

## Can FinTech Help Households Save for Emergencies? Evidence from Debt-Burdened Families

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American households continue to face challenges in maintaining adequate emergency savings, particularly amid rising debt burdens and financial stress. This study examines whether fintech use is associated with households' ability to maintain emergency savings and whether financial literacy and debt burden moderate this relationship. Using data from the 2024 National Financial Capability Study (NFCS) State-by-State Survey, a weighted logistic regression analysis was conducted on 13,916 adult respondents.

The dependent variable measured whether respondents had enough savings to cover three months of expenses. The primary independent variable was fintech use frequency, categorized as no use, some use, and frequent use. Additional variables included debt burden, measured through the number of debt sources, and financial literacy, constructed from seven financial knowledge questions. Control variables included employment status, income, education, race, marital status, and gender.

The findings indicate that the use of fintech alone was not significantly associated with maintaining emergency savings. However, financial literacy was positively associated with emergency savings: respondents with mid- and high-level financial literacy were more likely to maintain three months of savings. Debt burden showed a strong negative association with emergency savings, with the likelihood of maintaining emergency funds declining substantially as debt sources increased.

Socioeconomic factors also played an important role. Higher levels of education and income were strongly associated with improved emergency savings outcomes. Retired, self-employed, and employed respondents were more likely to report having emergency savings than non-working respondents. Conversely, separated or divorced respondents and women were less likely to maintain emergency savings.

Interaction effects revealed important nuances regarding fintech use. Among respondents with low financial literacy, fintech use was associated with a substantially higher likelihood of maintaining emergency savings compared to non-users. However, the relative benefit of fintech use declined as financial literacy increased, suggesting that fintech tools may be most beneficial for financially vulnerable households with lower baseline financial knowledge. Additionally, while fintech use had a limited influence on households with low to moderate debt burdens, it showed stronger positive associations among respondents with the highest debt burdens.

The findings support financial capability theory by suggesting that fintech represents an opportunity mechanism that may enhance financial outcomes when paired with adequate financial knowledge and behavioral discipline. The results also suggest that fintech tools serve as supportive financial management mechanisms for highly indebted households, particularly among financially vulnerable populations. These implications are useful for policymakers, financial educators, counselors, and fintech developers seeking to improve household financial resilience and emergency preparedness.

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