Consumer Financial Health: Q1 2026 Index and Trends

How American Households Are Really Doing

Powered by Atlas and Pave | Real-time behavioral data across 10M+ consumers | Data through March 2026

**CONSUMER FINANCIAL HEALTH
INDEX AND TRENDS THROUGH Q1 2026**

Inflation Pressure	Income Stability	Liquidity & Credit
Improving	**Stable**	**Mixed**

Executive Summary

American consumers entered 2026 on a relatively stable footing compared to quarterly and year over year trend. However that stability is narrower than headline figures suggest.

Using real-time cash flow and behavioral data across 10M+ accounts, this report tracks household financial health through three lenses: inflation pressure, income stability, and liquidity. Our data shows a consumer that is adapting – and doing it faster than macro surveys capture.

Based on behavioral and cash flow insights, we see a two speed K-shaped economy – with real stability for the top half, and high-sensitivity for segments with tighter access to liquidity.

> **Who's in this data:** Aggregated data represents ~10M accounts held by consumers who have opted into cash-flow based products through Atlas and Pave's network. This cohort skews toward mainstream households with median income, and consumers who adopt fintech products. This segment provides a leading indicator of the financial health of mainstream consumers that survey-based indices may not surface for months. The data does skew toward mainstream and fintech-savvy users. So it is not necessarily representative of all consumer segments.

The headline: Resilient, resourceful, and recalibrating.

Year over year, consumer health improved in Q1 2026. Inflation eased in essentials. Payroll income grew. Consumers rewired their spending toward value with remarkable speed. The labor market continued to absorb churn, and tax refunds provided a meaningful liquidity boost.

The picture isn't uniform. Higher-income households in our data are normalizing comfortably. But lower cash-flow consumers paint the picture of a fragile floor – adapting to constraints, using credit strategically and trading down in several categories. They aren't failing. But they have less margin, and they deserve close attention because their behavior today previews what the broader consumer segments may face in six months if conditions tighten.

The core takeaway: The U.S. consumer is stable – and that stability is the product of active adaptation. We see how consumer stability is being actively engineered through behavior – not passively supported by fundamentals. The big question ahead is whether the recent improving inflationary trend will persist as a tailwind.

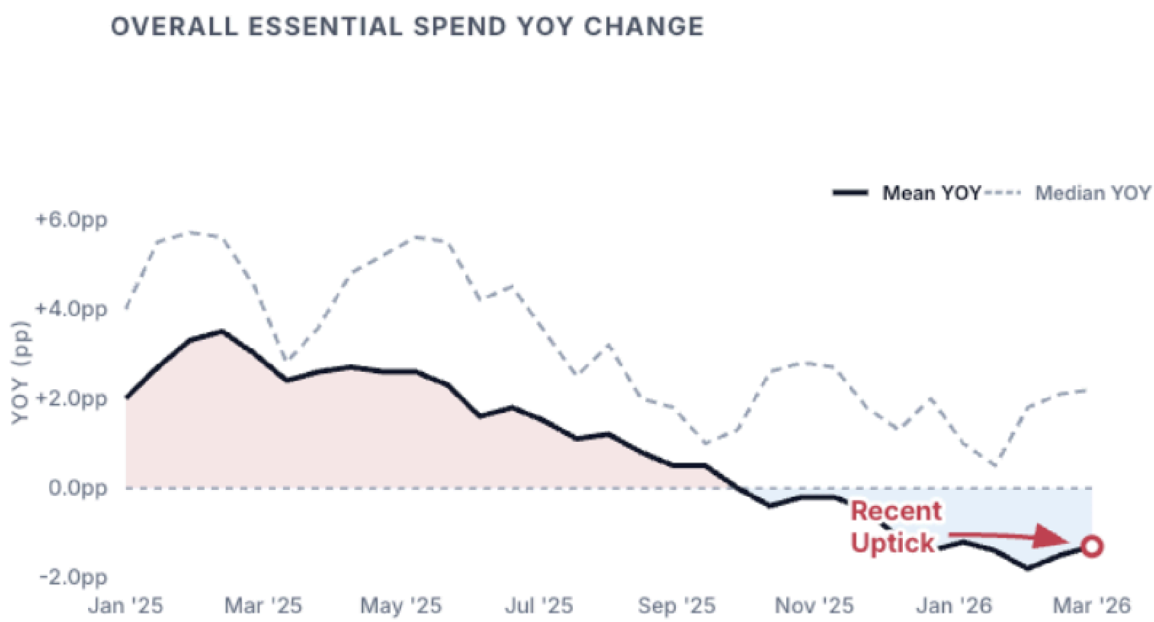
I. Inflation: Relief Through Q1 Was Real – and Consumers Moved Fast

Inflation moved meaningfully in the right direction. **February 2026 CPI hit 2.4%**, down from 2.8% a year earlier, driven largely by energy relief. The improvement is real and consumers responded to it quickly, reallocating spend with discipline.

Source: ***Official Consumer Price Index Report***

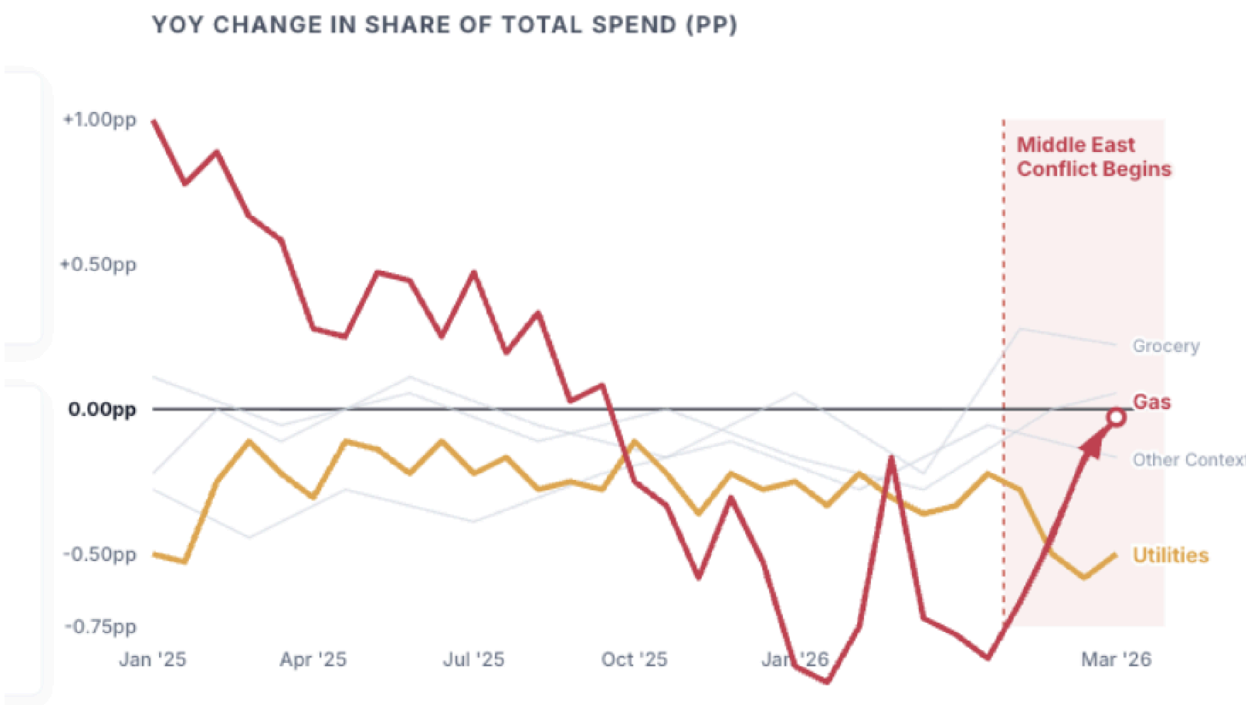
Essential Spending Eased – With an Emerging Caveat

Essential spending as a share of total spend declined through most of 2025, freeing up household budgets. That trend is worth celebrating. At the same time, recent energy price pressure linked to the Middle East conflict bears monitoring.



Two forces to track:

- **Utilities:** Still deeply in consumers' favor. YOY spending remains negative, providing a consistent buffer over the past 15 months.
- **Gas:** Rising again due to Middle East tensions. Worth watching, but not yet erasing the broader relief trend.

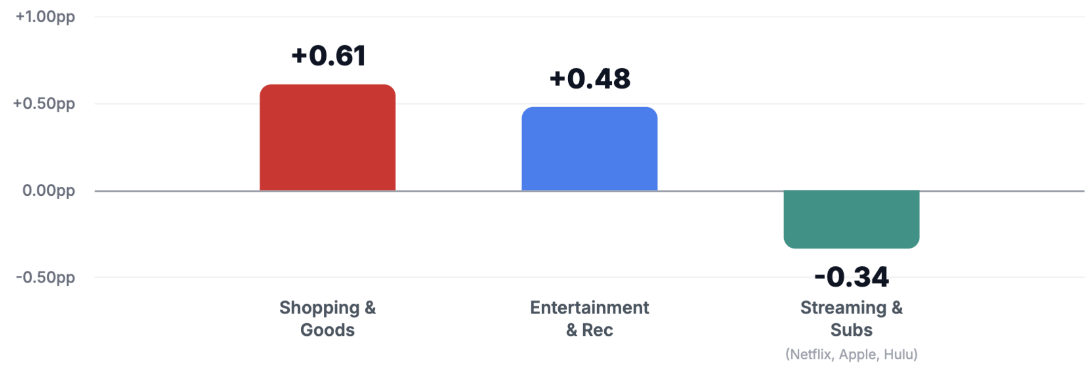


Consumers Aren't Pulling Back – They're Rewiring Their Spend

This is a story of strategic frugality, not retreat. Consumer spend showed shifting adoption of private-label and store brands, unit-price optimization, and timed purchases around pay cycles. This isn't panic – it's rational, sustained adaptation.

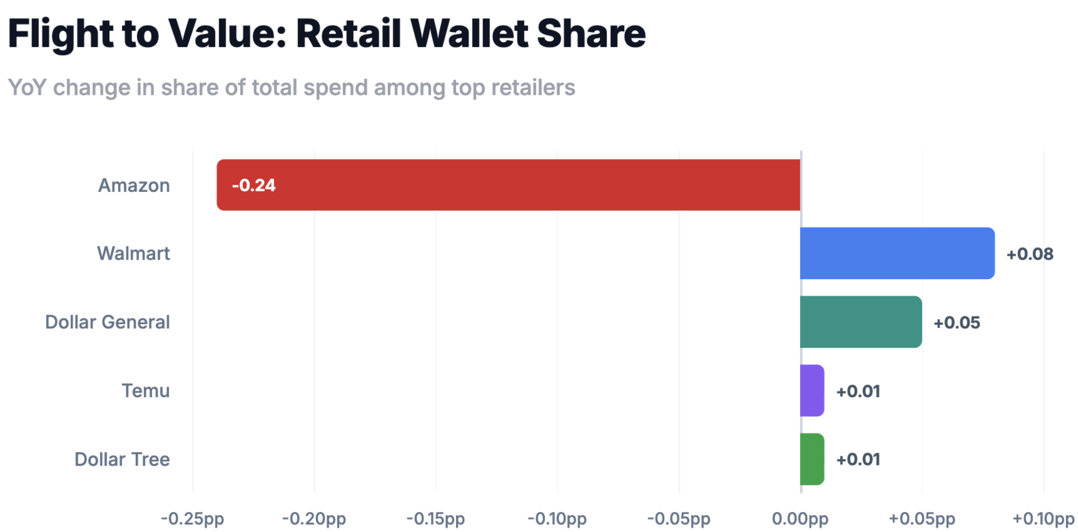
YOY Change in Share of Total Spend (pp)
Discretionary Pivot

Selective spending: Consumers are reallocating budgets away from **at-home subscriptions** to fund experiences and goods.



The Migration to Value: Walmart, Dollar General, and Temu Win

Walmart, Dollar General, Temu, and Dollar Tree all gained wallet share of total spend YOY. Amazon contracted (-0.24pp). Walmart captured the largest portion of the shift (+0.08pp). The consumer is voting with their wallet – and the vote is overwhelmingly for value.



Footnote: Excludes Costco due to merchant-specific payment network restrictions

> **Bottom line:** Inflation didn't disappear – it slowed. But consumers moved faster than prices, reallocating thoughtfully. The spend data shows adaptation, not capitulation.

II. Income: Stable – And Strengthening Where It Matters

The labor market is cooling at the margin with unemployment at **4.4%** in February 2026 vs 3.9% a year ago. However the income picture is more encouraging than headlines suggest.

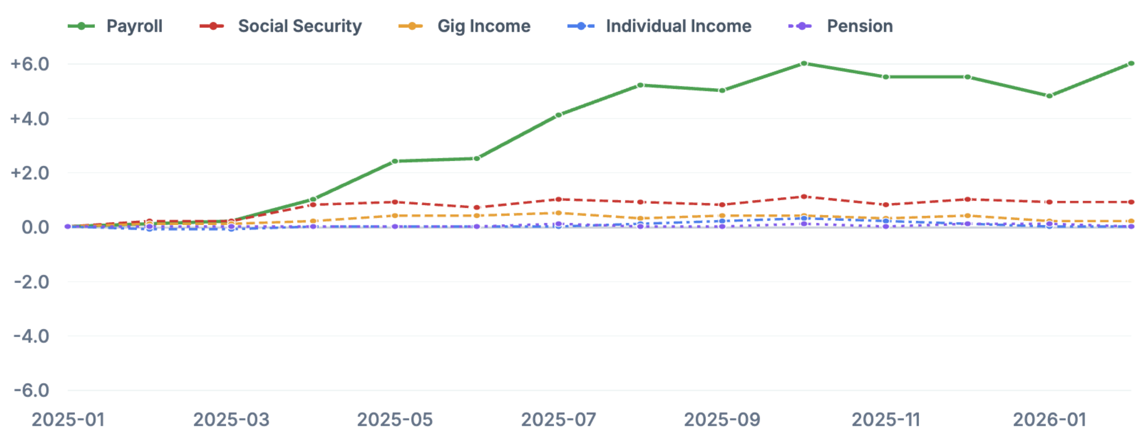
Source: [U.S. Bureau of Labor Statistics]

The Payroll Story Is Strong

The single most positive signal in our data: **payroll income penetration rose 5–6 percentage points** from its January 2025 baseline. More users are anchored by steady, predictable paychecks rather than cobbling together gig and side income. That's a meaningful improvement.

Income Penetration by Income Type — Change from Baseline

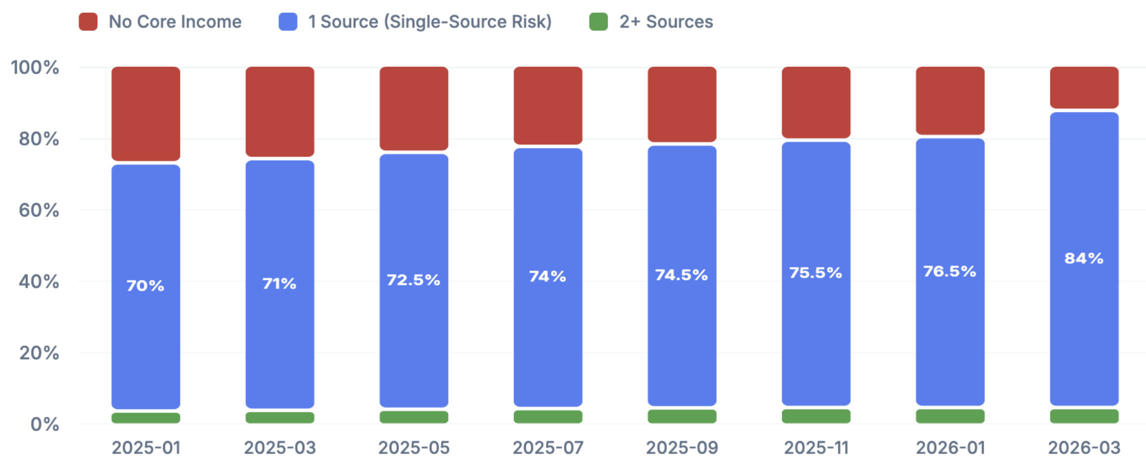
While the prevalence of supplementary income types are flat or slightly increased, the percentage of users who are receiving **Payroll is up materially year over year.**



** Individual Income consists of Freelance, Commission, E-Commerce Revenue or Creator Income*

Core Income Sources Over Time

Most users have **one core income source**, very few have two or more. **The consumer may look resilient, but that resilience is narrow.** Households are holding up because one paycheck is still landing, not because they are broadening income diversification.



** Core income includes Payroll, Gig, Social Security, Pension, and Business.*

> **Note:** Payroll growth partly reflects Pave's partner fintechs increasingly selecting for payroll-backed users. The signal is real within the cohort but may amplify the broader trend.

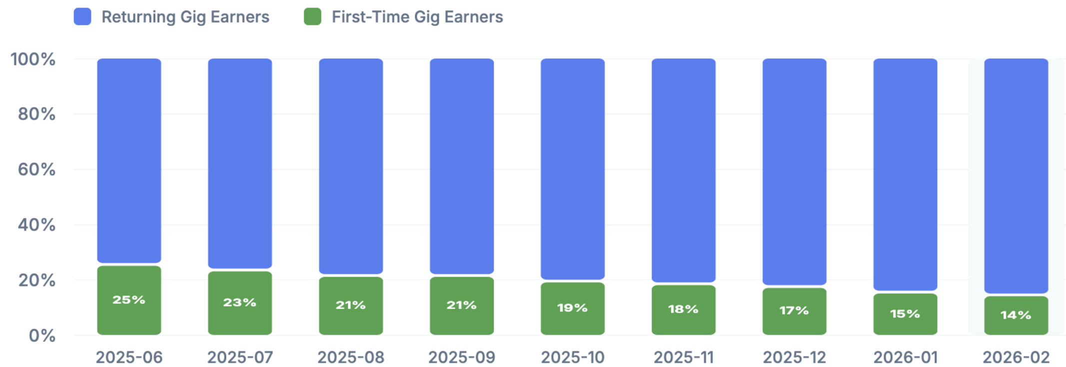
Gig Workers Appear To Be Graduating to Payroll

Gig income reliance fell from **~75–77% in mid-2025 to ~50% by early 2026**, even among consistent gig workers. This isn't gig work disappearing – it's gig workers finding more stable footing. Alongside rising payroll penetration, the data points to a positive shift toward traditional employment.

Gig Income Users: First-Time vs. Returning Earners

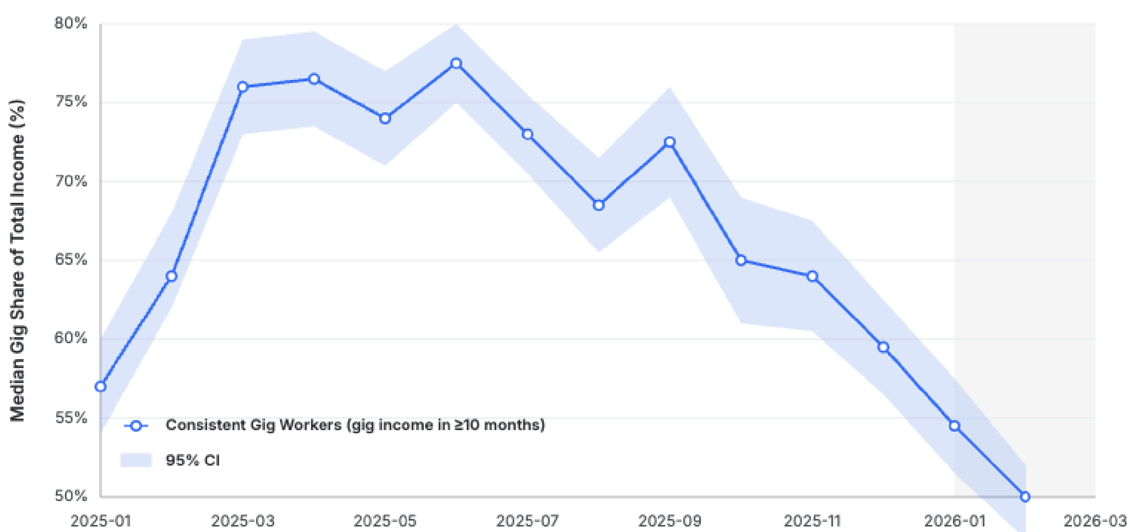
Consumer Financial Health Index: Q1 2026

The rate that new consumers are moving to gig work is slowing in recent months, showing that **Gig income is a standing buffer** for a subset of consumers, not a sudden desperation move by lots of newly stressed individuals.



Total gig user-month records: 706,772 | **Unique gig users:** 190,244

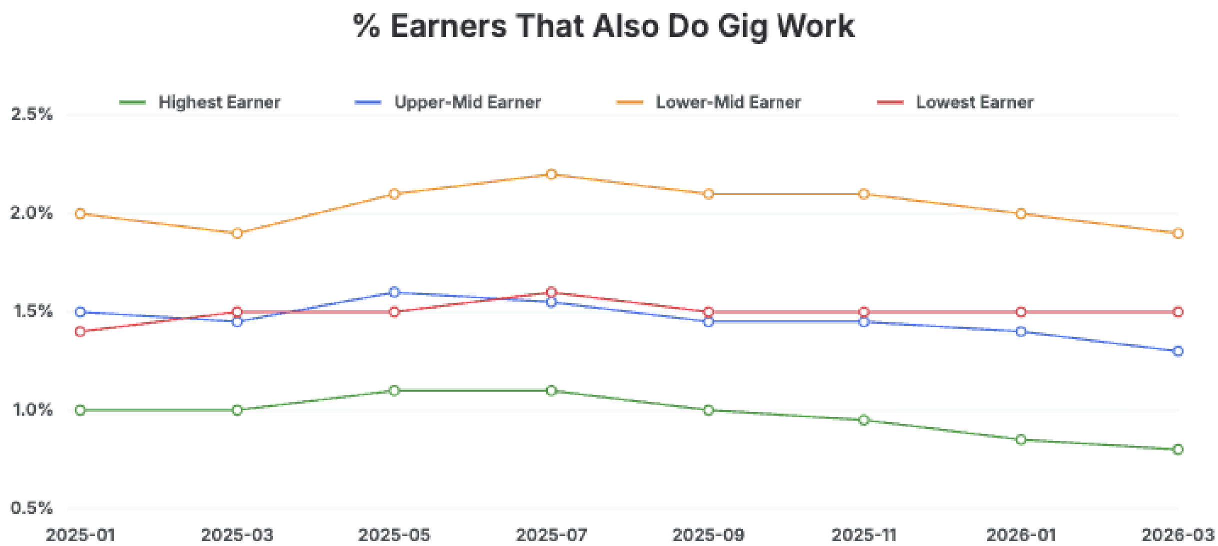
Gig Income Dependence: Consistent Gig Workers



Who does gig work?

Primarily middle earners (Q2 – Q3 income quartiles). Gig participation serves as a buffer for middle-income households, not a lifeline for the lowest earners.

We define gig income based on a set of ~50 known gig platforms (e.g., Uber, Lyft, Instacart, TaskRabbit, Rover, etc.) and flag users with consistent inflows from those merchants. The Pave platform ensures we do not categorize refunds that a user of that platform would receive.

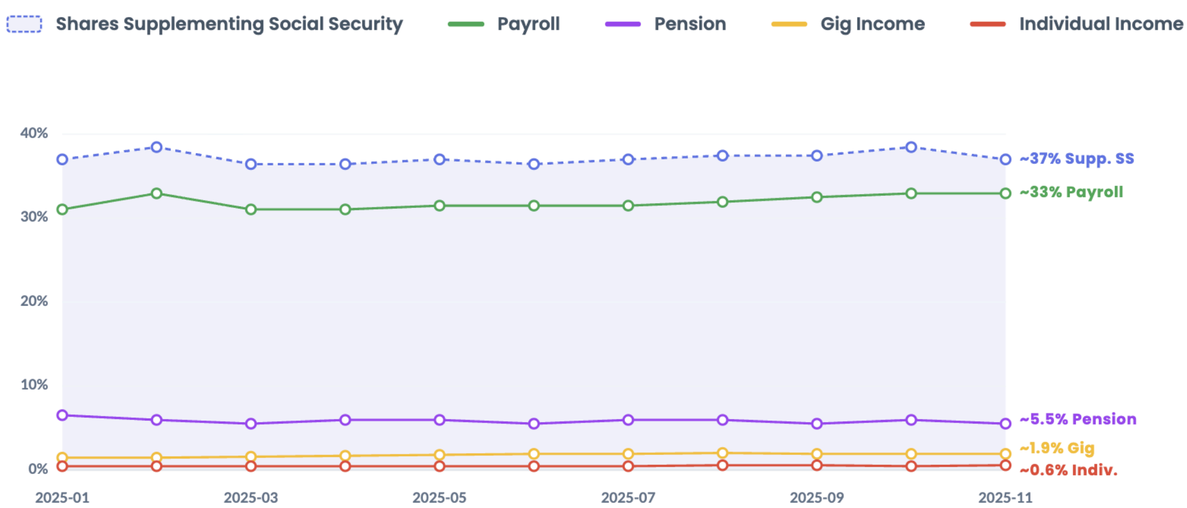


** Note: Earner tiers correspond to income quartiles (Highest = Q4, Upper-Mid = Q3, Lower-Mid = Q2, Lowest = Q1).*

> **Bottom line:** Gig work is largely a side hustle for the middle class to supplement income and buffer to meet additional liquidity, but not a survival strategy for the lowest earners.

Social Security Recipients Are Resourceful

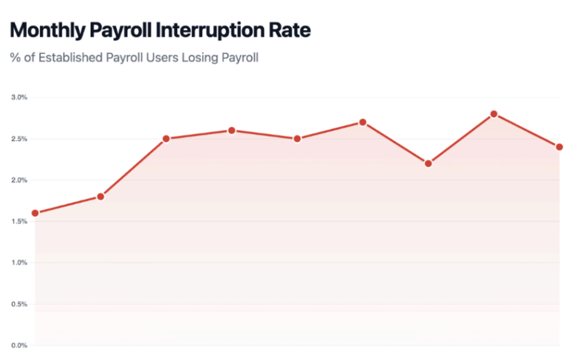
About **35–37% of Social Security recipients** supplement with at least one other income source – most commonly payroll (30–33%). This shows an active, resourceful retired and semi-retired population diversifying their income rather than relying on a single source.

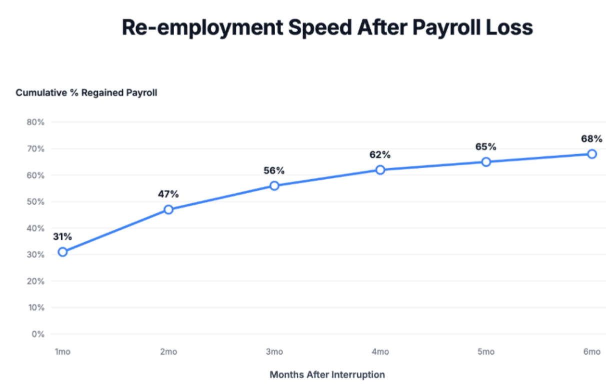


Methodology Note: We define gig income based on a set of ~50 known platforms (e.g., Uber, Lyft, Instacart) and flag users with consistent inflows. The Pave platform ensures we correctly categorize merchant payouts, completely filtering out standard customer refunds.

The Labor Market Absorbs Its Own Churn

Payroll interruption runs about **2–2.5% per month** – but re-employment is fast: **31% return within 1 month, 68% within 6 months**. The labor market has friction, but it's recovering well.





> **Bottom line:** Income stability is improving, not deteriorating. Payroll is growing, gig dependence is falling, and the labor market is absorbing its own churn. The foundation is holding.

III. Liquidity & Credit: Stretched, Not Broken

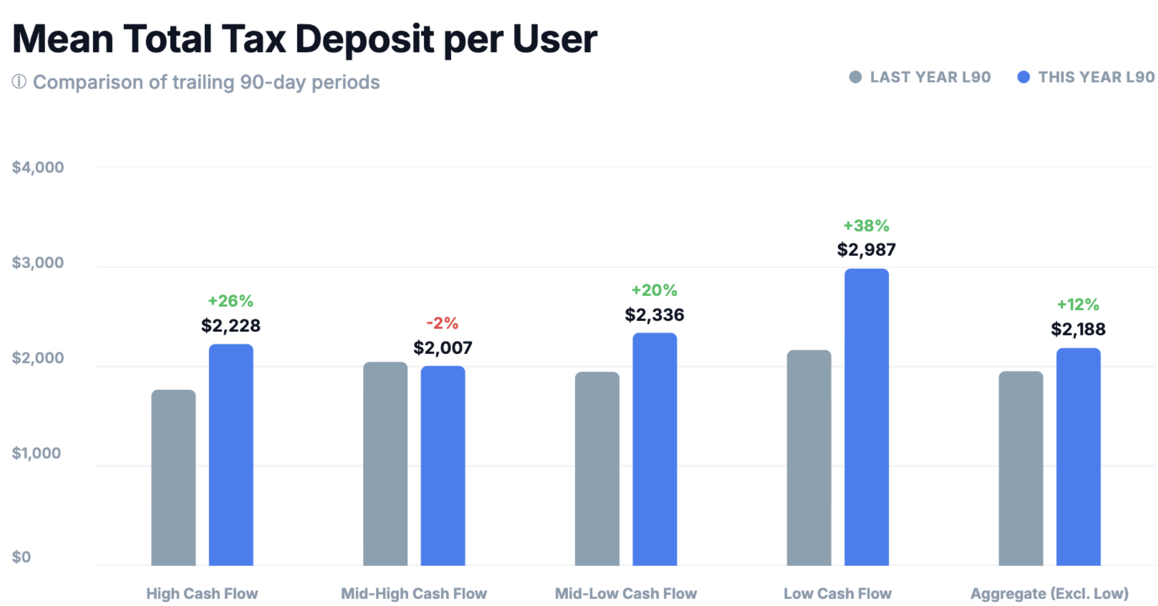
At a macro level, delinquencies are stable and forecast to remain so. Credit balances are growing modestly. The system-wide picture is one of managed leverage, not distress.

- U.S. household debt reached about $18.8T in Q4 2025, and credit card balances hit a record $1.28T
- Credit card and auto delinquencies have stabilized, but remain elevated
- The Fed said credit card delinquency rates were flat in H1 2025, with stabilization across credit score groups
- TransUnion projected 90+ DPD credit card delinquency to stay around 2.57% in 2026
- Weakness is more concentrated in vulnerable segments: the NY Fed flagged mortgage deterioration in lower-income and falling-home-price areas, while unsecured personal loan delinquencies rose and median VantageScore edged down to 711

Source: Transunion US Consumer Credit Database

Tax Refunds: A Welcome Tailwind

Tax refunds increased YOY on average, boosting household liquidity at a critical moment. We see this across all segments when grouped by relative cash flow and income stability. We see tax refunds providing a real cushion. Q2 will show how durable the underlying stability is without it.



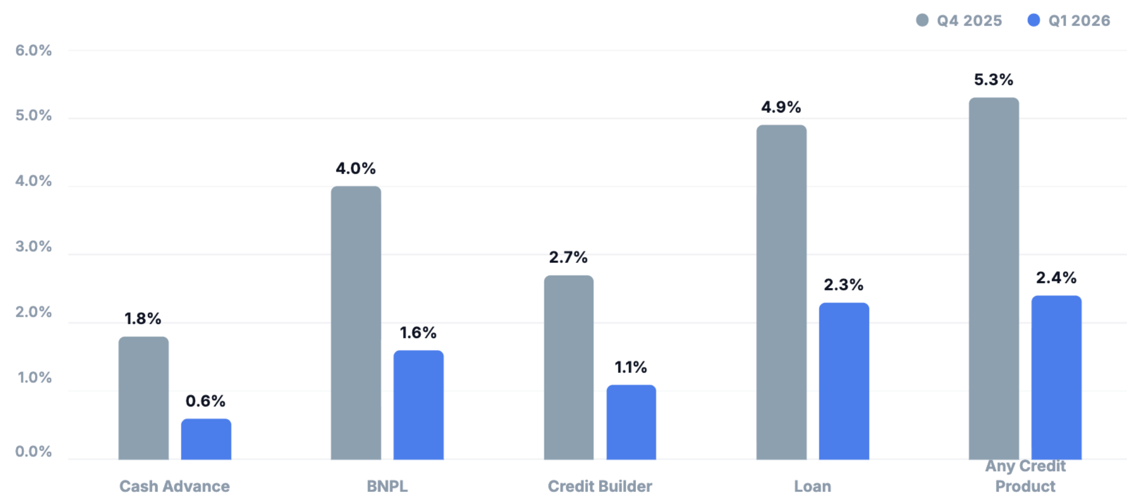
In Behavioral Data, Credit Adoption Cooled – Partly By Design

Credit product penetration climbed through 2025, then pulled back in Q1 2026. Some of this is healthy and seasonal: tax refunds reduce short-term borrowing need.

The pullback is meaningfully more pronounced than prior years, which may also reflect higher tax refunds and consumers proactively managing their leverage after a year of increased usage.

New Credit Product Adoption: Q4 2025 vs. Q1 2026

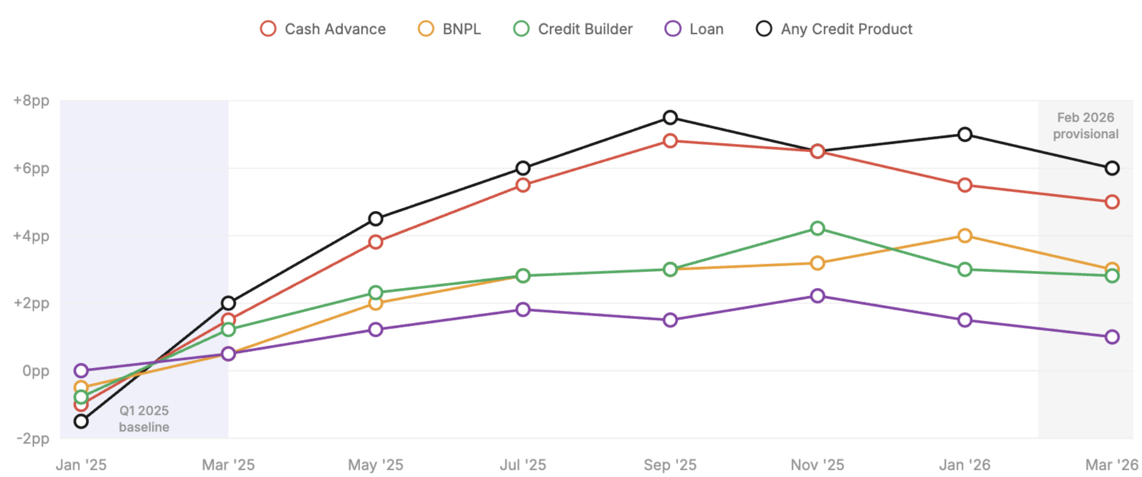
ⓘ New credit adoption cooled sharply in Q1 2026 versus Q4 2025, which means the late-year growth in credit usage should not be read as a straight worsening trend.



Footnote: Some of what what we see in Q4 is seasonal

Credit Product Penetration

Change from Q1 2025 Baseline (pp)



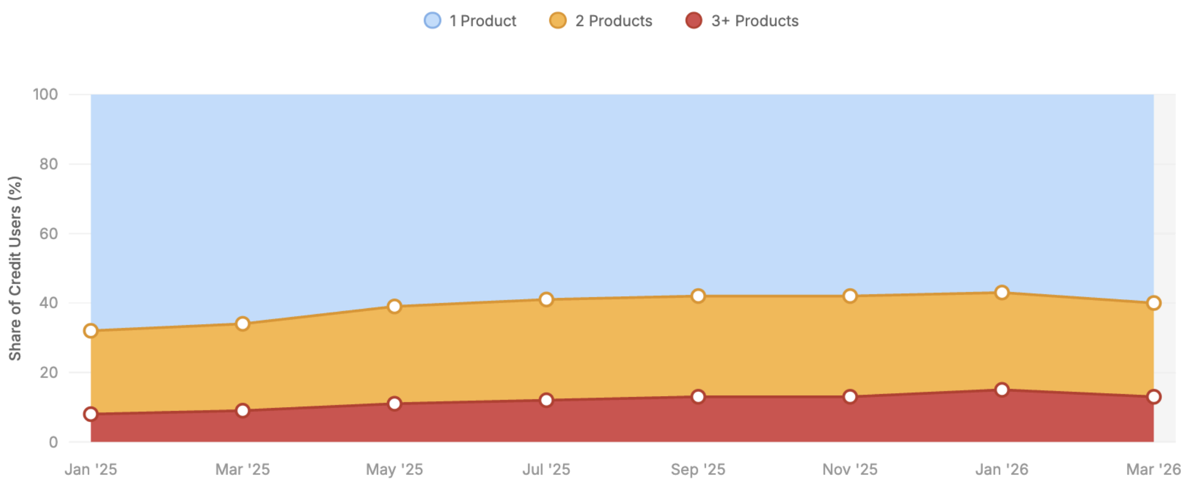
Credit usage rose materially through 2025, then cooled somewhat into early 2026.

- Households leaned more on liquidity tools during 2025, but the pace eased as the calendar turned.

Credit stacking is growing modestly. More users are combining multiple credit products, though the vast majority use just one. Dominant single-product usage suggests the average consumer is managing credit actively, not layering it recklessly.

Credit Stacking

Distribution of Simultaneous Product Usage



More users are combining multiple credit products, though single-product usage still dominates.

- Dominant 1 product usage reinforced that the average consumer is stretched, but not broken.

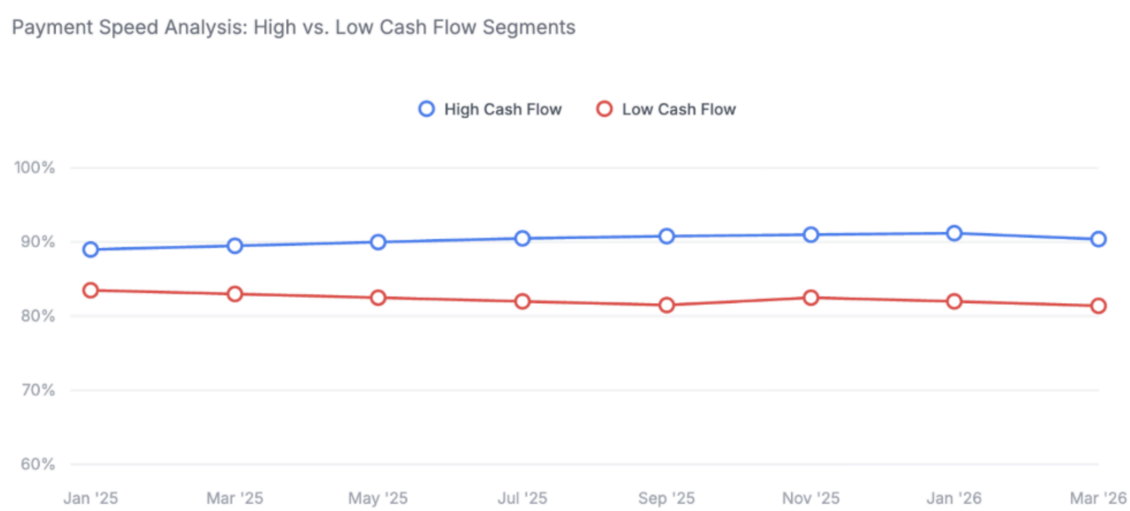
On Time Payments Are Tighter – But Still Happening

Consumers are optimizing cash flow by paying closer to due dates, but they aren't defaulting at higher rates. In our analysis we focussed on pre-delinquency leading indicators like payments from auto-pay and payments up to due dates. Delinquencies beyond that are best understood using traditional credit bureau data, so we excluded those from our scope.

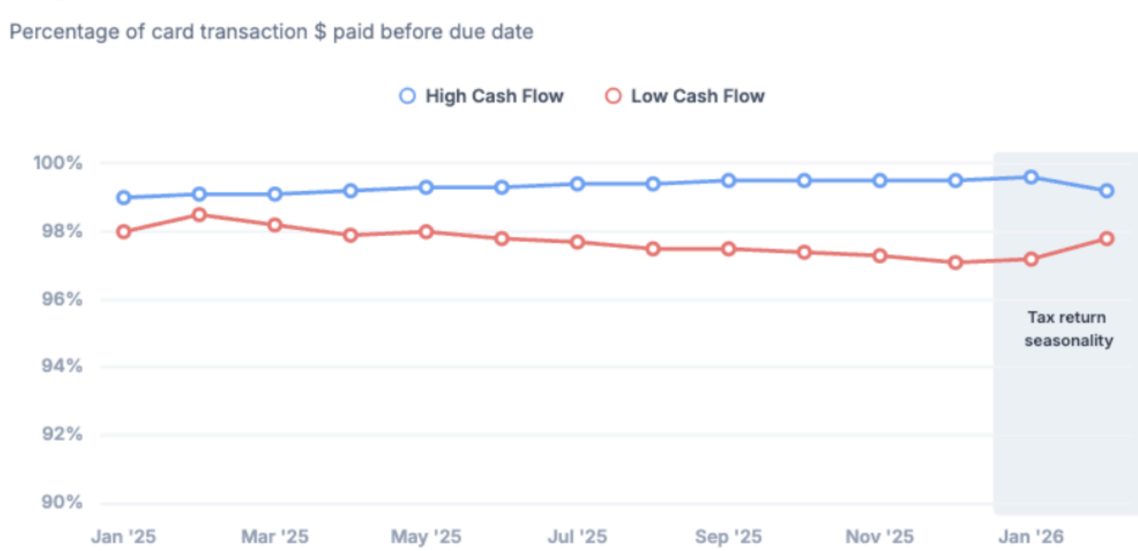
- **High Cash Flow Segment:** Payment rates remain steady and high
- **Low Cash Flow Segment:** Driving the trend of delayed payments, though they recently saw a brief bump from tax return season

This is a cash-flow timing signal, not a delinquency signal. In our data, consumers are optimizing when they pay, not whether they pay.

Payment Rate: 7 Days After Settlement

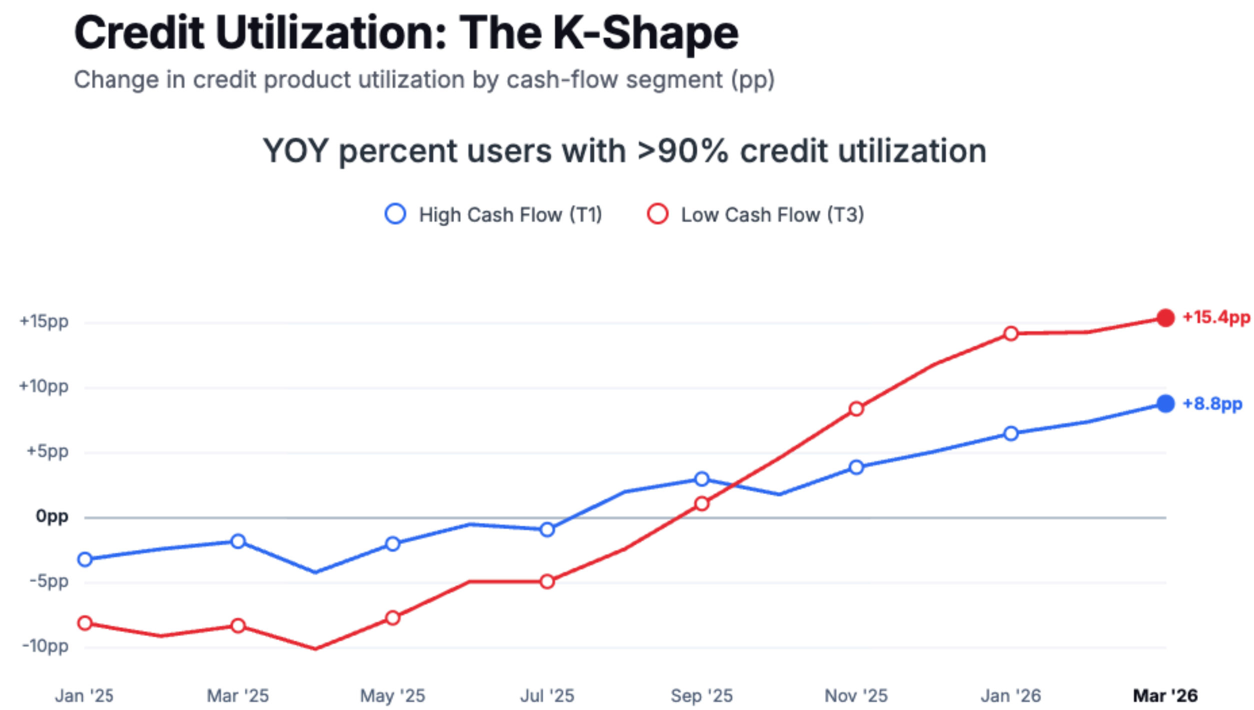


Payment Rate: Before Due Date



Footnote: Payment is due 31 days from the final day of the statement period

Credit Utilization Shows A Divergence and "K-Shape"



When looking at credit utilization, the divergence by cash-flow user segment is more pronounced than the trend observed in on time credit card payment rate:

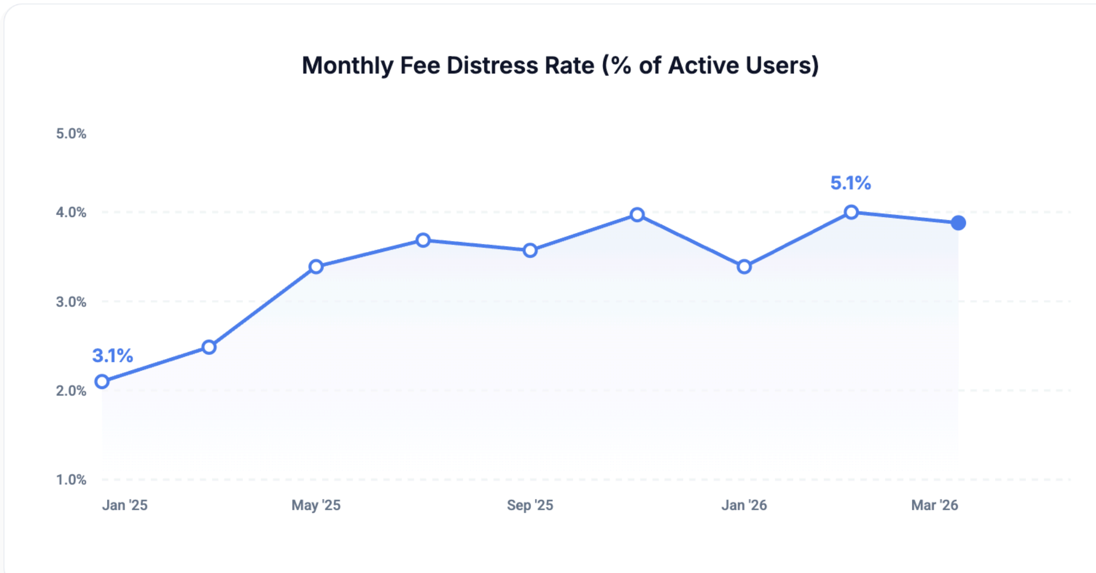
- **Higher cash-flow accounts:** Controlled normalization. Credit utilization trended to **+8.8pp** – baseline usage, not stress.
- **Lower cash-flow accounts (the fragile floor):** More active credit use, with utilization reaching **+15.4pp**. These consumers are using credit as a **liquidity bridge** – synchronizing bills with paychecks rather than spending beyond their means.

The Fragile Floor: A Canary In The Coal Mine

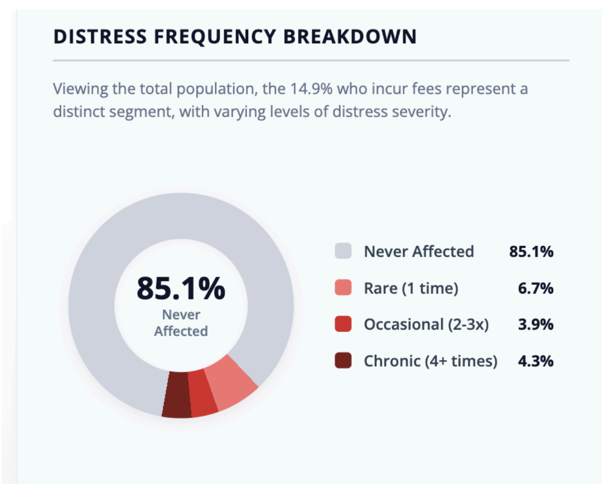
> We define **"fragile floor"** as the lower cash-flow consumer segment – not as a demographic label, but as a behavioral one. These are the high-sensitivity households that react first to every shift in gas prices, grocery costs, or paycheck timing. They are the economy's early warning system.
>
> Their behavior today previews what the broader middle class may experience in 6 months if conditions deteriorate. **The floor is an early predictor for broader trends.**
>
> When lower cash flow segments are stable, the entire ecosystem reflects stability. When liquidity deteriorates – it provides a window into what could become a broader trend for everyone in two quarters. This is because stress takes more time to show up for less sensitive segments. The high sensitivity segments give us the first leading insight into spikes in delinquency that can cascade into tightening across the entire credit spectrum.

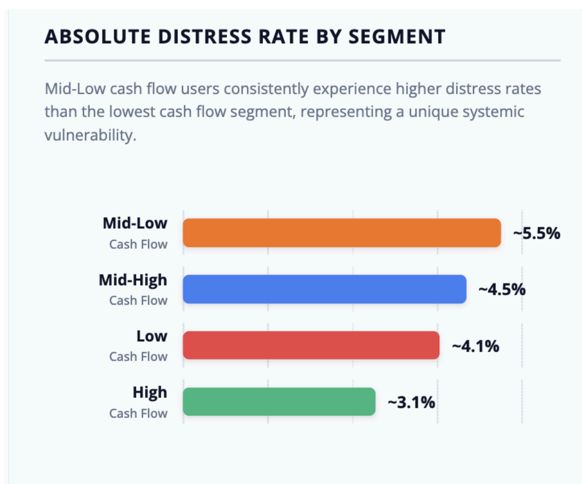
Fee Distress Shows More Consumers Hitting The "Budgeting Wall"

Monthly fee distress has climbed to 5.1%, leaving households with no more "fat" to trim.



Monthly distress rates rose to **5.1%**, with lower-middle earners (under $50K/yr) slightly higher at **6.0%**. We see concentration among lower cash flow segments.





These households are financially active – they have accounts, make transactions, and manage budgets. They've already hit the "Budgeting Wall" by trading down to generic brands and cutting subscriptions. There is no more "fat" to trim. The next cut will be to essentials: rent, utilities, loan payments. This is the segment that most needs the right financial products – that are widely accessible, have clear and fair pricing, and low friction to access tools and liquidity to navigate moments with tighter cash flow cycles.

> **Bottom line:** The consumer is stretched but resilient. Credit is being used as a tool, not a crutch. The fragile floor deserves focused attention – not because they're failing, but because they're adapting with the least margin for error, and their trajectory is the best early signal of where the broader economy is heading.

What to Watch Next

- **Post-refund liquidity (Q2):** Tax season provided a real cushion. Q2 will show the underlying baseline without it.
- **Energy price trajectory:** The biggest near-term variable. If gas prices continue rising, inflation relief could stall.
- **The tighter credit segments:** They are the leading indicator. If they stabilize, the broader consumer is likely fine. If credit reliance accelerates further, we will expect knock-on effects across retail and lending.
- **Gig-to-payroll transition:** If this holds, it represents a structural positive for household stability.

In Q1 consumer stability was actively strengthened by multiple factors.

These spanned: Easing inflation. Behavioral adaptation (timing, trade-down, credit optimization). Tax refunds. Growing adoption of accessible credit.

The margin for error is narrow, but the resilience and adaptation are real.

Methodology

- **Data source:** Real-time behavioral and cash flow data, not surveys
- **Three lenses:** Inflation pressure, employment and income stability, liquidity and credit access
- **Cohort:** Skews toward mainstream consumers using fintech products – a leading indicator population. For income-related analysis, the cohort is restricted to users with transaction activity in at least 80% of the observation period to reduce bias from changes in composition.
- **Coverage:** 10M+ accounts across the Atlas credit card and Pave cash flow infrastructure. Not all analysis spans all accounts. Individual insights are based on relevant subset of accounts.

FAQ

What makes this report unique vs. other data sets?

It's real-time, behavioral, focused on mainstream consumers, and drawn from a broad data set. We're not asking people how they feel – we're watching what they do with their money.

What is the goal of this report?

To provide broad, credible data that supports better decisions across the fintech ecosystem and broader community. Over time, we aim to develop the Atlas × Pave Consumer Health Index into a recurring, composite metric for tracking consumer financial health.

Where can I learn more about Atlas and Pave?

Atlas is an accessible reward credit card and bundle of financial services. It's a leading rewards credit card with high approval rates, and robust rewards on everyday spending. Atlas works with Pave for cash flow analysis and intelligence. Atlas is a technology company, not a bank. It partners with banks for card issuing and banking features.

Pave is the leading AI-native credit risk intelligence platform built on live cashflow data. It continuously ingests transaction data across bank accounts, applications, and credit reports, giving lenders a real-time view of borrower behavior. On top of that data, Pave builds purpose-built scores for specific credit decisions: early delinquency, installment-level repayment, BNPL default risk, and more. Lenders use Pave to approve more borrowers without taking on more risk, and to adapt decisions as their portfolio evolves.

How can I collaborate on future versions?

We're building this as a shared resource, not a proprietary product. We welcome questions, data contributions, and distribution partnerships. If there's something you'd like to see in future editions, let us know. You can reach us at consumer-index@atlasfin.com.

Appendix: The Comparative Landscape

The Atlas × Pave powered Consumer Health Index occupies a distinct position in the consumer financial data ecosystem. While established institutions provide valuable macro views, they rely on different inputs and serve different audiences. This appendix maps the competitive landscape and demonstrates where our real-time behavioral data fills the gaps left by traditional monthly, quarterly, and survey-based reports.

What Other Reports Are Saying: Q1 2026

The following summarizes the latest findings from the five closest industry reports. Each provides a piece of the consumer picture – but none captures the full behavioral reality that Atlas and Pave see in real time.

Major Report	Source Type	Key Focus	Q1 2026 Key Finding
BofA Consumer Checkpoint	Transactional (Internal)	Household spending & wage growth	Noted a "K-shaped" divergence between high-income and middle/low-income households. Higher earners are normalizing; lower earners are under pressure.
CivicScience CFHI	Survey-based (Perception)	Consumer sentiment & outlook	Reported a decline in February 2026, highlighting an erosion of perceived financial health — even as actual spending behavior remained adaptive.
Equifax Consumer Pulse	Credit / Bureau Data	Debt, delinquency, & originations	Focused on rising consumer debt surpassing $18T and credit tier stabilization. Framed debt growth as a systemic risk.
J.P. Morgan Asset Mgmt	Macro Analysis	Aggregate income & spending forecasts	Forecasted slow spending growth and highlighted the impact of deficit-financed tax refunds on household liquidity.
Philadelphia Fed LIFE Survey	Survey-based	Expectations & discretionary cutbacks	Showed decreased optimism about income and common cutbacks in spending — a sentiment signal that diverges from actual behavioral adaptation.

The pattern: Survey-based indices are falling. Bureau data shows debt rising. Bank reports see divergence. But our real-time behavioral data reveals ***consumers who are actively adapting*** — trading down, rewiring spend, and managing credit as a tool. The disconnect between sentiment and behavior is exactly where the Atlas × Pave leading-indicator value lives.

Where the Atlas × Pave Data Is Uniquely Positioned

Four structural advantages set this report apart from the existing landscape:

1. Behavioral Truth vs. Sentiment Noise

Survey-based indices measure how consumers *feel*. We measure what they *do*. Right now, those two signals are diverging: sentiment indices are falling, but our behavioral data shows a consumer that is recalibrating and adapting – not failing. This report captures the objective behavioral reality that surveys miss.

2. The “Fragile Floor” as a Proprietary Predictive Lens

Most reports view lower-income segments as a risk to be monitored. We focus on this segment as **the economy’s early warning system**. The behavior of these households today previews what the broader middle class will experience in 3-6 months. This transforms our data from a snapshot into a predictive tool.

3. Focus on the “Adaptive Consumer”

Our cohort skews toward mainstream, fintech-savvy consumers – the first to adopt private-label brands, optimize credit products, and time spending around pay cycles. Bank reports default to their own (typically higher-income) account holders. We’re watching the consumers who are adapting fastest and hardest, making our data a leading indicator for the broader population.

4. Real-Time Behavioral Advantage

BLS data is often revised months after initial release. Bureau data carries a 30–60 day lag. Bank reports are monthly or quarterly. Atlas x Pave capture behavioral shifts as they happen – like the immediate gas-price spike from the Middle East conflict – before they show up in CPI, survey, or credit bureau reports.

Industry Landscape Matrix: How This Report Compares

This maps the consumer financial insights ecosystem across five dimensions. The Atlas × Pave data occupies white space that no other major report covers in detail: mainstream real-time behavioral data.

Feature	Major Banks (BofA / JPM)	Credit Bureaus (Equifax / Experian)	Survey Indices (CivicScience / UoM)	Atlas × Pave Index
Primary Data Source	Internal account holders	Reported credit history	Consumer self-reporting	**Real-time cash flow & 10M+ accounts including checking, savings and credit cards**
Timeliness	Monthly / Quarterly	30–60 day lag	Real-time sentiment	**Real-time behavioral shifts**
Core Narrative	Macroeconomic stability	Default risk & debt levels	How people feel	**How people adapt**
Audience Focus	Investors & Shareholders	Lenders & Risk Officers	Retailers & Policy Makers	**Fintechs & Accessible Credit Innovators**
Predictive Value	Lagging: What happened last quarter	Coincident: Current debt status	Leading: Future spending intent	**Leading: Early behavioral warning signals**

How Atlas × Pave Data Fills Gaps In Existing Reports and Benchmarks

This matrix identifies specific blind spots in existing reports and the Atlas x Pave value-add for each:

Report Source	Data Type	Core Limitation	The Atlas Value-Add
BofA / JPM	Internal Transactional	Sample bias toward high-income banking users	**Focuses on "Mainstream" Fintech & Adaptive Consumers who are first to react**
Equifax / Experian / Transunion	Credit Bureau Data	30–60 day reporting lag on debt & delinquencies	**Real-time views of "Credit Stacking," liquidity timing, and fee distress as they happen**
CivicScience / UoM	Sentiment Surveys	Measures feeling, which often diverges from actual spending	**Measures action: Tracking trade-downs to Walmart / Temu / Dollar General in real time**
BLS (CPI / Jobs)	Government Statistics	Highly lagging; often revised months after initial release	**Leading indicator: Behavioral responses to energy spikes captured immediately (e.g., Gas Conflict Reversal)**

Where We're Headed

Our goal for future versions is to publish an Index that is designed to be actionable and comparable over time. We're designing it to be a composite measure. Unlike survey-based scales that estimate "hidden" well-being, we use **direct markers of financial behavior**.

- **Planned Index (1 to 100 scale):** Developed through an iterative process of evaluating cash flow indicators against financial resilience markers across 10M+ account dataset.
- **Core Pillars:** Categorize indicators into three intermediate constructs spanning: Financial Behavior (spending patterns and trade-down velocity), Access-to-Finance (credit product usage, stacking, and delinquency timing), and Access-to-Funds (liquidity levels, tax refund impact, and fee distress rates).
- **Validation:** Our behavioral models will be tracked quarterly to ensure patterns between variables – like gas prices and discretionary cutbacks, or payroll timing and credit utilization are captured consistently and reflect ground-level economic reality.

Our goal is not competing with the Bureau of Labor Statistics to be the "source of record."

We exist to serve as a Navigator

While the BLS tells you the temperature of the ocean, our data provides insight on which way the current is moving for the most active swimmers.

This report is intended for informational purposes and reflects data and analysis through March 2026. Consumer financial conditions are subject to change based on macroeconomic developments, policy actions, and other factors.

Last updated April 8, 2026