

The USFD Methodology:

The financial lives of low- and moderate-income Americans

U.S.
Financial
Diaries

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■ Introduction

The U.S. Financial Diaries (USFD) is a research study collecting detailed financial data from more than 200 low- and moderate-income households over the course of a year. USFD employs a research approach that combines the methods of quantitative and qualitative research. By observing household finances over long periods of time and at frequent intervals, we have collected detailed financial data from participating families, covering such territory as assets and debts, cash flows in and out of the households, financial instruments, employment, financial goals, and attitudes about money.

Deep and ongoing engagement between field researchers and participating households forms the foundation of the financial diaries methodology, and this engagement is fundamental to what makes USFD unique among economic and financial surveys. The resulting intimacy and trust aids fieldworkers in uncovering personal details that are key inputs to understanding the data. Engaging with households over time makes it possible to back-fill data and ask important follow-up questions. The geographic breadth of participants reveals a range of experiences. At bottom, the study offers a combination of data and household stories that explore the ways in which households' financial positions shift over time, and how peoples' financial choices influence – and are influenced by – other aspects of their lives.

Take, for example, the Garza family. Ricardo and Daniela Garza, a couple in their mid-20s, live in northern California with their three-year-old daughter (names and personal details have been changed to protect the families and field researchers participating in the study). They met Natalie, their USFD field researcher, in the summer of 2012. Natalie and Daniela quickly established a friendly rapport, which grew over the course of the year during which they met. Each of their USFD interviews lasted about an hour and a half – a bit longer than Natalie's interviews with other households – because they always started with some personal conversation. Natalie and Daniela typically met during the week, in the afternoon. Early on, they met in the Garzas home, but they eventually re-located to a nearby coffee shop, in part because Ricardo was not completely comfortable with sharing the family's personal information. Nonetheless, Daniela was meticulous about thoroughly recording the family's cash flows.

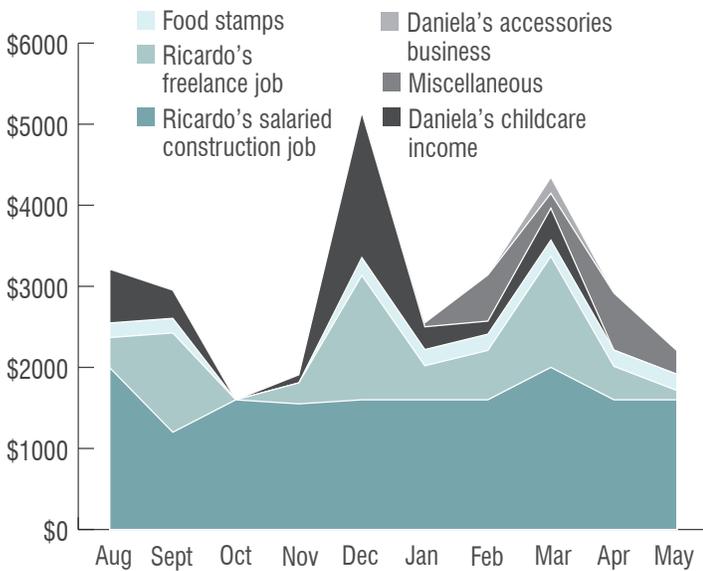
Over time, Natalie began to understand and document the basic underpinnings of the Garzas' financial lives. Like many USFD households, the Garzas experience significant fluctuation in their incomes from month to month. Ricardo's primary job pays \$400/week, but on the side he works with a friend who has a home remodeling business, and for this work he earns anywhere from a few hundred dollars to more than \$1,000/month. Daniela generates income from several different sources. She provides childcare

History of the Financial Diaries Methodology

The financial diaries research methodology being implemented in the USFD was developed by Stuart Rutherford and David Hulme and employed by Rutherford in 2002 in Bangladesh, as a way to get a systematic view into the financial lives of poor families, most of whom were outside the formal banking system. The idea was adapted by Orlanda Ruthven in both rural and urban India, and then refined in 2005 by Daryl Collins for a study of 180 South African households. The methodology has now been used in parts of Africa, Central and South America, and in additional sites in India. The book, *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*, builds from the initial studies.

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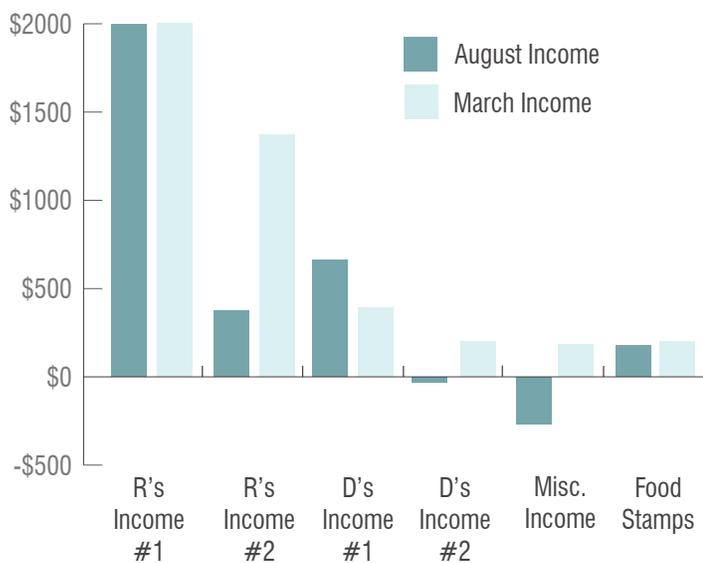
FIGURE 1: The Garzas' Income ¹



services and she sometimes sells clothing, jewelry, and flowers. In total, she earns anywhere from \$0 to \$1,740 per month (see Figures 1 & 2). The Garzas generally manage to keep their expenses to around \$2,500/month, and with the help of credit cards and pawn loans to compensate for the erratic timing of their pay, most months they end up just about even. Other months, when Ricardo or Daniela – or both of them – has a particularly profitable month, they have more financial cushion.

By monitoring the ebb and flow of the Garzas' cash flows and balance sheet over time, and through her regular interviews with Daniela, Natalie became familiar with their financial challenges. While Ricardo feels that the family is doing just fine, Daniela is troubled by the fact that they are

FIGURE 2: The Balance of Income Sources Varies from Month to Month²



not able to put funds aside for emergencies, for the future, or for their daughter's education. And yet she does not know how to change this. Indeed, Daniela's only real source of frustration about participating in the study was that Natalie could not use the information she knew about the family to provide financial advice.

Identifying the particular financial solutions that could be offered to a family like the Garzas to help them hold on to extra cash in months when they have a surplus is not a simple matter. But USFD aims to use the detailed information that field researchers like Natalie have logged over many months to explore the challenges families face – and then to begin to suggest solutions that could help them to overcome their challenges and improve their longer-term financial standing.

Background

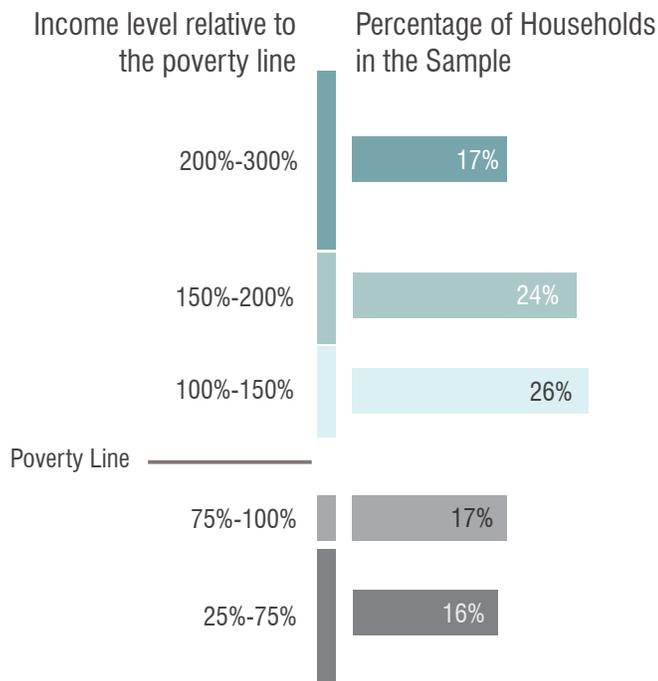
The national poverty rate has seen little sustained improvement since the 1960s. Researchers today have better data than ever, and those data show a broad variety of challenges facing working Americans. Yet there is more to learn about how low- and moderate-income families actually make ends meet on a daily, weekly, monthly, or yearly basis. This type of detailed information is needed to understand the survival strategies of the working poor and begin to determine which tools and support systems they do, and don't, need.

We deployed field researchers into communities in California, Mississippi, New York, Ohio, and Kentucky to delve into the intimate financial details of approximately 200 households. Over the course of a year, field researchers visited each family once or twice a month, logging detailed information about cash flows into or out of the households. The study focuses on five general areas of inquiry:

- Income volatility, emergencies, and their effects
- Budgeting, saving, planning and financial decision-making
- Credit challenges and credit repair
- Behaviors, preferences, and perceptions around financial providers, products, and services
- Family, friendship, and community dynamics

This deep dive into how working Americans earn, save, and spend their money provides critical new input for conversations in realms from public policy to financial product design. At a time when the poverty rate is at a 15-year high, we aim to offer a fresh look at ways to tackle some of the nation's most pressing social problems, rooted in clearer understandings of the struggles and strategies of low- and moderate- income families themselves.

FIGURE 3: Percent Below Poverty Line³



Although we have chosen to focus on lower-income, working Americans, recent studies suggest that the challenges this population face in managing their financial lives are indicative of those faced by many Americans. For instance, a recent study showed that nearly one-half of households surveyed could not come up with \$2,000 in 30 days, including 25 percent of households earning \$100,000 to \$150,000 a year.⁴ While financial fragility remains a plight that falls most heavily on lower income and minority families with children, it appears to be an increasingly broad-based problem.

At the broadest level, our research will help reveal the financial lives of low- and moderate-income Americans. The true picture often remains obscured to survey teams, government workers, and financial institutions. Families are understandably careful not to reveal too much, wary of

jeopardizing government benefits and financial access. By building trust and relationships steadily over 12 months, we seek to piece together a clearer picture. In particular, we seek to better know how families cope week-to-week with meager budgets, how they try to get ahead, where they fail and where they succeed, how they use formal and informal financial tools, and what external and self-imposed constraints are at play.

Looking more closely at the Garzas' story, we begin to see some of the roadblocks they face and how they manage. Daniela works the way she does – holding several jobs, rather than one job with more consistent hours and pay – in part because her immigration status has prevented her from securing something better. In a similar way, when Ricardo's pay for his primary job was cut – without a reduction in his hours – at the beginning of the study, he stayed at the job rather than seek new employment.

A major benefit of the USFD methodology is the opportunity to highlight connections across areas of study that are often quite distinct: to understand how employment dynamics and workforce policies connect with financial services usage, design and policies, for example.

Study Population

The USFD study population is made up of working Americans earning low-to-moderate incomes. When the study launched, all households had a member employed in the formal economy, though some have since lost jobs. Plenty of households in our sample use public programs, such as food stamps, housing vouchers, and the earned-income tax credit. Our aim was not to create a random sample of households that would be statistically representative of a region. Instead, we aimed to track households that were typical of various experiences, and we formed the sample with an eye to incomes, demographic profiles, and locations (see Figure 6 on page 4).

FIGURE 4: Income Distribution by Region⁵

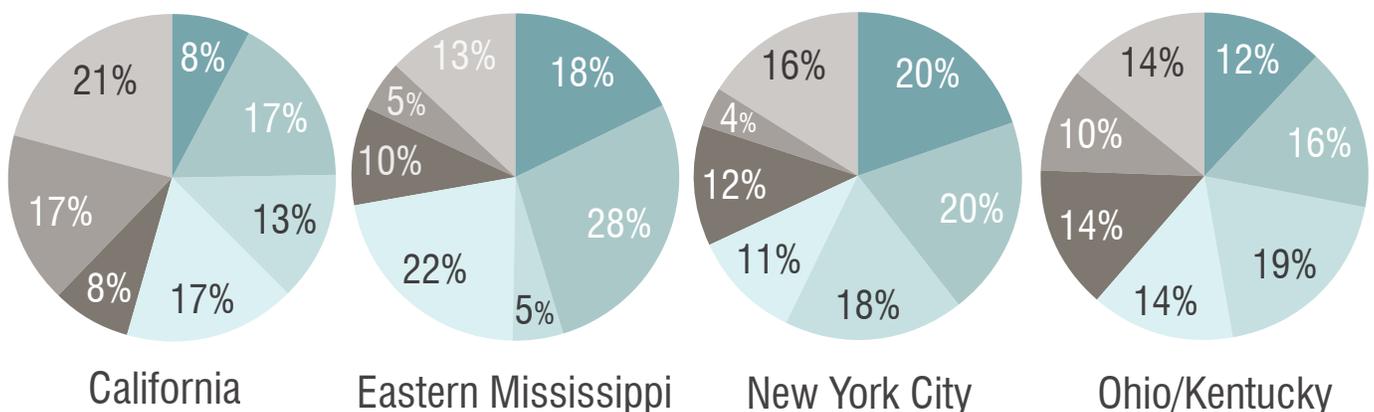
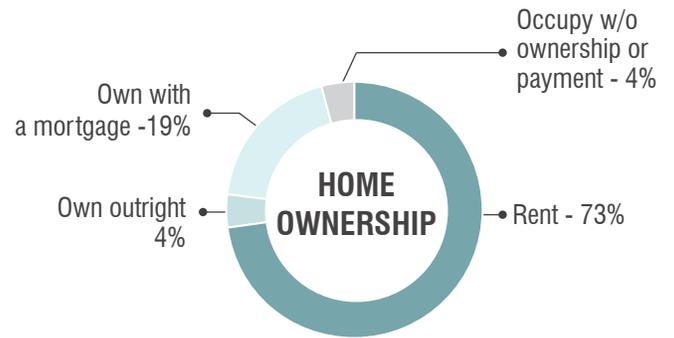
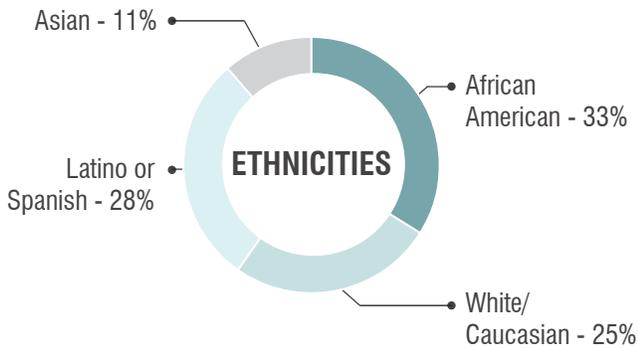
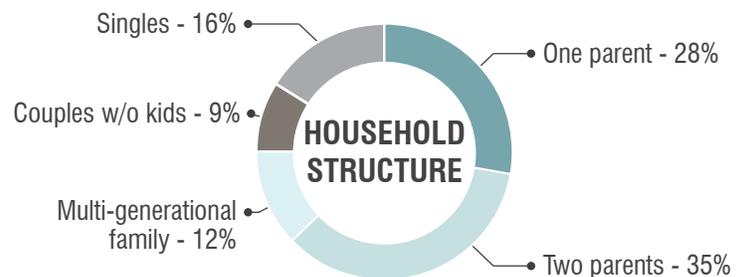


FIGURE 5: Snapshot of USFD Households⁶



IMMIGRATION STATUS OF NON U.S.-BORN PARTICIPANTS			
COUNTRY	TIME IN US		% CITIZENS OR RESIDENTS
	<10YRS	>10YRS	
Colombia (18HH)	40%	60%	62%
Ecuador (8HH)	25%	75%	44%
Mexico (40HH)	27%	73%	44%
Bangladesh (20HH)	74%	26%	95%
India (6HH)	17%	83%	100%

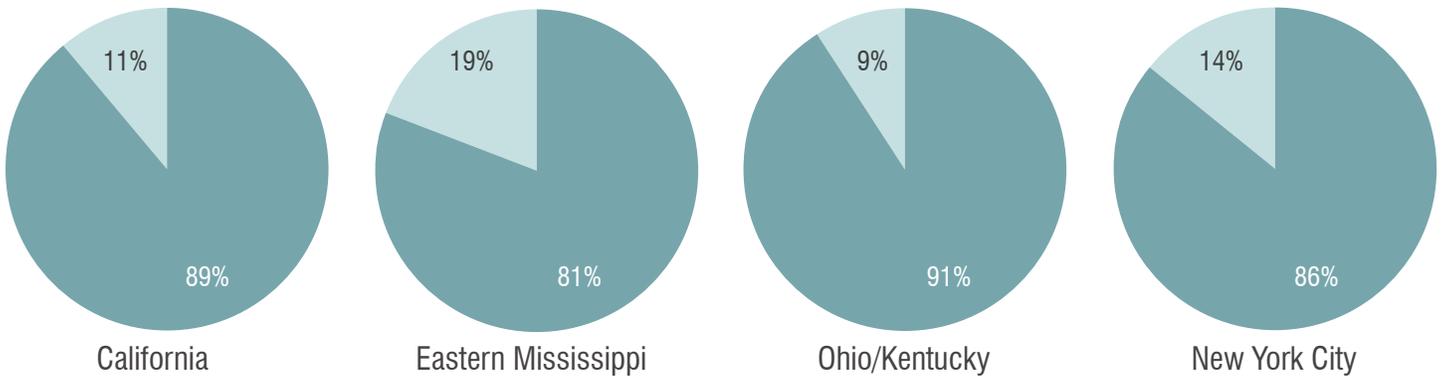


Our approach to defining “low-income” was multi-faceted and informed by several different frameworks, including eligibility to receive the earned-income tax credit, income level relative to the federal poverty line, and income quintiles. Two-thirds of the sample is comprised of families with incomes between 75% and 200% of the federal poverty line (see Figures 3 & 4 on Page 3), adjusted for household size, which roughly corresponds to those in the second-lowest income quintile (annual income between \$20,450 and \$38,530). The remaining third of the sample is split fairly evenly between households in the third and first quintiles.

The sample includes people like the Garzas doing construction and home remodeling work, day labor, childcare, and sales jobs out of the home. Others in the sample work as short-order cooks, home health aides, janitors, street vendors, teachers and teachers’ assistants, administrative assistants, restaurant managers, office managers, truck drivers, day laborers, salespeople, food processing plant workers, nannies, hotel maids, dishwashers, parking lot attendants, taxi drivers, and shampoo girls.

FIGURE 6: **Banking Status by Region⁷**

■ At least one household member owns a transaction account at a bank
 ■ No bank accounts in the household

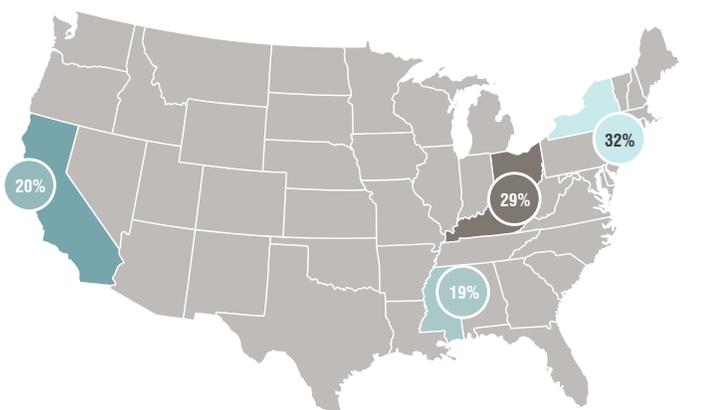


■ Sites

The study is being conducted across four research sites: Southwest Ohio and Northern Kentucky, East Central Mississippi, South Bay California, and New York City. Together, these represent a variety of household characteristics, environmental influences and constraints, and financial policy climates. People living at each of these sites represent immigrant and non-immigrant populations, diverse racial and ethnic backgrounds, and a variety of financial services usage patterns (See Figures 5 & 6).

When we set out to identify sites for this research, we began by selecting the key demographic groups we wanted to study. Our goal was to find households within these demographic groups that would be typical of others across the country, thus together painting a comprehensive picture of the experiences of these different populations.

FIGURE 7: **Households by Region⁸**



CALIFORNIA San Jose and environs Mix of urban and rural 55 households; 96 adults	EASTERN MISSISSIPPI Rural environment 55 households; 87 adults	OHIO/KENTUCKY Cincinnati and environs Mix of small town and rural 82 households; 161 adults	NEW YORK CITY Brooklyn and Queens Urban 91 households; 181 adults
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Another important dimension of the search was to find urban and rural populations within a relatively small geographic footprint so that field researchers could observe people living in a variety of contexts. In the Midwest, we centered on Cincinnati and surrounding areas in Kentucky. In California, we focused on a larger urban center with smaller cities nearby. Finally, we looked for local partners who could cast a net across the community to help us connect with households. The networks of these community partners then further influenced the ultimate boundaries of each site.

■ Recruitment

To recruit households in each of the four sites, we relied on more than 100 local partners, including direct-service non-profit organizations, churches, technical and community colleges and K-12 schools, local businesses, community leaders, and employers. Between the fall of 2011 and spring of 2012, we conducted the recruitment questionnaire with more than 400 people, from which 353 households were ultimately recruited to join the study.

To acknowledge the major time commitment and sharing of personal data that went along with participation in the study, families were given up to \$600-700 worth of gifts, as well as non-monetary gifts (such as coffee mugs, notepads and pens), over the course of the study. Money was distributed in the form of gift cards that could be used at a wide variety of retailers. Households were generally not notified about these gifts in advance, nor were gifts provided on any kind of predictable schedule. Still, some households came to expect the gifts. The Garzas, for example, reached out to Natalie on one occasion to ask when their next gift would arrive.

The distribution of monetary gifts presented an opportunity to explore households' handling of the money under different circumstances. On one occasion, for example, we ran an experiment in which a randomized sample of about half of the households was notified about an upcoming gift two to three weeks in advance.

Our sampling method, respondent-driven snowball sampling, was designed to help us to collect our sample across income ranges and sources, as well as other characteristics we were seeking (such as education level, bank account access, types of income earning activities, racial and ethnic groups, family structure, family lifecycle stage, rhythm of income), with some precision against the population statistics in each region. Both community organizations and households we had already recruited helped point us to families of interest. Before we approached a new family about being included in our study, we spoke informally with our existing contacts to gather preliminary information about the family. (See more on the snowball sampling under “Challenges” below.)

While some of the characteristics were easy to determine—for example, family size and lifecycle stage, industry of employment—other characteristics, such as receipt of public benefits and bank account access, were trickier to decipher from the outside. To know these aspects of a family’s life, we relied on our first interview with the family. We monitored in real-time the characteristics of the families we added to our sample, and when we found we were missing an important cohort, we immediately began to seek out families to fill in the missing profile.

The Survey Process

Initial Questionnaires

Following recruitment, households were taken through three initial questionnaires to gather information on household demographics, physical assets, typical income, historical and current employment, and current and previous use of financial instruments. Financial instruments include checking accounts, savings accounts, savings clubs, payday loans, the use of pawn shops, etc. These three interviews allowed households to become more comfortable with the fieldworkers, and helped the fieldworkers to establish a high-level understanding of household balance sheets and monthly cash flows.

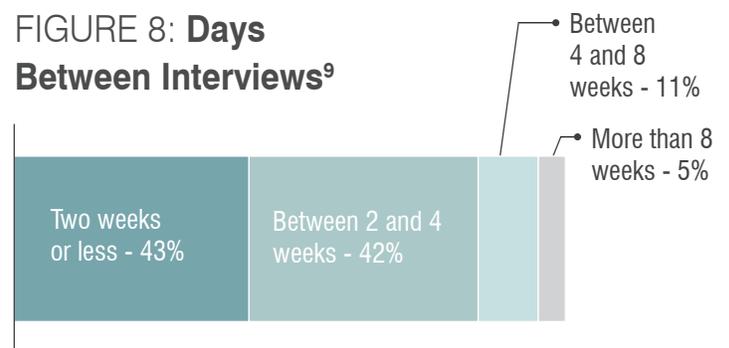
At the outset of the study, our intention was that content from the initial questionnaires and diary questionnaires would inform subsequent diary questionnaires, thus making questionnaires customized to individual households. Data entry delays impeded this process, and the questionnaires were less tailored than we would have liked (see more below under “Challenges.”)

Diary Questionnaires and Research Modules

Upon completion of the three initial questionnaires, the households have been interviewed approximately every two to four weeks for a year (interview frequency varied by household; see Figure 8), capturing cash flows in and out of the household, and tracking income, expenditures, changes in physical assets, servicing of financial instruments, initiating of financial instruments, and more.

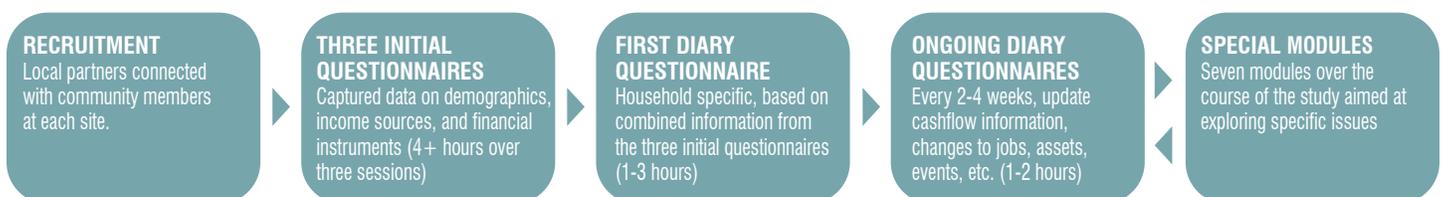
At each interview, the respondents were also asked if they did anything new since the last interview, i.e. opened a new bank account or stopped using a financial device. Each new financial device was captured on a specific form and cash flows generated by that device were captured thereafter. When financial devices were closed, a separate form captured that information. Respondents were also asked if a major event happened, if a person joined or left the household, if a new or casual job began or ended or if a new physical asset was bought, sold or stolen. Each visit the fieldworker also completed a journal to note various observations, events or comments made by the respondent that were not captured elsewhere (see more below).

Additionally, seven shorter, add-on modules were employed throughout the study period, allowing us to explore certain topics in more detail. Modules were delivered only once during the study. These modules broke away from the standard financial diaries methodology of logging cash



flows. They allowed for questions that were either more qualitative in nature or delved into specific issues. This served two purposes: it enabled a deeper, more open-ended inquiry into issues that arose in the Diaries data collection and it enabled the gathering of data that could be used to help interpret the Diaries data. Module topics included:

FIGURE 9: Survey Process



- **Aspirations & Attitudes:** Designed to address the ways in which respondents view and plan for the future, this module posed questions about financial planning, goals, and attitudes.
- **Financial Choices & Knowledge:** This module included questions about risk aversion, patience and present-bias, taking chances, getting things done, financial literacy, numeracy, and financial knowledge.
- **Financial Instruments:** This questionnaire shed additional light on financial choices, with a focus on the use of particular devices and strategies. We asked about balances, savings, borrowing/lending, alternative lenders, credit cards, banks, insurance, saving and borrowing simultaneously, and credit history.
- **Tax Time:** A two-stage module, this inquiry included one questionnaire for households to fill out before taxes were filed and one to fill out after a refund was received. These questionnaires examined the role of tax payments and refunds in the core Financial Diaries instrument.
- **Income:** This module was designed to explore volatility of hours, availability of hours, and working extra as a coping mechanism.
- **Health:** This questionnaire inquired about the relationship between finance and health.
- **Gift Card experiment:** Using the distribution of gift cards as a way to learn more about participants' behaviors, this experiment explored questions such as: What happens when a big gift arrives? How much is saved and how? How much is spent and how? Do people spend extra in anticipation of big gifts? (see Recruitment section above for more on gifts)

Journals

Regular and ongoing contact with the households enabled field researchers to make personal connections with the families participating in the study. The trust established between fieldworkers and households facilitated the collection of detailed data on activities often not fully explained through standard surveys: informal finance, sideline jobs, temporary casual labor, cash spending, saving outside of banks. Journals that the field researchers kept over the course of the study provide critical qualitative details that add depth and color to the numbers, helping to explain why and how the families do what they do. Further, the journals provide a vehicle in which fieldworkers can note and explain ambiguities in the data.

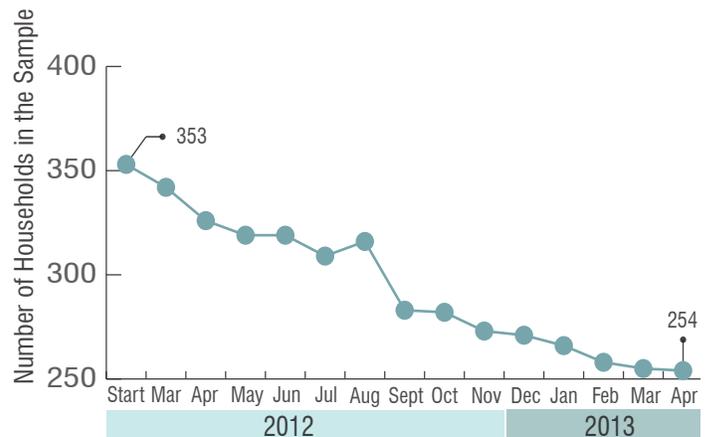
In the case of the Garzas, the journal helps us to understand more about the unique struggles of an immigrant family. Moreover, in June 2013, the journal provided a vehicle through which Natalie could explain that the extra \$2,800 the family received was cash for Ricardo and Daniela's wedding, and a \$3,000 loan taken out that month was for the same purpose.

Attrition

When data collection began, 353 households had signed up to participate in the study. At the conclusion of the study, we expect to have twelve months worth of data for more than 200 households. As of September 2013, 248 households remained in the study (see Figure 10).

Attrition occurred across the sample, so the demographic distribution has remained sufficiently intact (see Figure 11). Although attrition happened throughout the study

FIGURE 10: Attrition¹⁰



period, there were distinct points in time when people were more likely to withdraw. First, among those who agreed to participate in the study, several were then unreachable when field researchers attempted to schedule an interview for the initial questionnaire. The next wave occurred during and shortly following the initial questionnaire. In the first interviews, field researchers asked many personal questions – bank account balances, debts outstanding – and even though respondents entered the study fully informed about what participation meant, for some, when the time came to reveal this information, they decided they did not want to participate after all. Finally, for some households, administrative challenges caused a delay between the initial questionnaires and the beginning of the diary questionnaires. Field researchers were then unable to re-connect with some households after being out of touch for several weeks.

Other households withdrew over time due to the normal pace of life: people had trouble finding time for regular meetings, changed jobs, moved, etc. The \$600-700 worth of gifts provided to households over the course of the study was aimed, in part, at limiting attrition.

FIGURE 11: Changes to the Sample as a Result of Attrition¹¹

HOUSEHOLD STRUCTURE		
319HH (May 2012)	HH TYPE	283HH (Sept 2012)
28%	ONE-PARENT	28%
38%	TWO-PARENT	34%
12%	MULTI-GEN	12%
8%	COUPLES	9%
14%	SINGLES	16%

INCOME LEVEL		
319HH (May 2012)	Poverty Line	283HH (Sept 2012)
16%	0-75%	16%
18%	75%-100%	17%
24%	101%-150%	26%
25%	151%-200%	24%
17%	201%-300%	17%

IMMIGRANT STATUS (TIME IN THE US: <10YRS / >10YRS)		
319HH (May 2012)	COUNTRY OF ORIGIN	283HH (Sept 2012)
43% / 57%	COLOMBIA	40% / 60%
45% / 55%	ECUADOR	25% / 75%
35% / 65%	MEXICO	27% / 73%
63% / 37%	BANGLADESH	74% / 26%
30% / 70%	INDIA	17% / 83%

■ Challenges

A study of this kind comes with a number of challenges. The Financial Diaries methodology is very data intensive. It relies on a large staff of field researchers, who must maintain close contact with hundreds of families over the course of a year. It asks researchers to build and maintain trusting relationships with study participants, to carefully observe and document minute details about how they manage their financial lives, and to record highly irregular data in a format that is standardized to the extent possible and yet contains significant variability. Detailed below are some of the challenges we faced, as well as solutions we implemented to address them.

Recruitment: Snowball Sampling

Our use of respondent-driven snowball sampling was intended to help us get deeper into the communities in which we established our research sites, by asking interested households to recruit others to join the study as well. However, this method was not as successful as we had hoped. In most sites, recruitment stopped at the households that we connected with through local and community organizations. Sometimes snowball sampling worked effectively, but, when it did not, we recruited directly via connections made through local organizations.

Changes in Household Behavior

One risk inherent in this study is that behaviors of the participants change by virtue of the fact that they are participating in the study: a risk that, because their financial activities are being closely watched and recorded, participants behave differently than they normally would. This is an inevitable and unavoidable tradeoff given the study design. At the very end of the study period, we asked households directly whether their behavior changed much, and many indicated that it did. Nevertheless, we still see households struggling to pay bills on time, get out from under debt burdens, and save in a regular way. Our sense is that while the survey process affected people, the distortion was not large and seldom qualitatively changed behaviors.

Scheduling and Data Entry

Households participating in the study had to make time for an in-depth interview every two to four weeks. Interviews generally took an hour and 15 minutes to an hour and a half – but could take as long as two to three hours. To ensure that the families were interviewed on schedule, field researchers had to be flexible and available, willing to visit households on evenings and weekends. Field researchers also regularly faced cancellations and rescheduled interviews. The more often field researchers met with households, the more manageable it was for them to stay on top of data entry; but that required commitment from both the households and the field researchers. If they met less often, data entry was more cumbersome and

time consuming. While we initially planned to meet with households every two to three weeks, these scheduling and data entry challenges meant that some households met with fieldworkers on a monthly basis (see Figure 8 on page 6).

The volume of information gathered during the interviews could be large – on average, field researchers recorded 56 separate cash flows in an interview (cash flows are defined as the movement of money into or out of a household, or between financial instruments). Some data was especially difficult to gather. For example, cash transactions were hard to track. Also, balances for certain financial instruments that aren't accessed regularly – such as mortgage loans and 401(k) accounts – were difficult to obtain and, in some cases, we accepted estimates. In addition to these cash flows, field researchers were also collecting data for the specialized modules.

To help field researchers manage, we hired extra support staff to enter data, freeing up the field researchers' time and reducing delays between interviews due to unrecorded data. Also, whereas data was initially collected by hand and then entered into the database later, mid-way through the study, we provided field researchers with tablets so that they could enter some data as it was gathered.

Data Management

With the large volume of data produced by hundreds of families being collected by a dozen field researchers, the potential for errors is high. Errors could be introduced at various stages of the research, including during collection, entry, and during the migration of the data from the initial database to STATA (statistical software) for analysis. To address this challenge, we initiated a data validation process, helped by additional staff. These staff members have combed through the data to identify inconsistencies and errors, and have worked with field researchers to correct issues that have arisen.

The data validation process has itself been challenging. For one, the dataset is being cleaned and the numbers vetted simultaneously with the addition of more data. Further, we do not expect this data to follow a specific pattern, and outliers are not necessarily the result of erroneous data. In fact, when reviewing a year's worth of financial data, outliers may well be the key to the story. Thus, validating the data has required an in-depth review of the narrative information recorded in the journals alongside the data. To make the valuable details contained in the journals more comprehensible and functional, we have worked to turn the written narratives into a searchable database.

Data and Interview Quality

Field researchers each had their own approach to managing the ongoing diary questionnaires, and although they were in regular contact with each other and with the research manager, in many ways, their day-to-day work was done in isolation. This made it difficult to know exactly what was

working and what was not working in the field. To help them learn from each other, we established a shadowing system. This enabled the best field researchers to coach those who were less effective; for those who needed help, watching the more effective field researchers in action enabled them to see what might work better. Additionally, the field research manager held weekly calls with the field researchers and conducted periodic field visits and trainings.

Data quality was also tracked interview-by-interview using measures of the gap between reported financial inflows and outflows. This margin of error typically started high in the first few interviews and fell as households became used to the survey process and came to trust the field researchers. Instances of large gaps triggered increased attention by the research manager.

Questionnaire Format

For certain households – for example, those containing lots of family members, those using lots of financial instruments, and those with complicated income situations – diary questionnaires were quite long. To make the interview process more manageable, we adjusted the format of the questionnaires. Additionally, while field researchers were responsible for completing the survey form and entering data into the database according to a standard format, they each developed their own systems for collecting information most efficiently.

The study was designed with mechanisms to mitigate the burden of collecting such detailed data. One such mechanism was that each diary questionnaire would inform the next so that subsequent questionnaires would eliminate redundant information and be automatically adjusted for new or different information. However, because of the demands on field researchers and the challenges described above, data entry sometimes lagged data gathering. As a result, the diary questionnaires were not as streamlined as they might have been. The hiring of additional data entry staff and our transition to having fieldworkers enter data in real time using tablets mitigated this challenge over time.

Delays and Extended Time in the Field

The launch of the study was planned for the summer of 2012, but we faced delays. Initially, requirements from our institutional review board (IRB) and technological challenges slowed our pace out of the gates. Then, recruitment and initial questionnaires took longer than expected. Because of these delays, we did not get into the field until later in 2012. We then extended our time in the field from July to December 2013 so that we could collect a full year's worth of diaries cash flow data. An unexpected benefit of these delays was that we came out of the field on a rolling basis rather than all at once, with two field researchers closing out their work each month beginning in July. This schedule made the completion of final questionnaires much more manageable.

■ Conclusion

The USFD survey seeks to shed new light on the financial lives of low- and moderate-income households. The study seeks depth over breadth and embraces the complexities of how people live day to day. Combining detailed, longitudinal quantitative data with efforts to understand the respondents' background stories (often in their own words) is an ambitious task. We hope others will extend and refine this type of research, or incorporate elements of it into other types of surveys and interviews; and that their work will be made easier by building on our experience.

While the process has been complex, we believe that the approach provides insight into aspects of the financial lives of households that are often hard to see. The USFD methodology is deliberately "person-centric", in that it does not evaluate a specific intervention or policy, the use of a particular financial product, or even a specific type of challenge that households face. Instead, it seeks a broad set of data about households' full financial lives. As a result, the data offer the chance to draw connections across different types of interventions, policy approaches and product innovations – and to do so in varying contexts. Our hope is that the findings will provide new perspectives on the day-to-day choices and challenges that so many people experience, and will inform the design of future research efforts, as well as the development of new policies, services, and financial products.

1. For more on this and other households, visit www.USFinancialDiaries.org.
2. Daniela can have negative cash flows in months when she purchases items for her business in advance of payments from her customers.
3. The data in Figure 3 represents 282 households, and was analyzed in September 2012.
4. Annamaria Lusardi, Daniel Schneider, and Peter Tufano, "Financially Fragile Households: Evidence and Implications." Working paper no. 17072 (Cambridge, MA: National Bureau of Economic Research, May 2011).
5. The data in Figure 4 represents 242 households, and was analyzed in September 2012.
6. The data in the infographic (Figure 5) represents the following households, by image: Ethnicities: n=252 as of September 2013; Homeownership: n=313 as of August 2013; Household Structure: n=282 as of October 2013; Immigration status: Colombia n=15; Ecuador n=8; Mexico n=30; Bangladesh n=30; India n=6, as of September 2013.
7. The data in Figure 6 represents 317 households, and was analyzed in August, 2013.
8. The data in Figure 7 represents 283 households and was analyzed in October 2012.
9. The number of interviews represented by Figure 8 totals 3,616 representing 265 households, from data analyzed in September 2013.
10. The data in Figure 10 represents 353 households and was analyzed in April 2013.
11. Figure 11 compares demographic data from May 2012, the first month of data collection when there were 318 participating households, with data from September 2012 when the number of participating households has dropped to 282. There has been further attrition in the sample since September 2012, as demonstrated in Figure 10. When we are finished with data collection in all sites we will reanalyze the demographic make-up of the sample and share the final results.

FIGURE 12: USFD Overview

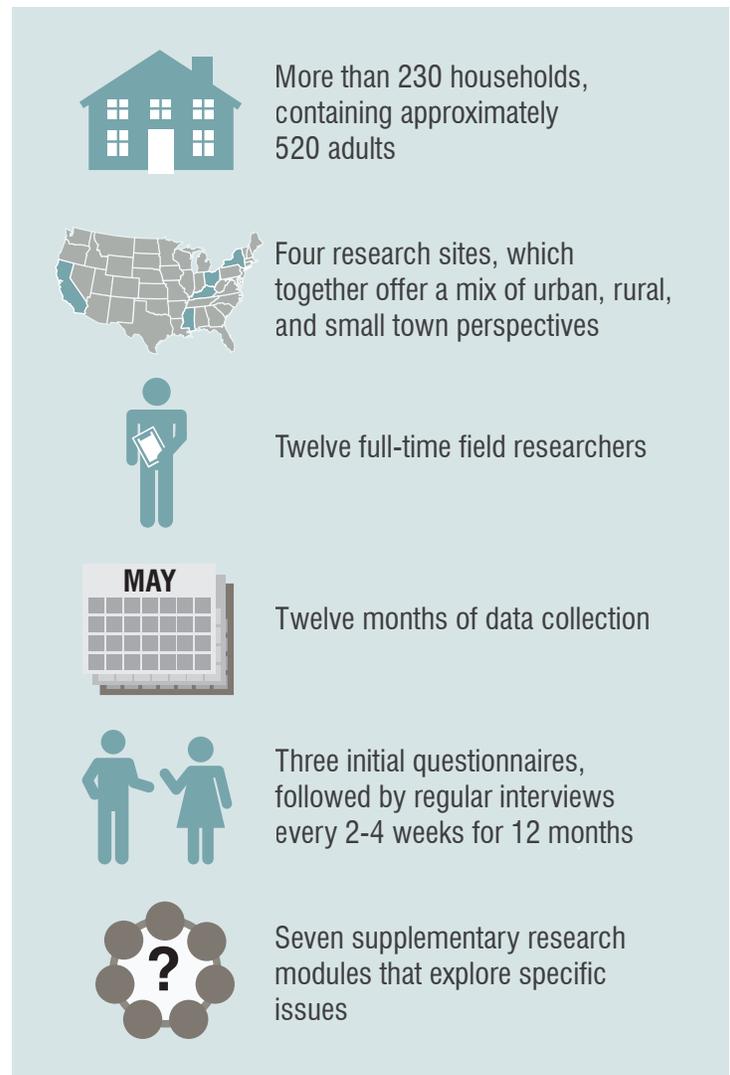


Photo Credits:

Juan Carlos: top left (farmstand) and bottom (family in a cafe)

Demetrius Freeman: middle center (woman sitting on a bench)

Robin Holland: middle left (taxi driver)

Whitten Sabbatini: top right (man with a beard), middle right (woman hugging her son)

The subjects of the photographs are not participants in the US Financial Diaries Project, but they live and work in regions similar to our study sites.





**U.S.
Financial
Diaries**

The U.S. Financial Diaries Project was designed and implemented by Jonathan Morduch of New York University's Financial Access Initiative (FAI), Rachel Schneider of the Center for Financial Services Innovation (CFSI), and Daryl Collins of Bankable Frontier Associates (BFA). The project collected detailed cash flow and financial data from more than 200 families in the US over the course of a year. The data provide an unprecedented look at how low and moderate-income families—in four regions and 10 distinct demographic profiles—manage their financial lives. Leadership support for the US Financial Diaries Project is provided by the Ford Foundation and the Citi Foundation, with additional support and guidance from the Omidyar Network. For more information, please visit www.usfinancialdiaries.org.



The Financial Access Initiative (FAI) is a research center focused on exploring how financial services can better meet the needs and improve the lives of poor households. At FAI, we systematize evidence and communicate lessons, generate new evidence, and frame policy and regulatory issues. FAI is housed at NYU's Robert F. Wagner Graduate School of Public Service. Visit www.financialaccess.org; learn more about the Big Questions in financial access at www.financialaccess.org/big-questions; follow us [@financialaccess](https://twitter.com/financialaccess).



The Center for Financial Services Innovation (CFSI) is the nation's leading authority on financial services for underserved consumers. Through insights gained by producing original research; promoting cross-sector collaboration; advising organizations and companies by offering specialized consulting services; shaping public policy; and investing in nonprofit organizations and start-ups, CFSI delivers a deeply interconnected suite of services benefiting underserved consumers. Since 2004, CFSI has worked with leaders and innovators in the business, government and nonprofit sectors to transform the financial services landscape. For more on CFSI, go to www.cfsinnovation.com and join the conversation on Twitter at [@CFSInnovation](https://twitter.com/CFSInnovation).



Bankable Frontier Associates (BFA) is a niche consulting firm based in Boston, focused on a specific purpose – supporting our clients in their efforts to expand financial services to the poor. Our approach is to facilitate strategic thinking about emerging markets and products. We are committed to working in partnership with cutting edge development organizations which include policymakers, regulatory agencies, private foundations, banks and other providers of innovative financial services. For more information, please visit www.bankablefrontier.com.

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