Research Sample

**CALIFORNIA**
San Jose and environs
Urban & rural
55 hh; 96 adults

**EASTERN MISSISSIPPI**
Rural
55 hh; 87 adults

**OHIO/KENTUCKY**
Cincinnati and environs
Small town & rural
82 hh; 161 adults

**NEW YORK CITY**
Brooklyn & Queens
Urban
91 hh; 181 adults

PRELIMINARY DATA - DO NOT CITE
What’s Special About USFD?

• **High frequency** economic and financial data
  – Interviews every 2-4 weeks over a year

• A view into **hard-to-see strategies**

• **Listening** to households logic

• **Watching** what households do
Depth over breadth: Cash flows

• Around 300,000 cash flows collected during the year
  – About 100 spending categories
  – 38 income types
  – 69 financial instruments

• 460,000 answers to survey questions
A movie, not a snapshot
Leadership

Principal Investigators

• Jonathan Morduch, Professor of Public Policy and Economics, New York University

• Rachel Schneider, Senior Vice President, Insights and Analytics, Center for Financial Services innovation

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Garza Family Income, California

- Food stamps
- Ricardo’s freelance job
- Ricardo’s salaried construction job
- Daniela’s accessories business
- Misc.
- Daniela’s childcare income

Income over time:
- Aug
- Sept
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May

Income levels:
- $0
- $1000
- $2000
- $3000
- $4000
- $5000
- $6000
Garza Family Income

Median Monthly Income: $2840
Median Employment Income from Recurring Sources: $1600
Income Variability

Household Income Variation
Highs and lows (% of the household median)

Northern California

Household (Ordered Ascending by Median Income)
- Low (10th Percentile)/High (90th Percentile)
- Median
Income Variability

Rural Ohio

Household Income Variation
Highs and lows (% of the household median)

Percent of Median Month

Household (Ordered Ascending by Median Income)

Low (10th Percentile)/High (90th Percentile)  Median
Income Variability

Household Income Variation
Highs and lows (% of the household median)

Percent of Median Month

Household (Ordered Ascending by Median Income)

- Low (10th Percentile)/High (90th Percentile)
- Median

Brooklyn
NYC
Income Volatility

For each income source, how steady is the total weekly number of hours?

Very Steady: 50%
Somewhat Steady: 23%
Not Very Steady: 10%
Not Steady at All: 7%

PRELIMINARY DATA - DO NOT CITE
Number of Jobs Held By Each Adult on Jan 1, 2013

- 1 Job - 60%
- 2 Jobs - 28%
- 3 Jobs - 8%
- 4 Jobs - 4%

Number of Jobs Held by Each Adult Over the Course of the Study

- 1 Job - 47%
- 2 Jobs - 29%
- 3 Jobs - 12%
- 4 Jobs - 8%
- 5 or more Jobs - 4%
Income ups and downs
Spending ups and downs

Expenses
About 30-40% report...

- My life is not the same from week to week
- Reluctant to schedule appointments
- Hard to keep a schedule
Big needs, sometimes unexpected

<table>
<thead>
<tr>
<th>Examples</th>
<th>% of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income:</strong> Missed an important source of money coming in that he/she was counting on</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Transportation:</strong> Vehicle maintenance or repair payment above $100</td>
<td>47%</td>
</tr>
</tbody>
</table>
The great mismatch

Hard to budget and save

Income

Expenses
Not Much Slack

• **Spending > income:** 97% of households had at least one month with excess spending

• **Overdrafts:** 48% had one in the last year (if had checking account); 23% had two +

• **Credit cards:** 78% not paid in full each month

• **Credit cards:** 34% had a card near its maximum
Q: Which of the following is more important to you?

A. Financial Stability
B. Moving up the income ladder
C. Not sure/Don’t know
Stability vs. Ladder-Climbing


- 85% Financial stability
- 13% Moving up the income ladder
- 3% Not sure/don't know
USFD (2012): Sample 200 Households

- **Under 101% FPL**: 70% Financial stability, 26% Moving up the income ladder, 3% Not sure/don’t know
- **101%-201% FPL**: 80% Financial stability, 16% Moving up the income ladder, 4% Not sure/don’t know
- **Above 201% FPL**: 79% Financial stability, 20% Moving up the income ladder, 2% Not sure/don’t know
Emergency savings?

<table>
<thead>
<tr>
<th>Poverty Level</th>
<th>Below Federal Poverty Line</th>
<th>1 – 2 times the line</th>
<th>&gt; Twice the line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median</td>
<td>$0</td>
<td>$150</td>
<td>$300</td>
</tr>
</tbody>
</table>

Perceived saving need?

<p>| | | | |</p>
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</thead>
<tbody>
<tr>
<td>$3000</td>
<td>$4150</td>
<td>$3200</td>
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</tbody>
</table>
How soon will money in account/device be spent?

- **Within 6 months**: 72%
- **6 months - 1 year**: 10%
- **1 year - 3 years**: 9%
- **Longer than 3 years**: 9%

**Preliminary Data - Do Not Cite**
Balances and Flows

Annual inflow into instruments was around 20-50 times greater than the total balance for many households.

Includes all financial assets, except retirement accounts. Excludes households in the top 5% of total inflows and savings.
• Low balances, but large flows
• Not much long-term saving
• But much within-year accumulation
• Started with poverty and income (1960s)
• Then focus on assets (1990s)
• Needed: cash flows & financial management

Everyone has a system
• What’s often missing:
  – Reliability, control, transparency, convenience