

# In-house credit builders could give neobanks an edge in building loan books

Article

**The news:** UK-based neobank **Monese** has rolled out its **Credit Builder** product in its home market. The company said that “selected customers” are using it under an early access

program, with broad availability slated for the coming months.

**More on this:** The company said its product is **designed for individuals who are “credit invisible”**—meaning those with scant to no credit histories.

- **Close to 5.2 million people in the UK were estimated to fall under this category**, the neobank noted, citing [a 2021 study](#) from Experian.
- Individuals without sufficient credit histories face limited borrowing choices, Monese said, citing payday loans or borrowing from friends and family as examples. In contrast, people who build up credit histories can borrow on better terms.

**How it works:** A Monese spokesperson shared details for how Credit Builder works and how it also serves as a lending product:

- Customers get an interest-free loan that equals 12 months of their personal savings.
- Savings added monthly count toward repaying the loan.
- Monese reports their repayment data to the UK’s three credit agencies, which helps develop people’s credit histories and scores.
- The loan is deemed as fully repaid after 12 months. Savings set aside for repayments are then “unlocked” and become available for customers to spend.

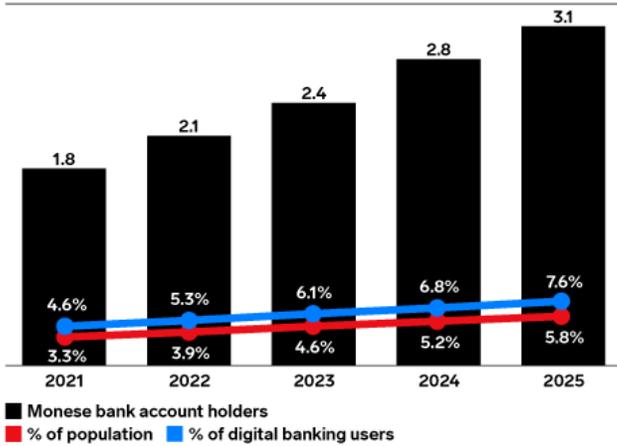
**The opportunity:** An in-house credit-building product helps neobanks like Monese lay the groundwork for growing their own lending businesses based on access to their savings-account customers’ nascent repayment histories.

Monese’s internally run product is operating within a fairly uncrowded category. Its fellow UK challengers **Starling** and **Revolut** offer similar products, but do so through [partnerships with CreditLadder](#), which tracks people’s rental repayments and reports them to credit agencies.

Neobanks that in-source credit building can build foundations for lending income and keep customers within their ecosystems. Products like these can also help challengers ward off the risk of [commoditization](#).

## UK Monese Bank Account Holders and Penetration, 2021-2025

millions, % of population, and % of digital banking users



Note: Individuals who have at least one account at an FSCS-backed digital-only full-service bank open to all consumers that includes transactional and savings options but does not operate physical branches, and where all account management is carried out via web browsers, mobile apps, or over the phone; account holders are not mutually exclusive; there is overlap between groups

Source: Insider Intelligence, May 2021

271110

[InsiderIntelligence.com](https://www.insiderintelligence.com)