

# The Financial Resilience Equation

Findings from KeyBank's 2021 Financial Resilience Survey

"Over the last year, many Americans have experienced their greatest adversity in decades due to the COVID-19 pandemic. Some have lost jobs and income, some have lost family members, and many have faced threats to their financial, physical and mental health. Still, Americans have proven to be truly resilient. The fact that so many survey respondents reported heightened confidence heading into 2021 shows their power to withstand the toughest of environments."

*Chris Manderfield, KeyBank Director of Consumer Lending*

**KeyBank's 2021 Financial Resilience Survey** polled Americans to find out how they handled their personal finances over the past year, and despite the challenges, Americans found ways to remain financially resilient. **In fact, more than half (53%) of survey respondents reported that they were more financially confident as they approached the end of 2020, compared to the beginning of the year.**

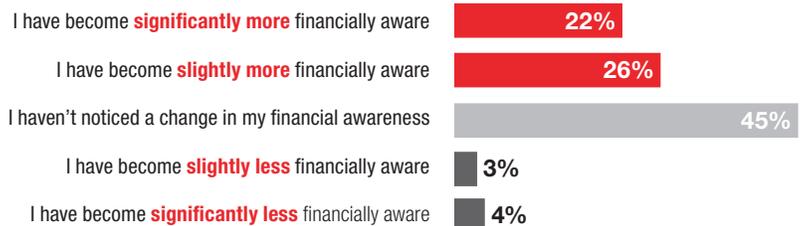
Read on for more on the financial resiliency of Americans.

## Confidence, awareness, and savings are up

**With the economic woes of 2020 came lessons learned, highlighting Americans' commitment to their financial fortitude, even during tough times.**

While just 16% of people considered themselves to be a financial expert in 2020, 49% reported that they are more financially aware as a result of challenges they might have faced during the pandemic.

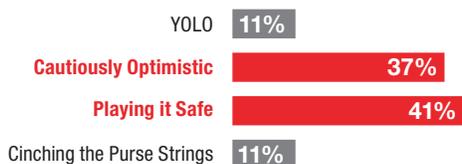
### Change in Financial Awareness



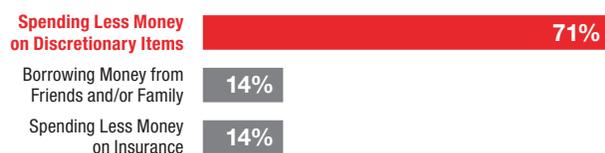
**With awareness came a "playing it safe" attitude that led to spending and saving changes, with very few Americans feeling like they needed to "cinch their purse strings" to stay afloat.**

A large majority of respondents (78%) said they are either "cautiously optimistic" or "playing it safe" when it comes to their finances. Just under half (41%) of respondents said they were spending less and saving more, and 71% said they were spending less on discretionary items, like dining out and travel.

### Money Management Financial Attitude



### Changes to Saving/Spending Habits

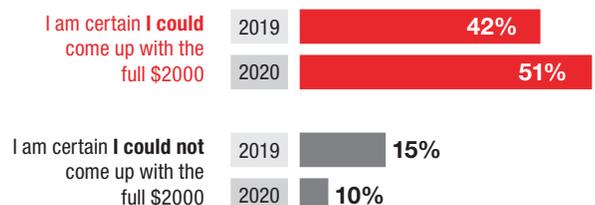


**In fact, more people felt that they could better save for an emergency in 2020 than in the year prior, proof of Americans' financial resilience and ability to reprioritize.**

About 51% of people were confident that they could come up with \$2,000 in the next month if an unexpected need arose, up from 42% when asked the same question at the end of 2019.

Americans who reported being more confident as they approached the end of 2020 were also 10% more likely to save for an emergency than those who were not feeling more confident (34% vs. 25%, respectively).

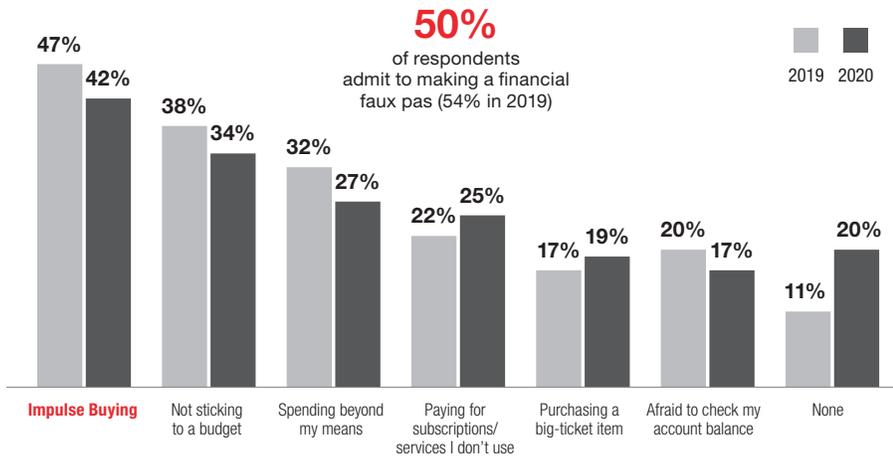
### Saving for an Unexpected Expense



# The Financial Resilience Equation

## Financial faux pas are down

Financial Faux Pas Year Over Year



**As Americans adjusted their spending and savings to remain financially resilient during the pandemic, they made fewer financial missteps than the year prior, but they didn't stop spending completely, fully embodying the cautiously optimistic mindset.**

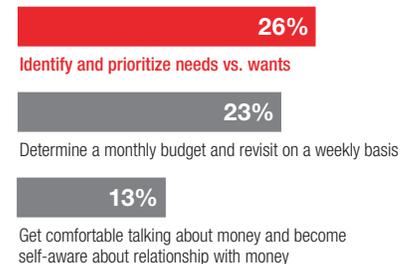
- 50% of respondents admitted to making a financial faux pas in 2020, compared to 54% who admitted to doing so in 2019.
- In both 2019 and 2020, impulse buying was the top financial faux pas reported, but 5% fewer Americans said they committed impulse buying faux pas in 2020 (42%, vs. 47% in 2019), an impressive change amid lockdowns and increased reasons for Americans to make impulse purchases.
- 25% of Americans who reported being more confident as they approached the end of 2020 admitted to purchasing a big-ticket item that they wanted but didn't need, compared to just 10% of people who were not feeling more confident and did the same.

**Most people prefer to deal with financial faux pas head on, demonstrating their ability to overcome missteps to remain resilient by either talking to someone they trust or creating a list of needs vs. wants.**

Of those people who deal with financial faux pas head on, 48% talk to their spouse, significant other, family member, or friend.

The top three ways Americans protect themselves from financial faux pas in the future are identifying and prioritizing needs vs. wants, creating a monthly budget, and getting more comfortable with talking about money,

### Protecting Yourself from Financial Faux Pas



**Essential workers feel more financially aware and confident than the nonessential workers, and their financial behaviors could be pointing the direction for Americans' financial resiliency as we emerge from the pandemic.**



- 30% of essential workers identified as a financial expert vs. 17% of nonessential workers.
- 30% of essential workers indicated that they have become significantly more financially aware during the pandemic vs. 20% of nonessential workers.
- 68% of essential workers said they felt a greater sense of financial confidence as we approached the end of 2020, compared to the beginning of the year vs. 50% of nonessential workers.
- 65% of essential workers said they committed a financial faux pas in 2020 vs. 48% of nonessential workers.

# The Financial Resilience Equation

**What does it take to stay financially resilient in a pandemic? Here's the equation that Americans are relying on to boost their financial toughness:**

**38% of Americans said a good night's sleep makes them feel more financially resilient during the pandemic.**

27% of respondents also said proper diet and exercise makes them more financially resilient, and 16% of people use daily mindfulness exercises to help them feel more resilient.

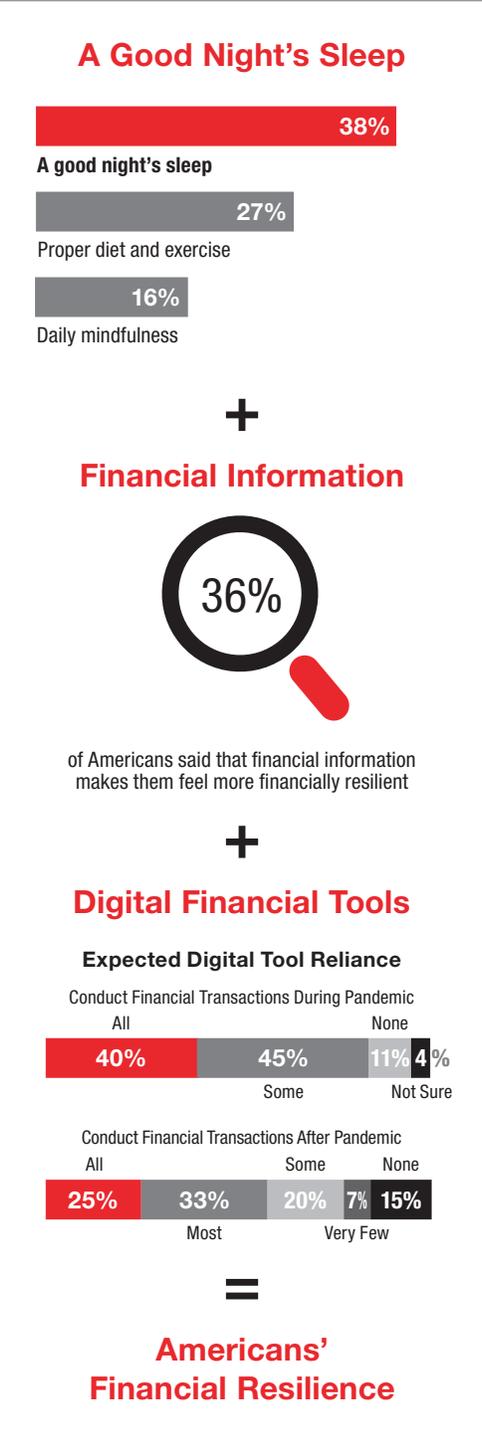
**36% of Americans said financial information makes them feel more financially resilient, with 40% of respondents age 50 or older saying the same.**

Nearly half (46%) of the highest earning respondents, earning more than \$100,000 per year, said financial information makes them feel more financially resilient.

**35% of Americans said digital banking tools make them feel more financially resilient during the pandemic.**

44% of people said they are extremely comfortable with digital banking tools, and 85% said they are likely to use digital tools to conduct some or all financial transactions after the pandemic.

28% of people 35 and under say that going forward, they want to create/update a budget with the help of a professional powered by technology.



Taking care of our bodies and minds has a strong correlation to our ability to weather the financial storm and make smart money decisions during the COVID-19 pandemic. Why? Focusing on what we can control – such as sleep, physical activity, and general mindfulness – helps establish the clarity and strength necessary for dealing with many of the circumstances we cannot control.

Financial information can be sourced from many places: a financial advisor, family member, friend, or the internet. The older age cohort tends to rely on financial information more than any other group, proving that no matter how many economic downturns you have experienced, it is still beneficial to keep learning. Talking through financial decisions big or small can help you make smarter money moves. The point is: You don't have to go it alone.

The pandemic has accelerated the adoption of digital banking, and consumers are more comfortable with virtual money management now than ever before. People are leaning on budgeting apps, online banking, and mobile deposits to help them navigate their financial futures and stay on track. Interestingly, those under 35, who are more likely to be experiencing financial firsts, tend to prefer a combination of digital and in-person banking, as compared to older people who are more likely to want to exclusively use digital tools for certain types of transactions.

**About the KeyBank 2021 Financial Resilience Survey:** The KeyBank 2021 Financial Resilience Survey polled 1,204 Americans ages 18 to 70, between September 30 and October 2, 2020, via an online questionnaire distributed by Dynata and hosted by Vision Critical. The survey asked respondents about their financial attitudes, understanding, awareness, and actions over the prior year.

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