



# Consumer Vulnerability: Evidence from the Monthly COVID-19 Financial Well-being Survey





Information contained in this publication or product may be reproduced, in part or in whole, and by any means, for personal or public non-commercial purposes without charge or further permission, unless otherwise specified. Commercial reproduction and distribution are prohibited except with written permission from the Financial Consumer Agency of Canada.

For more information, contact:

Financial Consumer Agency of Canada  
427 Laurier Ave. West  
Ottawa ON K1R 1B9  
[www.canada.ca/en/financial-consumer-agency](http://www.canada.ca/en/financial-consumer-agency)

Cat. No. FC5-80/2022E-PDF (Electronic PDF, English)

ISBN 978-0-660-46401-5

© His Majesty the King in Right of Canada, as represented by the Minister of Finance Canada, November 2022.

Aussi disponible en français sous le titre : Vulnérabilité des consommateurs : **Résultats du Sondage sur le bien-être financier lié à la COVID-19**



## Executive summary

The Financial Consumer Agency of Canada's (FCAC) [COVID-19 Financial Well-being Survey](#), which began in August 2020, is a nationally representative hybrid online-phone survey fielded monthly, with approximately 1,000 respondents per month. The survey collects information on Canadians' day-to-day financial management and financial well-being.

As of September 2022, the survey results show that over the past several months, financial hardships have increased for many Canadians due to the rapidly evolving economic environment. While financial vulnerability can affect anyone regardless of income, background or education, hardships have increased more for those living on a low income, Indigenous peoples, recent immigrants, and women, due to the disproportionate financial impact of the pandemic on these groups (households with low income<sup>1,2</sup>, Indigenous people,<sup>3</sup> new immigrants,<sup>4</sup> and women.)<sup>5,6</sup>

On average, over the course of the survey period, Canadians with low income were 1.7 times more likely to experience negative financial outcomes<sup>7</sup> than other Canadians. Indigenous peoples were 1.4 times more likely, recent immigrants were 1.2 times more likely, and women were 1.1 times more likely to experience negative outcomes.

In the current economic context, many Canadians are facing the biggest financial challenges of their lives. More are borrowing money to cover their day-to-day expenses, including by using high-cost loans.

- The percentage of Canadians who borrow money to cover daily expenses increased from 26% in 2020 to 38% in September 2022.
- The proportion of Canadians who used online lenders or payday loans more than tripled from August 2020 to September 2022 (from 1.42% to 4.52%).
- The percentage of Canadians who used their savings to cope with the pandemic rose from 33% in 2020 to 48% in June 2022.

How can we help Canadians navigate these challenges? Financial resilience is the ability to adapt or persevere through both predictable and unpredictable financial choices, difficulties, and shocks in life. FCAC's [National Financial Literacy Strategy: Make Change that Counts](#) provides practical steps for all financial ecosystem stakeholders to work together and take decisive action to reduce barriers and catalyze actions so that we can

---

<sup>1</sup> [The Daily — Household economic well-being during the COVID-19 pandemic, experimental estimates, first quarter to third quarter of 2020 \(statcan.gc.ca\)](#)

<sup>2</sup> [New study shows low-income Canadians fighting for financial survival - Prosper Canada](#)

<sup>3</sup> [Economic impact of COVID-19 among Indigenous people \(statcan.gc.ca\)](#)

<sup>4</sup> [Economic impact of COVID-19 among visible minority groups \(statcan.gc.ca\)](#)

<sup>5</sup> [The Daily — Labour Force Survey, January 2022 \(statcan.gc.ca\)](#)

<sup>6</sup> [Impacts of the COVID-19 Pandemic on Women \(publications.gc.ca\)](#)

<sup>7</sup> Respondents who experienced negative financial outcomes are defined as respondents who reported negative outcomes on one or more indicator in this report. The average relative risk for each group was obtained by calculating the risk ratio between members of the vulnerable group and other Canadians for each indicator (e.g., men versus women, Indigenous people versus non-Indigenous Canadians). The ratios were then averaged across all indicators for each group.



collectively help Canadians build financial resilience. Understanding the current context, challenges, and vulnerabilities consumers are facing is the initial step to taking an evidence-based approach to advancing effective solutions. Together, we can make change that counts.



## Preface

The COVID-19 pandemic, which was first observed in Canada in January 2020, has caused personal and financial hardships for many Canadians. This report presents how Canadians are managing their finances and coping with the personal and economic upheaval caused by the pandemic, including inflation. Canada's rate of inflation reached 8.1% year over year in June 2022, following a 7.7% gain in May 2022.<sup>8</sup> This increase was the largest yearly change since January 1983.

As of September 2022, FCAC's survey results show that many Canadians are struggling financially and that some Canadians are more likely to experience financial vulnerabilities. While financial vulnerability is not limited to specific demographics, systemic barriers mean that some Canadians are more likely to experience financial vulnerabilities. For example:

- Indigenous peoples more often reported that COVID-19 had a strong or moderate impact on their ability to meet financial obligations than non-Indigenous Canadians.<sup>3</sup>
- Recent immigrants were much more likely to be in poverty than long-term immigrants and the Canadian born, which made them more vulnerable to impacts caused by work disruptions.<sup>4</sup>
- Employment fell among women in the core working ages of 25 to 54, as they are more likely than other demographic groups to work in industries affected by public health measures.<sup>5</sup>

Indeed, consultations conducted by FCAC during the development of its National Financial Literacy Strategy indicated that those living on a low income, Indigenous peoples, recent immigrants, and women are more likely to experience financial vulnerability, and the results of the COVID-19 Financial Well-being Survey support these findings.

In July of 2021, FCAC released the renewed [National Financial Literacy Strategy 2021-2026: Make Change that Counts](#) to strengthen the financial resilience of Canadians in an increasingly digital world. Financial resilience is the ability to adapt or persevere through both predictable and unpredictable financial difficulties, choices, and shocks. Canadians need a financial ecosystem that works for them and helps them build the skills, capacity, and behaviours that lead to financial resilience. The National Strategy is focused on how financial literacy stakeholders—from government, community groups, non-profit organizations, and industry—can work together to reduce barriers, catalyze actions, and help consumers achieve positive financial outcomes. The National Strategy puts forward an evidence-based approach grounded in research and collaboration between all ecosystem stakeholders, and aims to create a more accessible, inclusive, and effective financial ecosystem that supports diverse Canadians.<sup>9</sup>

To create meaningful change—change that counts—we need to understand and assess the impact of our collective efforts. To this end, FCAC recently released the National Financial Literacy Strategy [Measurement Plan: Counting Change](#). This Measurement Plan provides practical steps on how to measure what works to help Canadians achieve good financial outcomes so that we can scale that which works and refine or stop doing that which does not. The Plan includes measures that are drawn from the [COVID-19 Financial Well-being Survey](#), which is the data source for the consumer vulnerability trends presented in this report. Since August 2020, FCAC has fielded the survey on a monthly basis to inform the development of initiatives, programs, policies, and tools to help strengthen the financial resilience of Canadians.

---

<sup>8</sup> [The Daily — Consumer Price Index, June 2022 \(statcan.gc.ca\)](#)

<sup>9</sup> [Make Change that Counts: National Financial Literacy Strategy 2021-2026 - Canada.ca](#)



This brief report provides an overview of survey results collected between August 2020 and September 2022. In publishing this report, FCAC's goal is to provide insight into the financial well-being of Canadians, to identify which groups are experiencing greater vulnerabilities and hardships, and to inform and target our collective response as financial ecosystem stakeholders.

## Methodology notes

This report is based mainly on the **COVID-19 Financial Well-being Survey** which is a nationally representative hybrid online-phone survey run monthly, with approximately 1,000 respondents per month. The survey has been collecting information on Canadians' day-to-day financial management and financial well-being since August 2020.

Where applicable, additional financial indicators are provided using data from the **2019 Canadian Financial Capability Survey**, which was fielded the year prior to the COVID-19 pandemic.

This summary identifies **populations who may be at a higher risk** of experiencing negative financial outcomes due to the rapidly evolving economic situation.

The results in the **summary table** are the most recent monthly results available, whereas the breakdowns of the results of the groups with vulnerabilities in the **Annex** were obtained by calculating the average of their monthly results over the entire course of the COVID-19 Financial Well-being Survey.

**Missing data months:** The COVID-19 survey was paused during the election period (September and October 2021). In addition, some questions are asked every other month (since December 2020).



## Summary table

Indicator	Latest result	Trend	Latest data wave	Groups with vulnerabilities/ overrepresented in results
Percentage of Canadians who used an online lender or payday loan company to manage their daily expenses	4.52% <sup>10</sup>	↗ since Aug. 2020 (1.42% <sup>2E</sup> )	Sept. 2022	Indigenous peoples, recent immigrants, Canadians with low income, women
Percentage of online or payday loan borrowers who used a short-term payday loan or cash advance	48%	↗ since 2020 (43%)	2022 (Jan. 2022 – Sept. 2022)	Please refer to the first indicator
Percentage of online or payday loan borrowers who used an installment loan	30%	↘ since 2020 (44%)	2022 (Jan. 2022 – Sept. 2022)	Please refer to the first indicator
Percentage of Canadians who borrowed money for day-to-day expenses	38%	↗ since Aug. 2020 (26%)	Sept. 2022	Indigenous peoples, Canadians with low income, recent immigrants, women
Percentage of Canadians who spent more than their monthly income	25%	↗ since Aug. 2020 (20%)	Aug. 2022 (not collected in Sept. 2022)	Canadians with low income, recent immigrants, Indigenous peoples, women
Percentage of Canadians who did not have emergency funds to cover unexpected expenses	41%	Stable since Aug. 2020 (39%)	July 2022 (not collected in Aug. or Sept. 2022)	Canadians with low income, Indigenous peoples, recent immigrants, women
Percentage of Canadians who described themselves as not financially knowledgeable	19%	↗ since Aug. 2020 (12%)	Sept. 2022	Canadians with low income, recent immigrants, women
Percentage of Canadians who used savings to cope with the impacts of the pandemic	48%	↗ since Aug. 2020 (33%)	June 2022 (not collected after June 2022)	Recent immigrants, Indigenous peoples, Canadians with low income, women
Percentage of Canadians who were worried their money would not last	41%	↗ since Aug. 2020 (33%)	Sept. 2022	Canadians with low income, Indigenous peoples, women, recent immigrants
Percentage of Canadians who felt they were just getting by financially	40%	↗ since Aug. 2020 (30%)	Sept. 2022	Canadians with low income, Indigenous peoples, women, recent immigrants
Percentage of Canadians who said they were short on money at the end of the month	31%	↗ since Aug. 2020 (25%)	Sept. 2022	Canadians with low income, Indigenous peoples, women, recent immigrants
Percentage of Canadians who believed finances control their life	42%	↗ since Aug. 2020 (29%)	Sept. 2022	Canadians with low income, Indigenous peoples, recent immigrants, women
Percentage of Canadians who believed they would never have what they want because of their financial situation	33%	↗ since Aug. 2020 (23%)	Sept. 2022	Canadians with low income, Indigenous peoples, women, recent immigrants

<sup>10</sup> Two decimals are used for the monthly results of this indicator to provide a clearer comparison.

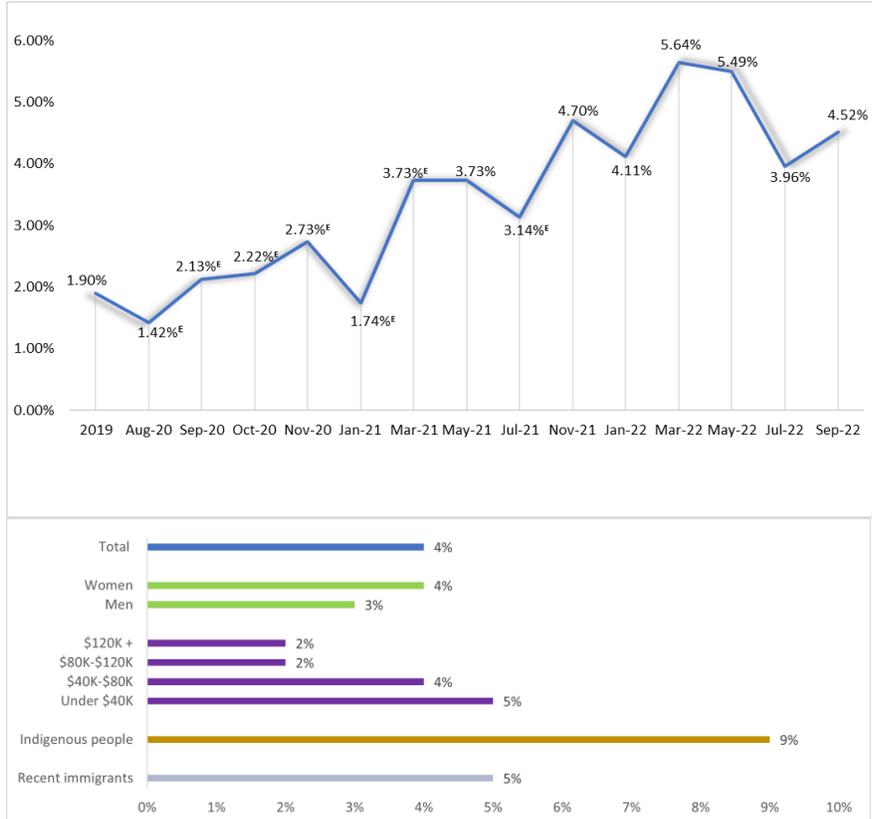


# ANNEX

The breakdowns of the results of the groups with vulnerabilities in the Annex were obtained by calculating the average of their monthly results over the entire course of the COVID-19 Financial Well-being Survey.

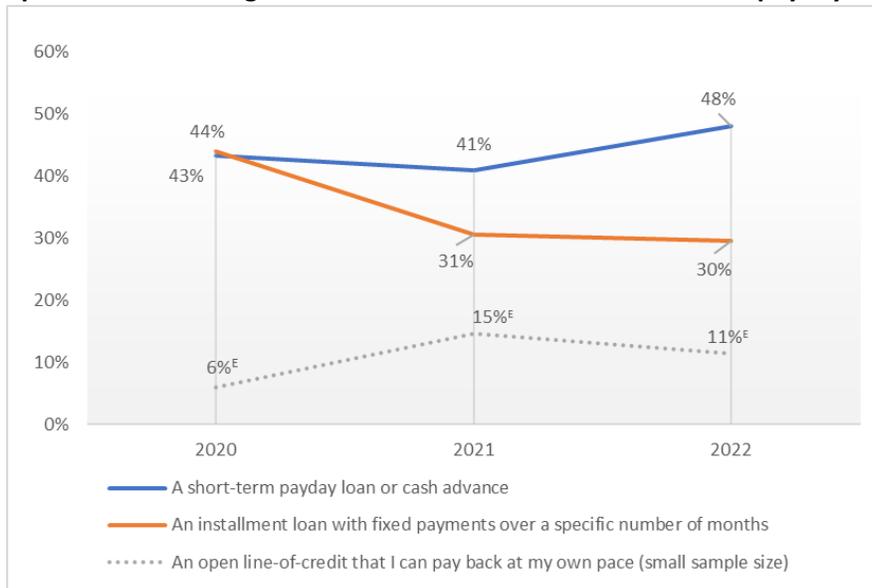
## The use of online lenders and payday loans increased during the pandemic.

The percentage of Canadians who used an online lender or payday loan has more than doubled since the start of the pandemic.<sup>11</sup> This share is higher among Indigenous peoples, recent immigrants, and Canadians with low income.



## Payday loans remained the most popular choice among Canadians who used an online lender or payday loan.<sup>12</sup>

Among Canadians who used an online lender or payday loan, more Canadians chose a payday loan or cash advance than an installment loan in 2022. These two shares were similar in 2020.



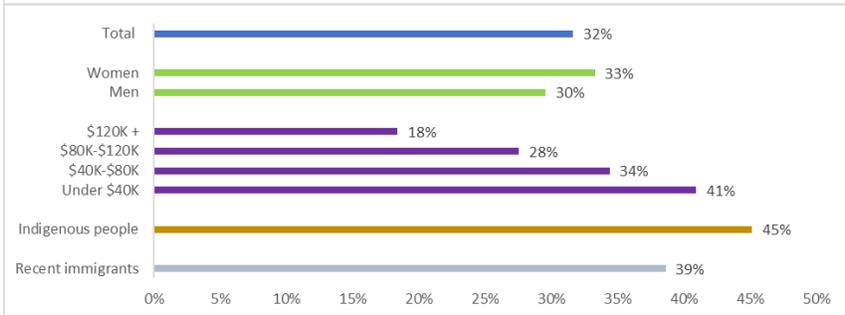
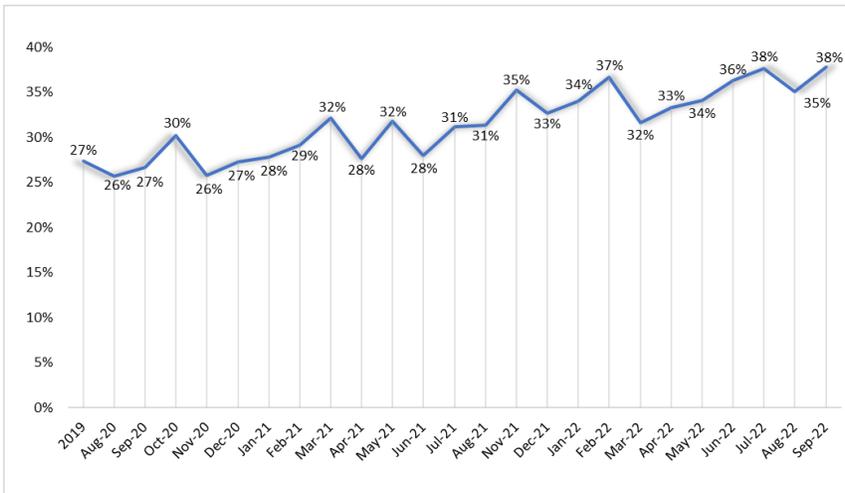
<sup>11</sup> E denotes small cell counts. Estimates should be used with extreme caution.

<sup>12</sup> Other options include 'None of the above' and 'Don't know/prefer not to say'. Therefore, the total does not add to 100%.



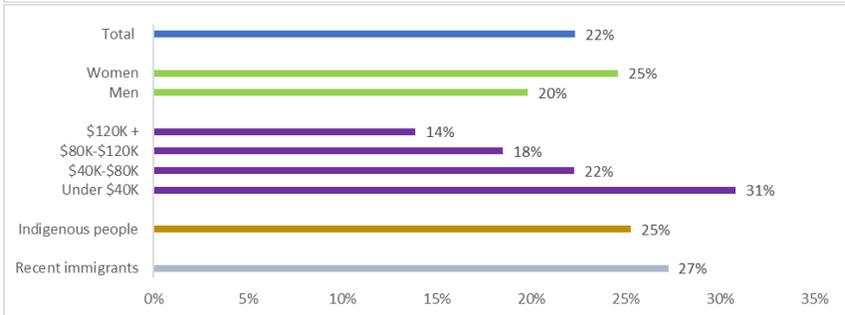
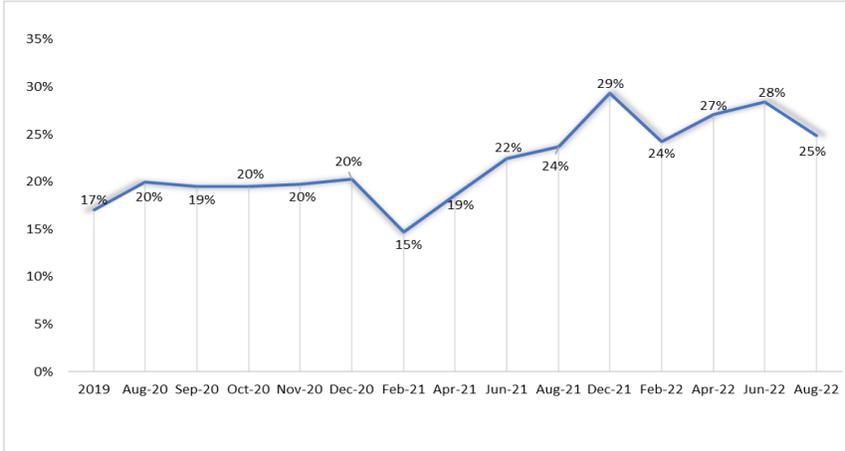
### The percentage of Canadians who borrowed money to cover day-to-day expenses has risen during the pandemic.

Overall, about one third of Canadians borrowed money to cover daily expenses during the pandemic, and this ratio was highest for Indigenous peoples, Canadians with low income, and recent immigrants. There has been a steady rise in the percentage of Canadians who borrowed money to cover day-to day expenses since the beginning of the pandemic.



### The percentage of Canadians who spend more than their monthly income increased during the pandemic.

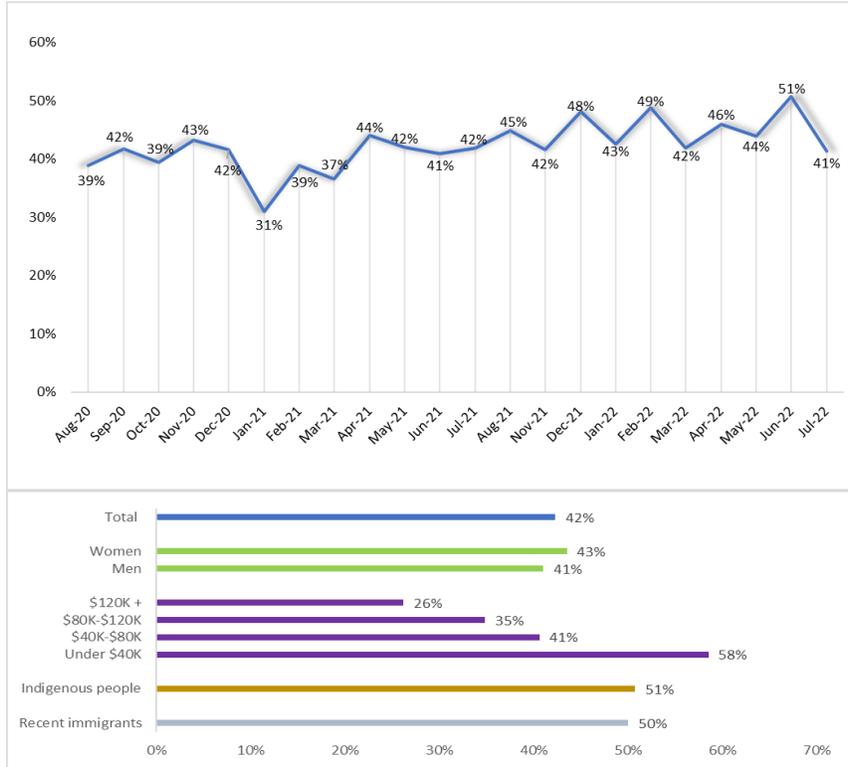
A growing share of Canadians spend more than their monthly income. Overall, Canadians with low income, recent immigrants, Indigenous peoples, and women are less likely to make ends meet compared to other Canadians.





### Many Canadians did not have money set aside for an emergency.

A large percentage of Canadians did not have emergency funds<sup>13</sup> set aside for unexpected expenses. Canadians with low income, Indigenous peoples, and recent immigrants were among those least likely to have emergency funds.

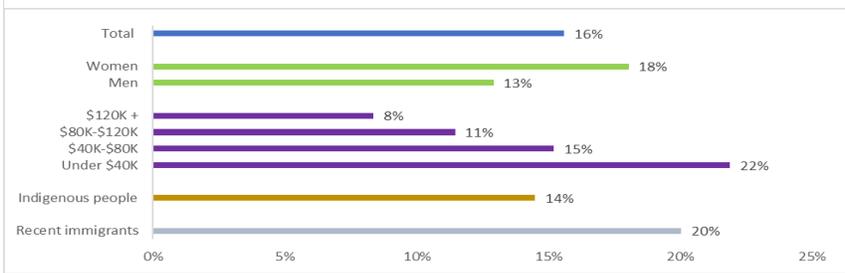
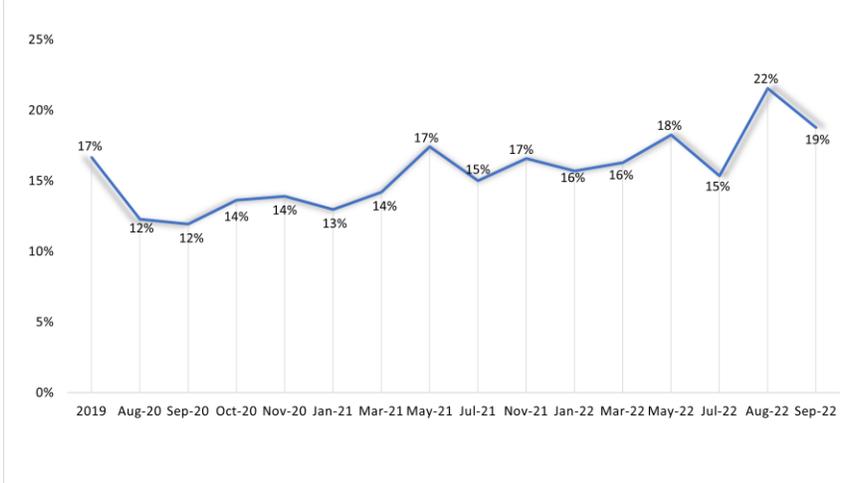


<sup>13</sup> We do not specify how many months of savings constitutes an emergency fund; however, we also ask respondents how many months of savings they possess.



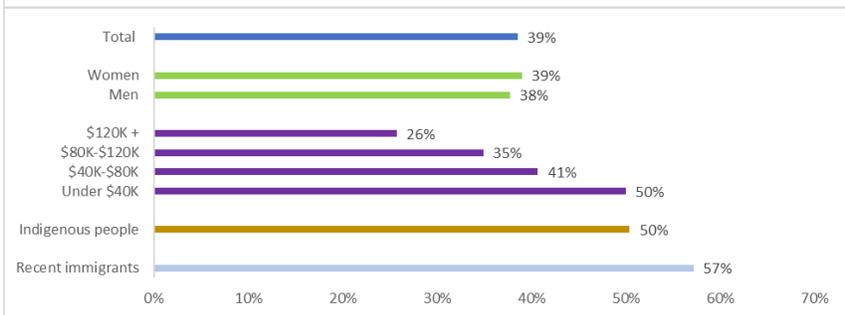
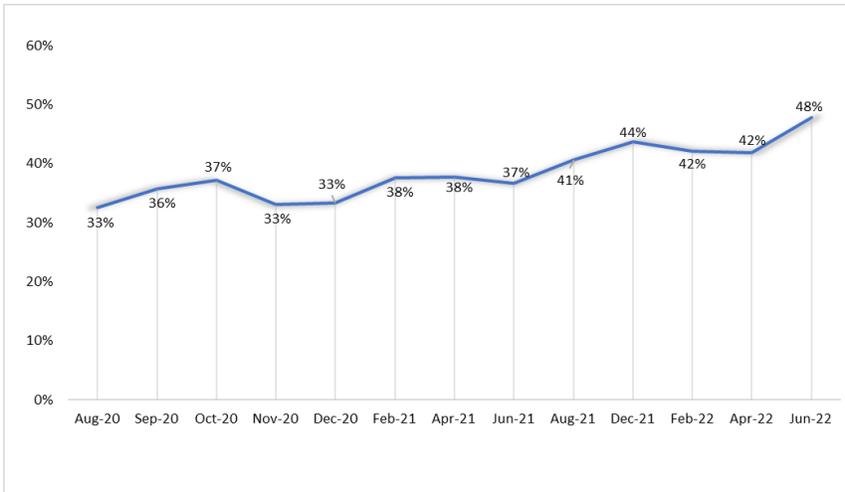
### Certain Canadians were more likely to describe themselves as not financially knowledgeable.

Canadians with low income, recent immigrants, and women tended to describe themselves as less financially knowledgeable than other Canadians.



### The percentage of Canadians who used savings to cope with the impacts of the pandemic increased between 2020 and 2022.

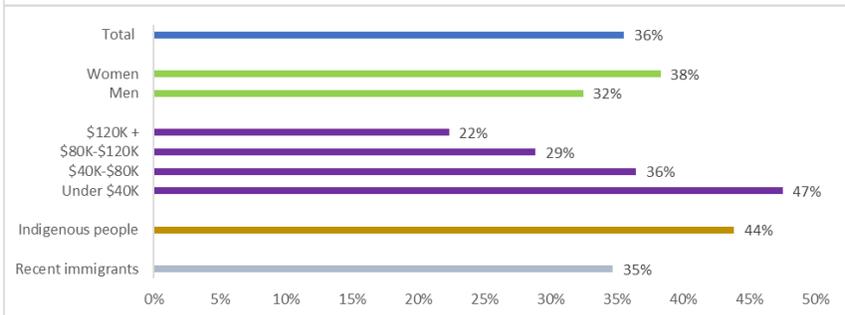
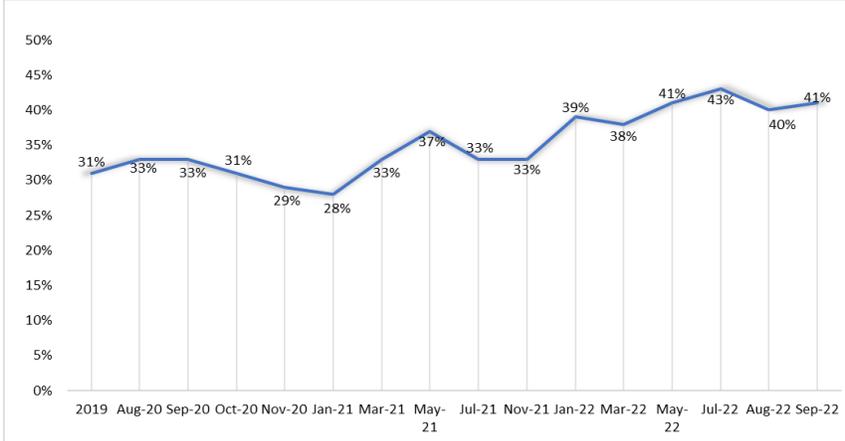
An increasing share of Canadian households have tapped into their savings to cope with the impacts of the pandemic since 2020. In August 2020, about a third of Canadians used savings to cope with the impacts of COVID-19, and this percentage has risen to almost half of Canadians just over two years later. Recent immigrants, Indigenous peoples, and Canadians with low income are more likely to have drawn on their savings than the rest of Canadians. Canadians from households with less than a \$40,000 yearly income were nearly twice as likely to have tapped into their savings compared to Canadians from households with a yearly income of \$120,000 or more.





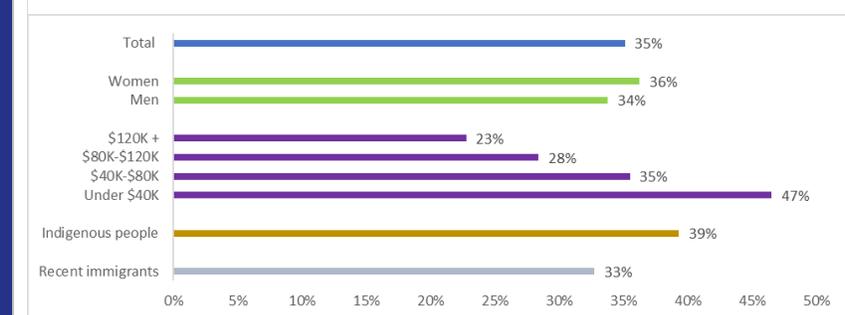
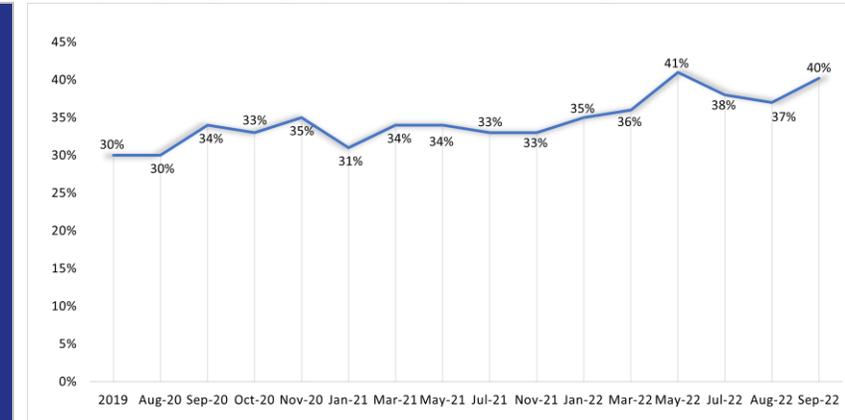
### The percentage of Canadians who are worried their money will not last is on the rise.

A growing share of Canadians have a bleak picture of their present and future financial situation as the economic impacts of the pandemic persist. About a third of Canadians were worried that their money would not last at the beginning of the pandemic. This proportion rose to over 40% in September 2022.



### The percentage of Canadians who feel they are just getting by financially is increasing.

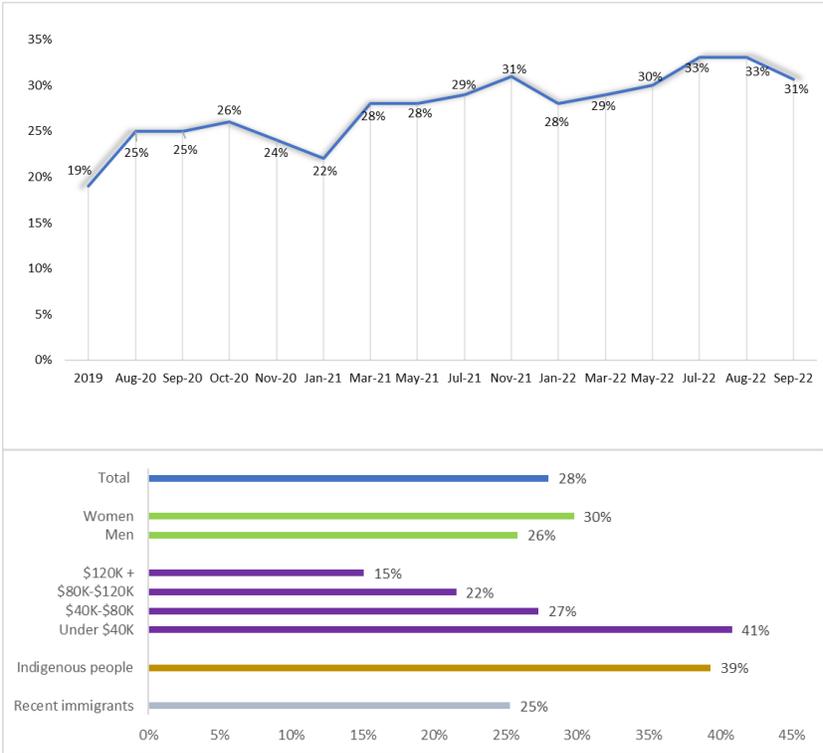
About one third of Canadians felt they were just getting by financially in 2020, and this share increased in 2022. This concern was more prominent among Canadians with low income and Indigenous peoples.





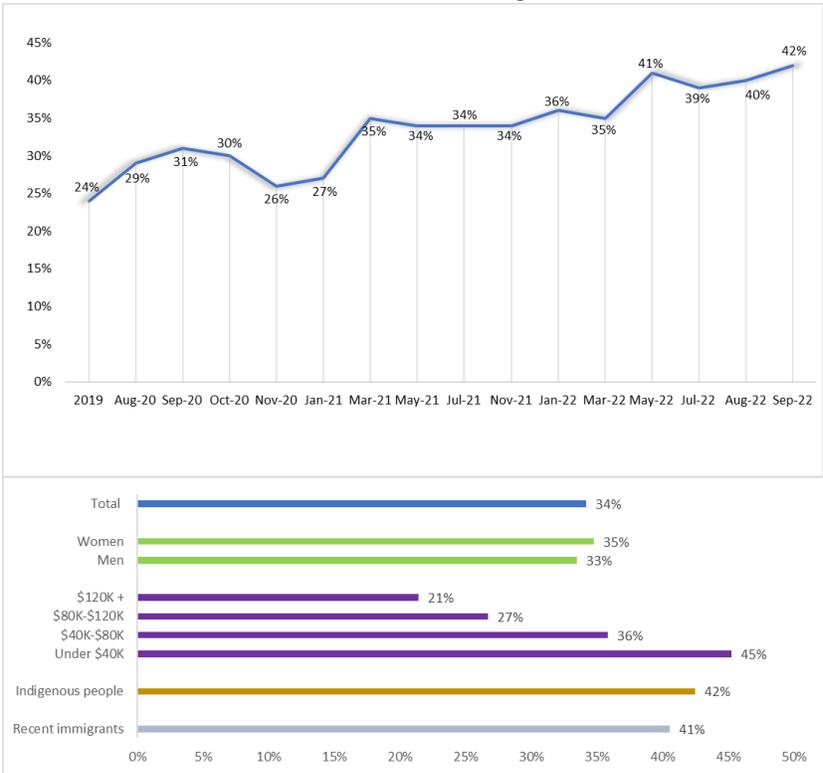
### The percentage of Canadians who say they are short on money at the end of the month is on the rise.

Overall, about one third of Canadians said they were short on money at the end of the month in September 2022, and this share has been steadily increasing since the start of the pandemic. Canadians with low income and Indigenous peoples were more likely to report being short on money at the end of the month.



### The percentage of Canadians who believe finances control their life is increasing.

Many more Canadians believe finances control their life in 2022, compared to two years ago. Canadians with low income, Indigenous peoples, and recent immigrants were more likely to express this belief.





### More Canadians believe they will never have what they want because of their financial situation.

Canadians who believe they will never have what they want because of their financial situation increased from about one quarter of the population in 2020 to one third in 2022. Canadians with low income and Indigenous peoples were more likely to have a negative assessment of their money situation.

