



## FACTUM

### Canadians' Financial Confidence Dips While Inflation Continues to Climb

Six in ten (61%) state inflation has had a noticeable impact on their personal financial situation

**Toronto, ON, May 31st, 2022** – Canadians are starting to show a decline in financial confidence according to the BMO Real Financial Progress Index, a quarterly measurement of consumer sentiment around financial confidence. Only 36% (-3 pts) of Canadians agree they are making real financial progress and nearly one quarter (23% +5 pts) of Canadians see themselves as less financially secure than one year ago, although younger Canadians are more likely to feel more financially secure (Gen Z 55%, Millennials 48%, Gen Xers 45%). The data shows that rising inflation is a major factor: 61% of Canadian adults state inflation has had a noticeable impact on their personal finances.

Given the figures showing more are feeling less financially confident, it is perhaps unsurprising to see that many are experiencing financial anxiety. Nearly half of Canadians feel anxious about potential unknown expenses that may come up (47% +5 pts), while four in ten (42% +4pts) are anxious about housing costs or their overall financial situation (39% +4pts).

Housing costs are not only a major cause of financial anxiety among Canadians, but they are also considered the largest barrier to financial progress (37% +2 pts). Canadian adults also see monthly bills (30% +4 pts) and credit card debt (23% +2pts) as holding them back from making financial progress. Three in ten (31%, no change) continue to state that uncertainty about their financial future is preventing them from making real financial progress.

Whether a result of inflation or other causes, many Canadians may be in a financially risky situation. Part of this risk may be self-caused: 44% (+1 pt) often spend more than they know they should and only 38% (+1 pt) set an annual budget. However, much of this risk is also structural: 67% (-5 pts) have enough money to get through an unexpected emergency, meaning that a third (33%) of Canadians couldn't weather an unforeseen cost. Given these dire figures, who will Canadians turn to? Many may look to their bank for guidance as 40% believe their bank can help prepare them for unexpected challenges.

#### *Inflation Impacting Savings*

Almost half (49%) have reported reduced savings due to rising costs, an action that could have potentially long-term impacts given that the top three things Canadians are saving for are retirement (60%), vacation (45%), and paying down debt (40%). A third (36%) have cut their general savings while 22% have reduced their retirement savings. Belying this data are some demographic variances:

- Gen Z (56%) and Millennials (62%) were most likely to make cutbacks to their savings than older generations



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- Men (24%) reported being more likely to reduce retirement contributions than women (21%)
- Younger Millennials (ages 25-34) were especially prone to reduce general savings (48%)

How will Canadians be handling the “new normal” of pinched pocketbooks? The survey shows that 81% plan to adjust their lifestyles in response to increased cost:

- 52% are changing how they shop for groceries
- 52% are either dining out less or consciously spending less when dining out
- 34% are driving less to offset the soaring costs of gas
- 29% are spending less on vacations or canceling them altogether
- 23% are taking measures such as canceling subscriptions to the gym, cable etc

### About the Study

These are some of the findings of an Ipsos poll conducted between March 30 to April 25, 2022., on behalf of BMO Financial Group. For this survey, a sample of n=3,403 adults ages 18+ in Canada (including n=300 oversamples in Toronto, Montreal, and Vancouver) were collected. Quotas and weighting were employed to ensure that the sample’s composition reflects that of the Canadian population according to census parameters. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within  $\pm 1.9$  percentage points, 19 times out of 20, had all Canadians aged 18+ been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

#### For more information on this news release, please contact:

Sean Simpson  
Senior Vice President, Ipsos Public Affairs  
[Sean.simpson@ipsos.com](mailto:Sean.simpson@ipsos.com)

Haley Jones  
Senior Account Manager, Ipsos Public Affairs  
[Haley.jones@ipsos.com](mailto:Haley.jones@ipsos.com)



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