FINANCIAL HEALTH NETWORK

Research Paper

FinHealth Spend Report 2023

U.S. Household Spending on Financial Services Amid Historic Inflation and an Uncertain Economy

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Executive Summary

This year's FinHealth Spend Report analyzes the country's use of a wide range of financial services as the nation emerged from the COVID-19 pandemic, all while grappling with an uncertain economy and the highest inflation in decades. We find potentially worrying signals at multiple levels – including burgeoning credit card debt, increased reliance on high-cost credit, and rising delinquencies among numerous credit products[1] – which could portend serious financial troubles for many Americans in the year ahead.

Total interest and fees paid on a wide array of nonmortgage financial services skyrocketed in 2022, totaling an estimated $347 billion. This is a 14% increase from approximately $304 billion in 2021.[2]

The vast majority of fees and interest is derived from credit and loan products, a category that jumped 15% from 2021. Estimated fees and interest on revolving credit card balances alone grew an estimated $20 billion in 2022, as credit card balances increased dramatically and interest rates rose. Total spending on unsecured installment loans and auto loans also saw substantial increases.

Meanwhile, total fees spent on transaction and deposit accounts rose modestly, despite a decline in overdraft/NSF fees spurred by overhauls in overdraft policies among many leading financial institutions. Fees from international remittances and account maintenance charges expanded, leading to overall category expansion from $36.1 billion in 2021 to $37.5 billion in 2022.

[1] Andrew Haughwout, Donghoon Lee, Daniel Mangrum, Joelle Scally, and Wilbert van der Klaauw, "Younger Borrowers Are Struggling with Credit Card and Auto Loan Payments," Liberty Street Economics, February 2023.
[2] The 2022 FinHealth Spend Report reported $305 billion in interest and fees for 2021. However, several of our estimates have been updated given new data availability, and the product mix has been adjusted. All estimates for prior years have been updated to reflect best current data.

As in prior years, Financially Vulnerable households and households of color carry the disproportionate burden of nonmortgage interest and fees. In 2022, the average Financially Vulnerable household spent an estimated 14% of their income *on interest and fees alone*. This compares with 1% for the Financially Healthy.

Similarly, Black and Latinx households had to allocate greater percentages of their incomes toward interest and fees (7% and 5%, respectively, compared with 3% for White households). We also find a startling increase in usage among many higher-cost alternative credit products in 2022, with the rise driven almost exclusively by populations of color. Payday, rent-to-own, and title loan usage all jumped among Black households. **Taken together, these findings suggest that Black and Latinx households are disproportionately struggling in the face of a challenging economy, and that the burden of increasing costs of borrowing will continue to fall disproportionately on those who are less likely to be able to afford it.**

Key Product Trends

Banked Status

Percentage of unbanked households falls to new low

- Overall, the unbanked level among survey respondents declined from 5.6% in 2021 to 3.8% in 2022.[3] Despite this inclusion, stark disparities remain: **The unbanked population is disproportionately composed of populations of color and households earning less than $30,000.**

Overdraft/NSF

Overdraft continues to decline as banks reform policies

- Total overdraft/NSF revenues declined from an estimated $10.6 billion in 2021 to $9.9 billion in 2022. The 2022 total represents a dramatic drop compared with pre-pandemic estimates of $15.5 billion.
- Numerous financial institutions made adjustments to their overdraft policies over the last two years,[4] with some eliminating overdraft altogether.

[3] For 2021, the FDIC estimated that 4.5 percent of U.S. households were unbanked. See 2021 FDIC National Survey of Unbanked and Underbanked Households, FDIC, November 2022.
[4] See: "Overdraft/NSF metrics for Top 20 banks based on overdraft/NSF revenue reported during 2021," Consumer Financial Protection Bureau, December 2022, and Alex Horowitz & Linlin Liang, "America's Largest Banks Make Major Overdraft Changes That Will Help Consumers," Pew, Feb 2022.

Overdraft/NSF revenues from banks with assets of $1 billion or more fell from $8.8 billion in 2021 to $7.7 billion in 2022 – down from nearly $12 billion in 2019.

- Fees from smaller banks (assets under $1 billion) and credit unions have also dropped since before the pandemic, but are estimated to have rebounded somewhat over the past year, suggesting that larger banks have been more active in reforming overdraft policies than smaller institutions.
- Although total bank overdraft/NSF revenue declined, the percentage of households reporting that they paid an overdraft fee held constant. One in five respondents who overdraft reported paying six or more overdraft fees in 2022 – with total fees reaching into the hundreds of dollars.
- *See our recent brief, "Overdraft Trends Amid Historic Policy Shifts," for additional analysis.*

Alternative Credit

Use of high-cost credit increases among households of color

- We estimate that total interest and fees paid by consumers for several alternative credit products increased in 2022, following years of decline. Likewise, our survey finds increased incidence in the use of pawn loans, payday loans, refund anticipation checks, and title loans.
- Survey data indicate that increased usage of alternative credit products was driven almost exclusively by households of color, particularly Black households. This increase in high-cost credit use suggests that **Black households in particular may be struggling to make ends meet with few options for credit.**
    - Use of rent-to-own, refund anticipation checks, title loans, and payday loans all rose among Black households.
    - Use of refund anticipation checks and title loans rose among Latinx households.
    - No significant increases in use of alternative credit were noted among White households.

Credit Cards

Elevated interest rates disproportionately affect financially struggling consumers

- Total interest and fees from revolving balances on general purpose credit cards skyrocketed more than 20% in 2022, reaching an estimated $113.1 billion. This increase reflects both elevated card balances and higher variable interest rates.
- We roughly estimate that increases in APRs account for at least $5 billion of the increase in total interest and fees from general purpose card balances.
- **Just over half of general purpose credit card users report having carried a balance in 2022, with clear delineations by financial health tier.** Seventy-five percent of Financially Healthy cardholders say they never carry a balance, compared with just 10% of Financially Vulnerable cardholders.

- Nearly half of Financially Vulnerable cardholders (46%) hold more than $5,000 in credit card debt, far higher than Financially Healthy cardholders. This means that elevated interest rates are impacting consumers who are already struggling in a disproportionate way.

Buy Now, Pay Later

A third of BNPL users held multiple concurrent loans, raising concerns about loan-stacking

- In 2022, according to our survey data, 14% of households used a pay-in-4 buy now, pay later (BNPL) service. This includes 24% of Black households, 18% of Latinx households, and 11% of White households.[5]
- One of the core concerns around BNPL is that consumers may engage in "loan stacking," or taking multiple BNPL loans simultaneously.[6] Our data suggest that loan stacking may indeed be taking place: A third of users (33%) say they had used BNPL twice or more in the month prior to the survey.[7]

Auto Loans

High car prices, rising delinquencies

- **Spending on used auto loans soared in 2022, reaching an estimated $66.4 billion in 2022 – a nearly $10 billion increase from 2021.** Overall interest on auto loans for new vehicles also grew, reaching $30.4 billion. The growth in the costs of both types of loans was spurred on by pricing that reached all-time highs in 2022.[8]
- As of the end of 2022, monthly car payments on newly originated loans were more than 25% higher than they were at the close of 2019, raising questions about borrowers' ability to manage their payments. Toward the end of the year, delinquencies surpassed pre-pandemic levels.[9]

Student Loans

Student loan costs remain far below pre-pandemic levels as moratorium continues

- Total interest and fees for federal student loans in 2022 remained far below pre-pandemic levels – an estimated $7.8 billion – compared with $28 billion in 2019. Total fees and interest collected on federal direct loans remained at 2021 levels, as the student loan moratorium was extended for the duration of the year.
- **Interest and fees from private student loans still outpaces that of federal student loans**, given the moratorium – reaching an estimated $9.1 billion in 2022.

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[5] The CFPB found that 17% of respondents reported using a BNPL service in the 12 months prior to their survey fielded Jan-March 2022.
[6] "Buy Now, Pay Later: Market trends and consumer impacts," CFPB, Sept 2022.
[7] Our survey questionnaire did not collect information on the vendor; thus, households with multiple BNPL loans could have taken multiple loans from one lender or several.
[8] "Inflation and the Auto Industry: When Will Car Prices Drop?," J.P. Morgan, February 2023.
[9] Melinda Zabritski, "State of the Automotive Finance Market Q4 2022," Experian, March 2023.

Unsecured Installment Loans[10]

More and more households turned to unsecured installment loans in 2022

- Total spending on unsecured installment loans jumped by 25% in 2022, totaling an estimated $36.7 billion. This is largely attributable to an increase in the number of loans and the average loan size, rather than interest rate hikes.
- Survey data demonstrate statistically significant increases in incidence among both bank and non-bank installment lending. However, similar to the alternative credit trends observed, use of nonbank installment loans significantly increased only among households of color.
- **Like auto loans, delinquency rates have risen, reaching levels higher than seen pre-pandemic** (6% in the third quarter of 2022 compared with 5% during the same time period in 2019).[11]

Financial Health Network data has suggested that, despite original projections, the financial health of Americans actually rose during the COVID-19 pandemic, with household budgets bolstered by government stimulus and other benefits.[12] As the pandemic – and the benefits – recede into the background, this report lends insight into how American households managed their finances during an uncertain year in which the cost of living rose dramatically, with the effects of inflation felt most acutely by those who are financially struggling.[13]

In some respects, this could be a "return to normal." But **the disparate impacts of interest and fees by race, ethnicity, and financial health tier raise questions about whether we should settle for "normal,"** and if there are opportunities to better support households to make ends meet.

[10] Unsecured installment loans are also referred to as personal loans or unsecured personal loans. Only loans reported to credit bureaus are included in our estimates; our analysis does not capture any loans that are not reported.

[11] Dan Simmons and Chris Huszar, Credit Industry Insights Report Q3 2022, TransUnion.

[12] Andrew Dunn, Andrew Warren, Necati Celik, & Wanjira Chege, "Financial Health Pulse® 2022 Trends Report," Financial Health Network, September 2022.

[13] Ibid.

About This Report

What's New in the 2023 Report

For more than a decade, the FinHealth Spend Report has analyzed the cost of financial services for American households, particularly those that are struggling financially. In 2020, we debuted a new approach that blends extensive secondary research on financial products and trends with a nationally representative survey on financial service use. This report is the third annual publication under this revised methodology.

Each year, we review and update our sources and product mix to ensure our report remains reliable and relevant. In this year's report:

- We updated our timing for survey data collection, which now takes place in January instead of November. This shift allows us to better capture financial product use over the prior calendar year (2022).[14]
- We present 3-year estimates on product spending and use, showing trends since the beginning of the pandemic.
- We provide early insight into topics including peer-to-peer (P2P) payment services,[15] BNPL, and earned-wage access.
- We expand our analysis of tax refund services to include refund anticipation loans as well as refund anticipation checks.[16]

Additional details about shifts in approach and adjustments to survey wording can be found in Appendix II.

In addition to this annual report, we will produce supplemental pieces throughout the year that explore critical or emerging topics related to financial product usage and their financial health impact. In March 2023, we produced our first-ever piece on cryptocurrencies. In June 2023, we produced an issue brief centered on overdraft usage and attitudes. Additional analyses leveraging 2022 data may include insurance products and BNPL. We welcome suggestions and partnership on additional areas of exploration to bring new research to life.

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[14] Data for this report were collected in January 2023. Prior surveys were conducted in November of 2021 and 2020.

[15] Peer-to-peer (P2P) payment services refers to mobile/ online payment services that allow the user to send, receive, and store money, such as PayPal, Venmo, or Cash App. Zelle is not included.

[16] Previous FinHealth Spend reports only estimated fees from refund anticipation checks, also known as refund transfers. In this year's survey, we also asked respondents about use of refund anticipation loans (also known as refund advances), which are loans secured by and repaid directly from a consumer's tax refund, See "Report: 2021 Tax Season – Higher Costs for Vulnerable Taxpayers During the COVID Economic Crisis," National Consumer Law Center, 2021.

Methodology in Brief

Our report leverages a unique multi-phase methodology that begins with in-depth secondary research and modeling to derive estimates of total interest and fees spent by American households on dozens of financial products and services. This research is coupled with nationally representative survey data from 5,055 households on their product use and outstanding debt. Our approach involves:

- Conducting extensive research on market size, fees and interest, and growth projections for dozens of financial products and services (see Table 2) using the best publicly available secondary research as well as numerous expert interviews. For some products, we use regular, vetted information, such as public filings or official government datasets, while others require significant extrapolation. All require some degree of estimation.
- Fielding a nationally representative survey to understand household usage of a variety of financial products, including frequency and balances for select products. Table 1 below shows the field dates, response rates, sample sizes, and margins of error for the survey data used. Each year's sample is weighted to align the sample distributions of race, ethnicity, gender, age, education, and Census region with the population distributions using the Current Population Survey benchmarks.[17] For more details on this year's survey, please see Appendix II.
- We utilize our secondary research to estimate national spending on each financial product and leverage our survey data to allocate spending among different demographic groups.

Table 1. Survey details.

Year	Field Dates[18]	Cooperation Rate*	Sample Size	Margin of Error
2020	Nov 2 - 30	76%	4,090	1.5%
2021	Nov 1 - 23	68%	5,033	1.4%
2023	Jan 5 - 30	73%	5,055	1.4%

* Conditional on participating in the Understanding America Study (UAS) panel. Cooperation rate is calculated as the number of panelists who started the survey divided by the number of panelists invited.

Pairing secondary analysis on spending with our survey data provides unique insight into how consumers are using financial services. This year, we report estimates from the past three years, enabling us to see changes since the early days of the COVID-19 pandemic. We have updated 2020 and 2021 product estimates in many instances to include the most recent data available for those years.

[17] Details on USC's sampling and weighting methodology can be found here.
[18] Data for this report was collected in January 2023. Prior surveys were collected in November (of 2021 and 2020). Due to this change in field dates, some of the differences between this year's and previous years' survey estimates could be due to unobserved seasonality.

In Appendix II, we disclose our sources and the level of confidence in the accuracy of our estimates. We encourage feedback on how we can continue to enhance our analyses in the future.

Defining Usage by Household

This study utilizes the household as the primary unit of measurement. All survey respondents self-identified as the primary or co-decision-maker on household financial matters. For person-level characteristics, such as race and ethnicity, we used the characteristics of the respondent to represent the household.[19]

Table 2. Products analyzed.

Transaction and Deposit Services	Includes fees incurred to utilize a variety of services that facilitate transactions or are associated with bank accounts, including: • Transaction account fees, such as overdraft/NSF, account maintenance fees, and ATM fees • Financial transaction services, including international remittances, nonbank check cashing, and money orders • Prepaid cards, such as payroll, government, and general purpose reloadable cards We also provide household incidence data on P2P payment services.[20]
Credit Services	Includes fees and interest on most nonmortgage consumer credit, such as: • General purpose and private label credit card revolving accounts • Secured cards • Auto loans and leases, including new; used; and buy here, pay here (BHPH) loans • Federal and private student loans • Unsecured installment loans • Alternative credit products, such as pawn loans, rent-to-own, title loans, payday loans, and refund anticipation checks and loans We also provide incidence data on earned wage access (EWA) products and buy now, pay later (BNPL) services.

Prior FinHealth Spend Reports included modules on homeowners, renters, auto, and life insurance. Given the different revenue structure of these services, we are planning to produce a standalone brief this year specifically focused on insurance products.

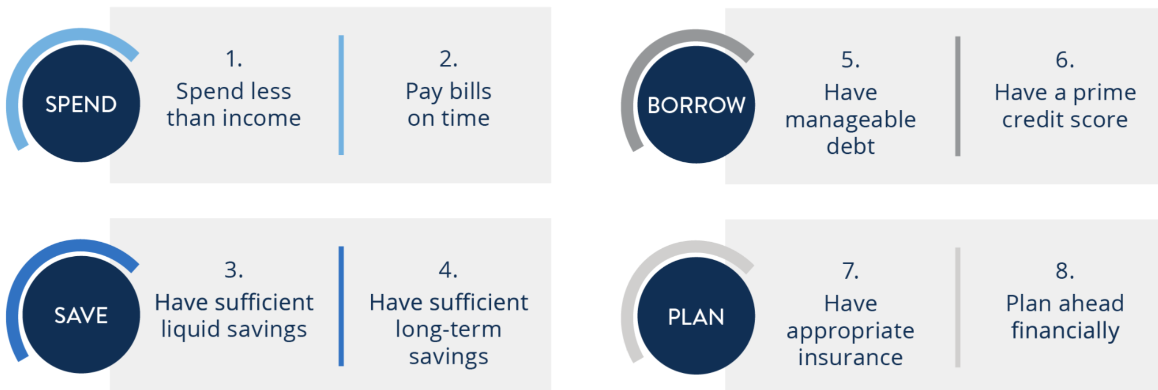
[19] This approach is commonly utilized among governmental sources, such as the Federal Deposit Insurance Corporation's (FDIC) "2021 FDIC National Survey of Unbanked and Underbanked Households" from October 2022. For further details, please see Appendix II.

[20] Incidence refers to frequency of use; for example, the proportion of households that report having used a P2P service.

What Is Financial Health?

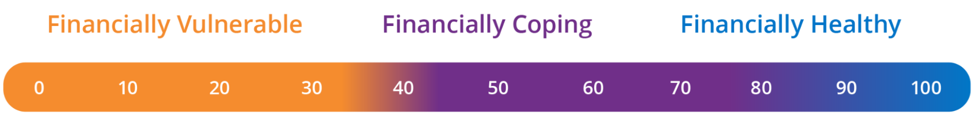
Financial health is a composite measurement of a person's financial life. Unlike narrow metrics such as credit scores, financial health assesses whether people are spending, saving, borrowing, and planning in ways that will enable them to be resilient and pursue opportunities. The analysis we present in this report leverages the FinHealth Score® framework, which is based on eight survey questions that align with the indicators of financial health. (See Figure 1 for more details).

Figure 1. 8 indicators of financial health.



We calculate an aggregate FinHealth Score based on an individual's answers to these eight questions. Figure 2 below shows how to interpret financial health scores across the spectrum of 0 to 100. Individuals who are Financially Healthy are able to manage their day-to-day expenses, absorb financial shocks, and progress toward meeting their long-term financial goals. Approximately two-thirds of people in America are classified as Financially Coping (struggling with some aspects of their financial lives) or Financially Vulnerable (struggling with almost all aspects of their financial lives).

Figure 2. Interpreting FinHealth Scores.



Financial health scores between 0-39 are considered Financially Vulnerable. Individuals with scores in this range report healthy outcomes across few, or none, of the eight financial health indicators.

Financial health scores between 40-79 are considered Financially Coping. Individuals with scores in this range report healthy outcomes across some, but not all, of the eight financial health indicators.

Financial health scores between 80-100 are considered Financially Healthy. Individuals with scores in this range report healthy outcomes across all eight financial health indicators.

View the full scoring instrument and learn more about how the framework was developed at finhealthnetwork.org/score.

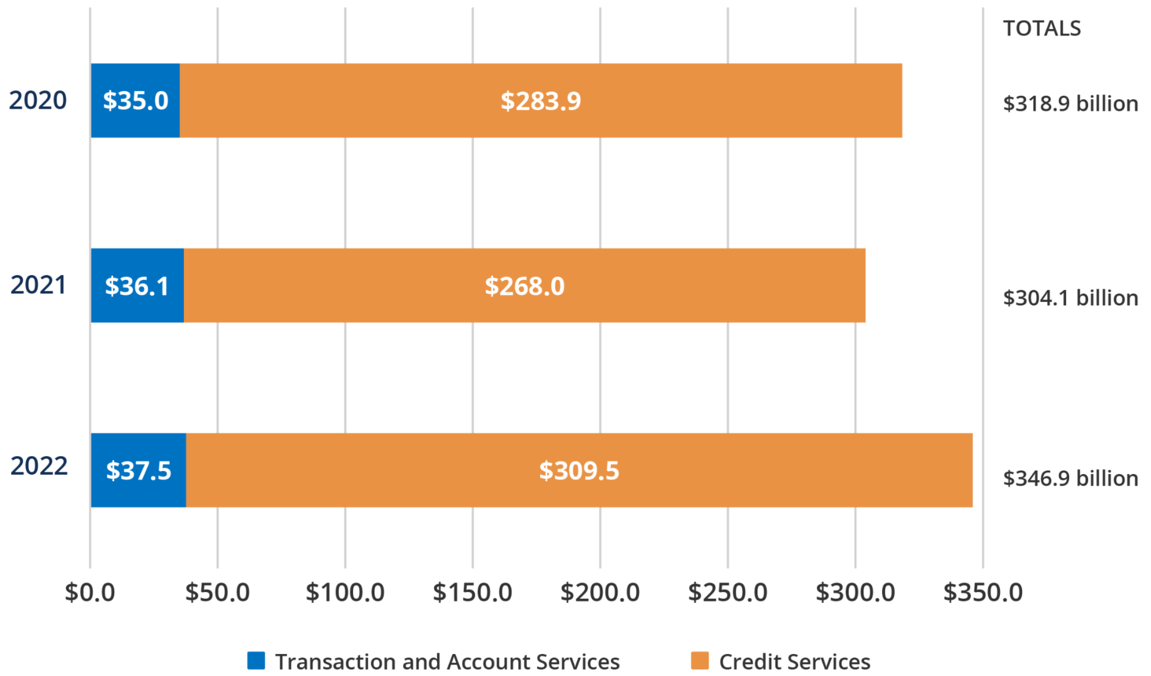
U.S. Spending on Financial Services

Fees and interest on financial products and services jumped more than $40 billion in 2022, reaching an estimated $347 billion.[21]

Total interest and fees on nonmortgage credit services expanded dramatically, growing from an estimated $268.0 billion in 2021 to $309.5 billion in 2022. The primary driver of this growth was general purpose credit cards, which saw massive expansion in balances coupled with rising interest rates. However, increased spending was seen across a number of credit categories, including installment and auto loans.

Fees on transaction and account services are comparatively smaller, but still represent enormous sums in themselves. We estimate spending to be $37.5 billion in 2022, up from $36.1 billion in 2021.

Figure 3. Overall spending on financial services jumped 14% from 2021.
Total spending on interest and fees, in billions.



[21] The 2022 FinHealth Spend Report reported total interest and fees of $305 billion in 2021 and $319 billion in 2020. After adjusting several estimates based on new data availability and updated methodologies, our estimate for 2021 is now $304 billion for products covered in all three years.

The costs of financial services weigh heavier on Black, Latinx, and Financially Vulnerable households.

We leverage our survey data to estimate the proportion of spending by race, ethnicity, and financial health tier. Consistent with prior FinHealth Spend reports, we find that Black and Latinx households, as well as Financially Vulnerable households, pay steeper prices for the financial services they use, despite lower average incomes than White and Financially Healthy households, respectively. This results in Black, Latinx and Financially Vulnerable households spending greater percentages of their income on interest and fees – raising important questions about equitable access to affordable and appropriate financial services.[22]

2022 Estimated Percentage of Income - Financial Services Interest & Fees

7% Black Households

5% Latinx Households

3% White Households

Race and Ethnicity

We estimate that Black and Latinx households need to allocate far greater proportions of their incomes than White households on the financial services studied. On average, Black households spent 7% and Latinx households spent 5% of their annual household incomes on the interest and fees examined, versus 3% for White households. Black and Latinx households pay more both in absolute terms (despite having lower incomes on average than White households), as well as by percentage of income, compared with White households. These disparities reflect longstanding barriers to economic security and inequities within financial services that still reverberate today.

Financial Health Tier

Households that are Financially Vulnerable – individuals who are struggling with most or all areas of their financial lives – spent an estimated $98 billion on interest and fees in 2022. This segment drove 28% of all fees and interest, despite only comprising approximately 15% of the population.

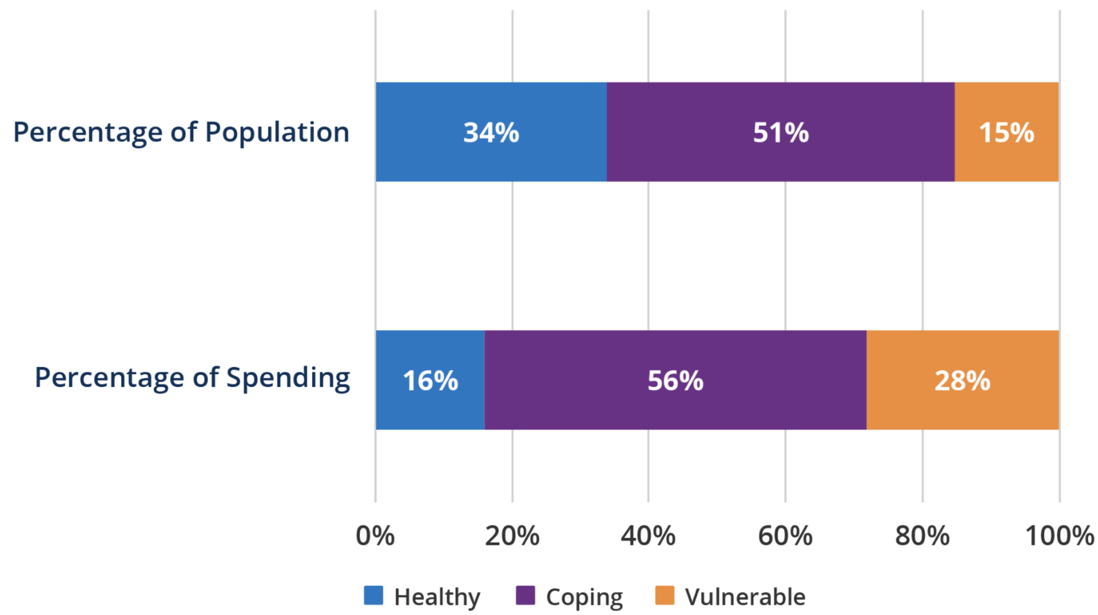
At the household level, then, Financially Vulnerable populations spent far greater shares of their income to access and manage their array of financial services. **On average, Financially Vulnerable households spent 14% of their annual household income on interest and**

[22] We do not directly compare year-over-year changes in percentage of household income spent by each population. First, the composition of products and estimates has changed since our last report. Additionally our national product spending estimates are based on secondary research, and significance testing is not possible. We have examined demographics of survey respondents year-over-year and did not see significant differences in the percent of the sample by race, ethnicity, age, or financial health. Our sample had slightly higher household income in 2022 than 2021, which was expected due to the continuing inflationary pressure on the U.S. economy.

fees for financial services. This compares with just 1% for the Financially Healthy and 5% for the Financially Coping.

Figure 4. Financially Vulnerable households comprise more than a quarter of total interest and fees.

Percentage of total spending on interest and fees compared with percentage of population, by financial health tier.



See Appendix I for detailed estimates of spending by population segment and reported household incidence by population. The subsequent sections provide further insight into demographics and shifts at the product level.

FINANCIAL HEALTH NETWORK

Product Trends

Transaction and Deposit Services

In this section, we analyze the fees incurred to utilize a variety of services that facilitate transactions or are associated with bank accounts.

Total fees on transaction and deposit services rose modestly in 2022, rising 4% year-over-year to an estimated $37.5 billion. Account maintenance fees on checking and savings accounts and international remittances saw the largest estimated increases. Conversely, overdraft/NSF fees contracted an estimated 6%, while check cashing continued its downward trend.

Table 3: Transaction and deposit services, estimated fees, and reported incidence of product use.

Product	Total estimated fees, in billions				Household incidence		
	2020	2021	2022	Percent change (2022 vs. 2021)	2020	2021	2022
Account maintenance fees	$5.0	$4.9	$5.7	16%	19%$^{\Psi}$	19%$^{\Psi}$	20%$^{\Psi}$
ATM fees	$2.0	$2.3	$2.4	4%	–	37%	37%
Check cashing, nonbank	$1.3	$1.0	$0.7	-24%	5%	4%	3%*
International remittances[23]	$8.1	$8.9	$9.9	10%	8%	9%	10%*
Money orders[24]	$0.9	$0.9	$0.9	5%	17%	18%	16%*
Overdraft/NSF[25]	$10.9	$10.6	$9.9	-6%	16%	17%	17%
Prepaid cards[26]	$6.9	$7.5	$7.9	6%	15%	16%	15%
Total	**$35.0**	**$36.1**	**$37.5**	**4%**			

[23] Estimates reflect remittances facilitated both through banks and nonbanks.
[24] Estimates reflect money orders purchased at bank and nonbank locations.
[25] In the 2021 and 2022 surveys, we asked about incidence of overdraft among both households with checking accounts and those who had recently closed their account(s). In the 2020 survey, the question was only asked of those with open accounts.
[26] The estimate for prepaid cards includes fees across three subcategories: general purpose reloadable cards, payroll cards, and government benefits cards.

ᵠ *Among households who have a checking/savings account or (for 2021 and 2022) had closed a checking account in the past 12 months.*
** Statistically significant difference between 2022 and 2021 ($p < 0.05$).*
Appendix II lists financial services where our methodology of calculating total estimated fees has changed since our last published report. All 2020 and 2021 data have been updated to align with the most recent methodology to make year-over-year comparison possible. Appendix II also lists the changes in survey questions used in calculating household incidence.

Bank Account Ownership

The proportion of the population without a checking or savings account declined in 2022, dropping among surveyed households from 5.6% in 2021 to 3.8% in 2022.[27] A recent analysis by the FDIC found that government benefits (e.g., a stimulus payment or unemployment benefit) during the pandemic were a major contributor to this financial inclusion.[28]

Despite this statistically significant drop in the percentage of unbanked households, stark disparities remain: The unbanked population is disproportionately composed of populations of color. Among our sample, 41% of unbanked households are Black and 24% are Latinx. Additionally, 80% of the unbanked earn less than $30,000.[29]

We also find continued evidence that being "banked" is not a static experience. In particular, we find that 12% of households who don't have a checking account reported that they had closed one in the past 12 months.[30]

Overdraft and Other Bank Fees

Total overdraft and NSF revenue has fallen by more than one-third since before the pandemic, contracting from an estimated $15.5 billion in 2019 to a projected $9.9 billion in 2022. Our 2022 figure represents a modest (6%) contraction from 2021 ($10.6 billion), which is likely driven by the wave of overdraft and NSF policy changes put into effect since mid 2021.[31] Indeed, estimated fees from large banks (assets of $1 billion or more) fell $1 billion over the past year – dropping from $8.8 billion in 2021 to $7.7 billion in 2022. In contrast, while fees from smaller banks (assets under $1 billion) and credit unions also dropped from pre-pandemic levels, we estimate that they saw a slight increase in revenue over the past year. **This finding suggests that larger banks have more actively reformed overdraft policies than smaller institutions.**

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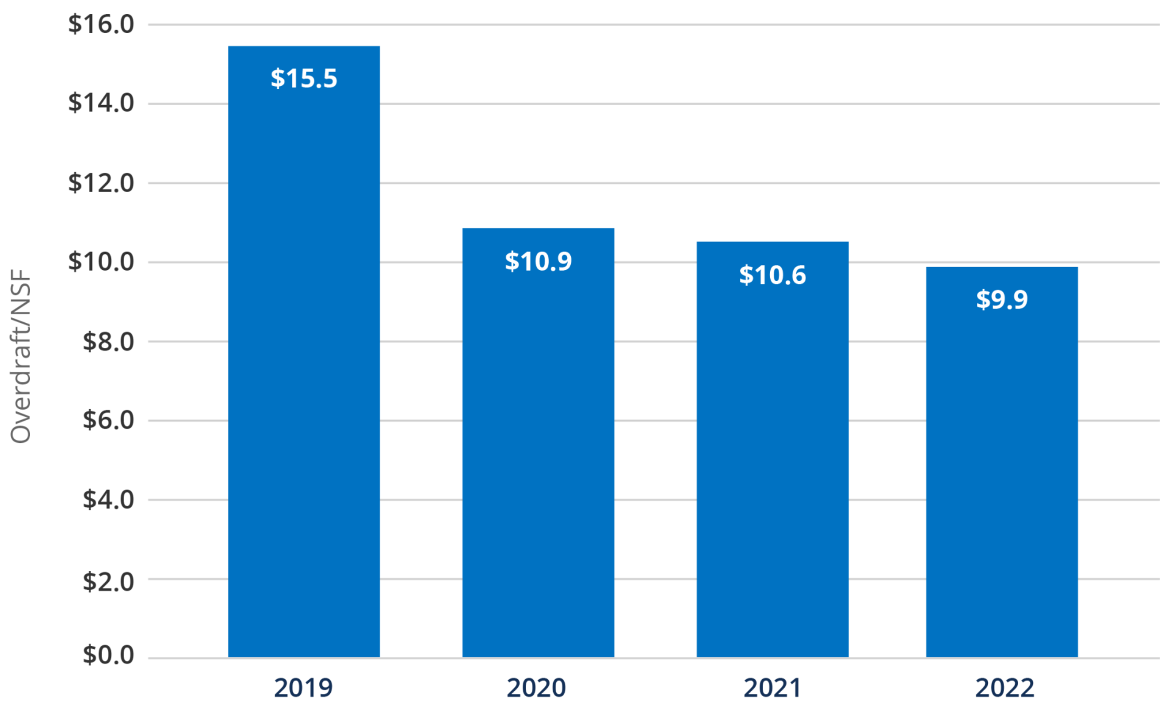
[27] The FDIC estimated that 4.5 percent of U.S. households were unbanked in 2021. This figure is significantly lower than our figure for 2021 (5.6%). See 2021 FDIC National Survey of Unbanked and Underbanked Households, FDIC, November 2021.
[28] "2021 FDIC National Survey of Unbanked and Underbanked Households," Federal Deposit Insurance Corporation, October 2022.
[29] In 2021, FDIC found that 32.4% of the unbanked were Black, 30.4% were Hispanic, and 69.7% had incomes under $30,000.
[30] The FDIC found that 10.7% of the unbanked had an account within the prior 12 months; this includes those who voluntarily closed their accounts and those whose accounts were closed by the bank.
[31] See: "Overdraft/NSF metrics for Top 20 banks based on overdraft/NSF revenue reported during 2021," Consumer Financial Protection Bureau, December 2022, and Alex Horowitz & Linlin Liang, "America's Largest Banks Make Major Overdraft Changes That Will Help Consumers," Pew, Feb 2022.

Figure 6. Overdraft/NSF fees continued to decline in 2022.
Total estimated overdraft/NSF fees, in billions.



Still, 1 in 5 respondents who overdraft report paying six or more overdraft fees in 2022 – implying fees that could total hundreds of dollars. Moreover, Financially Vulnerable populations continue to incur overdrafts at extremely high rates. Among households with accounts, 46% of Financially Vulnerable households reported having overdrafted, compared with 4% of Financially Healthy households. Among Financially Vulnerable households that overdraft, more than one-third (35%) reported paying six or more overdraft fees in 2022. *See the Overdraft Trends amid Historic Policy Shifts brief for further insight.*

Meanwhile, total account maintenance fees increased an estimated 16% to $5.7 billion, while ATM fees inched up to an estimated $2.4 billion, a 4% increase from 2021. Recent analysis from the CFPB suggests that for banks who have seen the greatest decline in overdraft/NSF fee revenue, increases in account maintenance and ATM fees have not generated enough revenue to offset those losses. Currently no evidence exists suggesting that banks who reduced or eliminated overdraft fees have changed maintenance/ATM fee policies sufficiently to make up for those losses.[32]

Overall, half of banked households (51%) report incurring at least one account fee. **We estimate that, among banked households, Financially Healthy households paid $33 on average in 2022, compared with $214 for Financially Vulnerable households.**

[32] Banks' overdraft/NSF fee revenue declines significantly compared to pre-pandemic," CFPB, February 2023.

Check Cashing and Money Orders

Unlike many other alternative financial services that we studied (primarily credit products), incidence of check cashing and money orders did not reverse trend, continuing to contract in 2022. Use of nonbank check cashing services dropped to 3% of households from 4% in 2021, while money orders (at either a bank or nonbank location) declined to 16% in 2022 from 18% in 2021.[33,34,35] These declines could reflect several ongoing trends, including increased financial inclusion and growing access to electronic deposits.

There is very limited reliable public information on the market size for check cashing and money orders. We estimate that consumers spent $0.7 billion to cash checks in 2022, a figure that is less than half of that garnered pre-pandemic (estimated to be $1.6 billion in 2019). Estimated total fees from money orders have remained fairly stable at $0.9 billion in 2022: despite the drop in incidence, customers have increasingly turned to bank money orders, which tend to carry higher fees compared to those from nonbank providers.

First Look: Online Payment Transfers

For the first time this year, we asked respondents whether they had used a P2P payment service such as PayPal, Venmo, or CashApp, as well as whether they had paid a fee. Fifty-nine percent of all respondents report using such a service, and 32% of users report paying a fee.[36]

We hope to explore these and other digital products in further depth in future years of this report and welcome inquiries from companies interested in partnership on additional analysis.

[33] Reported incidence of money orders declined for nonbank locations to 10% in 2022 (from 12% in 2021. No significant change was seen for bank locations (7% in 2021 and 2022).
[34] Our 2021 nonbank check cashing figure differs from FDIC data from 2021, which reported that 3.2% of households had used a nonbank check casher. It is in line with FDIC's finding of 11.9% for nonbank money orders.
[35] Reported incidence of check cashing declined both for banks and nonbanks.
[36] Respondents were asked: "In the past 12 months, did you or anyone else in your household use an online payment service that allows you to receive and store money in the account? Examples are PayPal, Venmo, or Cash App. I am not asking about Zelle." Answer options were yes, no, and I don't know.
Among those who responded "yes," we asked "You indicated that, in the past 12 months, you have used an online payment service like PayPal, Venmo, or CashApp. Have you paid a fee for the use of these services (for example, to make a payment using a credit card, or to accelerate delivery of funds)? Please only consider any fees for personal use, rather than business."

Credit Services

This section analyzes the interest and fees that consumers paid for a wide range of credit products in 2022, ranging from automobile loans to student debt to alternative credit products. Table 4 below includes estimated fees and incidence of product use for these credit services.

Total fees and interest from credit services jumped more than $40 billion in 2022, reaching an estimated $309.5 billion. The largest drivers of this increase were rising revenues from general purpose credit card balances, which grew close to $20 billion, as well as used auto loans and unsecured installment loans.

Table 4. Credit services, estimated fees and interest, and reported incidence of product use.

Product	Total estimated fees and interest, in billions				Household incidence		
	2020	2021	2022	Percent change (2022 vs. 2021)	2020	2021	2022
Auto leases	$9.0	$9.0	$6.9	-24%	13%	12%	10%*
Auto loans - BHPH†	$9.6	$9.9	$9.8	-1%	3%	4%	3%
Auto loans - new	$25.8	$28.5	$30.4	7%	19%	19%	18%
Auto loans - used	$52.7	$56.4	$66.4	18%	24%	23%	24%
Credit cards - general purpose (revolving balance)[37, 38]	$104.5	$93.2	$113.1	21%	55%ɣ	52%ɣ	51%ɣ
Credit cards - private label (revolving balance)[39]	$13.8	$11.9	$13.0	9%	40%ɣ	39%ɣ	41%ɣ
Credit cards - secured	$0.3	$0.3	$0.3	5%	5%	6%	6%
Unsecured installment loans[40]	$28.0	$29.3	$36.7	25%	12%	9%	13%*

[37] Credit card totals include interest on revolving balances as well as annual fees, transactional fees, and penalty fees for account holders with revolving balances.
[38] The 2022 survey question asked respondents to exclude cards with 0% interest, a change from prior years.
[39] The 2022 survey question asked respondents to exclude cards with 0% interest, a change from prior years.
[40] Both bank and nonbank.

Pawn loans[41]	$3.5	$3.5	$4.4	25%	4%	4%	5%*
Payday loans	$2.9	$2.2	$2.6	20%	5%	3%	4%*
Refund anticipation check[42]	$1.2	$1.4	$1.5	12%	1%	1%	2%*
Refund anticipation loan[43]					–	–	2%
Rent-to-Own	$5.0	$5.0	$5.1	1%	3%	3%	4%
Student loans - federal	$15.4	$6.6	$7.8	17%	20%	17%	16%
Student loans - private	$9.7	$8.5	$9.1	7%	6%	5%	5%
Title loans	$2.5	$2.3	$2.4	3%	1.9%	1.5%	2.3%*
Total	**$283.9**	**$268.0**	**$309.5**	**15%**			

† Among those with used car loans.
ᵞ Among households holding general purpose or private label credit cards.
** Statistically significant difference between 2022 and 2021 ($p < 0.05$).*
Appendix II lists financial services for which our methodology of calculating total estimated fees has changed since our last published report. All 2020-2021 data have been updated to align with the most recent methodology to make year-over-year comparison possible. Appendix II also lists the changes in survey questions used in calculating household incidence.

Credit Cards

Total interest and fees from revolving balances on general purpose credit cards skyrocketed more than 20% in 2022, reaching an estimated $113.1 billion – up from $93.2 billion in 2021. This reverses 2021's trend, when total credit card balances contracted as consumers held back on spending and government stimulus enabled people to pay down debt.[44] In fact, the New York Federal Reserve noted that the rise in credit card balances in the fourth quarter of 2022 was the largest observed in 20 years of data collection, with inflationary prices contributing to the surge.[45] These rising balances are then coupled with rising APRs, as most credit card interest rates are tied to the prime rate –

[41] This year, we only estimate the cost of the loan and any affiliated fees. Prior FinHealth Spend reports also included revenue from forfeited loan collateral.

[42] Previous FinHealth Spend reports only estimated fees from "refund anticipation checks," also known as "refund transfers." In this year's survey, we also asked respondents about use of "refund anticipation loans" (also known as "refund advances"), which are loans secured by and repaid directly from a consumer's tax refund, See Report: 2021 Tax Season – Higher Costs for Vulnerable Taxpayers During the COVID Economic Crisis, National Consumer Law Center, 2021.

[43] Ibid.

[44] Robert M. Adams, Vitaly M. Bord, and Bradley Katcher, "Why Did Credit Card Balances Decline so Much during the COVID-19 Pandemic," Federal Reserve, December 2021.

[45] Andrew Haughwout, Donghoon Lee, Daniel Mangrum, Joelle Scally, and Wilbert van der Klaauw, "Younger Borrowers Are Struggling with Credit Card and Auto Loan Payments," Liberty Street Economics, February 2023.

which increased by 4 percentage points between March and December.[46] By the fourth quarter of 2022, the average APR for accounts assessing interest was 20.40%, according to the Federal Reserve.[47] We roughly estimate that increases in APRs account for at least $5 billion of the increase in total interest and fees from general purpose card balances.

Just over half of general purpose credit card users report having carried a balance (or "revolved") in 2022, with clear delinations by financial health tier. Seventy-five percent of Financially Healthy cardholders say they never carry a balance, compared with just 10% of Financially Vulnerable cardholders. In fact, nearly half of Financially Vulnerable cardholders (46%) report holding more than $5,000 in credit card debt. These high debt burdens mean that **a disproportionate impact of the interest rate increases will fall on consumers who have the least ability to absorb them**, raising concerns about the sustainability of credit card debt. Indeed, the New York Federal Reserve reported that at the close of 2022, credit card borrowers were missing payments and transitioning to 90+-day delinquency at rates higher than before the pandemic.[48]

Table 5. Nearly half of Financially Vulnerable cardholders have $5,000 or more in credit card debt.
Proportion of cardholders with credit card debt of $5,000 or more, by financial health tier.

Financially Healthy	7%
Financially Coping	24%
Financially Vulnerable	46%

n = 4,149

Private label credit card balances also grew in 2022, bringing total estimated interest and fees to $13.0 billion in 2022, compared with $11.9 billion in 2021.

[46] Trina Paul, "Fed's latest rate hike means credit cardholders can expect higher bills this spring and summer, warns expert," CNBC, February 2023.
[47] "Consumer Credit - G.19," Federal Reserve, May 2023.
[48] Andrew Haughwout, Donghoon Lee, Daniel Mangrum, Joelle Scally, and Wilbert van der Klaauw, "Younger Borrowers Are Struggling with Credit Card and Auto Loan Payments," Liberty Street Economics, February 2023.

Tracking the Impact of Buy Now, Pay Later

As the availability of buy now, pay later (BNPL) continues to grow, regulators and consumer advocates have voiced a host of risks, including concerns of "loan stacking" and potential consumer overindebtedness.[49]

Our survey data starts to paint a better picture of the BNPL consumer base as well as potential pitfalls:

- In 2022, according to our survey data, 14% of households used a pay-in-4 buy now, pay later service.[50] This includes 24% of Black households, 18% of Latinx households, and 11% of White households.
- We see early evidence of frequent, and concurrent, usage of BNPL. About 1 in 5 users (21%) said they'd made six or more BNPL purchases in the prior 12 months, and one-third (33%) said they had made two or more BNPL purchases in the prior month.[51]

In a forthcoming brief, we plan to explore this dynamic market in further depth.

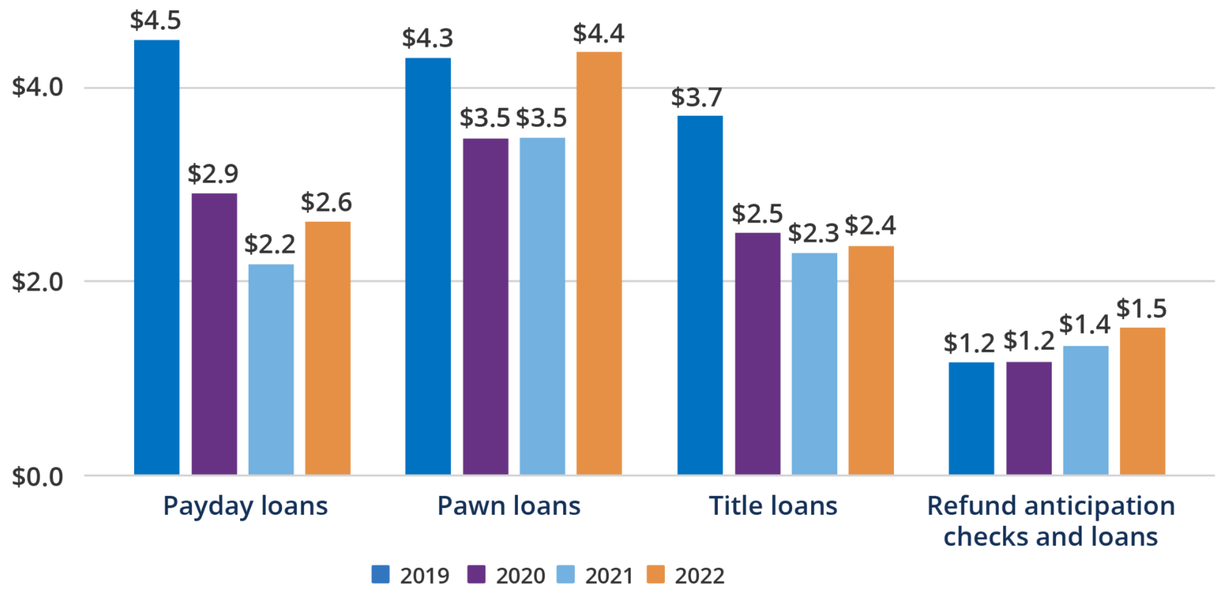
Alternative Credit Services

Payday, Pawn, Refund Anticipation Checks and Loans, and Title Loans

We project that interest and fees from several alternative financial services increased in 2022, following years of declines. These include payday loans, pawn loans, auto title loans, and refund anticipation checks/loans. For most of these categories, vetted, reliable market size data is extremely sparse. We leverage, where possible, state reporting (for payday and title), IRS data (refund products), and public filings (pawn), along with historical trends and our own survey data, to estimate revenues. Together, we estimate that interest and fees from these products expanded from about $9.3 billion in 2021 to nearly $11 billion in 2022.

[49] "Buy Now, Pay Later: Market trends and consumer impacts," CFPB, September 2022.
[50] In last year's survey, 7% of respondents indicated they had used a BNPL product with short-term financing (typically less than six months in duration and often with a pay-in-4 model). However, our BNPL survey question wording changed substantially this year; thus, direct year-over-year comparisons are not possible. The 2022 survey question was: "In the last 12 months, have you made an online or mobile purchase with a service that partners with an online or store retailer and allows you to break payments into four equal installments with no interest? These are sometimes called 'buy-now-pay-later,' BNPL, or 'point-of-sale' loans. Companies offering such a service include Affirm, Afterpay, Sezzle, PayPal Pay in 4, and Klarna. Please do not include plans used to finance purchases in more than four installments." Response options were Yes, No, and I don't know.
[51] Our survey questionnaire did not collect information on the vendor; thus, households with multiple BNPL loans could have taken multiple loans from one lender or several.

Figure 7. Revenues from alternative credit products increased compared with pandemic years.
Total estimated interest and fees on various credit products, in billions.



Survey respondents indicated increased incidence of many of these products: Pawn loan incidence rose from 4% to 5%, payday grew from 3% to 4%, and title loans grew from 1.5% to 2.3%.[52] However, these increases were driven almost exclusively by households of color, particularly Black households. The table below demonstrates the change in use of various alternative credit products by race and ethnicity. This suggests that, following a reprieve in 2021, families of color are experiencing financial strains that are leading them to return to high-cost credit, in lieu of opportunities for lower-cost credit.

[52] Our figures regarding use of numerous alternative financial services are somewhat higher than found by the FDIC in its National Survey of Unbanked and Underbanked Households (in 2021, 1.1% for payday, 1% for pawn, 1.2% for rent-to-own, and 0.9% for auto title), while generally in line with data from the 2022 CFPB Making Ends Meet survey (4.6% for payday, 2.9% for pawn, and 5.4% for title loan). Both of these surveys report on usage levels in 2021. The CFPB survey found usage up relative to 2020, whereas the FDIC survey found usage levels more or less constant since 2019.

Table 6. Incidence of various AFS, by race/ethnicity.

	Black Households			Latinx Households			White Households		
	2020 (*n* = 358)	2021 (*n* = 384)	2022 (*n* = 448)	2020 (*n* = 345)	2021 (*n* = 659)	2022 (*n* = 652)	2020 (n = 3,030)	2021 (*n* = 3,439)	2022 (*n* = 3,379)
Payday	10%	6%	10%*	9%	6%	8%	3%	2%	2%
Rent to own	6%	3%	7%*	5%	4%	5%	2%	3%	3%
Refund anticipation checks[53]	3%	2%	6%*	2%	1%	4%*	1%	1%	1%
Title loan	3%	3%	5%*	4%	2%	4%*	2%	1%	1%

* Statistically significant difference between 2022 and 2021 ($p < 0.05$).

Understanding Earned Wage Access

There is an ongoing debate regarding whether earned wage access products should be classified as loans. Our data finds that while these advances are still a relatively small in market size, most users report using them regularly:

- 7% of employed respondents said their employer provided earned wage access services in 2022, a statistically insignificant difference from 2021 (6%).
- Among those who are employed and report access, 2 in 5 (43%) said they used the service, a figure not statistically different from 2021 (35%) due to the very small number of individuals who report access to EWA in our sample.
- Of users that are employed, 75% say they use the service at least once a month, suggesting that the vast majority are frequent users.

Auto Loans

Total spending on auto loans for used vehicles soared in 2022, reaching an estimated $66.4 billion in 2022, up nearly $10 billion since 2021. Spending on auto loans for new vehicles also grew nearly $2 billion, reaching $30.4 billion.

[53] Survey data only includes refund anticipation checks; questions about loans were not included prior to this year.

Interest revenues on these auto loans expanded not because of a rise in the number of loans originated, but in large part due to historically high car prices.[54,55] While car prices appear to have peaked prior to the end of 2022, at the close of the year prices still remain far elevated compared with pre-COVID.[56] Experian finds that the average monthly payment for a new car loan originated in the fourth quarter of 2022 reached $716, compared with $564 in late 2019. Monthly payments on auto loans for used vehicles, meanwhile, climbed to $526 for loans originated in the fourth quarter of 2022, compared with $396 at the end of 2019.[57] Because auto loans are paid over multiple years, these higher costs stay with consumers well into the future.

As seen in other credit markets, observers noted an increase in auto loan delinquencies toward the end of the year. For example, Experian found that the percentage of loans in 60-day delinquency at the end of 2022 had surpassed pre-pandemic levels.[58]

Buy here, pay here (BHPH) auto loans, which carry very high rates and are targeted at customers with subprime credit or no credit score, have largely remained steady over the past three years, with estimated total interest and fees close to $10 billion each year.

Unsecured Installment Loans[59]

Total spending on unsecured installment loans jumped more than $7 billion in 2022, for an estimated total of $36.7 billion.

Survey data similarly finds increases among incidence of installment loans from both banks (4% to 7%) and nonbanks (5% to 7%). Use of bank installment loans increased among both White and Latinx households,[60] but **nonbank installment loans, which carry higher interest rates on average,[61] significantly increased only among Black and Latinx households.** Incidence of holding a nonbank installment loan rose from 3% in 2021 to 8% in 2022 for Black households and from 6% to 9% for Latinx households.

According to TransUnion, both the number of new loans originated and total loan balances rose significantly in 2022, while median estimated APRs across credit tiers have stayed relatively stable

[54] "Inflation and the Auto Industry: When Will Car Prices Drop?" J.P. Morgan, February 2023.
[55] Melinda Zabritski, "State of the Automotive Finance Market Q4 2022," Experian, March 2023 and Melinda Zabritski, State of the Automotive Finance Market Q4 2021, Experian, March 2022.
[56] Ibid.
[57] Melinda Zabritski, "State of the Automotive Finance Market Q4 2022", Experian, March 2023 and Melinda Zabritski, State of the Automotive Finance Market Q4 2021, Experian, March 2022.
[58] Melinda Zabritski, "State of the Automotive Finance Market Q4 2022," Experian, March 2023.
[59] Unsecured installment loans are also referred to as personal loans or unsecured personal loans. Only loans reported to credit bureaus are included in our estimates; our analysis does not capture any loans that are not reported.
[60] Incidence of holding a bank installment loan rose from 5% in 2021 to 7% in 2022 for white households and 4% to 7% for Latinx households. Both are significant at the 95% level. Incidence among Black households was weakly significant; rising from 5% in 2021 to 7% in 2022 (significant at the 90% level).
[61] An FDIC report from 2018 found that "Controlling for firm and loan characteristics, nonbank loans carry about 200 basis points higher interest rates." See Sergey Chernenko, Isil Erel, and Robert Prilmeier, "Nonbank Lending," FDIC, 2018.

year over year.[62] Notably, total new unsecured balances in the third quarter of 2022 reached $38.8 billion, up from $30.4 billion year-over-year (and well above $25 billion in the same period of 2019). TransUnion also found significant deterioration across all outstanding unsecured personal loan accounts, with delinquencies exceeding pre-pandemic levels (5.85% in the fourth quarter of 2022 compared with 4.33% in the same time period in 2019).[63]

This report's "installment loan" category covers a wide range of unsecured personal loans, and terms can vary dramatically. We estimate that the average interest rate for prime customers in 2022 was 14%, compared with 27% for subprime customers.[64] Our analysis includes data from institutions that report to TransUnion, including finance companies, fintechs, banks, and credit unions. It does not fully capture alternative, installment-loan financial service providers that do not report to credit bureaus; the interest rates on those loans may be substantially higher than on the loans reported to TransUnion.[65]

Student Loans

The student loan repayment moratorium on direct federal student loans was first enacted in April 2020 and was extended multiple times during 2022, ultimately remaining in place for the entirety of the year.[66,67] As a result, total interest and fees for federal student loans are estimated at $7.8 billion for 2022, far below the pre-pandemic estimate of $28 billion in 2019.[68]

However, the $7.8 billion in 2022 still reflects an increase of $1.1 billion over the $6.6 billion paid in 2021. This increase is largely due to increased payments on FFELP loans, which were not subject to the moratorium.[69] Federal direct loan interest and fees remained at 2021 levels.[70]

Given the signs of rising delinquencies seen in other credit products, we expect the return to payments to further strain borrowers' budgets. The CFPB in November 2022 found that a growing share of student loan borrowers are 60 days or more past due on a nonstudent loan credit account since mid-2021.[71] The Federal Reserve has also warned that a resumption of payments could

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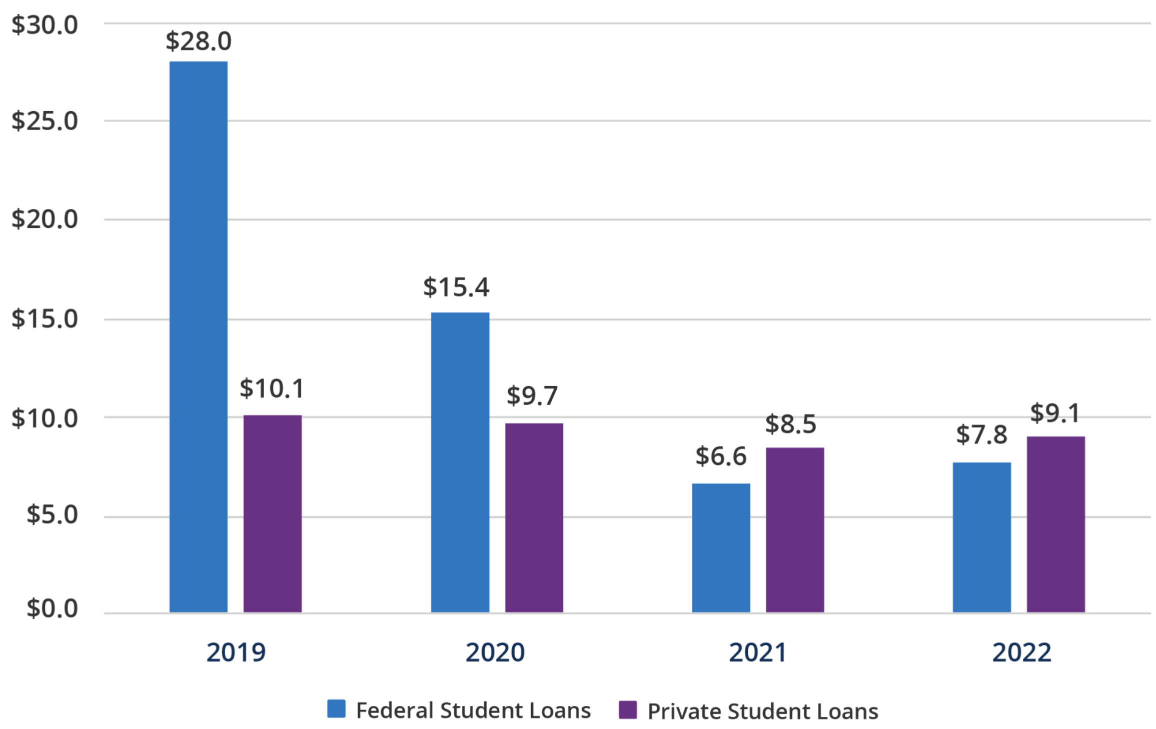
[62] PowerPoint on file with author: "TransUnion Unsecured Personal Lending Industry Insights Report Q3 2022."
[63] Dan Simmons and Chris Huszar, Credit Industry Insights Report Q3 2022, TransUnion.
[64] Authors' calculations using TransUnion data by risk tier.
[65] Carolyn Carter, "Predatory Installment Lending in the States (2022)," National Consumer Law Center, June 2022.
[66] "Biden-Harris Administration Announces Final Student Loan Pause Extension Through December 31 and Targeted Debt Cancellation to Smooth Transition to Repayment," U.S. Department of Education, August 2022.
[67] "Biden-Harris Administration Continues Fight for Student Debt Relief for Millions of Borrowers, Extends Student Loan Repayment Pause,"U.S. Department of Education, November 2022.
[68] For this report, we elected to use figures from the Department of Education, whereas last year's report used White House Budget data. Figures are similar but include slightly different definitions of fees.
[69] Federal loans under the Federal Family Education Loan (FFEL) Program, which ended in 2010, are either commercially owned or owned by the U.S. Department of Education. The commercially owned portion of FFEL loans was exempt from the CARES Act student loan moratorium.
[70] Of the $7.8 billion total interest and fees, we estimate that close to half is from payments on FFELP loans.
[71] Thomas Conkling and Krista Gibbs, "Office of Research blog: Update on student loan borrowers during payment suspension," CFPB, November 2022.

contribute to a deterioration of credit risk profiles, which could inhibit access to credit.[72] In a recent Financial Health Network survey, 59% of respondents said that restarting payments would be somewhat or very difficult.[73]

Interest and fees from private student loans, which were not subject to the moratorium, continued to outpace interest and fees from federal student loans, despite federal loans comprising 93% of the student loan portfolio.[74] Interest and fees from private student loans is estimated at $9.1 billion for 2022.

Figure 8. Fees and interest on federal student loans remain at levels far below pre-pandemic.
Estimated interest and fees from student loans by type, 2019-2022, in billions.



[72] "A Note on the Expected Expiration of Federal Student Loan Forbearance," Federal Reserve, May 2022.
[73] Andrew Warren and Kennan Cepa, "Pulse Points Spring 2023: Bracing for the End of Student Loan Forbearance," Financial Health Network, June 2023.
[74] Enterval Analytics, LLC, "Private Student Loan Report," January 2023.

Conclusion

As Living Costs and Debt Rise, Struggling Households Face the Biggest Financial Impact

In 2022, households in America turned back to credit as a critical source of liquidity, likely spurred on by the rising costs of daily life.[75] Coupled with elevated interest rates and a reduction in savings as families spent down cushions accumulated during the pandemic, this resulted in a substantial jump in what people are paying to access financial services.

By mid-2022, the Financial Health Pulse® 2022 Trends Report found that a quarter (26%) of people in America reported carrying unmanageable debt loads.[76] As the year ended and debt balances soared far higher, we saw early indications that suggest more borrowers may reach this financially precarious position.[77] Notably, we found worrying signals that households of color in particular turned to high-cost credit as a means for accessing liquidity.

We see positive signals as well, including a continued drop in the rate of the unbanked and a dramatic decline in overdraft fees among the nation's largest financial institutions. There is significant need, however, for financial institutions and service providers to continue to focus on addressing inequities and equalizing access to affordable and supportive financial services.

Our analysis adds to the understanding of how households have managed their finances in an uncertain and inflationary economy. It also lends insight into the depth of financial disparities by race and ethnicity, impacting people's ability to access appropriate, affordable financial services. We hope this report serves as a tool for financial service providers, researchers, policymakers, and advocates to better understand trends in consumer spending and identify opportunities to support more equitable financial health policies and products.

We welcome suggestions for additional analysis, partnership, or resources that can strengthen our work. We also welcome inquiries from policymakers, researchers, and others who are interested in exploring our data in greater detail.

[75] Consumer Price Index, Bureau of Labor Statistics.
[76] Andrew Dunn, Andrew Warren, Necati Celik, & Wanjira Chege, "Financial Health Pulse® 2022 Trends Report," Financial Health Network, September 2022.
[77] Andrew Haughwout, Donghoon Lee, Daniel Mangrum, Joelle Scally, and Wilbert van der Klaauw, "Younger Borrowers Are Struggling with Credit Card and Auto Loan Payments," Liberty Street Economics, February 2023.

Appendices

Appendix I: Supplemental Data Tables

Table A1. Estimated spending by population.
Fees and interest by product per household type, in billions.

		Financial health			Race and ethnicity		
	Overall	Healthy households (*n = 1,986*)	Coping households (*n = 2,438*)	Vulnerable households (*n = 579*)	Black households (*n = 448*)	Latinx households (*n = 652*)	White households (*n = 3,379*)
Transaction and deposit services							
Account maintenance fees	$5.7	$1.1	$3.2	$1.4	$0.9	$1.4	$3.0
ATM fees	$2.4	$0.4	$1.2	$0.8	$0.4	$0.4	$1.5
Check cashing, nonbank	$0.7	$0.0	$0.3	$0.4	$0.2	$0.2	$0.3
International remittances	$9.9	$3.2	$4.9	$1.5	$1.6	$3.8	$2.6
Money orders	$0.9	$0.2	$0.5	$0.2	$0.2	$0.2	$0.4
Overdraft/NSF	$9.9	$0.4	$3.3	$6.1	$1.3	$2.1	$6.0
Prepaid cards	$7.9	$2.5	$3.8	$1.6	$1.0	$1.6	$4.5
Subtotal	***$37.5***	***$7.8***	***$17.2***	***$11.9***	***$5.5***	***$9.7***	***$18.2***
Credit services							
Auto leases	$6.9	$1.8	$3.4	$1.7	$1.0	$1.7	$3.6
Auto loans - Buy here, pay here	$9.8	$1.8	$4.3	$3.7	$3.3	$0.9	$4.8
Auto loans - new	$30.4	$8.7	$16.2	$5.5	$3.7	$7.8	$15.9
Auto loans - used	$66.4	$8.2	$39.0	$19.2	$7.9	$13.6	$39.7
Credit cards - general purpose (revolving balance)	$113.1	$11.5	$65.8	$35.8	$11.7	$24.6	$65.6
Credit cards - private label (revolving balance)	$13.0	$1.9	$7.4	$3.8	$2.2	$3.6	$6.5
Credit cards - secured	$0.3	$0.1	$0.2	$0.1	$0.1	$0.1	$0.1
Unsecured installment loans	$36.7	$6.1	$22.6	$7.9	$4.2	$7.3	$23.0
Pawn loans	$4.4	$0.3	$1.9	$2.0	$1.1	$1.0	$2.0
Payday loans	$2.6	$0.3	$1.2	$1.1	$0.7	$0.8	$0.9
Refund anticipation checks and loans	$1.5	$0.2	$0.7	$0.6	$0.4	$0.4	$0.6
Rent-to-own	$5.1	$0.3	$2.4	$2.3	$1.3	$1.2	$2.4
Student loans - federal	$7.8	$2.0	$4.4	$1.3	$1.0	$1.6	$4.4

FINANCIAL HEALTH NETWORK

Student loans - private	$9.1	$2.9	$5.3	$0.9	$0.9	$1.2	$6.4
Title loans	$2.4	$0.3	$1.4	$0.6	$0.7	$0.8	$0.8
Subtotal	***$309.5***	***$46.3***	***$176.3***	***$86.6***	***$40.0***	***$66.5***	***$176.9***
TOTAL	**$346.9**	**$54.1**	**$193.4**	**$98.5**	**$45.5**	**$76.2**	**$195.1**

See Appendix II for details on calculations of spending by population and estimates of accuracy.

Table A2. Reported incidence, by household type.
Percentage of households reporting use of product/service over the last 12 months, by household type.

		Financial health			**Race and ethnicity**		
	Overall	**Healthy households *(n=1,986)***	**Coping households *(n=2,438)***	**Vulnerable households *(n=579)***	**Black households *(n=448)***	**Latinx households *(n=652)***	**White households *(n=3,379)***
Account maintenance Fees[ψ]	20%	11%	22%	35%	29%	28%	16%
ATM fees[ψ]	37%	26%	40%	56%	49%	42%	34%
Check cashing, nonbank	3%	1%	3%	10%	5%	5%	2%
International remittances	10%	10%	10%	10%	14%	23%	4%
Money order	16%	8%	18%	28%	28%	21%	12%
Overdraft/NSF[ψ]	17%	4%	18%	46%	26%	23%	14%
Prepaid cards	15%	14%	15%	20%	17%	18%	14%
Auto lease	10%	8%	10%	17%	13%	15%	9%
Auto loan - New	18%	20%	18%	11%	13%	24%	17%
Auto loan - Used	24%	16%	27%	29%	24%	23%	24%
Auto loan - Buy here, pay here†	3%	2%	2%	6%	9%	2%	2%
Credit card - general purpose (revolving balance)[ɣ]	51%	25%	65%	90%	72%	66%	47%
Credit card - private label (revolving balance)[ɣ]	41%	17%	49%	78%	80%	56%	32%
Credit cards, secured	6%	4%	6%	9%	11%	9%	4%
Unsecured installment loans	13%	7%	15%	16%	15%	15%	12%
Pawn loans	5%	1%	4%	15%	10%	7%	4%
Payday loans	4%	1%	4%	12%	10%	8%	2%
Refund anticipation checks	2%	1%	2%	7%	6%	4%	1%
Refund anticipation loans	2%	1%	2%	5%	4%	3%	1%
Rent-to-own	4%	1%	3%	11%	7%	5%	3%

Student loan - federal	16%	12%	18%	19%	18%	20%	15%
Student loan - private	5%	5%	6%	3%	4%	4%	6%
Title loan	2%	1%	3%	4%	5%	4%	1%

Ψ *Among households who have a checking or savings account or who had closed a checking account in the last 12 months.*
† *Among those with used car loans.*
ᵞ *Among households holding general purpose or private label credit cards.*

Appendix II: Methodology

A. Summary of Process

Our report reflects extensive research on dozens of financial services in the United States. It is unique in its approach to estimating the market size of these services across different household characteristics by blending findings from both secondary and primary research.

Our secondary analyses leverage data from credible sources and produce estimates that are consistent with other research. In most cases, figures are extrapolated from multiple data sources to arrive at a final estimate for a given product segment. Wherever possible, our analyses include partial or, in some cases, complete data for 2022. In other cases, we have applied earlier trends to estimate 2022 spending. Many 2020 and 2021 estimates have been updated to reflect new data availability.

Our primary research relies on an original survey examining usage of the products studied in this report and, where relevant, collected supplemental information on frequency and outstanding balances. The survey also included questions on credit tiers, demographics, and individual financial health. See Appendix II, Section B, for more details on the primary data collection component of this study.

Total estimates of interest and/or fees rely on secondary sources, while spending proportions for the various demographic and financial health segments are estimated via primary research and overlaid onto total estimates to calculate the dollar value of spending for each segment. For product categories that are relatively small in market size (generally, total spending under $10 billion) and those with relatively little variation in the cost per user, we apply the proportion of households using a given service to estimate the share of spending driven by that population. For product categories with larger market size and more variability in cost per user, we calculate spending based on reported balance and an estimated APR based on household credit tier.

The sources are summarized in Table A4 and include our estimates of accuracy – high, medium, or low – for each product category, based on Table A3. We value feedback and partnership with stakeholders to continuously improve our analysis.

This study utilizes the household as the primary unit of measurement. We selected this approach to align with our survey, which queried respondents on their household usage of a variety of products.

Survey respondents self-identified as the primary or co-decision-maker on household financial matters. For person-level characteristics, such as race and ethnicity, we used the characteristics of the respondent to represent the household.[78]

Table A3. Criteria for estimate accuracy categorization.

	Secondary research estimates (total estimates of interest and fees)	Spending estimates by population
High	Secondary research estimates are based on widely acknowledged industry leading sources, such as federal datasets, credit bureau analyses, and public filings. Where surveys are leveraged, source methodology is disclosed.	Primary research estimates overlap with secondary research estimates, and 95% confidence intervals for subgroups do not cross zero.
Medium	Secondary research estimates are derived from credible market data. Sources disclose methodology, but with significant assumptions.	Primary research estimates are based on household incidence or do not overlap with secondary research estimates, and 95% confidence intervals for subgroups do not cross zero.
Low	Secondary research estimates required significant extrapolations and assumptions; estimates rely on pre-2018 data; and/or no source methodologies exist.	Primary research estimates do not overlap with secondary research estimates and 95% confidence intervals for subgroups cross zero. This is largely due to small sample sizes and primarily affects accuracy around spending allocated to the Financially Healthy.

[78] This approach is commonly utilized among governmental sources, such as the Federal Deposit Insurance Corporation's (FDIC) "2021 FDIC National Survey of Unbanked and Underbanked Households" from October 2022.

Table A4. Product definitions, sources and survey measures, and estimates of accuracy.

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
Transaction and deposit services					
Account maintenance fees	Monthly service fees that financial institutions charge checking and/or savings account holders who do not meet certain requirements (typically a minimum balance or a minimum monthly deposit). Exclusive of overdraft fees or ATM fees.	Estimate based on Call Report data from the Federal Financial Institutions Examination Council (FFIEC) Central Data Repository (2019-2022) and the National Credit Union Administration (NCUA) Aggregate Financial Performance Reports (FPRs) (2019-2022).	Medium	Incidence	Medium
ATM fees	Fees charged to consumer account holders for transactions carried out at an ATM, most often incurred when using ATMs outside of the account holder's bank or credit union network.	Estimate based on Call Report data from the Federal Financial Institutions Examination Council (FFIEC) Central Data Repository (2019-2022) and the National Credit Union Administration (NCUA) Aggregate Financial Performance Reports (FPRs) (2019-2022).	Medium	Incidence, Frequency	Medium
Check cashing, nonbank	A service to quickly convert checks to cash or electronically available funds.	Revenue estimate extrapolated from Marketdata Enterprises, Inc. "Check Cashing & Money Transfer Services: A Market Analysis" (2013); average customer fees charged by small providers and franchised or co-located providers sourced from company data; the 2013, 2015 and 2017, and 2021 installments of the "FDIC National Survey of Unbanked and Underbanked Households," FDIC (2014, 2016, 2018, 2022); "How America Banks: Household Use of	Low	Incidence	Medium[†]

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
		Banking and Financial Services," FDIC (2020); and check cashing survey usage information collected for this report (2021-2022).			
International remittances	A service that transfers cash funds converted into electronic funds between two private individuals across international borders. This study includes only funds remitted from senders in the U.S. to recipients abroad.	Calculation based on the World Bank Bilateral Remittance Matrix; World Bank estimates of remittance prices worldwide (2009-2022) and Knomad remittances inflow data (2019-2022).	Medium	Incidence	Medium
Money orders	A service that converts cash to a paper check equivalent with stated amount of funds guaranteed by the issuing institution.	Estimate based on US Postal Service Data (2009-2022), fee data from MyBankTracker.com (2020-2022), and money order purchase location data from survey data collected for this report (2020-2022).	Medium	Incidence	Medium
Overdraft/ NSF	A fee charged for having insufficient funds in one's checking account to pay for a purchase or charge. This includes an overdraft fee charged if the bank covered the item, or an NSF fee or bounced check fee if the bank returned the item as unpaid.	Estimate based on Call Report data from the Federal Financial Institutions Examination Council (FFIEC) Central Data Repository (2019-2022) , National Credit Union Administration (NCUA) Call Report Quarterly Data (2019-2022), and "Data Point: Overdraft/NSF Fee Reliance Since 2015 – Evidence from Bank Call Reports," Consumer Financial Protection Bureau (2021).	High	Incidence, Frequency	Medium
Prepaid - government	A prepaid card used to access, manage, and spend federal government benefits,	Estimate based on Federal Reserve Board's annual "Report to the Congress on Government-Administered,	Medium	Incidence	Medium

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
	including Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), unemployment, Social Security, and disability benefits, for all recipients who do not receive benefits by direct deposit.*	General-Use Prepaid Cards," (2017-2022) and U.S. Department of Labor unemployment insurance data (2019-2022).			
Prepaid - general purpose reloadable (GPR)	An open-loop card that serves as an account for consumers to load, store, and spend funds electronically.	Estimate using "13th Annual US Market Prepaid Cards Market Forecast 2016-2019," Mercator Advisory Group (2016) and fee estimate based on Green Dot operating revenue and gross dollar volume reported in quarterly and annual public reports (2017-2022).	Low	Incidence	
Prepaid (payroll)	An open-loop card that serves as an account for employers to deposit employee salaries, wages, or other compensation on a regular basis for employees to store and spend electronically.	Estimate using "13th Annual US Market Prepaid Cards Market Forecast 2016-2019," Mercator Advisory Group (2016) and fee estimate based on Green Dot operating revenue and gross dollar volume reported in quarterly and annual public reports (2017-2022).	Low	Incidence	
Credit services					
Auto leases	Consumer car leases	Calculation based on risk segment, annual lease amount and term, and percentage leased reported in "State of the Automotive Finance Market," Experian quarterly reports (2009-2022); National Automobile Dealers Association (NADA) and	High	Incidence	Medium

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
		Edmunds data on new vehicle sales and average lease fees (2009-2022); and WalletHub data on average interest rates (2013-2022).			
Auto loans - BHPH	Car loans offered through in-house financing, typically with high interest rates, for which monthly or biweekly payments are due at the point of sale; often utilized by consumers who lack viable credit scores since credit checks are often not required.	Calculation based on financing market share data reported in "State of the Automotive Finance Market," Experian quarterly reports (2016-2022); "Automotive Market Trends" Experian quarterly reports (2018-2022) data on new and used vehicle sales; and National Alliance of BHPH Dealers Industry Benchmarks (2018-2021).	Medium	Incidence	Low
Auto loans - new	New consumer car loans.	Estimate based on risk segment data from TransUnion Monthly Industry Snapshots (2020-2022); and interest rate, loan volume, term, and loan amount data reported in "State of the Automotive Finance Market," Experian quarterly reports (2009-2022).	High	Incidence, balance, credit tier	High
Auto loans - used	Used consumer car loans (exclusive of BHPH auto loans).	Estimate for used auto loans based on risk segment data from TransUnion Monthly Industry Snapshots (2020-2022); and interest rate, loan volume, term, and loan amount data reported in "State of the Automotive Finance Market," Experian quarterly reports (2009-2022).	High	Incidence, balance, credit tier	Medium
Credit card - general purpose	A card-based revolving line of credit for a credit card that can be used at	Estimate based on data from "The Consumer Credit Card Market" (Consumer	Medium	Incidence, balance, frequency,	Medium

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
(revolving balance)	multiple merchants, as opposed to a single store. Measures interest and fees only for cardholders who carry a balance at least one month of the year.	Financial Protection Bureau, 2021), "Bank Prime Loan Rate Changes" (Federal Reserve, 2022), revolver data from ABA Credit Card Monitor Report (2021-2022), and monthly Equifax U.S. National Consumer Credit Trends Reports (2021-2022).		credit tier	
Credit card - private label (revolving balance)	A card-based revolving line of credit issued in partnership with a retail outlet. Includes only private label cards, which are limited to purchases made at the issuing retailer or retailer group. Measures interest and fees only for cardholders who carry a balance at least one month of the year.	Estimate based on data from "The Consumer Credit Card Market" (Consumer Financial Protection Bureau, 2021), "Bank Prime Loan Rate Changes" (Federal Reserve, 2022), revolver data from ABA Credit Card Monitor Report (2021-2022), and monthly Equifax U.S. National Consumer Credit Trends Reports (2021-2022).	Medium	Incidence, balance, frequency, credit tier	Medium
Credit cards, secured	Credit cards that are fully or partially backed by funds deposited into the account and used as collateral for the credit available; also used to build credit.	Estimate based on account volume and fee data in "The Secured Credit Card Market" (Federal Reserve Bank of Philadelphia, 2016), fee data from "2019 Credit Card Fee Study" (U.S. News & World Report, 2019), "CFI in Focus: Secured Credit Cards" (Federal Reserve Bank of Philadelphia, 2019) and interest rate data from WalletHub's "Credit Card Landscape Report" (2020-2021).	Low	Incidence	Medium
Unsecured installment loans	Short-term unsecured personal loans repaid over time through a set number of scheduled payments. This loan may be provided by a storefront or online	Estimate based on unsecured personal loan volume data from quarterly TransUnion Industry Insights Reports (2020-2022), and personal loan interest rates reported	Medium	Incidence, balance, credit tier	Medium

<table>
<tr><th>Product</th><th>Definition</th><th>Secondary sources and notes</th><th>Accuracy of secondary estimate of interest /fees</th><th>Survey measures used to estimate population spending</th><th>Accuracy of spending estimates by population</th></tr>
<tr><td></td><td>lender as well as a bank or credit union.</td><td>by BankRate (Nov 2022).</td><td></td><td></td><td></td></tr>
<tr><td>Pawn loans</td><td>Loans with amount set and secured based on the value of items provided by the borrower as collateral.</td><td>Estimate based on publicly traded industry leaders' annual and quarterly report data (2009-2022), market share data, figures reported by the National Pawnbrokers Association, and U.S. Census Bureau's 2019 Statistics of U.S. Businesses (SUSB) data.</td><td>Medium</td><td>Incidence</td><td>Medium</td></tr>
<tr><td>Payday loans</td><td>Single payment loans offered by nonbank lenders.</td><td>Estimate based on data from "Short-Term Lending Update: Moving Forward with Positive Momentum," John Hecht for Jefferies (2018); statements by John Hecht for Jefferies (2020); "Update: COVID-19 Impact Study on Small-Dollar Lending," Veritec (2022); and Texas Office of Consumer Credit Commissioner Financial Services Activity quarterly reports (2018-2022).</td><td>Low</td><td>Incidence</td><td>Medium</td></tr>
<tr><td>Refund anticipation checks</td><td>Fee-based service that allows tax preparation fees to be paid from the eventual tax refund rather than at the time of preparation. Also known as "refund transfers."</td><td>Estimate based on IRS tax return data (Tax Years 2016-2020) and fee data reported by the National Consumer Law Center, "2021 Tax Season: Higher Costs for Vulnerable Taxpayers."</td><td>Medium</td><td>Incidence</td><td rowspan="2">Medium</td></tr>
<tr><td>Refund anticipation loans</td><td>Loans secured by and repaid directly from a consumer's tax refund. Also known as "refund advances."</td><td>Estimate based on IRS tax return data (Tax Years 2016-2020) and fee and APR data reported by the National Consumer Law Center, "2021 Tax Season: Higher Costs for Vulnerable Taxpayers."</td><td>Medium</td><td>Incidence</td></tr>
</table>

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
Rent-to-own	Service that allows for the purchase of furniture, appliances, and other big-ticket household items through payments due in regular installments over a period of time. The customer does not own the rented item until all payments are complete.	Estimate based on market share and gross margin data provided in quarterly and annual public reports from industry leaders Rent-A-Center (2019-2022), Aaron's (2019-2022), and Progressive Holdings (2022); Total market revenue information sourced from 2021 Research and Markets report.	Low	Incidence	Medium
Student loans - federal	Student loans (also known as government student loans) that allow students and parents/guardians to borrow money for college directly from the federal government. Includes loans made directly by the federal government and privately made loans purchased by the government.	Estimate based on data from the U.S. Department of Education (2018-2022), revenue data from publicly traded Federal Family Education Loan Program (FFELP) commercial lenders (2018-2022), and federal student loan location data from the U.S. Department of Education (2017-2022).	High	Incidence	Medium‡
Student loans - private	Private loans provided to individuals for the pursuit of higher education and related costs.	Estimate based on interest rate data from publicly traded industry leaders (2017-2022) and volume data from "Student Loans Owned and Securitized," Federal Reserve, 2022.	High	Incidence	Medium‡
Title loans	Loans secured with a vehicle, in which the auto title is provided to the lender as collateral. While the majority of loan industry volume is based on auto title loans structured as installment loans, some are also structured as single payment loans.	Estimate based on revenue data from the Center for Responsible Lending, "Payday and Car Title Lenders Drain $8 Billion in Fees Every Year," (2019); reporting on regulatory changes; and quarterly and annual state regulator reports in Ohio, California, Illinois, Virginia, Texas, and	Low	Incidence	Medium

Product	Definition	Secondary sources and notes	Accuracy of secondary estimate of interest /fees	Survey measures used to estimate population spending	Accuracy of spending estimates by population
		Tennessee.			
BNPL	Retail payment option that enables consumers to split a purchase into smaller installments, with the first installment typically due at checkout. Only "Pay in 4" models are included in this report. Shoppers are generally promised no interest and fees - as long as payments are made on time - and can apply for the loan through a quick online process.	N/A	N/A	N/A	N/A
EWA	EWA providers partner with an employer or payroll system to gain insight into earned wages and provide a means for consumers to access those wages before payday or the day funds are accessible.	N/A	N/A	N/A	N/A
Peer-to-peer (P2P) payment service	Online payment service that enables the user to send, receive, and store money. Excludes Zelle.	N/A	N/A	N/A	N/A

** All federal government benefits not accessed through direct deposit are legally required to be provided by prepaid cards as of March 2013.*

† For Financially Healthy households, the accuracy of spending estimates is low.

‡ Outstanding balance is not factored into estimated spend calculations.

B. Survey Details

The Financial Health Network collaborated with researchers at the University of Southern California (USC) Dornsife Center for Economic and Social Research to design and field a survey of financial decision-makers within households. We utilized USC's online panel, the Understanding America Study (UAS), a nationally representative probability-based internet panel.

In our survey, all the information on financial product and service use is collected at the household level (i.e., we ask each respondent how much their household owes on new car loans, used car loans, etc.). Note that only individuals who participate in the financial decision-making of their household were part of the final sample, and each represents a unique household.

We then extrapolate these 5,055 responses to the roughly 124 million U.S. households.[79] We applied post-stratification weights to this sample to make it nationally representative with respect to gender, race/ethnicity, education, age, and Census region.

Table A5. Survey overview.

Population	All U.S. non-institutionalized adults at age 18 or older
Sample selection	Nationally representative respondents selected using the UAS algorithm
Language	English or Spanish
Field dates	January 5-30, 2023
Length	Median time: 10 minutes, 55 seconds
Margin of error	1.4%

Table A6. Selection overview.

Number of UAS panelists invited	7,142
Did not start the survey	1,900
Started but did not complete the survey	55
UAS panelists who did not participate in financial decision making	136
Total survey completes	5,055

[79] U.S. Census Bureau, American Community Survey (ACS), 2021 American Community Survey 5-year Estimates: Table S1101, generated by Necati Celik.

Table A7. Sample characteristics.

Financial health[80]	Financially Healthy	35%
	Financially Coping	51%
	Financially Vulnerable	14%
Race and ethnicity	Black	12%
	Latinx	17%
	White	62%
	Other[81]	9%

C. Methodology Updates

Secondary Research

- **Auto Loans - Buy Here, Pay Here:** This report uses data from Experian Automotive Market Trends to find total sales units for new and used vehicles. We used the total sales units to estimate the BHPH auto loans volume. In previous years we have used data from the Bureau of Transportation Statistics (BTS).
- **Check cashing**: While we continue to leverage FDIC research for historical trends, we leveraged FinHealth Spend survey data to inform the 2022 trend to incorporate the most recent data.
- **RAC/RAL**: Prior reports only produced a revenue estimate for refund anticipation checks. Given the ongoing shifts in this market, this year we chose to report both refund anticipation checks and loans together.
- **Pawn:** Prior reports included pawn item forfeiture when calculating total fee revenue. This year's analysis excluded pawn loan forfeiture revenue when determining total fee revenue to exclusively capture total revenue generated from pawn loan fees.
- **Overdraft/NSF:** Previous versions of this report have estimated total overdraft revenue by scaling up the ratio between overdraft revenue reported by the CFPB in 2019 and 2019 FFIEC Call Report data. When determining total overdraft market revenue, the 2022 report estimates revenue for banks under $1 billion in assets and credit unions by applying the percent change in overdraft fee revenue between 2019 and 2022 for banks between $1

[80] Our financial health distribution differs slightly from the Financial Health Pulse® 2022 U.S. Trends Report because of survey timing and use of households as the unit of analysis.
[81] The "Other" segment within race and ethnicity includes respondents who indicated they were American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander, or multiple races. We were unable to analyze these segments separately because of small sample sizes.

billion and $5 billion in assets to the estimated total revenue for these respective groups in 2019 as reported by the CFPB.

- **Payday:** To identify a 2022 trend, we leveraged data from Veritec for the first quarter of 2022 as well as quarterly publishing on Credit Access Businesses from the Texas Office of Consumer Credit Commissioner. The 2021 report relied solely on Veritec reporting for a pandemic trendline.
- **Prepaid - Government:** This year's report estimates the volume disbursed for prepaid government benefits using the percentage of unemployment benefits disbursed from 2019 to 2022. In previous years we used data from the Federal Reserve Board's annual report.
- **Prepaid - Payroll:** This report uses Mercator's 2016-2019 market forecast report to estimate the total volume loaded on payroll prepaid cards. Last year, we used the volume amount reported by the Mercator 2021 report.
- **Prepaid - GPR:** This report uses Mercator's 2016-2019 market forecast report to estimate the total volume loaded on GPR prepaid cards. Last year we used the total volume amount reported by the Mercator 2021 report.
- **Rent-to-Own**: Prior reports used the total number of stores to estimate market share. To better reflect the growing prominence of online rent-to-own lenders, this year's report shifts to estimating market share using total company revenue. Additionally, past versions of this report have included the "cost of merchandise sold" when determining fee revenue for publicly traded rent-to-own companies. The 2022 report excludes "cost of merchandise sold" so that the analysis exclusively captures revenue from fees associated with rent-to-own financing arrangements.
- **Student Loans - Federal**: For this report, we elected to use figures from the Department of Education for the most updated data for the full fiscal year 2022. Last year's report used White House budget data.
- **Student Loans - Private**: For this report, we estimate the percentage volume of private student loans by deducting the federal student loans volume from the total student loans volume reported by FRED. In prior years, we used MeasureOne data.

Primary Research

- There have been minor changes to the survey questions for the following products without compromising year-over-year comparability:
  - Frequency of overdrafts
  - Frequency of ATM fees
  - Incidence of rent-to-own
  - Incidence of refund anticipation check
  - Incidence of check cashing
  - Incidence of revolving credit card (general) balance
  - Incidence of revolving credit card (private) balance
  - Incidence of auto lease
  - Incidence of unsecured installment loans
  - Incidence of auto insurance

- There have been material changes to the survey question for the following products that prevented us from making year-over-year comparisons:
    - Credit card balances (both general and private label cards)
    - Auto loan balances (both new and used auto loans)
    - Installment loan balances
    - Incidence of buy-now-pay-later
    - Frequency of buy-now-pay-later
    - Incidence of federal and private student loans

Adjustments to Spending Allocations by Segment

The following changes have been implemented for calculating the revenue shares of different demographic groups:

- Low- and moderate-income (LMI) status as a demographic variable was removed.
- The incidence of refund anticipation checks and refund anticipation loans were combined to calculate the incidence of refund anticipation *checks or loans* to calculate the revenue shares across race and ethnicity and financial health.

D. Race and Ethnicity Definitions

Throughout this report, we discuss findings across race and ethnicity. We define race and ethnicity using a single, mutually exclusive variable. We use this single variable due to the lack of consensus over how to categorize Latinx survey respondents in addition to their racial identity. For example, there is debate over whether race and Latinx ethnicity should be viewed as the same concept or treated as separate facets of an individual's identity.

In lieu of consensus, we follow the typical race and ethnicity definition conventions and treat race and ethnicity as a single variable, acknowledging the difficulty and complexity in doing so. Respondents answer two questions that are used to determine their race and ethnicity categorization.

Respondents who answer "yes" to the question, "Are you Spanish, Hispanic, or Latino?" are categorized as Latinx, regardless of their answer to an additional question asking them about their race. We use the term "Latinx" to include people who identify as nonbinary, agender, genderqueer, or gender fluid, and because the term includes individuals who may not identify as Hispanic. Respondents who do not indicate that they are Latinx are categorized based on their response to the statement: "Here is a list of five race categories. Please choose all that apply." Response options were: "White," "Black or African American," "American Indian or Alaska Native," "Asian," and "Native Hawaiian or Other Pacific Islander." Individuals who select multiple races are categorized as "Multiple Races," regardless of their specific responses. While there are inherent challenges in grouping all people that selected multiple races together, we elected to do so in the absence of a consensus on how to subdivide this group further.

To analyze the spending of households of different demographic segments, we classify a household's race/ethnicity based on the response of the household respondent. For example, a Latinx household is one in which the survey respondent identifies as Latinx. A Black household is one in which the survey respondent identifies as Black. While there are clear limitations to this approach, including misidentifying households who comprise people from varying races/ethnicities, we follow a common approach used by the U.S. Office of Management and Budget (OMB) and the Federal Deposit Insurance Corporation (FDIC).[82] Black and Latinx households have been highlighted in this report, given the disparities in access to affordable financial services, as well as their large sample size. We welcome feedback on how to improve upon our approach in future reports.

FINANCIAL HEALTH NETWORK

The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

For more on the Financial Health Network, go to www.finhealthnetwork.org and join the conversation online:

- FinHealthNet
- FinHealth Network
- FinHealth Network
- FHN_EMERGE

[82] "2021 FDIC National Survey of Unbanked and Underbanked Households," Federal Deposit Insurance Corporation, October 2022.