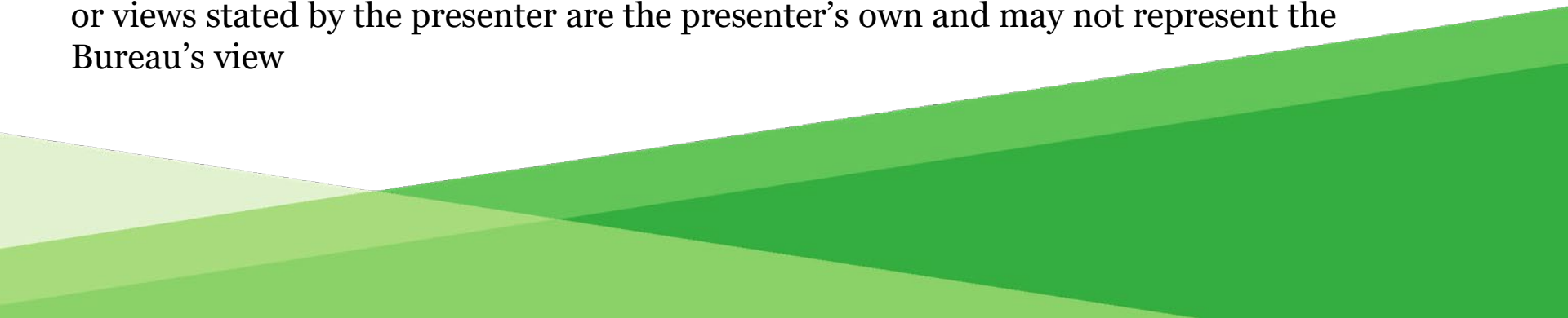


# Insights from the Making Ends Meet survey

FinEx | February 22, 2024

This presentation is being made by a Bureau of Consumer Financial Protection representative on behalf of the Bureau. It does not constitute legal interpretation, guidance, or advice of the Bureau of Consumer Financial Protection. Any opinions or views stated by the presenter are the presenter's own and may not represent the Bureau's view



# Agenda

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- Background on the Making Ends Meet surveys
- State of consumer finances in 2023
  - Financial Health
  - Financial Inflows and Outflows
  - Liquidity and Access to Credit
  - Alternative Financial Services
- Overdraft and nonsufficient funds fees
- Conclusions

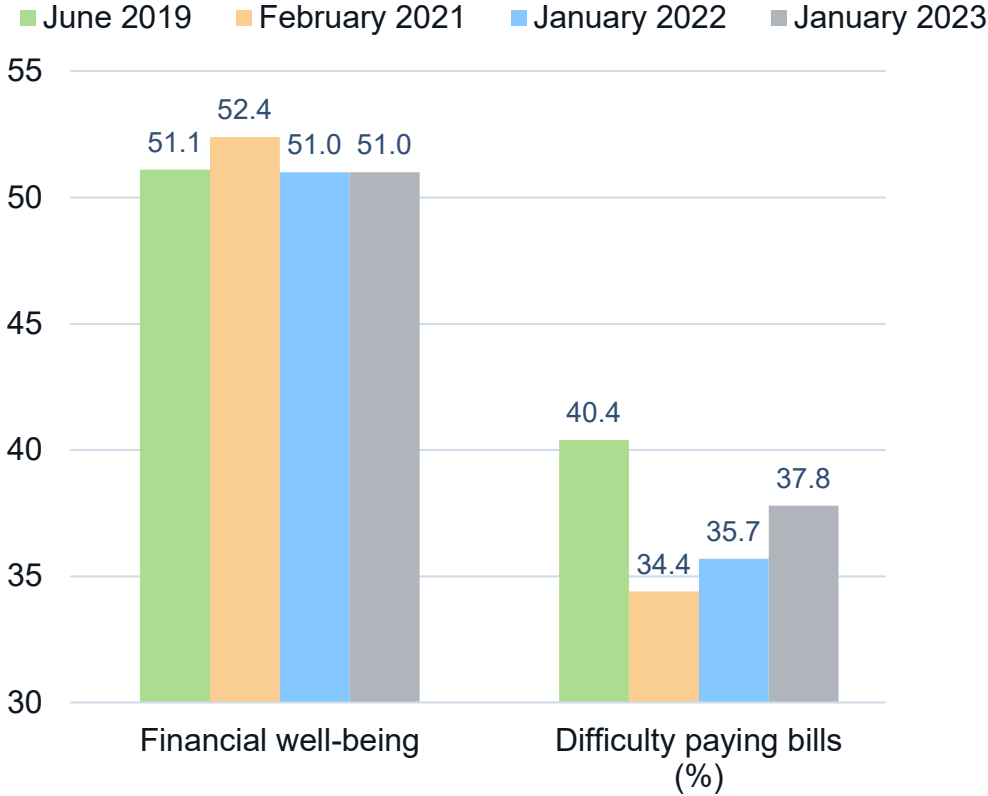
# Making Ends Meet surveys

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- **General financial survey** that examines consumers' evolving financial status across a range of measures
- **Sampling frame:** Credit reports, so observe respondents' credit history
- **Contact method:** Mail, online/mobile option
- **Sample sizes:** between 2,000 and 3,000 respondents depending on funding for that survey
- **Weighted estimates** are close to benchmark national surveys

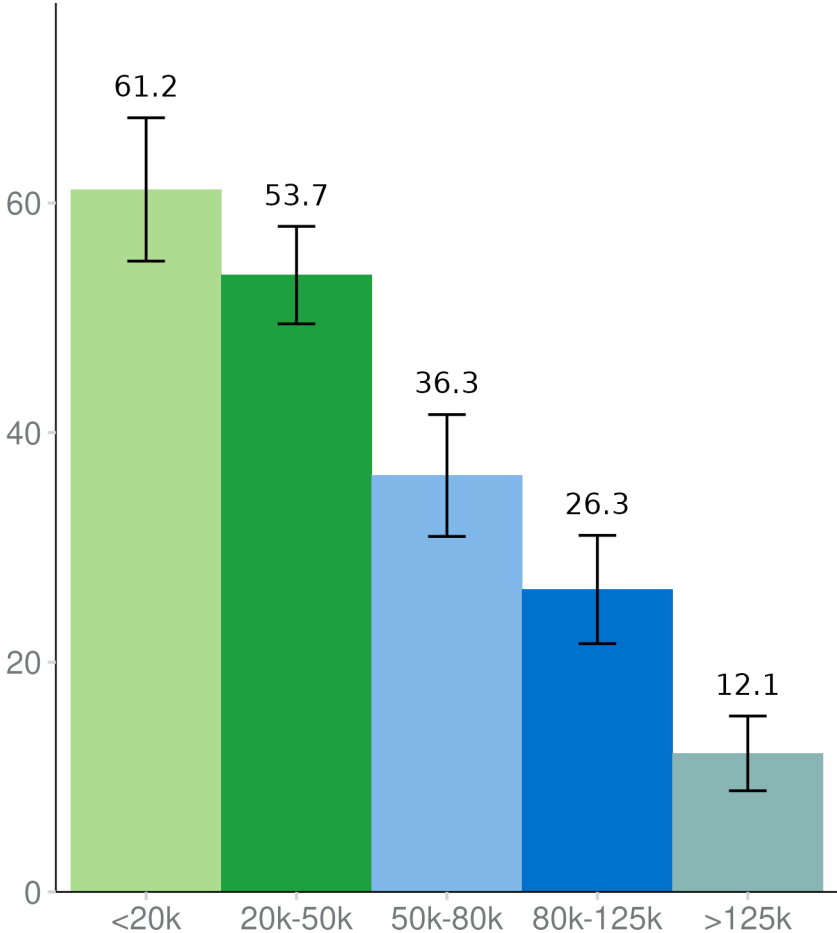
# Making Ends Meet in 2023

# Financial Wellbeing returning to pre-pandemic levels



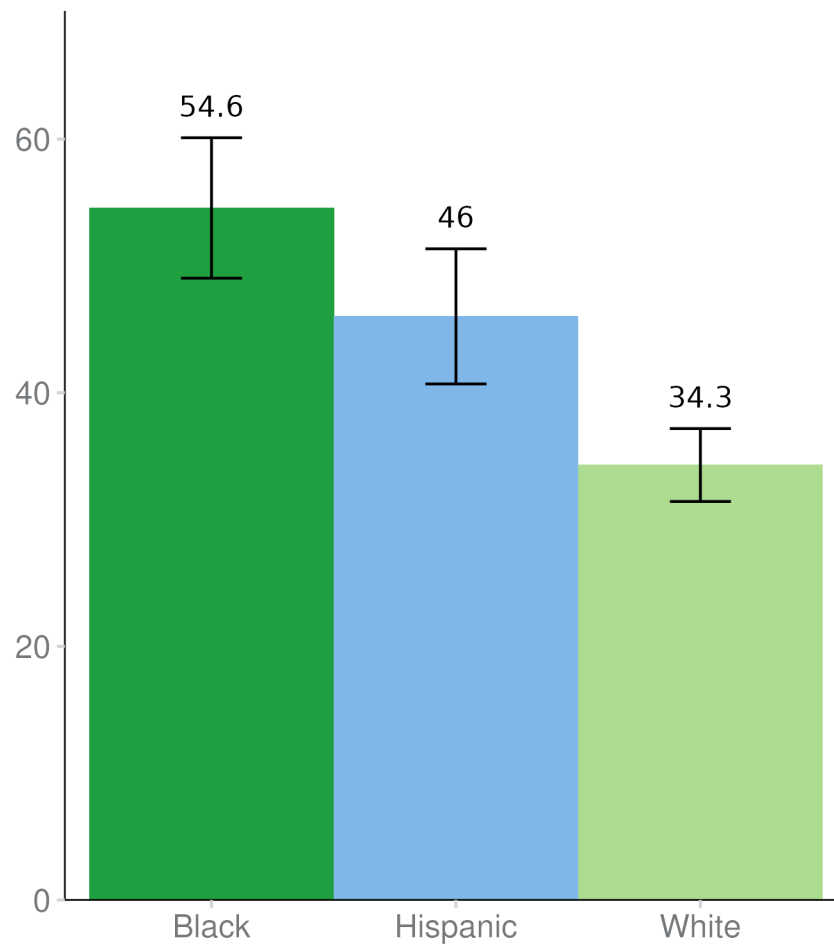
# Difficulty Paying a Bill or Expense by Income

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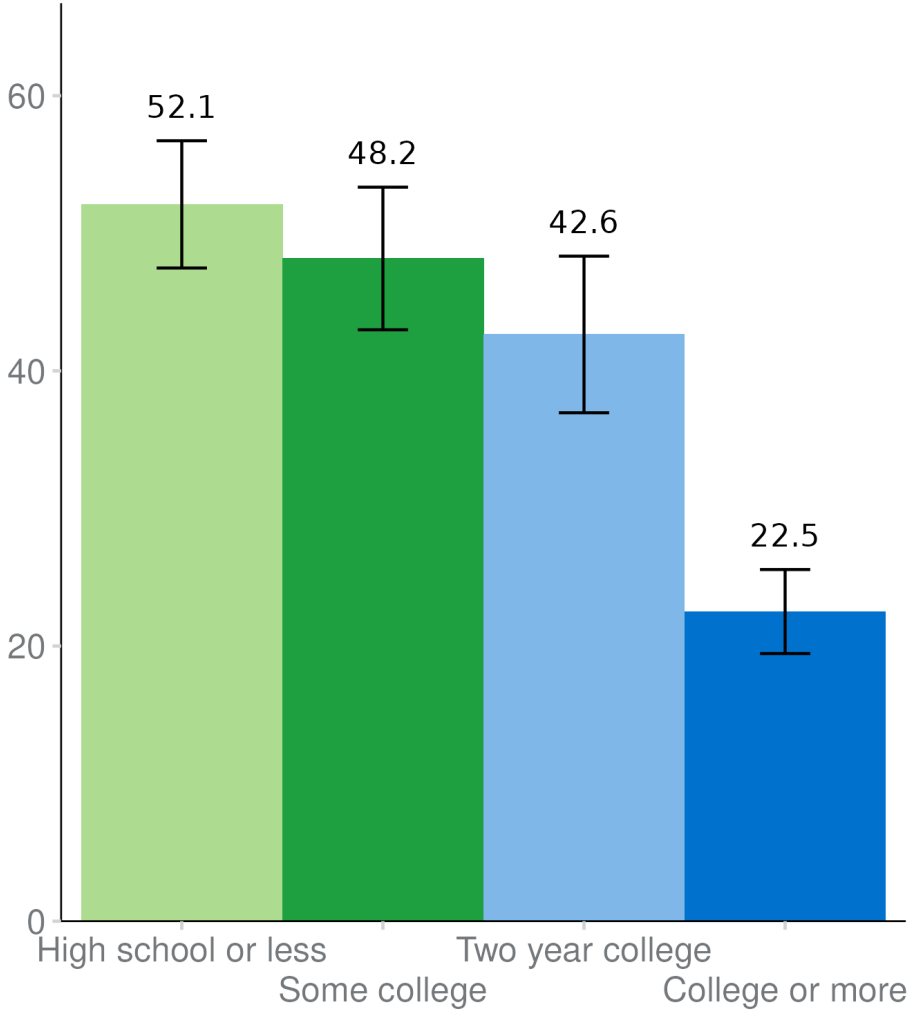


# Difficulty Paying a Bill or Expense by Race/Ethnicity

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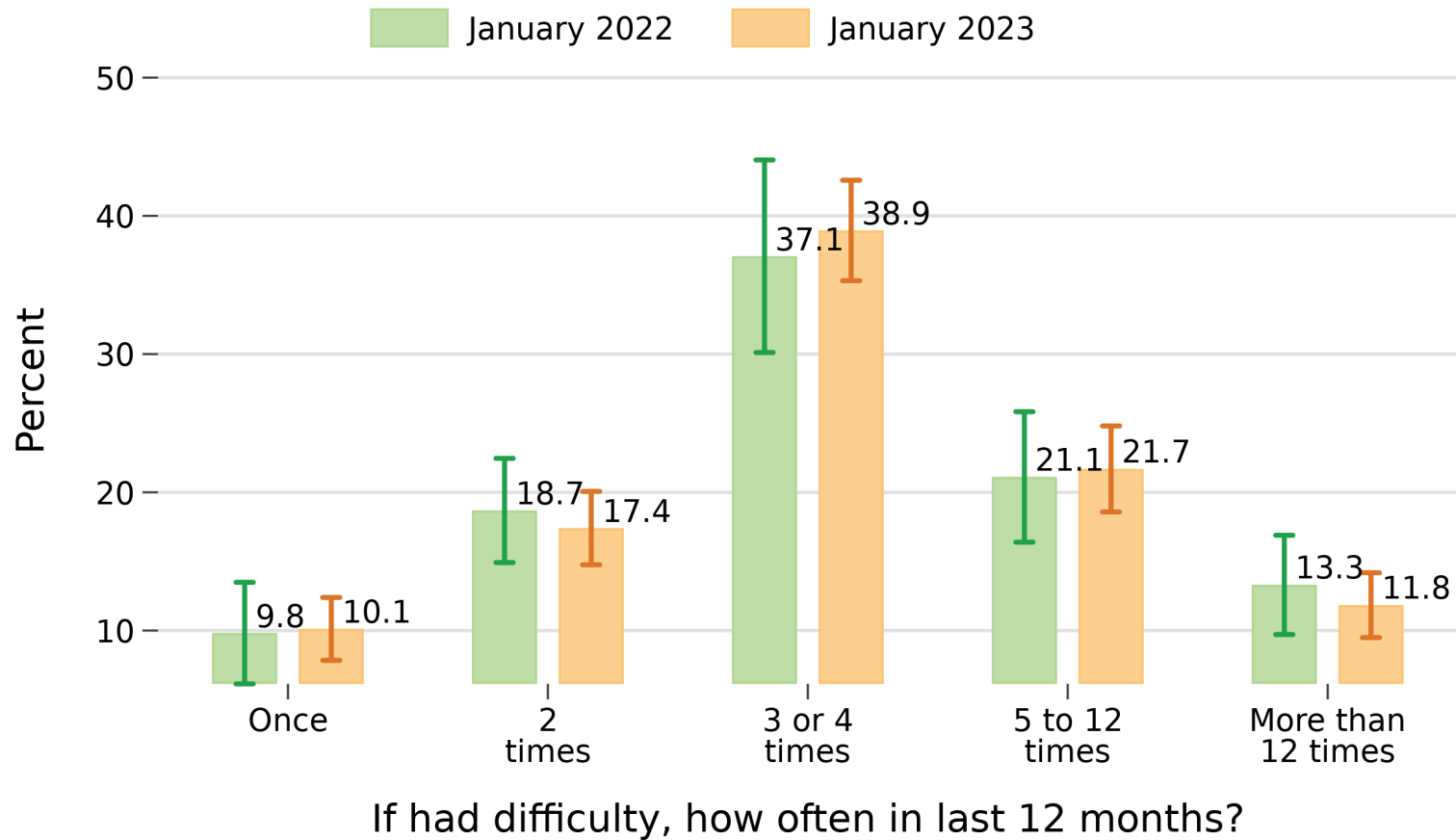


# Difficulty Paying a Bill or Expense by Educational Attainment

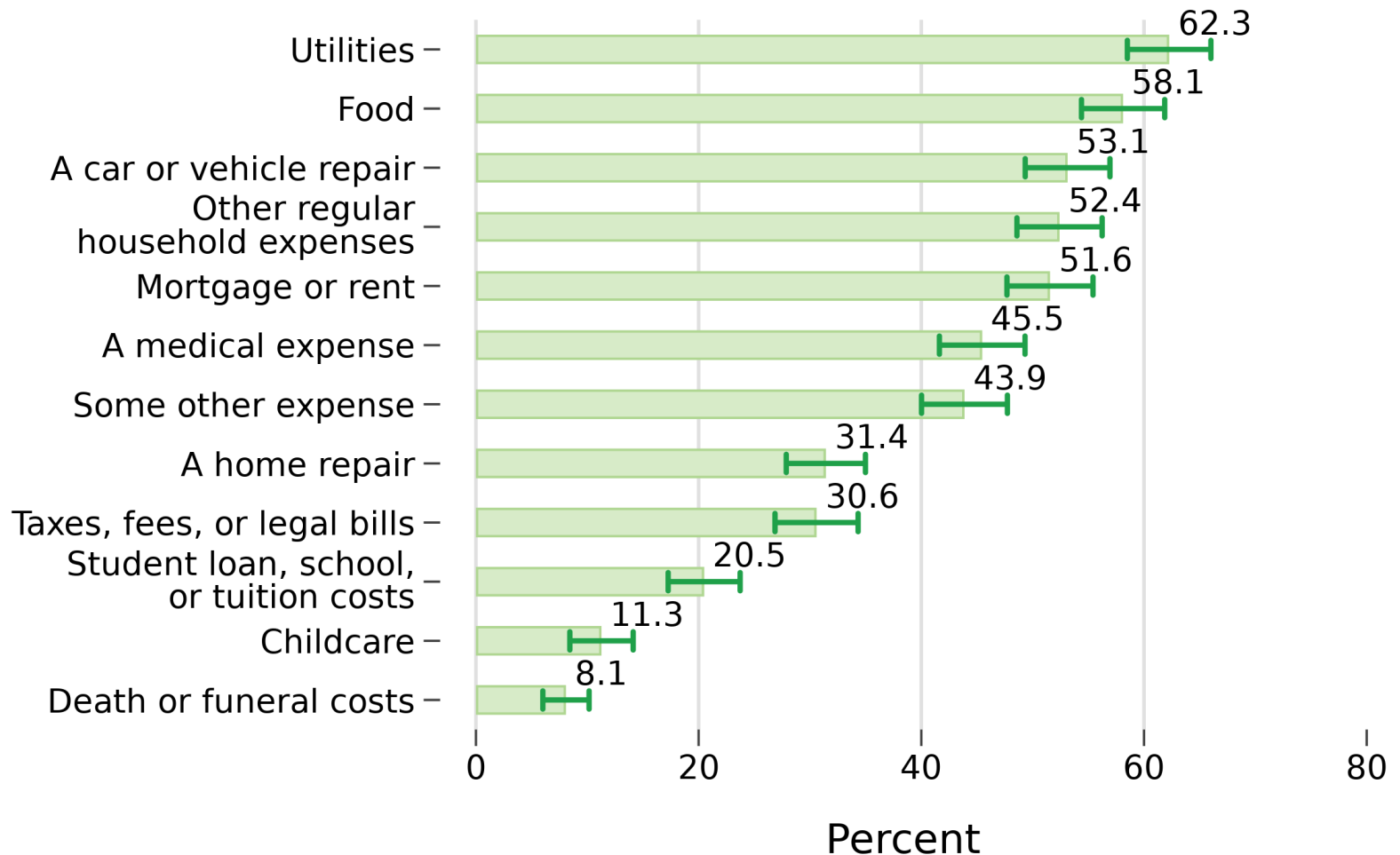




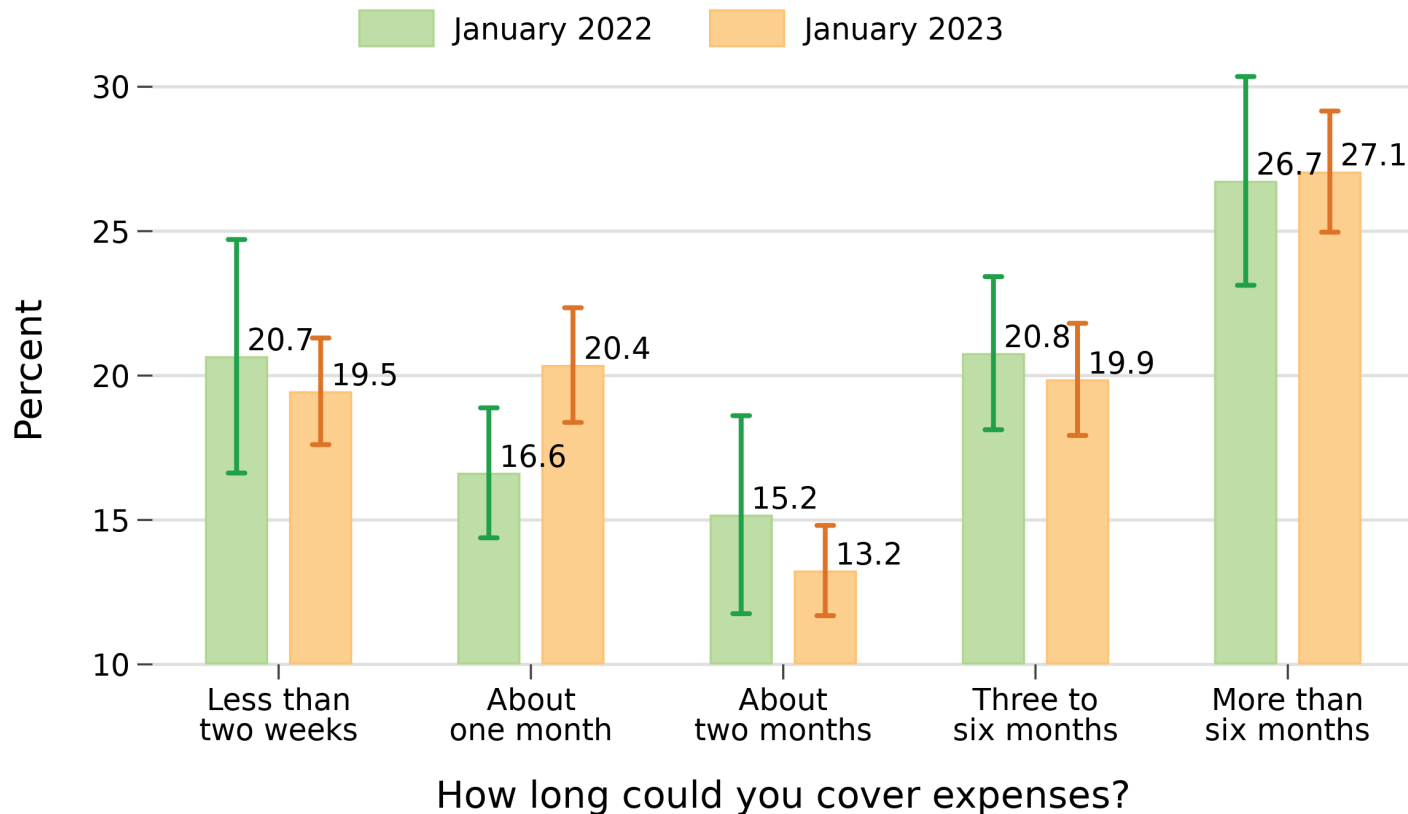
# Frequency of difficulty



# Difficulty Paying for Expenses

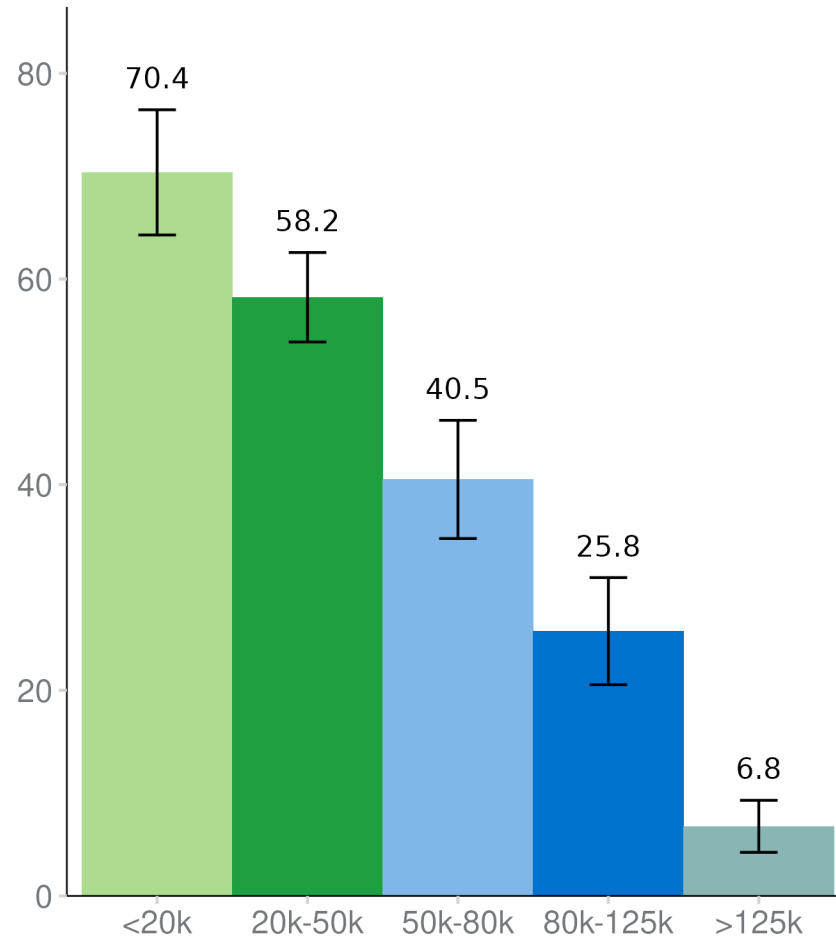


# How long could you cover expenses if lost main source of income



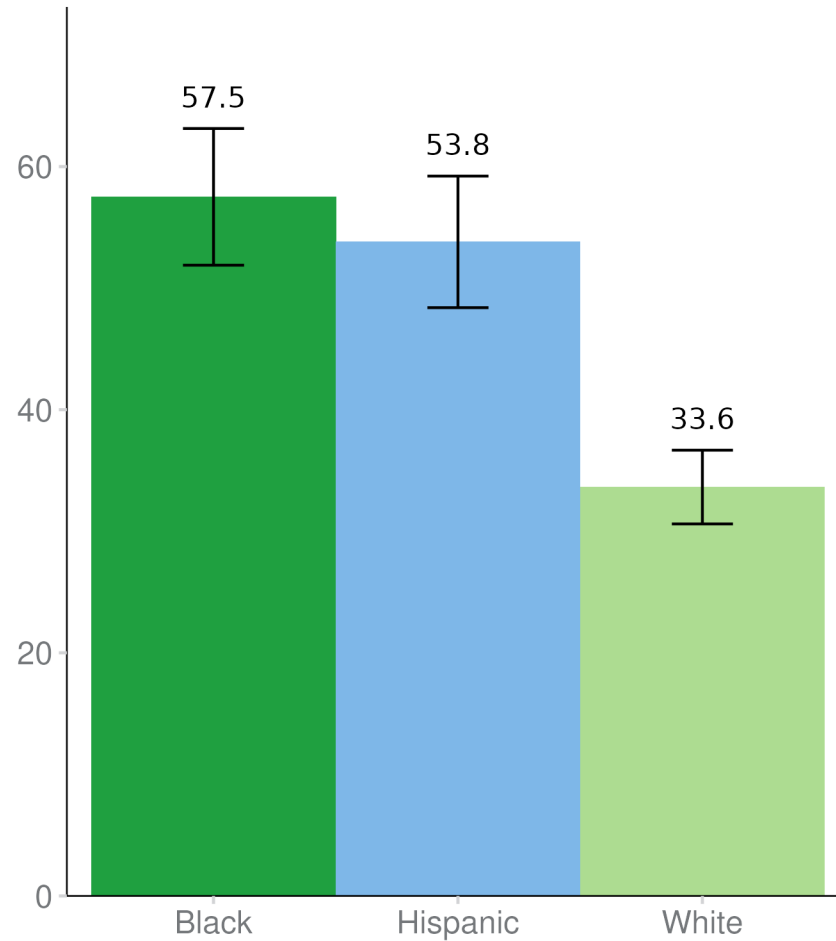
# Cover Less than One Month by Income

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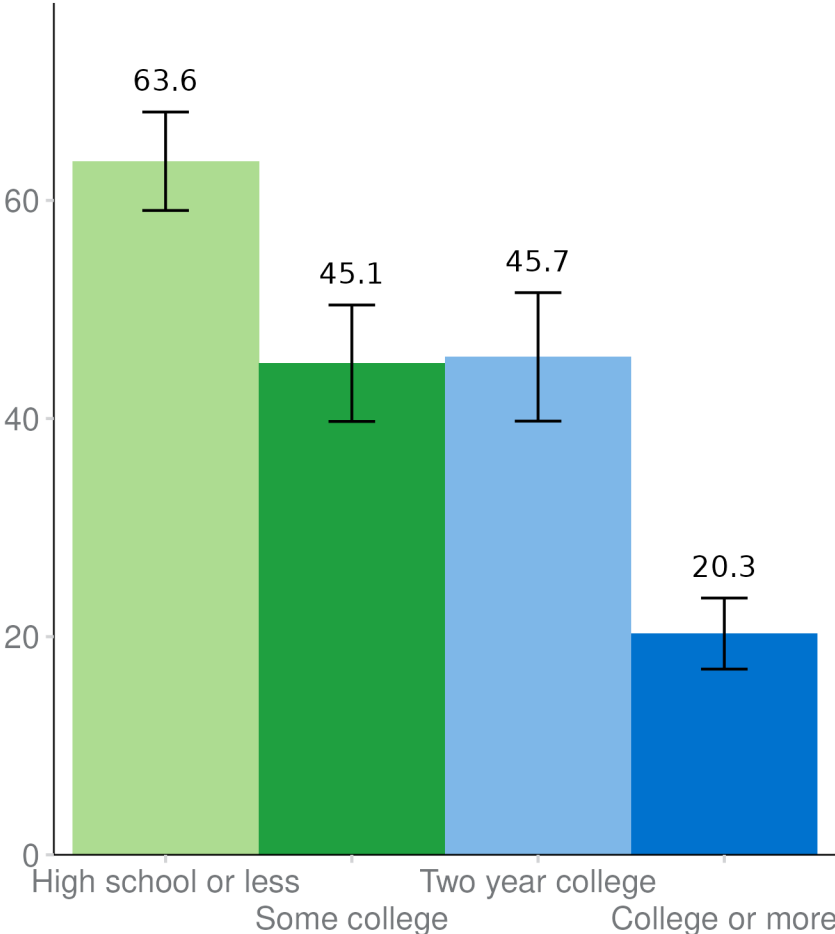


# Cover Less than One Month by Race

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# Cover Less than One Month by Educational Attainment

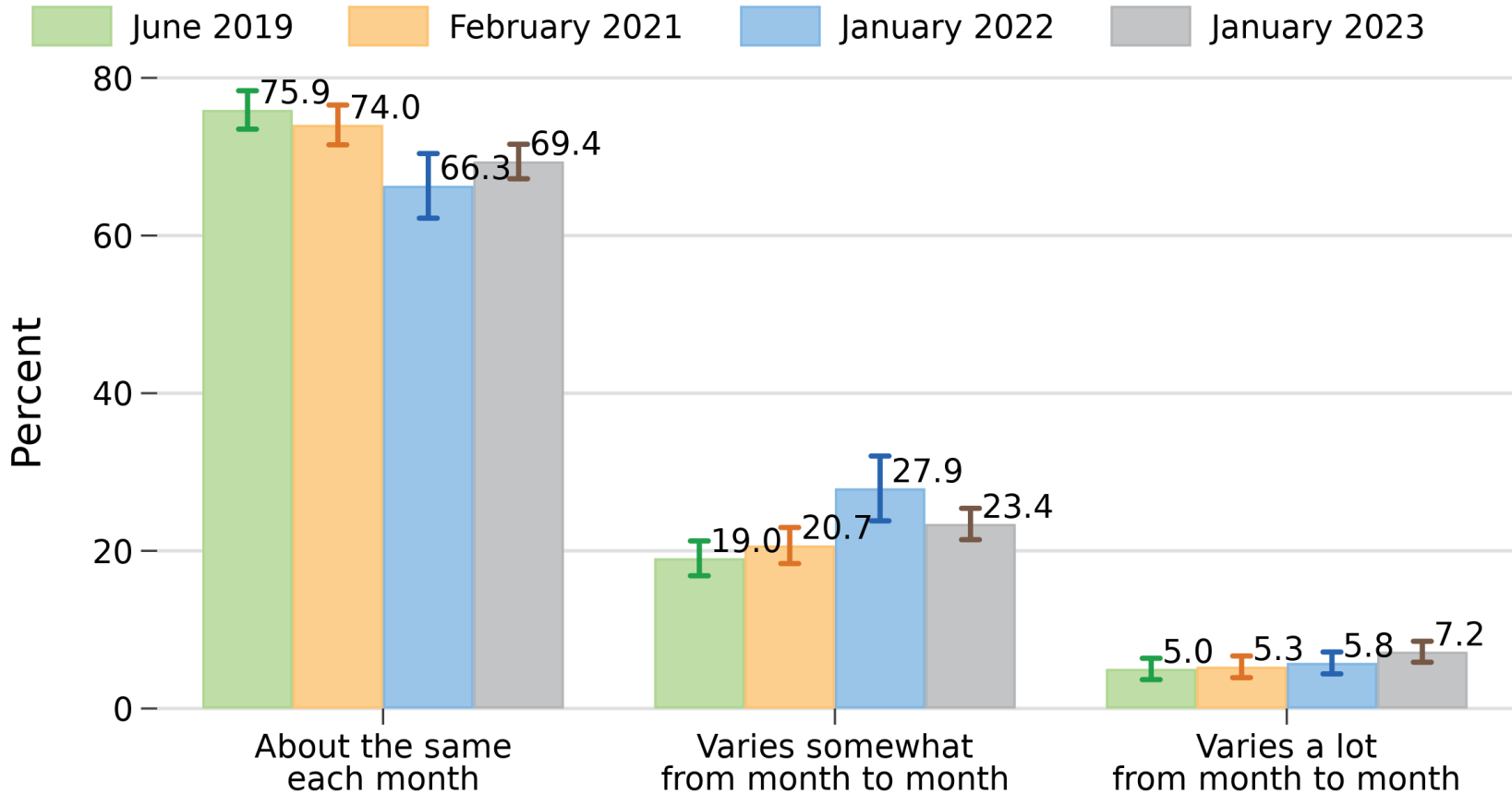


# Access to Money – Saving and Credit

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- Household income varies from month to month for many households
- Households need access to savings and/or credit as a financial cushion
  - Checking and savings account balances
  - Available liquidity
- Consumers differ in their access to, and use of, credit
- Consumers without access to savings or traditional credit may receive help from friends and family or use alternative services such as payday loans

# Income variability still high, but declining

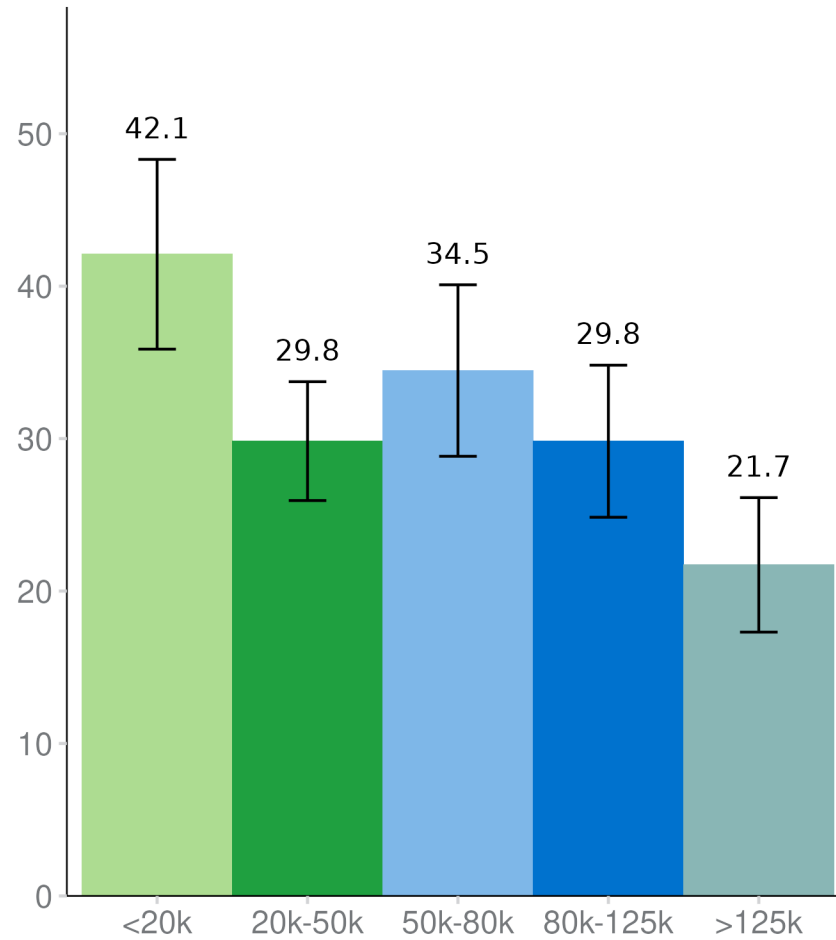


Which best describes your household's income from month to month?

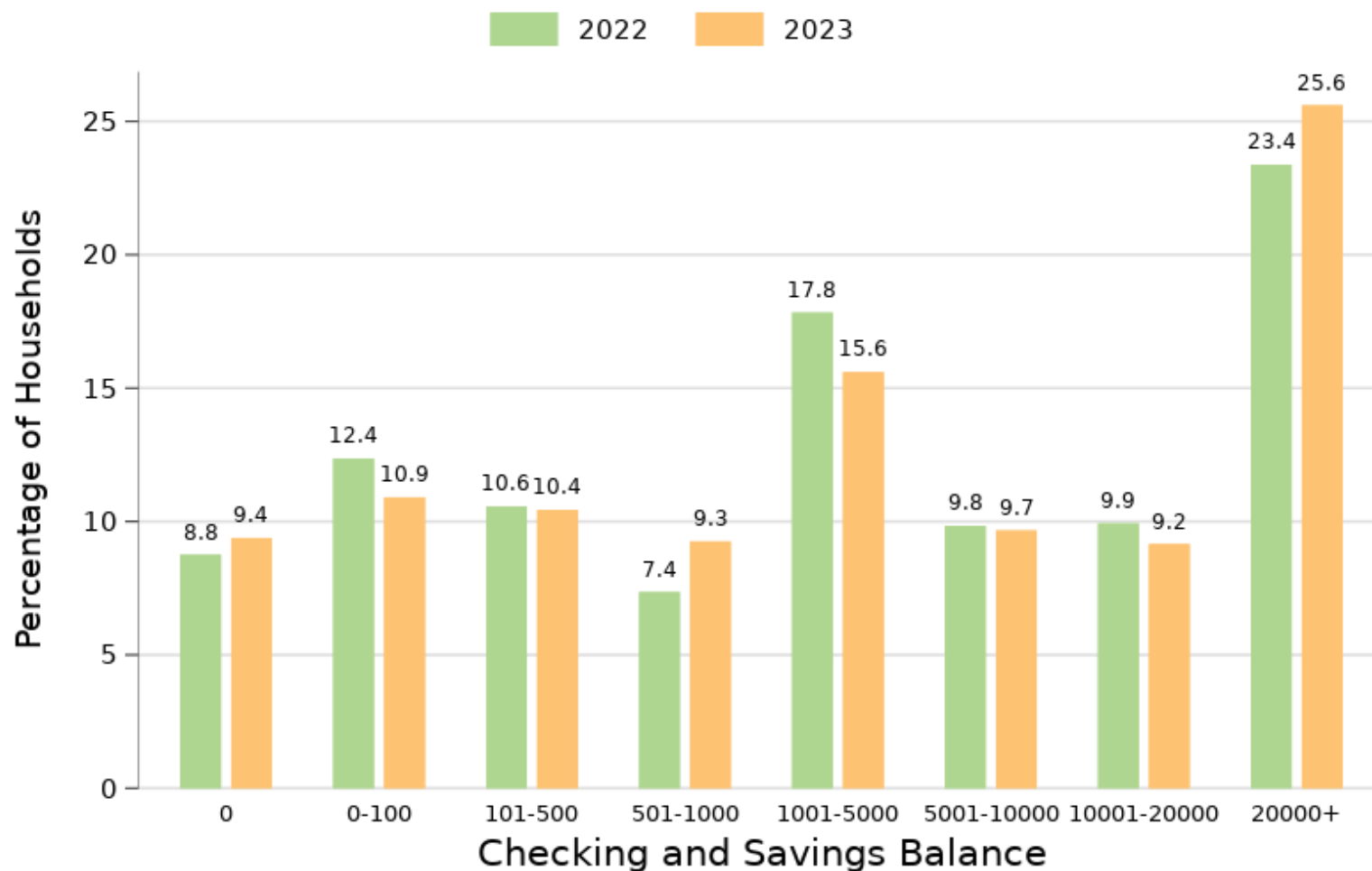


# Variability by Income

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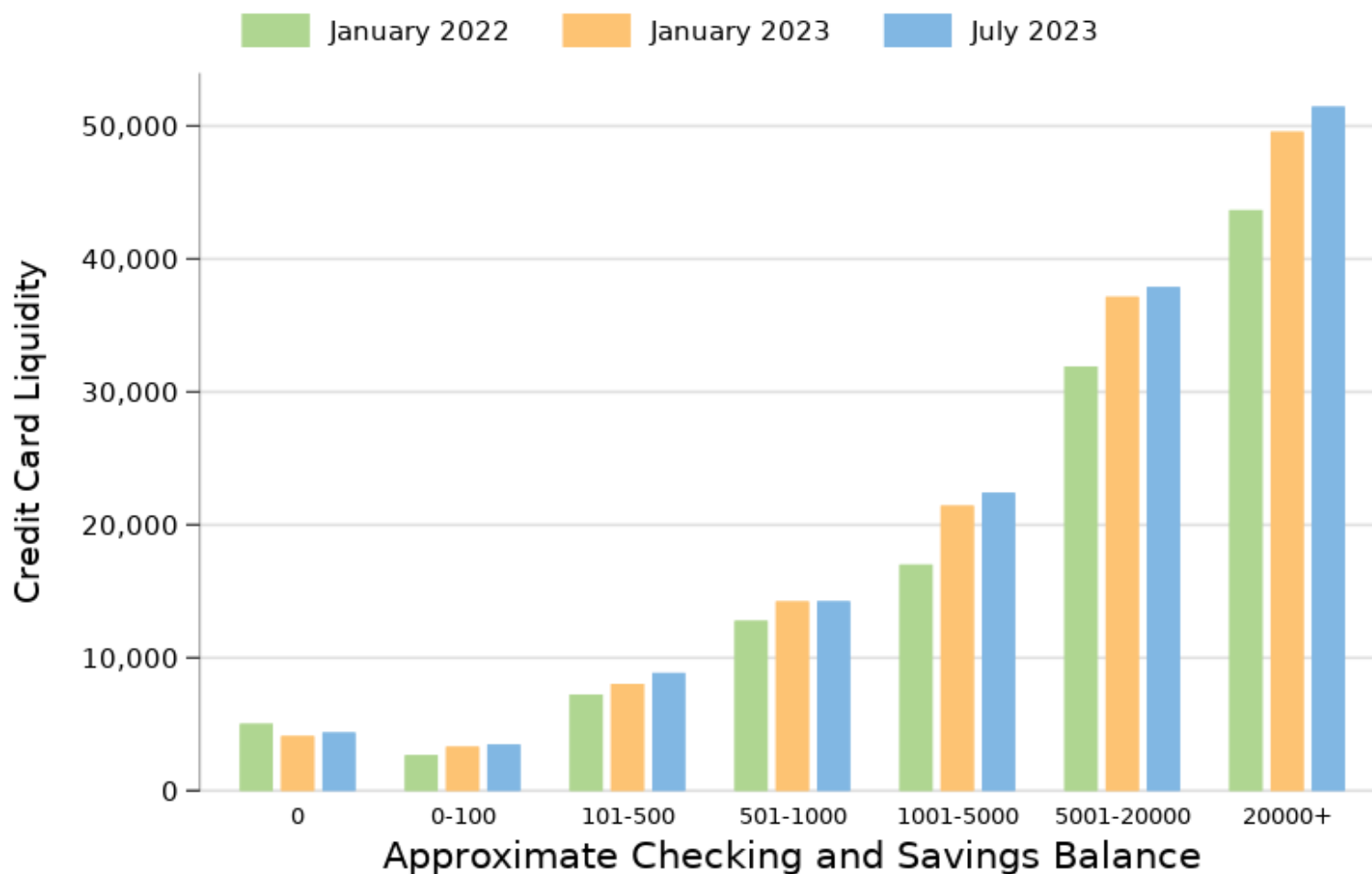


# Checking and savings balances



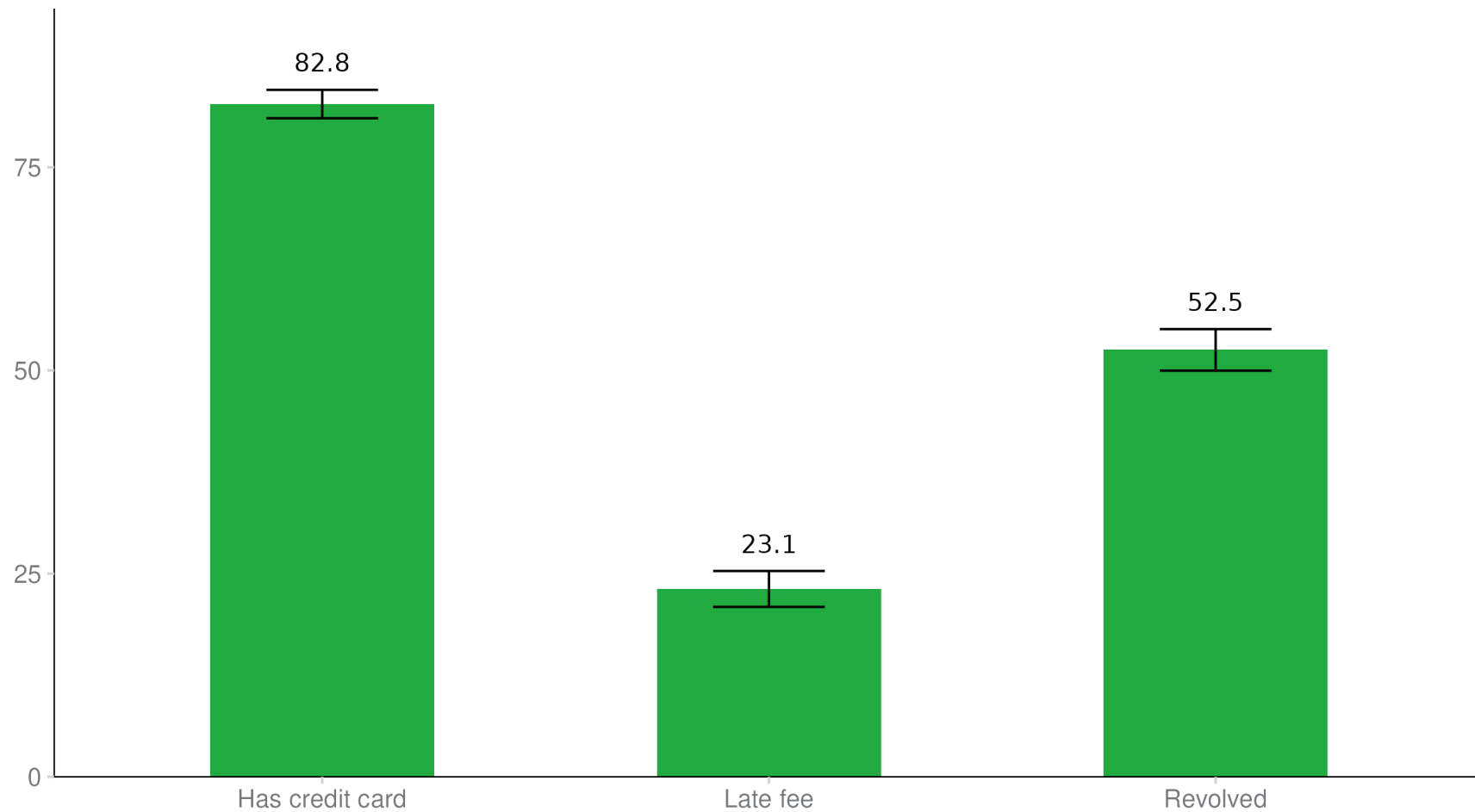
# Available credit card liquidity

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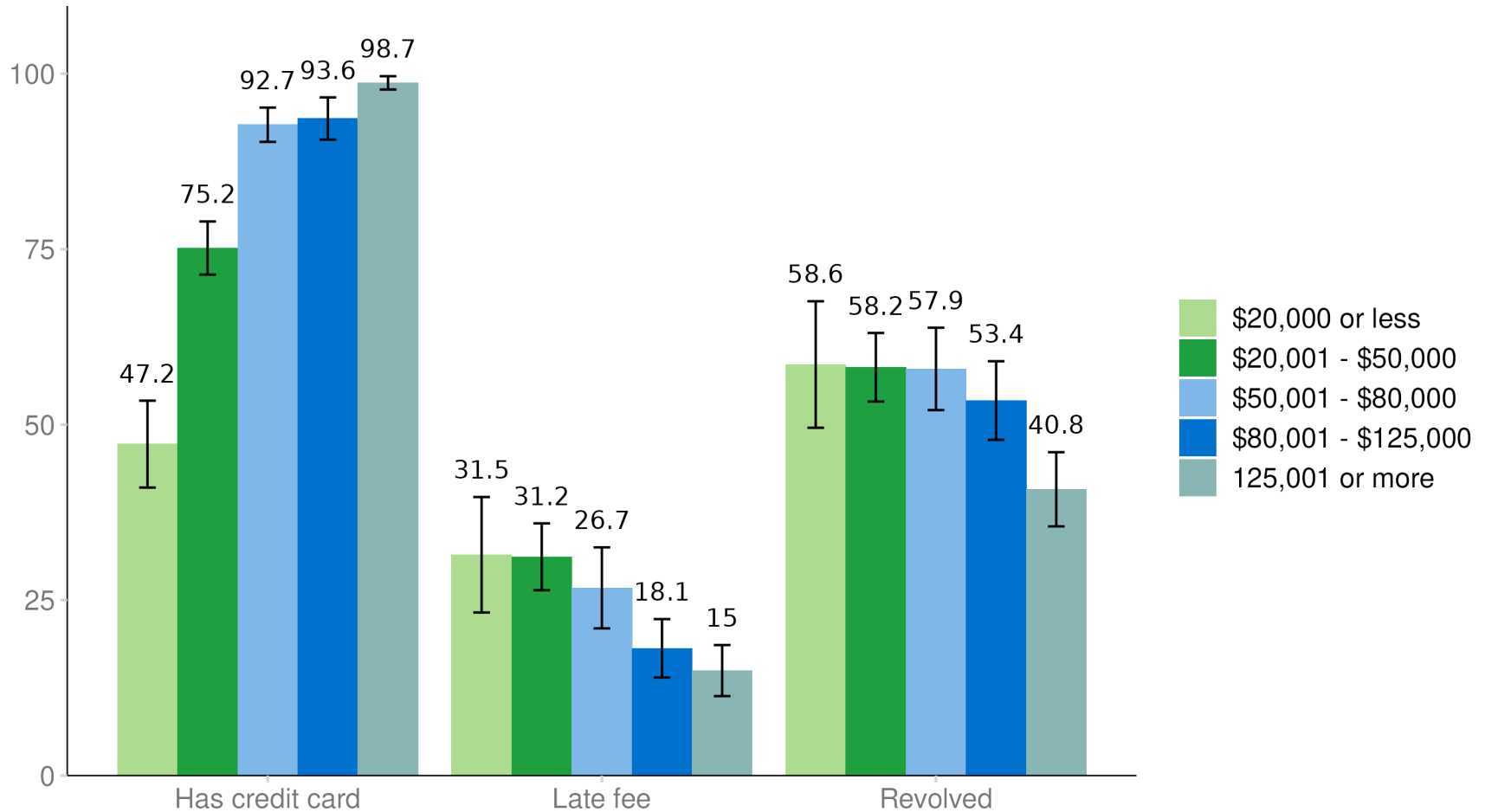


# Credit Use – Revolving and Late Fees

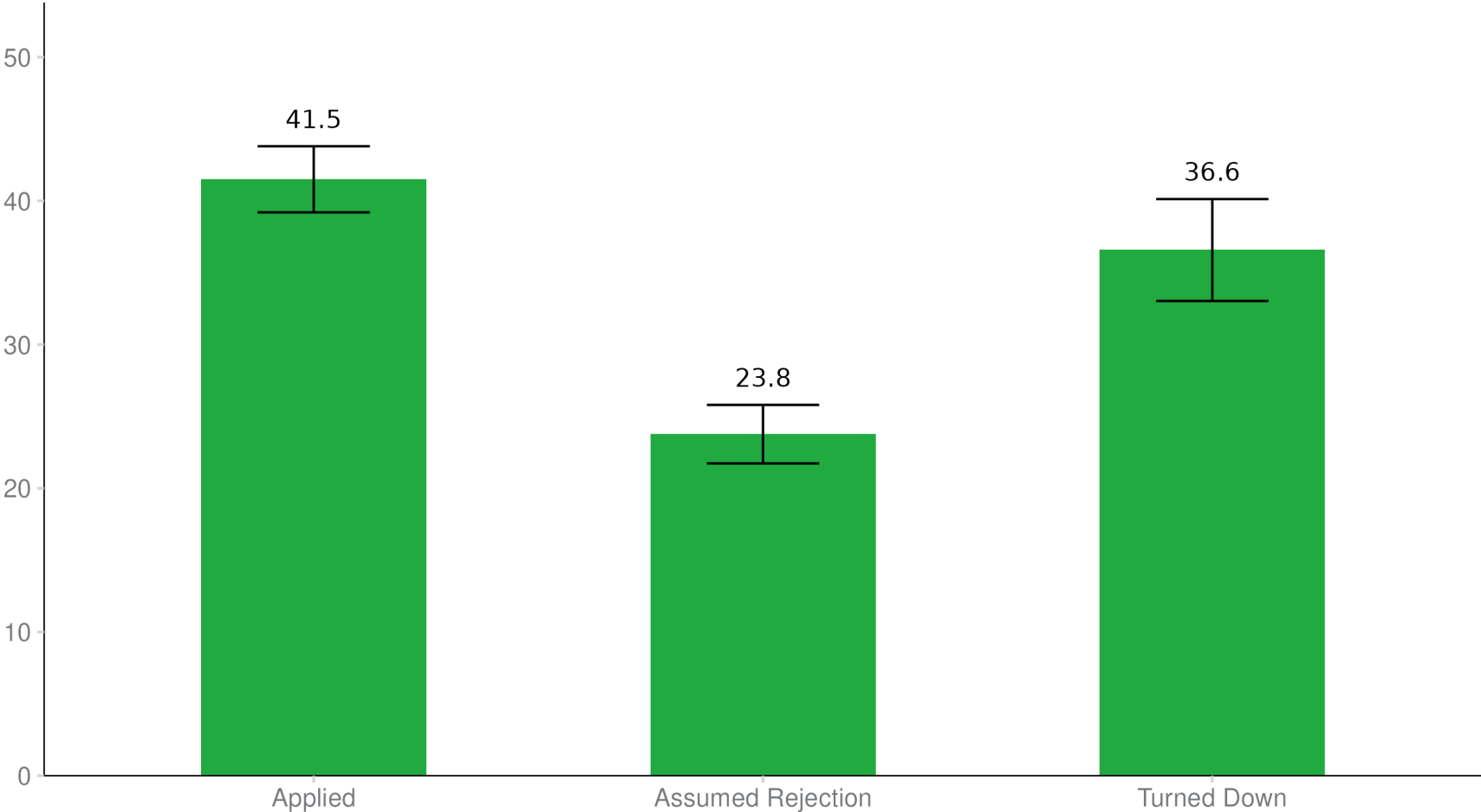
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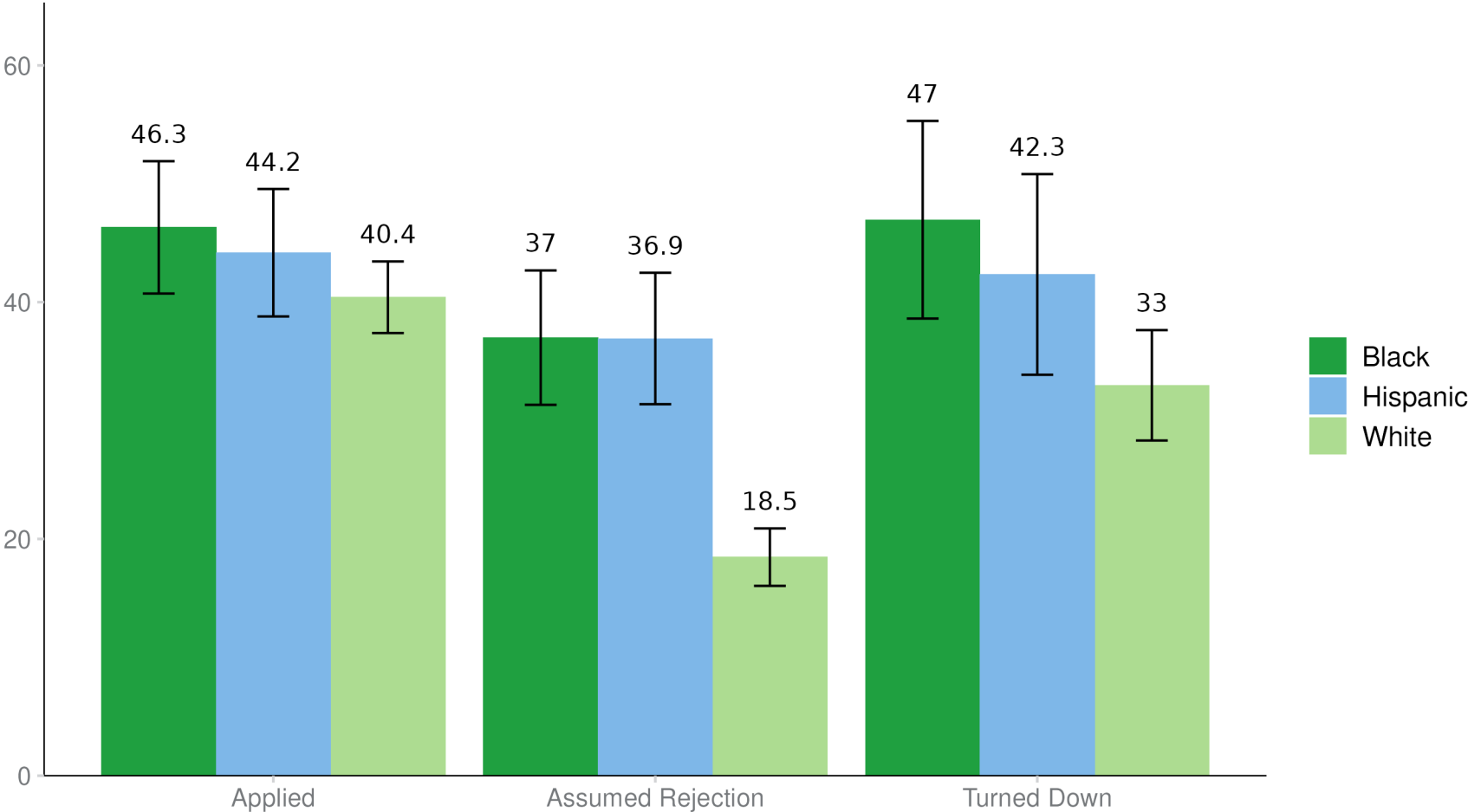
# Revolving and Fees by Income



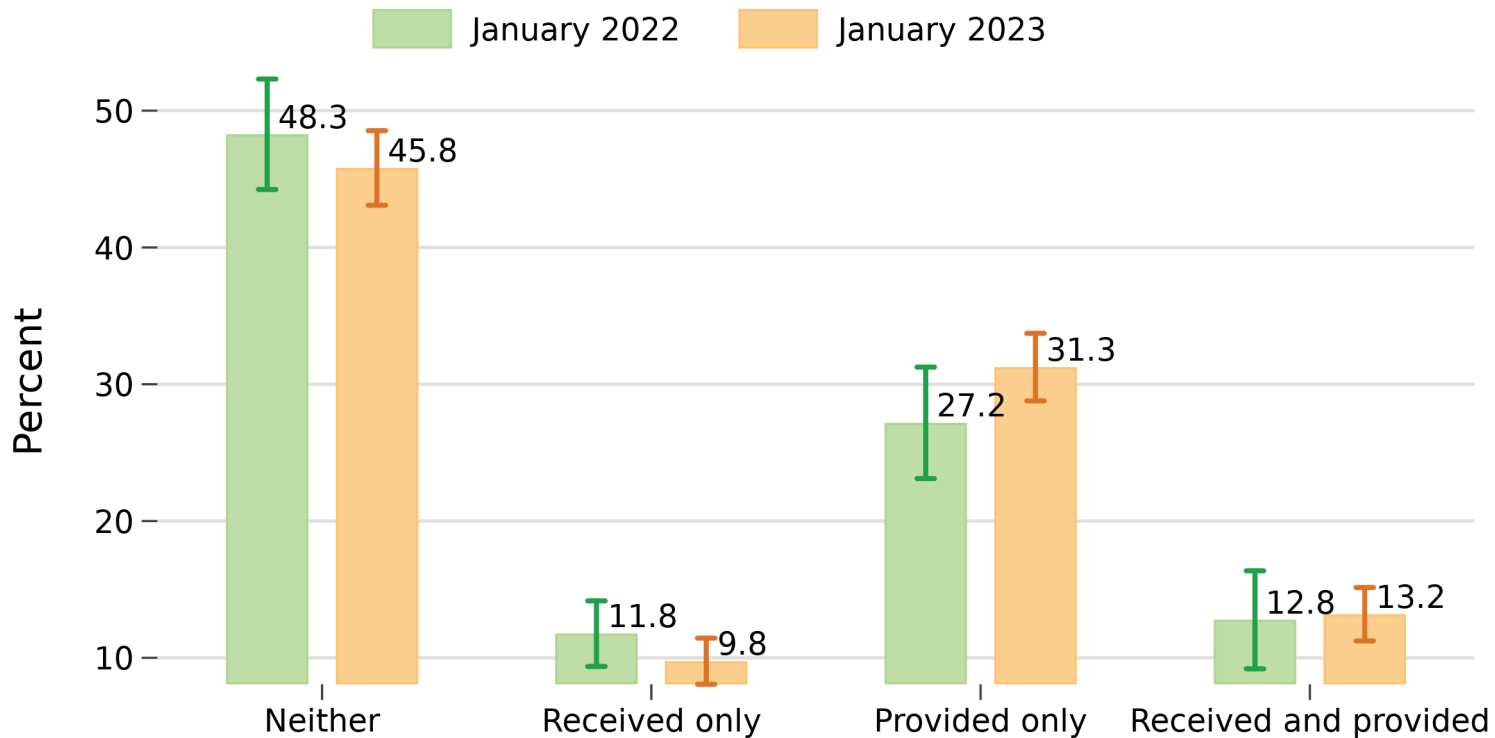
# Credit applications



# Credit Applications by Race



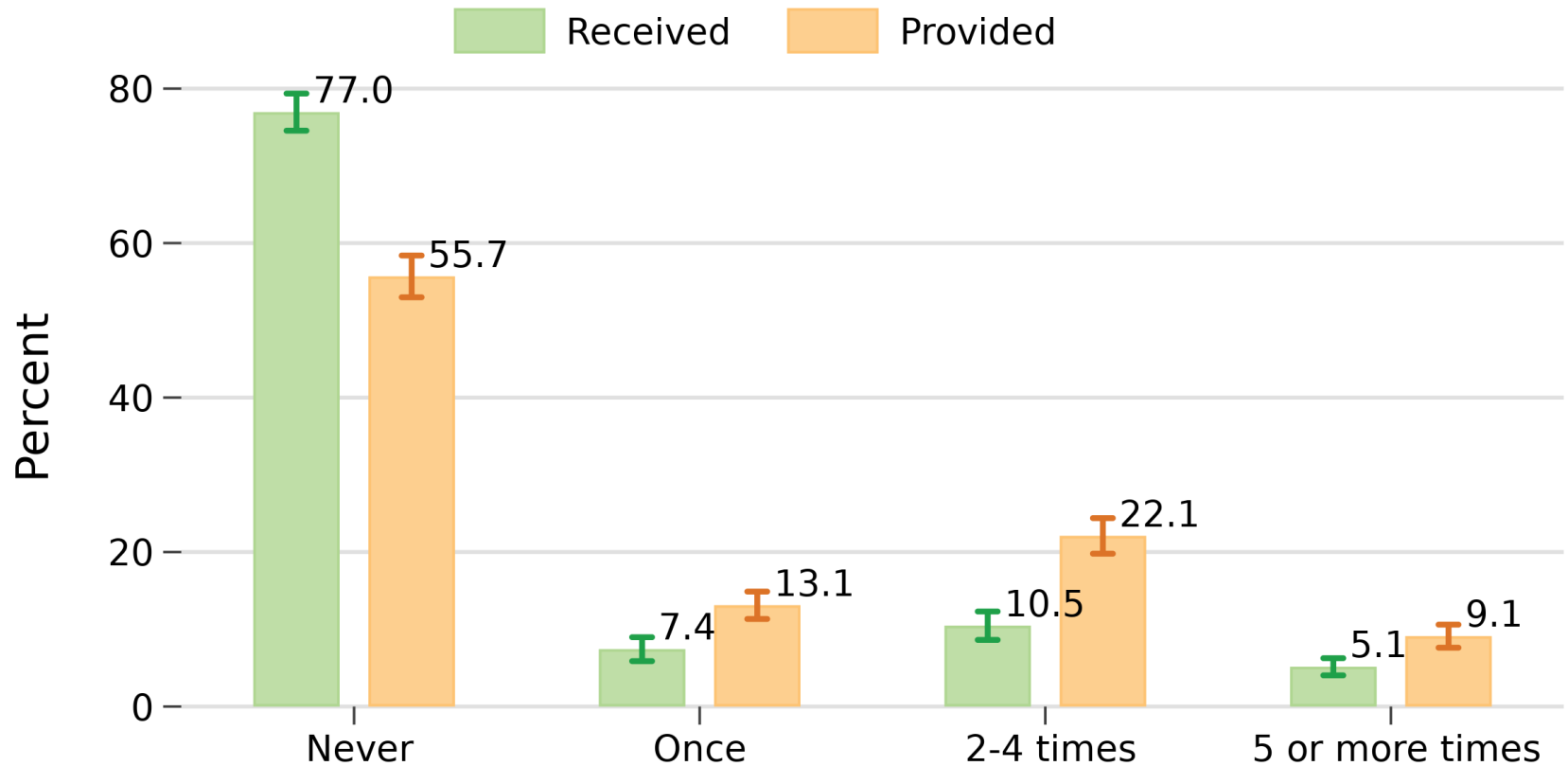
# Giving and Receiving Financial Assistance



In the past 12 months, has your household received or provided financial assistance?

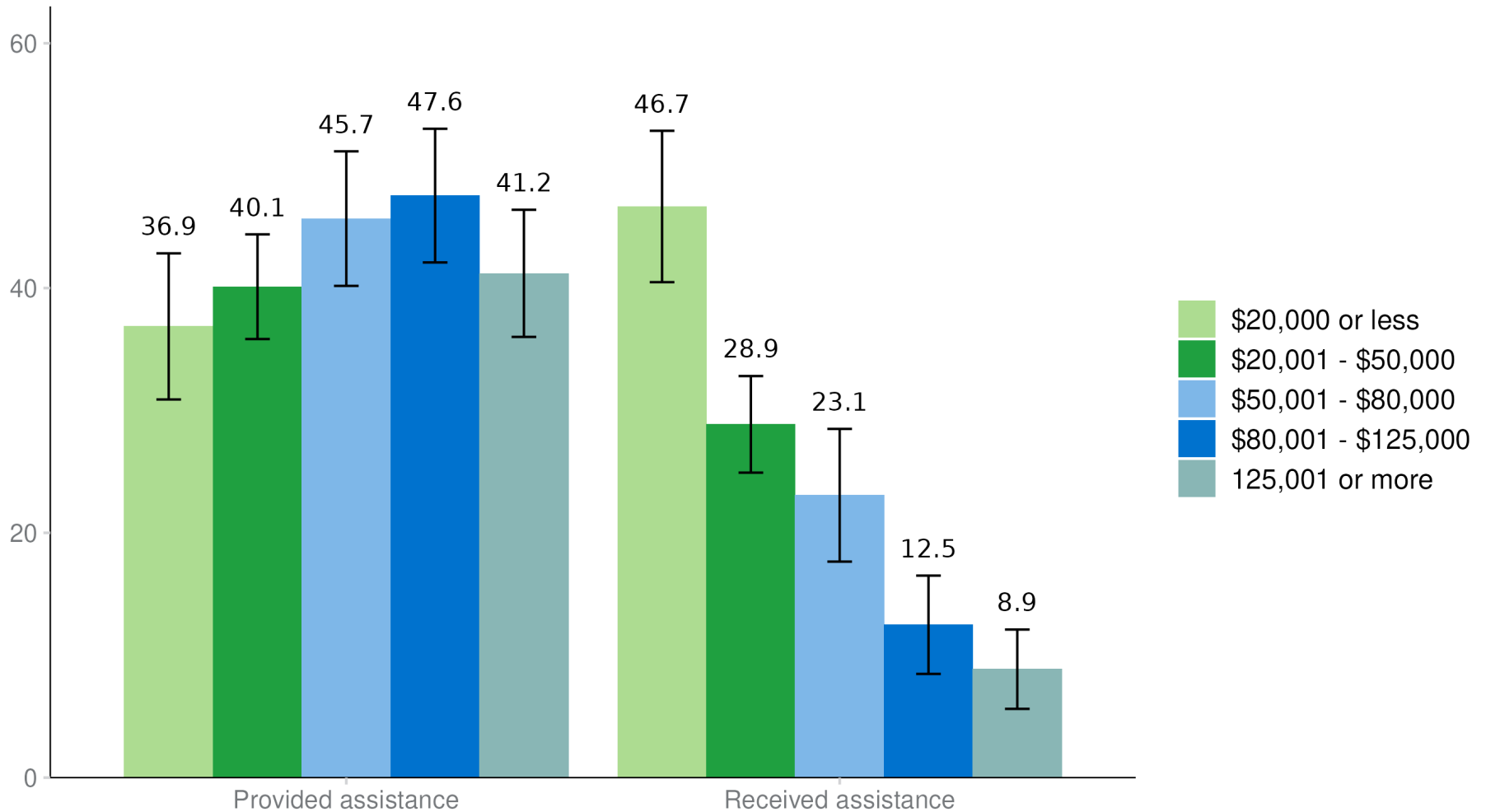


# Frequency of Assistance

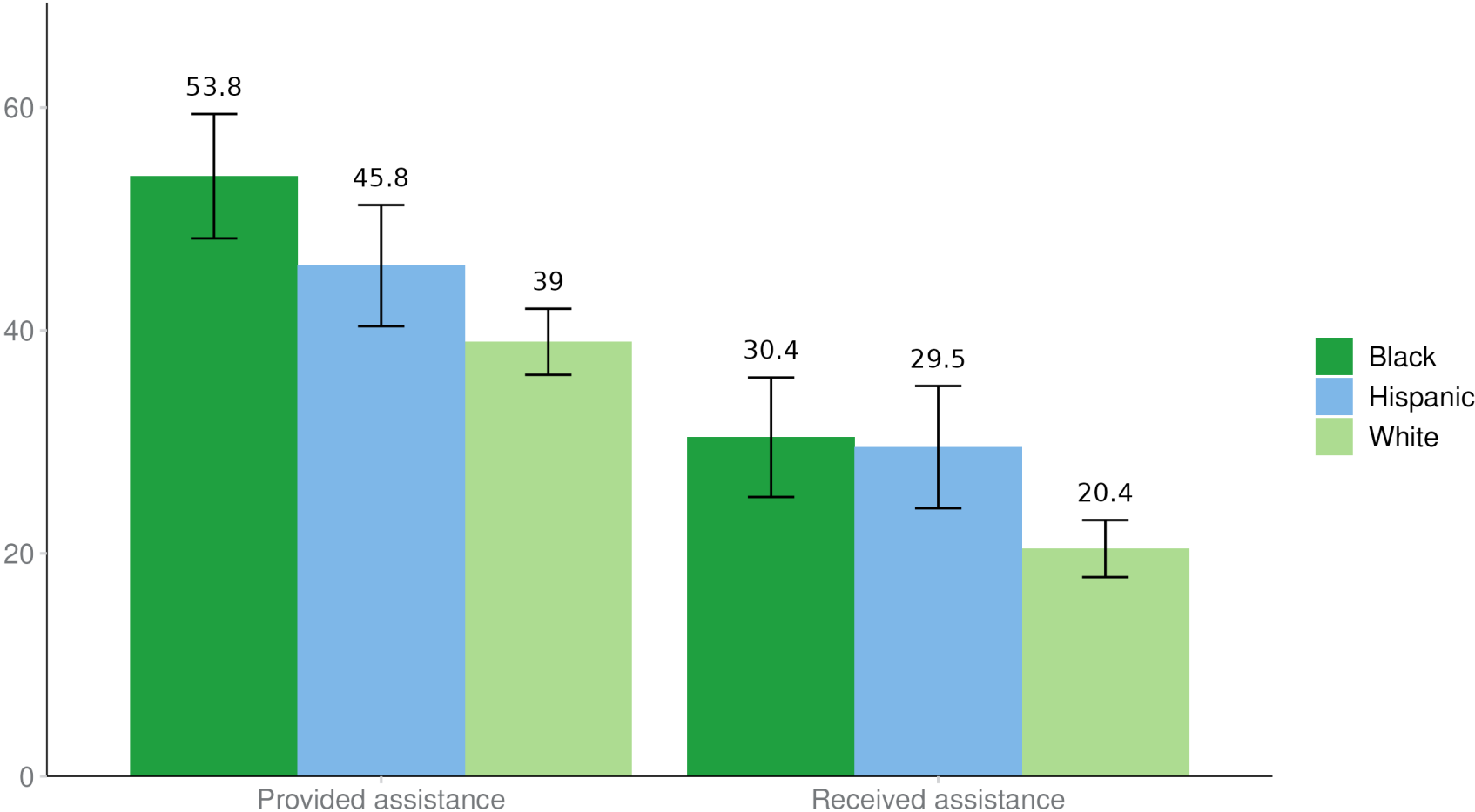


In the past 12 months, how often has your household received or provided financial assistance?

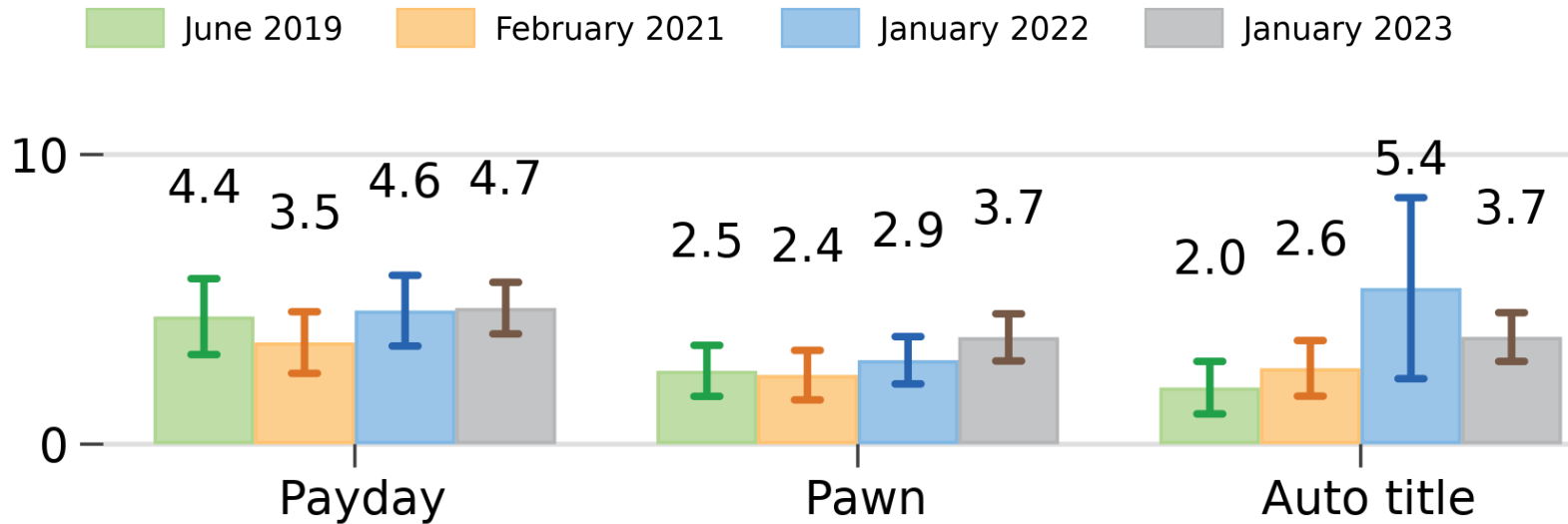
# Giving and Receiving By Income



# Giving and Receiving by Race



# Alternative Financial Services



# Pause for Questions

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# Overdraft and Nonsufficient Fund Fees

Insights from the Making Ends Meet Survey and Consumer Credit Panel

Jade Elkins, Giordano Palloni, and Caroline Ratcliffe

# Definitions

- When consumers using deposit accounts attempt withdraw, debit, payment, or transfer transactions for amounts greater than the available funds in their account...
  - *An **overdraft fee** is charged if the financial institution covers the transaction—thereby extending credit to the consumer and assesses the consumer a fee*
  - *An **NSF fee** is charged if the financial institution does not cover the transaction and assesses the consumer a fee*
- Historically, overdraft and NSF fees were the same size
- Industry has changed since 2021

# Recent Market Evolution

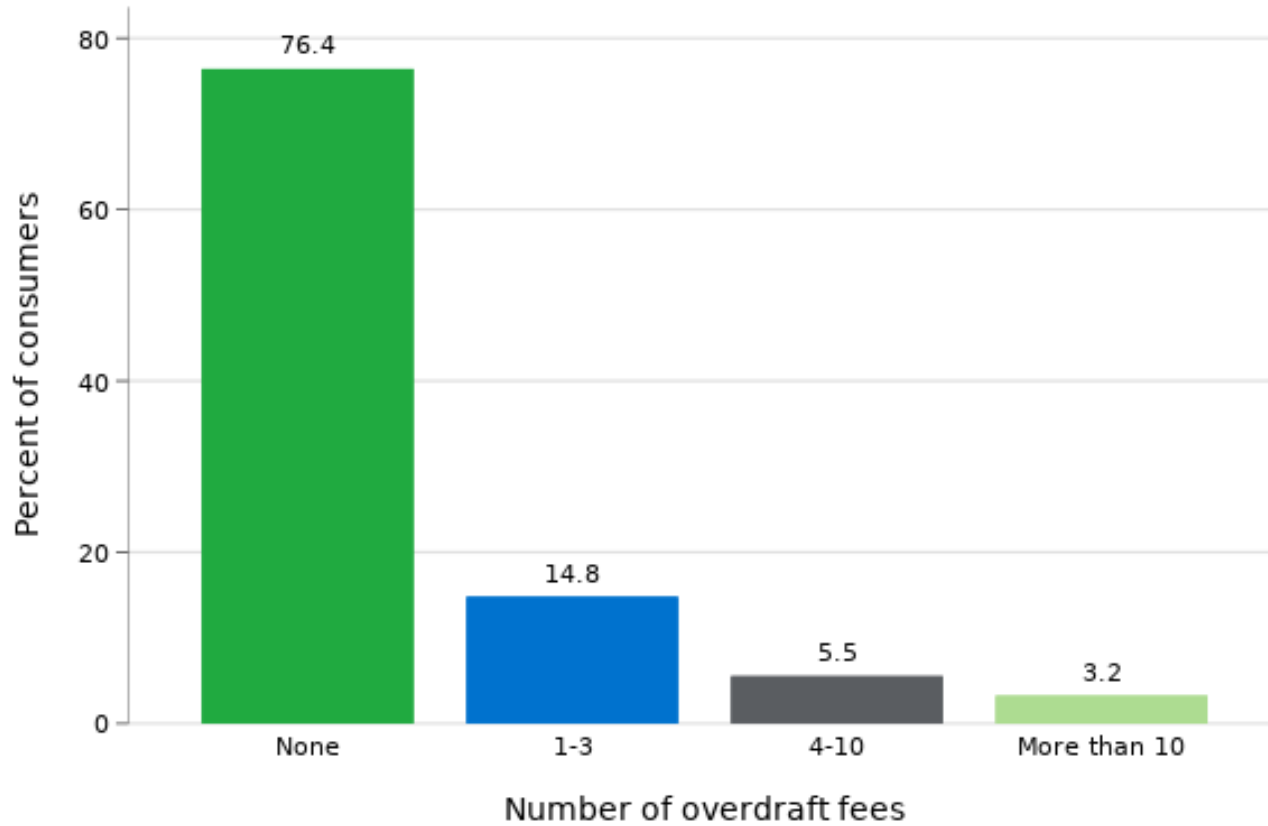
- Recent changes in overdraft and (especially) NSF practices:
  - 7 of the 20 Banks with the highest OD/NSF revenue in 2021 have since eliminated or reduced overdraft fees
  - Among Banks >\$10 billion in total assets almost 2/3 have eliminated NSF fees
  - 4/20 Credit Unions with >\$10 billion in total assets have eliminated NSF fees



# Research Questions

- How often did consumers incur overdraft and NSF fees (roughly in 2022)?
- When consumers overdraft their account or are charged an NSF fee, how often is it expected, as opposed to being a surprise?
- How are consumers' overdraft and NSF-related experiences related to socioeconomic and demographic characteristics, credit- and debt-related characteristics, and financial well-being?

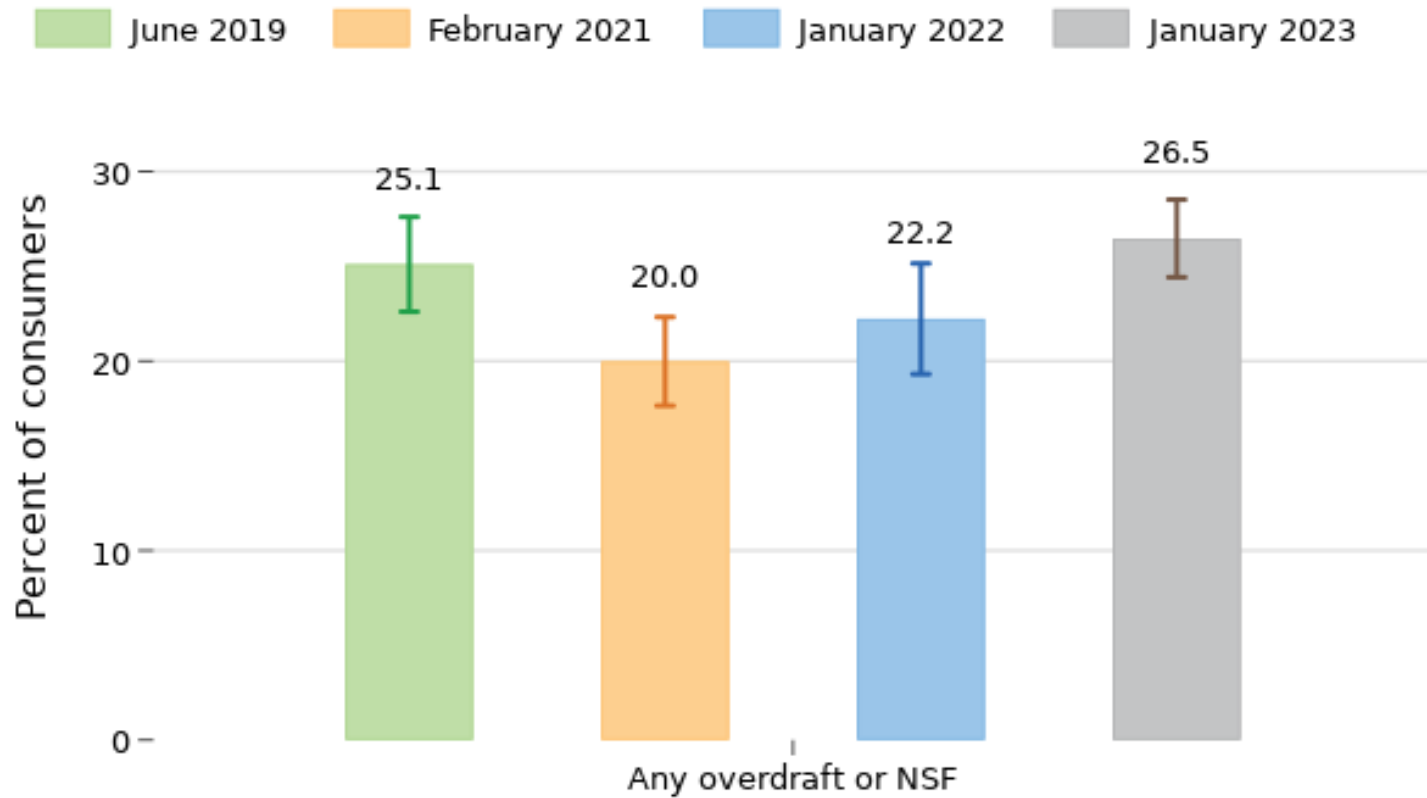
# OD fee incidence



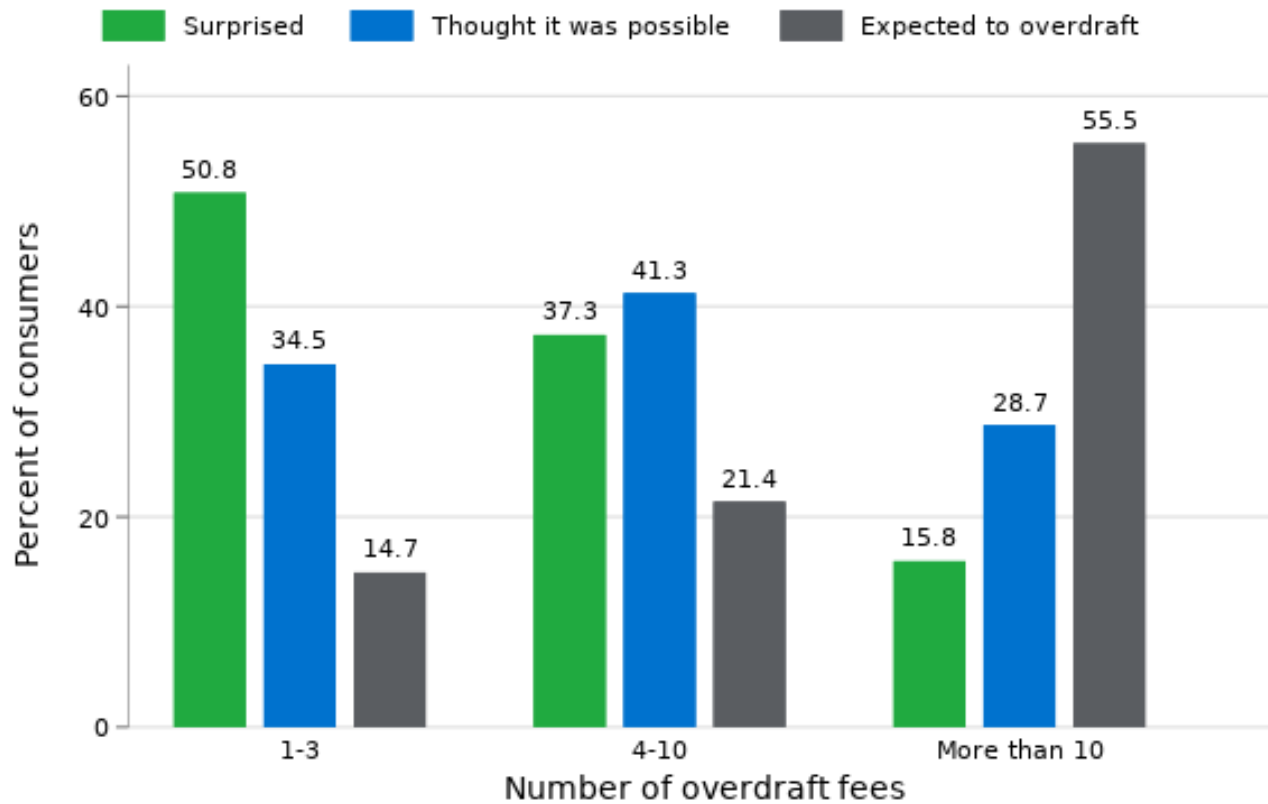
# NSF fee incidence



# Overdraft and NSF Over Time

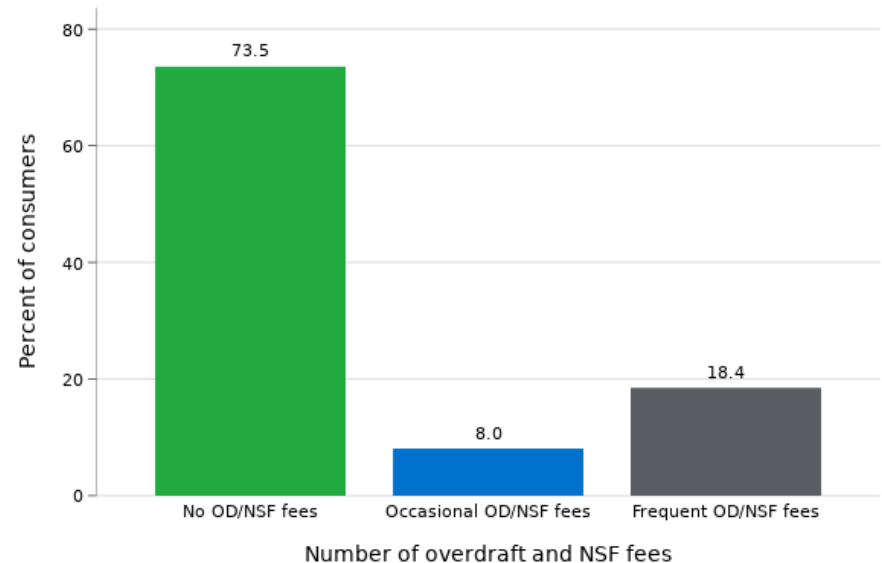


# Surprise at last overdraft

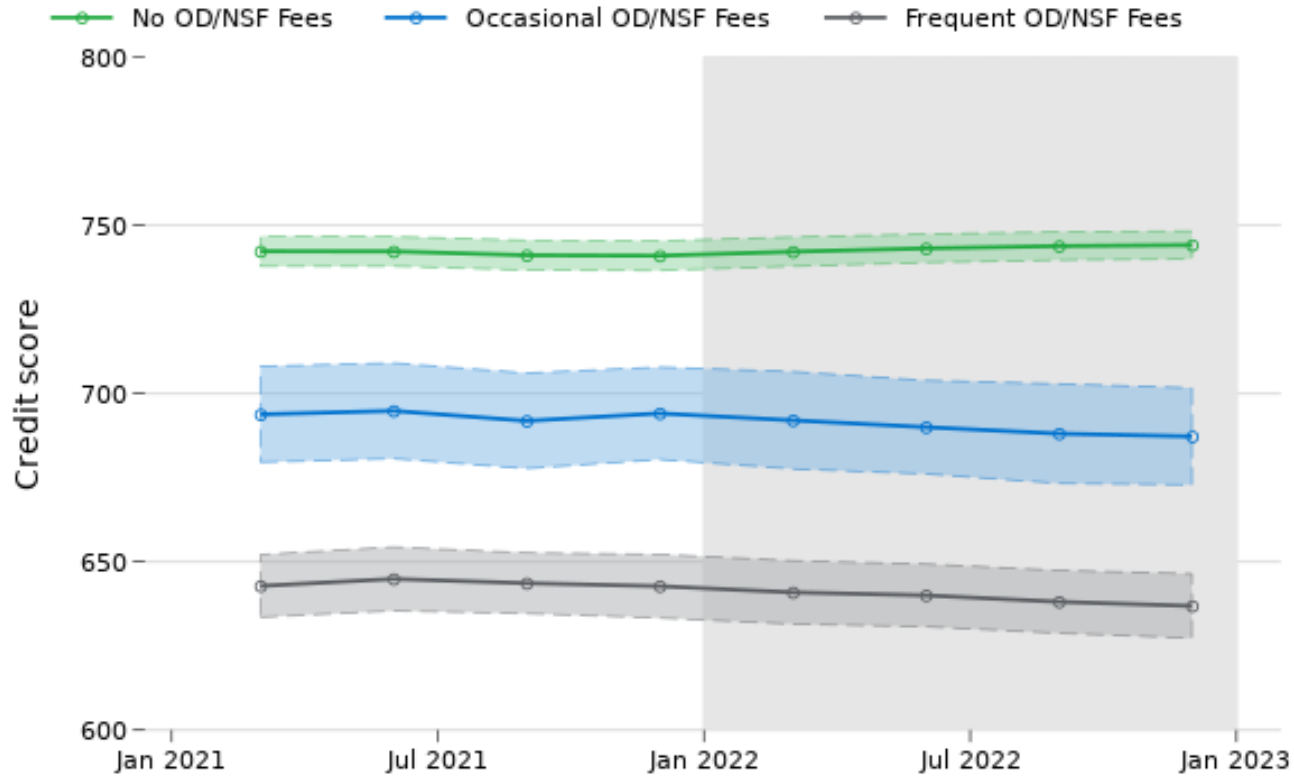


# Grouping consumers by OD/NSF frequency

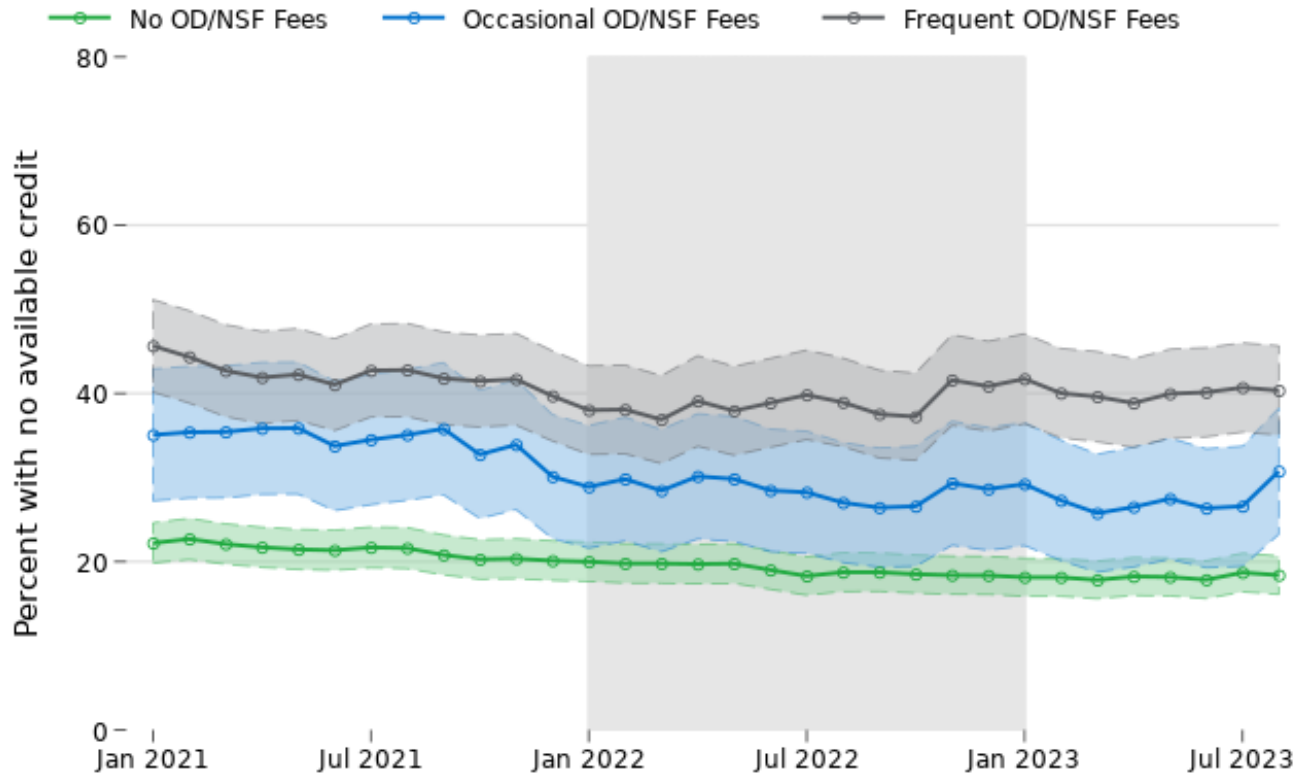
- To simplify analysis, we (mostly) group consumers based on combined OD/NSF experiences:
  - No overdraft/NSF group
  - Occasional overdraft/NSF group: charged **either** 1 to 3 NSF fees **or** 1 to 3 overdraft fees
  - Frequent overdraft/NSF group: charged **both** 1-3 overdraft fees **and** 1-3 NSF fees **or** >4 of either fee type



# Credit Scores and OD/NSF Group

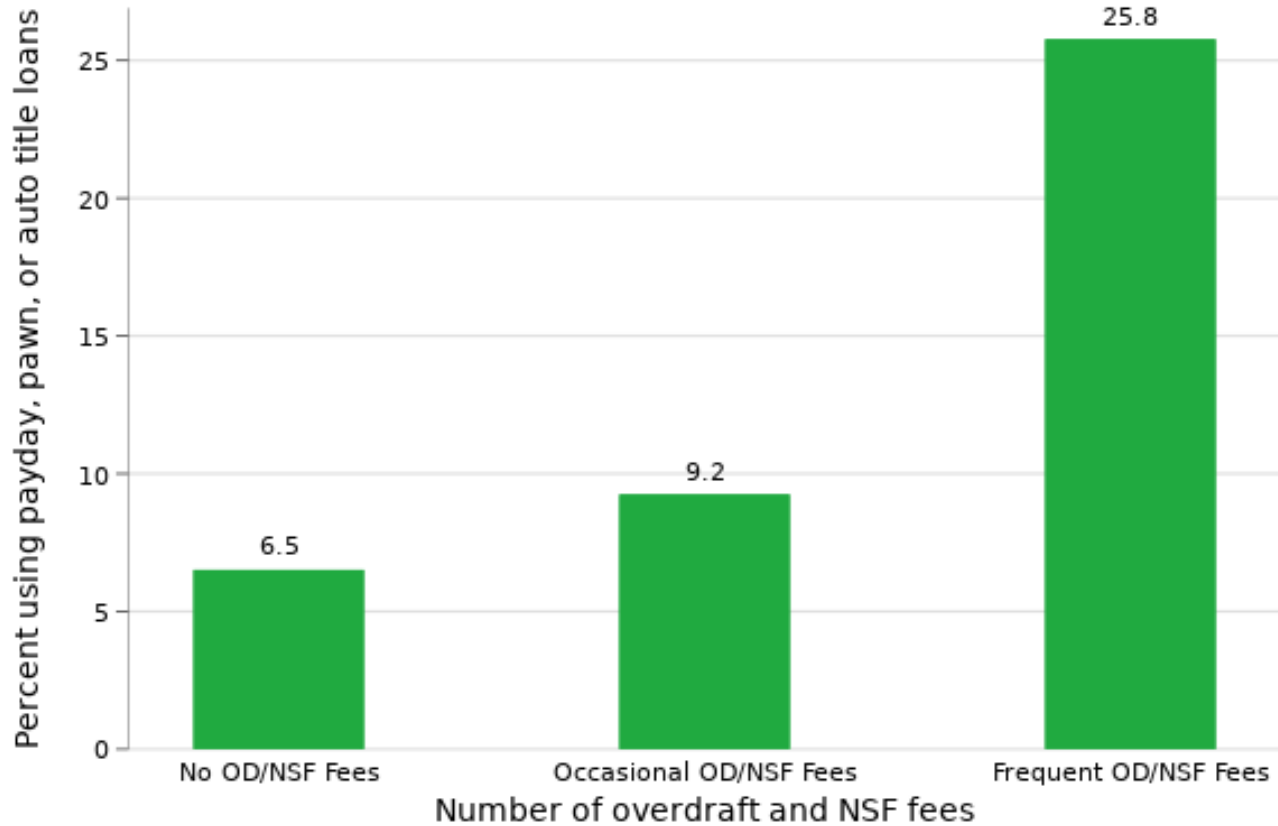


# No Credit Availability and OD/NSF Group

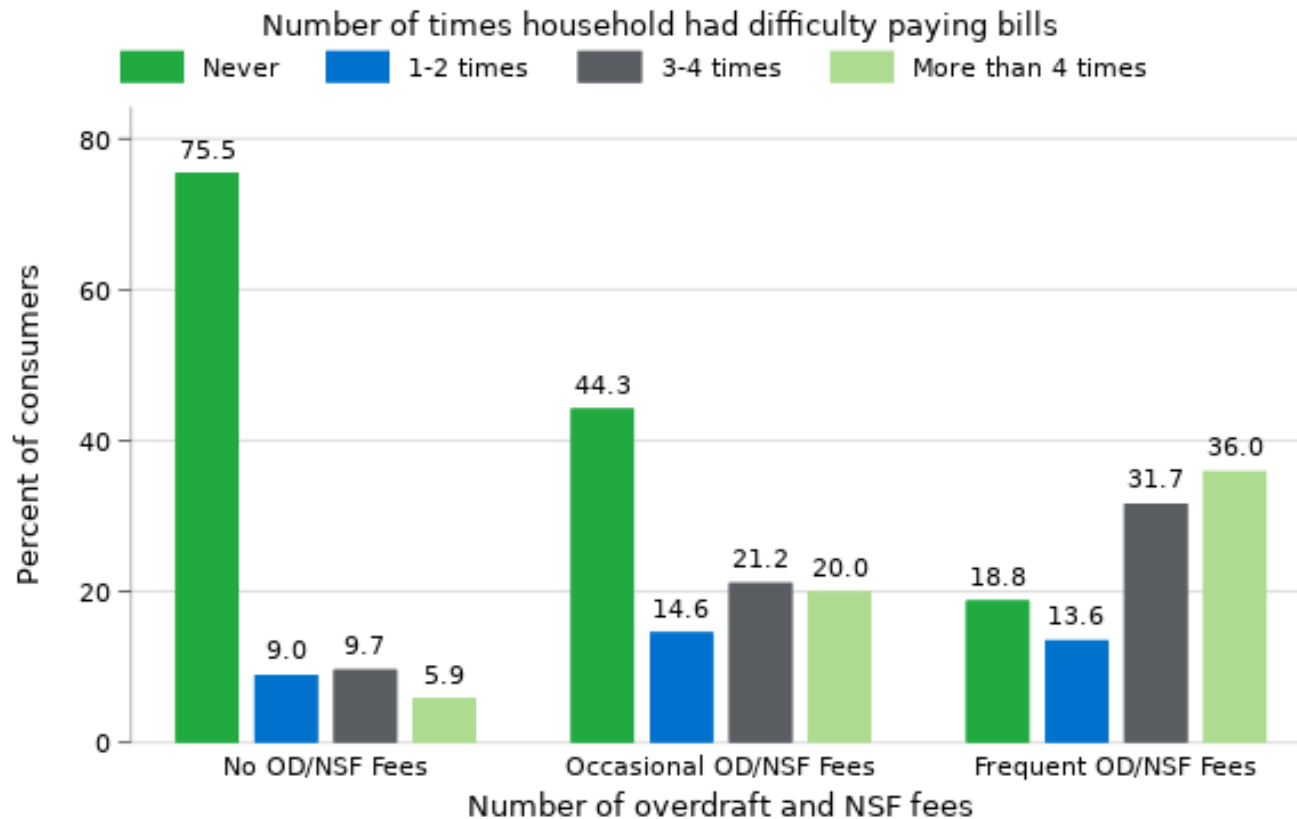




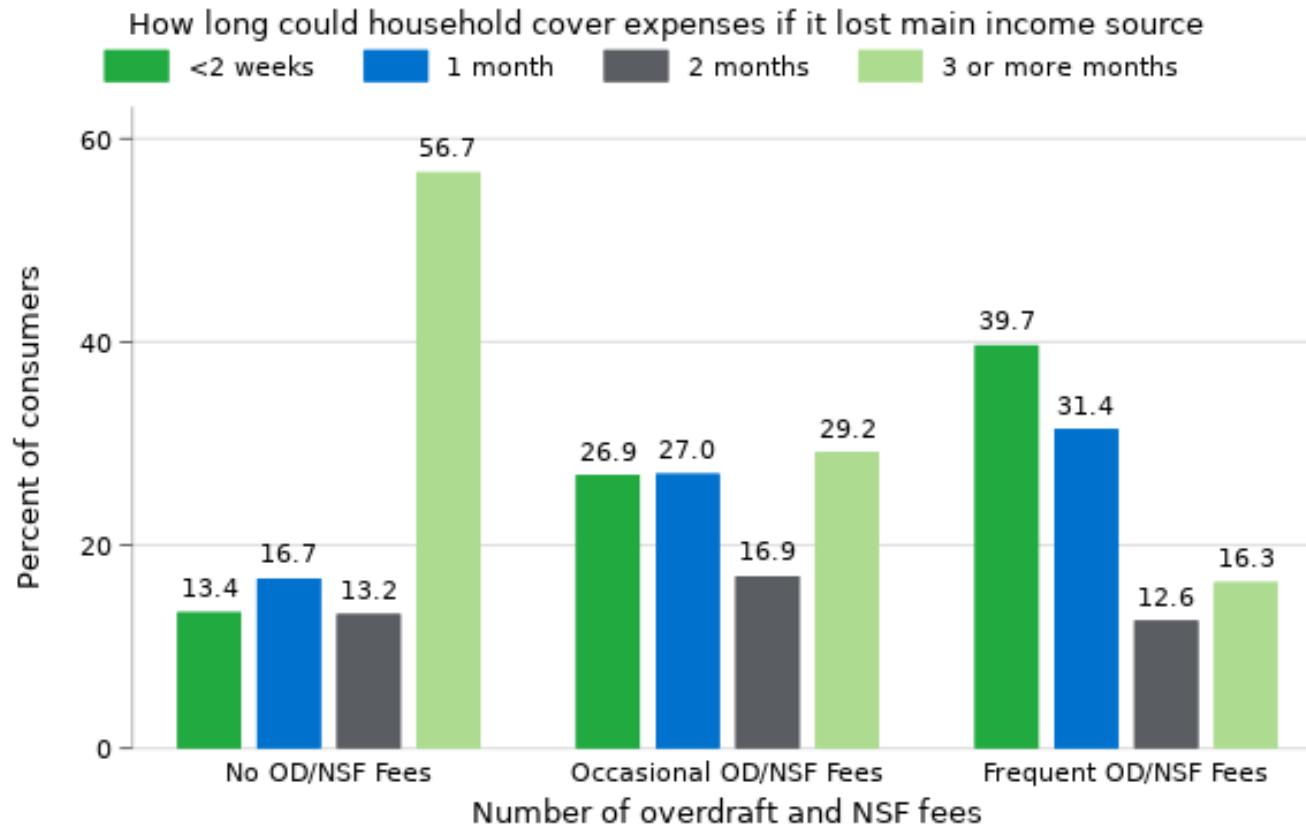
# Alternative Financial Services



# Household Difficulty Paying Bills



# Emergency Savings



# Takeaways

- Consumers continue to be affected by overdraft and NSF fees, despite market changes
- OD/NSF are consumers more likely to be economically disadvantaged (lower-income, less education, younger)
- Less healthy credit profiles
- But most consumers—even in the frequent OD/NSF group—have some credit card credit available!

# Links

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- <https://www.consumerfinance.gov/data-research/research-reports/making-ends-meet-in-2023-insights-from-the-making-ends-meet-survey/>
- <https://www.consumerfinance.gov/data-research/research-reports/overdraft-and-nonsufficient-fund-fees-insights-from-the-making-ends-meet-survey-and-consumer-credit-panel/>

Thank you!