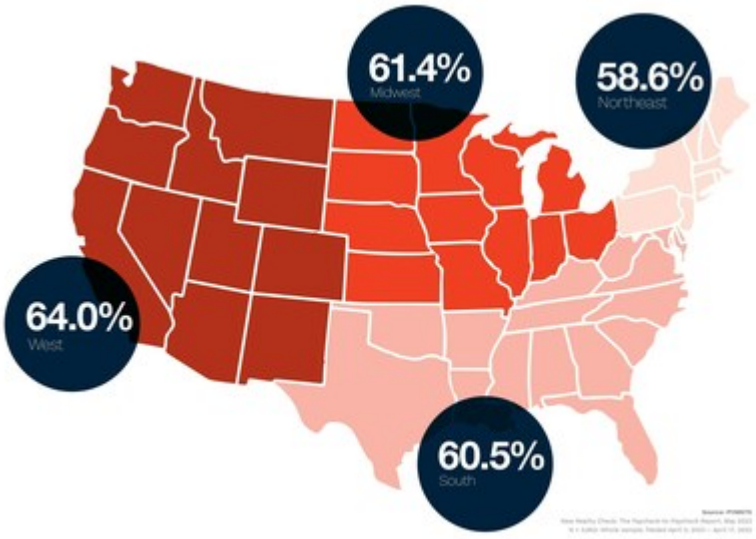
69% of Americans in Urban Areas are Living Paycheck to Paycheck; 14 Percentage Points Higher than Suburban Consumers

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Consumers Earning $100,000+ and Those Living in the West Saw the Highest Percentage Growth From a Year Ago

SAN FRANCISCO, May 24, 2023 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released findings from the 22nd edition of the New Reality Check: The Paycheck-to-Paycheck research series, conducted in partnership with PYMNTS. The Regional Divide Edition examines why U.S. consumers in urban, suburban and rural areas across the U.S. are living paycheck to paycheck and identifies the financial stressors they face. This edition is based on a census-balanced survey of 3,652 U.S. consumers conducted from April 3 to April 17 as well as analysis of other economic data.



Key takeaway: Consumers are facing financial challenges based on their location that lead them to live paycheck to paycheck, with urban dwellers and those earning the highest salaries more apt to feel the pain of inflationary pressures and the rising cost of living.

Today's Paycheck-to-Paycheck Landscape

Sixty-one percent of consumers overall were living paycheck to paycheck in April 2023, a level similar to April 2022. In fact, since March 2020, an average of 60% of consumers have reported living this way. For those Americans, this means that they need their next paycheck to cover their monthly financial outflows.

The share of high-income consumers in the U.S. earning over $100,000 per year who live paycheck to paycheck increased seven percentage points to 49% in April 2023 from 42% in April 2022. Conversely, the share of lower income consumers — those earning less than $50,000 — who live paycheck to paycheck dropped seven percentage points from 80% to 73% in the same period, and the portion of those earning between $50,000 and $100,000 remained roughly flat at 63%.

"While income is obviously a major factor, where you live appears to be almost equally important in factoring whether a consumer is living paycheck to paycheck," said Anuj Nayar, Financial Health Officer at LendingClub. "These findings echo a March 2023 Smart Asset report that indicated what a $100,000 salary is actually worth in the top U.S. cities. Seven out of the 10 cheapest cities — where $100,000 went the furthest — were in Texas, while six of the most expensive cities were in California and on the west coast."

Americans Living Paycheck to Paycheck by Region

Sixty-nine percent of consumers in urban areas live paycheck to paycheck, which is 25% more than their suburban counterparts,

55% of whom live paycheck to paycheck. Additionally, 63% of rural consumers reported living paycheck to paycheck. These regional concentrations of paycheck-to-paycheck consumers could be attributed to the high percentage of millennials living in urban areas (48%) as well as the large share of baby boomers and seniors — many of whom are retired and living on a fixed income — living in rural areas (32%). Additionally, the share of consumers living paycheck to paycheck is generally even across regions, although the West saw the steepest increase year over year, rising from 59% in April 2022 to 64% in April 2023. This indicates that the rising cost of living has impacted consumers in the West the most.

U.S. Consumer Sentiments by Location

The prevalence of financial distress among urban dwellers is consistent across all regions except for the South (Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington D.C. and West Virginia). For example, urban residents across all regions cite insufficient income as the main reason they live paycheck to paycheck.

Furthermore, in households of two or more, 82% of urban dwellers report that they are responsible for more than half of their household income, yet urban consumers are the least likely to cite a significant debt burden as the top reason for financial distress. Urban consumers in the Northeast (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania and Vermont) are more likely to cite paying for costs of other family members and unnecessary spend as the reasons they live paycheck to paycheck.

Eighty-three percent of urban consumers in all regions have made at least one payment related to a credit product in the last 90 days, with urban dwellers in the Northeast (88%) and the West (87%) the most likely to pay for a credit product. Usage of almost all credit products is higher among urban consumers. One exception, unsurprisingly, is auto loans, where suburban and rural consumers take the lead. However, urban consumers are less likely to cite debt as a reason for living paycheck to paycheck. The report finds that 82% of urban consumers have outstanding credit card balances averaging 57% of their available savings, and more than half of these consumers — 44% of the urban sample — have installment plan repayments as part of their outstanding balance. In contrast, 70% of rural consumers have an outstanding balance averaging 43% of their available savings, yet only 15% report having installment plan payments as part of their outstanding balance.

"It's not a surprise that urban residents are less likely to cite debt as a reason for living paycheck to paycheck because many of them are repaying their credit card balances through installment payments so they can find relief," continued Nayar. "As interest rates continue to climb and outstanding credit card balances reach all-time highs, now is the time to consider consolidating or refinancing high-interest debt to lower cost alternatives. This approach to debt management has helped many Americans control their cashflow as they adapt to inflationary pressures and plan for the future."

To view the full report, visit: https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-regional-differences-housing-financial-challenges/

Methodology

New Reality Check: The Paycheck-to-Paycheck Report — The Regional Divide Edition is based on a census-balanced survey of 3,652 U.S. consumers conducted from April 3 to April 17 as well as analysis of other economic data. The data in this report is not intended to be a representation of LendingClub's core member base. The Paycheck- to-Paycheck Report series expands on existing data published by government agencies, such as the Federal Reserve System and the Bureau of Labor Statistics, to provide a deep look into the core elements of American consumers' financial wellness: income, savings, debt and spending choices. The survey sample for this report was balanced to match the U.S. adult population in a set of key demographic variables: 51% of respondents identified as female, 32% were college-educated and 37% declared incomes of more than $100,000 per year.

About LendingClub

LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. LendingClub Bank is the leading digital marketplace bank in the U.S., where members can access a broad range of financial products and services designed to help them pay less when borrowing and earn more when saving. Based on more than 150 billion cells of data and over $85 billion in loans, our advanced credit decisioning and machine-learning models are used across the customer lifecycle to expand seamless access to credit for our members, while generating compelling risk-adjusted returns for our loan investors. Since 2007, more than 4.7 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit https://www.lendingclub.com.

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