

Bank Account Blues: Half of Canadians say they're worse off than a year ago, far fewer expect improvement

Budget looms; cost of living a higher concern than health care, environment for those in financial rut

March 20, 2023 – As the federal government prepares to table its budget on March 28, a turbulent year has left many Canadians with dire assessments of their own finances and not many feeling optimistic about their financial futures.

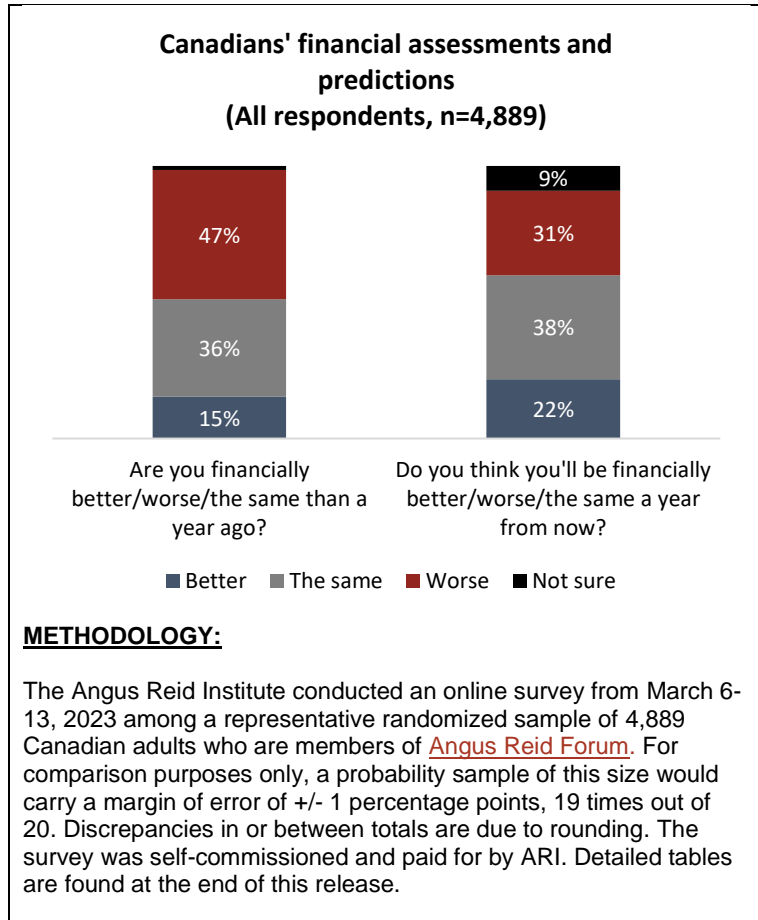
New data from the non-profit Angus Reid Institute finds half (47%) of Canadians say they are worse off financially than they were at this time last year after a year of inflation not seen since the 1980s. As economists wonder if Canada is heading [towards a recession](#), or [worse, stagflation](#), far fewer – one-in-five (22%) – expect their fortunes to improve in the next 12 months.

All this provides a sobering backdrop to the federal government's upcoming budget, which Deputy Prime Minister and Finance Minister Chrystia Freeland has indicated will be [fiscally prudent](#) though reportedly will address [affordability](#).

For Canadians in poor financial straits, there is one issue above all else that they feel is the top one facing the country: inflation. Seven-in-ten (69%) of those who say their finances deteriorated in the last 12 months, and say they expect them to worsen, select cost of living and inflation as a top concern for Canada, far outstripping those who select health care (39%) or the environment (11%). Those in better financial positions are most likely to select health care as a top priority.

More Key Findings:

- A majority of residents in Saskatchewan (55%) and New Brunswick (56%) say they are financially worse off than they were last year. That is the most in the country, though at least two-in-five in every province report the same.
- Those in Saskatchewan (41%) are also most pessimistic about their next 12 months financially. Newfoundlanders and Labradorians are the most optimistic at three-in-ten (28%) who believe their finances will improve over the next year.



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About ARI

The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.

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Part One: Financial assessments and optimism

2022 was a difficult financial year for many Canadians and 2023 has, so far, offered little reprieve. Inflation slowed in [January to 5.9 per cent year-over-year](#), but food prices continue to rise at a rate faster than that. As well, inflation is three times as high as the [two per cent target](#) set in the Bank of Canada's mandate. Still, Canada's central bank took a break in March from hiking its key interest rate. The BoC had raised rates eight times in 2022 from record lows of 0.25 per cent to the 4.5 per cent it sits at now as a means to slow inflation. The bank is [planning to hold rates steady](#) as it hopes that inflation continues to abate.

The higher interest rates may have helped combat inflation, but they also did a number on the budgets of many Canadian mortgage holders. Mortgage interest costs [rose 21.2 per cent](#) from January 2022 to January 2023, the largest increase year-over-year since September 1982.

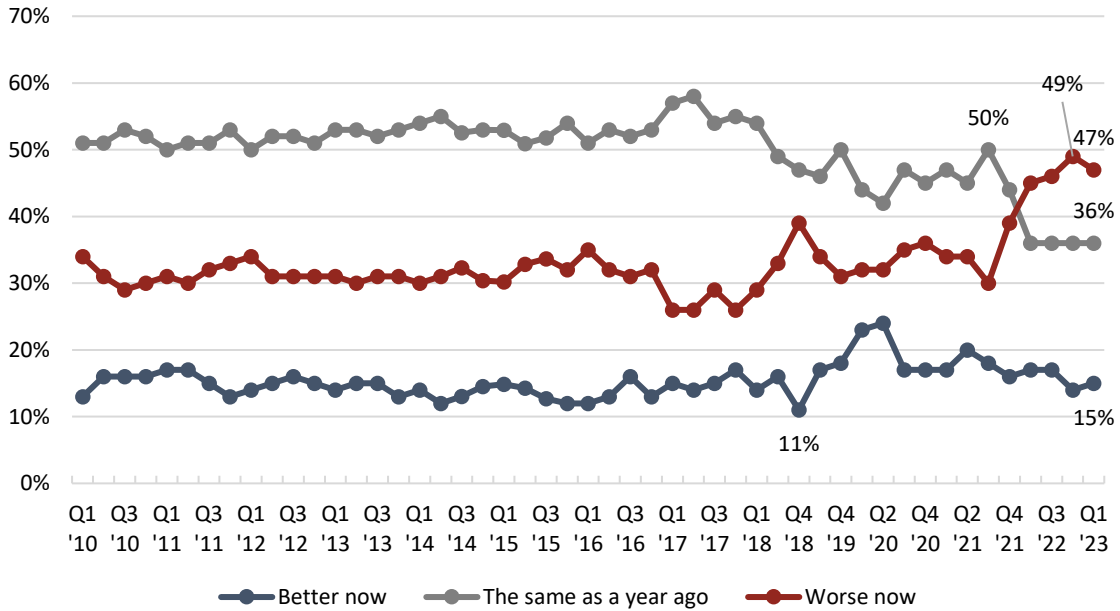
Half of Canadians say they are worse off than a year ago

It all adds up to turbulent times for nearly half (47%) of Canadians, who say they are worse off financially now than they were at this time last year, a figure that remains near record levels seen in Angus Reid Institute tracking dating back to 2010. Few (15%) call themselves better off. One-third (36%) say they have been treading water:

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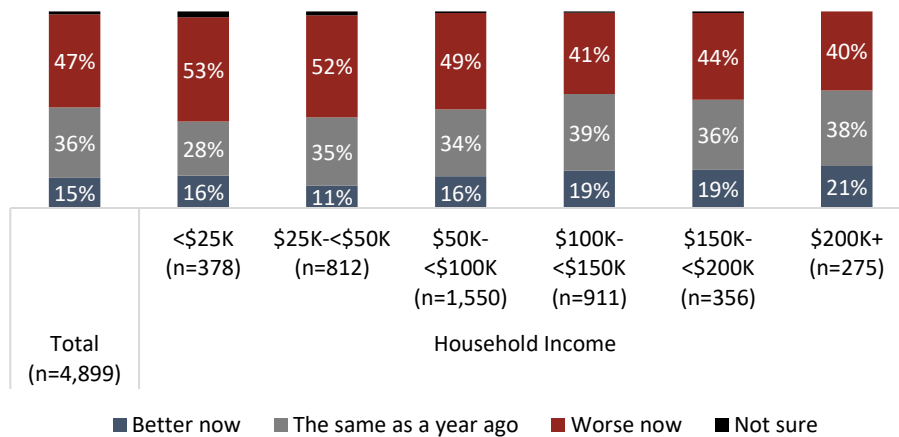
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All things considered, do you think you are financially better off or worse off than you were a year ago?



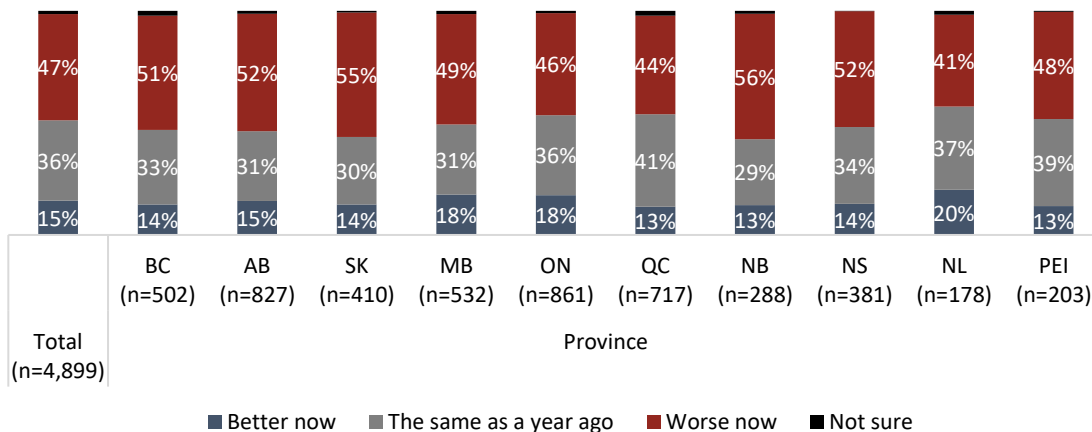
This financial turbulence has been more difficult for some than others. Lower income households are more likely to say they are in worse shape. Half of those living in households earning less than \$100,000 say they are worse off now financially than they were at this time last year:

All things considered, do you think you are financially better off or worse off than you were a year ago?



Those in Saskatchewan (55%) and New Brunswick (56%) are most likely to say their financial position has grown worse in the last year than those living in other provinces. But at least two-in-five (41%) living in every province in the country say the same:

All things considered, do you think you are financially better off or worse off than you were a year ago?

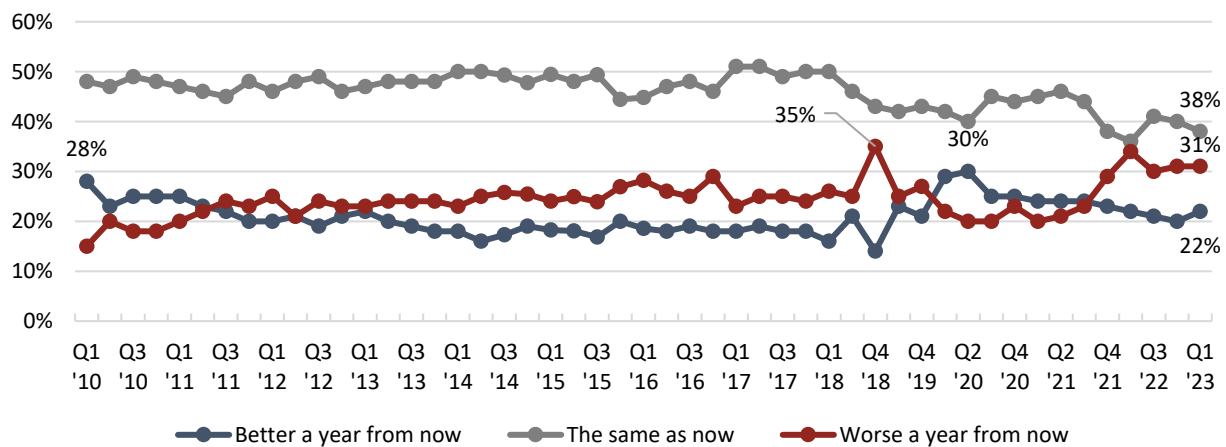


One-in-five believe they'll be better off in a year, more say worse

The outlook for 2023 is pessimistic among economists. There have been many predictions from economists of a recession for Canada in 2023, whether **mild** or **more dire**. A plurality (38%) of Canadians believe they will tread water. More believe their finances will deteriorate (31%) than improve (22%).

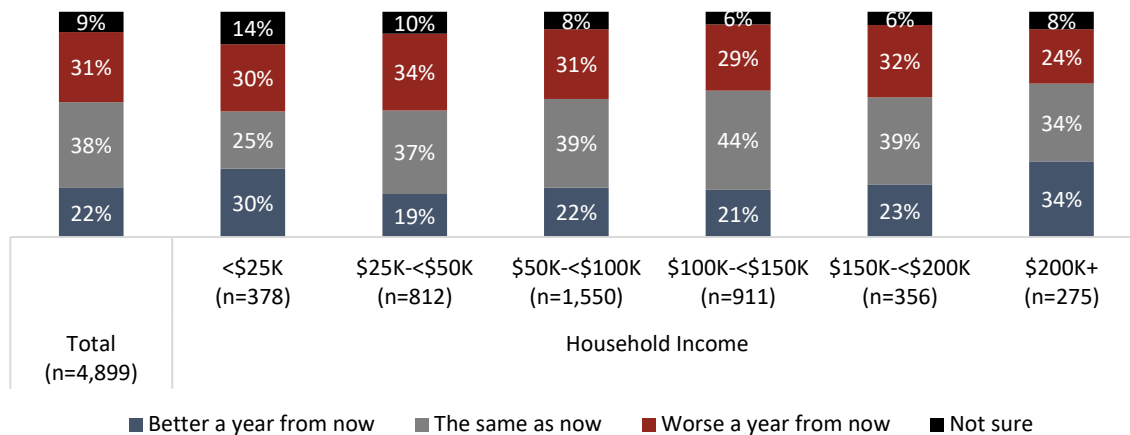
Over time, financial optimism is always a minority opinion among Canadians. However, rarely is financial pessimism so high:

And a year from now, do you think you will be financially better off or worse off than you are now?



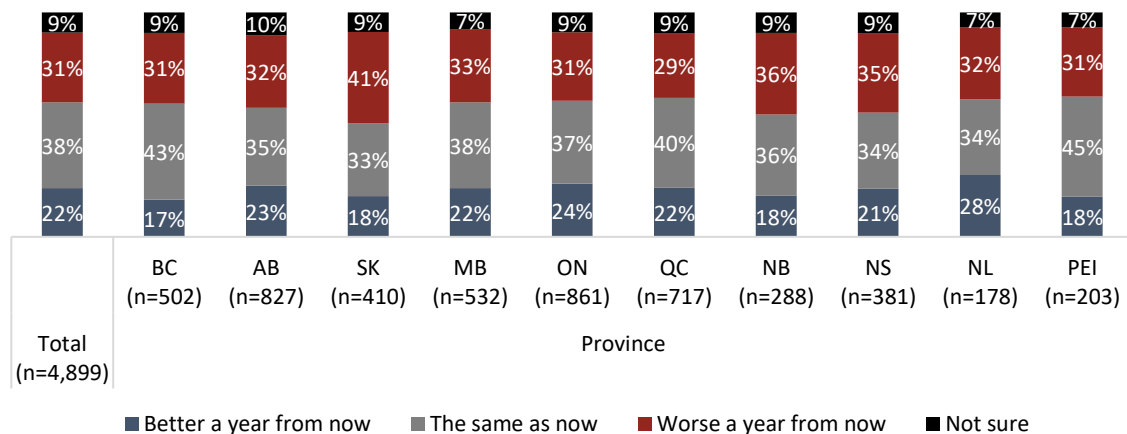
Canadians living in the highest income households are the most optimistic about the next 12 months for their finances. One-third (34%) expect improvement.

And a year from now, do you think you will be financially better off or worse off than you are now?



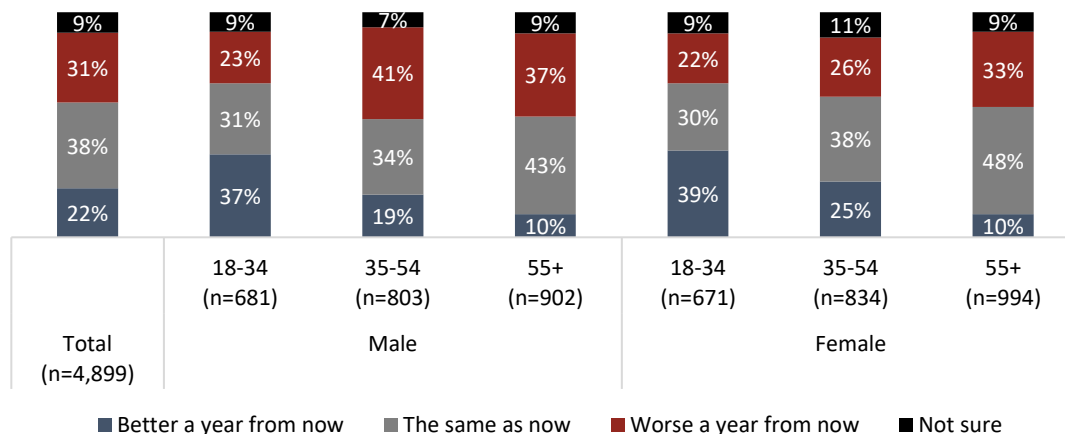
Those in Saskatchewan (41%) are most pessimistic about the next year for them financially. Optimism is highest in Newfoundland and Labrador (28%):

And a year from now, do you think you will be financially better off or worse off than you are now?



While 18- to 34-year-old men and women have similar ratios of optimism to pessimism, there are more divergent views among older Canadians. Women over the age of 34 are less likely to be pessimistic than men that age:

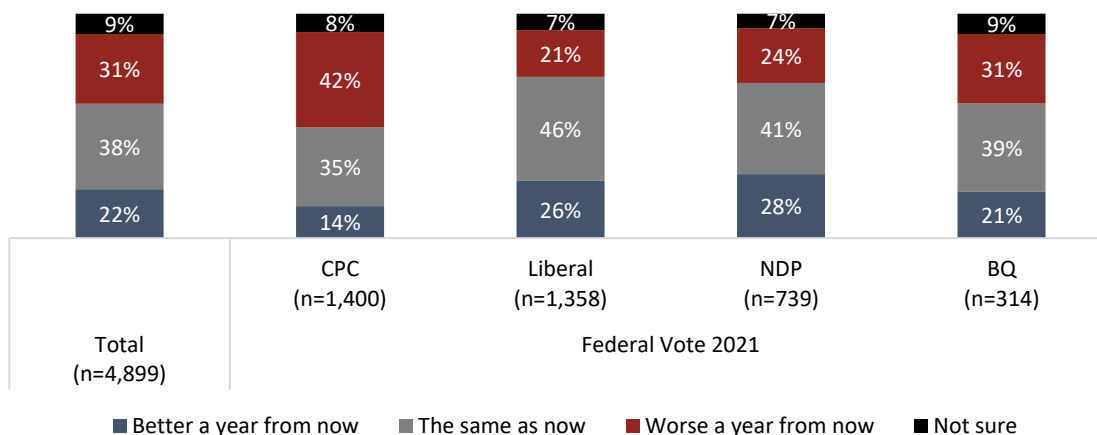
And a year from now, do you think you will be financially better off or worse off than you are now?



CPC voters more pessimistic than others

Across the political spectrum, optimism is a minority opinion. However, those who voted for the Conservatives in 2021 are more negative than other past voters. Two-in-five (42%) CPC voters expect their financial position to be worse next year, half as many past Liberal voters (21%) say the same:

And a year from now, do you think you will be financially better off or worse off than you are now?



Part Two: Budget priorities?

The federal government is preparing its latest budget with all this in the background. Finance Minister and Deputy Prime Minister Chrystia Freeland will reveal the budget on March 28. It's **expected** to include measures to address affordability, investments in environmentally friendly industry, and money to fulfill the federal-provincial health accord.

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However, Freeland has signalled that she intends “[to take a fiscally prudent approach.](#)” as many economists worry that high spending by the federal government could undo efforts by the [Bank of Canada to fight inflation.](#)

Top issues by financial assessments

Any additional measures to address affordability will perhaps be well received. Overall, three-in-five (59%) Canadians believe cost of living to be a top issue the country faces. The proportion who select inflation as a top issue is much higher – 69 per cent – among those who offer poor assessments of their finances and are pessimistic about their future. That group is also more likely to worry about taxes (23%), and the deficit (20%) than those who offer neutral or better financial assessments.

For those with better financial situations, health care is a higher concern:

| Thinking of the various issues and challenges facing Canada, which ones do you personally care about the most? (Up to three chosen, top 10 overall shown) | | | | |
|--|--------------------|--|---------------------------------|---------------------------|
| | Total (n=4,899) | Financial year-over-year assessment/optimism | | |
| | | Better/ better (n=458) | The same/ the same (n=1,030) | Worse/ worse (n=1,189) |
| Cost of Living/ Inflation | 59% | 48% | 51% | 69% |
| Health Care | 48% | 53% | 55% | 39% |
| Housing affordability | 27% | 31% | 27% | 25% |
| Environment/ Climate change | 23% | 35% | 31% | 11% |
| The Economy | 19% | 19% | 20% | 18% |
| Income inequality/ Poverty | 16% | 12% | 18% | 13% |
| Taxes | 16% | 13% | 11% | 23% |
| Ethics/ Corruption | 15% | 12% | 10% | 24% |
| The Deficit/ Government Spending | 14% | 10% | 12% | 20% |
| Crime/ Public safety | 14% | 12% | 15% | 15% |

For detailed results by age, gender, region, education, and other demographics, [click here.](#)

For top issues by financial year-over-year assessment and optimism, [click here.](#)

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