



Elevate

Center for the  
New Middle Class

# The Banking Experience: Prime vs. Non-Prime

April 2018



# Introduction

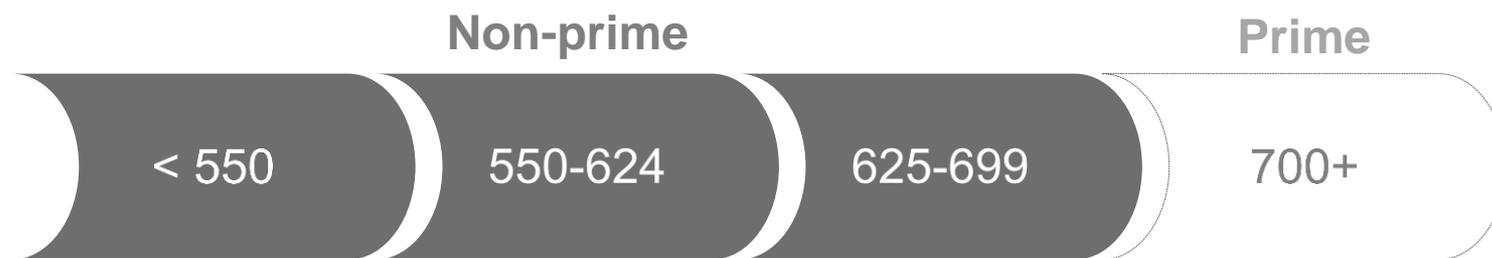
The broad discussion in many circles about the plight of the non-prime consumer often uses assumptions about how these consumers think, what matters to them, and even what would be good for them. However, there is limited data that really explains their circumstances.

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 non-prime credit.

This study represents results from a survey of 1005 U.S. consumers (595 with prime and 298 with non-prime credit scores).

Interviews were conducted February 2, 2018 through February 5, 2018.

# Non-prime Americans



“Non-prime 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. Non-prime is also often further divided into “near prime,” “sub-prime,” and “deep sub-prime.”

It is the Center’s objective to better understand non-prime experiences, attitudes, and behavior.

The following report seeks to understand the financial banking experience of prime and non-prime Americans. The Center specifically looked at how prime vs. non-prime Americans work with traditional financial institutions.

# Executive Summary

One of the most interesting findings is the consistent way in which non-prime Americans feel unserved by traditional banking institutions.

## **Financial Institution of Choice**

- Non-prime Americans are significantly less likely to use a National Bank.
- 6x as likely to use an online-only financial institution
- 8x as likely to not use a bank

## **Confidence and Opinions of their Financial Institution**

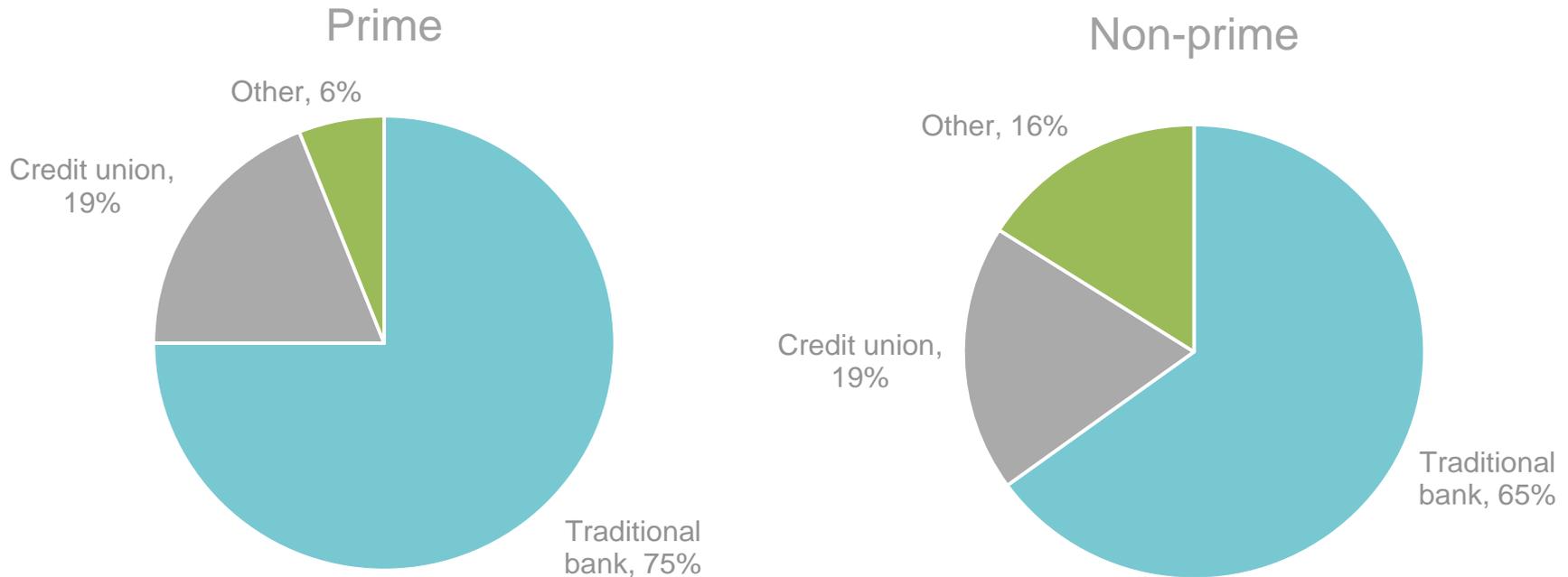
- They are 54% less likely to have confidence in approval for a credit card
- 21% less likely to believe their financial institution has products designed for them
- They are 48% less likely to believe they would be approved for a personal loan
- Rate customer service at financial institutions almost the same as their prime peers
- Significantly more likely to believe their financial institution charges excessive fees

## **Experience in the Last Year**

- Nearly 3x as likely to have paid a fee to their financial institution over the past 12 months
- 4x as likely to have been denied a loan over the last year

# Type of Financial Institution Used

Institution used for day-to-day banking needs



Non-prime Americans are less likely to engage with a traditional bank, but they don't turn any more often to credit unions.

Q.2: What kind of bank do you use for most of your day-to-day banking needs? Select one.

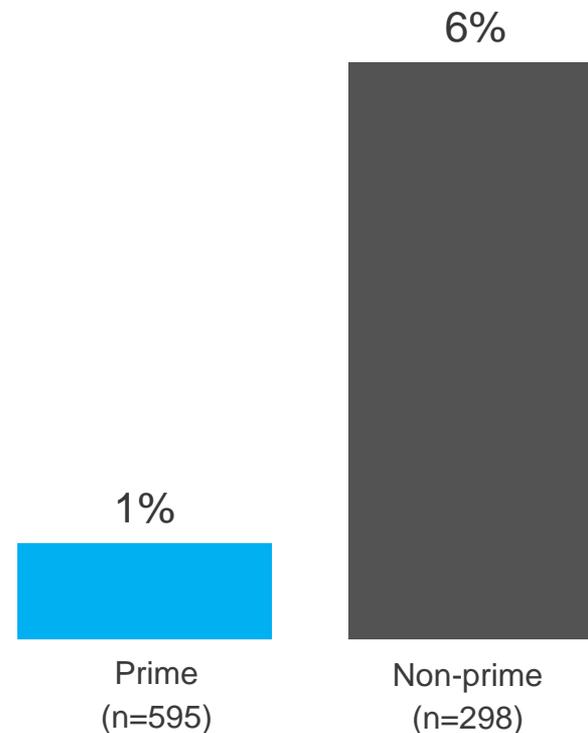
Base: Total Respondents

Source: Ipsos Omnibus Feb 2-4, 2018

# People don't feel like banks cater to them

Uses an  
**Online-only Bank**  
for their day-to-day needs

Non-prime Americans are six times as likely to use an online-only bank for their day-to-day needs compared to prime Americans.



Q.2: What kind of bank do you use for most of your day-to-day banking needs? Select one.

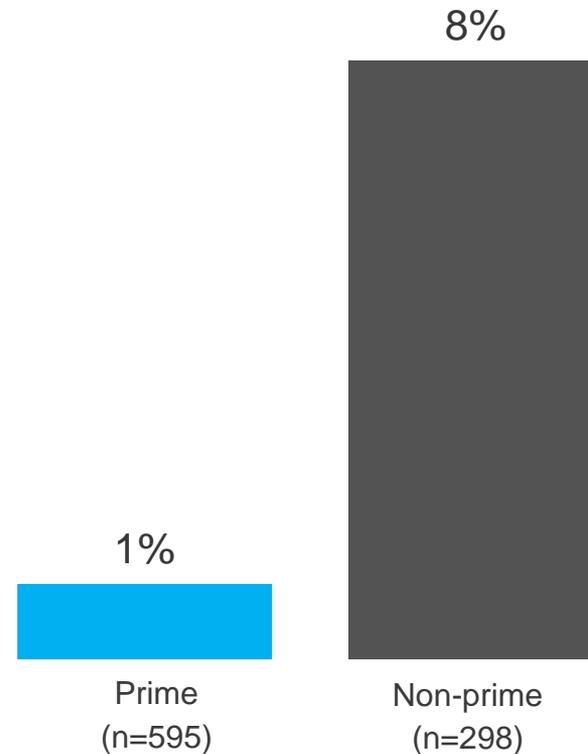
Base: Total Respondents

Source: Ipsos Omnibus Feb 2-4, 2018

# Self-banking

**Do not use a bank**  
for their day-to-day needs

One in 12 non-prime Americans claim not to use a bank or a credit union for their day-to-day financial needs.



Q.2: What kind of bank do you use for most of your day-to-day banking needs? Select one. Base: Total Respondents

Source: Ipsos Omnibus Feb 2-4, 2018

# Most people feel like their bank understands their needs

Almost two-thirds of customers (both prime and non-prime) feel that their bank understands their needs.

**My bank  
Understands my needs**  
*% Top-2 Box: Strongly agree/ agree*



Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# People are satisfied with the service they get from their banks

## My bank provides Great customer service

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

82%



Prime  
(n=588)

81%



Non-prime  
(n=276)

Banks do a good job of providing a level of service that customers appreciate, both prime and non-prime.

Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

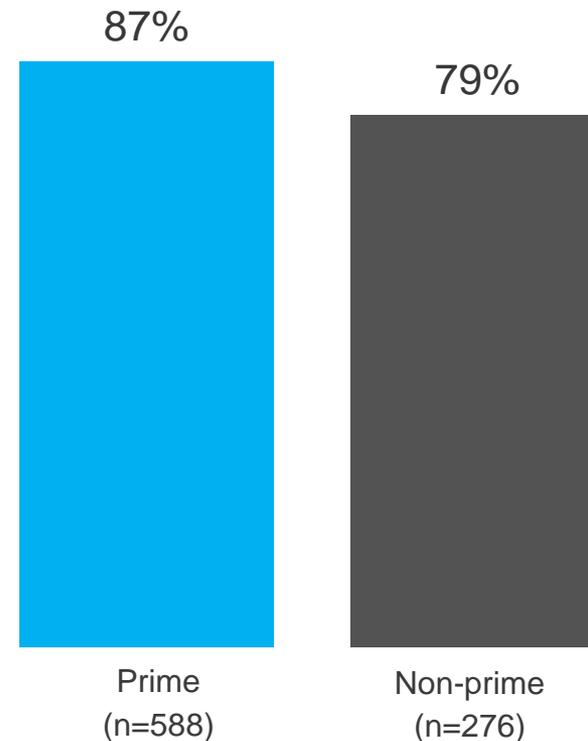
Source: Ipsos Omnibus Feb 2-4, 2018

# People don't see banks as difficult to work with

**My bank is  
Easy to work with**

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

By in large, people see their banks as institutions that are easy to work with.



Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# Half of non-prime American look to banks first

**Their bank would be  
Their first choice for a personal loan**

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

65%



Prime  
(n=588)

51%



Non-prime  
(n=276)

Half of non-prime Americans would like to turn to their bank first for a personal loan.

Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# When in need of a personal loan, non-prime Americans don't feel they can turn to their bank

## Confident they would approve me for a Personal Loan

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

85%



Prime  
(n=588)

37%



Non-prime  
(n=276)

Only a third of non-prime Americans feel that their bank would give them a personal loan should they need it.

Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# People don't feel like banks cater to them

Two-thirds of non-prime Americans don't believe that banks design products for them. Amazingly, almost half of prime Americans also feel that way.

## Their bank offers Loan products designed for me

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

56%



Prime  
(n=588)

35%



Non-prime  
(n=276)

Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

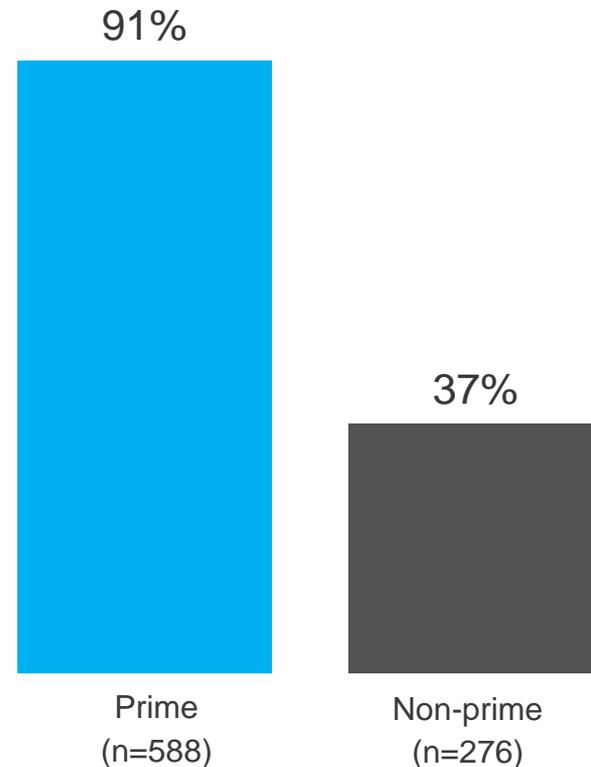
Source: Ipsos Omnibus Feb 2-4, 2018

# Non-prime rightly understand that their bank has no credit card appropriate for them

Confident they would approve me for a  
**Credit Card**

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

Only a third of non-prime Americans feel that their bank could offer them a credit card.



Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# Discomfort associated with applying for a loan

## Comfortable applying for a personal loan with my bank

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

73%



Prime  
(n=588)

40%



Non-prime  
(n=276)

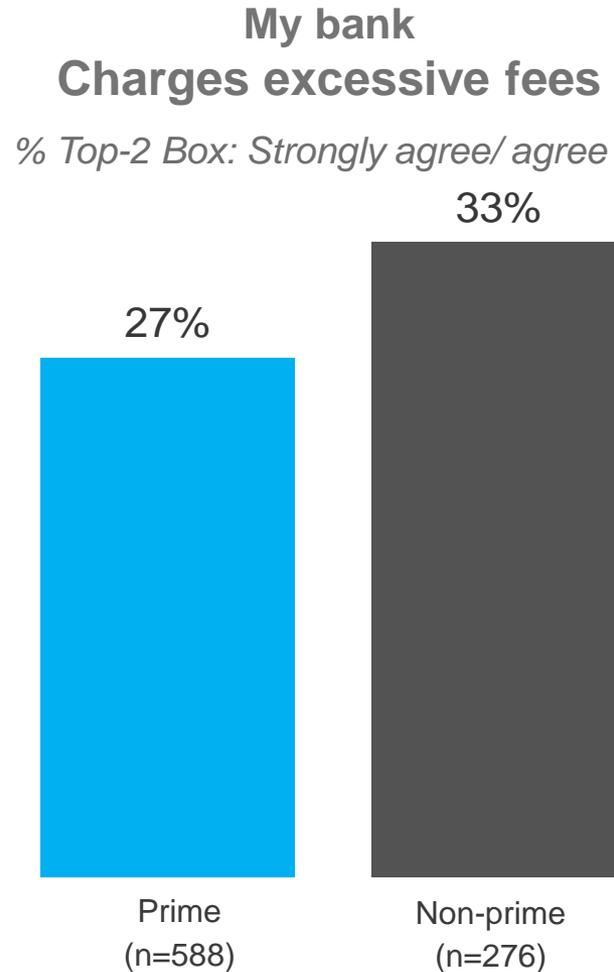
Banks could do more to help people feel more comfortable with the process of applying for credit.

Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# Banks and fees

Non-prime consumers are 22% more likely than prime consumers to say that their bank charges excessive fees.



Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

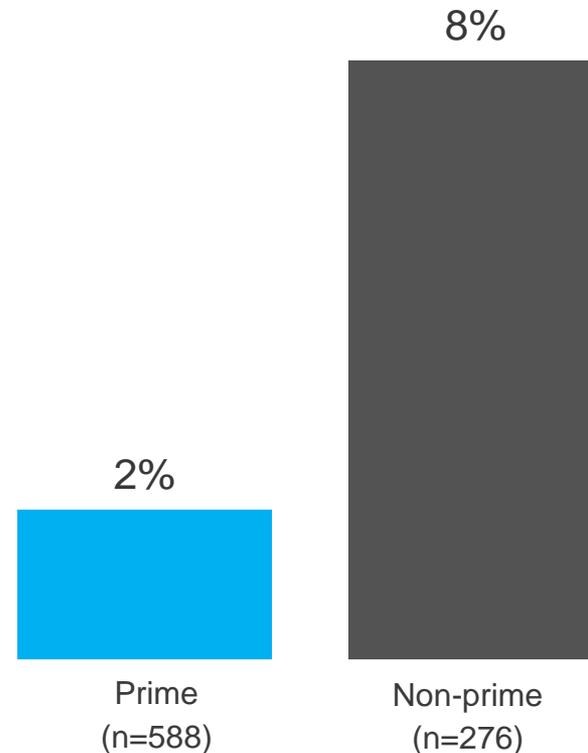
Source: Ipsos Omnibus Feb 2-4, 2018

# Receiving a denial

## Denied for a loan by my bank

*In the past 12 months*

Half of non-prime Americans are four times as likely to have been denied for a loan by their bank in the prior 12 months.



Q.4: Which of the following activities have occurred in the past 12 months at the [BANK TYPE] you use most often? Base: Total Respondents; All Bank Types

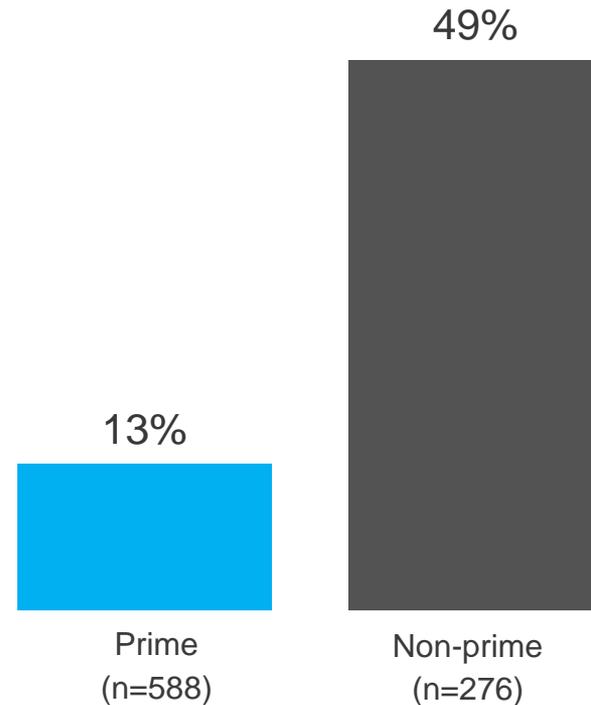
Source: Ipsos Omnibus Feb 2-4, 2018

# Bank fees

## Paid a bank fee (Overdrawn / NSF / Low-balance)

*In the past 12 months*

Half of non-prime Americans paid at least one fee to their bank within the last 12 months. They are 2.8x more likely than prime to say so.



Q.4: Which of the following activities have occurred in the past 12 months at the [BANK TYPE] you use most often? Base: Total Respondents; All Bank Types

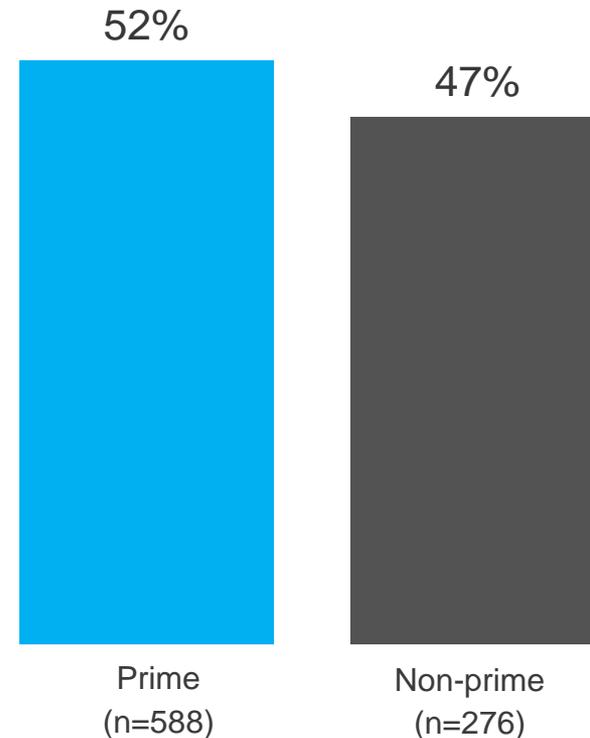
Source: Ipsos Omnibus Feb 2-4, 2018

# Do banks support people's financial progress?

## My bank Cares about my financial progress

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

Only half of respondents felt like their bank cares whether they make financial progress.



Q.3: Thinking about the [BANK TYPE] you use for most of your day-to-day banking needs, how much do you agree or disagree with each of the following statements? Base: Total Respondents; All Bank Types

Source: Ipsos Omnibus Feb 2-4, 2018

# Methodology

The primary purpose of this study was to determine how non-prime Americans were similar or different from those with prime credit when interacting with a financial institution.

**Interview Dates:** February 2-5, 2018

## **Sample Specs:**

- Total Respondents = 1,005
- Sample Source: Ipsos eNation Omnibus

## **Qualification Criteria:**

- Ages 18+
- Personal income: Any
- Geography – U.S. Rep
- Has a checking or savings account

**Survey:** 5 custom questions on the Ipsos Omnibus survey.

# 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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