THE 2025 CASH POOR REPORT

The True Cost of Living Paycheck to Paycheck

thecashpoor.com

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Welcome Message

In today's uncertain economic climate, one troubling trend remains clear: Living paycheck to paycheck is the reality for most Americans. Inflation weighed heavily on household budgets in 2024, compounding financial pressures from the rising costs of essentials—groceries, gas, utility bills, housing, and healthcare.

Everyday necessity spending is swallowing up almost all of people's income, leaving many with little to no savings.

These economic headwinds force many households to rely on borrowing to cover both planned and unexpected expenses. Lack of access to affordable capital creates a cascade of financial challenges, pushing households into cycles of debt and limiting long-term stability. While credit cards, personal loans, and payday lenders may seem like lifelines, their hidden costs deepen financial burdens.

At SoLo Funds, we believe consumers deserve better. That's why we partnered with leading research institutions last year to publish the 2023 Cash Poor Report, a study exploring the true cost of borrowing for Americans living paycheck to paycheck. Our findings made a compelling case for replacing the outdated "Annual Percentage Rate" (APR) to a more transparent metric: the "Total Cost Rate" (TCR), which includes all fees paid to access capital. This offers a clearer view of borrowing costs over 12 months, empowering consumers to make informed decisions.

The 2023 report revealed an unsettling reality: The cash-poor population isn't limited to the working poor; middle-class Americans, including those earning six-figure incomes, are also vulnerable as wages lag behind the rising cost of living. Unexpected expenses like medical bills or car repairs can destabilize even seemingly secure households. Borrowing costs for this group totaled $25 billion annually, with many turning to credit cards, borrowing from family and friends, selling possessions or even resorting to crime.

As we release the 2025 Cash Poor Report, the financial challenges households face have not only persisted but have also become more complex and urgent. This year's report, developed with partners like Opinium Research, Pace University, and the Global Black Economic Forum, highlights critical shifts in borrowing trends.

Smaller loan amounts are more common, yet the total cost of subprime credit cards and payday loans continues to climb. While services like Buy Now Pay Later (BNPL) remain a practical option for some, hidden fees and penalties disproportionately impact borrowers with less financial flexibility.

Economic uncertainty shows no sign of easing, but fintech innovations offer hope. By leveraging technology to create more inclusive, accessible and affordable solutions, fintech can break the cycle of debt and empower consumers to regain control of their financial futures. Our goal is clear: To provide consumers with the tools and knowledge to borrow confidently, advocate for transparency, and drive a financial system that prioritizes fairness over profit. We invite you to join us in reshaping the borrowing landscape, ensuring that every American has access to the resources they need for financial stability and security.

Written By
Rodney Williams & Travis Holoway
Founders of SoLo Funds

02.

Foreword

Politicians across the political spectrum in the United States run on promises of providing more economic opportunity and social mobility for people. Yet, most people in America are not able to get ahead or climb the economic ladder–They are simply trying to survive. In today's economy, many people in America earning six figures are living paycheck to paycheck.

As this report makes clear, too many Americans are one unexpected accident or disaster away from financial ruin. Building on the progress of last year's Cash Poor Report, it is clear that more needs to be done to ease the economic pain and anxiety that consumers are feeling. Inflation may be down from its peak levels in 2022, but the costs for basic household goods remain high, while access to affordable credit options is extremely limited.

Among the key findings in this year's report is that more than 50 percent of cash poor people are women and nearly 60 percent of all cash poor people are full or part-time workers. The data also tells us that while the average value of unplanned expenses has slightly decreased, reliance on high-cost borrowing options – payday loans and subprime credit cards – has grown.

As the President and CEO of the Global Black Economic Forum, I work closely with industry leaders, like Rodney Wiliams and Travis Holoway at SoLo Funds, to determine solutions that help the economy work more effectively for everyone including those within the Black diaspora. Certain policy and business choices created this problem – and new, data-driven, and equitable choices can help us reverse course.

In order to do that, we need policymakers and industry leaders to embrace innovative lending tools. Traditional lending products and companies have left consumers in the United States behind – trapping them in unrelenting cycles of debt, putting the American dream further out of reach. Each year, costs will continue to rise, underscoring the real demand and unmet need for flexible financial solutions that have lower fees and help consumers access affordable credit.

The private sector has a massive opportunity to both make money and help remedy a systemic injustice – and I hope that governments at all levels will work with fintech companies who are leading the way with an equitable and ethical lens.

I encourage you to read the 2025 Cash Poor Report and use it to help advocate for greater economic freedom. The path forward requires innovation, policy change, and a collective commitment to fostering competition that will create more equitable financial systems. America is at a historic pivot point where we can no longer ignore the simple fact that the wealth gap is growing in the wrong direction.

The freedom to make a good living is one that we should each take seriously as we seek to build an economy that allows an opportunity for everyone to prosper. Living paycheck to paycheck should not be the new normal for a majority of people in the United States. Change is possible and we can make a difference if we all work together and make our voices heard for each of us to have the freedom to prosper and thrive, rather than solely survive.

Written By
Alphonso David
President and CEO of Global
Black Economic Forum

03.

Methodology

In this year's report, we revisit the borrowing options that people turn to when faced with unplanned expenses—those unexpected bills that can trigger a cascade of financial difficulties.

We also explore how the landscape of borrowing has shifted and the true costs of borrowing, comparing findings from our 2023 Cash Poor Report to understand the evolving challenges and opportunity costs of being cash-poor.

Let's begin by defining the key terms used in this report

True Cost (or Total Cost): This is the minimum, maximum and average amount paid over a 12-month period for various payment types, which gives borrowers a better idea of what to expect and helps them make more informed decisions about their finances. This cost includes all fees paid in addition to the principal and not just limited to the Annual Percentage Rate (APR); fees such as origination, subscription, transaction, late fees and even payments made as donations or tips. The total cost is calculated as a percentage of the amount borrowed, allowing borrowers to compare different borrowing methods.

Opportunity Cost: This is the cost of "going without." When individuals cannot access credit or loans at the time of need, they are forced to make difficult decisions that often worsen their financial situation. Opportunity cost represents the price of missing out on borrowing opportunities, which can result in decisions like selling personal belongings, delaying necessary repairs, or falling deeper into debt.

Unplanned Expenses: These are emergency bills, fines, or other payments that exceed the amount of cash the individual has readily available in their savings or checking account and needs to be paid immediately. These expenses are often a source of significant financial strain for those living paycheck to paycheck as they can't be planned or budgeted for in advance.

Planned Expenses: In contrast to unplanned expenses, planned expenses are predictable costs that individuals can budget for, such as rent, utilities, car insurance, or even an upcoming vacation. These are expenses that could be covered by working extra hours or picking up a side gig, but the important thing is that there's advance notice so individuals can plan accordingly.

Survey Methodology

This year's findings reflect the financial struggles faced by Americans living paycheck to paycheck, who increasingly rely on borrowing to manage unexpected expenses.

To gain insights into borrowing behaviors, we partnered with Opinium to survey 2,000 U.S. adults who are living paycheck to paycheck and experienced at least one unplanned expense in the past twelve months.

The survey was conducted from August 6th to August 28th, 2024.

To qualify for the survey, respondents had to:

- Indicate that living "income to income" or "paycheck to paycheck" is either very or fairly true of themselves or their household.
- Have experienced at least one unplanned expense in the past twelve months.

Results are weighted by demographic factors such as age, gender, race, ethnicity, region and education level. For consistency with the 2023 Cash Poor Report, the weighting targets were determined from the fall out of this population among a nationally representative audience based on a survey Opinium conducted from January 10th to January 16th 2023.

This methodology provides an accurate snapshot of how Americans from diverse backgrounds manage their finances when faced with unexpected costs. In the report, respondents are referred to as "**Americans living paycheck to paycheck**" or "**cash poor Americans.**"

True Cost Analysis

This year, to ensure we continue to challenge our analyses, we partnered with Pace University to provide an updated view on the total cost of borrowing for unplanned expenses across several common payment options, including subprime credit cards, cash advance solutions and Buy Now, Pay Later (BNPL).

We also included a new payment category: small-dollar loans offered by institutional banks like Bank of America. We compare the above options to peer-to-peer (P2P) lending platform, SoLo Funds. The report then estimates the average total cost of borrowing for the U.S. population who live paycheck to paycheck.

A key part of this year's analysis is understanding how borrowing costs and behavior have changed in the last twelve months.

Selection of Lenders and Fee Calculation

To determine which payment options to focus on this year, we used a two-step process:

1. **Desk Research:** We identified the most frequently used lenders across payment categories by consulting trusted financial advisory websites and research from the Consumer Financial Protection Bureau (CFPB). This qualitative step allowed us to identify the top 10-15 most popular firms for each borrowing option.

BNPL	Payday Loans	Cash Advance
PayPal	Speedy Cash	Chime
Klarna	Ace Cash Express	MoneyLion
Afterpay	Advance America	Varo
Affirm	Check 'n Go	Current
Zip	Check Into Cash	Earnin

Subprime Credit Cards	Smaller-Dollar Loans
Discover	Bank of American Assist
Credit One	Wells Fargo Flex Loan
Milestone	US Bank Simple Loan
Avant	Huntington Standby Cash
Mission Lane	Truiliant Cash Please
Open Sky	
Surge	

2. **Traffic Data:** We further refined our sample using data on the monthly traffic of each lending site to ensure the sample was representative of widely used borrowing options. This allowed us to select the top 5-7 firms per borrowing method, ranked by their respective estimated monthly traffic.[1]

How did we select the lenders for each payment option?

BNPL: Similar to the 2023 Cash Poor Report, we used research conducted by the CFPB[2] in September 2022 to identify key firms for BNPL. A representative sample of BNPL firms is further identified through Forbes and Lending Tree. This sample is then further refined to five firms based on their monthly traffic estimates as of September 2024.

BNPL		
Affirm • **36%** APR	**Afterpay** • **35.99%** APR • **$8** late fee	**Klarna** • **19.99%** APR • **$25 - $35** late fee
PayPal • **35.99%** APR	**Zip** • **25.9%** APR • **$99** account fee • **$15** late fee • **1.1%** installment fee	

Payday loans: For payday loans, a representative sample of firms is first sourced from My Credit Summit.[3] My Credit Summit offers expert financial advice on personal debt and credit counseling. It is important to note that the source includes payday loan alternatives. Separate desk research is performed to exclude such firms from the sample. This sample is then further refined to five firms based on their monthly traffic estimates as of September 2024.

Payday Loans		
Advance America • **21.8%** origination fee • **$40** late fee • **$12.50** penalty fee	**Speedy Cash** • **19.5%** origination fee • **$15** late fee • **$3** transaction fee • **$2** admin fee • **$3** OTC withdrawal fee	**Check Into Cash** • **19.56%** origination fee • **$10** documentation fee • **$25** penalty fee • **$20** late fee
Ace Cash Express • **17.5%** origination fee • **10%** annual interest • **$7.50** late fee • **$25** admin fee • **$10** penalty fee	**Check 'n Go** • **17.5%** origination fee • **$25** late fee • **$35** penalty fee	

Cash advance: For cash advance solutions, we selected a representative sample through various sources, including NerdWallet, Lending Tree, and GOBankingRates. This sample is then refined to five firms based on their monthly traffic estimates as of September 2024.

1. https://ahrefs.com/traffic-checker/?input=opploans.com&mode=subdomains
2. https://files.consumerfinance.gov/f/documents/cfpb_buy-now-pay-later-market-trends-consumer-impacts_report_2022-09.pdf
3. https://mycreditsummit.com/payday-loan

03. Methodology

Payday Loans		
Chime • **$2** instant transaction fee • **$2.50** OTC withdrawal fee • **15%** tip	**Earnin** • **$3.99** instant transaction fee • **$14** tip	**Current** • **$5** instant transaction fee • **20%** tip (estimated across cash advance platforms)
MoneyLion • **$8.99** instant transaction fee • **20%** tip (estimated across cash advance platforms) • **$3** OTC withdrawal fee • **$19.99** monthly subscription fee • **$1** monthly admin fee	**Varo** • **$40** transaction fee • **$3.50** OTC withdrawal fee	

Small-dollar loans: This year's report examines institutional small-dollar loans, with banks offering installment loans to low-credit customers. A sample from American Banker[4] and Pew Charitable Trust[5] was refined to five firms using October 2024 traffic data.

Small-Dollar Loans		
Bank of America Balance Assist • **$5** flat fee per $500 borrowed • **$12** monthly maintenance fee • **$10** overdraft fee • **$100** minimum open deposit • **$500** borrow cap	**Wells Fargo Flex Loan** • **$20** flat fee per $500 borrowed • **$10** monthly maintenance fee • **$35** overdraft fee • **$25** minimum open deposit • **$500** borrow cap	**US Bank Simple Loan** • **$6** flat fee per $100 borrowed • **$6.95** monthly maintenance fee • **$12.50** overdraft fee • **$25** minimum open deposit • **$1,000** borrow cap
Huntington Standby Cash • **5%** transfer fee • **$10** monthly maintenance fee • **$15** overdraft fee • **1%** monthly interest charge • **$500** borrow cap	**Truliant Federal Credit Union CashPlease** • **28%** APR • **$20** application fee • **$28** overdraft fee • **$25** minimum open deposit • **$1,000** borrow cap	

Subprime credit cards: Lastly, sources like WalletHub, Bad Credit, NerdWallet, and CardRates were analyzed to create a representative sample of subprime credit cards. Firms offering credit card options for those with very low or no credit were considered. The sample is then refined based on September 2024 traffic data.

Subprime Credit Cards	
OpenSky • **25.64%** APR • **$35** annual fee • **$6** or **5%** transaction fee • **$40** late fee • **$40** penalty fee	**Discover** • **28.24%** APR • **$37** late fee • **$10** or **5%** transaction fee • **5%** instant transfer fee • **$30** penalty fee
Avant • 35.99% APR • $1.99 monthly fee • $10 or 3% transaction fee • $39 late fee • $25 penalty fee	**Mission Lane** • **33.99%** APR • **$59** annual fee • **$10** or **3%** transaction fee • **$35** late fee
Surge • **35.9%** APR • **$125** annual fee • **$12.50** monthly maintenance fee • **$30** application fee • **$10** or **3%** transaction fee • **$41** late fee • **$41** penalty fee	**Credit One** • **29.74%** APR • **$99** annual fee ($8.25/mo.) • **$5** or **8%** transaction fee • **$19** user card fee • **$39** late fee • **$39** penalty fee
Milestone • **35.9%** APR • **$175** annual fee • **$5** or **5%** transaction fee • **$41** late fee • **$41** penalty fee	

Peer-to-Peer: Community Finance
SoLo Funds • **15%** tip • **10%** late fee • **9%** donation • **[2 x (0.9% of principal + $0.70)]** transaction fee • **1.75%** instant withdrawal fee

4. https://www.americanbanker.com/payments/news/bank-of-america-wells-fargo-u-s-bank-battle-payday-lenders
5. https://www.pewtrusts.org/en/research-and-analysis/articles/2023/01/24/six-of-the-eight-largest-banks-now-offer-affordable-small-loans

03. Methodology

Determining the True Cost

As in last year's report, we wanted to understand the true cost of borrowing $1,000.00. To do so, we looked at all associated fees for each credit product, estimating the minimum, maximum and average costs of each product to arrive at an industry average figure:

Minimum Cost: Assumes the borrower repays the $1,000.00 loan on time (within a month), and only relevant fees at the time of the loan request apply, i.e. origination fees, subscription/application fees. Does not assume early repayment and does not include optional fees such as tipping.

Maximum Cost: Assumes the borrower repays the $1,000.00 loan over a year (i.e., 11 months late), incurring the maximum fees and costs associated with borrowing from penalties and late fees to tips.[6]

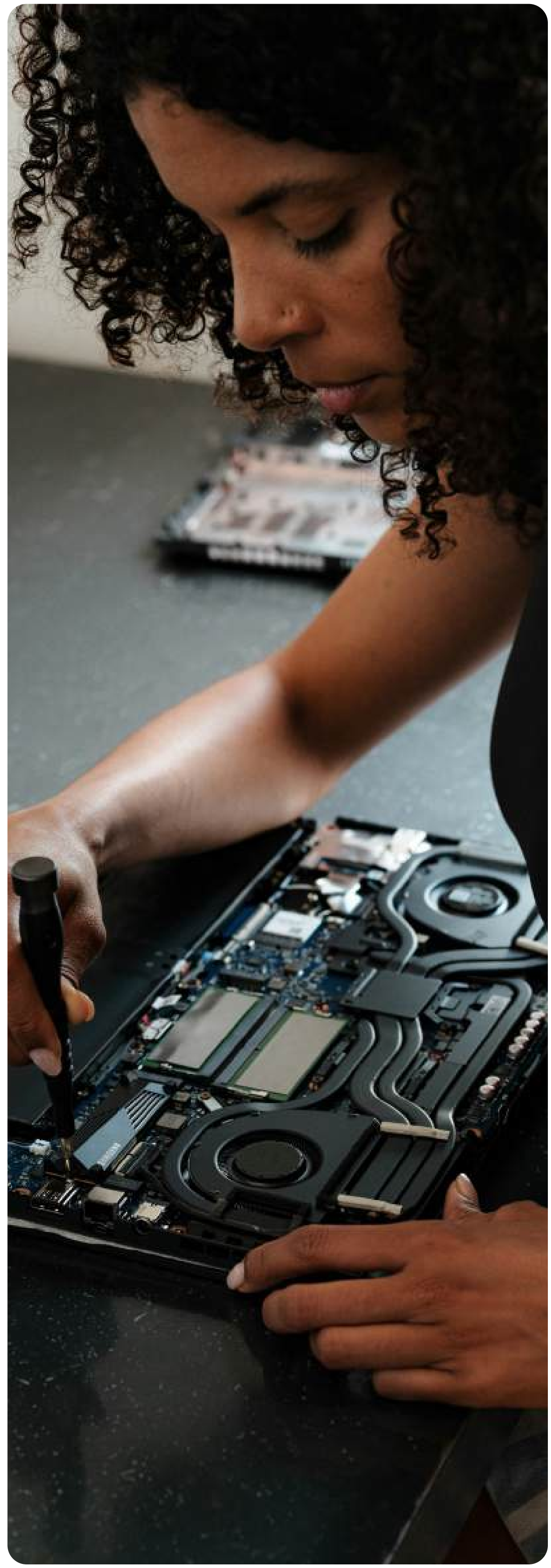
The borrower is assumed to be 11 months late in repayment, translating to 11 late fees as well as applicable penalty fees, interest on remaining balance, and monthly maintenance/subscription fees.

Average Cost: To calculate the average cost of borrowing, the weighted average of the minimum and maximum costs of borrowing is used.

This is calculated as:

$$\text{Fee}_{\text{Average}} = 0.52\left(\text{Fee}_{\text{Minimum}}\right) + 0.48\left(\text{Fee}_{\text{Maximum}}\right)$$

The minimum, maximum, and average costs are then aggregated to calculate an industry average for each form of borrowing. Using relevant assumptions and results from the consumer survey discussed above, we are able to arrive at the true cost of each product over the last 12 months. The true cost is expressed as a percentage of the principal borrowed, which enables comparisons across various credit products.



6. For cash advance options, borrowers are typically limited to $250 at a time. Therefore, a borrower is assumed to incur multiple rounds of relevant fees associated with borrowing an amount equal to a $1,000 loan.

04.

Key Findings:

Rising Costs & Financial Caution

CASH POOR PROFILE

2/3 are Millennials + Gen X

14% are African-American

54%

of cash poor Americans are **women**

EMPLOYMENT

$

1 in 7 cash poor households earn over $75,000 annually

40%

of cash poor Americans have a **full-time job**

UNPLANNED EXPENSES

Cash poor Americans averaged **2.5 unplanned expenses** last year, totaling $1,825 at $730 each

Top 3 Unplanned Expenses

- Auto Repairs (31%)
- Medical Bills (20%)
- Utility Bills (18%)

43% borrowed money from friends + family

BANKING + SAVINGS

1/3 have a savings account
3/5 have a checking account

49% have **<$200** in their checking + savings accounts

25%

can cover unplanned expenses with just **savings** or **credit cards**

BORROWING COST

Subprime credit cards cost **$19.6 billion**

Small-dollar loans cost **$5.8 billion**

P2P lending costs dropped **23%** to **$1 billion**

MENTAL HEALTH

36%

report that unplanned expenses had a negative impact on their **mental health**

Borrowing up to $1,000 can be a lifeline or a financial burden, depending on the borrowing option chosen.

The key findings from this report uncover significant disparities in borrowing costs, from minimal fees to exorbitant penalties, with trends signaling rising aggregate costs across most lending mechanisms, despite financial caution among consumers and decreases in unplanned expenses.

The borrowing landscape in 2024 paints a picture of the affordability gap widening across lending mechanisms. While fintech options provide some relief for timely borrowers, the increase in fees, APRs, and penalties across the remaining traditional solutions signals a challenging environment for cash-poor Americans who are living paycheck to paycheck. As reliance on subprime credit cards and payday loans grows, so does the urgency for greater transparency and better consumer solutions in the borrowing market. Next, we'll delve deeper into the key findings from this report that shed light on this shifting landscape of consumer borrowing in 2024.

Who is Living Paycheck to Paycheck aka "Cash Poor"?

The consumer survey for this report focused on Americans who are "cash poor" or living paycheck to paycheck and experienced a cash emergency in the past 12 months, which is estimated to be 58% of Americans, a nearly 20% increase over last year. Despite common perceptions, the "cash poor" are not confined to low-income households. One in seven cash-poor households reports an annual income of over $75,000, highlighting the liquidity strain felt across income brackets.

Additionally, this financial instability is not limited to the unemployed: 40% of cash-poor individuals hold full-time jobs, while 13% are retirees. These figures underscore that a paycheck or a retirement fund does not guarantee financial security. Two in five have a chronic health condition or disability, and a fifth are caretakers.

This suggests that additional ongoing expenses associated with having a disability or being a caretaker for family members make saving money more difficult.

Women disproportionately bear the burden, comprising 54% of the cash-poor population, and are also more likely to say they are struggling with their current financial situation than men (56% vs. 39%). African-Americans make up 14% of cash-poor individuals. Age demographics reveal that Millennials and Gen X dominate, making up two-thirds of cash-poor Americans. This generational concentration reflects ongoing challenges tied to student loans, housing affordability, and healthcare costs that disproportionately affect these groups.

Financial Accounts and Liquid Assets

Americans living paycheck to paycheck often lack sufficient liquid assets to manage financial emergencies. Among this group, one-third maintains a savings account, and three in five hold a checking account. Despite having these accounts, nearly half (49%) of cash-poor households (a 23% increase) report having less than $200 combined in their checking and savings accounts, highlighting a severe lack of accessible funds to cover a material hardship. While nearly half (48%) of cash-poor Americans report they are struggling with their financial situation (an 8% increase over last year), this figure rises to 61% for those with $500 or less in their savings.

Financial account ownership reveals a varied landscape. Around half of Americans living paycheck to paycheck hold a credit card. One in five cash-poor individuals also has an investment account, with cryptocurrency being the most popular investment choice despite its volatility. Investment accounts are typically held among younger generations and are more common among those with a higher degree of education, i.e. 17% of cash-poor Americans with some college/associate degree and 31% of those with a college degree hold an investment account.

Most cash-poor Americans (nearly 90%) check their credit scores, demonstrating financial awareness, with well over half indicating their current score is below the national average. However, limited resources hinder their ability to improve financial stability, likely leaving many in a reactive position when dealing with financial challenges. These trends underscore the precariousness of financial health among cash-poor households and their reliance on a mix of traditional and modern financial tools.

Planned and Unplanned Expenses

Unsurprisingly, the top three planned expenses cash-poor Americans experienced included groceries (86%), gas (71%) and housing (63%), all essential goods and services. And while most feel confident in their ability to pay for such expenses, there is usually little left for unanticipated costs, which remain a significant disruptor for cash-poor households. Over the past year, cash-poor Americans faced an average of 2.5 unplanned expenses, with a combined cost of $1,825, a slight decrease from 2023. Each incident averaged $730, an amount that is unmanageable for many given their low liquid assets. The top three categories of unplanned expenses—auto repairs (31%), medical bills (20%), and utility bills (18%)—highlight the unavoidable nature of these financial shocks.

Opportunity Cost

Alarmingly, 7% of Americans living paycheck to paycheck were unable to cover their unplanned expenses, and only a quarter could do so using savings or credit cards alone. Of this group, over one-third has no product or service to help save or invest money, further limiting their ability to meet unexpected needs. African-American households also made up 13% of those unable to pay for unplanned expenses.

Lacking resources and sufficient income for emergencies, cash-poor Americans experience a cascade of other issues; they are forced to cut consumption in other areas, take hits to their credit and suffer negative impacts on their mental and physical health. In fact, 36% of this group reported experiencing a negative impact on their mental health, a 20% increase over the prior year. And the negative impacts linger, with cash-poor Americans reporting that it takes nearly 5 months for their situations to improve after a setback from an unplanned expense.

Often, there are no viable financial products or services, like a loan or form of credit, this group can rely on to handle a sudden cash emergency. The dearth of options compounds an already difficult situation. Cash-poor Americans therefore increasingly turn to other channels–For example, borrowing money from friends or family (43%), selling possessions (23%), pawning possessions (16%), or taking out a payday loan (11%). In extreme cases, cash-poor Americans resorted to crime (2%).

Total Cost

This report examines six major borrowing options that cash-poor consumers use to cover an unplanned expense: Subprime credit cards, payday loans, cash advance solutions, Buy Now Pay Later (BNPL), peer-to-peer lending and small-dollar bank loans, which is a new category analyzed this year as another common borrowing alternative for this group.

Subprime Credit Cards Remain Heavily Used, Despite Being the Most Expensive

Despite overall unplanned expenses and borrowing going down year over year, aggregate borrowing costs from high-cost options like subprime credit cards skyrocketed. Subprime credit cards remain the most popular–and the most expensive–option for unplanned expenses, with the average cost rising to 48% of principal, up from 41% in 2023. Maximum fees can reach a staggering 90% of the principal borrowed, driven by high APRs, penalties, and monthly maintenance fees. These cards account for $19.6 billion in aggregate borrowing costs in 2024, marking an $8 billion increase from last year.

Payday Loans Are Causing a Growing Financial Burden

Payday loans feature the highest minimum borrowing cost among all options at 22% of principal, with an average cost rising to 35% of principal (from 33% in 2023). Maximum costs reach 49%, fueled by origination fees, late fees, and penalties. Aggregate costs for payday loans increased to $6.7 billion in 2024 from $6 billion in 2023, reflecting the ongoing financial burden these loans place on borrowers.

Small-Dollar Loans Offered by Banks Have Barriers to Entry

Small-dollar bank loans averaged a 25% borrowing cost this year, with a minimum fee of 12%, largely due to mandatory checking account deposits. Aggregate costs for small-dollar loans are estimated at $5.8 billion in 2024, putting them at the third most expensive option after subprime credit cards and payday loans. In addition, their high barrier to entry limits their accessibility for many borrowers.

04. Key Findings

Fintech Solutions are Most Affordable, yet show an Aggregate Decrease in Annual Borrowing

Cash advance solutions offered one of the lowest average borrowing costs this year at 13% of principal, followed by BNPL solutions with an average cost of 23%. Peer-to-peer lending options, like SoLo Funds, can be cost-free for disciplined users and carry an average cost of 17% of principal. Aggregate estimates show a 20% decrease in annual borrowing from BNPL, cash advance, and P2P services. Aggregate annual borrowing dropped from $2,190 in 2023 to $1,750 in 2024.

Peer-to-peer lending options, like SoLo Funds, remained the most affordable option in terms of aggregate borrowing costs, totaling just $1 billion in 2024. This marks a decrease from $1.3 billion in 2023, driven by reduced borrowing amounts.

Overall Borrowing Shifts Towards Friends and Family

In 2024, cash-poor Americans faced an increasingly expensive borrowing environment, driven primarily by high-cost options like subprime credit cards and payday loans. Subprime credit cards alone accounted for $19.6 billion in fees (a 70% increase from 2023), with borrowing costs reaching up to 90% of the principal in extreme cases. Payday loans, similarly burdensome, featured average costs rising to 35% of the amount borrowed.

As these costly options dominated the borrowing landscape, reliance on personal networks for financial support grew. The share of cash-poor Americans borrowing from friends and family rose from 38% in 2023 to 43% in 2024 as more consumers presumably sought alternatives to avoid exorbitant fees. This shift reflects both the affordability crisis in formal lending and the financial vulnerability of households increasingly turning to loved ones for help.

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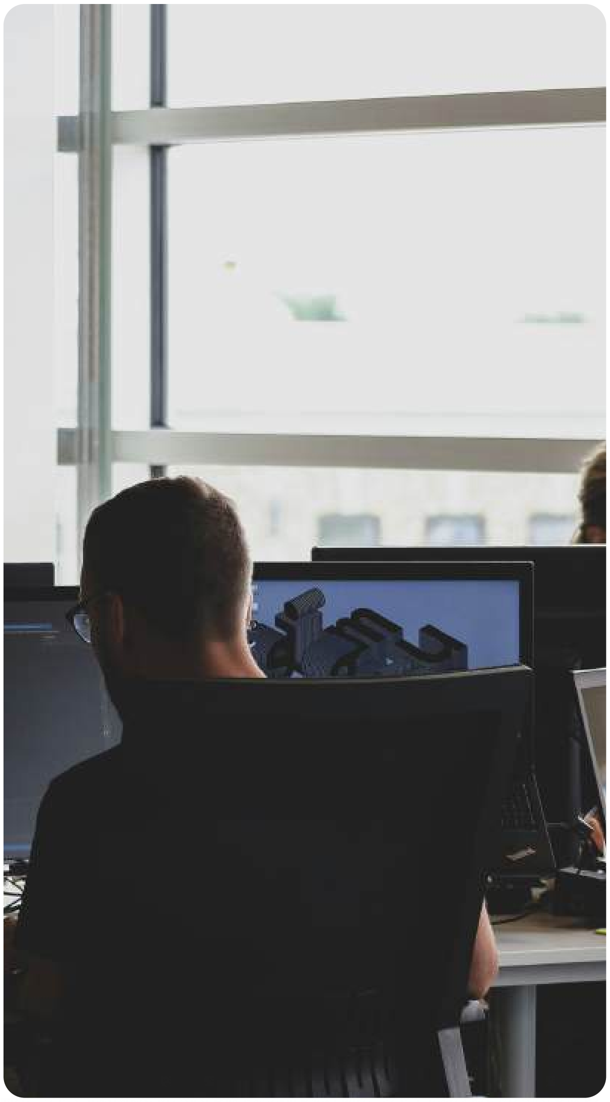


05.

Who is Cash Poor?

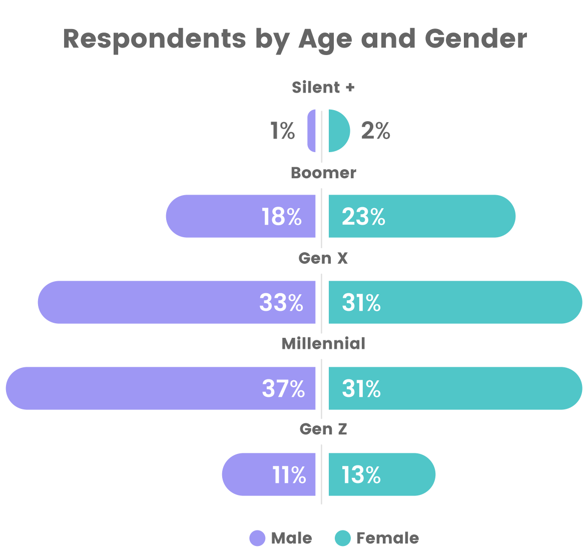
Americans are still stretched thin. But who are the truly "cash poor" Americans?

Living paycheck to paycheck remains a stark reality for millions across the country, spanning classes, generations, education levels and ethnicities. Many find themselves with little to nothing left after payday, navigating financial pressures that have not just persisted but, in many cases, have deepened over the past year.

This year's report continues our exploration of cash poor Americans, capturing their lived experiences and how circumstances have changed.

To ensure the integrity of year-over-year comparisons, we maintained a consistent methodology, surveying the same demographic profile as last year. Weighting targets were determined using a nationally representative audience, based on Opinium's benchmark survey conducted from January 10th to January 16th, 2023.

This approach allows us to accurately track shifting trends and break down outdated stereotypes about financial struggle, exposing systemic barriers that cash poor Americans face every day.



Millennials and Gen X most likely to be cash poor and experience unplanned expenses

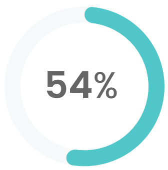
Millennials (aged 26 to 41) and Gen X (aged 42 to 57) make up two-thirds of the group being analyzed. While many Millennials are firmly into their working lives, they have often struggled to achieve the same levels of prosperity as their parents' generation, with millennials making up the largest percentage of the sample, constituting 34% of all respondents in the survey.

Conversely, Gen Z makes up a small portion of the sample, totaling 12%. Boomers and the Silent Generation, both generations that have been able to build wealth throughout their lifetimes, also make up much smaller proportions of the total (21% and 2%, respectively).

05. Who is Cash Poor?

Americans living paycheck to paycheck are more likely to be female (54% to 47%). This skew is more pronounced among Millennials (59% to 42%) and Gen X (62% to 56%).

Nearly a quarter of those surveyed consider themselves to be of Hispanic, Latino, or Spanish origin. This figure is notably higher than the national average for the Latino population (19%).



Americans living paycheck to paycheck are more likely to be female. (54% to 47%).

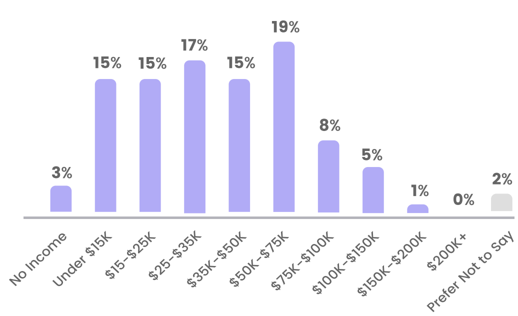
One in seven have a household income of more than $75,000

It is easy to assume that only those on low incomes are. However, our research shows that one in seven (14%) of cash poor Americans have a household income of more than $75,000 per year, while a third (33%) receive more than $50,000 per year.

At the other end of the scale, 3% say they have no income and 15% say they have an income of less than $15,000 per year. Beyond this, there is a relatively equal distribution of income bands between $15-25k, $25-35k, $35-50k, and $50-75k (all range from 15-19%).

Annual Household Income

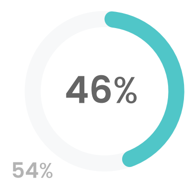
Americans Living Paycheck to Paycheck



Half have a side hustle to supplement their primary income

Americans living paycheck to paycheck span a wide range of working statuses, from full-time employees (40%) to retirees (13%). One in six (18%) say they work part-time, either for themselves or an employer. Meanwhile, 17% say they are unemployed and 7% say they are not working for another reason.

To supplement their primary income, about half say they have some kind of side hustle. Top side hustles are income from a hobby or other activity (16%), money from selling goods online (10%), delivery gig work, such as working for Grubhub or DoorDash (9%), and income from trading or investing (7%).



Americans living paycheck to paycheck have a side hustle. (In addition to their primary source of income).

> ***I got kicked out of the house I was living in, in New York and had to move back home to Louisiana. It drained all I had in savings just to get back home. I had to find a new job as quickly as possible. And I also had to sell a lot of my belongings just to be able to eat and make ends meet.***
>
> *- Male, 34, Louisiana*

Two in five have a chronic health condition or disability, a fifth are caretakers

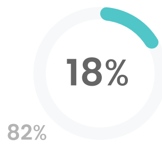
Many are dealing with diverse and sometimes difficult personal circumstances. Nearly a fifth (18%) are caretakers for someone in their life, and two in five (40%) say they have a health condition, impairment, or disability that has affected them for more than 12 months.

05. Who is Cash Poor?

Having a disability or being a caretaker can be expensive, making saving money more challenging.

Are you a caretaker of a friend or family member?

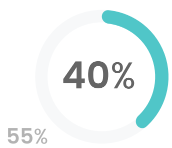
Americans Living Paycheck to Paycheck



are a caretaker

Do you have a long-term health condition or disability?

Americans Living Paycheck to Paycheck



have a chronic health condition or disability

> ***I'm disabled and on social security. My income just barely pays for my expenses. Still need to go to the food shelf, buy used clothing, and rely on local churches for help.***
>
> *- Female, 63, Minnesota*

> ***I'm feeling broke. My mother made me give up where I was living to move in and take care of her and it's causing a lot of animosity. She's going through dementia and so forth, it's horrible.***
>
> *- Female, 60, Pennsylvania*

Three in five hold a bank or checking account

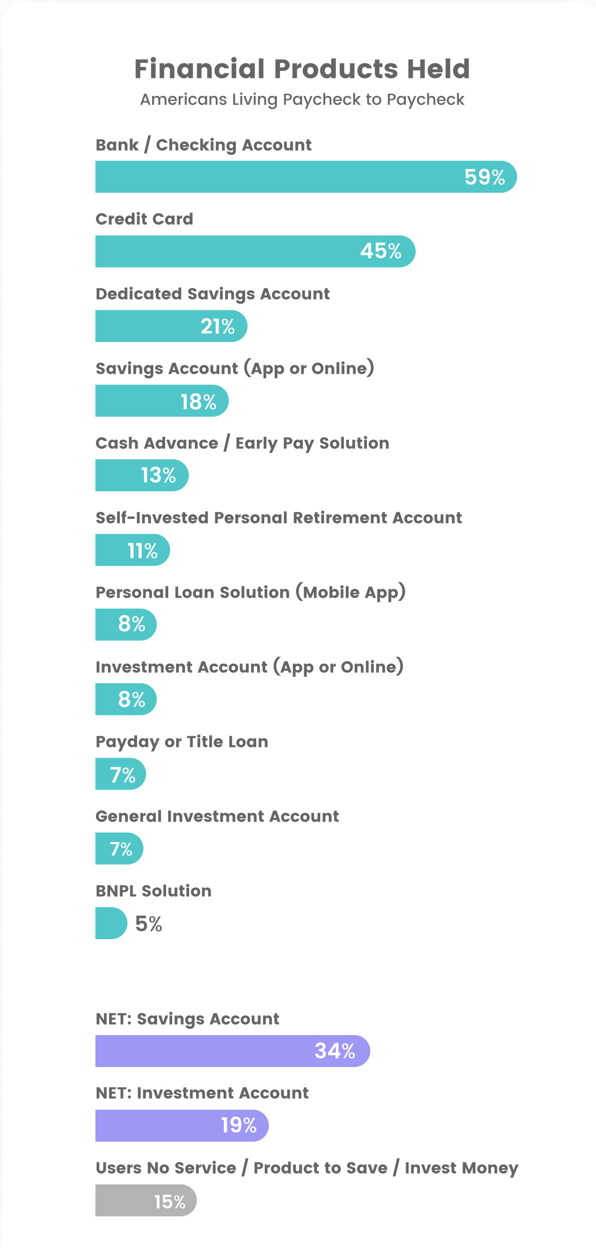
Basic checking accounts are the most commonly held financial product among Americans living paycheck to paycheck, with nearly three in five (59%) holding one. Around half (45%) have a credit card, and one in five have a dedicated savings account (21%) or savings account accessed only via an app or online (18%) to manage their money.

Checking accounts are most commonly used among older Americans; nearly three-fourths (73%) of Boomers and the Silent generation have one. In comparison, around half of Gen Z and Millennials have a checking account – a slight increase from last year (49% and 57%, respectively). Nearly half (46%) of Gen Z respondents have a credit card, a slight increase from last year (42%, 2023). While Gen Z was least likely to have a credit card in 2023 compared to other generations, Gen X (37%) is now least likely to have one.

One in three hold a savings account, one in five hold an investment account

One in three (34%) Americans living paycheck to paycheck have a savings account. While the total proportion of those living paycheck to paycheck holding a savings account is similar across the generations, Gen Z respondents have a preference towards app-based saving solutions (27%), while Boomers and those from the Silent generation (27%) tend to hold dedicated savings accounts.

One in five (19%) Americans living paycheck to paycheck have some type of investment account. Younger generations are more likely to hold an investment account, with 26% of Gen Z and 21% of Millennials investing their money. Investing is also more common among respondents with a higher degree of education – 16% of Americans living paycheck to paycheck with a high school degree or less hold an investment account, while 17% of those with some college/associate degree and 31% of those with a college degree hold an investment account.

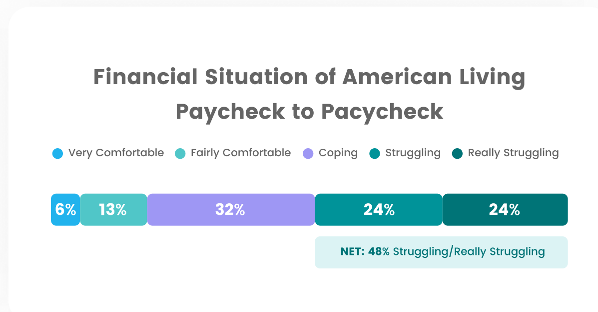


Nearly half have less than $200 in their checking and savings accounts

Among Americans living paycheck to paycheck who hold a savings or checking account, nearly half (49%) hold less than $200 and three in five (61%) have $500 or less in their savings account.

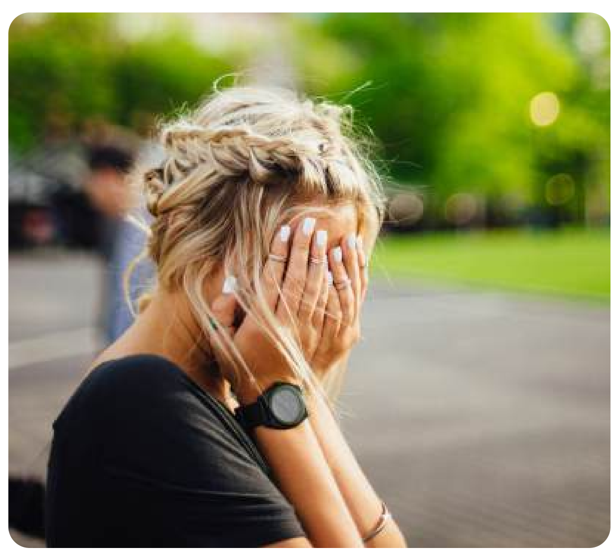
Similarly, two in five (44%) hold less than $200 and over three in five (61%) have $500 or less in their checking account. The average estimated amount held in checking is $1,190.20 and $1,537.8 for savings, a drop from last year's average.

Nearly half (48%) of Americans living paycheck to paycheck say they're currently struggling with their personal financial situation – an 8% increase from last year. This figure rises to 61% among those with $500 or less in their savings. Worryingly, women living paycheck to paycheck are much more likely to say they are struggling with their current financial situation than men (56% vs. 39%).



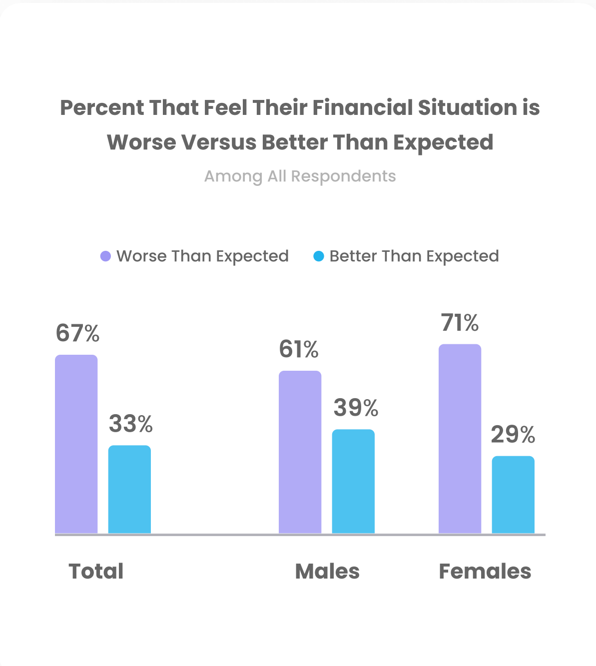
I'm constantly living paycheck to paycheck, which has kept me from seeing a dentist in well over a decade, which makes me incredibly anxious all the time.

- Male, 36, Illinois



Two in three report their financial situation over the past twelve months is worse than they expected

Two-thirds (67%) of Americans living paycheck to paycheck report their financial situation over the past twelve months is worse than they expected. Similarly, 62% report the past twelve months have been worse financially than the previous twelve months. Concerningly, women living paycheck to paycheck are considerably more likely to report things have been worse than expected (71%) in comparison to men living paycheck to paycheck (61%).



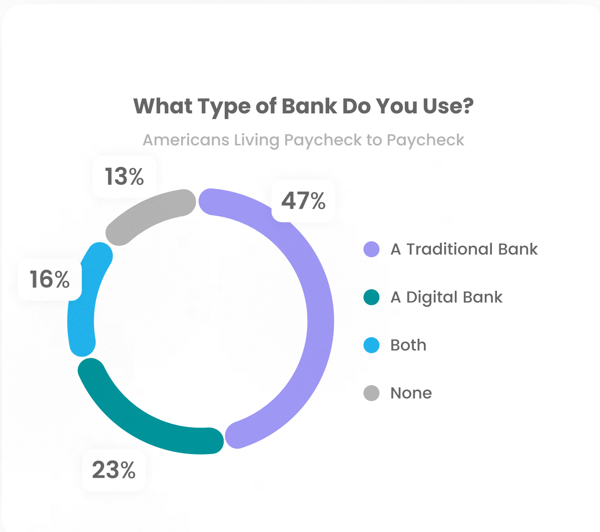
Over eight in ten (81%) Americans living paycheck to paycheck report that the past 12 months have been financially challenging, compared to 19% who report they've been easygoing. Similarly, 77% report the past 12 months have been financially stressful versus relaxed (23%). Boomers were most likely to report the past 12 months to be stressful (85%) compared to Gen Z and Millennials (both 73%) as well as Gen X (79%).

Half use traditional banks alone, with digital banks more popular among Millennials

Half (47%) of Americans living paycheck to paycheck solely use traditional banks to manage their money. Those from the Silent and Boomer generations are much more likely to solely rely on a traditional bank (62%). In comparison, 42% of Millennials use a traditional bank alone.

Nearly a quarter (23%) use a neobank alone to manage their money. Millennials are most likely to only use a digital bank, with over a quarter (27%) doing so – a slight drop from 2023 (32%).

About a sixth (16%) have accounts with both traditional and neo banks.



An unplanned expense, such as an unexpected medical bill, can really disrupt my financial stability. It often means juggling priorities and making sacrifices in other areas to manage the added cost.

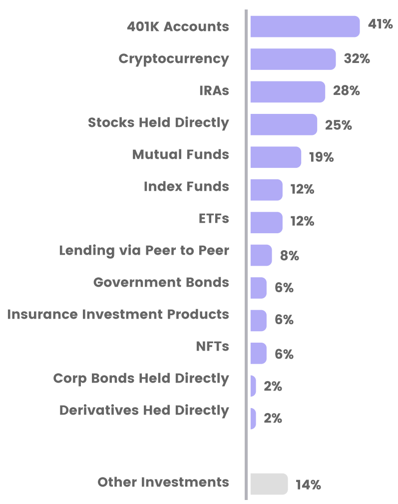
- Male, 46, Maryland

401k accounts are the most popular asset among those who invest

Among the 19% of Americans living paycheck to paycheck who have an investment account, the most commonly held asset is 401k accounts (41%), followed by cryptocurrency (32%) – the most popular investment account among those living paycheck to paycheck. Gen X respondents are most likely to have a 401k account (55%), followed by Millennials (39%).

Investment Types Held

Americans Living Paycheck to Paycheck
Who have an Investment Account



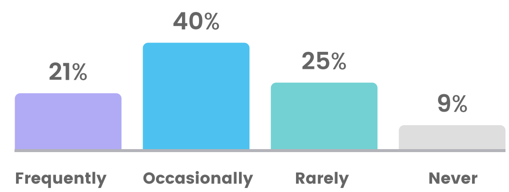
Among those who invest in cryptocurrency (32%), Coinbase (65%) and Crypto.com (31%) are the most commonly used platforms.

Most check their credit score occasionally and estimate it's lower than the national average

Over three in five (61%) of Americans living paycheck to paycheck check their credit score at least occasionally – two in five (40%) occasionally do and one in five (21%) frequently do. Worryingly, a quarter (25%) rarely check their credit score, and a tenth (9%) never do.

How Regularly Do You Check Your Credit Score?

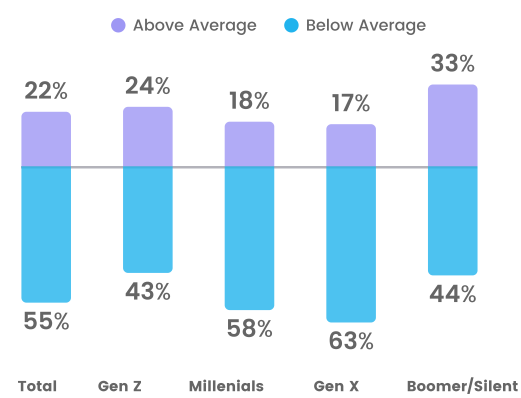
Americans Living Paycheck to Paycheck



Slightly over half (55%) of Americans living paycheck to paycheck estimate their current credit score falls below the national average of 716. Millennials (58%) and Gen X (63%) are most likely to estimate their credit scores are below average. Over a fifth (22%) estimate their credit score is above average, with Boomers and the Silent generation (33%) leading the way.

Do You Estimate Your Credit Score is Above or Below Average?

Americans Living Paycheck to Paycheck Who Check Their Credit Score At Least Rarely



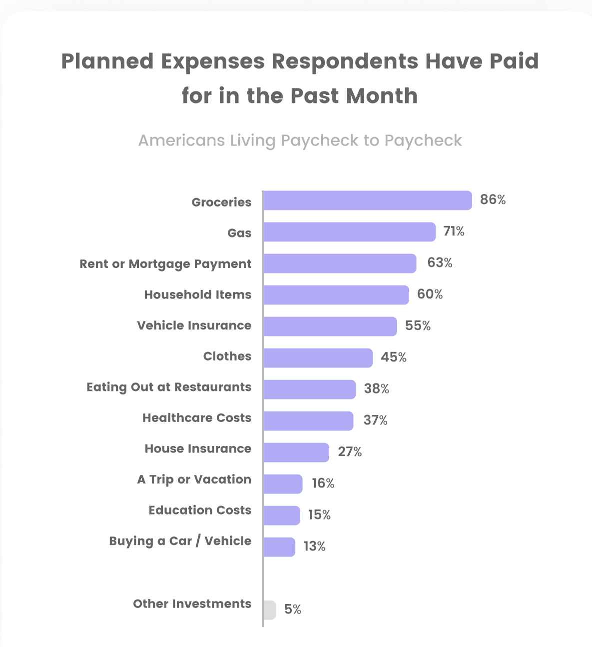
05. Who is Cash Poor?

Top planned expenses are groceries, gas, and rent or mortgage payments

Groceries (86%), gas (71%) and rent or mortgage payments (63%) are the most common planned expenses respondents have incurred over the past month. For some, planned expenses take up a vast majority of their monthly income, leaving little room to save or prepare for an unexpected expense.

> ***I barely make it with essential bills, unexpected bills leave me going without food and less heat.***
>
> *- Female, 53, Washington*

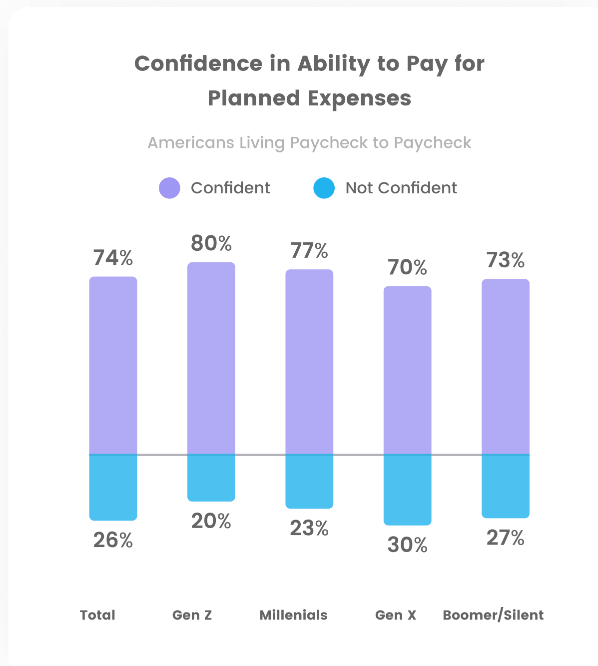
Respondents with $500 or less in savings are less likely to divert their monthly income to certain planned expenses in the past month, such as purchasing new clothing (43%), eating out (36%), healthcare costs (insurance payments or prescriptions) (37%), paying for house insurance (25%), and education costs (13%).



> ***Cost of living coupled with medical bills, unexpected auto repairs and home repairs have overwhelmed my husband and I and caused us great anxiety.***
>
> *- Female, 64, Florida*

Majority feel confident in their ability to pay for planned expenses...

Nearly 74% feel confident in covering regular planned expenses, while 26% do not. Gen X (30%) and Boomers (28%) are less confident, but those with a side hustle (79%) feel more secure than those without one (70%).



But fixed income is barely enough.

Although the respondents' fixed income allows them to budget for planned expenses, there is often little left over for unexpected expenses, such as medical or home repair bills.

> ***I am a single mother, I work full time. Everything has gone up but my pay. I never have the money I need.***
>
> *- Female, 32, Michigan*

Debit cards are the most common form of payment for planned expenses

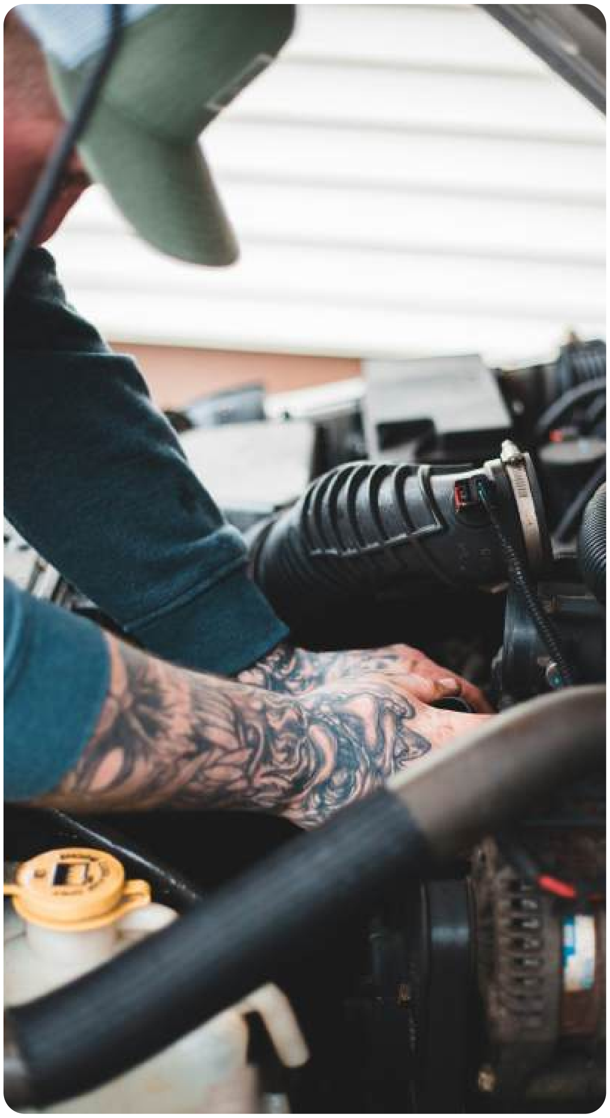
Debit cards are the most common form of payment for a planned expense (68%), followed by money from savings or checking accounts (47%), and credit cards (42%). Nearly a fifth (18%) use personal cash savings or savings clubs to pay for their budgeted expenses, while 14% use cash advances. BNPL options are used by just over a tenth (11%) of respondents.

"Many Americans, especially women, are treading water. As this insightful report reveals, women are more likely than men to live paycheck to paycheck and are considerably more likely than men to say they face situations that have grown tougher. We champion increasing access to flexible income-generating opportunities that help women make ends meet. However, individuals also need access to financial tools that bridge them through rough times or stabilize their earnings. Economic empowerment starts with choices, and public policy should prioritize this, not punish it.

Patrice Onwuka
Director of the Center for Economic Opportunity at the Independent Women's Forum

06.

The True Cost



This report aims to uncover the true cost of unplanned expenses over the past 12 months, including the opportunity cost of "going without," and how these costs impact individuals' financial well-being.

Assessing the True Cost

What is an unplanned expense?

An **unplanned expense** is an emergency bill, fine, or other payment that exceeds the amount of cash an individual has readily available. Unplanned expenses generally need to be paid immediately or within a very short timeframe.

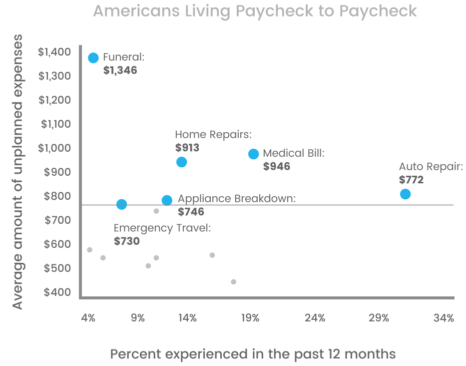
A **planned expense** is an expense that an individual can plan and budget for, such as rent, groceries, or gas.

Unplanned expenses cost the average American living paycheck to paycheck $1,825 per year

On average, respondents faced 2.5 unplanned expenses in the past 12 months, consistent with the previous year's data. However, the average cost per unplanned expense decreased slightly to $730, down from $760 last year. This results in an annual total of $1,825 spent on unplanned expenses, a slight decrease from $1,900 in 2023.

Average Amount of an Unplanned Expense by Frequency Experienced in the Past 12 Months

Americans Living Paycheck to Paycheck



Every year, millions of Americans face unplanned expenses—emergency bills, repairs, or sudden costs that exceed what's available in their checking or savings accounts.

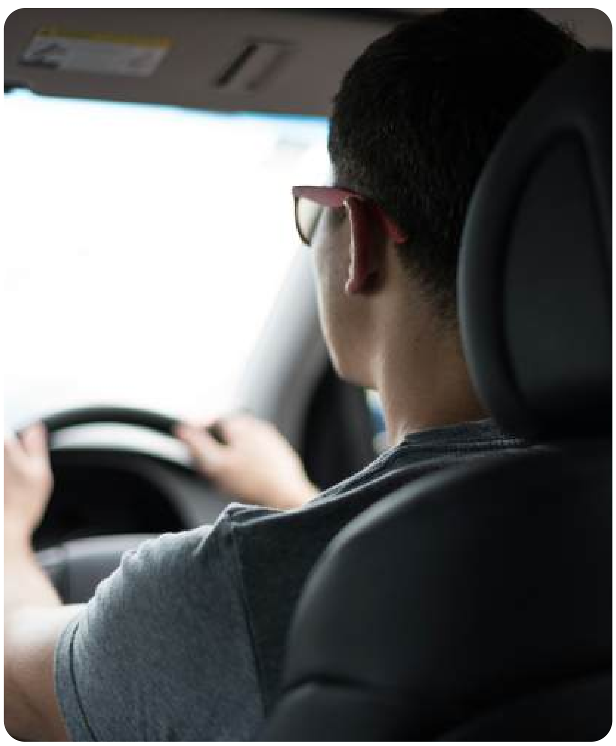
For those living paycheck to paycheck, these expenses often trigger financial strain, forcing them to rely on costly borrowing options or make sacrifices to get by. To understand the full scope of this challenge, SoLo partnered with Opinium Research and Pace University to explore the total cost of unplanned expenses, including the financial burden of borrowing and the opportunity cost of "going without" when credit isn't an option.

06. The True Cost

Auto repairs: The most common unplanned expense

The most common unplanned expenses this year were auto repairs (31%), medical bills (20%), and utility bills (18%). **Auto repairs remained the most common unplanned expense**, with an average cost of **$772**, an increase of $25 from the previous year, with many respondents reporting that fixing their vehicle was necessary to maintain employment or daily life.

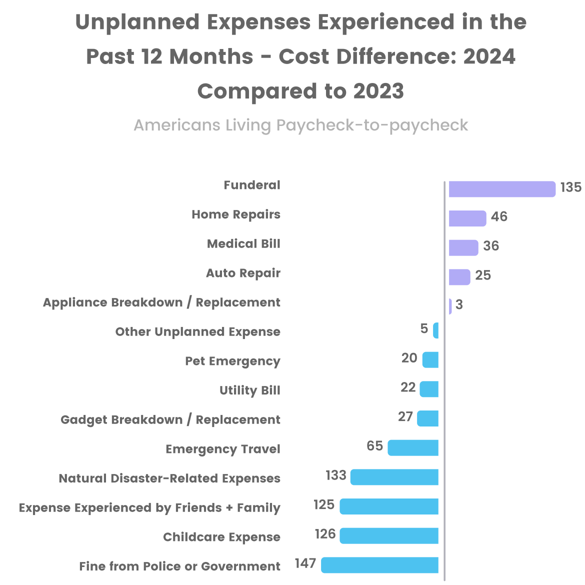
> ***It was a horrible situation at the worst time. Had to get the car fixed to work. Family was understanding and more than happy to help. Don't know what I would have done without them.***
>
> *- Male, 27, Utah*



> ***It just needed to be done—my car gets me to and from work. If I don't get there, I don't get money.***
>
> *- Female, 46, Utah*

The cost of unplanned medical bills is on the rise

Medical bills were the second most common unplanned expense, experienced by 20% of respondents, with an average cost of $946, up $36 from last year. Funerals and natural disaster-related expenses, while less common (5% and 3% respectively), continued to be among the most expensive, averaging $1,346 per event.



Paying for an unplanned expense

Unplanned expenses often force paycheck-to-paycheck Americans to rely on short-term fixes and loans. Those with $200 or less in savings rose to 49% (up from 44% last year), while average savings dropped from $1,858 in 2023 to $1,537 in 2024, highlighting a financial squeeze on savings.

Payment options for an unplanned versus planned expense

Buy Now, Pay Later (BNPL) is the only payment option that can be used for either type of expense. For the purpose of our analysis, credit cards and savings are considered to be payment options for an unplanned expense when used in conjunction with another short-term option.

Types of Payment Used

For Unplanned and Planned Expenses

Unplanned Expense	Planned Expense
Borrowing Money from Friends or Family	Buy Now, Pay Later (BNPL)
Buy Now, Pay Later (BNPL)	Cash or Salary Advance
Credit Card (+ Other Short-Term Options)	Credit Card
Crime	Debit Card
Pawning Possessions	Personal Cash Savings / Savings Clubs
Payday Loan	Personal Loan
Peer-to-Peer Lending Option	Savings / Checking Account
Personal Loan via Mobile App	Social Security Payments
Savings (+Another Short-Term Option)	Unemployment Payments
Selling Possessions	
Tile Loan	
Unregulated Loan	

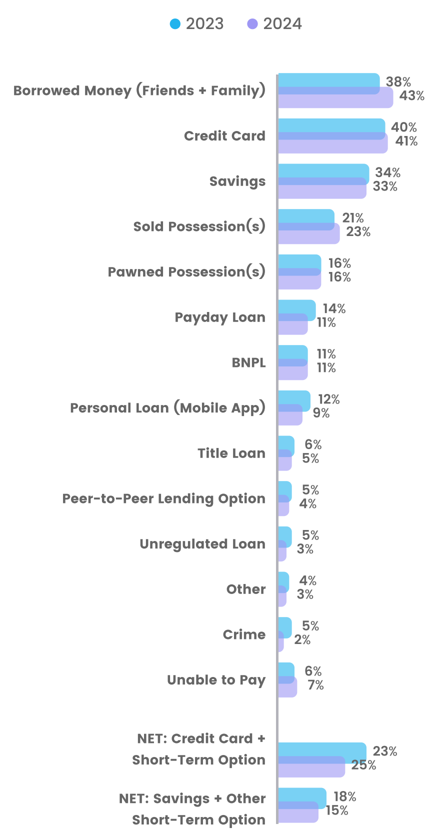
The most common short-term solutions for unplanned expenses in the past 12 months were borrowing money from friends or family (43%), selling possessions (23%), pawning possessions (16%), and taking out a payday loan (11%). The reliance on short-term borrowing from friends or family has increased compared to 2023 (43% vs 38%), as did selling possessions (23% vs 21%).

Americans living paycheck to paycheck often use a credit card or savings in conjunction with another short-term option to pay for an unplanned expense. Of the 41% who used a credit card, a quarter (25%) also used a short-term option; among the third (33%) who used savings, one in five (19%) also used a short-term option.

Only a quarter (25%) of respondents were able to rely on their savings or a credit card alone to pay for an unplanned expense – three quarters (75%) had to use a short-term option. There was no significant change from 2023, suggesting that the reliance on short-term options to pay for unplanned expenses remains high.

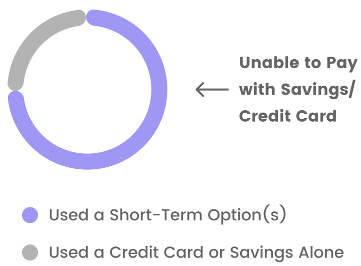
How Americans Living Paycheck Fund an Unplanned Expense in the Past 12 Months, Compared to 2023

Among Americans Living Paycheck to Paycheck



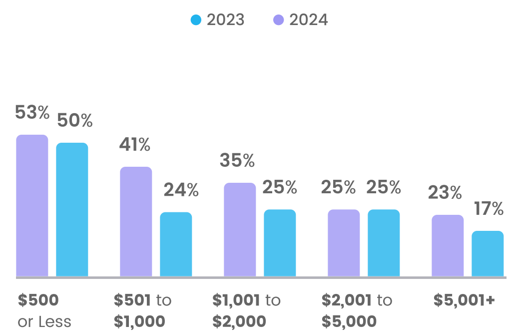
Savings and Credit Cards as Payment Options for an Unplanned Expense

Among Americans Living Paycheck to Paycheck



Percentage That Borrowed Money from Friends or Family, by Amount in Savings in the Past 12 Months, Compared to 2023

Among Americans Living Paycheck-to-paycheck



Cash-poor Americans increasingly rely on alternative options, such as borrowing from friends or family

Oftentimes there are no viable financial products for Americans living paycheck to paycheck, such as a loan or form of credit, when they need to pay for an unplanned expense. For example, two in five (43%) borrowed money from friends or family, nearly a quarter (23%) sold a possession(s), 16% pawned a possession, and 2% resorted to some form of crime.

Borrowing money from family or friends is overall the most common way Americans living paycheck to paycheck have paid for an unplanned expense. This is even more prominent among Gen Z (50%) or Hispanic or Latino (47%) Americans living paycheck to paycheck. Most notably, those with $500 or less in their savings were also more reliant on borrowing from friends and family to pay for an unplanned expense, with over half (53%) doing so. It may be more difficult for this demographic to obtain a loan or credit given their limited savings, forcing them to rely on an alternative option.

Notably, while reliance on borrowing money from friends or family remained stable for those with $500 or less in savings, it has increased significantly for those with savings between $501 and $2,000, suggesting that not just those with least amount of savings struggle to, or don't want to access formal lending options.

“

I could make it if the credit cards would lower their interest rate so that I could pay more towards the balance instead of interest.

- Male, 64, Mississippi

Understanding the True Cost

The loans and forms of credit that Americans living paycheck-to-paycheck rely on to pay for unplanned expenses often include fees in addition to APR, contributing to the true cost of borrowing for these cash poor Americans.

To quantify the **true cost** of borrowing for unplanned expenses we analyzed the real costs of a range of common payment options including: subprime credit cards, cash advance solutions, Buy Now, Pay Later (BNPL) solutions, and payday loans. For comparison, we also analyzed the equivalent cost of using the peer-to-peer lending platform, SoLo Funds.

06. The True Cost

Buy Now Pay Later (BNPL)

Similar to the 2023 Total Cost Report, BNPL options remain a relatively cheap form of borrowing especially if the borrower incurs just the minimum cost.

The average cost for borrowers has increased from 20% to 23%, primarily driven by higher APRs (three of the five firms identified charged a maximum of 36% in interest). Interest due on the loan and repeat late fees can significantly increase costs for borrowers.

BNPL	Minimum Fee	Maximum Fee	Average Fee
PayPal	0%	33%	16%
Affirm	0%	33%	16%
Klarna	0%	56%	27%
Afterpay	0%	42%	20%
Zip	11%	63%	36%
Industry Average	2%	45%	23%

Payday Loans

Payday loans are risky - they remain one of the most expensive forms of borrowing on average. In contrast to other options, payday loans have the highest minimum cost of borrowing due to their origination fees. In tandem with origination fees, late fees and processing fees can significantly increase costs, reaching as high as 49% of the principal borrowed under the maximum cost scenario.

In general, costs of borrowing for payday loans have increased compared to 2023, with the industry average rising from 33% to 35%. It is important to note that terms and fees for payday loans are often subject to state guidelines and regulations. The analysis takes into consideration both lax and strict regulatory frameworks to produce a representative average.

Payday Loan	Minimum Fee	Maximum Fee	Average Fee
Speedy Cash	20%	37%	28%
Ace Cash Express	30%	49%	39%
Advance America	22%	67%	44%
Check 'n Go	18%	48%	32%
Check Into Cash	21%	45%	32%
Industry Average	22%	49%	35%

As a low-income family of four, we've always lived paycheck to paycheck. When our power was shut off, my grandparents stepped in to cover the bill, but we may not be able to repay them. I help them twice a week to show gratitude, but our situation remains difficult, especially with my father's illness and costly ambulance rides.

- Male, 22, Wisconsin

06. The True Cost

Small-Dollar Loans

The analysis of small dollar loans initially suggests that it is a relatively cheap form of borrowing compared to payday loans and subprime credit cards. However, it is important to note that there is a significant and potentially prohibitive barrier to entry for these loans, as many banks require the borrower to have a checking account - and minimum opening deposit - at the respective institution. This report considers minimum opening deposits a cost to borrowers since they are required to access the loan.

The industry average is 25%. Under the minimum scenario, the cost of borrowing is calculated to be 12%, higher than BNPL, cash advance, P2P and certain subprime options due to the aforementioned minimum opening deposit required. Additionally, the cost of borrowing is estimated to be 38% under the maximum scenario, where a borrower would be responsible for paying a monthly maintenance fee as well as applicable overdraft fees.

Subprime Credit Cards

Subprime credit cards exhibit the highest costs in borrowing relative to other options. As with payday, BNPL and cash advance options, higher APRs have contributed to increased costs compared to 2023. The industry average has increased from 41% to 48%. In the maximum scenario, high APRs, in tandem with late fees, transaction fees, and monthly fees, can result in a significant cost for borrowers: 90% of principal borrowed, compared to 76% in 2023.

Small-Dollar Loan	Minimum Fee	Maximum Fee	Average Fee
Bank of America Balance Assist	23%	52%	37%
Wells Fargo Flex Loan	11%	40%	25%
US Bank Simple Loan	9%	18%	13%
Huntington Standby Cash	7%	44%	25%
Truliant Federal Credit Union CashPlease	12%	38%	24%
Industry Average	12%	38%	25%

Subprime Credit Card	Minimum Fee	Maximum Fee	Average Fee
Discover	5%	80%	41%
Credit One	11%	94%	51%
Milestone	23%	105%	62%
Avant	3%	84%	42%
Mission Lane	9%	79%	42%
Surge	17%	113%	63%
OpenSky	4%	80%	40%
Industry Average	10%	90%	48%

06. The True Cost

Cash Advance / Earned Wage Access	Minimum Fee	Maximum Fee	Average Fee
Chime	0%	20%	9%
MoneyLion	0%	57%	27%
Varo	8%	12%	10%
Current	0%	25%	12%
Earnin	0%	18%	9%
Industry Average	2%	26%	13%

P2P Lending	Minimum Fee	Maximum Fee	Average Fee
SoLo Funds	0%	36%	17%
Industry Average	0%	36%	17%

Cash Advance

Cash advance firms are still relatively the cheapest form of borrowing compared to other options. As mentioned in Section 3, it is assumed that the borrower will incur multiple fixed fees due to the requirement of multiple transfers of funds to reach $1,000. In contrast to other forms of borrowing, tips and transaction fees are the primary cost drivers for cash advance borrowers. The industry average has increased from 11% to 13%.

SoLo Funds (P2P)

P2P Lending remains a low-cost, low risk option for most who may need to borrow. Similar to most BNPL and cash advance options, peer-to-peer ("P2P") lending is free in the minimum scenario where a borrower repays on time and does not tip. Likewise, maximum fees due to late fees, transaction fees, and tips can result in up to 36% of the principal borrowed. Nevertheless, unlike the other borrowing options studied, the minimum, maximum, and average fees for SoLo Funds have not increased since 2023.

> ***"I have personally witnessed how fintech platforms can benefit underbanked communities by providing solutions for urgent financial needs that traditional institutions often cannot meet. Too many Americans face unexpected expenses, like car repairs or medical bills, without the funds or access to traditional credit to address them. Innovative fintech solutions are stepping up to fill this critical gap, offering accessible and flexible options that support financial stability and inclusion.***

Richard Freshwater
General Counsel & Chief Compliance Officer at SoLo Funds

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Conclusion

The financial situation of Americans living paycheck to paycheck remains complex, especially when considering their borrowing patterns and the associated costs. This year, a slight decline in the average amount of unplanned expenses—down from $1,900 to $1,825—reflects changing economic conditions. While this reduction suggests improved financial planning, possibly in response to inflationary pressures, it highlights the continued difficulty of managing unexpected expenses in an increasingly costly environment.

Alongside the reduction in unplanned expenses, there is a noticeable shift in borrowing behaviors. Fewer individuals are relying on high-cost borrowing options such as buy now, pay later schemes, payday loans, and peer-to-peer lending platforms. This may reflect a growing awareness of the long-term financial burdens associated with these products, especially in a period of rising inflation and interest rates. As consumers become more cautious in the face of economic uncertainty, they are seeking more sustainable ways to manage their finances.

However, one trend remains clear: a growing number of individuals are turning to family and friends for financial assistance, with the percentage increasing from 38% to 43%. This shift highlights the importance of personal networks in providing support during financial hardship and also underscores the limitations of traditional borrowing options.

Despite these changes, cash advances continue to be the largest source of borrowing for unplanned expenses, with total annual borrowing estimated at $2,200, though slightly down from $2,300 in 2023. In contrast, the use of Buy Now, Pay Later products has seen a significant decline, averaging $1,450, down from $2,100 last year. This reduction reflects consumers' growing reluctance to rely on expensive short-term credit as inflation continues to erode their purchasing power.

The costs associated with subprime credit cards continue to rise, with fees estimated to reach $19.6 billion annually, up $8 billion from 2023. This increasing cost burden highlights the ongoing challenge of credit card debt for individuals with lower credit scores, worsened by high interest rates and inflationary pressures.

Payday loan costs have also risen modestly from $6.2 billion in 2023 to $6.7 billion in 2024, while the borrowing cost for small-dollar loans stands at $5.8 billion.

Cash advance options now incur an additional $3.8 billion in fees, up from $3.2 billion in 2023, further exacerbating the financial strain on consumers. However, in a positive shift, peer-to-peer lending platforms, such as SoLo Funds, continue to emerge as the most cost-effective option, with an aggregate cost of $1 billion, down from $1.3 billion in the previous year. This trend emphasizes the growing role of fintech companies in providing more affordable alternatives to traditional lending products.

The data reinforces the critical need for innovation in the lending space. As traditional lending products continue to burden consumers, fintechs offer a much-needed alternative that is often more transparent and cost-effective. As the cost of living continues to rise, consumers are increasingly looking for affordable, flexible financial solutions. Fintech companies, with their lower fees and innovative products, are well-positioned to meet this demand, providing consumers with better access to fair and affordable credit options.

Ultimately, these trends underscore the importance of embracing innovation in the financial sector. As we move forward, it will be essential for consumers, regulators, and financial institutions to recognize the value of fintech solutions in creating a more equitable financial ecosystem. The future lies in offering transparent, affordable, and accessible financial products that empower consumers and support long-term financial stability—especially in times of economic uncertainty.

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Acknowledgments

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Professor Tamir Harosh is the Founding Director of The Front Yard at Pace University's Lubin School of Business. The Front Yard is a cutting-edge educational platform dedicated to supporting entrepreneurial and innovative endeavors among students, alumni, and faculty. Professor Harosh led the Total Cost analysis for this year's Cash Poor Report, contributing to the Methodology, Key Findings and Conclusion sections of the report.

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INDEPENDENT WOMEN'S FORUM

The Independent Women's Forum (IWF) is a non-profit organization dedicated to developing and advancing policies that enhance freedom, choices, and opportunities for women. IWF focuses on issues such as economic policy, education, healthcare, and legal reform, advocating for solutions that promote individual liberty and free markets. Through research, educational programs, and outreach, IWF aims to foster greater opportunity and well-being for women and their families.

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THE 2025 CASH POOR REPORT

The Total Cost of Living Paycheck to Paycheck

thecashpoor.com

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SoLo®

About SoLo Funds

SoLo is the leading community finance platform focused on middle-class communities. Our members borrow on their own terms and lend to make industry-leading returns and a social impact. SoLo is perfectly poised to right bank 254M middle-class Americans who desperately need better access to short-term loans and returns. Globally, this group is over 5B. As the only black-owned certified B-Corp fintech in the U.S. and Canada,

SoLo has emerged as the new financial service leader on pace to deliver $1B back into underserved middle-class communities by Q1 '26. The financial system has intentionally failed our communities, excluding them from returns and access to short-term cash. So we created something different. We created something more human. We went back to the basics, creating a community where people could support each other financially.

We call this community finance.
For more information, please visit
www.SoLoFunds.com