FINANCIAL HEALTH NETWORK

Financial Health Solutions

Credit Builder Loans and Rent Reporting

A STUDY WITH SELF

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About the Financial Health Impact Lab

The Financial Health Network helps companies incorporate behavioral science principles into their product design and rigorously test the financial health impact of their products. This research was conducted through the Financial Health Impact Lab, a program available exclusively to Financial Health Network Members, which supports a select group of companies developing and testing innovations to improve financial health.

The Financial Health Impact Lab is made possible through the generous support of MetLife Foundation, a founding supporter of our financial health work. The views and conclusions of this report are of Financial Health Network and do not necessarily reflect the opinions of supporters. Learn about the financial health solutions identified through the program at: finhealthnetwork.org/research/financial-health-impact-lab-innovation-highlights

FINANCIAL HEALTH NETWORK

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Executive Summary

An estimated 1 in 5 Americans have a subprime credit score, a significant barrier to financial health.[1, 2] Households with subprime credit have fewer credit options and often pay higher interest rates for risk-based credit products. Credit-building products aim to address this problem by helping consumers establish or improve their credit scores. One common tool is the credit-building loan, which helps individuals establish or improve their scores by making monthly payments into an account users get access to upon completing their payment. These payments are reported to credit bureaus. In recent years, new solutions have also come to market that provide alternative data to credit bureaus, such as rent and bill payments. These alternative forms of data help consumers build credit by showing they are making regular payments in other areas of their financial lives.

Credit-building products aim to address this problem by helping consumers establish or improve their credit scores. One common tool is the credit-building loan, which helps individuals establish or improve their scores by making monthly payments into an account users get access to upon completing their payment. These payments are reported to credit bureaus. In recent years, new solutions have also come to market that provide alternative data to credit bureaus, such as rent and bill payments. These alternative forms of data help consumers build credit by showing they are making regular payments in other areas of their financial lives.

To explore the potential of these tools, the Financial Health Network's Impact Lab partnered with Self, a financial technology company focused on helping people build credit, to examine two distinct credit-building tools: Self's rent and bills reporting (R&B) solution and Credit Builder Account (CBA). The study examined outcomes for two distinctive groups of users: those with and those without an existing credit score when they started using Self.

KEY FINDINGS

Self Users With an Existing Credit Score

Most scoreable users started with subprime credit scores. Both CBA and R&B appear to be serving their intended customer bases, with both products reaching those with the greatest credit-building needs.

Many subprime users moved to higher credit tiers. Users with subprime scores were more likely to increase their credit score and credit tier.

Users with delinquencies saw the greatest increases in credit scores. Both R&B and CBA users with credit delinquencies at the beginning of the study saw large credit score gains.

Self Users with No Credit Score

Most users with limited credit history established a credit score within 60 days. Both R&B and CBA products helped users with thin credit files establish a credit score.

[1] Kassandra Martinchek et al., "Credit Health During the Pandemic," Urban Institute, March 2022. Accessed December 2024.

[2] Throughout this brief we are defining subprime as having a VantageScore of 600 or below, see VantageScore 2024.

INTRODUCTION

Credit Builder Loans and Alternative Data Reporting

Around 20% of adults in the United States have subprime credit scores, and an estimated 21 million people have thin credit files, meaning they do not have enough credit history on file for credit scoring companies to generate a credit score.[3] In 2015, the Consumer Financial Protection Bureau found that 26 million Americans do not have any credit history with one of the three nationwide credit reporting companies.[4] Separately, Financial Health Network research from 2023, found that households with subprime credit paid 13% of their household income and an estimated $146 billion in fees and interest for services like credit cards and auto loans.[5] This burden falls disproportionately on Black and Latine consumers: 39% of Black and 21% of Latine households have a subprime credit score, compared with 14% of white households.[6]

Credit builder loans – installment loans where the lender holds the loan amount in an account instead of disbursing it to the borrower – are one of the primary tools for consumers to establish or improve their credit scores. Individuals make small monthly payments that are reported to credit bureaus, helping them establish payment history to build or improve their credit scores.

Financial institutions have recently begun using alternative data to build and assess creditworthiness.[7] This information allows consumers to build credit using positive payment history from non-debt obligations, such as rent and bill payments. Traditionally, credit bureaus collected only negative non–debt bill payment history (i.e., late payments or nonpayment). However, companies are now helping consumers – especially those with low credit scores or thin credit files – benefit from their positive bill payment history to increase their credit standing.

The Financial Health Network Impact Lab partnered with Self to explore how credit characteristics and scores changed for borrowers using both newer credit-building products, like rent and bill reporting, and more established solutions, like credit builder loans. Self is a financial technology company that aims to increase financial inclusion by helping people build credit. Self offers a suite of innovative credit-building products and has helped pave the way for alternative data reporting through its rent payment reporting services.

Self currently offers a rent and bills reporting solution (R&B), which allows users to connect Self to their bank account. Self then reports rent and bill payments each month to all three national credit bureaus.[8] At the time of the study, Self offered only a paid version of the rent and bills reporting solution. In 2023, Self launched a freemium model that provides free rent reporting and charges an additional fee ($6.95 per month) for bill pay reporting. Self only reports positive rent and bill payments.[9]

3 Louis DeNicola, "What Is a Thin Credit File?," Experian, July 2024.

4 Kenneth P. Brevoort, Philipp Grimm, and Michelle Kambara, "Data Point: Credit Invisibles," Consumer Financial Protection Bureau, May 2015.

5 Hannah Gdalman, MK Falgout, Necati Celik, and Meghan Greene, "FinHealth Spend Report 2024," Financial Health Network, August 2024.

6 Andrew Warren, Wanjira Chege, Kennan Cepa, and Necati Celik, "Pulse Points: Disparities in Credit Scores and Length of Credit History," Financial Health Network, DecemberSeptember 2024.

7 David Silberman, "Credit Building in the Digital Age," Financial Health Network, May 2023.

8 Rent and Bills Reporting, Self. Accessed July 25, 2024.

9 Self launched the free version of rent and bills reporting in December 2023. Our analysis focused on users between April 2023 and April 2024 using the paid version of the product that included both rent and bills reporting.

Self's rent and bills service joins its flagship Credit Builder Account (CBA), which offers customers a 24-month credit builder loan held in a certificate of deposit account. Users can choose from four options, with payments that range from $25 to $150 per month for 24 months. Self reports both on-time payments and payments over 30 days past due to all three national credit bureaus.[10] When customers complete their payments, they receive a lump sum ranging from $511 to $3,069. Annual percentage rates (APRs) for Credit Builder Accounts range from 15.82% to 15.92%, depending on the size of the loan.[11]

STUDY OVERVIEW

This study outlines changes in credit scores over the 12 months between April 2023 and April 2024, focusing on customers using Self's Credit Building Loan (CBA) or rent and bills reporting (R&B) products.[12] Due to the timing of the study, the data about users of the R&B product reflect an initial version of the solution where users paid for both rent and bills reporting.[13]

We constructed separate samples for users who had an existing credit score and those who were not scorable (*i.e.* those with thin credit files) when they started using these products. The first sample of users have existing credit scores and consists of 39,278 CBA users, who used the product for an average of eight months, and 12,272 R&B users, who used the product for an average of seven months.[14] These users had active accounts during the study period, and we could observe all their credit data in the first[15] and the last month of their use period. The second sample of users have thin credit files and consists of 9,772 CBA users and 249 R&B users. These users had active accounts during the study period, but they were unscorable in the first month of their use period.[16]

This report outlines credit score changes over a set period, but many factors can cause changes in credit scores, including length of credit history, credit inquiries, and credit utilization. For example, as the government raised the federal funds rate in an effort to control high inflation, borrowers may have struggled to manage the higher cost of credit and goods, potentially leading to late or missed payments or higher credit utilization. Federal Reserve data show that credit card delinquencies increased in 2023 and the first half of 2024, and data from Equifax indicate that total credit card balances surpassed $1 trillion in December 2023.[17,18] Similarly, our FinHealth Spend Report 2024 revealed that consumers paid 25% more in fees and interest on credit card revolving balances in 2023 compared with 2022.[19] These factors may have also contributed to the changes in credit scores we observed among Self customers.

[10] Self Credit Builder Account, Self. Accessed July 25, 2024.

[11] Ibid.

[12] The full term of a Self credit builder loan is 24 months.

[13] The current freemium rent and bills reporting solution launched in the middle of our study period.

[14] See table A6 in the Appendix for a breakdown across credit tiers.

[15] If a user opened an account towards the end of a month, the first month could have all the credit records missing. In these cases, we considered the second month as their first month of use if they had complete credit records in the second observed month.

[16] Unscorable credit records are flagged with a special error code that could be directly observed in the dataset.

[17] "Household Debt Increased Moderately in Q2 2024; Auto and Credit Card Delinquency Rates Remain Elevated," Federal Reserve Bank of New York, August 2024.

[18] "Monthly U.S. National Consumer Credit Trends Report: January 2023 - Portfolio," Equifax, January 2023.

[19] Hannah Gdalman et al., "FinHealth Spend Report 2024," August 2024.

SELF USERS WITH AN EXISTING CREDIT SCORE

Many individuals with existing credit scores seek credit-building products to improve their financial standing, often due to past financial challenges. These users may aim to move from subprime to near-prime or prime credit tiers to increase their access to credit or secure better loan terms.

Most scoreable users started with subprime credit scores

Customers in this sample who used R&B to report their rental and bills payments had an average credit score of 592 when they began using the product. In comparison, the average credit score in the United States was 705 as of March 2024.[20] Less than half (47%) of R&B users with a credit score, which aligns with national averages.[21] The average balance of these revolving credit card accounts was $1,832, and approximately 1 in 10 (13%) of R&B users had past due balances on any account (30 or 60 days).

A little over half (57%) of R&B users were subprime borrowers when they started.[22] Subprime users often face barriers to accessing traditional credit, suggesting that R&B is effectively reaching the consumers who could benefit most from these credit-building tools.

Table 1. Baseline credit tiers for R&B customers.

Prime (661+)	13%
Near-prime (601-660)	31%
Subprime (600 or below)	57%

Customers who used the CBA had an average credit score of 575 at the beginning of the study. An overwhelming majority (94%) of CBA customers had a credit card with a balance when the study began, with an average balance of $2,621 on all revolving credit card accounts. About a quarter (22%) of users had past due balances on any account (30 or 60 days).

Two-thirds (67%) of CBA users with a credit score were subprime borrowers at the outset of the study. Similar to the R&B solution, Self's CBA appears to reach consumers with significant credit challenges.

Table 2. Baseline credit tier for CBA customers.

Prime (661+)	11%
Near-prime (601-660)	22%
Subprime (600 or below)	67%

[20] Based on Vantage Score 3.0 data. See "What's the Average Credit Score in Each State?," Equifax.

[21] In the 2024 FinHealth Spend Report 51% of consumers reported having a revolving credit card balance.

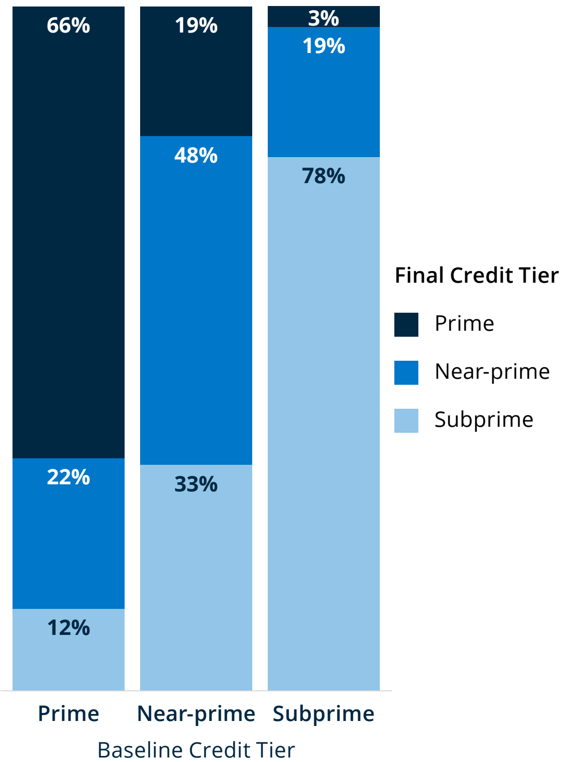
[22] Although we use Vantage 3.0 scores for both CBA and R&B users in our analysis, scores come from two different credit bureaus. For CBA users, data are derived from Experian, and for R&B users, the data are derived from TransUnion. Since different credit bureaus use different methods to calculate the underlying credit attributes for credit scoring, credit scores and credit tiers are not comparable between CBA and R&B users.

SELF USERS WITH AN EXISTING CREDIT SCORE

Many subprime users moved to higher credit tiers.

On average, Self customers with a credit score who used the R&B product to report rent and bill payments to the credit bureaus saw a modest credit score increase of 2 points over the study period. However, R&B users with subprime credit scores saw a much more pronounced improvement. On average, these users' credit scores increased by 13 points, and nearly a quarter (22%) moved up to a higher credit tier by the end of the study (Figure 1 captures changes in credit tier for R&B users).

Figure 1. Final credit tier for R&B users, by baseline credit tier.



Note: Sample sizes are N = 1,539 for prime R&B users, N = 3,772 for near-prime users, and N = 6,961 for subprime users.

Over the study period, subprime R&B users' credit card balances decreased by around 5% (from an average of $1,719 to $1,631), and the share with third-party collections fell by 2 percentage points (from an average of 56% to 54%). Decreases in the number of credit inquiries (which often occur when applying for new loans, credit, or rental housing) and credit utilization rates (the ratio of current credit balance to credit limit) may partially explain these increases in subprime user credit scores.

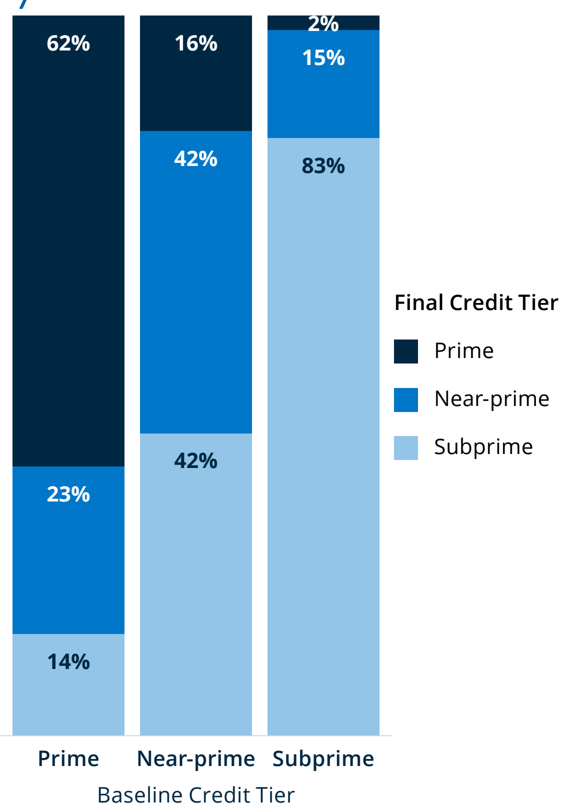
Overall, more users increased rather than decreased their credit scores (56% vs. 43%). However, customers with near-prime or prime scores experienced negative changes to their credit scores over the study period. Scores for R&B users in the near-prime or prime tier declined by an average of 11 and 20 points, respectively. For R&B users with prime scores, average credit card balances increased by nearly 50% (from an average of $2,110 to $3,127), and they were more likely to have a payment 30 or 60 days late (1% at the beginning vs. 7% at the end of the study). Similarly, for R&B users with near-prime scores when the study began, average credit card balances increased from $1,927 to $2,259, and the portion of users who were 30 or more days late on a required payment rose from 2% to 12%. These findings align with previous pilot studies, which found that positive trends in credit scores were highest among consumers with subprime or thin credit files after introducing alternative data reporting.[23]

[23] Kelly Thompson Cochran, Michael Stegman, and Colin Foos, "Utility, Telecommunications, and Rental Data in Underwriting Credit," Urban Institute, December 2021.

Similar to R&B users, CBA users' credit scores increased modestly by an average of 2 points, from 575 to 577 over the course of the study. Among CBA users who started with subprime credit scores, credit changes were positive over the study period. Subprime CBA users' credit scores increased by 14 points on average, resulting in 17% moving up to higher credit tiers by the end of the period (Figure 2 captures changes in credit tier for CBA users).

For these users, total past-due balances decreased nearly 20%, from an average of $1,966 to $1,685, helping to boost credit health. The increase in score happened despite an increase in delinquencies (32% at the beginning vs. 41% at the end of the study), which appear to be counteracted by paying down debt.

Figure 2. New credit tiers for CBA users, by baseline credit tier.



Note: Sample sizes are n=26,381 for subprime CBA, n=8,562 for near-prime CBA, n=4,335 for prime.

For CBA users who started with higher credit scores, credit scores worsened during the study period. Similar to R&B, more CBA users saw increases in their credit scores than decreases (54% compared with 45%), but users with near-prime and prime credit scores saw their scores decline by an average of 22 and 27 points, respectively.

Average credit card balances grew significantly, rising by nearly 63% among prime CBA borrowers ($2,759 to $4,487) and by 27% among near-prime CBA users ($3,047 to $3,881). At the beginning of the study period, very few prime and near-prime users had a 30- or 60-day past-due payments on their credit file. For CBA users, those in the prime and near-prime credit tiers all saw increases in their 30- or 60-day delinquencies (1% to 10% for prime, 4% to 24% for near-prime). Interestingly, sub-prime users also saw an increase in their 30- or 60-day delinquencies (32% to 41%), but fared better than prime and near-prime users. This may be because prime and near-prime users saw both an increase in delinquencies and an increase in their credit card balances.

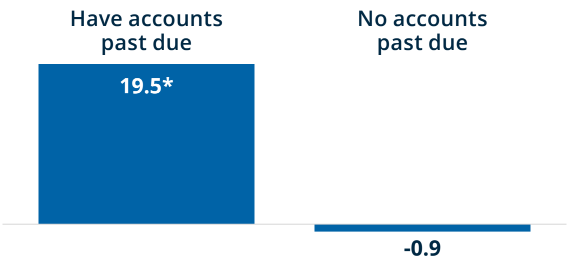
The decrease in credit scores and credit characteristics for R&B and CBA users – specifically prime and near-prime users – could have been due to factors such as the shifting macroeconomic environment, an additional payment being too high a burden or users enrolling in credit-building products to mitigate a worsening credit situation. Usage of the Self's credit-building solutions may have negatively impacted the CBA prime and near-prime users, but it is less likely to have affected R&B users because Self only reports positive payment behaviors. Additional research is needed to examine prime and near-prime consumers using credit-building products to understand why they use them and the financial health implications.

SELF USERS WITH AN EXISTING CREDIT SCORE

Scoreable users with delinquencies saw the greatest increases in credit

Positive credit score changes were particularly pronounced among R&B users who had 30- or 60- day overdue accounts at the start of the study period. On average, these users' credit scores, which were predominantly subprime, increased by 20 points over the study period (see Figure 3). Many of these users resolved their overdue accounts during the study period: Only 39% of users who entered with a delinquency still had it on their credit file at the end of the study. R&B reporters with overdue accounts also showed a 22% decrease in average credit card balances, dropping from $2,123 to $1,653. In contrast, credit scores of R&B users who did not have overdue accounts at the beginning of the study held remarkably steady, dropping by a single point over the study.

Figure 3. Change in credit scores for R&B users, by baseline delinquency.



Statistically significant change (p<0.05).

Notes: Delinquency is defined as having 30- or 60-day past due accounts. Sample sizes are N = 10,655 with no accounts past due and N = 1,617 with accounts past due.

We see similar trends in credit changes among CBA users with a credit score who had 30- or 60- day past due accounts at the start of the study period. CBA users with overdue accounts increased their credit scores by 24 points on average, and nearly half of them resolved their delinquencies (Figure 4 shows changes in delinquencies for CBA users). By the end of the period, just 52% had an account past due. Credit card balances decreased by over 18% among these users, from $2,808 to $2,293. Notably, an overwhelming majority (98%) of CBA users with overdue accounts are subprime borrowers, which explains the similarity in positive trends over the study period.

Figure 4. Change in credit scores for CBA users by baseline delinquency.

Statistically significant change (p<0.05).

Notes: Delinquency is defined as having 30- or 60-days past due accounts. Sample sizes are N=30,565 with no accounts past due, and N=8,713 with accounts past due.

Conversely, among CBA users with no past-due accounts at the start of the period, credit scores decreased slightly by 4 points over the study period. Over 1 in 4 (29%) of these users became 30 or 60 days delinquent on a required payment by the end of the study.

SELF USERS WITH NO CREDIT SCORE

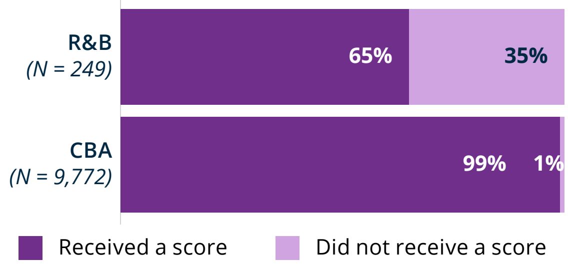
Many individuals with no existing credit score seek credit-building products to establish a financial identity and gain access to future credit opportunities. These users aim to establish a credit score, allowing them to potentially access financial products like loans and credit cards.

Most users with limited credit history established a credit score within 60 days.

Many of the thin-file R&B and CBA users successfully established a credit score after they began using the products. Nearly two-thirds of thin-file R&B customers (65%) and almost all thin-file CBA customers (99%) received a credit score at some point during the study (Figure 5 captures CBA and R&B users who received a credit score).[24]

Figure 5. Almost all CBA customers with thin credit files received a credit score.

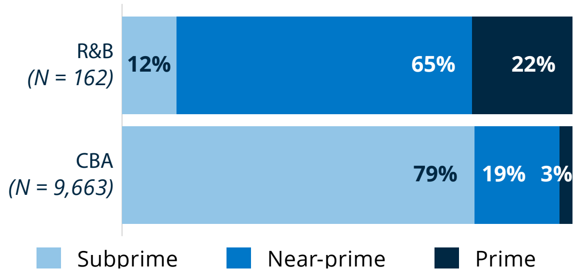
Percentage of thin-file customers who were scored, by product.



Among those who received a score, 80% of R&B customers and nearly all (99.6%) of CBA customers received a score within the first two months of use. The average score for all thin-file consumers in the first month was 619 for R&B users and 588 for CBA users. Most thin-file CBA users (79%) who became scoreable first scored in the subprime tier, and two-thirds of thin-file R&B users (65%) first scored in the near-prime credit tier. This finding aligns with previous pilot studies which found that both credit builder loans and alternative data reporting increase the likelihood of borrowers achieving a credit score and correspond with increases in credit scores (Figure 6 illustrates the initial credit tiers for CBA and R&B users).[25, 26]

Figure 6. Most thin-file customers initially received a non-prime credit score.

Credit tiers in the first month scored.



Our findings suggest that credit builder loans reach people with sparse credit history and help them quickly receive a credit score within the first few months of use. Although many users may initially receive a subprime credit score, consistent product use helps them establish a payment history, which could lead to improvements in their credit tier and potential reductions in borrowing costs.

[24] We observed thin-file CBA and R&B users for between 2-12 months, depending on when they began using the credit-building feature. It is possible that we observed R&B users for less time than CBA users. See Appendix Table A7 for more details.

[25] "Unlocking Doors: The Promise and Peril of Using Alternative Data in Mortgage Underwriting," Urban Institute, April 2022.

[26] "Targeting credit builder loans," Consumer Financial Protection Bureau, July 2020.

Conclusion

These findings show that Self customers with subprime credit scores or late payments at the start of the study period experienced the most pronounced improvements. Surprisingly, credit scores worsened for Self customers who initially had prime credit scores and fewer late payments. Many factors may have contributed to these opposing outcomes. For one, throughout the study period, there were significant increases in interest rates and credit card debt in the United States, which may have placed strains on households and contributed to the observed decreases in credit scores among some users. Decreases in users' credit scores may have been even more pronounced without access to Self's credit-building products.

Separately, Self's R&B and CBA products appear to serve consumers with slightly different credit-building needs. While both products attracted consumers with subprime credit scores, more CBA users had distressed credit characteristics and were less likely to have a credit score. When compared with R&B users, Self's CBA users are more likely to revolve credit card balances from month to month and are more likely to have accounts overdue by 30 to 60 days. Practitioners should consider offering several options for credit-building products to meet consumers' diverse needs and preferences for coping with credit challenges.

Similarly, when advising clients on credit-building products, practitioners should set clear expectations based on the individual's initial credit profile. Since subprime users were more likely to see significant improvements after using credit builder loans and rent and bills reporting services, it may be important to caution near-prime and prime users that they may not experience the same positive outcomes. Practitioners should emphasize that credit building is a long-term process and that the effectiveness of these tools can vary greatly, depending on the user's starting credit profile and overall financial situation.

Appendix

TABLES

Table A1. Average credit scores and tiers of CBA & R&B users.

	R&B (N = 12,272)		CBA (N = 39,278)	
	Start	End	Start	End
Credit score	592	594*	575	577*
Increased	-	56%	-	54%
Stayed the same	-	2%	-	1%
Decreased	-	43%	-	45%
Credit tier	Start	End	Start	End
Prime (661+)	13%	16%	11%	12%
Near-prime (601-660)	31%	29%	22%	21.5%
Subprime (600 or below)	57%	56%	67%	67%
Increased	-	19%	-	15%
Stayed the same	-	67%	-	72%
Decreased	-	14%	-	13%

Table A2. Average baseline characteristics of CBA & R&B users.

	R&B (N = 12,272)		CBA (N = 39,278)	
Credit characteristics	Start	End	Start	End
Have credit card accounts with a balance	47%	54%*	94%	95%*
Have installment accounts with a balance	62%	67%*	88%	99.9%*
Have delinquency (30 or 60 days)	13%	18%*	22%	33.7%*
Have inquiries (past 6 months)	70%	68%*	66%	64%*
Have third-party collections (past 12 months)	42%	41%*	41%	42%*
Total past due balance on all accounts (excl. collections)	$413	$397	$1,418	$1,301*
Total balance of open credit card accounts	$1,832	$2,012*	$2,621	$2,928*
Scheduled monthly payments for all accounts	$808	$868*	$729	$831*

** Statistically significant change (p<0.05)*

Table A3. Average change in credit characteristics of R&B users, by baseline credit tier.

	Prime (N = 1,539)		Near-prime (N = 3,772)		Subprime (N = 6,961)	
	Start	End	Start	End	Start	End
Credit score	694	674*	629	618*	550	563*
Have credit card accounts with a balance	55%	65%*	42%	55%*	49%	51%*
Have installment accounts with a balance	53%	62%*	56%	63%*	67%	70%*
Have delinquency (30 or 60 days)	1%	7%*	2%	12%*	22%	23%
Have inquiries (past 6 months)	61%	59%	66%	66%	74%	71%*
Have third-party collections (past 12 months)	11%	14%*	29%	29%	56%	54%*
Total past due balance on all accounts (excl. collections)	$151	$173	$97	$137	$642	$588
Total balance of open credit card accounts	$2,110	$3,127*	$1,927	$2,259*	$1,719	$1,631*
Scheduled monthly payments for all accounts	$661	$828*	$676	$766*	$912	$933*

** Statistically significant change (p<0.05)*

Table A4. Average change in credit characteristics of CBA users, by baseline credit tier.

	Prime (N = 4,335)		Near-prime (N = 8,562)		Subprime (N = 26,381)	
	Start	End	Start	End	Start	End
Credit score	699	672*	628	607*	537	551*
Have credit card accounts with a balance	86%	92%*	92%	94%*	96%	96%
Have installment accounts with a balance	79%	99.8%*	87%	99.8%*	89%	99.9%*
Have delinquency (30 or 60 days)	1%	10%*	4%	24%*	32%	41%*
Have inquiries (past 6 months)	56%	54%*	67%	63%*	67%	67%
Have third-party collections (past 12 months)	11%	12%	27%	27%	50%	51%*
Total past due balance on all accounts (excl. collections)	$86	$259*	$403	$648*	$1,966	$1,685*
Total balance of open credit card accounts	$2,759	$4,487*	$3,047	$3,881*	$2,460	$2,363*
Scheduled monthly payments for all accounts	$734	$974*	$768	$939*	$715	$773*

** Statistically significant change (p<0.05)*

Table A5. Average change in credit characteristics of R&B users, by baseline delinquency.

	Have accounts past due *(N = 1,617)*		No accounts past due *(N = 10,655)*	
	Start	**End**	**Start**	**End**
Credit score	533	552*	601	600
Have credit card accounts with a balance	63%	57%*	45%	54%*
Have installment accounts with a balance	85%	82%*	58%	65%*
Have delinquency (30 or 60 days)	100%	39%*	0%	14%*
Have inquiries (past 6 months)	74%	67%*	69%	68%*
Have third-party collections (past 12 months)	54%	57%	40%	38%*
Total past due balance on all accounts (excl. collections)	$769	$619	$359	$363
Total balance of open credit card accounts	$2,123	$1,653*	$1,788	$2,066*
Scheduled monthly payments for all accounts	$1,162	$1,135	$754	$828*

** Statistically significant change (p<0.05)*

Table A6. Average change in credit characteristics of CBA users, by baseline delinquency.

	Have accounts past due *(N = 8,713)*		No accounts past due *(N = 30,565)*	
	Start	**End**	**Start**	**End**
Credit score	516	540*	592	587*
Have credit card accounts with a balance	97%	96%	93%	95%*
Have installment accounts with a balance	93%	99.9%*	86%	99.8%*
Have delinquency (30 or 60 days)	100%	52%*	0%	29%*
Have inquiries (past 6 months)	63%	61%*	66%	65%*
Have third-party collections (past 12 months)	48%	54%*	39%	38%*
Total past due balance on all accounts (excl. collections)	$2,132	$2,547*	$1,214	$946*
Total balance of open credit card accounts	$2,808	$2,293*	$2,568	$3,110*
Scheduled monthly payments for all accounts	$922	$890*	$673	$815*

** Statistically significant change (p<0.05)*

Table A7. Average number of months observed for CBA and R&B users, by credit tier.

	R&B (N = 12,272)	CBA (N = 39,278)
Prime	7.1 months*	8.6 months*
Near-prime	7.1 months*	8.1 months*
Subprime	6.9 months	7.2 months
Total	7 months	8 months

** Statistically significant difference relative to subprime (p < 0.05)*

Table A8. Number of months observed for Thin-File CBA and R&B users.

	R&B	CBA
2 months	16	190
3 months	7	840
4 months	72	1,364
5 months	34	718
6 months	26	1,250
7 months	32	1,047
8 months	27	1,096
9 months	19	908
10 months	10	800
11 months	5	755
12 months	1	754
Total	249	9,772

METHODOLOGY

To learn more about Self's Credit Builder Accounts (CBA) and rent and bills reporting (R&B), we looked at two separate groups of people who either started a CBA or subscribed to R&B in roughly the same period (April - October 2023, see Table B1). These users may be either using these products for the first time or returning users. We observed both groups for up to 12 months, until April 2024 (see Table B2). Our main sample included people who were either active CBA or R&B users, and we could observe their credit scores and other credit characteristics at the start and end of their use period.

The number of months people used these products greatly varied, even among those who started in the same month. Credit metrics are recorded at the end of each month of use. People who used products for a single month were excluded from the analysis. Due to differences in length of use, we calculate the change in credit characteristics as the difference between the value in the last month of use (end period) and the first month of use (start period). Moreover, people who had used either product for 12 months might have continued to use them after the observation period. This is more likely the case for CBA users, since Self offers a 24-month term for its credit builder loan.

Our analysis focuses on how credit scores and other credit characteristics change for CBA and R&B customers as they use these products. Credit data for these two user groups comes from two different credit bureaus, and are not directly comparable.

We define "thin-file" as people who are un-scorable at the beginning of their use of either product due to insufficient credit history. For people who are not scorable, credit bureaus include an exclusion code instead of a credit score. In our dataset, we identified 9,722 CBA customers and 249 R&B customers who were assigned this exclusion code at the start of their use of these products.

Note that this study design does not have a comparison group (i.e., a group of people who have credit characteristics similar to CBA or R&B users but have never used any of these products). As a result, changes in credit scores and other credit metrics we report may be explained by changes in general economic conditions and potential selection effects that might stem from certain groups of users being more likely to sign up for CBA and R&B products.

Table B1. Starting month of use for CBA and R&B customers.

	CBA Customers *(N = 39,278)*	R&B Customers *(N = 12,272)*
April 2023	7,170	-
May 2023	6,699	-
June 2023	5,768	1,325
July 2023	4,965	2,692
August 2023	5,570	3,215
September 2023	4,806	2,601
October 2023	4,300	2,439

Table B2. Number of months observed for CBA and R&B customers.

	CBA Customers *(N = 39,278)*	R&B Customers *(N = 12,272)*
2 months	631	779
3 months	3,196	421
4 months	3,576	1,013
5 months	2,504	1,839
6 months	4,988	983
7 months	4,692	1,177
8 months	4,556	2,007
9 months	3,839	1,747
10 months	3,818	1,375
11 months	3,807	686
12 months	3,671	245

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