

## Financial Well-Being Feedback Effects Experiment – Materials

### 1. Research Summary

This project centers on how consumers engage with measures of financial well-being and whether providing feedback to consumers about their own financial characteristics affects their subsequent choices and behaviors related to financial products, services, and information. We will explore this concept using the CFPB’s Financial Well-Being (FWB) scale. Specifically, we plan to identify how consumers’ (1) engagement with the CFPB Financial Well-Being (FWB) scale and (2) knowledge of their FWB score (relative to the FWB scores of others) influence their judgments, decisions, and behaviors. This will include outcomes such as the likelihood of seeking financial information, intentions to save, spend, or repay debt, confidence in their ability to meet financial milestones, and interest in using financial commitment devices.

The first stage of the project will explore how consumers respond to answering questions from the 5-item vs. the 10-item version of the FWB scale. This first study (described below) will provide evidence on potential differences in consumers’ reactions to the 5-item vs. 10-item FWB scale, given that reports from the field suggest many practitioners use the 5-item version, and guide our choice of which version of the scale to use in the subsequent two studies.

This research builds on the Bureau’s development of the Financial Well-Being scale and research into factors that influence consumers’ financial well-being. The findings could help the Bureau refine its approach to delivering consumer-facing tools and materials.

### 2. Outline of the Task

We will conduct a series of three studies that use similar research designs. The data collection for the three studies will occur sequentially, and we will use findings from the earlier studies to inform the details of later studies. Below we outline the design of the three studies and summarize them in Table 1.

#### ***Study 1***

Study 1 will focus on how consumers respond to taking the 5-item vs. the 10-item Financial Well-Being (FWB) scale. The design for this study includes the following two randomly assigned groups of participants:

- Half of the participants will be asked to complete the CFPB’s 5-item FWB scale and half will be asked to complete the CFPB’s 10-item FWB scale.<sup>1</sup>
- After completing the FWB scale, all participants will be asked to rate their FWB using a scale ranging from 1 (very low) to 7 (very high). We will also ask participants to answer a series of questions about how completing the FWB questions made them feel (e.g., stressed, confident, empowered), as well as questions related to their judgments, decisions, and behaviors related to financial

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<sup>1</sup> The 5- and 10-item FWB scales are presented below.

topics (e.g., saving, spending, seeking out financial information), among other questions (more on this below).

### **Study 2**

Study 2 will focus on whether providing feedback to consumers about a) their FWB score and b) how their FWB score compares to the score of others affects their subsequent choices and behaviors. This study is also designed to examine whether completing the FWB scale affects consumers' responses to subsequent financial security-related questions (e.g., how much they should have saved for emergencies, how they would cover an unexpected \$400 expense). Based on the findings from Study 1, this second study will use either the 5-item or the 10-item FWB scale. This study includes the following four randomly assigned groups of participants:

- We will ask some participants to complete the CFPB's Financial Well-Being (FWB) scale early in the survey, while other participants will be asked to complete the FWB scale only after they have answered all other survey questions.
- We will provide a subset of participants who took the scale early in the survey with their FWB score.
- A subset of participants who receive their FWB score will also be told how their score compares to the national average FWB score (from the Survey of Household Economics and Decisionmaking (SHED)).
- After completing (or not) the FWB scale and receiving (or not) comparison scores, participants will be asked to answer a series of questions related to their judgments, decisions, and behaviors related to financial topics (e.g., saving, spending, seeking out financial information), along with a series of other follow-up questions (more on this below).

### **Study 3**

Study 3 will examine the effects of providing more tailored feedback to participants. We will use a similar methodology to Study 2, where participants complete the FWB scale early in the survey and receive feedback about how their score compares to others'.<sup>2</sup> Study 3 will extend the methodology used in Study 2 by providing participants with feedback about their FWB score relative to averages computed using *specific peer groups* (e.g., those in the participant's income bracket; those in the participant's age range). The design for this study includes the following four randomly assigned groups of participants:

- After asking all participants to complete the FWB scale,
- One group of participants will not receive their FWB score, while three other groups of participants will receive feedback about their FWB score. Among participants in the three groups that will receive their FWB score, one group will learn what the national average FWB score is (replicating the method from Study 2), a second group will learn what the average FWB score is for people who have a similar income level, and a third group will receive feedback about their score relative to the average score for their age group. This tailored feedback will be

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<sup>2</sup> Unlike Study 2, Study 3 does not include a group of participants who are asked to complete the FWB scale after they have answered all other survey questions.

computed using the SHED data and provided to participants based on their self-reported age and income.

- We will ask the same dependent measures as in Study 2 to learn 1) if there is an effect of receiving any feedback and 2) if the effect of feedback depends on the type of feedback received.

Table 1. Summary table of research design<sup>1</sup>

	Study 1	Study 2	Study 3
5-item scale + no score	X		
10-item scale + no score	X		
Scale as final survey item + no score		X	
Scale + no score		X	X
Scale + score + no comparison feedback		X	
Scale + score + comparison feedback (national average)		X	X
Scale + score + comparison feedback (average for income level)			X
Scale + score + comparison feedback (average for age level)			X
<i>Total # of groups</i>	2	4	4

<sup>1</sup>Unless otherwise noted participants will be asked to complete the CFPB’s Financial Well-Being (FWB) scale early in the survey.

**3. The following contains examples of survey instructions, items, and questions to be used in fielding the study. We will ask a subset of questions similar to the following:**

- Financial well-being scale: participants will complete *either* the 5- or 10-item scale

*10-item FWB scale*

*Part 1: How well does this statement describe you or your situation?*

Response options: Completely, Very well, Somewhat, Very little, Not at all

1. I could handle a major unexpected expense
2. I am securing my financial future
3. Because of my money situation, I feel like I will never have the things I want in life
4. I can enjoy life because of the way I’m managing my money
5. I am just getting by financially
6. I am concerned that the money I have or will save won’t last

*Part 2: How often does this statement apply to you?*

Response options: Always, Often, Sometimes, Rarely, Never

7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month
8. I have money left over at the end of the month
9. I am behind with my finances
10. My finances control my life

- *5-item FWB scale*

*Part 1: How well does this statement describe you or your situation?*

Response options: Completely, Very well, Somewhat, Very little, Not at all

1. Because of my money situation, I feel like I will never have the things I want in life
2. I am just getting by financially
3. I am concerned that the money I have or will save won't last

*Part 2: How often does this statement apply to you?*

Response options: Always, Often, Sometimes, Rarely, Never

4. I have money left over at the end of the month
5. My finances control my life

### **Additional possible questions:**

- Participants will be asked to rate their FWB using a scale ranging from 1 (very low) to 7 (very high)
- Participants will complete items that measure how they felt while they were completing the FWB scale: to what extent did completing the scale make you feel anxious, stressed, confident, empowered, better about your financial situation, worse about your financial situation?
- Participants may be asked to click on links about or state their interest in receiving more information about saving, spending, debt repayment, budgeting, etc.
  - How likely are you to seek out more information about saving, spending, debt repayment, budgeting, etc.?
  - Would you like to receive additional information about how to improve your financial well-being?
- How likely are you to use a commitment device (e.g., automatically transfer money to a saving account, leave credit cards at home or reduce credit card limits, use cash and/or keep only small amounts of cash on hand) to help with your finances?
- Do you believe you are saving enough for emergencies?
- What is your household's monthly take home pay?
- How much do you think you should have saved for emergencies?
- How much should other people (e.g., average person or average person in "peer" group) have saved for emergencies?
- Do you have a goal of saving more?
- If you lost your main source of income, about how long could you cover expenses?

- If you had an emergency that cost \$400, how would you pay for the expense?
- How do you feel about your current financial situation?
- Were you surprised by your FWB score?
- How would you rate your FWB compared to others (e.g., scale from very low to very high)?
- What is your experience with making and sticking to a budget?
- How do you typically go about managing your money?
- Do you typically have money left over at the end of the month?
- Is your household's spending typically more or less than your income?
- How confident are you that you could come up with \$2,000 in 30 days if an unexpected need arose within the next month?
- How confident are you that you can reach your financial goals?
- If you were to set a financial goal today, how confident are you that you could achieve it?
- How involved are you in handling the finances for yourself or your household?
- When it comes to money, do you find that you often compare yourself to others?
- Non-direct identifying demographic questions, such as gender, race, and income.