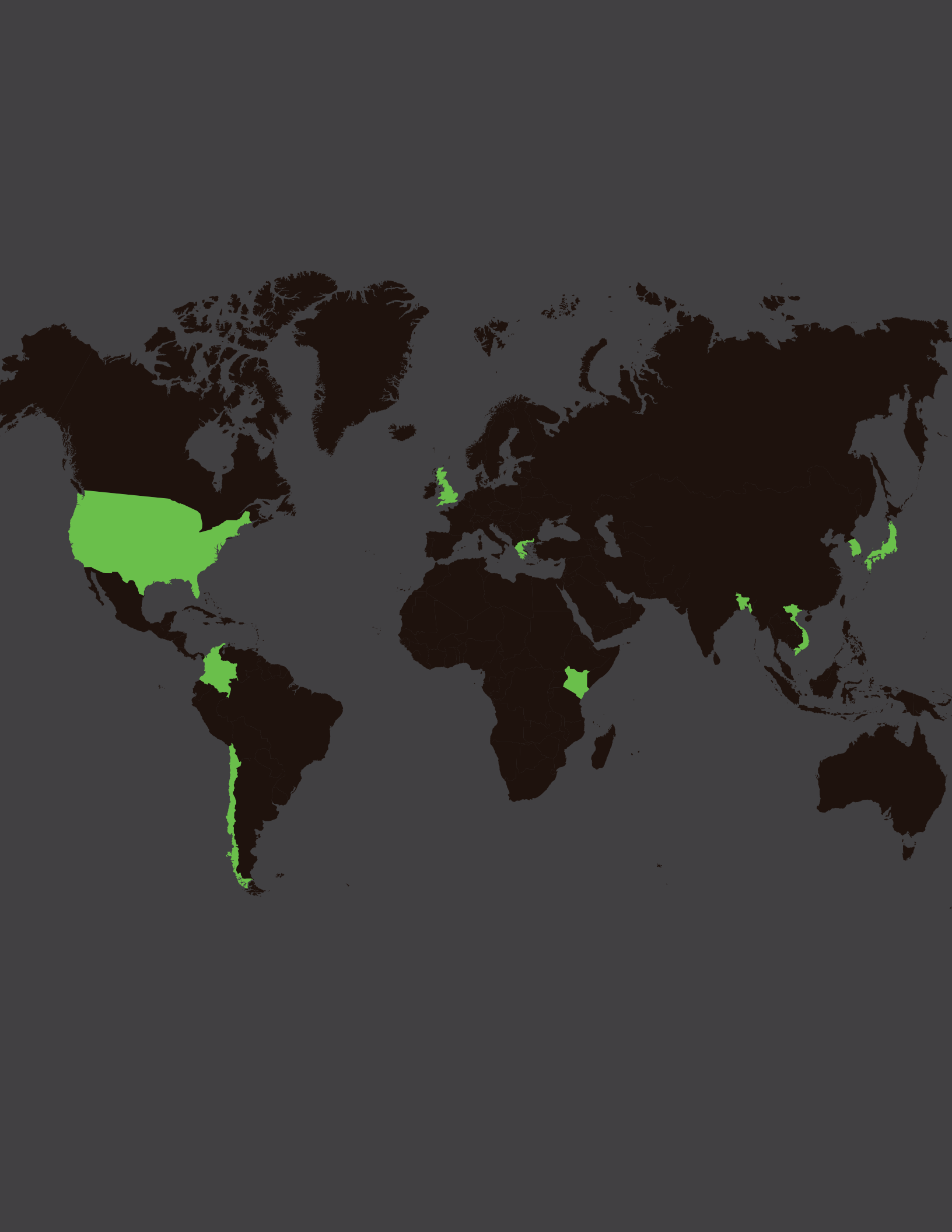

Gallup Global Financial Health Study

A 10-COUNTRY SURVEY TO MEASURE
FINANCIAL CONTROL AND SECURITY

Funded by MetLife Foundation

GALLUP®







DISCOVERING PERCEPTIONS OF PERSONAL FINANCIAL SITUATIONS AROUND THE WORLD

Gallup, in partnership with MetLife Foundation and Rockefeller Philanthropy Advisors, completed a review of existing research and rigorous testing to develop a survey that was administered to more than 15,000 people around the world in 2018. The survey is the foundational piece of research in the Gallup Global Financial Health Study.

People in 10 very different countries participated in the research: Bangladesh, Chile, Colombia, Greece, Japan, Kenya, South Korea, the United States, the United Kingdom and Vietnam.

The findings of the Gallup Global Financial Health Study provide an unprecedented look at personal finance in these countries and how people perceive their situation.

1 Review of research on financial health



People who are involuntarily excluded from the use of financial services lack **financial access**.¹

Financial inclusion refers to access to useful and affordable financial services in the forms of transactions, payments, savings, credit and insurance.²

Financial literacy is knowledge of financial concepts and services.³

Financial capability is knowledge, attitudes, skills and behaviors with respect to understanding, selecting and using financial services and the ability to access the financial services that are the best fit.⁴

In its simplest terms, an individual's **objective financial health** is the balance of spending, saving, borrowing and planning.⁵

Financial well-being captures whether people have financial freedom to make the choices that allow them to enjoy life.⁶

Personality traits (optimism, pessimism, action orientation and future orientation) may affect how different people perceive their finances.

Fundamentally, research has shown that **financial health** means different things to different people. And this disparity, in addition to structural differences between developed and developing economies, is amplified when conducting research across different countries and cultures.⁷

2 Development of key concepts

Building on existing concepts and research, this survey included a wide range of questions about individual socio-economic and demographic characteristics, as well as questions about income, savings, debt burden, and experiences with and perceptions of financial services.

In addition to measuring financial security — summarizing individual levels of savings and debt burden — this survey developed a new measure: financial control.

Financial control is the extent to which people perceive they are in control of and can influence their financial situation.



3 Testing of the survey

COGNITIVE INTERVIEWS

Cognitive interviewing tested that the financial health survey questions were clear and easy to interpret and understand.

- Gallup conducted 10 in-depth interviews in each of the 10 countries.
- Respondents reflected a mix of education levels, income levels, employment statuses, genders and ages.
- The cognitive interviews lasted approximately one hour each.

The cognitive interview results helped simplify the wording of the questions and ensure that they were understood across different cultures and contexts.

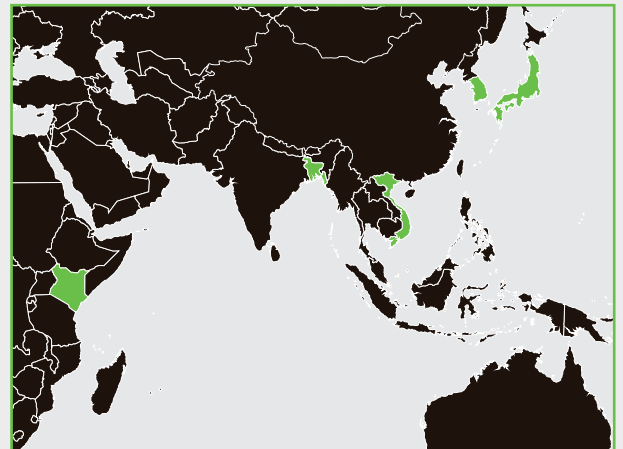
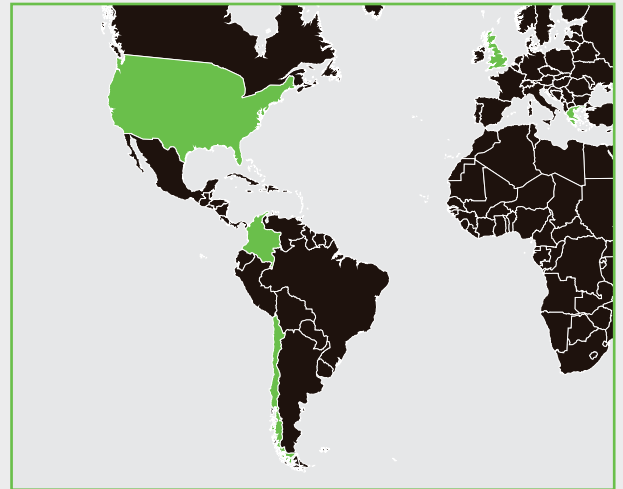
PRETESTING

By testing the financial health survey across a range of respondents with various demographics, **pretesting** helped finalize the questionnaire and arrive at the least burdensome length of the survey. Additionally, pretesting provided feedback regarding the clarity of the instructions provided for interviewers, the application of correct skip patterns and verification that the translations were understood as intended.

- Ten pretests were implemented in each country.
- Respondents reflected a mix of education levels, income levels, employment statuses, genders and ages.



4 Collection of data in 10 countries



- Survey fielded between January and March 2018
- More than 15,000 completed interviews in 10 countries
- Nationally representative samples
- Computer-assisted personal interviewing:
 - Bangladesh
 - Chile
 - Colombia
 - Greece
 - Kenya
 - Vietnam
- Computer-assisted telephone interviewing:
 - Japan
 - South Korea
 - United Kingdom
 - United States

5 Analysis and results

Measuring Financial Control

Financial control is the extent to which people perceive they are in control of and can influence their financial situation.

In this survey, financial control levels are measured as the percentage of respondents who give a positive response to at least eight out of the 10 dimensions.

- 1) Do you think that no matter what you do, your financial situation will stay the same? ^R
- 2) Do you think that you can overcome any financial problem that you might face?
- 3) When you spend money on something you don't need, do you usually regret the decision later? ^R
- 4) Have you tried to save money in the past, but have not been able to? ^R
- 5) Do you avoid thinking about how you are going to pay for things in the future? ^R
- 6) Do you think you will EVER be able to pay back all the money you owe?
- 7) Do you enjoy planning what you are going to do with your money in the future?
- 8) Are you satisfied with how much input you have in financial decisions in your household?
- 9) If you had a financial emergency today, such as a medical emergency, do you think you would be able to find the money to pay for it?
- 10) Do you have people in your life who can help you financially if you ever need it?

^R Reverse-scored item

Measuring Financial Security*



SECURE

Respondents are considered to be financially secure if **BOTH** of these situations apply to them:

- 1) They could cover ALL of their basic needs, like food, housing and transportation, **for more than six months** if they lost their income and had to survive only on their savings or things they could sell.
- 2) Making payments to pay back the money they owe **does not make it difficult** for them to pay for the other things they need.



STRETCHED

Neither secure nor insecure



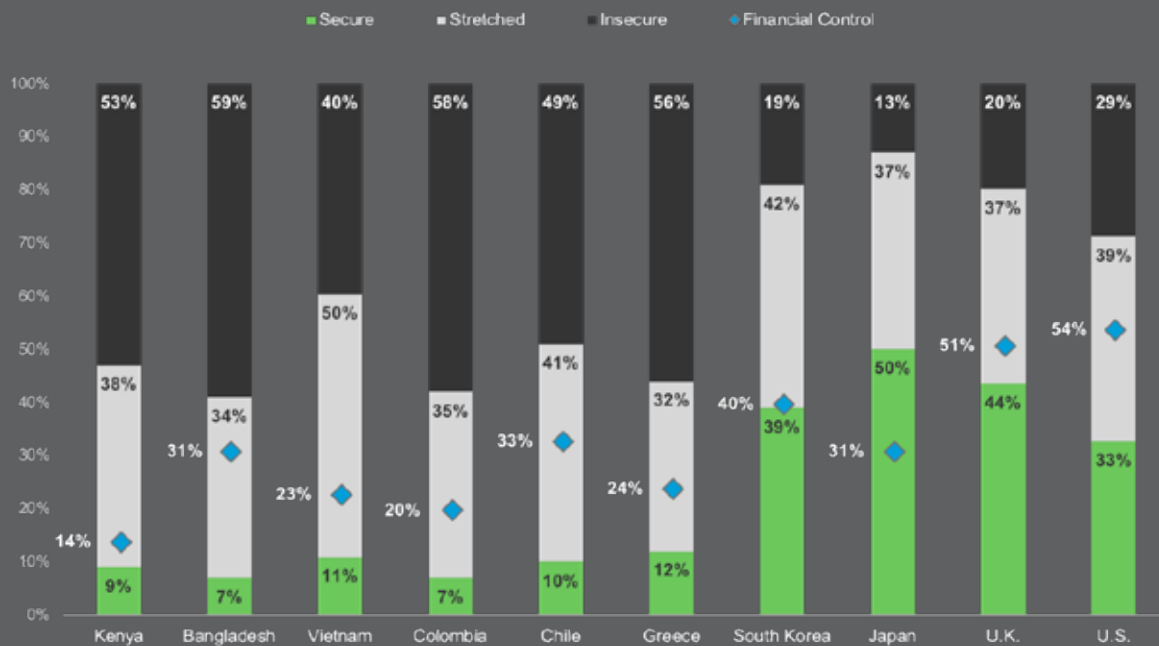
INSECURE

Respondents are considered to be financially insecure if **EITHER** of these situations applies to them:

- 1) They would be able to cover ALL of their basic needs, like food, housing and transportation, for **less than one month** if they lost their income and had to survive only on their savings or things they could sell.
- 2) Making payments to pay back the money they owe makes it **"very difficult"** for them to pay for the other things they need.

*The definitions for secure, stretched and insecure are not globally agreed-upon definitions; rather, they reflect survey questions used in this study.

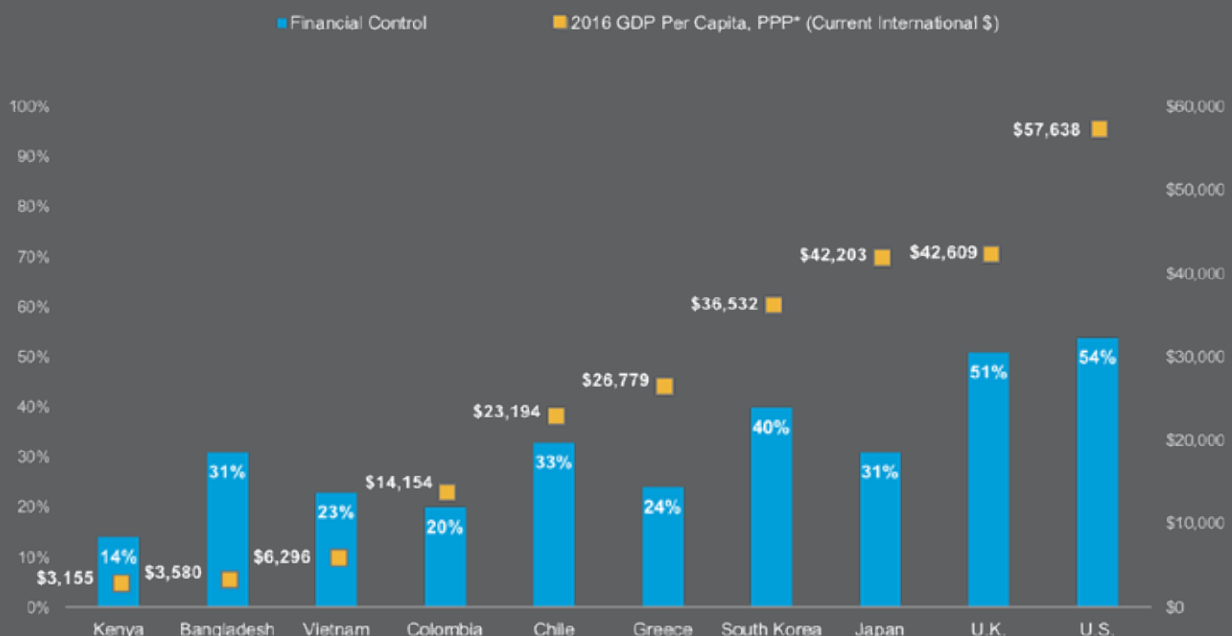
Perceptions of financial control do not always match perceptions of financial security. For example, in Bangladesh and Chile, only 7% and 10%, respectively, of the respondents are financially secure, compared with Japan, where half of the respondents are secure. However, in all three of these countries, approximately one-third of respondents perceive that they have financial control.



Due to rounding, percentages may sum to 100% +/-1%. Countries ordered based on 2016 GDP per capita, purchasing power parity (current international \$).

GDP per capita has no clear relationship with perceptions of financial control. While wealthier countries tend to have higher percentages of respondents who perceive that they have financial control, less wealthy countries do not necessarily have lower percentages of respondents who perceive that they have financial control.

Vietnamese and Greek respondents have similar levels of perceived financial control even though the Greek GDP per capita is more than four times that of Vietnam. Bangladesh and Japan have the same level of perceived financial control, despite the GDP per capita in Japan being nearly 12 times that of Bangladesh.



*Purchasing power parity. Countries ordered based on 2016 GDP per capita, purchasing power parity (current international \$).

Predictors of Financial Insecurity



Controlling for income, in almost all countries included in this study, lower levels of perceived financial control are linked to a higher likelihood of being “financially insecure.”

	PREDICTOR 1	PREDICTOR 2	PREDICTOR 3	PREDICTOR 4	PREDICTOR 5
U.S.	Lower perceived financial control	Being younger	Having less education	Not being confident in financial institutions	Being unmarried
U.K.	Lower perceived financial control	Being younger	Having less education	Having children	Region of the country
Greece	Lower perceived financial control	Having less education	Employment status	Being younger	Answering financial literacy question correctly
Japan	Lower perceived financial control	Used mobile banking	Being younger	Having less education	Being unmarried
South Korea	Lower perceived financial control	Being unmarried	Region of the country	Living in urban area	Being younger
Bangladesh	Region of the country	Lower perceived financial control	Having less education	Employment status	Being younger
Vietnam	Region of the country	Having less education	Lower perceived financial control [^]	N/A	N/A
Chile	Lower perceived financial control	Being younger	Having less education	Gender (female)	Region of the country
Colombia	Lower perceived financial control	Being younger	Region of the country	Gender (female)	Having less education
Kenya	Region of the country	Being unmarried	Employment status	Number of children [^]	N/A

All results significant at the 95% confidence level except those denoted by ^, which are significant at the 90% confidence level. “N/A” denotes lack of statistically significant predictors.



Looking to the Future

The Gallup Global Financial Health Study led to the development of a measure of financial control, adding to the existing research on financial health. This new measure, along with the wide range of other questions included in the survey, will allow for a better understanding of whether people are making sufficient use of financial services, and using their knowledge of and access to those services, to take control of their finances and improve their overall financial health.

Our hope is that this study enriches and adds a new level of understanding to the information that already exists. Additionally, we are sharing the data to assist all stakeholders in the sector in making more informed, evidence-based decisions.

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