The Making Ends Meet surveys

December 2023 ARC Meeting

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Making Ends Meet Surveys

- General financial surveys conducted by the Office of Research

  - Interdisciplinary: Covering decision-making, perceptions, expectations, subjective wellbeing, marketing, consumer financial products, as well as economic and financial concepts

- Panel: usually return to same respondents at least once

- Samples from Consumer Credit Panel (CCP)

- Sample sizes between 2,000 and 3,000 respondents depending on funding for that survey

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Advantages and disadvantages

- Observe respondents' credit decisions over time

- Better oversampling of target populations

- Better "non-response" adjustment

    □ Unlike almost every other survey, see characteristics of **both** respondents and non-respondents

- Complements CCP: Observe information (race/ethnicity, gender, income) not in the CCP

- Disadvantage: Have to be in the CCP to be sampled

Core questions

- **Demographics**
  - Education
  - Family structure
  - Renting, homeownership
- **Populations important to Bureau (some through CCP):**
  - Race/ethnicity
  - Age
  - Low income, Low credit score,
  - Rural
  - Military service (mostly veterans, we ask about active duty, but have few respondents)
- **Income, assets, and debt**
  - Homeownership, student loans

Core questions

- **Financial well-being and related financial stability questions**
- **Difficulty paying bills or expenses**
- **Household shocks**
- **Financial products not on the CCP**:
  - Credit card revolving
  - Buy Now Pay Later
  - Overdraft, payday, auto title
- **Decision making and shopping**
- **Modules depending on policy needs**. Examples:
  - Debt collection
  - Medical debt

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Annual rolling panel

- Surveys so far:
  - Three wave panel starting in June 2019, June 2020, February 2021, with small new sample in February 2021
  - Starting in January 2022: annual rolling panel
- A regular survey allows us to consistently measure household financial stability by group
- Panel allows us to understand persistence and expectations
  - Response rate for previous respondents much higher
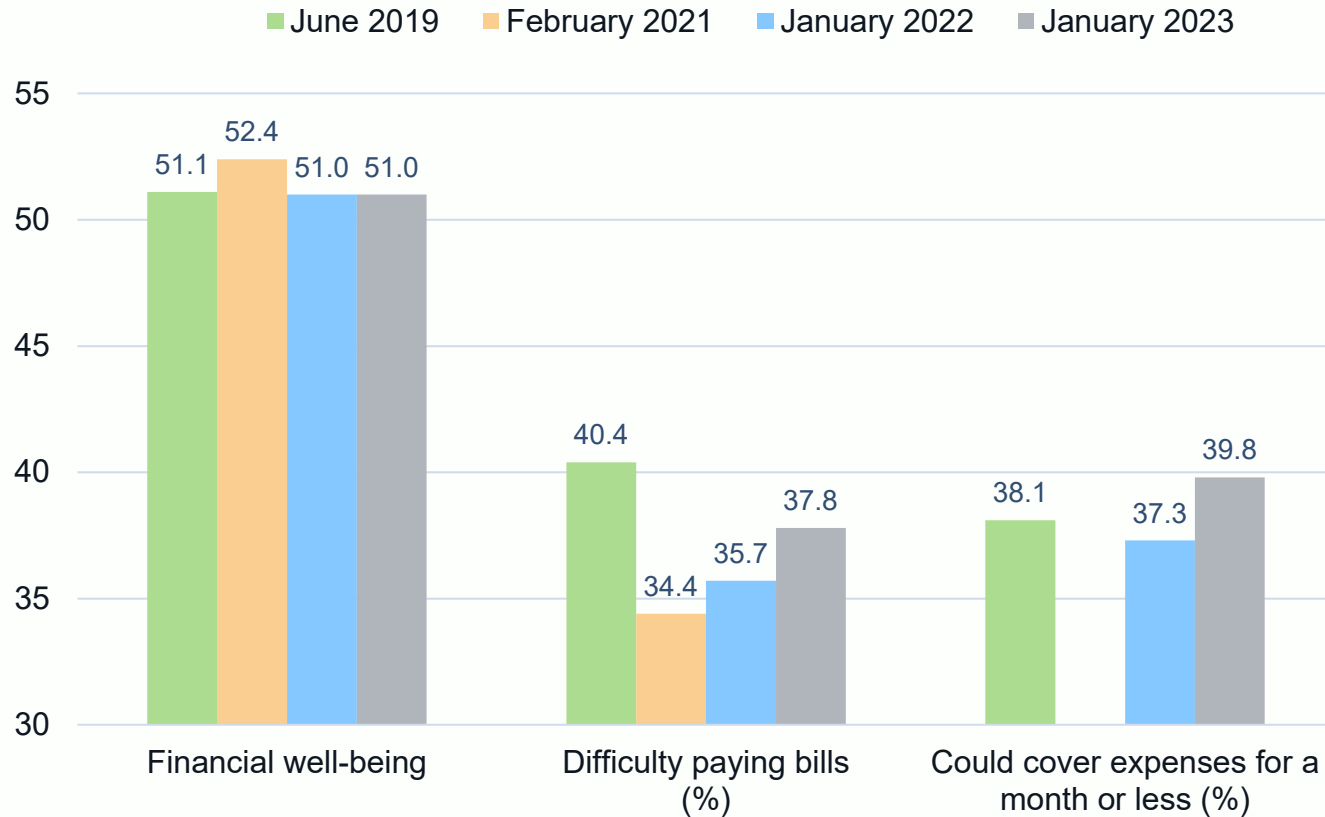
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Annual rolling panel

- A regular survey allows us to be responsive to emerging topics and markets
- Pandemic example:
  - [Consumer finances during the pandemic](#) (Cortnie Shupe and Scott Fulford)
  - *The Pandemic Paradox: How the COVID Crisis Made Americans More Financially Secure* (Scott Fulford, 2023, Princeton University Press)
- Evolving markets
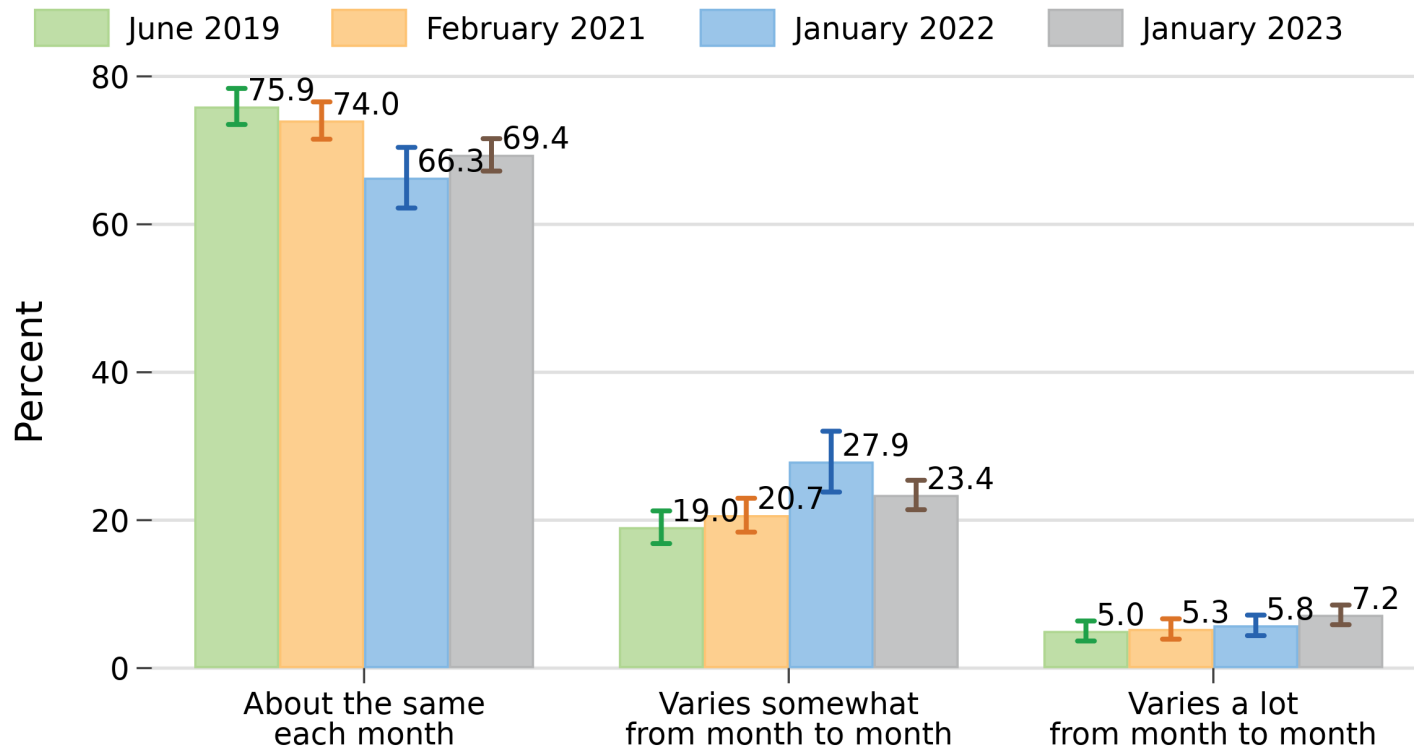 - Buy Now Pay Later, student loans, renting, payday

Results from recent work

- [Making Ends Meet in 2023: Insights from the CFPB Making Ends Meet survey](#) (Scott Fulford, Eric Wilson, Zoe Kruse, Emma Kalish, and Isaac Cotter)
  - Yearly flagship "state of the consumer" report
  - Offers repeat measurement of important household financial stability concepts by demographic group
- [Consumer Use of Buy Now, Pay Later: Insights from the CFPB Making Ends Meet Survey](#) (Cortnie Shupe, Greta Li, and Scott Fulford)
  - Special issue report on BNPL that leverages the CCP link.
- [Expense Shocks Matter](#) (Scott Fulford and Dave Low)
  - Independent research by OR economists on the distribution of shocks

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Making Ends Meet in 2023: Returning to pre-pandemic

Legend: June 2019 ■ February 2021 ■ January 2022 ■ January 2023

	June 2019	February 2021	January 2022	January 2023
Financial well-being	51.1	52.4	51.0	51.0
Difficulty paying bills (%)	40.4	34.4	35.7	37.8
Could cover expenses for a month or less (%)	38.1		37.3	39.8

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Income variability still high, but declining

Legend: June 2019, February 2021, January 2022, January 2023

Percent

About the same each month	Varies somewhat from month to month	Varies a lot from month to month
75.9 (June 2019)	19.0 (June 2019)	5.0 (June 2019)
74.0 (February 2021)	20.7 (February 2021)	5.3 (February 2021)
66.3 (January 2022)	27.9 (January 2022)	5.8 (January 2022)
69.4 (January 2023)	23.4 (January 2023)	7.2 (January 2023)

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

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Making Ends Meet in 2023: Difficulty paying bills or expenses by consumer group

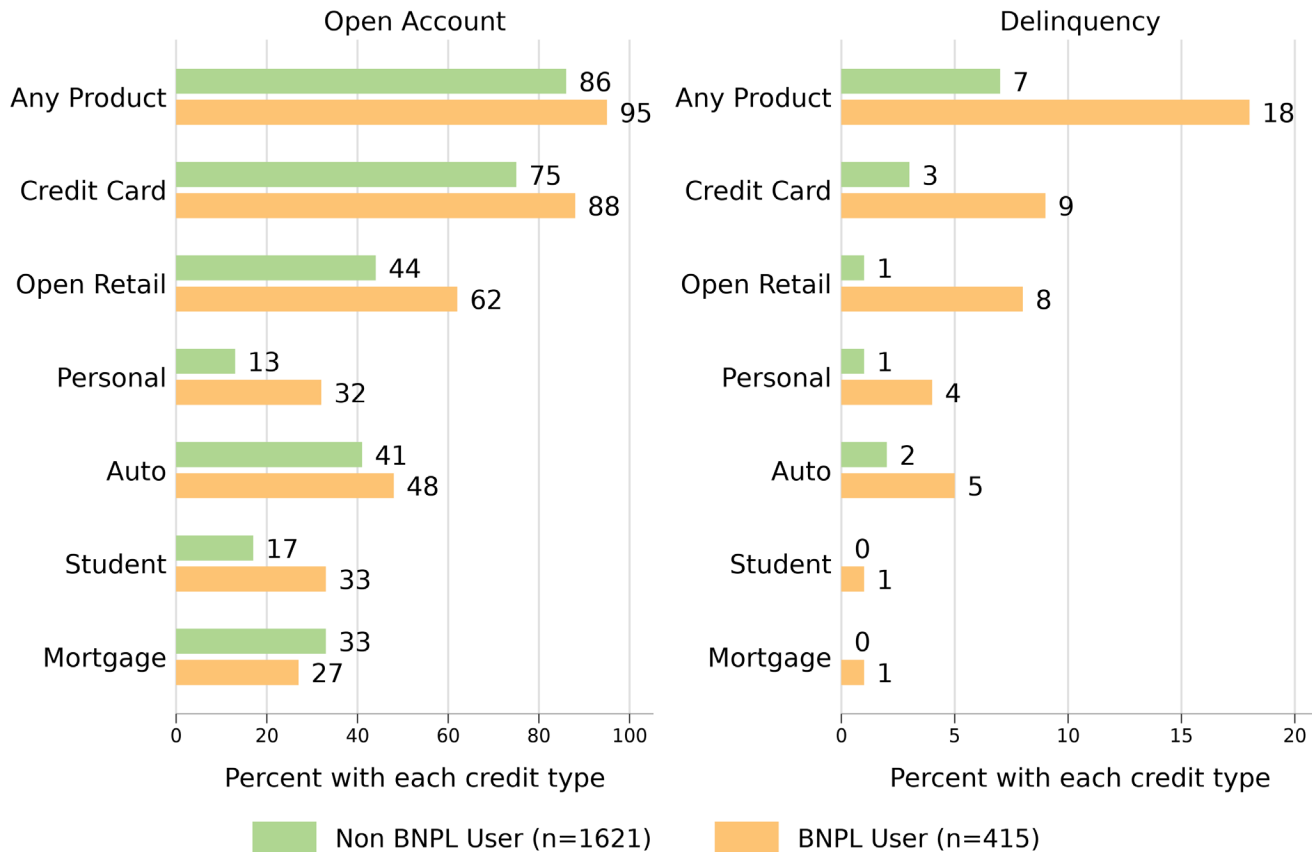| Percent with difficulty paying bills or expenses	January 2023		January 2022		February 2021	
	Mean	**Std Err**	**Mean**	**Std Err**	**Mean**	**Std Err**
Overall	37.8	1.1	35.7	1.9	34.4	1.4
Race						
Non-Hispanic white	34.3	1.5	29.6	2.7	30.0	1.6
Black	54.6	2.8	52.2	5.1	55.5	3.9
Hispanic	46.0	2.7	52.2	3.5	35.0	4.3
Other	25.3	3.1	28.8	4.2	36.6	5.4
Age group						
Less than 40	44.8	2.3	46.7	4.3	38.8	3.3
40 - 61	40.8	1.8	40.0	2.2	42.0	2.0
Greater than 61	28.0	1.7	20.3	2.4	23.3	1.8
Income group						
$20,000 or less	61.2	3.2	57.9	5.8	60.1	4.0
$20,001-$50,000	53.7	2.2	47.2	3.0	46.6	3.0
$50,001-$80,000	36.3	2.7	38.0	5.8	30.5	2.8
$80,001-$125,000	26.3	2.4	25.7	3.0	23.6	2.9
$125,001 or greater	12.1	1.7	11.3	3.4	13.8	2.1
Housing status						
Renter	53.9	2.2	53.3	3.9	52.5	3.1
Homeowner	28.4	1.3	24.8	1.8	26.3	1.5
Neither renter nor homeowner	47.3	5.6	55.8	7.3	47.2	7.2
Student debt status						
No recent student debt	35.6	1.3	32.8	2.4	33.5	1.6
Student debt in the past 10 years	36.1	3.4	37.1	4.5	32.6	4.0
Currently has student debt	46.5	2.7	46.2	3.6	39.6	3.5

Report also shows by education, rural, and military experience.

BNPL users have lower credit scores, but that was true before BNPL was widespread
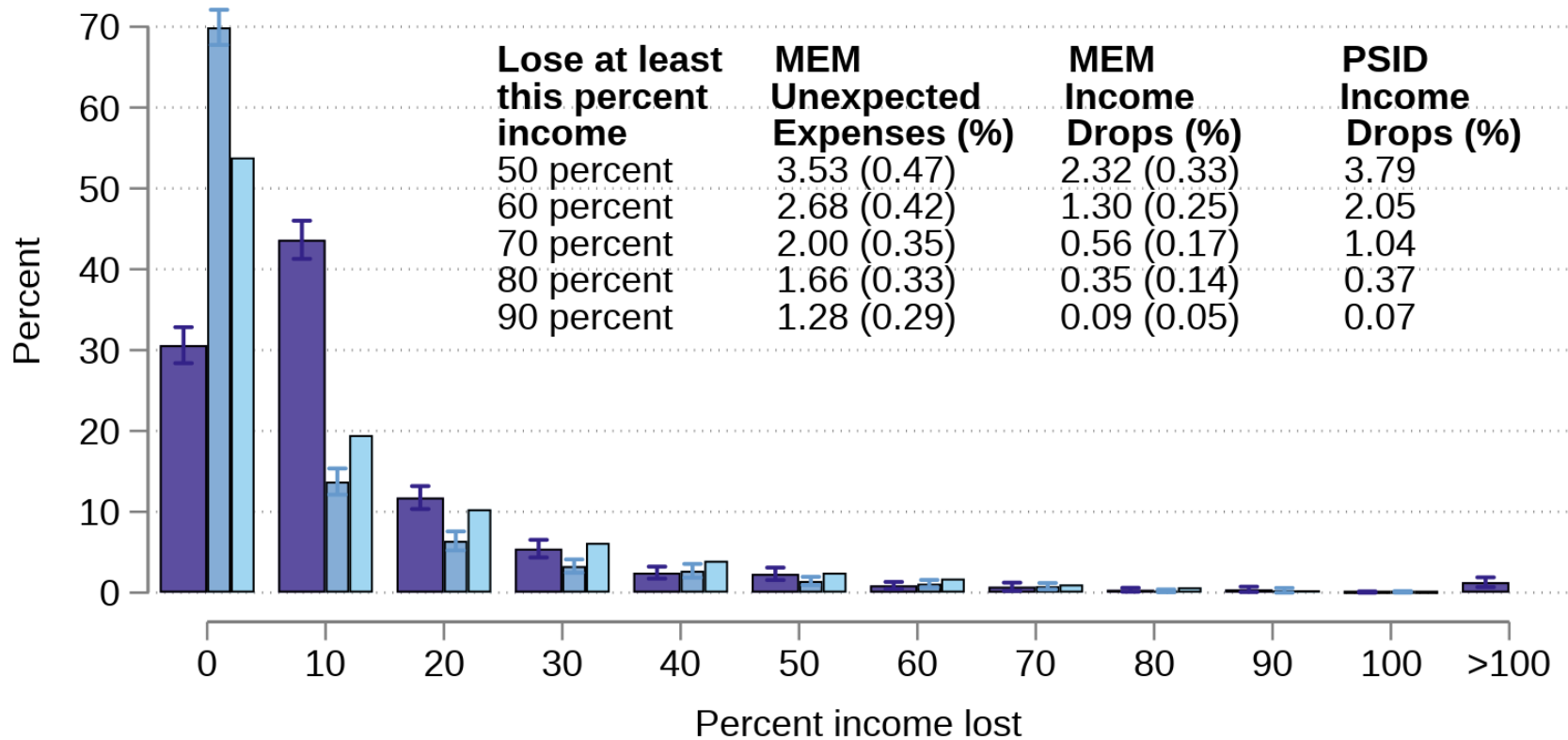

Credit Scores by BNPL Use Status
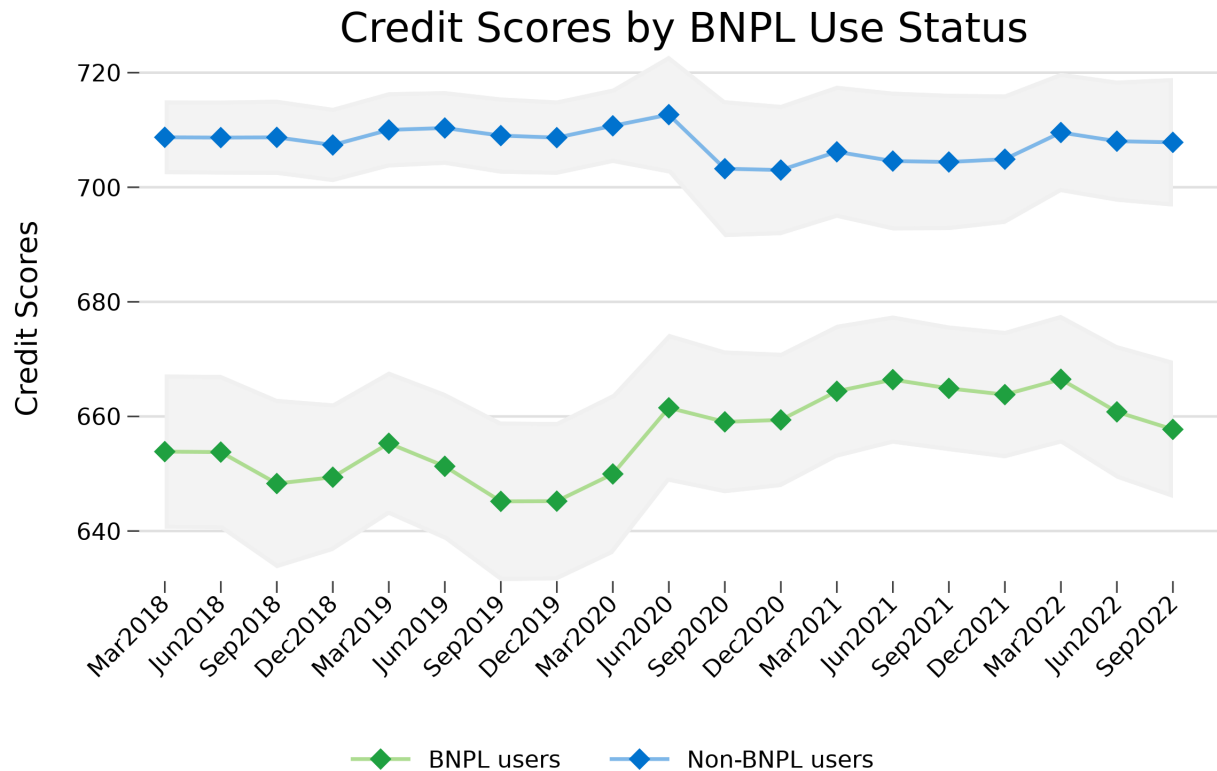
BNPL users are heavy credit users already

Open Account — Percent with each credit type

Credit Type	Non BNPL User (n=1621)	BNPL User (n=415)
Any Product	86	95
Credit Card	75	88
Open Retail	44	62
Personal	13	32
Auto	41	48
Student	17	33
Mortgage	33	27

Delinquency — Percent with each credit type

Credit Type	Non BNPL User (n=1621)	BNPL User (n=415)
Any Product	7	18
Credit Card	3	9
Open Retail	1	8
Personal	1	4
Auto	2	5
Student	0	1
Mortgage	0	1

Expense Shocks Matter

- MEM has always measured shocks and household changes
- More recently measuring the size of shocks
  - Only a survey can distinguish shocks from planned expenditures
- "In the past 12 months, has your household experienced a significant unexpected expense from any of the following?"
  - Options include: A major out of pocket moving expense, a vehicle repair or replacement, moving costs, legal fees, taxes or fines
  - If yes, about how much was the cost?
- "In the past 12 months, has your household experienced a significant drop in income from any of the following?"
  - If yes, about how much was the cost?

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Expense Shocks Matter

Lose at least this percent income	MEM Unexpected Expenses (%)	MEM Income Drops (%)	PSID Income Drops (%)
50 percent	3.53 (0.47)	2.32 (0.33)	3.79
60 percent	2.68 (0.42)	1.30 (0.25)	2.05
70 percent	2.00 (0.35)	0.56 (0.17)	1.04
80 percent	1.66 (0.33)	0.35 (0.14)	0.37
90 percent	1.28 (0.29)	0.09 (0.05)	0.07

Legend:
- Unexpected expenses (MEM)
- Significant income drops (MEM)
- Income drop (PSID)

Understanding default

	Group mean		
	Unexpected expenses (% inc. lost)	Income drops (% inc. lost)	Unexpected expenses ($ lost)
Vantage score one year before survey			
300-499	16.02	14.91	8229.9
	(2.695)	(2.714)	(2743.3)
500-600	12.81	9.525	6080.5
	(1.763)	(1.126)	(951.9)
601-660	9.198	6.887	6359.3
	(0.967)	(0.906)	(914.8)
661-780	10.70	4.865	9069.1
	(1.294)	(0.458)	(1148.5)
781-850	8.402	2.839	7853.0
	(0.648)	(0.371)	(621.3)
Observations	2948	2892	2948

Discussion questions

- What are the most important research questions that the CFPB should be attempting to answer using the Making Ends Meet survey?

    □ From a policy perspective?

    □ From the perspective of academic research?

- How can we better position our yearly report as the place to look to understand household financial stability and how it is changing?

- What household financial stability questions or concepts should we measure and report?

- How can the Making Ends Meet surveys better meet academic research needs?

- The credit bureau association give an administrative panel component to the surveys which continues to update. How can we best use this powerful structure to answer important questions?