

# Measuring the Financial Well-Being of Hispanics

2018 Financial Well-Being Score Benchmarks

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# Introduction

This report provides a foundational set of benchmarks of the financial well-being of Hispanics<sup>1</sup> ages 18 and older in the United States in 2018, as measured by the Consumer Financial Protection Bureau (CFPB) Financial Well-Being Scale,<sup>2</sup> that practitioners and researchers can use in their work. With these benchmarks, the CFPB continues its efforts to expand the body of knowledge on how financial well-being varies for specific populations and consumers of financial products and services.<sup>3</sup>

In recent years, financial well-being has gained significant attention as an important outcome of various educational, policy, and programmatic interventions. This growing attention is a recognition of the value of measuring people’s financial situation holistically, including their satisfaction with their financial situation. While people’s assessments of their financial well-being may be based on subjective factors such as preferences and expectations, there is strong evidence that these assessments are grounded in people’s objective financial experiences and circumstances.<sup>4</sup>

Since 2013, the CFPB has been studying the concept of financial well-being. This effort led to the creation of a definition, based on consumers’ own words, that has become widely adopted in the United States and internationally. Financial well-being is defined as the state wherein an individual has a sense of (1) having control over day-to-day and month-to-month finances; (2)

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<sup>1</sup> The term “Hispanic” includes respondents who self-identified as being of Hispanic or Latino origin in the 2018 National Financial Capability Survey English-language and Spanish-language surveys. In addition, the term “Hispanic” includes respondents who self-identified as being of Spanish descent in the Spanish-language survey.

<sup>2</sup> CFPB, *Measuring financial well-being: A guide to using the CFPB Financial Well-Being Scale* (2015), available at [https://files.consumerfinance.gov/f/201512\\_cfpb\\_financial-well-being-user-guide-scale.pdf](https://files.consumerfinance.gov/f/201512_cfpb_financial-well-being-user-guide-scale.pdf).

<sup>3</sup> Previous CFPB studies on financial well-being can be found at <https://www.consumerfinance.gov/data-research/research-reports/?topics=financial-well-being>. In 2019, the CFPB also commissioned ten research projects that examined the financial well-being of low-income adults, financial coaching program participants, student loan borrowers, older homeowners, reverse mortgage borrowers, and cancer patients. The studies also examined how scores change over time, and the factors associated with a change in scores. Summaries of these studies can be found at <https://www.consumerfinance.gov/about-us/events/archive-past-events/cfpb-financial-well-being-research-conference>.

<sup>4</sup> CFPB, *Pathways to Financial Well-being* (2018), available at [https://files.consumerfinance.gov/f/documents/bcfp\\_financial-well-being\\_pathways-role-financial-capability\\_research-brief.pdf](https://files.consumerfinance.gov/f/documents/bcfp_financial-well-being_pathways-role-financial-capability_research-brief.pdf)

having capacity to absorb a financial shock; (3) being on track to meet financial goals; and (4) being able to make financial choices to enjoy life.<sup>5</sup>

To measure financial well-being, the CFPB also developed a scale and score.<sup>6</sup> The scale has been fielded in numerous surveys, allowing researchers to examine the financial well-being of populations such as older adults, millennials, servicemembers, veterans, low-income individuals, and other population segments.

The financial well-being score benchmarks for the Hispanic population presented in this report were developed using data from the FINRA Foundation's 2018 National Financial Capability Survey (NFCS).<sup>7</sup> The survey provided a large sample, that included a Spanish-language subsample, to examine variations in financial well-being scores within the Hispanic population. This report specifically shows financial well-being score patterns for Hispanic adults by socio-demographics, financial inclusion, safety nets, and financial literacy factors. The benchmarks complement a January 2021 analysis using the NFCS that provided detailed information on the financial well-being of Hispanic women, and the factors associated with their well-being.<sup>8</sup>

The benchmarks in this report are based on 2018 data; as such they are not reflective of the current state of financial well-being of Hispanics or the impact of COVID-19 in their financial lives. However, the scores allow for reliable comparisons of changes in financial well-being over time. As new data become available, it is possible to use the scores in this report to examine the impact of COVID-19 on people's financial well-being, as well as evaluate how people and governments have responded to the financial challenges resulting from the pandemic.

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<sup>5</sup> CFPB, *Financial well-being: The goal of financial education* (2015), available at [https://files.consumerfinance.gov/f/201501\\_cfpb\\_report\\_financial-well-being.pdf](https://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf).

<sup>6</sup> CFPB, *Financial Well-being Scale: Scale Development Technical Report* (2017), available at [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705\\_cfpb\\_financial-well-being-scale-technical-report.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705_cfpb_financial-well-being-scale-technical-report.pdf).

<sup>7</sup> The methodology section provides detailed information about the FINRA Foundation's 2018 National Financial Capability Survey data, analysis, and weighting.

<sup>8</sup> Robert Clark, Annamaria Lusardi, Olivia Mitchell and Hallie Davis, *Financial Well-being among Black and Hispanic Women* (January 2021), available at <https://gflec.org/wp-content/uploads/2021/02/Financial-Well-being-among-Black-and-Hispanic-Women-WP-Feb2021.pdf>. The study found small differences in the distribution of financial well-being scores between Hispanic, Black, and White women. However, it found important differences in the factors that predicted the financial well-being of each group. More specifically, education, family structure, employment, and financial literacy appeared to contribute differentially to the financial well-being of each group.

# Measuring financial well-being

To reliably measure financial well-being, including the subjective components of the definition, the CFPB created the Financial Well-Being Scale (Figure 1). The scale is the first publicly available, validated, and tested tool to measure a consumer’s sense of financial well-being.<sup>9</sup>

The standard version of the CFPB Financial Well-Being Scale consists of 10 items. There is also an abbreviated version of the scale that consists of five questions.<sup>10</sup> The scores presented in this report were generated using the abbreviated scale.

**FIGURE 1:** CFPB FINANCIAL WELL-BEING SCALE

Questions	Statement	Response Options
<b>How well does this statement describe you or your situation?</b>	1. I could handle a major unexpected expense.	<ul style="list-style-type: none"> <li>• Describes me completely</li> <li>• Describes me very well</li> <li>• Describes me somewhat</li> <li>• Describes me very little</li> <li>• Does not describe me at all</li> </ul>
	2. <i>I am securing my financial future.</i>	
	3. <i>Because of my money situation, I feel like I will never have the things I want in life.*</i>	
	4. I can enjoy life because of the way I'm managing my money.	
	5. <i>I am just getting by financially.*</i>	
	6. <i>I am concerned that the money I have or will save won't last.*</i>	
<b>How often does this statement apply to you?</b>	7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month.*	<ul style="list-style-type: none"> <li>• Always</li> <li>• Often</li> <li>• Sometimes</li> <li>• Rarely</li> <li>• Never</li> </ul>
	8. I have money left over at the end of the month.	
	9. I am behind with my finances.*	
	10. <i>My finances control my life.*</i>	

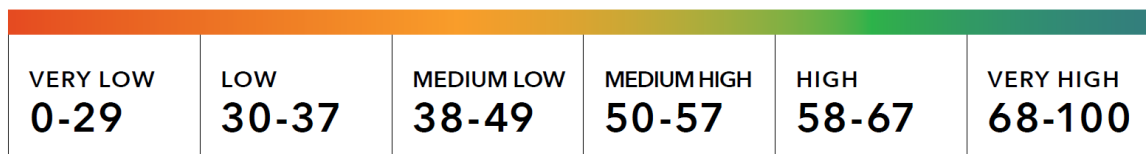
\* More affirmative responses indicate lower levels of financial well-being. The statements in *italics* are included in the abbreviated five-item version.

<sup>9</sup> For more information on scoring, see CFPB, *Financial Well-being Scale: Scale Development Technical Report* (2017), available at [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705\\_cfpb\\_financial-well-being-scale-technical-report.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705_cfpb_financial-well-being-scale-technical-report.pdf).

<sup>10</sup> *Id.* The scale development technical report provides information on the differences between the standard and abbreviated scales, and the reliability measures.

An individual’s responses to the items in the scale yields a score.<sup>11</sup> The score is a standardized number between 0 and 100 that quantifies a person’s underlying level of financial well-being. Each unit increase in the score indicates a higher level of financial well-being. The score is adjusted by age to account for differences in response patterns among older and younger adults.<sup>12</sup> This score can be compared across groups and over time. The scores are grouped in six categorical ranges from *very low* to *very high* (Figure 2).

**FIGURE 2:** FINANCIAL WELL-BEING SCORE RANGES



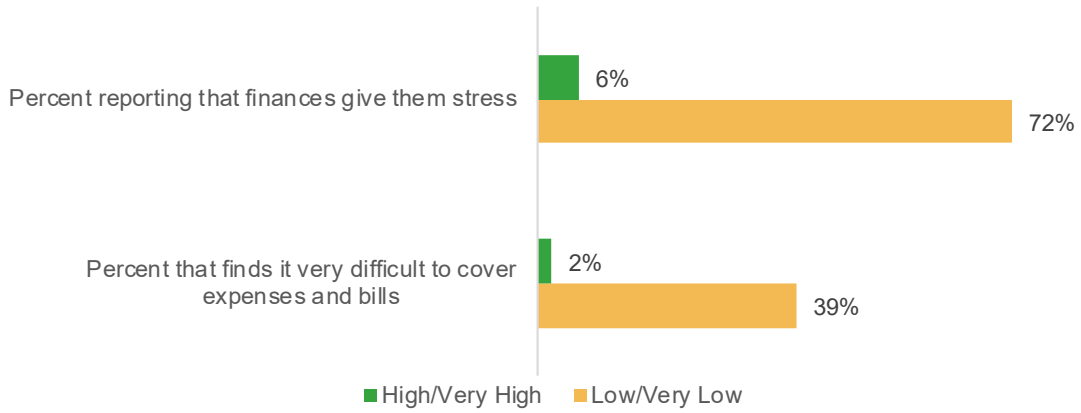
No single financial experience or question captures people’s holistic sense of financial well-being. However, in general, at each higher score range category, the likelihood that a person will experience financial and material hardship decreases considerably.<sup>13</sup> For example, the percent of Hispanics finding it very difficult to cover their monthly expenses and bills or feeling stressed about their finances is significantly lower among those with high and very high scores than those with low and very low scores (Figure 3).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* More specifically, the parameters that are used to estimate the financial well-being scores are different for adults ages 62 and older than adults ages 18 to 61. Similarly, the parameters that are used to estimate the financial well-being scores are different for situations when the respondent answered the questions (scale self-administered) than when someone else read the questions to the respondent (scale administered by someone else).

<sup>13</sup> CFPB, *Getting started with measuring financial well-being: A toolkit for financial educators* (2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_financial-well-being\\_toolkit.pdf](https://files.consumerfinance.gov/f/documents/cfpb_financial-well-being_toolkit.pdf)

**FIGURE 3:** RELATIONSHIP BETWEEN FINANCIAL WELL-BEING SCORE RANGES AND SELECTED FINANCIAL EXPERIENCES



*Source: CFPB analysis of 2018 National Financial Capability Survey.*

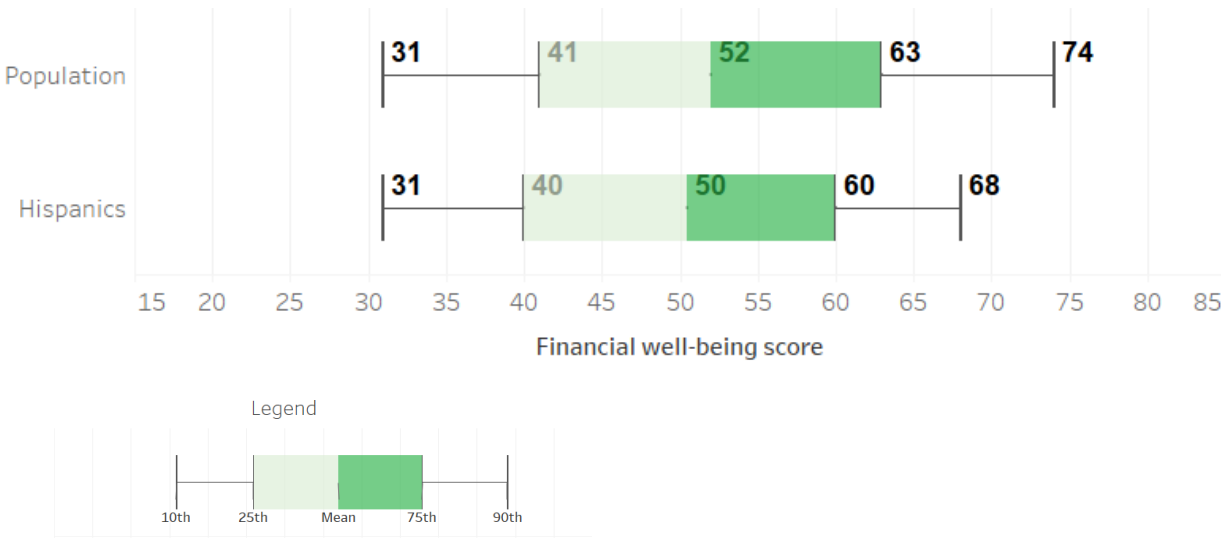
# Financial well-being scores

## Overview

The average financial well-being score for Hispanic adults ages 18 and older in the United States was 50 in 2018. In comparison, the average for all adults in the United States was 52. This two-point difference is statistically significant.

The differences between Hispanics and the general adult population are more noticeable in the distribution of scores than the average scores themselves. Figure 4 shows the scores for the 10<sup>th</sup>, 25<sup>th</sup>, 75<sup>th</sup>, and 90<sup>th</sup> percentiles. Financial well-being scores do not vary as much among Hispanics as among the general adult population, as measured by the difference in scores between the 10<sup>th</sup> and 90<sup>th</sup> percentiles. The difference between the 10<sup>th</sup> and 90<sup>th</sup> percentiles for Hispanics is 37 points, compared to 43 points for the general adult population. Figure 4 also shows that the scores for the 10<sup>th</sup> and 25<sup>th</sup> percentiles for Hispanics and the general adult population are statistically similar. In contrast, there are significant differences in the scores for the 75<sup>th</sup> and 90<sup>th</sup> percentiles.

**FIGURE 4:** DISTRIBUTION OF FINANCIAL WELL-BEING SCORES FOR ADULTS AGES 18 AND OLDER, BY HISPANIC ORIGIN

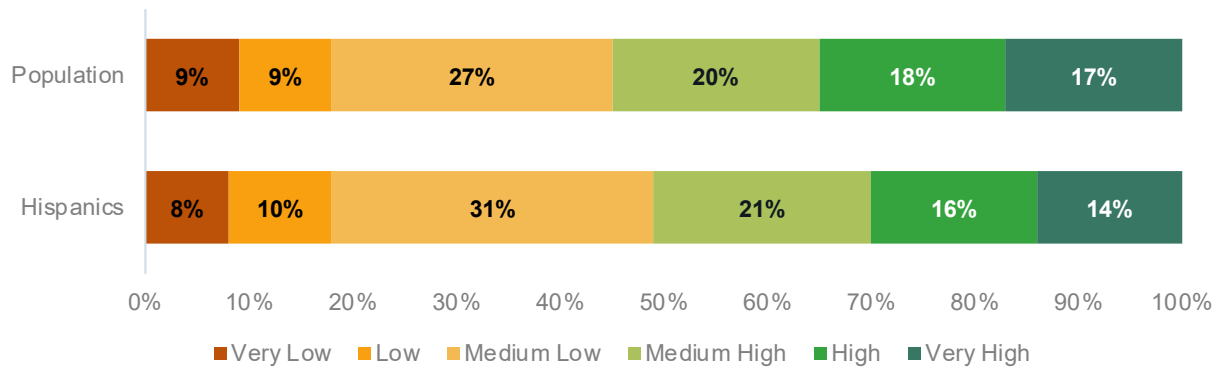


Source: CFPB analysis of 2018 National Financial Capability Survey.



Figure 5 shows the percent of Hispanics and the general adult population with scores falling inside a specific score range. Consistent with the distribution by percentiles, a similar percent of Hispanics and the general adult population fall within the two lowest score ranges. However, there is a five-point difference in the percent of Hispanics (30 percent of adults have high or very high scores) and the general adult population in the two highest score ranges (35 percent of adults have high or very high scores).

**FIGURE 5:** PERCENT OF ADULTS AGES 18 AND OLDER BY FINANCIAL WELL-BEING SCORE RANGE AND HISPANIC ORIGIN



Source: CFPB analysis of 2018 National Financial Capability Survey.

# Detailed tables

The following tables provide the detailed distribution of the CFPB Financial Well-being Scores by selected factors including demographics, financial product ownership, financial experiences, and financial literacy.

**TABLE 1:** FINANCIAL WELL-BEING SCORES OF HISPANIC AGES 18 AND OLDER BY SELECTED FACTORS

Category	Sub-category	Average	Standard Deviation	25 <sup>th</sup> PCTL	50 <sup>th</sup> PCTL	75 <sup>th</sup> PCTL
Population <sup>a</sup>	All	52	15.91	41	51	63
Hispanics <sup>a</sup>	Combined Sample	50	15.09	40	50	60
Hispanics (Sub-sample)	English-language Sample	51	15.26	41	50	60
Hispanics (Sub-sample)	Spanish-language Sample	50	14.65	40	49	58
Spanish use <sup>b</sup>	English & Spanish equally	49	12.96	40	48	57
Spanish use <sup>b</sup>	Mostly Spanish	51	13.37	41	51	60
Spanish use <sup>b</sup>	Spanish only	48	16.79	36	45	58
Sex	Male	52	15.51	42	51	62
Sex	Female	49	14.41	39	48	58
Age Group	Under 35	48	12.75	40	48	56
Age Group	35 to 61	50	14.67	40	49	59
Age Group <sup>c</sup>	62 and older	60	18.55	48	59	75
Marital Status	Married	53	15.41	42	51	63
Marital Status <sup>d</sup>	Not Married	48	14.43	39	48	57
Education	High School Diploma or less	49	14.48	39	48	57
Education	College	51	15.29	41	50	61
Employment Status	Employed	51	14.29	41	50	60
Employment Status <sup>e</sup>	Not Employed	50	16.41	39	49	61
Income	Less than \$25,000	44	13.38	35	44	51
Income	\$25,000 to \$49,999	49	13.98	40	48	57
Income	\$50,000 to \$74,999	53	15.12	43	51	62
Income	\$75,000 to \$99,999	55	14.14	45	54	64
Income	\$100,000 or more	59	14.94	49	59	69
Checking Account	Yes	51	15.54	41	50	62
Checking Account	No	45	12.19	38	44	52
Savings Account	Yes	53	15.22	42	52	63
Savings Account	No	44	13.27	35	45	53
Mobile Banking <sup>f</sup>	Yes	50	14.78	41	50	60

Category	Sub-category	Average	Standard Deviation	25 <sup>th</sup> PCTL	50 <sup>th</sup> PCTL	75 <sup>th</sup> PCTL
Mobile Banking <sup>f</sup>	No	54	17.05	42	52	67
Auto Loan <sup>g</sup>	Yes	50	14.01	41	49	59
Auto Loan <sup>g</sup>	No	51	15.79	40	50	61
Homeownership <sup>g</sup>	Yes	54	15.05	44	53	64
Homeownership <sup>g</sup>	No	46	14.25	37	46	55
Self-reported Credit Rating <sup>h</sup>	Average or better	53	14.56	43	52	62
Self-reported Credit Rating <sup>h</sup>	Bad or Very Bad	40	12.82	31	40	48
Retirement Plan <sup>i</sup>	Yes	54	14.93	44	53	63
Retirement Plan <sup>i</sup>	No	46	14.47	36	46	54
Ability to Cover Unexpected Expense <sup>j</sup>	High	56	13.96	47	55	65
Ability to Cover Unexpected Expense <sup>j</sup>	Low	41	11.91	32	41	49
Rainy Day Fund <sup>k</sup>	Yes	58	14.46	48	57	68
Rainy Day Fund <sup>k</sup>	No	44	12.58	36	44	51
Health Insurance <sup>l</sup>	Yes	51	15.48	41	50	62
Health Insurance <sup>l</sup>	No	46	13.13	38	46	55
Financial Knowledge <sup>m</sup>	Below Average	48	14.2	39	47	57
Financial Knowledge <sup>m</sup>	Average or above	53	15.69	42	52	62
Numeracy <sup>n</sup>	Low	47	14.07	38	47	57
Numeracy <sup>n</sup>	Medium	48	13.24	39	48	56
Numeracy <sup>n</sup>	High	52	15.99	41	51	63
Confidence <sup>o</sup>	Low	39	11.94	29	39	47
Confidence <sup>o</sup>	High	54	14.12	44	53	63

Source: CFPB analysis of 2018 National Financial Capability Survey.

All results after the tabulation by “Spanish use” are based on the combined sample of Hispanics who answered the Spanish-language and English-language surveys. Detailed notes with question wording and variable coding are provided on page 18.

**TABLE 2: PERCENT OF HISPANICS AGES 18 AND OLDER IN EACH FINANCIAL WELL-BEING SCORE RANGE BY SELECTED FACTORS**

Category	Sub-category	Very Low (0-29)	Low (30-37)	Medium Low (38-49)	Medium High (50-57)	High (58-67)	Very High (68-100)
Population <sup>a</sup>	All	9%	9%	27%	20%	18%	17%
Hispanics <sup>a</sup>	Combined Sample	8%	10%	31%	21%	16%	14%
Hispanics (Sub-sample)	English-language Sample	8%	10%	30%	21%	16%	14%
Hispanics (Sub-sample)	Spanish-language Sample	9%	10%	32%	22%	15%	12%
Spanish use <sup>b</sup>	English & Spanish equally	7%	10%	35%	24%	15%	8%
Spanish use <sup>b</sup>	Mostly Spanish	4%	14%	27%	26%	17%	12%
Spanish use <sup>b</sup>	Spanish only	16%	16%	24%	16%	8%	18%
Sex	Male	7%	8%	30%	22%	16%	17%
Sex	Female	10%	12%	31%	21%	15%	10%
Age Group	Under 35	7%	11%	36%	24%	14%	8%
Age Group	35 to 61	9%	11%	30%	21%	16%	12%
Age Group <sup>c</sup>	62 and older	8%	3%	18%	18%	19%	35%
Marital Status	Married	7%	8%	27%	22%	18%	18%
Marital Status <sup>d</sup>	Not Married	10%	11%	35%	20%	13%	10%
Education	High School Diploma or less	9%	12%	36%	20%	13%	11%
Education	College	8%	9%	29%	22%	17%	15%
Employment Status	Employed	7%	10%	31%	23%	16%	13%
Employment Status <sup>e</sup>	Not Employed	12%	10%	30%	18%	14%	16%
Income	Less than \$25,000	17%	14%	36%	18%	9%	5%
Income	\$25,000 to \$49,999	9%	11%	33%	22%	15%	10%
Income	\$50,000 to \$74,999	5%	8%	31%	23%	15%	18%
Income	\$75,000 to \$99,999	4%	6%	25%	24%	21%	18%
Income	\$100,000 or more	2%	6%	19%	20%	24%	29%
Checking Account	Yes	9%	9%	28%	21%	17%	15%
Checking Account	No	10%	14%	42%	20%	8%	5%
Savings Account	Yes	6%	8%	29%	22%	18%	18%
Savings Account	No	15%	14%	35%	20%	11%	5%
Mobile Banking <sup>f</sup>	Yes	8%	9%	30%	23%	16%	13%
Mobile Banking <sup>f</sup>	No	8%	9%	26%	16%	19%	23%
Auto Loan <sup>g</sup>	Yes	7%	11%	33%	23%	15%	12%
Auto Loan <sup>g</sup>	No	10%	10%	29%	21%	16%	15%
Homeownership <sup>g</sup>	Yes	5%	7%	27%	23%	18%	20%
Homeownership <sup>g</sup>	No	13%	13%	34%	19%	13%	8%

Category	Sub-category	Very Low (0-29)	Low (30-37)	Medium Low (38-49)	Medium High (50-57)	High (58-67)	Very High (68-100)
Self-reported Credit Rating <sup>h</sup>	Average or better	5%	7%	29%	24%	18%	17%
Self-reported Credit Rating <sup>h</sup>	Bad or Very Bad	23%	20%	37%	11%	7%	3%
Retirement Plan <sup>i</sup>	Yes	5%	7%	28%	21%	20%	19%
Retirement Plan <sup>i</sup>	No	15%	13%	32%	22%	11%	8%
Ability to Cover Unexpected Expense <sup>j</sup>	High	2%	6%	24%	25%	22%	21%
Ability to Cover Unexpected Expense <sup>j</sup>	Low	20%	17%	41%	16%	5%	2%
Rainy Day Fund <sup>k</sup>	Yes	3%	5%	21%	22%	24%	25%
Rainy Day Fund <sup>k</sup>	No	14%	15%	39%	20%	8%	4%
Health Insurance <sup>l</sup>	Yes	8%	9%	29%	21%	17%	16%
Health Insurance <sup>l</sup>	No	11%	13%	36%	23%	10%	7%
Financial Knowledge <sup>m</sup>	Below Average	9%	12%	35%	20%	13%	11%
Financial Knowledge <sup>m</sup>	Average or above	9%	12%	34%	25%	12%	8%
Numeracy <sup>n</sup>	Low	12%	13%	32%	18%	16%	9%
Numeracy <sup>n</sup>	Medium	9%	12%	34%	25%	12%	8%
Numeracy <sup>n</sup>	High	8%	8%	28%	20%	18%	18%
Confidence <sup>o</sup>	Low	25%	20%	38%	11%	4%	2%
Confidence <sup>o</sup>	High	3%	7%	29%	24%	20%	18%

Source: CFPB analysis of 2018 National Financial Capability Survey.

All results after the tabulation by “Spanish use” are based on the combined sample of Hispanics who answered the Spanish-language and English-language surveys. Percentages may not total 100 due to rounding. Detailed notes with question wording and variable coding are provided on page 18.

# Discussion

This report provides detailed data on the distribution of the CFPB Financial Well-Being Score for Hispanics. The report quantifies for the first time the relationship between financial well-being and various characteristics in the Hispanic population. The scores can be used as benchmarks by practitioners and researchers in their work to design programs and other initiatives to improve and protect the financial well-being of their Hispanic clients, and to track changes in financial well-being scores over time. Researchers and practitioners should consider the following observations when using these benchmarks.

## Distribution of scores and comparisons with the general population

The data presented in this report show the importance of focusing on the distribution of the financial well-being scores. The highest score ranges identify individuals who experience consistent financial security, are not concerned about how a financial shock could impact their monthly finances, and can enjoy their lives without jeopardizing their present or future financial well-being. The results show that fewer Hispanics reported scores in the two highest ranges of financial well-being than were reported by adults in the general population.

The lowest score ranges, on the other hand, identify individuals who experience the most severe financial and material hardships, including housing and food insecurity. The results show that there are no differences between the share of Hispanics and the general adult population with scores in the lowest levels of financial well-being. This finding is particularly puzzling given that Hispanics generally have lower income<sup>14</sup> and wealth<sup>15</sup> levels than the general population. There are many possible explanations for the lack of differences in the experience of low financial well-being between Hispanics and the general population. It is possible that the safety net provided by government programs, community organizations, and family may help compensate for the disparities in income and wealth in alleviating a variety of financial hardships. It may also be

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<sup>14</sup> The Census Bureau, Census Bureau, 2019 Current Population Survey shows a median income of \$56,100 for Hispanic households compared to \$68,700 for all households. See U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (CPS ASEC), Table H-5. Race and Hispanic Origin of Householder--Households by Median and Mean Income: 1967 to 2019, available at <https://www2.census.gov/programs-surveys/cps/tables/time-series/historical-income-households/h05.xlsx>.

<sup>15</sup> The Federal Reserve Board 2019 Survey of Consumer Finances shows a median net worth of \$36,000 for Hispanic households compared to \$121,760 for all households. See Federal Reserve Board, SCF Interactive Chart, available at <https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/>.

possible that cultural factors including those that shape expectations and preferences contribute to the lack of differences. These factors deserve to be examined further starting with qualitative research that can provide an in-depth understanding of Hispanics' views on financial well-being and its drivers.

## Value of measuring financial well-being

The data shown in this report indicate that financial well-being scores, while strongly related to traditional financial measures like income and credit quality, provide a unique, holistic measure of people's circumstances. As such, they provide a tool to identify those who are struggling financially across a variety of groups. For instance, among those with incomes below the poverty line, scores can identify those who are at greatest risk and experiencing basic material hardship. Similarly, the scores can help identify individuals who are struggling in groups that normally are assumed to be thriving financially, such as individuals with high incomes or excellent credit status.

## Variations by subgroups

Financial well-being scores among Hispanics increase with age, income, and education. Similarly, the average financial well-being score is higher for males than females and married than non-married Hispanics. The data show that one fifth of renters, women, unmarried individuals, and people between the ages of 35 and 61 have a low or very low level of financial well-being. These findings are particularly concerning because low and very low levels indicate constant and severe material and financial hardship, and these are large segments of the Hispanic population.<sup>16</sup>

## Financial inclusion

On average, financial well-being scores are higher among Hispanics who have bank accounts, retirement accounts, and who own a home, than among those without these products or assets. Similarly, financial well-being scores are higher among those who reported having a good credit score than those who reported having a bad credit score. Because of the known issues of access

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<sup>16</sup> Each one of these groups, independently, account for about half of Hispanic respondents in the survey.

and quality of offering, increasing Hispanics' financial inclusion in banking,<sup>17</sup> credit,<sup>18</sup> retirement plan participation,<sup>19</sup> and homeownership<sup>20</sup> is currently the target of many community and Hispanic-serving organizations. The findings in this report suggest that the CFPB Financial Well-being Scale offers a helpful measure to demonstrate the impact of these efforts on the consumers they serve.

## Financial preparedness and the safety net

The ability to withstand a financial shock is a key component of how people define financial well-being. Not surprisingly, financial well-being scores are generally higher for those who have emergency savings, have health insurance, and can cover an unexpected expense compared to those who do not. These findings, and prior research that shows that income and expense shocks are associated with largest declines in financial well-being scores over time,<sup>21</sup> highlight the importance of including risk management and insurance products in financial inclusion and capability efforts aimed at improving and protecting the financial well-being of Hispanics.

## Financial literacy

Financial literacy is broadly understood as having the knowledge and skills that are necessary to effectively manage money. The results show that, on average, financial well-being scores are higher among Hispanics with the highest levels of financial knowledge and numeracy skills. The

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<sup>17</sup> The 2019 FDIC Survey of Household Use of Banking and Financial Services shows an unbanked rate of 12.2 percent for Hispanics compared to an unbanked rate of 5.4 percent for the general population. See FDIC, *How America Banks: Household Use of Banking and Financial Services* (2019), available at [https://www.economicinclusion.gov/downloads/2019\\_FDIC\\_Unbanked\\_HH\\_Survey\\_Appendix.pdf](https://www.economicinclusion.gov/downloads/2019_FDIC_Unbanked_HH_Survey_Appendix.pdf).

<sup>18</sup> A 2015 CFPB study estimated that 27.7 percent of Hispanic adults had a non-scorable or no credit record compared to 20.7 of the general population. See CFPB, *Data Point: Credit Invisibles* (2015), available at [https://files.consumerfinance.gov/f/201505\\_cfpb\\_data-point-credit-invisibles.pdf](https://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf)

<sup>19</sup> The Federal Reserve Board 2019 Survey of Consumer Finances shows that 25.5 percent of Hispanic households own a retirement account compared to 50.6 percent of all households in the survey. Retirement accounts include IRAs, Keogh accounts, and employer-sponsored accounts such as 401(k), 403(b), and thrift saving accounts. See Federal Reserve Board, SCF Interactive Chart, available at <https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/>. More information on what is included in this definition of retirement accounts can be found in the following flowchart <https://www.federalreserve.gov/econres/files/Networth%20Flowchart.pdf>.

<sup>20</sup> For the 4<sup>th</sup> Quarter of 2020, the Census Bureau, Current Population Survey/Housing Vacancy Survey shows a homeownership rate of 12.2 percent for Hispanics compared to a homeownership rate of 65.8 percent for the general population. See Census Bureau, Table 16. Homeownership Rates by Race and Ethnicity of Householder: 1994 to Present (Feb. 2021) <https://www.census.gov/housing/hvs/data/histtab16.xlsx>.

<sup>21</sup> Burke, Jeremy and Francisco Perez-Arce, *Longitudinal Changes in Financial Well-Being, Financial Behaviors, and Life Events* (2019), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_financial-well-being\\_burke-perez-arce\\_brief.pdf](https://files.consumerfinance.gov/f/documents/cfpb_financial-well-being_burke-perez-arce_brief.pdf).



results also show that confidence, sometimes described as a sense of empowerment and self-efficacy, appears to have a stronger relationship with financial well-being than financial knowledge and numeracy skills. In targeting confidence as an important factor, financial educators, coaches, and other practitioners should consider the multiple ways in which confidence and financial well-being may be connected. Confidence, for instance, may provide the sense of empowerment that people need to engage in positive money management behaviors and consequently lead to increased financial well-being. Confidence may also be an outcome of financial well-being itself, as behaviors that yield positive results in people's financial lives make people feel more confident in their ability to achieve their goals and make a meaningful change in their lives.

# Methodology

This report provides a description of the financial well-being of Hispanics ages 18 and older in the United States in 2018, as measured by the abbreviated CFPB Financial Well-Being Scale fielded in the FINRA Foundation's 2018 National Financial Capability Study. Since 2009, the FINRA Foundation has sponsored a new round of NFCS surveys every three years to monitor and better understand the state of financial capability in the United States and to examine how capability varies across key demographic, behavioral, attitudinal, and financial literacy characteristics.<sup>22</sup>

**English-language survey:** This is also known as the 2018 NFCS State-by-State survey. The survey was administered online to a sample of 27,091 American adults (roughly 500 per state, plus the District of Columbia) between June and October 2018.<sup>23</sup> The survey included the abbreviated (five-item) CFPB Financial Well-Being Scale.

**Spanish-language survey:** The 2018 NFCS Spanish-language sample survey was administered online to a sample of 3,332 adults of Hispanic origin living in the United States between June and October 2018. The survey included the abbreviated (five-item) CFPB Financial Well-Being Scale in Spanish.

**Analysis:** Most of the analysis relies on the data for the combined and reweighted sample of the Hispanics who answered the primary NFCS English-language survey and the supplemental Spanish-language survey (n 3,332). The weights were constructed using Census Bureau 2017 American Community Survey data segmented by gender, education, marital status, and age. The analysis was conducted by Carly Urban, Ph.D., Associate Professor of Economics at Montana State University.

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<sup>22</sup> A detailed description of the 2018 National Financial Capability Study State-by-State Survey is available at <https://www.usfinancialcapability.org/downloads.php>.

<sup>23</sup> The survey does not include samples for the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, the United States Virgin Islands, or federally-recognized Indian tribes.

# Notes

- a. The Population sample excludes Hispanics from the Spanish-language survey sample, and the Hispanic “All” category is the combined sample of the Spanish-language and English-language survey respondents. With the exception of the results for “Spanish use,” all other results are based on the combined sample. The Spanish-language survey sample is intended to be representative of Hispanics who can read Spanish, excludes Hispanics who responded: “English only.”
- b. This question was asked in the Spanish survey only. The exact question wording was: “In general, what language do you prefer when reading?”
- c. Age was top coded at age “101 or older.”
- d. The “not married” category includes “single, separated, divorced, and widowed/widower.” Tabulations exclude respondents who selected “Prefer not to say.”
- e. The “not employed” category includes “full-time student,” “permanently sick, disabled, or unable to work,” “unemployed or temporarily laid off,” “retired”, and “homemaker.” Tabulations exclude respondents who selected “Prefer not to say.”
- f. Recoded from question B41\_2 in the survey: The exact question wording was: “How often do you access your checking or savings account in the following ways? Mobile banking with text messaging, mobile app, or Internet browser or email on a mobile phone.” Response category “Never” was coded as “No”, and response categories of “Frequently” and “Sometimes” were coded as “Yes.” Tabulations exclude respondents who selected “Prefer not to say.”
- g. From question G1 for auto loans and Ea\_1 for homeownership in the survey: The exact questions were: “Do you or your spouse currently own your home?” and “Does your household currently have an auto loan?” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- h. Recoded from question J32 in the survey: The exact question wording was: “How would you rate your current credit record?” Response categories “Very bad” and “Bad” were coded as “Bad or Very Bad” and categories “About average,” “Good,” and “Very good” were coded as “Average or better.” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- i. From question C1 in the survey: The exact question wording was: “Do you or your spouse have any retirement plans through a current or previous employer, like a pension plan, a Thrift Savings Plan (TSP), or a 401(k)?” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- j. Recoded from question J20 in the survey: The exact question wording was: “How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month?” Response categories “I am certain I could come up with the full \$2,000” and “I could probably come up with \$2,000” were coded as “High” and categories “I could probably not come up with \$2,000” and “I am certain I could not come up with \$2,000” were coded as “Low.” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- k. From question J5 in the survey: The exact question wording was: “Have you set aside emergency or rainy day funds that would cover your expenses for 3 months, in case of sickness, job loss,

economic downturn, or other emergencies?” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”

- l. From question H1 in the survey: The exact question wording was: “Are you covered by health insurance?” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- m. A recode of questions M6, M7, M8, M9 and M10 in the survey, also known as the Big 5: The recode was based on the sum of the correct answers to the questions were: “Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow? (More than \$102, Exactly \$102, or Less than \$102); “Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?” (More than today, Exactly the same, or Less than today); “If interest rates rise, what will typically happen to bond prices? (They will rise, They will fall, They will stay the same, or There is no relationship between bond prices and the interest rate); “A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.” (True/False), Buying a single company’s stock usually provides a safer return than a stock mutual fund.” (True/False). A correct number of answers below 3 were coded as “Below average” and a correct number of answers at or above 3 were coded as “Average or above”. Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- n. Recoded from question M1\_2 in the survey: The exact question wording was: “How strongly do you agree or disagree with the following statements? I am pretty good at math. Please give your answer on a scale of 1 to 7, where 1 = “Strongly Disagree,” 7 = “Strongly Agree,” and 4 = “Neither Agree Nor Disagree”. You can use any number from 1 to 7.” Response values of 1, 2, and 3 were coded as “Low,” a value of 4 was coded as “Medium,” and values of 5, 6, and 7 were coded as “High.” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”
- o. Recoded from question J43 in the survey: The exact question wording was: “If you were to set a financial goal for yourself today, how confident are you in your ability to achieve it?” Response categories “Not at all confident,” “Not very confident,” and “Somewhat confident” were coded as “Low,” and response category “Very confident” was coded as “High.” Tabulations exclude respondents who selected “Don’t know” and “Prefer not to say.”

# Additional resources

**Getting started with measuring financial well-being: A toolkit for financial educators (January 2019):** The toolkit provides an introduction to the CFPB Financial Well-Being Scale with instructions, case studies, and other resources.

[consumerfinance.gov/f/documents/cfpb\\_financial-well-being\\_toolkit.pdf](https://consumerfinance.gov/f/documents/cfpb_financial-well-being_toolkit.pdf)

[consumerfinance.gov/f/documents/201701\\_cfpb\\_FinancialWell-Being\\_Quick-Guide-Spanish.pdf](https://consumerfinance.gov/f/documents/201701_cfpb_FinancialWell-Being_Quick-Guide-Spanish.pdf) (en Español)

**Find out your financial well-being:** This interactive consumer tool allows people to answer the scale 10 questions and see their score. They can compare their score to the national average and by age, income, and employment status, and see selected resources that may be able to help them address money issues that support their own life goals.

[consumerfinance.gov/financial-well-being](https://consumerfinance.gov/financial-well-being)

[consumerfinance.gov/bienestar-financiero](https://consumerfinance.gov/bienestar-financiero) (en Español)

## 2018 NFCS data and resources

FINRA Foundation website provides links to other reports based on this survey, a public-use version of the survey dataset, and the survey documentation. These resources can be found at [usfinancialcapability.org](https://usfinancialcapability.org)

## Technical assistance

The CFPB offers support for organizations, researchers, and others interested in using the CFPB Financial Well-Being Scale in their work. If you have questions about the scale and score, contact us at [FinancialEducation@cfpb.gov](mailto:FinancialEducation@cfpb.gov)