

FEDERAL RESERVE BANK OF KANSAS CITY

ECONOMIC REVIEW

Fourth Quarter 2019

Volume 104, Number 4

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Spending Patterns and Cost of Living for Younger versus Older Households

By Jun Nie and Akshat S. Gautam

Aggregate measures of inflation can mask large differences in the actual cost of living faced by households with different spending patterns. For example, older houses typically spend more on health-related services, while younger households spend more on education. If prices in the health-care and medical services sectors rise at a faster pace than prices in the education sector, older households may, in turn, experience a higher inflation rate than younger households.

Jun Nie and Akshat S. Gautam use a rich household-level expenditure data set along with price data to measure and examine differences in spending patterns and the cost of living across different age groups. They find that older households in general have faced slightly higher inflation rates than younger households over the past four decades due to health-related expenses. However, they also find that the inflation gap between older and younger households has narrowed significantly over the same period as the inflation rate of health-related expenses has declined.

Payment Card Fraud Rates in the United States

By Fumiko Hayashi

The United States has lagged somewhat behind other countries in implementing steps to mitigate payment card fraud, such as chip card technology and personal identification numbers. Small delays in implementing fraud mitigation strategies could translate to large fraud losses relative to other countries. Although comparing fraud rates across countries can be challenging, Fumiko Hayashi examines payment card fraud rates in the United States along with three countries with the best available data—Australia, France, and the United Kingdom—and finds that the United States has the highest overall fraud rate. Even after migrating to chip card technology, the United States has a significantly higher in-person fraud rate than all three countries but a lower remote fraud rate than Australia and France. Fewer safeguards and differences in prevalent types of transactions may help explain this.

Why Aren't More People Working in Low- and Moderate-Income Areas?

By Kelly D. Edmiston

Despite overall strength in the U.S. labor market, employment in low- and moderate-income (LMI) communities lags behind non-LMI communities. This employment gap is persistent and has increased over time; as of 2017, 35 percent of residents in LMI communities age 18–64 were not working compared with 24.9 percent in non-LMI communities.

Kelly Edmiston uses a formal text analysis of a unique set of survey comments to examine prominent “employment barriers” in LMI and non-LMI communities. He finds that lower educational attainment and lack of access to transportation and childcare are among the most prominent barriers to employment and are especially prevalent in LMI communities. Although public assistance, disabilities, and chronic health conditions are considerably more prevalent in LMI communities, they are not especially prominent barriers in the text analysis.

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Fourth Quarter 2019, Volume 104, Number 4

The *Economic Review* (ISSN0161-2387) is published quarterly by the Federal Reserve Bank of Kansas City, 1 Memorial Drive, Kansas City, Missouri 64198-0001. Subscriptions and additional copies are available without charge. Send requests to the Public Affairs Department, Federal Reserve Bank of Kansas City, 1 Memorial Drive, Kansas City, Missouri 64198-0001. Periodical postage paid at Kansas City, Missouri.

POSTMASTER: Send address changes to *Economic Review*, Public Affairs Department, Federal Reserve Bank of Kansas City, 1 Memorial Drive, Kansas City, Missouri 64198-0001. The views expressed are those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System. If any material is reproduced from this publication, please credit the source.