

Financial Literacy and the American Worker

Why employers should
care – and what they can
do to help

See firstdata.com/en_us/insights/infographic-financial-literacy.html
for additional information about the survey and its respondents.





61%

of workers are kept up
at night by concerns
about having money to
pay their bills

56%

want to manage
their money better,
but can't afford to do
so after factoring in
bills and debt

47%

don't save because
they are focused
on paying off debt

11%

save the same amount
of money every
month, and following
every paycheck

Employee Uncertainties Fuel a Wealth of Literacy Improvement Opportunities

Today's workers are more diligent about monitoring the content of their bank accounts, and generally feel comfortable with financial management basics. They seek platforms and applications that allow them to access their money, move funds between accounts and pay bills from any time and place.

However, greater visibility also can foster greater unease. A significant number of employees forego long-term savings to make short-term ends meet. These employees also report uncertainty around the best ways to maximize their paycheck for optimal return, and feel stressed by the perceived burdens of real-time financial management.

The survey among Money Network® Service users uncovered several notable trends that can help employers define their role in and begin developing programs for improved financial literacy.

Billed to Last

Most respondents wish to save for the future, but many see this as a luxury with day-to-day needs seemingly grabbing every spare dollar. For many employees, managing debt and paying bills on time feel like exhausting battles rather than routine occurrences.



Perspective Rich, Ability Poor

Nearly all respondents (97 percent) equate money with a feeling of security. However, a significant audience lacks the knowledge and/or the confidence to make money-related decisions...namely those that go beyond their established routine.

Accounting for Everything

Despite mixed preferences on financial bravery, employees across the board are micro-managing their money like never before. Employees are keeping a closer eye on their funds, and demanding access to convenient, accessible-anywhere management tools.

66%

of workers are
afraid to take risks
with their money

48%

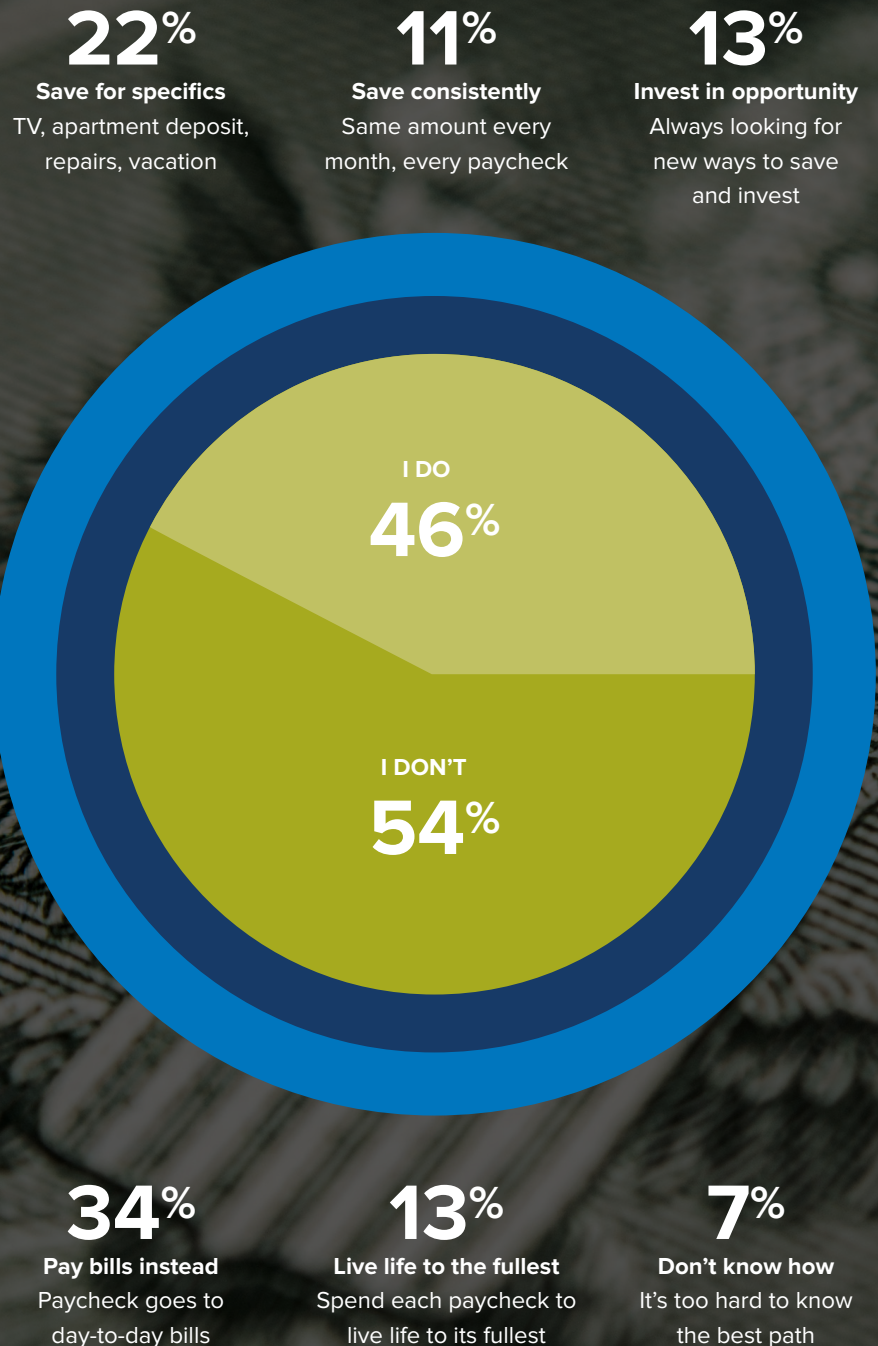
want access to their
money anytime and
anywhere

15%

are confident in their
ability to manage
their money

A Save Space: Workers Split on Short-Term Spending

Nearly half (46 percent) of respondents say they make at least some effort to save part of their paycheck for the future. Where those savings go is a different story, as employees differ in their investment approaches.





What are your Employees' Financial Personas?

To truly gauge the ideal strategies to elevate their employees' financial confidence, employers must first recognize how workers approach saving, managing and spending their income.

Based on the results of its 2017 survey, Money Network has created six baseline personas to classify employees' financial tendencies and immediate and future outlooks. While certain employees may exhibit traits of multiple personas, these general guidelines can help employers hold more informative and guided conversations.





My Money Approach

74%

devote their
paycheck to
day-to-day bills

79%

want to manage
money better, but
can't due to bills

96%

say that money
saved equals
security

Defining Traits



Buried
by Bills



Can't Get Ahead
to Save



Money Translates
to Security

The Check-to-Check Cyclers

Cyclers aspire for a stronger and more stable financial future, but feel weighed down by the pressures of day-to-day expenses. These individuals live paycheck to paycheck, and while they aspire to save ahead of the curve, that dream often goes on hold in lieu of simply getting by.



The Eager Investor

Eager Investors seek the thrill of turning their money into something bigger. They take risks with their investments and feel comfortable making money decisions. Although they save consistently, Eager Investors also encounter difficulties when focusing on short-term return versus long-term growth.



My Money Approach

2X

more likely to
explore new ways
to save and invest

72%

are not afraid to
take risks with their
money

76%

are somewhat
confident in their
money management
abilities

Defining Traits



Confident Risk
Takers



Saving and
Investing



Active Money
Managers

My Money Approach

2X

more likely to save
for specific needs

89%

check their
finances daily

0%

are willing to take
risks with their
money

Defining Traits



Planners and
Researchers



Crave Access



Active Money
Managers

The Always-On Money Manager

Always-On Money Managers are laser-focused on their finances and oversee their budgets as if their lives depend on it. They are planners and researchers, and want access to and visibility for their money anytime and anywhere. Secure in their savings, these individuals avoid taking risks that can hinder their expense itinerary.



The Auto-Pilot Saver

Auto-Pilot Savers trust the process, and assume everything is square with their finances unless they are told otherwise. They have sound money decision basics covered, and avoid potentially complex or confusing financial ventures. Auto-Pilots take comfort in regular, stress-free bill pay and plan some for their financial future.



My Money Approach

2.5X

more likely to save
some money each
month

58%

understand financial
basics but are unsure
of how to do more

0%

invest in stocks,
businesses or real
estate

Defining Traits



Consistent
Savers



Seek Automation and
Simplicity



Avoid Active Money
Management



My Money Approach

84%

prioritize living life
above saving

37%

don't consider
savings a priority

1%

are confident in their
money management
abilities

Defining Traits



Short-Term
Vision



Minimal Money
Management Skills



Financially
Disengaged

The Live-in-the Moment Spender

Live-in-the Moment Spenders focus solely on living their best life in the short-term, regardless of the cost. These individuals are more likely to break the bank for gifts and celebrations, and see no trouble in the occasional splurge. With little worry about savings and long-term planning, they are least likely to have finances keep them up at night.



The Backburner

Backburners avoid making money decisions, largely in fear of the unknown. They hate taking risks and feel overwhelmed by the pressures of saving and investing. When forced, they stick to simple and easy actions and trust financial advisors to provide guidance above their own instincts.



My Money Approach

2X

more likely to save
some money each
month

76%

understand financial
basics but are unsure
of how to do more

67%

say that money saved
equals security

Defining Traits



Risk Averse



Seek Automation and
Simplicity



Avoid Active Money
Management





Five Ways Employers can Promote Financial Literacy within their Workplace

Show Concern

A November 2017 Willis Towers Watson survey found that 70 percent¹ of employers feel compelled to help employees better manage their personal finances. For companies, this serves as a challenge to hold deeper and more engaging conversations. Employers should ensure that new hires fully understand payroll processes, schedules and potential investment options (if available), and continue to check in with them throughout their tenure.

Share the Knowledge

To demonstrate that missing element of care, employers can offer resources that empower their employees to make smarter money decisions. This can range from periodic in-office trainings or seminars to print and digital collateral materials that address a range of financial topics. Savvy employers also can solicit feedback and questions from their colleagues to gauge and cater to topics of interest.

¹2017/2018 Willis Towers Watson Global Benefits Attitudes Survey (GBAS), released November 17, 2017

Navigate Pitfalls

Employees who consider themselves financially illiterate are more likely to fall into traps and become susceptible to identity theft or financial fraud. Tips that help workers learn how to distinguish legitimate communications from potentially troublesome ones, and reminders of basics such as how to protect account information, can make a significant impact.

Simplify and Streamline

Workers who may be unsteady with their finances surely will find it easier to work within a single, turnkey platform that offers complete visibility into their accounts and investments. Employers should move to consolidate money management tools and prevent the lost time, questions and headaches that can come with the use of multiple systems or applications.

Expand Payroll Options

While some employers may still prefer the traditional paper check, more are open to convenient, digital alternatives such as payroll cards. In fact, 82 percent of employees consider such flexibility to be a major benefit. Payroll cards enable employees to feel more secure and confident in their spending, while also offering a repeatable and fast process that makes life easier for finance and HR teams.





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