

THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

—
QUARTERLY UPDATE
MARCH 2020

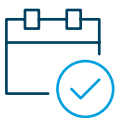


FINANCIAL WELLBEING OVERVIEW



Indicator

- The ANZ Roy Morgan Financial Wellbeing Indicator shows the financial wellbeing of Australians improved by 1% year on year, from 59.6 (as a score out of 100) in December 2018 to 60.2 in December 2019 (Table 1).
- Financial wellbeing improved in the 12 months to December 2019 across most states and territories. However, financial wellbeing declined slightly in Queensland and the NT, and remained constant in NSW (Figure 5). The lack of growth in overall financial wellbeing in NSW can be attributed to a 3.1% fall in 'resilience for the future' during 2019.



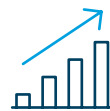
Meeting everyday commitments

- The improvement in national financial wellbeing was despite no change in financial wellbeing in the December 2019 quarter, and was due primarily to an improvement in 'meeting everyday commitments', which increased by 3.2% during 2019.



Feeling comfortable

- The level of 'feeling comfortable' about one's current and future financial situation also improved nationally from 55.3 in December 2018 to 55.9 in December 2019 (Table 1).



Resilience for the future

- 'Resilience for the future' – the ability to cope with financial setbacks – is strongly influenced by active saving habits. After steady growth in recent years, resilience declined nationally by 1.9%, from 53.7 in December 2018 to 52.7 in December 2019 (Table 1). This was due primarily to a decline in the number of month's income in savings that Australians have on hand, weakened by slower deposit growth and subdued improvements in household incomes over the period.
- The decline in resilience also affected the population distribution across financial wellbeing segments, with the percentage of people 'Struggling' increasing by 1.5% during 2019 (Figure 3).



FIGURE 1: FINANCIAL WELLBEING IN AUSTRALIA (DEC-14 TO DEC-19)

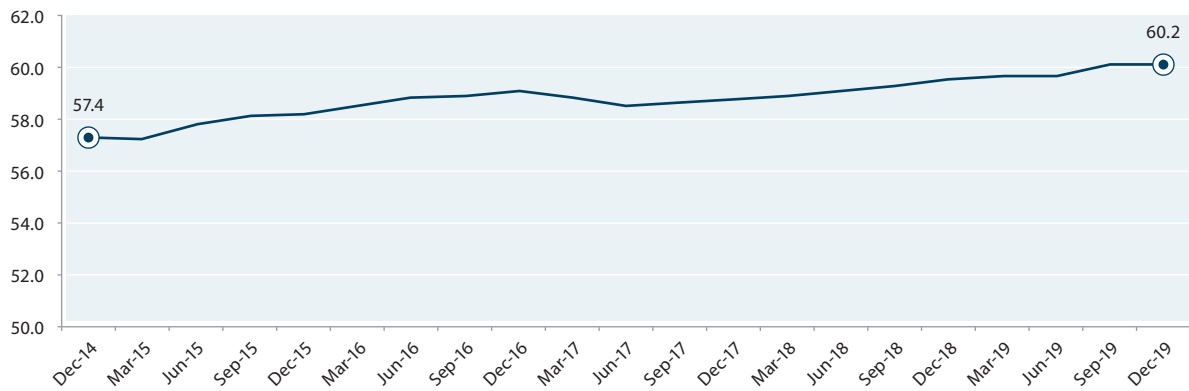
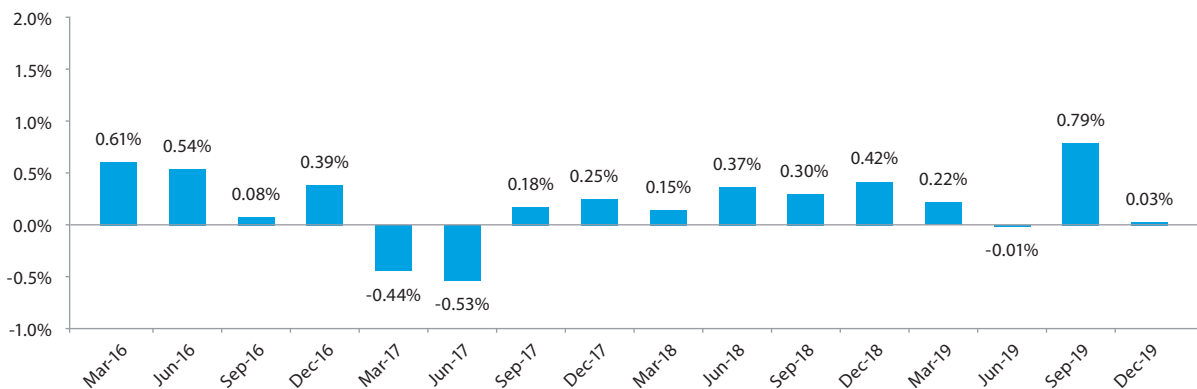


TABLE 1: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA, 12 MONTHS TO DEC-19

	ANZ Roy Morgan FWB Indicator					% change
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Dec-18 to Dec-19
Financial wellbeing	59.6	59.7	59.7	60.2	60.2	1.0%
Meeting commitments	69.6	69.9	70.7	71.6	71.9	3.2%
Feeling comfortable	55.3	55.5	55.3	55.9	55.9	1.1%
Resilience for the future	53.7	53.7	53.0	53.0	52.7	-1.9%

FIGURE 2: CHANGE IN FINANCIAL WELLBEING IN AUSTRALIA BY QUARTER (DEC-15 TO DEC-19)



FINANCIAL WELLBEING SEGMENTS

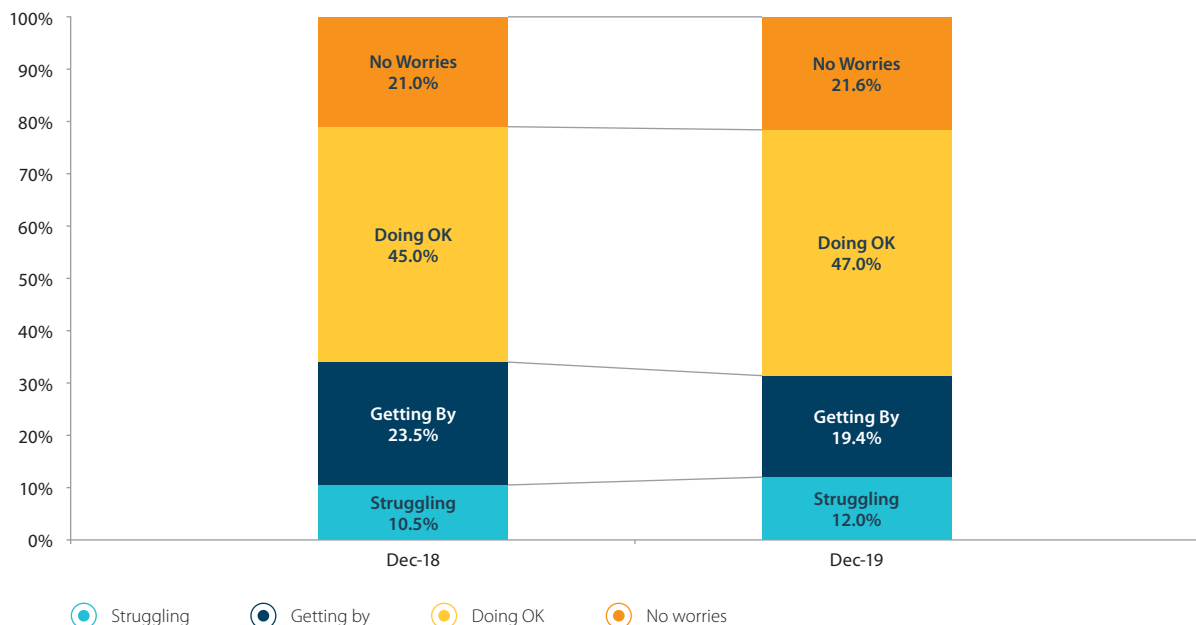
Respondents were divided into four segments according to their overall financial wellbeing score (out of 100). These segments were described in ANZ's 2017 ANZ Financial Wellbeing Survey¹:

- **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. Very few are confident about their financial situation over the next 12 months.
- **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.
- **Doing OK:** (>50–80) Current financial situation is 'fair' or 'good' and reasonably confident about their financial situation over the next 12 months.
- **No Worries:** (>80–100) Financial behaviours – active savings and not borrowing for everyday expenses – contributing positively to financial wellbeing. High levels of confidence in managing money and substantial amounts in savings, investments and superannuation.

In December 2019, 21.6% of the population were in the 'No Worries' segment reflecting the highest level of financial wellbeing. The majority of the population (47.0%) were 'Doing OK'. 'Getting By' and 'Struggling' represented 19.4% and 12.0% of Australians respectively (Figure 3).

Since December 2018, the 'No Worries' and 'Doing OK' segments had a combined increase of 2.6 percentage points. The proportion of people 'Getting By' fell by 4.1 percentage points, while those 'Struggling' increased by 1.5 percentage points (Figure 3).

FIGURE 3: YEAR ON YEAR CHANGE IN THE COMPOSITION OF THE FINANCIAL WELLBEING SEGMENTS (DEC-18 VS DEC-19)



1. ANZ (2018). Financial Wellbeing: A Survey of Adults in Australia. <http://www.bluenotes.anz.com/financialwellbeing>

FINANCIAL WELLBEING BY STATE AND TERRITORY

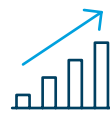


Respondents from the ACT had the highest financial wellbeing score at 66.3 (out of 100) in December 2019, 6.1 points higher than the national average and 4.1 points higher than Victoria with the next highest level of financial wellbeing (62.2). Queensland had the lowest level of financial wellbeing at 57.2 (out of 100) (Figure 4).

Victoria experienced the highest annual growth in financial wellbeing, a 2.7% increase, followed by SA. NSW experienced no year on year growth and financial wellbeing in Queensland and the NT fell slightly during 2019 (Figure 5).



'Feeling comfortable' measures how confident respondents are about their financial situation today and into the future. People in the ACT, Victoria and SA recorded 'feeling comfortable' scores above the national average, while those in NT recorded the lowest 'feeling comfortable' score (Table 2).



'Resilience for the future', which includes measures such as how individuals would manage if their income fell by a third, was higher than the national average in the ACT and SA, and lower than the national average in Queensland, NT and Tasmania (Table 2).



ACT respondents recorded the highest score for **'meeting everyday commitments'**, indicating they were less likely to run short of money for food and regular expenses, and were more able to pay bills and loan commitments on time. Queensland respondents recorded the lowest 'meeting everyday commitments' score (Table 2).

FIGURE 4: FINANCIAL WELLBEING IN AUSTRALIA, BY STATE AND TERRITORY (DEC-19)

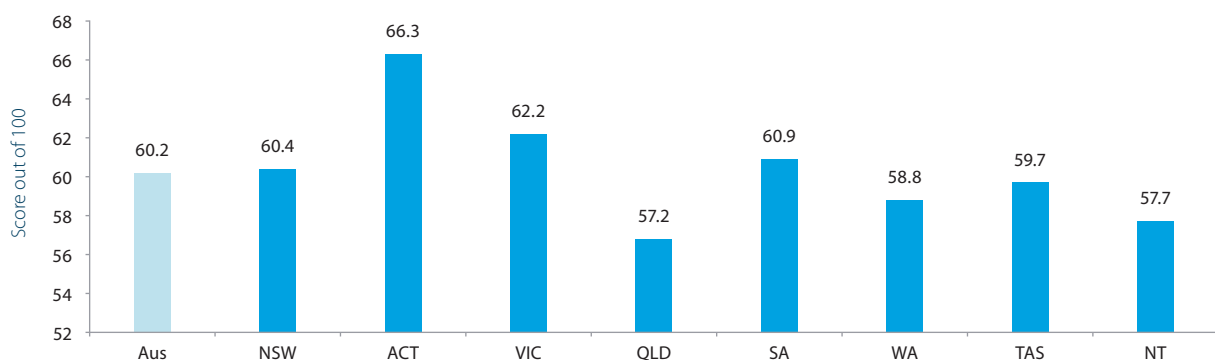
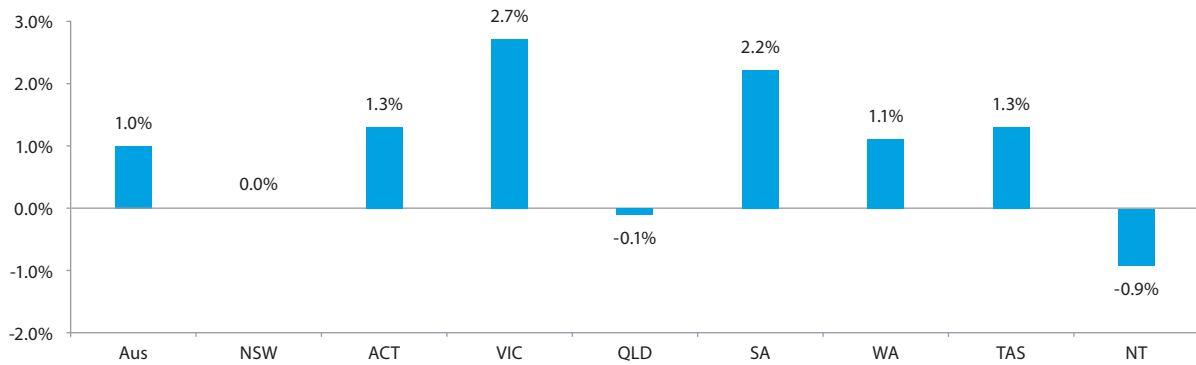


TABLE 2: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA, BY STATE AND TERRITORY (DEC-19)

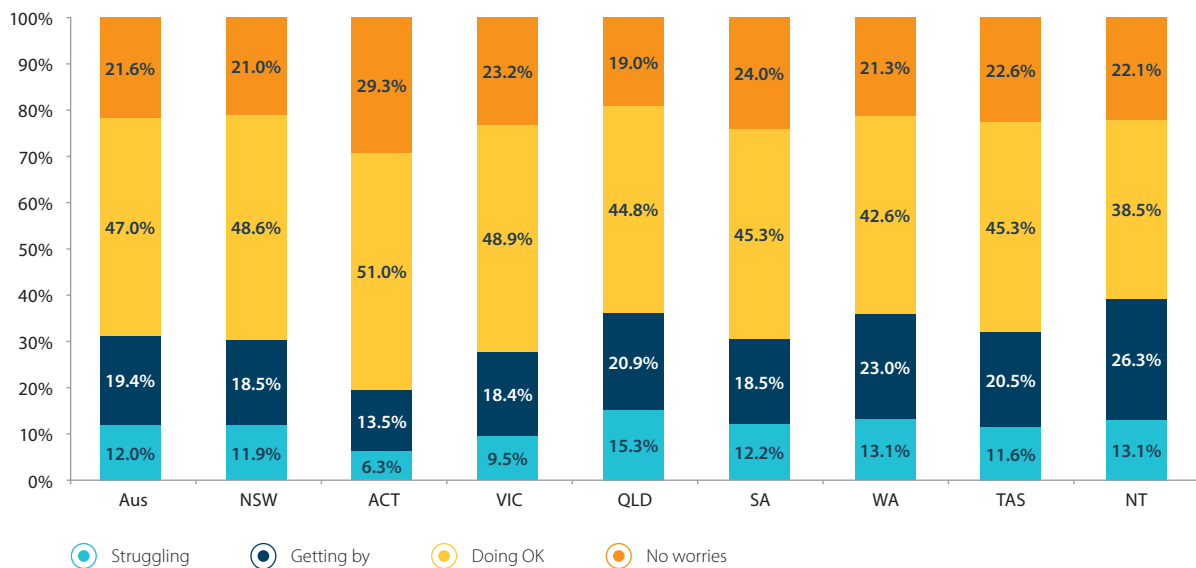
	ANZ Roy Morgan FWB Indicator								
	Aus	NSW	ACT	Vic	Qld	SA	WA	Tas	NT
Financial wellbeing	60.2	60.4	66.3	62.2	57.2	60.9	58.8	59.7	57.7
Meeting commitments	71.9	72.3	81.3	74.8	67.7	72.1	69.3	73.6	69.8
Feeling comfortable	55.9	55.7	61.0	58.5	53.7	56.4	53.5	54.4	52.7
Resilience for the future	52.7	53.2	56.8	53.3	50.1	54.1	53.6	51.2	50.6

FIGURE 5: YEAR ON YEAR CHANGE IN FINANCIAL WELLBEING, BY STATE AND TERRITORY (DEC-18 VS DEC-19)



Distribution of the population across the different financial wellbeing segments varied across states and territories. The ACT had the highest proportion of people categorised as ‘No Worries’, followed by SA and Victoria in the December 2019 quarter. The ACT and Victoria also had the lowest proportion of people ‘Struggling’. Queensland had the highest proportion of people ‘Struggling’ in the December 2019 quarter (15.3%) and the lowest proportion having ‘No Worries’. The NT had the most people falling into the bottom two segments, with two-fifths either ‘Struggling’ or ‘Getting By’.

FIGURE 6: FINANCIAL WELLBEING SEGMENTS, BY STATE AND TERRITORY (DEC-19)



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 rolling average every quarter.

The Indicator is based on the Kempson *et al.* conceptual model of financial wellbeing that was tested by ANZ in its 2017 financial wellbeing survey (Figure 7). The Kempson model acknowledges five drivers that have a proportionate impact on personal financial wellbeing:

- social environment
- economic environment
- financial knowledge and experience
- psychological factors (attitudes, motivations and biases)
- financially capable behaviours.

The indicator is derived from data gathered through the weekly Roy Morgan Single Source interview and survey, which canvasses approximately 50,000 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 www.bluenotes.anz.com/financialwellbeing or by contacting:

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FIGURE 7: THE FINANCIAL WELLBEING CONCEPTUAL MODEL



Source: Adapted from Kempson et al, 2017, with additional data from the 2017 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 11 questions in the 2017 ANZ Financial Wellbeing Survey², 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	Number of months' income in savings calculated using following questions: 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 Managing a drop in income by a third is calculated using the following questions: 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 11 financial wellbeing questions, see page 41 of Financial Wellbeing: A Survey of Adults in Australia. Retrieved from <https://www.bluenotes.anz.com/content/dam/bluenotes/images/financial-wellbeing/ANZ%20Financial%20Wellbeing%20Summary%20Report%20-%20Australia.pdf>