Increased Financial Vulnerability and Affordability Challenges for Canadians

October 2023 Index Release

December 2023

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Financial Resilience Institute

Increased Financial Vulnerability and Affordability Challenges for Canadians

October 2023 Index Release Report - December 2023

This ecosystem report, authored by Eloise Duncan of Financial Resilience Institute, provides high-level Index data and insights for all those with a stake in the financial well-being of Canadians. Additional data and analytics are available for Financial Resilience Institute Clients, Subscribers and Partners.

[1] Seymour Financial Resilience Index ® is a registered trademark used under license by the Financial Resilience Society.

About the Institute, Impact Goals and Index

Improving Financial Resilience for All

As a non-profit organization and the leading independent authority on financial well-being in Canada, we're dedicated to improving financial resilience, health and well-being for all

Financial Resilience Institute

We believe in the power of evidence to build resilience, improve lives and strengthen communities.

Financial services innovation, public policy and programs work best when rooted in **data and facts.**
Our research, impact measurement, and cross-sector collaboration spark solutions in **programs and practice.**
We're working to help expand opportunities for people and improve **financial resilience for all.**

Improving Financial Resilience for All

We partner with financial institutions, business leaders, and policymakers to develop and implement solutions that **Improve financial resilience, health and well-being for all.**

Impact Goals

1. **Reduce financial vulnerability** in Canada, in particular for those who need help most or are underserved [1]

2. **Be a catalyst for positive change** through thought-leadership, partnerships and cross-sector collaboration.

3. **Foster financial inclusion and empowerment** while helping to build a resilient, equitable and inclusive Canada.

[1] These include households that are most financially vulnerable based on their mean financial resilience score and/or who are challenged from a financial help or 'access' perspective. It also includes key populations facing barriers, households who are using predatory financial services, have specific financial stressors; are underserved by their primary Financial Institutions and/or exhibiting financial behaviours that impact their financial resilience and financial well-being.
The Institute is levering the Seymour Financial Resilience Index ® as a community asset for good with the Index being used to shine a light on the financial vulnerability, financial stress and financial well-being of Canadians including in particular those who are more financially vulnerable and/or underserved by Financial Institutions, Policymakers and other organizations with a stake in the financial lives of Canadians.

Connecting individual financial health and resilience to family financial well-being, small business financial health and resilient, thriving communities

Connecting individual financial health and resilience to family financial well-being, small business financial health and resilient, thriving communities.

About the Institute's Financial Resilience Index model [1]

Peer-reviewed by Statistics Canada, UN-PRB, C.D. Howe Institute, Haver Analytics, Financial Institutions and NPOs, the Index builds on 8+ years of robust Financial Well-Being studies data and has applications in other countries.

What the Index measures

Financial resilience: i.e. ***a household's ability to get through financial hardship, stressors and shocks as a result of unplanned life events.***

The Index measures and tracks household financial resilience across nine behavioural, sentiment and resilience indicators at the national, provincial and individual household levels in Canada.

The ability to balance your needs of today with those of tomorrow, as a result of decisions and behaviours that move you forward.

The ability to get through financial stressors, shocks and financial hardship as a result of unplanned life events.

Emotional peace of mind in terms of our financial situation, and current and future financial obligations. The opposite is financial stress.

[1] The proprietary Index was developed by Seymour Consulting over more than five years, based on an iterative process of regressing and evaluating over 35 potential indicators against self-reported "financial resilience" or "financial stress" measures, using the multiple linear regression technique. In the end, 9 variables were determined to account for 63 percent of the variance in the financial resilience construct as of June 2023, 62 percent of the variance in the financial resilience construct as of February 2023 and June 2022, and 64 percent of the variance in the financial resilience construct as of February 2021.
The regression model's indicators (independent variables) are significant at a 95% confidence interval, with p-values less than 0.05. Index development and methodology details are at https://www.finresilienceinstitute.org/why-we-created-the-index/.

Index Indicators and Scoring model

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FINANCIAL HEALTH

1
Debt management composite.

2
Plans ahead financially for upcoming and unexpected expenses or to save for long-term goals.

3
Change in household financial situation over the past 12 months.

FINANCIAL RESILIENCE

4
Social capital: close person(s) who could provide financial support in times of financial hardship.

5
Liquid savings buffer.

6
Self-reported credit score.

FINANCIAL STRESS

7
Confidence in ability to meet short-term savings goals.

8
Financial stress composite.

9
Financial stress over current and future financial obligations.

Extremely Vulnerable | Financially Vulnerable | Approaching Resilience | Financially Resilient

0 10 20 30 40 50 60 70 80 90 100

'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.
[1] The Index is called the Seymour Financial Resilience Index ®. The original Index release report and Index development methodology are available at https://www.finresilienceinstitute.org/about-the-seymour-financial-financial-resilience-index/

Index Scoring Model and Financial Resilience Segments

Extremely Vulnerable

Financial resilience scores between **0 and 30** represent individuals and households that are most vulnerable and unable to survive financial stressors or shocks. These people report financially resilient outcomes across none of the nine indicators.

0 - 30

Financially Vulnerable

Financial resilience scores between **30.01 and 50** represent individuals and households that are financially vulnerable to large financial stressors or shocks yet subsisting under normal conditions. These people report financially resilient outcomes across few of the nine indicators.

30.01 - 50

Approaching Resilience

Financial resilience scores between **50.01 and 70** represent individuals and households building their financial resilience in the absence of financial shocks. These people report financially resilient outcomes across some of the nine indicators.

50.01 - 70

Financially Resilient

Financial resilience scores between **70.01 and 100** represent individuals and households that can endure financial shocks with little effect to their overall financial resilience. These people report financially resilient outcomes across nearly all (or all) of the nine indicators.

70.01 - 100

'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Seymour Financial Resilience Index ® Development Methodology

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- The Seymour Financial Resilience Index ® is a proprietary regression model developed over 5 years based on an iterative process to regressing and evaluating over 35 potential indicators against self-reported "financial resilience" or "financial stress" measures, using the multiple linear regression technique.
- In the end, 9 variables were determined to account for 60 percent of the variance in the financial resilience construct as of October 2023, 63 percent as of June 2023, 62 percent as of February 2023 and June 2022, and 64 percent of the variance in the financial resilience construct as of February 2021.
- The regression model's indicators (independent variables) are significant at a 95% confidence interval, with p-values less than 0.05.
- The model has been validated against all years of Financial Well-being studies data between 2017 and 2023. This has revealed consistency in results, represented by a strong R-squared as well and similar weights of the independent variables as predictors of financial resilience.
- Weightings for the model are based on their overall contribution to the dependent variable in the model and are not equal.
- Five stages of Index development and validation:
  1. Identification of potential indicators
  2. Data collection for Index development
  3. Regression model development with different combinations of potential indicators
  4. Indicator selection and
  5. Model validation levering multiple linear regression model technique.
- Based on 2017 and 2018 data, six of the nine index model independent variables were available, and in the 2019 data, seven of the independent variables were available. All nine variables are available based on the February 2020 Index baseline data. In July 2022, one of the two variables within the debt composite indicator was replaced [1].

The Index has been peer-reviewed by Statistics Canada, UN-PRB, C.D. Howe Institute. Haver Analytics and leading Financial Institutions and other organizations using it. It was developed building on over seven years of national Financial Well-Being studies data, with a pre-pandemic baseline of February 2020. The Index is complemented with the Financial Well-Being studies instrument, with longitudinal research and analytics being conducted with around 1500 of the same households (from the total sample of 5000 households) over time. The Index is being used by financial institutions and other organizations to measure and track the financial resilience and financial well-being of their customers and stakeholders over time and other aspects such as the extent to which their customers rate them for helping to improve their financial wellness; financial inclusion challenges, financial stressors, financial behaviours and more.

[1] The 8 unchanged indicators account for 93% of the predictability of household financial resilience as of February 2023 and 90% as of June 2022.

Financial health, stress and vulnerability data is available dating back to 2017 with mean financial resilience score data based on the Index available from 2020. The Index is complemented with financial health, stress and vulnerability data available by household income and for key populations dating back to 2017 based on the national Financial Well-Being studies dataset.

More information on the Index is available in the at: https://www.finresilienceinstitute.org/why-we-created-the-index/

Information on the financial resilience and financial well-being of Canadians during the COVID-19 pandemic is available at https://www150.statcan.gc.ca/n1/en/catalogue/75F0002M2021008

October 2023 marks the ninth release of the peer-reviewed Seymour Financial Resilience Index ® with a pre-pandemic baseline of February 2020

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OCTOBER 2017	FEBRUARY 2020	MARCH - MAY 2020	JUNE 2020	OCTOBER 2020	FEB 2021	JUNE 2021	JUNE 2022	FEBRUARY 2023	JUNE 2023	OCTOBER 2023
	1	COVID-19	2	3	4	5	6	7	8	9
First Financial Well-Being Study Launched	Index Baseline	Pandemic and Index Launch	Second Index Release	Third Index Release	Fourth Index Release	Fifth Index Release	Sixth Index Release	Seventh Index Release	Eighth Index Release	Ninth Index Release

More information is available in the at: https://www.finresilienceinstitute.org/why-we-created-the-index/
With more insights and applications in the Original Index Release Report (updated March 2023)

Financial Well-Being studies (2017 to 2023)

Canada's robust national study of Canadians' financial health, wellness and resilience and the role Credit Unions can play to help improve their members' financial wellness: with longitudinal tracking.

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- The Financial Well-Being recruited are Canada's only and most robust national, independent investigation into consumer financial resilience/ financial vulnerability, financial stress/ financial wellness, financial well-being well-being and the linkage between financial health and overall personal well-being.
- Most studies have a sample size of 5000 adult Canadians from a representative sample of the population by household income, age, gender and province
- Online 15 to 18 minute study conducted annually in June 2017, 2018 and 2019, then three times a year pre-and post-pandemic (February 2020, June 2020, October 2020); annually in June 2021 and June 2022 and three times a year starting in February 2023.
- In 2023 and beyond, the Financial Well-Being study is being conducted in February, June and October of each year.
- Boost samples of specific populations conducted with the ability for benchmarking and customer analytics for any organization using the Index.

Primary or joint financial decision makers, aged 18 to 70 years from a representative sample of the population by province, age, gender and household income.

5000 survey respondents recruited through the Angus Reid Forum, Canada's most respected and engaged online panel, with all study design, analysis, Index reporting and end-to-end deliverables led by Financial Resilience Institute.

Highly robust Index and longitudinal dataset, with Quebec data included as of June 2020.

The Index and longitudinal Financial Well-Being studies are complementary instruments

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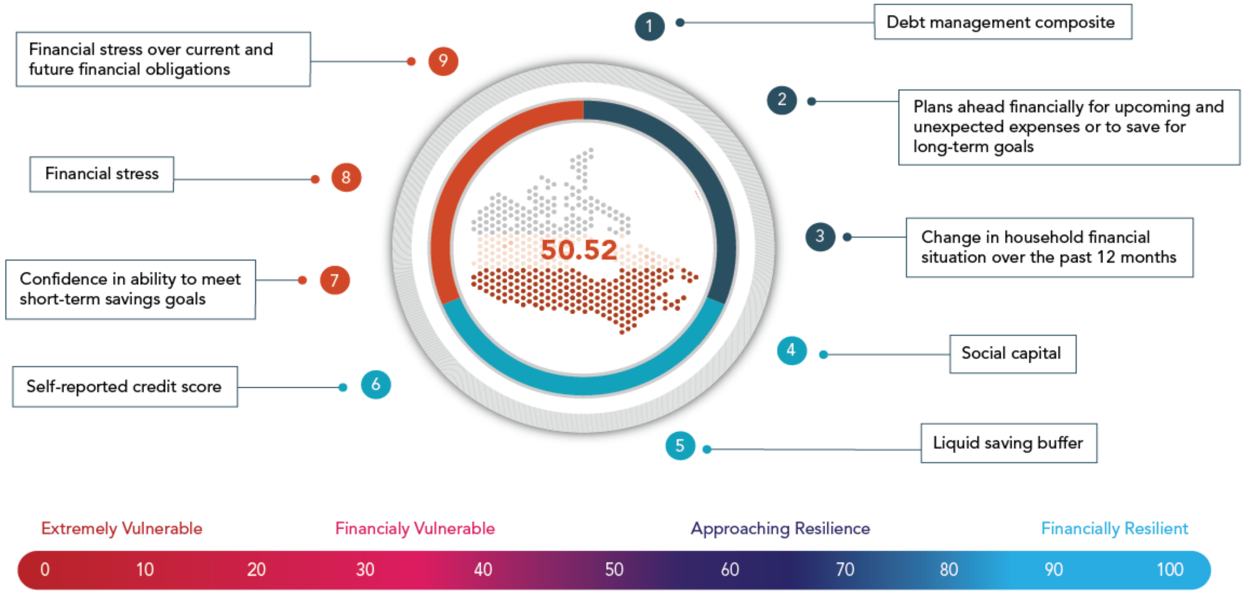
1 Seymour Financial Resilience Index ®



2 Financial Well-Being study

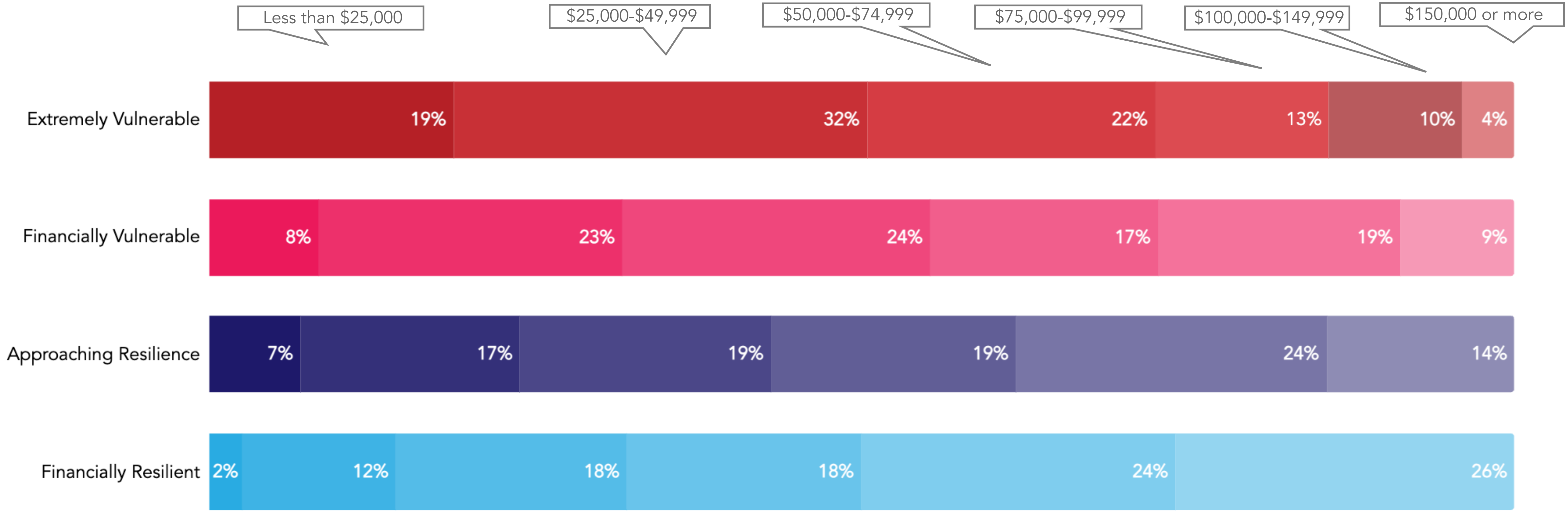
(2017 to 2023 and beyond)

Bespoke questions can be added to the Financial Well-Being studies to compare against the Index and benchmark data for Institute clients and partners.

Financial vulnerability continues to span all household income demographics

Financial Resilience Institute

For example, as of October 2023, 27% of Canadians with household incomes above $75,000 are 'Extremely Vulnerable', while 45% are 'Financially Vulnerable'.



Source: Seymour Financial Resilience Index ® Seymour Financial Resilience Index ® is a trademark used under license by the Financial Resilience Society.
[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.
Based on a sample size of 5006 adult primary or joint financial decision maker households with 4462 households scored through October 2023 Index model, from a representative sample of the population by household income, age, province and gender.

October 2023 Index Release Highlights

Canada mean financial resilience score highlights increased household financial vulnerability

The Canada mean financial resilience score is 50.78 as of October 2023

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The Canada mean financial resilience score has dropped by 1.67 points from the June 2023 Index, with this decrease statistically significant. Canada's mean financial resilience score is 5 points lower than in June 2020 during the pandemic.

Canada Mean Financial Resilience Score

October 2023 Index

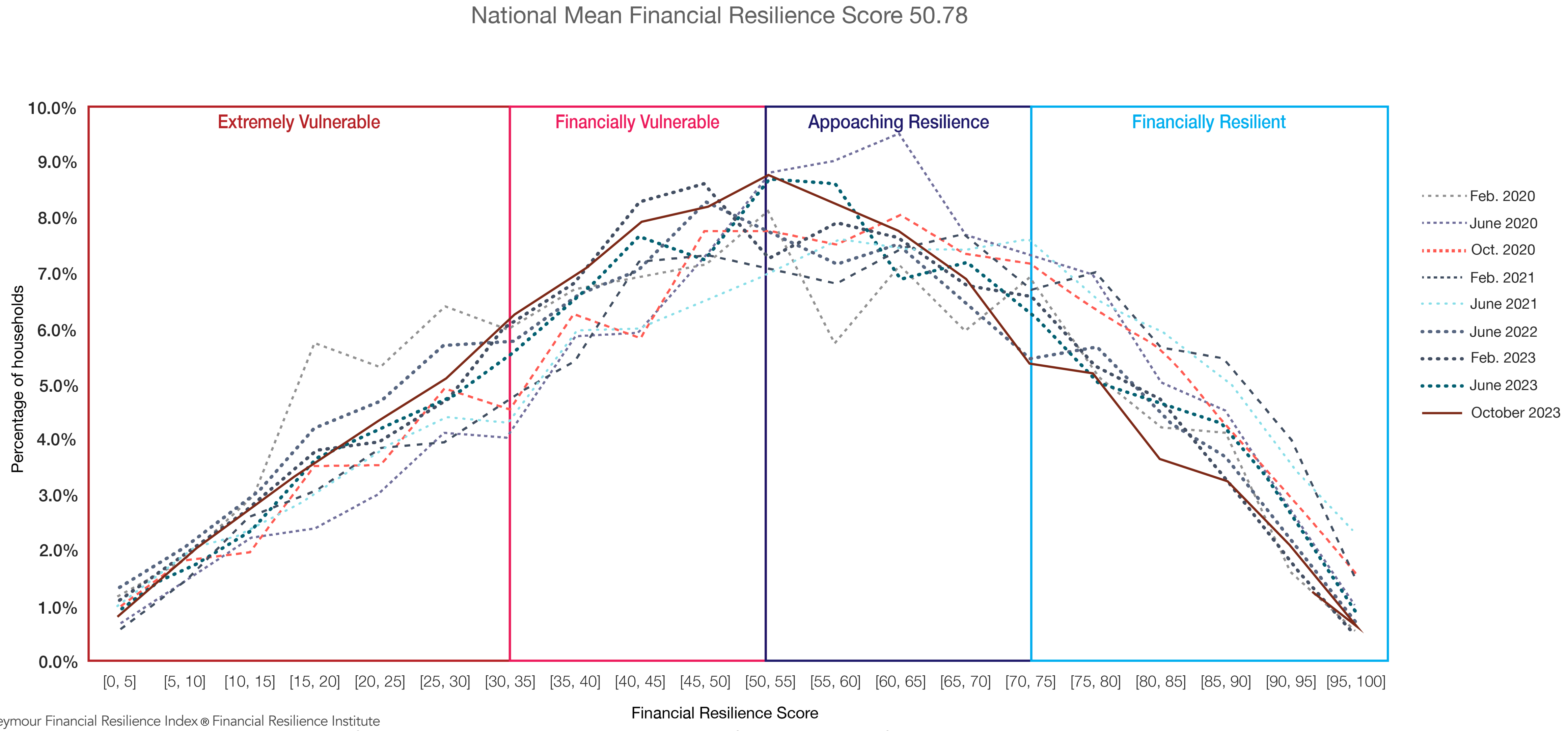
52.44 June 2023 Index	55.69 February 2021 Index
51.24 Feb 2023 Index	54.53 October 2020 Index
50.52 June 2022 Index	55.58 June 2020 Index
55.67 June 2021 Index	49.58 February 2020 Index

Source: October 2023 Seymour Financial Resilience Index ® Financial Resilience Institute

The October 2023 Financial Well-Being study is based on a sample size of 5006 households with 4462 scored through the Index. MOE of +/- 1.20% and 95% confidence interval across all provinces.
Data is weighted to be representative of Canadian population based on household income, gender, age and province, with survey respondents recruited through the Angus Reid Forum. All survey design and analytics conducted by Financial Resilience Institute.

Seymour Financial Resilience Index ® Distribution

From February 2020 (pre-pandemic) to October 2023



Source: Seymour Financial Resilience Index ® Financial Resilience Institute
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Financial vulnerability has increased for Canadians, with just under a quarter of households having a liquid savings buffer of less than three weeks as of October 2023

80% of Canada's population has **some level of financial vulnerability**

24% of the population have **a liquid savings buffer of less than 3 weeks**

19% of Canadians are **'Extremely Vulnerable'** (with a financial resilience score of 0 to 30)

88% of **'Extremely Vulnerable'** households have **a negative or zero household savings rate**

Source: Seymour Financial Resilience Index ®
October 2023 Financial Well-Being study is based on a sample size of 5006 households with 4462 scored through the Index. MOE of +/- 1.20% and 95% confidence interval across all provinces.
Data is weighted to be representative of Canadian population based on household income, gender, age and province, with survey respondents recruited through the Angus Reid Forum. All survey design and analytics conducted by Financial Resilience Institute.
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80% of households, representing almost 20 million people, are experiencing financial vulnerability on some level based on the October 2023 Index

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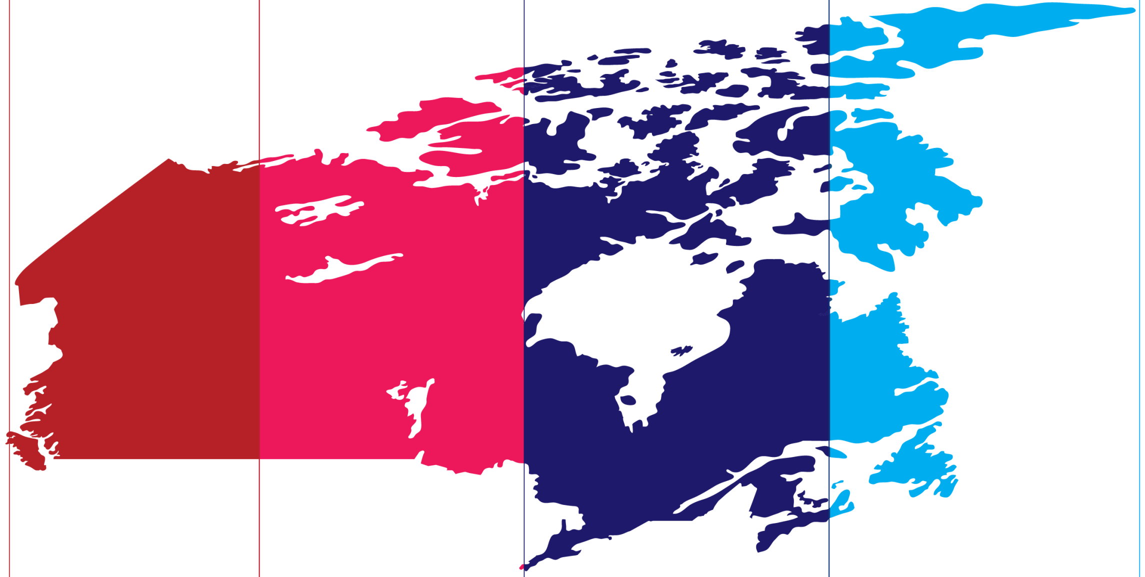
Distribution of Canadians across the four financial resilience segments (October 2023)



	Extremely Vulnerable	Financially Vulnerable	Approaching Resilience	Financially Resilient
Percentage of Population	18.7%	29.3%	31.8%	20.3%
Population Estimate[(1)]	4.67 M	7.31 M	7.91 M	5.07 M

Source: October 2023 Seymour Financial Resilience Index ®
'Extremely Vulnerable' households have a financial resilience score of 0 to 30, 'Financially Vulnerable' households a score of 30.01 to 50, 'Approaching Resilience' households a score of 50.01 to 70 and 'Financially Resilient' households a score of 70.01 to 100.
[1] Based on a population of 24.96 million Canadians aged 18 years old to 70 years old as of July 2021 (Source: Statistics Canada)
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Statistics Canada 2021 Census of Population) Statistics Canada Catalogue no. 98-316-X2021001, released November 15, 2023.
https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/details/page.cfm?Lang=E&DGUIDList=2021A000011124&GENDERList=1,2,3&STATISTICList=1,4&HEADERList=0&SearchText=Canada

There has been an increase in 'Extremely Vulnerable' and 'Financially Vulnerable' households and a significant decrease in 'Financially Resilient' households as of October 2024, with this now representing one in five households

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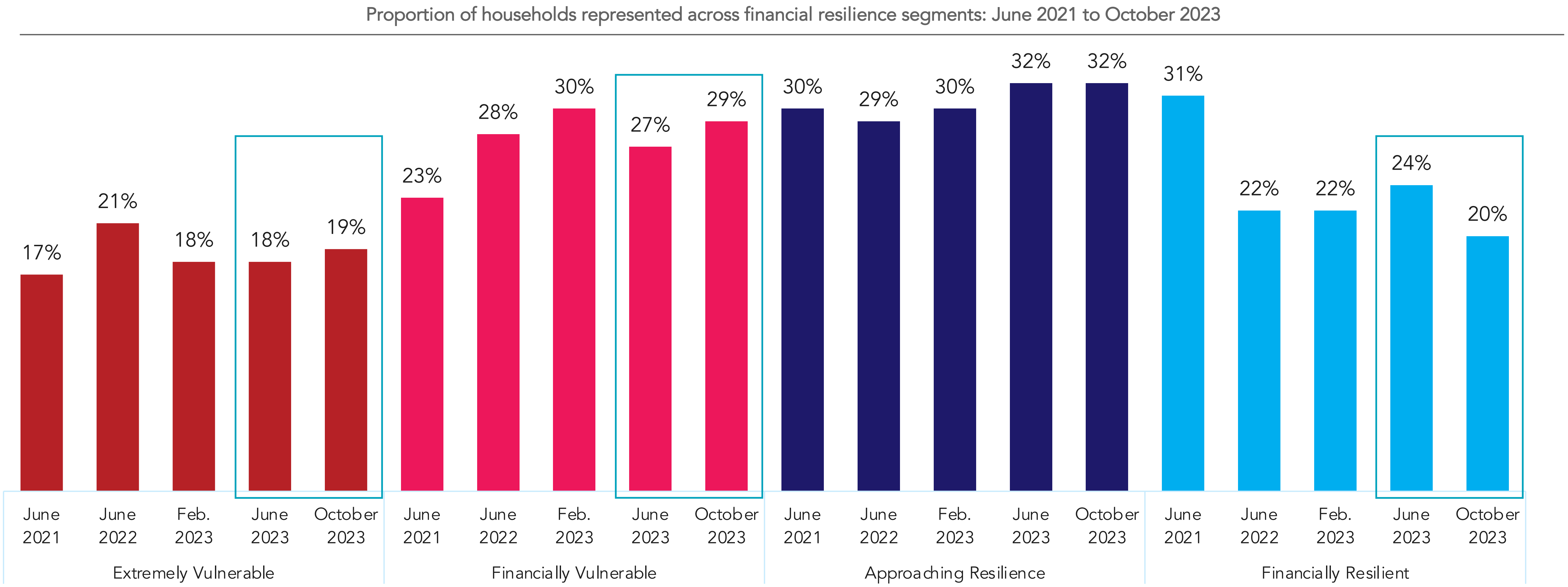
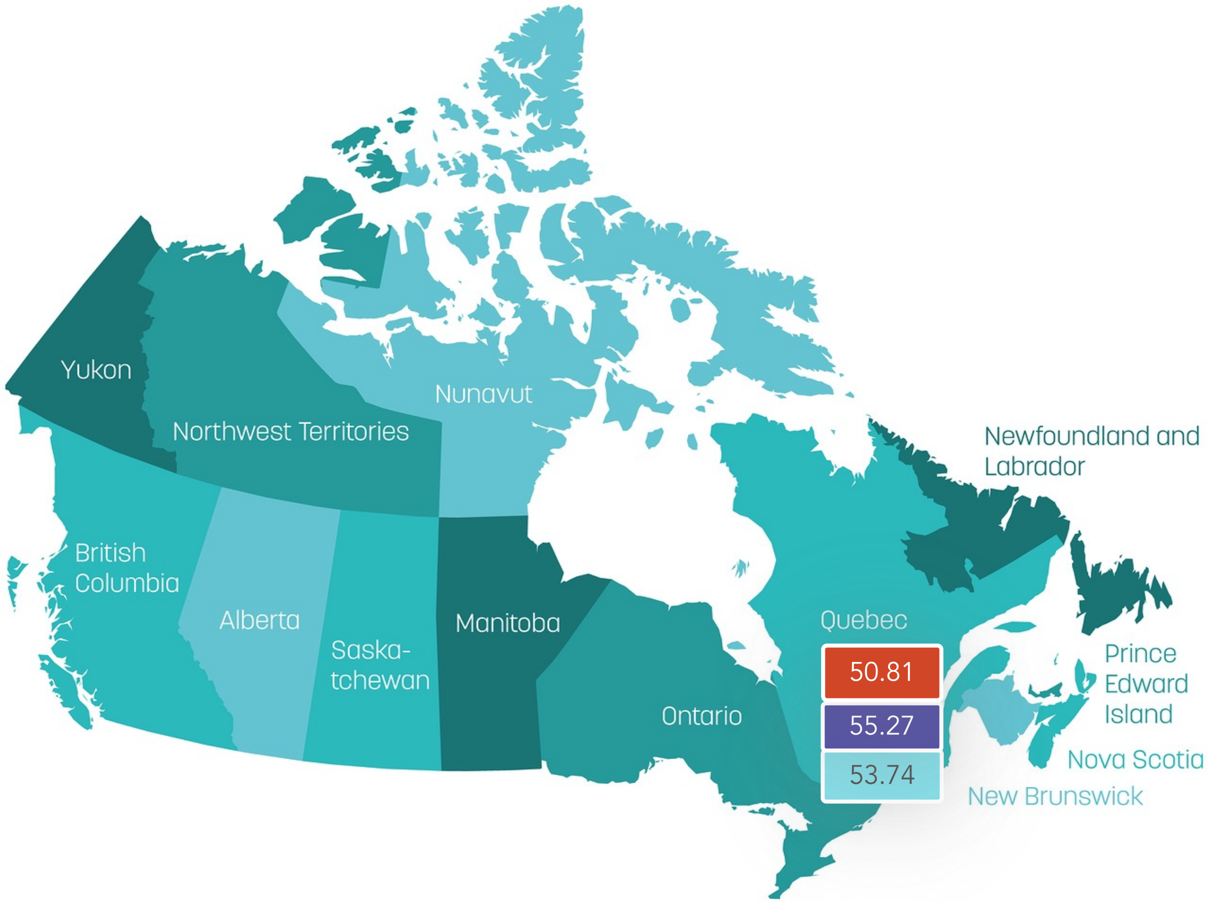


Source: Seymour Financial Resilience Index ®
Based on a sample size of 5006 adult primary or joint financial decision maker households with 4462 households scored through October 2023 Index model, from a representative sample of the population by household income, age, province and gender. 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.
[1] Based on a population of 24.96 million Canadians aged 18 years old to 70 years old as of July 2021 (Source: Statistics Canada. 2021 Census of Population) Statistics Canada Catalogue no. 98-316-X2021001, released November 15, 2023

Quebec - in the past the most financially resilient province - has seen a significant decrease in its mean provincial financial resilience score as of October 2023

Key index indicators that have seen significant deteriorations since June 2023 are the confidence in ability to meet short-term savings goals indicator, the financial stress composite indicator and liquid savings buffer indicator.



Mean financial resilience score by province (October 2023 Index)

Mean financial resilience score by province (June 2023 Index)

Mean financial resilience score by province (June 2022 Index)

Canada mean financial resilience score is 52.44 (June 2023)

Based on a sample size of 5006 adult primary or joint financial decision maker households with 4462 households scored through October 2023 Index model, from a representative sample of the population by household income, age, province and gender.
[1] The mean financial resilience score for provinces with smaller sample sizes (NL, PEI, NB and NS) needs to be taken into consideration for these provincial financial resilience scores. More insights on provincial insights are available in Intelligence Memos published with C.D. Howe Institute in 2022 and 2023 available at https://www.finresilienceinstitute.org/index-releases-and-reports/
Source: Seymour Financial Resilience Index ® Seymour Financial Resilience Index ® is a trademark used under license.

Key Insight Themes

Financial vulnerability is a mainstream growing problem affecting 4 in 5 Canadians

Six Summary Themes from the October 2023 Index

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Increased financial vulnerability for Canadians with only 1 in 5 'Financially Resilient'. Challenges across many indicators and in Quebec.

Canadians continue to exhibit disciplined spending and healthy financial behaviours, but with the high cost of living more are drawing down on savings, increasing their borrowing or taking up more predatory lending products.

More Canadians have high levels of financial stress over their current and future financial obligations.

Housing affordability and cost of living challenges are taking a toll, with increased financial vulnerability for indebted Canadians and many variable-rate mortgage holders.

Financial stress is negatively impacting the mental, physical and emotional health and well-being of more Canadians as well as their engagement and productivity at work.

Continued inequities with more financially vulnerable Canadians unable to meet their essential expenses; facing significant financial hardship and food insecurity. More financially vulnerable households continue to be challenged from a financial inclusion perspective.

Source: Seymour Financial Resilience Index ® Seymour Financial Resilience Index ® is a trademark used under license by the Financial Resilience Society.

October 2023 Index Release Key Insights

Financial Resilience Institute

- The ninth Index release from the Institute's Financial Resilience Index model reveals that Canada's mean financial resilience score is 50.78 as of October 2023. This means at the national level Canadians are just 'Approaching Resilience.' The Canada mean financial resilience score is 1.67 points lower than from the June 2023 Index, with this decrease statistically significant. This is five points lower compared to the pre-pandemic period in June 2020 when Canadians had higher financial resilience due to significant changes in consumer and financial behaviours amid lockdowns and substantial government COVID-19 relief efforts [1].

- The Index reveals that a significant 80% of the Canadian population, equivalent to 19.96 million adults aged 18 to 70 years old, are experiencing financial vulnerability on some level, an increase from 19.5 million adults in June 2023. This vulnerability extends across all household income demographics. Notably, 27% of Canadians with a household income above $75,000 are 'Extremely Vulnerable', while 45% are 'Financially Vulnerable' based on the October 2023 Index.

- There has been an increase in the proportion of 'Extremely Vulnerable' and 'Financially Vulnerable' households compared to June 2023 with 18.7% of Canadians (4.67 million people) 'Extremely Vulnerable' and 29.3% (7.31 million people) 'Financially Vulnerable' as of October 2023. respectively. The Index shows a noticeable decrease in 'Financially Resilient' households from 24% to 20% of the population between June 2023 and October 2023, with only 5.07 million people 'Financially Resilient'.

- The latest Index reveals the deteriorations in in the 'confidence in the ability to meet short-term savings goals' Index indicator, the 'financial stress composite' indicator and the 'financial stress over current and future financial obligations' indicator compared to June 2023.

- Quebec, which has consistently been the most financially resilient province, has concerningly experienced a 5-point drop in its mean provincial financial resilience score, with the Index revealing a score of 50.81 in October 2023, compared to 55.27 in June 2023. This is a very different picture from data published in reports featuring this province [2]. Quebecois households are more financially stressed and more challenged in terms of their savings indicators.

- 77% of Canadians want to better understand their financial resilience and how they can improve it as of October 2023.This is increasingly relevant given the challenging macro-economic environment and problems of financial stress and financial vulnerability. 58% of Canadians are living paycheque to paycheque, 37% do not feel secure in their work or job situation and 68% report rising interest rates are a problem for them personally. 24% have a liquid savings buffer of less than three weeks.

- Certain populations are showing increased financial vulnerability and signal the need for more targeted support by policymakers and others. For example, Single Parents, Indigenous Canadians and those taking care of the household or elders have seen material decreases in their mean financial resilience scores between June 2021 and October 2023. The mean financial resilience scores of Single Parents having decreased from 43.15 in June 2021 to 36.68 in October 2023, for example.

Source: Seymour Financial Resilience Index ® Financial Resilience Institute
[1] See joint report published by Seymour Consulting and Statistics Canada on the 'Financial Resilience and Financial Well-Being of Canadians during the COVID-19 Pandemic (September 2021) https://www150.statcan.gc.ca/n1/daily-quotidien/210909/dq210909d-eng.htm
[2] In March 2023, we published a report titled 'Financial Resilience Index highlights Provincial Differences: Quebec a Leader', delving into Quebec's continued position as the most financially resilient province. The report can be accessed at https://www.finresilienceinstitute.org/wp-content/uploads/2023/03/Financial-Resilience-Index-Provincial-Differences-March-2023.pdf
'Extremely Vulnerable' households have a financial resilience score of 0-30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50..01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

October 2023 Index Release Key Insights [2]

- The Institute's Financial Resilience Index model highlights increased challenges for the financial well-being of Canadians, with this having negative effects on their health and well-being, family well-being and overall resilience. Key themes from top line insights include:

- **Increased levels of financial stress for Canadians overall and more financially vulnerable households:** Amidst the high cost of living and the persistent housing affordability challenges, 58% of Canadians overall are experiencing high levels of financial stress over their current and future obligations, compared to 42% of households reporting the same in June 2020. At the same time, the proportion of 'Extremely Vulnerable' Canadians reporting the same stands at 86% as of October 2023, reflecting an 8% increase from 78% in February 2023.

- **Acute affordability problems:** The high cost of living has had adverse impacts on households, with many affordability indicators tracked by the Institute. 24% of Canadians are unable to meet their essential expenses as of October 2023 with this the case for 58% of 'Extremely Vulnerable' Canadians. 16.8% of households are unable to get or afford the food they need. Concerningly, 33% of mortgage holders, and 50% of variable-rate mortgage holders are struggling to pay their mortgage payments as of October 2024. 40% of renters are struggling to make their rent payments, with challenges more significant for those who are more financially vulnerable and differences evident across provinces and household segments.

- **Continued housing affordability challenges:** The housing affordability crisis is taking a toll on 53% of Canadians overall reporting that it is a problem for them personally, an increase from 45% in June 2020. This issue is much more acute for more financially vulnerable households and those from certain key populations. For example, 79% of 'Extremely Vulnerable' households report housing affordability is a problem for them personally, with this also the case for 75% of renters as of October 2023.

- **Continued disciplined spending and financial behaviours but evidence of slippage and challenges for more people:** 68% of Canadians are working hard to maintain their financial resilience despite the high-cost-of living, with 68% reporting they have significantly reduced their non-essential expenses in the past 12 months as of October 2023. Household spending relative to household income levels remains similar to June 2023. 53.3% of Canadians have taken steps to improve their financial literacy, an increase from 48.8% in June 2023, and over a third of adults (36.6%) report they have taken on additional work or a side hustle to earn additional income as of October 2023: an increase compared to June 2023. More Canadians have created or updated a financial plan compared to in June, more have consolidated their debt and more have also taken out insurance to protect against the unexpected.

- Despite many Canadians working hard to foster healthy financial behaviours, as a result of the high cost of living, inflationary environment, high interest rates and other stressors, more Canadians overall, and in particular more financially vulnerable Canadians, are having to, for example, draw on their savings to service their debt, or resort to other less financially healthy behaviours tracked by the Institute.

Source: Seymour Financial Resilience Index® Financial Resilience Institute
'Extremely Vulnerable' households have a financial resilience score of 0-30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50..01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

October 2023 Index Release Key Insights [3]

- **Debt manageability and debt stress is an issue:** 26.7% of Canadians report their household debt levels are somewhat or very unmanageable as of October 2023, up from 24.2% in June 2023. 35.4% of Canadians report they have increased their borrowing to pay for everyday expenses, up from 33.4% in June 2023. Concerningly, 43% of Canadians report having drawn down on their savings to service their debt as a result of the increased cost of living. Many financial and borrowing indicator behaviours (and financial and debt stress indicators) are significantly more challenged for those who are more financially vulnerable and/or facing systemic barriers.

- The October 2023 Index shows an increase in Canadians overall that report they have deferred their credit card repayments in October 2023 and/or that have increased their lines of credit. Additionally, as of October 2023, 14.9% of Canadians report they have taken up instalment or buy-no-pay later loans, up from 12.7% in June 2023. Payday loan usage continues to be an issue, particularly for those who are more financially vulnerable. Financial stress is also continuing to have negative health and well-being impacts on many Canadians across all household income demographics, and in particular more financially vulnerable populations. These people are also more likely to face access-to-help or financial inclusion challenges, with this an increasing concern given the challenging macro-economic environment and affordability challenges.

- **Increased financial vulnerability variable-rate mortgage holders:** The mean financial resilience score of variable mortgage-rate mortgage holders has dropped from 51.07 in June 2023 to 49.65 in October 2023, with only 15% of these 'Financially Resilient' underneath their credit score. As of October 2023, rising interest rates were a problem for 88% of Canadians with a variable-rate mortgage (compared to 68% of Canadians overall) up from 83% in February 2023. As of October 2023, 64% of variable-rate mortgage holders report high levels of financial stress over their current and future financial obligations, up from 55% in February 2023. Those who are over-leveraged are more challenged still in terms of their financial resilience scores and other indicators, with this an issue as the impact of the high interest rates on mortgage holders continues to unfold as they renew their mortgages.

- **Widespread financial hardship and continued inequities:** 43% of Canadians overall report facing significant financial hardship as of October 2023, with significant continued disparities and equity gaps evident. Only 4% of 'Financially Resilient' households report they are facing significant financial hardship, compared to 88% 'Extremely Vulnerable' households as of October 2023. 58% of 'Extremely Vulnerable' and 28% of 'Financially Vulnerable' households report they are unable to meet their essential expenses, compared to only 2% of 'Financially Resilient' households.

Source: Seymour Financial Resilience Index® Financial Resilience Institute
'Extremely Vulnerable' households have a financial resilience score of 0-30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50..01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Sample Index Insights

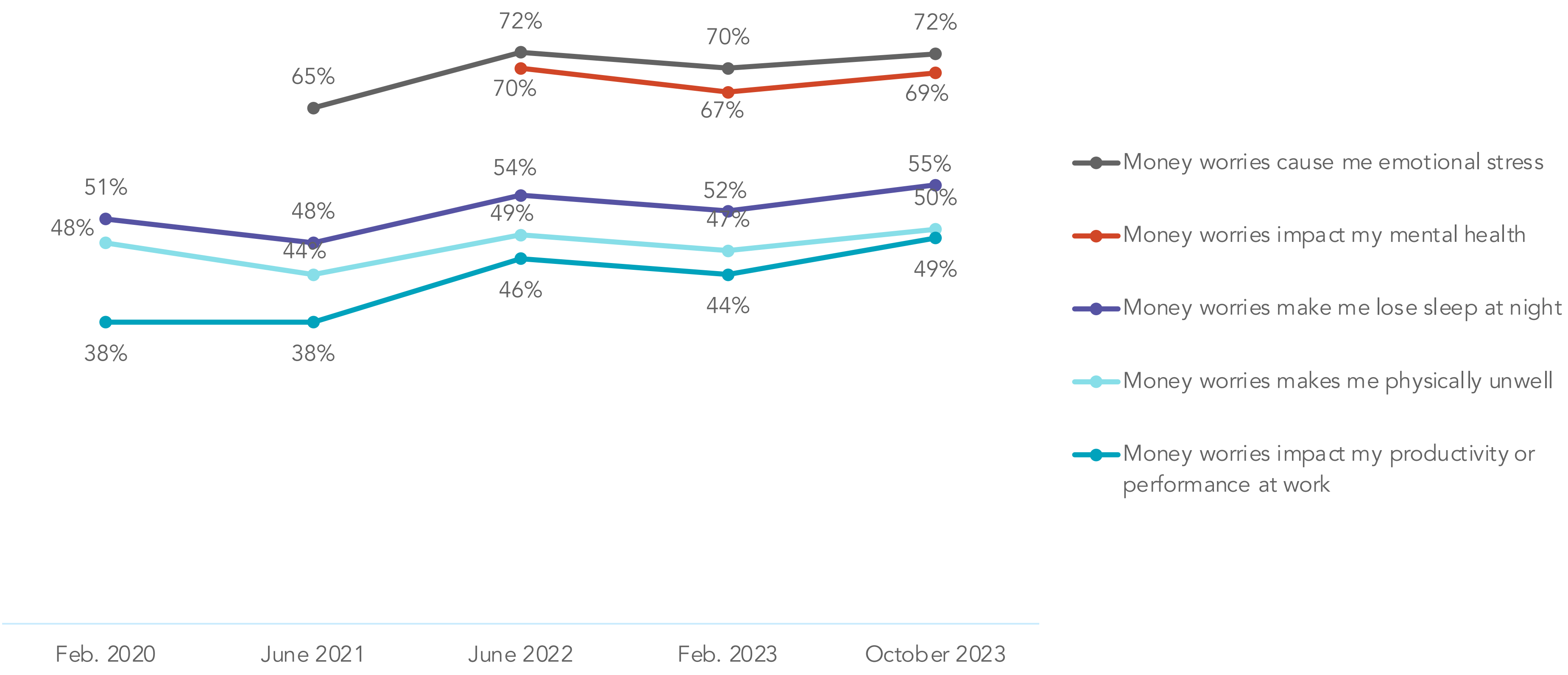
Financial stress impacts on Canadians' health and well-being and affordability spotlight

More Canadians report that financial stress is negatively impacting their mental health, physical health, causing them to lose sleep at night or impacting their productivity or performance at work

Financial Resilience Institute

69% of Canadians report that money worries impact their mental health, 49% their productivity or performance at work and 50% their physical health as of October 2023.

Financial stress impacts on Canadians: February 2020 (pre-pandemic) to October 2023

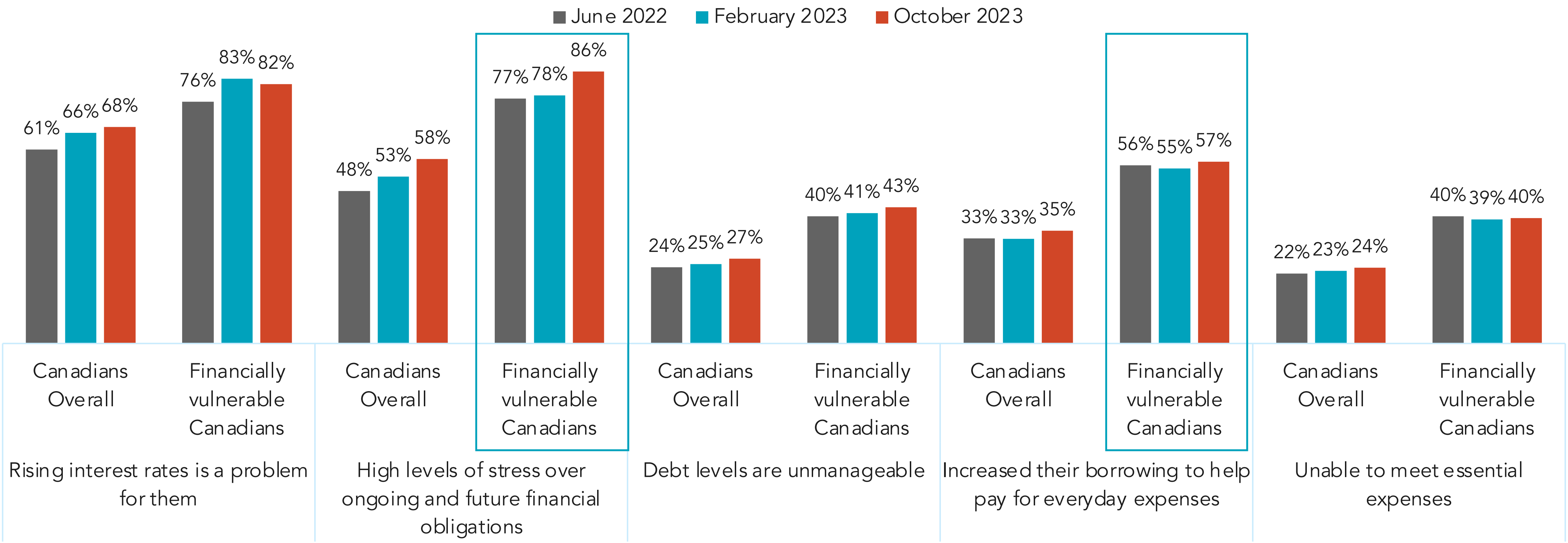


See more information and data on 'Why Financial Well-Being Matters' at https://www.finresilienceinstitute.org/why-financial-health/ and in our many reports published since 2017. https://www.finresilienceinstitute.org/research-reports/
Source: Financial Well-Being studies and Seymour Financial Resilience Index ® with the impact of financial stress on different well-being dimensions measured since 2017.

86% of 'Extremely Vulnerable' or 'Financially Vulnerable' Canadians, representing just under 12 million people, have high levels of financial stress over their current and future financial obligations, up from 77% in June 2022

57% have increased their borrowing to pay for everyday expenses, compared to 35% of Canadians overall.

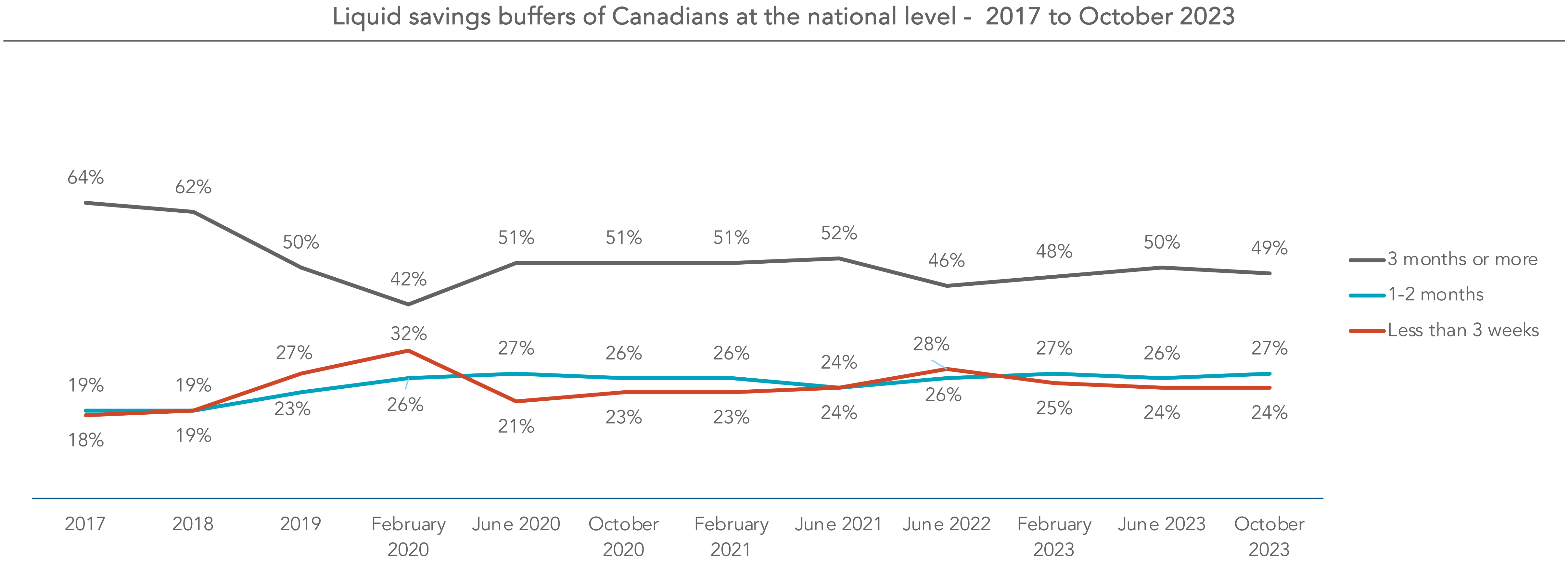
Debt stress and debt vulnerability indicators for Canadians overall vs those who are 'Extremely Vulnerable' or 'Financially Vulnerable': June 2022, February 2023 and October 2023



Source: Seymour Financial Resilience Index ®
'Extremely Vulnerable' households have a financial resilience score of 0 to 30 and 'Financially Vulnerable' households have a financial resilience score of 30.01 to 50.

Liquid savings buffers at the national level between June 2017 and 2023

In October 2023, 49% of Canadians had a liquid savings buffer of 3 or more months, compared to 64% of Canadians in 2017. 27% of the population have a liquid savings buffer of 1-2 months and another 24% a buffer of less than three weeks.



Source: 2017 to 2023 Financial Well-Being studies and Seymour Financial Resilience Index ®
Financial Resilience Institute
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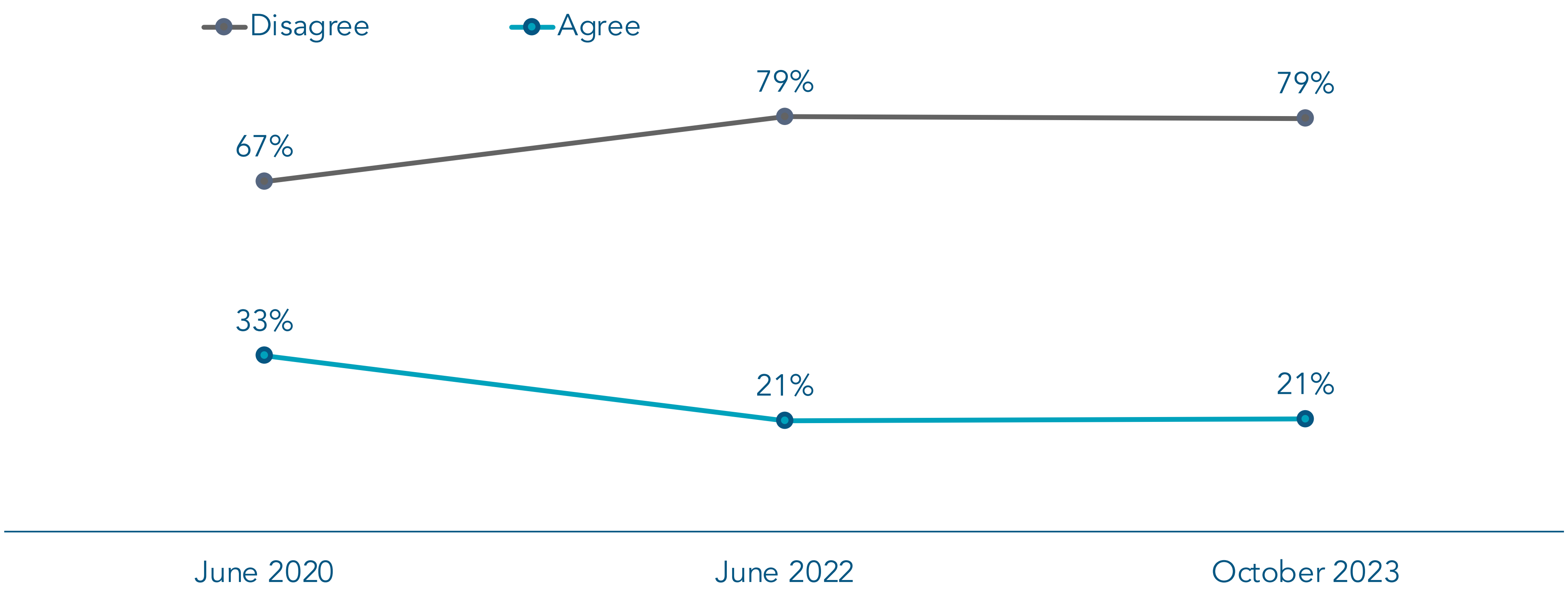
Less Canadians (21%) report that their financial situation has improved in the past twelve months as of October 2023, compared to a third of Canadians in June 2020, when many were buffered by COVID-19 government financial relief

This is one of the Index indicators and highlights persistent challenges for 79% of of the population since June 2022, up from 67% during the pandemic in June 2020.

Proportion of households that report that their household financial situation has improved in the past 12 months:
June 2020 to October 2023



Source: Financial Well-Being studies conducted by Financial Resilience Institute and Seymour Financial Resilience Index ®
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58% of ‘Extremely Vulnerable’ households are unable to meet their essential expenses as of October 2023 compared to 2% of ‘Financially Resilient households

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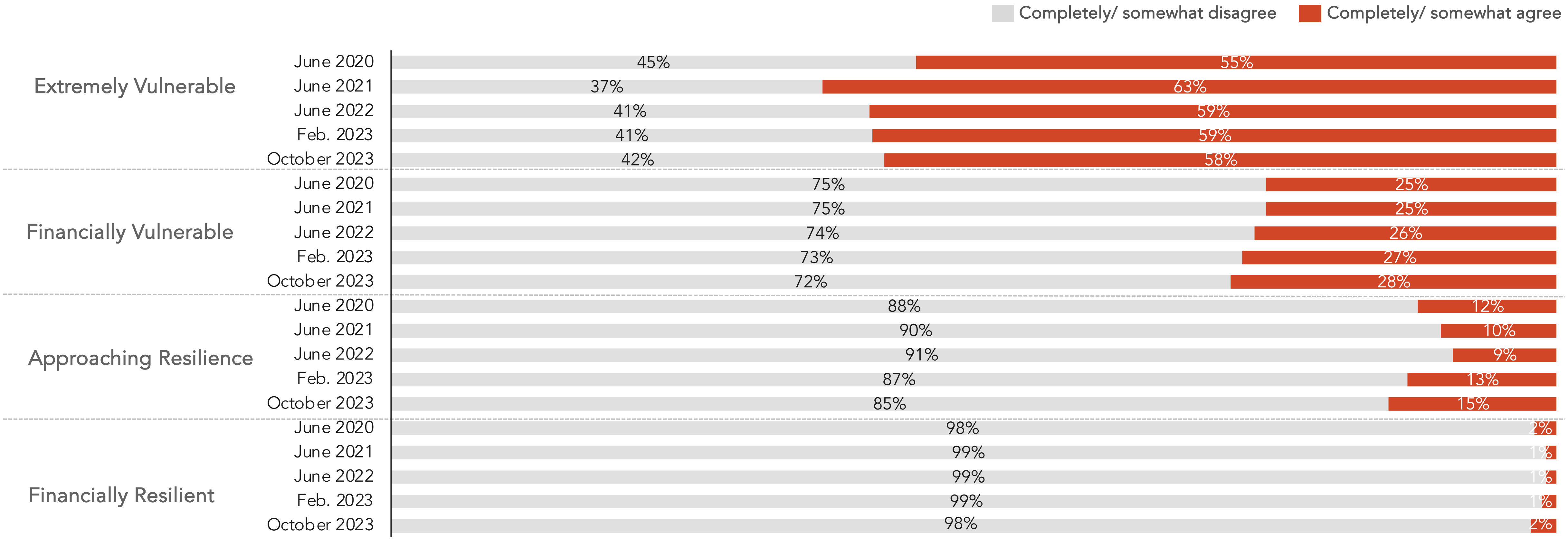
A greater proportion of ‘Financially vulnerable’ and ‘Approaching Resilience’ households are unable to meet their essential expenses compared to previous years.

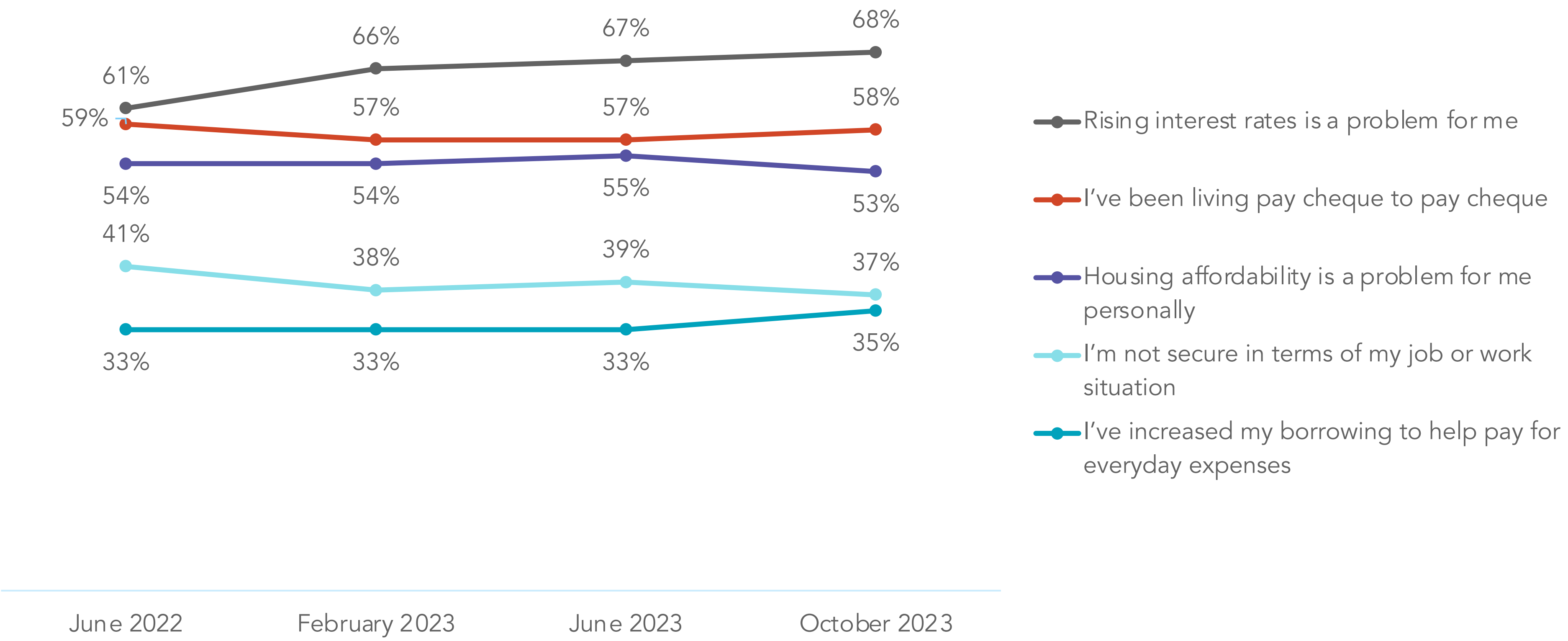
Financial resilience segment | Proportion of households that agree that their household is unable to meet their essential expenses (June 2020 to October 2023)



Source: Seymour Financial Resilience Index ® Seymour Financial Resilience Index ® is a trademark used under license by the Financial Resilience Society.
‘Extremely Vulnerable’ households have a financial resilience score of 0 to 30; ‘Financially Vulnerable’ a score of 30.01 to 50; ‘Approaching Resilience’ a score of 50.01 to 70, and ‘Financially Resilient’ a score of 70.01 to 100.

43% of Canadians report they have drawn down on their savings to service their debt as a result of the increased cost of living as of October 2023, with housing affordability and the cost of living taking a toll

Proportion of households experiencing key financial stressors
(October 2023 compared to June 2023, February 2023, June 2022)

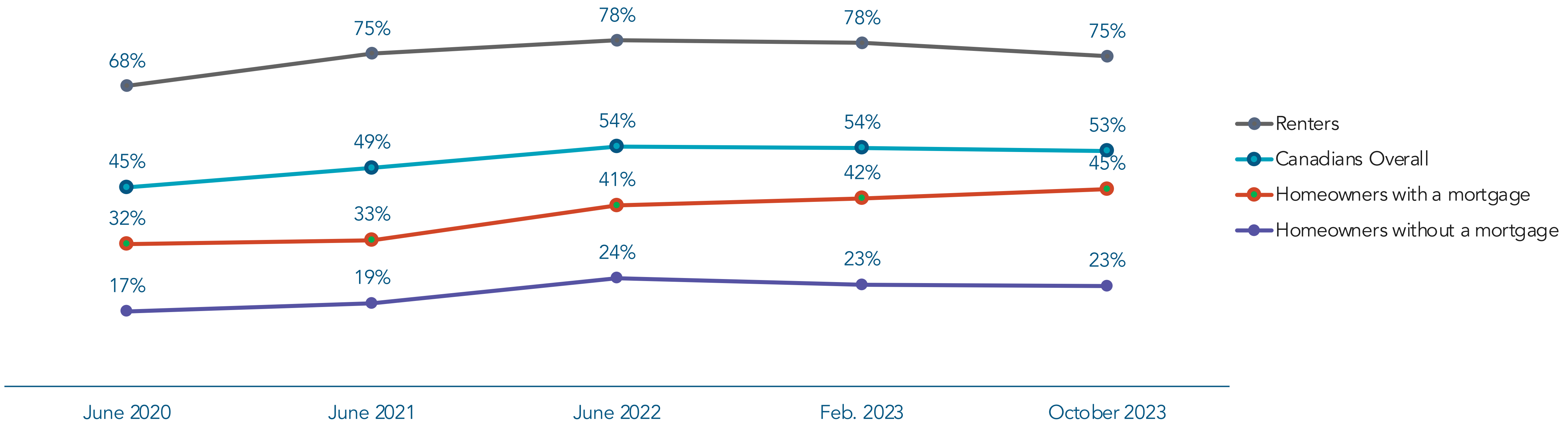


Source: Financial Well-Being studies conducted by Financial Resilience Institute.

Trended data highlights persistent challenges around housing affordability for Canadians, with significant nuances by household type, financial resilience segment and by province

75% of renters report that housing affordability is a problem for them as of October 2023, and a problem personally for 45% of homeowners with a mortgage compared to 32% three years ago in June 2020.

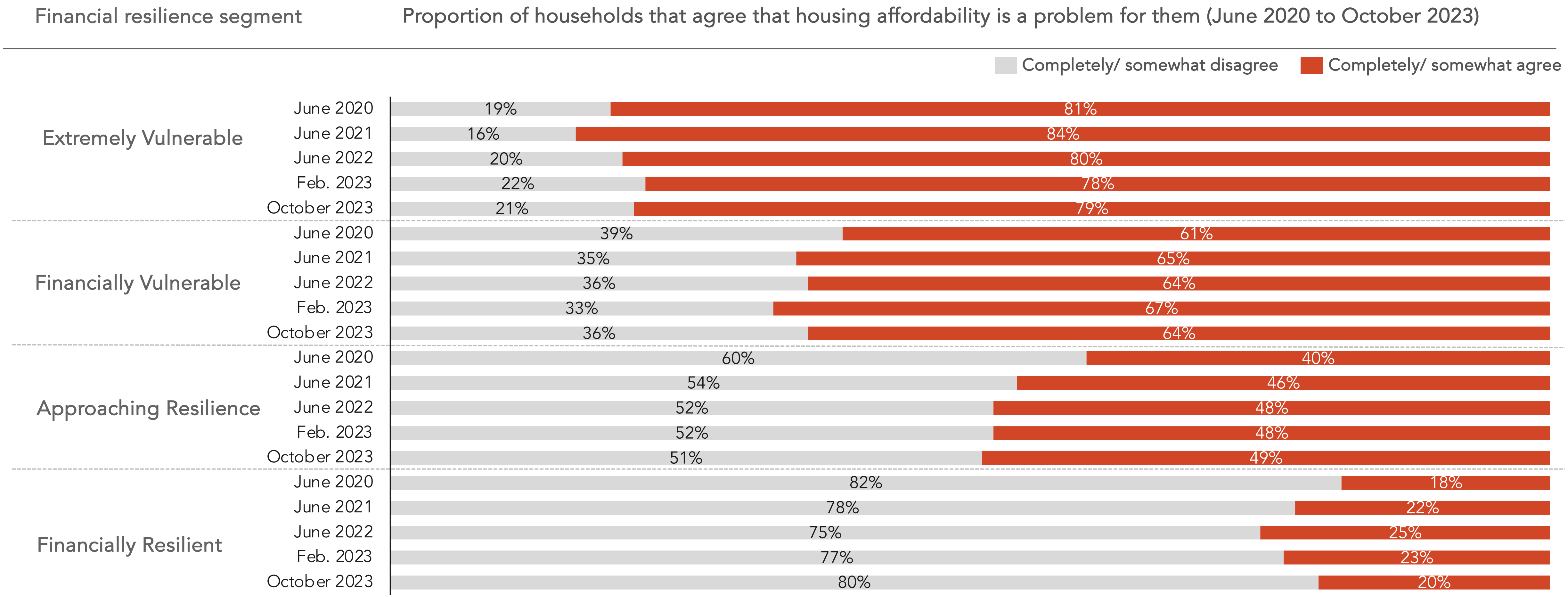
Proportion of households that report that housing affordability is a problem for them - June 2020 to October 2023)



Source: Financial Well-Being studies conducted by Financial Resilience Institute and Seymour Financial Resilience Index ®
Financial Resilience Institute

The housing affordability crisis is affecting 53% of Canadians, and in particular those who are more financially vulnerable, with this having many knock-on effects

Housing affordability is a problem personally for 79% 'Extremely Vulnerable' households, 64% of 'Financially Vulnerable' households, 49% of 'Approaching Resilience' and 20% of 'Financially Resilient' households, with increased challenges compared to previous years.



Source: Seymour Financial Resilience Index ® Seymour Financial Resilience Index ® is a trademark used under license by the Financial Resilience Society.
'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

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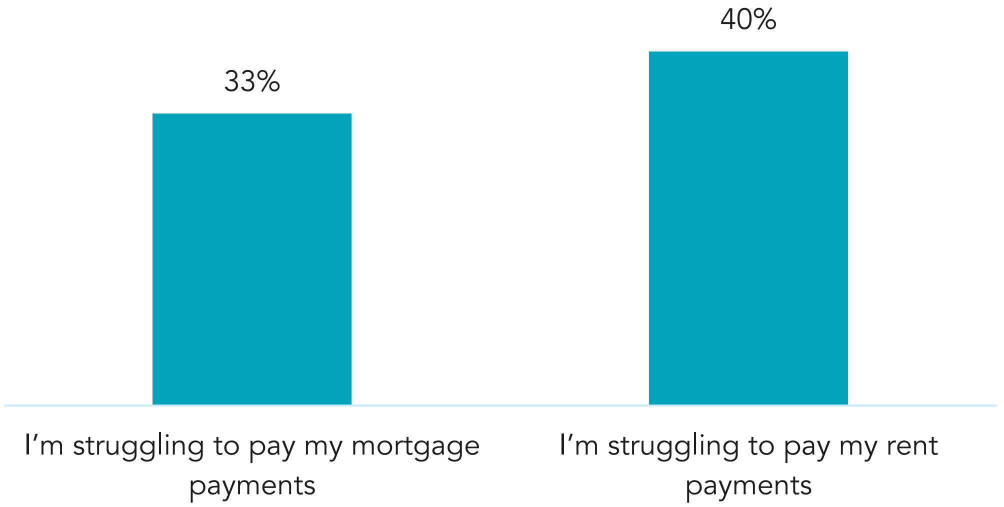
Challenges for key populations

Single Parents, Indigenous Canadians, variable-interest rate mortgage holders, renters & people struggling with debt

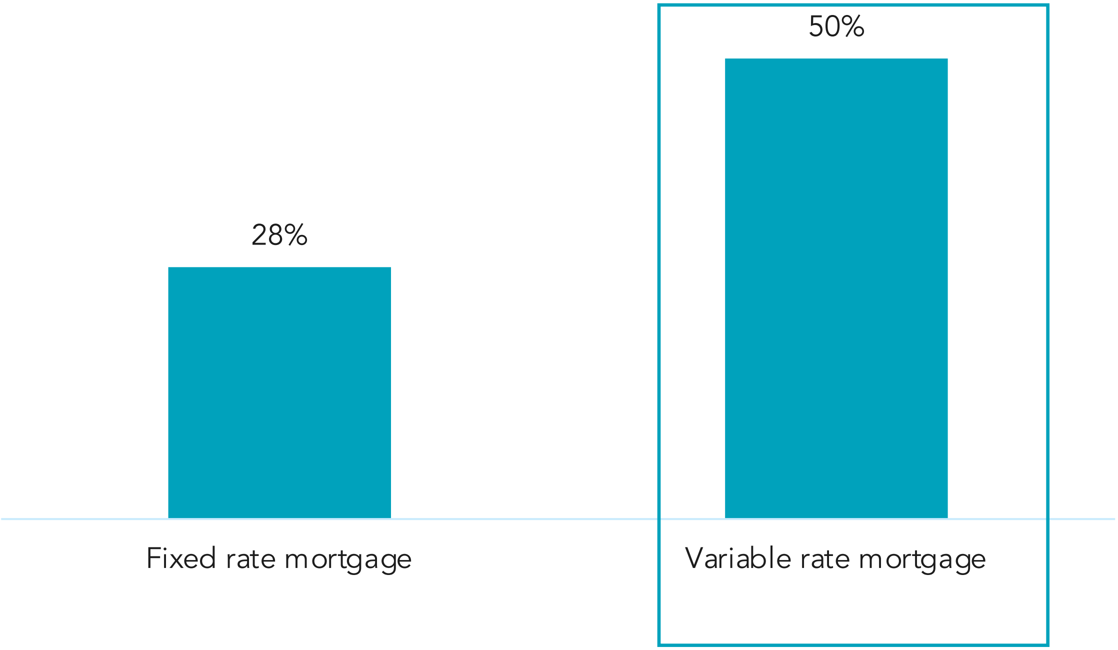
A third of Canadian mortgage holders overall, and 50% of variable-rate mortgage holders report they're struggling to make their mortgage payments

40% of renters are also struggling to pay their rent payments, with these challenges more significant for Canadians that are more financially vulnerable and differences by province and for key populations.

Homeowners and renters struggling with their mortgage or rent payments (October 2023)



Fixed and variable rate mortgage holders reporting they are struggling to pay their mortgage payments (October 2023)



Source: Seymour Financial Resilience Index®
Financial Resilience Institute. 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.
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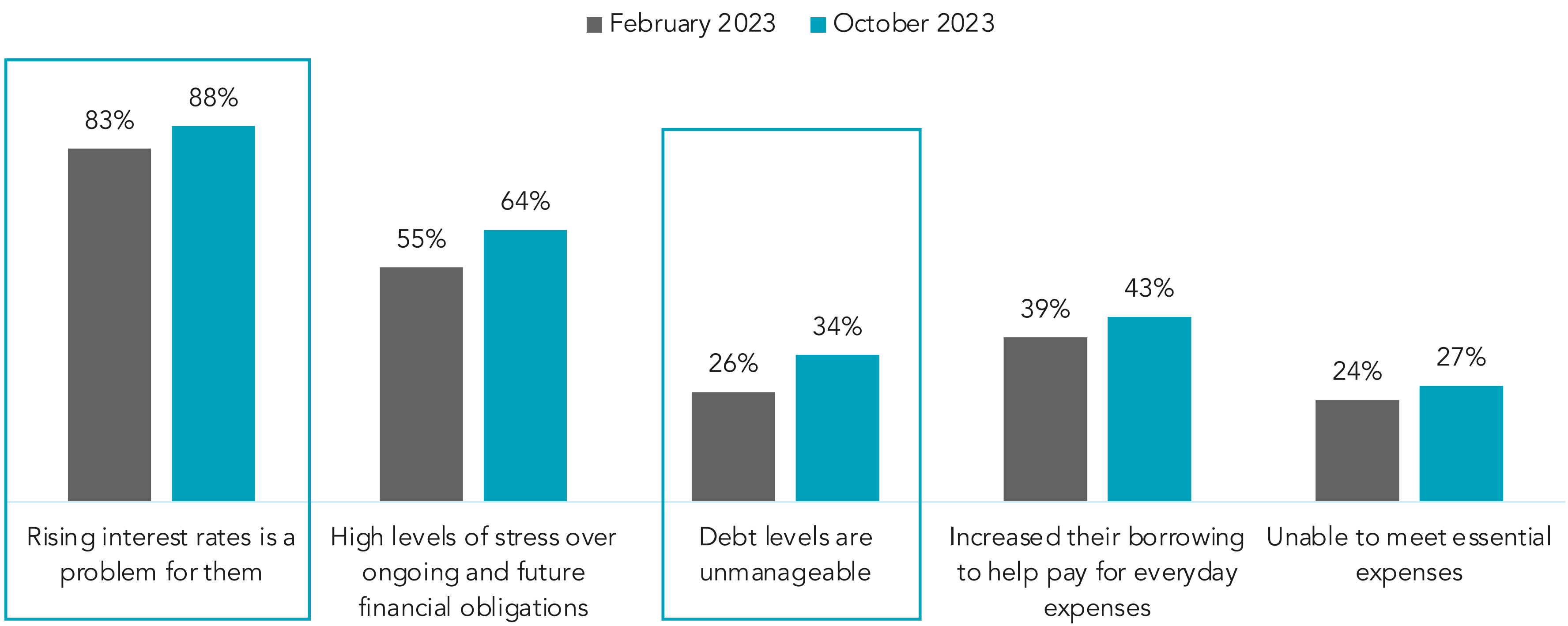
Canadians with a variable-rate mortgage are facing increased financial challenges as of October 2023, with 34% reporting they have unmanageable debt levels

This has increased from 26% in February 2023. Additionally, 64% report facing high levels of stress over ongoing and future financial obligations.

Financial struggles of variable rate mortgage holders compared to Canadians based on sample indicators – October 2023 compared to February 2023



Source: Financial Well-Being studies conducted by Financial Resilience Institute and Seymour Financial Resilience Index ®

Key populations are showing increased financial vulnerability such as Single Parents, Indigenous Canadians and those taking care of the household or elders

With more significant decreases in their mean financial resilience scores evident between June 2021 and October 2023.

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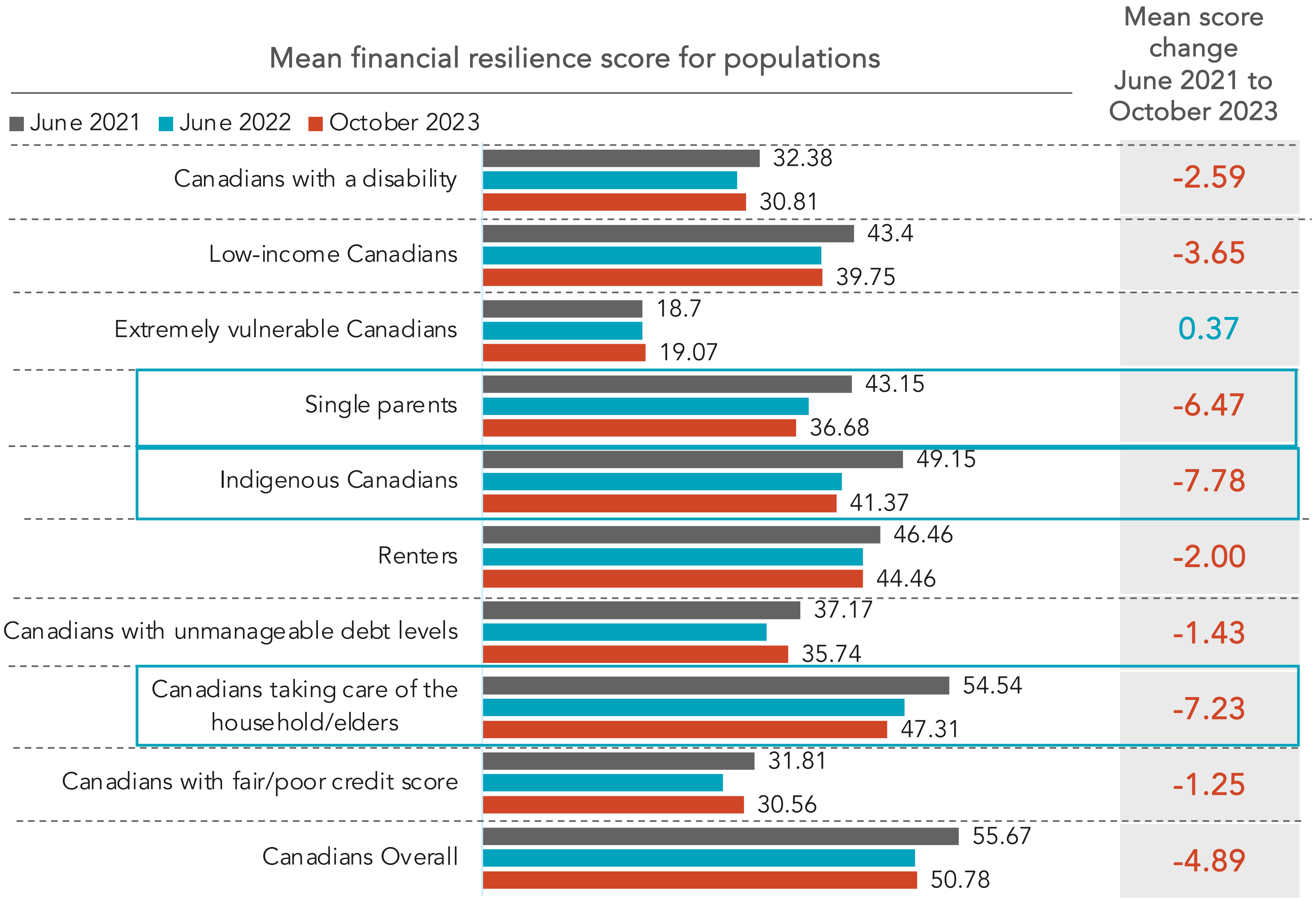

Source: Seymour Financial Resilience Index ®

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Appendices

Definitions, Financial Well-Being Framework, Sample Sizes and additional information

Definitions of financial health, financial resilience and financial wellness within the over-arching construct of Financial Well-Being [1]

Financial Resilience Institute

Financial Well-Being

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life [2]

Financial Health

Financial health is about your ability to **balance your financial needs for today with those of tomorrow as a result of decisions and behaviours** that move you forward.

Measured through many financial health and behavioural indicators in the longitudinal Financial Well-Being study (2017-2023)

Financial Resilience

Financial resilience is about your **ability to get through financial hardship, stressors or shocks as a result of unplanned life events.**

Measured at the national, provincial, segment and individual household level based on behavioural, resilience and sentiment indicators through the Seymour Financial Resilience Index ®

Financial Wellness

Financial wellness is about your **emotional peace of mind in terms of your financial situation and current and financial future obligations.** The opposite is financial stress.

Measured through many financial stress, debt stress and financial wellness indicators in the longitudinal Financial Well-Being study (2017-2023)

[1] The Financial Well-Being Framework developed by Seymour Consulting in 2016 (now the Financial Resilience Institute) is outlined on slide 3.
Definitions of financial health, financial resilience and financial wellness Financial Well-Being definitions were created by Seymour Consulting, now Financial Resilience Institute, as the leading independent authority on financial health in Canada.
[2] The definition for 'Financial Well-Being' above was developed by CFPB (Consumer Financial Protection Bureau in the US) and aligns with other definitions of financial well-being analyzed by the Institute over several years.

Financial Well-Being Framework developed in 2016

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Financial Well-Being

- Financial products and solutions
- Customer Experience
- Information and planning
- Tools, support and advice

Financial Resilience & Capability

- Knowledge and skills
- Confidence
- Behaviours

Consumer and Financial Behaviours

- Daily Financial Management
- Borrowing and Debt Management
- Save, Plan and Invest
- Protect against the unexpected

Seymour Financial Resilience Index®

Financial Health

The ability to balance your financial needs of today with those of tomorrow, as a result of decisions and behaviours that move you forward.

Financial Resilience

The ability to get through finanical hardship, stressors and shocks as a result of unplanned life events.

Financial Wellness

Emotional peace of mind in terms of your financial situation and current and future financial obligations. The opposite is financial stress.

Financial Well-Being Definition

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life. [1]

[1] The definition for 'Financial Well-Being' was developed by CFPB (Consumer Financial Protection Bureau) in the US and was adopted by Financial Resilience Institute for this framework.
The proprietary Financial Well-Being Framework was developed by Seymour Consulting (now Financial Resilience Institute) with this peer-reviewed by many organizations and academics around the world.

Sample sizes for the Financial Well-Being Studies (2017- 2023)

Canada's longitudinal study on Canadians' financial well-being, complementing the Seymour Financial Resilience Index ®

Financial Resilience Institute

Financial Well-Being Study	Total Sample Size	Survey Respondents scored through the Index [1]	Margin of Error (MOE)
October 2023 study	5006	4462	1.20%
June 2023 study	5736	5038	1.09%
February 2023 study	5010	4304	1.20%
June 2022 study	5061	4505	1.19%
June 2021 study	5028	4504	1.20%
Feb. 2021 study	3018	2710	1.64%
Oct. 2020 study	3016	2635	1.64%
June 2020 study	4989	4462	1.20%
February 2020 study	1013	919	3.00%
June 2018 study	5067	N/A	1.19%
June 2017 study	5218	N/A	1.17%

[1] The Seymour Financial Resilience Index ® has a pre-pandemic baseline of February 2020 and builds on over seven years of longitudinal financial well-being studies data for Canada.
[2] The Financial Well-Being studies data is based on online survey data with survey respondent recruitment through the Angus Reid Forum, Canada's most engaged and respected online panel. All survey design and analysis are conducted by Financial Resilience Institute. The study has a representative sample of the population by household income, age, province and gender.

As a non-profit organization and leading independent authority on financial well-being in Canada we're dedicated to improving financial health, resilience and well-being for all

Financial Resilience Institute

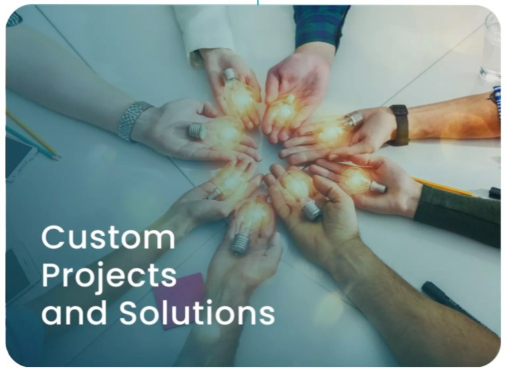
Improving Financial Resilience for All

We partner with financial institutions, business leaders, and policymakers to develop and implement solutions that Improve financial resilience, health and well-being for all.

Financial services innovation, public policy and programs work best when rooted in data and facts.

Our research, impact measurement, and cross-sector collaboration spark solutions in programs and practice.

We're working to help expand opportunities for people, small businesses and communities and improve financial resilience for all.



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