

# Citi joins Project REACH to boost financial inclusion amid recession worries

Article

**The news:** Citi will pilot two financial inclusion programs early next year as part of the Office of the Comptroller of the Currency's Roundtable for Economic Access and Change (REACH),

per the Wall Street Journal.

- The first pilot will issue credit cards to people without credit scores. Instead, Citi will use information like an applicant's income and spending habits to measure creditworthiness.
- The second will assist small businesses with minority, women, or veteran owners to get credit by lowering Citi's threshold for acceptable credit scores and adapting other underwriting standards.

**How we got here:** Project REACH aims to expand credit access in underserved communities and lower the barriers to financial services.

JPMorgan, Wells Fargo, and US Bank [joined](#) Project REACH's credit-access initiative in May 2021 and began sharing customers' account deposit data with other issuers to determine consumer creditworthiness without using credit scores. The aim was to approve a wider swath of consumers, giving the estimated **53 million people in the US who lack traditional credit scores** the chance to obtain a credit card.

**What's at stake:** The pilot programs can improve financial inclusion as US consumers navigate [murky economic waters](#).

Anemic consumer confidence and persistent inflation point to an economic slowdown that would soften credit card spending and increase lending risk for issuers.

- Consumers would likely limit discretionary purchases and prioritize necessities in a weak economy. Issuers could also end up losing consumer spending to payment methods that consumers view as less risky, like debit, cash, or even buy now, pay later (BNPL).
- Issuers could also face elevated delinquencies and charge-offs. Job losses and pay cuts would make it more difficult for consumers to manage living expenses and debt obligations.

**The big takeaway:** Citi's pilot programs open up new acquisition opportunities, which could compensate for some of those potential losses.

Using alternative measures of creditworthiness opens up credit to groups who may have other qualifications that make them good candidates for credit cards but remain invisible in the current system. But it will also open issuers up to additional risk—they could end up taking on customers who can't afford to accrue debt in addition to capable candidates with thin files.

**Go deeper:** To read more about the risks issuers face amid recession worries, check out our July 2022 [The Era of Uncertainty: Credit Cards](#) report.

### Are US Adults Using Credit Cards More, Less, or the Same Amount as Usual?

% of respondents, by income, July 2022



Note: n=2,509 ages 18+; among those who use credit cards; numbers may not add up to 100% due to rounding  
Source: CivicScience as cited in company blog, July 11, 2022

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