

# **The State of Bad Credit Lending in America**

2025 Annual Report

A comprehensive analysis of lending accessibility, approval rates, and borrowing costs for Americans with subprime credit scores.

**SwipeSolutions Research Division**

Published January 2025

# Table of Contents

---

**Executive Summary** ..... 3

---

**Key Finding #1: The 93% Rejection Rate** ..... 4

---

**Key Finding #2: The True Cost of Bad Credit** ..... 5

---

**Key Finding #3: Geographic Disparities** ..... 6

---

**Key Finding #4: The Emergency Loan Gap** ..... 7

---

**Key Finding #5: Alternative Lending Solutions** ..... 8

---

**Methodology** ..... 9

---

**About SwipeSolutions** ..... 9

---

## Executive Summary

---

This report presents findings from SwipeSolutions' comprehensive analysis of the bad credit lending landscape in America. Our research reveals significant challenges facing the 68 million Americans with subprime credit scores (below 670) when seeking access to emergency funds and personal loans.

### Key Takeaways:

- 93% of emergency loan applications from subprime borrowers are rejected
- Borrowers with poor credit pay an average of 156% more in interest
- Approval rates vary by up to 340% between states
- Average time to secure emergency funding: 7+ days
- 42% of rejected applicants turn to predatory lending alternatives

These findings highlight a critical gap in America's financial safety net, leaving millions of consumers vulnerable during financial emergencies and often pushing them toward high-cost alternatives that can worsen their financial situations.

## Key Finding #1: The 93% Rejection Rate

---

# 93%

of emergency loan applications from consumers with credit scores below 580 are rejected by traditional lenders.

Our analysis of over 50,000 loan applications reveals that the vast majority of Americans with poor credit are systematically excluded from traditional lending channels. This creates a two-tiered financial system where those who most need emergency funds are least able to access them.

### Approval Rates by Credit Score Range

Credit Score Range	Classification	Approval Rate	Avg. APR Offered
300-579	Poor	7%	156%+
580-619	Fair (Low)	23%	89%
620-659	Fair (High)	47%	52%
660-699	Good (Low)	71%	29%
700-749	Good (High)	89%	18%
750+	Excellent	97%	11%

## Key Finding #2: The True Cost of Bad Credit

---

**\$847**

Additional interest paid per \$1,000 borrowed by consumers with poor credit compared to those with excellent credit.

The financial penalty for having poor credit extends far beyond loan rejections. Those who do secure financing face significantly higher costs that can trap them in cycles of debt.

### Cost Comparison: \$5,000 Loan Over 24 Months

Credit Category	Typical APR	Monthly Payment	Total Interest Paid
Excellent (750+)	10.99%	\$233	\$588
Good (700-749)	17.99%	\$250	\$998
Fair (620-699)	29.99%	\$280	\$1,714
Poor (580-619)	59.99%	\$342	\$3,202
Very Poor (300-579)	99.99%+	\$421	\$5,108

## Key Finding #3: Geographic Disparities

# 340%

Variation in approval rates between the most and least accessible states for bad credit borrowers.

Access to credit varies dramatically by geography, with state regulations and lender presence creating significant disparities in loan accessibility.

### Top 5 States for Bad Credit Loan Accessibility

Rank	State	Approval Rate	Avg. APR
1	Utah	34%	89%
2	Nevada	31%	94%
3	Delaware	29%	78%
4	Texas	27%	82%
5	Ohio	26%	76%

### Bottom 5 States for Bad Credit Loan Accessibility

Rank	State	Approval Rate	Avg. APR
46	Vermont	11%	36% (capped)
47	New York	10%	25% (capped)
48	Connecticut	9%	30% (capped)
49	New Jersey	8%	30% (capped)
50	Arkansas	7%	17% (constitutional)

# Key Finding #4: The Emergency Loan Gap

## 7 Days

Average time for consumers with poor credit to secure emergency funding, compared to 1-2 days for prime borrowers.

When emergencies strike, time is critical. Our research shows that the approval and funding process takes significantly longer for subprime borrowers, often arriving too late to address the original emergency.

### Time to Funding by Credit Score

Credit Score	Avg. Applications Submitted	Days to Approval	Days to Funding
750+	1.2	Same day	1-2 days
700-749	1.5	Same day	1-2 days
650-699	2.3	1-2 days	2-3 days
580-649	4.7	2-4 days	4-6 days
Below 580	8.2	5-7 days	7+ days

## Key Finding #5: Alternative Lending Solutions

**42%**

of rejected applicants turn to predatory lending alternatives, including payday loans and title loans.

When traditional lenders reject applications, many consumers turn to high-cost alternatives that can worsen their financial situations. Our research reveals the paths borrowers take after rejection.

### Post-Rejection Borrowing Behavior

Alternative Pursued	% of Rejected Applicants	Typical APR	Risk Level
Payday Loans	24%	400%+	Very High
Title Loans	11%	300%	Very High
Pawn Shops	7%	200%	High
Family/Friends	31%	0%	Low
Credit Cards (if available)	15%	25-30%	Medium
No Alternative Found	12%	N/A	Crisis

### Methodology

This report is based on analysis of:

- 50,000+ loan applications processed through partner networks (2024)
- Federal Reserve consumer credit data (2023-2024)
- Consumer Financial Protection Bureau complaint data
- State-level regulatory filings and rate schedules
- Survey of 2,500 consumers who applied for loans with subprime credit

All statistics represent national averages unless otherwise noted. Individual experiences may vary based on specific circumstances, lender policies, and state regulations.

## About SwipeSolutions

---

SwipeSolutions is a financial technology company dedicated to connecting consumers with lending options regardless of their credit history. Our platform analyzes hundreds of lending partners to find the best available options for each applicant's unique financial situation.

**Contact:**

SwipeSolutions Research Division  
research@swipesolutions.com  
[www.swipesolutions.com/research/](http://www.swipesolutions.com/research/)

© 2025 SwipeSolutions. All rights reserved. This report may be cited with attribution. For media inquiries, contact [press@swipesolutions.com](mailto:press@swipesolutions.com).