

The Power of Credit Scoring: Revolutionizing Digital Engagement in Banking

It's no surprise that innovation and technology are advancing at exponential rates by any measure. More people than ever own smartphones and it's estimated that there will be 38.6 billion Internet of Things connected devices around the world in 2025¹.

And while we should embrace innovation (while asking all the right questions in terms of economic and societal implications of course), it's also imperative that we remember once in a while to go back to the basics.

More and more financial institutions are offering their customers free access to credit scores and reports. We'll dive into why that is and why it's of the utmost importance for engagement, data-driven decision making, and financial inclusion.

BACK TO THE BASICS IN BANKING

What exactly underpins our economy here in the US? The construct that enables our ability to borrow and lend—that signals to the lender our ability to pay a loan back on time based on our historical behavior—is credit. More specifically our credit score.

This single, three-digit metric that drives the decision making around whether or not we can borrow for our dream house or for a car or for a personal loan is such an epicenter of our financial composition that it should be top of mind and easily accessible for consumers. For this reason alone, every financial institution should offer the ability for their customers to check their credit scores within their mobile or online banking app.

In addition to offering access to credit scores as a fundamental part of the user experience, financial institutions may benefit from adding this capability in three ways:

1. Capturing your account holder's attention before your competitors do
2. Unlocking data-driven decision making
3. Helping foster financial inclusion, wellness, and empowerment

CAPTURING YOUR ACCOUNT HOLDER'S ATTENTION BEFORE YOUR COMPETITORS DO

We all know that customers are seeking seamless, accessible, and personalized financial services. In fact, most customers prefer a one-stop shop and say that the "ideal customer experience in financial services is one where they access all of the products they need from a single provider"². That should come as no surprise to any of us with all of the apps that exist out there to help us manage our finances. If you count the number of financial apps you have on your device, is it more than 10?

Our attention is constantly fragmented across applications and at a time when each and every app is competing for our attention, Array's clients are looking for compelling products or features to add to their toolkit to not only build trust but drive continuous engagement.

So if you could offer a product that would give your users a reason to keep coming back to your digital environment, what would that mean to you?

We know that credit tools work to drive engagement—the data speaks for itself. Our library of embedded credit tools consistently pulls users back to Array's client's environment. On average, they see users returning 2.2x a month³.

By offering credit scoring to end users, banks and credit unions can tap into the power of digital engagement and deliver a superior customer experience. Here's how:

Enhanced Transparency: Credit scoring provides customers with real-time visibility into their creditworthiness, allowing them to better understand how lenders assess their ability to pay back loans. This level of transparency can help foster trust and empower the customers to make more informed financial decisions. If customers could toggle back and forth between activities on their credit statement and map that back to changes in their credit scores – all within your digital experience, then the positive impact of seamless experience could translate to a stronger reliance on your application.

Personalized Insights: Credit scoring enables personalized insights, helping users identify areas for improvement in their credit profiles. Tailored recommendations and financial education based on their credit scores can foster a sense of empowerment and encourage responsible financial behavior. The more information and education your users have access to, the better decisions they can make about their financial situation.

Continuous Experience: There are plenty of other available options out there for your customers to access their credit scores. But many other platforms that do offer free credit score checks also advertise third party loans. Credit literacy then becomes a gateway for affiliate marketers to begin a relationship with your customers. Once they earn the right to offer credit products to your customers, the dollars that your customers might have spent with you would be diverted elsewhere.

Cultivating a stronger digital experience through a credit score offering may meaningfully enhance your digital experience while engendering trust with your audience.

UNLOCKING DATA-DRIVEN DECISION MAKING

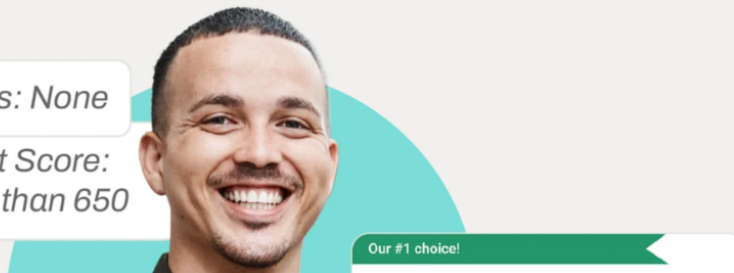
Credit scoring relies on vast amounts of data and statistical models to assess creditworthiness. By embracing credit scoring, financial institutions can leverage these data-driven insights to make informed lending and marketing decisions.

What does that mean exactly?

Auto Loans: None

*Credit Score:
More than 650*

Our #1 choice!





*Student Loans:
\$80,000*

Credit Cards: 1



Blue Bank Home Loans

Starting from 7.40% p.a.
Customized offer in seconds.*

Apply Now

Sponsored

Our FI clients who offer credit scoring to their customers also have access to our [credit segmentation tool](#) (Offers Engine) that leverages user level credit data to determine eligibility based on parameters that they select.

For example, let's say a bank or credit union has a credit card product they're looking to sell but only want to target consumers who have certain credit attributes. Attributes like:

- A credit score higher than 650
- Credit utilization less than 20%
- Revolving debt less than \$10,000

Offers Engine can filter customers through the above parameters (parameters that the FI sets) and segment eligible customers into relevant product offers, content and special services. With this list, your marketing team can segment their database and deliver only the most relevant products and offerings to a specific segment. With over 1,600 credit attributes to select from, you and your marketing team can really take your marketing budget even further through optimized segmentation.

In addition, clients have access to Client Console—a powerful dashboard that enables FIs to make smarter, data-backed decisions with powerful reporting. These valuable insights around product engagement analytics help our clients understand how their customers are engaging with the tools. Available metrics include:

- Component visits
- Number and types of credit simulations run including:
 - Get a credit limit increase
 - Get a new loan
 - Increase/decrease credit balance
 - New credit card limit
- Debt analysis DTI inputs

And for Array's clients who are even more analytically inclined, our Credit Insights tool offers information around credit score distribution, number of open trades by credit score band, credit liability insights and more.

The more we can equip FIs with the powerful and insightful data, the better they can customize their offerings to their users for a more personalized, enriched experience.

HELP FOSTER FINANCIAL INCLUSION AND EMPOWER ECONOMIC GROWTH

Financial institutions have the ability, infrastructure and power to contribute to financial inclusion and empower healthier financial habits. The more consumers are aware of what factors into their financial picture, the more informed they can be about their financial decisions.

Providing quick and easy access to your customers' credit scores and reports can be a powerful tool to help them make progress towards their financial goals—in three ways:

Expanded credit access: By showing your audience where they sit on the credit scale, you are empowering

them with information to change their financial picture. In addition, through tools like [Data Furnish](#)—a service Array offers to help your customers and members furnish data to the bureaus to help build their credit history, banks and credit unions can provide credit opportunities to underrepresented groups, such as individuals with limited credit history or those excluded by traditional credit scoring models. This inclusive approach fosters economic growth and reduces societal inequalities.

Enabling financial empowerment: Credit scoring empowers individuals to take control of their financial well-being. By educating users on credit management and providing insights into improving creditworthiness, financial institutions can help customers build positive credit histories, ultimately leading to long-term economic stability. [My Credit Manager](#) offers a full suite of credit tools, designed to help users with their credit goals.

Fostering economic growth: Ultimately, cultivating a more lendable customer and member base enables your users to borrow and buy—putting more dollars into the economy and contributing to their financial future, in the way that they want to. Part of our vision is that every individual is empowered to own their financial future through access to the right data and tools. By enabling quick and easy access to their credit reports, we can begin to arm them with pertinent information that can help drive towards financial progress.

IT'S TIME FOR EVERY BANK AND CREDIT UNION TO SEIZE THIS OPPORTUNITY AND PROVIDE CREDIT SCORING

As the digital transformation of the banking sector continues, credit scoring emerges as a powerful tool to enhance customer engagement, leverage data, and drive positive outcomes for both customers and financial institutions. By embracing credit scoring, banks and credit unions can elevate their digital offerings, make data-driven lending decisions, and foster financial inclusion.

It's time for every bank and credit union to seize this opportunity to redefine their relationship with their customers through credit scoring. Luckily, it's not too challenging to embed a solution that would work for your customers.

[Schedule a demo](#) today to learn more.

¹ [How fast is technology advancing, Zippia, Jan 2023](#)

² [Humanizing the bank customer experience, American Banker, 2022](#)

³ Based on Array's proprietary data, Mar 2023

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