According to the Center for Financial Services Innovation’s 2014 study on consumer financial health, a whopping sixteen percent of the country is unengaged with their financial situation. This segment earns its name from these consumers’ lack of awareness about their financial lives and their low level of engagement with traditional financial services. These consumers answer “don’t know” to survey questions and “neither agree nor disagree” to questions about their attitudes and preferences more than any other segment. People who fall into this segment span all income levels and represent diverse demographics.

Who Are They?

39 Million American Adults Are Financially Unengaged

Race/Ethnicity:
- White, Non-Hispanic: 50%
- Hispanic: 24%
- Black, Non-Hispanic: 18%
- Other, Non-Hispanic: 6%
- 2+ Races, Non-Hispanic: 2%

Household Income:
- $100,000 or more: 11%
- $60,000 - 99,999: 17%
- $30,000 - 59,999: 26%
- Less than $30,000: 46%

Gender:
- 51% Male
- 49% Female

32% have children

Total US Population:

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What Behaviors Does This Segment Exhibit?

**Planning**

They are vulnerable to a financial shock.

- One in three plan ahead for large, irregular expenses.
- 62% do not know how long they could make ends meet in the event of a sudden drop in income.

**Saving**

Most do not have significant retirement savings.

- 22% have a regular saving habit, 35% save whatever money is left over at the end of the month, and 38% do not save. For 46%, the most important timeframe for saving for the future is the next few weeks or the next few months.
- 57% have less than $1,000 in non-retirement savings, and 54% have less than $1,000 in retirement savings.

**Debt**

They are unaware of how much their monthly debt obligations are.

- 27% have student loan debt, 18% have medical debt, and 40% have other non-mortgage debt.
- 86% do not know how much their monthly debt payments are, so a financial obligation ratio could not be calculated for most of the segment.

What Products Are They Using?

Compared with the US population, individuals who are financially unengaged are the least likely to own a checking account, a savings account, or a credit card, and they are the most likely to have never owned these products. Individuals in this segment are among the least likely to perform financial transactions at a bank branch, ATM, online, or via mobile channels.

- 28% do not have a checking account. Of those, 70% have never had a checking account.
- 50% do not have a savings account. Of those, 51% have never had a savings account.
- 55% do not have a credit card. Of those, 69% have never had a credit card.
- 11% have a prepaid card, and 5% have a payroll card.
- 33% use online banking and 27% use mobile financial services regularly.*
- 61% use cash always or often to make purchases.
- 30% pay bills in person always or often.
- Storing money at home is a way that 25% of this segment saves.

**Attitudes**

- 21% say their finances cause them significant stress.
- 78% are not willing to take any financial risks when saving or investing.
- 26% are confident they can meet their short-term savings goals.
- 24% are confident they can meet their long-term goals for becoming financially secure.
- 30% believe they have the skills and knowledge to manage their finances well.
- 66% are only slightly or not at all confident they could come up with $2,000 in a month in an emergency.
- 28% expect their financial situation to be better in five years than it is today; 39% do not know.

* Mobile financial services includes mobile banking, receiving an SMS alert from a financial services provider, and using mobile remote deposit capture. Regular use = in the last 30 days.
How to Reach 39 Million Unengaged Consumers

The financially unengaged have manageable debt, low levels of financial stress, and self-awareness about the state of their money management skills.

Providers have an opportunity to serve this segment by further exploring their financial pain points and testing innovative solutions to uncover:

» What are the most effective strategies for reaching these consumers? Do partnerships with entities that have trusted relationships with members of this segment – such as schools, service organizations, community groups, and faith-based communities – work, and, if so, what are the elements of successful partnerships?

» What is driving the lack of awareness or engagement amongst this segment? Do they not wish to engage or have they not identified products that meet their needs? Can smart design of default settings help individuals in this segment get the most out of products and services without having to engage deeply or proactively? Do smart, automated bill payment and/or saving features appeal to this segment? Can financial services providers connect with and help Unengaged consumers by calling out their financial pain points and corresponding impacts?

» Can credit-building products or credit counseling services provide an effective avenue for engaging this segment? A third of this segment could not estimate their credit quality, 8% did not know they had a score, and more than half of those who provided consent to pull their score (and were matchable by Experian®) had a subprime or deep subprime score. Is helping consumers build and improve their credit histories a successful strategy for providers to build a trusted and mutually-beneficial relationship with members of this segment?

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MetLife Foundation is a major sponsor of CFSI’s ongoing consumer financial health work, including these segment briefs.

MetLife Foundation

The Center for Financial Services Innovation launched its Consumer Financial Health Study to better understand the current state of financial health in America and consumer challenges.

For more on the study – including details on the survey instrument, methodology, financial health indicators, and financial health segmentation – download the segmentation whitepaper: