

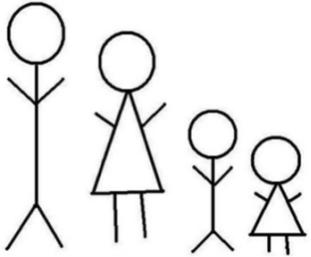
Data on household financial well-being in Canada:

Remarks to the 2018 ABLE Learning Conference
Vancouver

Dr. Jennifer Robson
Carleton University



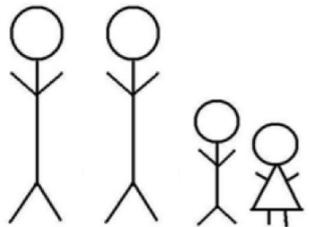
Why microdata?



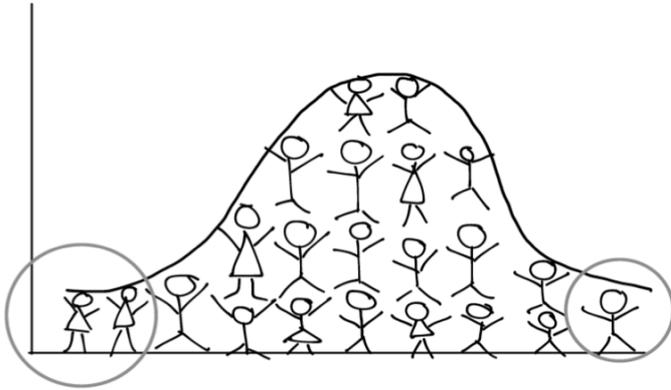
Individual differences

Different combinations of individual characteristics and circumstances

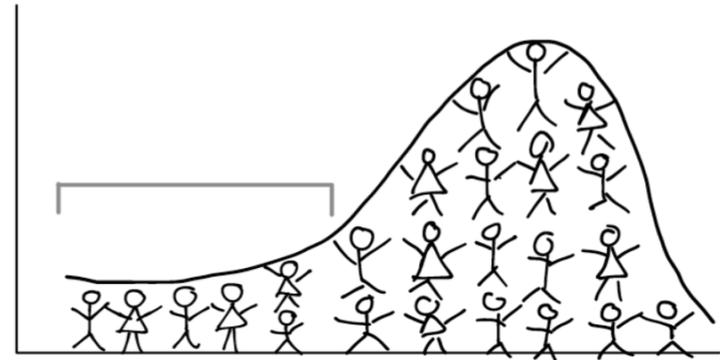
Subjective measures



Sometimes, averages alone aren't that useful.



Who's having trouble?
How many?
How badly?
When / for how long?
Who are they?
Where are they?
What else is happening?



What seems to help?
What seems to hurt?
What have we tried?
What has changed?

What should we measure?

What can we measure?

Concepts	Examples
Financially able to meet basic needs?	Income poverty Income and asset poverty
Resilient in case of a shock? / Able to take positive risks?	Liquid assets Access to credit
Included in mainstream services?	Financial inclusion Eligible non-participation ("take-up gaps")
Early warning signs?	Fringe banking debts Missed payments Don't keep to a budget

Data sources

Survey of Financial Security (SFS)

- 1999, n= 21,000
- 2005, n= 9,000
- 2012, n= 20,000
- 2016, n= 21,000

Income, assets and debts of economic family

Demographic characteristics of individual respondents

Canadian Financial Capability Survey (CFCFS)

- 2008, n= 27,500
- 2014, n= 12,600

Mix of family and individual financial resources and behaviors

Individual knowledge

Example 1: From Robson & Rothwell, 2016

Indicator	Description	Source
1. At least 10% of assets are liquid	Based on ratio of liquid assets to total assets. Total assets include pension assets on a termination basis. Liquid assets include cash deposits, investments outside of RRSPs, RESP savings and term desposits.	SFS
2. Negative or \$0 net worth	Based on equivalized net worth (including pensions).	SFS
3. Low income and net worth	Based on equivalized net worth and equivalized family income. Net worth is low if it is \$0 or negative. Income is low if it is below ½ of the median or \$16,103.	SFS
4. Carrying a credit card balance	Based on a \$1 or greater balance in debt owed on all credit cards (including store cards).	SFS
5. Financial exclusion	The respondent reports having no deposit account or no one in the economic family has a credit card.	CFCS
6. Fringe financial services use	The respondent reports personal or family use in the last 12 months of any of payday loans, pawnshops or cheque cashers.	CFCS
7. Having and sticking to a budget	The respondent reports that the economic family does have a budget and that it stays within that budget “always” or “usually”.	CFCS
8. Unable to cover an emergency expense	The respondent is unable to name one or more methods (ranging from use of savings to formal and informal borrowing) to meet an emergency expense and reports that he or she would not be able to such an expense. The expense is set at \$500 if family income is below \$60,000 and \$5,000 for family income of \$60,000 or more.	CFCS
9. Missed loan or bill payments	The respondent reports having fallen behind by two months or more on regular loan or bill payments in the last 12 months. The question may refer to either personal or family obligations.	CFCS
10. Missed housing payments	The respondent reports having fallen behind by two months or more on regular rental housing or mortgage payments in the last 12 months. The questions may refer to either personal or family obligations.	CFCS

Measures of poverty?

Low income

Lower odds:

- CC debt
- **Illiquidity**
- \$0 or negative net worth (?)

Higher odds:

- Financial exclusion
- Not in budget
- Unable to cover emergency
- Missed loan/bills ('14)
- **Missed housing**

Low net worth

Higher odds:

- Illiquidity
- CC debt

Social assistance

Lower odds:

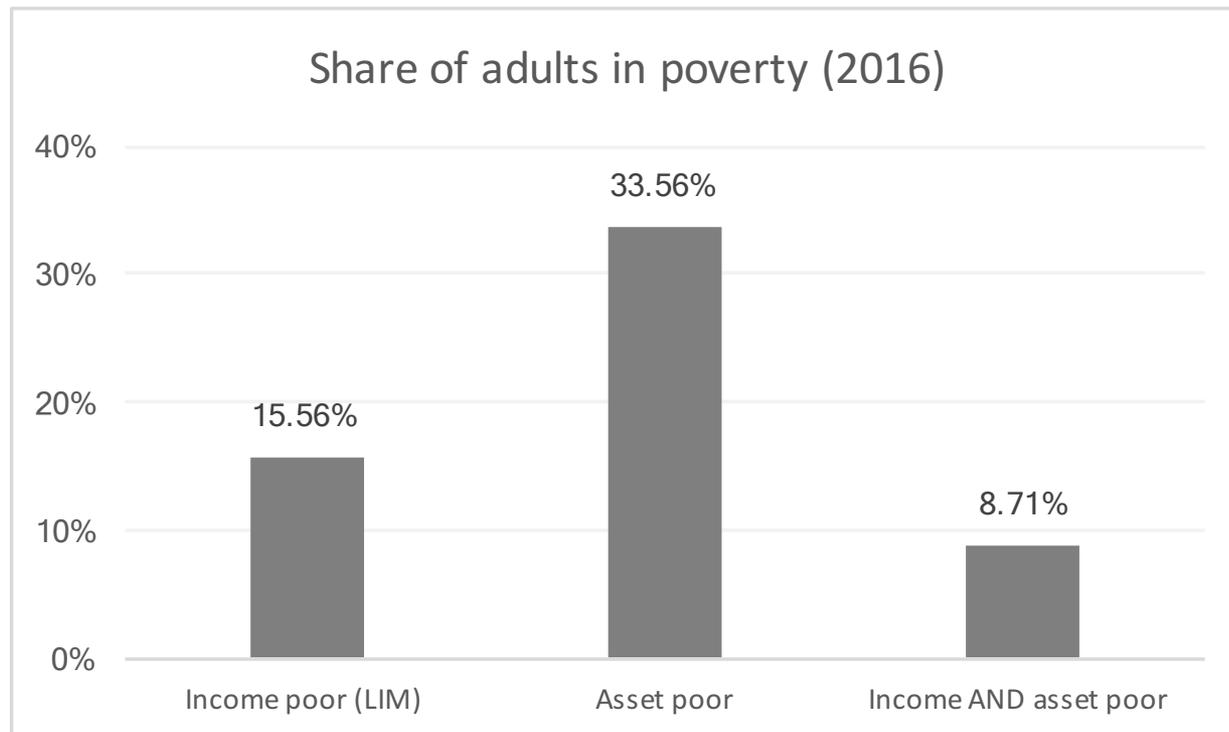
- CC debt
- \$0 or negative net worth (?)

Higher odds:

- **Illiquidity**
- Financial exclusion
- Unable to cover emergency
- Missed loans/bills

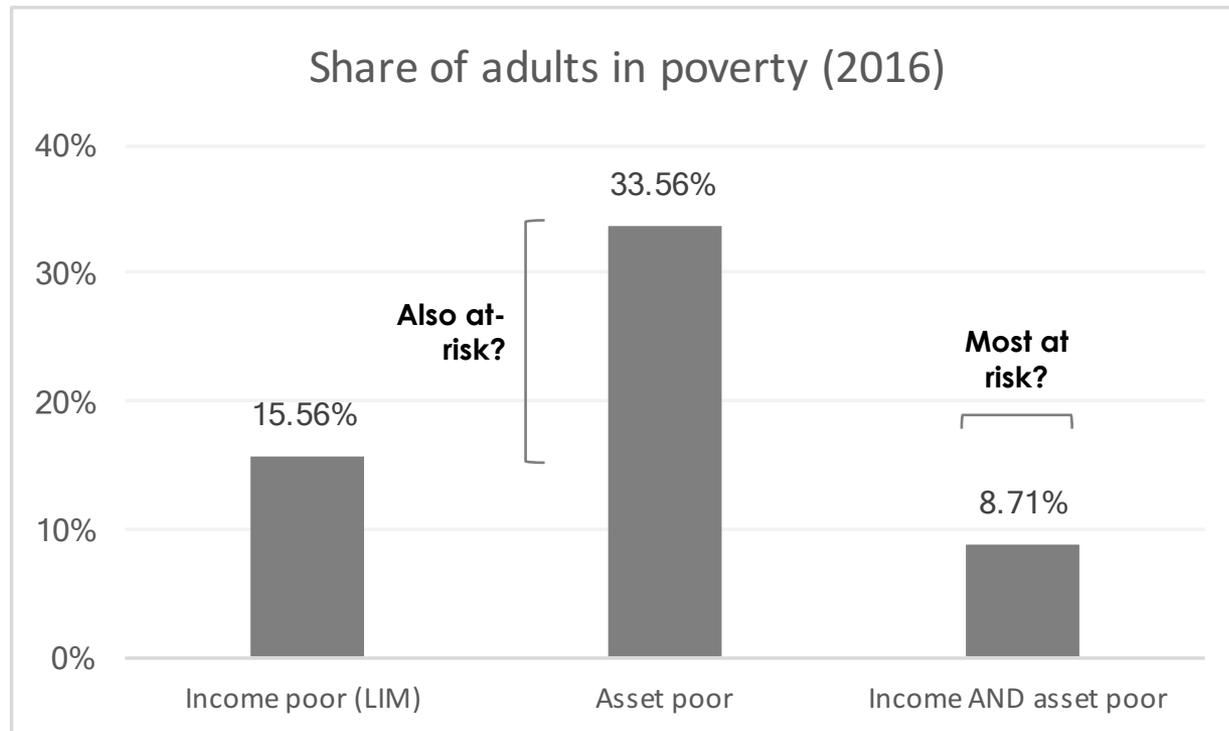
Example 2: Rethinking poverty and resilience metrics (Robson, 2018)

Could you keep your family afloat for 1 month, at or above the low-income measure, using only your liquid savings?



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Asset-poor:

Youth (18-24): 40.2%

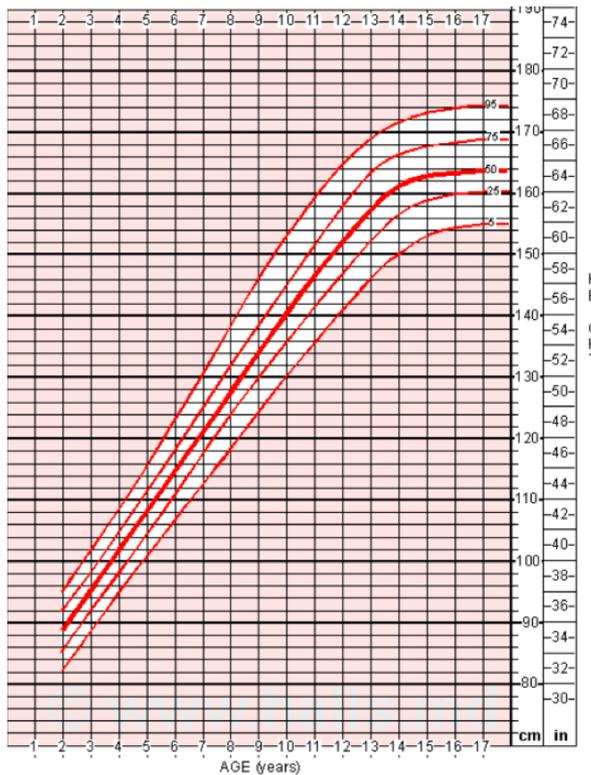
Seniors (65+): 22.84%

Indigenous
Canadians: 56.4%

Kids (<18): 33.54%

Newcomers: 49.9%

Example 3: Assessing individual financial capability (Robson & Splinter, 2015)



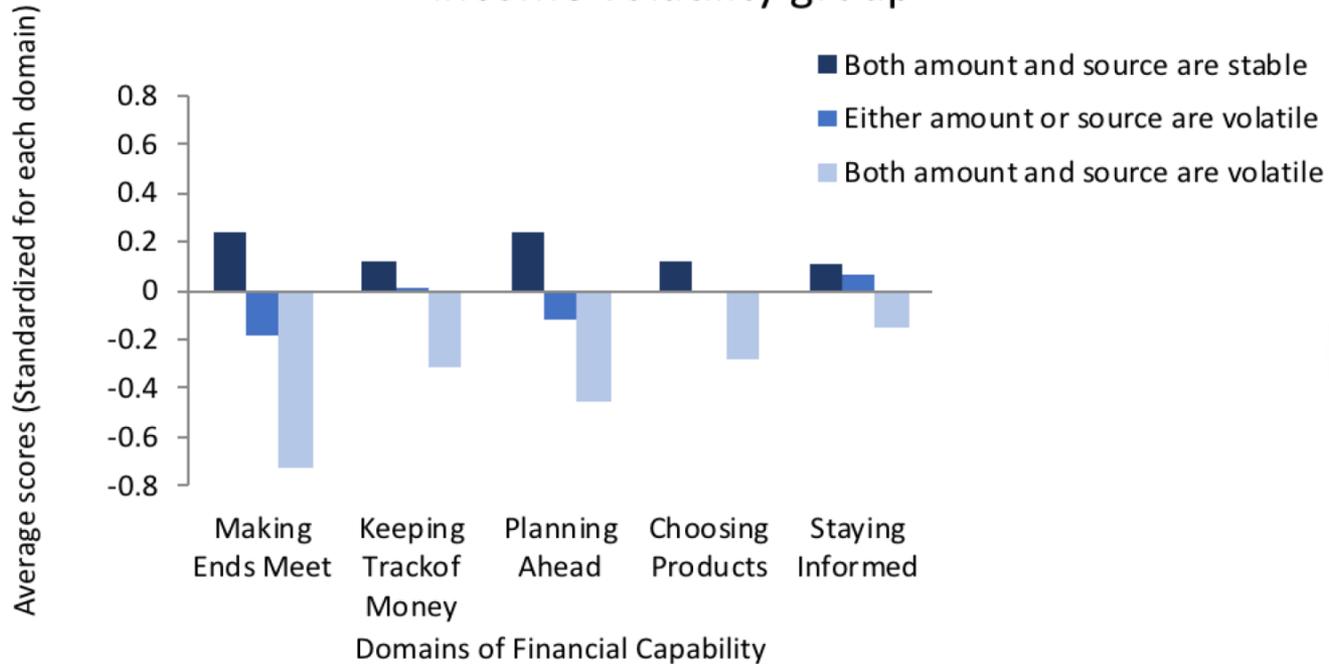
Reduce 90+ minute survey to 16 questions

5 different scales

Scores based on distribution in the population & weighting of questions

From Peetz & Robson (forthcoming)

Financial Capability: Average scores by income volatility group





Dimensions / topics : within-year income & consumption volatility

Places : The North, reserve communities, small area data, shelters

Time : longitudinal data

Access : open vs privacy & consent

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