

# The Financial State of Canadians

Peter Miron, SVP Innovation

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Catherine Pearson, SVP & Practice Leader,  
Finance & Insurance

# Today's Presenters



Peter Miron

SVP, Innovation



Karin Martin

VP, Data Development



Catherine Pearson

SVP & Practice Leader,  
Finance & Insurance

# Webinar Agenda

- The financial state of the nation
  - Entering 2020
  - The first half of 2020
- Using WealthScapes and WealthTrends to Identify Your Opportunities

# Coming Up

Canadians enter 2020 in great financial shape...

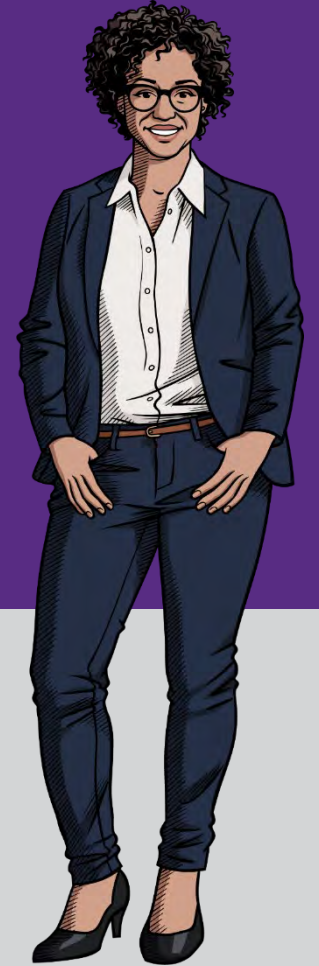
- Average Canadian Net Worth up 5.6%
- Liquid assets up 9.1%
- Quebec had a very good 2019
- Real estate varied across Canada
- Ontario catching up to British Columbia

# Coming Up

...the pandemic has changed Canadian's priorities

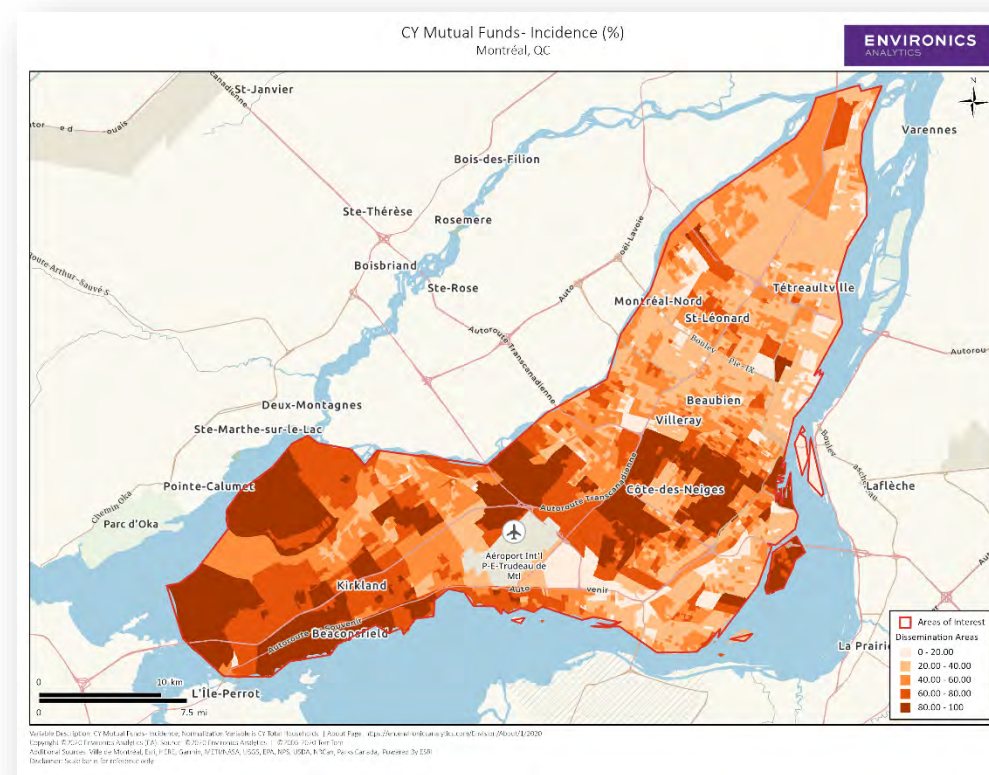
- Debt down
- Real estate up
- Liquid assets recovering
- Toronto and Montreal doing well
- Alberta, Saskatchewan and Newfoundland facing headwinds

# State of the Nation: WealthScapes 2020



# What is it?

- WealthScapes is the most comprehensive database available on the assets, liabilities and income levels of Canadians
- Built using sophisticated modelling techniques and controlled with data from authoritative sources such as the Bank of Canada, Canada Revenue Agency, Ipsos, Teranet-National Bank, Equifax and Statistics Canada
- Features 171 key financial and investment statistics showing market share and share of wallet
- Helps financial institutions, charitable organizations and large retailers gain a better understanding of the financial and investment behaviour of their customers



# Updates for WealthScapes 2020

- Incorporation of most recent Survey of Financial Security micro data
- Revisions and improvements to:
  - Primary and Secondary Mortgage balances
  - Primary and Secondary Mortgage incidence variables
- And one more thing...



**WealthScapes**



# Introducing... WealthTrends



**WealthScapes**

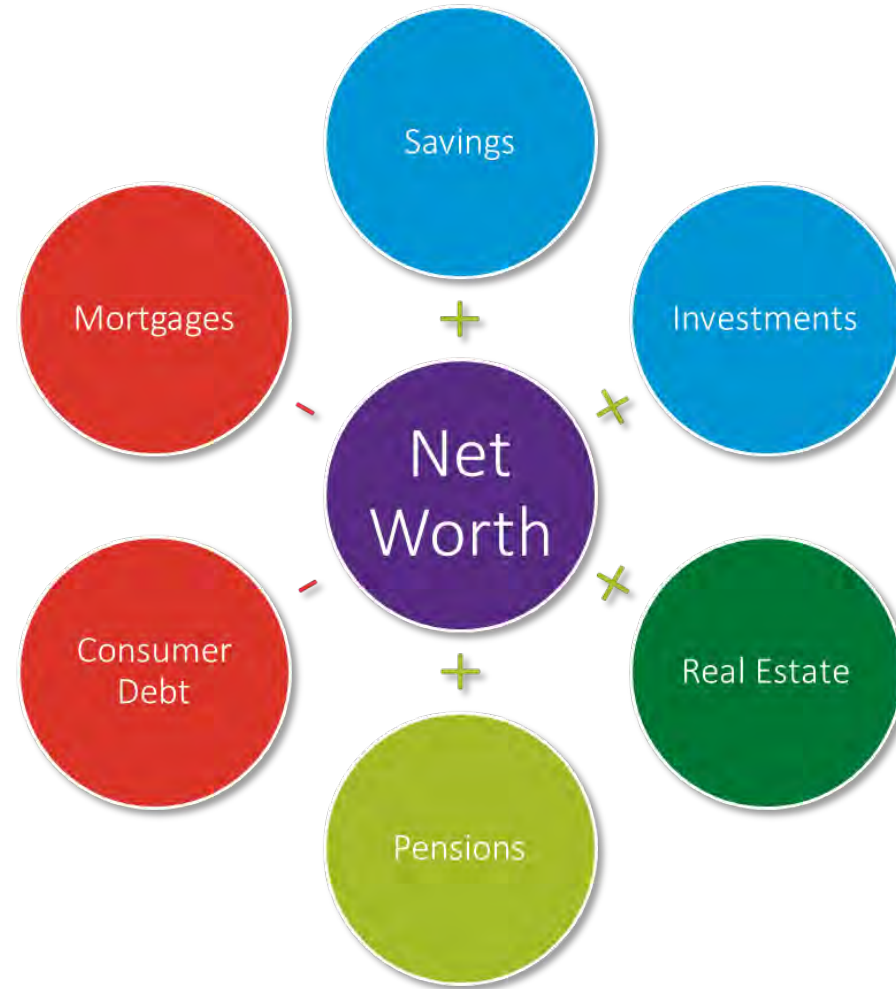


**WealthTrends**

Quarterly updates of **key statistics** from WealthScapes at the neighbourhood level to understand the effects of the pandemic and beyond...

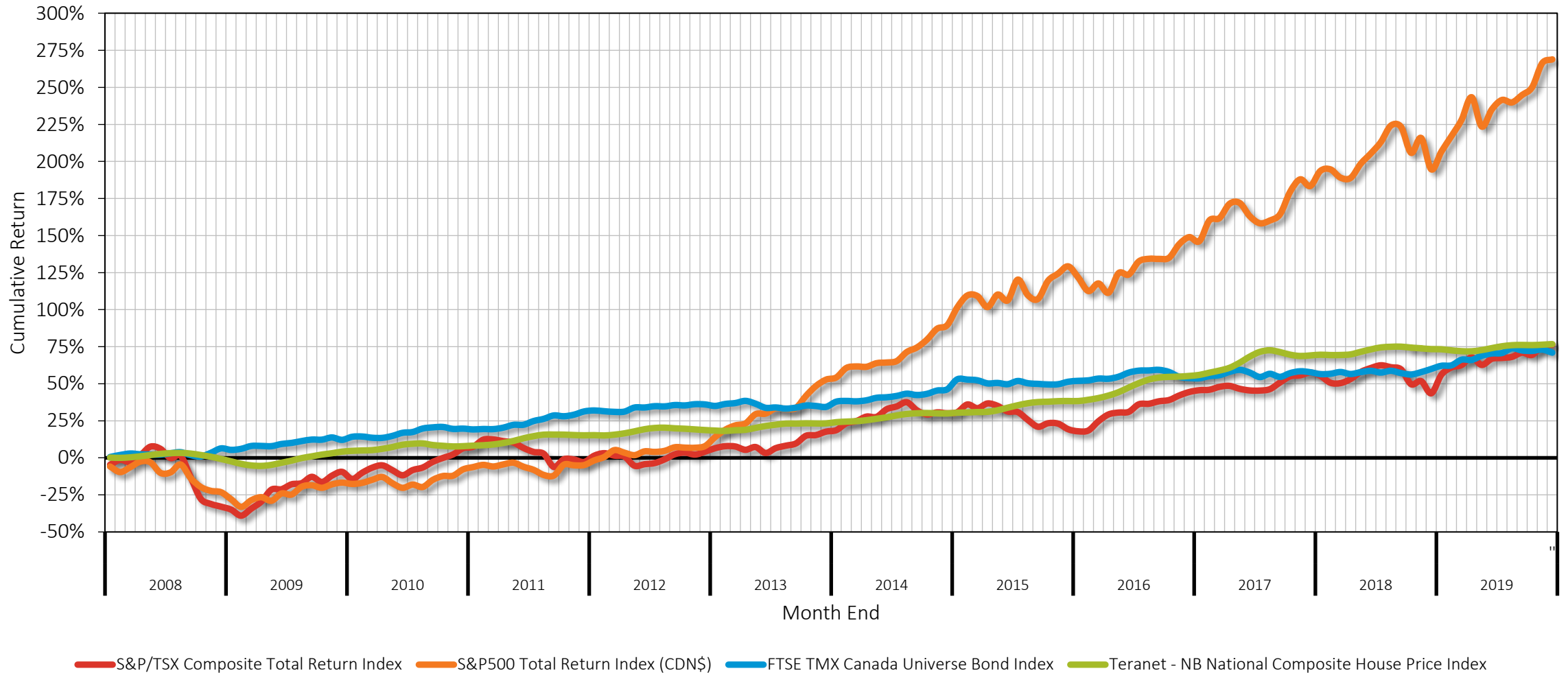
# Six Dimensions of Household Wealth

A 360° View of Household Finances



# Economic Climate

## Asset Trends



# 2019 Market Changes

Δ Real Estate



1.9%

Δ TSX



22.9%

Δ Bonds



6.8%

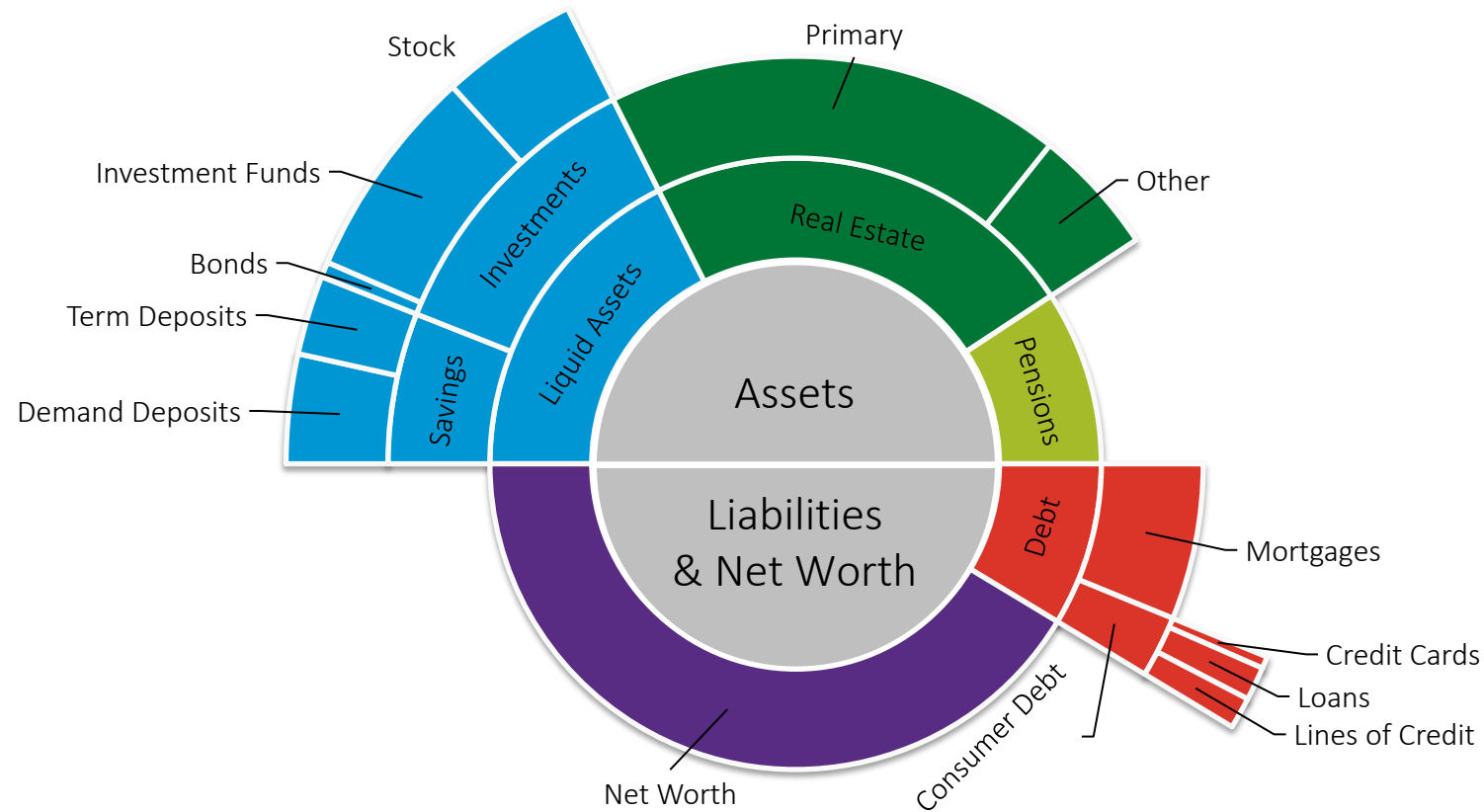
Δ S&P



25.2%

# Six Dimensions of Household Wealth

Canadian Household Assets, Debts and Net Worth



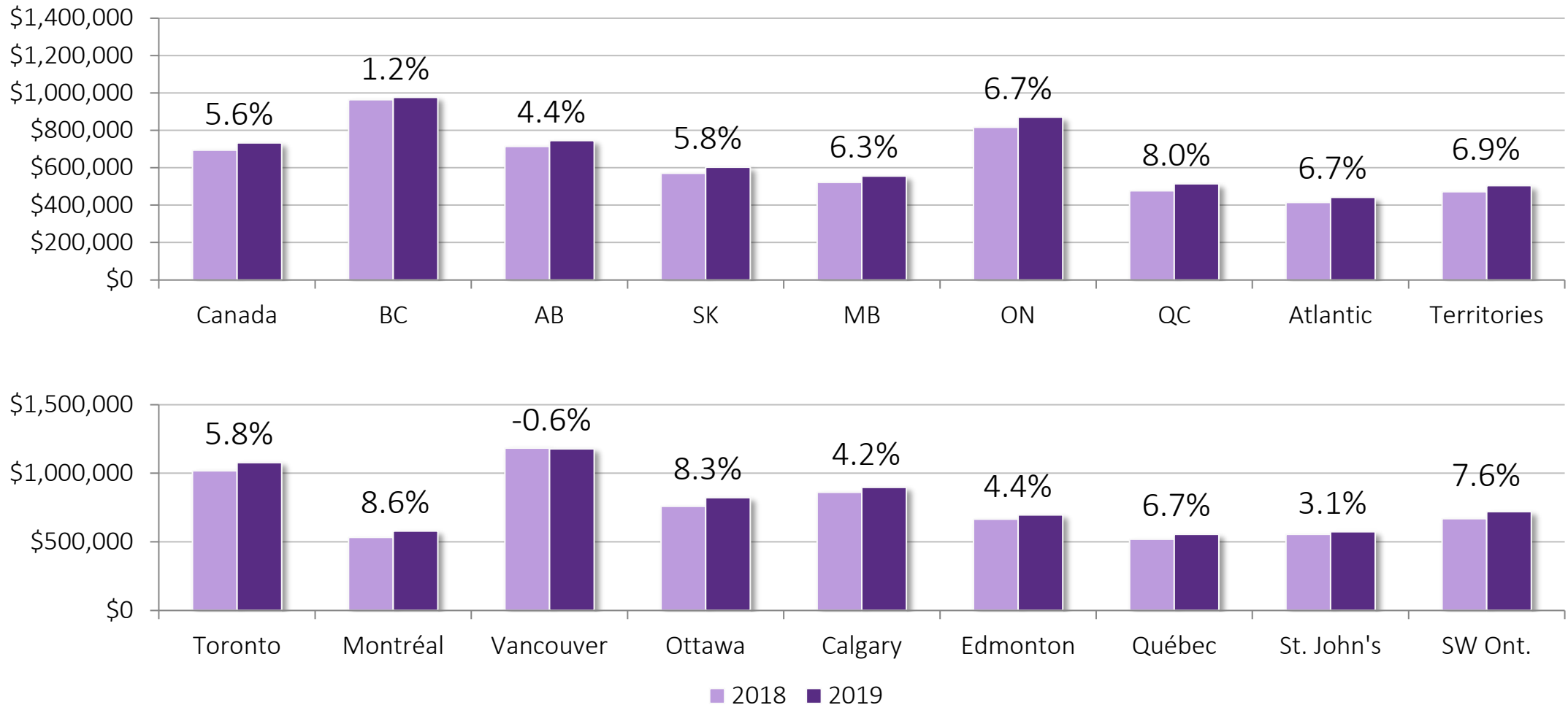
# Canada at a Glance

## Canadian Average Value and Growth Rates per Household

	2019	Growth		2019	Growth
<b>Liquid Assets</b>	<b>\$312,131</b>	<b>▲ 9.1%</b>	<b>Consumer Debts</b>	<b>\$43,336</b>	<b>▲ 1.8%</b>
Savings	\$106,084	▲ 5.2%	Credit Cards	\$6,735	▲ 1.4%
Demand Deposits	\$61,464	▲ 4.2%	Lines of Credit	\$17,695	▼ -1.6%
Term Deposits	\$44,620	▲ 6.5%	Secured Lines of Credit	\$13,413	▼ -1.6%
Investments	\$206,047	▲ 11.3%	Unsecured Lines of Credit	\$4,283	▼ -1.7%
Bonds	\$8,575	▲ 0.5%	Loans	\$18,906	▲ 5.3%
Investment Funds	\$120,220	▲ 9.1%	<b>Mortgage Debt</b>	<b>\$109,693</b>	<b>▲ 3.9%</b>
Segregated Funds	\$15,287	▲ 8.1%			
Mutual Funds	\$104,933	▲ 9.3%	<b>Net Worth</b>	<b>\$733,154</b>	<b>▲ 5.6%</b>
Stock	\$77,252	▲ 16.3%			
<b>Real Estate</b>	<b>\$409,996</b>	<b>▲ 1.2%</b>			
Primary Real Estate	\$320,976	▲ 1.2%			
Other Real Estate	\$89,020	▲ 1.2%			
<b>Employer Pension Plans</b>	<b>\$164,055</b>	<b>▲ 8.5%</b>			

# Off to a Good Start

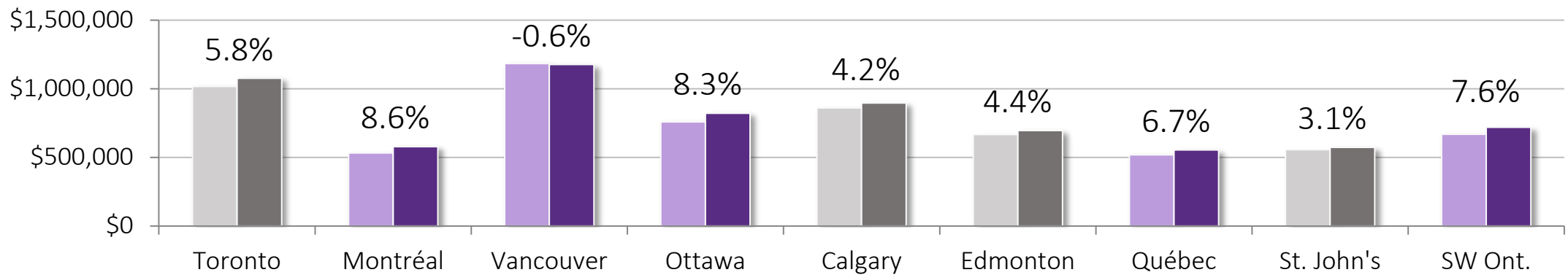
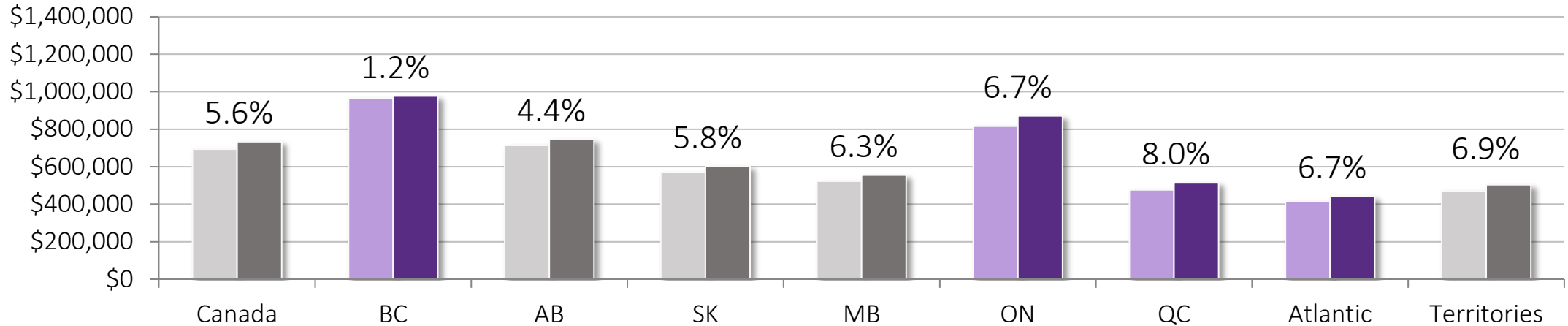
## Net Worth per Household



Southwestern Ontario is defined as the five CMAs of Hamilton, London, Kitchener - Cambridge - Waterloo, St. Catharines - Niagara, and Windsor

# Off to a Good Start

## Net Worth per Household



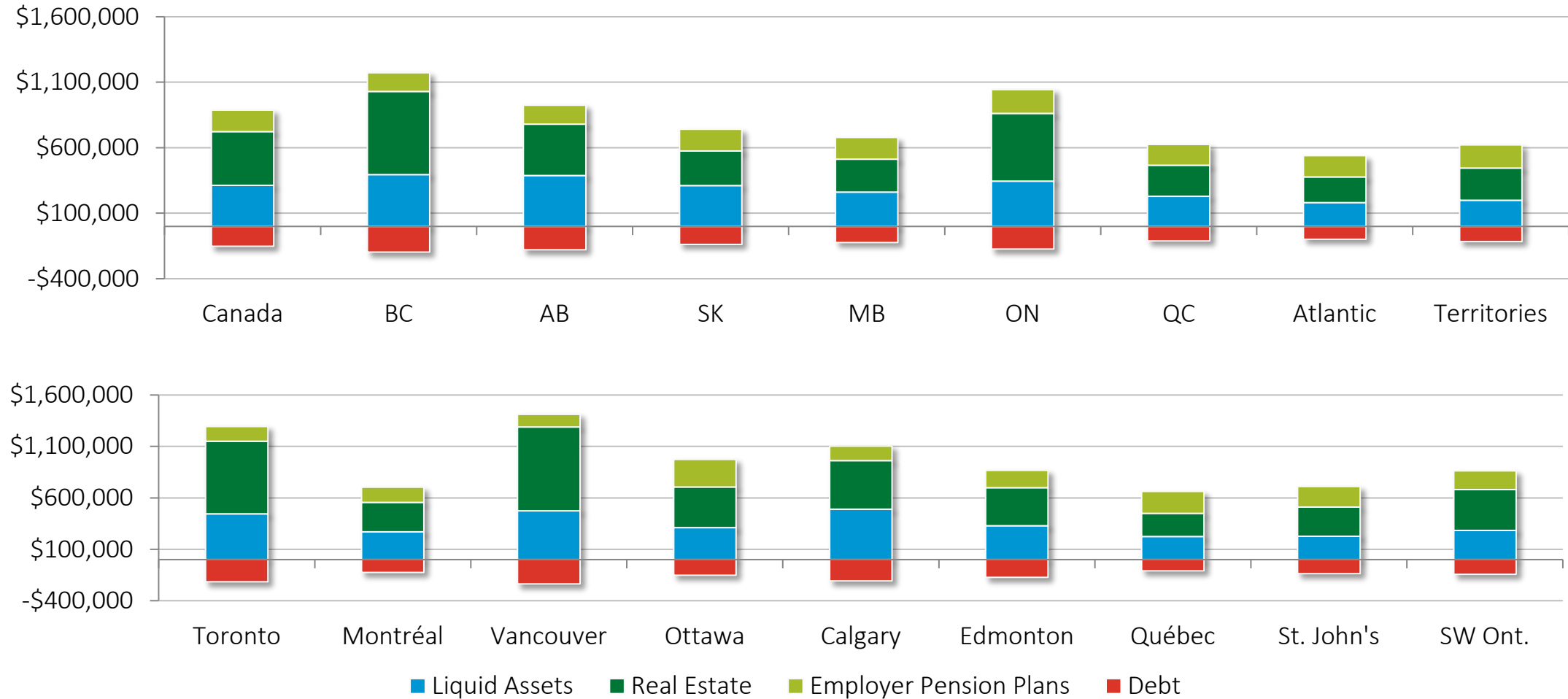
■ 2018 ■ 2019

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# Differing Wealth Concentrations

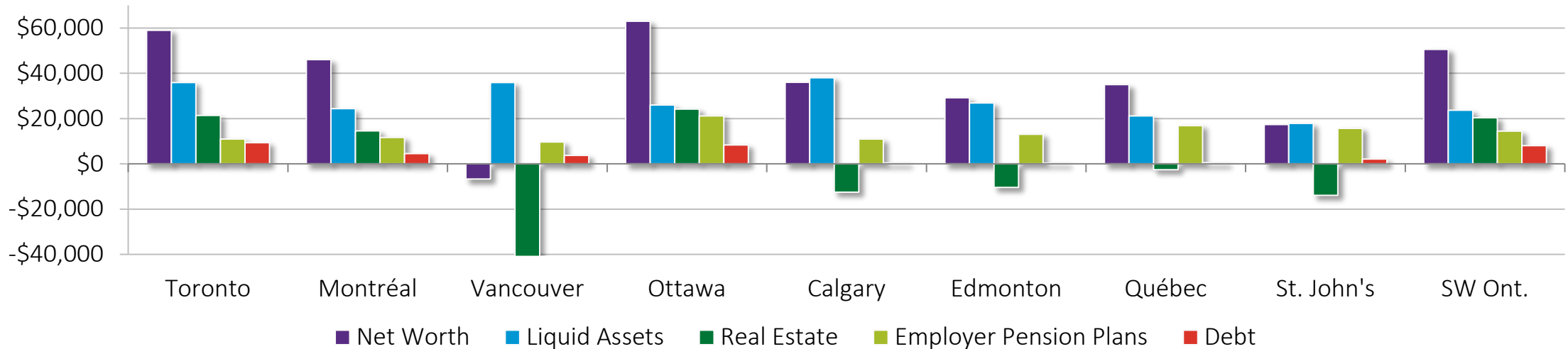
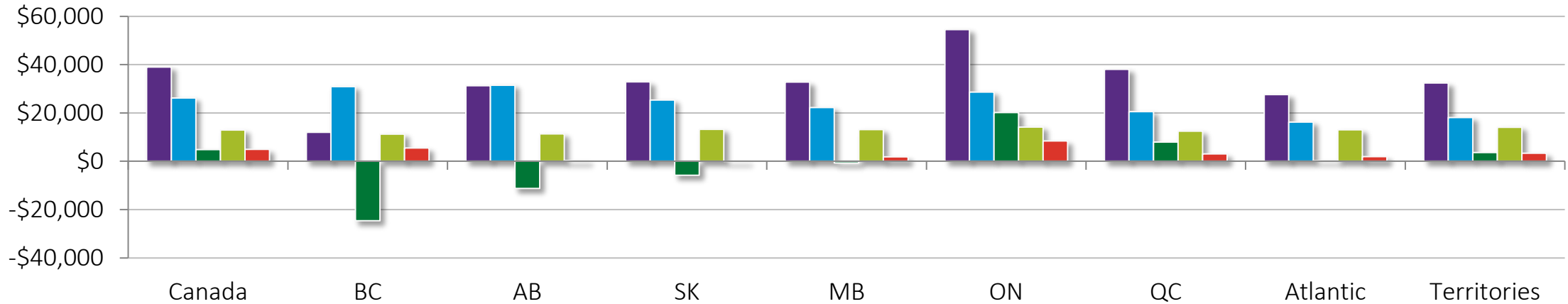
## Net Worth Components per Household



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# A Good Year in Central Canada

## Net Worth and Component Change per Household, 2018 to 2019

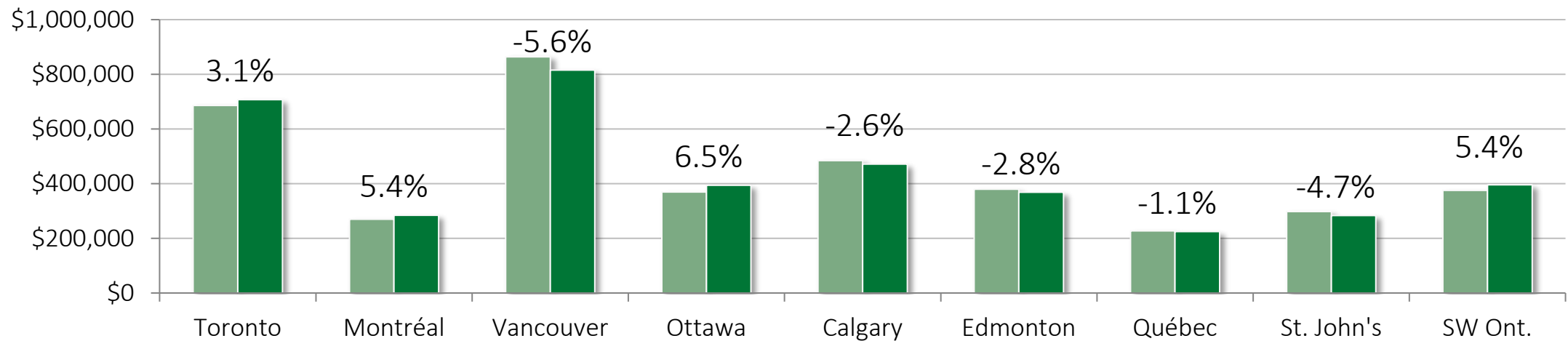
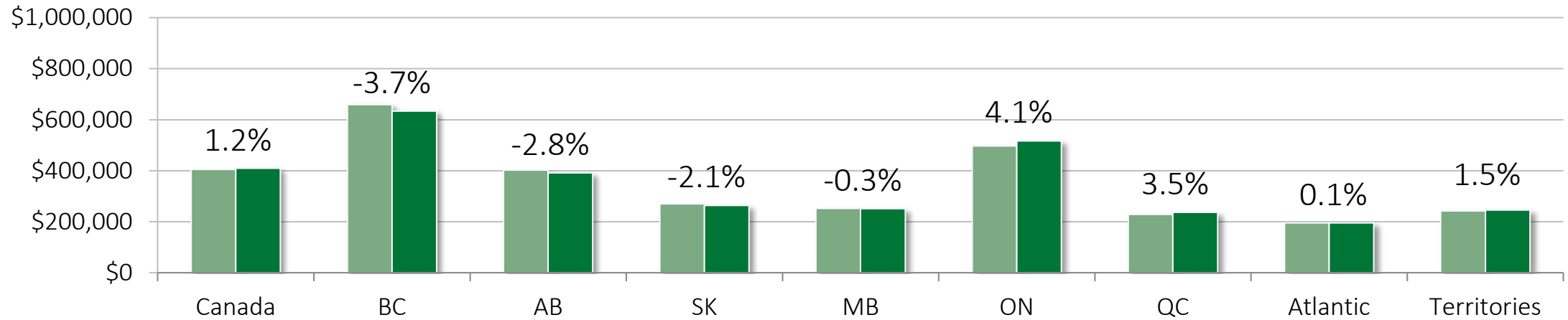


■ Net Worth   
 ■ Liquid Assets   
 ■ Real Estate   
 ■ Employer Pension Plans   
 ■ Debt

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# Variable Real Estate Market

## Real Estate Value Per Holding Household

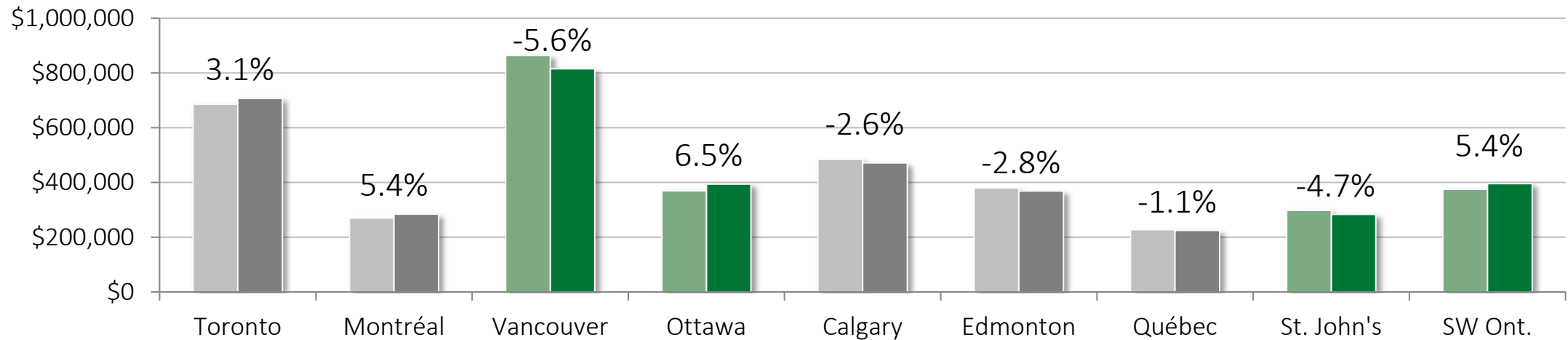
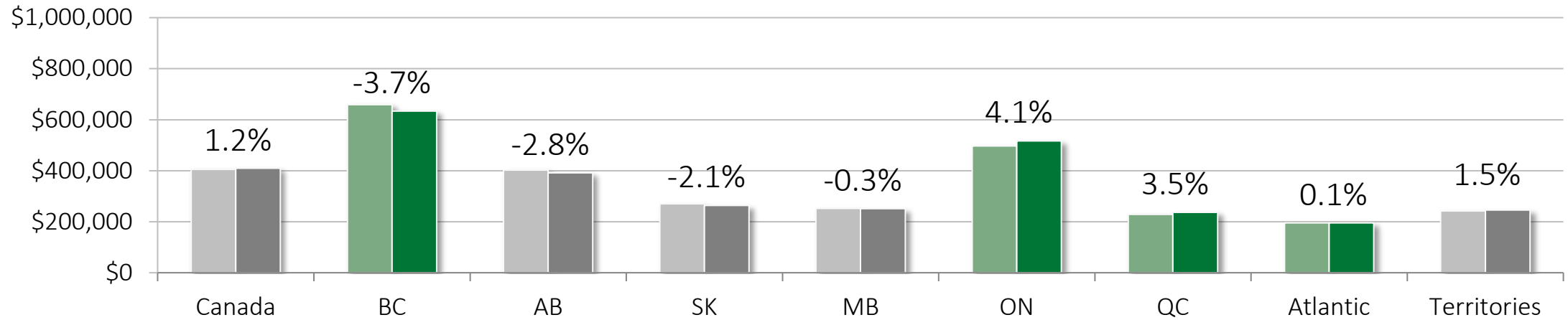


■ 2018 ■ 2019

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# Variable Real Estate Market

## Real Estate Value Per Holding Household

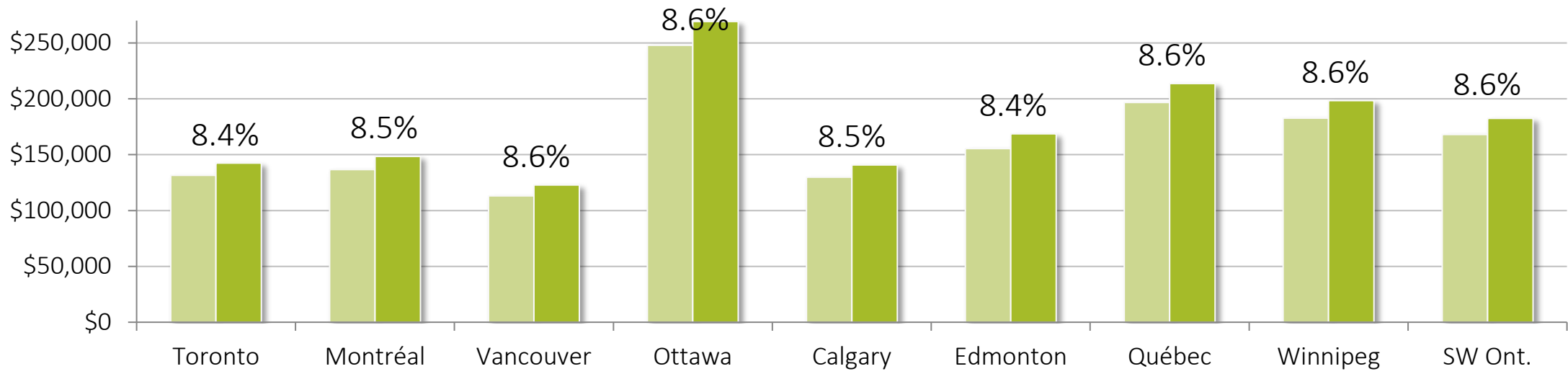
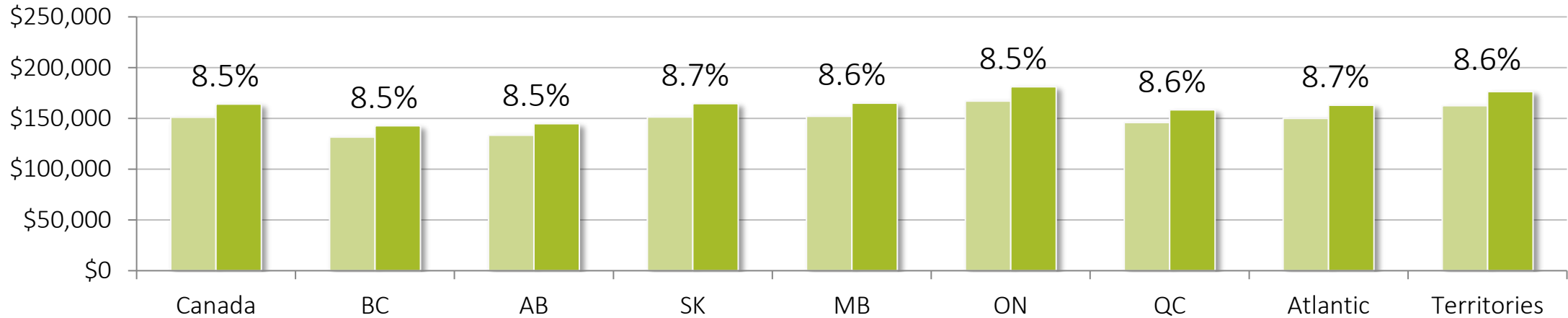


■ 2018 ■ 2019

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# Pensions on the Rise

## Employer Based Pensions per Household

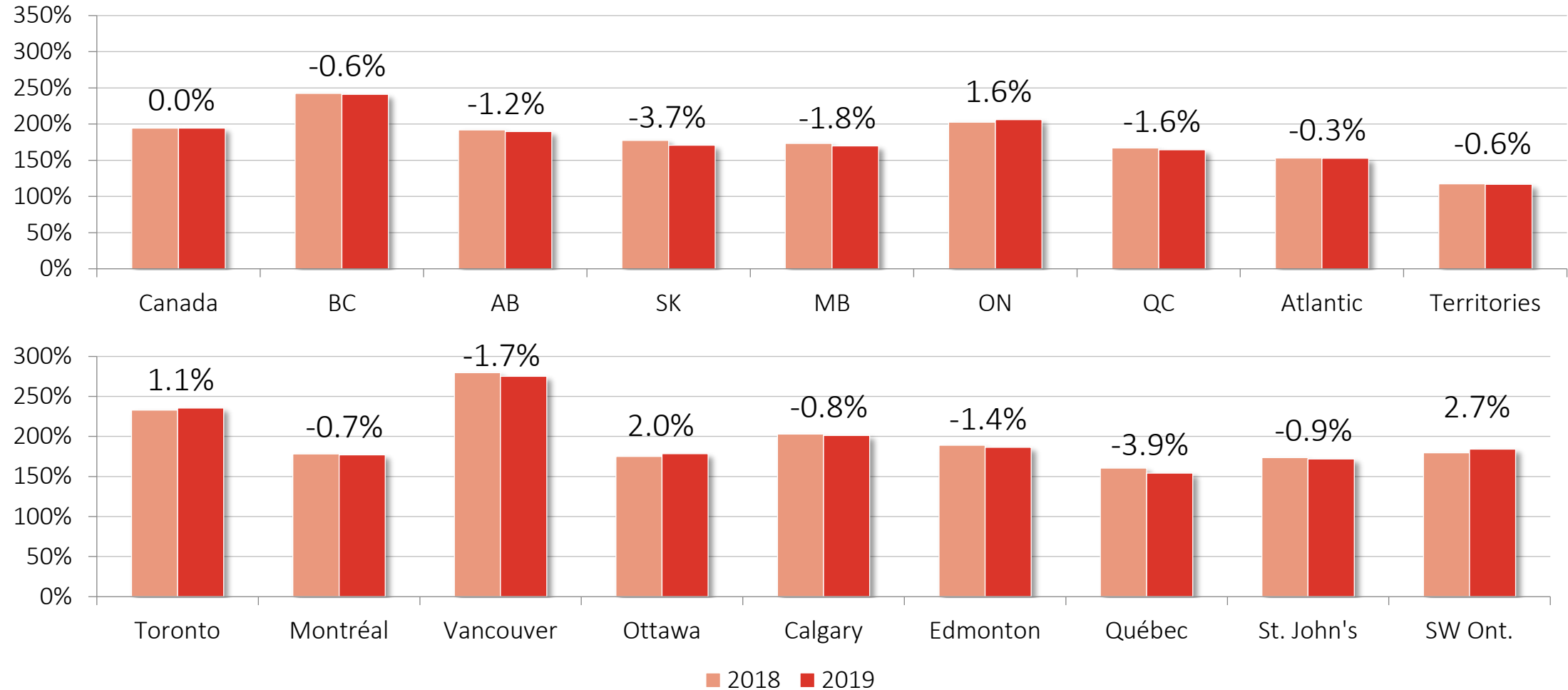


■ 2018 ■ 2019

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# Varying Approaches to Debt

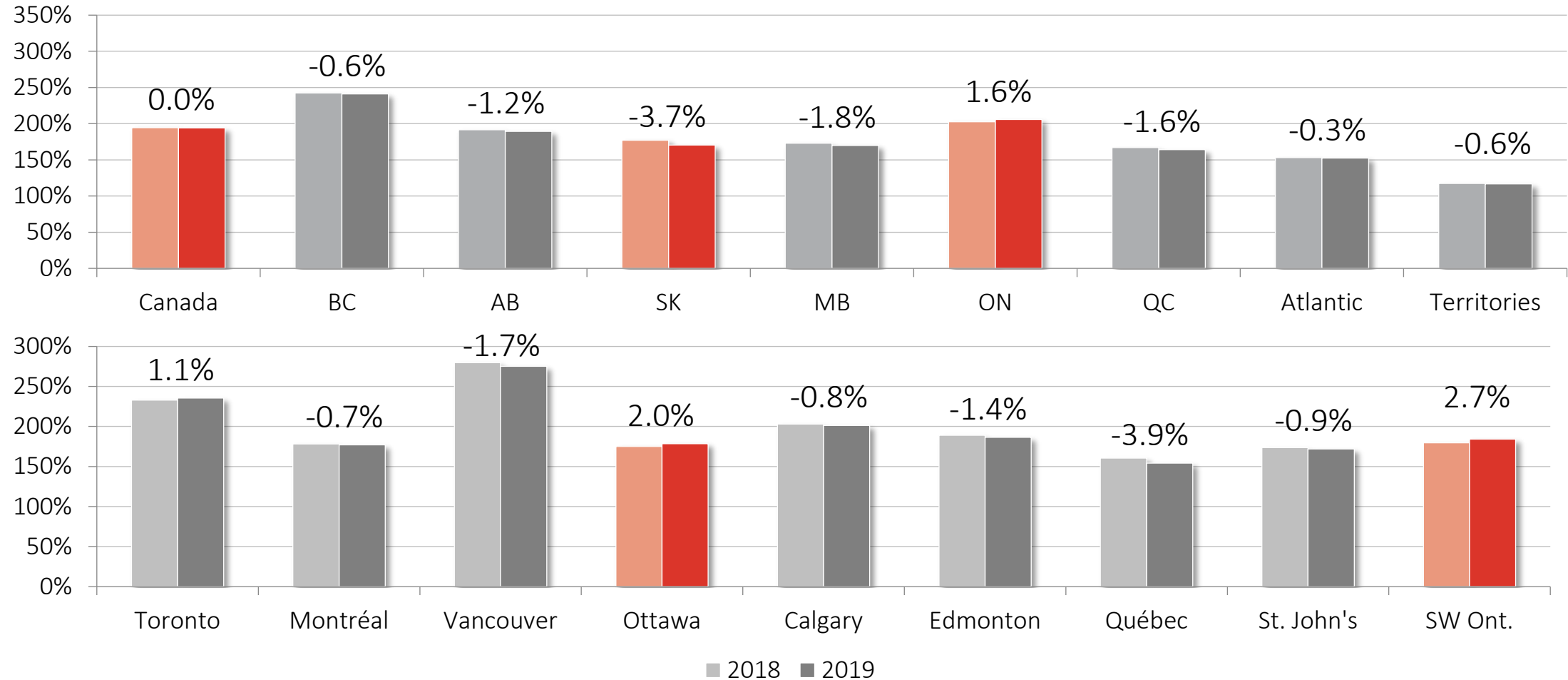
## Debt to Disposable Income



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# Varying Approaches to Debt

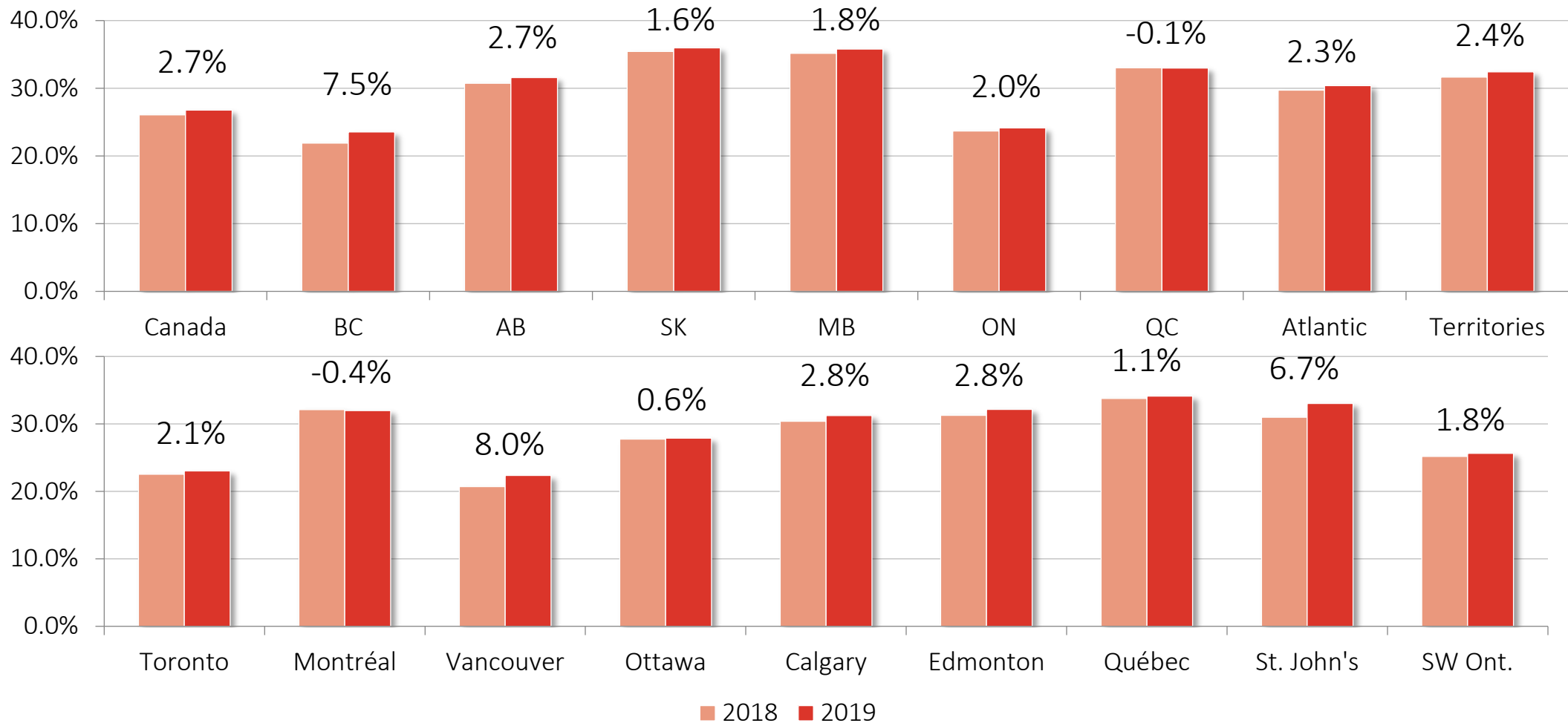
## Debt to Disposable Income



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# Mortgages Grew Faster than Real Estate

## Mortgage to Real Estate Value

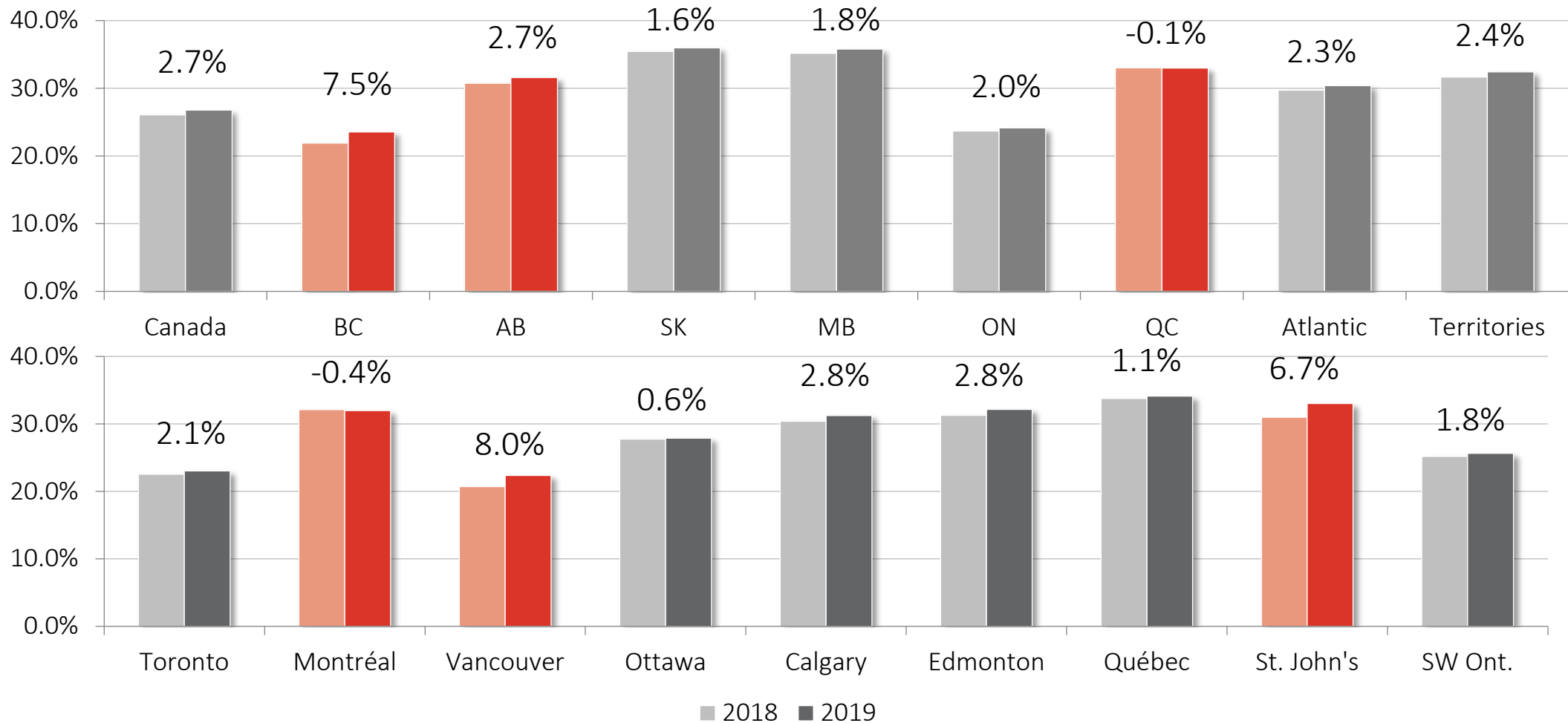


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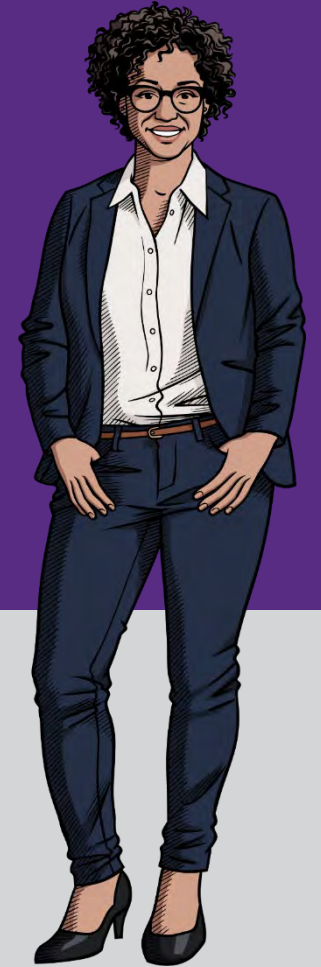
# Mortgages Grew Faster than Real Estate

## Mortgage to Real Estate Value



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# State of Nation WealthTrends 2020



# WealthTrends 2020

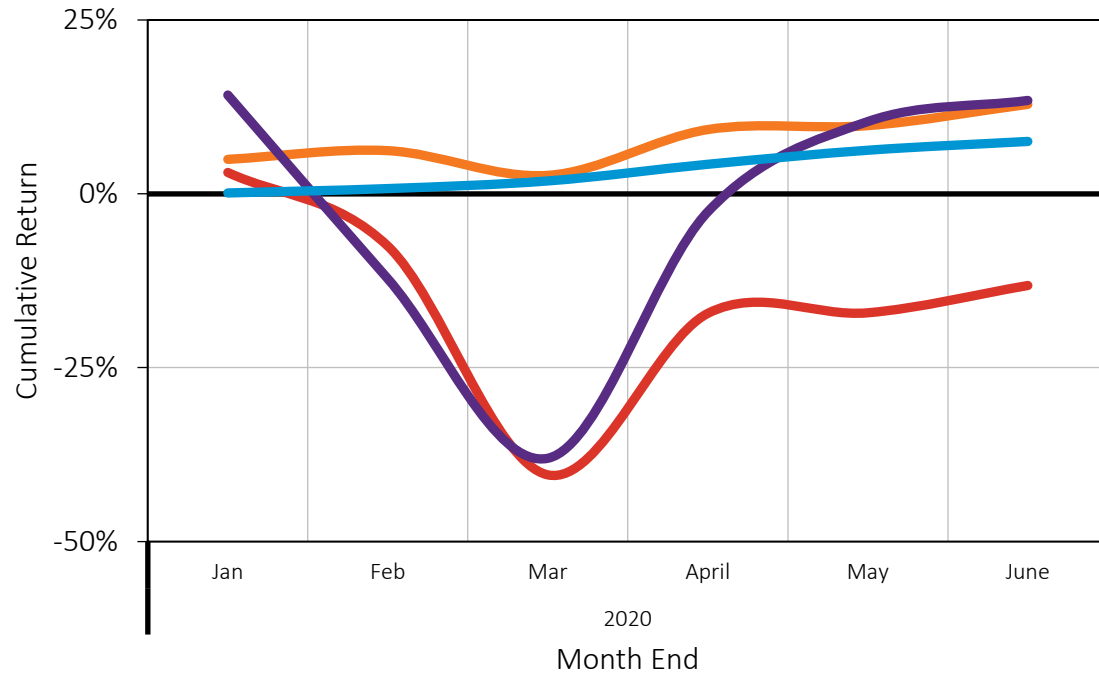
## Product Summary

- WealthTrends is part of our recovery suite of products providing a more recent economic and financial status update for Canadian dissemination areas.
- Quarterly updates are provided for key WealthScapes and Employment Rate variables.
- These quarterly estimates are modelled using key inputs and control totals from Equifax, Teranet, Canadian Financial Monitor, Bank of Canada, Labour Force Survey and National Economic Accounts.
- WealthTrends can be used by financial institutions, retailers and governments to adjust strategies to reflect recent economic conditions.



# Economic Climate

## Asset Trends



- S&P/TSX Composite Total Return Index
- FTSE TMX Canada Universe Bond Index
- S&P500 Total Return Index (CDN\$)
- Teranet - NB National Composite House Price Index

Δ Real Estate

↑ 4.2%

Δ TSX

↓ 9.1%

Δ Bond

↑ 4.5%

Δ S&P

↓ 0.2%

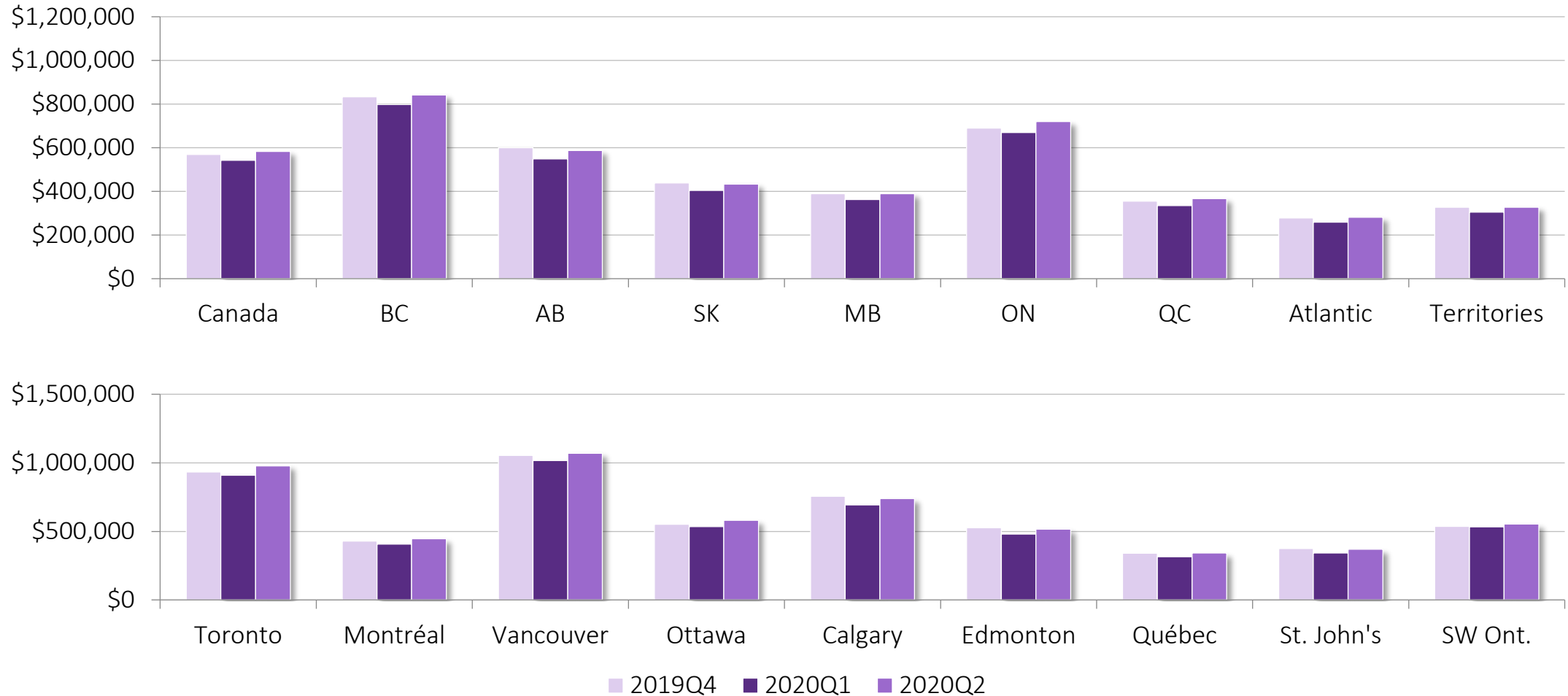
# Canada at a Glance

## Canadian Average Value and Growth Rates per Household

	2020Q1	Growth, Q4 to Q1	2020Q2	Growth, Q1 to Q2
Liquid Assets	\$282,893 ▼	-9.4%	\$309,725 ▲	9.5%
Savings	\$108,647 ▲	2.4%	\$114,684 ▲	5.6%
Demand Deposits	\$64,159 ▲	4.4%	\$68,756 ▲	7.2%
Term Deposits	\$44,488 ▼	-0.3%	\$45,928 ▲	3.2%
Investments	\$174,246 ▼	-15.4%	\$195,041 ▲	11.9%
Bonds	\$8,603 ▲	0.3%	\$8,593 ▼	-0.1%
Investment Funds	\$107,088 ▼	-10.9%	\$116,899 ▲	9.2%
Stock	\$58,554 ▼	-24.2%	\$69,549 ▲	18.8%
Real Estate	\$414,294 ▲	1.0%	\$427,496 ▲	3.2%
Consumer Debts	\$43,183 ▼	-0.4%	\$41,240 ▼	-4.5%
Credit Cards	\$6,435 ▼	-4.5%	\$5,675 ▼	-11.8%
Lines of Credit	\$18,301 ▲	3.4%	\$17,611 ▼	-3.8%
Loans	\$18,446 ▼	-2.4%	\$17,954 ▼	-2.7%
Mortgage Debt	\$111,437 ▲	1.6%	\$113,398 ▲	1.8%
<b>Net Worth (Excluding Pensions)</b>	<b>\$542,568 ▼</b>	<b>-4.7%</b>	<b>\$582,582 ▲</b>	<b>7.4%</b>

# Canada in the Face of a Pandemic

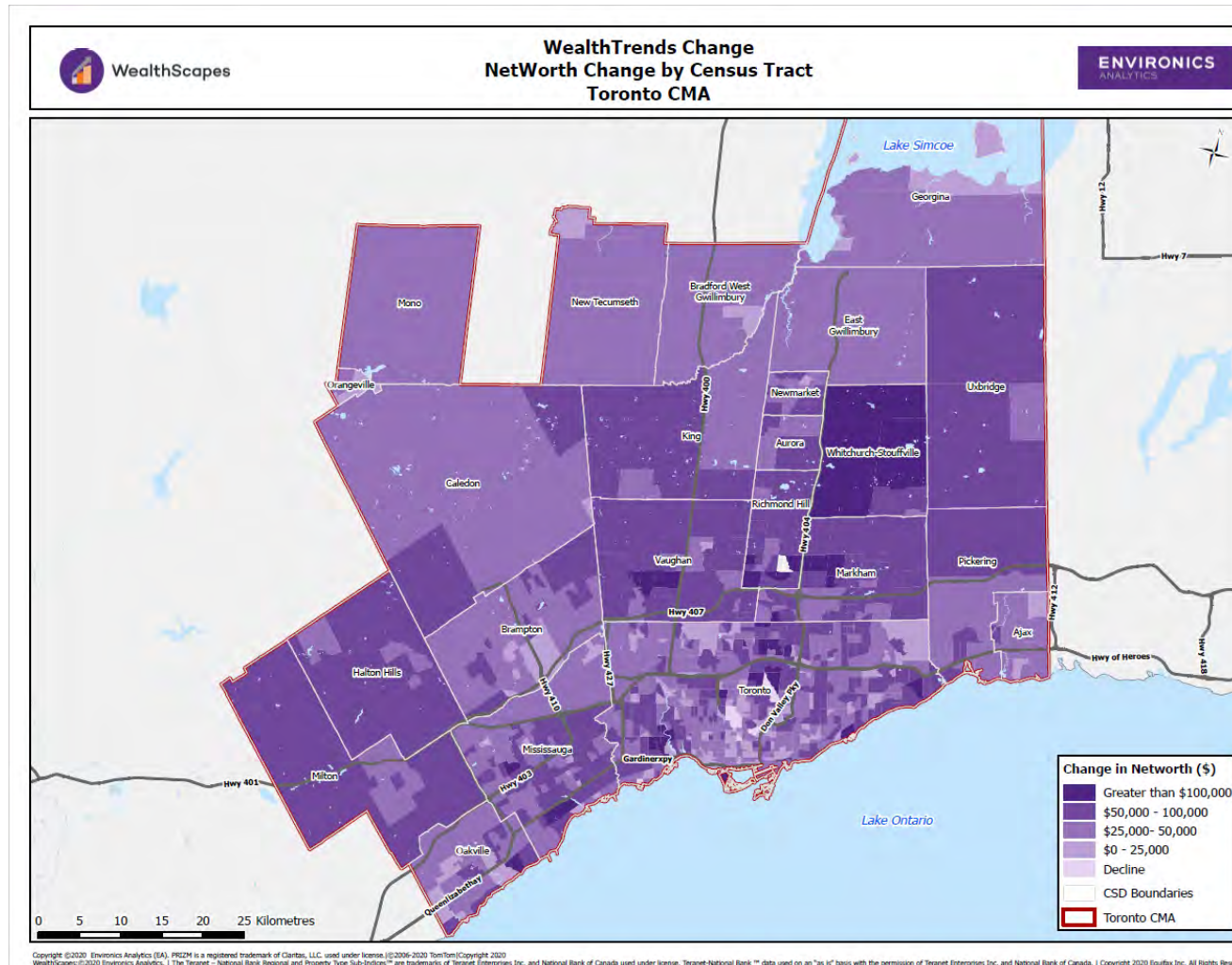
## Net Worth per Household



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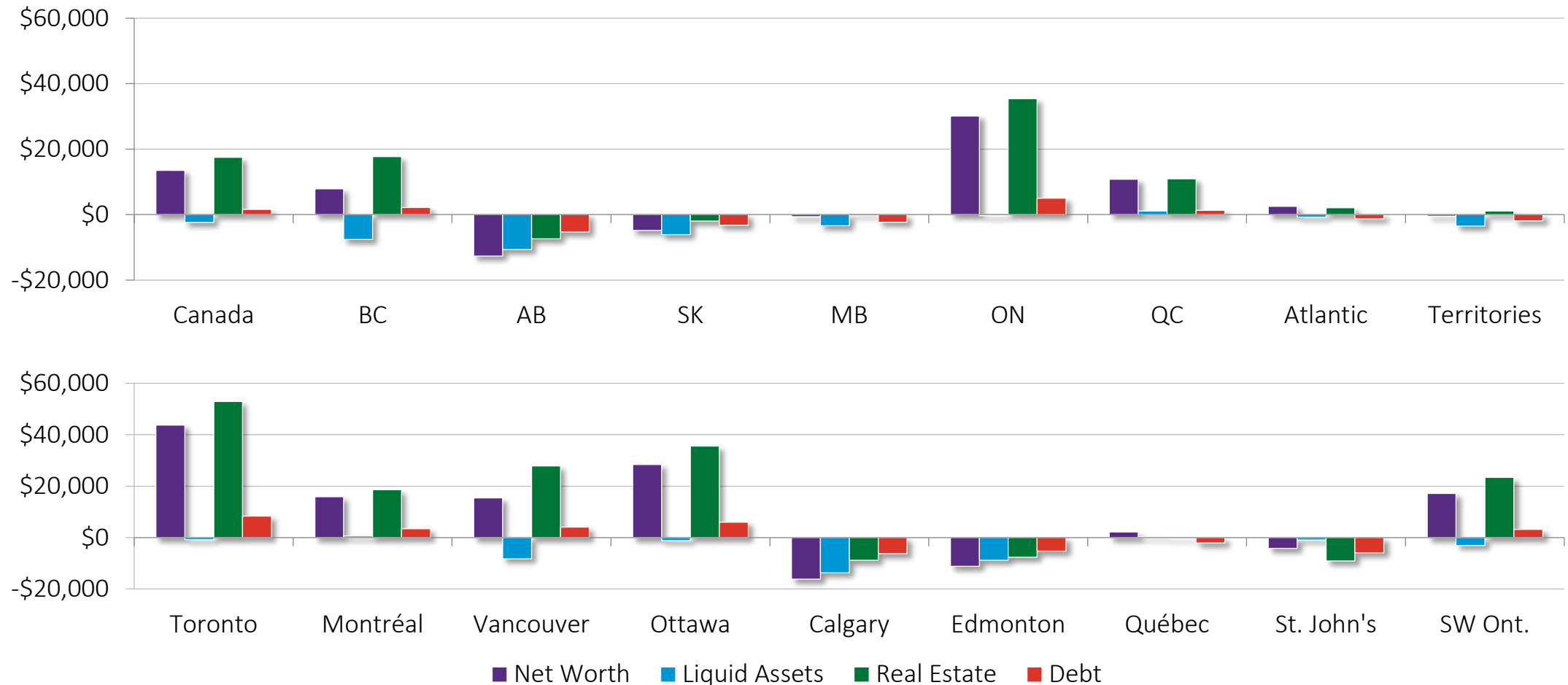
# Canada in the Face of a Pandemic

## Change in Net Worth from Beginning of 2020 to Mid Year



# Canada in the Face of a Pandemic

## Net Worth and Component Change, Beginning of 2020 to Mid Year

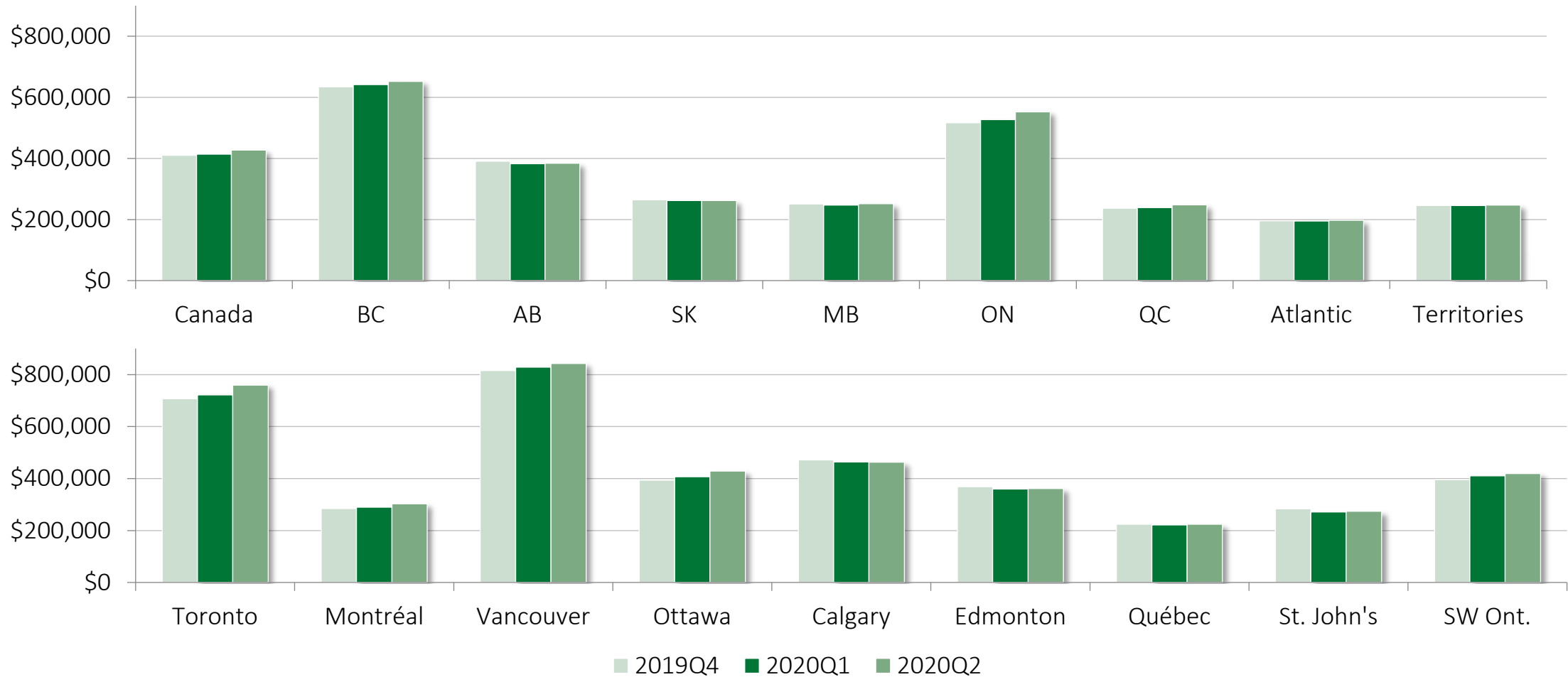


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# Real Estate Market

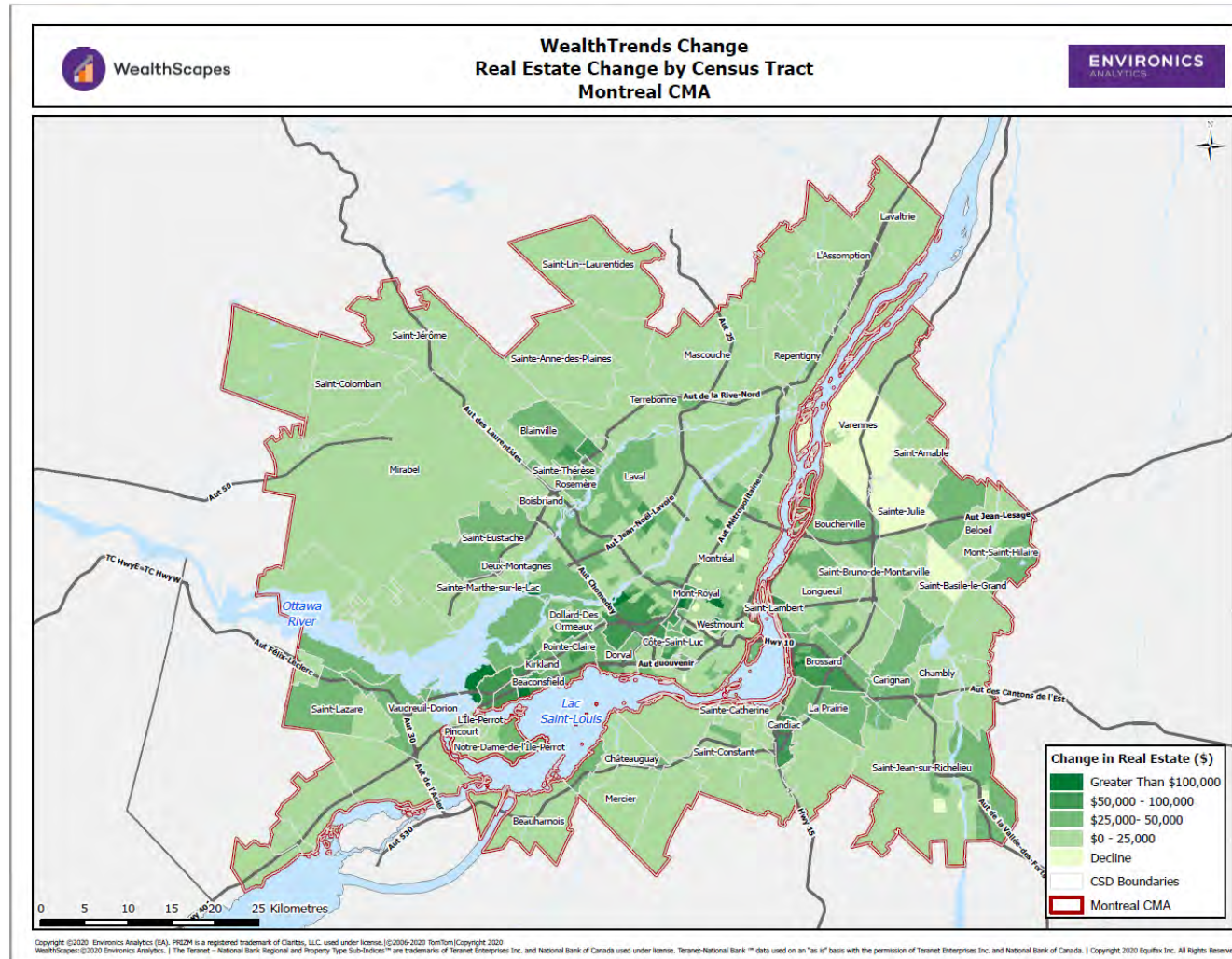
## Real Estate Value per Holding Household



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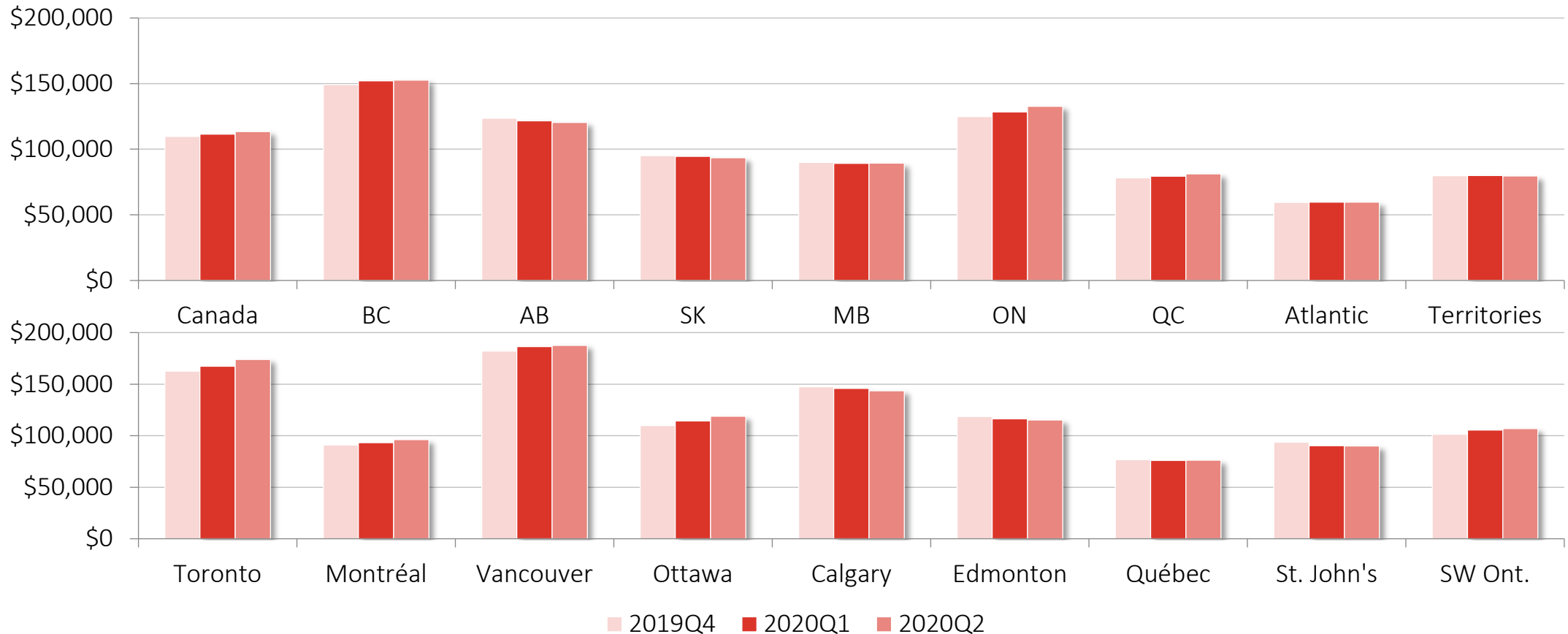
# Real Estate Market

## Change in Average Real Estate Values from Beginning of 2020 to Mid Year



# Mortgages Values Tracking Real Estate

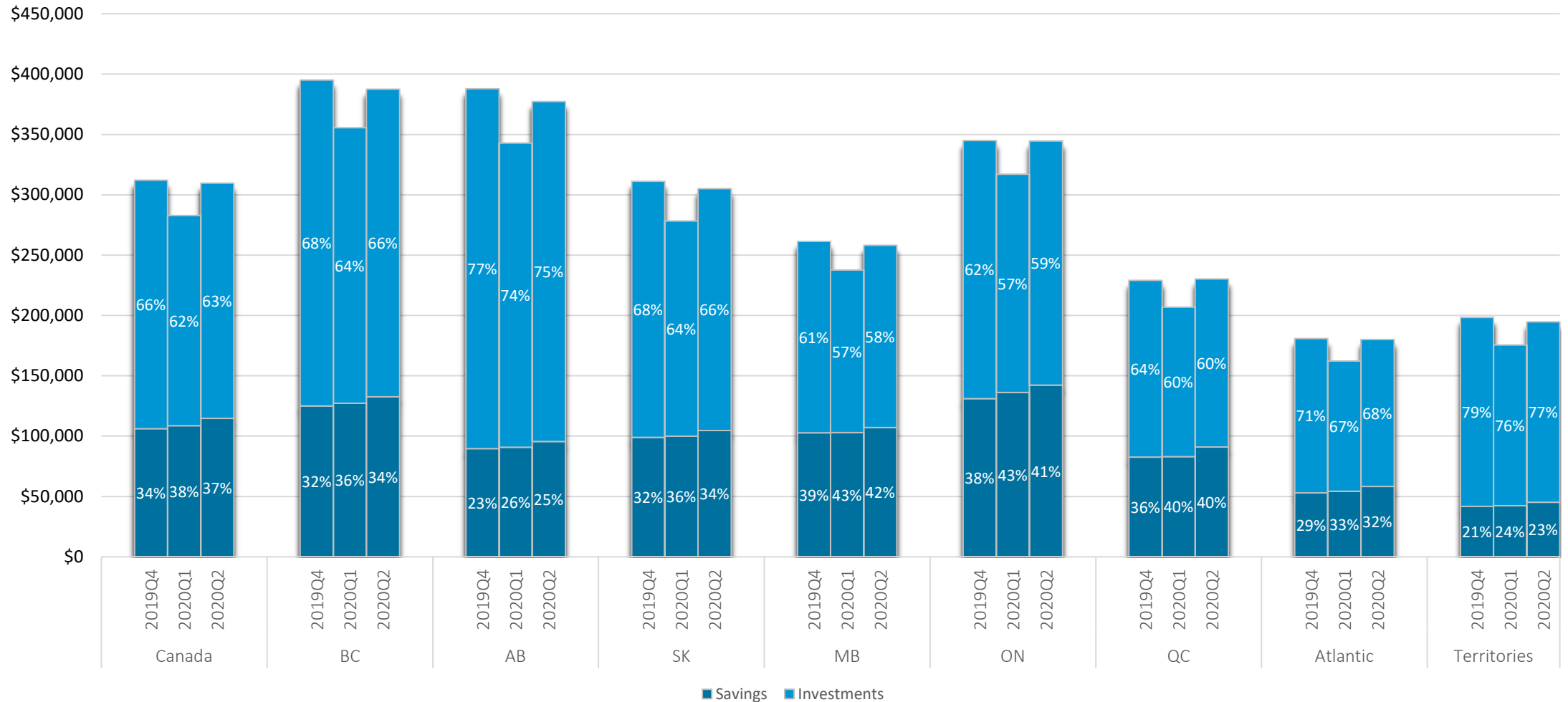
## Mortgage Value per Holding Household



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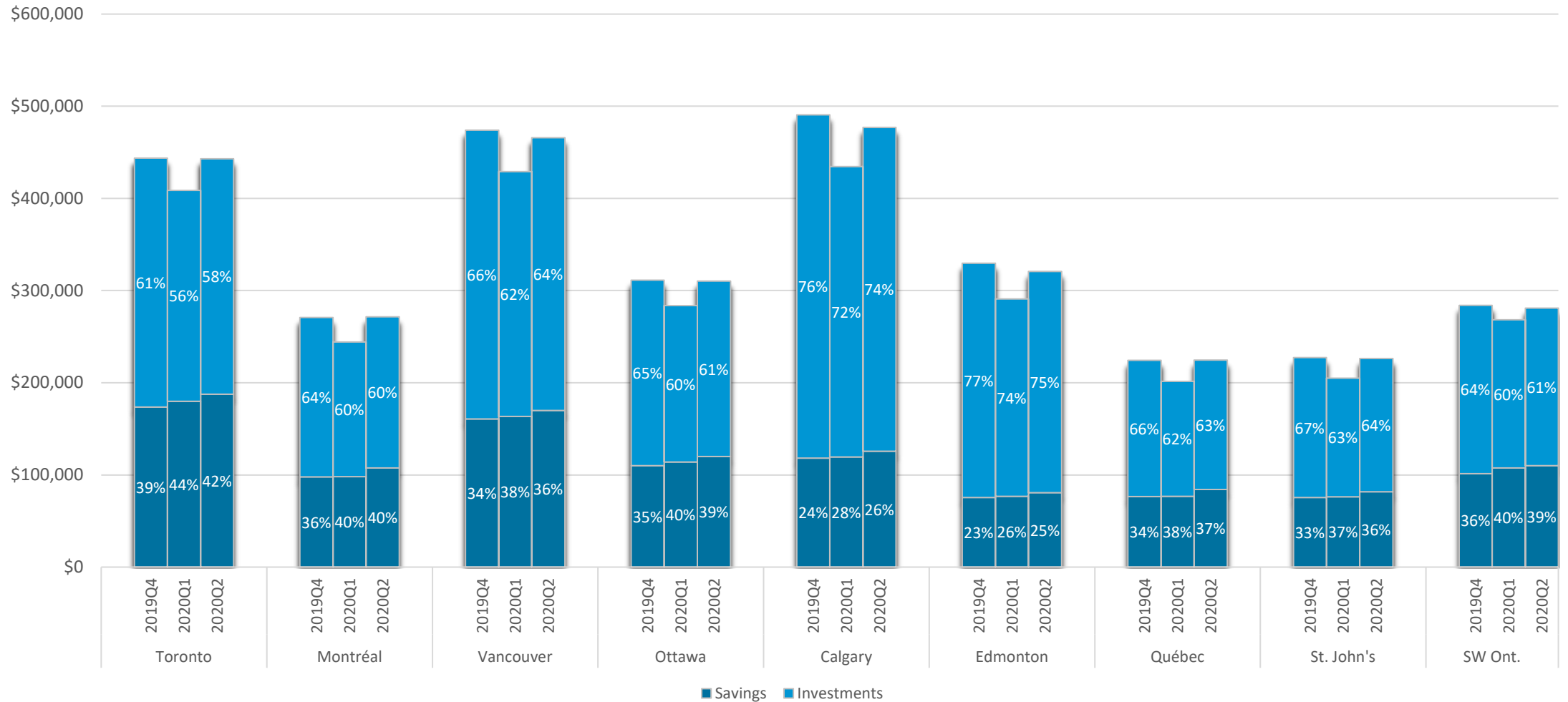
# Savings on the Rise

## Liquid Assets per Household



# Savings on the Rise

## Liquid Assets per Household



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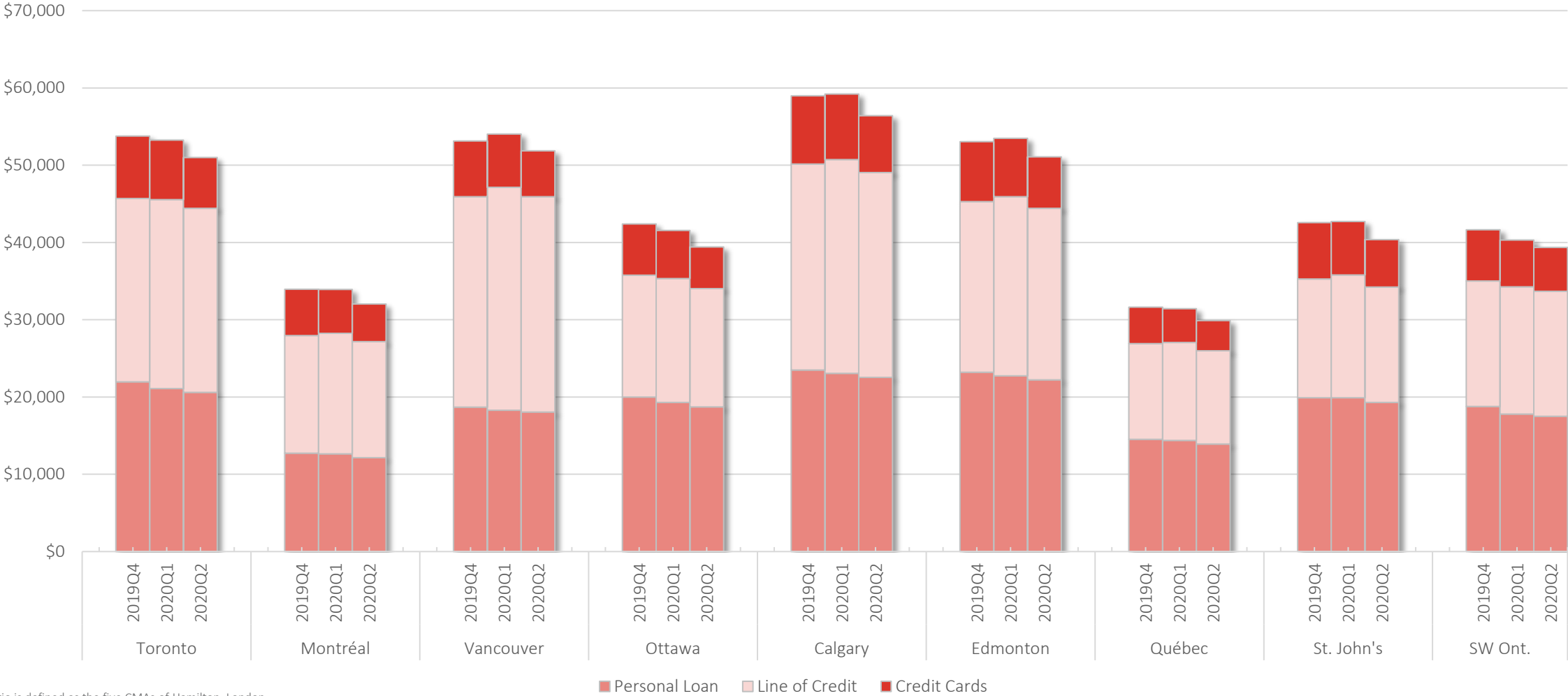
# A Chance to Pay Down Debt

## Consumer Debt per Household



# A Chance to Pay Down Debt

## Consumer Debt per Household



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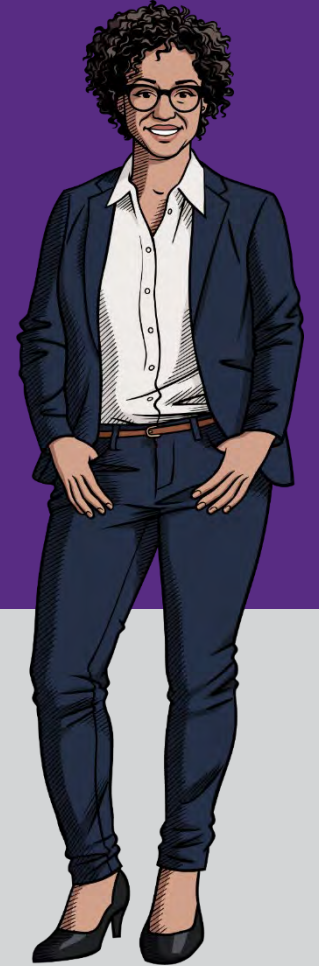
■ Personal Loan ■ Line of Credit ■ Credit Cards

# In summary

- 2019 was a good year for Canadian's
  - Rebound of the equity and fixed income market contributed to a overall increase in average net worth
- The start of the pandemic, and subsequent drop in the market hit took a toll on Canadian Investments
- Real Estate market on the rise
- Canadians began to favour lower risk savings vehicles
- Few opportunities to spend has led to increase in savings
- In a sign of financial prudence, Canadians are paying off their high interest debts



# Using WealthScapes and WealthTrends to Identify Your Opportunities



# Using WealthScapes and WealthTrends to Identify Your Opportunities

# A Scrambling Start to Spring



**778K+** mortgage deferrals  
freeing up **\$1B** cash flow per month



**2.8M** enrolled in CRA  
**direct deposit**



**476K+** credit card deferrals  
CEBA loans approved **750K**

# Canadians are saving and spending less



- **32%** of Canadians who deferred their mortgage have resumed payments
- **16%** decrease in average credit card debt nationally
- **8%** increase in average Canadian's savings



Disruption has caused  
changes in consumer  
behaviour



# FOLLOWING THE MONEY



## Leveraging WealthScapes

- How do you gain more wallet share?
- Who are the customers that are accumulating deposits?
- What areas in my market tends to hold more deposits?
- Who are the customers that are in a position to invest during these times?

# Canada by the Numbers

A map of Canada is shown in the background, color-coded by province/territory. Overlaid on the map are six white callout boxes with black text, each containing a specific statistic. The boxes are positioned as follows: Population (top left), Total Mortgages (center), Total Investments (top right), Debt-to-Asset Ratio (middle right), Total Assets (bottom left), and Average Net Worth (bottom center). The Mortgage-to-Real Estate Ratio box is partially overlapping the bottom right of the map.

Population  
38 MILLION

Total  
Mortgages  
\$1.6 TRILLION

Total  
Investments  
\$1.8 TRILLION

Debt-to-  
Asset Ratio  
0.21

Total Assets  
\$10.7 TRILLION

Average Net  
Worth  
\$569,100

Mortgage-to-  
Real Estate Ratio  
0.27

# Consider Your Business Needs



Retention  
Strategy

**VS**

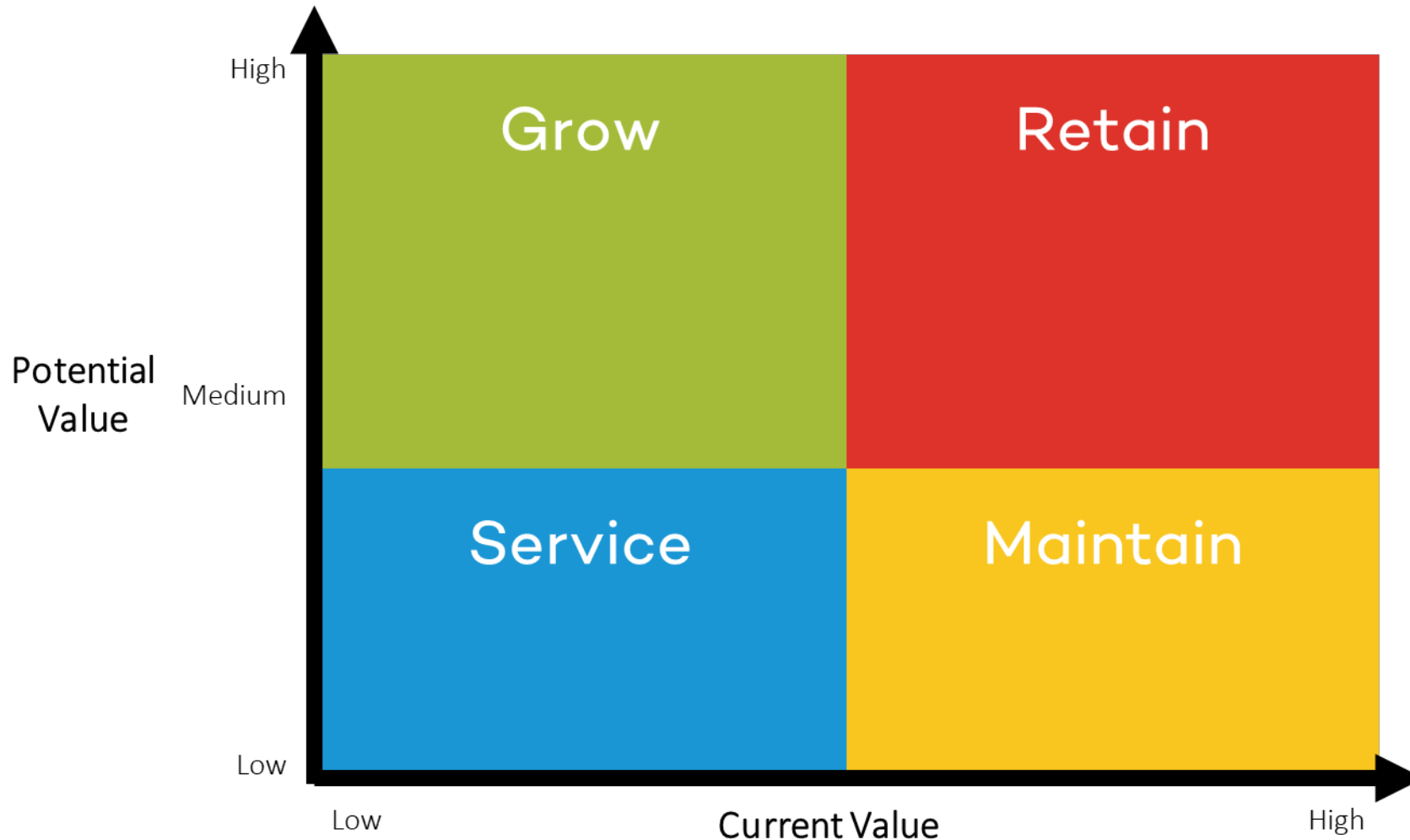


New  
Acquisition  
Strategy





# Strategically Segment Your Customer Portfolio



# Determining Customer Potential



WealthScapes

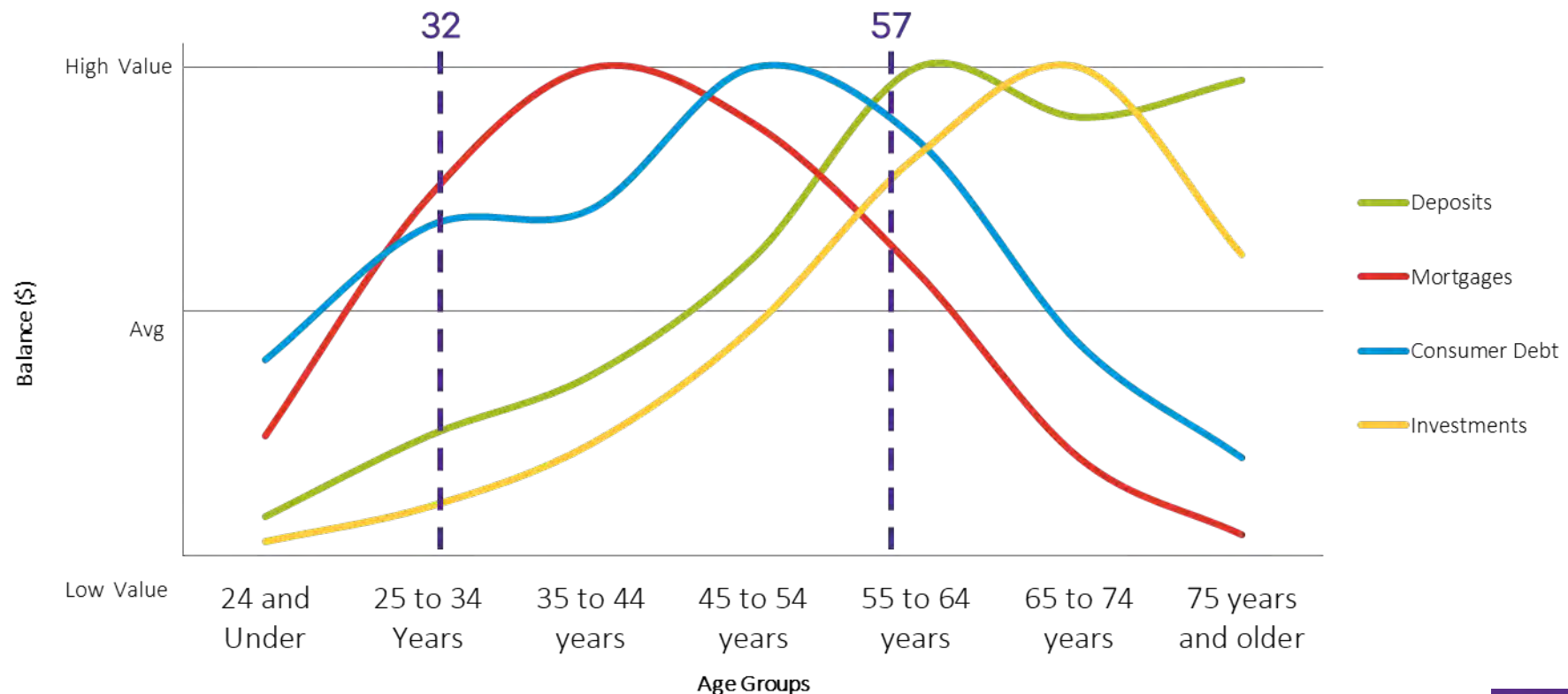


Age Adjustment



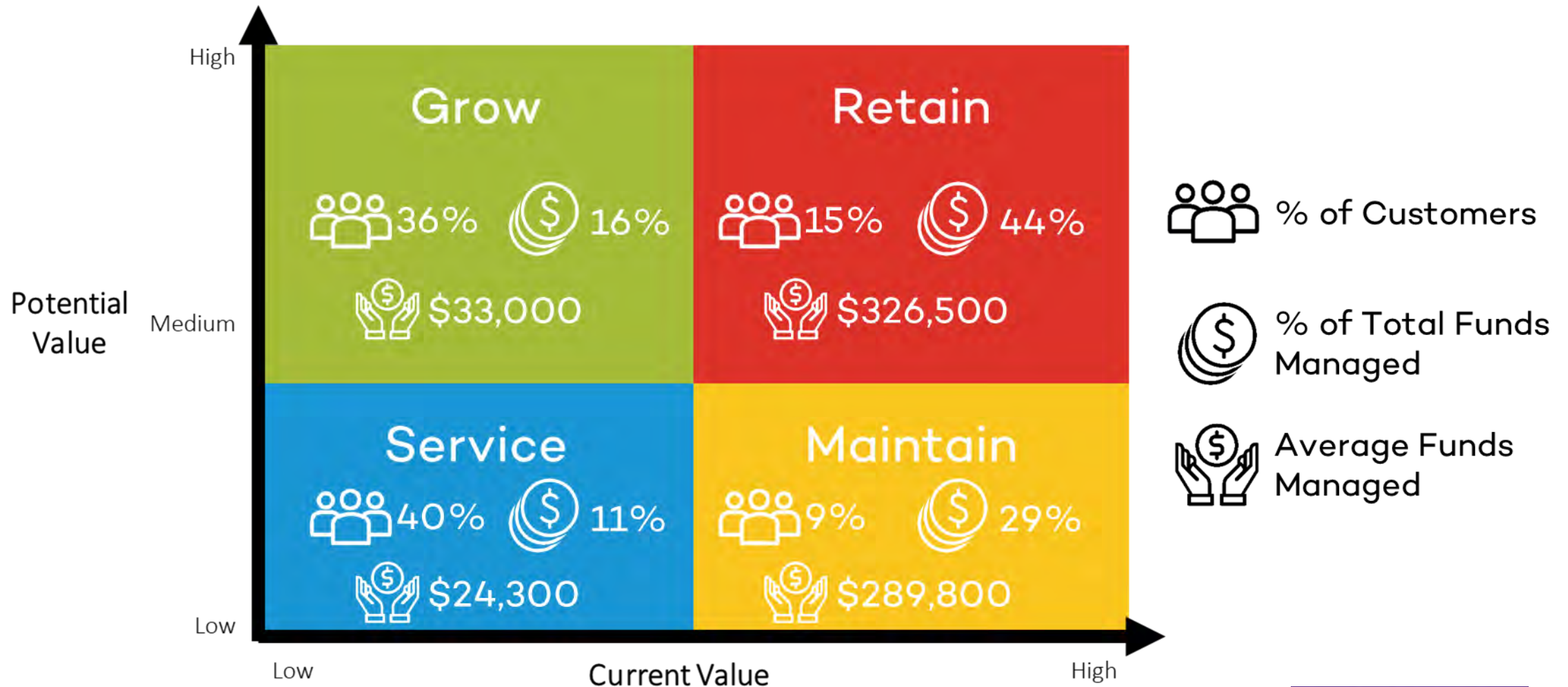
Customer Potential

Index of Average Product Balance in Canada by Age Group



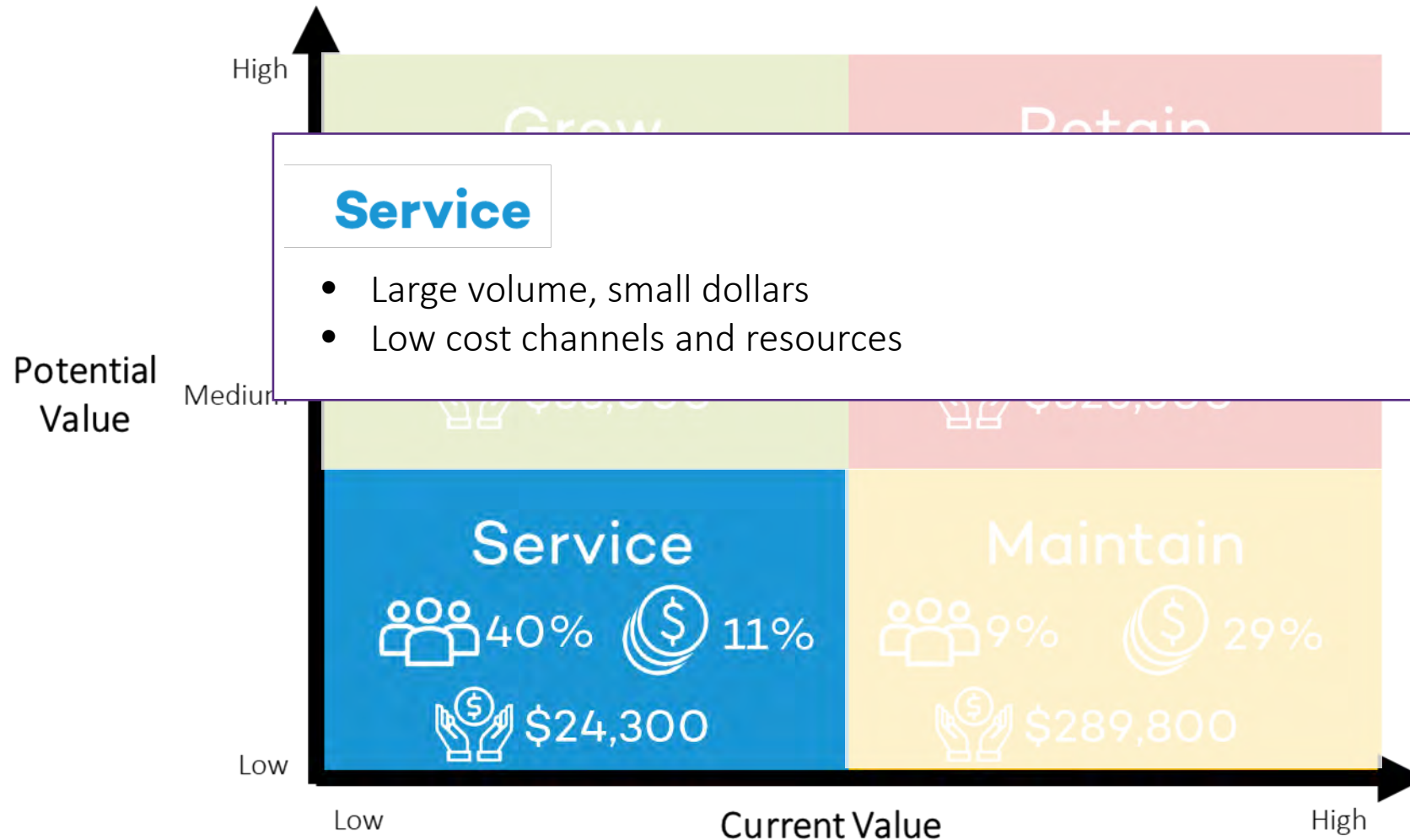
Source: Survey of Financial Security

# Strategically Segment Your Customer Portfolio



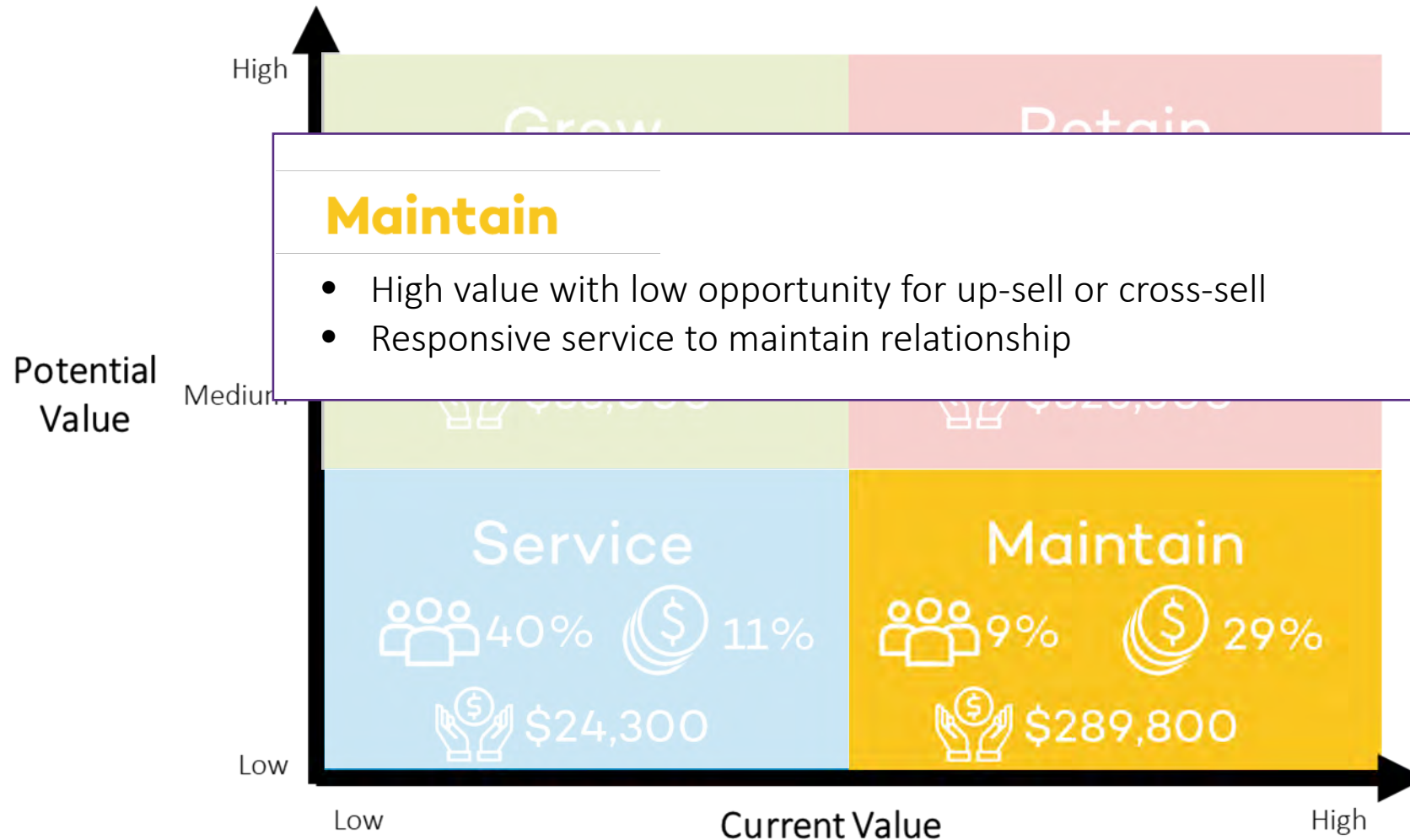
# Mass Customization Strategy

## Service to mass through cost effective channels



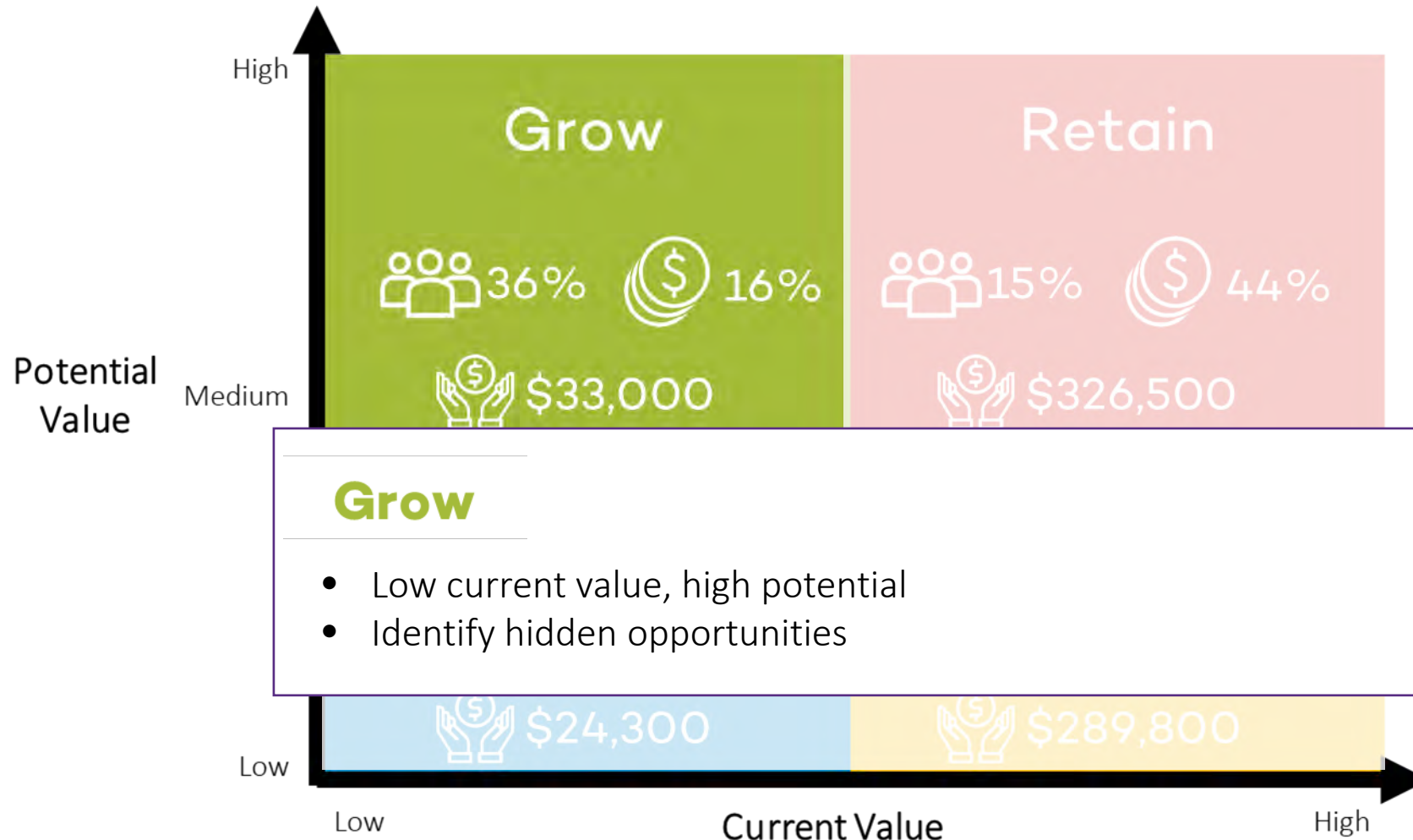
# Protect Assets of Loyal Customers

Offer value-add services to promote brand loyalty



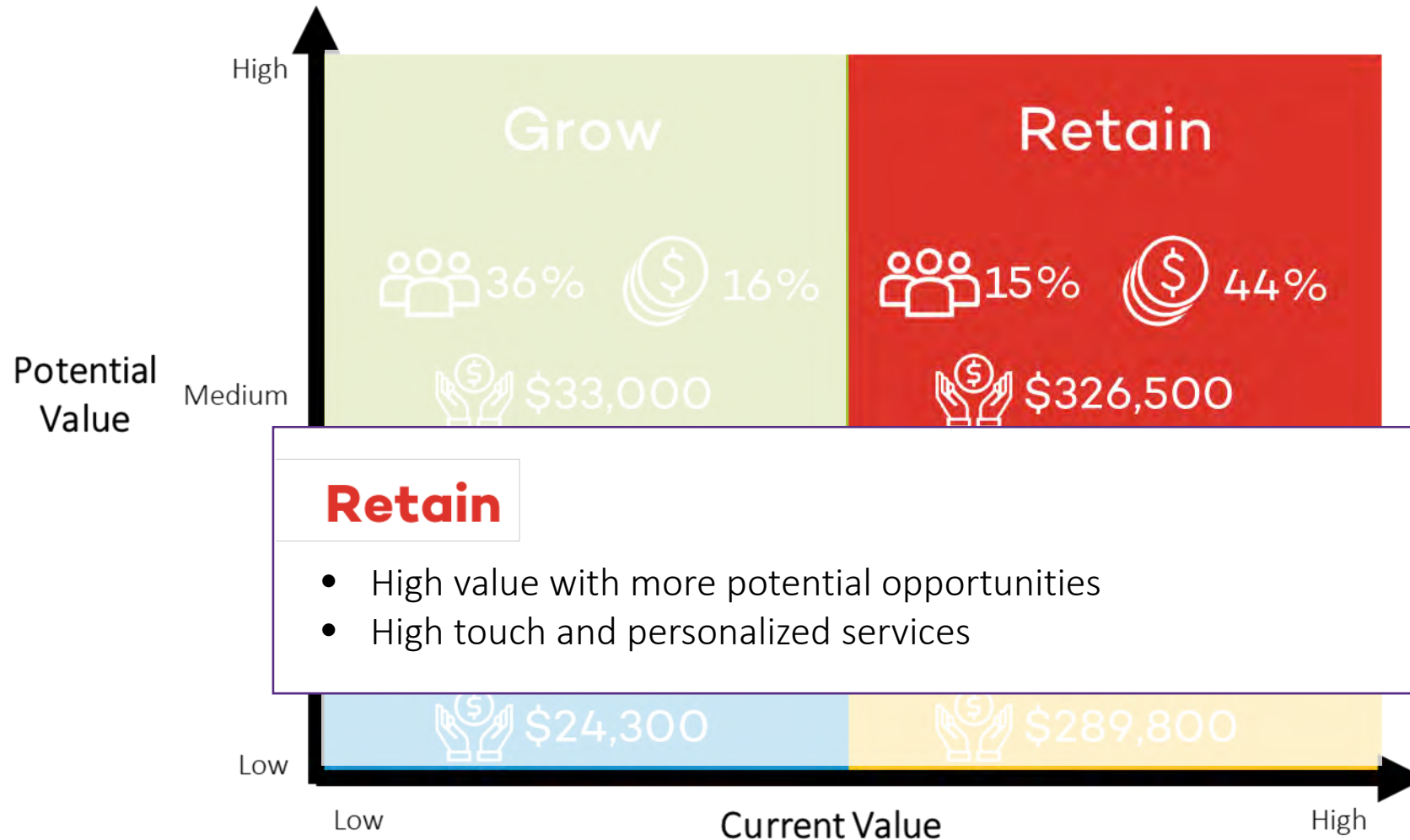
# Investment Strategy to Earn Loyalty

Customize service offers to deepen relationships



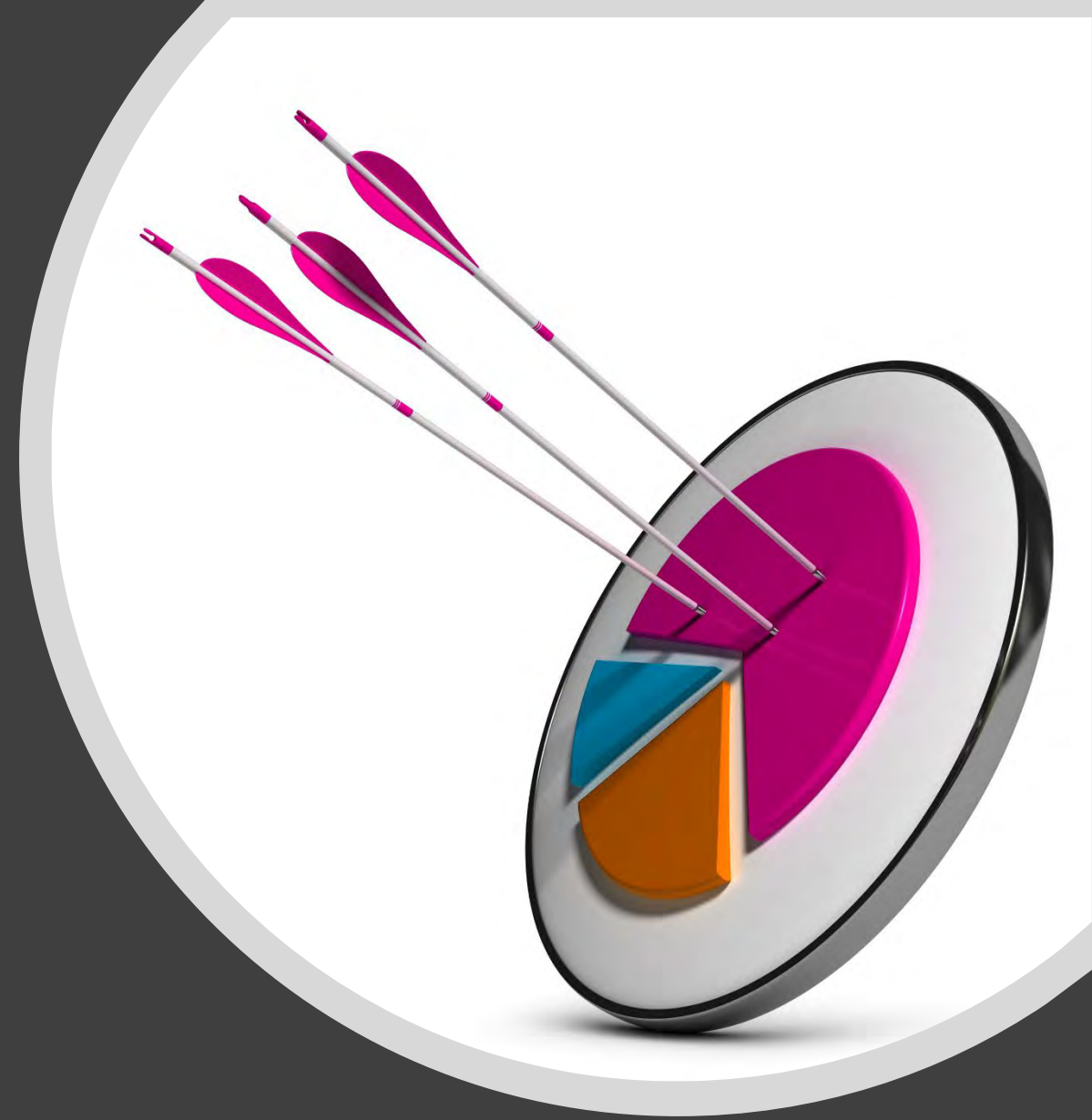
# Retention Strategy

Personalize services and individualized offers



# Identify Gaps with WealthScapes

- Customer Penetration
- Market Penetration
- Product Penetration
- Wallet Share
- Understand the “Who”





# INVESTMENT FUNDS

in Canada



**55.2%**  
Households

**\$1.8**  
Trillion



Average  
Balance  
per HH **\$120.2k**

# INVESTMENT FUNDS

in Ottawa, ON



**60.9%**  
Households

**\$54.9**  
Billion



Average  
Balance  
per HH **\$136.3k**

# INVESTMENT FUNDS

in Canada



**55.2%**  
Households

**\$1.8**  
Trillion



Average  
Balance  
per HH **\$120.2k**

# INVESTMENT FUNDS

in Ottawa, ON



**60.9%**  
Households

**\$54.9**  
Billion



Average  
Balance  
per HH **\$136.3k**

# INVESTMENT FUNDS

in Canada



**55.2%**  
Households

**\$1.8**  
Trillion



Average  
Balance  
per HH **\$120.2k**

# INVESTMENT FUNDS

in Surrey, BC



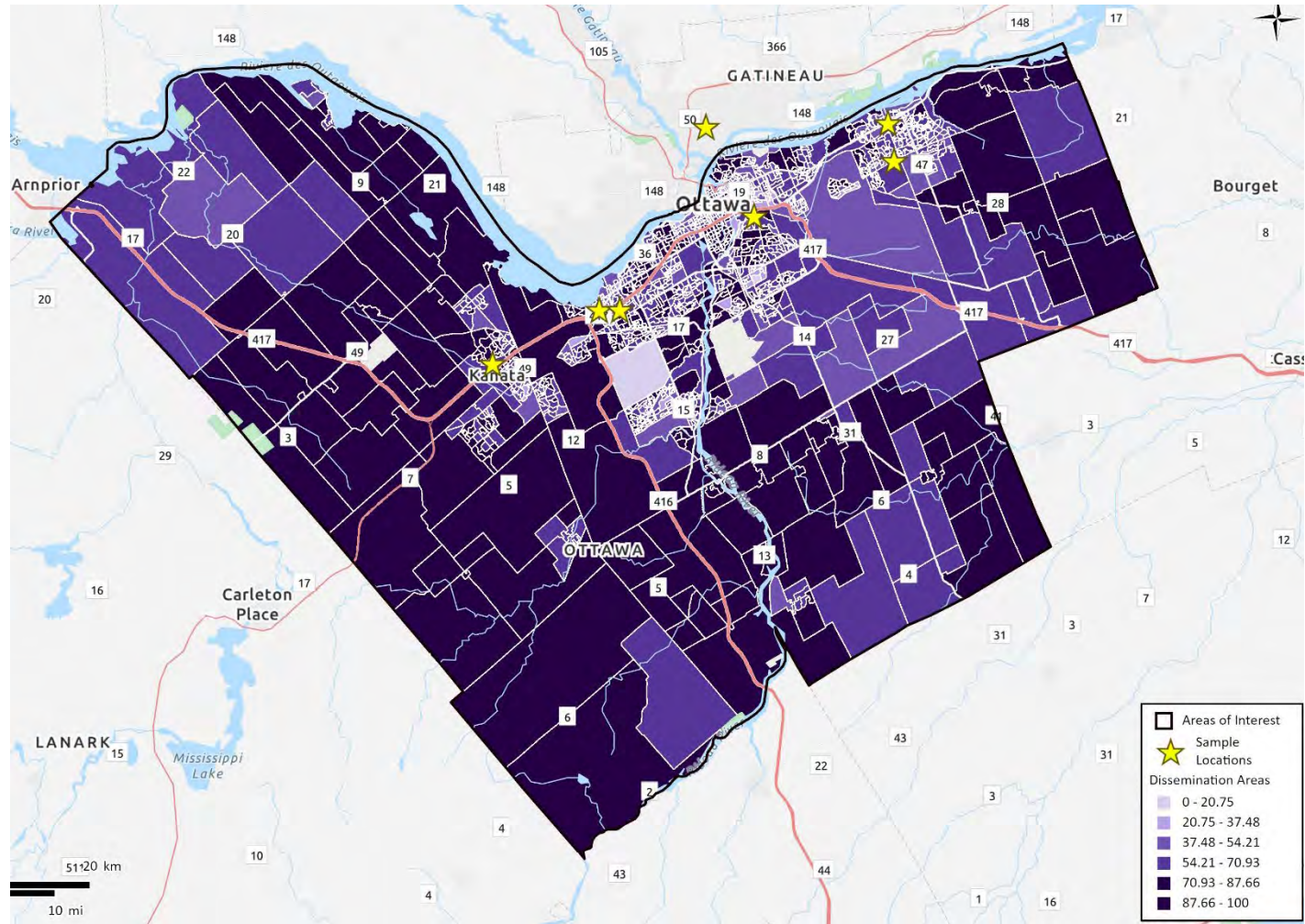
**51.2%**  
Households

**\$22.0**  
Billion



Average  
Balance  
per HH **\$120.5k**

## Penetration Map of Investment Fund Holdership Ottawa Census Subdivision by Dissemination Area



# INVESTMENT FUNDS in Customer Portfolio

Penetration  
**7.6%**

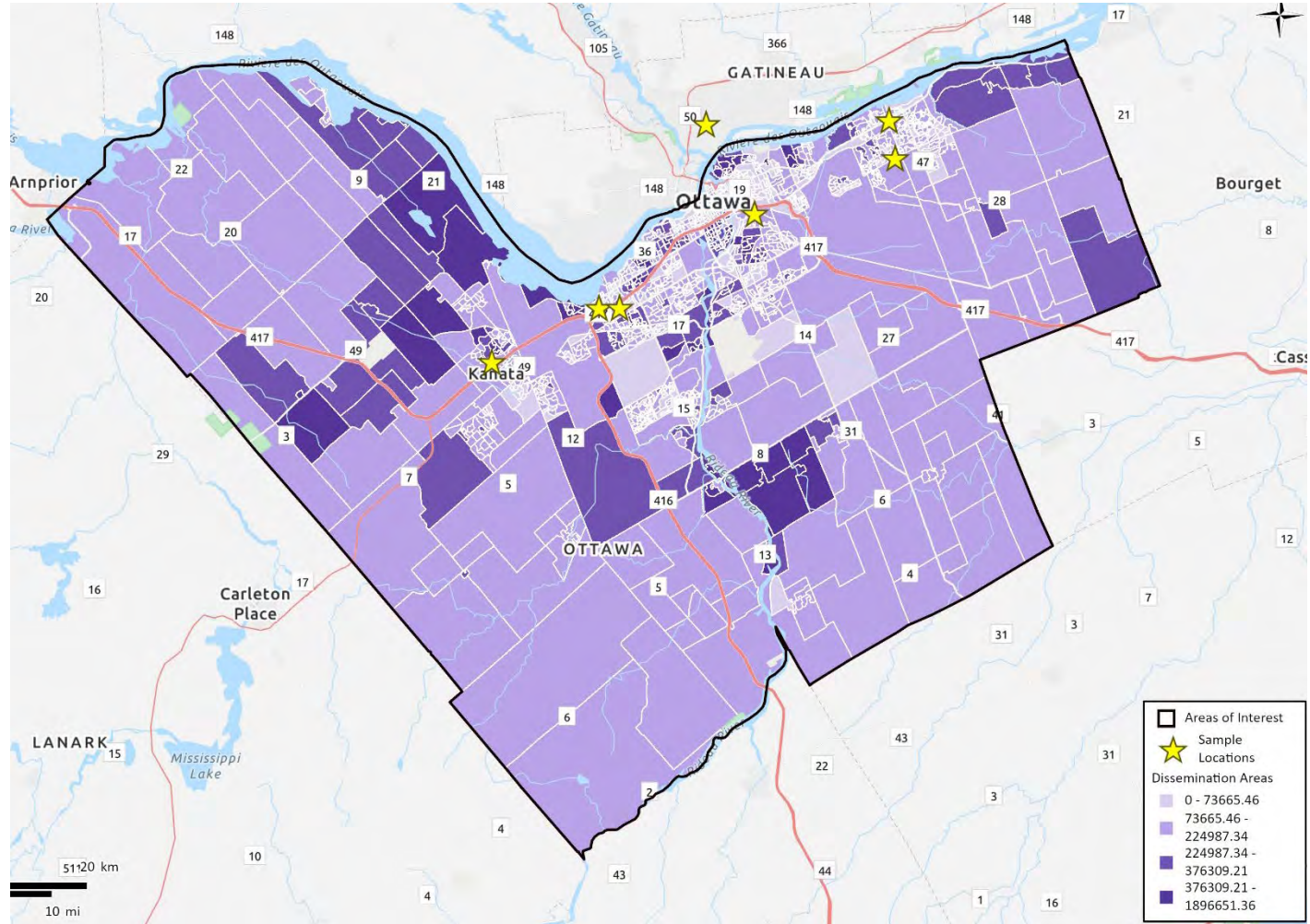
**\$1.5** Billion in  
Investment  
funds

Market Share

**2.8%**



## Penetration Map of Investment Fund Holdership Ottawa Census Subdivision by Dissemination Area



# INVESTMENT FUNDS

Wallet Share

My Bank

WealthScapes

\$64k

vs

\$136k

Wallet Share



47%

UP-SELL

# Leveraging Wealth Trends

- How are you trending compared to the market?
- Which of your trade areas are trending better than the others?
- Are you trending with the right segments?

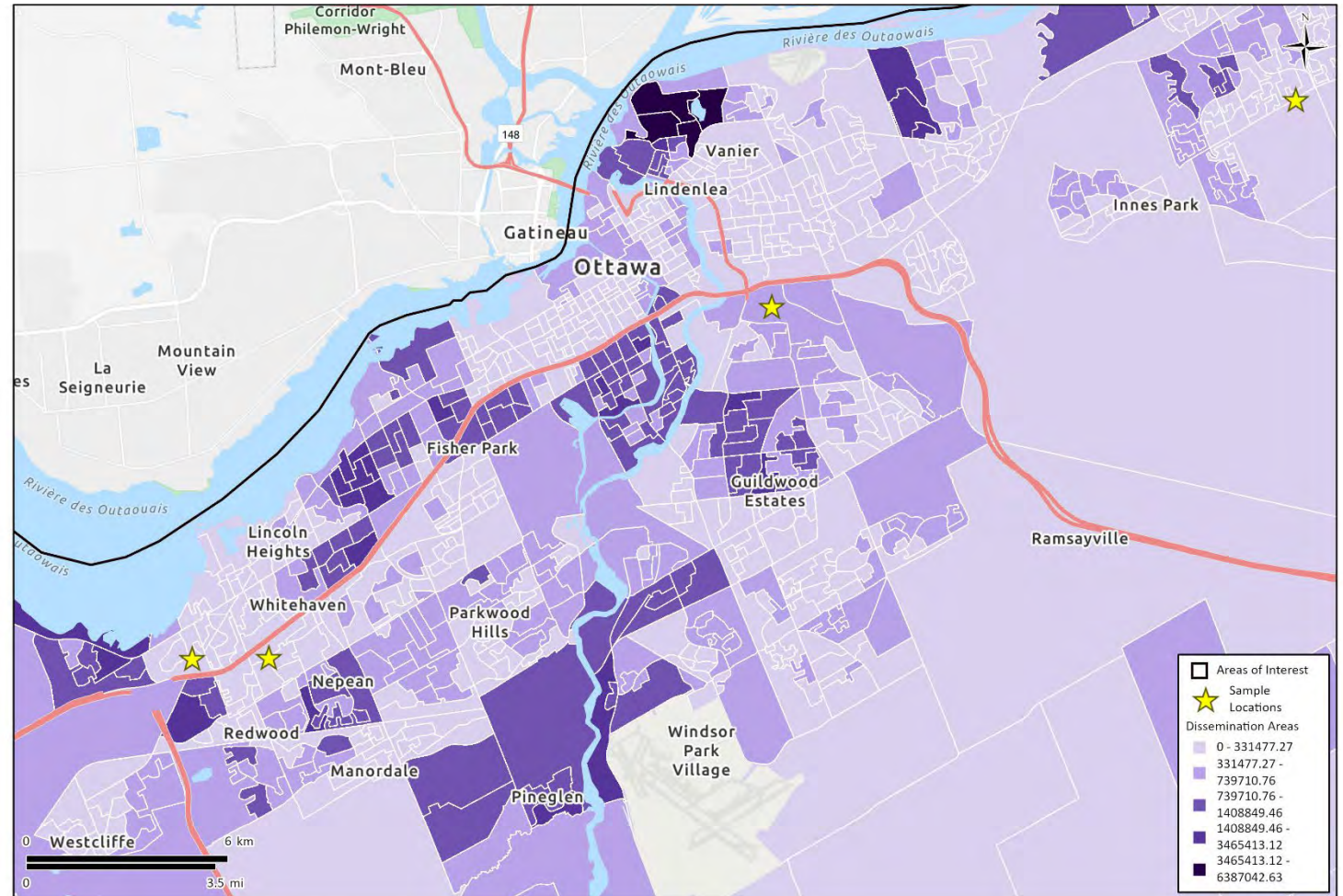


# Wealth Trends: Ottawa



# Locating Deposits on the Ground

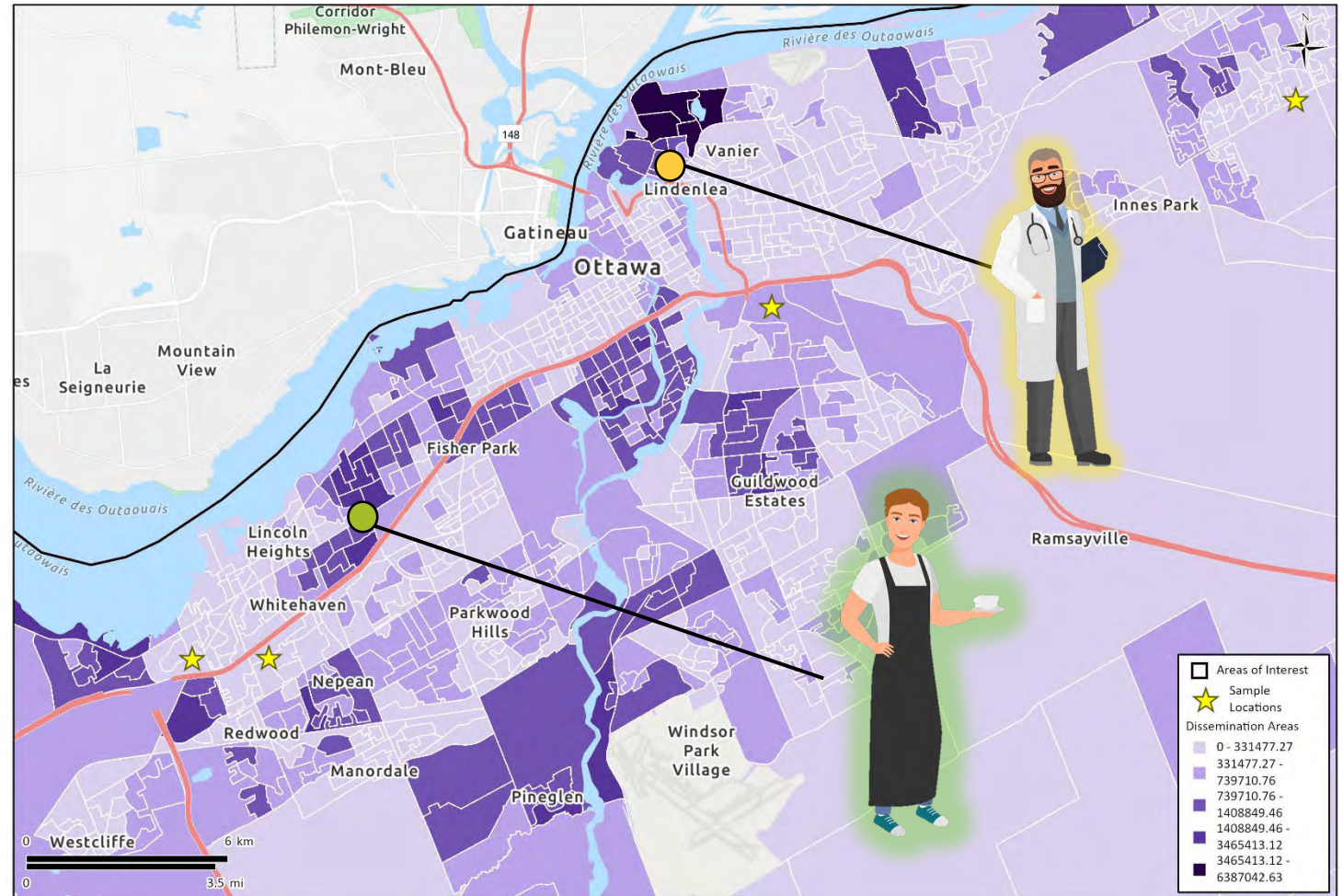
WealthScapes Liquid Assets – Average Balance  
Ottawa area by Dissemination Area





# Locating Deposits on the Ground

WealthScapes Liquid Assets – Average Balance  
Ottawa area by Dissemination Area



# Understanding the Who



Demographics



Psychographics



Lifestyle



Finances



Health

...and more!

# Customer Profile



## Brian

### Profile:

- 33 years old
- Medical student in residency
- Renting in downtown condo
- Married, no children

### Holdings with Bank:

- \$50,000 in deposits
- \$120,000 student loans
- \$5,000 monthly credit card spending



## Matt

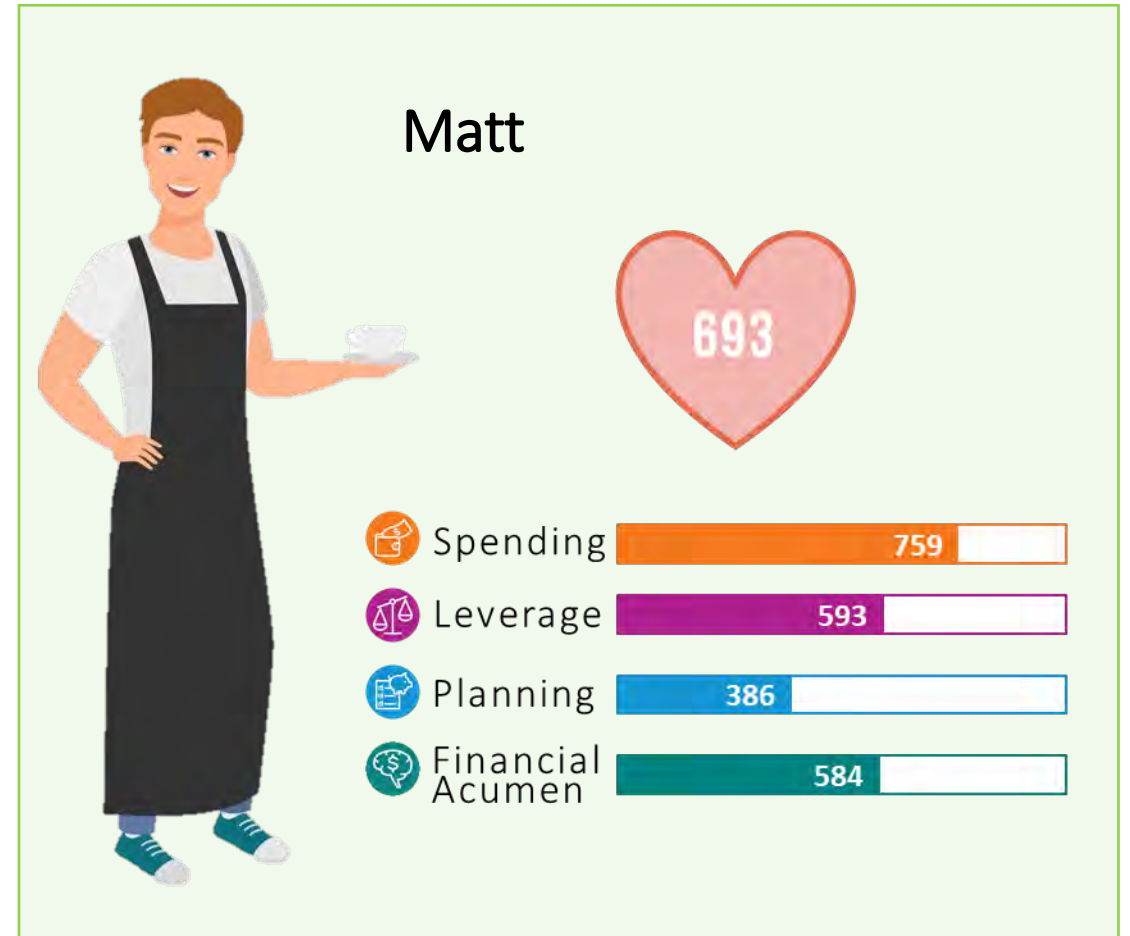
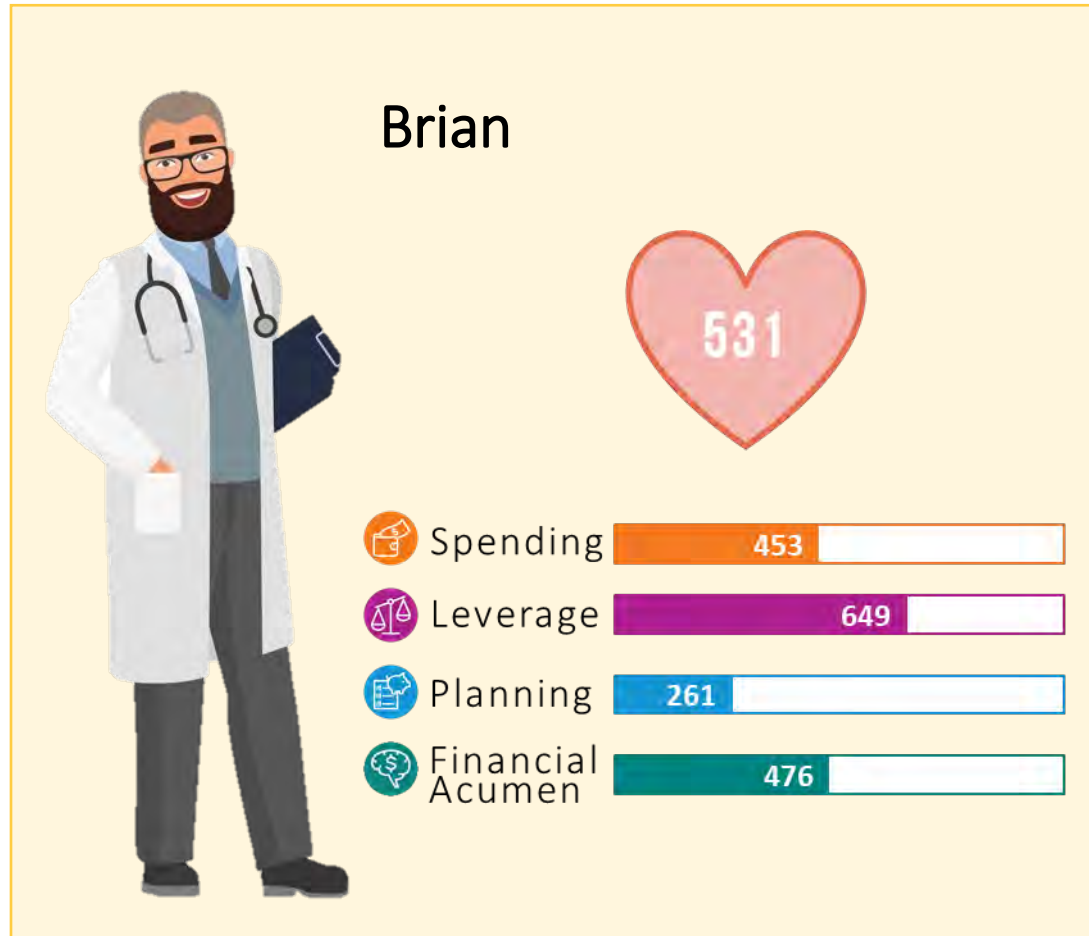
### Profile:

- 36 years old
- Coffee shop owner
- Owns a suburban apartment
- Single

### Holdings with Bank:

- \$45,000 in deposits
- \$200,000 mortgage on \$450,000 home

# Understanding Their Financial Health



# Getting to Know Their Behaviours and Values



## Brian

### Financial Behaviour:

- Tends to spend beyond his means and is over-leveraged
- Prefers full-service investment broker

### Lifestyle and Values:

- Time-stressed
- Enjoys taking grand vacations
- Will pay premium for his favourite brands



## Matt

### Financial Behaviour:

- Keeps spending low and keeps money in a savings account
- Prefers low fee discount brokerage

### Lifestyle and Values:

- Financially savvy
- Values authenticity and brand experience
- Believes in the importance of giving back to the community

# Leverage your Environics Analytics Toolbox to Make Data Driven Decisions



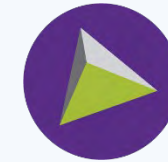
## WealthScapes

Balance sheet of Canadian's assets and liabilities acts as the denominator for measurement and/or validation



## WealthTrends

Quarterly updates on Canadian's financial status to help organizations adjust strategies in response to economic changes



## PRIZM

Unlock rich, digestible and actionable insights to better understand your customers and markets to inform strategies

# Who are your Opportunities?



Know your strengths – know where you are winning and maintain those successes



Identify where the gaps are and quantify your opportunities in your portfolio and your market



Understand your customers and optimize your resources



# Questions?



Thank You

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