With Inflation Causing Stress, Vulnerable Americans Seek Increased Pay Frequency

A plan to beat back rising inflation—which has now hit a four-decade high of 7.5% during the past year—is in motion, as the Federal Reserve has begun to consider faster rate increases. As government officials find themselves in unfamiliar territory, considering a portion of the fiscal playbook that they have not had to run in almost 40 years, American banking customers are feeling the stress of the moment as well.

This J.D. Power Banking and Payments Intelligence Report finds that, while the level of customer pessimism about their financial health that we observed in the fall of 2021 has stabilized, feelings of stress and helplessness about inflation are still prevalent. And in order weather the storm, customers are eager for a lifeline, from new ways of being compensated to financial help from their banks.

Tensions Persist

Overall, 62% of customers say the price of goods that they buy are increasing faster than their income. Unsurprisingly, these feelings are most prevalent among banking customers that are classified as vulnerable or stressed. Three-fourths (75%) of stressed customers and 71% of vulnerable customers said the prices of products are outpacing their income.
People, of course, carry these concerns with them throughout the day. As a result, nearly one-third (30%) of all customers worry about money at work. While hourly workers and those in some service industries worry more than other workers, the trend is not exclusive those demographics. One-third (33%) of hourly workers said they worried about money at their place of employment, which was only modestly higher than the 28% of salaried workers that had similar concerns.

**Do Consumers Really Spend Time Worrying about Money at Work?**

**About one-third of all customers worry about money at work – hourly workers and those in some service industries worry more than other workers.**

- **Total All Banks Jan. 19-22**
  - Average Amount of Time Consumers Spend Worrying About Finances at Work
  - Healthy: 22%  
  - Vulnerable: 40%  
  - Salaried Workers: 28%  
  - Overextended: 32%  
  - Stressed: 24%  
  - Hourly Workers: 33%  
  - Retail: 38%  
  - Hotel/Food Service: 49%  
  - All Other Workers: 25%

**Finding Relief**

What could help alleviate some of customers’ financial stress? Getting paid more frequently, for starters. The most common pay frequency for all workers is every two weeks (59%), but 35% said they preferred to get paid once a week. Only 19% actually do.
This desire to get paid every week is even higher among hourly workers (50%), yet only 26% of hourly employees get compensated this frequently. Overall, 51% of workers would consider switching jobs simply for more frequent pay, including 76% of hotel/food service workers.

Customers also feel their banks should be part of their financial solutions, but the support they say they have received thus far have been mixed. A majority (83%) of respondents said that it is at least somewhat important that banks offer ways to improve their financial health. That sentiment was particularly prevalent among overextended customers.
That said, the majority of customers were left with a lukewarm feeling from their banks. Overall, more than one-fourth (26%) of respondents said their banks performed poorly or “just okay” in supporting their financial health. That may be attributable to a lack of awareness about products or services offered by their bank to gain access to their pay or to offer protection when over drafting exists.

How well does the bank support your financial health?
Find out More

To learn more about the underlying research behind this industry briefing or schedule an interview with Jennifer White, senior consultant of banking and payments intelligence at J.D. Power, please contact us at the numbers below.

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