ecosystem, Bloom Credit has earned Finovate's Best of Show (2024) and Tearsheet's Data Innovation Award (2024) and has been recognized by Finovate for Excellence in Financial Inclusion (2025) and by CU Times' Luminaries Awards (2025). The company is backed by leading venture investors including Crosslink Capital, Allegis Capital, and Commerce Ventures. To learn more, visit BloomCredit.io.

p 929.220.2111

e inquiries@bloomcredit.io

bloomcredit.io

in /bloomcredit

Endnotes

[1] "Stemming the Deposit Outflow: The $2 Trillion Investing Opportunity for Banks and Credit Unions," by Cornerstone Advisors, Copyright 2025

[2] "Financial Inclusion and Access to Credit," by Mike Hepinstall, Chaitra Chandrasekhar, Peter Carroll, Nick Dykstra, and Yigit Ulucay, Oliver Wyman

[3] Monthly bill payments were based on publicly sourced information showing an average monthly rent of $1,500, average monthly utility bill of $350, average cellphone bill of $140, and average monthly cable bill of $150. Total rent payments were calculated using survey data showing homeownership by generation.

[4] "Experian Boost Helped Raise American Credit Scores by Over 50 Million Points," by Stefan Lembo Stolba, Feb. 5, 2021

[5] Here's how Boost works: 1) Users link their financial accounts; 2) Boost scans transaction history for on-time payments to utility providers and telecom companies; and 3) once verified, payments are added to the user's Experian credit file, enhancing credit score factors like payment history and account diversity.

Have questions regarding this report?

Ron Shevlin
Chief Research Officer
Cornerstone Advisors

rshevlin@crnrstone.com