



MORNING CONSULT[®]

Varo[®]

WEALTH WATCH

How Inflation is Impacting Everyday Americans

MARCH 2024



METHODOLOGY

Varo partnered with Morning Consult to conduct a survey among employed adults living paycheck-to-paycheck to examine their views of financial topics related to inflation and credit usage. The survey was conducted online from March 8 to March 11, 2024 among a national sample of U.S. adults.

To qualify for the survey, respondents had to satisfy the following criteria: 1) Age 18+; 2) Currently employed; 3) Described their current spending as about equal to income, a little less than income, or a little more than income. Those who described their spending as “much less” or “much more” than income were disqualified; 4) Pay all or nearly all of their bills on time.

KEY FINDINGS

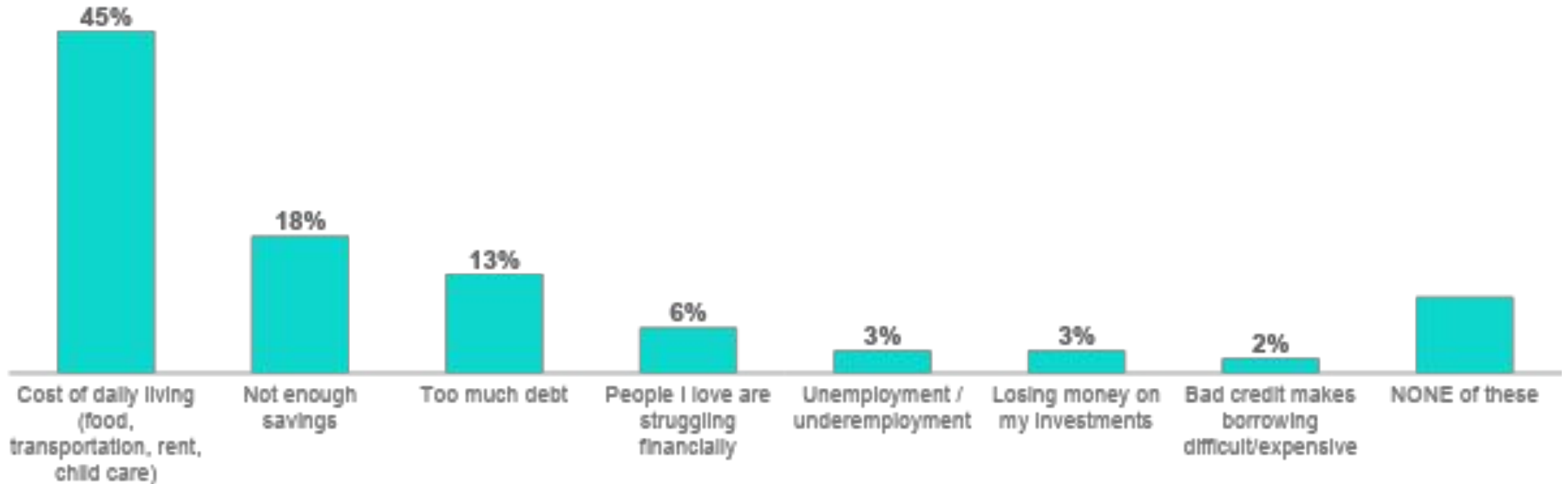
- 1. Daily expenses account for the largest source of expenses for everyday American consumers.** Due to rising inflation, the cost of daily living is the leading source of stress (45%), and increased daily expenses is the leading cause of increased credit card usage (65%).
 - Increased credit card usage is more pronounced among Gen Z, who are more likely to report increased usage (35%) than Millennials (23%), Gen X (17%) and Baby Boomers (21%).
- 2. Women are more likely than men to report financial stress, particularly around credit card debt and paying bills.**
 - Women are more likely than men to report:
 - Being uncomfortable in their current financial situation (36% vs. 23%)
 - Difficulty paying bills over the past 6 months (58% vs. 49%)
 - Being worried about credit card debt (34% vs. 29%)
 - That increased everyday expenses is a major factor for increased credit card usage (68% vs. 60%)
- 3. To combat rising inflation, many adults wish they had access to a fairer financial credit system that is more representative of their true financial picture.** A majority want access to fair-priced credit (69%) and credit that more accurately represents their financial picture (52%).
 - Additionally, many (38%) say that credit scores do not accurately show their personal financial picture, and a third (33%) say they don't want to deal with credit.
- 4. About half (55%) have already received or expect to receive a tax refund this year,** with most receiving or expecting to receive \$1,500 or less.
 - A plurality plan to use their tax refund to pay off debts (42%), while roughly a third plan to save it for future expenses (34%). Less than a quarter plan to use their refund on a major purchase or financial investment.

PERSONAL FINANCES

45% of consumers identify the increasing costs of daily living (food, transportation, rent, child care) as their greatest financial stressor

Right now, what is your GREATEST source of financial stress?

Base: All Respondents (n= 1,001), MOE +/- 3%



PERSONAL EXPENSES & CREDIT MANAGEMENT

The increasing prices of everyday expenses such as groceries or utilities is the largest factor in increased credit card usage

You indicated that your credit card usage has increased in the past six months. Is each of the following a major factor, a minor factor, or not a factor in the increased usage?

Base: Reported increase in credit card usage (n= 219)

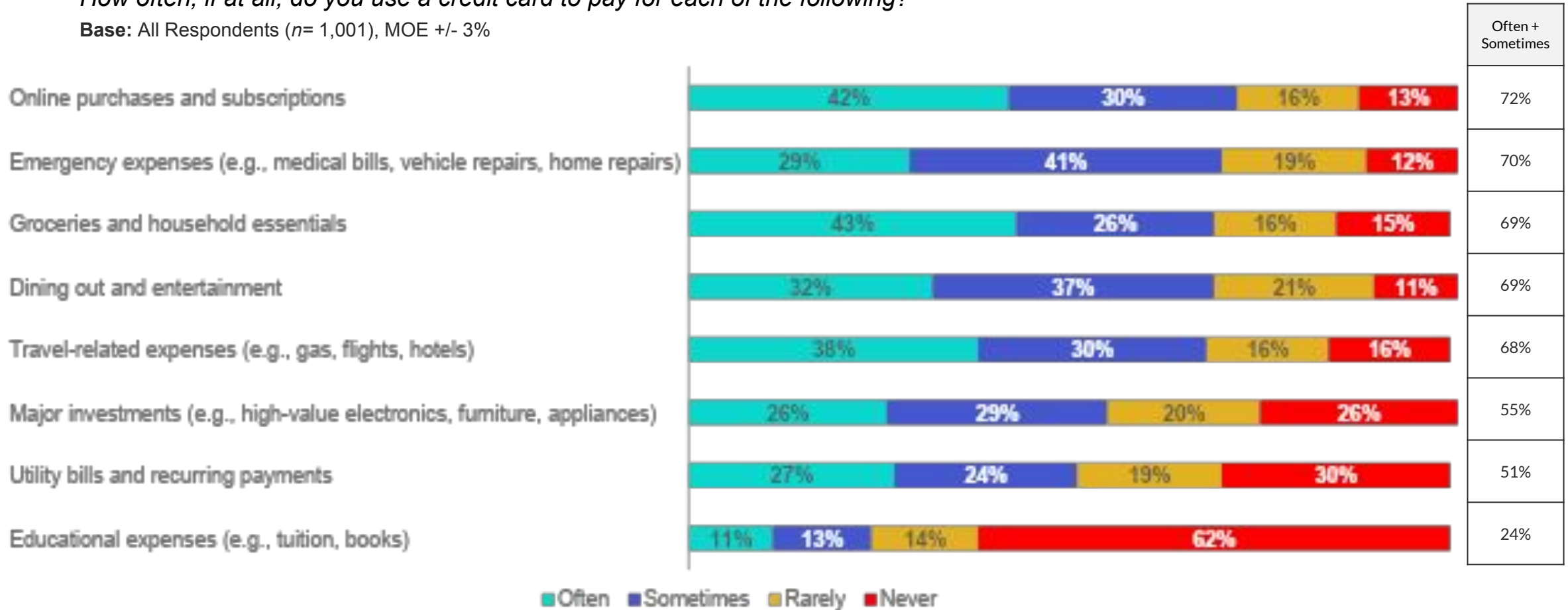


PERSONAL EXPENSES & CREDIT MANAGEMENT

7 in 10 sometimes or often rely on credit cards for emergency expenses; that's higher than those using them for groceries and household essentials.

How often, if at all, do you use a credit card to pay for each of the following?

Base: All Respondents (n= 1,001), MOE +/- 3%

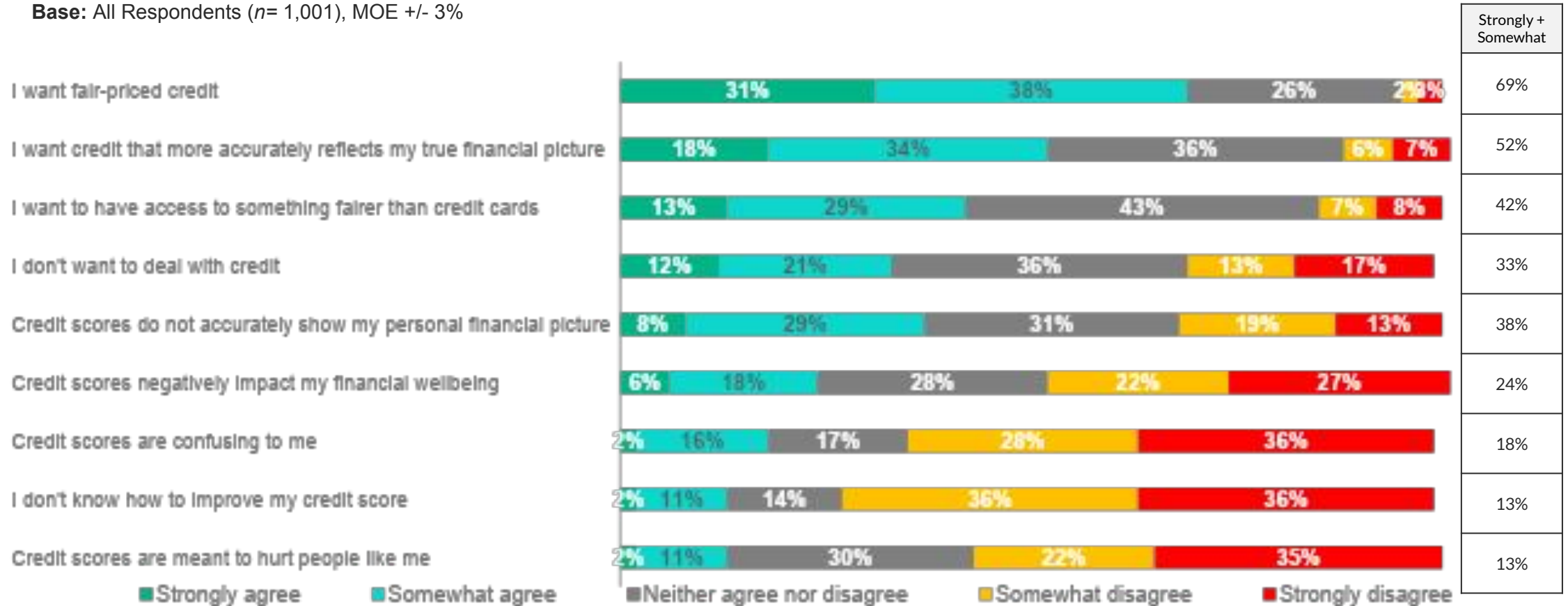


CREDIT KNOWLEDGE

Most consumers want fairer access to a more accurately representative credit system to help combat the increased cost of living.

How much do you agree or disagree with each of the following statements?

Base: All Respondents (n= 1,001), MOE +/- 3%



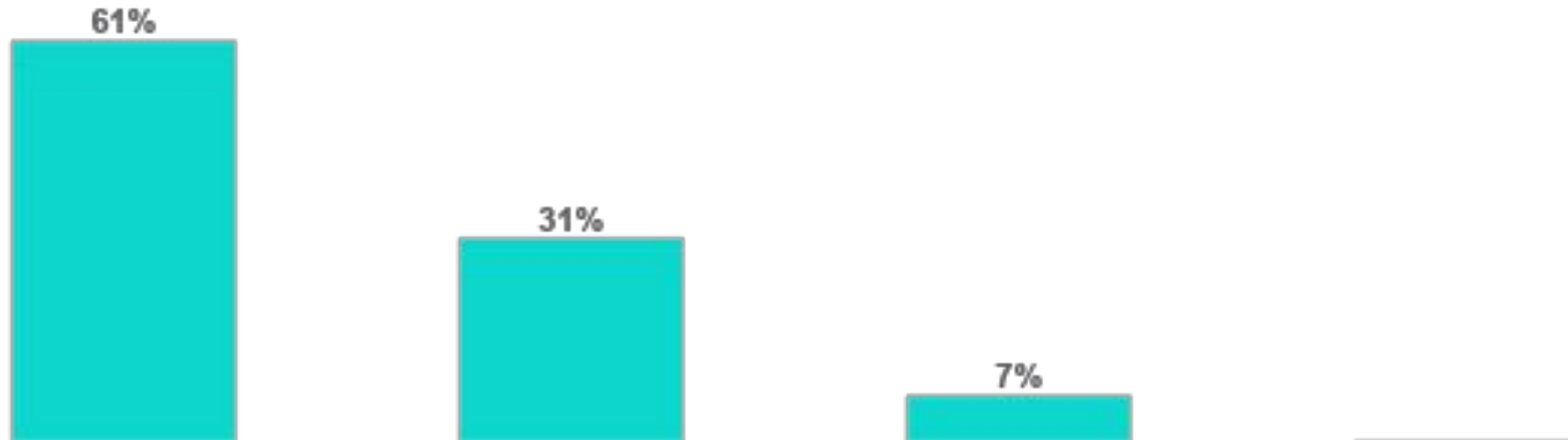
CREDIT KNOWLEDGE

Consumers report a high degree of confidence in their knowledge of credit scores, with 61% saying they know “a lot” about them.

To what extent do you understand what a credit score is?

Base: All Respondents (n= 1,001), MOE +/- 3%

■ % Selected

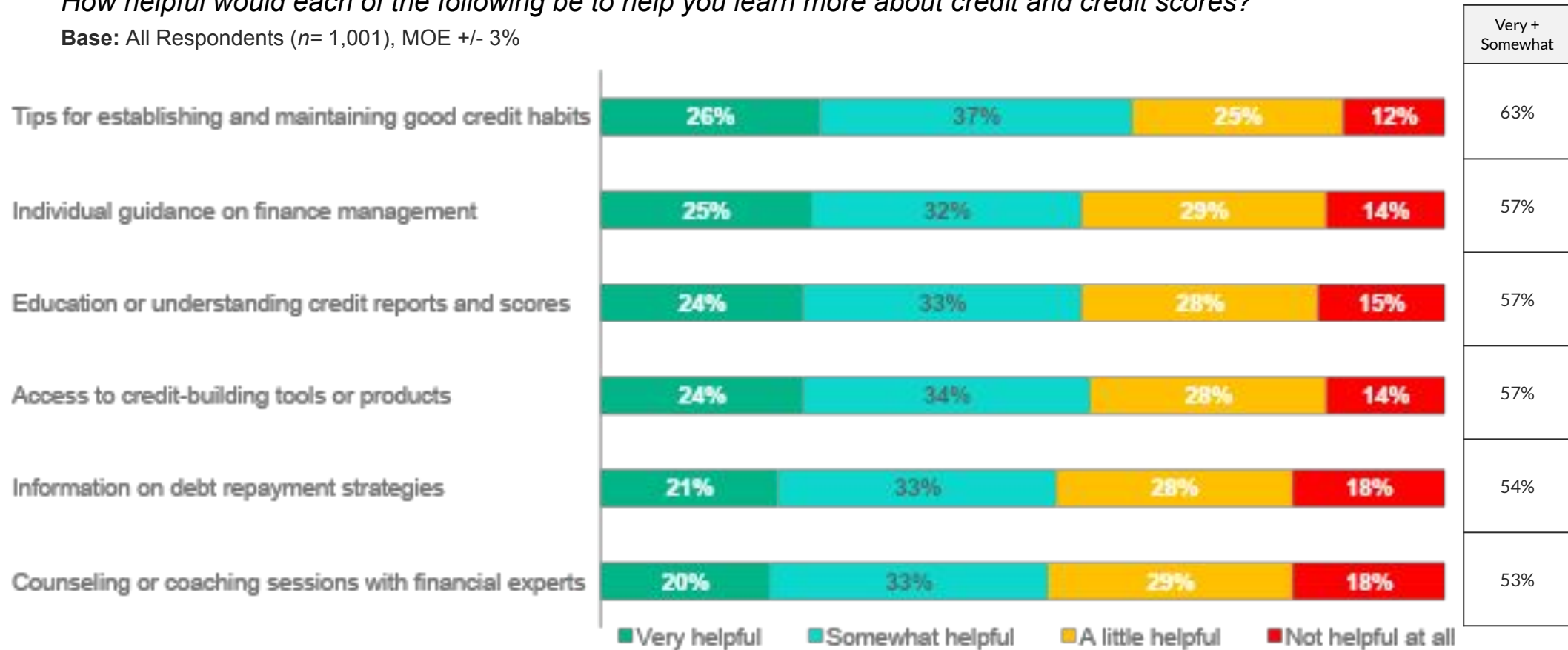


CREDIT KNOWLEDGE

Almost two-thirds would find tips for establishing and maintaining good credit habits to be somewhat or very helpful to learn about credit and credit scores.

How helpful would each of the following be to help you learn more about credit and credit scores?

Base: All Respondents (n= 1,001), MOE +/- 3%



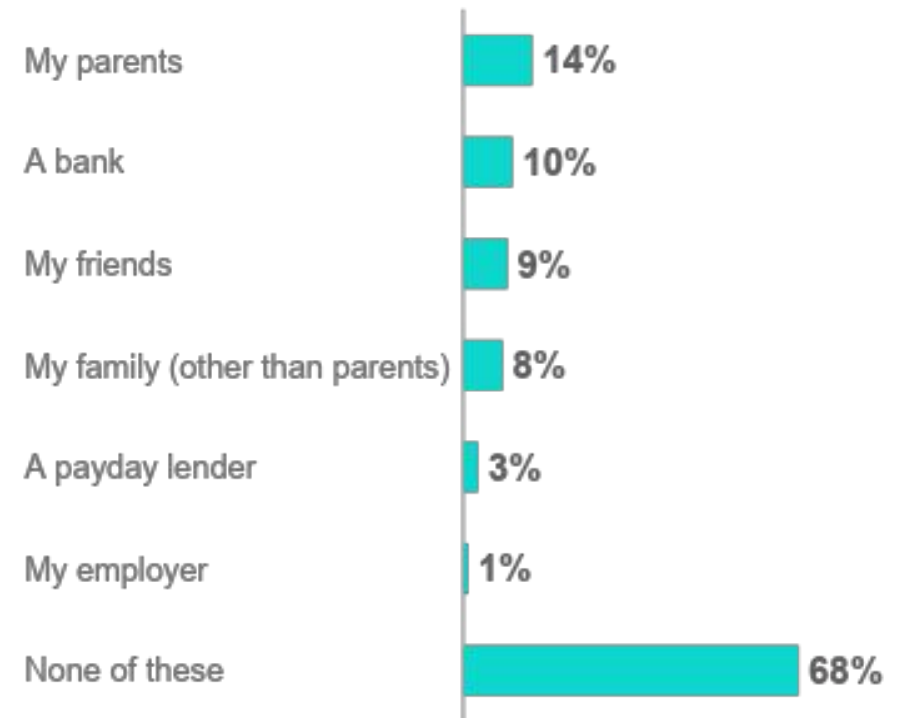
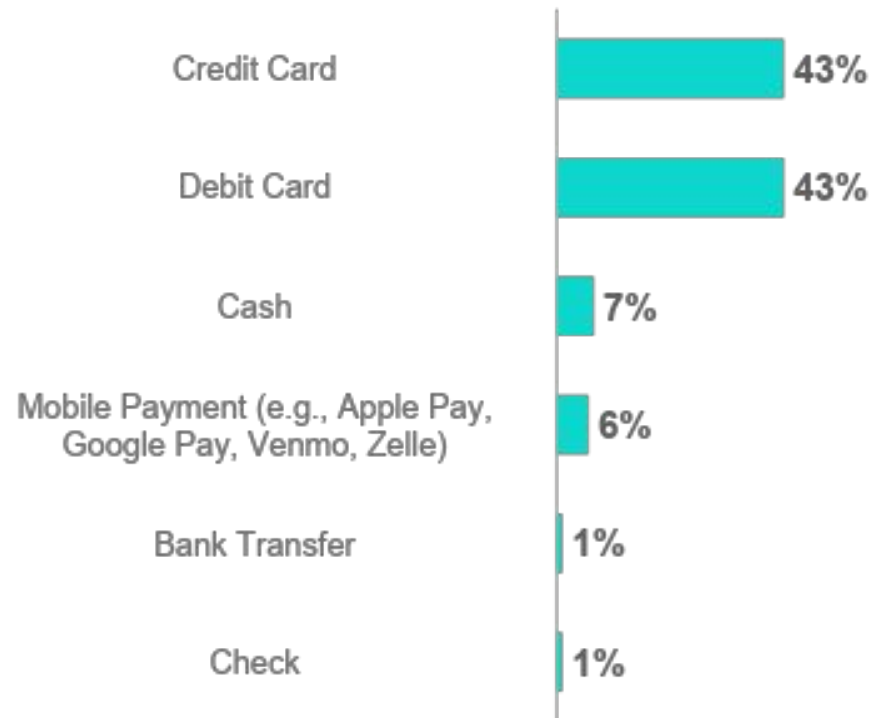
PERSONAL EXPENSES & CREDIT MANAGEMENT

Consumers use debit and credit cards equally; the majority report not having borrowed money in the past six months

And which payment method do you use most often? Select one option. /

From which of the following have you borrowed money in the past six months? Select all that apply.

Base: All Respondents (n= 1,001), MOE +/- 3%



CREDIT KNOWLEDGE

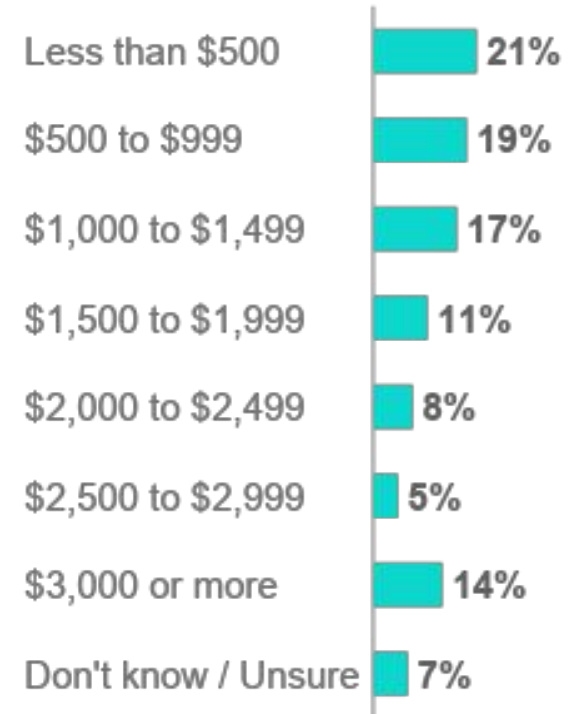
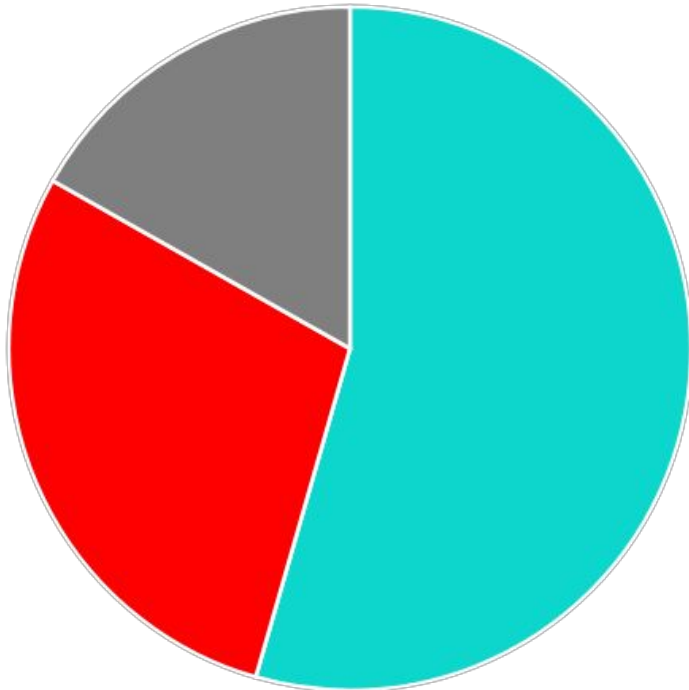
Most consumers expect a tax refund this year, with a majority expecting to receive less than \$1,500

Do you anticipate receiving, or have you already received, a tax refund when filing taxes this year? / About how much do you expect your refund to be this year? Your best estimate is fine.

Base: All Respondents (n= 1,001), MOE +/- 3%

Base: All Respondents (n= 554), MOE +/- 4%

■ Yes ■ No ■ Don't know / Prefer not to answer

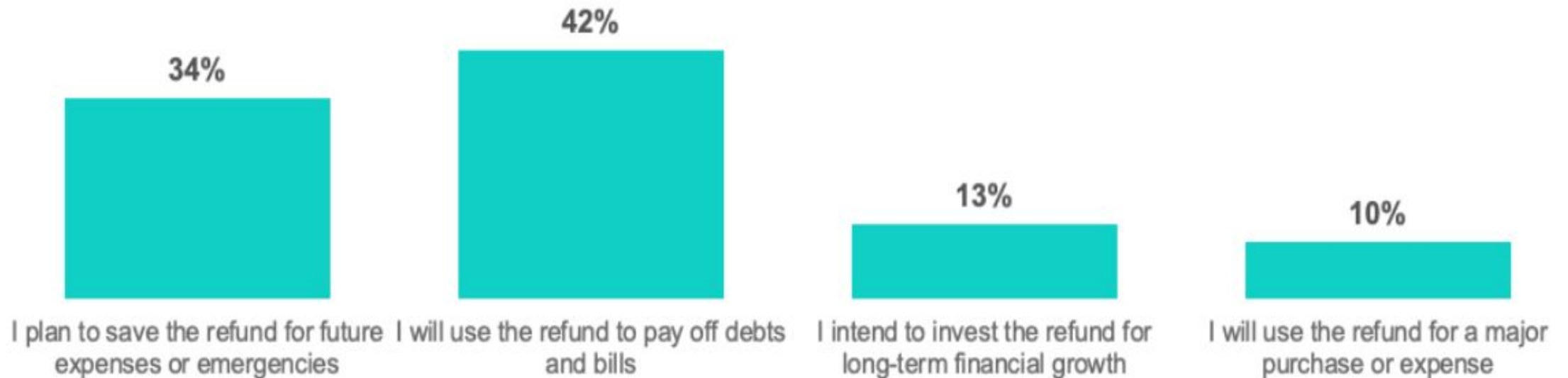


CREDIT KNOWLEDGE

Tax refund recipients intend on spending it wisely: 42% plan to pay off debts and bills and 34% plan to save the refund for emergencies

You indicated that you will receive a federal tax refund this year. Which of the following statements, if any, best describe how you will use your tax refund?

Base: All Respondents (n= 554)





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