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# Big banks to share each other's customer deposit records for credit card approvals

Article

A group of around 10 banks, including big players such as JPMorgan Chase, Wells Fargo, and U.S. Bank, will begin sharing customers' deposit account records with each other as an

alternative underwriting method for credit cards in the US, per The Wall Street Journal. Underwriting will involve reviewing account balances over time and overdrafts. JPMorgan is slated to grant the first approvals under the pilot program as early as this fall. The program will be geared toward applicants without credit scores—an estimated market of 53 million, according to FICO credit score provider Fair Isaac. The new program grew out of a working group formed by the Office of the Comptroller of the Currency (OCC) last summer to brainstorm how to improve the financial well-being of historically underserved communities, according to The Journal. Black and Latino Americans are the most likely to benefit from the program because they're less likely to have detailed credit histories, per a 2015 Consumer Financial Protection Bureau study.

**The pilot is the most comprehensive effort to date by established banks, which have rolled out other initiatives to target underserved communities in the US.** Banks like JPMorgan Chase and Bank of America have been using their own depositors' data in recent years, with the former having added about 700,000 customers since 2016 as a result, per The Journal.

**The program could lead to more lending opportunities for banks, and it follows recent efforts to help customers with their cash flow.** Success with the pilot could generate even more borrowing activity from customers, such as for mortgages and auto loans, thereby building banks' loan books even further. The banks' plan to generate new credit card business from underserved Americans also follows recent initiatives from established players to help customers with cash flow. For example, PNC is helping customers avoid overdrafts by rolling out a feature that will warn them about low balances and offer 24-hour grace periods; Bank of America introduced a paid emergency cash product last October; and U.S. Bank has been offering small dollar loans since 2018.

**Neobanks have sprung up to do business with underserved customers—and the pilot program could pose a competitive threat by targeting the same markets.** US neobanks catering to demographics that have historically been underserved by financial institutions have been rolling out recently. Examples include Fortú, which focuses on serving Latinos, and Greenwood, which is geared toward Black and Latino customers. However, by amassing better data as part of their pilot, big banks have a chance to add underserved groups as profitable customers—and they have the capital to acquire new users even if doing so is unprofitable in the short run. Niche neobanks could find themselves struggling to break through if they have less data than their larger peers, as it could limit their ability to target products to prospective customers.