



Elevate

Center for the  
New Middle Class

# **Nonprime Americans: The Hidden Costs of Being Nonprime**

October 2016

Elevate



# Introduction

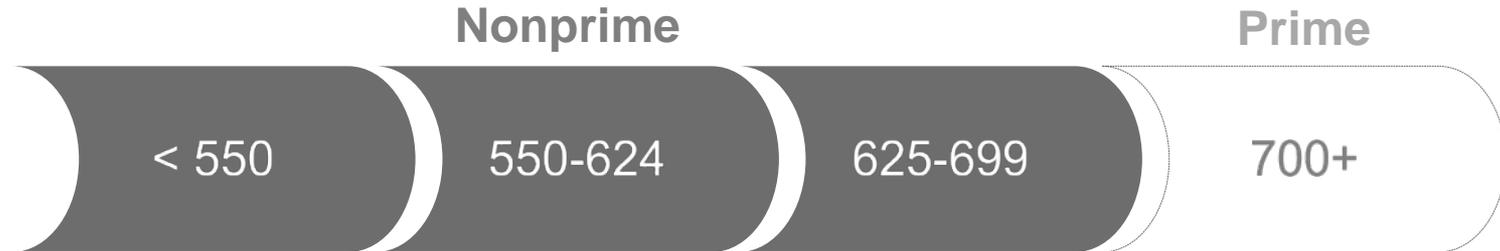
The broad discussion in many circles about the plight of the nonprime consumer often uses assumptions about how these consumers think, what matters to them, and even what would be good for them. However, there is limited data that really explains their circumstances.

Elevate's Center for the New Middle Class set out to understand the differences in attitudes, experiences and behavior between consumers with prime credit and those with nonprime credit.

This study represents results from a survey of 502 nonprime Americans with 525 Americans with prime credit scores, using interviews conducted June 27-July 1, 2016.

For more details on the study, [click here](#).

# Nonprime Americans



“Nonprime Americans” represent the New Middle Class. These are Americans with a credit score below 700, meaning that their access to credit is limited or curtailed. It is the Center’s objective to better understand their experiences, attitudes, and behavior.

# Executive Summary

## Nonprime status affects other parts of a person's life

- Six times more likely to have been denied a job in the prior 12 months because of low credit
- 12 times more likely to have been denied an apartment in the prior 12 months because of low credit

## Nonprime status can create headwinds to financial progress

- Nine times more likely to have been turned down for credit in the prior 12 months
- 10 times more likely to say they couldn't "make financial progress" because of low credit.

## Nonprime Americans show vigilance in watching their credit

- Much more likely to be focused on building credit when borrowing

## Nonprime Americans can feel fragile

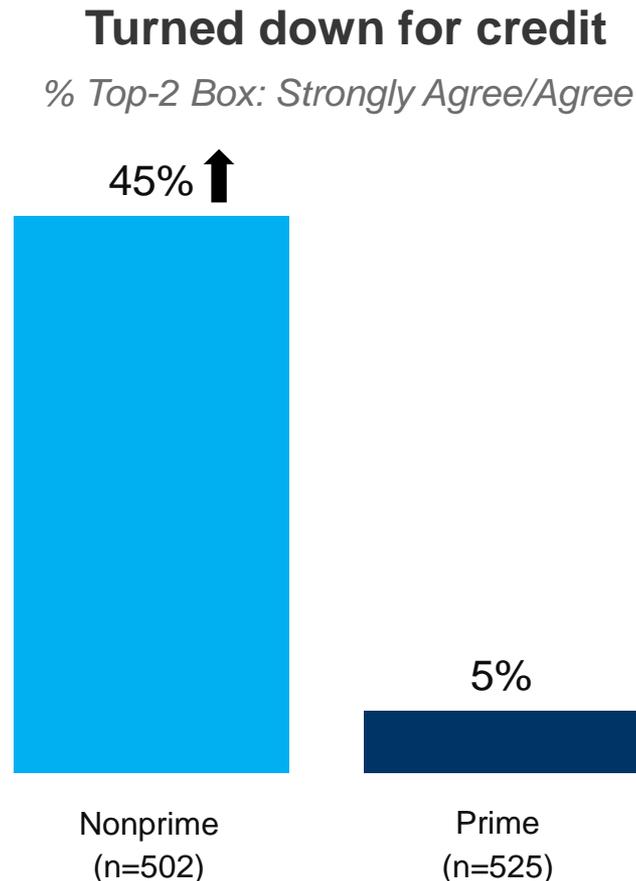
- More likely to deny themselves of comforts to save money
- More likely to believe their finances will worsen

More likely to say life is worse financially than when they grew up

# Nonprime access to credit

Nearly half of nonprime Americans have been turned down for credit in the prior 12 months. This is nine times more often than prime Americans.

It's not just about the cost of credit, but the actual access to credit.



Q.18: Please indicate if each of the following situations below happened in the last 12 months?

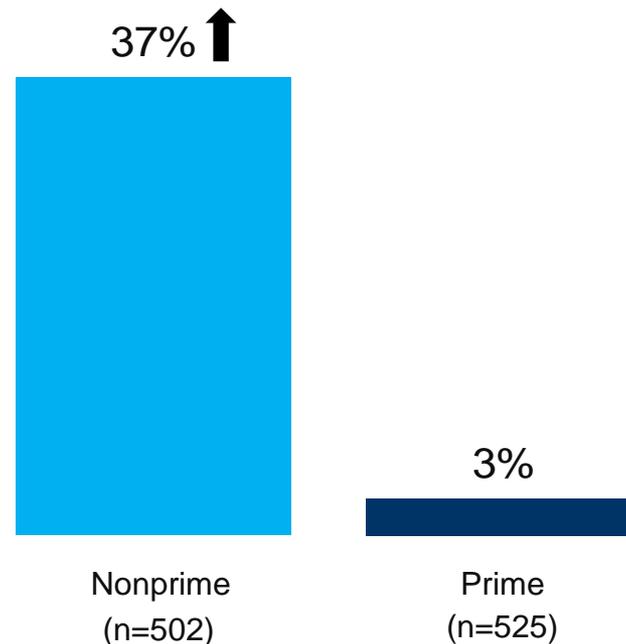
Source: Prime/Nonprime Study June 2016

# Lack of credit can hinder financial progress

## I can't make progress because of lack of credit

*% Top-2 Box: Strongly Agree/Agree*

Not being able to access credit causes a third of nonprime Americans to believe they are barred from making financial progress: 12 times more likely than prime Americans.



Q.18: Please indicate if each of the following situations below happened in the last 12 months?

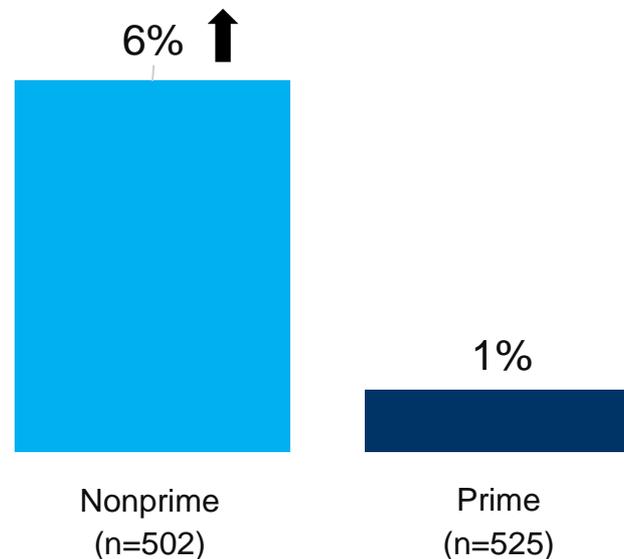
Source: Prime/Nonprime Study June 2016

# Poor credit can affect peoples' livelihood

## Denied a job because of lack of credit

*% Top-2 Box: Strongly Agree/Agree*

In the prior 12 months, nonprime Americans were six times more likely to be denied a job because of a lack of credit compared to prime Americans.



Q.18: Please indicate if each of the following situations below happened in the last 12 months?

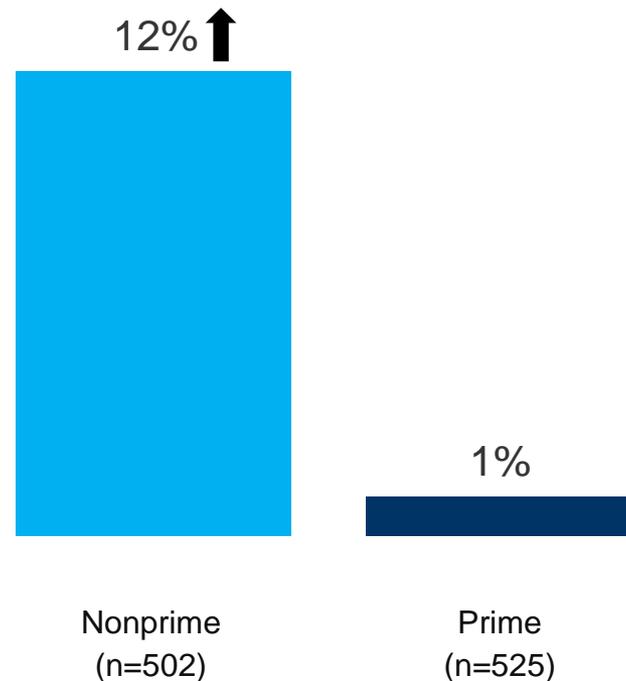
Source: Prime/Nonprime Study June 2016

# Poor credit can affect where people live

## Denied an apartment because of lack of credit

*% Top-2 Box: Strongly Agree/Agree*

In prior 12 months, nonprime Americans were 12 times more likely to be denied an apartment because of a lack of credit compared to prime Americans.



Q.18: Please indicate if each of the following situations below happened in the last 12 months?

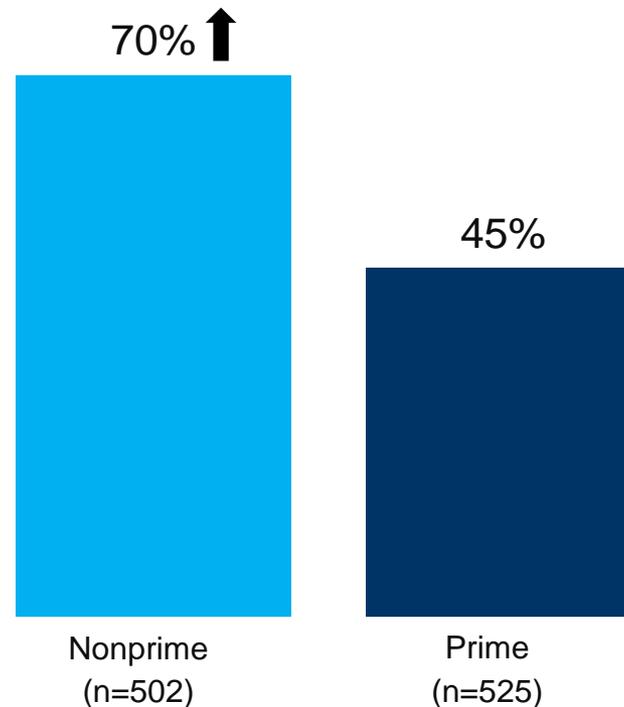
Source: Prime/Nonprime Study June 2016

# Nonprimes are much more likely to be focused on building credit when borrowing

## The loan helps me build my credit score

*% Extremely Important*

Nonprime Americans want their borrowing to contribute to building a stronger credit score. Seven in 10 feel it's extremely important.



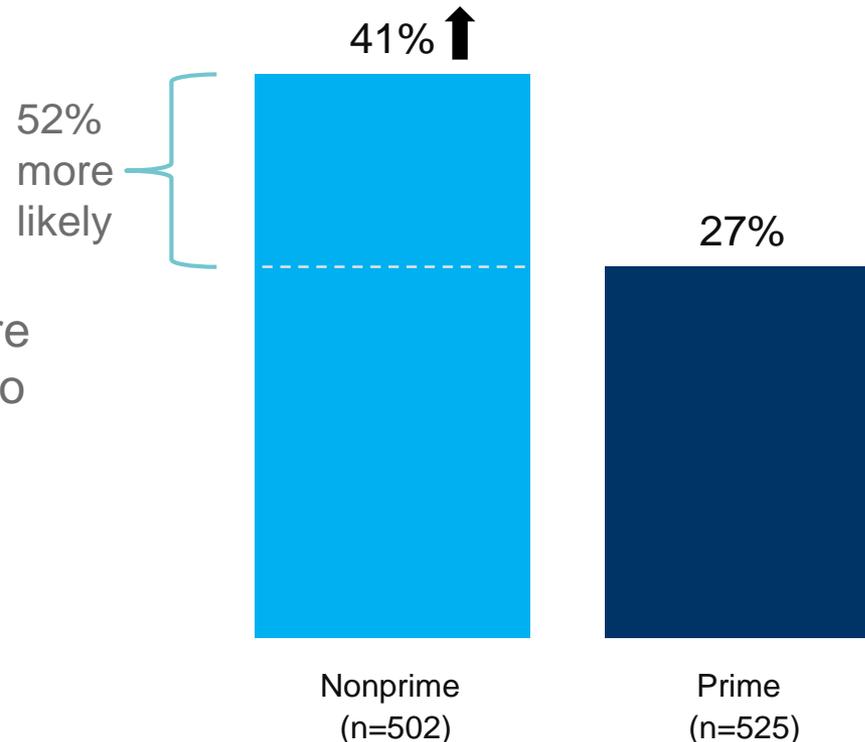
Q.3b: When you look at options for borrowing money, how would you rate the importance of the following features?

Source: Prime/Nonprime Study June 2016

# Over half of nonprimes focused on saving money

## I deny myself basic comforts to save money

*% Top-2 Box: Strongly Agree/Agree*



Nonprime Americans are 52 percent more likely to deny themselves basic comforts in the effort to save money.

Q.5e: On a scale of 1 to 5, where 1 is strongly disagree and 5 is strongly agree, how much do you agree or disagree with the following statements?

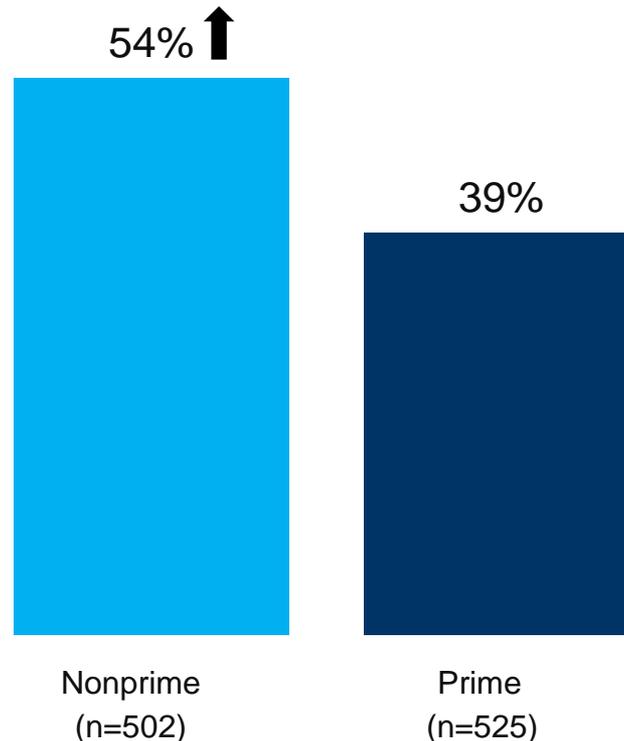
Source: Prime/Nonprime Study June 2016

# Nonprimes are more likely to feel their finances will worsen

I often worry that my financial situation will worsen

*% Top-2 Box: Strongly Agree/Agree*

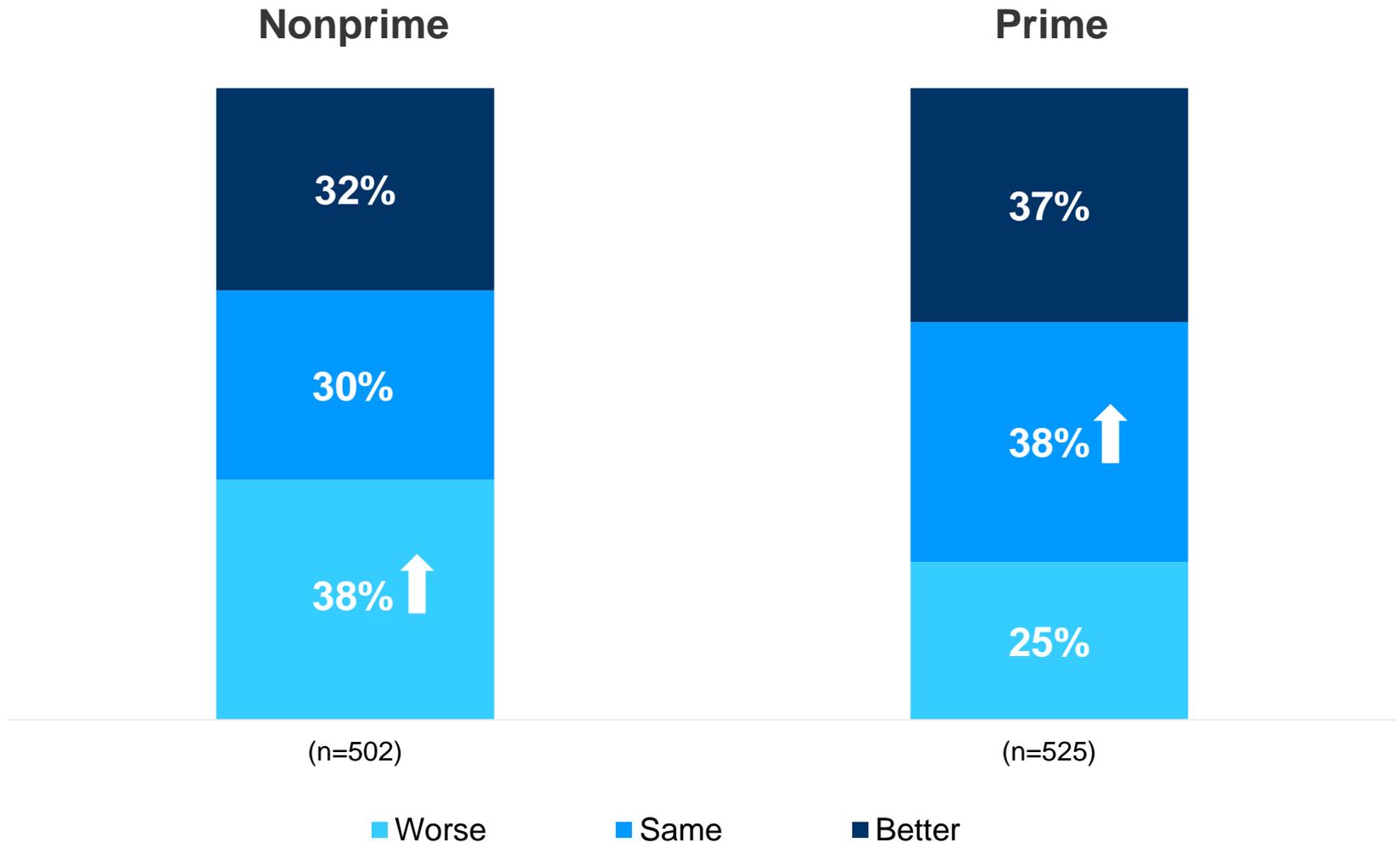
Nonprime Americans are more likely to feel susceptible a worsening financial situation.



Q.5e: On a scale of 1 to 5, where 1 is strongly disagree and 5 is strongly agree, how much do you agree or disagree with the following statements?

Source: Prime/Nonprime Study June 2016

# Nonprimes are more likely to say current financial situation is worse than when they grew up



Source: Prime/Subprime Study June 2016

# Methodology

The primary purpose of this study was to determine how nonprime consumers were similar or different from those with prime credit on a range of attitudes, behaviors and experiences.

**Interview Dates:** June 27 – July 1, 2016

## **Sample Specs:**

- Total Consumers = 1,027 (Nonprime = 502; Prime = 525)
- Sample Source: Research Now Consumer Panel

## **Qualification Criteria:**

- Ages 18-64
- Personal income: Any
- Geography – U.S. Rep
- Has primary or shared responsibility managing HH finances
- Employment: No students or unemployed
- Has a checking or savings account

**Survey Instrument:** 10 minute online questionnaire

↑ Arrows indicate statistical significance at 90%

# About

## About Elevate's Center for the New Middle Class

Elevate's Center for the New Middle Class conducts research, engages in dialogue, and builds cooperation to generate understanding of the behaviors, attitudes, and experiences of America's growing "New Middle Class."

For more information, visit: [www.elevate.com/NewMiddleClass](http://www.elevate.com/NewMiddleClass)

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