THE BROOKINGS INSTITUTION

WEBINAR

NEW APPROACHES TO MEASURING FINANCIAL HEALTH

Washington, D.C.
Tuesday, May 18, 2021

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P R O C E E D I N G S

MR. KLEIN: Good afternoon. My name is Aaron Klein. I'm a senior fellow in Economic Studies at the Brookings Institution and it's my pleasure to welcome you to this conversation today about measuring America's financial health.

As we emerge from the COVID pandemic, we've spent the last year plus worrying about Americans and the world's physical health and rightly so from a once in a lifetime multigenerational pandemic. But the pandemic's implications extend far beyond our physical health into our financial health.

Furthermore, they demonstrate how integrally linked financial and physical health are. As we return to a time of some normalcy and returning from the COVID pandemic as we emerge from our shells, our financial health was not great going into this pandemic. Far too many American families lived on the edge, lived vulnerable. In fact, there was a feeling that the middle class was experiencing less stability uncertainty. Just like your physical health maybe fine, but if you're uncertain about its future, you're not all well.

Today's conversation is going to dive into looking at our financial health and we're going to get some fantastic new research from Jennifer Tescher and David Silberman from the Financial Health Network, who's first line of their paper I think is spot on. Look at what's measured, it's managed.

And to set the stage for that conversation about how we are or not measuring America's financial health, I can think of nobody better than former comptroller of the currency and currently the president of the Ludwig Institute for Shared Economic Prosperity.

Gene Ludwig has many titles and has served America in many different capacities, but right now we're thrilled to have him here at Brookings to share his thoughts and views on this. Gene, let me welcome you onto our virtual stage and thank you for joining us today, this afternoon.

MR. LUDWIG: Aaron, it's an honor to be here. Brookings is a stored institution and justifiably so. But particularly with this distinguished panel and let me just celebrate for a second, Jennifer and David's achievement.

I've known Jennifer for a very long time and she's been an enormous force for good whether an executive at Shore Bank, you know, really premier CDFI of its time and to the work she's doing now. So this important work. I'm honored to be a little bit of a part of it, at least to introduce it so thank you, Aaron. And you've done some pretty fancy things yourself. Paul Sarbanes' senior official and really helped the country enormously.

MR. KLEIN: Thank you, Gene. I try to keep Senator Sarbanes in my heart and in my head at all times. He was laser like focused on using America's government platforms and voice and institutions to help those who couldn't speak for themselves. And in that vein let me ask you, you know, do you think the American government does a good enough job of assessing American's financial health?

MR. LUDWIG: No. I think unfortunately we do a pretty poor job because the government though collects statistics well, collecting bits of information well. It's been relying on a definitional framework. It comes out in the headlines statistics that is 70, 100 years old and that framework no longer works for us. So unfortunately, it's putting out headline information which is highly misleading.

MR. KLEIN: So, you know, what should we do to fix this problem?

MR. LUDWIG: Well, what Jennifer is doing and focusing on it I think is a critical element of this. I think she's right about what measure gets managed. At our organization, you can find it on website, lisp.org. We're doing much the same thing.

We're taking headline statistic after headline statistic trying to give it fair assessment and what we're finding is just shocking in terms of the misleading nature of it and how they impact middle- and low-income Americans who are, in fact, in dire straits.

MR. KLEIN: So let's drill down on that a bit. One of the key metrics that comes out every month is the job's report. I remember looking through the Bureau of Labor Statistics Job's Report actually when Senator Sarbanes was the senior member of the Joint Economic Committee.

We used to have hearings in Congress every month on the date they were released. Press releases. People talk are jobs going up? Are they down? You measured the unemployment in a separate survey. You measured the number of jobs created by established firms. Do you think, you know, this unemployment metric captures what's going on accurately for Americans?

MR. LUDWIG: No. I think the headline statistic is just terribly misleading. Let me give you example. So let's take January of 2020 before COVID.

Supposedly one of the best job months ever, 3.7% unemployment. We should all feel good. Everybody has finally got a job. Just a very few people haven't. We should feel great.

But in fact, it's completely misleading because what it counts are only, A, people who have looked for a job in the last month. B, it counts as employed anybody. Even if you worked for 10 minutes in the last two weeks. Now, 10 minutes is probably redact you out of the cerium, but an hour? You couldn't get a job in a little over thing. And you're counted as fully employed for purposes of that report.

And number three, it doesn't matter what you earn. If you earn a poverty wage, you know, below any state's poverty wage, you're counted as employed. That's not what most people think. Now, if you take that same number, 3.7%, that they're reporting as unemployment and you actually filter it with the same BLS numbers for do you have a full-time job? If not, we count you as functionally unemployed.

Are you earning above a poverty wage? Which we said at $20,000 a year full-time or part-time is $20,000 which is below every state's poverty level. So if you can't earn more than that you can't food on the table. You can't have housing in most cases, etc. If you do that you find that in January of 2020 supposedly our best month. In fact, 23.5% of all Americans who were looking for a job were functionally unemployed.

And if you look at Black Americans, it's 28.5. So essentially a third of Black Americans in the best month are functionally unemployed and 25% again directionally of all Americans are functionally unemployed in the best month. Terrible numbers.

And we can see it when we walk down the street. We can see it in the tense cities that have grown up in our cities. So anyway, it's terribly misleading and it misleads our policymakers something terrific and the American people.

MR. KLEIN: No, Gene, I think you're spot on. In fact, sometimes I think just using percentages itself can be misleading. I love how you talked about ratios, one in four, one in five, one in three, right?

The Treasury Department just came out with a number about this child tax credit that they're going to be able to reach 88% of American households. You go, wow, that's pretty good. B+, 88. And then I flip it to you and I say, one in eight families in America aren't going to get their child tax credit on time because the Treasury Department doesn't know how to give them money, right?

MR. LUDWIG: Absolutely.

MR. KLEIN: Most of them have bank accounts. One in eight. If I told you Amazon could only reach seven out of eight customers with packages, you'd laugh, right? But somehow that --

MR. LUDWIG: I wouldn't be very happy either if 20% of my packages didn't arrive.

MR. KLEIN: Right. But somehow, when you put it as a percent lacking context, 88 feels good, right? You get that on a test, it's not an A, but it's pretty good and you flip it and you go one out of eight. How can you not -- we're a year into a pandemic and an emergency. Uncle Sam can't reach one out of eight people with a payment? Are you kidding me?

But again, the same numbers. On the BLS context, you know, they talk about hours worked. And that's on hourly people not salaried people. I get the sense salaried people have been working more hours thanks to technology as years go by. I remember when I first started work. When you left work, you left work, right?

How many of us ever leave work? But that's not counted as working more hours, which stirs off a whole series of other measures and metrics about productivity, etc. But let's not go down that road and let's stay focused on families and financial health.

So if you look at data on family annual earnings, you may believe people are okay. You said $20,000. You make $30,000 a year. We focus a lot about what people make over the course of a year. You know, but volatility in that earnings is tremendous month to month, week to week. And if you don't have money in your bank account overcoming small short-term mismatches in money is incredibly costly.

Gene, what do you think what's wrong with the way that earnings data is collected?

MR. LUDWIG: Well, earnings data to wage data is similarly misleading but for two reasons. First, it only counts when they say, you know, what are the wage numbers? Full-time employment here, they only count full-time employment so it tends to up the number. It makes it look better.

If you count that person who is part-time as well as the person who is full-time, you find that the real number is almost always 20% less. Twenty percent less than being reported. But even more importantly and you'll be finding this on our LISP website, lisp.org.

I hate to advertise but I think you'll find it interesting. So there's a lot of data there that's really valuable. But if you filter the wage supposed increases for middle and low income Americans and what they have to buy, you find something even more shocking.

While CPI looks -- that is the inflation number, the headline number -- if it looks like it's only going up 1.3, 1.5, 1.7, whatever it is, you know, over the last ten years. You'd say, well, hey, you know, the wage data, CPI adjusted so what's the beef?

The beef is that if you look at what middle- and low-income Americans spend their money on to and have to survive, food, housing, you know, healthcare even education. You look at that bundle of things, you find that it's gone up much more rapidly than the normal CPI and that's what affects them. So we'll be coming out with this CPI data in detail over the next several months. And again, it makes middle- and low-income Americans' lives miserably worse than is being reported and people anticipate.

What I like to tell people is look with your eyes and if you go into small towns and cities, even big cities like Baltimore and parts of Baltimore. The most of Baltimore, you go to Toledo, Akron, my former wonderful home of York, Pennsylvania. You go in front of the fed with 10 cities and decrepit buildings and things deteriorating. The real true headline numbers that is the ones we've been trying to encourage in the Jennifer and David and you, Aaron, are talking about today paint the real picture of the sad declining situation for middle and low income America.

MR. KLEIN: No, I couldn't agree more. You know, this idea of core CPI excluding energy and food was invented by Nixon. It's a Nixonian concept as part of the Whip inflation now or WIN Campaign designed to lower the appearance of inflation.

I hate to say, you know, core inflation is really relevant to the group of people who don't eat food, don't drive a car and don't heat or air conditioner their house. Those people can focus. And when I meet a person who doesn't eat or drive or heat their house, I'll be glad to talk about core inflation with them.

For the rest of us, I'm going to talk about real life. And as you point out, you know, real life is different. So let's get into real life because we tend to silo financial health and financial wellbeing and physical health, and physical wellbeing.

And some of the work that I've been doing supported by Robert Wood Johnson Foundation and others has been looking at that intersection. How does being financially unhealthy impact your physical health? Have you guys been thinking about this as well?

MR. LUDWIG: Tremendously. And we'll have more and more information on that. Tremendously. And of course, health outcomes are enormously important in terms of your ability to hold a job and perform well at a job, advance at life, etc., from a youngster's -- the way I like to think about it is this.

If you look at endowments, college, university endowments, and you look at endowment per student. In other words, how much money, how much wealth do you have? That cost -- the thing that correlates best with outcomes in those universities when you see the rankings. This one is the best. That's one the best. The thing that really correlates is how much endowment per student you have. That's the most correlate.

Similarly, if you think about everybody. If you have the money and the wealth to be able to afford decent healthcare, decent schooling, decent opportunities, it's going to produce a better result, net/net will correlate to get you through the bad times you mentioned, etc., then almost anything else. And if you have folks who have no ability to support themselves and pay for that dental care, that child who has a, you know, some other medical malady. And you put it off that is decreasing the ability of that youngster to achieve the American dream of a fair start.

And America is all about fairness. We want to give people an opportunity here. It is a hand up as Bill Clinton used to say, not a handout, but give them a fair opportunity. They don't have that right now because the wealth gap is so profound that they can't give the kid the same fair start in life.

MR. KLEIN: So we won't get into debating whether Harvard is a university educating its students or a large tax free hedge fund with the small university for nonprofit status, but we'll pencil that for a later conversation. We're almost out of time.

I want to ask one final closing question, which is you were at the seat of government at the height of power, comptroller of the currency. If you could tell the Biden administration one thing to do, one thing to focus on in terms of improving America's financial health what would it be?

MR. LUDWIG: Get what you're doing passed. The Biden administration as my view has done a really solid job, a great job, in terms of the first COVID bill, which, you know, put at least some floor under Americans who had had the worse time during the pandemic so that they can basically begin to give kids that extra healthcare. They begin to have something.

The second bill, this infrastructure bill is even more important. Get it passed. At the end of the day, people have to have real incomes to produce wealth and that means real jobs and a real sense of satisfaction.

Infrastructure does two things. Number one, construction jobs and all these other jobs that it will produce are good paying jobs. You can now start to build wealth. You can start to send people to the hospital or the whatever it is.

But secondly, it's an investment in the wellbeing of America and this is often misunderstood. They say, oh, the deficit, the this, the that. It's all -- no, no, no. If you're building a business, and I've built businesses. You've got to invest in those businesses or you get nowhere. And this is investing in America. And we've had a tradition of this.

Back in the Eisenhower administration, largest debt to GDP in almost the history of the United States right after World War II. And what did they do? The Highway Trust Fund. Invest in the building of highways for America because that investment produces great good and great opportunity in the future. So if you say to the Biden administration, you got what to do. Number one, get the infrastructure bill passed and start to produce good jobs for America then you can go on.

There are other things one can do in the future, but that's the number one thing to do right now.

MR. KLEIN: Great. Thank you very much, Gene. It's been a pleasure hearing from you. And with that I'm going to call up Jennifer Tescher and David Silberman. Jen is the president and CEO and founder of the Financial Health Network where David serves as a senior advisor after an illustrious career in government including at the Consumer Financial Protection Bureau. They're going to present their new paper and research findings.

Afterwards Binyamin Appelbaum, the lead business and finance editorial writer for the New York Times is going join and interview them and then take it away with this all-star panel to react. So with that I turn it over to Jen and David to walk us through their fantastic new research.

MS. TESCHER: Great. Good afternoon, everybody. Thank you so much to Brookings for hosting this event. I can't thank you enough, Aaron Klein, for being a partner in crime on this and many other topics. And again, thank you so much to Gene. We have known each other a long time and I've just always admired your work. And our work has a lot in common right now.

And of course, I want to react to all of the things you were talking about, but I have a job to do. And that's to begin sharing a little bit more about David and my new paper. And discuss what financial health is and why it matters. How to measure it and why measurement matters although I think Gene and Aaron have done a nice job of that so far.

In order to do that I want to do what Aaron suggested. I want to actually get real and I'm going to introduce you Sarah and Sam Johnson. The Johnsons and their three children live in a small town near Cincinnati, Ohio. Sarah is 38 and she works full time as an HR assistant and part time as a secretary. Sam is 49 and he sells electrical equipment and he also coaches sports and work weekends at a call center.

If you look at their tax return for the year, things look pretty good. They bring in between $55,000 and $60,000 a year around the U.S. medium. They have house, two cars, a 401K and employer sponsored health insurance, but their paystubs tell a different story.

On a monthly basis, their income fluctuates dramatically. Their part-time jobs pay irregularly. Sam only received two-thirds of his pay for part of the year because he was on short-term disability while recovering from surgery. Sarah and her son are both getting college degrees and they both get lump sum financial aid checks a couple of time through the year. Sarah's ex-husband provides only sporadic child support and the timing of when they receive their income never seems to line up well with when the bills are due.

Sarah is the money manager in the family and she's got a straightforward system. Each paycheck goes to a different bill. So one goes to the mortgage. They owe just over $70,000 on a house that they estimate is worth more than $92,000. Another paycheck goes to their car payment and what's left over covers everything else.

But this tight cashflow and timing mismatches has led to several late bill payments. Their expenses are as volatile as their income making matters worse. So consider just one month in their lives.

It was an $11,000 month. Well above their average expenses. What happened that month? Well, they bought a new car because their old one was unreliable with all these jobs and living in an area with no public transportation that is critical.

But then as luck would have it later that month the roof started leaking and it damaged rugs and furniture. And that in turn aggravated their daughter's asthma and that required the purchase of an air purifier and so on.

The Johnson family has had its share of health issues. An appendicectomy, foot surgery, an emergency room visit, managing a chronic illness in the family which added to their financial strain. As a result of their co-pays and deductibles, they owed $8,300 in medical bills and another $3,000 across seven credit cards.

When asked what their greatest financial aspiration was? The Johnsons said to be able to pay our bills on time. A few months later, the Johnsons went on to file bankruptcy. The Johnsons are real. I've changed their name, but they are one of the 235 low and moderate income families that we followed over a 12-month period during 2012 and 2013.

As part of the groundbreaking U.S. Financial Diaries Research, a joint initiative of NYU Wagner's Financial Access Initiative and what was then the Center for Financial Services Innovation, now the Financial Health Network.

The research was design in part to answer the question how are every day Americans faring financially? It seems like a straightforward question, but as it turned out it was one without a straightforward answer.

What one metric should we use to judge how the Johnsons are faring? Income clearly doesn't tell the whole story. Neither does wealth which in their case amounts to a small amount of home equity and a tiny amount of retirement savings.

The Johnsons are clearly hardworking and they appear to have the trappings of a successful middle class life, but a whole set of financial challenges lie just beneath the surface.

Today nearly a decade later in the wake of the pandemic and in the midst of a racial reckoning, we're again asking how are Americans faring financially? And as Gene and Aaron talked about, the government tends to focus on the health of the overall economic and use macroeconomic measures like GDP growth or the unemployment rate as a snapshot. And those metrics offer very little insight into how families like the Johnsons are faring.

Over the last couple of decades, GDP growth hasn't benefited all families equally. And as Gene just described, the unemployment rate doesn't even appear to be measuring the right things. Other measures such a median income or savings rates aren't sufficient either. People's financial lives are simply too complex to be adequately proxied by a single indicator. And average data obscures the dramatic inequities amongst families and especially across race, ethnicity and other characteristics.

That makes is difficult to crack cogent government policies and to design effective government programs and to know if they're working. We believe the answer lies in establishing what we call financial health as the clear North Star for economic and social policy and creating a new system of government data collection and measurement to assess the financial health of both the country as a whole and those communities that historically have been marginalized or otherwise underserved.

At the Financial Health Network, we spent the last decade defining financial health and developing a methodology for measuring it and so have others including this Consumer Financial Protection Bureau and the Commonwealth Bank of Australia. In our view, financial health at a minimum should address the ability of individuals and families to meet their current obligations and needs, absorb and recover from financial shocks, secure their future, and improve their financial situation over time.

Based on years of research, we've created a composite measure based on eight key indicators of spending, saving, borrowing and planning and then we weighted those indicators creating a financial health score from zero to one hundred. And that led to the creation of three tiers of financial health, healthy, coping and vulnerable.

When we applied that methodology to the nation, the picture is not pretty. We've developed what we call a financial health pulse platform to measure monitored financial health in America through regular surveys leveraging a representative national panel. Based on our July 2020 survey, only one-third of individuals were financial healthy. Half were coping and almost one in five were financially vulnerable.

The disparities between the financial health of white responders and people of color also emerged clearly from this same dataset. Whites were more than twice as likely as Black responders and

1.6 times as likely as Latinx respondents to be financially healthy. And whites are similarly less likely to be financial vulnerable.

It isn't enough to net your financial health in America. The government must disaggregate the data to fully understand these and other inequities to inform the development of policies to reduce them and to measure the impact of those policies. Simply put what gets measured gets managed.

Now, I'll turn it over to David to layout our thoughts about how we realized this vision.

MR. SILBERMAN: Thank you, Jennifer. And let me add my personal thanks as well to Aaron and the Brookings Institution for sponsoring this event.

In order to layout our recommendations, I just want to begin by underscoring one point that Jennifer made as she was discussing the Johnsons. And that is that financial health is not just about income alone or wealth alone or about any single factor.

It really involves the interaction of a set of financial conditions and behaviors that include as Jennifer said at a minimum spending, borrowing, saving and planning. So what that means is that if we want to understand financial health of families, we need to measure all of those together at the level of the individual family or household and I'll use those two terms interchangeably without trying to getting into the nuances of family versus households.

Now, we know a fair amount about household income and its distribution as a result of the reports that various agencies produce. Although as Gene has indicated, there is a whole much more that could be done to improve even our understanding of income.

But we know a lot less about other aspects of families' financial lives. The Survey of Household and Economic Decisionmaking. The SHED that Federal Reserve Board does each year in which, incidentally was released just yesterday, certainly provides some insights into spending and saving and borrowing and data about family subjective sense of financial wellbeing.

And then once every three years the fed releases the Survey of Consumer Finances which provides a much more granular and more robust set of data, albeit, on a more limited sample size. But while the SHED and the Survey of Consumer Finance produce a myriad of datapoints, they wind up giving us a very blurry picture of that state of financial health. It's difficult to discern from all these different datapoints what the share of American families are struggling.

What share of treading water? Who is prospering? And it's even harder to for these data to evaluate gaps in financial health among racial and ethnic minorities and other disadvantaged groups. So what that means we think is that while there are gaps in the type of data that's being collected and the frequency and scale with which it's being collect. What's missing most of all is a method of making sense of the data. Of pulling datapoints together at the level of family to be able to make sense out of what's happening to families.

So that means creating a family level financial health composite pictures and then using those pictures to build pictures of the financial health of the United States as a whole and of discrete populations within the United States.

To do that what we are recommending is the creation of a single authoritative composite index that can be used to assign a financial health score to individual families and along with a method of contextualizing the scores. So we're not simply saying there's so many families who are 50s and some families were 30s, but we can put those into tiers or brackets and talk about financial health in a way that makes sense for policymakers and the public.

What that means is defining a set of key indicators and assigning weights to those indicators. Developing a data collection reporting system so that that data can be collected and scores can be assigned to the families and then putting those scores into groupings so that we can report on the share of families who fall into different financial health tiers.

The analogy I'd offer for those of us who've had the privilege of participating in the birth of a child is the Apgar Score that's given as soon as a child is born, which is a scale of on a scale 1 to 10 pulling together five indicators of physical health with weights each. And broken into three tiers so you know from a single number how well your baby is doing.

We need that kind of metric and way of measuring for financial health as well. And if we had something like that in place then the decisions instead of or in addition to talking about changes in the GDP, we could be talking about changes in a financial health score. And in addition to talking about how many families fall below the poverty line, for example, we could also be talking about how many families are falling below the financial health line and how that's different for Blacks and Latinx and other disadvantaged communities.

More generally, we think that a system like what we're describing here can be used to set economic goals for the nation to measure our progress to make mid-cross corrections. And in the longer term, we see this kind of scale index as a value in a way of rethinking how government targets assistance so we're not simply using income as a measure of who needs assistance. As a scale that private sector actors could use to measure the financial health of their customers, their patients, their students and build programs to help them.

Now, how does this get done? Well, what we recommended is that the Biden administration make this a national priority. Assign a high-level official within the White House and then the administration to lead this effort who will then in turn bring together the experts from across the government and from outside the government as well to do the hard work of building the indicators, building the weights, validating the scale, and designing the state of collection system.

That will take some time. And in our paper, we outlined some interim steps that can be taken in the meantime. But in the interest of time, I want to stop there so that we can now have a chance to engage in conversation and hear from our distinguished panelist so thank you.

MR. KLEIN: Great. Well, thank you very much for that presentation. This is really interesting and provocative stuff. The need for better data is clear. It’s important. It’s in policymaking. It really comes through so thank you.

I want to start by asking though about the measurement of spending because I think for many people there is a sense that, you know, income is less under the control of an individual at least in the short term than spending. And when we speak about the financial health of someone who is spending more than their income, there is an immediate impulse to say, okay, they should spend less.

So how should we think about a measurement of how much a person is spending and the utility of that kind of measurement?

MS. TESCHER: Well, the way we address it currently in our methodology is to take the judgment out of it and to simply understand how much of a gap there is between income and spending. Because as the Johnson story tell us, we can’t possibly know or make those kind of value judgments.

There’s a lot of additional information that I didn’t share about the Johnsons. There are some elements of their situation that absolutely seemed unfair and out of their control from an expense perspective. There are other decisions that they made over the course of that 12 months that, you know, one might say, well, maybe they shouldn't have gone out to eat for their kid's birthday. Or maybe they shouldn't have bought those extra clothes. But I don't think the government wants to be in a position of having to make a judgment about what expenses are okay and what aren't.

And I do think that what we've also been hearing so far in this conversation is that we're undervaluing the expenses that will yield the greatest benefit, right? College tuition, through the roof. Healthcare cost, through the roof. And those increasingly are not options. Those are must haves. So I think we would do better to focus on those kinds of expenses and less on did someone buy a pack of cigarettes as an exe.

MR. KLEIN: But let me press this point with respect to something you mentioned in your paper which is the idea that a metric like this might allow the government to target housing aid more effectively.

There are clearly people who have chosen to over house themselves. If you're using a metric like this aren't you helping people who have essentially gained the system?

MR. SILBERMAN: I think it emphasizes the point that no one single metric is indicative of a financial health. I mean, I'm out of state where I actually very much hope very soon that my income, my spending is going to be exceeding my income. And that won't indicate the only thing that I'm in poor financial health. It will indicate, you know, I have assets and I'm planning to spend down those assets.

During the pandemic, we saw people drastically reduce their consumption. And it maybe that their consumption was below their income if you take into account transfer payments, but that doesn't necessarily mean they were financial healthy. So I think it's sure if you focus on any one indicator, you could wind up with a sort of misleading sense of focus on financial health and that's why the composite seem so important to us.

MR. KLEIN: I want to ask about, you spoke about the importance of measuring, you know, the financial health of communities. You talked about, you know, minority communities. There's another kind of community which is just a geographical community.

Gene mentioned that he's from New York. It happens that my mother grew up there too.

Neither of them lives anymore in New York and while I don't want to blame the two of them, New York is essentially a concentration of people who aren't doing well and as a consequence they're not doing well. So how do you think about the geographic component of this?

MS. TESCHER: David, you want to take that?

MR. SILBERMAN: Sure. I mean I think that we do indicate and talk in the paper that this is a metric that can be used to measure how people in rural areas are doing or cities. How the disabled as a community? And this is not intended to suggest that only one set of communities. That we want to be able to have the capability to measure this in geographic terms, in racial and ethnic terms, in terms of other things that are important to people's lives.

MS. TESCHER: And, you know, we've done -- we've put out a paper, I think last year, in which a very short paper. We took our pulse data on financial health and we leveraged some additional data to really look at neighborhood effects because most of our research to date has been at the people or the family level. And we wanted to understand the intersection between people and place and not surprisingly there's a significant connection between the two.

And I think one of the benefits of a financial health measurement system is helping to bring people and place policy and actor together because often those two universes feel separate. But we know that there's a significant interaction.

MR. KLEIN: So during the Great Depression, we got GDP. We got unemployment during the '60s. We got a standardized measure of poverty. It's terrible but it endures. You know, and this seems to be the metric that would logically grow out of the current economic challenges that we're confronting.

But I mean it strikes me that you guys have a big marketing challenge. We're all drowning in data. Sometimes the simple stuff sticks because it's simple. The stock market isn't the economy. Inflation isn't gas prices, but people think about them that way because they're salient and, you know, easy.

So how do you sell this basically? How do you convince policymakers to make use of this?

MS. TESCHER: You know, David gets on his soapbox frequently about this point. In the federal reserve SHED survey that he mentioned earlier there's a statistic that even I will probably misquote and David will correct me about the ability of someone to come up with $400 in order to manage an emergency.

And that has become the statistic to end all statistics. There was even a famous Atlantic piece, I think it was in the Atlantic where the journalist in question essentially said, "Hey, I'm one of those people who couldn't come up with the $400." I actually think that people are yearning for simplicity and the benefit of an index, if you will, a composite figure allows people to just focus on the one thing as opposed to the 10 things.

So I agree with you. At the moment there is a bias, a proper bias to action, right? Because we know things aren't going well out there. Let's do something about. Let's do something about it. The fact is while there's I think a need to take some swift action like we have so far as it relates to the Care Act and the rest.

Shooting first and aiming later, you can only do that so much. And I think if we want to make sure that the very large investments that we're talking about making as a nation are actually going to solve the problems we want them to solve. We would be wise to move sooner rather than later to make sure we can actually understand whether the policies are having the intended effect.

MR. KLEIN: And we've got a panel of experts waiting to weigh in, but before move over let me just ask you finally about sort of absolute versus relative standards.

Over time is the goal that everyone moves up into that top bracket of people who are doing well? Or is sort of, you know, relative to your peer's measurement?

MS. TESCHER: David, go ahead.

MR. SILBERMAN: I would say certainly the goal, you know, we talk about financial health for all. And the goal is that every family should be able to pay their bills. To know that they're not one paycheck away from or one major expense away from not being able to going underwater.

That they are moving towards -- they'll have a secure retirement and that they're able to at least provide for their kids. Our aspiration should be that every family enjoys that much. That doesn't mean that every family is going to have exactly the same amount, but there is some modicum that we would define as financial health that we want everyone to achieve.

MR. KLEIN: That's great. All right. Thank you both very much for the paper and for your answers.

MS. TESCHER: Thank you.

MR. SILBERMAN: Thank you.

MR. APPELBAUM: And we now have joining us a panel of experts. I think is everybody online? There we go. Great.

And maybe the place to start -- there we go. I'm back. Maybe the place to start, I'll ask you for you to introduce yourself briefly in the context of answering this question. Do we need another financial metric? Do we need another datapoint in the sea of data we all live in? And if so, does this strike you as a good one?

MR. PIWOWAR: Binyamin, do you want me to go first?

MR. APPELBAUM: Yeah, sure. I should have done that. Yes, Mike, go ahead.

MR. PIWOWAR: Yeah, sure. No, I mean I think they put together a provocative paper and, you know, as they point out, you know, a lot of the current surveys aren't doing everything that they need them to do in order to build a measure of financial health.

And one of, you know, as I was reading through the paper, one of the things I wanted more of to your point, Binyamin, is we already have a bunch of data that's out there. And the authors make a point that none of them individually give us the clear picture where they say a blurry picture of what we have there.

And I wanted to get more information from them in terms of what specifically more information do we need, right? So they mentioned the triannual survey that the fed does and it says, well, the infrequency of it doesn't make it particularly useful. And I thought, well, all right. What if we made that annual? Would that be better? Would that be good enough?

And they go through and they talk about some of the other ones where if you could supplement some of the data that they could do there. And there's also, you know, one of the ones they didn't mention was the University of Michigan has one. The Panel Study on Income Dynamics that over time has added some wealth data and some other information on food security and some of the other issues that they're interested in.

So one of my questions after reading the paper, to your point, Binyamin, was well why aren’t these sufficient? If these were all to be maybe enhanced a little bit in terms of their incremental approach that they're doing is that enough? Is that sufficient?

MR. APPELBAUM: Sarah? Moving left to right on my computer screen.

MS. ERTUR: Sure. Thanks so much for having me. Financial health is in my title so I have a strong professional interest to say, yes, now is the time for us to take stock of the collective data sources that we have across this country. There are, frankly, so many rich ways to think about financial health. Yet, we are at a point in time whereas Jennifer and David said, there is no single index. No single indicator that really gets at the economic realities that Sam and Sarah face as she described.

I think I would take it one step further to say, yes, we do need this. We have questions to answer about who would coordinate it? Where would it be housed? This is a lot of resources we're asking for. But I would go so far to say, we need a complementary national financial health strategy to really operationalize this, empower it so that both the private sector and government are really living up to the shared responsibility to society to act on this data.

MR. APPELBAUM: Carol?

MS. GRAHAM: I had to unmute myself. I also I agree with Sarah. I think this is timely and what it adds is sort of the whole is greater than the sum of the parts.

So I obviously work with a lot of the surveys that have been mentioned, but none of them put together this whole concept. I think they introduce really important concepts. Some that come out of the, you know, the daily diaries of how Americans live their lives not just financial but also emotionally and mentally, which is with a lot of uncertainty, with a lot of vulnerability. And they introduce these concepts into financial health.

And the other thing they suggest that should be collected going forward or that they, you know, they suggest collecting which is something I do a lot of is collect metrics on people’s perceptions and subjective wellbeing. You know, how they feel they're doing. You know, how their lives are going. And in the context of their financial health.

And that’s important because people often make decisions based on their perceptions not on the realities. As you mentioned, Binyamin, you know, people think of the stock market as the economy. And it can be booming when, you know, 20% of prime age males are out of the labor force. But yet, people look at the stock market and they feel better about the economy. You know, that maybe wrong but that perception often drives their economy choices and their economic behaviors.

The only thing I would add if they are going to go the direction of, you know, perceptions, data, subjective wellbeing data are two things. One is sort of a methodological point and the other is actually I think a really important behavioral point.

On methods, they should add some basic measures just life satisfaction, for example. Because often people's perceptions are based on whether they're more optimistic naturally or happier naturally than not. So more optimistic people will say their financial health is better than less optimistic people and that may not be objectively true.

We find, for example, that minorities are often much more optimistic than Whites, certainly, at the low income levels. And that will affect how they say they're doing, right? So I think you want to be able to -- if you're using perceptions, you want to be controlling for biases so you get the right information. And that optimism also reflects coping skills and resilience which are important to financial health as well.

And then the other thing is I would add two questions about behavioral response influencers. One would be an impatience question. You know, classic discount rate question. If you had a $100 today or you were to get $300 next month, which would you choose? That gives you a sense of how people are behaving financially and also how impatient they are. And, you know, how necessary it is to spend money right away.

And you get back into that picture that Jennifer painted about Sam and Sarah, right? That they had to spend money. Some of that wasn't choice, but in other cases it is choice. It's a behavioral choice question.

And the other is an agency question. So an internal versus external locus of control question. And the reason for that is that when people are very vulnerable and if they're just coping every day, they often make choices as though they're just struggling to survive, right? They don't have agency over what's happening and so they're constantly reacting to negative effects.

And it's very difficult for people to get themselves into good financial health if they are that vulnerable to daily events. And if their mindset then starts to reflect that. You can't plan, right, when things are scarce and uncertain all the time. It's very difficult to plan ahead and think about the future.

So I think all of that affects Americans' financial health particularly in that vulnerable cohort. And they affect as the authors themselves say. The complex interactions of these variables and the daily lives that people lead.

MR. APPELBAUM: Yeah. So I mean acknowledging that the existing data is insufficient is the easy part, right? The question is can we get better? How easy is it to get better? And, Mike, do you want to talk a little bit about that? Is this a plausible dream? Can you imagine this coming to fruition in a useful form?

MR. PIWOWAR: Yeah. So collecting better data is obviously, you know, very important and would be very useful, you know, in a number of different context, right?

So, you know, as a former academic financial economist, right, getting better data, all this individual data items. It's going to produce better, more impactful research. As a former regulator, you know, better data on financial health will enable more and better impactful regulatory policies, right?

I had the great fortune of testifying in front both the Senate Banking Committee and House Financial Services Committee on the state of retail or individual investing and it would have been great to have more granular data there. To have better conversations about how average Americans are getting access to the stock market either directly through brokerage accounts or indirectly through funds and retirement savings accounts.

So I think the collecting of data, you know, very much better data, very much beneficial, not particularly costly enough, particularly burdensome. I will say, however, that, you know, I am skeptical that we can boil it down to one sort of single authoritative measure, right? So as the authors point out, and Carol just talked about, right? It's going to entail both objective and subject measures, right?

So, you know, the subjective measures are going to be very difficult, right? You think that people have tried to construct all kinds of different subjective indexes. So for example, you had a researcher looking at a happiness index. How happy are we? And try to measure that and look at effects on various things. Those are virtually impossible.

Even on the objective pieces, right? You know, Gene and Aaron talked about, you know, how difficult it is to sort of disentangle what GDP numbers are telling us or the job numbers or even inflation, right? We have multiple measures of inflation that's out there. So, you know, a financial health measure trying to boil that down into one authoritative, comprehensive index I think is virtually impossible to do.

Now, however, again it doesn't mean we shouldn't try and it doesn't mean we shouldn't collect better data and for the reasons I talked about and for the reasons that the authors put in the paper. Better data and the collection of all those data items, you know, can then form the basis of a nice portfolio of pieces of information that different researchers and different regulators can use to fit their custom needs.

MR. APPELBAUM: So any of you where are we most aligned when you think about what we don't know? What is that whole? What is the stuff that knowing would be most beneficial?

MS. GRAHAM: Can I just jump in on that question? But also, the indicator point. I agree with you, Mike, that the one indicator thing usually is not that useful except for people to look at it and then look at the components and understand it better.

Like I work on subjective wellbeing data and I think, you know, the happiness in this use are basically a lot of noise on noise. Or when they're averaged up, they're telling you stuff you already knew. But if you look in more detail at the different things, we find out, for example, that people who have higher levels of life satisfaction and are more optimistic live longer, they're more productive, all kinds of things. And people who are in despair like the, you know, many of the 20% of prime age workers out of the labor force start to not react to incentives, right?

And so, you can't assume that people will respond to a moving to opportunity program if they're in such desperate straits that, you know, they just have no narrative any more.

So in the financial health arena, I mean what's missing? I mean I think many of you on the panel know more about the different components in terms of finances than I do. But I think having a better handle on people's sense of vulnerability, people's sense of agency. Can they control their finances? Can they control their lives? How will they respond to incentives? I think are things that are really important when you're going to start to invest money in different kinds of policies.

You know, for example, job programs to create opportunity for people to move to jobs. If they won't move, which is some of the evidence I have on people in despair, you know, you're throwing money at the wind. So I think the fact that they should suggest that kind of how people are experiencing their daily lives and how they feel about vulnerability and are they coping and can they make it? Are all relevant to how people will respond to policies. So I just think that's an important addition that really is worth it.

MR. APPELBAUM: No. I guess I'm struggling to imagine. Just taking moving to opportunity example. You know, what differentiates a family that's willing to take advantage of that program and one that's not maybe the fact that they someone who has done it? Maybe that a church is willing to engage them and provide support for them as they make that move?

These are things that I just struggle to imagine integrating into any type of systematic measurement or averaging at any higher level.

MS. GRAHAM: Well, you all mentioned a place, right? And there are bad places and good places. And they sort of create vicious and virtuous circles, right? And that where people live and who's living around them can make a huge difference to their ability to cope and get ahead.

I agree. An index won't capture that but at the same time not having that information can also be equally misguided. You know, if you invest in places where people aren't going to react or without some other kind of incentives to change things, you know, you're just investing in a vicious circle that won't change without, you know, other kinds of interventions not just standard, you know, financial incentive things.

MR. APPELBAUM: So, Sarah, I'm curious. You guys are in the business of knowing what your customers are like financially. What do you not know about them? What's the hole in your understanding of people's financial lives?

MS. ERTUR: Yeah. So I was eager to get in on this question. I agree with Carol in that there is a gap. We do have more subjective financial control measures out there.

I think the CPV's Financial Wellbeing Index being one great source of that, but they're not often triangulated with some other quantitative hard data that as you point out, Binyamin, it's that the private sector tends to react to those hard and fast salient numbers.

So for us as a bank, we're, you know, I spend most of my days trying to think about, okay, what is the useful data that we know at the community level, the city level, nationally? I think there has been a driving force, of course, behind -- especially when we're talking about the racial wealth divide. Thinking through the on bank and underpaid.

I would argue that's a great start. A lot of my banker counterparts will say, okay, let's focus on access because that is the main challenge at hand. And while I would agree, I would say, okay, let's move beyond getting people into the four walls of Chase or getting them into low cost, no fee banking accounts such as some of the bank uncertified accounts out there.

And let's talk about how do you effectively move someone from being banked 97% of the country to being financially healthy which as you can see in the Financial Health Network's scoring, you know, it's anywhere from 50 to 70% of this country that isn't financial healthy at any given time. So why the gap?

So we tend to bring more qualitative perspectives, more consumer experiences to our colleagues in the business to really consider the unique realities that they're facing. And really move from transactional to transformational outcomes.

The other thing I will say is there is a misperception in the industry that financial health is a metric or that it's a something that we all can get to. I think the way we see it is it's either an accelerant to other positive societal outcomes or a barrier.

So it's a barrier to homeownership if you're not financially healthy. It's a barrier to opening your own business if you lack credit or you're not credit worthy in the eyes of the financial institutions.

So we see it as a multivariant which is exactly the reason it's so hard to measure and so hard to pinpoint the financial health of a household, family or even a community.

MR. APPELBAUM: That makes a lot of sense. So I guess the question that continues to occur to me is basically if what we're talking about here is knowing more about how people spend their money and how they feel about their financial health.

Tell me a story about how that actually effects government policy. If what we're talking about here is that the government would know more information about that how is that helpful? What changes in your view if the government were able to get a better purchase on that kind of data? Any of you?

MS. ERTUR: I guess that’s a tough question which is your job as, you know, talking with us. But I think if the government knows that certain cohorts are sort of not going to respond to the average incentives or they may respond irresponsibly, right? I mean there’s a lot of literature on, you know, cash transfers. Do people spend them wisely or not?

Well, you know, there’s been a lot of studying, you know, those responses. And it turns out basically that the poor are pretty good at spending. Particularly the mothers it seems are pretty good at spending money on their kids if they get cash transfers. That’s not the same in every case and it may be different in different places.

You know, I think knowing that before you embark on a cash transfer program has been shown to be really important. And that the way they're designed sometimes with, you know, their conditional and you're sending your kids to school and taking them to the doctor? Whatever that might be. And they work differently in different places. And because of that those programs are now pretty successful in a lot of places where they have been tried with different designs, right, that are location specific.

So I think if you're thinking about banking or unbanked people, for example, and you find that in some context, whether it’s because of high levels of inequality or something else, when people with low income get more access to credit cards and banking, they spend unwisely. That’s an important piece of information before you start, you know, extending credit cards and bank accounts versus there may be other ways to do that that encourage people to save. And there’s a whole literature on nudges and everything else, which, you know, you're obviously familiar with.

So I think that’s part of kind of better policy design. And in the financial arena where, you know, we have a history of expenditure cascades, the housing market bubble, all kinds of things. I think it’s very useful to have a sense of how people respond to these things.

And again, going back to that kind of agency question. If people are sort of living so on the edge that most of their life has been out of their control, you know, it’s pretty quick -- I think it’s probably a not great assumption that all of a sudden if you give them a credit card that they're going to all of a sudden start saving wisely because they’ve never been able to before. They may just spend it down.

You know, so I think it's that kind of information on the margin or on sort of in addition to the objective information that's important to testing things out before you just implement a policy.

MR. PIWOWAR: Yeah. And, Binyamin, if I may? It also would be helpful in terms of evaluating the effects of existing policies, right?

So you brought up the issue of, you know, could this data or some sort of index be used to look at, you know, various geographies, right? So we had in 2017, we had this Tax Cut Job Act and part of that was creating opportunity zones which provided tax incentives for individuals and partnerships to invest in economically depressed areas based on median income and some other sort of factors that were there.

If we had to measure it would be overall sort of financial health from people in there. Both the objective measures in terms of their income and their spending and those sorts of things. But then also, maybe more the subjective measures which get to sort of their anxiety about what's going on in the future. And we could see like in these opportunity zones where investments came in did they improve their financial health in there. And to some extent maybe it's, you know, decreasing the volatility of future income, right? Providing jobs in those areas or maybe not. So it's a way to evaluate effects of those things.

And in the paper, the authors make a good, you know, some good suggestions in terms of, you know, targeting specific economic policies and using this as a way to target that. I would offer that the other benefit from this is, you know, just like I said. Evaluating effects from things. And even in regulatory rule making, for example, right? And my old job at the Securities and Exchange Commission, you know, the FCC is a disclosure regulator and not a merit regulator. And so, try to provide information to armed investors with the best possibly information to make informed investment decisions.

And yet, the FCC is not very good in terms of evaluating whether or not those disclosures are effective conveying the information that investors need. And so, you could look at the effects of particular regulatory policies and say, look, did they provide investors with the information they deem to be confident to make future investment decisions in the planning process that the authors point out in their paper.

MR. APPELBAUM: Sarah, did you want a crack at this one?

MS. ERTUR: Yeah. Just to add that I think when I reflected on the paper, one of my biggest questions was if we are, in fact, changing the measurement or the indicators by which social benefits, eligibility criteria or by which they are delivered. We know there's, you know, certain pitfalls or perverse incentives that are sort of baked into the system.

How might a new way of thinking about it unlock better access and better outcomes, right? The idea that if you get a raise at your job you may be losing housing support or SNAP benefits, food stamp benefits and that actually the total value of the raise is significantly decreased because of the benefit's cliff that we've created by basing it purely on assets or income.

So I think there was potential, but I thought we should tread lightly and make sure that an introduction of a new metric or new index would not unintentionally exclude new segments of the population.

MR. APPELBAUM: So we have some questions that have come in from the audience. I'm not sure if the authors are rejoining us for this portion, but I've been asked to pose some of the questions that have come in from audience members.

And one of them is about the use of a metric like financial health in the regulatory context. Whether it would be reasonable to apply it as a standard to institutions as part of, say, their CRA obligations. Or as you were suggesting that the FCC might use it to judge whether companies have actually, you know, effectively disclosing obligations or meeting their other statutory obligations.

So what do you all think about that? Is something like this conceivably useful as a regulatory tool?

MR. LUDWIG: Absolutely, right? So one of the things that financial regulators need to do and they are all independent financial regulatory agencies. And one of the things that they need to do is what's called economic analysis or cost benefit analysis.

And what that does is it requires them as they think about proposing a new regulation, they have to first start out with an economic baseline. What does the world look like as it exists today? And then to evaluate various alternative approaches and evaluate the cost and benefits and look at sort of what effect would they want to have in the future?

And so, you can imagine that both the FCC and the CFPB looking at having policies that effect, you know, the wealth in terms of on the investment side for the FCC or in terms of, you know, the savings and debt and those sorts of things with the CFPB. They want to promulgate a rule. Well, if you had this data, you could see what the baseline is today, evaluate your cost and benefits, and say what do you think the effects are going to be in the future?

Then in the future, on the backend, do a retrospective review of those rules and look at what were the effects both intended and unintended that it had on the financial health of the individuals that this rule is supposed to do? And then that can inform the agency as to whether or not they should double down on that or revise the rule or something going forward.

And so, you know, evidence-based rulemaking is one of the most nonpartisan issues in this town. So the more evidence you have, the more data you have to make better rulemaking, the better off we all are.

MR. APPELBAUM: David, I see you've popped back up on our screen. Did you want to address that?

MR. SILBERMAN: Sure. I mean I actually agree with Mike as to one way this could be used. I also think and if you think about we have a system of financial regulation, Consumer Financial Regulation, which is very process oriented and have you sent the right notice at the right time with the right font and all that? And not so much outcome oriented.

So can one envision longer term having the ability to actually have financial institutions measure the way they're effecting the financial health of the people they touch and that becoming a core component of how regulators approach them and think about them? Whether there's a new, an equivalent to a CRA rating?

I think these are all sort of down the road potential questions that this would open up and the ability to explore in a careful way as Sarah was saying.

MR. APPELBAUM: Another question from the audience. This one a version of something I asked but did not ask well, which is aren't we to be more focused on poverty, vulnerability or inequality? And the focus here seems to be on vulnerability. So how do we think about that?

MS. GRAHAM: Well, I've studied poverty and inequality and vulnerability all my life and well before of the subjective wellbeing data. And it strikes me that they tend to be intertwined. You know, we know that high levels of inequality at times, you know, when they're extreme enough become disincentives for poor people to invest in themselves because things just are out of reach. And they also become so expensive, they're out of reach.

And I think the same in Sarah's story that Jennifer told sort of shows how many people live on the edge, but just existence, healthcare, housing, everything. You know, sort of the average standard of living is out of reach for a lot of people or it's very precarious.

Obviously, you want to focus on poverty. And without decent finances for poor people and, you know, delivered the right way, financial services that's another trap. I think they are very intertwined concepts that are at the root of many vicious circles and that result in very poor financial and also mental health.

MS. TESCHER: You know, I would agree with Carol. And I would just add that our proposal is really meant to create a neutral set of data, right? The question that's being asked is in some ways a political question.

But having this kind of robust data then allows our elected officials who we elect to be in office to make good decisions about how to prioritize those interests because in a perfect world, we would address all three of those things simultaneously. And I agree with Carol that there is quite a bit of overlap. And so, some of that will happen.

But, you know, whether we should be focusing on the most destitute in our society and putting a floor beneath them or whether we should be focusing on making sure that the middle class isn't slipping backwards and can continue to climb.

These are in many ways political questions that I think data like this would really help us have a better and more nuanced public discussion about as opposed to the, oh, it's poverty or, oh, it's this other thing or, oh, we should focus on people of color. Oh, no. You know, in this year, the numbers are more white people are challenged, right? Like we can get away from those conversations I think with a more holistic measure.

MR. APPELBAUM: Another question asking sort of about the why of people's financial health. Asking whether there's value in differentiating among distributional outcomes, behavioral choices, rules and the effects of institutional structures.

MS. TESCHER: I'll just add my two cents here. You know, lots of data can serve lots of different purposes and we always want more. I think behavior matters a lot. The reason why we're recommending that a national system of financial health measurement be focused more on objective data than on subjective data is because, A, it will be easier to gather and collect given current methods.

But, B, I actually think that the behavioral data becomes more important when we're designing and measuring actual programs, policies, action steps. That's when we want to make sure that, oh, we're designing this the right way to get the right kind of take up as an example.

Whereas, the objective data is just telling us the state of play in someone's life. And so, I think you need both, but I think you need them at different points in the policymaking process.

MS. GRAHAM: Can I just jump in on that? I actually I love your paper and everything in it, but I really disagree because I think the subjective data there's not a whole measurement science that's very robust, very easy. You could add three questions that take 30 seconds each to answer and you'd have a baseline because another way to evaluate outcomes, of course, is does hope increase? Or does life satisfaction increase when people are more financial healthy?

And then I certainly agree with you about the kind of the behavioral choice questions matter most to policy design, but again having a baseline of a couple of these questions included in your survey. As long as they're placed in the right order. It's not very expensive. It's pretty easy stuff and it's being done all over the world.

MS. TESCHER: Yeah. I agree with you, Carol, completely. I think that data is really interesting. And, you know, listen. We already are suggesting something pretty big, hairy and audacious. I could have been even more big, hairy and audacious by saying our national goal should be like New Zealand. It should be happiness as opposed to GDP growth.

That would be the next Brookings' conversation that we should have, right? That's a really interesting discussion.

MR. APPELBAUM: So speaking of New Zealand, which obviously led the way in narrowing the focus of government economic policy and now is leading the way and broadening it. I want to just touch on monetary policy. There's a question from the audience asking whether this should be a metric that the fed uses in setting monetary policy? Or is this just for fiscal policymakers? Nobody wants to touch that one?

MR. PIWOWAR: Well, I think I mean the fed already conducts these surveys and they find them useful not just for monetary policy, but for their bank regulatory oversight as well. Making sure that, you know, people have, you know, equal equitable access to financial institutions, right?

I mean it can help uncover very important things. You know, the Milken Institute we do a lot of research in the importance of, you know, the role that minority deposit institutions and community development financing institutions do in certain communities. And so, we're getting better measures of more of these subjective measures of these things can give us a sense of, you know, how much do people value those things? Having those types of institutions within their communities?

So I think it could be helpful again on the regulatory side. Not necessarily just for fiscal or monetary policy in this respect.

MR. APPELBAUM: All right. We are coming to the end of our time so I’m going to thank you all and turn it back over to Aaron to take this out.

MR. KLEIN: Great. I want to thank everybody here. It wouldn’t be an event at the Brookings Center on financial, on regulation and markets if I didn’t get in the words real time payments. The Federal Reserve prioritized their payment system as opposed to just focusing on monetary policy or research, American’s financial wellbeing would be exponentially better off particularly in this crisis.

MR. APPELBAUM: I feel like you're Zoom bombing your own conference right now, Aaron.

MR. KLEIN: But I’m going to thank everybody for this fantastic conversation. We are committed to hosting important dialogue. This is a start of something. I’m thrilled to announce that the Brookings’ Center on Regulation and Markets, Financial Regulatory series is going to be featuring amending more thoughts from Jen Tescher who is going to be joining us as a regular contributor. This is their first paper. We're going to have many more.

I’d like to close and once again thank Gene Ludwig for starting us off on this. We need to focus on real people not abstract concepts. Abstract concepts are simple tools to help us improve the lives of real people. And join me in thanking all the real people on this panel and watched in the audience for spending their lunchtime. East Coast time, morning. West Coast time and everything in between.

Thank you all for joining us and have a wonderful day.

MS. GRAHAM: Thanks for hosting, Aaron.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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Expires: November 30, 2024