NOVEMBER
2023

THE STATE OF INCLUSION IN THE U.S. FINANCIAL SYSTEM:

Benchmarking Progress, Gaps, and Disparities

FINANCIAL SECURITY PROGRAM
aspen institute

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ACKNOWLEDGMENTS

The Aspen Institute Financial Security Program (Aspen FSP) would like to thank Karen Andres, Genevieve Melford, Sheida Elmi, Bianca Lopez, Erin Borġ, and Tim Shaw for their assistance, comments, and insights.

We are also grateful to Alicia Lloro, Kevin Moore, Eric Wilson, Scott Fulford, Thea Garon, Michael Collins, Pia Tayag, Kelly Cochran, Meghan Greene, and Angela Fontes for generously sharing their perspectives on measuring the inclusiveness of the U.S. financial system. We would also like to thank the organizations who signed a "Call for a National Financial Inclusion Strategy" for providing valuable insights from their own experiences to inform this report.

The Aspen Institute Financial Security Program is grateful for the support of its partners in funding our work on building an inclusive financial system. Thank you to Wells Fargo for your support of this paper. This report was also developed as part of the Global Inclusive Growth Partnership, a collaboration between the Aspen Institute and the Mastercard Center for Inclusive Growth. The findings, interpretations, and conclusions expressed in this report—as well as any errors—are Aspen FSP's alone and do not necessarily represent the views of its funders.

ABOUT THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

The Aspen Institute Financial Security Program's (Aspen FSP's) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. Aspen FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org, join our mailing list at http://bit.ly/fspnewsletter, and follow @AspenFSP on X and on LinkedIn as The Aspen Institute Financial Security Program.

Objective

This publication aims to introduce U.S. policymakers to a unified data dashboard and measurement framework, offering an assessment of the current state of inclusion within the U.S. financial system. By illustrating progress, disparities, and gaps, this report equips policymakers with insights and expert guidance to advocate for and strategically chart their approach to develop the United States' inaugural National Strategy for an Inclusive Financial System.

Moreover, both private and social sector leaders can use this document as a resource to advise and engage with policymakers. The envisioned U.S. National Strategy for an Inclusive Financial System stands as a powerful tool to improve household financial security and build a stronger, more inclusive economy for all.

Methodology

The insights in this report are drawn from publicly available datasets, published research reports, and expert interviews with government, social sector, and private sector specialists who focus on measuring household financial security and the elements of the financial system such as credit, banking, savings, and investing. Additionally, this report integrates findings from prior publications by Aspen FSP.

Aspen FSP's Road Towards a National Strategy

"Toward a National Strategy for Financial Inclusion" (2023)

This first report provides a detailed roadmap for policymakers to deliver a National Strategy for Financial Inclusion. Drawing on lessons learned from other countries that have implemented national strategies, we outline here a set of guiding principles, an implementation guide and a measurement framework to inform the development of a National Strategy.

WHAT'S IN THIS REPORT

This report begins with an overall snapshot of the U.S. financial system and then proceeds into a detailed discussion of the current state, progress, disparities, and gaps for each type of financial service households need. Each section describes the key measures selected along with additional, or complementary, measures to consider. The report is structured as follows:

Executive Summary: Where the U.S. Financial System Stands Today

The U.S. financial system is the most powerful and innovative in the world. At its best, it is an engine for shared prosperity—giving families the financial tools they need to manage their day-to-day finances, absorb sudden changes in income or an unavoidable expense, and build financial wealth.

However, the financial system does not work for nor deliver equally for all people. In its current structure, the U.S. financial system best serves high-wealth people. In building an inclusive and well-functioning financial system that works for everyone in the U.S., we must focus on people with low financial security today. In providing access to inclusive, useful, and affordable financial products and services, everyone can have the financial tools needed to succeed and achieve long-term financial security.

The economic benefits of building a more inclusive financial system are substantial. A 2019 analysis by McKinsey estimated that the United States' real GDP could be 4% to 6% higher if we created a more inclusive financial system that removes racial and other systemic disparities.[1] Further, research from the International Monetary Fund (IMF) also shows a 2% to 3% point GDP growth difference over the long-term between financially inclusive countries and their less inclusive peers.[2]

While the term "inclusive" refers to both people and small businesses, the challenges faced by each are distinct. This report focuses on people as individuals and families, specifically, and acknowledges further exploration into how the financial system serves the needs of small businesses.

Purpose of This Report: Benchmark Progress, Gaps, and Disparities Across the Financial System

In this inaugural 'State of the U.S. Inclusive Financial System' report, the primary objective is to quantify the degree to which the U.S. financial system enables all people to access, use, and reap the benefits of a full suite of financial services to achieve stability, resilience, and long-term financial security.

> **An inclusive financial system enables all people to access, use, and reap the benefits of a full suite of financial products for stability, resilience, and long-term financial security.**

As such, this report centers its evaluation on benchmarking and measuring two distinct dimensions:

1. The overall financial outcomes for people enabled by the full financial system, represented by four "North Star" measures related to financial stability, resilience, wealth, and well-being; and
2. People's direct experience to access, use, and benefit from the five types of financial services that compose the full suite of financial services households need.

These "North Star" measures of financial well-being are rooted in established frameworks that conceptualize and measure people's financial resilience, stability, wealth, and overall well-being. Among these frameworks are the Consumer Financial Protection Bureau's (CFPB) Financial Well-Being Scale, the Financial Health Network's Financial Health Pulse, the World Bank's Global Findex, and the Aspen Institute's Financial Security Framework. Complementing these North Star measures are three direct measures of access, usage, and benefit across each of the five types of financial services essential to achieve these financial outcomes. While ensuring access to each financial service is crucial, relying solely on measures of access fails to capture whether that financial service is meaningfully contributing to people's financial security, well-being, and health. Consequently, measures emphasizing usage and benefits are also included for each type of financial service.

This report draws upon a breadth of publicly available data, predominately sourced from the federal government, to provide a holistic view of where our financial system stands today and to illustrate where progress, disparities, and gaps exist. This is the current state of the U.S. inclusive financial system.

Chart 1. Measuring the Current State of the U.S. Inclusive Financial System[3]

Four Measures Track Overall National Progress	**Financial Well-Being** Overall national measure of household financial security Financial well-being is composed of three elements: stability, resilience and wealth.		
	42% U.S. adults with high or very high financial well-being (2020)		
	Financial Stability Ability for households to meet day-to-day financial needs and build savings	**Financial Resilience** Ability for households to manage a sudden drop in income or an unavoidable expense	**Financial Wealth** Ability for households to invest and plan for the future
	49% U.S. households with routinely positive cash flow, who report spending is less than income (2022)	**51%** U.S. adults who indicate it is possible and not difficult to come up with emergency funds in 30 days from any source (2021)	**$12,500** Median net worth for U.S. households in the bottom 50% of the wealth distribution (2019)

	Three Aspects of an Inclusive Financial System		
5 Types of Financial Services	**Access** **Degree to which the financial service is accessible to all people**	**Use** **Degree to which the financial service performs the function people need so that people can utilize it**	**Benefit** **Degree to which the financial service facilitates financial stability, security, and other financial outcomes for people**
Banking and Payments	**95.6%** Households with a transaction account (2021)	**81.5%** Households considered 'fully banked' (2021)	**$214** Average bank account fees paid annually by 'financially vulnerable' households (2022)
Short-Term Saving	**52%** Households report having a dedicated savings account (2019)	**3.6%** Average amount of personal income saved (2023)	**45%** Households with 6 weeks of income in liquid savings (2019)
Long-Term Savings & Investing	**68%** Private sector workers who have access to retirement benefits (2021)	**52%** Private sector workers who contribute to a retirement plan (2021)	**51%** Working age households with retirement risk (2020)
Credit	**53%** U.S. adults with a prime credit score or higher (2019)	**33.9%** Debt burden: Median leverage ratio for households with debt (i.e., total debt relative to total assets) (2019)	**74%** U.S. households who indicate they have a manageable amount of debt or no debt (2022)
Insurance	**35% | 43% | 57%** Private sector workers with access to long-term disability, short-term disability, and life insurance, respectively, via their employer (2021)	Requires more data collection and reporting	Requires more data collection and reporting

Color Legend: Green, Yellow and Red all denote different types of trends.

= has a positive trend   = has a flat or near-flat trend   = has an adverse trend

Summary of Key Findings

This evaluation of the U.S. financial system and its impact on household finances reveals three key findings:

1. **Persistent Disparities:** Across all measures, it is evident the financial system does not work for nor delivers equally for all people. Low-income families, rural communities, and people belonging to ethnic and racial minorities consistently encounter worse outcomes across all dimensions.

2. **Data Gaps Impede Measurement:** While currently available data offers insights, it also has limitations. Current datasets lack consistent disaggregation based on key population characteristics such as income, wealth, education, geography, age, race, and ethnicity. Additionally, these datasets differ in their frequency of collection and seldom align in the same year. Further, insights from existing datasets could be greatly enriched if complemented by more detailed 'administrative' data collected directly from financial providers on households' cash flow (i.e., income and expenses) and balance sheets (i.e., assets and debts).

3. **Uneven Progress:** Over the last decade, advancements have materialized in certain areas of the financial system, notably in credit and in banking and payments (denoted in green). However, progress has stagnated in other areas, particularly in short-term savings and long-term savings and investing (denoted in yellow and red). Achieving meaningful and lasting gains in financial outcomes for more people necessitates concerted progress across all aspects of the financial system.

A Call for a National Strategy to Accelerate Progress

Financial inclusion is not a naturally occurring phenomenon; it demands purposeful intervention. Despite the continued expansion and innovation within the U.S. financial system, persistent financial gaps and disparities persist. Achieving greater financial inclusion requires a holistic, deliberate, and coordinated approach to identify relevant barriers and opportunities, leverage linkages across policy areas, and align the efforts of a wide range of stakeholders.[4]

The opportunity before us is clear: the United States—home to the world's most powerful and innovative financial system—must develop a national strategy as bold and innovative as its financial system. Doing so will accelerate progress to resolve longstanding financial gaps, improve the financial security of millions of people, and contribute to a stronger, more competitive national economy for all.

Defining Racial and Ethnic Group Terms Used in this Report

Throughout this paper, we use a number of terms interchangeably, generally to ensure that our analysis conveys survey data and others' research findings accurately. For example, we conform to the terms used in the federal Survey of Consumer Finances (SCF), when we draw on that data. In SCF, "white" refers to people who select only that label for their race; "Black" refers to people who select only that label for their race; "Hispanic/Latino" refers to people who select only that label (this also appears in SCF as "non white Hispanic/Latino"). People of all other races and ethnicities, including Asians and Pacific Islanders, Native people, Afro-Latino people, as well as multiracial people, are grouped into the "Other, including multiracial" category. Similarly, in federal data, people indigenous to the Americas are referred to as American Indian/Alaska Natives (AI/AN), though Native Hawaiians are counted as Pacific Islanders. In other research, Native and Indigenous are frequently used, and throughout this report we use them interchangeably with AI/AN. In other cases, terms used to describe Latino people in the United States include Latino, non white Hispanic/Latino, and Hispanic. Latino people in the United States are generally understood to be those who came to the U.S. from Latin America, or whose families did so in the past, or who live in parts of California, Arizona, New Mexico, and Texas that belonged to Mexico prior to Westward Expansion.

Introduction: How to Measure Progress Toward Inclusion

The cornerstone of a successful U.S. National Strategy for Financial Inclusion lies in its ability to define and measure progress.[5] This report encompasses a comprehensive array of financial inclusion metrics for policymakers to use to establish a National Strategy and to monitor advancements toward interim and ultimate objectives. Further, these metrics offer crucial insights to key stakeholders to inform coordinated action.

This evaluation of the U.S. inclusive financial system centers on benchmarking and measuring these dimensions:

1. **Overall Financial Outcomes:** These four "North Star" measures showcase the financial outcomes for people enabled by the full financial system;
2. **People's Direct Experience:** These examine how people access, use, and benefit from five types of financial services that constitute the full suite for achieving stability, resilience, wealth, and financial security; and
3. **Progress and Disparities:** These reveal advancements made, gaps that remain, and persistent disparities across each dimension.

The four "North Star" indicators evaluate people's financial resilience, stability, wealth, and overall well-being, which are enabled and influenced by the full financial system. These indicators are drawn from established financial outcome frameworks such as the Consumer Financial Protection Bureau's (CFPB) Financial Well-Being Scale, the Financial Health Network's Financial Health Pulse, the World Bank's Global Findex, and the Aspen Institute's Financial Security Framework.

Though these frameworks center on the important role of the financial system in enabling household financial security, each of these frameworks also acknowledge the importance of related systems. Labor markets, macroeconomic conditions, wages, digital connectivity, social support programs, and healthcare also influence these household outcomes.[6] For this report, the focus is on the role of the financial system specifically in household finances.

Household financial outcomes—encompassing resilience, stability, wealth, and well-being—are facilitated by a full suite of financial services and products. This suite consists of five types, principally:

1. **Banking and Payments:** covering basic transaction accounts, digital payments, money transfers, digital payments, and related services like checks and bill pay;
2. **Short-Term Savings:** including emergency savings for managing immediate liquidity needs;
3. **Long-Term Savings and Investing:** encompassing long-term savings tools, investment products, retirement, and brokerage accounts;
4. **Credit:** covering mortgage, student loans, credit card, small-dollar lending, credit reporting, and credit scoring; and
5. **Insurance:** comprising products that safeguard assets like homeowners, rental, and auto policies, alongside protection against unforeseen circumstances through disability, high-deductible health plans, and life insurance.[7]

The true measure of progress lies not merely in increasing access and usage of these financial services, but in the better financial outcomes these products have on people's lives. Therefore, a holistic assessment is vital, measuring progress, gaps, and disparities within each type of financial services, building from access and usage to tangible benefits. Therefore, this framework evaluates each type through three aspects:

- **Access:** the degree to which a full suite of financial products and services is accessible to all people and especially to those populations who have historically lacked such access;

- **Use:** the degree to which financial products perform the functions people need in a helpful way so individuals can utilize and maintain these services; and
- **Benefit:** the degree to which financial products facilitate financial stability, resilience, wealth, and security. This assessment looks at affordability, quality, and whether the product helps fulfill intended financial needs.[8]

In evaluating the U.S. Inclusive Financial System, a representative indicator is chosen for access, use, and benefit within each financial services type. Whenever possible, these measures are broken down by income, wealth, race, ethnicity, and geography in their respective sections to highlight disparities.

About the Data Measurements

The indicators illustrating an inclusive financial system draw from an extensive array of publicly available data, sourced from federal agencies and prominent social sector organizations. These data sources provide insights gleaned directly from either households or financial service providers.

Chart 2. Twelve Data Sets Across Government and Social Sector Organizations Inform This Assessment

Data Source	Organization	Financial System Indicators	Frequency of Publication & Last Measurement Year
FRED Economic Data	**St. Louis Federal Reserve Bank**	• Average amount of personal income saved (e.g., personal savings rate)	Monthly
Survey of Household Economics & Decisionmaking (SHED)	**Federal Reserve**	• Financial stability: households who spend less than income	Every year (2022)
Employee Benefits Survey	**Bureau of Labor Statistics**	• Private sector workers with access to a retirement plan • Private sector workers who contribute to a retirement plan	Every year (2022)
Financial Health Pulse Survey	**Financial Health Network**	• Households who indicate they have manageable or no debt	Every year (2022)
FinHealth Spend Survey	**Financial Health Network**	• Annual bank fees for a 'financially vulnerable' household	Every year (2022)
Benefits & Employee Attitudes Study	**Life Insurance Marketing and Research Association (LIMRA)**	• Private sector workers with access to short- and long-term disability insurance, or life insurance via their employer	Every 1-2 years (2021)
Consumer Credit Panel	**Consumer Financial Protection Bureau (CFPB)**	• U.S. adults with prime or high credit score	Every 2 years (2021)
Survey of Unbanked & Underbanked Households	**Federal Deposit Insurance Corporation (FDIC)**	• Households with a transaction account • Households considered fully 'banked'	Every 2 years (2021)
National Retirement Risk Index (NRRI)	**Boston College**	• Working age households with retirement risk	Every 3 years (2020)
Survey of Consumer Finances (SCF)	**Federal Reserve**	• Financial wealth: median net worth for households in the bottom 50% of the wealth distribution • Households reporting having a dedicated savings account • Households with 6 weeks of income in liquid savings • Debt burden: median debt leverage ratio for households with debt	Every 3 years (2019)
Financial Well-Being	**Consumer Financial Protection Bureau (CFPB)**	• U.S. adults with high or better financial well-being	Every 3-4 years (2020)
Global Findex	**World Bank Group**	• Financial resilience: possible and not difficult to come up with emergency funds in 30 days	Every 4 years (2021)

State of Household Financial Outcomes from the U.S. Inclusive Financial System

Key Findings

1. Half of U.S. adults and households lack financial stability and financial resilience—only 49% report routinely positive cash flow and roughly the same number indicate that they could come up with funds in an emergency without difficulty.
2. For households in the bottom half of the wealth distribution, median net worth is $12,500. More than 10.4% of households, about 13 million households, have negative net worth—when debts exceed the value of their assets.
3. As a result, only 42% of all adults enjoy high or very high financial well-being.

Chart 3. Four "North Star" Measures Track Overall National Progress Toward an Inclusive Financial System for All

Financial Well-Being Overall national measure of household financial security		
42% U.S. adults with high or very high financial well-being (2020)		
Financial Stability Ability for households to meet day-to-day financial needs and build savings	**Financial Resilience** Ability for households to manage a sudden drop in income or an unavoidable expense	**Financial Wealth** Ability for households to invest and plan for the future
49% U.S. households with routinely positive cash flow, who report spending is less than income (2022)	**51%** U.S. adults who indicate it is possible and not difficult to come up with emergency funds in 30 days from any source (2021)	**$12,500** Median net worth for U.S. households in the bottom 50% of the wealth distribution (2019)

The Four North Star Measures of an Inclusive Financial System

1. FINANCIAL WELL-BEING

Financial well-being is the pinnacle measure of household finances. Well-being represents achieving financial freedom wherein "a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life."[9]

However, improving overall financial well-being takes time and is difficult to directly influence. That's why it's important to consider its building blocks—namely financial stability, resilience, and wealth. Research from the CFPB indicates that these indicators build to stronger levels of financial well-being over time.[10] Further, the financial system can directly influence—positively or negatively—the ability for households to achieve these more immediate measures of household financial well-being.

NOW In 2020, 42% of adults had high or very high financial well-being. The average score is 55 of 100.

DISPARITIES People who earn less than $50,000—equivalent to the lowest 40% of the income distribution—have an average score 7 points lower than the national average (48 vs. 55). Black, Hispanic, and American Native (AI/AN) adults have average scores that are 3 to 9 points lower than white adults.[11]

2. FINANCIAL STABILITY

Financial stability is the ability for households to meet day-to-day financial needs and build savings. For financial stability to be met, income must be regularly higher than what is spent on basic needs.[12] Financial stability is influenced both directly by the financial system and through related systems important for household finances like access to private and public benefits. Financial services impact stability in five key ways, crucially:

- **Cost:** by increasing the affordability of financial products, the financial system can help lower expenses for people and increase their cash flow. Low- and moderate-income households spend higher relative percentages of their income on financial services—8% of income as compared to 3% for high-income households.[13]
- **Speed:** by increasing the speed of money movement, households have more timely access to their funds. This matters for households where the timing of income and expenses, even by a day, is the difference between paying a bill on time, or late and incurring an overdraft or additional fee.
- **Financial management:** by providing tools like personal financial management or budgeting tools, the financial system can support expense and income smoothing and connect people with affordable, responsible financial products, like credit, to help manage their cash flow.
- **Savings:** by providing people with suitable savings products, the financial system can help people to convert income into emergency savings to absorb a future financial shock.
- **Access to private and public benefits:** by connecting people to employer- or government-provided benefits, the financial system allows people to receive wages, supplement income, and access products that pool risk like unemployment or disability insurance.

NOW In 2022, 49% of households spent less than they earned.

DISPARITIES Among the lowest 50% of households by wealth, 46% spent less than they earned in 2022. By race, 53% of white households spent less than they earned, compared to 40% of Black households and 39% of Hispanic/Latino households.[14]

3. FINANCIAL RESILIENCE

Financial resilience is the ability for households to manage a sudden drop in income or an unavoidable expense. The measure used here is from the World Bank's Findex Database—a global survey across low-, middle-, and high-income countries.[15] This measure accounts for the full suite of financial products a person could beneficially use to obtain emergency funds ranging from credit, to savings, to insurance.

Other measures also assess financial resilience, such as those collected from the Survey of Consumer Finances (SCF) or the Survey of Household Economics & Decisionmaking (SHED). However, these measures predominately focus on the ability of households to achieve financial resilience via emergency savings specifically. Low-cost credit, insurance, or informal assistance from a person's employer or social network all represent additional viable methods of coping with the unexpected.

NOW In 2021, 51% of adults said that it is possible and not difficult to come up with emergency funds from any source.

DISPARITIES For adults in the lowest 40% of the income distribution, this decreases to only 27%—as compared to 67% of adults in the upper 60% of the income distribution. Numbers by race or ethnicity are not available.[16]

4. FINANCIAL WEALTH

Financial wealth refers to the ability for households to invest and plan for the future. In this report, the focus is on challenges that families in the lower 50% of the wealth distribution face to convert their income into opportunities to build wealth. Unfortunately, these households own only 2% of the nation's wealth and include about 13 million households with negative net worth—who owe more in debt than they have in assets.[17]

NOW In 2019, the typical wealth held by a household in the lower half of the wealth distribution was $12,500. In comparison, the overall median U.S. household had 9.7 times more wealth, or $121,700. The only assets held by most households in the bottom 40% of the wealth distribution are vehicles (which may depreciate) and cash held in bank accounts.[18]

DISPARITIES In 2019, the median white family had eight times ($188,200) more wealth than the median Black family ($24,100) and five times more wealth than the median Hispanic family ($36,200). These gaps have persisted and hardly changed over the last 20 years.[19]

Additional & Complementary Measures

These four North Star measures can be complemented with other publicly available data to gain a more detailed and nuanced view into people's financial lives. These are additional and complementary measures experts recommend.

Chart 4. Additional and Complementary Measures Experts Recommend

	Complementary Measurements
Financial Well-Being	1. **Consumer Sentiment Index (Michigan University)** • Current financial situation as compared to one year ago (better/same/worse) 2. **Economic Well-Being Score (Survey of Household Economics & Decisionmaking)** • Doing 'at least OK financially' • Doing better/same/worse financially than 12 months earlier 3. **Financial Health Pulse Score (Financial Health Network)** • Categorized as "financially healthy," "financially coping," or "financially vulnerable"
Financial Stability	1. **Making Ends Meet (CFPB)** • Difficulty paying at least one bill or expense in the last year 2. **Financial Health Pulse (Financial Health Network)** • Spending is less than or equal to income • Pay bills on time 3. **Personal Financial Management (Survey of Household Economics & Decisionmaking)** • U.S. adults who expect to be able to pay all their bills in full this month
Financial Resilience	1. **Liquid Savings (Survey of Consumer Finances)** • Has 6 weeks of emergency savings 2. **Financial Health Pulse (Financial Health Network)** • Have enough savings to cover at least 3 months of living expenses 3. **Cover an Emergency Expense (Survey of Household Economics & Decisionmaking)** • Can cover a $400 emergency expense completely using cash or equivalent • Largest emergency expense individuals could handle right now using only savings • Experienced a disruption from natural disasters in prior 12 months
Financial Wealth	1. **Negative Net Worth (Survey of Consumer Finances)** • Proportion of households with negative net worth (i.e., liabilities exceed assets)
Financial Capability & Literacy	1. **National Financial Capability Study (FINRA)** • Investing literacy • Investing risk tolerance 2. **International Survey of Adult Financial Literacy (OECD)** • Financial worrying • Financial empowerment 3. **Financial Literacy (Survey of Household Economics & Decisionmaking)** • Comprehension of diversification, inflation, and interest

Discussion of Key Findings

Our analysis of the current state of the U.S. financial system and household finances uncovers three key findings.

FINDING #1 PERSISTENT DISPARITIES

Hidden within the overall averages of the U.S. population are persistent inequalities across all dimensions of financial access and outcomes. Several key groups consistently experience worse outcomes across all indicators, including:

1. Low- and moderate-income households within the bottom 50% of the income and wealth distribution, regardless of race, gender, or ethnicity;
2. Individuals from racial and ethnic minorities, encompassing Black, Hispanic, and American Native communities; and
3. Rural communities.

For instance, households earning under $30,000 exhibit lower levels of transaction account access (90.8% vs. 95.5% overall),[20] reduced likelihood of holding dedicated savings accounts (30% vs. 52% overall),[21] and limited presence of six weeks' income in liquid savings (24% vs. 66% in the top 50%).[22] Consequently, this population grapples with diminished financial stability, resilience, wealth, and overall well-being. For example, the median net worth of a household in the bottom 50% stands at $12,500—merely 2% of all wealth in the U.S.—and over 13 million households have negative net worth.[23]

Ethnic and racial disparities mirror these trends. Black and Hispanic households encounter lower financial access across all financial services and pay a higher proportion of their income on financial services when they do have access. Black and Hispanic households pay 7% and 5% of their total income, respectively, on interest and fees compared with 3% for white households.[24] These disparities in financial access and higher relative cost for products magnifies and contributes to disparities in financial resilience and wealth. The median Black household has just 12 cents in wealth for every dollar held by white households, while Hispanic households have 19 cents.[25]

These disparities also persist consistently in terms of geography and education when such data is available.

FINDING #2 DATA GAPS IMPEDE MEASUREMENT

Lack of comprehensive, publicly available data impedes our understanding of disparities and hampers efforts by policymakers and financial institutions to address and track these within the financial system. The alignment of publicly available data with the inclusion of new types of data could enhance our assessment of the U.S. financial system. Notably, three key data gaps exist:

1. **Lack of consistent disaggregation.** Income, wealth, education, geography, race, age, and ethnicity need consistent disaggregation. For example, while the FDIC's Survey of Unbanked and Underbanked Households offers detailed disaggregated data, the National Compensation Survey from the Bureau of Labor Statistics lacks equivalent breakdowns, thwarting comparisons between these datasets on bank and retirement accounts, respectively.

2. **Disparate measurement frequency.** Data collection schedules vary, with some published every one to four years. Coordinated, simultaneous data collection and more frequent updates would amplify data value. For example, the Survey of Consumer Finances is conducted every three years, whereas the Survey of Household Economics & Decisionmaking is annual. Consequently, when there is a significant economic event—like a recession, rapid inflation, or a financial or natural disaster-related crisis—it is difficult to evaluate the impact of these shocks on household finances and use the data across sources in a timeframe to support data-driven policymaking.

3. **Enriching datasets with administrative data on household cash flows and assets.** Augmenting existing household survey data with detailed information on households' cash flow and their investing and debt repayment behavior would enhance analysis. For instance, there is no data set showcasing flows of retirement savings in employer-provided accounts, uptake in employer-provided disability or life insurance, or detailed bank account transactions data for savings, investing, or debt repayment. Administrative data from

payroll and financial providers, as seen in credit products such as the CFPB's credit panel and HMDA database, could fill these gaps.

> **The inclusiveness of the financial system should be as vital a measure of our financial system's health as the other elements of safety and soundness.**

FINDING #3 UNEVEN PROGRESS

While the U.S. financial system has made progress in some areas, others remain stagnant. A holistic view shows how each dimension of the financial system is interconnected, requiring coordinated action.

Over the past decade, the U.S. financial system has made strides in:

- Expanding access to and usage of basic transaction accounts;
- Safeguarding against over indebtedness; and
- Improving average financial well-being.

Since the 2008-2009 financial crisis, progress is evident in revitalizing credit markets. The data shows reductions in overall indebtedness, improvements in prime credit scores, and more people indicating their debt is manageable. Such factors have helped to increase average financial well-being.[26]

At the same time, progress is uneven. In particular:

- The cost of banking is increasing, particularly for more vulnerable households;
- Participation, use, and adequacy of retirement savings show minimal improvement;
- Most households lack sufficient emergency savings; and
- Financial wealth for households in the bottom 50% of the income distribution has remained flat.

In banking, an increase in access and usage of transaction accounts has been accompanied by an increase in the cost of these products; fees paid by 'financially vulnerable' households reached $214 in 2022, a 16% year-on-year increase.[27] Higher banking costs impede higher-level financial outcomes like financial stability and resilience, despite a positive trend at the access and usage levels.

Retirement savings exhibit disparities in both access and usage. As many as 32 million people have access to retirement plans but do not participate.[28] Further, 9% of workers cashed out of their tax-advantaged retirement plans in 2020, hindering long-term wealth accumulation even as they are counted in those who participate.[29] Insufficient liquid savings contribute to the problem. Less than half of households have six weeks of income in liquid funds—the buffer which the JP Morgan Chase Institute indicates people need to withstand a simultaneous drop in income and an unavoidable expense.[30] Households with at least $3,000 in emergency savings were 3.2 times less likely to tap their retirement savings.[31] Unfortunately as a result of these gaps, the proportion of workers with retirement risk has remained unchanged over the last decade.[32]

State of Inclusion in Banking & Payments

Households rely on basic banking and transaction accounts and their associated payment services—like money transfers, digital payments, checks, and bill pay—to manage their day-to-day finances. For many households, the account used to receive their paycheck, government transfer, or other income source is the cornerstone of their daily financial management and provides access to a full suite of other financial products and services.

Chart 5. Current State of Inclusion in Banking & Payments

Access	Use	Benefit
95.6% Households with a transaction account (2021)[33]	**81.5%** Households considered 'fully banked' (2021)[34]	**$214** Average bank account fees paid annually by 'financially vulnerable' households (2022)[35]

Key Findings: A Closer Look

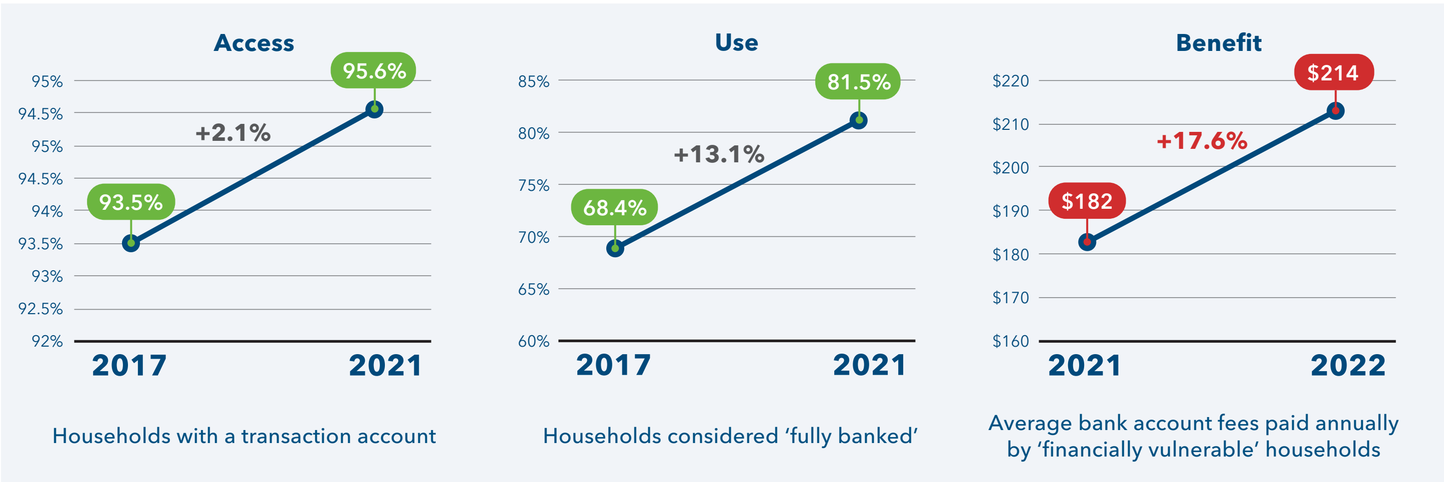
1. **High levels of access and use:** Indicators of access and use are highest in 'Banking & Payments' as compared to all other areas within the financial system.
2. **Steady progress:** Over the past decade, access to and usage of banking services has shown a consistent upward trajectory. This progress is likely due to collaborative efforts by banks, fintechs, and policymakers, such as the Cities for Financial Empowerment (CFE) Fund's 'Bank On' initiative. Notably, the number of households considered 'fully banked' has risen by 13.5% between 2017 and 2021, reaching 81.5% of all households. While considerable progress has been made, challenges remain. About 5.9 million households remain without a bank account, and approximately 24.6 million households either lack an account or have one and still turn to alternative services.
3. **Concerning costs:** Despite the increase in basic access and use, bank fees—such as overdraft and maintenance charges—have also surged. Individuals classified as 'financially vulnerable' paid average annual bank fees exceeding $200 in 2022.
4. **Enhancing access and speed:** Extending access and usage of transaction accounts to underserved households remains a challenge. During the COVID-19 pandemic, the financial system was used to distribute public benefits like the Economic Impact Payments (EIPs). However, challenges arose in delivering these benefits to eligible households, particularly those without a bank account, limited internet access, experiencing homeless, or of mixed immigrant status families. The Treasury Department, for example, estimated as many as 8 million eligible households had not received their EIPs by early 2021.[36] Further, the adoption of real-time payment systems could alleviate issues related to overdraft and late fees stemming from a minor mistiming in fund transfers or banks' policies on ordering transactions and funds availability.[37]

It is important to acknowledge some limitations in the usefulness of the access and usage indicators from the FDIC's Survey of Unbanked & Underbanked households. The FDIC data classifies financial products into two categories: bank and nonbank. There is ongoing debate about the significance of this categorization, as the cost of some nonbank products have decreased, and the CFPB has expanded consumer protections for specific nonbank products such as prepaid cards and international remittances. What is more crucial is determining if individuals with transaction accounts can effectively meet their needs without requiring other services—such as focusing on gaps and monitoring the trend of these indicators.

Progress

More households have gained access to transaction accounts and the utility of these accounts has increased, as demonstrated by fewer households turning to 'alternative' providers to manage their day-to-day financial needs. However, the fees that 'financially vulnerable' households pay to conduct these transactions have increased to more than $200. In contrast, a 'financially healthy' household paid $33 in fees in 2021, or 85% less than a 'financially vulnerable' household.

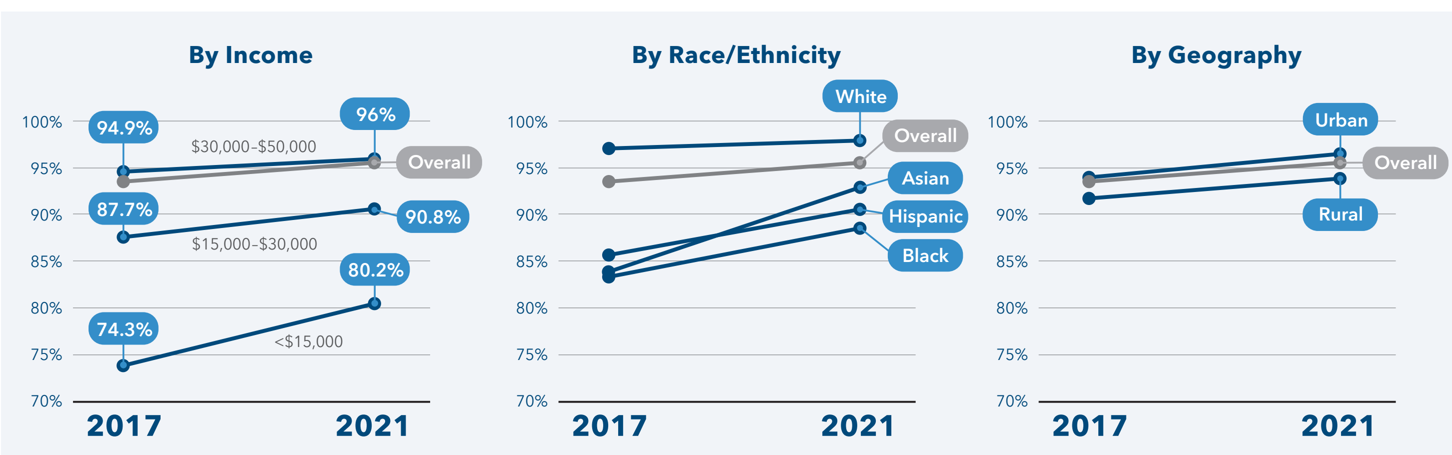
Chart 6. Measures of Access and Usage Have Improved, But So Have Costs



Disparities

Overall progress hides persistent disparities between populations. Consistent gaps persist across income levels, racial and ethnic backgrounds, and geographical areas. Notably, the most significant disparities are prevalent in households earning less than $30,000, rural communities, and among households led by individuals from Black, Hispanic, and American Native backgrounds.

Chart 7. Consistent Gaps Persist Across Income Levels, Racial and Ethnic Backgrounds, and Geographical Areas for Households With Access to a Transaction Account



Widespread market practices can inadvertently erect barriers that contribute to these persistent disparities to access basic transaction accounts. Regulatory requirements mandating customer identification can exclude segments of the population. For instance, 11% of U.S. citizens—or 21 million people—lack a government-issued photo identification, including about 25% of Black citizens of voting age.[38 39]

Additional Measures

These additional measures can assist policymakers with a more detailed view of the state of inclusion within banking and payments:

Chart 8. Three Additional Measures for Inclusion in Banking and Payments

1 U.S. adults living in banking deserts	2 U.S. adults with incidence of overdraft, nonsufficient funds, or other account fees	3 Proportion of income spent on financial services
Overall • .09% of people in the U.S. live in a banking desert (3.96 million people) – 2.04 million in urban areas – 1.92 million in rural areas Communities are considered to be a 'banking desert' when there is no physical banking presence.[40]	**Overall** • 11% of adults with a bank account paid an overdraft fee in the previous 12 months Household usage of specific alternative financial products like check cashing, money orders, and prepaid cards is available from the Financial Health Network's Spend Survey and the FDIC Unbanked Survey.[41]	**Overall** • Low-to-moderate income households spent 8% of their income on financial services vs. 3% for higher-income households (2021) **By Race** • Black households spent 7% of their income on financial services, on average • Hispanic households spent 5% • White households spent 3%[42]

Ensuring access to more affordable banking and payment services remains an important step toward a more inclusive financial system.

State of Inclusion in Short-Term Savings

As the COVID-19 pandemic and recession reminded us, millions of Americans are unprepared to weather an unforeseen financial challenge. Households with sufficient liquid or emergency savings are better equipped to manage their day-to-day finances and cope with an unexpected loss of income or an unavoidable expense.

Chart 9. Current State of Inclusion in Short-Term Savings

Access	Use	Benefit
52% Households reporting having a dedicated savings account (2019)[43]	**3.6%** Average amount of personal income saved (2023)[44]	**45%** Households with 6 weeks of income in liquid savings (2019)[45]

Key Findings: A Closer Look

1. **Savings account accessibility is lagging:** While transaction account access is high (94.5% of households), the number of households with a dedicated savings account falls by nearly half (52% of households). The lack of access to and usage of financial products and tools for emergency savings is a core factor contributing to low levels of liquid savings overall.
2. **Most households lack adequate liquid savings:** Emergency savings are crucial to achieve financial stability and financial resilience. Only 45% of households have six weeks' worth of income in liquid savings, a benchmark identified by the JP Morgan Chase Institute as essential for withstanding simultaneous income and expense shocks. This shortage contributes to only 51% of U.S. adults who indicate it is possible and not difficult to come up with emergency funds in 30 days from any source (i.e., financial resilience). These measures are unlikely to move upward given the modest proportion of income saved, currently at 3.6% on average.
3. **Liquid savings can impact long-term wealth:** In instances of an unexpected loss in income or an unavoidable expense, households without adequate liquid savings will often resort to depleting funds earmarked for long-term wealth building. Notably, 9% of workers reported early withdrawals from retirement accounts in 2020.[46] However, households with at least $3,000 in emergency savings were about 3.2 times less likely to report using their retirement savings; and households who have at least $5,000 in emergency savings were 3.85 times less likely to tap into retirement savings.[47]
4. **Measurement varies by survey:** The measurement of emergency savings varies considerably across surveys. Consequently, there is a lack of consensus on the benchmark that qualifies as adequate emergency or liquid savings.

Progress

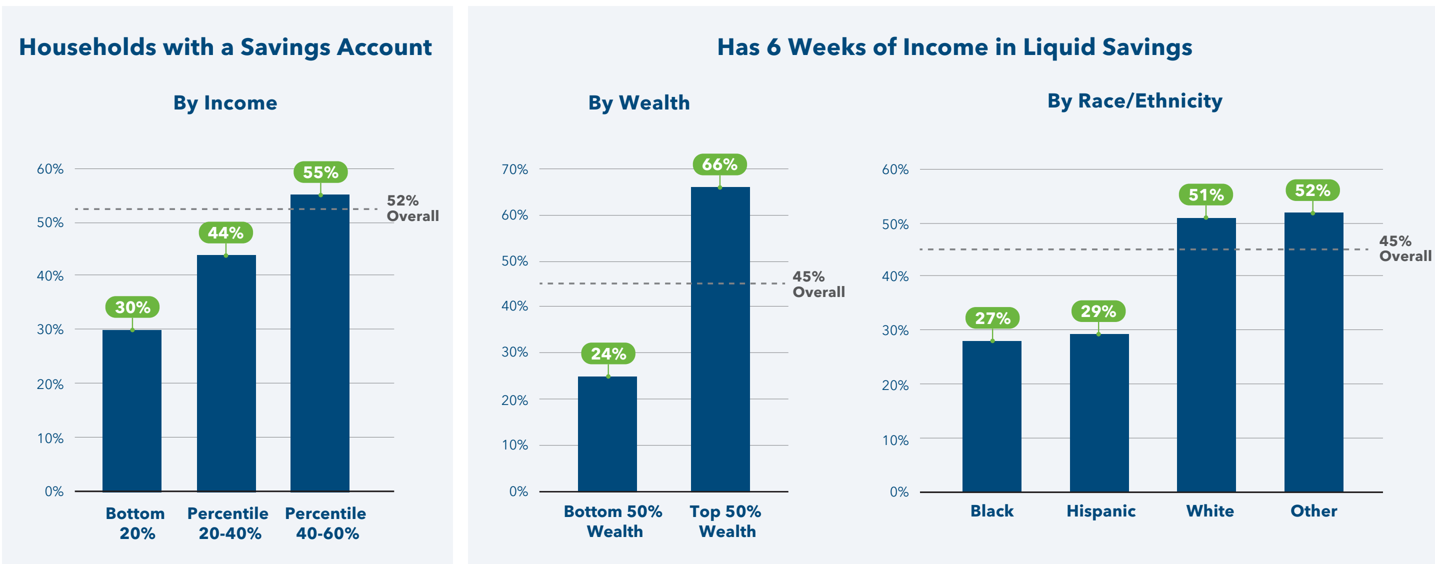
The adequacy of household liquid savings increased from 2016 to 2019 by 1.5%, with the proportion of households reporting six weeks of income in liquid savings increasing from 43.5% to 45%.

Prior to 2019, the Survey of Consumer Finances did not ask households about their use of savings accounts specifically.

Disparities

The availability of savings products and the level of liquid savings varies by income, wealth, race, age, and ethnicity. Persistent disparities are evident particularly among households in the bottom 50% of the income and wealth distribution, and among Black- and Hispanic-led households (data disaggregated by American Natives is unavailable).

Chart 10. There Are Persistent Savings Gaps by Income and Wealth, as Well as by Race and Ethnicity[48]



Additional Measures

These additional measures on savings can assist policymakers with a more detailed view:

Chart 11. Two Additional Measures for Inclusion in Short-Term, Emergency Savings

1 Ability to cover an emergency expense	2 Source of emergency funds
• 68% of adults would cover a $400 emergency expense completely using cash or its equivalent[49]	Main source of emergency funds for those who indicated coming up with emergency funds in 30 days was possible:[50] • 41% of people reported that savings would be the main source • 14% of people reported that family and friends would be the main source • 18% of people reported that work would be the main source of emergency funds • 9% of people reported that a loan from a bank, employer, or private lenders would be the main source • 4% of people reported that the sale of assets would be the main source

Ensuring equitable access to savings tools and fostering financial preparedness across diverse groups remains a crucial step toward a more inclusive financial system.

State of Inclusion in Long-Term Savings & Investing

The financial system plays a crucial role for households to transform savings into long-term wealth. Financial products, like retirement, postsecondary savings, health savings, and brokerage accounts give people the tools to invest and plan for an array of life goals ranging from retirement and home ownership to education, healthcare, entrepreneurship, and beyond.

Chart 12. Current State of Inclusion in Long-Term Savings & Investing

Access	Use	Benefit
68% Private sector workers have access to retirement benefits (2021)[51] (either defined contribution or benefit)	**52%** Private sector workers participate in a retirement plan (2021)[52]	**51%** Working age households with retirement risk (2020)[53]

The focus here for long-term savings and investing is on retirement savings, owing to its central role in building lifelong wealth. Total retirement assets surged to $40.8 trillion in 2021, highlighting its magnitude.[54] While retirement savings is a cornerstone of long-term wealth, a host of other investment and savings products—such as employee-based business ownership (e.g., ESOPs), robo-advisors for individual investing, novel investments like real estate and neighborhood asset trusts, crypto ownership, along with goal-specific accounts like 529 plans and health savings accounts (HSAs)—offer additional avenues for households to invest. These deserve monitoring for their potential to improve financial security, for growth, and for consumer protection risks.

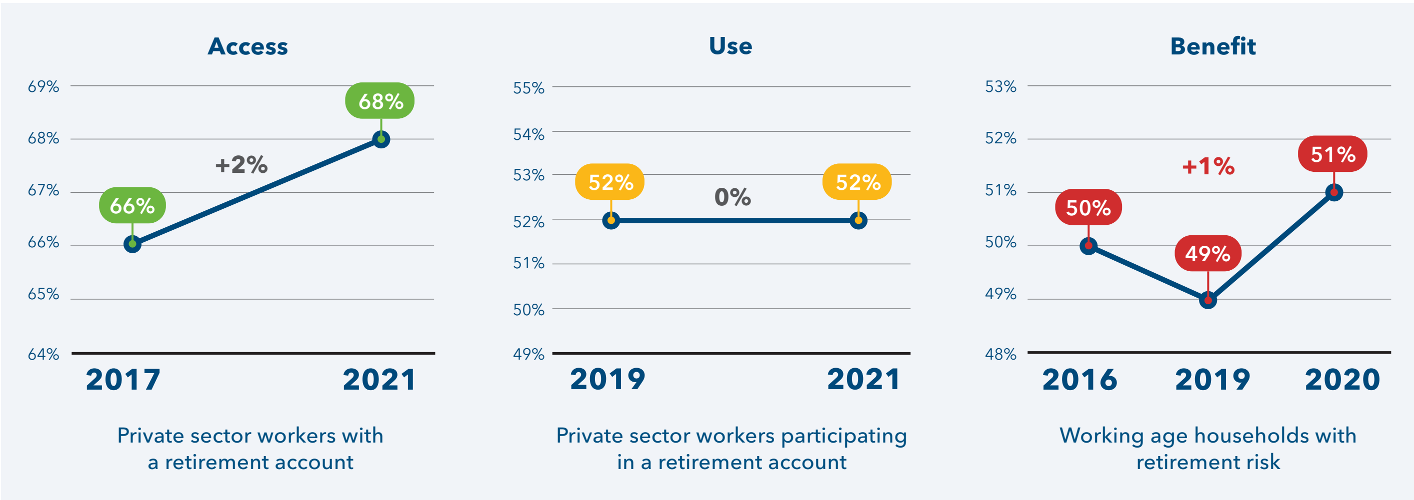
Key Findings: A Closer Look

1. **Only half of workers participate in retirement plans:** Roughly half of workers engage in retirement plans, due to substantial gaps in access (68% have access, while 32% lack it) and in participation. Nearly 25% of workers, equal to about 32 million people, have access to retirement plans but do not participate. Automatic enrollment in retirement plans with low-cost target date funds are promising innovations that could improve participation and reduce retirement risk.[55]
2. **Limited progress is being made to expand workplace retirement benefits:** Access to retirement plans is growing slowly over time and is up 2% since 2017. In the same survey, participation among private sector workers appears flat. As a result, the proportion of households with retirement risk—about half of all households—has changed little over the past decade since 2010.
3. **Early withdrawals are a key risk factor for retirement:** In 2020, about 9% of workers reported early withdrawals from retirement accounts, thereby eroding the growth potential of these funds. As previously discussed in the context of emergency savings, households with higher emergency savings are less prone to tap into retirement savings.[56] [57]
4. **Data gaps impede measurement and insight:** Nationwide data on savings behavior remains elusive, including the amount of income people contribute toward long-term saving. Incorporating nationwide payroll data could offer deeper insights into investment patterns and contribution volumes. Further, retirement data from the Bureau of Labor Statistics lacks disaggregation by race and ethnicity, especially on 401(k) and 403(b) contributions. This compounds data invisibility and makes it more difficult to understand barriers and develop potential solutions to help more people save and build wealth.

Progress

Over recent years, the landscape of access, participation, and adequacy of retirement savings has remained flat. Since 2010, the percentage of households with adequate retirement savings has remained stubbornly consistent, staying in a range of 49% to 51% of all working-age households.

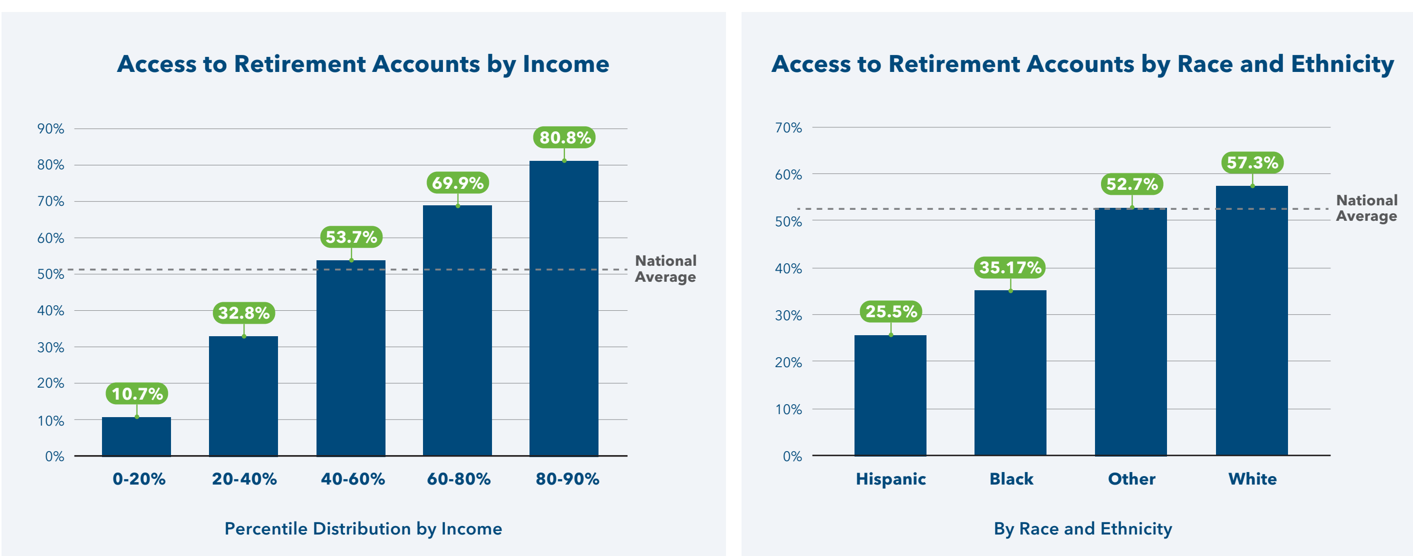
Chart 13. Measures of Access, Use, and Adequacy of Retirement Savings Has Remained Largely Flat



Disparities

Access to and usage of retirement products exhibit substantial disparities by income, race, and ethnicity. Notably, the largest gap is by income—underscoring the concentration of benefits like tax advantages and long-term appreciation among high-income people, while low- and middle-income people do not realize these benefits.

Chart 14. There Are Persistent Gaps in Access to Retirement Benefits by Income, Race, and Ethnicity



Source: *Bureau of Labor Statistics: Employee Benefits Survey*

Source: *Bureau of Labor Statistics: Employee Benefits Survey*

Additional Measures

These additional measures and data sources can assist policymakers with a more detailed view.

Chart 15. Additional Measures on Long-Term Savings and Investing, and Data Gaps

Access	Use	Benefit
Lack of access to a retirement account **Source:** AARP[58] **Overall**: 47.7% of private sector employees (between ages 18 to 64) do not have access to an employer-provided retirement plan (either a traditional pension or a retirement savings plan) **Disaggregation**: Available by race, ethnicity, education, and income	**Ownership of specific types of retirement accounts** **Sources**: Survey of Consumer Finances, and U.S. Census Bureau's Survey of Income & Program Participation[59 60] **Overall**: • 50.6% of households have a retirement account (any type) (2019) • 18.2% of working age individuals owned an IRA or Keogh account (2019) • 34.6% of working age individuals owned a 401(k), 403(b), 503(b) or Thrift Savings Plan (2019) • 13.5% of working age individuals owned a defined-benefit or cash balance plan (2021) **Disaggregation**: Available by income, race, and ethnicity **Median value of non-retirement financial assets** (e.g., stock) **Source**: Survey of Consumer Finances (2019) **Overall**: The median value of non-retirement financial assets of all households is $26,000 (2019)[61] **Disaggregation**: Available by income, race, and ethnicity	**Early withdrawals from a retirement account** **Source**: Survey of Household Economics & Decisionmaking (SHED) **Overall**: 9% of households reported early withdrawals (2020)[62] **Disaggregation**: Available by income **Median retirement account balance** **Source**: Survey of Consumer Finances[63] **Overall**: The median retirement account balance across all households in the United States is $65,000 (2019) **Disaggregation**: Available by income, race, and ethnicity
Data Gap • Survey of employers: understand who the employers are who do/do not offer retirement plans	**Data Gaps** • Payroll and cash flow data: understand behaviors in how much and which people put toward long-term saving • Auto-enrollment rates: understand the proportion of workers where auto-enrollment in a retirement plan is the default option • Expand account type data collection: include any tax-advantaged, goal-based account (like HSAs and college 529 plans)	**Data Gap** • Closure of account and reason for closure: understand the ability for a person to remain invested for the long-term
Other Data Sources Health & Retirement Survey[64] and Vanguard's "Where America Saves" Survey[65]		

State of Inclusion in Credit

A well-functioning, inclusive financial system helps households to access affordable credit products to help manage short-term fluctuations in income or expenses and to plan and invest for the future.

Too much debt, relative to income or assets, can lead to over-indebtedness—an issue detrimental to the household and a systemic risk to the broader economy if credit distress becomes widespread. Meanwhile, insufficient access to affordable credit can impede a person's ability to manage fluctuations in income or expenses, or to finance larger asset purchases like a car or home. Credit products include mortgage, student, credit card, and small-dollar lending, new products like buy-now-pay-later (BNPL), and the overarching credit reporting and scoring system.

Chart 16. Current State of Inclusion in Credit

Access	Use	Benefit
53% U.S. adults with a prime credit score or higher (2019)[66]	**33.9%** Debt burden: median leverage ratio for households with debt (i.e., total debt relative to total assets) (2019)[67]	**74%** U.S. households who indicate they have a manageable amount of debt or no debt (2022)[68]

Key Findings: A Closer Look

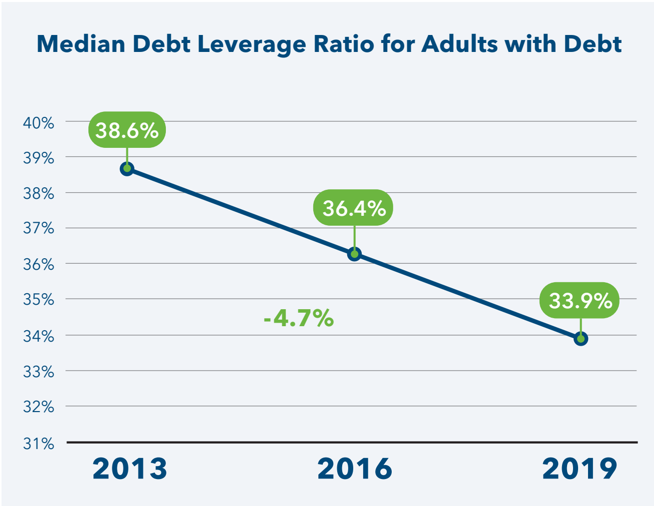
1. **Overall, household usage of credit has improved since the 2000s housing boom:** Overall debt burdens have declined between 2010 and 2019. From a median debt-to-assets leverage ratio surpassing 40% in the 2000s, the figure declined to 33.9% for indebted households by 2019. In parallel, a substantial 74% of households report either no debt or a manageable level of debt—a level which has also gradually improved in recent years.

2. **Subprime scores and subprime credit scores remain a barrier:** Nearly half of adults lack a prime credit score. Those possessing a prime or higher credit score can access affordable, lower-cost credit—particularly vital for the types of credit, like mortgages, which enable home ownership and can contribute to building wealth. While 53% of adults possess prime or higher scores, a notable 22% of adults possess a thin, stale, or nonexistent credit history, classifying them as unscorable. An additional 23% of adults are below prime/subprime, which impedes their access to affordable, low-cost credit products.

Progress

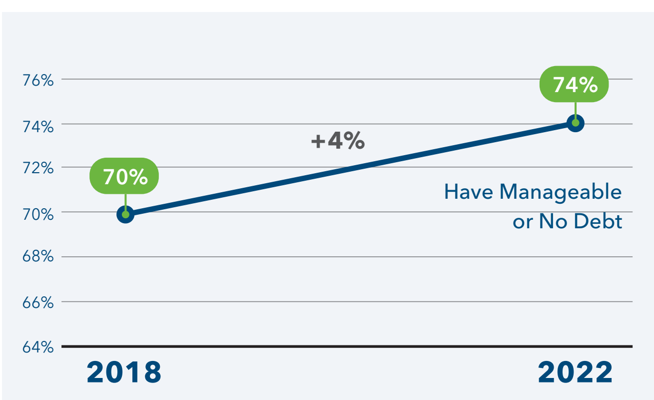
Since the 2008-2009 financial crisis, overall household indebtedness has declined. The typical debt burden, as measured by the leverage ratio (a comparison of total debt to total assets), has declined from above 40% in the 2000s to 33.9% for indebted households in 2019. Meanwhile, 74% of households report either no debt or a manageable level of debt—a level which has also gradually improved.

Chart 17. Indebtedness Has Declined[69]



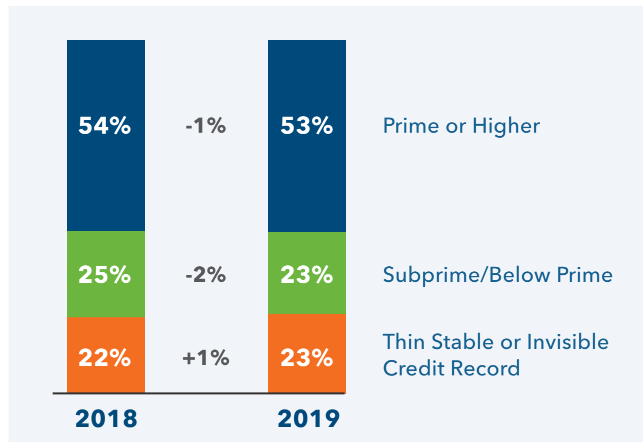
The proportion of U.S. adults with a prime credit score remains stable-to-positive. Though the CFPB commenced reporting this metric only in 2018, the 'U.S. scored population' had been measured for a longer period. Between 2015 and 2019, the proportion of the 'U.S. scored population' with a prime score or higher increased from 57% to 70%.[71] However, this measure was discontinued, as it overlooks the approximately 22% of adults without a sufficiently robust credit history to generate a credit score.

Chart 18. People Reporting Manageable or No Debt Has Improved[70]



Despite progress, the rapid rise in interest rates in 2022 warrants cautious observation as a potential risk. The 2022 FinHealth Spend Report underscores that 'financially vulnerable' people spend a greater portion of their income toward interest and fees, reaching 14% of income in the latest report. This stands in contrast to their 'financially healthy' counterparts who spend 1% on average.[73]

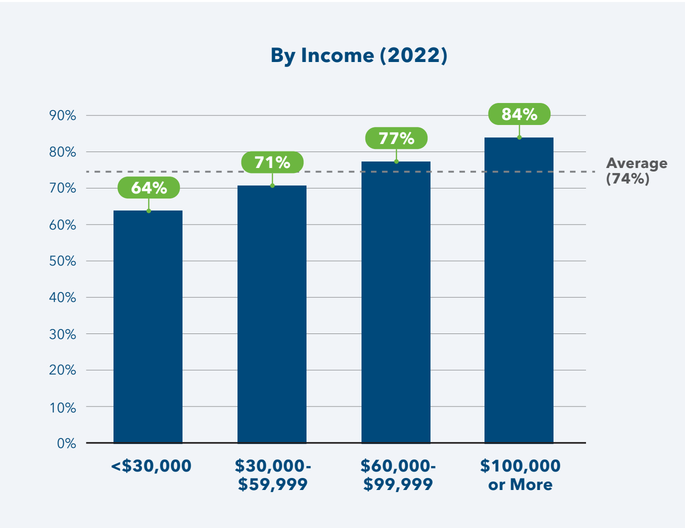
Chart 19. Share of U.S. Adults With a Prime or Higher Credit Score[72]



Disparities

Access to and usage of affordable, responsible credit products varies by income, race, and ethnicity.

Chart 20. There Are Persistent Gaps by Income, Race, and Ethnicity for People Who Indicate They Have Manageable or No Debt[74]



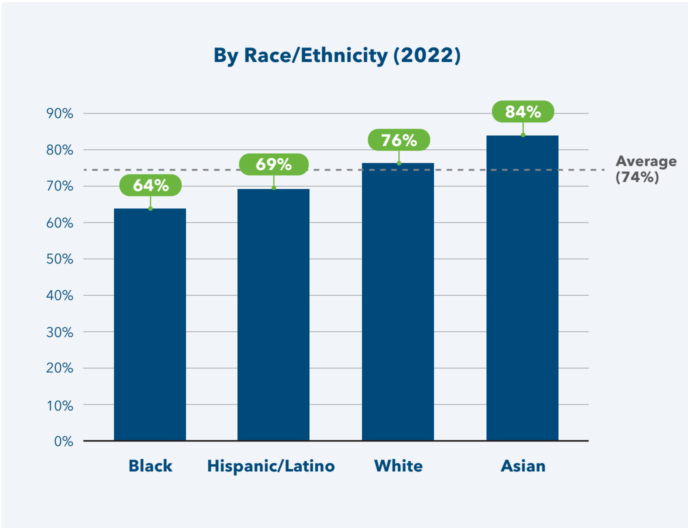


Chart 21. The Types of Credit Used Varies by Race and Ethnicity[75 76]

Type of Debt	White	Black	Hispanic/ Latino	Other and Multiracial
Mortgage, Primary Residence	44.4%	27.3%	32%	37.6%
Other Property Debt	5.5%	2.9%	2.9%	4.1%
Credit Card Balances	44.5%	47.7%	49.9%	43.7%
Vehicle Loans	37.4%	33.8%	40.1%	35%
Education Loans	20%	30.2%	14.3%	24.3%
All Other Debt	15.8%	16.1%	18.7%	17.4%

Additional Measures

These additional measures and data sources can assist policymakers with a more detailed view:

Chart 22. Eight Additional Measures to Understand the State of Inclusion in Credit

Access

Adults who are credit invisible or have thin files (i.e., lack of access to most low-cost credit products)

Source: CFPB[77]

Overall: 23% of U.S. adults are credit invisible or thin file (2019)

Disaggregation: Available by income, race, and ethnicity

Adults denied or approved for less credit than requested (credit seeking behavior)

Source: Survey of Household Economics & Decisionmaking[78]

Overall: 30% of adults were either denied credit or approved for less credit than they requested (2022)

Disaggregation: Available by income, race, and ethnicity

Use

Households with debt (overall)

Source: Survey of Household Economics & Decisionmaking (SHED)[79]

Overall: 76.6% of all households had debt (2022)

Disaggregation: Available by income, race, and ethnicity

Households with debt, by product type

Sources: SHED, Survey of Consumer Finances, Home Mortgage Disclosure Act (HMDA), Federal Reserve Bank of New York's Credit Panel

Product Type: Credit card, mortgage, education, and vehicle installment[80 81 82]

Household debt: debt payments as % of disposable income (overall and over 40%)

Source: Survey of Consumer Finances

Overall: Average household debt service as a percent of disposable personal income is 9.7% (2019)[83]

Over 40%: Fraction of families with payment-to-income ratios greater than 40%: 7.4% (2019)[84]

Disaggregation: Available by income, race, and ethnicity

Benefit

People late on payments

Source: Survey of Consumer Finances

Overall: 12.3% adults reported being late on a payment, including 4.6% who are more than 60 days late (2019)[85]

Disaggregation: Available by income, race, and ethnicity

Credit distressed – bankruptcies, wage garnishment, medical debt

Sources: U.S. Courts, Survey of Consumer Finances, ADP Research Institute, U.S. Census Bureau's Survey of Income & Program Participation (SIPP)

Overall:

- **Bankruptcy filings:** 387,721 (2022)[86] and 2.0% of households reported declaring bankruptcy in past 5 years [87]
- **Wage garnishment:** 7% of workers, of which 12% of these carry a garnishment of more than one type (i.e., child support, tax, student debt) (2016)[88]
- **Medical debt:** 9% of adults owe over $250 (2019)[89]

Disaggregation: Limited disaggregation by income, race, and ethnicity

People with collections tradelines

Sources: Urban Institute's Analysis of Credit Panel and the U.S. Census Bureau's American Community Survey

Overall: 26% of people have collection tradelines on their credit report (2022)[90]

Disaggregation: Available by geography, race, and ethnicity

State of Inclusion in Insurance

In a well-functioning, inclusive financial system, people can access and use insurance products to safeguard their assets and mitigate risks. Insurance offerings comprise products that offer protection for assets like homeowners, rental, and auto policies, alongside safeguarding against the unforeseen through short- and long-term disability insurance, high-deductible health plans, and life insurance.

Chart 23. Illustrative Measures of Inclusion in Insurance[91]

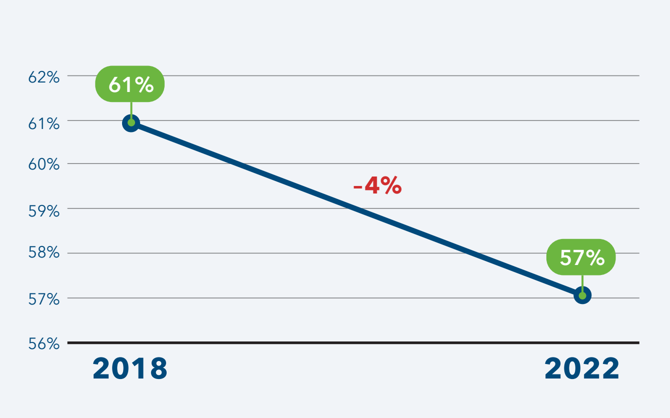
Access		
35% Private sector workers with access to **long-term disability insurance** from their employer (2021)	**43%** Private sector workers with access to **short-term disability insurance** from their employer (2021)	**57%** Private sector workers with access to **life insurance** from their employer (2021)

Key Findings: A Closer Look

1. **More research and measurement are needed focusing on insurance:** A dearth of comprehensive data on access, usage, and costs of various insurance products underscores the pressing need for more research. Notably, many of these insurance products are provided directly to workers by their employer. Consequently, a focus toward payroll and employee benefits providers will be important to enhance understanding of this aspect of the financial system.

2. **Fewer people are confident in their insurance:** The Financial Health Network shows a disquieting trend—over time, fewer people have confidence to the extent to which their insurance policies will offer protection during an emergency.[92]

Chart 24. Fewer People Have Confidence in Their Insurance Policies Covering an Emergency[93]



The evolving insurance landscape necessitates more inquiry and evaluation.

The Path Forward: Creation of a U.S. National Strategy

This inaugural report on the 'State of the U.S. Inclusive Financial Systems' illuminates the progress made to bolster financial inclusivity, even as it casts a spotlight on persistent disparities that signal the challenges ahead.

Notable advancements stand as markers: ranging from improved access to transaction accounts, gradual improvements in debt burden, and increases in prime credit scores. However, these advances coexist with persistent barriers and gaps. Uneven progress across the financial system underscores the intricate terrain we navigate. Moreover, disparities rooted in income, geography, race, and ethnicity underline the urgency for sustained interventions and the imperative for more coordinated, concerted action.

Achieving a stronger, more inclusive financial system demands a united response to confront both uneven progress and these inequalities—utilizing both existing and emerging tools to broaden access, reduce costs, and enhance financial outcomes. Our pursuit of an inclusive financial system transcends statistics; it is about building bridges of opportunity, empowering every person, irrespective of their background, to attain economic and financial security.

As we look to the years ahead, we believe that building a more inclusive financial system is well within reach. Developing the U.S.'s first National Strategy for Financial Inclusion will accelerate progress and help to bring concerted action to resolve longstanding financial gaps. Such an advancement will enable more people to access, use, and benefit from the full suite of financial products, improve the financial security of millions of people, and contribute to a stronger, more competitive national economy for all.

Endnotes

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