

G20 POLICY NOTE ON FINANCIAL WELL-BEING

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1 Introduction

Overview

In the last decades, there has been notable progress at global level in making financial products and services more accessible to individuals, with 76% of people age 15+ having a bank or mobile money account in 2021 (Demirgüç-Kunt et al., 2022^[1]). This represents a significant increase from just over a decade ago when the figure stood at 51% (Demirgüç-Kunt et al., 2022^[1]). At the same time, growing access to formal financial products and services highlighted the need to focus on the quality of financial inclusion and on financial well-being as guiding principles, to improve the effectiveness of financial inclusion policies, and to avoid that policies intended to increase access to the formal financial system could inadvertently lead to negative consumer outcomes.

Financial well-being, also referred to as financial health,¹ has emerged as a key policy objective both nationally and internationally within the realms of financial inclusion, financial education and financial consumer protection. In the past decade, a growing awareness has developed among policy makers, the private sector, and development agencies about the importance of focusing on financial well-being as a core outcome for consumers. This trend is aimed at ensuring that policy initiatives positively impact individuals as they navigate their financial lives, make financial decisions, and interact with the financial system.

Several organisations have identified financial well-being as a goal for policy-making, and discussions on the theme have progressed steadily (OECD, 2020^[2]; 2022^[3]; UNSGSA, 2021^[4]; UNCDF, 2022^[5]; WWB, 2024^[6]). The 2023 Financial Inclusion Action Plan (FIAP), developed by the G20 Global Partnership for Financial Inclusion (GPFI), considers financial well-being as an outcome of advancing (quality) financial inclusion. More specifically, the 2023 GPFI FIAP recognises “the need to make headway on the issue of improving the quality of financial inclusion to enhance the financial well-being of individuals and households” (G20, 2023^[7]).

Building upon the recent developments on the topic, the GPFI proposes to establish a consensual concept of financial well-being, including a preliminary conceptual framework and a working definition, and to discuss a preliminary roadmap to measure financial well-being. Developing a common understanding is crucial for creating a cohesive and effective approach, facilitating dialogue between organisations and countries.

By prioritising financial well-being, the GPFI emphasises that systemic factors, such as regulatory frameworks, industry practices, the availability of innovative, inclusive, and responsibly provided financial solutions, as well as financial literacy initiatives, play a role in shaping individuals' financial outcomes, in addition to social policy, economic resources, personal circumstances, levels of inequality and other societal factors. It emphasises the need for financial institutions, policy makers, and regulators to actively contribute to creating an environment that fosters the quality of financial inclusion and financial well-being.

It is worth noting that an effective financial well-being approach should include a focus on the empowerment of consumers to improve their financial lives through access to suitable and quality financial products and services, their informed and safe use, and effective financial decision making. Financial policy

makers and regulators can have a crucial role in effectively promoting financial well-being, by evaluating and analysing the impact of financial services and driving and catalysing the financial sector to have a consumer-centric approach.

Furthermore, this approach advocates for a forward-thinking stance from both policy makers and financial services providers to address underlying issues that may hinder individuals' capacity to achieve and sustain financial well-being. This could involve initiatives like designing products that meet diverse needs at the right moments, as well as establishing a fair and open marketplace for a wide array of providers to offer tailored consumer solutions.

Policy makers, regulators, financial service providers, such as banks, payment service providers, insurers, lenders, but also platforms/apps providers, big-tech companies, impact investors, fintech innovators, and financial advisors can all have crucial roles in shaping people's financial well-being – mainly by making financial well-being a mainstream imperative for businesses and for financial inclusion, financial literacy and financial consumer protection policies.

Greater financial well-being can also be seen as an intermediate outcome contributing to greater individual well-being and empowerment (Aubrey et al., 2022^[8]). Further improving financial well-being may also help countries in their efforts to meet the UN Sustainable Development Goals (SDGs), especially in terms of SDG1 (eliminate extreme poverty), SDG 2 (zero hunger), SDG3 (achieve good health and well-being), SDG 4 (quality education), SDG 10 (reduce inequalities within and among countries), and SDG 16 (build successful institutions at all levels) (UNSGSA et al., 2023^[9]; Fu, 2020^[10]).

To properly address the importance of the issue to guide the work of financial inclusion, financial consumer protection and financial literacy, it is crucial to acknowledge that financial well-being is a state that depends on a combination of many factors (from income levels to external shocks), and that it can be influenced by many policies (from fiscal to social protection policies). Within this context, it is important to recognise the role financial services and financial sector policies play in contributing to financial well-being, although they will not be able only by themselves to ensure this outcome.

This note will focus on financial well-being within the realm of financial services and from the perspective of financial sector interventions.

Background on financial well-being

A significant body of research in a wide range of economies has been developed to conceptualise and measure financial well-being, providing data on levels of financial well-being within countries and exploring its relationship with relevant driving factors (CFPB, 2015^[11]; Parker et al., 2016^[12]; Kempson, Finney and Poppe, 2017^[13]; Prawitz et al., 2006^[14]; Muir et al., 2017^[15]; Ladha et al., 2017^[16]; Brügggen et al., 2017^[17]; Comerton-Forde et al., 2018^[18]; Netemeyer et al., 2018^[19]; Brune, Karlan and Rouse, 2020^[20]). Studies at national and regional level around the world investigated the heterogeneity of financial well-being levels within the population (CFPB, 2015^[11]; Cárdenas et al., 2021^[21]; Kempson, Finney and Poppe, 2017^[13]). For instance, a study by the US Consumer Financial Protection Bureau (CFPB) in 2017 found that financial well-being is strongly associated with making ends meet and with avoiding experiences of material hardship (CFPB, 2017^[22]). A study conducted in Kenya revealed that financial health decreased over the period 2019-2021 mostly due to an increasing use of loans and short-term credit, despite positive economic growth and increasing financial inclusion (Gubbins and Heyer, 2022^[23]).

Growing interest and evidence on the topic have been reflected in recent policy developments at the international level. For instance, financial well-being is included as one of three cross-cutting themes in the updated G20/OECD High-Level Principles on Financial Consumer Protection and is recognised as the goal of financial literacy policies and programmes in the OECD Recommendation on Financial literacy (OECD, 2022^[3]; 2020^[2]). The recognition of financial well-being in these global standards builds on previous work,

including a financial well-being definition developed in 2019 (OECD, 2019^[24]), measurements of individual financial well-being through the OECD/INFE financial literacy surveys (OECD, 2020^[25]; 2023^[26]), and various reports on financial resilience, including some developed in connection with the priorities of recent G20 presidencies (OECD, 2021^[27]; 2021^[28]).

Moreover, in 2020, HM Queen Máxima of the Netherlands in her capacity as the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) convened a Financial Health Working Group to advance the discussion on defining and measuring financial health. The UNSGSA Financial Health Working Group developed reports on defining and measuring financial health in an international context (UNSGSA, 2021^[4]; 2021^[29]). In 2022, the UN Capital Development Fund (UNCDF) developed a white paper collecting insights, approaches and recommendations on promoting financial health (UNCDF, 2022^[5]). Also the Consultative Group to Assist the Poor (CGAP) developed work on making consumer protection regulation more customer-centric, and on the linkages between financial consumer protection, financial inclusion and financial health (Duflos and Izaguirre, 2021^[30]; Izaguirre, 2021^[31]; Soursourian, 2019^[32]). In 2024, Women's World Banking developed a note on the gender perspective in financial well-being, focusing on women's agency through capability, confidence, choice, and control (WWB, 2024^[6]).

Similarly, developments also took place at the national level. In 2020, the UK developed its first Financial Wellbeing Strategy, aiming at supporting people to make the most of their money and pensions by 2030 (UK Money and Pensions Service, 2020^[33]). In 2021, Canada launched a revised National Financial Literacy Strategy for 2021-2026 focusing on financial resilience as its main goal (Government of Canada, 2021^[34]). In the UAE, the Emirates Foundation launched the Financial Wellbeing and Sustainability Initiative in 2024 and the Abu Dhabi Family Wellbeing Strategy in 2023 to strengthen financial planning and financial resilience in the population (Abu Dhabi Media Office, 2024^[35]; Government of Abu Dhabi, 2024^[36]).

The private financial sector has increasingly recognised the importance of focusing on consumer outcomes and pursuing their financial well-being. For instance, a number of banks have signed a common commitment to supporting the financial health and inclusion of their customers, in the context of the UN Principles for Responsible Banking (UNEPFI, 2023^[37]).

Objective

The objective of this document is to present a consensual concept of financial well-being, including a preliminary conceptual framework and a working definition, and also to discuss a preliminary roadmap to measure financial well-being. This would support the international dialogue on financial well-being and the collection of further evidence and data, through future research and studies, on the definition and measurement of financial well-being, and on the role of various factors and policies in supporting it. Ultimately, this would help identify policies and approaches that can positively affect financial well-being, especially in the context of financial services and within the scope of financial regulators, leading to positive outcomes for individuals and communities.

In order to do so, the note includes:

- A proposal to establish a consensual concept of financial well-being, including a preliminary conceptual framework and a working definition for financial well-being, in Section 2.
- A discussion on a preliminary roadmap for a financial well-being measurement framework, in Section 3.

Process

A temporary Sub-Committee was created by the GPFI to work on Financial Well-Being during the G20 2024 Brazilian Presidency; the Sub-Committee was led by the US and Brazil, under the overall supervision of the GPFI Co-Chairs. The Financial Well-Being Sub-Committee (FWBSC) had the following Members:

- GPFI member countries: Argentina, Brazil, Canada, France, Germany, India, Italy, Portugal, Russia, South Africa, Türkiye and the US.
- Implementing Partners, Affiliated Partners and the Honorary Patron: the Alliance for Financial Inclusion (AFI), the Better than Cash Alliance (BTCA), the Consultative Group to Assist the Poor (CGAP), the Organisation for Economic Co-operation and Development (OECD), the Office of the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), Women's World Banking (WWB) and the World Bank (WB).

The FWBSC held five virtual meetings during 2024, on 6 February, 5 March, 11 June, 20 August and 9 September, all with more than 50 participants.

The basis of this work is the OECD Draft Policy Note on Defining and Measuring Financial Well-being developed by the G20/OECD Task Force on Financial Consumer Protection and the OECD International Network on Financial Education (OECD, 2023^[38]). The current policy note was drafted for the GPFI, jointly by Brazil (Central Bank) and the OECD, with major contributions from CGAP and the Office of the UNSGSA, especially the development of the Theory of Change which underpins the preliminary Conceptual Framework. The Policy Note was drafted considering the views and contributions of the GPFI broad membership and relevant GPFI Implementing Partners. The G20/OECD Task Force on Financial Consumer Protection and the OECD International Network on Financial Education were also consulted. Various version of the policy note were presented and discussed among the GPFI throughout its development, during the Plenary sessions.

This document was endorsed by G20 Finance Ministers and Central Bank Governors on 23-24 October 2024 and was submitted to G20 Leaders as a key deliverable of Brazil G20 Presidency.

Terminology

It is important to note that some organisations use the term “financial well-being” and others use “financial health”, while substantially referring to the same concept. Likewise, the academic literature suggests that the terms may be considered interchangeable. As a consequence, the two terms will be used synonymously in this note.

For instance, the OECD has traditionally referred to “financial well-being”, which was already stated as the ultimate goal of financial education in the 2005 OECD Recommendation on Principles and Good Practices for Financial Education and Awareness² and also endorsed by G20 leaders in the OECD/INFE High-level Principles on National Strategies for Financial Education (OECD, 2012^[39]). The UNCDF states that “financial health” encompasses four aspects of individual's financial life: security, resilience, control and freedom (UNCDF, 2022^[5]). The UNSGSA refers to “financial health or well-being” encompassing: day-to-day, resilience, goals, and confidence (UNSGSA, 2021^[4]). The WB Global Findex refers to “financial well-being” as the ability to handle an unexpected financial event (financial resilience), the level of stress caused by common financial issues, and the level of confidence in using financial resources (Demirgüç-Kunt et al., 2022^[1]). More examples can be seen in Section 2.2, Table 1.

Most organisations and the academic literature treat these two terms as interchangeable, due to their overlapping elements, such as financial security, resilience, and control. At the same time, each term may be interpreted as emphasising different aspects of an individual's financial life. For example, financial well-

being may be taken to encompass considerations related to overall life satisfaction and future goals (Netemeyer et al., 2018^[19]), while financial health may have connotation focusing more on current financial stability and capability (Ladha et al., 2017^[16]; Gutman et al., 2015^[40]).

Given the limited but growing body of literature and policies dedicated to achieving financial well-being, further research and evidence would be necessary to explore and refine these concepts, and to understand whether there are any differences between them, which is not the object of this document.

2 Establishing a consensual concept of financial well-being

Defining a consensual concept of financial well-being can be an important step forward in the international and national discussions on the topic as it provides a common language for individuals, financial advisors, and policy makers to discuss and address financial well-being. By identifying the main factors that may contribute to financial well-being, the different actors can better design targeted financial programmes and promote initiatives that help people track and improve their financial lives. It also allows for the development of specific indicators for measuring financial well-being and its dimensions.

Enhancing the comprehension of financial well-being demands the establishment of a preliminary conceptual framework, a vital tool for pinpointing and analysing the myriad factors that are connected and integral to the definition and quantification of financial well-being, particularly within the context of policymaking. It provides a structured approach to dissect the complex interrelations and influences that shape financial well-being, thereby facilitating more informed and effective policy interventions.

Recognising the significance of establishing a consensual concept of financial well-being, this section lays out a preliminary conceptual framework for financial well-being based on available evidence. It then suggests a theory of change, describing how the financial sector and financial policies would be expected to impact financial well-being, acknowledging the role of other factors and policies. Nonetheless, the proposed impact pathways will require future studies and evidence, outside the scope of this work. This consensual concept section ends by proposing a working definition for financial well-being, an essential step to uncover the elements of the concept that are relevant for policymaking and to pave the way for the development of specific indicators to measure financial well-being.

Preliminary conceptual framework for financial well-being

A preliminary conceptual framework: available evidence

Rigorous evidence on the drivers of financial well-being has grown in recent years, but remains very limited, especially in terms of the impact of different policies and programmes aiming at improving financial well-being. This section, therefore, lays out a preliminary conceptual framework for financial well-being. Most of the available evidence is based on country or regional studies, while global evidence is still lacking. To develop a deeper conceptual framework, further studies, evidence and research (including based on future measurements exercises) are required. The Theory of Change – presented in the next subsection – outlines theoretical linkages and could guide future studies and evidence gathering.

This section presents the rationale and the evidence, when available, on the expected role of different policies, especially those in the financial sector, and on the associations between individual, household, community, societal and country factors with financial well-being.

It's crucial to acknowledge that this preliminary conceptual framework, much like the working definition proposed in this paper, is not meant to be exhaustive, but rather subject to revision as studies and research

advance. As our comprehension of the intricate factors and interconnections shaping financial behaviours and outcomes deepens, it's imperative for our framework to evolve correspondingly. Maintaining openness to revising and updating these models guarantees their responsiveness and relevance, enabling policy makers to more effectively grasp the subtleties of financial well-being and adjust policies and strategies accordingly.

In developing a preliminary conceptual framework for financial well-being, it is important to take a comprehensive approach, as the individual, household/family, community, societal and country factors are likely to interact with each other and in turn affect financial well-being in complex ways (Salignac et al., 2019^[41]; Muir et al., 2017^[15]; Sorgente and Lanz, 2017^[42]; Bashir and Qureshi, 2023^[43]). In the present work, these factors are considered as contextual and influencing factors, as the document's objective is to keep a focus on the associations within the realm of financial factors. The evidence discussed below provides an overview of these contextual and influencing factors contributing to financial well-being. They are not the primary focus of this document but are important to present the complex relations between these factors and their influence on individual financial well-being.

It is vital to recognise that the various studies presented in this section utilise diverse definitions of financial well-being and measure it within different contexts and populations and evidence from a study in one context might not be comparable to studies carried out in other contexts. Moreover, it is important to emphasise that this note does not aim to exhaustively cover the literature, but rather to introduce and preliminarily explore it, paving the way for further developments in this area in both current and future work, as more evidence becomes available.

Financial sector factors and policies

Within the realm of financial services, individual financial well-being is influenced by a series of factors, such as access to quality financial products and services, digital financial inclusion, and sufficient levels of financial literacy/capability, including safe and responsible financial behaviours. In turn, policies on financial inclusion, financial consumer protection and financial literacy aim to affect these factors in ways that are conducive to improved financial well-being. Relevant factors and policies are discussed in the following paragraphs.

Financial sector factors

- **Access to quality financial products and services.** Accessible, safe, suitable and affordable financial products and services offer formal instruments for people to save, borrow and insure against certain risks to support their financial resilience and well-being (OECD, 2021^[28]). The G20/OECD High-Level Principles on Financial Consumer Protection define quality financial products as those that are designed to meet the interests and objectives of the target consumers and to contribute to their financial well-being (OECD, 2022^[3]). This includes both digital and traditional financial products and services. Quantitative evidence from a range of emerging and developed economies reported that access to formal financial products like savings and credit is associated with higher financial well-being (Cárdenas et al., 2021^[21]; Fu, 2020^[10]; Brune, Karlan and Rouse, 2020^[20]). Qualitative evidence from Australia suggested that the development of inclusive financial systems can particularly benefit vulnerable groups (Muir et al., 2017^[15]). Research conducted in Australia and the US, however, stressed that the extent to which access to financial products and services can support individual financial well-being depends on whether they are affordable, safe and serve individual needs, as for instance unaffordable credit can create significant financial stress (Muir et al., 2017^[15]; Anvari-Clark and Ansong, 2022^[44]). Quality financial products and services can support financial well-being by allowing individuals to make financial transactions, manage financial resources and set aside savings in a safer way with respect to informal and unregulated or in the absence of financial services. But it's also crucial to acknowledge

that, in certain instances, users of informal financial products and services may exhibit commendable levels of financial well-being. Therefore, formal financial products and services should aspire to build on, complement and possibly improve the efficacy of informal financial practices, if they are to genuinely enhance financial well-being. The Global Findex 2021 and the OECD/INFE 2023 International Survey of Adult Financial Literacy documented that, even in some developed markets where access is nearly universal, issues like struggling with debt management, insufficient savings for short-term and long-term needs, and an inadequate buffer against financial shocks are widespread and can be accompanied by high levels of financial stress (Demirgüç-Kunt et al., 2022^[1]; OECD, 2023^[26]).

- **Adequate protection in the financial marketplace.** Access to and use of financial services alone does not guarantee positive financial outcomes and financial well-being, as consumers need to be empowered and protected. For instance, consumers need to be treated fairly, have access to fair affordable, suitable and customer-centric products, and be able to make informed decisions, in order for financial inclusion to be complete, effective and work to consumers' best interest. For instance, research in Kenya showed a notable decline in financial well-being in the country, despite substantial progress in access to financial services (Gubbins and Heyer, 2022^[23]). Financial consumer protection may be particularly crucial for consumers experiencing vulnerability as these consumers might need additional support and protection to maintain and improve their financial well-being (due to personal circumstances, or market conditions/financial service providers conduct) (OECD, forthcoming^[45]).
- **Adequate levels of financial literacy/capability, including awareness, knowledge, skills, attitudes and behaviours.**³ Financial literacy has an important role to play not only to support safe and responsible use of financial products and services, but also more broadly to make wise financial choices and to do it with confidence. Digital financial literacy⁴ can have an especially important role in terms of supporting a safe use of digital financial services. Quantitative and qualitative studies carried out in emerging and developed economies showed that greater financial knowledge and skills were associated with higher financial well-being, mostly via improved financial decisions and behaviours. It is important to note that the link between knowledge and behaviour was found to be mediated by individual characteristics like attitudes and non-cognitive skills, such as financial control or discipline, and by the context in which financial decisions are made or action is taken (Muir et al., 2017^[15]; CFPB, 2015^[11]; Fu, 2020^[10]; CPFB, 2018^[46]). In particular, evidence shows the importance of individual financial behaviour in supporting (or harming) financial well-being. Quantitative and qualitative studies carried out in Australia, Canada, Latin America and the US have identified several financial behaviours associated with greater financial well-being, such as budgeting, managing spending, planning, saving, managing debt effectively, shopping around for financial products, or seeking information (Muir et al., 2017^[15]; CFPB, 2015^[11]; Cárdenas et al., 2021^[21]; Gutter and Copur, 2011^[47]; FCAC, 2019^[48]; Anvari-Clark and Ansong, 2022^[44]; Malone et al., 2010^[49]; Kim, Garman and Sorhaindo, 2003^[50]; Gutman et al., 2015^[40]; Comerton-Forde et al., 2018^[18]). Quantitative research in the UK identified having control over personal finances as one of the most significant drivers of financial well-being (Vlaev and Elliott, 2014^[51]).

Financial sector policies

Several key financial sector policies can be emphasised in striving to ensure that citizens have access to quality financial products and services, coupled with enhanced financial skills to effectively manage their resources and engage with the financial system. It is important to consider that evidence on the specific role of these policies, on the relationships between them, and on the relative impact of different types of financial and non-financial policies on financial well-being is growing but remains limited. Nevertheless, it is important to take a comprehensive approach into account, as financial sector (and other non-financial

sector) policies are likely to interact with each other, and in turn affect financial well-being in direct and indirect ways:

- **Financial inclusion policies** are increasingly recognising the importance of focusing on consumer outcomes to ensure that access to and usage of financial products and services is beneficial to individual needs (G20, 2023^[7]; Ladha et al., 2017^[16]) and that it ultimately supports the SDGs (UNSGSA et al., 2023^[9]). The United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), who is also Honorary Patron of the G20 GPFI, stressed the importance of financial health as a goal of financial inclusion beyond pure access to financial products and services: "Financial inclusion is important — and the global community has made tremendous progress bringing people into the formal financial system over the last decade — but our focus has to continue to broaden beyond access to include usage, diversification, and quality products and services. Access to finance should effectively address people's needs and result in positive outcomes that enhance their financial health" (UNSGSA, 2021^[4]). Strengthening the link between financial inclusion policies and financial well-being can help understanding supply and demand side constraints, and ultimately improve financial inclusion policies. For instance, policy makers, regulators, financial service providers, and other stakeholders should strive to address remaining challenges to improve financial inclusion and ultimately promote financial well-being, such as:
 - limited offering of financial products and services meeting consumer needs or difficulties in accessing them (e.g., financial histories, proof of address, etc.)
 - the cost of financial services, especially for low-income groups, as well as the cost of digital access/connectivity
 - inappropriate practices and uses
 - limited financial literacy and trust

A large number of actors, including policy makers, regulators, financial service providers, fintech companies, other non-traditional types of providers like telecommunications companies, and financial advisors can have crucial roles in supporting individual financial well-being. As previously mentioned, a number of banks have signed a "Commitment to financial health and inclusion" (UNEPFI, 2023^[37]). As another example, the Central Bank of Brazil and the Brazilian Banking Association (FEBRABAN) worked together to develop a *Financial Health Index* (FEBRABAN, 2021^[52]).

- **Digital solutions and infrastructure** have also a key role to play in supporting financial inclusion, and ultimately promoting financial well-being. Digital technologies can enhance efficiency, enable financial institutions to reduce costs, improve service delivery, and allow to expand financial access to underserved populations through digital banking and other tech-driven solutions. A safe, secure and sound digital financial ecosystem can contribute to ensuring smooth transactions, and ultimately to individuals feeling satisfied and confident about their financial lives. On the other hand, consumers should have access to digital tools and adequate digital and financial skills to benefit from these innovations. Moreover, care must be taken that digital solutions (as traditional ones) do not encourage inappropriate use of some financial services, like the one deriving from predatory offers of digital credit.

Ensuring that financial products and services match consumers' financial circumstances and needs and that they support their financial well-being also means empowering and protecting consumers.

- **Financial consumer protection policies.** Supporting financial well-being is also a key goal of financial consumer protection policies, primarily through regulatory intervention. Financial well-being is included as one of three cross-cutting themes of the updated G20/OECD High-Level Principles on Financial Consumer Protection (FCP Principles) (OECD, 2022^[3]), which is the global standard for comprehensive and effective financial consumer protection frameworks. Financial

well-being is integral to several aspects of financial consumer protection, which can also have an important contribution via financial inclusion. The GPF IAP 2023 recognises the role of financial consumer protection in supporting financial inclusion (G20, 2023^[7]). Similarly, CGAP highlighted that financial consumer protection should foster a number of customers' outcomes (related to suitability, choice, safety, security, fairness, etc.) as consumers access and use financial products and services and that, in turn, meeting these outcomes would ultimately contribute to consumers' greater financial health (Izaguirre, 2021^[31]; Duflos and Izaguirre, 2021^[30]). The World Bank also developed guidance to assist regulators in enhancing and implementing financial consumer protection regulatory and supervisory frameworks (World Bank, 2017^[53]). For example, financial consumer protection can contribute to financial well-being by:

- Promoting an adequate legal and regulatory framework (FCP Principle 1) and supporting the role of oversight bodies (FCP Principle 2), as a way of establishing the pillars for an effective financial consumer protection framework, that would in turn be capable of supporting financial well-being.
- Promoting fair, efficient and competitive markets (FCP Principle 5) can provide consumers with greater choice amongst financial products and services.
- Providing consumers disclosure and transparency (FCP Principle 7) with key information on the fundamental benefits, risks and terms of the product and also information on conflicts of interest associated with the intermediaries through which the product is sold.
- Offering quality financial products and services (FCP Principle 8) that better meet consumers' needs.
- Equitable and fair treatment of financial consumers (FCP Principle 6), responsible business conduct and promoting a culture among financial services providers that aims at the best interest of consumers (FCP Principle 9) should lead to improved consumer outcomes that contribute to their financial well-being.
- Protection against financial fraud, scams, misappropriation, or other misuses can contribute to reducing financial losses and financial stress (FCP Principle 10).
- The availability of complaints handling and redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient (FCP Principle 12) should enable a better interaction of individuals with the financial system and support financial well-being.

It is worth highlighting that in addition to accessible and enforceable consumer protections, structural consumer protections, such as deposit insurance, can enable and encourage consumers to more confidently engage with formal financial institutions.

- **Financial literacy policies** also recognise financial well-being as a goal, as stated in the OECD Recommendation on Financial Literacy (OECD, 2020^[2]). The 2023 Financial Inclusion Action Financial literacy can be seen as contributing to financial well-being as part of a well-functioning and appropriate financial consumer protection framework (OECD, 2022^[3]), and as an important element in supporting the quality of financial inclusion, to empower individuals in accessing, choosing and using financial products and services safely and in line with their needs (G20, 2023^[7]). The role of financial literacy in supporting financial inclusion can be especially important in periods of economic uncertainty or crisis, as it can help people navigate financial challenges and take advantage of financial products and services, such as emergency savings schemes and insurance, that are crucial to maintain financial resilience. Policies and initiatives aimed at improving digital financial literacy can be particularly important to support financial well-being in the context of increasing financial digitalisation and growing online frauds and scams attempts.

As discussed above, for financial literacy policies to improve financial well-being, it is critical that they support all elements of financial literacy, including knowledge, attitudes and behaviours. In turn, it is also important that greater financial knowledge leads to stronger skills and behavioural changes. It is expected that financial literacy policies and programmes may support individual financial well-being in various ways, such as developing greater control and confidence over personal financial decisions and money matters, promoting informed financial choices, avoiding financial fraud and scams, and supporting sound financial behaviours related to saving, credit, insurance, and any behaviours leading to greater financial well-being (OECD, 2019^[24]; OECD, 2021^[28]; Ventura and Zarate, 2020^[54]; CFPB, 2015^[11]).

Research evidence shows that a financial education programme for college students in the US improved their financial well-being, with an effect mediated by improvements in subjective financial knowledge and financial behaviour (Netemeyer et al., 2024^[55]).

Contextual and influencing factors

Even if this note focuses on financial well-being within the realm of financial services and from the perspective of financial sector interventions, a comprehensive understanding of the concept cannot ignore that many other contextual and influencing factors are related to it in important ways. Although they are not directly in the purview of financial services regulators and policy makers, it is important to acknowledge them and take them into account as part of the reflection on the role of financial sector policies aimed at greater financial well-being. It is important to remember the intersectional relationships across financial and non-financial factors, which can exacerbate or improve outcomes for individuals. While they may be difficult to measure and to single out their respective impacts on financial well-being, it is still important to acknowledge their role to inform future research and interventions.

Individual factors

Quantitative and qualitative research conducted in the framework of country or regional studies has shown that various individual socio-demographic factors are associated with financial well-being.

Some individual factors are conditions that may change dynamically throughout a person's lifetime, evolving as individuals navigate the complexities of daily existence. For many of these conditions there is growing evidence of how they wield significant influence over personal financial well-being.

- **Individual income and labour force status.** Quantitative evidence from Australia, Europe, Kenya, Latin America, and the US showed that higher levels of income are associated with higher financial well-being (Cárdenas et al., 2021^[21]; Gubbins and Heyer, 2022^[23]; Comerton-Forde et al., 2018^[18]; Riitsalu and van Raaij, 2022^[56]). Moreover, a study in Australia found that people's labour force status was associated with the level and stability of their income, with implications for financial well-being (Comerton-Forde et al., 2018^[18]). Working individuals earn income that can allow them to cover expenses, acquire assets, put money aside as a buffer or for savings, and build private pensions. Another study in Australia found that earning income from work was also associated with less worry about one's financial situation, a greater sense of personal satisfaction with one's financial situation, and a greater sense of control about the personal financial situation; conversely, losing one's job was associated with a negative effect on financial well-being (Muir et al., 2017^[15]). The same study also highlighted that unstable employment reduces people's ability to access bank accounts, credit, and insurance, which can be associated with lower financial well-being; and that the association between employment and financial well-being also depends on whether one's occupational status is based on choice or on a forced redundancy (Muir et al., 2017^[15]). The nature and security of work are also relevant for financial well-being. Studies carried out in Australia and Norway highlighted that the more secure the employment, and the more consistent the income, the more positive the impact on an individual's financial well-being (Muir et al., 2017^[15]; Kempson,

Finney and Poppe, 2017^[13]). Research in Kenya stressed that reduced opportunities for formal employment and business creation were also associated with decreasing financial well-being (Gubbins and Heyer, 2022^[23]).

- **Age and life stages** were reported to be associated with financial well-being. According to quantitative and qualitative studies in Australia, people's financial situation, financial choices, their feelings about their financial situation, and control over their finances vary by age (Muir et al., 2017^[15]; Salignac et al., 2019^[41]). Studies conducted in Australia, Norway, the UK and the US reported higher financial well-being at older ages, with the understanding that this may be context specific and related to the types of pension arrangements available in different countries (Kempson, Finney and Poppe, 2017^[13]; Muir et al., 2017^[15]; Schieman, 2001^[57]; Arber, Fenn and Meadows, 2014^[58]; Comerton-Forde et al., 2018^[18]). Studies conducted in Australia and the US stressed that life events happening at different ages are also associated with variations in financial well-being (CFPB, 2015^[11]; Muir et al., 2017^[15]).
- **Education.** Quantitative and qualitative studies carried out in Australia, Latin America, and Norway showed that having higher qualifications and skills can support greater financial well-being. Some studies argue that higher education levels are associated with greater financial well-being indirectly, as higher education increases the likelihood of an adequate income and of higher wealth, while other studies suggest that higher education levels may be associated with greater financial well-being also when comparing people with similar income levels (Cárdenas et al., 2021^[21]; Kempson, Finney and Poppe, 2017^[13]; Salignac et al., 2019^[41]; Muir et al., 2017^[15]; Comerton-Forde et al., 2018^[18]).
- **Health.** Studies based on quantitative and qualitative evidence in Australia and the US showed that poor physical and mental health and disability are correlated with poor financial well-being, as they can put negative pressure on individual or family finances, through the costs of care, restricted education and employment opportunities, reduced capacity to manage money and increased expenses (Muir et al., 2017^[15]; Salignac et al., 2019^[41]; Swensen and Urban, 2023^[59]; Comerton-Forde et al., 2018^[18]).

Other factors, which tend to remain more static throughout one's lifetime, can also influence an individual's financial well-being:

- **Gender** is associated with financial well-being, to the extent that men and women can have different financial resources, due to social norms, culture, legal frameworks and different life and career trajectories (OECD, 2023^[60]; World Bank, 2024^[61]; UN WOMEN, 2019^[62]). Depending on the social context, women may also have less agency in their households and communities, be less likely to be the primary decision-makers on household and business financial decisions, and have a feeling of lower financial security and control over their finances than men (WWB, 2024^[6]). Quantitative and qualitative studies carried out in Australia and Norway highlighted that these elements can in turn affect women's and men's financial well-being, through the ways in which they affect their caring responsibilities, earning potential, wealth accumulation and pension benefits, and ability to cope with negative shocks -therefore resulting in lower levels of financial well-being among women than among men on average (Muir et al., 2017^[15]; Kempson, Finney and Poppe, 2017^[13]; Salignac et al., 2019^[41]; Comerton-Forde et al., 2018^[18]; WWB, 2024^[6]).
- **Psychological traits, attitudes, and beliefs.** Quantitative and qualitative studies carried out in Australia, several European countries and the US showed that psychological traits, such as self-efficacy, perseverance, (low) impulsivity, self-control, discipline, locus-of-control and future time perspective, mediate the impact of financial behaviour on financial well-being, and are associated with higher financial well-being (Kempson, Finney and Poppe, 2017^[13]; CFPB, 2015^[11]; Muir et al., 2017^[15]; van Raaij, Riitsalu and Pöder, 2023^[63]; CFPB, 2018^[46]). Cultural and religious beliefs can also be associated to financial well-being, as they can be expected to influence how people take

financial decisions and how they choose savings, loans and insurance (IFSB and IAIS, 2015^[64]). Qualitative research conducted in New Zealand shows that religious beliefs can influence financial decisions and well-being through people's trust, affect, risk propensity, and perceived personal control (Sarofim et al., 2020^[65]).

- **Socioeconomic and cultural background.** An individual's understanding of money management is profoundly shaped by familial upbringing and prevailing cultural norms. Attitudes towards finance can be influenced by familial dynamics, social standing, and national context. Additionally, societal factors such as economic class, educational opportunities, and cultural ethos contribute significantly to shaping attitudes and behaviours towards money. Different social groups and nations may prioritise saving, investing, or spending differently, reflecting diverse cultural and socioeconomic norms (Rhyne, 2020^[66]). Consumer culture and the pursuit of material possessions can lead to detrimental consequences for personal happiness and fulfilment, and an overemphasis on material wealth can foster feelings of dissatisfaction, anxiety, and alienation among individuals, ultimately detracting from overall and financial well-being (Belk, 1988^[67]).

In addition to the factors mentioned in this subsection, including age and gender, it is likely that also other factors, related to financial vulnerability, such as belonging to a minority group, having disabilities, being Indigenous, or being a newcomer to a country can also be related to financial well-being.

It is also important to recognise that some individuals can fall within several groups. For example, women or seniors can also be among the poorest and most vulnerable.

Household factors

In addition to individual factors, family, friends and community related factors can also be linked to individual financial well-being. Some of them can impact directly the financial situation of individuals and should also be acknowledged in financial sector policy-making efforts:

- **Household characteristics, income and expenses.** Studies in developed and developing economies found higher household income to be associated with higher levels of financial well-being (Muir et al., 2017^[15]; FCAC, 2019^[48]; Brune, Karlan and Rouse, 2020^[20]). Studies in Australia and Norway showed that other household characteristics (such as being a single adult household, or the number of dependents) are also associated with financial well-being (Kempson, Finney and Poppe, 2017^[13]; Comerton-Forde et al., 2018^[18]). Two studies in Australia showed that home ownership, and whether this is accompanied by a mortgage, are also related to financial well-being, as the costs of housing is often the largest expense faced by households, and can put pressure on household budgets, potentially leading to stress and even poverty (Comerton-Forde et al., 2018^[18]; Muir et al., 2017^[15]).
- **Distribution of income/resources and decision-making practices within the household.** Research has found that the higher the women's share of household income, the greater their financial well-being (Bonke and Browning, 2009^[68]). Qualitative evidence from Australia showed that financial decision making power within the household is also associated with financial well-being, as the ability of household/couple members to exercise choice, enjoy independence, avoid stress and have a sense of control over household finances is related to their own individual financial well-being (Muir et al., 2017^[15]).

Community and societal factors

- **Social capital.** Having social networks (from family, friends and the community) that can provide support in times of crisis is associated with coping capabilities and the ability to face negative shocks (financial resilience). Qualitative and quantitative research conducted in Australia and the US showed that people who felt they could rely financially on others during times of financial stress

were more likely to report higher levels of financial well-being (Muir et al., 2017^[15]; CFPB, 2015^[11]; Salignac et al., 2019^[41]). The Global Findex 2021 documents that family and friends are the first-line sources of emergency money for 30% of adults in developing economies, before work income and savings (Demirgüç-Kunt et al., 2022^[1]).

- **Community support.** Studies conducted in Australia and the US highlighted that community organisations can also be important for financial well-being, as they can provide financial advice and education, financial support, debt support, legal advice, etc. that can help people through difficult financial times (Muir et al., 2017^[15]; CFPB, 2015^[11]).

Events: shocks, opportunities and life events

As life progresses, individuals encounter various occurrences that can impact their financial well-being. From unexpected illnesses and accidents to job changes, emerging opportunities and major life events, external factors can either support or strain people's financial lives. While being prepared to weather financial shocks is a vital aspect of financial well-being, these shocks can alter the level of financial well-being measured at any given moment. For instance, a person previously considered financially stable may experience a decline in their financial well-being following a recent shock that depletes their reserves. This highlights the dynamic nature of financial well-being, which is subject to constant change and measured only at specific points in time. Despite the recent development of financial well-being survey methods, limited longitudinal data is available. However, existing data suggests that chance plays a significant role. For example, in the Financial Health Network's 2018 Pulse Survey, 24% of respondents experienced shifts between financial health tiers from 2018 to 2019, despite minimal changes in the overall health of the surveyed population. Similar trends were observed in Kenya according to the FinAccess report in 2019 (Rhyne, 2020^[66]).

Country context and policies

Broader economic and social country contextual and influencing factors may also create conditions that can support or constrain financial well-being:

- Other things being equal, a stable **macro-economic context** would favour financial well-being, as it would facilitate individual financial decision making and not expose people to frequent variations in inflation, interest rates, exchange rates, etc. (OECD, 2019^[24]). A study conducted in Kenya showed that increasing costs of living was associated to a decline in financial well-being (Gubbins and Heyer, 2022^[23]). A study based on Global Findex data shows that adults in lower income countries are more worried about lack of money for education, health, paying everyday bills and for old age than adults in higher income countries (BCB, 2023^[69]). Another study based on the Global Findex 2014-2017 also shows that higher income inequality is associated with lower financial resilience (Gubbins, 2020^[70]).
- Recent economic-financial crises (such as those related to the Global financial crisis, COVID-19, cost of living crisis in 2022, etc.) had a strong negative impact on financial resilience (OECD, 2021^[28]; Cepa et al., 2023^[71]). The financial consequences that may arise from experiencing natural and climate possible disasters, as well as the risk of new pandemics, are also external factors that can have a great influence on financial resilience and financial well-being (US Treasury, 2023^[72]; OECD, 2024^[73]).

This paper concentrates on policies in the context of financial services. However, it's also important to recognise the role of a broad set of other policies, including macro-economic policies (fiscal and monetary policy), social policies (such as policies related to employment, unemployment, social safety nets, health, security, education and pensions), and any other policies that can influence the financial situation of households and individuals, e.g. helping to prevent or mitigate shocks with negative financial

consequences on individuals and households, transferring income, or absorbing the costs of basic services such as healthcare or education.

Although still limited, existing evidence highlighted the role of public policies in influencing individual financial well-being:

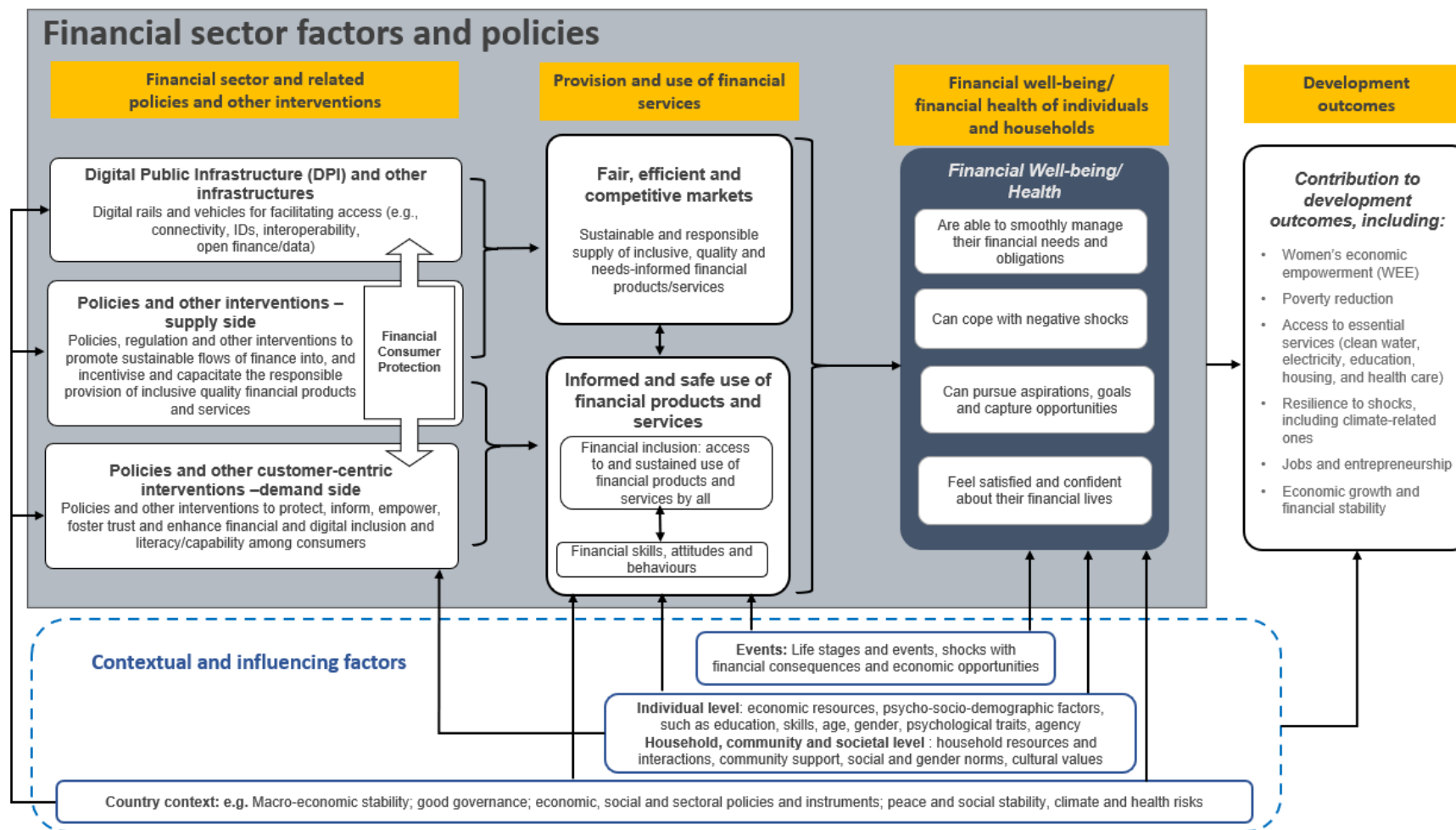
- The availability of **social security or social protection arrangements** (public old age pensions, unemployment benefits, education, health, housing, etc.) can be a way to support financial well-being. Depending on the degree of coverage, the level of benefits and other national circumstances, public education, health care, pension systems, social protection systems and housing policies provide a safety net and in-kind services that reduce the need for individuals and families to plan, save and worry about many long-term expenses connected to education, health and retirement (Gubbins and Heyer, 2022^[23]; Jappelli, 2010^[74]; McKnight, 2019^[75]; Rhyne, 2020^[66]). US research on Medicare (federal health insurance for people age 65 and older) suggests that public health insurance is associated with improved financial health indicators based on debt (Goldsmith-Pinkham, Pinkovskiy and Wallace, 2023^[76]).
- Research evidence from Australia and the US indicates that people recognise the role of public policies in affecting their financial well-being, such as for instance the safety net provided by various types of support schemes (parenting, carer, rent-controlled housing, unemployment insurance, support for higher education, etc.), and public services such as transport, healthcare and disability services (Muir et al., 2017^[15]; CFPB, 2015^[11]).
- However, research also showed that policy changes can negatively affect financial well-being by changing people's financial circumstances, creating uncertainty, worry and a perceived lack of control about the future (Muir et al., 2017^[15]; Salignac et al., 2019^[41]).

A preliminary theory of change

Despite the limited available evidence on the role of different factors and policies on supporting individual financial well-being, it is possible to suggest a theory of change describing how the financial sector and financial policies are expected to impact financial well-being, taking into account the role of other factors and policies.

Figure 1 describes such theory of change, with a focus on financial sector policies, related interventions and their expected consequences.

Figure 1. Financial well-being: Preliminary theory of change



The diagram represents a preliminary theory of change for financial well-being, designed among other things to facilitate measurement, which is a stated objective of the GPFI. It sets out both the actions that financial sector policy makers, regulators, financial services providers and other stakeholders can take to influence financial well-being, and factors that are expected to influence it, but which are largely outside the control of these agencies.

Financial sector factors and policies

The area of the diagram labelled “Financial sector factors and policies” contains a preliminary theory of change in the form of a possible chain of results that are expected to be influenced by financial sector and related policies and other interventions.⁵ Relationships in this area may be amended as more evidence become available through further research and work by relevant organisations.

The first column covers the following types of policies and interventions:

- The provision of infrastructure, predominantly digital, to support both demand and supply sides of the market. This can include IDs, interoperability, data flows, open finance/data etc. Other important systems include credit reporting systems, collateral registries, fraud reporting systems, etc. Both the public sector and the private sector may be responsible for the provision of infrastructure, often working in partnership.
- Those that focus on the supply side of the market, including financial inclusion and financial consumer protection policies – creating an enabling environment for, and actively supporting the responsible provision of inclusive, quality financial products and services at scale. Such interventions are mostly related to public-sector regulation, with the possible influence of international standard-setting bodies. At the same time, the financial industry and other relevant stakeholders have a role to play in improving consumer outcomes, such as through product design, access to basic banking services, etc.
- Those that focus on the demand side – including policies and other interventions to protect, inform, empower, foster trust and enhance financial and digital inclusion and literacy/capability among consumers. Such policies and interventions can be delivered by a mix of public, civil society and private sector actors.

It is important to stress that financial consumer protection policies, regulations and other measures occur on both the supply and demand side and are very relevant to digital infrastructure and other financial sector interventions, which is depicted in the diagram by the dedicated box.⁶ Financial consumer protection should especially include measures related to fair, efficient and competitive markets, effective disclosure and transparency, equitable and fair treatment of financial consumers, responsible business conduct and a culture among financial services providers that aims at the best interest of consumers, protection against financial fraud, scams, misappropriation, or other misuses – e.g. of digital infrastructure, and the availability of complaints handling and redress mechanisms.

In the second column, the framework implies that that these types of interventions are expected to contribute to **fair, efficient and competitive financial markets** which generate a sustainable and responsible supply of inclusive, quality financial services/products from the private sector, and promote the **informed and safe adoption and use of financial products and services** by individuals, households and enterprises. Points to consider include the following:

- A sustainable supply of responsible, inclusive, quality financial products and services does not materialise without an enabling environment, including an appropriate financial consumer protection framework, and often direct support, especially for the poorest and hardest to reach. Capital, know-how and other incentives are needed from a range of actors, public and private.

- Informed and safe use of financial products/services, where consumers are equipped with (digital) financial attitudes, skills and behaviours, not only benefits consumers but can also sustain the supply side of the market.

In considering the expected role of these policies and interventions, it is important to consider the changing financial, economic and social environment and the need to develop policies that are responsive to global trends, to ensure that local financial systems remain resilient. This includes regularly monitoring global trends and adopting flexible regulatory frameworks and risk management practices to strengthen financial institutions' ability to withstand shocks.

The third column in the theory of change framework describes the four components of the financial well-being working definition, in line Section 2.2, based on the policies and interventions set out in the previous columns.

A fourth column, outside of “Financial sector factors and policies”, refers to development outcomes that are hypothesised to be related to financial sector factors and policies, along with other contextual and influencing factors. This acknowledges that there are other important societal outcomes alongside financial well-being. Although the conceptualisation and measurement of these outcomes are beyond the scope of financial services regulators and policy makers, they are nonetheless included in a broad theory of change that takes into account multiple factors and influences.

Contextual and influencing factors

The chain of results in the “Financial sector factors and policies” is a highly simplified, linear model which will need to be qualified in several ways. In reality, the evidence on the impact of financial sector interventions, including financial inclusion, on financial well-being is mixed and points to the influence of a wide range of other factors, as presented in available evidence on the preliminary conceptual framework. For example, individual and household levels of income and wealth are key determinants of financial well-being (see subsection above on individual income and labour force status). Contextual and influencing factors are displayed at the bottom of the diagram. For instance:

- Individuals bring to their journey towards financial well-being their own capabilities, their own economic resources, financial tools and discipline, together with a variety of psycho-socio-demographic characteristics. These can affect both their disposition to adopt and use financial services, their behaviours and attitudes, and the way in which these aspects may be related to financial well-being. Moreover, people's, household's and even communities' economic resources can influence both the uptake and use of e.g., credit, savings and insurance and their financial well-being. The diagram also suggests that individual, household, community and societal factors are expected to influence the type of demand-side market support that is provided.
- The framework also includes among contextual and influencing factors the country context. There are a wide range of macro-level factors which can influence all points in the results chain, from the interventions to financial well-being. Economic, social and sectoral policies and instruments evidently have a direct impact on individual financial resilience and well-being. Countries and areas affected by fragility, instability, conflict, and violence, for example, are more likely to experience weaknesses all along the chain.
- The literature also shows that people's financial well-being – as well as the use of inclusive financial services - are not static. On the contrary, they change over time, both positively and negatively, depending on people's life stages and the occurrence of external events. This is represented in the diagram by the “Events” box which presents life stages and events, financial shocks and economic opportunities that directly influence the level of financial well-being of an individual, household, community – or even larger populations.

A working definition of financial well-being

Defining financial well-being

While there is not yet a universally-agreed upon definition of financial well-being, several researchers and public institutions have developed studies in recent years to define financial well-being or financial health. For instance, studies conducted mostly in the United States, Europe and Australia have developed original definitions of financial well-being based on primary data collection and research (CFPB, 2015^[11]; Muir et al., 2017^[15]; Kempson, Finney and Poppe, 2017^[13]; Comerton-Forde et al., 2018^[18]; Te Ara Ahunga Ora Retirement Commission, 2024^[77]). Other academic studies have built on previous research to further develop new ways of conceptualising and defining financial well-being (Sorgente and Lanz, 2019^[78]; Brüggen et al., 2017^[17]). International organisations, such as the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA) and the UN Capital Development Fund (UNCDF) have built on previous results to suggest internationally-relevant definitions and frameworks (UNSGSA, 2021^[4]; UNCDF, 2022^[5]).

Recent reviews and meta-analyses of financial well-being highlighted the existence of a wide range of definitions (Riitsalu, Atkinson and Pello, 2023^[79]; Sorgente and Lanz, 2017^[42]; García-Mata and Zerón-Félix, 2022^[80]; Rhyne, 2020^[66]).

Table 1 summarises some of the main definitions used so far. Existing definitions point to several elements of financial well-being, including the extent to which individuals can meet their current financial needs and commitments (and whether they can do so comfortably), the extent to which individuals can cope with negative financial shocks, the extent to which they feel secure about their own financial future, and the extent to which they have the ability to make choices that allow them to enjoy life and to meet their future goals.

Establishing a consensual definition of financial well-being that captures the rich diversity and complexity inherent in financial well-being across different contexts, organisations and countries is very challenging. Even so, it is important for the GPFI to take this first step, recognising the complexity of the task and the need for further and deeper studies. To advance in measuring financial well-being, it is necessary to have a working definition with accompanying elements/dimensions. This subsection proposes a working definition that is based on the results of previous international work. The working definition aims at being comprehensive and relevant for countries and economies at diverse levels of economic and financial development, even if some aspects of the working definition may apply in some contexts more than in others. It should be acknowledged that this working definition may evolve as more case studies and evidence on financial well-being are becoming available.

At this stage of the process, this note presents a “working definition” to reflect the fact that it should be considered as non-definitive, flexible and adaptable. The major role of the working definition is to serve as a general guideline for countries and organisations to enable a common understanding of what is being studied and to advance in the work on measurement.

Under the Brazilian Presidency's initiative, for the purpose of understanding, we recognise financial well-being as a new, voluntary, evolving and customisable concept which may differ based on individual, household, society and country's needs, development priorities and circumstances, which can then generally be described as:

“a state in which individuals are able to smoothly manage their financial needs and obligations, can cope with negative shocks, can pursue aspirations, goals and capture opportunities, and feel satisfied and confident about their financial lives, keeping in mind country specific circumstances.”

This working definition builds upon the existing literature and definitions of financial well-being. This includes the work of OECD, UNSGSA, UNCDF, CGAP, WWB discussed in the previous section and all other definitions listed in Table 1.

Table 1. Selected definitions of financial well-being or financial health

Examples of definitions used in primary research (in chronological order of publication)	Source
Financial well-being refers to a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.	(CFPB, 2015 ^[11])
Financial health comes about when your daily financial systems allow you to be resilient and pursue opportunities over time.	(Parker et al., 2016 ^[12])
Financial well-being refers to the extent to which someone is able to meet all their current commitments and needs comfortably, and has the financial resilience to maintain this in the future.	(Kempson, Finney and Poppe, 2017 ^[13])
Financial well-being is the perception of being able to sustain current and anticipated desired living standards and financial freedom.	(Brüggen et al., 2017 ^[17])
Financial well-being is when a person is able to meet expenses and has some money left over, is in control of their finances and feels financially secure, now and in the future.	(Muir et al., 2017 ^[15])
Financial health is achieved when an individual's daily systems help build the financial resilience to weather shocks, and the ability to pursue financial goals.	(Ladha et al., 2017 ^[16])
Financial well-being is the extent to which people both perceive and have: 1. financial outcomes in which they meet their financial obligations, 2. financial freedom to make choices that allow them to enjoy life, 3. control of their finances, and 4. financial security, now, in the future, and under possible adverse circumstances.	(Comerton-Forde et al., 2018 ^[18])
Financial well-being is a positive psychological state characterised by a sense of contentment about one's personal financial situation and by a positive perception of one's financial situation as able to actively meet one's current needs and future aspirations.	(Aubrey et al., 2022 ^[8])
Examples of definitions developed by international organisations	
Financial health or wellbeing refers to the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future.	(UNSGSA, 2021 ^[4])
Financial health is a state in which an individual can meet current needs, absorb financial shocks, and pursue financial goals. Financially healthy individuals also feel secure about their finances.	(UNCDF, 2022 ^[5])
Financial Well Being with a gender lens should address four key components of women's agency – capability, confidence, choice and control. 1. Capability to make informed financial decisions; 2. Confidence in her ability to manage income and household assets; 3. Choice of financial services and how she participates in household financial decisions; and 4. Control over income and assets and over her financial goals and future.	(WWB, 2024 ^[6])

Unpacking the working definition of financial well-being

This subsection unpacks the proposed working definition in order to explain in greater detail the meaning of each part of the sentence and provide further guidance. The various elements of the working definition are ordered following the logic “every day, rainy day, one day”, which provides a useful way for thinking about personal financial decisions. Nevertheless, readers should keep in mind that the order in which the elements of the working definition are listed does not imply a ranking across them, and that all the elements of financial well-being discussed in the following paragraphs are important.

Financial well-being can generally be described as a state in which individuals...

The working definition conceives of financial well-being as a state, both in terms of individuals' perceptions of their situation and in terms of the outcomes of a series of financial behaviours, which include the use of a set of financial products and services. It is a state, not permanent, related to how individuals are and feel at a given point in time with reference to their financial lives. It does not refer to a long-term state and even when it refers to elements that are in the future (such as shocks, long-term goals or old-age needs), it assesses the readiness people have currently to eventually face these future events.

While the working definition makes reference to the financial well-being of individuals, it is also important to consider its household or family dimension. The household and the broader family are important contextual and influencing factors of financial well-being, as many financial decisions can be taken at household or family level, and financial resources may be shared within the household or family. Moreover, how financial decisions are taken and how resources are shared within households or families may have a different impact on the financial well-being of different household/family members (e.g., between children and adults, or between men and women). Because of its relevance, data on family/household should be collected whenever possible.

It is also worth clarifying that the working definition includes all individuals, irrespective of whether or not they are already consumers of formal or regulated financial products and services. This is in line with the focus of some of the policies that aim at improving financial well-being, such as financial inclusion, financial consumer protection and financial literacy, that focus on individuals at large.

In addition to defining the financial well-being of individuals, it would also be important to define the financial well-being of micro and small businesses and of their owners. However, given that MSMEs face different financial contexts, decisions and constraints than individuals and households, the working definition presented in this note does not apply to them.

Box 1. Subjective and objective aspects of financial well-being

There is a general recognition in the academic literature that financial well-being has objective and subjective aspects (Sorgente and Lanz, 2017^[42]; Sorgente, Totenhagen and Lanz, 2022^[81]), even if some studies have only focused on the subjective elements of financial well-being (Riitsalu and van Raaij, 2022^[56]; Netemeyer et al., 2018^[19]; Bashir and Qureshi, 2023^[43]). Subjective and objective aspects are also found to be correlated (CPFB, 2018^[46]).

This note considers that the subjective aspects of financial well-being are those related to individual feelings, perceptions and self-judgments, such as feeling secure, feeling in control and having confidence about personal finances. These are all based on self-reported information that includes great levels of subjectivity in judgment and are not possible to observe directly.

On the other hand, this note considers that the objective aspects of financial well-being are those related to financial resources and factual issues in an individual's financial life, such as holding a certain amount of savings, or having access to financial products and services that can help people meet their basic needs, smooth consumption, or cope with negative shocks.

Section 3 discusses further how to measure subjective and objective aspects of financial well-being.

... are able to smoothly manage their financial needs and obligations,

One broad aspect that is reflected in many definitions of financial well-being is the ability to meet financial needs and obligations and being able to manage finances and transactions smoothly in the short term. The notion of financial needs and obligations may vary according to the national, regional and cultural context, but can be broadly intended as meeting basic needs (food, housing, education, health care, etc.) and financial obligations related to paying bills, repaying debt, etc. A range of enabling conditions and tools can help people to meet financial needs and obligations, including, for example, a sufficient level of income, a non-deficit budget, a certain level of financial literacy, and access and use of fair, trusted and affordable formal financial products and services (such as payment, deposit and saving ones) for managing their everyday finances.

Depending on the language used in different definitions, this element can be referred to in slightly different ways, also including references to being in control and having financial security in the short term, such as:

- meeting current financial obligations, commitments and needs (Kempson, Finney and Poppe, 2017^[13]; Muir et al., 2017^[15]; Comerton-Forde et al., 2018^[18]; Aubrey et al., 2022^[8])
- having financial security, in the sense of being able to meet short-term commitments, including basic needs and planned expenses such as food, rent, bills, debt payments, and health care in the short-term (UNCDF, 2022^[5])
- having the ability to smoothly manage current financial obligations and consumption needs (UNSGSA, 2021^[4])
- having control over day-to-day, month-to-month finances, in the sense of feeling in control of day-to-day financial lives, being able to manage personal/family finances and being able to cover expenses and pay bills on time (CFPB, 2015^[11])

This component can be seen as including both objective and subjective aspects, such as *being* in control, intended as having short-term finances under control, and *feeling* in control, intended as feeling secure, having a sense of confidence about personal or family finances, and not being stressed about personal/household finances (UNSGSA, 2021^[4]).

... can cope with negative shocks...

Individuals and households may have to meet a variety of financial contingencies and recover from financial setbacks, and this can cause harm to their financial well-being. So, another component of financial well-being is related to financial resilience, which can be thought of as “the ability of individuals or households to resist, cope and recover from negative financial shocks” (OECD, 2021^[28]). Such negative shocks with financial implications may result from a variety of micro and macro unexpected events, including those related to employment, health, changes in family composition, damage to household possessions, natural and climate disasters, or other large, unexpected expenses. While these shocks may come from a variety of financial and non-financial sources and events, what matters for financial well-being is whether they have financial consequences on individuals or households. Moreover, it is central to acknowledge the complexities of financial resilience among low-income people, as progress out of poverty is fragile and constantly threatened by a number of shocks (McKay and Zetterli, 2021^[82]). More broadly, it is important to consider that negative shocks may affect different people in different ways. For instance, natural and climate disasters may affect women or other vulnerable groups disproportionately (WWB, 2024^[6]).

Existing financial well-being definitions refer in various ways to financial resilience, such as:

- Having the capacity to absorb a financial shock, cope with unexpected or adverse events, or deal with unforeseen expenses (UNCDF, 2022^[5]; CFPB, 2015^[11]; UNSGSA, 2021^[4])
- Having the financial resilience to meet commitments and needs comfortably in the future (Kempson, Finney and Poppe, 2017^[13])
- The ability of individuals to reduce and mitigate risks, as well as to cope with and recover from various shocks, stresses and life cycle events, so as to minimise any reduction in short-term consumption or long-term well-being (McKay and Zetterli, 2021^[82]).

Financial resilience is typically mostly associated with objective aspects, such as the possession of adequate financial resources, and the availability of any financial product or service that may facilitate this task. For instance, people might need an adequate amount of funds (e.g., savings, regular income, etc.), in order to cope with negative shocks. Moreover, having access to formal well-designed and affordable financial products and services, including saving, credit and insurance, may also help manage financial shocks. Individuals would need to have adequate agency and sufficient financial knowledge and skills to choose such products according to their needs, use them in a safe and responsible manner, to plan ahead

and take sound financial decisions. More broadly, financial resilience is also related to the ability to mobilise resources to face a negative financial shock and to develop coping strategies that can facilitate effective responses to financial setbacks. As subjective aspects of financial resilience, some examples are feeling confident about the ability to face shocks and the concern or worry about one's capacity to withstand adverse events with financial implications.

For instance, having sufficient income and savings is necessary not only to meet the cost-of-living expenses and provide for long term needs, but also to weather unexpected shocks and cope with emergencies. Access to affordable credit can be a way to cope with a negative shock in the absence of sufficient financial resources or other insurance mechanisms, but an excessive level of debt puts significant constraints on household resources and reduces resilience to future financial shocks. Formal and informal insurance mechanisms are also ways of managing risks and mitigating potential negative financial consequences. Relying on social support networks or using government-provided safety nets are other strategies to cope with shocks with negative financial consequences. The ability to avoid losing financial resources from fraud/scams attempts can also support financial resilience (OECD, 2021^[28]). Various factors, including personality traits, behaviour biases or financial knowledge, could potentially affect people's confidence and motivation to cope with negative shocks, and ultimately facilitate or hinder the process of becoming financially resilient (Jones and d'Errico, 2019^[83]; Jones, 2019^[84]; Manyena, 2006^[85]; Miller et al., 2010^[86]).

Some definitions see the capacity to absorb a financial shock as a “future” element of financial security, as opposed to a “present” element of financial security related to having control over day-to-day, month-to-month finances (CFPB, 2015^[11]).

... can pursue aspirations, goals and capture opportunities...

In addition to meeting basic day-to-day expenses and coping with possible financial shocks, financial well-being has to do with being able to pursue aspirations with financial implications, meet future goals (such as those related to housing, health care, education, assets, income-generating investments, etc.), and capture opportunities. Aspirations are related to broader motivations, dreams, and hopes that guide actions and choices, while goals are typically related to rather precise and time-bound targets. Goals and aspirations are about what a person wants to achieve. Opportunities could present themselves independently from a person's specific desire and may allow a person to pursue aspirations and goals. Aspirations, goals and opportunities may be financial (e.g., repaying a mortgage) or non-financial (e.g., pursuing education): what matters for financial well-being is the ability to reach them from a financial point of view and to manage the consequences on personal finances. Besides preparing for future purposes, another aspect of financial well-being reflected in many existing definitions is related to the idea of living comfortably from a financial point of view and being able to go beyond strictly meeting financial needs and obligations. This idea is sometimes referred to as “financial freedom” (UNCDF, 2022^[5]; Brügggen et al., 2017^[17]; CFPB, 2015^[11]).

Depending on the language used in different definitions, this element can be referred to in slightly different ways, such as:

- The ability to meet future aspirations and goals (UNCDF, 2022^[5]; Aubrey et al., 2022^[8]; Ladha et al., 2017^[16]),
- Being on track to reach future goals (UNSGSA, 2021^[4]).
- Feeling financially comfortable, intended as the extent to which finances allow someone to do the things they want and enjoy life (Kempson, Finney and Poppe, 2017^[13]).
- The ability to make the choices that allow people to enjoy life (CFPB, 2015^[11]; Comerton-Forde et al., 2018^[18]),
- The ability to pursue opportunities over time (Parker et al., 2016^[12]),
- The ability to sustain current and anticipated desired living standards (Brügggen et al., 2017^[17]),

For instance, some definitions refer to the ability to make choices that allow people to enjoy life in the present (CFPB, 2015^[11]), while others give more emphasis to future goals, opportunities and aspirations (Aubrey et al., 2022^[8]; UNCDF, 2022^[5]). Clearly, what constitutes life enjoyment, aspirations, goals and opportunities may depend on the national, local and even personal context (Rhyne, 2020^[66]). Enjoying life can be related to non-financial issues and it may be more relevant for people who are relatively comfortable on certain aspects of financial well-being (such as affording the main living expenses, commitments and goals), than for people who are struggling to meet basic needs or to cope with adverse events. In their definition developed for US citizens, the CFPB refers to enjoying life as being able to splurge once in a while, being able to afford “wants” in addition to meeting “needs” (CFPB, 2015^[11]). In contrast, the financial health measurement conducted in Kenya focuses on the ability to save or invest in things like productive purposes or education (Gubbins and Heyer, 2022^[23]).

In order to pursue financial aspirations, goals and capture opportunities, people would need not only financial resources (e.g., savings, regular income, etc.), but also having access to formal well-designed and affordable financial products and services (such as long term saving products, investments and pensions), as well as adequate financial knowledge and skills to choose and use such products, to prioritise between needs and wants, or to select wisely between different aspirations, goals and opportunities.

Moreover, this element can have both objective and subjective aspects. It has to do with the resources to afford “wants” once in a while and for future aspirations and goals, with the ability to exercise financial control to have a steady financial future, and also enjoying life and feeling confident about meeting financial goals and managing future finances.

It is also worth noting that the second and third elements of the current working definition (coping with negative financial shocks and pursuing financial aspirations and goals) have a reference to future actions or situations, while the first element (meeting financial needs and obligations) is more closely related to the short-term. Some existing definitions explicitly refer to the present and future dimension of financial well-being (CFPB, 2015^[11]; Muir et al., 2017^[15]). A study on subjective financial well-being in 16 countries suggests that it is important to distinguish between the current and future components of financial well-being (which in the study refer to current money management stress and expected future financial security), as they may be influenced in different ways by contextual and influencing factors (Riitsalu and van Raaij, 2022^[56]).

... and feel satisfied and confident about their financial lives.

Some subjective aspects of financial well-being, such as feeling confident and satisfied, are quite general and transversal, and capture the perceptions of individuals related to their financial lives in general. These subjective aspects may be related to all of the three elements already discussed, as being able to make ends meet or cope with finance shocks may contribute to a general feeling of confidence and satisfaction with one’s financial life.

Such subjective element relates to how people deal emotionally with financial issues, since it is desirable that one can handle day-to-day finance, resist financial shocks and pursue financial goals without excessive levels of stress and anxiety. This element is strongly influenced by individual perception about internal and external factors, and it is mediated by psychological characteristics and previous experiences, such as personality traits, values, traumas, comparisons with peers, moment of life, etc. In addition, some researchers highlighted that subjective financial well-being has to do with both the emotional evaluation (positive/negative feelings) and with the cognitive evaluation (financial satisfaction) associated with the experiences of an individual based on their financial situation (Sorgente and Lanz, 2017^[42]; Sorgente and Lanz, 2019^[78]).

This dimension of financial well-being includes aspects like stress, worries, confidence, satisfaction and other feelings, such as:

- feeling secure and in control of finances (confidence) (UNSGSA, 2021^[4])
- suffering related to the fear of financial shocks (Abrantes-Braga and Veludo-de-Oliveira, 2019^[87])
- feeling financial tranquillity (Netemeyer et al., 2018^[19]; Vieira et al., 2023^[88])
- feeling satisfied with one's financial life (Sorgente and Lanz, 2019^[78])
- [not] feeling worried about things like: not having enough money for old age; not being able to pay for medical costs in case of a serious illness or accident; not having enough money to pay for monthly expenses or bills; not being able to pay school fees or fees for education (Demirgüç-Kunt et al., 2022^[1]).

This last element of the working definition – feeling satisfied and confident about one's financial life – aims to focus on the subjective aspects of financial well-being, working as a bellwether of individuals' feelings and perceptions about their financial situation, and of the impact of their financial lives on their emotions and mental health. Assessing these subjective aspects is crucial to using financial well-being to guide policies and a diagnosis of these aspects cannot be disregarded when talking about well-being. On the other hand, it is by no means meant to encourage a greedy search for wealth by those who are already beyond the stage of meeting basic needs.

3 Measurement framework for financial well-being: A preliminary roadmap

Financial well-being measurement is a critical area for further work to inform and evaluate evidence-based strategies, policies, interventions and to develop financial products/services aimed at improving financial well-being. Developing effective measures of financial well-being would also ultimately support the improvement of financial inclusion and other financial sector policies, by providing metrics to monitor their outcomes progress.

In terms of advancing and developing financial inclusion, measuring financial well-being may support the monitoring and evaluation of financial policy interventions in terms of their contribution to improving the level of financial well-being. For instance, financial well-being measures are expected to provide outcome measures that could ultimately help policy makers, regulators and financial services providers in understanding whether financial products and services, including payment, saving, credit and insurance ones, are effectively serving consumers' needs in managing their everyday finances or coping with financial shocks, or whether the digital financial ecosystem is effectively contributing to ensuring smooth transactions, and helping individuals feel satisfied and confident about their financial lives.

This section proposes a discussion on the current progress in measuring financial well-being and on a preliminary roadmap, examples of financial well-being metrics that would be consistent with the working definition proposed in Section 2, and considerations for future work.

Objectives and use-cases for measuring financial well-being

Prior to developing any framework for measuring financial well-being, it is important to acknowledge that such a framework would need to take into account the different objectives policy makers and others may have for measurement and the different methodological approaches available to produce such measurement.

Over the years, several researchers and public institutions have conducted studies to measure financial well-being. So far, the approaches taken for measurement have been quite heterogeneous, also reflecting different objectives and ways to defining it. Box 2 provides examples of different measurement approaches.

In terms of the purposes of measuring, international organisations, policy makers and practitioners can aim at (i) tracking financial well-being as an outcome over time and across different regions or populations, through standardised measures; (ii) contributing to measures of individual and social progress more broadly, including overall well-being measures, complementing less nuanced indicators such as GDP; (iii) developing the evidence base needed to adapt existing, or shape new, financial and social policies and other types of interventions; (iv) monitoring and evaluating financial and social policies and programmes,

and testing the efficacy of interventions aimed at improving financial well-being; (iv) designing and refining financial products and services in ways that would improve the level of financial well-being (UNSGSA, 2021^[4]).

Depending on the objectives (and available resources), measuring financial well-being can involve different methodologies and data sources, such as supply and demand-side surveys and transactional data. These data can be analysed into unidimensional or multidimensional financial well-being scales. The methodology to structure these data can also differ. Scales can be constructed using statistical methods to combine the items (such as factor analysis) or they can be based on expert knowledge and policy maker interest. In the first case, expert knowledge plays a part after statistical analysis is done, for the interpretation and useful application of the categories of analysis. In the latter, statistical analysis plays a part for tests of validity and robustness of the proposed measurement tool.

The methodological choices will also depend on the elements of the working definition underlying the measurement effort. For instance, the CFPB scale aims to measure “the extent to which someone’s financial situation and the financial capability that they have developed provide them with security and freedom of choice” (CFPB, website). Given its focus on the more subjective aspects of financial well-being, they chose a methodological approach used in psychometric research that usually measure attitudes, abilities and personality.

Appropriate measures of financial well-being may differ according to their purpose and available resources. Measures based on a very small number of questions, and possibly on questions for which data is collected regularly, can offer the opportunity to monitor the evolution of financial well-being frequently and detect possible issues relatively quickly; longer and deeper surveys may be needed to have a richer and more nuanced picture of the state of financial well-being, of its drivers and other related factors in order to develop policy responses (Rhyne, 2020^[66]; UNSGSA, 2021^[29]).

Different use-cases can derive from the combinations of these purpose and methodological choices. Authorities and researchers worldwide have provided some examples that help inform future work before investing time and other resources in developing a specific measurement tool, selecting indicators, and applying them.

Box 2. Variety of approaches to measuring financial well-being

Overall, studies to measure financial well-being or health have started being conducted from 2010 onwards and provided data for a variety of developed and emerging economies: North America (CFPB, 2015^[11]; Gutman et al., 2015^[40]; FCAC, 2019^[48]; Financial Health Network, 2023^[89]; Parker et al., 2016^[12]), Latin America (FEBRABAN, 2021^[52]; García-Mata, Zerón-Félix and Briano, 2022^[90]; Cárdenas et al., 2021^[21]; Ventura and Zarate, 2020^[54]), Europe (Kempson, Finney and Poppe, 2017^[13]; CCPC, 2018^[91]), Africa (Gubbins and Heyer, 2022^[23]; Ladha et al., 2017^[16]), and Australia (Salignac et al., 2019^[41]; Muir et al., 2017^[15]; Comerton-Forde et al., 2018^[18]). A few international studies have looked across different countries and regions of the world. The OECD used the CFPB scale to produce measurement across different countries, while the Global Findex used new items to evaluate the level of financial worries of respondents as an indicator of FWB, besides the usual measure of financial resilience (Fu, 2020^[10]; Ladha et al., 2017^[16]; OECD, 2020^[25]; Demirgüç-Kunt et al., 2022^[1]; OECD, 2023^[92]).

Some scales to measure financial well-being were originally developed in high-income countries but they have been used also in emerging economies, such as the CFPB well-being one (Ventura and Zarate, 2020^[54]). Other studies developed measures specifically tailored for emerging and developing countries (Gubbins and Heyer, 2022^[23]; Ladha et al., 2017^[16]).

Most studies have developed one-dimensional measures and scores of financial well-being, even recognising its multifaceted nature (CFPB, 2015^[11]; Kempson, Finney and Poppe, 2017^[13]; Prawitz et al., 2006^[14]). For instance, the CFPB framework identifies four elements of financial well-being, but it proposes questions that allow to measure a unique financial well-being scale (not four subscales). Other studies have developed multi-dimensional measures (Sorgente and Lanz, 2019^[78]; Aubrey et al., 2022^[8]; Netemeyer et al., 2018^[19]). For instance, Netemeyer et al. (2018) conceptualise perceived financial well-being as two related but separate constructs: stress related to the management of money today (current money management stress), and a sense of security in one's financial future (expected future financial security).

The majority of existing studies have used survey data to measure financial well-being, therefore focusing on self-reported information, but some studies have developed measures based on administrative data, or combinations of administrative and self-reported data, including measures based on account or transaction data that can be collected by financial service providers (Parker et al., 2016^[12]; Comerton-Forde et al., 2018^[18]). These initial efforts to use administrative data to measure financial well-being are still in their early stages as metrics such as frequency of late payment fees on a credit card or average account balances still need to be further tested to check if they are sufficiently correlated with self-reported survey data related to financial well-being (UNSGSA, 2021^[4]).

From the working definition to practical examples for measuring financial well-being

Section 2 presented a theoretical foundation for developing a measurement framework, based on the preliminary conceptual framework and the working definition. This subsection presents examples that may guide future approaches to measuring financial well-being that would be consistent with the working definition and the preliminary conceptual framework.

In the spirit of developing a measurement framework that would be flexible and adaptable to different countries and purposes, Figure 2 presents questions and indicators addressing the different elements of the working definition, covering both objective and subjective aspects (better explained in Box 3) whenever relevant.

Figure 2. Financial well-being and its elements

Financial well-being can generally be described as a state in which individuals:

DESCRIPTION UNPACKING		are able to smoothly manage their financial needs and obligations	can cope with negative shocks	can pursue aspirations, goals and capture opportunities	feel satisfied and confident about their financial lives
2 layered approach	Objective aspects <i>(financial foundation)</i> Administrative data or Survey data	Income that covers the most essential expenses (needs and obligations)	Savings, access to credit, community support, access to social safety nets	Income that exceeds essential expenses and allows to make choices, spend on certain extras and save for future plans	---
	Subjective aspects <i>(feelings and perceptions)</i> Survey data	Feeling confident about your ability to pay for essential expenses; suffering/worry regarding day-to-day bills; judgment about day-to-day financial situation.	Feeling confident about your ability/readiness to deal with financial shocks; suffering/ worry regarding the ability to resist shocks; judgment about your capacity to deal with shocks.	Feeling confident about your ability to achieve aspirations and goals; Feeling confident about your own financial future today; Enjoy life from a financial point of view.	Feeling satisfied with your financial situation; Levels of stress and concerns about the financial situation in general.

As discussed in Box 2, most studies in the literature have proposed to measure financial well-being through survey data. For instance, some consolidated scales, such as the CFPB and the Financial Health Network scales, are well-known examples that have been used in various countries (CFPB, 2015^[11]; Financial Health Network, 2021^[93]). However, as discussed in Box 3, the use of both self-reported/survey data and administrative data (e.g. individual-level data from financial institutions about people's savings, debt, insurance policies, private pension funds, etc.) may offer important complementary information about the objective and subjective aspects of people's financial well-being.

Box 3. Measuring subjective and objective aspects of financial well-being

As discussed in Section 2, evidence supports the idea that financial well-being has both objective and subjective aspects.

The objective aspects can be measured through administrative financial data (e.g. individual-level data from financial institutions about people's savings, debt, insurance policies, private pension funds; data from consumer complaints and some supervisory data; data from credit bureaus, etc.) or via self-reported information collected through surveys (e.g. individual self-reports of their ability to cover living expenses for a certain amount of time in case of an income loss).

Self-reported information is an essential source of data but may need to be complemented by administrative data to capture with more accuracy objective aspects of people's finances in particular. However, as the availability of administrative data may be limited (e.g., due to availability only on a selected set of indicators, or only for a few of multiple financial institutions where people have relationships, difficulties in collection, restrictions due to data protection regulations, etc.), it may be difficult to have a comprehensive picture of the objective aspects of an individual's financial situation only through these types of indicators. Self-reported and administrative data may therefore provide complementary information about the objective aspects of people's financial well-being.

Subjective aspects of financial well-being can be measured through self-reported information collected through surveys and are important in providing a barometer of individuals' perception of financial well-being, that is, how they feel about their finances and the influence that financial issues have in their lives. Self-reported information is a crucial and insightful resource, particularly for understanding a consumer's perception, experience, and well-being.

Given the socio-cultural nature of the subjective aspects of financial well-being, measure of subjective aspects of financial well-being may be more difficult to compare across countries than measures of objective aspects, and caution may need to be exercised when making cross-country comparisons of subjective measures. It is nevertheless important to define common subjective measures alongside objective ones, as failing to define them may lead different jurisdictions to considering different subjective elements when studying or aiming to enhance well-being, which would further reduce cross-country comparability and the validity of internal measurements. Also, objective aspects, as subjective aspects, are inherently contextual. For instance, the same amount of income in one jurisdiction can mean something very different than in another. This means that both objective and subjective data should be compared with contextual relevance (e.g. for instance considering individual income levels with respect to the national median rather than absolute values).

Each type of data offers unique strengths and challenges that must be thoughtfully considered when choosing the most appropriate source for research. As neither self-reported data nor administrative data alone can fully capture financial well-being, a combined approach may be crucial (albeit challenging) in gathering a comprehensive understanding. However, given the challenges and

constraints related to each type of data, it may be realistic to start from the data that are more easily available and expand their breath over time.

For instance, the Financial Well-Being Survey developed by FCAC in Canada offers a useful example where both types of data have been effectively used together (FCAC, 2019^[48]). The survey primarily gathers self-reported data to assess Canadians' financial well-being, including their ability to manage finances and handle financial challenges. While the survey itself focuses on self-reported information, its findings can be complemented by administrative/transactional data from financial institutions and/or credit bureaus in a broader research context. This combined approach allows for a comprehensive and holistic analysis of financial behaviours and outcomes, helping FCAC develop targeted policies and programmes to improve financial well-being across Canada.

Based on an extensive literature review of financial well-being measures, the following paragraphs present examples of questions to illustrate how the working definition could be operationalised into metrics, covering objective and subjective aspects of the elements of the working definition. Most examples are taken from demand-side surveys given their greater availability in the literature, but a few examples of measures from administrative data are also provided. Some further suggestions of possible supply-side measures are also proposed, based on indicators that may be available from financial institutions' administrative records.

All of these questions and indicators should be taken as examples, with the aim of providing guidance to policy makers, researcher and practitioners interested in developing a financial well-being measurement framework. The actual construction of a financial well-being framework would require additional methodological steps, and would need to be further refined and validated by data and statistical analysis. It should also be considered that the list of examples is not exhaustive, and any measurement framework should be adapted and relevant to the context, country and people under study.

The literature also contemplates several items and indicators related to contextual factors. For instance, measures of well-being could be complemented by measures of autonomy in financial decision making, to understand the role and financial well-being of different household members (Brune, Karlan and Rouse, 2020^[20]). Information on demographic and socio-economic factors would also allow researchers to better understand the intersectional elements of financial well-being. However, questions and indicators on contextual factors will not be discussed in detail in this subsection, to keep the discussion focused.

Table 2, Table 3, Table 4 and Table 5 present a list of examples of questions and indicators to measure each element of the financial well-being working definition, drawn from the existing literature (Annex A). The various examples have been assigned to a given element of the working definition based on the description in the subsection 'Unpacking the working definition'. The "classification" of examples under a certain element is indicative, and some items that could be related to more than one element were classified into the ones that seemed most closely related. A more complete and non-exhaustive raw list derived from the literature review can be found in Annex B.⁷ As for all the examples provided in this section, also the questions suggested in Annex B would need to be further refined and validated by data and statistical analysis.

For instance, Table 2 refers to being "Able to smoothly manage financial needs and obligations". Survey items aiming to address objective aspects must inform whether respondents are in a state where their resources cover basic expenses. In the literature, items identified as relating to this information can investigate whether respondents' daily finances are on the limit through the occurrence of extreme situations like lacking food or utilities being shut off, or the occurrence of late payments, the use of overdraft or credit card for basic expenses, the amount of outstanding debt, and also by inquiring directly about income versus spending. Items addressing the subjective aspects of being "Able to smoothly manage financial needs and obligations" ask respondents about their judgement on day-to-day finances, either

generally or specifically addressing feelings such as worries, satisfaction or feeling of control, within the scope of short-term finances.

Table 2. Examples of questions - Able to smoothly manage financial needs and obligations

	Example items	Type of data	Original source	Also used in
Objective aspects (financial foundation)	Which of the following statements best describes how your household has paid its bills over the last 12 months? My household has been financially able to: () pay all our bills on time / () pay nearly all our bills on time / () pay most of our bills on time / () pay some of our bills on time / () pay very few of our bills on time	Survey	(Parker et al., 2016 ^[12] ; Financial Health Network, 2021 ^[93])	
	Over the past year, how would you describe your household's income and spending? Did you generally spend much more than, a little more than, about the same as, a little less than, or much more than your income? (5 levels)	Survey	(Brune, Karlan and Rouse, 2020 ^[20])	
	In the last year, never went without enough food to eat	Survey	(Gubbins and Heyer, 2022 ^[23])	
	Thinking about all of your household's current debts, including mortgages, bank loans, student loans, money owed to people, medical debt, past-due bills, and credit card balances that are carried over from prior months... As of today, which of the following statements describes how manageable your household debt is? () have a manageable amount of debt / () have a bit more debt than is manageable / () have far more debt than is manageable / () do not have any debt	Survey	(Parker et al., 2016 ^[12] ; Financial Health Network, 2021 ^[93])	
	I always pay my bills in time. () fits very well / () fits fairly well / () fits neither well nor badly / () does not fit well / () does not fit at all / () DK	Survey	(Kempson, Finney and Poppe, 2017 ^[13])	
	Any payday loans in last year? Yes/ No	Administrative	(Comerton-Forde et al., 2018 ^[18])	
	Number of months in last year with payment dishonours 7 or more months / 1 to 6 months / None	Administrative	(Comerton-Forde et al., 2018 ^[18])	
	Percent of bills that are paid on time and in full	Administrative	(Parker et al., 2016 ^[12])	
	Debt-to-Income ratio	Administrative	(Parker et al., 2016 ^[12] ; McKnight, 2019 ^[75] ; BCB, 2023 ^[94])	
	Example items	Type of data	Original source	Also used in
Subjective aspects (feelings and perceptions)	I tend to worry about paying my normal living expenses. () always / () often / () sometimes / () rarely / () never / () DK / () not relevant / () refused	Survey	(OECD, 2015 ^[95])	(OECD, 2018 ^[96] ; OECD, 2022 ^[97])
	I am comfortable with my current levels of spending relative to the funds I have coming in. () disagree strongly / () disagree / () neither agree nor disagree / () agree / () agree strongly	Survey	(FiftyFive5, 2016 ^[98])	(Comerton-Forde et al., 2018 ^[18])
	In the last 12 months, how difficult was it for you to meet your necessary cost of living expenses like housing, electricity, water, health care, food, clothing or transport? () very difficult / () difficult / () neither difficult nor easy / () easy / () very easy	Survey	(Muir et al., 2017 ^[15])	(Comerton-Forde et al., 2018 ^[18])
	I am just getting by financially. This statement describes me: () completely / () very well / () somewhat / () very little / () not at all	Survey	(CFPB, 2015 ^[11])	(OECD, 2023 ^[26] ; FEBRABAN, 2021 ^[52])
	I have too much debt right now. (1) completely agree --- (5) completely disagree / () DK / () not relevant / () refused	Survey	(OECD, 2015 ^[95])	(OECD, 2018 ^[96] ; OECD, 2022 ^[97] ; Fu, 2020 ^[10])

Table 2 also reports some examples of indicators drawn from administrative data that have been used in previous studies. Further supply-side indicators to investigate the ability to smoothly manage financial needs and obligations may be related to income, expenditures, the use of short-term credit, or the

ability/difficulty to repay debt obligations and to pay bills on time. It may also be relevant to leverage existing frameworks that address financial well-being aspects, such as credit scoring or debt-to-income ratios.

Table 3 refers to “Can cope with negative shocks”. Survey items usually inquire whether respondents are in a state where they can face the financial consequences of a shock. These items usually refer to hypothetical situations, so respondents need to recall which resources they would have, were that emergency to occur in their lives. The items differ slightly in the types of resources respondents should consider in their responses. Some restrict inquiries to the existence of emergency funds, others leave it more broadly to different coping strategies. Some also ask directly about the existence of an emergency fund and the size of it. On subjective aspects, items require respondents to state how they feel about being able to cover these shocks, specifically investigating aspects like confidence, peace of mind or perception of difficulty.

Table 3 also reports some examples of indicators drawn from administrative data that have been used in previous studies. Further supply-side indicators to investigate the ability to cope with negative shocks may be related to the availability of savings and assets, access to credit, and the use of insurance.

Table 3. Examples of questions - Can cope with negative shocks

	Example items	Type of data	Original source	Also used in
Objective aspects (financial foundation)	Would you need to borrow, overdraw your account or use a credit card to meet an unexpected expense of a month's income? () yes to cover all of it / () yes to cover some of it / () no / () DK	Survey	(Kempson, Finney and Poppe, 2017 _[13])	
	If you lost your main source of income today, how long could you continue to cover your living expenses, without borrowing any money or moving house? (1) less than a week --- (5) 6 months or more / () DK / () refused	Survey	(OECD, 2015 _[95])	(OECD, 2018 _[96] ; OECD, 2022 _[97])
	Thinking about the total income of your household approximately how many month's income do you have in savings? () more than 12 months / () between 6 – 12 months / () between 3 – 6 months / () between 1 – 3 months / () 0 – 1 months / () DK	Survey	(Kempson, Finney and Poppe, 2017 _[13])	
	If you, personally, faced a major expense today – equivalent to your own monthly income – would you be able to pay it without borrowing the money or asking family or friends to help? () yes () no / () DK / () not applicable (I don't have any personal income) / () refused	Survey	(OECD, 2015 _[95])	(OECD, 2018 _[96] ; OECD, 2022 _[97] ; Fu, 2020 _[10])
	I always make sure I have money saved for bad times. () fits very well / () fits fairly well / () fits neither well nor badly / () does not fit well / () does not fit at all / () DK	Survey	(Kempson, Finney and Poppe, 2017 _[13])	
	Days in last year with liquid balances below one week's average expenses - 75% or more / 1% to 75% / Never	Administrative	(Comerton-Forde et al., 2018 _[18])	
	Days in last year during which customer had the ability to raise one month's expenses from savings or available credit 25% or less / 25% to 99% / Always	Administrative	(Comerton-Forde et al., 2018 _[18])	
	Age-normed percentile of customer's median savings balance over last year Below 35th percentile / 35th to 90th percentile / Above 90th percentile	Administrative	(Comerton-Forde et al., 2018 _[18])	
	Number of months of living expenses in liquid account balances	Administrative	(Parker et al., 2016 _[12])	
	Example items	Type of data	Original source	Also used in
Subjective aspects (feelings and)	I could handle a major unexpected expense. This statement describes me: () completely / () very well / () somewhat / () very little / () not at all	Survey	(CFPB, 2015 _[11])	
	If you had an unexpected expense or someone in your family lost a job, got sick or had another emergency, how confident are you that your family could come up with money to make ends meet within a month?	Survey	(Collins and O'Rourke, 2013 _[99])	

() not at all confident / () somewhat confident / () very confident			
How difficult would it be for you to come up with [insert 1/20 of GNI per capita in local currency] within the NEXT 30 DAYS? Would it be very difficult, somewhat difficult or not difficult at all? () very difficult / () somewhat difficult / () not difficult at all / () DK / () refused	Survey	(Demirgüç-Kunt et al., 2022 _[11])	(Brune, Karlan and Rouse, 2020 _[20])
How difficult would it be for you to come up with [insert 1/20 of GNI per capita in local currency] within the NEXT 7 DAYS? Would it be very difficult, somewhat difficult or not difficult at all? () very difficult / () somewhat difficult / () not difficult at all / () DK / () refused	Survey	(Demirgüç-Kunt et al., 2022 _[11])	(Brune, Karlan and Rouse, 2020 _[20])
Thinking about all of the types of insurance you and others in your household currently might have, including health insurance, vehicle insurance, home or rental insurance, life insurance, and disability insurance...How confident are you that those insurance policies will provide enough support in case of an emergency? () very confident / () moderately confident / () somewhat confident / () slightly confident / () not at all confident / () no one in my household has any insurance	Survey	(Parker et al., 2016 _[12] ; Financial Health Network, 2021 _[93])	

Table 4 refers to “Can pursue aspirations, goals and capture opportunities”. Items found in the literature approach objective aspects inquiring if respondents have savings for future plans. This is usually done by asking about the behaviour of saving. Items also inquire whether respondents have income that allows them to spend on certain extras like expenditures on travel and leisure. These would work as proxies to know whether one has the material basis to pursue goals and aspirations and enjoy life, i.e. having the resources in place. Items relating to subjective aspects of this element usually investigate one’s confidence about achieving financial goals and also about their financial future. They also investigate one’s judgement about their money situation in relation with the idea of enjoying life. The expression ‘enjoy life’ is often mentioned explicitly in items, and sometimes referred to through contexts such as pursuing passions, doing things one likes, or doing things with friends, keeping in mind that what constitutes life enjoyment, aspirations, goals and opportunities may depend on the national, local and even personal context, as discussed in Section 2.2 Examples are presented in Table 4. Further supply-side indicators to investigate the ability to pursue aspirations, goals and capture opportunities may be related to the availability of income or savings to be used beyond satisfying basic needs and obligations.

Items in the literature that relate to the fourth element investigate respondent’s overall perceptions about their financial situation, they usually do so through eliciting feelings of stress, calm, worries, satisfaction, or confidence with finance overall. Examples are presented in Table 5.

Table 4. Examples of questions - Can pursue aspirations, goals and capture opportunities

All examples in this table are based on survey data.

	Example items	Original source	Also used in
Objective aspects (financial foundation)	I have enough money to invest in my leisure. () never / () rarely / () sometimes / () often / () always	(Vieira et al., 2023 ^[88])	
	I am able to cover expenses for a vacation trip. () never / () rarely / () sometimes / () often / () always	(Vieira et al., 2023 ^[88])	
	In the PAST 12 MONTHS, have you, personally, saved or set aside any money FOR your OLD AGE? () yes / () no / () DK / () refused	(Demirgüç-Kunt et al., 2022 ^[11])	
	You typically save or set aside some of the income that you receive for the future. Would you say you agree a lot, somewhat agree, somewhat disagree, or do not agree at all? (Has an intro)	(Brune, Karlan and Rouse, 2020 ^[20])	
	You have a financial goal to reach for the next 12 months. Would you say you agree a lot, somewhat agree, somewhat disagree, or do not agree at all? (Has an intro)	(Brune, Karlan and Rouse, 2020 ^[20])	
	Example items	Original source	Also used in
Subjective aspects (feelings and perceptions)	I'm on the right track to meet my financial goals. () absolutely false / () more false than true / () neither false nor true / () more true than false / () absolutely true	(Sorgente and Lanz, 2019 ^[78])	(Aubrey et al., 2022 ^[8])
	My financial situation allows me to have the things I like. () never / () rarely / () sometimes / () often / () always	(Vieira et al., 2023 ^[88])	
	My finances allow me to enjoy life. () never / () rarely / () sometimes / () often / () always	(Vieira et al., 2023 ^[88])	
	I am securing my financial future. This statement describes me: () completely / () very well / () somewhat / () very little / () not at all	(CFPB, 2015 ^[111])	(Netemeyer et al., 2018 ^[19] ; Comerton-Forde et al., 2018 ^[18] ; Vieira et al., 2023 ^[88] ; FEBRABAN, 2021 ^[52])
	Because of my money situation, I feel like I will never have the things I want in life. This statement describes me: () completely / () very well / () somewhat / () very little / () not at all	(CFPB, 2015 ^[111])	(Netemeyer et al., 2018 ^[19] ; OECD, 2023 ^[26] ; OECD, 2018 ^[96])

Table 5. Examples of questions - Feel satisfied and confident about financial lives

All examples in this table are based on survey data.

	Example items	Original source	Also used in
Subjective aspects (feelings and perceptions)	I am constantly stressed because of my financial situation. () absolutely false / () more false than true / () neither false nor true / () more true than false / () absolutely true	(Aubrey et al., 2022 ^[8])	
	I am calm about my financial situation. () absolutely false / () more false than true / () neither false nor true / () more true than false / () absolutely true	(Sorgente and Lanz, 2019 ^[78])	(Aubrey et al., 2022 ^[8])
	My finances control my life. This statement applies to me: () always / () often / () sometimes / () rarely / () never	(CFPB, 2015 ^[111])	(Netemeyer et al., 2018 ^[19] ; OECD, 2023 ^[26] ; Comerton-Forde et al., 2018 ^[18] ; OECD, 2018 ^[96])
	How do you feel about your current financial situation? (Feel Overwhelmed / Sometimes Fell Worried / Not Worried / Feel Comfortable)	(Prawitz et al., 2006 ^[14])	(Muir et al., 2017 ^[15])
	I am satisfied with my present financial situation. () absolutely false / () more false than true / () neither false nor true / () more true than false / () absolutely true	(OECD, 2015 ^[95])	(Aubrey et al., 2022 ^[8] ; OECD, 2023 ^[26] ; Sorgente and Lanz, 2019 ^[78] ; Fu, 2020 ^[10])

Way forward: considerations for the future development of a measurement framework

Considering the growing recognition of financial well-being as a policy goal at national and global level, it is particularly important to develop measures that can provide an accurate picture of the situations people live in and that can support effective policymaking.

This subsection sets out considerations for international organisations, policy makers, and researchers to develop a measurement framework that can be consistent with the working definition proposed in Section 2, while at the same time retaining flexibility over the most appropriate scope and approach. For financial well-being measurement to be of greatest use to financial sector policy makers and others, it would be important to choose an approach based on a clear understanding of the measurement objectives and of the underlying working definition. Defining a financial well-being measurement framework could start from a discussion on the expected use of the data/information, and on the expected audience of the results. Establishing these parameters from the outset would help ensure that policy makers and researchers obtain the information and data they need.

When planning the work on building a measurement framework for financial well-being, international organisations, policy makers, and researchers would ideally need to take into consideration a number of elements:

- If the intention is to be consistent with the working definition outlined in Section 2, the financial well-being measure would have to cover all the elements of the working definition itself, including both objective and subjective aspects. In order to cover all these aspects effectively, it may be useful to devise new measurement strategies (such as selecting or drafting survey questions that can capture objective aspects accurately or combining survey and administrative data). Further research may be devoted to advancing measurement practices, for instance by finding ways to minimise inaccuracies in self-reported data, ensuring cultural relevance in data collection, or integrating self-reported and administrative data effectively.
- Depending on the objectives and scope of the measurement, the financial well-being measure would need to be applicable and relevant across the target population, including to people with different socio-economic characteristics and circumstances within the target population. For instance, if the purpose was to develop a national measure, this would have to be crafted in way to be nationally relevant and reflect local realities. In contrast, organisations interested in developing international measures would need to develop internationally valid frameworks (i.e. not use questions that are very context-specific) that can enable meaningful comparability across regions/countries.
- Irrespective of the target population, it would be useful for the financial well-being measure to be developed in such a way to be valid and comparable over time, in order to support monitoring and tracking progress.
- In order to inform policy decisions, the financial well-being measure would have to be actionable, and offer a measure of financial well-being as an outcome. To this end, it would be advisable to complement the financial well-being measure with information on demographic and socio-economic characteristics of the respondents and data on relevant contextual and influencing factors, to enable policy makers, researchers and practitioners to disaggregate results and investigate relationships between financial well-being and its drivers.
- In the case of national measurement frameworks, policy makers may consider ensuring the independence of organisations measuring financial well-being from the institutions designing and implementing financial sector policies, or other interventions aiming at supporting financial well-being.

Addressing these elements in developing a measurement framework demands an iterative process, with the involvement of all relevant stakeholders and with methodological rigour. The challenges associated with this task requires a stepwise approach and involves in-depth technical work and knowledge. Given

the time necessary to develop a rigorous exercise, the development of a measurement framework goes beyond the work being carried out in the context of the GPFI in 2024. Nevertheless, this note presents further considerations for international organisations, policy makers and other stakeholders interested in setting up a process for developing a financial well-being measurement framework in a way that operationalises the working definition set in this note.

Objectives, Dimensions and Definitions. Measurement work would be expected to start by defining its objectives and what is being measured. Defining the purpose of measurement will inform methodological choices about the selection of survey items and/or indicators from administrative data, and about the type of analysis to be carried out. The working definition of financial well-being, as delineated in Section 2, offers a theoretical foundation for the measurement efforts, that countries and organisations can adapt to their needs and circumstances. It is important to note the iterative aspect of the process to refine the definition, the empirical measure and the theoretical reflection on the preliminary conceptual framework, as they build on each other and they are likely to be updated through further research, empirical assessments, and evidence about policies and interventions.

Operationalisation and selection of items/indicators. Another important step in developing a measurement framework is the selection of survey items and/or indicators from administrative data. This activity can involve the use of questions from previous studies, or the development of new items/indicators. In any case, such selection would be expected to go through a process based on available literature and expert judgement. The selection can be based on relevance, clarity, applicability, and the ability to measure various aspects of financial well-being. Expert judgement is typically followed by empirical analysis, in order to refine and validate the selection of items/indicators from a statistical point of view.

Empirical and analytical stages. To the extent that the measurement framework would rely on survey items, it would be useful to field-test the ones identified in the previous stage in a variety of contexts to identify which ones can be used to build a reliable financial well-being measure that meets its objectives. Similarly administrative data indicators identified in the previous stage would need to be further tested and validated. This process can be done iteratively, starting from an initial long list of items/indicators, that can be reduced over time based on empirical analysis. After field-testing is completed, it is possible to reach a pilot instrument that can then be tested in larger samples. From these large applications, statistical analysis allows the selection of a final list of items/indicators with validity to measure financial well-being. Choices of statistical methods to be applied will depend on the purpose of the measurement. Empirical analysis can be crucial also in identifying whether the construct being measured should be unidimensional or whether it is possible to identify multiple sub-scales (e.g. for the various components of financial well-being identified in the working definition).

Validation and further research. The validity of financial well-being scores (and of possible subscales) can be assessed also by examining their association with related concepts and factors, such as socio-demographic characteristics, income levels, financial behaviours, material hardship and so on (UNSGSA, 2021^[4]). A measurement framework for financial well-being would also need to collect information on the contextual and influencing factors listed in subsection 2.1, such as demographic and socio-economic characteristics (as gender, age, household composition, education, labour force status, income and wealth, financial attitudes and behaviours like discipline, etc.) and other relevant factors (such as access to quality financial products and services, financial awareness, financial literacy, financial goal setting and planning, etc.). These complementary data can help validate a financial well-being scale and can point to potential drivers. Collecting data on both outcomes and drivers would enable policy makers and researchers not only to describe levels and distribution of a population's financial well-being, but also to identify exploratory research on the factors that most strongly enable or hinder financial well-being (UNSGSA, 2021^[4]). When using a pre-existing scale in a new context, researchers should validate the scale in the local context and should consider whether the construction of the scale itself should be adapted to the different population (UNSGSA, 2021^[4]).

Annex A. List of studies with examples of survey questions and indicators

Table 6. Examples of studies with survey questions

Examples of survey items are included in Annex B.

Study/ Instrument	Countries with data collection
(Prawitz et al., 2006 ^[14])	USA
(Demirguc-Kunt et al., 2015 ^[100] ; Demirgüç-Kunt et al., 2018 ^[101] ; Demirgüç-Kunt et al., 2022 ^[11]) – Global Findex	2021: applied in 123 economies
(Collins and O'Rourke, 2013 ^[99])	Not reported in the reference
(CFPB, 2015 ^[111])	USA
(OECD, 2022 ^[97] ; OECD, 2018 ^[96] ; OECD, 2015 ^[95]) – OECD/INFE toolkits to measure financial literacy and financial inclusion	2022: applied in 39 countries and economies, including 20 OECD Member countries and 8 G20 countries
(Parker et al., 2016 ^[12] ; Financial Health Network, 2021 ^[93])	USA
(Muir et al., 2017 ^[15])	Australia
(Kempson, Finney and Poppe, 2017 ^[13])	Norway
(Netemeyer et al., 2018 ^[19])	USA
(CFPB, 2018 ^[102])	USA
(Sorgente and Lanz, 2019 ^[78])	Italy and Portugal
(Brune, Karlan and Rouse, 2020 ^[20]) - IPA - Survey Manual	Ghana, Philippines, Uganda (Host), Uganda (Refugees), Afghanistan, Bangladesh, Colombia, Dominican Republic, Peru
(Fu, 2020 ^[10])	Six emerging economies (Brazil, Croatia, Hungary, Jordan, Russia, and South Africa) and five developed economies (Canada, Hong Kong, the Netherlands, New Zealand, and the United Kingdom)
(FEBRABAN, 2021 ^[52])	Brazil
(Gubbins and Heyer, 2022 ^[23])	Kenya
(Comerton-Forde et al., 2022 ^[103])	Australia
(Aubrey et al., 2022 ^[8])	Canada
(Vieira et al., 2023 ^[88])	Brazil

Table 7. Examples of studies with indicators from administrative data

Examples of indicators are included in Annex B.

Study / Instrument	Countries with data collection
(Comerton-Forde et al., 2018 ^[18])	Australia
(Parker et al., 2016 ^[12] ; Financial Health Network, 2021 ^[93])	USA
(McKnight, 2019 ^[75])	20 European economies
(BCB, 2023 ^[94])	Brazil

Annex B. Examples of survey questions and indicators

A full list of questions and indicators is available [here](#).

Element 1. ... able to smoothly manage financial needs and obligations

Element 2. ... can cope with negative shocks

Element 3. ... can pursue aspirations, goals and capture opportunities

Element 4. ... and feel satisfied and confident about their financial lives

Element 5. Context

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Notes

¹ Some countries and organisations use financial health and financial well-being as slightly different concepts, but for the purposes of this work, and considering the discussions and previous works referred here, in this note these terms will be used synonymously. For more information, see the “Terminology” section.

² The 2005 OECD Recommendation on Principles and Good Practices for Financial Education and Awareness was abrogated by the 2020 OECD Recommendation on Financial Literacy (OECD, 2020^[2]).

³ While some organisations use the term financial literacy, others use financial capability, meaning the combination of financial awareness, knowledge, skills, attitudes and behaviours that people need to make sound financial decisions, to make the most of their money, to improve their lives and ultimately achieve financial well-being.

⁴ Digital financial literacy can be intended as a combination of knowledge, skills, attitudes and behaviours necessary for individuals to be aware of and safely use digital financial services and digital technologies with a view to contributing to their financial well-being (OECD, 2022^[107]).

⁵ According to the FIAP, the GPFI activities for the period 2024/2026 should consider the following cross-cutting issues: promote consumer protection measures to favour financial inclusion within an adequate regulatory framework and a responsible digital financial ecosystem; promote targeted digital and financial education initiatives to enhance digital and financial capabilities; promote accessible and affordable financial services for women and underserved and vulnerable groups; and liaise with other important groups, international fora and public and private organisations on issues relating to financial inclusion.

⁶ In line with the G20 High-Level Principles for Digital Financial Inclusion and the G20/OECD High-Level Principles on Financial Consumer Protection.

⁷ Annex B presents examples of items and indicators, merely for guidance, divided into the four elements of the working definition of financial well-being, and a 5th sheet with related contextual items, that can be used to correlate the financial well-being with factors like financial inclusion, financial literacy, demographic and economic factors, amongst others.

