

CONSUMER FINANCIAL PROTECTION BUREAU | AUGUST 2024

# Financial Literacy Annual Report



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# 1. Introduction

The Consumer Financial Protection Act of 2010 mandates that the Director of the Consumer Financial Protection Bureau (CFPB) submit to Congress an annual report on the CFPB's financial literacy activities and strategy to improve the financial literacy of consumers.<sup>1</sup>

The CFPB strives to be a source for objective information and encourages neutral and unbiased financial education programs that do not promote any product or service. Financial education should never be used to shame people or to shift responsibility from corporate wrongdoers to individual consumers. Instead, financial education should empower consumers to assert their rights and seek help when something goes wrong.

The CFPB develops programs and resources to address incomplete and often asymmetric information about financial services, products, and practices provided to consumers by consumer financial service providers. Ensuring that consumers know where to turn when they need help is central to the CFPB's financial education strategy. The CFPB engages directly with consumers to learn about their experiences with financial products and services and then uses that information to inform financial education efforts. A deeper understanding of consumers' experiences helps the CFPB identify areas of focus and tailor its financial education efforts. Consumer insights can also contribute beyond consumer education, helping the CFPB's supervision, enforcement, and rulemaking work to better achieve its goals.

The CFPB also continues to highlight efforts to increase financial well-being in individuals that reflect a diversity of circumstances, opportunities, and aspirations. This report highlights examples of effective financial education using the CFPB's research-based approach.

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<sup>1</sup> 12 U.S.C. § 5493(d)(4).

## 2. The CFPB's approach to financial education

The CFPB makes every effort to be a source of unbiased, objective information consumers can trust, and develops guides and resources for educators and consumers in multiple languages. The CFPB also strives to disseminate evidence-based approaches for practitioners to increase the effectiveness of financial education. For example, Ask CFPB is the agency's flagship education tool that provides clear, impartial answers to hundreds of consumer-oriented questions about financial services and products. In fiscal year 2023 (FY23), Ask CFPB was the most widely used financial education resource on [consumerfinance.gov](https://consumerfinance.gov), serving 10.95 million visitors with 16.3 million pageviews. Ask CFPB accounted for 42% of the top 100 webpages on [consumerfinance.gov](https://consumerfinance.gov).

To build on the success of Ask CFPB, and to reach consumers where they are looking, the CFPB prioritized efforts to improve the performance of Ask CFPB content. The CFPB implemented search engine schema<sup>2</sup> and search engine optimization (SEO) for the most viewed Ask CFPB pages. Additionally, the CFPB worked to improve the usability and navigation of Ask CFPB content by reducing the amount of duplicative or under-utilized content. As a result, the total number of Ask CFPB questions was reduced from 1,158 questions in fiscal year 2022 (FY22) to 733 questions in FY23 (a 37% reduction), while the total number of visitors across Ask CFPB increased by 29.8% from 8.4 million to 10.9 million. The CFPB is continuing this work across all consumer-facing education digital products in 2024.

To reach consumers with Limited English Proficiency (LEP), the CFPB updated its Language Access Plan,<sup>3</sup> highlighting the commitment to language access activities across its operations, including financial education. More than 67 million people, or about 22% of the U.S. population over the age of five, speak a language other than English at home. Of these, more than 26 million people in the United States have limited proficiency in English.<sup>4</sup> The Language Access Plan highlights the CFPB's Office of Financial Education's role in co-chairing the Bureau's Language

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<sup>2</sup> Search Engine Schema is a webpage code standard used to help search engines understand and categorize webpage content so that the search engine can display richer and more informative search results for users.

<sup>3</sup> See Consumer Fin. Prot. Bureau, *CFPB Language Access Plan*, <https://www.consumerfinance.gov/data-research/research-reports/the-cfpb-language-access-plan-for-consumers-with-limited-english-proficiency/>

<sup>4</sup> See U.S. Census Bureau's 2018-2022 American Community Survey 5-year estimate, <https://data.census.gov/table?q=DP02>. Spanish is the most widely spoken non-English language with approximately 40 million speakers, and it constitutes the largest share of the LEP population, followed by Chinese, Vietnamese, Korean, and Tagalog speakers. These five languages are spoken by more than 78% of LEP individuals. Studies have shown that information in consumers' native languages is critical to improved financial well-being.

Access Task Force that is responsible for creating and supporting an effective infrastructure to ensure consumers with LEP have access to financial education resources. In addition, the Language Access Task Force oversees an internal translation process and has developed style guides and glossaries.<sup>5</sup>

As part of its efforts to effectively reach LEP consumers, the CFPB conducted in-language focus groups and user testing of in-language webpages on the CFPB website. Through these pages, the CFPB offers information directly to LEP consumers through Arabic, Chinese, Haitian Creole, Korean, Russian, Spanish, Tagalog, and Vietnamese translated content. The CFPB has also promoted its availability to consumers with LEP through community service channels. Traffic to the CFPB's in-language web pages has increased by 86% in FY23 compared to FY22.

The CFPB's financial education print publications provide straightforward information about money management and other financial issues like credit products, debt collection, reading credit reports and building credit, buying a home and how to avoid foreclosure, remittances, and many other topics. The CFPB makes many of these resources available in English, Spanish, and the seven other languages for download or free bulk ordering at [consumerfinance.gov/order](https://www.consumerfinance.gov/order).

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<sup>5</sup> See Consumer Fin. Prot. Bureau, *Translated Financial Terms*, <https://www.consumerfinance.gov/consumer-tools/educator-tools/adult-financial-education/tools-and-resources/#translated-financial-terms>

# 3. The CFPB’s principles of effective financial education

In 2016, the CFPB conducted research into what makes financial education effective. Those findings were summarized into five principles that financial educators, financial coaches, and other practitioners can put into practice to help drive financial action and well-being. In 2024, the CFPB updated those principles based on recent studies on the effectiveness of financial education, interviews with financial education practitioners, and other research.

Financial education plays an important role in people’s lives and recent trends show an increase in gamified financial education using digital apps focused on teaching and recalling financial facts for points or prizes. However, *effective* financial education goes beyond remembering facts and develops true understanding where information can be applied to consumers’ personal situation. It means equipping consumers to understand the financial marketplace and make sound financial choices in pursuit of their life goals. It means helping consumers as they work to bridge the gap between their knowledge, their intentions, and the actions they take. It means deploying a wide range of strategies that help consumers to achieve the ultimate goal of financial education: financial well-being.

Part of financial skill is approaching claims about financial products and services with skepticism. Vast amounts of money are spent by the financial industry to make their services and products appear attractive to consumers, using financial “education” to push products or highlighting the upsides while downplaying the risks. Furthermore, modern technology—including apps and websites that collect user information or technology marketed as “AI”—enable companies to track and target each consumer with custom ads and surveillance prices that seek to maximize profit from individuals based on their browsing history, address, shopping history, demographic makeup, or other data. The mass availability of consumer data has led to the increases in identity theft, financial fraud, and scams. Young people may be especially vulnerable to these tactics, as their financial habits are still forming, and the impact can be felt for years. The CFPB aims to provide people with the information, steps, and tools they need to navigate difficult financial decisions.

The CFPB has examined what financial well-being means to consumers, in their own words, for their own lives. The CFPB has also created a rigorous way to measure—and developed a model of what factors drive—an individual’s financial well-being.<sup>6</sup> Research demonstrates there is no

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<sup>6</sup> See Consumer Fin. Prot. Bureau, *Financial Well-Being Resources*, <https://www.consumerfinance.gov/consumer-tools/educator-tools/financial-well-being-resources/>.

single right way to help consumers improve their financial decision-making skills and choices, just as there is no single right way everyone should conduct their financial lives. There are many approaches that work, reflecting the diversity of people’s circumstances, opportunities, and aspirations.

## Five principles of effective financial education

The CFPB has distilled and updated from research—and from the input of leaders and experts in the financial education field<sup>7</sup>—five principles that can be put into practice through financial education to help drive financial action and well-being:

1. Know the individuals, families, and communities being served
2. Provide timely, relevant, and actionable information
3. Develop and build financial skills
4. Build on personal motivation
5. Make it easier for consumers to take actions that align with their financial goals<sup>8</sup>

This section highlights the five principles and how the CFPB utilizes these principles in its own financial education efforts.

### 3.1 Principle 1: Know the individuals, families, and communities being served

Financial education is more effective when it responds to an individual’s specific situation and the unique factors that shape it. Principle 1 recommends matching financial education to a person’s specific financial challenges, goals, and circumstances, rather than a one-size-fits-all approach. Implementing this principle requires developing a holistic understanding of an individual’s financial situation, by building a relationship based on trust and taking an empathetic and nonjudgmental approach that centers on a person’s humanity.

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<sup>7</sup> This included conversations with key stakeholders in the nonprofit, government, and private sectors engaged in financial education. The CFPB specifically recruited practitioners who serve consumers who have been historically disadvantaged by the financial system and underserved by financial education. An explicit equity lens was applied to the effort to ensure that the principles would reflect approaches that were effective for diverse populations.

<sup>8</sup> See Consumer Fin. Prot. Bureau, *Effective financial education: Five principles and how to use them*, <https://www.consumerfinance.gov/data-research/research-reports/effective-financial-education-five-principles-and-how-use-them/>.

It is also important to understand the systemic barriers and challenges that people face. For example, generations of structural and systemic discrimination has limited access to housing, education, and employment, resulting in fewer economic resources and opportunities for some populations. Cultural considerations may also influence financial situations and available choices. Understanding these types of factors are important for: (1) tailoring information to the realities of a person’s circumstances;<sup>9</sup> (2) contextualizing the decision-making of choices and options available to them; and (3) developing appropriate expectations about how financial education can (and cannot) help them.

## How the CFPB implements Principle 1

The CFPB is committed to making financial markets work for all consumers. The CFPB works to understand the context in which consumers experience the financial marketplace by taking consumer complaints, researching consumers’ experiences with financial products, and talking directly to consumers.

The CFPB uses insights from consumer complaints, and information gained about business practices’ impact on different consumer populations, to inform its resources for consumers.<sup>10</sup> As needed, the CFPB also uses these insights to provide timely communications that are shared with practitioners who work one-on-one with consumers.

The CFPB also strives to be a trusted source for consumers and an amplifier for their experiences in the marketplace. As a result, the CFPB recently launched a series of ambitious efforts to improve how information is collected from the public. These efforts will ensure CFPB’s work is guided by consumers and those that work in the financial education field.

The CFPB sought paths for effective, responsible user research that aligns with the Paper Reduction Act (PRA) to improve financial education products and services. These methods allow the CFPB to conduct user research quickly, understand consumers’ day-to-day experiences, and protect them more effectively while improving financial education products and services.<sup>11</sup>

For example, in 2023, after working directly with consumers and practitioners through in-language focus groups, interviews with intermediary organizations, and user testing, the CFPB

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<sup>9</sup> For example, research has shown patterns of systematic underappraisal of homes owned by African Americans and in African-American neighborhoods. It is therefore critical to provide information on how to identify and report suspicious appraisals to African-American homeowners who may be considering selling their home or tapping into their home equity for other financial needs.

<sup>10</sup> In 2023, the CFPB received approximately 1,657,600 (almost 32,000 per week) consumer complaints. *See, e.g.,* Consumer Fin. Prot. Bureau, *Consumer Response Annual Report (2024)*, <https://www.consumerfinance.gov/data-research/research-reports/consumer-response-annual-report-2023/>.

<sup>11</sup> <https://www.consumerfinance.gov/about-us/blog/our-agency-wide-effort-to-listen-to-the-people-we-serve/>



improved its translated resources to better meet the needs of LEP populations and to help them better navigate the financial marketplace.

Furthermore, the voice and tone of the CFPB's resources and materials are empathic and nonjudgmental so that consumers feel supported and not judged.

## 3.2 Principle 2: Provide timely, relevant, and actionable information

Principle 2 is about delivering education in a way that helps it stick. It recommends providing information that is relevant to a person's financial goals at a time they can put it to use. It also emphasizes the importance of providing clear steps to make it easier for people to put information into action.

People are more likely to retain information when it is connected to an upcoming decision that matters to them and is presented along with concrete steps they can follow. Research shows that the type of information that is provided and the manner and timing of its delivery influence how well people absorb and use it. Simply stated, people are more likely to retain and act on information if it is timely, relevant, and actionable.

### How the CFPB implements Principle 2

As a government agency charged with protecting America's consumers of financial products and services, the CFPB strives to help people make better informed decisions by providing them with timely, relevant, and actionable information.

To meet consumers where they are, the Bureau offers just-in-time resources for people in moments of financial crisis or confusion. These resources, like Ask CFPB, provide timely answers and action steps to help clarify situations and address challenges in the financial marketplace. They are organized on the website to help consumers quickly find information and guidance relevant to their needs.

Additionally, the CFPB has focused on utilizing schema and search engine optimization (SEO) to help consumers easily find authoritative answers to their financial questions right when they need them. Ask CFPB content is therefore optimized to reach consumers researching the financial information they need in real time. People using search engines create 82% of the web traffic to Ask CFPB.

## 3.3 Principle 3: Develop and build financial skills

Financial skills are powerful because consumers can apply skill to all kinds of financial decisions, even those that are new and unfamiliar. Principle 3 recommends that financial education programs support individuals by helping them develop “financial skills”—that is, the ability to find, evaluate, and act on reliable information. Developing financial skills helps individuals build confidence, which in turn empowers them when navigating the financial marketplace.

Financial skills encompass the three elements described below.

### Assessing the reliability of financial information

Trustworthy information is key when consumers are purchasing a product or making a long-term decision such as borrowing for college, buying a house, or managing retirement assets. Many consumers use comparison-shopping tools to evaluate the costs, features, and terms of many financial products, including credit cards, loans, and bank accounts. However, consumers often encounter manipulated results or digital dark patterns that may violate federal law as they are fueled by behind-the-scenes incentive payments from lenders. With so many complex considerations and information sources available, it is critical that consumers have access to accurate, objective, reliable information to aid them in the decision-making process.

### Processing financial information to make financial decisions

Once consumers have reliable information, they need to be able to filter it and know what information is most relevant to them. There are often pros and cons to many financial decisions, and consumers need to be equipped to evaluate the information they have found and apply it to their specific situation.

### Executing financial decisions and adapting as necessary to stay on track

Once consumers have processed information, they need to be able to figure out how to act on it and what steps to take. Their financial goals may be long-term, so they need to have the skill not only to stick with the original plan, but also to adapt it as necessary to any challenges or opportunities along the way. Experience and practice can help build these skills that underlie financial well-being.<sup>12</sup>

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<sup>12</sup> Anita I. Drever et al., Foundations of Financial Well-Being: Insights Into the Role of Executive Function, Financial Socialization, and Experience-based Learning in Childhood and Youth, *J. of Consumer Affairs*, Vol. 49, Issue 1, (Spring 2015) at 13–38, <https://onlinelibrary.wiley.com/doi/full/10.1111/joca.12068>.

## How the CFPB implements Principle 3

The CFPB works to ensure people’s ability to access and use a reliable information source which empowers consumers with clear, data-backed, action oriented, up-to-date resources. For example, the [Consumer Tools](#) on [consumerfinance.gov](#) provide users with objective information, data, and tools on financial products and services that will equip consumers to comparison shop. Additionally, [Buying a House](#) helps homebuyers take control of the process with advice on how to prepare, evaluate loan choices, and understand interest rates.

## 3.4 Principle 4: Build on personal motivation

Principle 4 recommends helping people strengthen and reinforce traits that help them stay motivated to achieve their financial goals.

There is often a gap between what people intend to do and what they actually do. Knowledge and skills alone do not necessarily lead to action. Motivation is also critical.<sup>13</sup>

People who come to financial education and financial capability programs are likely to be motivated.<sup>14</sup> How can that motivation be reinforced and channeled to support people in achieving their financial goals?

The CFPB’s research points to three key traits that can help people stay motivated to take actions that align with their intentions: (1) having an internal frame of reference that connects financial actions and decisions to their own values, circumstances, and goals; (2) having confidence in their ability to influence financial outcomes (also called financial self-efficacy); and (3) having the ability to stay on track even in the face of obstacles (that is, perseverance).

## How the CFPB implements Principle 4

Consumers can use the CFPB’s Financial Well-Being Scale to measure and track their overall progress towards financial well-being.<sup>15</sup> This can help build a sense of self-efficacy and

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<sup>13</sup> Karen Holden, *The Emotions and Cognitions Behind Financial Decisions: The Implications of Theory for Practice*, U. of Wisconsin-Madison Ctr. for Fin. Sec. Working Paper 10-4, (Sep. 2010).

[https://www.rand.org/content/dam/rand/pubs/conf\\_proceedings/2010/CF283/emotions-cognitions-behind-financial-decisions.pdf](https://www.rand.org/content/dam/rand/pubs/conf_proceedings/2010/CF283/emotions-cognitions-behind-financial-decisions.pdf)

<sup>14</sup> It is important to recognize that assessing someone’s motivation is difficult. For example, scarcity of resources can impair consumer behavior and decision-making in ways that may make it look like they are “unmotivated.” In reality, a “scarcity mindset” may be causing them to shift their attention and focus to matters directly related to the scarce resource and away from matters less directly related. A scarcity mindset can also result in lower overall cognitive “bandwidth”—i.e., lowering an individual’s capacity to think, problem-solve, and act.

<sup>15</sup> See Consumer Fin. Prot. Bureau, *Find out your financial well-being*, <https://www.consumerfinance.gov/consumer-tools/financial-well-being/>.

perseverance. The CFPB developed the Financial Well-Being Scale to make it possible to measure something that is not easily quantified: the extent to which people’s financial situation and the financial capability they have developed provide them with security and freedom of choice, the indicators of financial well-being. The scale is free and publicly available. For practitioners, there is a supplemental guide with detailed steps for use and scoring.

## 3.5 Principle 5: Make it easier for consumers to take actions that align with their financial goals

Principle 5 highlights that a person’s environment can influence what decisions they make and what actions they take or don’t take.

People’s actions are often driven not simply by their own intentions, but also by the environment or set of conditions in which they make and carry out decisions. This is referred to as the decision context. Some elements of a decision context may make it easier for people to take actions that align with their intentions and goals. Other elements may make taking such actions more difficult.<sup>16</sup> Some elements of the decision context might lie outside a person’s control while other elements may be within their control.

Financial educators can help the people they serve by: (1) identifying elements of their decision context that may be hindering their ability to take actions that align with their financial goals; (2) understanding which of those elements are within their control; and (3) making changes to those elements in ways that make it easier for them to take actions that advance their financial goals.

### How the CFPB implements Principle 5

Through policy, supervision, and enforcement work, the CFPB strives to improve a consumer’s environment by increasing access to opportunities and high-quality financial products and services across the country for consumers, with special attention to people who historically have been underserved.

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<sup>16</sup> For example, if an individual has saving for retirement as a financial goal, their employer’s retirement plan—or lack thereof—can make it easier or harder to save on a regular basis. One employer might automatically enroll its employees in its retirement plan and put a certain percentage of their pre-tax earnings into their retirement account unless the employee “opts out” of the plan. The structure of this retirement plan makes it easy to regularly save for retirement—employees literally have to do nothing. Another employer may not have a retirement plan at all. In this case, it is more difficult to save for retirement since it requires an employee to open a retirement account elsewhere and regularly make deposits into it.

At the same time, the CFPB’s financial education strategy aims to support people in making the most of their existing situation. Work in this area includes developing:

- Sample letters across various money topics—such as credit, banking, debt collection—to help people overcome barriers to resolving problems with their financial institution;
- Step-by-step guides—such as [Managing someone else's money](#) and [Dealing with disasters and emergencies](#)—that help people break big decisions into achievable pieces;
- Disclosure explainers that help break down barriers to understanding prepaid cards, mortgage, loan estimate, and closing legal documents; and
- Consumer Advisories that clearly communicate the impact of a CFPB action or policy topic on a specified group of consumers, or consumers generally. These advisories provide specific, actionable steps that impacted consumers can take to protect themselves or assert their rights.

# 4. Conclusion

Congress tasked the CFPB with the substantial responsibility for protecting consumers and improving the financial literacy of people in the United States. The CFPB provides information and guidance regarding consumer financial products or services available to all those who use them, including traditionally underserved consumers and communities.

The CFPB also delivers scalable services and tools designed to empower consumers in the marketplace, respond to challenges, and make better informed financial decisions such as Ask CFPB.

The CFPB seeks to strengthen the delivery of financial education in the United States by providing financial education professionals with evidence-based frameworks, including the five principles of effective financial education, the Financial Well-Being Scale, and other research and materials to use as they provide training to the people they serve in their communities. These professionals include financial educators for adults, military leaders, public and private school educators, librarians, volunteers, local leaders, social service providers, persons serving seniors, and persons addressing the prevention of elder abuse.

Through the work described in this report, the CFPB seeks to enhance the financial well-being of all U.S. consumers to make decisions about money that support their own life goals.