

# THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

—  
QUARTERLY UPDATE  
MARCH 2021

## FINANCIAL WELLBEING OVERVIEW

Trends in financial wellbeing have provided key insights into how the pandemic has impacted peoples lives and livelihoods in Australia.

The ANZ Roy Morgan Financial Wellbeing Indicator has been reported as a 12-month rolling average every quarter prior to the start of the pandemic. However, as the 12-month rolling average to December 2020 incorporates 3 months of data pre COVID-19, it takes into account the financial wellbeing gains made throughout early 2020. To best understand the changes in financial wellbeing arising from the pandemic, this update focuses on comparing the pre COVID-19 12 months to March 2020 with the combined spot monthly results for April 2020 through to December 2020 to provide a post COVID-19 view. Individual spot monthly results are also reported to highlight any early signs of change.



### INDICATOR

The ANZ Roy Morgan Financial Wellbeing Indicator shows that as a result of COVID-19, the financial wellbeing of Australians

**DECLINED** **FROM** **5.9%** **60.7** (as a score out of 100) in the 12 months to March 2020 → **TO** **57.1** in the 9 months to December 2020 (Figure 1 and Table 1).

## INDICATOR (CONTINUED)

From April 2020 to November 2020, the spot monthly financial wellbeing scores stayed in the narrow range of 56.5 to 57.5 (out of 100). In the month of December 2020, however, financial wellbeing increased to 58.2 (out of 100), indicating some initial signs of national recovery.



While all components of financial wellbeing declined post COVID-19 (Table 1), the biggest decline in the 9 months to December 2020 was in **'feeling comfortable'** about one's current and future situation, down 10.0% for the 9-month rolling average to December 2020 (50.4) compared to the 12 months to March 2020 (56.0). However, **'feeling comfortable'** scores recovered slightly since our last update to be in the range of 50.1 to 53.3 (out of 100) for the spot months of September through December 2020, compared to 47.5 to 49.6 (out of 100) for the months of April through August 2020.



**'Meeting everyday commitments'** was down 6.4% for the 9 months to December 2020 (68.3) compared to the 12 months to March 2020 (73.0).



**'Resilience for the future'** – the ability to cope with financial setbacks – declined by 1.1% for the 9 months to December 2020 (52.6) compared to the 12 months to March 2020 (53.2).



### LOOKING AHEAD

- Future releases will monitor the effects of COVID-19 on financial wellbeing which are anticipated to continue for some time, particularly for those segments of the community disproportionately impacted, such as people who were already 'struggling' prior to the pandemic, younger people 'Struggling' or 'Getting By', small and micro business owners and occupations in exposed industries. The extent of the impact will depend on the strength of Australia's economic recovery once government and institutional support ends.



### IN THIS RELEASE

- Nine months after the beginning of the COVID-19 pandemic the impact on financial wellbeing has led to an increase of the size of both the 'Struggling' and 'Getting By' segments while the 'No Worries' segment reduced substantially (Figure 2). Although there has been some improvement with more people reporting high financial wellbeing ('No Worries') in the last quarter of 2020.
- Financial wellbeing has declined across all **states and territories**. The largest decline in the 9 months to December 2020 was in the ACT (down 7.8%), with the smallest decline in WA (down 2.2%) (Figure 3). While still down 7.7% post COVID-19, Victoria experienced significant recovery in financial wellbeing following the easing of restrictions in October.

FIGURE 1: FINANCIAL WELLBEING IN AUSTRALIA, MONTHLY SPOT DATA AND 12-MONTH MOVING AVERAGE (JAN-14 TO DEC-20)

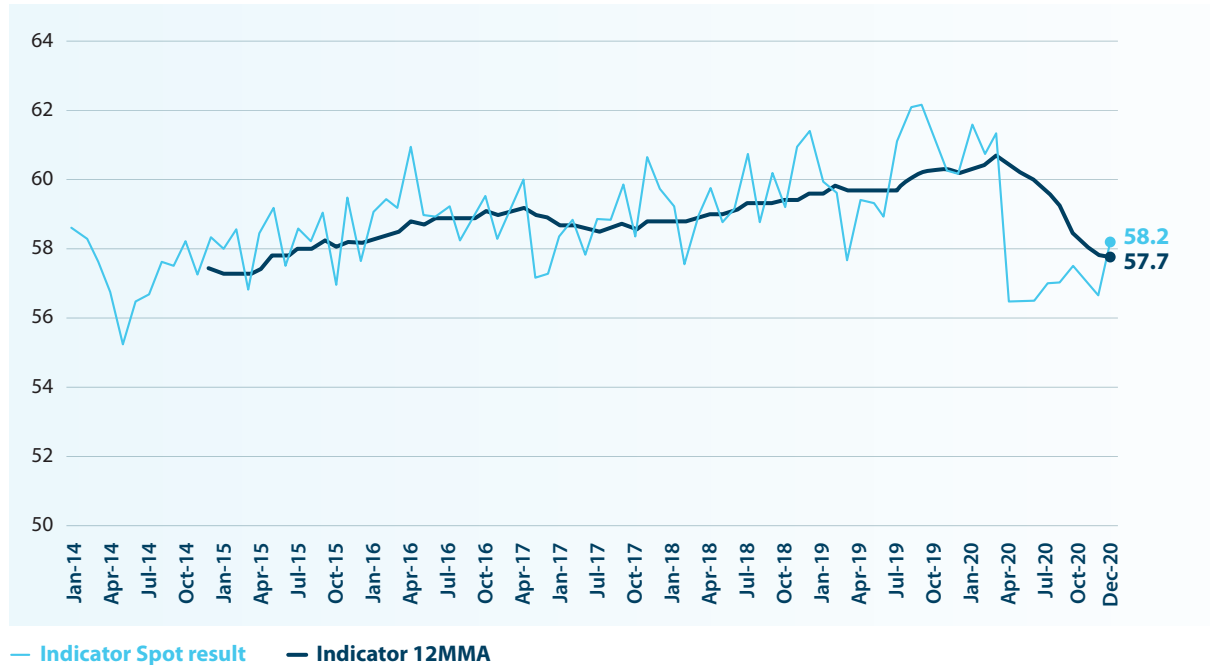


TABLE 1: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA (12-MONTH MOVING AVERAGE, SPOT MONTH AND 9-MONTH MOVING AVERAGE VIEW)

	ANZ Roy Morgan FWB Indicator												9 months to December 2020	% change
	12 months		Spot Result											
	Dec-19	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Apr to Dec-20		
Financial wellbeing	60.2	<b>60.7</b>	56.5	56.5	56.5	57.0	57.0	57.5	57.0	56.6	58.2	<b>57.1</b>	-5.9%	
Meeting commitments	71.9	<b>73.0</b>	70.1	67.9	67.9	69.5	67.8	69.4	67.4	67.1	68.2	<b>68.3</b>	-6.4%	
Feeling comfortable	55.9	<b>56.0</b>	47.5	49.2	49.2	49.5	49.6	50.1	51.3	50.7	53.3	<b>50.4</b>	-10.0%	
Resilience for the future	52.7	<b>53.2</b>	52.1	52.3	52.5	52.1	53.6	53.0	52.3	51.9	52.9	<b>52.6</b>	-1.1%	

# 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 Survey<sup>1</sup>:

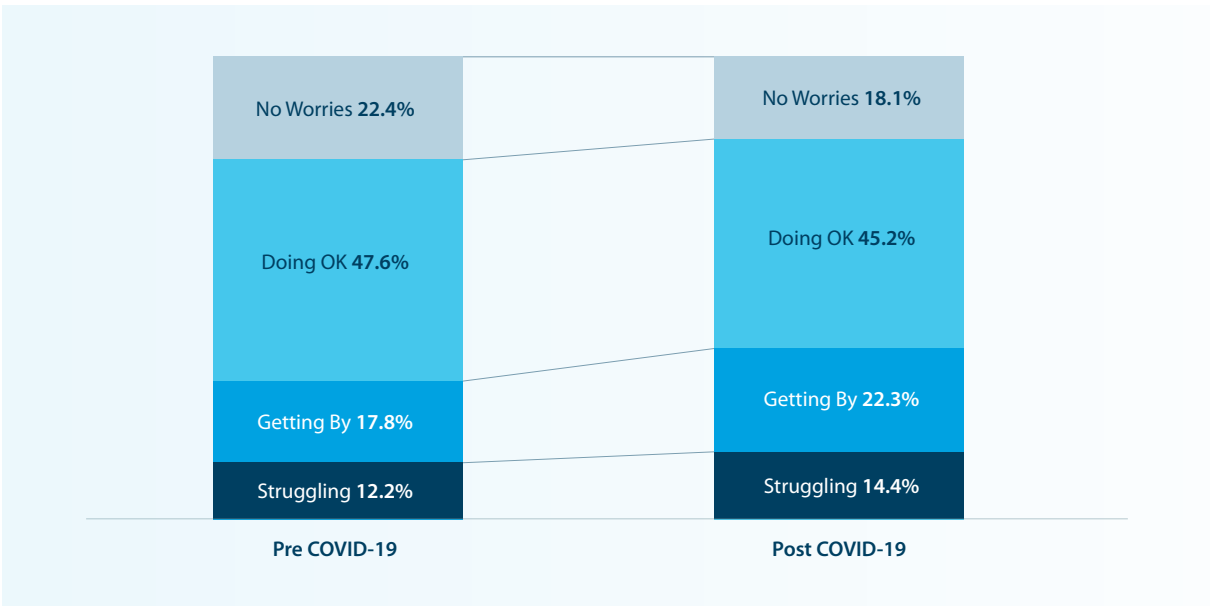
- **Struggling:** (0–30) Most describing their current financial situation as 'bad', having little or no savings and finding it a constant struggle to meet bills and credit payments. Very few are confident about their financial situation over the next 12 months.
- **Getting By:** (>30–50) Many describing 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.

The proportion of people with the highest financial wellbeing ('No Worries') declined with the onset of COVID-19, from 22.4% in the 12 months to March 2020 to 18.1% in the 9 months to December 2020, although this has improved from our last update with more people reporting high financial wellbeing in the last quarter of 2020. Whilst the majority of the Australian population (45.2%) were 'Doing OK', this had also contracted from 47.6% in the 12 months to March 2020.

The bottom two segments 'Getting By' and 'Struggling' both increased post COVID-19, now representing 36.7% of Australians in the 9 months to December 2020 (up from 30% in the 12 months to March 2020), with 22.3% 'Getting By' and 14.4% 'Struggling', the latter of which is yet to show signs of improvement (Figure 2).

**FIGURE 2: CHANGE IN THE COMPOSITION OF THE FINANCIAL WELLBEING SEGMENTS ('PRE COVID-19' 12 MONTHS TO MAR-20 VS 9 MONTHS TO DEC-20 'POST COVID-19' VIEW)**



**Note:** Pre COVID-19 data includes the 12 months to March 2020. Post COVID-19 data includes data from the months of April 2020 through to December 2020.

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

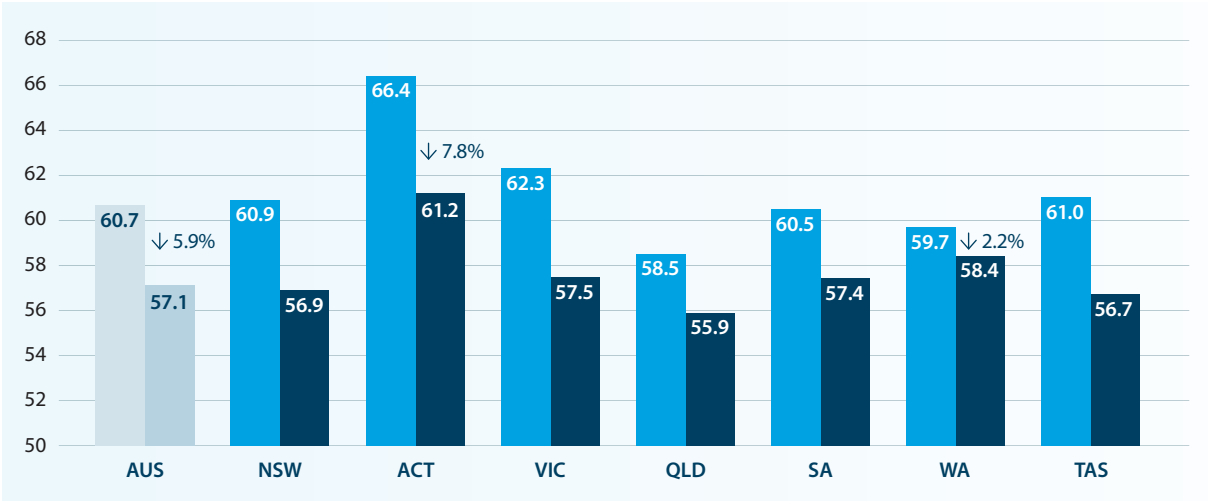
# FINANCIAL WELLBEING BY STATE AND TERRITORY

The impact of COVID-19 resulted in all states and territories recording lower scores in overall financial wellbeing and most states and territories recording lower scores in all the three dimensions of financial wellbeing for the 9 months to December 2020 (post COVID-19) (Figure 3).

Respondents from ACT had the highest financial wellbeing score of 61.2 (out of 100) post COVID-19 in the 9 months to December 2020, 4.1 points higher than the national average and 2.8 points higher than WA with the next highest level of financial wellbeing (58.4). Queensland had the lowest level of financial wellbeing at 55.9 (out of 100) (Figure 3).

The ACT experienced the largest decline in financial wellbeing in the 9 months to December 2020, down 7.8%, though it still sits comfortably above the national average (61.2). Victoria experienced the second largest decline (down 7.7%) and while it is currently well below the ACT, financial wellbeing in Victoria was still above the national average, after experiencing significant recovery since the easing of restrictions in October (Figure 3). WA experienced the smallest decline in financial wellbeing (down 2.2%). While previously sitting below the national average, financial wellbeing in WA is now above the national average (Figure 3).

**FIGURE 3: FINANCIAL WELLBEING IN AUSTRALIA, BY STATE AND TERRITORY ('PRE COVID-19' 12 MONTHS TO MAR-20 VS 9 MONTHS TO DEC-20 'POST COVID-19' VIEW)**



● Pre COVID-19 ● Post COVID-19

**Note:** Pre COVID-19 data includes the 12 months to March 2020. Post COVID-19 data includes data from the months of April 2020 through to December 2020.

# 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 that was tested by ANZ in its 2017 financial wellbeing survey (Figure 4). 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 sand 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 [bluenotes.anz.com/financialwellbeing](https://bluenotes.anz.com/financialwellbeing) or by contacting:

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FIGURE 4: 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 Survey<sup>2</sup>, 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
<b>Meeting commitments</b>	<p>Q. Meeting my bills and commitments is a struggle from time to time</p> <p>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</p> <p>Q. I sometimes run short of money for food or other regular expenses</p>
<b>Feeling comfortable</b>	<p>Q. I feel financially stable at the moment</p> <p>Q. I have planned enough to make sure I will be financially secure in the future</p> <p>Q. Would you say you and your family are better-off financially – or worse-off than you were at this time last year?</p> <p>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?</p>
<b>Resilience</b>	<p><b>Number of months' income in savings calculated using following questions:</b></p> <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</p> <p>Q. Would you please say the approximate amount that is in the (main/second) (say institution and account name) account as of today</p> <p><b>Managing a drop in income by a third is calculated using the following questions:</b></p> <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</p> <p>Q. Approximate amount that is in the (main/second) (say institution and account name) account as of today</p> <p>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)</p>

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>