

THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

—
QUARTERLY UPDATE
JUNE 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 March quarter of 2024 and year-on-year, comparing the March 2024 results with those of December 2023 and March 2023. To better understand the cost-of-living pressures on lower-income and middle-income households, the final section of this update focuses on how cost of living has impacted spending on retail, "going out", travel and grocery shopping.

INDICATOR			
The FWBI shows that the financial wellbeing of Australians			In total, the financial wellbeing of Australians
DECLINED 0.7%↓	FROM 54.0 <small>(as a score out of 100) in the 12 months to December 2023</small>	TO 53.6 <small>in the 12 months to March 2024 (Figure 1 and Table 1).</small>	DECLINED 3.9%↓ <small>year-on-year, between March 2023 and March 2024.</small>

INDICATOR (CONTINUED)

The decline in financial wellbeing coincided with publicity concerning the likely delay in local interest rate cuts. Nevertheless, the speed with which financial wellbeing has declined has slowed recently as interest rates have stabilised. In the six months to March 2024, financial wellbeing declined 1.3% compared to a 2.7% decline in the six months to September 2023.

The **spot result** also weakened since December 2023 (54.3 out of 100), reaching a series low of 52.8 in March 2024 (Figure 1).



The fall in the FWBI in the March 2024 quarter was partly driven by a decline in **feeling comfortable** about one's current and future situation, down 0.9% between the 12 months to December 2023 and the 12 months to March 2024, from 42.9 to 42.5 out of 100 (Figure 2 and Table 1).



Meeting everyday commitments declined by 0.7% from 66.7 (out of 100) in the 12 months to December 2023 to 66.2 (out of 100) in the 12 months to March 2024 (Figure 2 and Table 1).



Resilience for the future – the ability to cope with financial setbacks – edged 0.2% lower to 52.2 between December 2023 and March 2024 (Figure 2 and Table 1).



IN THIS RELEASE

- The decline in financial wellbeing since the first quarter of 2022 has led to an increase in the size of the **struggling** segment to 20.8% of the Australian population in March 2024, up from 20.4% in December 2023, 18.0% in March 2023, and 14.3% in December 2021 (Figures 3 and 4). The increase in size of the **struggling** segment has coincided with increased cost-of-living pressures.
- 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, Australians aged 35-49 and women.
- Financial wellbeing declined across all **states and territories** except for Tasmania and WA, between December 2023 and March 2024. NSW, Victoria and the ACT experienced the largest decline (all down 0.9%), while Tasmania (up 0.6%) and WA (up 0.2%) both increased (Figure 5). Year-on-year, the largest decline was in the ACT (down 6.8% vs a decline of 3.9% across Australia overall).
- There has been an increase in the proportion of Australians who agree with the sentiment that they have **“recently cut down on their spending”**, from 62.5% in the 12 months to April 2022 (immediately before the RBA first raised the cash rate) to 71.1% in the 12 months to March 2024 (Figure 7).
- The Australians most likely to agree with the sentiment were those living in households with annual incomes under \$100,000 with children at home (81.8% agreement), and those living in households with annual incomes of between \$100,000 and \$200,000 with children at home (79.6% agreement) (Figure 8).
- The financial pressures facing lower- and middle-income households with children at home, was also reflected in the changes in per capita spend in the last 12 months on discretionary items such as **retail, “going out”** and **trips taken away from home** (Table 2).¹
- The change in spend on **groceries** follows a different pattern. While last-four-week grocery spend per capita increased 9.1% to \$761 for the population overall, the increase was greater and similar across households with children regardless of household income (Figure 9).

1. Definitions for the retail, “going out” and trips taken away from home spending categories are on page 8.

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

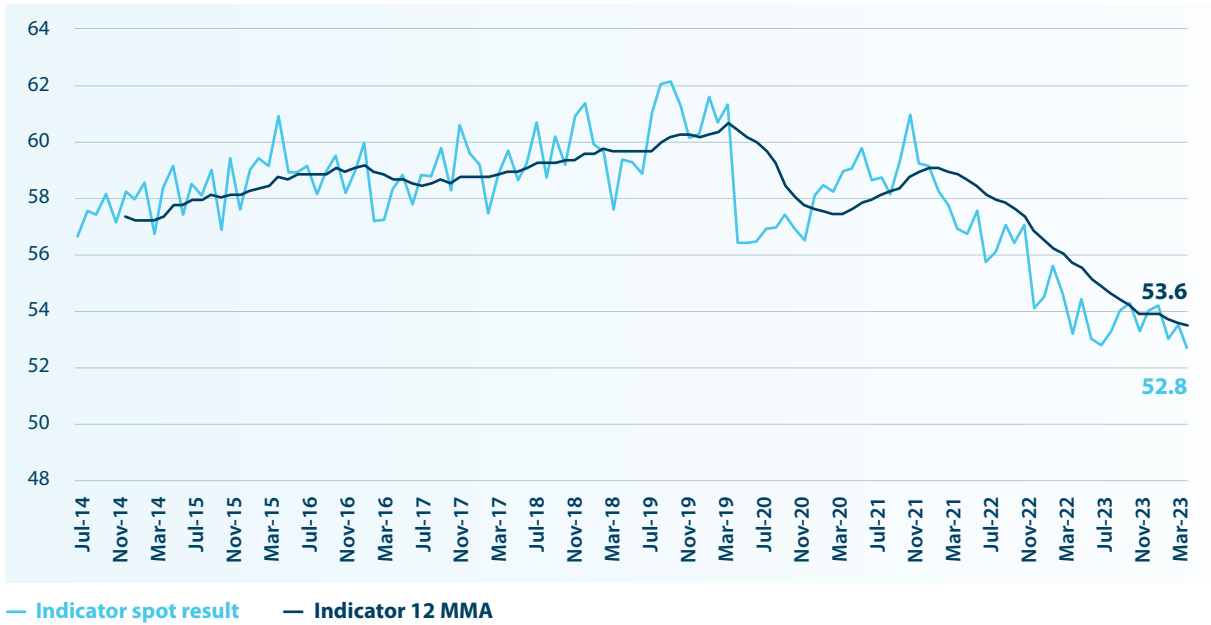
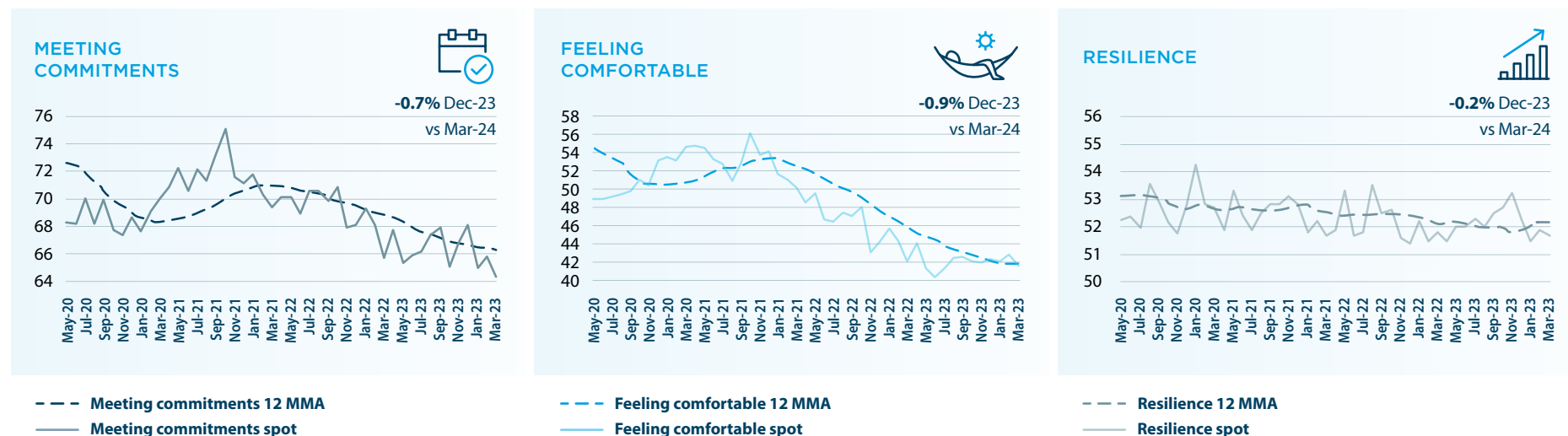


TABLE 1: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA
(12-MONTH MOVING AVERAGE AND SPOT MONTH VIEW)

	12 months				Spot result			12 months	Mar-23 vs Mar-24 change	Dec-23 vs Mar-24 change
	Mar-23	Jun-23	Sep-23	Dec-23	Jan-24	Feb-24	Mar-24	Mar-24		
Financial wellbeing	55.8	55.0	54.3	54.0	53.1	53.6	52.8	53.6	-3.9%	-0.7%
Meeting commitments	68.7	67.9	67.2	66.7	65.0	65.7	64.4	66.2	-3.6%	-0.7%
Feeling comfortable	46.4	44.8	43.6	42.9	42.5	43.2	42.0	42.5	-8.4%	-0.9%
Resilience for the future	52.3	52.1	52.0	52.3	51.6	52.0	51.8	52.2	-0.2%	-0.2%

FIGURE 2: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA,
MONTHLY SPOT DATA AND 12-MONTH MOVING AVERAGE (MAY-20 TO MAR-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**²:

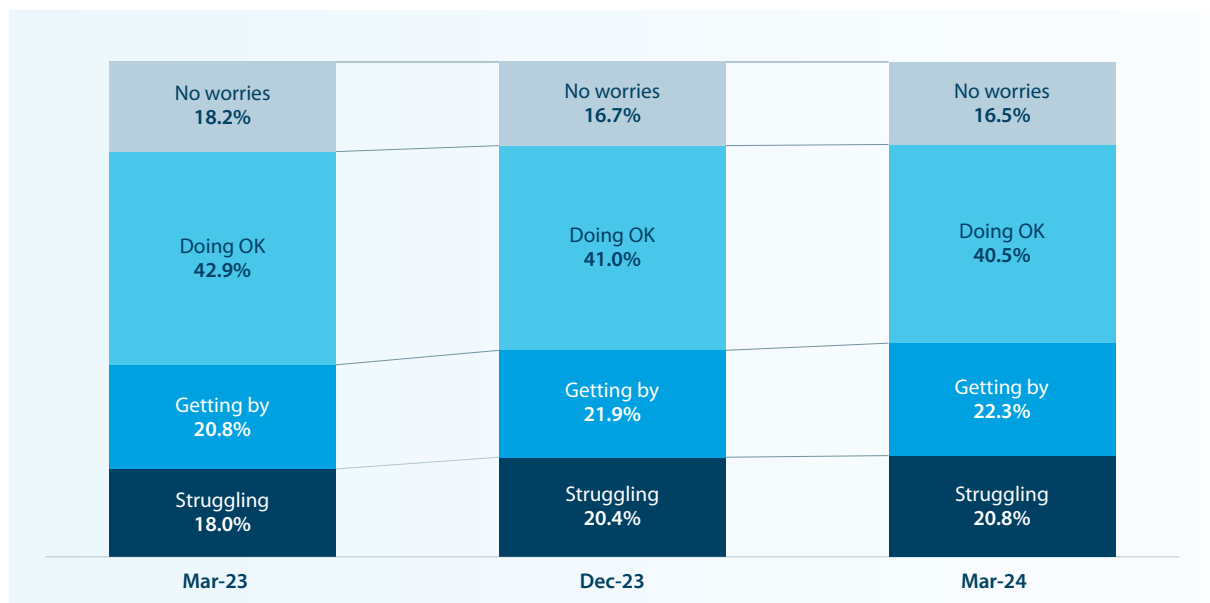
- **Struggling:** (0–30) Most describing their current financial situation as 'bad', having little or no savings and finding it a constant struggle to meet bills and credit payments. They were less optimistic or future oriented and had poor mental and physical health. Most felt anxious about their future 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 the continued cost of living pressures, the proportion of people with the lowest financial wellbeing (**struggling**) rose from 20.4% in December 2023 to 20.8% in March 2024 (Figure 3). The increase in the **struggling** segment coincided with a further reduction in the size of the **no worries** segment (from 16.7% in December 2023 to 16.5% in March 2024).

Year-on-year, the **struggling** segment increased close to three percentage points from 18.0% in March 2023 to 20.8% in March 2024. This is a similar rate of increase as seen in 2022, when the **struggling** segment increased from 14.3% in December 2021 to 17.2% in December 2022. The proportion of people in the **struggling** segment has close to doubled, from 10.5% in January 2019 to 20.8% in March 2024 (Figure 4).

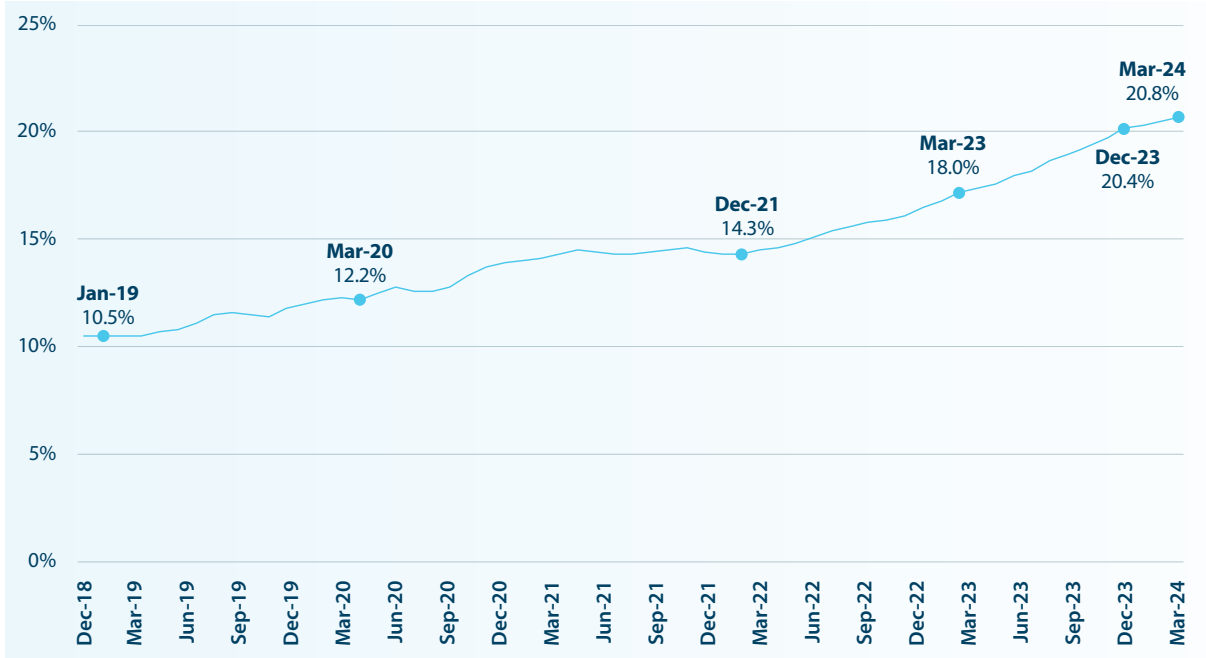
FIGURE 3: CHANGE IN THE COMPOSITION OF THE FINANCIAL WELLBEING SEGMENTS (12 MONTHS TO MAR-23 VS 12 MONTHS TO DEC-23 VS 12 MONTHS TO MAR-24)



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

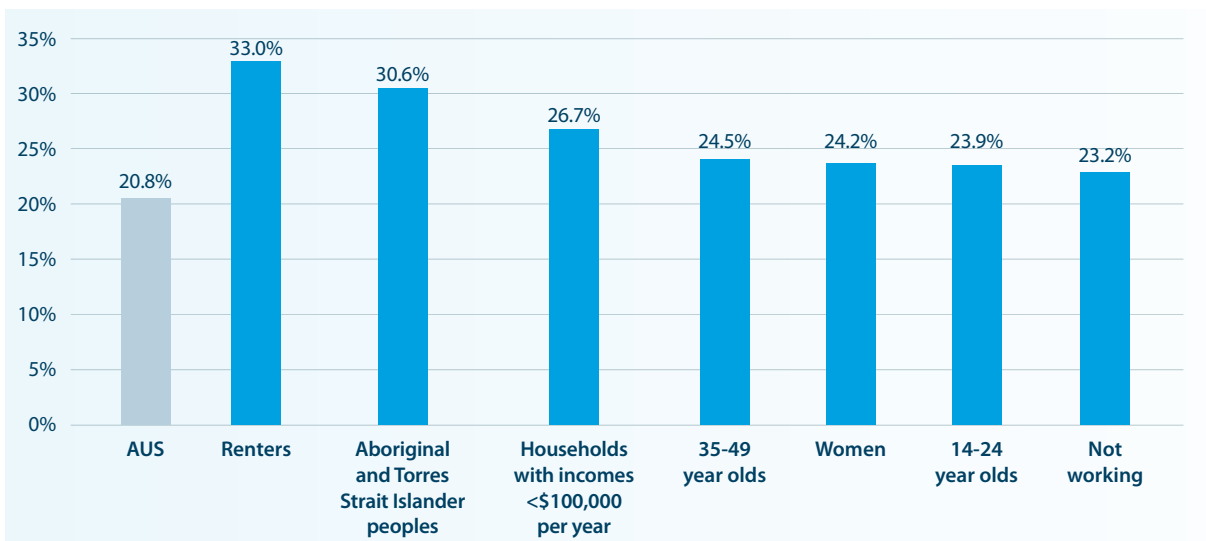
2. ANZ (2021). *Financial Wellbeing: A Survey of Adults in Australia*. <https://www.anz.com.au/content/dam/anzcomau/documents/pdf/aboutus/esg/financial-wellbeing/anz-adult-financial-wellbeing-survey-2021-australia-accessible.pdf>

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



While 20.8% of Australians were in the **struggling** segment in March 2024, the proportion of those **struggling** continued to be higher for a number of segments in the community (Figure 5). Year-on-year, the largest percentage point increase in the size of the **struggling** segment were experienced by Australians aged 35-49 (up 3.7pp), women (up 3.3pp), Aboriginal and Torres Strait Islander peoples (up 2.8pp) and renters (up 2.8pp).

FIGURE 5: PROPORTION OF SELECTED GROUPS CONSIDERED STRUGGLING (12 MONTHS TO MAR-24)



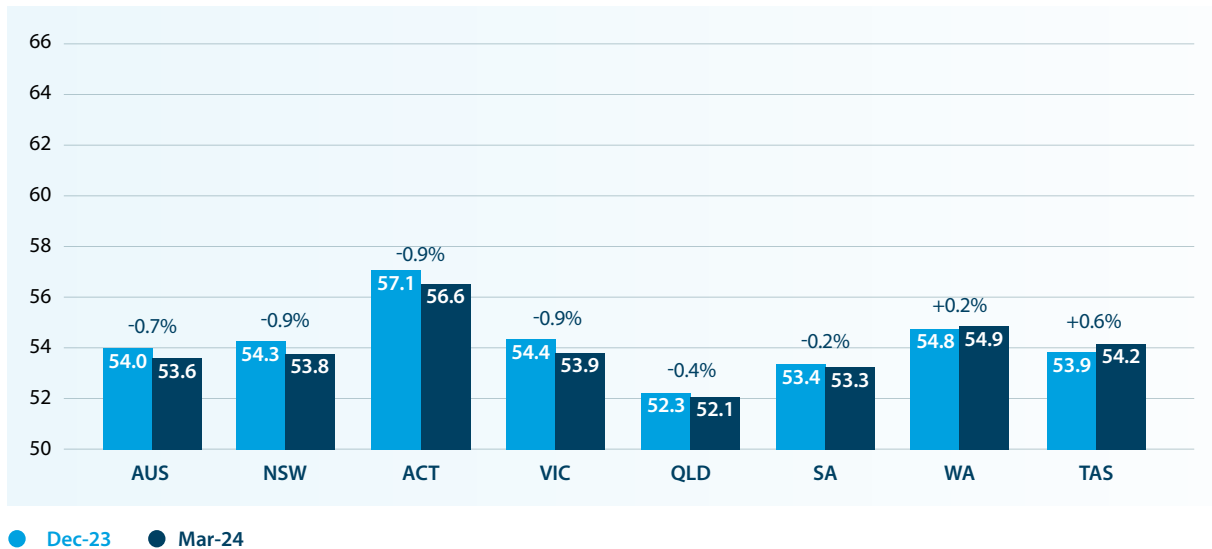
FINANCIAL WELLBEING BY STATE AND TERRITORY

Financial wellbeing declined across all states and territories except for Tasmania and WA, between December 2023 and March 2024. NSW, Victoria, and the ACT experienced the largest decline (all down 0.9%), while Tasmania (up 0.6%) and WA (up 0.2%) both increased (Figure 6).

Year-on-year, the largest decline was in the ACT (down 6.8% vs a decline of 3.9% across Australia overall) and Victoria (down 4.9%).

In March 2024 (as in December 2023 and all previous quarters), respondents from the ACT had the highest financial wellbeing score of 56.6 (out of 100), 3.0 points higher than the national average and 1.7 points higher than WA with the next highest levels of financial wellbeing (54.9). Queensland had the lowest level of financial wellbeing at 52.1 (out of 100) (Figure 6).

FIGURE 6: FINANCIAL WELLBEING IN AUSTRALIA, BY STATE AND TERRITORY (12 MONTHS TO DEC-23 VS 12 MONTHS TO MAR-24)



COST-OF-LIVING PRESSURES ON LOWER- AND MIDDLE-INCOME HOUSEHOLDS WITH CHILDREN

Following the rise in inflation and interest rate response from the Reserve Bank of Australia (RBA) from early 2022, there has been a steady decline in Australians' ability to **meet commitments**, with a decline of 3.1% in this dimension in the 12 months between March 2022 and March 2023, and a larger decline of 3.6% in the 12 months following to March 2024. The consistency of the decline reflects the continuing impact of cost-of-living pressures.

Coinciding with the decline in ability to **meet commitments**, there has been an increase in the proportion of Australians who agree with the sentiment that they have **"recently cut down on their spending"**, from 62.5% in the 12 months to April 2022 (immediately before the RBA first raised the cash rate) to 71.1% in the 12 months to March 2024 (Figure 7).

Perhaps unsurprisingly, agreement with having **"recently cut down on their spending"** was negatively correlated with financial wellbeing in March 2024, with 85.4% of those **struggling** agreeing with the sentiment, followed by 79.2% of Australians **getting by**, 68.5% of those **doing OK**,

and less than half (48.4%) of Australians considered to have **no worries** with their financial wellbeing indicating they had cut down on spending. Since April 2022, agreement with this sentiment increased most for the **getting by** (up 9.4 percentage points), **struggling** (up 7.4pp), and **doing OK** (up 7.3pp) segments, while there was minimal change (up 0.1pp) for Australians with the highest financial wellbeing, **no worries**, from the 12 months to April 2022 to the 12 months to March 2024.

While Australians in lower income households were the more likely to agree that they have **"recently cut down on their spending"**, agreement was particularly evident among **lower- and middle-income households with children at home**. For instance, 81.8% of households with annual incomes under \$100,000 with children at home and 79.6% of those living in households with annual incomes of between \$100,000 and \$200,000 with children at home agreed with this sentiment in March 2024 (Figure 8).

FIGURE 7: PERCENTAGE AGREE "I'VE RECENTLY CUT DOWN MY SPENDING" (12 MONTHS TO JAN-20 TO 12 MONTHS TO MAR-24)

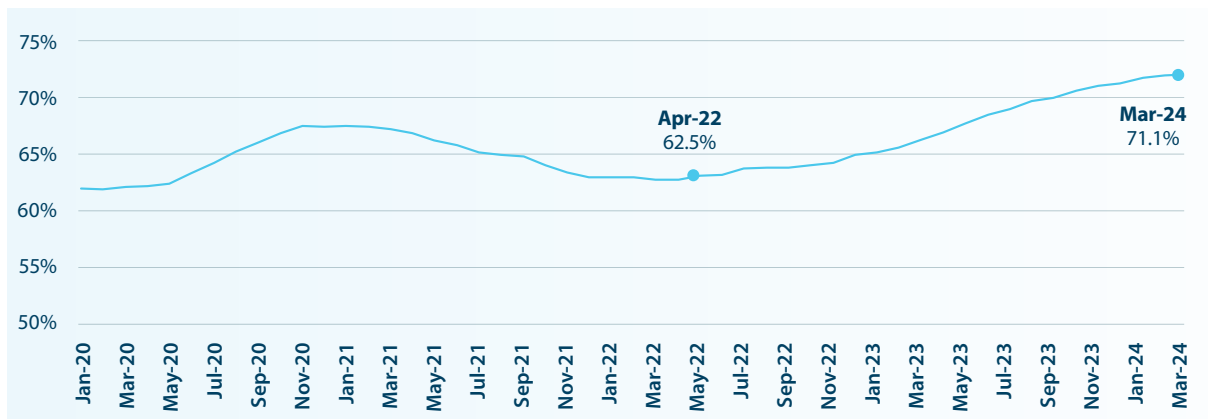





FIGURE 8: PERCENTAGE AGREE “I’VE RECENTLY CUT DOWN MY SPENDING” BY HOUSEHOLD INCOME AND DEPENDENT STATUS (12 MONTHS TO MAR-24)

TOTAL POPULATION 71.1%					
 Household income <\$100K per year		 Household income \$100K-<\$200K per year		 Household income \$200K or more per year	
WITH CHILDREN UNDER 18	WITHOUT CHILDREN UNDER 18	WITH CHILDREN UNDER 18	WITHOUT CHILDREN UNDER 18	WITH CHILDREN UNDER 18	WITHOUT CHILDREN UNDER 18
81.8%	68.9%	79.6%	70.5%	69.1%	65.7%

The financial pressures facing lower- and middle-income households with children at home was also reflected in the changes in per capita spend in the last 12 months on discretionary items such as **retail**³, **“going out”**⁴ and **trips taken away from home**⁵.

While last-four-week **retail** spend per capita fell 6.4% to \$746 between March 2023 and March 2024, the fall was substantially greater for households with annual incomes under \$100,000 with children at home (a fall of 19.3% to \$815), and households with annual incomes of between \$100,000 and under \$200,000 with children at home (a fall of 11.9% to \$896). Retail spend fell less among households without children at home earning under \$200,000 per year, and those households earning \$200,000 per year or over, regardless of whether they had children or not (Table 2). The decline in retail spend for households with children at home and incomes under \$200,000 per year was evident across several major retail product categories, including electrical goods, clothing and personal entertainment.

The rising cost of living also appears to have reduced **“going out”** spend among lower-income households, particularly those with children at home. While last-four-

week **“going out”** spend per capita increased 6.5% to \$283 between March 2023 and March 2024, spend fell among households with annual incomes of under \$100,000 both for those with children at home (down 10.7% to \$251) and those without children at home (down 3.6% to \$186). **“Going out”** spend did increase among households with annual incomes between \$100,000 and under \$200,000 with children at home (up 5.3% to \$343), but to a lesser extent than households with that income and no children at home (up 8.3% to \$300), or households with annual incomes of \$200,000 or more with children at home (up 11.2% to \$401) or without children at home (up 13.6% to \$393) (Table 2).

When considering the annual spend on **trips taken away from home**, there was a 45.2% increase to \$2,529 in per capita spend between March 2023 and March 2024 on account of post-pandemic pent-up demand. However, the increase in spend was lower among households earning under \$100,000 per year with children at home (a rise of 28.8% to \$1,573) and households earning under \$100,000 per year without children at home (a rise of 34.4% to \$1,958) (Table 2).

3. Retail spend refers to a wide variety of goods, with the more important items including: large electrical goods, computers and tablets, home theatre and HI-FI, phones and accessories, clothing, cameras, footwear, computers accessories and software, barbecues and outdoor leisure equipment, Home DIY and garden accessories, games or toys, baby and nursery products, gaming and sporting equipment, Manchester, car accessories, homewares, pet supplies, perfume or aftershave.

4. **“Going out”** spend includes dining out, drinking at a pub/club/bar, cinema, concerts/shows, exhibitions, gym/sports club membership, sport spectating, other hobbies, etc.

5. Trips taken away from home refers to all trips of at least one night away from home.

TABLE 2: PERCENTAGE CHANGE IN PER CAPITA SPEND ON RETAIL, “GOING OUT” AND “TRIPS TAKEN AWAY FROM HOME” (12 MONTHS TO MAR-23 VS 12 MONTHS TO MAR-24)

		Retail	Going out	Trips away
Total population		↓ 6.4% to \$746	↑ 6.5% to \$283	↑ 45.2% to \$2,529
Household income <\$100K per year	with children under 18	↓ 19.3% to \$815	↓ 10.7% to \$251	↑ 28.8% to \$1,573
	without children under 18	↓ 3.4% to \$570	↓ 3.6% to \$186	↑ 34.4% to \$1,958
Household income \$100K-<\$200K per year	with children under 18	↓ 11.9% to \$896	↑ 5.3% to \$343	↑ 47.1% to \$2,499
	without children under 18	↓ 9.1% to \$715	↑ 8.3% to \$300	↑ 43.0% to \$2,671
Household income \$200K or more per year	with children under 18	↓ 3.9% to \$984	↑ 11.2% to \$401	↑ 40.4% to \$3,530
	without children under 18	↓ 1.8% to \$909	↑ 13.6% to \$393	↑ 53.0% to \$3,684




Note: Retail reported as spend in the last four weeks. “Going out” reported as spend in the last four weeks. “Trips taken away from home” reported as spend for the last 12 months.

The change in spend on **groceries**⁶ follows a different pattern to the three categories of discretionary spending, in that the relative change in spend does not appear to have been driven by having children at home and a lower or middle income. While last-four-week grocery spend per capita increased 9.1% to \$761 for Australians overall, the increase was greater and similar across households with children regardless of household income, increasing 13.8% to \$929 among households with annual incomes of

under \$100,000, 12.5% to \$989 among households with annual incomes of between \$100,000 and under \$200,000, and 13.4% to \$1,010 among households with annual incomes of \$200,000 or more (Figure 9). The similar increase in expenditure on groceries across income groups suggests the relative price inelasticity of groceries and with more of the household budget going towards necessities, households with children appear to be deferring spending on other items.

6. Grocery shopping Includes money spent at the supermarket, convenience store or service station, corner store, fruit shop, market, butchers, bakers, delicatessen, fresh fish shop, Internet grocer or anywhere else where groceries are bought.

**FIGURE 9: PERCENTAGE CHANGE IN PER CAPITA GROCERY SPEND
(12 MONTHS TO DEC-22 VS 12 MONTHS TO DEC-23)**

TOTAL POPULATION UP 9.1% TO \$761					
 Household income <\$100K per year		 Household income \$100K-<\$200K per year		 Household income \$200K or more per year	
WITH CHILDREN UNDER 18	WITHOUT CHILDREN UNDER 18	WITH CHILDREN UNDER 18	WITHOUT CHILDREN UNDER 18	WITH CHILDREN UNDER 18	WITHOUT CHILDREN UNDER 18
UP 13.8%	UP 7.1%	UP 12.5%	UP 5.6%	UP 13.4%	UP 7.0%
TO \$929	TO \$658	TO \$989	TO \$677	TO \$1,010	TO \$731

Note: Grocery reported as spend in the last four weeks. Latest quarterly data available for grocery shopping is from December 2023.

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 10). 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.

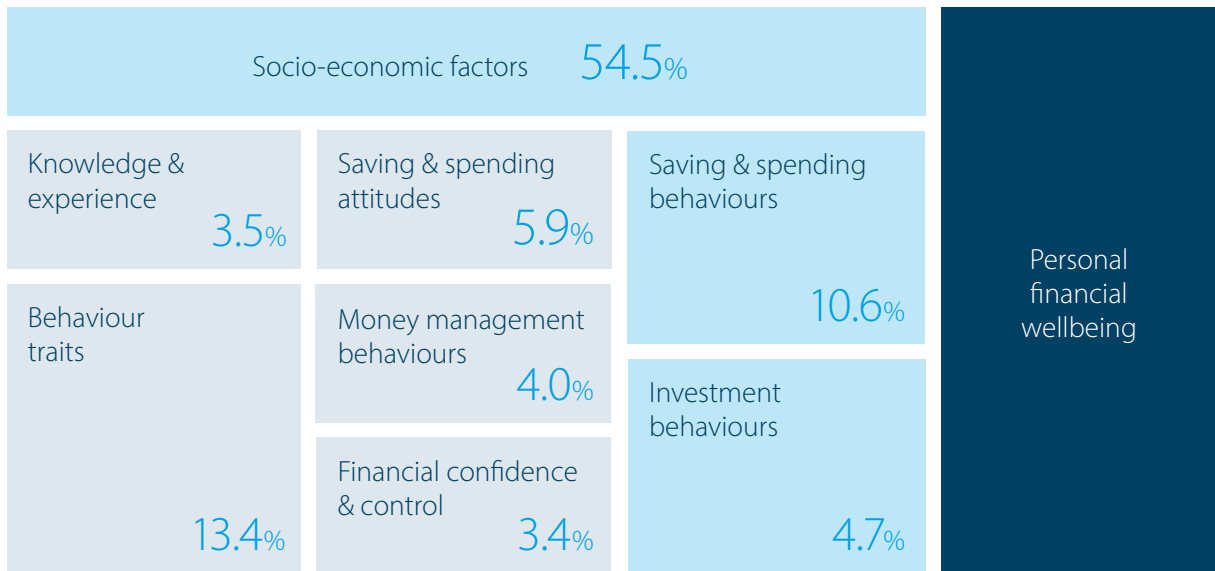


More information about the Indicator can be found at anz.com.au/about-us/esg-priorities/financial-wellbeing/ or by contacting:

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FIGURE 10: 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 Surveys⁷, 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	<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>
Feeling comfortable	<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>
Resilience	<p>Number of months' income in savings calculated using following questions:</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>Managing a drop in income by a third is calculated using the following questions:</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>

7. 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>