

Financially Fit?

Comparing the credit records of young servicemembers and civilians

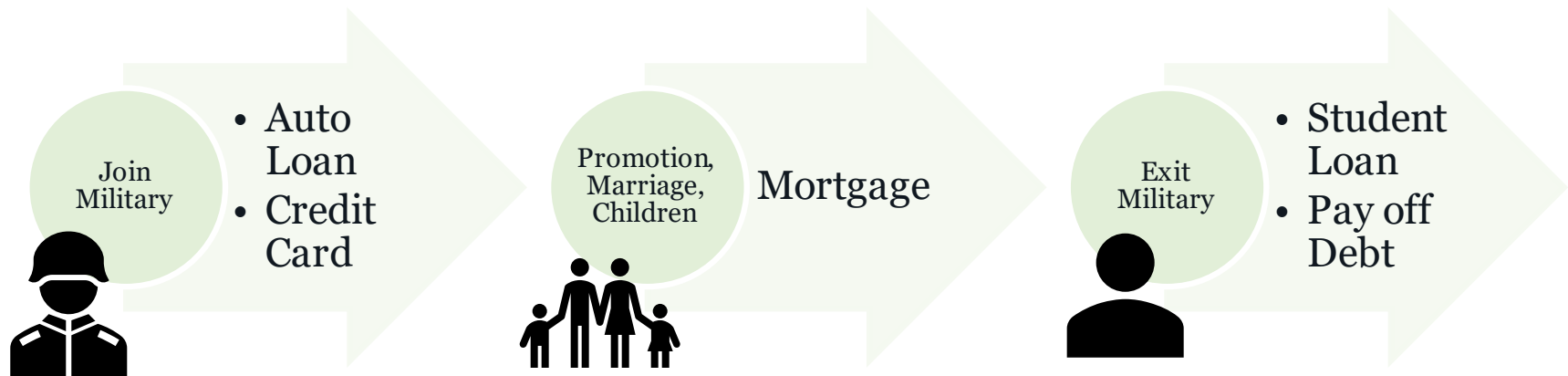
Office of Servicemember Affairs | July 2020



Consumer Financial
Protection Bureau

Research Helps Guide OSA Education & Outreach

- The financial profile of servicemembers changes over the course of their military career, and after



- Research helps the Office of Servicemember Affairs (OSA) educate and empower servicemembers and their families to make better-informed decisions regarding consumer financial products over the military life-cycle

New Report Shows Evolution of Young Servicemembers' Credit Records

Question: How do young consumers build credit histories?

Answer: It depends on when they join the military, and how long they serve.

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Age 18

Age 24



Civilian



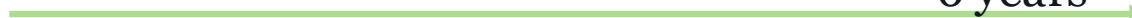
Enlistee

Serves for
4 years



Enlistee

Serves for
6 years



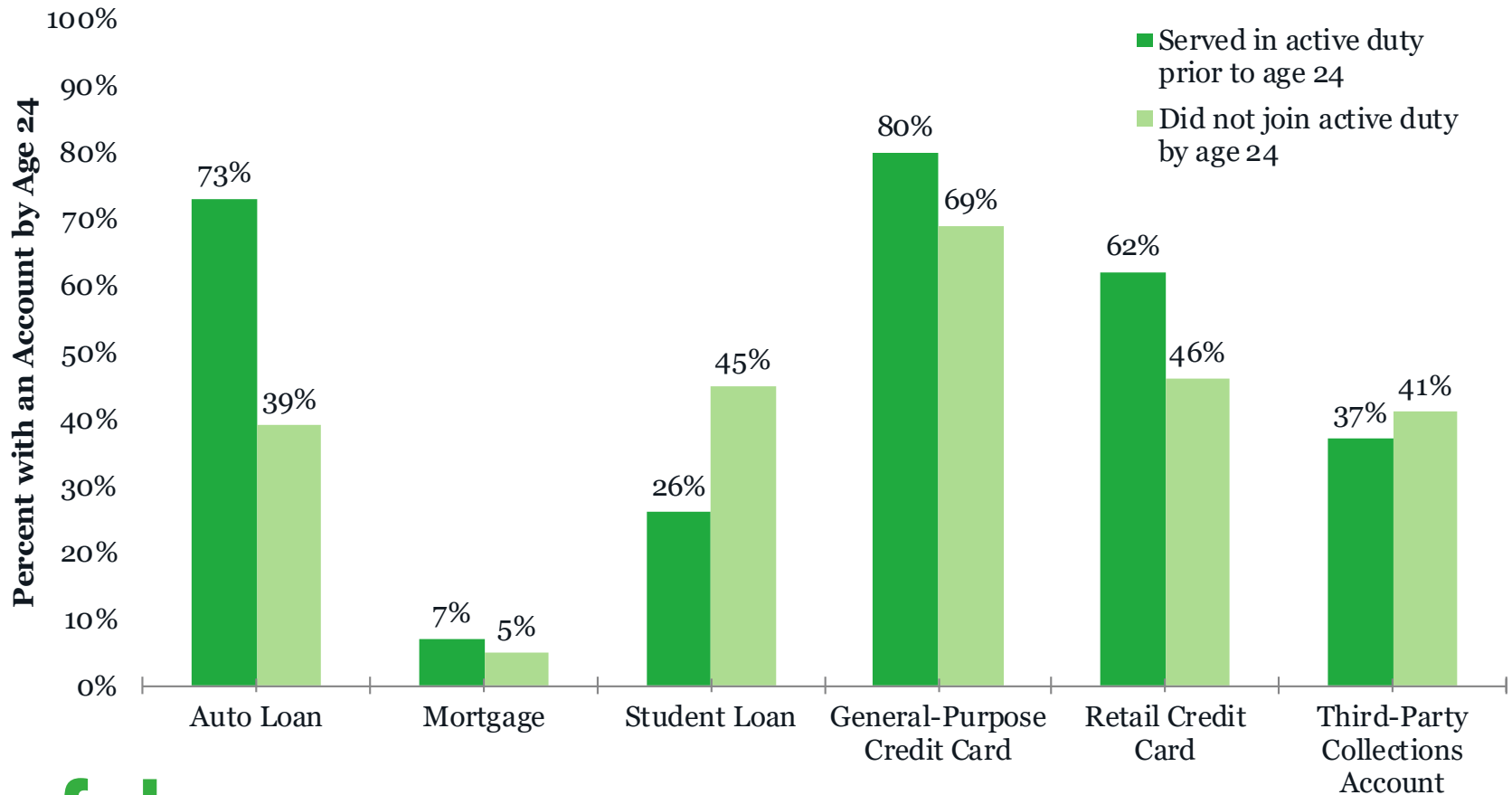
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Key Takeaways

- Random sample of nearly 300,000 de-identified credit records
 - Start observing at age 18, before most establish a credit history
 - Many young servicemembers have no credit history prior to joining active duty
- Servicemembers have different credit accounts than civilians
 - More often auto loans, credit cards
 - Less often student loans, accounts in collections
- Credit record at age 24 related to two aspects of military service
 - Age at entry
 - Time in service (best predictor in our data)

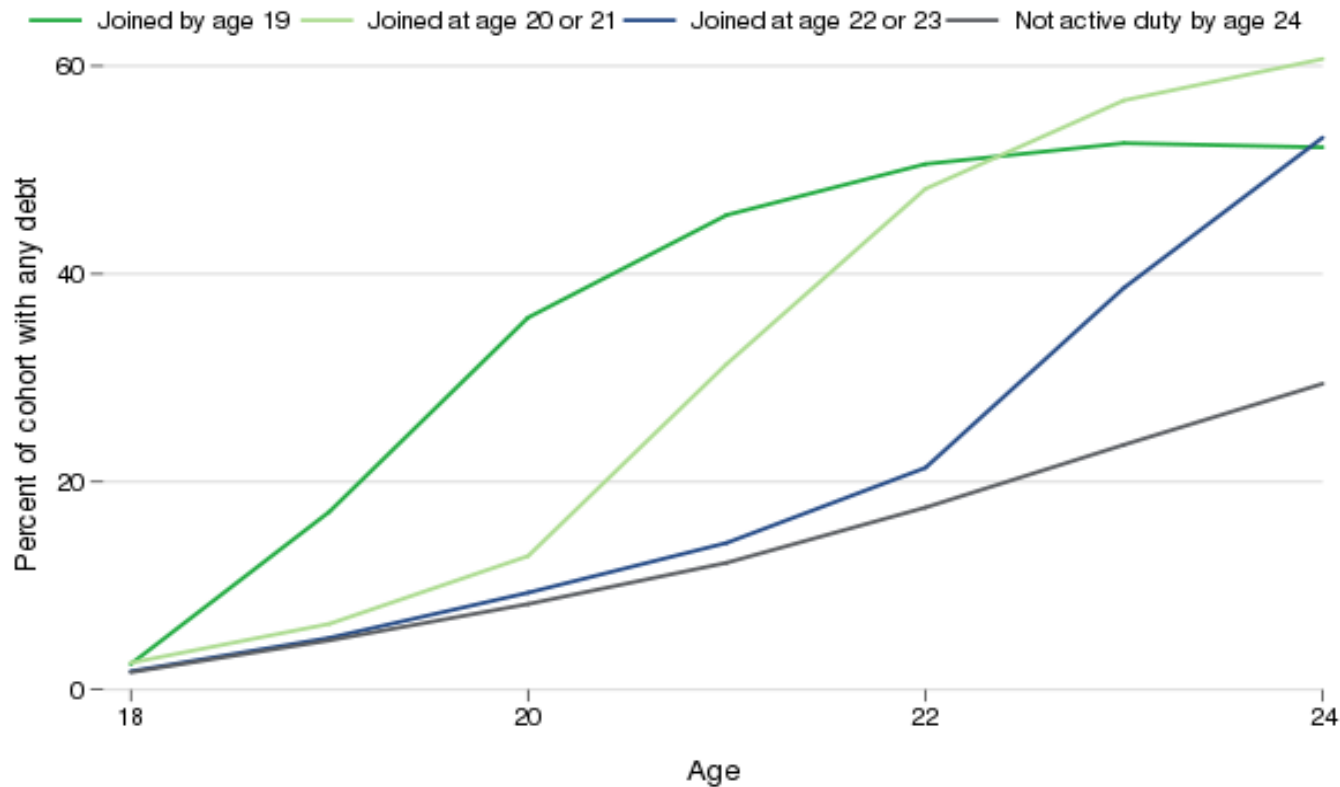
Servicemembers, Civilians Use Different Credit Products

Fraction of consumers with various types of accounts by age 24



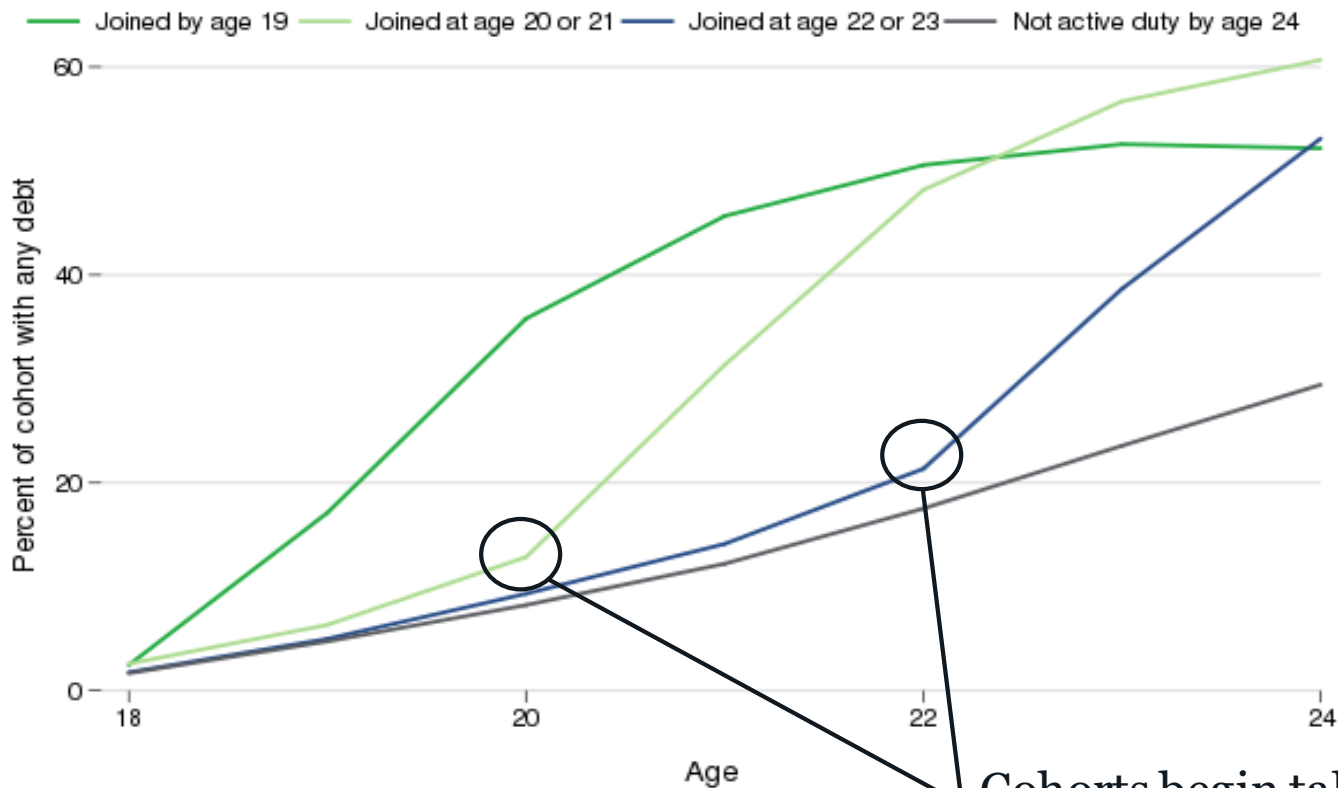
Some Types of Products are Used More Often After Joining the Military

Fraction of consumers with an auto loan, by age at entry into military



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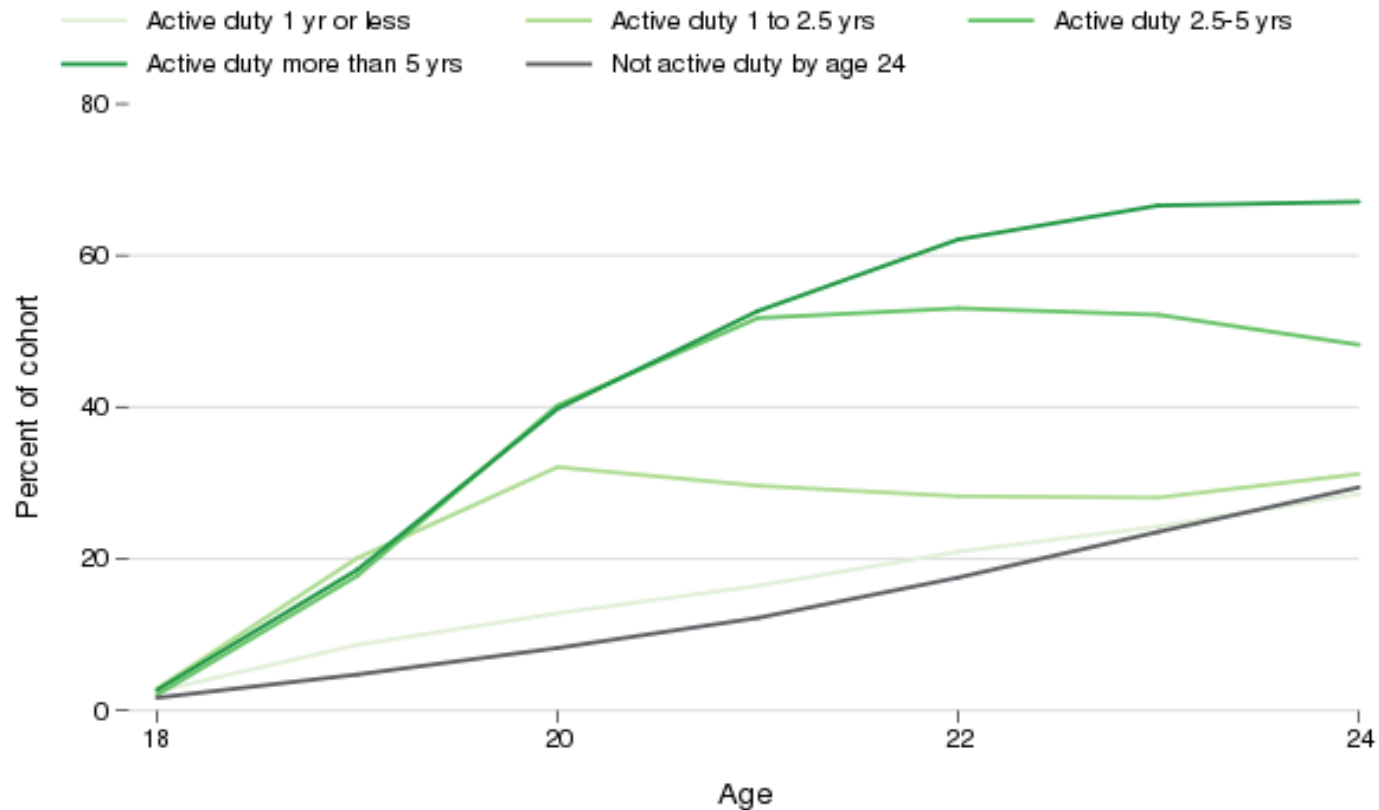
Fraction of consumers with an auto loan, by age at entry into military



Cohorts begin taking out more auto loans around the age at which they join

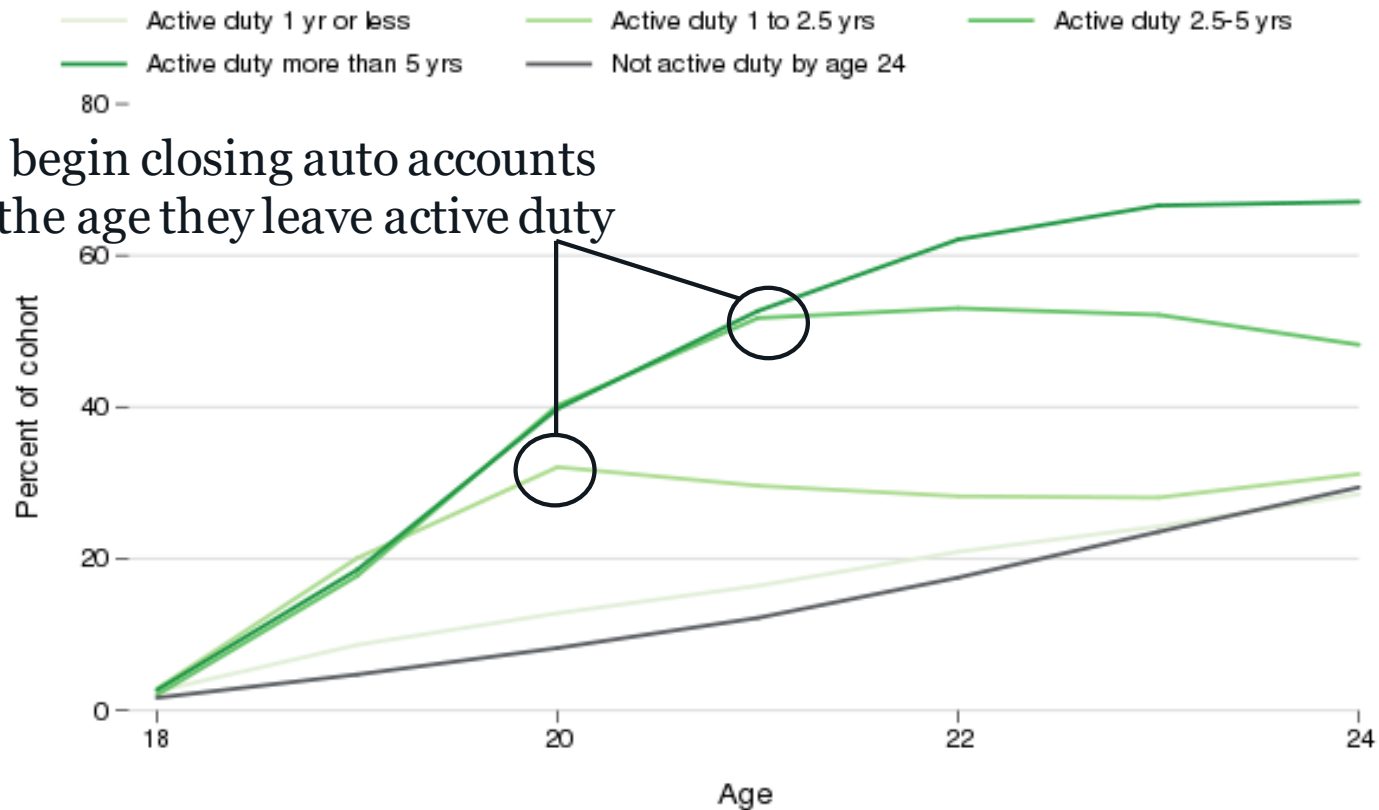
Some Types of Loans are No Longer Needed After Leaving the Military

Fraction of consumers with an auto loan by time in service



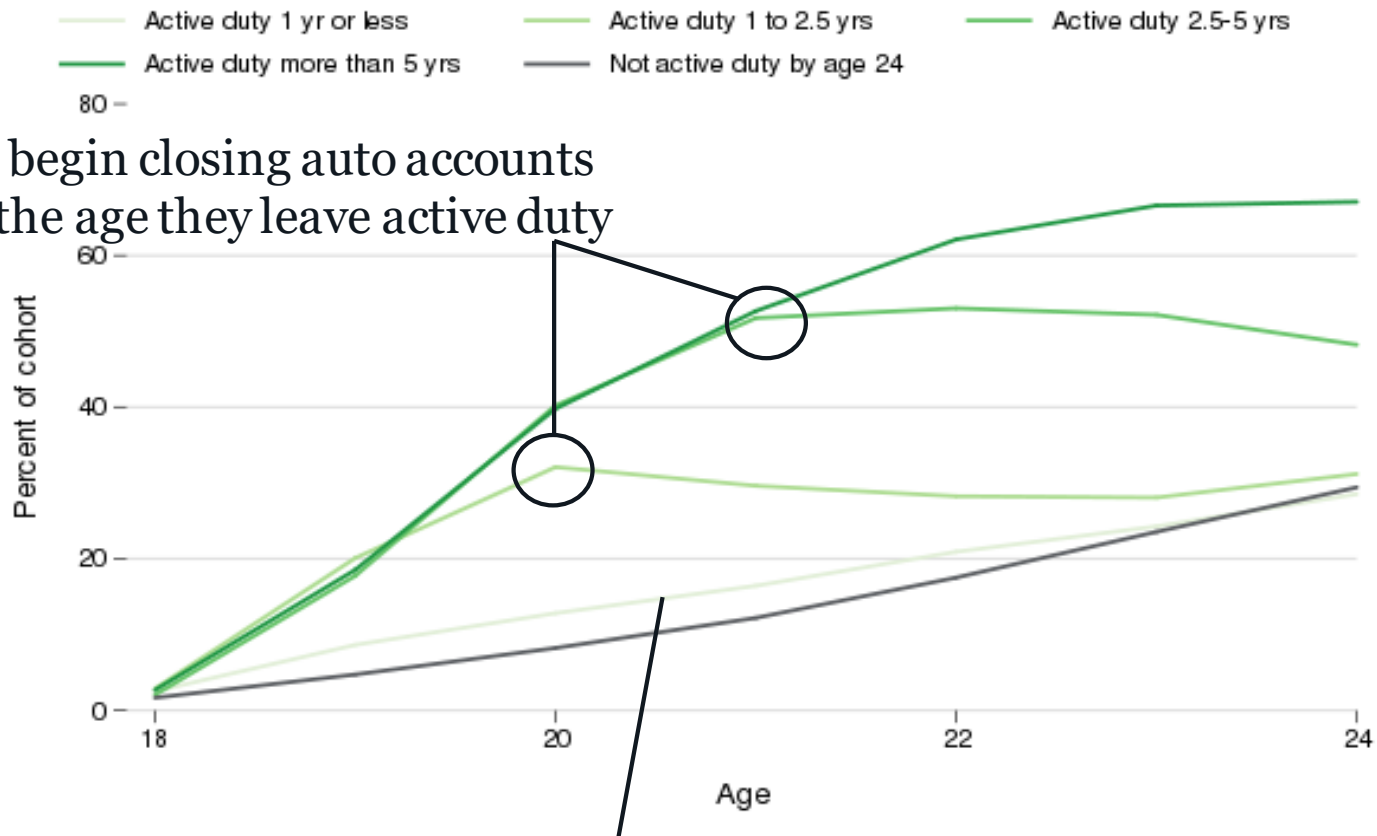
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Some Types of Loans are No Longer Needed After Leaving the Military

Fraction of consumers with an auto loan by time in service



Cohorts begin closing auto accounts around the age they leave active duty

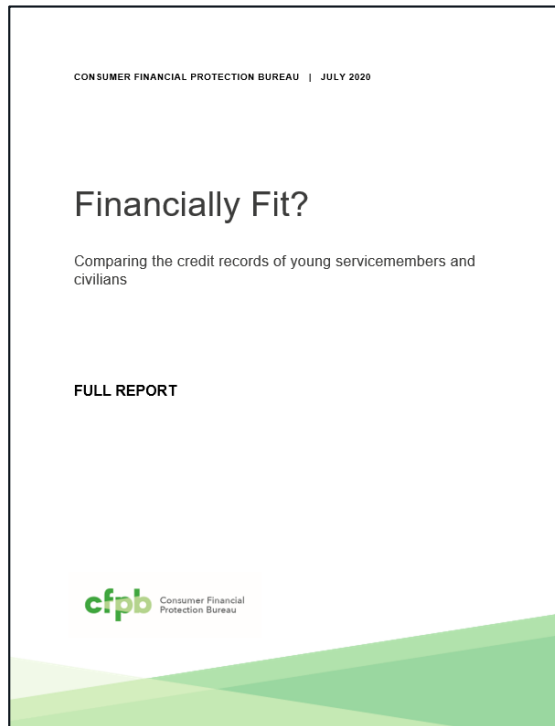
Servicemembers who leave within 1 year are more similar to civilians

Results Inform OSA's Mission

- Young servicemembers' credit histories evolve differently from civilians' in important ways
- Research helps identify key aspects of credit behavior
 - Points in military career when major credit-related decisions occur
 - Types of products and sizes of loans for typical servicemember
 - Subpopulations that do or do not use products, or have delinquencies/defaults
- The report lays groundwork for OSA and others to better understand military families' financial well-being

Download the Full Report and Executive Summary

<https://www.consumerfinance.gov/data-research/research-reports/>



Look for a follow-on report
on young veterans in the first year after
leaving active duty