The Strategic Role of Financing in Home Improvement Projects

Regions Wasatch Study | White Paper

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Executive Summary

Home improvement financing has evolved from an occasional payment method into a key component of homeowner decision making. This study finds that nearly three-quarters of homeowners use financing for at least part of a renovation or repair project, while only a minority rely exclusively on cash. Evidence indicates that financing is often chosen for convenience, favorable terms, and financial flexibility rather than necessity. Most homeowners who use financing report having other payment options available, highlighting that financing can serve as a strategic tool to facilitate cash flow management as they pursue desired projects.

The study also demonstrates the significant impact financing has on project outcomes and contractor performance. Nearly three-fourths of homeowners reported that financing enabled them to complete more work than originally planned, and projects utilizing contractor-provided financing were associated with higher average project spend than the market overall.

Contractors that offer financing likewise show stronger growth outcomes, with a higher likelihood of achieving sustained revenue growth. Together, these findings suggest that financing is not merely a payment solution but instead might act as a business growth lever that can expand project scope, may help homeowners manage project costs over time and reduce cost barriers, enabling larger projects and helping contractors align with modern homeowner preferences.

Study Objectives & Methodology

Regions Home Improvement Financing offers a variety of loan options to homeowners through contractors. Home improvement contractors increasingly rely on financing options to win jobs and grow project size. However, many contractors are unsure how to position financing effectively with homeowners.

This study was designed to explore what matters most to both contractors and homeowners when it comes to financing, ideally helping contractors:

- Increase average project size through better payment strategies
- Align their sales approach with homeowner preferences
- Win more projects by offering the right financing options
- Select a financing partner that supports a growing business

Accordingly, we conducted two online surveys. One survey was administered to contractors and another to homeowners across the United States. The surveys averaged approximately 11-12 minutes in length. We had 367 contractors and 665 homeowners participate in the study. Findings are self-reported and describe observed relationships rather than proven causal effects.

Contractors were screened to ensure they:

- Were actively involved in residential remodeling, repair, or replacement work
- Did at least $300,000 in annual sales
- Had an average job size over $1,000
- Had been in business for at least five years

Homeowners were screened to ensure they:

- Owned, and were living in a single-family home, duplex or townhouse
- Had hired a professional to renovate, remodel, or repair their home in the last 12 months *or* were considering hiring a professional in the next 12 months
- Had a job cost of at least $1,000 during that time period

Occasionally throughout the study we refer to “Regions homeowners” or “Regions contractors.” These are sub-groups within the sample, who have been identified as currently having a relationship with Regions Home Improvement Financing.

Introduction: Why Financing Matters

When a homeowner pursues a home improvement or repair project, financing options are often a key consideration. Almost three out of every four homeowners use some type of financing to pay for at least a portion of their home renovation or repair work. This indicates that a minority of homeowners are using cash only (36%), and that financing is the norm for homeowners as they consider a wide range of options to pay for home improvement and repair projects.

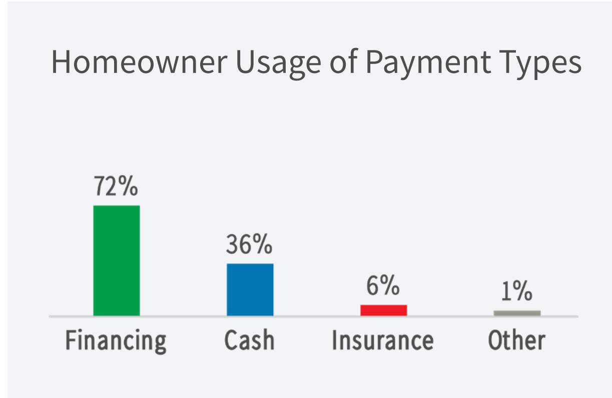

Figure 1 | Homeowners, n=425 Homeowners may use more than one payment method, resulting in some overlap across payment types.

This may not be apparent to contractors, as many financing options (e.g., HELOC, personal loans, cash-out refinancing) are indistinguishable from a cash transaction when a homeowner uses it to pay for a project. Payment flexibility becomes increasingly important as project costs go up, as when financing is offered it effectively reduces cost barriers, providing homeowners with additional options in their decision making. This then enables them to consider larger, higher quality, and faster projects.

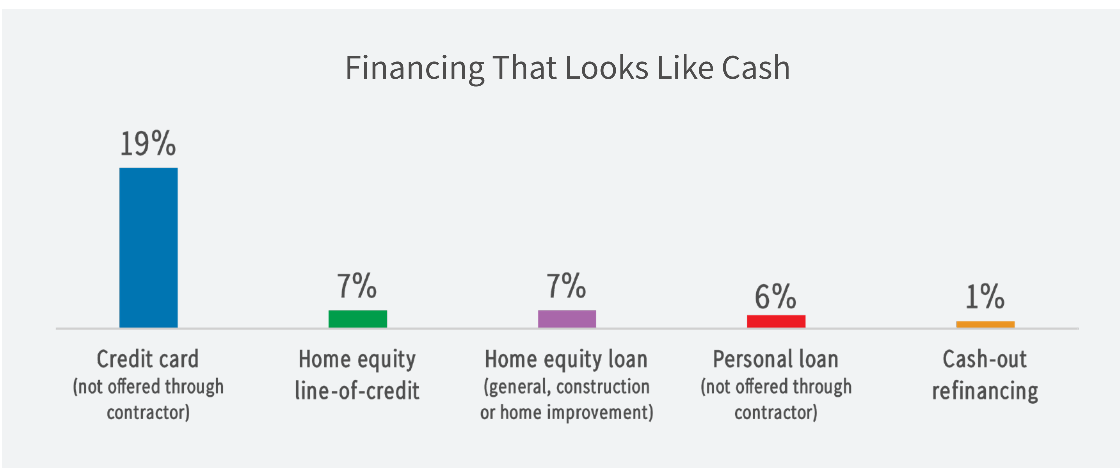

Figure 2 | Homeowners, n=425

This study demonstrates that financing serves not only as a payment mechanism, but as a strategic tool that influences homeowner purchasing decisions, increases project scope, and supports contractor growth.

Homeowner Financing Behavior

Notably, a homeowner's use of financing does not necessarily mean they lack the funds for a project. In fact, 88% of Regions homeowners who use contractor-provided financing cite reasons other than "didn't have the cash" to explain why they decided to use financing. Even homeowners using credit cards typically use those cards for other reasons, with only 17% reporting they used a credit card because they "didn't have the cash."

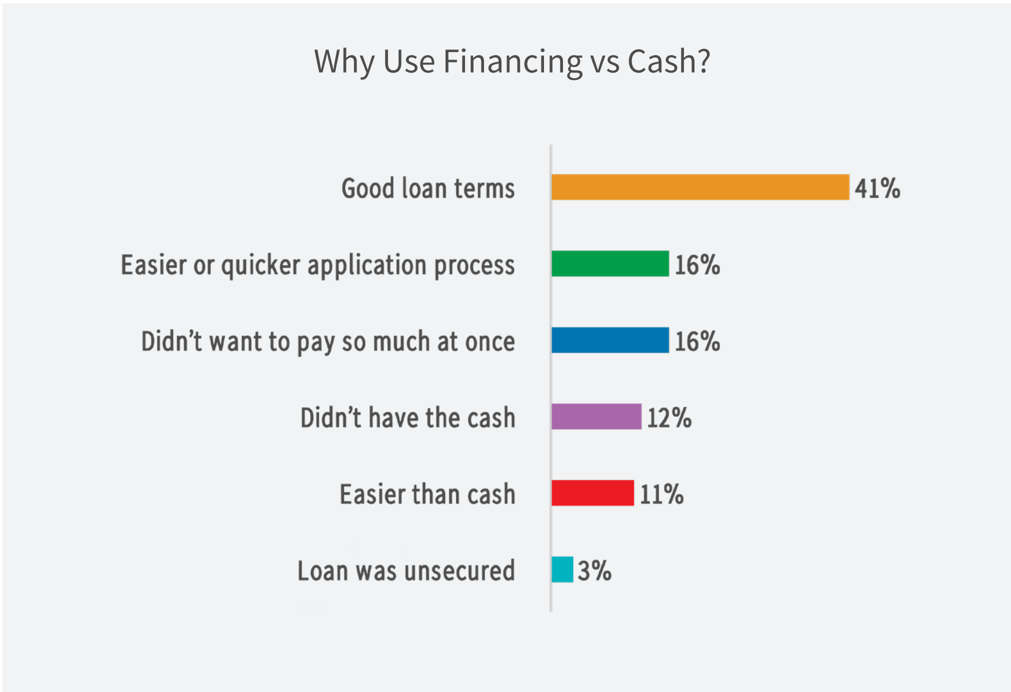

Figure 3 | Homeowners, n=130

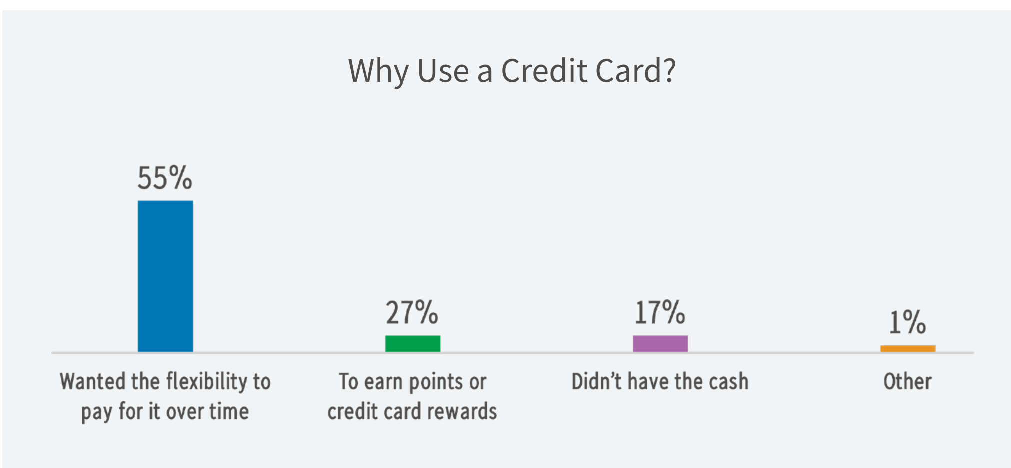

Figure 4 | Homeowners, n=114

Impact of Financing on Project Scope and Spend

The data provides several suggestions for why homeowners choose financing. One is that financing enables homeowners to do more with a project than they could with cash alone. According to 74% of homeowners surveyed, having access to contractor financing enabled homeowners to do more work than they had originally planned. In fact, homeowners who pay for at least some part of a project with contractor financing, spend an average of 54% more on their project when compared to the average homeowner.

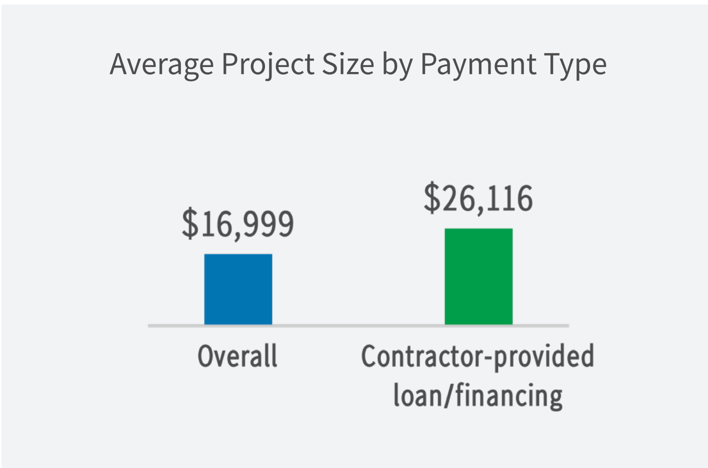

Figure 5 | Homeowners, n=357

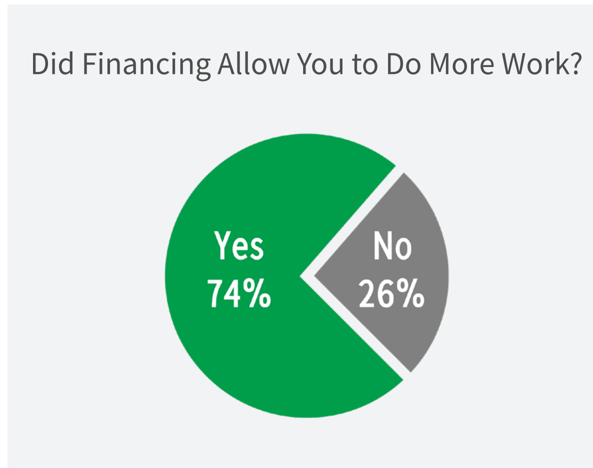

Figure 6 | Homeowners, n=403

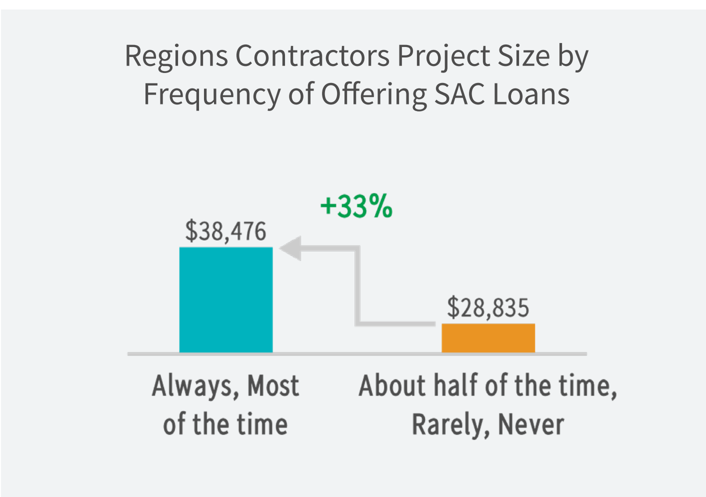

Figure 7 | Homeowners, n=157

The impact on project value may also depend on the type of financing options available to a homeowner. Regions contractors who offer Same-as-Cash "(SAC)" financing programs "Always" or "Most of the Time" report project sizes that are 33% larger on average than contractors who offer such options less frequently. This suggests that promotional financing programs can further expand homeowner purchasing power and willingness to move forward with larger projects.

Contractor Business Impact

The homeowner benefits of financing ultimately translate into measurable business outcomes for contractors. If offering financing increases project size and removes purchasing barriers, contractors would be expected to realize stronger revenue growth—and the data suggests they do. Contractors with financing partners are 17% more likely to report revenue growth of at least 10% over a three-year period compared to those not offering financing.

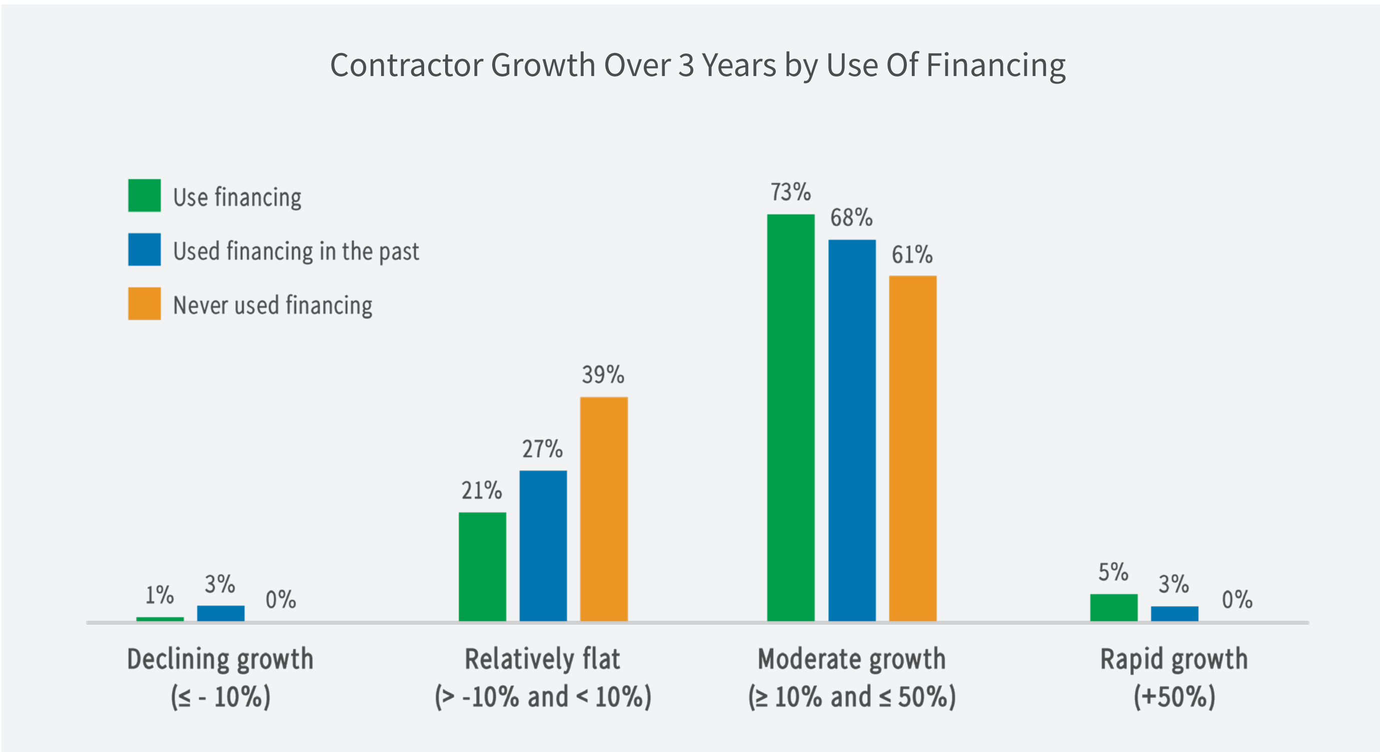

Figure 8 | Homeowners, n=367

Evidence suggests that financing is associated with meaningful growth when integrated into the sales process rather than treated as just another payment option. However, contractor results also depend on the quality of the financing experience itself. Loan terms, promotional financing options, and ease of use all influence whether homeowners ultimately move forward with a project. As financing is now an important element of a homeowner's purchasing decision, contractors must think strategically not only about whether they offer financing, but how they structure and present it.

Optimizing Financing Strategy

The data suggests that financing effectiveness is not exclusively determined by a single factor such as interest rate or promotional offer. Instead, the most successful contractors focus on creating a financing experience that reduces friction and maximizes homeowner purchasing power.

Selecting the right financing partner is a critical component. Approval rates were selected by 39% of contractors as one of the three most important factors when evaluating financing solutions. These findings suggest that contractors should evaluate financing programs not only on pricing, but also on their ability to consistently approve qualified homeowners and support sales conversion.

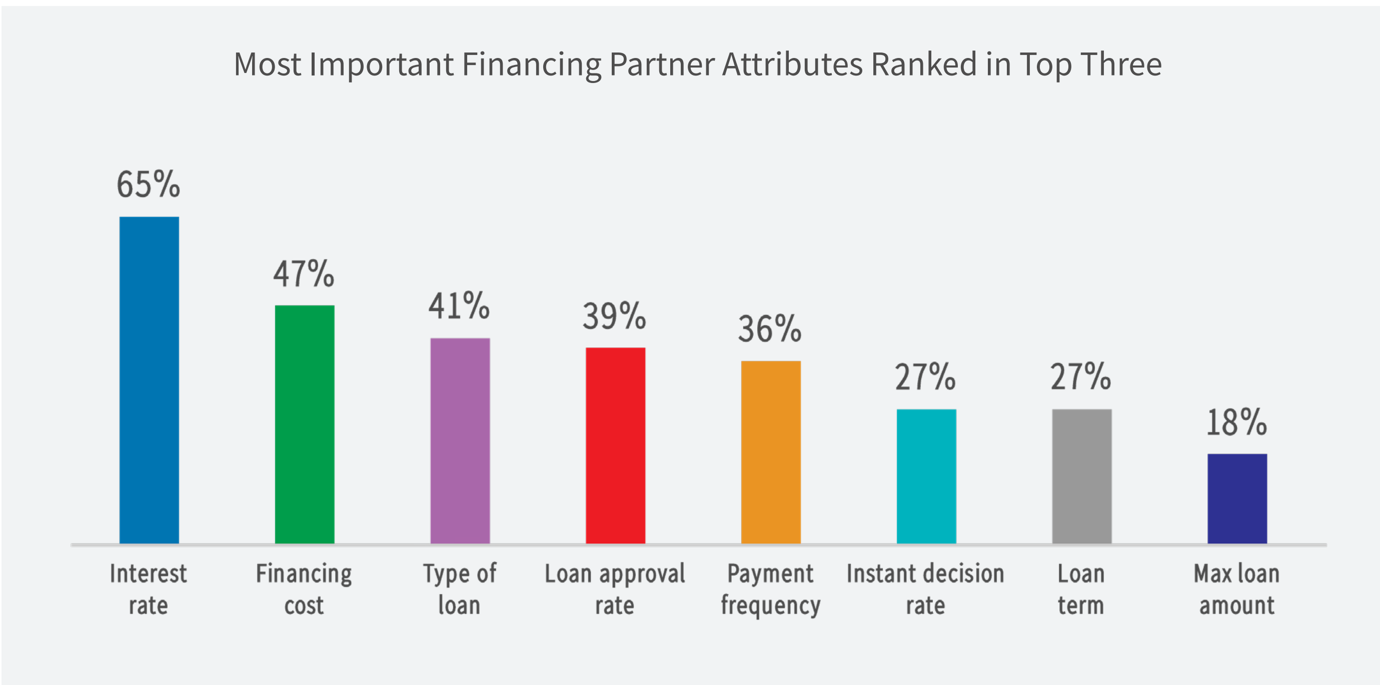

Figure 9 | Homeowners, n=157

Equally important is the timing of the financing discussion. Financing appears most effective when introduced early in the sales process rather than presented only after the homeowner has selected a project. Regions contractors who proactively present financing options during sales conversations and project estimates report average project sizes that are 6% higher than those who discuss financing less consistently. Early financing discussions help homeowners better understand all the tools available to them, which helps them prioritize as a project is defined. It also allows homeowners to evaluate projects based on monthly affordability instead of total upfront cost, expanding the range of options they are willing to consider.

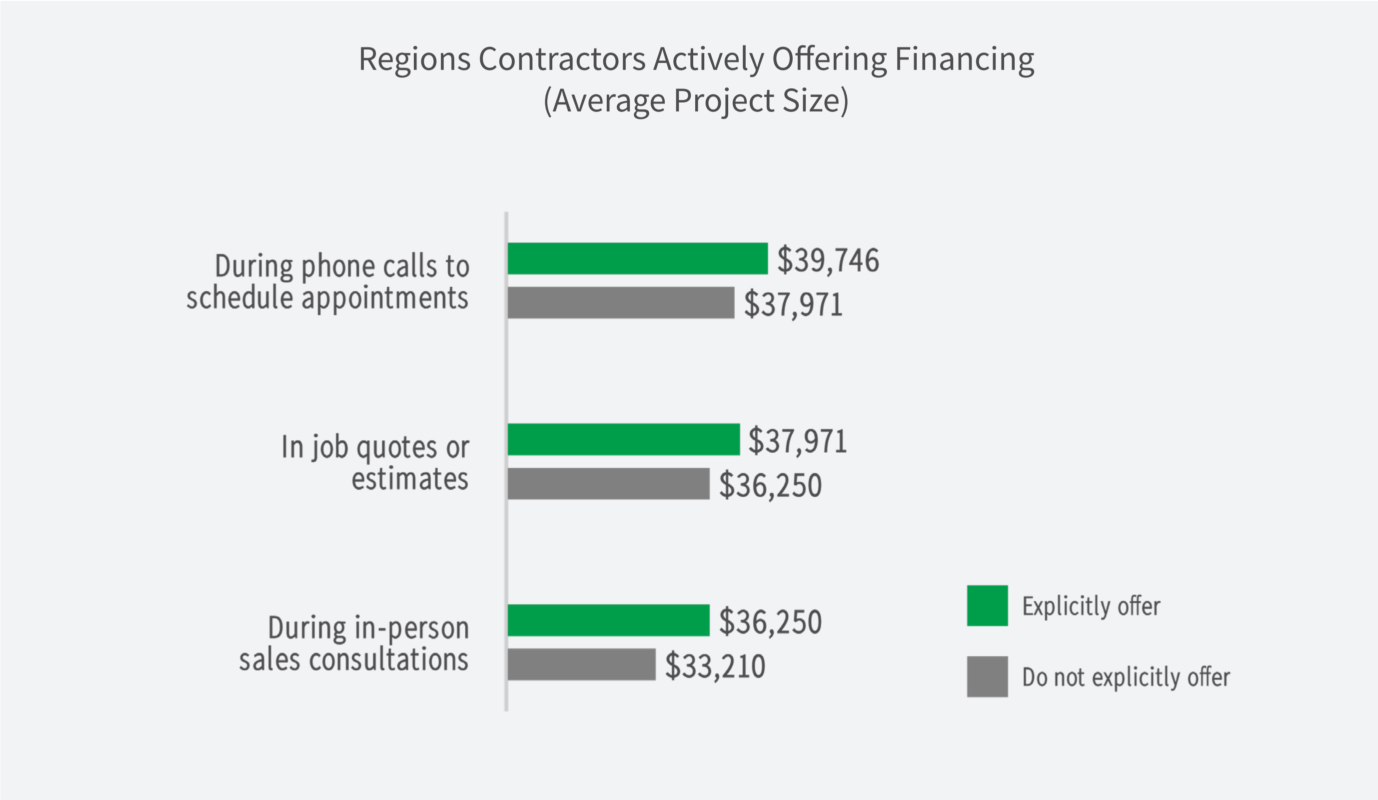

Figure 10 | Homeowners, n=157

Ultimately, high-performing contractors view financing as part of their sales and growth strategy, not merely a payment mechanism. By considering the homeowner experience and introducing financing early in the customer journey, contractors can create a smoother buying experience while increasing project value.

Conclusion

In short, financing has become a central and often strategic part of how homeowners approach renovation and repair projects. Far from being a last resort, it is widely used by homeowners who have cash available but choose financing to preserve liquidity, improve flexibility, and expand project scope. Financing empowers homeowners to move forward with greater confidence and often enables them to invest more in their homes than they otherwise would.

For contractors, this presents a meaningful opportunity. Offering financing options not only aligns with homeowner preferences but is also associated with higher project values and stronger growth outcomes. The contractors realizing the greatest benefit are those who integrate financing into the customer experience—from early sales discussions through project completion—and who provide financing solutions that are simple, flexible, and accessible.

As homeowner expectations continue to evolve, financing is increasingly viewed not as an optional add-on but as a standard component of the buying experience. Contractors that proactively build financing into their sales process, offer multiple payment solutions, and measure the impact of financed projects are better positioned to win more business, increase project size, and compete effectively in an increasingly consumer-driven market. The question for most contractors has become how effectively they use financing, not whether they should offer it to homeowners.

Research Limitations

As with all survey research, the findings reflect self-reported behavior and perceptions. Results indicate various relationships between stated financing practices and project or business outcomes, but should not be interpreted as definitive evidence of causation.

Definitions

Approval rate – The percentage of all loan applications that are approved

Cash-out-refinancing – Replacing an existing mortgage with a larger mortgage and receiving the difference in cash

Contractor-provided financing – Financing offered through or facilitated by a contractor at the point of sale

Financing partner – A company such as Regions that a contractor partners with to provide financing to homeowners

HELOC – Home Equity Line Of Credit. A revolving line of credit secured by home equity

Home equity loan – A fixed-amount loan secured by home equity

Personal loan – A loan where the borrower received a lump sum of money which is then paid back in fixed monthly installments

Promotional financing – Financing tools featuring special offers such as deferred or zero interest periods or reduced interest rates

Same As Cash – Loan type with a promotional period, during which interest is deferred and the loan may be paid off without incurring any interest