

**Brief**

# Measurement for Systems Change

Lessons From the Financial Health Pulse®

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The findings, interpretations, and conclusions in this piece are those of the Financial Health Network and do not necessarily represent those of our funders or partners.



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## Illuminating Financial Health in the U.S.

When the Financial Health Network first released national statistics on financial health through the Financial Health Pulse® in 2018, a portrait of financial health in America was taking shape, but still incomplete. Our organization had previously participated in the Financial Diaries project, a groundbreaking qualitative study that chronicled how 235 families in the U.S. navigated complex financial systems and put income volatility on the map for consumer advocates and policymakers. Large-scale surveys illuminated adjacent topics, like access to financial services or subjective financial well-being. However, there were significant gaps in knowledge about the breadth and persistence of financial health challenges in the U.S.

The Financial Health Network had previously led the charge to measure the number of unbanked people in America as a way of bringing visibility to a hidden problem. Having seen how powerful that effort was, we set out to create a framework and evidence base for financial health in the U.S. We sought to provide a contrast to the existing economic data headlines, which didn't capture households' financial outcomes.

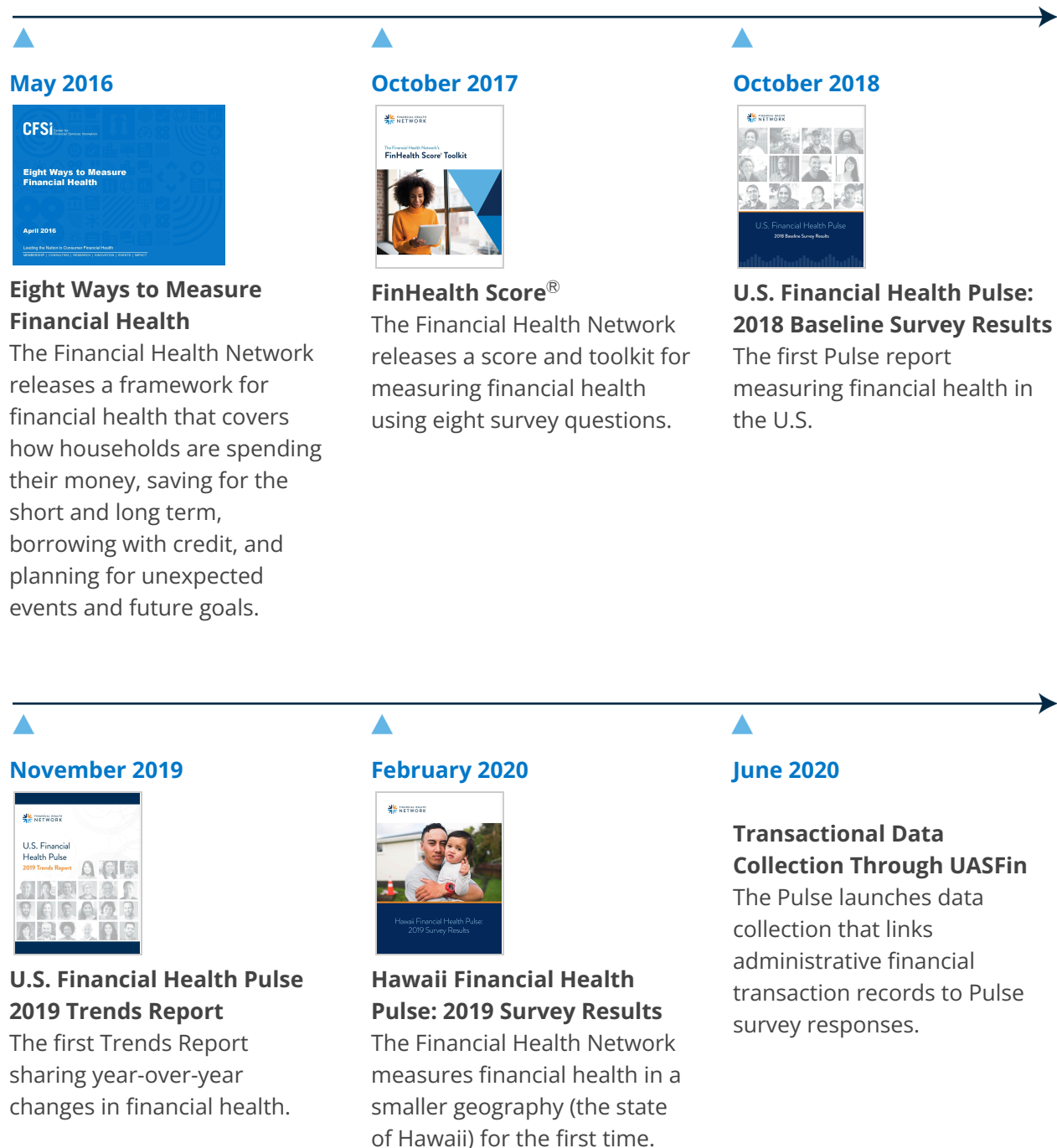
In partnership with Flourish Ventures and with additional support from MetLife Foundation and AARP Foundation, the Financial Health Network established a research initiative, the [Financial Health Pulse](#), to create annual benchmarks for financial health in the U.S. using a nationally representative survey. Using the [FinHealth Score](#)® framework, which the Financial Health Network created with support from MetLife Foundation, the Pulse has published reports on the financial health of people in the U.S. on an annual basis for six years. Over the years, the Pulse has added additional reports to the initiative that showcase insights into deeper-dive topical areas or population segments (see Appendix for more information about the Financial Health Network's measurement framework).

**Table 1. Goals and objectives to drive systems change through financial health measurement.**

Goal	Financial Health Pulse® Objectives
Influence <b>narratives</b> about financial health	<ul style="list-style-type: none"> <li>Put financial health on the radar for financial services executives and illuminate key facts to fill gaps or address misperceptions.</li> </ul>
Spur public and private <b>action</b> to improve financial health	<ul style="list-style-type: none"> <li>Influence companies to develop business metrics related to financial health, and to design products and services oriented toward improving it.</li> <li>Encourage others to measure financial health themselves, because “what gets measured, gets managed.”</li> <li>Provide a framework for policymakers to assess the impact of policy on consumers based on changes in U.S. financial health over time.</li> </ul>
Contribute to research and <b>learning</b> about financial health	<ul style="list-style-type: none"> <li>Create a public good for researchers and thought leaders to generate empirical research on financial health.</li> </ul>

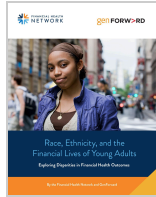
Over time, financial health has evolved from a niche concept to part of the daily lexicon. Improving financial health has become an explicit goal of policymakers, and a number of financial services firms have adopted financial health measurement themselves. Our experiences with the Pulse initiative provide an opportunity to reflect on what we’ve learned along the way about measurement as a tool for systems change. In this brief, we reflect on how financial health measurement has contributed to changes in the financial ecosystem and highlight key considerations for using measurement as a systems change tool.

**Figure 1. Timeline of financial health measurement milestones.**



▲

### September 2020



#### **Race, Ethnicity, and the Financial Lives of Young Adults**

The Financial Health Network partners with GenForward to research the financial health of young adults – an early example of financial health measurement for a specific consumer segment.

▲

### March 2021



#### **Attune**

#### **Attune**

The Financial Health Network launches an insights platform, Attune – a web application that assesses the financial health of an organization’s customers and employees and benchmarks it against national Pulse data.

▲

### June 2021



#### **Pulse Points Spring 2021: The Effects of Stimulus Payments and Tax Refunds on Consumer Finances**

The Financial Health Network launches the Pulse Points series, a set of shorter research briefs touching on timely topics.

▲

### April 2023



#### **Once Financially Unhealthy, Always Financially Unhealthy?**

This Pulse report leverages five years of annual survey responses to show how individuals’ financial health changes over time.

▲

### August 2023

#### **Credit Report Data Collection**

The Pulse receives administrative data on credit reports from over 4,000 Pulse survey respondents.

▲

### September 2023



#### **Financial Health Pulse® 2023 U.S. Trends Report**

The 2023 U.S. Trends Report is the sixth annual Pulse report measuring financial health in the U.S. and features financial health information for more than a dozen consumer segments.

# Financial Health Measurement's Contributions to Systems Change

The Financial Health Network's measurement work has influenced national narratives about financial health challenges, as it was the first research initiative of its kind to show how people in America were faring financially. It has shed light on the complex factors that shape a person's financial health, and defined the goals that financial services firms and policymakers should pursue to improve consumer outcomes. These stakeholders have begun to adopt financial health as a key objective and taken action toward improving it in important ways described below.

## Reshaping the Narrative

The Financial Health Pulse has helped to establish key evidence and metrics about financial health in the U.S., contributing to a shift in mental models about who the Financially Unhealthy are and how to better serve them. The Pulse findings have helped more people understand that:

- **Financial health challenges are not concentrated among a small population, but instead are widespread among the mass market.** For example, 48% of people with incomes of \$100,000 and above are not Financially Healthy as of 2023.<sup>1</sup>
- **There are significant equity gaps in financial health.** People who are Black, Latinx, or multiracial are less likely to be Financially Healthy compared with people who are White or Asian, and fewer women than men are Financially Healthy.<sup>2</sup>
- **Financial health is not a fixed state, but can evolve over time,** with many consumers' financial health changing year to year.
- **Holding a bank account or other financial products is not a guarantee of positive financial outcomes,** which differentiates financial inclusion (participation in the financial system) from the outcome of financial health.

The work of the Office of the Comptroller of the Currency (OCC), one of the federal banking regulators, illustrates how financial health narratives have influenced policymakers. The Acting Comptroller of the Currency, Michael Hsu, regularly discusses financial health in his speeches and **described financial health as "the ultimate goal"** that bank products and services could serve. His description of financial health aligns with the Financial Health Network's framework of tracking how people spend, save, borrow and plan.<sup>3</sup>

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<sup>1</sup> Kennan Ceba et al., "[Financial Health Pulse® 2023 U.S. Trends Report](#)," Financial Health Network, September 2023.

<sup>2</sup> Ibid.

<sup>3</sup> Michael J. Hsu, "[Acting Comptroller of the Currency Michael J. Hsu Remarks at the 2023 Bank On National Conference "Financial Inclusion Successes on the Path to Financial Health,"](#)" May 2023.



*“I am not using the term ‘financial health’ in some vague sense as a bromide. I am using it specifically to denote the objective function of banking and finance: to help people lead healthy financial lives where they can spend, save, borrow, and plan with minimal anxiety and stress.”*

–Michael Hsu, Acting Comptroller of the Currency

Strong media coverage has contributed to the reach of the Pulse and its influence on narratives about financial health. The Pulse has been **cited in top-tier news outlets**, such as Fortune and MarketWatch, and research from the Pulse initiative is cited in more than 700 news articles each year.

## Catalyzing Action

As the Pulse has increased awareness of financial health and influenced narratives, key stakeholders have taken action toward improving the financial well-being of their customers, employees, and communities.

- *Financial services firms:* With the Pulse as a model for financial health measurement, dozens of banks, credit unions, fintechs, and nonprofits are now **measuring financial health themselves**. These include some of the largest banks in the world, such as Bank of America, TD Bank, and Wells Fargo, which are collectively measuring the financial health of tens of millions of consumers. Insights about financial health have contributed to **building a business case** for financial institutions to invest in improving their customers’ financial health; the Financial Health Network is aware of at least 60 financial services firms that have **created roles focused on financial health**.
- *Policymakers:* The OCC’s latest strategic plan **features a goal of expanding financial health** in connection with its goal of elevating fairness in the banking system, including in the treatment of customers.<sup>4</sup>
- *Influential intermediaries:* J.D. Power, whose benchmarking and Voice of the Customer reports are influential across industries, created the Financial Health Support and Advice Program, a survey and certification program that ranks the nation’s top 22 banks on how customers experience the financial health support and advice they provide. The survey leverages the Financial Health Network’s measurement framework to **measure the financial health of more than 12,000 consumers** each year.

## Furthering Learning

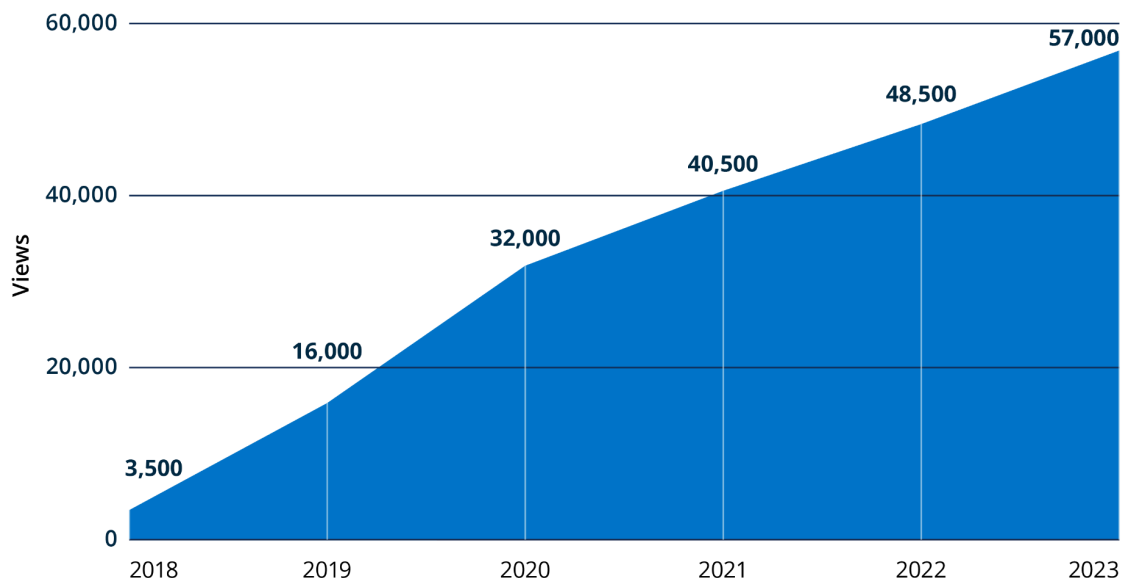
Outputs from the Pulse initiative have been widely viewed and referenced by those interested in financial health, creating value as a public good.

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<sup>4</sup> [“Office of the Comptroller of the Currency Strategic Plan Fiscal Years 2023 - 2027,”](#) Office of the Comptroller of the Currency, September 2022.

- *Trends Report downloads and views:* The annual Pulse Trends Reports have been downloaded 16,000 times, and Trends Report pages with research summaries have had roughly 57,000 unique pageviews since the release of the first Trends Report in 2018.
- *Custom analyses of the Pulse data:* Companies have reached out to the Financial Health Network to request several dozen custom analyses of Pulse data. The most common inquiry is for financial health information about specific consumer segments, such as retail workers, consumers receiving public benefits, or people of color.
- *Data downloads:* The Financial Health Network has received over 650 requests to download the Pulse survey datasets, which people can use to produce their own analyses of financial health.

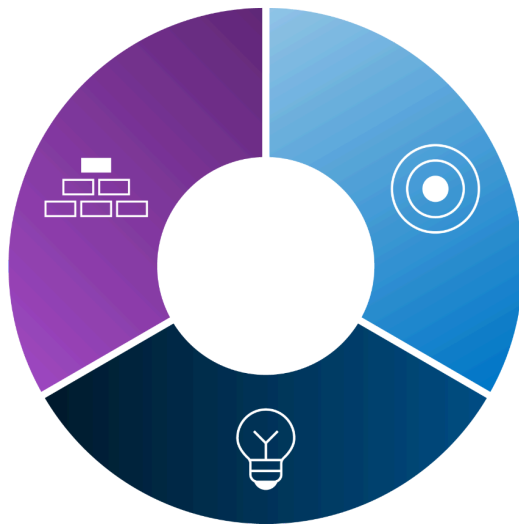
**Figure 2. Cumulative unique views of the Pulse Trends Report webpages (2018-23).**



## Key Considerations for Driving Systems Change Through Measurement

The Financial Health Pulse has also generated broader learnings about how to use measurement as a systems change tool. Below, we share considerations for designing an effective measurement program. Each of these components can interact to be mutually reinforcing. In making decisions about each component, a systems change actor will also need to have clarity about their objectives for the measurement program's different audiences and consider how to evolve the measurement system over time to deepen its impact.

**Figure 3. Considerations for designing an effective measurement systems change program.**



**REACH**

Build an audience through narrative building and segmented stakeholder engagement and dissemination strategies.

**RELIABILITY**

Establish credibility through thoughtfully designed data collection methods, including the representativeness of the data and frequency of data collection.

**RESONANCE**

Bring measurement to life through the sampling design and leveraging the right type of data (administrative or survey data) to illuminate key concepts.

Note: Each component should evolve to reflect systems change impacts over time.

## Reliability

Creating a reliable measurement system is key to establishing credibility. The Pulse has become a touchstone resource by **taking a high-quality sampling approach** and **regularly reporting** on measurement results. First, however, one must identify whether an existing **data source** can illuminate the topic being measured or if investing in new data collection is needed.

For thought leaders and researchers, the quality of the Pulse has rivaled government data sources; Genevieve Melford, Managing Director of the Aspen Institute’s Financial Security Program and former lead of the Consumer Financial Protection Bureau’s financial well-being research initiative, spoke to the value of the Pulse research in her work.

*“That a nonprofit organization is producing a survey that is as reliable as from financial regulators like the Federal Reserve is a very special thing. It would be genuinely harmful to our ability to speak about financial security in the U.S. and to engage leaders on it if it went away.”*

–Genevieve Melford, Managing Director, Aspen Institute Financial Security Program

## **Data Source: New Data Can Be Necessary To Capture New Concepts**

New data collection can be expensive. Depending on the sector that a systems change actor is aiming to influence, analyzing and illuminating existing data sources may be sufficient. Government surveys, for example, are high-quality and cover a broad array of topics.

To measure financial health, we needed to collect new data because we had defined financial health as a new concept. As a holistic measure, it brought together multiple data points that didn't exist in a single dataset, if at all. A variety of data sources covered related topics such as subjective financial well-being, financial product usage, or financial inclusion. However, none covered the outcomes-based measures of household spending, saving, borrowing, and planning that comprise our financial health framework. We needed a new data source to bring the concept to life and establish baseline knowledge about financial health.

## **Sampling Approach: Nationally Representative Data Drive Credibility**

The sampling approach influences how representative the results will be. Probability-based sampling methods provide more representative data than alternatives, but usually come at a greater cost. The audience for a measurement system and the level of rigor that is compelling to them can inform whether to invest in this component of reliability. For the Pulse, we opted to partner with the Understanding America Study survey panel from the University of Southern California, which provides nationally representative data based on probability-based sampling methods.

## **Frequency: Annual Data Collection Creates Reliable Benchmarks, but Doesn't Capture More Fine-Grained Changes**

The ideal frequency of measuring and reporting on results from the data depends on how frequently the indicator that is being measured is likely to change, as well as how the measurement results are being used. For the Financial Health Pulse, establishing national benchmarks made sense on an annual basis because it mirrors the way the government releases important data and creates an annual media moment to reflect on how and why the metrics have changed.

### When To Invest in Higher-Frequency Data Collection?

While collecting and reporting on data more frequently can be costly, it can be worthwhile when metrics are changing rapidly or when the data can help us understand the impacts of specific events. The Financial Health Network added more frequent survey waves during the COVID-19 pandemic, for example, to provide greater insight into how households' financial lives were evolving during an unprecedented period of change.

More frequent data collection also provides more insights for financial institutions to understand how their offerings influence consumer outcomes. Some financial institutions conduct more frequent surveys of their customers to achieve this; however, repeated surveys add cost and may not be realistic. Creating administrative data proxies for financial health could unlock more frequent information about financial health changes that equip institutions to take greater action toward financial health (see Administrative Data below).

## Resonance

Bringing data to life is critical for driving engagement and action. The **sampling design**, an early decision in developing a measurement program, influences the type of insights that a measurement program can ultimately produce. Systems change actors also need to weigh tradeoffs between **data types** and decide whether to prioritize the level of granularity that administrative data can offer or the breadth of insights that a survey can collect.

### Sampling Design: Longitudinal Data Enable Unique Insights

The sampling design determines how representative the results will be, as well as whether the data reflect the same individuals over time. Ongoing measurement efforts can sample independently for each data collection (which creates cross-sectional data) or draw from the same sample to create a longitudinal dataset.

For the Pulse, we found that building a longitudinal dataset has been valuable for demonstrating that financial health is a dynamic experience whose trajectory can change for individuals. An executive at a large bank described how this information helped him make the case internally for investing in financial health:

*“Seeing how frequently people transition states [between levels of financial health] is an indication of whether we can make a difference. If it’s totally rigid and stable, it’s discouraging, but we see a decent amount of flow that tells us that yes, there are things to be done to improve financial health.”*

—Head of Financial Health, large national bank

## Data Type: Choosing Between Granularity of Administrative Data and Breadth of Surveys

Administrative data from routine operations and survey data each offer different opportunities for developing a measurement system that provides compelling insights.

**Table 2. Benefits of different data types to drive insights.**

Administrative Data <i>Collected by institutions through routine business operations</i>	Survey Data <i>Collected by inviting individuals to self-report information</i>
<ul style="list-style-type: none"> <li>● <b>Granularity:</b> Administrative data can provide in-depth information and may be available on a more frequent basis than other types of data.</li> <li>● <b>Broad coverage across individuals:</b> Administrative data can reflect a broader set of people who engage with an institution, without being limited to individuals' willingness to respond to a survey.</li> <li>● <b>Precision:</b> Administrative data can be more precise because they are not self-reported (for example, measuring how much someone has saved based on bank data rather than an individual's recollection).</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Breadth across topics:</b> Surveys can cover a wide range of topics and explore people's attitudes and perceptions.</li> <li>● <b>Adaptability over time:</b> The data collection can be customized over time to address timely topics or new areas of inquiry.</li> <li>● <b>Segmentation opportunities:</b> Surveys can collect demographic information about individuals that is often unavailable in administrative datasets, which is critical for measuring inequities across groups or conducting segmentation analyses.</li> </ul>

### Administrative Data

Administrative data can be a powerful opportunity to leverage the information that a company, service provider, or government is already collecting in its routine course of business to provide in-depth insights. For financial health, for example, a bank customer's payments from and deposits to a checking account create an administrative dataset of transactions that can reveal deep insights about their expenses, income, and spending.

While the Financial Health Network designed the Pulse as a survey, we also experimented with collecting administrative data by inviting survey respondents to provide access to their financial accounts. These data revealed new insights that complemented the survey data. For example, we were able to observe that households who increased their spending on food after receiving the Advance Child Tax Credit (from administrative data) had previously experienced food insecurity (from survey responses).<sup>5</sup> Building and maintaining certain types of administrative data through user-permissioned access can be difficult, however, with barriers like response rates and account linkages breaking over time.

<sup>5</sup> Andrew Dunn, Jess McKay, & Necati Celik, "[Pulse Points Fall 2021: How Families Are Using Child Tax Credits](#)," Financial Health Network, November 2021.

## Surveys

Surveys can illuminate multiple aspects of people's lives that are unlikely to be available from other individual data sources, providing a richer set of information. Because a household's financial health relates to multiple financial topics, pursuing financial health measurement through a survey was useful for gathering information that wouldn't be available from individual financial companies that only observe a portion of their customers' financial lives. This breadth of information yields consumer insights that can feed into solution design. In one such example, a leader at an insurance company described his interest in using the Pulse data in this way:

*"We're seeking to better understand the needs of the financially challenged and financially vulnerable individuals and families... to think about ways we can better meet the financial stability needs of these consumers. This dataset is extremely interesting, because there's a lot of rich information we can leverage to build initial personas that we'd then fill in over time through primary research interviews."*

–Entrepreneur-in-Residence, Fortune 500 insurance firm

Exploring experiences and trends for specific consumer segments is also useful for providing the types of insights that can drive change within a sector. To leverage the demographic data that surveys can provide, we found it critical to have a large enough sample to be able to measure financial health for population segments based on gender, race and ethnicity, sexual orientation, and disability status. An even larger sample size would be necessary for intersectional analyses (for example, to explore the financial health of Black women over the age of 65), which limits the issues that we can address with our measurement efforts.

## Reach

Decisions related to reliability and resonance also need to factor in how to reach relevant audiences. After **identifying key stakeholders** and understanding what drives them, it's time to work on **establishing a broad narrative, enacting segmented engagement strategies** that target each stakeholder uniquely, and **disseminating measurement insights**.

### Identifying Stakeholders: Priority Audiences Drive Further Design of Measurement Program

Deciding upon the stakeholders to influence for systems change will drive decisions about dissemination and marketing of the measurement system, as well as the reliability and resonance approaches that will be most impactful among these audiences. Any of the key actors within a system may be relevant to consider: private sector, government, nonprofits, and academia. Other important considerations include established interest or engagement among stakeholders and the hypothesis for systems change.

For the Pulse, we initially identified financial institutions as the primary audience we sought to influence, with policymakers and researchers as secondary audiences. We focused on financial services firms based on the Financial Health Network's strong membership network and history of working with financial companies.

### Leveraging an Existing Network or Intermediaries

Having access to an existing network of institutions that a measurement program aims to influence can jump-start narrative-building and adoption. The Financial Health Network had the benefit of an existing audience for its financial health measurement work through its membership network of nearly 100 banks, credit unions, insurance companies, and fintechs interested in financial health. This network enabled us to directly reach financial institutions and respond to requests for briefings, custom data analysis, and presentations based on the Pulse's data, furthering the reach and impact of the Pulse.

When an existing network isn't readily available, intermediaries can be critical in spurring adoption of measurement and its insights. For example, J.D. Power's Financial Health Support and Advice Program for financial institutions leverages the Pulse to benchmark large banks' performance on financial health and measure the financial health of their own customers. J.D. Power's work with these firms creates a powerful incentive for change to further amplify the impact of the Financial Health Network's measurement work.

## Targeting Stakeholders: Complementing Broad Narrative-Building With Segmented Engagement Strategies

The key to driving uptake of the measurement system and jump-starting engagement among stakeholders is crafting a narrative and reflecting the interests of priority stakeholders in the measurement platform's output. We took a two-pronged approach with the Pulse to reach stakeholders through both **broad narrative-building** among those in the financial health ecosystem and **targeted engagement** among specific stakeholders.

### Broad Narrative-Building

Broad narrative-building is needed to ground all stakeholders and others within an ecosystem around a collective understanding and shared language for systems change through the measurement platform.

With the Pulse, we sought to build a narrative of financial health through the Pulse U.S. Trends Report, which served as a foundational entry point for organizations into the financial health movement. The Trends Report, released annually, analyzes changes in financial health to provide a shared baseline understanding for actors across sectors to communicate around financial health topics.



## Targeted Engagement Among Stakeholders

Engaging audiences individually can be helpful in driving further action among stakeholders and ultimately contributing to systems change. This can include the content or form of measurement insights, engagement in convenings, and others. Some of the ways we engaged with different stakeholder groups included:

- *Private sector:* As we observed financial institutions' requests for data cuts for specific populations, we began leveraging the Pulse data for deep dives on the financial health of segments such as women and people with disabilities. We also included additional segments in the annual Trends Reports, such as renters and the employees of small businesses.
- *Policymakers:* Policymakers were also interested in insights about specific consumer segments, as well as analyses that address policy-relevant topics and larger economic conditions. The Financial Health Network has been able to adapt the Pulse survey over the years to address timely topics; for example, we included new survey questions related to receipt of government stimulus payments during the COVID-19 pandemic to explore their relationship with people's financial health. For more specific topics, such as rising gas prices and the end of the federal student loans forbearance, we leveraged a shorter research brief format, called Pulse Points, to provide insights on policy-relevant topics.
- *Academics:* Around a half-dozen published academic papers have cited the Pulse. To expand usage of the data and engage academics and researchers, having a presence at research conferences and publishing in academic journals is key. As one university professor pointed out, achieving critical mass of usage of a measurement system's data and insights can snowball broader usage.

*"There is a tipping point for academic use; you need some researchers to cite it for other researchers to start using it."*

—Mathieu Despard, Associate Professor, University of North Carolina at Greensboro

## Dissemination: Reaching Priority Audiences

Dissemination strategies ensure measurement insights reach priority stakeholders. For the Financial Health Network, media engagement was a core component of this strategy because of our objective to change broad narratives and mental models. Media can support the wide reach that this narrative change requires. Our learnings for how best to engage media include:

- *Media relations:* Pitches to media will need to be tailored over time to continue to be fresh and timely. Initially, the media was most interested in the Pulse's top-line findings around the overall state of financial health in America. However, media interest waned gradually as aggregate financial health did not significantly change year over year, though households' financial health did. We found that we needed to evolve our pitch to include timely hooks that connected to larger macro events or specific population segments.

- *Paid media:* Paid media can be helpful to build initial reach of the measurement system and drive further media engagement. With the Pulse, we leveraged paid media in the first two years through an engagement with The New York Times to build awareness of the Pulse, particularly for industry audiences, and to create momentum and news coverage of financial health as a contrast to other headline economic indicators. This strategy may have downsides for other audiences, though, with some risks of undermining credibility among policymakers or researchers.
- *Outlets/publications:* It is important to consider and identify the types of outlets that will be most useful to target to help drive systems change. For the Pulse, we sought to target national top-tier outlets and financial and banking trade publications, given our primary audience of financial institutions.

Each component of a measurement program for systems change – reliability, resonance, and reach – are interconnected, which requires assessing decisions related to each component as part of the whole. Dissemination strategies for reach can influence stakeholders’ perceptions of reliability, for example, while investing in reliable data collection methods can open opportunities for greater resonance. The checklist below shares key decision points to consider across a measurement system.

**Figure 4. Key decision points for leveraging measurement for systems change.**

Reliability	Resonance	Reach
<input type="checkbox"/> Whether new data collection is necessary <input type="checkbox"/> Considering the need for representative sampling <input type="checkbox"/> Determining frequency of data collection, analysis, and release	<input type="checkbox"/> Choosing between cross-sectional vs. longitudinal data <input type="checkbox"/> Trading off benefits of administrative data vs. survey data <input type="checkbox"/> Selecting a sample size that enables insights for key population segments	<input type="checkbox"/> Identifying stakeholders to prioritize <input type="checkbox"/> Developing tailored strategies to engage different audiences <input type="checkbox"/> Evolving media pitches for sustained interest

## Looking Ahead to Ongoing Impact

Measurement can be a powerful tool for systems change: Through the past six years of annually measuring financial health in the U.S. with the Financial Health Pulse, we’ve seen a wave of interest in financial health and action toward improving it.

Our experience with the Pulse underscores that it is critical to continually refresh and evolve the approach to reliability, resonance, and reach of the measurement system as the sector matures

over time and new insights emerge. Techniques that are valuable for building initial awareness or shifting mental models may need to be revisited to push toward action.

The Financial Health Network is looking ahead to the next era of financial health impact to further evolve its approach to financial health measurement and the other activities that complement and support financial health measurement. As we look to the future, we will evolve the work in three key ways:

- *Evolving measurement methodologies:* Our measurement approach to financial health will evolve as we learn more over time about how to best capture financial health and measure it to drive systemic impact.
- *Leveraging the rich dataset to conduct timely analyses:* Learnings from the first six years of the Pulse show that our stakeholders are most interested in hot-button topics and new insights about consumer segments or geographies. We plan to respond to this need by drawing analysis of such topics from the Pulse dataset.
- *Increasing engagement with the research community:* As financial health measurement is becoming a norm in the financial services industry, driving policy development that is focused on financial health outcomes is a next frontier. Engaging with the research community to bring greater prominence to Pulse data within academic literature can support efforts to influence policymakers to consider measuring financial health and orienting policy toward improving it.

We will also continue to engage financial institutions, employers, and others in the financial health ecosystem, supporting their use of financial health measurement to drive innovations in products, services, and employee benefits to improve financial health for all.

## Appendix

### Financial Health Measurement Framework

#### Defining Financial Health

Financial health is a composite measurement of an individual's financial life that assesses whether people are spending, saving, borrowing, and planning in ways that will enable them to be resilient and pursue opportunities. We measure financial health using our proprietary FinHealth Score framework, which is based on eight survey questions that align with the eight indicators of financial health.

#### Indicators of Financial Health

Financial health can be measured using eight indicators of financial health.



#### Calculating and Interpreting FinHealth Scores

We calculate an aggregate FinHealth Score based on an individual's answers to the eight financial health indicator questions. The graphic below shows how to interpret FinHealth 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).