

THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

QUARTERLY UPDATE
SEPTEMBER 2024



FINANCIAL WELLBEING OVERVIEW

Financial wellbeing is the extent to which someone is able to meet all their current commitments and needs comfortably and has the financial resilience to maintain this in the future. The ANZ Roy Morgan Financial Wellbeing Indicator (FWBI) is reported as a 12-month moving average, with regular updates showing the changes in aspects of financial wellbeing across locations and for a range of segments in the community (see anz.com.au/about-us/esg-priorities/financial-wellbeing/ for updates). The FWBI provides insights into how the changing economic environment has impacted lives and livelihoods in Australia over time.

This update examines how financial wellbeing changed in the June quarter of 2024 and year-on-year, comparing the June 2024 results with those of March 2024 and June 2023.

INDICATOR			
The FWBI shows that the financial wellbeing of Australians			Year-on-year, the financial wellbeing of Australians
DECLINED 0.2%↓	FROM 53.6 (as a score out of 100) in the 12 months to March 2024	TO 53.5 in the 12 months to June 2024 (Figure 1 and Table 1)	DECLINED 2.7%↓ between June 2023 and June 2024

INDICATOR (CONTINUED)

In a mainly steady interest rate environment, the decline in financial wellbeing has slowed in the last year and was largely stable in the June quarter of 2024. Notably, financial wellbeing fell 1.8% in the six months to December 2023 and only 0.9% in the six months to June 2024.

The **spot result** was the same in June 2024 as in March 2024 (52.8 out of 100) (Figure 1).



The slight fall in FWBI in the June 2024 quarter was driven by a decline in **meeting everyday commitments**, falling by 0.6% to 65.8 out of 100 (Figure 2 and Table 1).



Feeling comfortable about one's current and future situation was unchanged from the previous quarter at 42.5 out of 100 in the 12 months to June 2024. (Figure 2 and Table 1).



Resilience for the future – the ability to cope with financial setbacks – edged 0.2% higher to 52.3 between March 2024 and June 2024 (Figure 2 and Table 1).



IN THIS RELEASE

- The decline in financial wellbeing since the first quarter of 2022 coinciding with the increased cost of living, has led to an increase in the size of the **struggling** segment to 20.9% of the Australian population in June 2024, up slightly from 20.8% in March 2024, 19.0% in June 2023, and 14.3% in December 2021 (Figures 3 and 4).
- The proportion of people struggling continued to be higher for several segments in the community including renters, Aboriginal or Torres Strait Islander peoples, households earning less than \$100,000 per year and young families.
- Financial wellbeing was mixed across **states and territories** between March 2024 and June 2024. While Victoria fell 0.9% and WA fell 0.5%, all other states and the ACT were either stable or saw improved financial wellbeing. The strongest performer was SA, which saw an improvement of 1.1%. Year-on-year, the largest decline was in Victoria (4.6% vs. 2.7% across Australia overall).

FIGURE 1: FINANCIAL WELLBEING IN AUSTRALIA, MONTHLY SPOT DATA AND 12-MONTH MOVING AVERAGE (OCT-14 TO JUN-24)

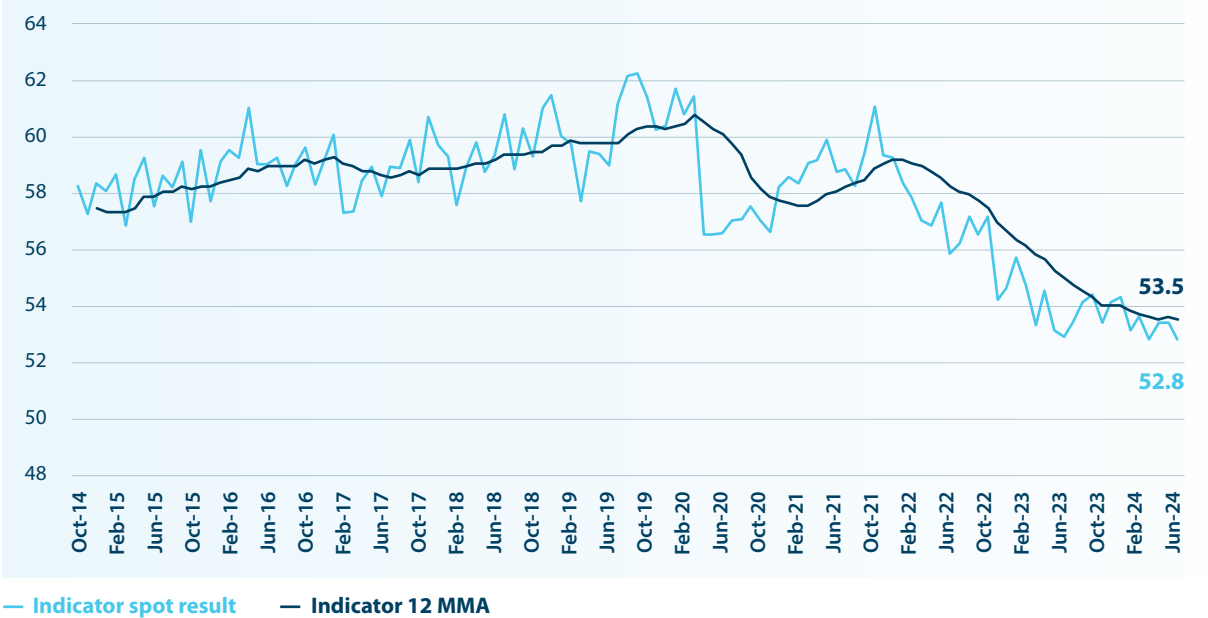
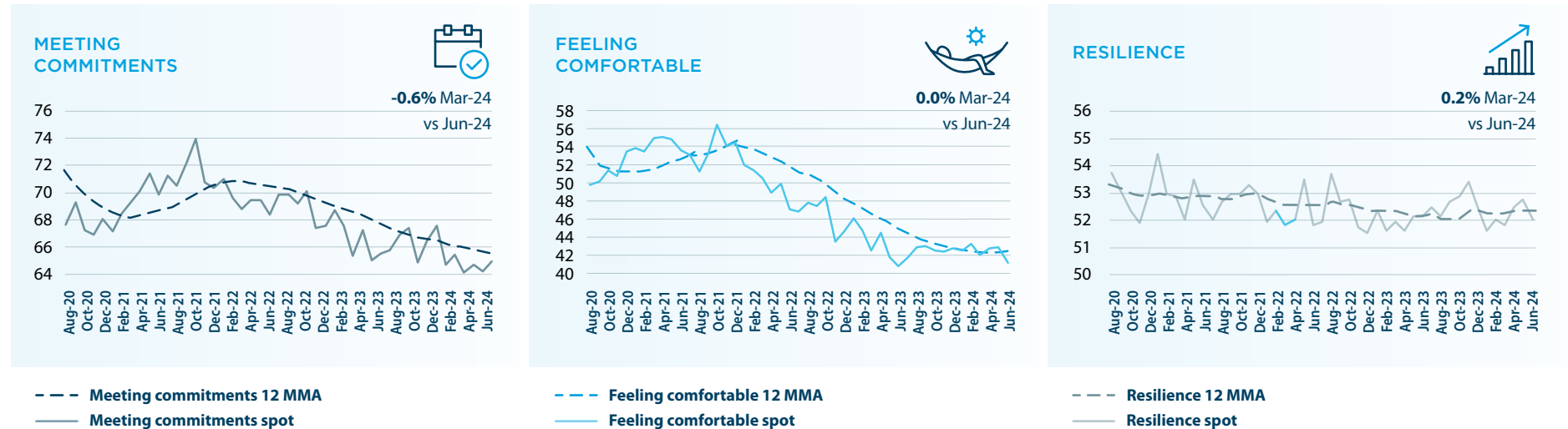


TABLE 1: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA (12-MONTH MOVING AVERAGE AND SPOT MONTH VIEW)

	12 months				Spot result			12 months	Jun-23 vs Jun-24 change	Mar-24 vs Jun-24 change
	Jun-23	Sep-23	Dec-23	Mar-24	Apr-24	May-24	Jun-24			
Financial wellbeing	55.0	54.3	54.0	53.6	53.4	53.4	52.8	53.5	-2.7%	-0.2%
Meeting commitments	67.9	67.2	66.7	66.2	65.0	64.5	65.2	65.8	-3.1%	-0.6%
Feeling comfortable	44.8	43.6	42.9	42.5	42.7	42.9	41.1	42.5	-5.1%	0.0%
Resilience for the future	52.1	52.0	52.3	52.2	52.4	52.7	52.0	52.3	0.4%	0.2%

FIGURE 2: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA, MONTHLY SPOT DATA AND 12-MONTH MOVING AVERAGE (AUG-20 TO JUN-24)



FINANCIAL WELLBEING SEGMENTS

Respondents were divided into four segments according to their overall financial wellbeing score (out of 100). These segments were described in ANZ's **2021 Financial Wellbeing Survey**¹:

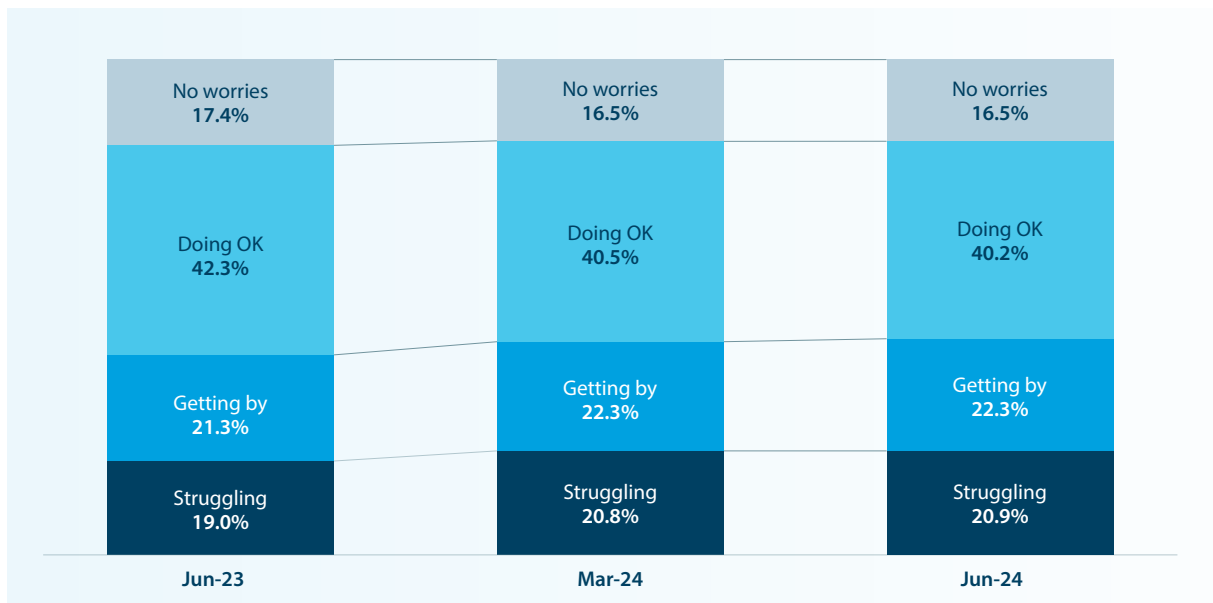
- Struggling:** (0–30) Most describing their current financial situation as 'bad', having little or no savings and finding it a constant struggle to meet bills and credit payments. They were less optimistic or future oriented and had poor mental and physical health. Most felt anxious about their future financial situation, did not have any superannuation and did not think owning a home was a realistic goal for them.
- Getting By:** (>30–50) Many describing their financial situation as 'bad', less confident in their money management skills and their ability to control their financial future. They were less likely to be frugal than other segments.
- Doing OK:** (>50–80) Current financial situation is 'fair' or 'good' and reasonably confident about their financial situation over the next 12 months. They were more likely to budget or plan and to have their savings put aside automatically.
- No Worries:** (>80–100) Strongly future-oriented, goal-oriented, optimistic, and frugal, contributing positively to financial wellbeing. High levels of confidence in managing money and substantial amounts in savings, investments, and superannuation. More likely to be report excellent/very good mental and physical health.

With continued cost-of-living pressures, the proportion of people with the lowest financial wellbeing (**struggling**) rose slightly from 20.8% in March 2024 to 20.9% in June 2024 (Figure 3).

Year-on-year, the **struggling** segment increased close to two percentage points from 19.0% in June 2023 to 20.9% in June 2024. However, the growth in the **struggling** segment appears to be slowing – while the **struggling** segment grew from 19.0% to 20.4% of the population between June 2023 and December 2023, it only grew from 20.4% to 20.9% between December 2023 and June 2024.

Since early 2019, the proportion of people in the **struggling** segment has close to doubled, from 10.5% in January 2019 to 20.9% in June 2024 (Figure 4).

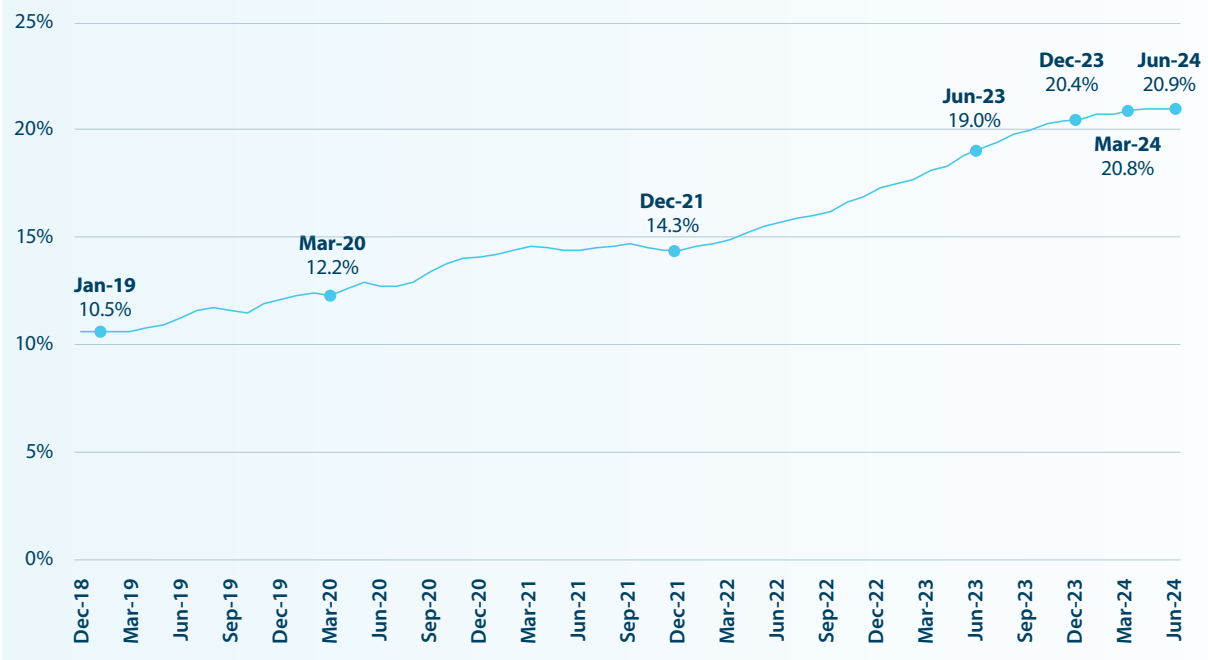
FIGURE 3: CHANGE IN THE COMPOSITION OF THE FINANCIAL WELLBEING SEGMENTS (12 MONTHS TO JUN-23 VS 12 MONTHS TO MAR-24 VS 12 MONTHS TO JUN-24)











Note: June 2023 data includes 12 months to June 2023. March 2024 data includes 12 months to March 2024. June 2024 data includes 12 months to June 2024.

1. ANZ (2021). *Financial Wellbeing: A Survey of Adults in Australia*. <https://www.anz.com.au/content/dam/anzcomau/documents/pdf/aboutus/esg/financial-wellbeing/anz-adult-financial-wellbeing-survey-2021-australia-accessible.pdf>

FIGURE 4: CHANGE IN THE PROPORTION OF PEOPLE CONSIDERED STRUGGLING (12 MONTHS TO DEC-18 TO 12 MONTHS TO JUN-24)



While 20.9% of Australians were in the **struggling** segment in June 2024, the proportion of those **struggling** continued to be higher for several groups in the community, including:

 <p>Renters</p> <p>33.3%</p>	 <p>Aboriginal and Torres Strait Islander peoples</p> <p>30.9%</p>	 <p>Those living in households with incomes of less than \$100,000 a year</p> <p>27.0%</p>	 <p>Young Families</p> <p>24.7%</p>
 <p>Those aged 35-49</p> <p>23.4%</p>	 <p>Women</p> <p>24.1%</p>	 <p>Part-time employees</p> <p>23.9%</p>	 <p>Those aged 14-24</p> <p>23.8%</p>

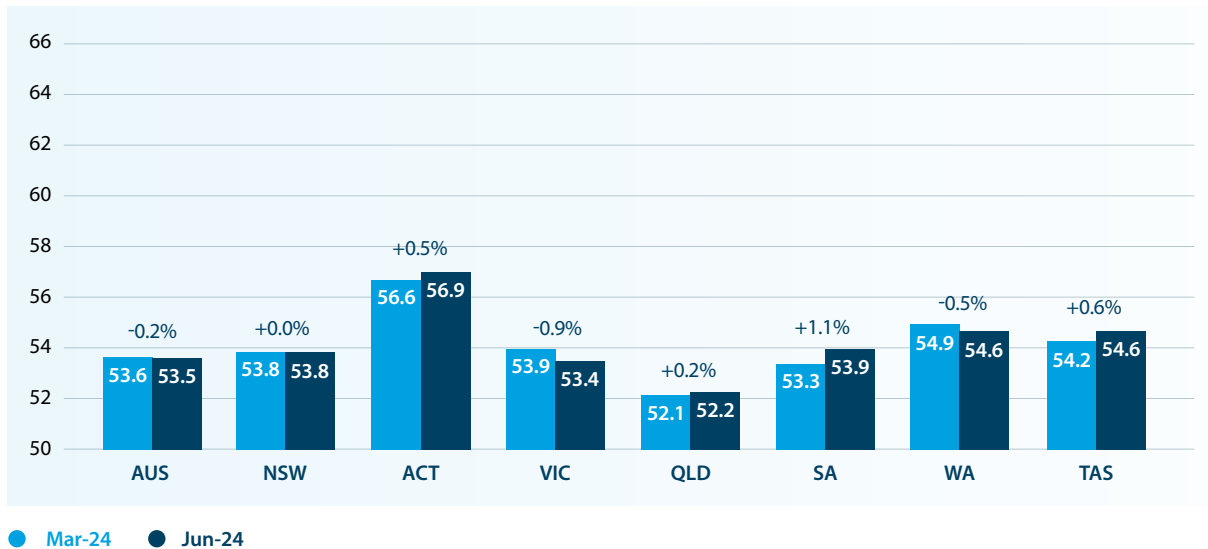
FINANCIAL WELLBEING BY STATE AND TERRITORY

Financial wellbeing was mixed across states and territories between March 2024 and June 2024. While Victoria fell 0.9% and WA fell 0.5%, all other states and the ACT were either stable or saw improved financial wellbeing. The strongest performer was SA, which saw an improvement of 1.1% (Figure 5).

Year-on-year, the largest decline was in Victoria (4.6% vs. 2.7% across Australia overall).

In June 2024 (as in March 2024 and all previous quarters) respondents from ACT had the highest financial wellbeing score of 56.9 (out of 100), 3.4 points higher than the national average and 2.3 points higher than WA and Tasmania, with the next highest levels of financial wellbeing (54.6). Queensland had the lowest level of financial wellbeing at 52.2 (out of 100) (Figure 5).

FIGURE 5: FINANCIAL WELLBEING IN AUSTRALIA, BY STATE AND TERRITORY (12 MONTHS TO MAR-24 VS 12 MONTHS TO JUN-24)



ABOUT THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

The ANZ Roy Morgan Financial Wellbeing Indicator is a statistically robust snapshot of the personal financial wellbeing of Australians, reported as a 12-month moving average every quarter.

The Indicator is based on the Kempson *et al.* conceptual model of financial wellbeing, tested most recently by ANZ in its 2021 financial wellbeing surveys. The Kempson model acknowledges the direct (blue) and indirect (grey) influence that eight domains have on personal financial wellbeing (Figure 6). Through an updated modelling approach, we have a better understanding of how a person’s socio-economic context and their behaviour traits are key to underpinning their financial wellbeing.

The indicator is derived from data gathered through the weekly Roy Morgan Single Source survey, which canvasses approximately 65,000 Australians annually.

The breadth of data gathered through Roy Morgan Single Source enables examination of Australians’ financial wellbeing at a more granular level than was possible with previously available data.

The indicator is reported quarterly and periodically. Releases are accompanied with a focus on specific deep dive topics.

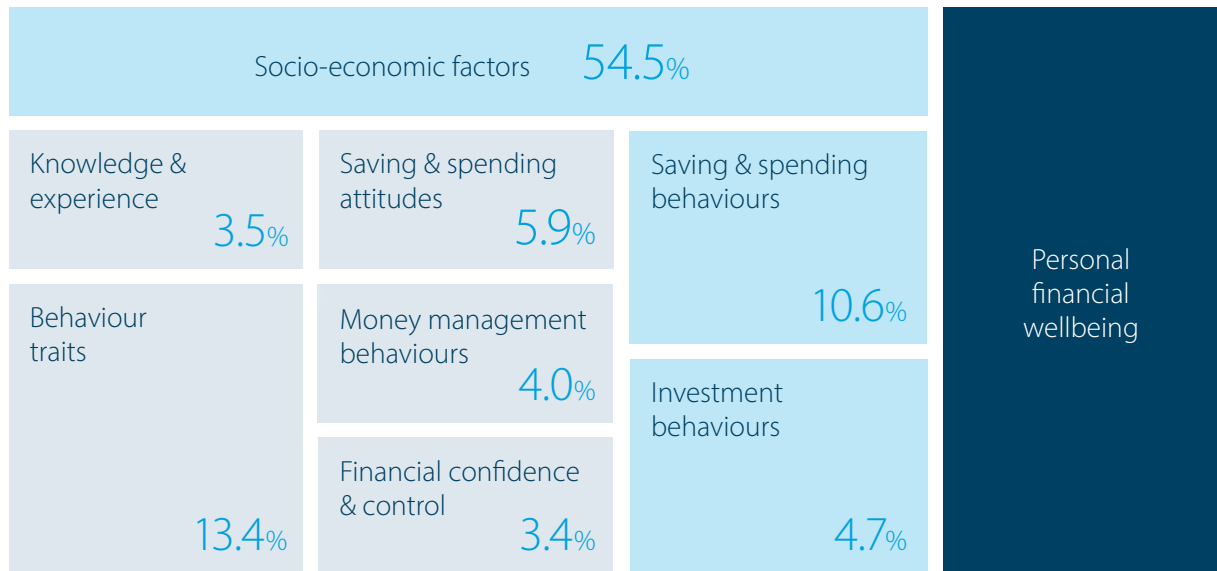


More information about the Indicator can be found at anz.com.au/about-us/esg-priorities/financial-wellbeing/ or by contacting:

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FIGURE 6: THE REVISED FINANCIAL WELLBEING CONCEPTUAL MODEL



Source: Adapted from Kempson et al, 2018, with additional data from the 2021 ANZ Financial Wellbeing Survey.

TECHNICAL APPENDIX

The data items used for the calculation of the indicator and other data items used to measure various drivers of personal financial wellbeing, all derive from the questions listed below from the Roy Morgan Single Source interview and survey.

The indicator is calculated by an algorithm that transforms responses to these questions, weighing the relative importance of each component. The algorithm was developed based on calibrated responses to the financial wellbeing questions in the 2017 and 2021 ANZ Financial Wellbeing Surveys², as well as answers to the questions below.

There are many additional questions in the Roy Morgan Single Source data collection that are of relevance and can be used as filters or as cross-tabulation variables with the Indicator. The complete list of these variables are not listed here.

ANZ Roy Morgan FWI dimensions	Questions and items from Roy Morgan Single Source
Meeting commitments	Q. Meeting my bills and commitments is a struggle from time to time Q. In the past 12 months I have sometimes been unable to pay bills or loan commitments at the final reminder due to lack of money Q. I sometimes run short of money for food or other regular expenses
Feeling comfortable	Q. I feel financially stable at the moment Q. I have planned enough to make sure I will be financially secure in the future Q. Would you say you and your family are better-off financially – or worse-off than you were at this time last year? Q. Looking ahead to this time next year... do you expect you and your family to be better-off financially – or worse-off than you are now?
Resilience	<p>Number of months' income in savings calculated using following questions:</p> Q. Household's total present approximate weekly or annual income from all sources before tax – please include all wages, salaries, pensions and other income Q. Would you please say the approximate amount that is in the (main/second) (say institution and account name) account as of today <p>Managing a drop in income by a third is calculated using the following questions:</p> Q. Household's total present approximate weekly or annual income from all sources before tax – please include all wages, salaries, pensions and other income Q. Approximate amount that is in the (main/second) (say institution and account name) account as of today Q. How much does your family spend on all living and household expenses in an average week? Please include all expenses such as shopping, luxuries, transport costs, bills, credit and loan repayments, rent and home loans, school fees etc. (if living in a shared household, only include your own total living expenses)

² For more information on the financial wellbeing questions, see page 48 of Financial Wellbeing: A Survey of Adults in Australia. Retrieved from <https://www.anz.com.au/content/dam/anzcomau/documents/pdf/aboutus/esg/financial-wellbeing/anz-au-adult-financial-wellbeing-survey-2021.pdf>