



# *Can we* **connect?**

**How financial empowerment will save  
the employer-employee connection**

2022 Global Financial Wellbeing Report

**nudge**

# Foreword

Because money touches every part of our lives, shocks to our finances impact us deeply. Over the past two years these shocks have been coming thick and fast. Covid, inflation, armed conflict, market volatility and now recession looming on the horizon.

I recently asked 200 HR leaders at one of our events, what will be top of mind for their people over the coming 12 months - 77% stated "the cost of living". The results of our research back this up, with **70% of people globally feeling anxious about their financial situation**, across all salary ranges. An increase from 45% in 2021. This is not only a financial wellbeing challenge, but also a serious mental health risk.

This ground-breaking research proves that when employers enable their people to be financially empowered, with financial education helping them take control of their money and achieve life goals, they can sustain long-term connections that have significant benefits for businesses and individuals<sup>1</sup>.

Employers have a unique opportunity to step in and ease the pain. Where employers offer financial education benefits to their people, **employees are 24% more likely to feel connected with their employer and 20% less likely to feel anxiety about their finances.**

The urgent need is there. If not now, when?

*Jeremy Beament*

nudge co-founder



# Introduction

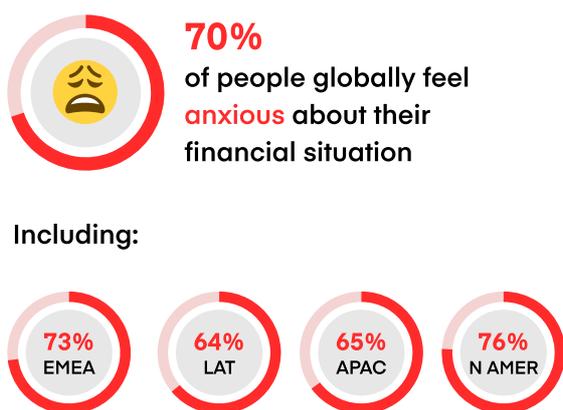
Social scientists have long observed that enduring relationships - or meaningful connections - are based on reciprocity<sup>2</sup>. In return for dedicated, meaningful work, employees want their employer to support them through key life moments. And, ideally these work relationships are enduring. After all, there are benefits for everyone when employee tenures are longer, and relationships are built on reciprocal connections.

In recent years these relationships have been tested. International conflict, the COVID-19 pandemic, and other external forces have destabilized employer-employee relationships<sup>3</sup> and financial wellbeing has taken a hit.

To determine how employers can re-build connection through employee benefits, we surveyed **6,750 people around the world with an even split of gender, salary, age and ethnicity** to dig deeper into employees' feelings around their financial wellbeing, and the connection this has to their workplace.

# Financial anxiety is widespread and severe

Globally, people are extremely worried about their financial situation. And who can blame them? Inflation and stress on supply chains are driving costs through the roof, and wages aren't keeping pace<sup>4</sup>.



Why are there so many negative feelings toward money?

One reason is **financial wellbeing** feels unattainable for many. The global cost of living crisis is very real and isn't going away any time soon, our research reveals 37% of earners around the world are struggling financially, **living paycheck-to-paycheck**.

It's not just that anxiety about money is high, it's that it's increasing. Fig 1 shows that 70% of people globally feel anxious about their financial situation, that's a staggering 55% year-on-year increase.

**Financial wellbeing**

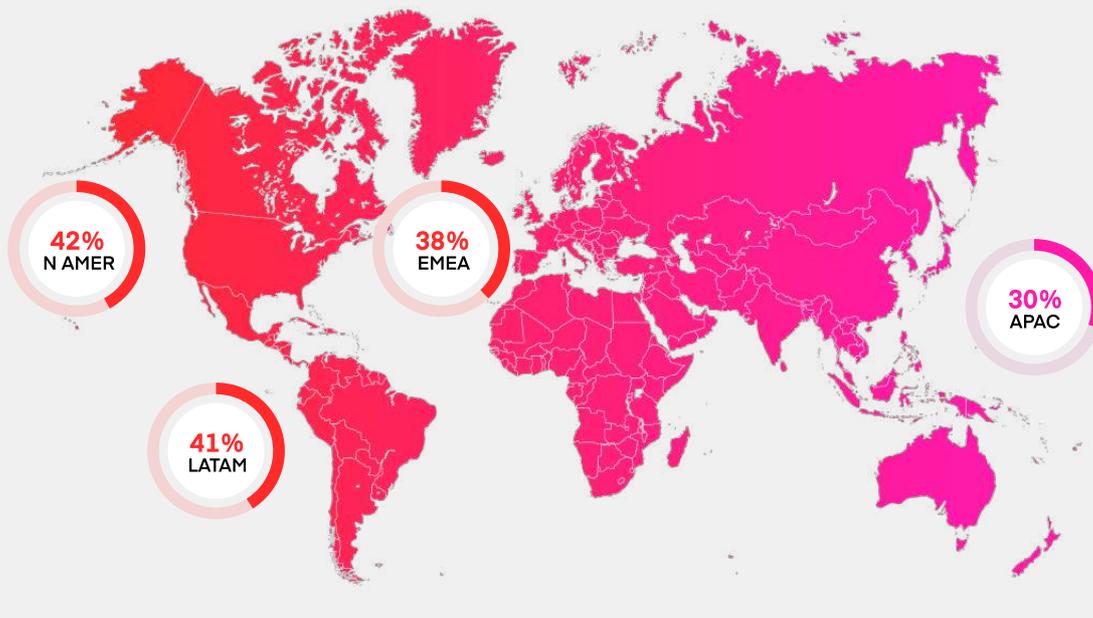
When people are in control of their money and feel financially secure, they're in control of their lives. They're happier, less anxious and can be more empowered with their financial decisions.

Fig 1. PEOPLE GLOBALLY WHO FEEL ANXIOUS ABOUT THEIR FINANCIAL SITUATION

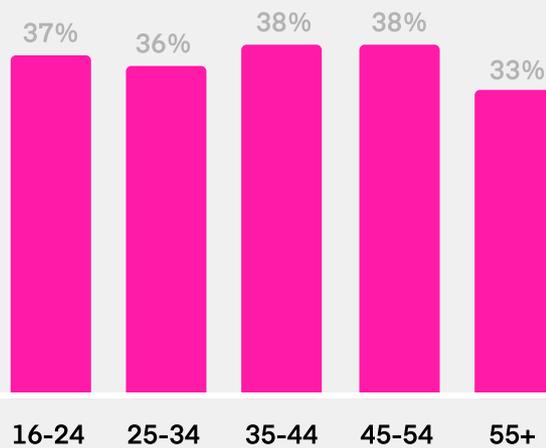


Fig 2.

PEOPLE WHO ARE LIVING PAYCHECK-TO-PAYCHECK: BY REGION



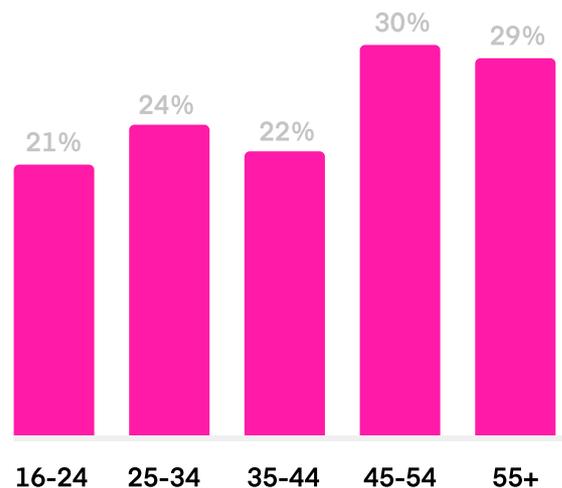
 GLOBALLY: BY AGE



And people are not only concerned about the present, they are worried about their future needs, **24% of global respondents feel they won't be able to retire**. Many don't feel they're earning enough, or are adequately prepared, to exit the workforce when the time comes.

Fig 3.

 PEOPLE GLOBALLY WHO FEAR THEY WILL NEVER BE ABLE TO RETIRE: BY AGE



# Women are underserved and feel less optimistic about money

In addition to financial stresses weighing heavily on the global population, the pandemic has exacerbated financial inequities between women and men. For example, women are three times as likely<sup>5</sup> to leave jobs in order to prioritize other responsibilities, such as caring for children or other family members.

The results of these inequities will reverberate through people's lives for years to come. As shown in Fig 4, globally **women reported being much less hopeful** about their financial situation than men.

The fact that women are insecure and less hopeful in their finances isn't surprising - it's the result of wider complex gender pay inequities. For example, 74% of financial professionals<sup>6</sup> in the U.S. are men, and therefore more likely to create literature geared towards men.

Fig 5 shows that **people generally become less hopeful** about their financial situation as they age and come closer to retirement. The hope felt by both men and women decrease by the same amount with age. However, because women begin with a lower baseline of hope, they are more significantly affected by the decline.

Fig 4.  
PEOPLE GLOBALLY WHO ARE HOPEFUL ABOUT THEIR FINANCIAL SITUATION

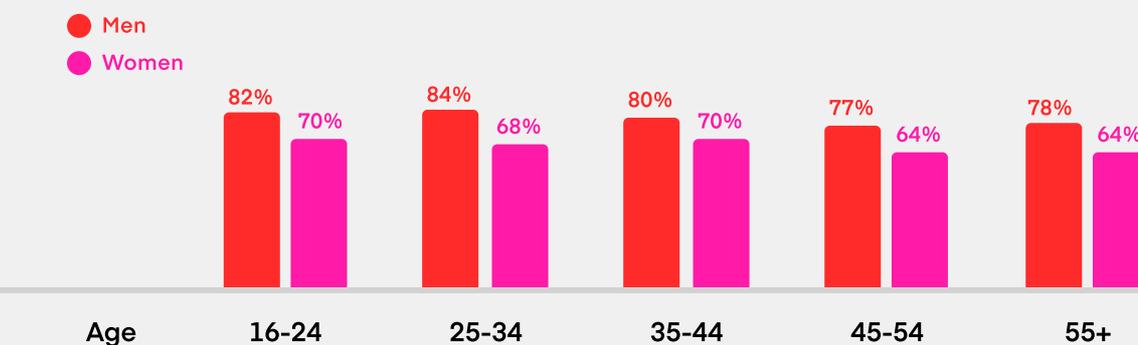


**Men**  
81%



**Women**  
68%

Fig 5.  
PEOPLE GLOBALLY WHO ARE HOPEFUL ABOUT THEIR FINANCIAL SITUATION: BY AGE



# A short-circuit in the employer-employee connection

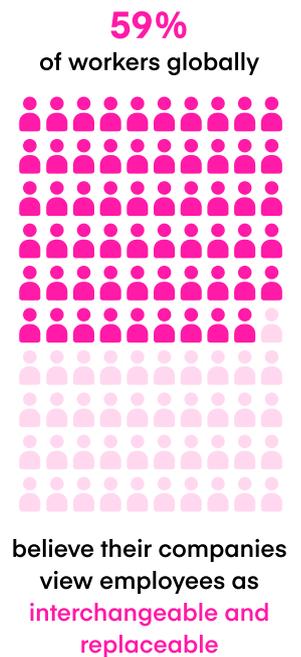
## Employer-employee connection

To feel a sense of belonging at your place of work, to feel connected.

A strong employer-employee connection is the undercurrent to any successful organization.

Through our research, we learned that many employees feel disconnected from their employer, and the challenges people face today play a role in this. Specifically, employees hired over the last two years<sup>7</sup> are less likely to feel included at work, have weaker relationships with co-workers, and are much more likely leave their jobs.

Additionally, **59% of all employees we surveyed believe their companies view employees as interchangeable and replaceable.** This is a problem for businesses because these feelings of disconnection can contribute to dissatisfaction, productivity issues and increased employee turnover. Of course, no one wants to lose their top performers as they're hard to replace<sup>8</sup> and it's expensive.



Across demographics, most workers feel replaceable (Fig 6). The exception to this is respondents from China who were generally more optimistic. Although, in EMEA negative feelings are particularly high.

Fig 6.  
PEOPLE WHO BELIEVE THEIR COMPANY VIEWS EMPLOYEES AS INTERCHANGEABLE:  
BY REGION



# The young have the weakest connection with their employers

These global figures also indicate shortcomings in the relationship between younger employees and employers. With Fig 7 showing younger generations are more likely to see their relationship with their employer as transactional.

This weak connection creates a poor employee experience as well as business challenges such as high employee turnover and low engagement<sup>9</sup>. But why are younger people disconnected? One likely culprit is remote work<sup>10</sup>.

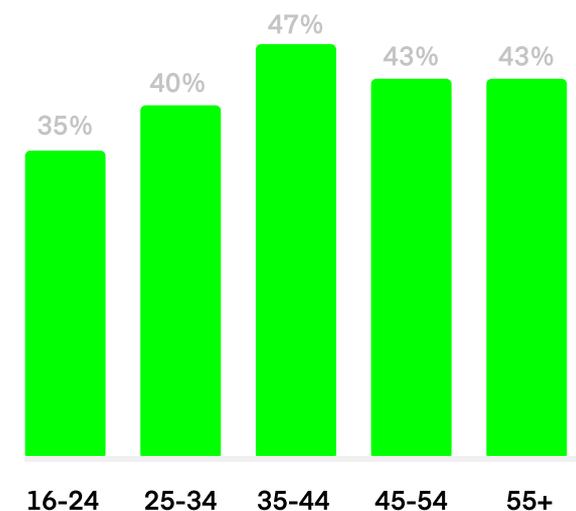
Despite the fact that many Gen-Z employees desire remote work options, it is likely the source of loneliness and disconnection. As a result, 23% suffer from loneliness and workplace isolation<sup>11</sup>. And these feelings of isolation are getting worse. In 2021 40% of all employees said they don't have friends at work, compared to 37% in 2017.

## People desire connection with their employers

There is the desire from employees to mend this disconnect. **In fact, 77% of employees say that they want to work at an organization where they feel connected to the purpose and the people<sup>12</sup>.**

We learned that globally, while nearly half of employees say they show up exclusively for the paycheck, only 1/3 say their relationship to an employer is entirely transactional. This suggests a gulf between the kind of relationship people want with employers and their actual relationships. In other words, people don't just work for the money, they desire a connection with their employers. However, many employees aren't experiencing it<sup>13</sup>.

Fig 7.  PEOPLE GLOBALLY WHO FEEL THEIR RELATIONSHIP WITH THEIR EMPLOYER IS STRONG AND GOES BEYOND BEING PURELY TRANSACTIONAL: BY AGE



 Employees under the age of 35 feel the weakest connection with their employers

# Cost of living driving the need for financial support

Additionally, concerns about inflation are widespread, particularly among older earners, indicating a lack of confidence in the institutions that influence the economy. This also indicates the need for support from a trusted source, the employer.

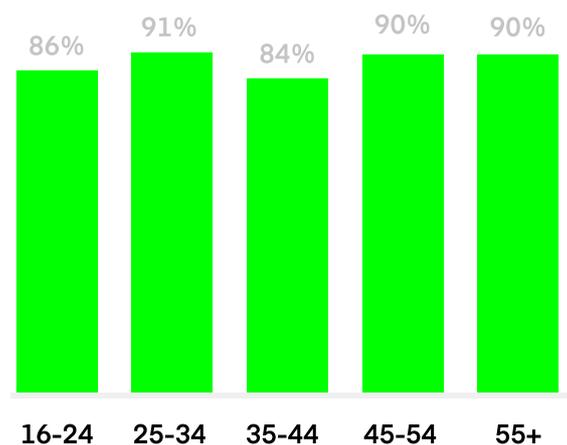
Fig 9.

PEOPLE WHO ARE CONCERNED ABOUT INFLATION:  
BY REGION



Across all demographics, inflation is a significant concern. Generally, older respondents - those aged 45 and older - were more concerned than those under 45. This is understandable given the realities associated with aging such as fixed income and a closing window of time to grow money through investments.

Fig 10.  
PEOPLE GLOBALLY WHO ARE CONCERNED ABOUT INFLATION: BY AGE

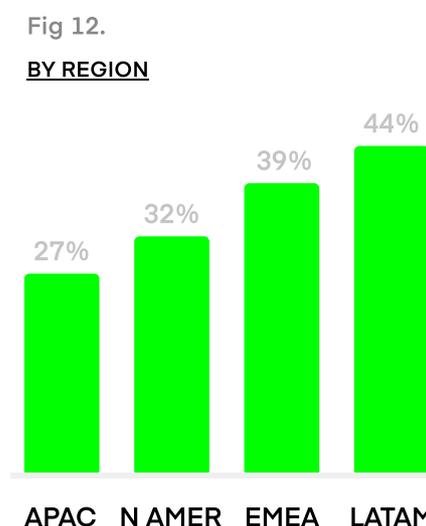
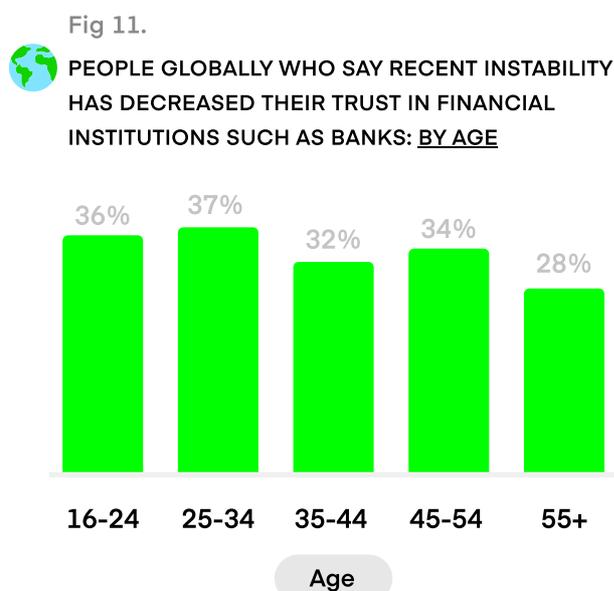
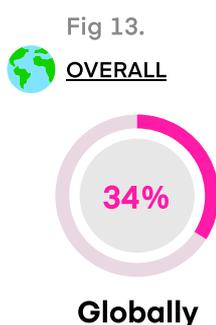


# Eroding trust in financial institutions creates an opportunity for employers

This increased financial stress strikes to the core of employee wellbeing, as **34% of people we surveyed said global instability has decreased their trust in financial institutions, such as banks** (Fig 13).

However, lower paid respondents are also the ones to be experiencing the most severe crisis of confidence in financial institutions. Fig 12 shows that regionally, respondents from Asia-Pacific countries have maintained the greatest trust in these institutions, while those in Latin America have experienced the greatest erosion of trust.

As a result of this distrust, the problem is many seek financial guidance from sources that may be unreliable or biased. For example, 23% of people across the globe<sup>14</sup> get their financial education by watching YouTube videos, while 18% say their financial decisions are influenced by social media. Additionally, relatively few employees offer to help up skill their financial knowledge with benefits like financial education.



# Workplace education and benefits can help people achieve life goals

As a result, of these factors and lack of financial support, many of those we surveyed (Fig 14) are **postponing important life milestones**, such as purchasing a home or having children.

The ability to achieve these types of goals has a substantial impact on people's behavior, and postponing major life events can understandably affect people's wellbeing. **But with workplace financial and benefits education, the need to cancel or postpone these goals can be averted.**

Instead, with the right support people can achieve their life goals. Fig 15 shows that employees would most like their employers to help them develop better financial skills to grow their savings account (37%), save for retirement (36%), and purchase a home (25%). Earners under 35 have the same priorities, but to a greater degree.

Fig 14.



HOW HAS THE GLOBAL PANDEMIC CHANGED PEOPLE'S GOALS? BY GOAL

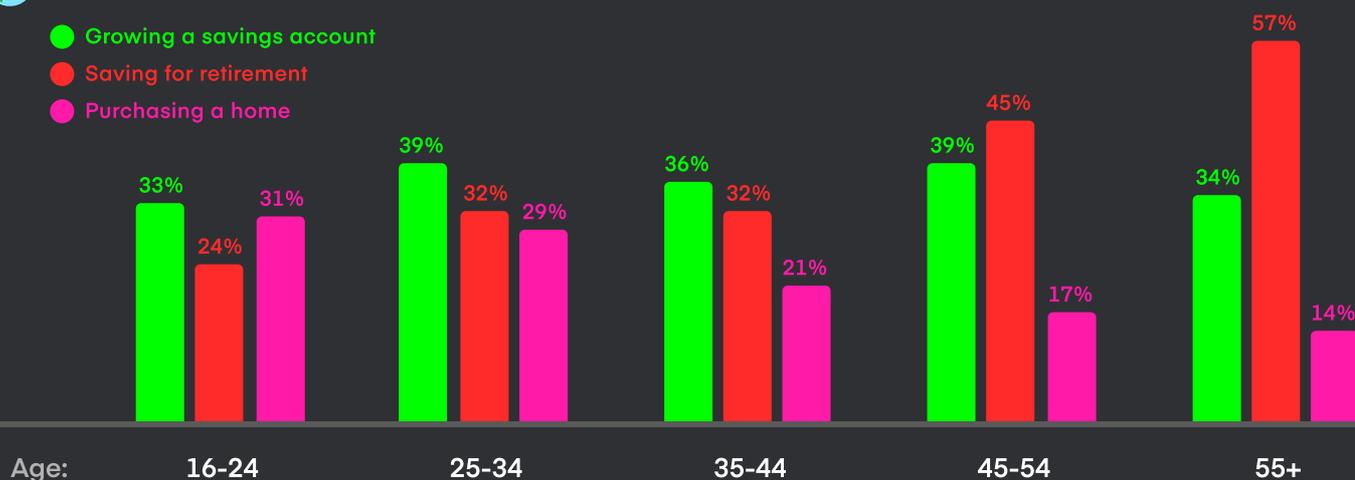


Fig 15.



PEOPLE'S FINANCIAL GOALS GLOBALLY : BY AGE

- Growing a savings account
- Saving for retirement
- Purchasing a home



# Financial benefits that make people more committed

The opportunity for employers is clear, **56% of employees say financial benefits make them more connected to their employer.** Helping employees improve their financial health, through skills and knowledge to achieve their life goals at a time when they need it most, builds trust and understanding of their financial situation.

Below Fig 16 highlights the top financial benefits received by those who said they are connected to their employer.

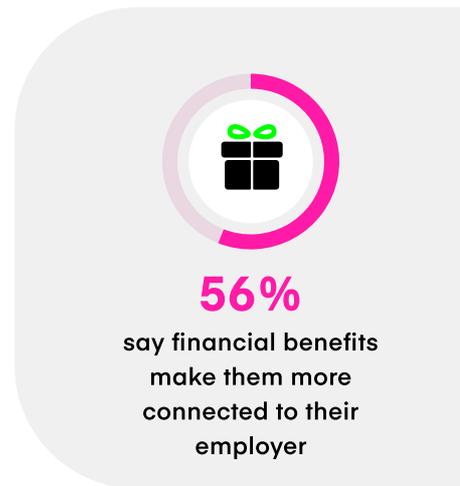
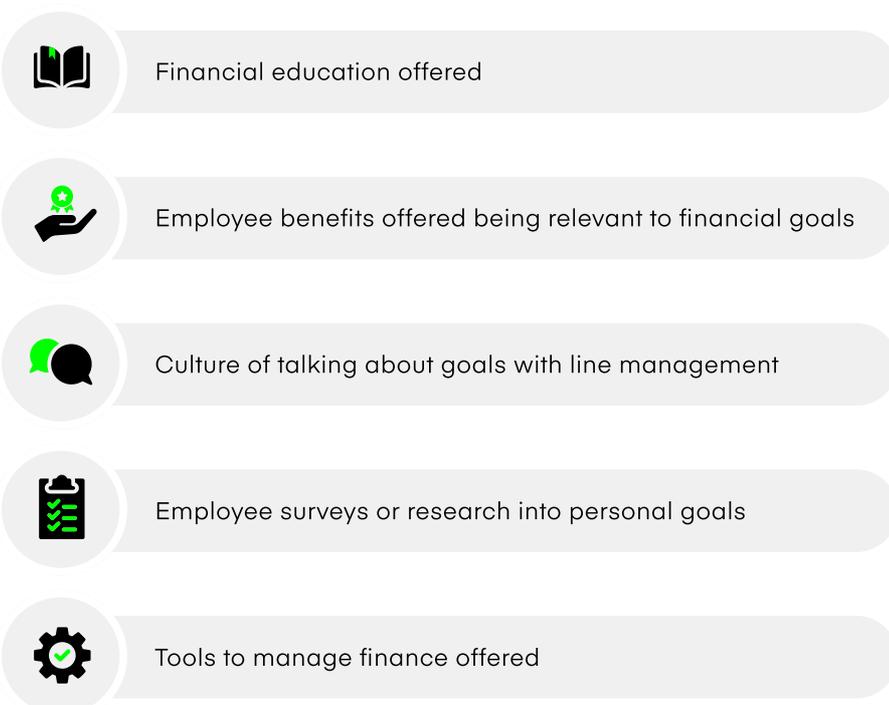


Fig 16.

 TOP FINANCIAL BENEFITS GLOBALLY RECEIVED BY THOSE WHO SAID THEY ARE CONNECTED TO THEIR EMPLOYER:



# Employees expect better benefits education from their employers

Despite these financial benefits making some more connected to their employer, 33% still don't have a strong understanding of their benefits or how to make the most of them and that's a problem. When effectively utilized, wide-ranging benefits<sup>15</sup> can help organizations retain employees<sup>16</sup>. This is noteworthy<sup>17</sup> because research suggests that a **greater understanding of benefits can lead to closer connections** between employers and employees.

As you can see from Fig 17 and 18, all demographics expect more financial benefits from employers, but it's not enough to simply provide more benefits. Part of the solution has to be communication and impartial educational guidance to increase understanding and utilization of benefits<sup>18</sup> - a personal touch that recognizes the needs of each individual.



Fig 17. PEOPLE GLOBALLY WHO BELIEVE THAT HAVING FINANCIAL BENEFITS HELPS TO BUILD EMPLOYER-EMPLOYEE CONNECTION: BY GENDER

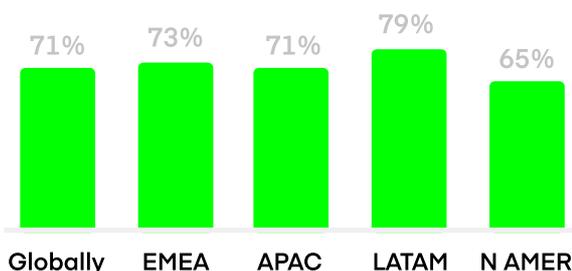


**Men**  
69%

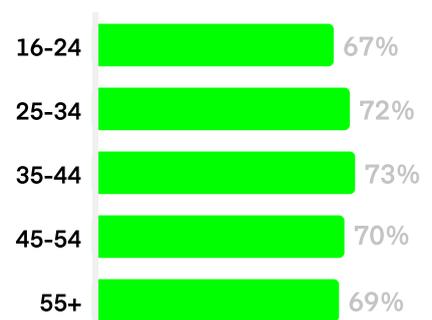


**Women**  
73%

Fig 18. PEOPLE GLOBALLY WHO BELIEVE THAT HAVING FINANCIAL BENEFITS HELPS TO BUILD EMPLOYER-EMPLOYEE CONNECTION: BY REGION



BY AGE:



# People are looking for financial education

Our research suggests that of all the financial benefits offered to those connected employees (Fig 16), there is a particular hunger for financial education (Fig 19). This could be due to the distrust in financial institutions and lack of credible, unbiased sources of support.

In fact, by providing financial education people suffer less from money worries.

Those employees who **have financial education benefits** are:



**20%**

more likely to experience hope and contentment with their finances



**24%**

more likely to be connected to their employer



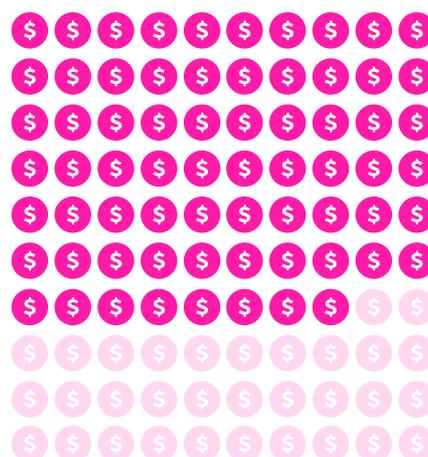
**20%**

less likely to experience anxiety about their finances

Fig 19.

**68%**

of respondents globally



whose employers do not offer financial education benefits said that **they would utilize them if they were offered**

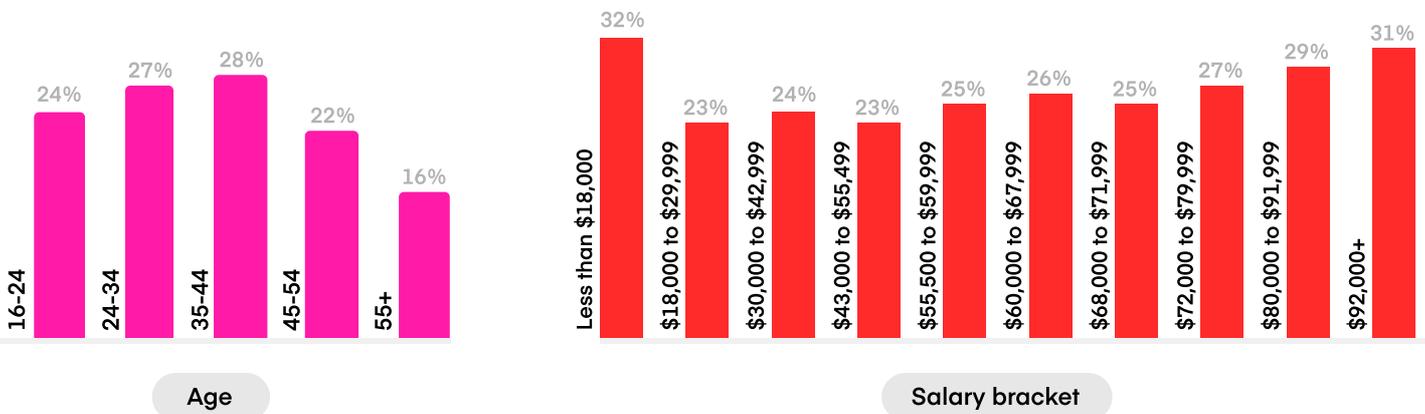
# Younger employees are more connected to employers who provide financial education

Significantly, our research shows younger respondents between 24 and 34 were more likely to prioritize financial education benefits.

Fig 20.



PEOPLE GLOBALLY WHO MOST WANTED FINANCIAL EDUCATION BENEFITS: BY AGE AND SALARY BRACKET



Additionally, young, high-earning employees - those aged 16 to 34 who earn \$92,000 or more per year - felt significantly more connected to their employer when they received financial education benefits. Specifically, 66% felt connected to their employer compared to 43% who didn't - **so young people are 53% more likely to feel connected when they receive financial education benefits.**

Furthermore, **35% of young, high-earning employees with access to financial education benefits trust their employers**, compared to just 15% of those who do not receive financial education benefits.

Younger employees feel particularly connected to their employers when they receive financial education benefits. Perhaps this is because financial education is not only a long-term investment but serves as a generational investment and it teaches people to build necessary financial skills that can be passed on to the next generation, creating a more financially and emotionally resilient employee.

# Creating the ideal opportunity



## Finpowerment

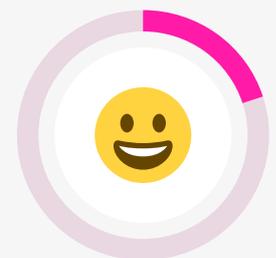
*/'fɪnpəʊəmənt/*  
(noun)

The way employers can empower their people to feel confident and in control of their money through financial education. In turn this significantly contributes to overall wellbeing.

With **Finpowerment**, through financial and benefits education employers can help their people take control of their money and achieve financial goals.

Individuals can't control macroeconomic factors that cause financial and emotional stress. But as we have seen, with financial education and effective communications on financial benefits, employees are 20% more likely to feel hope and contentment with their finances. **This creates the opportunity for employers to help their people learn how to control the things that are within their power:** economizing, growing money through investment, and increasing savings, so they can achieve those milestone life moments.

Unsurprisingly, 61% of people we surveyed say that a pay rise would increase their commitment to their employer. Employers cannot provide a significant salary bump to everyone to recognize the higher cost of living. But as we have seen, what organizations can do is help educate people on how to use their money. **By offering employee benefits, namely financial and benefit education - employers can help their employees to achieve Finpowerment.**



Those with financial education benefits are

**20%**

more likely to experience hope and contentment with their finances

# Make a connection - and secure your employees' future

## Conclusion: Empowerment leads to loyalty

Reciprocal, enduring relationships come from a two-fold, holistic investment. Employers must provide for an employee's short-term needs, including healthcare and pay, as well as their long-term needs.

We have discovered that people are pessimistic about their financial futures. But what if **employers empowered them with the skills and knowledge to take control** of their financial situation?

For employers, improving financial education means taking a broader interest in them as a person (as well as their family and dependents) and their unique situation. That's an **authentic connection - the kind that can increase your employees' commitment and in turn, engagement and productivity.**

Financially empowered employees (who receive financial education and effectively communicated benefits) are 24% more likely to feel connected to their employer.

The opportunity for employers to save the connection with their employees is there for the taking, the question is: **if not now, when?**

Globally, employees who receive financial education benefits trust their employers



**23%**

more than those whose employers do not offer financial education benefits



And are

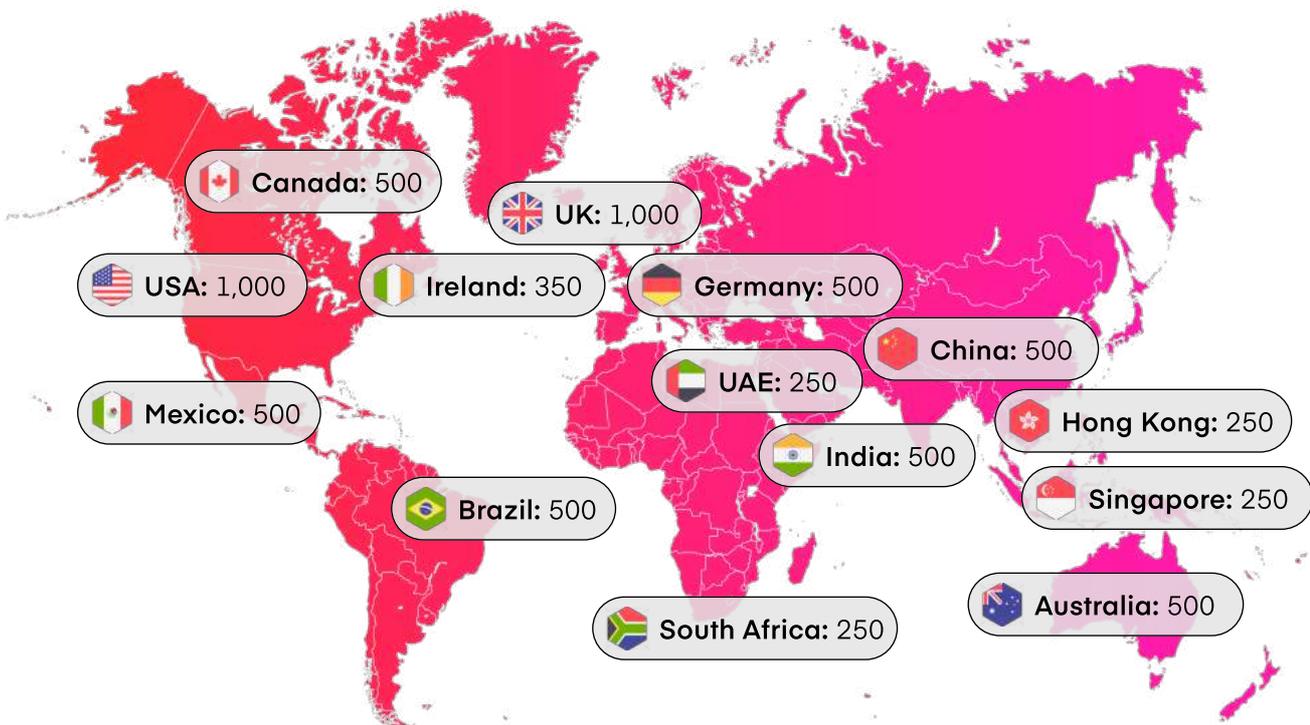
**24%**

more likely to feel connected to their employer



# Methodology

Working with research agency Censuswide, we surveyed 6,750 full-time employees who do not use the nudge platform across 14 countries, with even representation across age, gender, ethnicity and earnings. 25% of those surveyed earned over USD 50,000 in their local currency.



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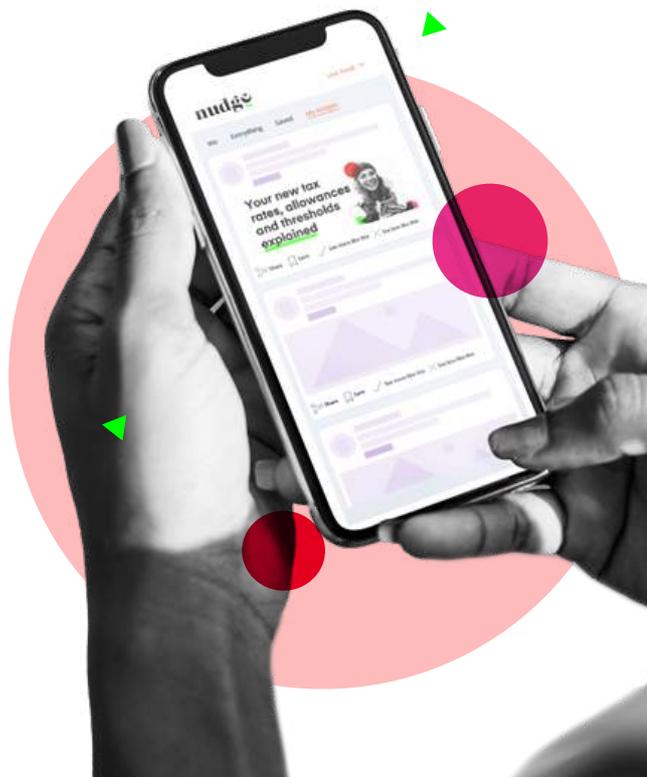
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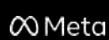


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