Financial Industry Regulatory Authority

NEWS RELEASE

For Release: Wednesday, December 8, 2010
Contact: George Smaragdis (202) 728-8988
Nancy Condon (202) 728-8379

Financial Capability Survey Reveals Marylanders Rank Fourth-Best in Avoiding Living Paycheck-to-Paycheck

WASHINGTON – America's first State-by-State Financial Capability Survey revealed that Marylanders are fourth from the top in avoiding living paycheck-to-paycheck. The findings are part of the National Financial Capability Study, conducted by the FINRA Investor Education Foundation, which explores in-depth how Americans manage their resources and make financial decisions.

The survey findings are available on a new website, www.usfinancialcapability.org, which features a clickable map of the United States and allows the public, policymakers and researchers to delve into and compare the financial capabilities of Marylanders with residents of other states and across geographic regions. The State-by-State Financial Capability Survey, which surveyed more than 28,000 respondents, was developed in consultation with the U.S. Department of the Treasury and the President's Advisory Council on Financial Literacy.

Marylanders rank fourth in spending less than they earn, and are near the national average in other key areas. Results include:

Making Ends Meet: 52 percent of Marylanders are living paycheck-to-paycheck, ranking them fourth-best at avoiding spending more than or about equal to their household income. By comparison, 55 percent of all Americans report spending more than or about equal to their household income.

Planning Ahead: 58 percent of Maryland residents do not have a "rainy day" fund to cover three months of unanticipated financial emergencies. This compares to 60 percent of Americans nationwide.

Managing Financial Products: 23 percent of Marylanders have engaged in some form of high-cost, non-bank borrowing during the last five years, including taking out a payday loan or getting an advance on a tax refund, compared to 24 percent of all Americans.

Financial Knowledge: On a test of five basic financial literacy questions, Marylanders answered on average 3.06 financial literacy questions correctly, compared to the national average of 2.99 correct answers.

Financial Decision-Making: 64 percent of Maryland residents did not comparison shop for credit cards, slightly worse the national average of 62 percent.

(more)

"This study highlights how important improving financial education is for Americans, especially during times of financial insecurity," said FINRA Foundation Chairman Richard Ketchum. "While the current economic conditions can exacerbate the consequences of poor financial decisions, some states are still well ahead of others."

The findings emphasize the need for Americans to take greater charge of their financial well-being by forecasting future financial needs, navigating increasingly complex financial markets and managing risk. The state-by-state results break down financial decisions and literacy by gender, age bracket and region, and highlight how a lack of financial capability has disadvantaged many Americans.

The study represents an unprecedented collection of data on financial behaviors across all 50 states and the District of Columbia. The FINRA Foundation will make the extensive and multi-dimensional information in this study available to policymakers and researchers, allowing them to look at individual financial behavior from various angles and utilize the state-specific data to tailor new programs and policies to promote greater financial capability.

The data were collected through an online survey of 28,146 respondents (approximately 500 per state, plus D.C.), over a five-month period, June – October 2009. Within each state, data were weighted to match 2008 American Community Survey (ACS) distributions on age category by gender, ethnicity and education. Additional information on the ACS is available at www.census.gov/acs. All data in the surveys are self-reported by the respondents themselves.

The FINRA Investor Education Foundation supports innovative research and educational projects that give underserved Americans the knowledge, skills and tools necessary for financial success throughout life. For details about grant programs and other FINRA Foundation initiatives, visit www.finrafoundation.org.

# # #