

THE ANZ ROY MORGAN FINANCIAL WELLBEING INDICATOR

—
QUARTERLY UPDATE
DECEMBER 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 a useful measure of how people are faring in their financial lives in the changing economic environment. The 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).

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

INDICATOR	
The FWBI shows that the financial wellbeing of Australians was unchanged	Year-on-year, the financial wellbeing of Australians
AT 53.5 (as a score out of 100) between the 12 months to June 2024 and the 12 months to September 2024 (Figure 1 and Table 1)	DECLINED 1.5% ↓ between September 2023 and September 2024

INDICATOR (CONTINUED)

In a mainly steady interest rate environment, the decline in financial wellbeing has slowed. Notably, financial wellbeing fell 1.3% in the 12 months to March 2024, but only 0.2% in the 12 months to September 2024.

The **spot result** was higher in September 2024 (53.9 out of 100) than in June 2024 (52.8 out of 100) (Figure 1).

Despite FWBI being stable in the September 2024 quarter:



There was a slight decline in **meeting everyday commitments**, falling 0.3% to 65.6 out of 100 in the September quarter (Figure 2 and Table 1).



This decline was balanced by a lift in **feeling comfortable** about one's current and future situation, rising 0.2% to 42.6 out of 100 in the 12 months to September 2024. (Figure 2 and Table 1).



Resilience for the future – the ability to cope with financial setbacks – also edged 0.2% higher to 52.4 between June 2024 and September 2024 (Figure 2 and Table 1).



IN THIS RELEASE

- The decline in financial wellbeing since December 2021 has led to an increase in the size of the **struggling** segment overtime. In September 2024, 21.0% of the Australian population were considered **struggling** with their financial wellbeing, up slightly from 20.9% in the June quarter and 19.9% in September 2023. The growth in the **struggling** segment has slowed throughout 2024 (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.
- The change in financial wellbeing was mixed across **states and territories** between June 2024 and September 2024. While SA fell 0.4%, and NSW and Queensland both fell 0.2%, the ACT rose 0.7%. The strongest performer was Tasmania, which saw an improvement of 1.6%. Year-on-year, the largest decline was in Victoria (2.9% vs. 1.5% across Australia overall).
- While financial wellbeing has declined 9.5% for all Australians since December 2021, the decline has varied depending on a person's life stage. Financial wellbeing declined more among young families (down 11.6%), young adults (down 11.1%) and older families (down 9.7%) than retirees (down 7.4%).
- The decline in financial wellbeing has contributed to increasing concerns among Australians about their financial stability. A reducing proportion of people agreeing that they **"feel financially stable at the moment"** is often more evident since December 2021 for life stages including young families, older families and young adults (Figure 6).
- The decline in financial wellbeing has also coincided with the development of more conservative attitudes to investing between December 2021 and September 2024, particularly for young families and young adults. This appears to have compounded the trend they experienced during the pandemic. In September 2024, young adults were now the most likely to agree that they **"prefer to invest in something with a safe return"**, a change from pre-pandemic conditions. (Figure 7).
- A more conservative attitude to investing has been matched by more conservative attitudes to spending since December 2021 – an increasing proportion of people from all life stages are more likely to agree they had **"recently cut down their spending"** (Figure 8).

FIGURE 1: FINANCIAL WELLBEING IN AUSTRALIA, MONTHLY SPOT DATA AND 12-MONTH MOVING AVERAGE (JAN-15 TO SEP-24)

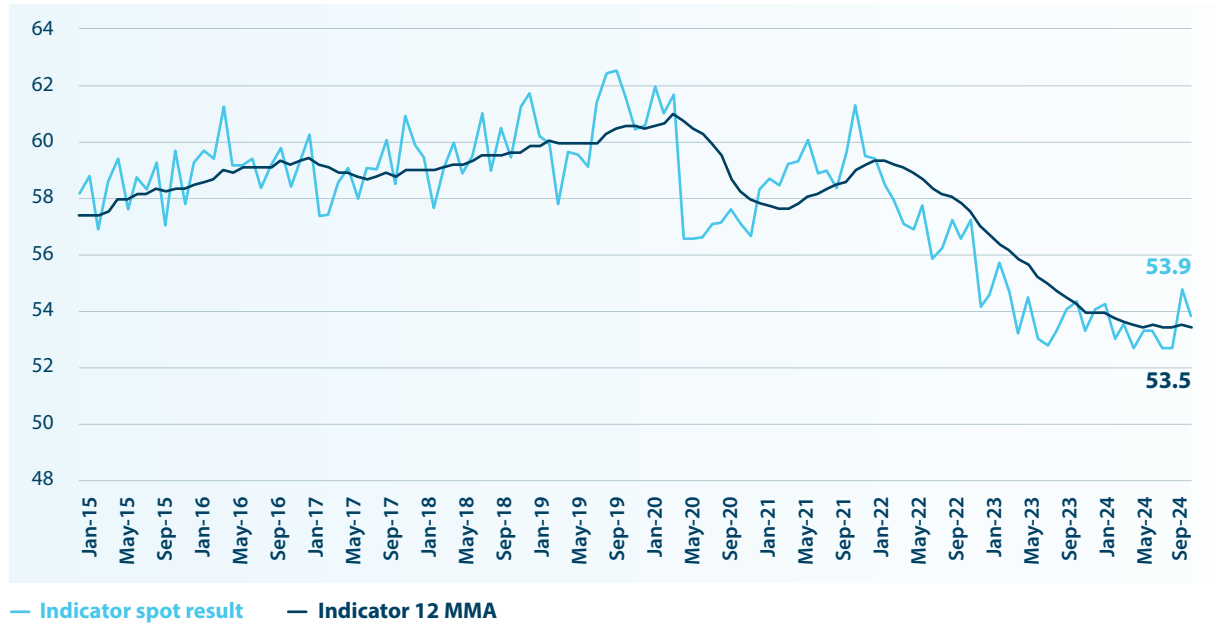
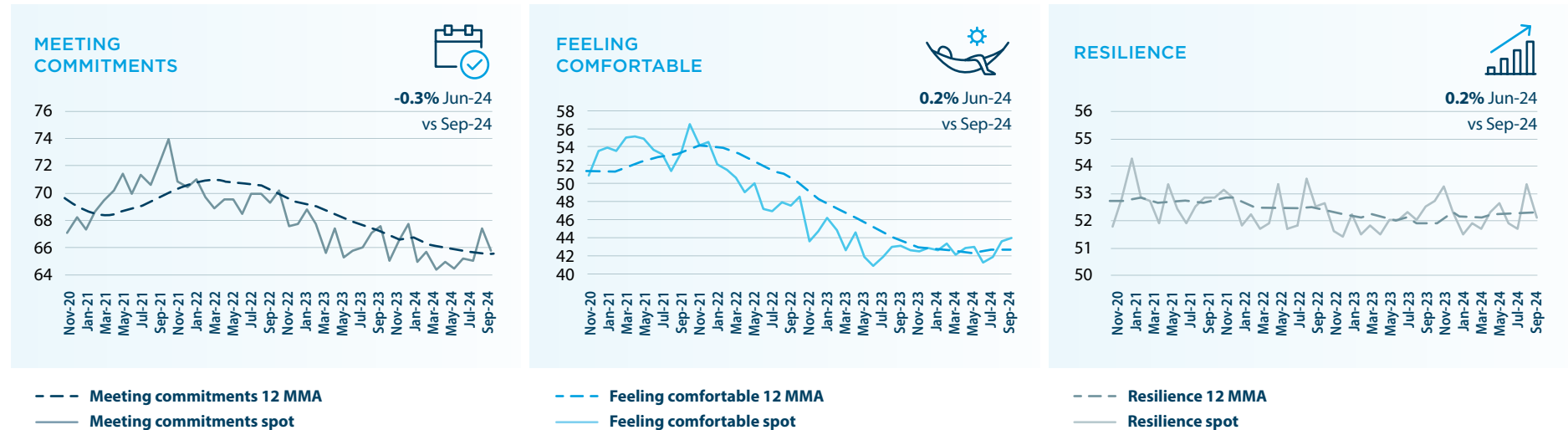


TABLE 1: FINANCIAL WELLBEING DIMENSIONS IN AUSTRALIA (12-MONTH MOVING AVERAGE AND SPOT MONTH VIEW)

	12 months				Spot result		12 months		Sep-23 vs Sep-24 change	Jun-24 vs Sep-24 change
	Sep-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	Sep-24		
Financial wellbeing	54.3	54.0	53.6	53.5	52.8	54.8	53.9	53.5	-1.5%	0.0%
Meeting commitments	67.2	66.7	66.2	65.8	65.1	67.4	65.8	65.6	-2.4%	-0.3%
Feeling comfortable	43.6	42.9	42.5	42.5	41.7	43.5	43.8	42.6	-2.3%	0.2%
Resilience for the future	52.0	52.3	52.2	52.3	51.8	53.4	52.2	52.4	0.8%	0.2%

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

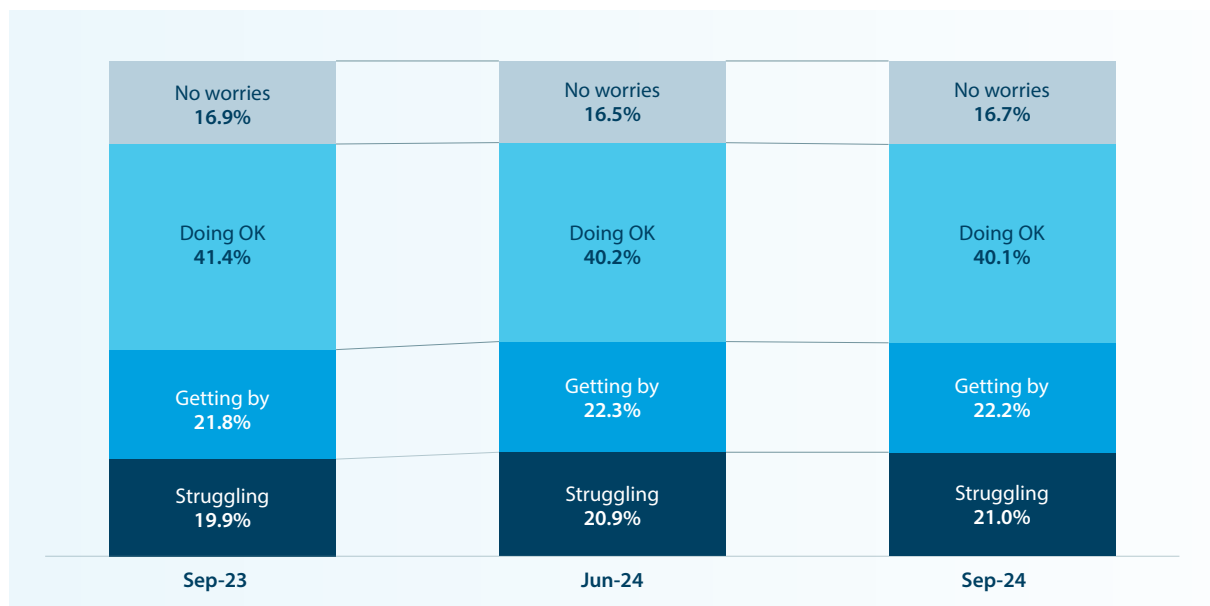
- Struggling:** (0–30) Most describing their current financial situation as 'bad', having little or no savings and finding it a constant struggle to meet bills and credit payments. They were less optimistic or future oriented and had poor mental and physical health. Most felt anxious about their future 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 20.9% in June 2024 to 21.0% in September 2024 (Figure 3).

Year-on-year, the **struggling** segment increased over one percentage point from 19.9% in September 2023 to 21.0% in September 2024. However, the growth in the **struggling** has slowed – while the **struggling** segment grew from 19.9% to 20.8% of the population in the six-month period between September 2023 and March 2024, it only grew from 20.8% to 21.0% between March 2024 and September 2024.

Since early 2019, the proportion of people in the **struggling** segment has doubled, from 10.5% in January 2019 to 21.0% in September 2024 (Figure 4).

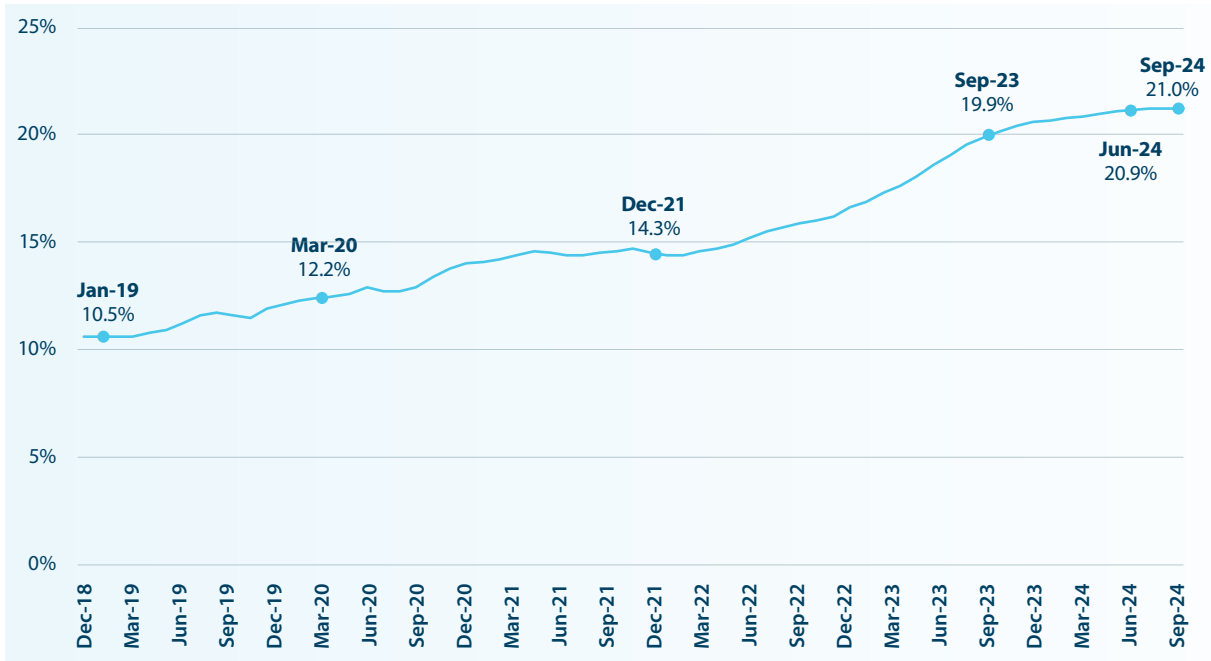
FIGURE 3: CHANGE IN THE COMPOSITION OF THE FINANCIAL WELLBEING SEGMENTS (12 MONTHS TO SEP-23 VS 12 MONTHS TO JUN-24 VS 12 MONTHS TO SEP-24)



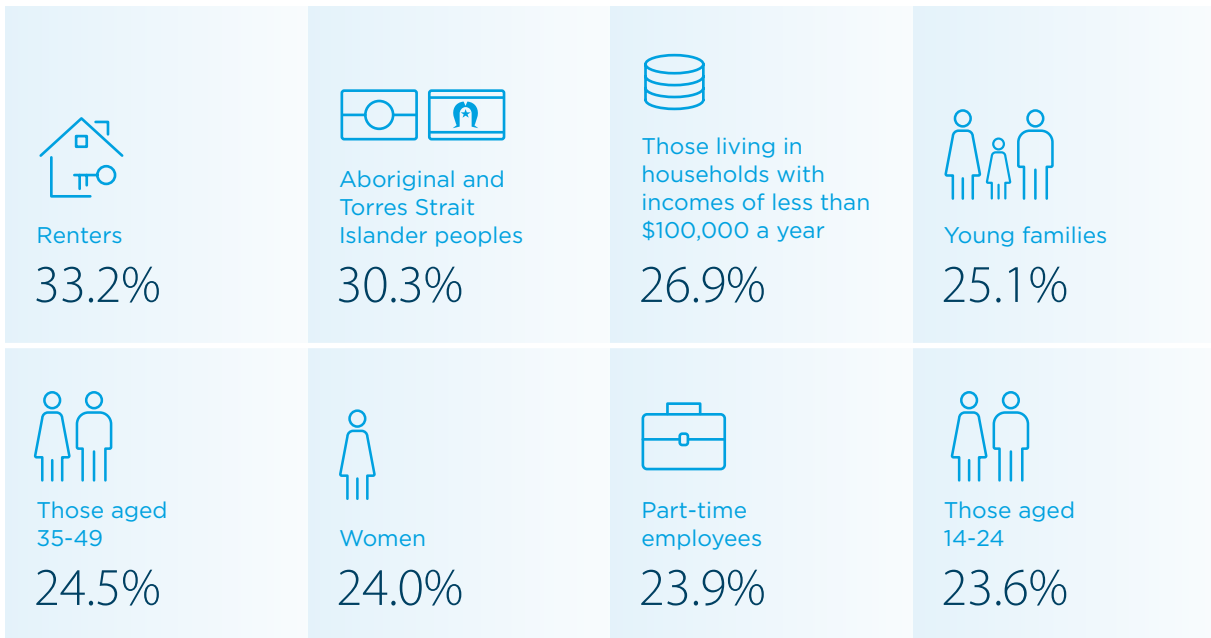
Note: September 2023 data includes 12 months to September 2023. June 2024 data includes 12 months to June 2024. September 2024 data includes 12 months to September 2024.

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 SEP-24)



While 21.0% of Australians were in the **struggling** segment in September 2024, the proportion of those **struggling** continued to be higher for several groups in the community, including:



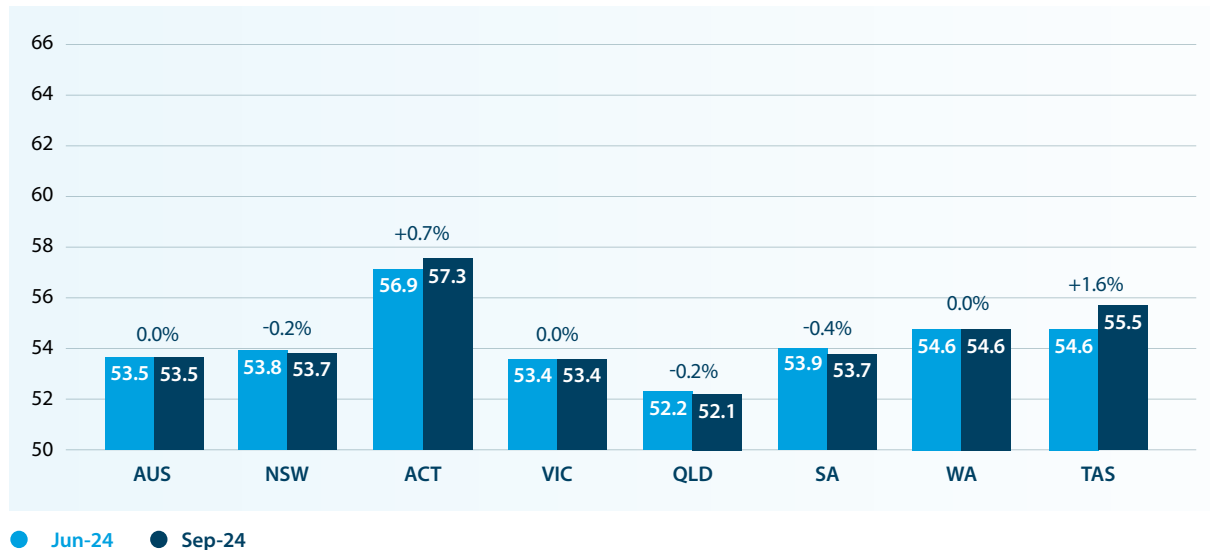
FINANCIAL WELLBEING BY STATE AND TERRITORY

The change in financial wellbeing was mixed across states and territories between June 2024 and September 2024. While SA fell 0.4%, and NSW and Queensland both fell 0.2%, the ACT rose 0.7%. The strongest performer was Tasmania, which saw an improvement of 1.6%. (Figure 5).

Year-on-year, the largest decline was in Victoria (2.9% compared to 1.5% across Australia overall).

In September 2024 (as in June 2024 and all previous quarters) respondents from the ACT had the highest financial wellbeing score of 57.3 (out of 100), 3.8 points higher than the national average and 1.8 points higher than Tasmania, the next highest levels of financial wellbeing (55.5). Queensland had the lowest level of financial wellbeing at 52.1 (out of 100) (Figure 5).

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



CHANGING ATTITUDES TO FINANCE

Following the rise in inflation and the interest rate response from the Reserve Bank of Australia (RBA), from early 2022, there was a substantial decline in Australians' financial wellbeing, falling 9.5% between December 2021 and September 2024.

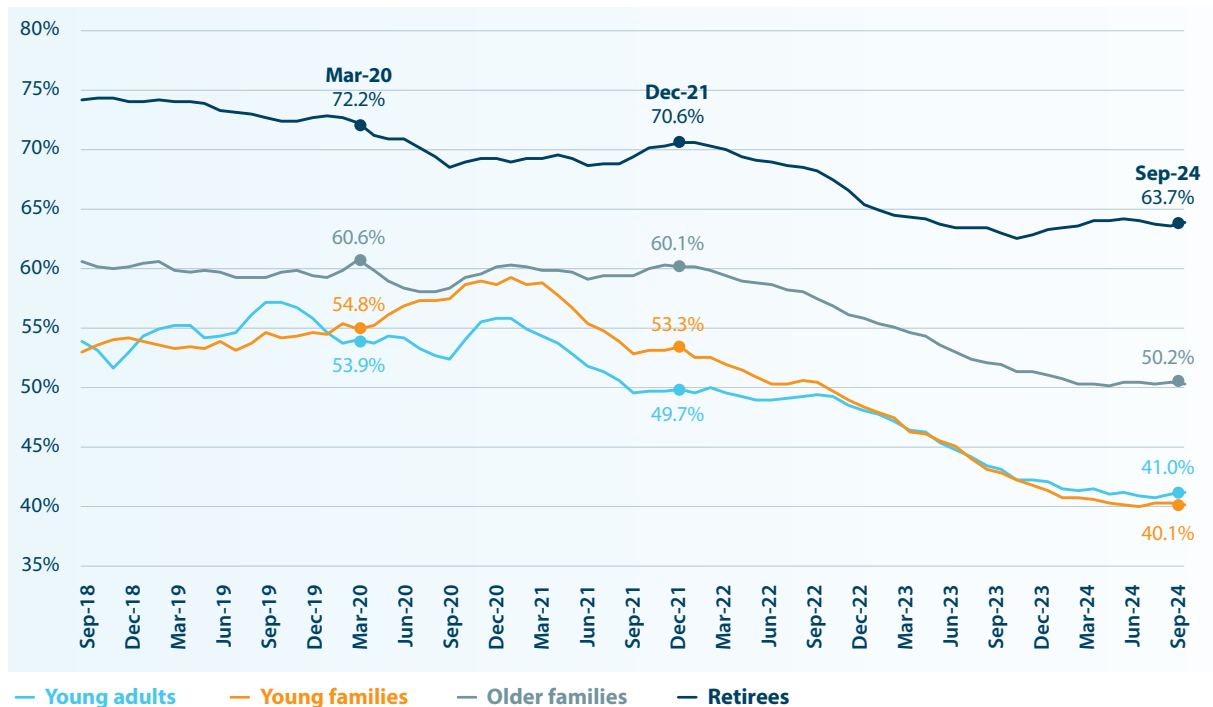
While financial wellbeing declined 9.5% across the Australian population overall during this period, the decline has varied depending on a person's life stage. Financial wellbeing declined more among young families (down 11.6%), young adults (down 11.1%) and older families (down 9.7%) than for retirees (down 7.4%).

The impact of rising interest rates and rising rents are more likely to have impacted young adults, young families and older families – young adults are the life stage most likely to be renting, while young families and older families are the two life stages most likely to be paying off their home loan.

Retirees are the most likely to own their home outright and consequently less likely to experience the negative impacts of rising rental prices and rising interest rates.

The decline in financial wellbeing has contributed to increasing concerns among Australians about their financial stability. For example, since December 2021 there has been a decline in the proportion of Australians who agree with the sentiment **"I feel financially stable at the moment"**. While the decline was evident across all life stages, it was more evident for young families (down 13.2pp to 40.1% between December 2021 and September 2024), older families (down 9.9pp to 50.2%) and young adults (down 8.7pp to 41.0%) than for retirees (down 6.8pp to 63.7%) (Figure 6). For younger Australians, this decline began earlier, coinciding with the winding back of pandemic-related government support.

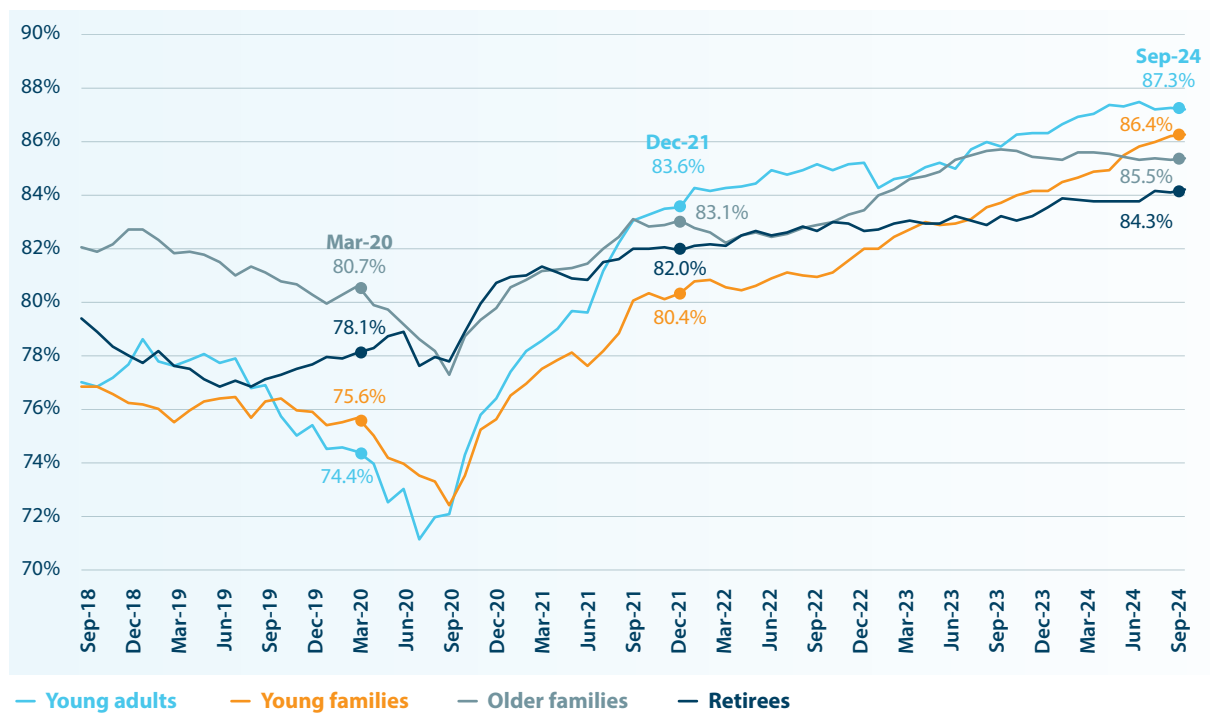
FIGURE 6: CHANGE IN THE PROPORTION OF LIFE STAGES AGREEING THEY FEEL FINANCIALLY STABLE AT THE MOMENT (12 MONTHS TO SEP-18 TO 12 MONTHS TO SEP-24)



The decline in financial wellbeing has also coincided with the development of more conservative attitudes to investing. While people in all life stages are more likely to agree with the sentiment **“I prefer to invest in something with a safe return”** since December 2021, the rise is more apparent among young families (up 6.0pp to 86.4%) and young adults (up 3.7pp to 87.3%) than older families (up 2.4pp to 85.5%) or retirees (up 2.3pp to 84.3%)

(Figure 7). The experience of the pandemic appears to have boosted people’s agreement with this attitude, particularly for young adults and young families who experienced a steep increase in the proportion agreeing with this sentiment from March 2020 to December 2021, up 9.2pp and 4.8pp respectively. In September 2024, young adults were now the most likely to agree with preferring to invest in something with a safe return.

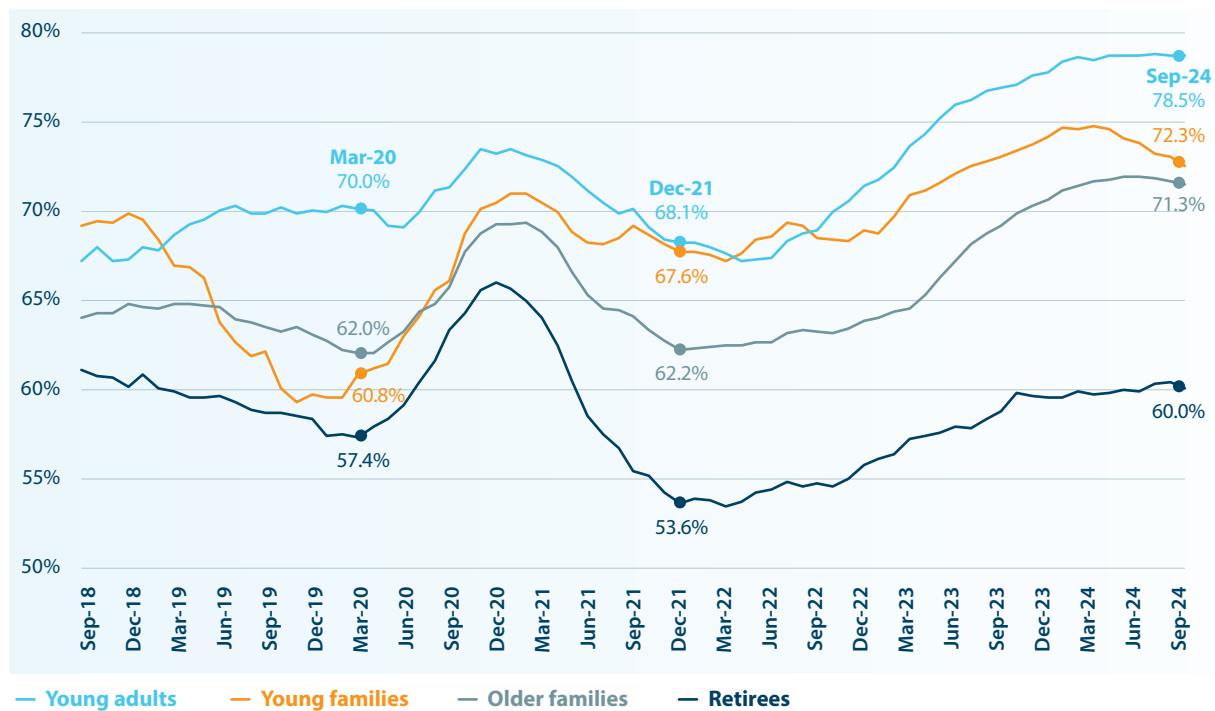
FIGURE 7: CHANGE IN THE PROPORTION OF LIFE STAGES AGREEING THEY PREFER TO INVEST IN SOMETHING WITH A SAFE RETURN (12 MONTHS TO SEP-18 TO 12 MONTHS TO SEP-24)



A more conservative attitude to investing has been matched by more conservative attitudes to spending since December 2021 – an increasing proportion of people from all life stages are more likely to agree they had **“recently cut down their spending”**. The increase in agreement was more apparent among young families (up 10.3pp to

78.5%) and older families (up 9.2pp to 71.3%) than for retirees (up 6.4pp to 60.0%) or young adults (up 4.7pp to 72.3%) (Figure 8). For young families, young adults and older families, agreement with this sentiment in September 2024, was still above levels during the pandemic when savings rates were at record highs.²

FIGURE 8: CHANGE IN THE PROPORTION OF LIFE STAGES AGREEING THEY RECENTLY CUT DOWN THEIR SPENDING (12 MONTHS TO SEP-18 TO 12 MONTHS TO SEP-24)



2. Australian Bureau of Statistics (June 2024). *Australian National Accounts: National Income, Expenditure and Product*. <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release>

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 9). 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 9: 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 Surveys³, 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)

³. 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>