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# Gallup Global Financial Health Study

## Key Findings and Results

A 10-COUNTRY SURVEY TO MEASURE FINANCIAL CONTROL  
AND SECURITY

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Gallup, Washington, D.C.



- Substantial academic literature demonstrates that access to and use of financial services has a significant positive impact on people's lives.
- Researchers have developed valuable measures of financial inclusion and financial literacy.
- This project focuses on financial control — the extent to which people perceive they are in control of and can influence their financial situation — an important and complementary dimension within the umbrella of financial health.
- Through this study, a new metric has been developed to measure perceived financial control through the eyes of individuals around the world.



# 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 survey questions (see appendix).

1. You believe you can change your financial situation.
2. You believe you can overcome any financial problem.
3. You don't regret spending on nonessential items.
4. You have been able to save in the past.
5. You don't avoid thinking about how you are going to pay for things in the future.
6. You believe you will be able to repay your debts.
7. You enjoy planning what to do with your money.
8. You are satisfied with your level of input on financial decisions in the household.
9. You could find the money to pay for a financial emergency if it were to arise today.
10. You have people who can help you financially.





## 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



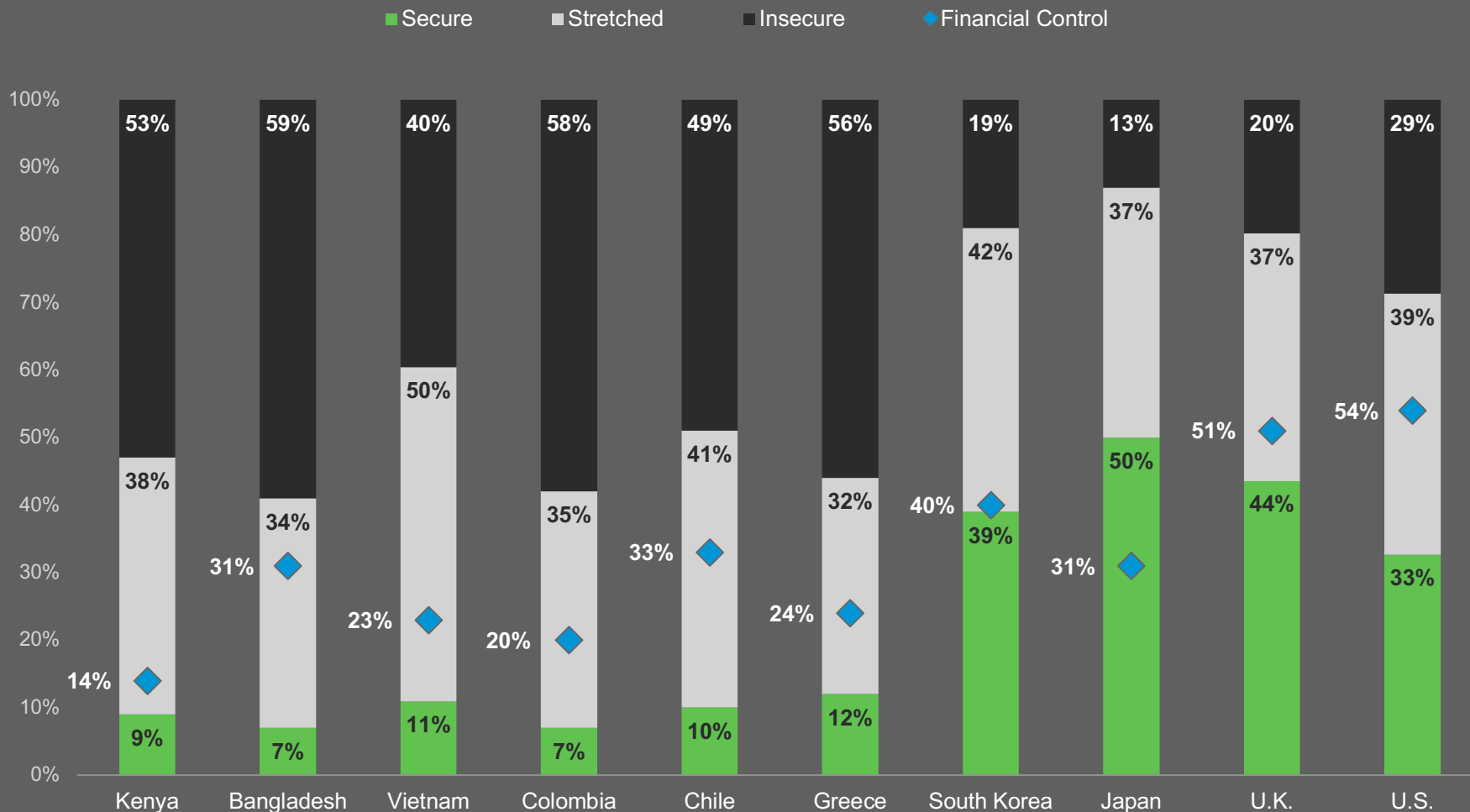
## INSECURE

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.

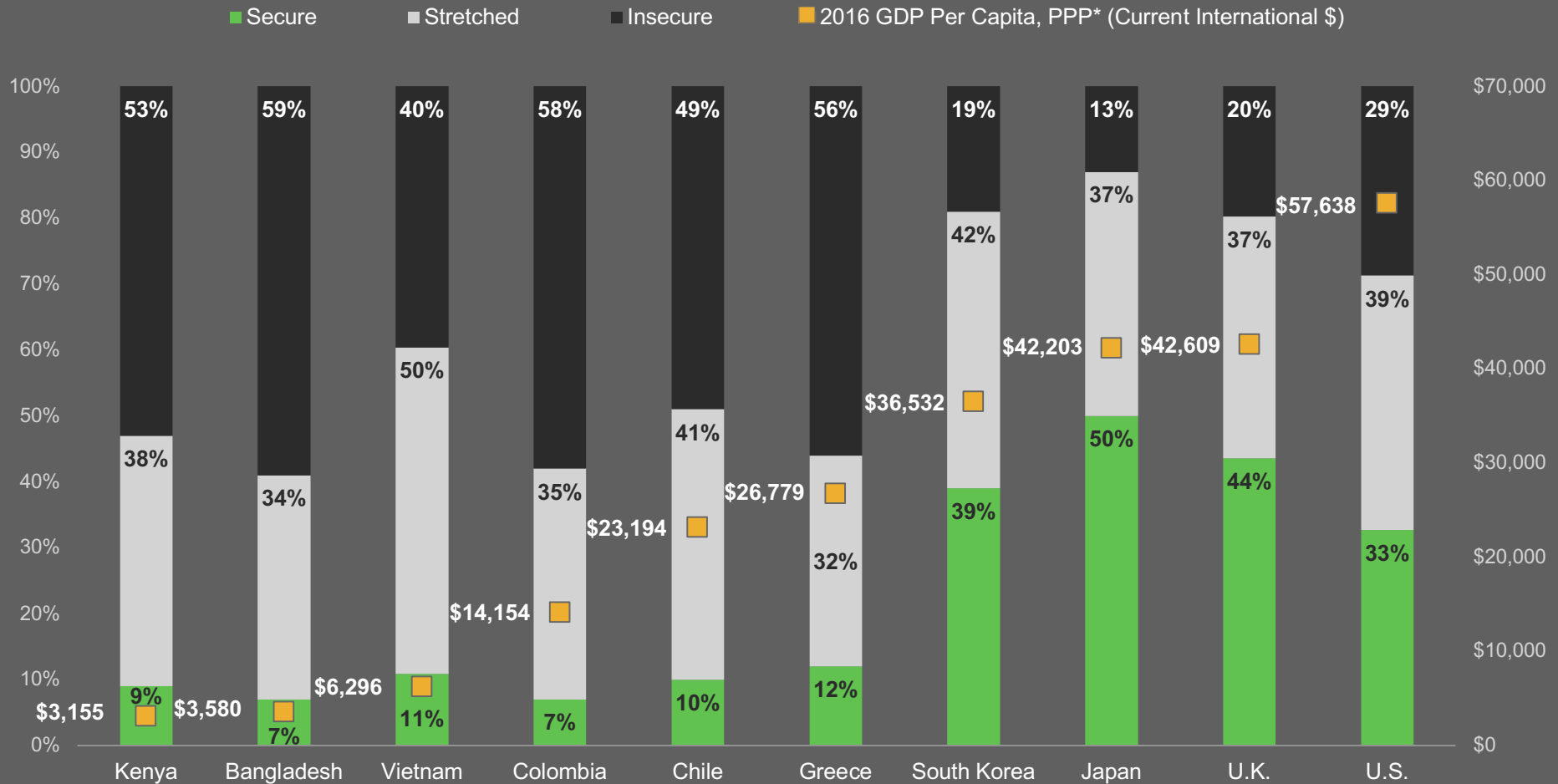
# Perceptions of Financial Control Do Not Always Match Financial Security



Due to rounding, percentages may sum to 100% +/-1%

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

# Financial Security Is Higher in High-Income Countries

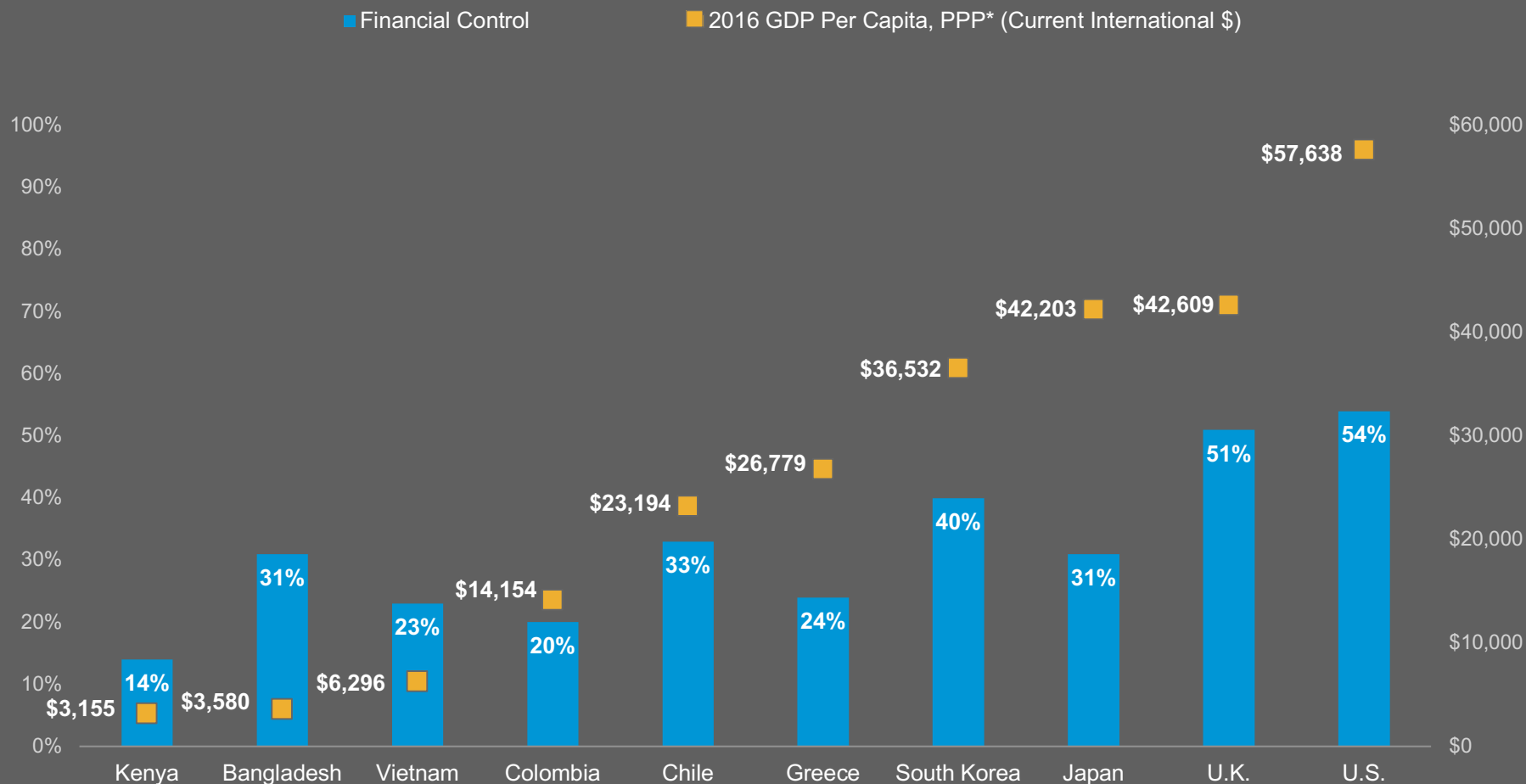


\*Purchasing power parity

Due to rounding, percentages may sum to 100% +/-1%

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

# There Is No Clear Relationship Between Perceptions of Financial Control and GDP Per Capita



\*Purchasing power parity

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



# Predictors of Financial Insecurity

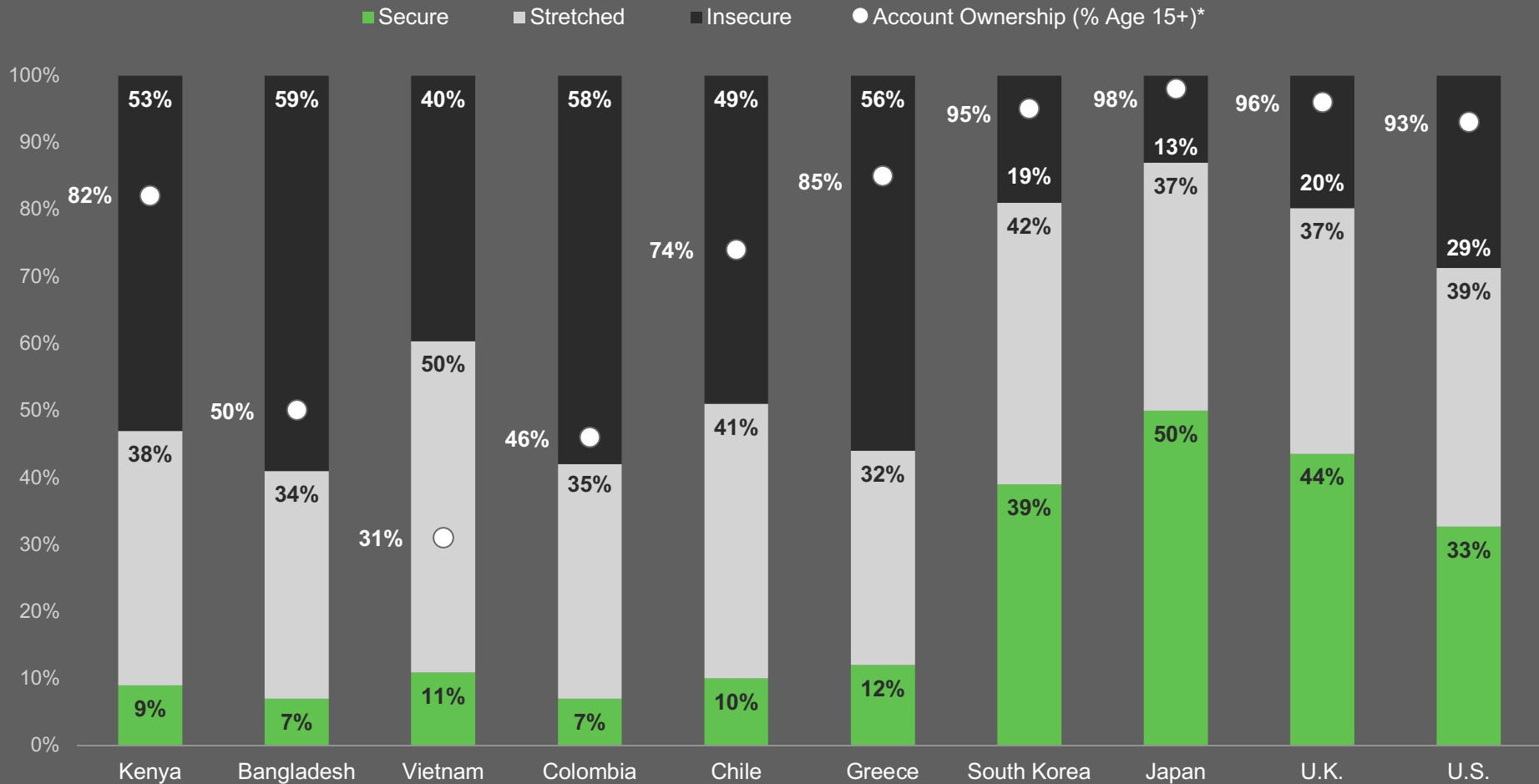


Controlling for income, lower levels of perceived financial control are linked to a higher likelihood of being “financially insecure” for nine of the ten countries in this study.

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

# Relationship Between Account Ownership and Financial Security Is Not Clear in Middle- and Lower-Income Countries

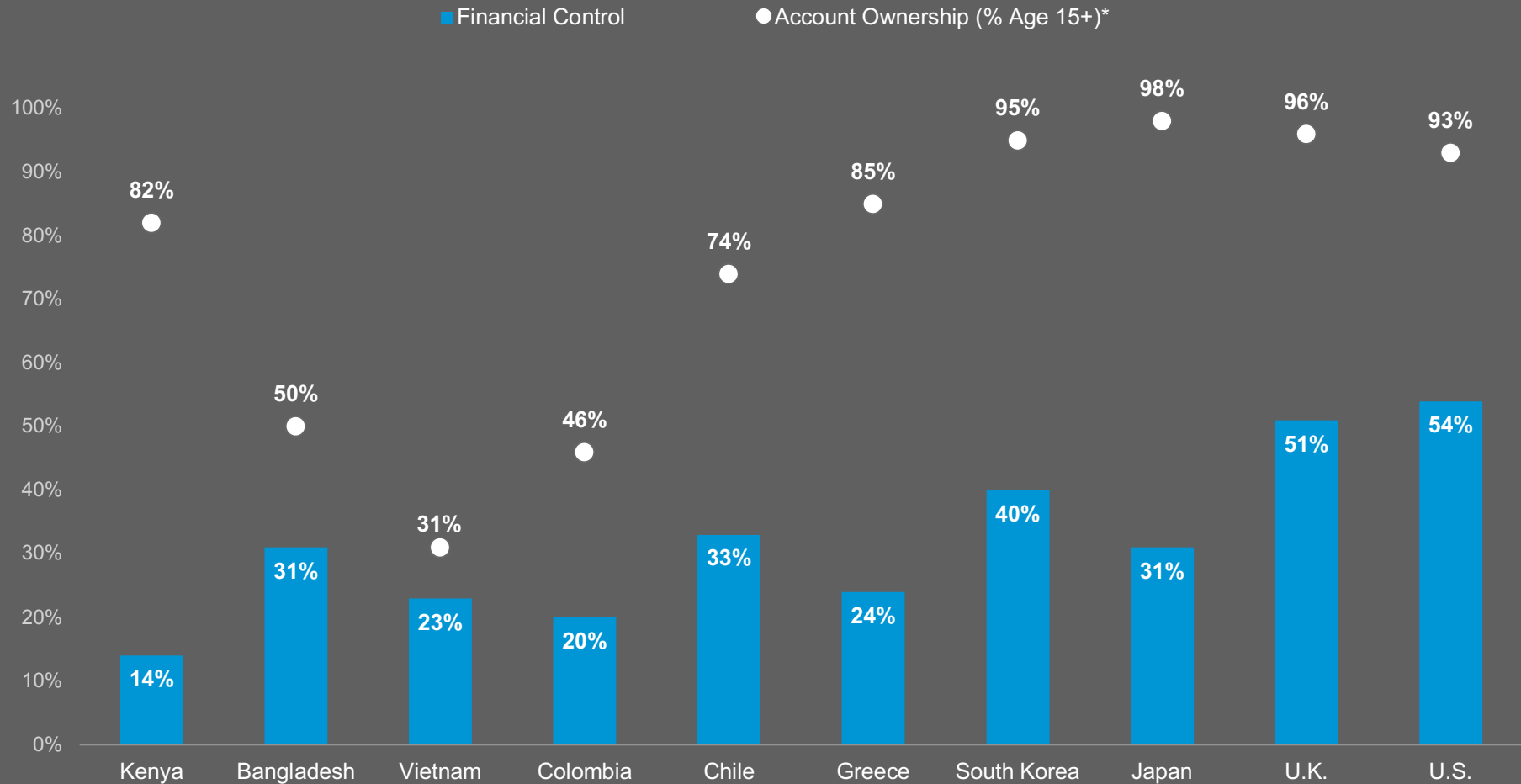


\*Source: World Bank Findex 2017

Due to rounding, percentages may sum to 100% +/-1%

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

# Perceived Financial Control Has No Clear Relationship With Account Ownership



\*Source: World Bank Findex 2017

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

- 1 Lower levels of perceived control over one's finances are strong predictors of financial insecurity.
- 2 Perceptions of financial control are not uniformly related to GDP per capita levels.
- 3 This study shows that by measuring perceptions of financial control **globally**, we can have a holistic, evidence-driven approach to understanding financial insecurity.



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# What is next?



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# Appendix





# Survey Questions Measuring Perceptions of Financial Control

In the Gallup Global Financial Health Study, financial control levels are measured as the percentage of respondents who give a **positive response to at least eight out of the 10 survey questions.**

1. Do you think that no matter what you do, your financial situation will stay the same? <sup>R</sup>
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? <sup>R</sup>
4. Have you tried to save money in the past, but have not been able to? <sup>R</sup>
5. Do you avoid thinking about how you are going to pay for things in the future? <sup>R</sup>
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?

<sup>R</sup> Reverse-scored item