

January 17, 2024

Santander US Paths to Prosperity

Financial Prosperity in America:

American households end 2023 with optimism, but their outlook on 2024 shows challenges ahead.

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Paths to Financial Prosperity

At Santander, we strive to help consumers achieve prosperity. We commissioned this study to continue our efforts to better understand middle-income Americans' current financial state and future aspirations, so we can best support them on their journey. This research series explores the barriers and challenges facing consumers as they work toward achieving financial prosperity, and the tools and support that middle-income households need to get there.

Building upon three quarters of prior studies, this installment focuses on middle-income Americans' outlook and expectations for 2024. It examines how current economic conditions, such as prolonged inflation, student loan debt payments, and interest rates, are impacting these households. It also explores middle-income Americans' financial relationships with identified drivers of prosperity, including banking providers and vehicle access.

Key Findings

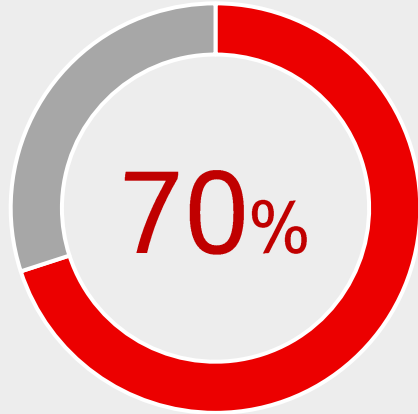
- 1 Middle-income Americans remained resilient in Q4; optimism hits high point as holiday spending rises.
- 2 Challenges remain as Americans set financial goals for 2024; higher interest on savings and other bank offerings can help consumers meet their 2024 goals.
- 3 Vehicle access remains essential to financial prosperity; pent-up demand for vehicles as workers return to the worksite.

Americans remained resilient in Q4;
Optimism hits high point as holiday
spending rises.



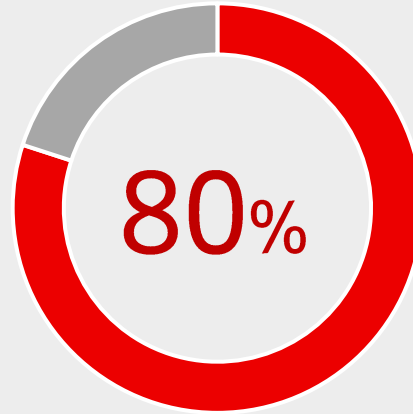
Americans' resiliency, optimism hits high point

Middle-income Americans' optimism for achieving prosperity hit its highwater mark for the year in Q4.



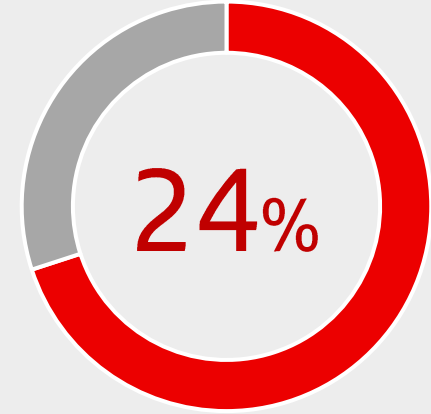
of middle-income Americans say they're **on the right track** toward achieving financial prosperity.

↑ 2pts from Q3



of middle-income Americans believe they **will achieve financial prosperity** in the next 10 years.

↑ 3pts from Q3



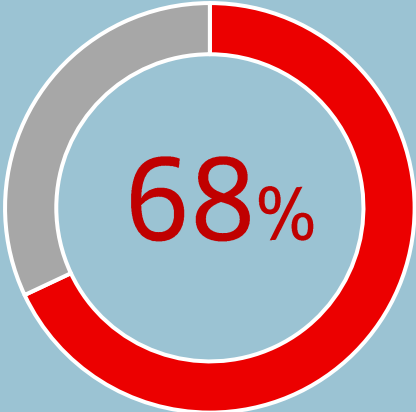
of middle-income Americans describe themselves as being **financially insecure**.

↓ 2pts from Q3

Spending on holiday gift giving rose in 2023*, but some will be paying that off in 2024

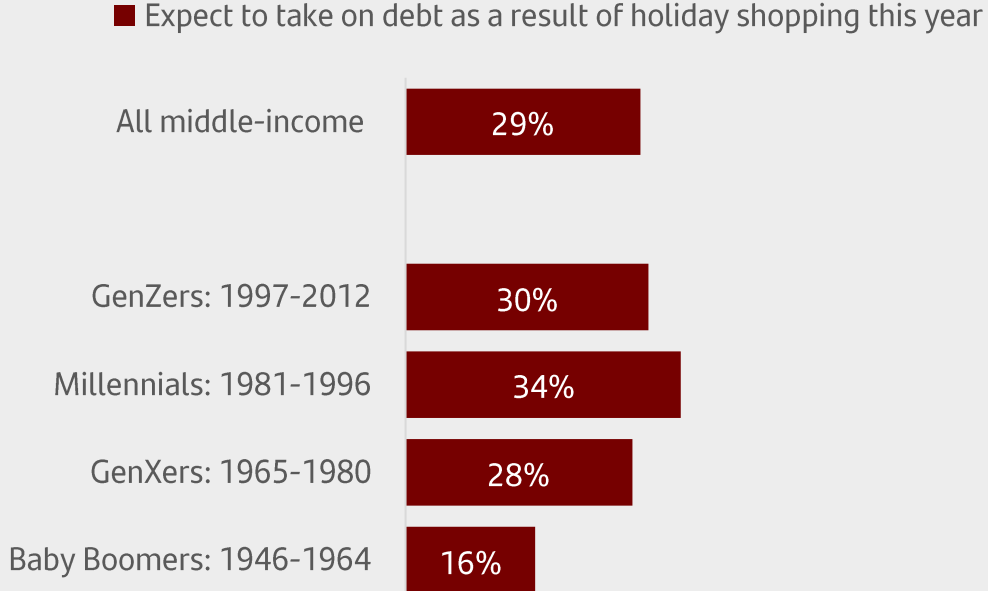


A majority (59%) of middle-income Americans consider their holiday gift giving as a reflection of their own financial prosperity.



reported that they will spend at least as much as the previous year if not more on holiday gift giving in 2023.

29% said that they were planning to take on debt as a result of holiday gift giving this year

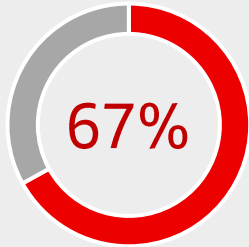


*Becky Sullivan for National Public Radio. "Holiday spending is up. Shoppers are confident, but not giddy." National Public Radio. December 27, 2023. <https://www.npr.org/2023/12/27/1221721867/holiday-spending-is-up-shoppers-are-confident-but-not-giddy>

Challenges remain as Americans
set financial goals for 2024.



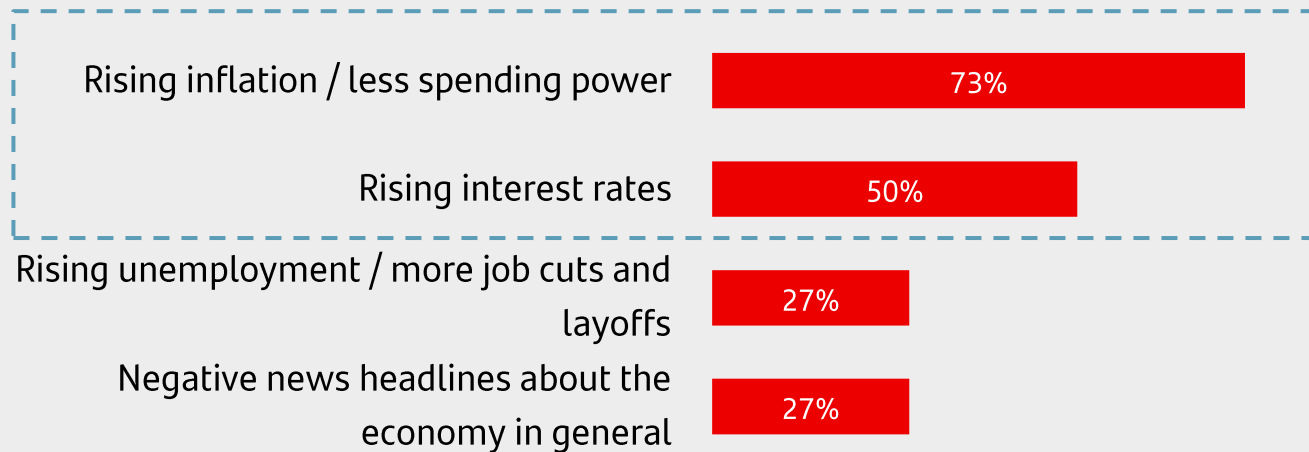
Majority of Americans anticipate a recession in 2024



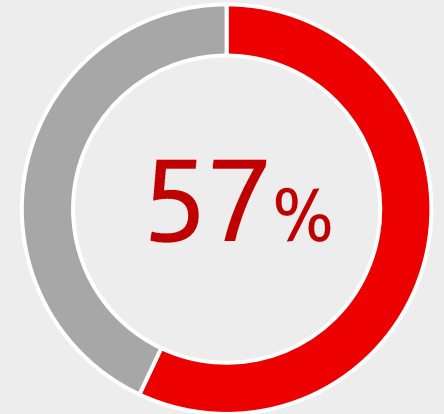
of middle-income Americans **believe the United States will enter a recession in 2024, primarily due to inflation concerns and rising interest rates.**



Top reasons for believing a recession will occur in 2024*

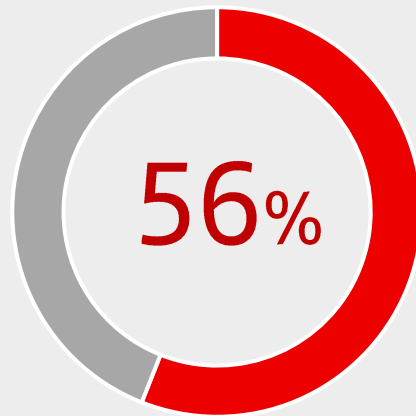


*Out of ten response options.



of middle-income Americans have **delayed a major financial decision due to concerns about a recession.**

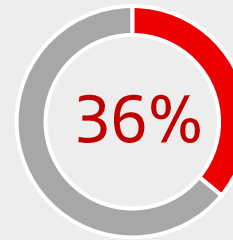
External dynamics – including rising health care premiums and student debt – will pose challenges



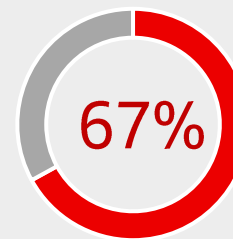
of middle-income households will be **impacted financially by higher health care premiums in 2024**. Impact will be most felt by those who identify as:

- Married (62%)
- Millennials (60%)

Student-loan debt will remain a concern for those with a responsibility for it



of middle-income Americans **have student loan-debt or are responsible for someone in their household's student-loan debt**.



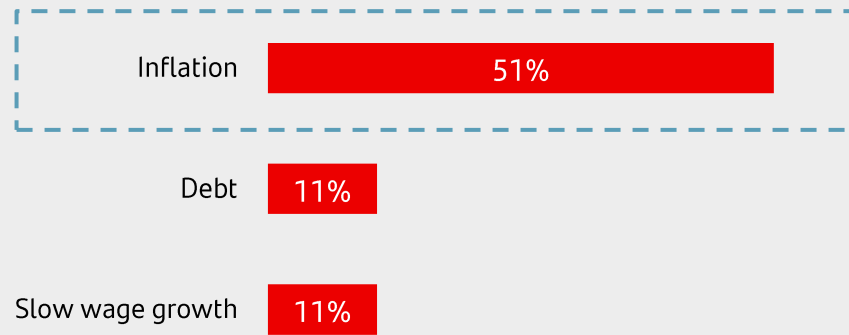
of those with responsibility for student-loan debt say **the resumption of federal student-loan payments in October is having an impact on their ability to achieve financial prosperity**, including 34% who said it is having a significant impact.

Inflation still a top financial challenge for American households

While inflation is again the primary challenge, there are early signs that concerns may be easing.

Inflation remains the top obstacle to achieving financial prosperity for middle-income Americans.

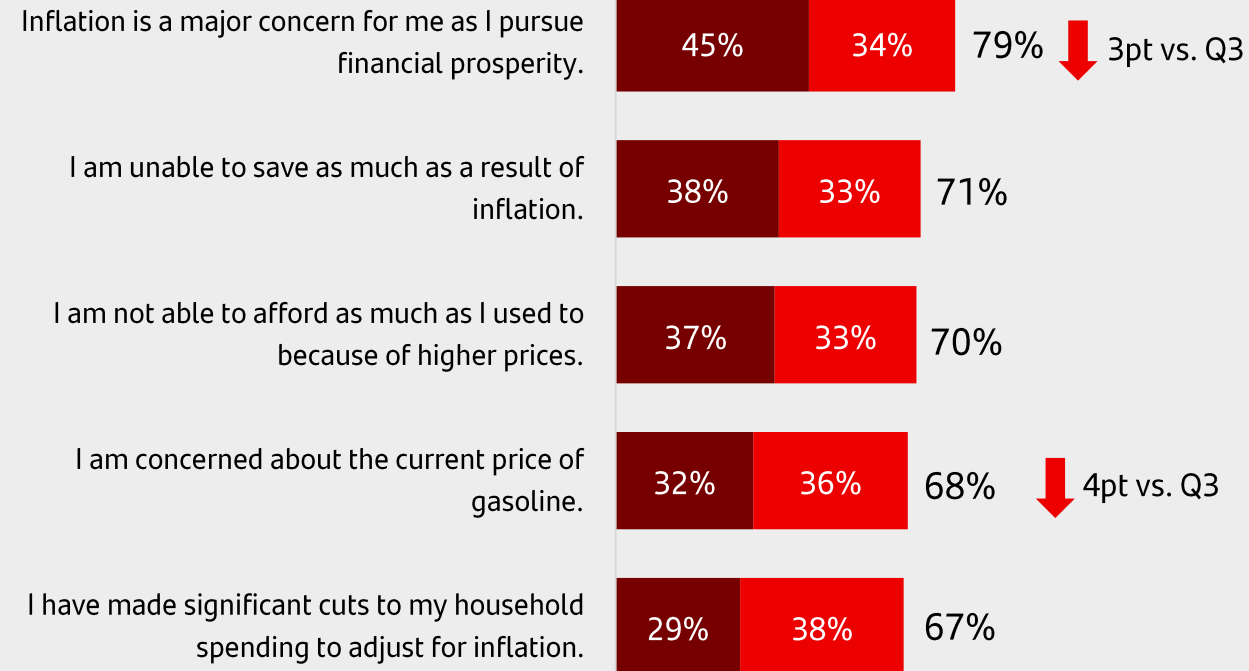
Top obstacles to financial prosperity*



*Out of eight response options.

Financial Concerns

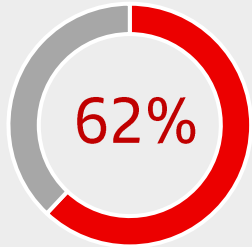
■ Strongly agree ■ Somewhat agree



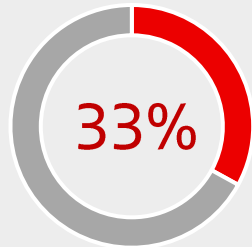
Debt remains a concern as Americans set financial goals for 2024



The majority of Americans are setting financially related goals for 2024.



62% of middle-income Americans have **set a financially related goal or New Year's resolution for 2024.**



33% of middle-income Americans who set a financial goal are **highly/very confident in achieving their goal in 2024.**

Top Goals for 2024*



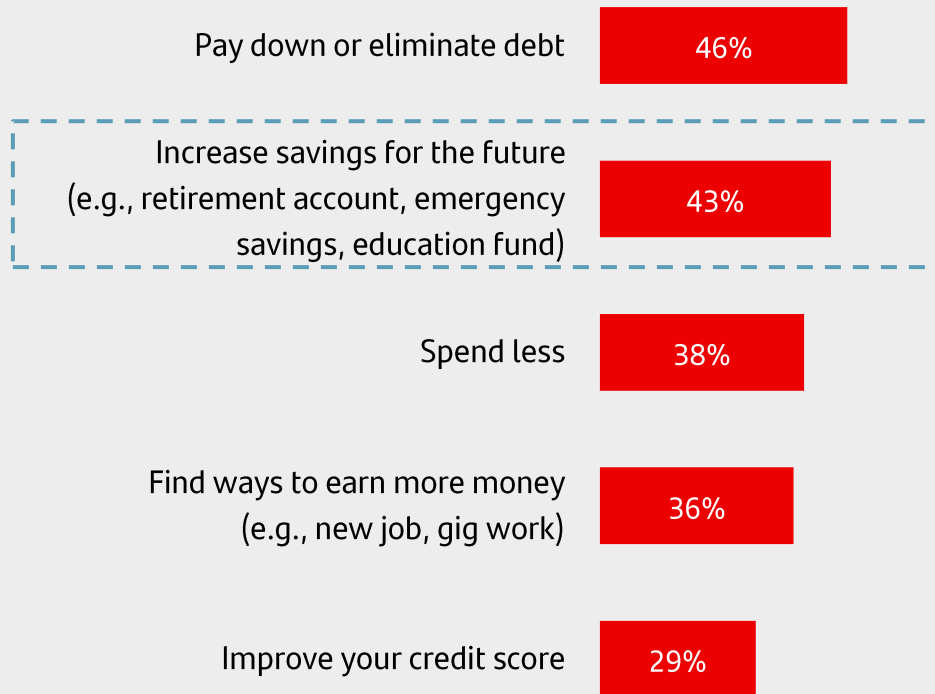
*Out of 11 response options.

Middle-income Americans remain focused on boosting savings

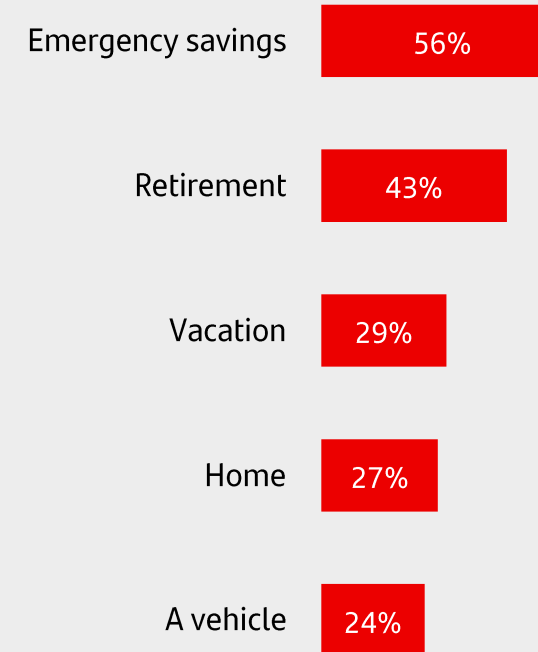


Increasing savings ranked #2 on top financial goals for 2024.

Top Goals for 2024*



Savings is a top priority for MI Americans. Here's what they are saving toward**:



*Out of 11 response options.

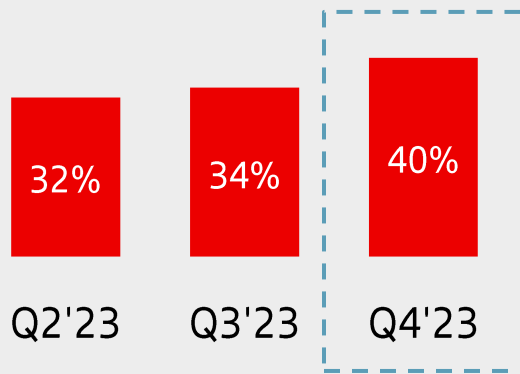
**Out of nine response options.

Earning more on savings can help Americans achieve 2024 financial goals

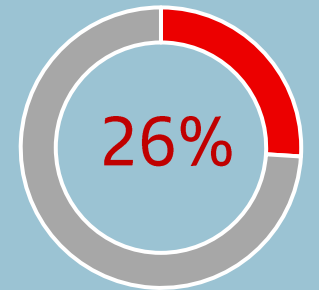
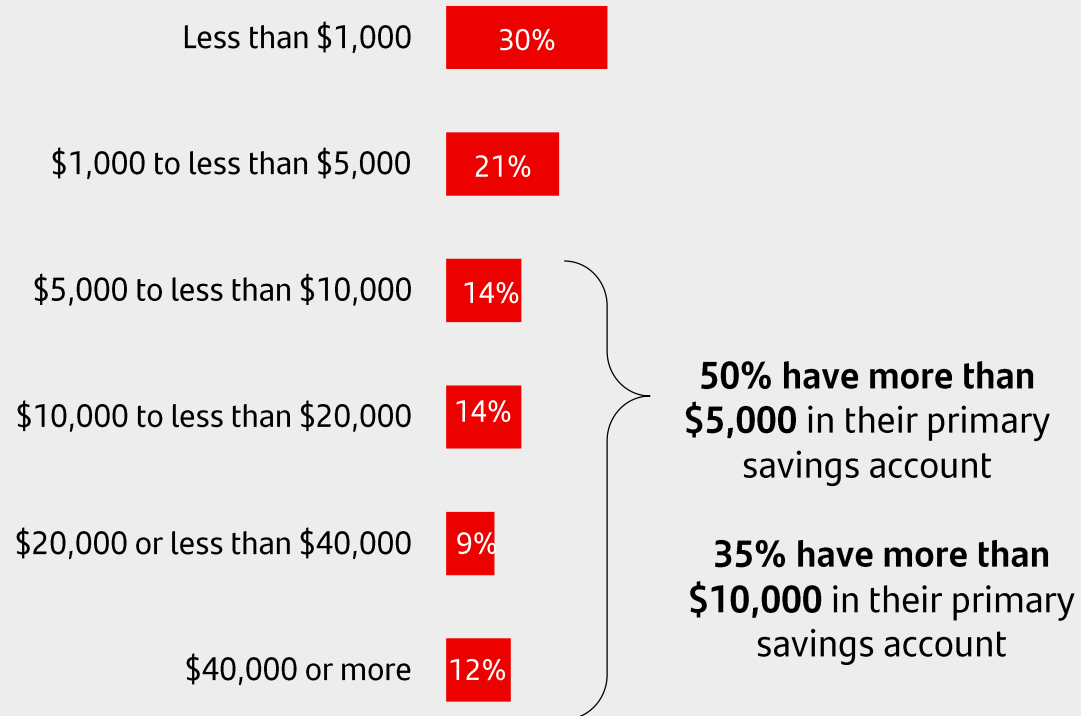


While more Americans are beginning to take advantage of higher interest rates on their savings, still 6 in 10 have not. As of Q4, 56% reported that they were earning 3% or less on their primary savings.

Moved money into higher-yielding accounts due to higher rate of interest on savings



Approximate amount of money in primary savings account

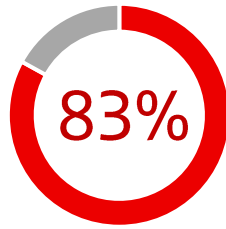


of middle-income households **don't know what rate they are earning on their savings**

Pent-up demand for vehicles as auto access needed to support workers.



Vehicle access is needed to support U.S. economy



of middle-income Americans **believe that vehicle access is important for supporting the U.S. economy, as workers rely on them to get to/from work.**

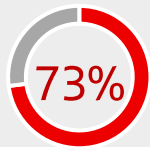


Job-related income continues to be the #1 source to support financial prosperity for middle-income Americans.

Americans have overwhelmingly returned to the worksite, increasing need for vehicle access.



of middle-income Americans are **working in-person at least some of the time.**



of middle-income Americans are **working in-person three or more days per week, including 51% who are in-person five days or more.**

Access to vehicles is essential for middle-income Americans' ability to get to work and live their lives

Vehicle access provides them with more flexibility in how they live their lives.

84%

Rely on vehicle for getting to work.

74%

Would not be able to get necessary goods and services without vehicle access.

73%

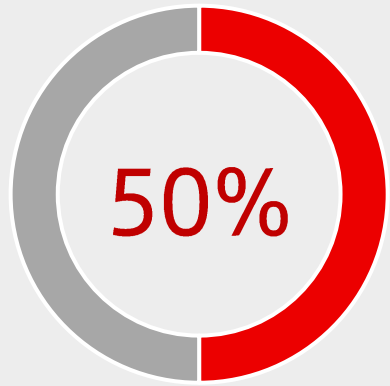
Vehicle access impacts the number of job opportunities available to them.

73%

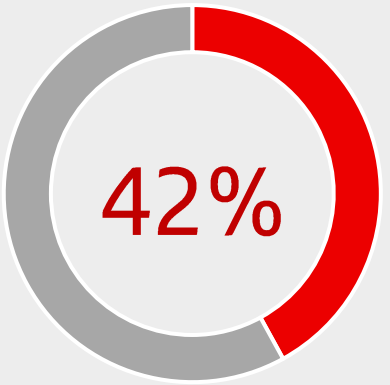
Have daily access to public transportation.

45%

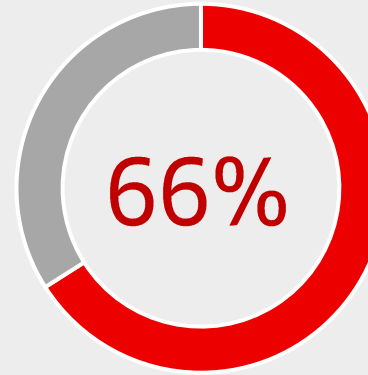
Majority of Americans need financing support to purchase a vehicle in 2024



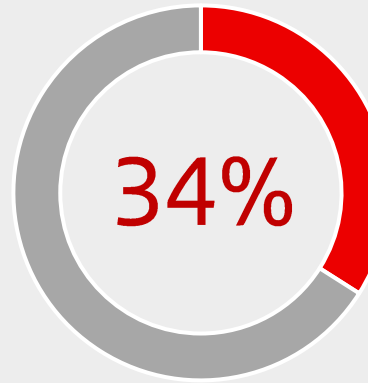
of middle-income Americans **delayed purchasing a vehicle in 2023 due to cost.**



of middle-income Americans **are considering purchasing a new or used vehicle in 2024.**



of middle-income Americans say **they would likely need a car loan if they were to purchase a vehicle.**



of middle-income Americans **are not confident in their ability to obtain an auto loan.**

Appendix: Methodology



Methodology

This research on financial prosperity, conducted by Morning Consult on behalf of Santander US, surveyed 2,204 Americans who are bank and/or financial services customers, ages 18-70.

Survey participants are employed or looking for work and own/use at least one financial product and are the primary or shared-decision maker on household finances with household income in the “middle-income” range of ~\$47,000 to \$142,000¹.

¹ Range based on median household income of ~\$70,800 (U.S. Census Bureau) and Pew Research Center definition of middle-income being two-thirds to double median household income.

This Q4 study was conducted in December 2023. The interviews were conducted online, and the margin of error is +/- 2 percentage points for the total audience at a 95% confidence level.

The previous Q3 study was conducted September 2023, the previous Q2 study was conducted May 2023, and the inaugural Q1 study was conducted January 2023.

The data was weighted to target population proportions for a representative sample based on age, gender, ethnicity, region, and education.

Financial prosperity is defined as thriving financially. Achieving financial prosperity includes being able to cover living expenses, handle emergencies and pursue life goals without significant tradeoffs.

About Santander US

Santander Holdings USA, Inc. (SHUSA) is a wholly-owned subsidiary of Madrid-based Banco Santander, S.A. (NYSE: SAN) (Santander), a global banking group with 166 million customers in the U.S., Europe and Latin America. As the intermediate holding company for Santander's U.S. businesses, SHUSA is the parent company of financial companies with approximately 13,700 employees, 4.5 million customers, and \$168 billion in assets, as of December 2022. These include Santander Bank, N.A., Santander Consumer USA Holdings Inc., Banco Santander International, Santander Securities LLC, Santander US Capital Markets LLC and several other subsidiaries. Santander US is recognized as a top 10 auto lender, a top 10 multifamily bank lender, and has a growing wealth management business. For more information about Santander US, please visit www.santanderus.com.

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