Co-Branded Credit and the Next Phase of Customer Loyalty

How inclusive credit strategies drive brand loyalty in today's market

Concora credit | PAYMENTS DIVE

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Introduction

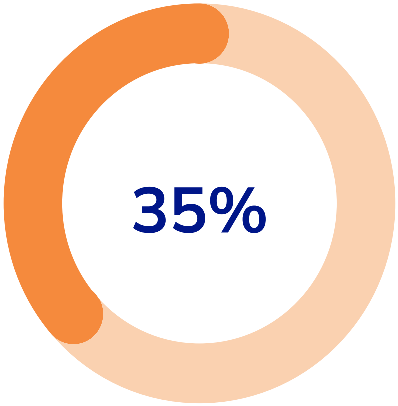
Today's brands understand that the power of co-branded credit card programs goes beyond simple payment tools. These cards act as engines that drive customer engagement, retention, and support long-term business growth. By offering these products to both prime and non-prime customers, brands can meet the diverse needs of their customer base while achieving their own business goals.

Expanding co-branded cards into a broader audience opens positive new revenue streams. For instance, major airlines—such as Delta, American, and United—generate more revenue from their loyalty credit cards than from ticket sales alone.

According to 2024 Experian data, 35% of Americans have non-prime credit scores, which the Consumer Finance Protection Bureau defines as scores below 659. That translates into a good portion of U.S. consumers who are not eligible for prime credit products.

Offering the non-prime population co-branded cards with loyalty programs helps merchants build stronger, more meaningful relationships with an underserved yet eager customer base.

This inclusive, forward-thinking approach deepens brand loyalty and helps you gain a competitive advantage.



of U.S. consumers are **not eligible for prime** credit products.

The Changing Landscape of Consumer Credit Offers

Now is the time to pay attention to non-prime consumers. This segment of the population is growing, driven by economic challenges such as inflation, rising interest rates, and the lingering effects of the pandemic.

Credit cards can help people get back on track and move forward. With the right cards, people can purchase what they need and responsibly demonstrate financial responsibility after experiencing setbacks that affect their credit score, such as medical emergencies or unemployment. By integrating non-prime co-branded cards designed specifically for consumers with less-than-perfect credit, brands can effectively serve this customer segment while stabilizing their overall credit program. For example, when primary lenders tighten their approval standards due to economic fluctuations, secondary lending options can absorb additional applicants, preserving relationships and ensuring consistent access to credit.

Merchants can ensure broader credit accessibility by providing products designed for consumers with varying credit profiles. It's important to remember that non-prime consumers spend on travel, retail goods, and a variety of services and are looking for a deeper relationship with the brands they trust.

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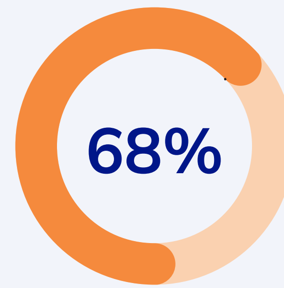


of consumers prefer **using** their credit card specifically **for the rewards**

Credit cards with rewards programs are especially valued. A 2024 Ipsos poll found that 68% of consumers prefer using their credit card specifically because of the rewards or points they can earn—underscoring the importance of well-aligned perks in building loyalty and driving ongoing engagement.

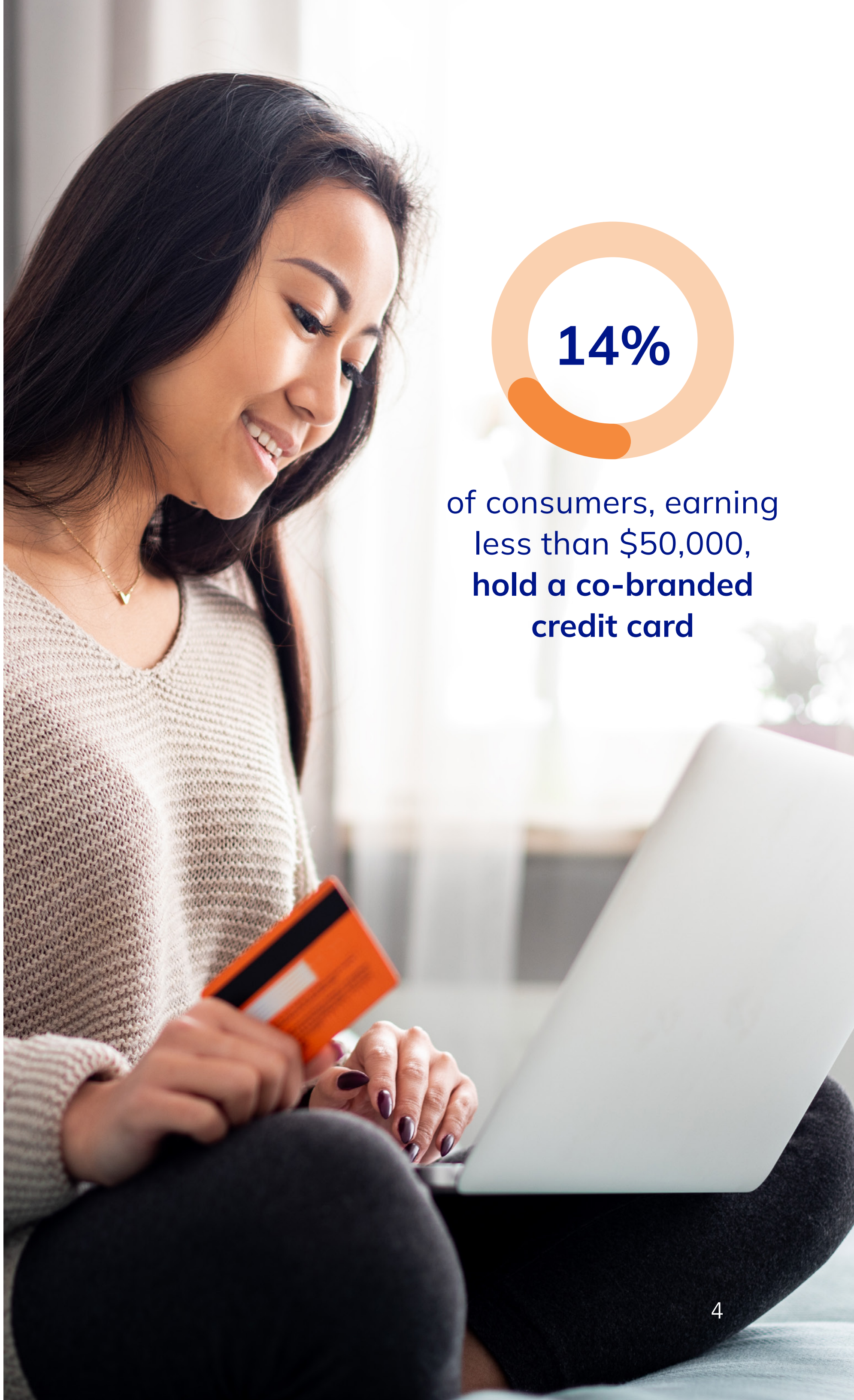
By offering targeted, risk-managed credit options to non-prime credit customers, merchants can expand their customer base, increase sales, and build long-term brand loyalty.

Why Traditional Prime-Focused Co-Brand Strategies Are No Longer Enough

In today's competitive credit market, loyalty can't be limited to people in the top credit scoring tiers. By integrating non-prime consumers into co-branded credit strategies, brands can create stronger relationships and unlock valuable new revenue streams.

Adding non-prime credit solutions isn't about replacing or cheapening prime-focused products, however, but expansion. An inclusive credit-granting approach strengthens brand loyalty and customer lifetime value. It meets people where they are now, then grows with them as their financial circumstances improve.

Yet many co-brand cards today are designed for higher-income earners, leaving out a key segment of consumers. A 2024 Elan Financial Services report, The Role of Strategic Partnerships in Consumer Credit Cards, found that among consumers earning less than $50,000 annually, only 14% hold a co-branded credit card. The adoption rate increases to 38% for those earning more than $100,000 per year.



14%

of consumers, earning less than $50,000, **hold a co-branded credit card**

> Most co-band programs only approve between 30% and 60% of applicants. That means a good majority of consumers who self-select to apply for the brand's leading credit product are declined. This opens brands up to delivering negative customer experiences, which no brand wants.
>
> Rolando De Gracia
> *Chief Commercial Officer, Concora Credit*

While traditional co-brand programs have long targeted prime credit customers, this segment of consumers is saturated. 2024 Experian data show that people with high FICO scores hold an average of 5.8 credit cards, compared to the overall average of 3.9. Broadening eligibility to include the wide pool of non-prime consumers opens new acquisition channels.

When non-prime cardholders have access to co-branded cards and use them responsibly, they can improve their credit profiles and qualify for a prime card with the same brand. This step-up strategy benefits both the business and the consumer. By helping customers at every stage of their credit and financial lives, brands can turn one-time transactional relationships into lasting brand loyalty.

Designing an Effective Non-Prime Co-Brand Program

Successful non-prime co-brand credit card programs differ from those designed for prime credit customers, who often seek aspirational perks, luxury travel rewards, and exclusive brand affiliations.

Because non-prime consumers tend to value utility, accessibility, and transparency, the goal needs to be to offer a product that is both attainable and desirable.

For many non-prime consumers, the alternative to a co-branded card is not a lack of credit—it's a card with no connection to your brand. Take the traveler who books flights using one of those cards. They may be earning on your base loyalty program, but with accelerated earnings or brand benefits, there's little incentive to stay loyal.

A well-designed co-brand card can change that by transforming everyday purchases into a deeper relationship and reinforcing the brand every time the card is used.

Many non-prime consumers are aware of their credit situation and are focused on rebuilding their financial health and gaining access to credit tools that support their goals," says De Gracia. "Therefore, when a credit product offers meaningful benefits—like broader purchasing power, digital access, and brand rewards—they may be more open to fee structures that align with their needs, even if rates are higher than traditional prime cards."

So, do non-prime consumers want a co-branded card? *Yes*, as long as it addresses their core needs and wants: access to credit, the ability to build or rebuild credit, and rewards.

> In today's market, brands can build a significant advantage with non-prime consumers by becomeing their first credit card with travel, lodging, or retail discount benefits.
>
> **Rolando De Gracia**
> *Chief Commercial Officer, Concora Credit*

While travel rewards or luxury perks may not be as important to this segment, other benefits are often highly appreciated.

They can include:

- cash back on the essentials they purchase with the card
- statement credits to reduce the cost of the bill
- discounts on in-brand purchases

A well-structured credit card that's positioned as intentional, not inferior, can lead the consumer to say "yes" to an offer. For good reason. When the brand clearly communicates the card's benefits, why it suits the consumer's needs, and how it helps them achieve their financial goals, it can make sense.

Brands need to make the right credit-granting decisions, too. As experts in data aggregation, Concora Credit ensures they are equipped with the necessary information and business guidance to mitigate risk.

When implementing the non-prime program, it's important to integrate it with existing prime co-brand offerings. There are two effective approaches: *a second-look flow and a direct-apply option*.

- A **second-look flow** extends credit to consumers who were denied credit, serving as a financial safety net for consumers who still deserve access to affordable products and services.
- The **direct-apply** option allows customers to apply for credit directly from their phones, bypassing the need for integration with a merchant's website.

Clear, upfront communication about APRs, fees, credit limits, and rewards ensures that non-prime customers know they are respected and informed.

Cultivating Incremental Loyalty for Sustainable Growth

Loyalty programs aren't just ideal for marketing purposes, they function as a brand's growth engine. Increased customer engagement leads to higher spending, better retention, and more frequent visits, boosting revenue and profitability.

Therefore, non-prime co-brand programs provide a powerful entry point. Rather than viewing these consumers as short-term or low-value customers, brands should view non-prime programs as the first step in a long-term journey. By offering early access and inclusion, brands can earn trust and lay the groundwork for loyalty and growth.

In fact, many non-prime consumers don't currently carry a co-branded credit card. As De Gracia explains, "The company that offers these consumers a rewards credit card is likely to become their top-of-wallet choice—staying top-of-mind throughout their credit rebuilding journey." That early connection can pay long-term dividends as customers grow with the brand.

Inclusive loyalty programs also help consumers feel seen and supported. Brand loyalty is secured when rewards and benefits align with the everyday needs of non-prime customers. These customers are more likely to choose the brand again, and possibly share that positive experience within their social circles.

Over time, that early engagement can evolve into an even deeper brand affinity. As De Gracia notes, many of these customers will eventually “graduate” to the brand’s prime co-branded credit product. Providing clear upgrade paths, milestone-based rewards, and personalized messaging to reinforce that the brand is invested in the customer’s ongoing financial success.

That kind of long-term strategy works best when partners are aligned. “The right non-prime partner allows you to expand your credit ecosystem without disrupting what’s already working,” says De Gracia. “These programs are designed to complement, not compete. It’s about helping more of your customers do more with credit, regardless of where they are in their credit journey.”

The economy is unpredictable for all US consumers, but people with non-prime credit are more sensitive to financial storms. A brand that offers them a positive credit experience when they need it projects understanding and caring, which are essential elements to a meaningful customer relationship.

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Conclusion

Incorporating non-prime co-branded credit solutions is an economically advantageous decision. By expanding credit access and loyalty to underserved consumers, merchants have the power to do business with a significant and too often overlooked consumer base.

Non-prime co-branded cards that include loyalty programs allow brands to stay ahead of competitors. When they help customers who have credit challenges obtain financing and perks, they create valuable, long-lasting relationships.

With millions of non-prime consumers in the U.S., providing innovative products now makes strong business sense. It fosters trust and contributes to a more inclusive financial ecosystem.

About Concora Credit Inc.

A single purpose guides Concora Credit: to help non-prime consumers Do More with Credit. Through its credit servicing activities for issuing banks, the company has helped millions of consumers access credit through Private Label and General Purpose Credit Card programs designed for consumers with less-than-perfect credit. Concora Credit is the company of choice for merchants looking to offer greater access to credit for their customers because our flexibility delivers better outcomes at the point of sale and beyond. We see a bright future for consumers through our simple proposition that is best expressed in two words: **Do More.**

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