The Real Financial Lives of Consumers

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30% of American households say they could only make ends meet for three months or less if they were to experience a sudden drop in income.

27% of Americans report having less than $1,000 saved for retirement.

43% of Americans describe themselves as struggling to pay bills and credit payments.

Source: Understanding and Improving Consumer Financial Health in America, CFSI, 2015
Americans Are Struggling Financially

43% Healthy

57% Not Healthy

138 million people are struggling financially

68 million are “underbanked” or “unbanked”

Source “Understanding and Improving Consumer Financial Health in America,” CFSI 2014.
Three Key Takeaways:

1. Cash flow is as important an indicator as annual income

2. Income matters, but so do planning and saving

3. Access to financial services is important but insufficient

* From a chapter by Tescher & Schneider in the book entitled, “What it’s Worth: Strengthening the Financial Future of Families, Communities and the Nation”
Income Uncertainty

Median Income

- 25%

+ 25%

2.7 spikes

2.7 dips

Mismatch

61% with no income spike

39% of spending spikes align with an income spike

25% when income is below median

Key Takeaway #2

Income matters, but so do planning and saving

*Income doesn’t tell the whole story*

57%

Healthy

- Thriving (12%)
- Focused (15%)
- Stable (16%)

Coping

- Striving (16%)
- Tenuous (12%)

Vulnerable

- Unengaged (16%)
- At Risk (12%)

1/3 make less than $60,000 a year

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Source “Understanding and Improving Consumer Financial Health in America,” CFSI 2014.
Behaviors vs. Demographics

Plan Ahead for Large Irregular Expenses

Save Regularly With A Plan

Healthy

Source “Understanding and Improving Consumer Financial Health in America,” CFSI 2014.
Key Takeaway #3

Access to financial services is important but insufficient

*Access vs. Well-Being*

- 90% have a checking account
- 54% are struggling financially
- 31% live paycheck-to-paycheck
- 43% struggle to pay bills on time
- 6% cashed checks at stores (retail, grocery, etc.) in the last year

Source “Understanding and Improving Consumer Financial Health in America,” CFSI 2014.
Financial health comes about when your daily systems help you build resilience and pursue opportunities.
Thank You