Deloitte.

Financial health in Belgium

Working together to boost financial resilience for everyone

2023

How healthy are you? OK, you eat healthy and you exercise. But are you also **financially healthy**?

What strikes us: while we are all well aware how to improve our physical health, very little is known about how financially healthy we **Belgians** actually are. And especially: what can we do to boost our financial health?

Our mission? To change that. And the first step towards a financially healthier Belgium is: **insight**! That is why we studied the financial health of Belgian households in 2022 - together with our partners, Ghent University and Argenta.

However, we realise that you need more than just a research. That is why we are taking it one step further: inspiring you to work on your financial resilience. Because, as with your physical health, it is small behavioural changes that set the engine in motion and thereby contribute to a financially healthier and happier life.

Finally, we hope that this study will mark the start of great **initiatives with various partners**. Financial institutions and non-profits, governments and regulators: let's work together to boost the financial health of all Belgians.

Happy reading!

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Five highlights of our study

1

Financial health is a broad and dynamic concept
Many studies focus only on one partial aspect of financial health, disregarding the complexity of the concept. Financial health essentially boils down to a good balance between six underlying domains: income, expenses, debts, savings, planning and skills. Therefore, we advocate approaching financial health in conjunction, from a broad and holistic perspective.

2

Two in three Belgian households are not financially resilient
One thing is clear: Belgium still has a long way to go towards achieving optimal financial health. In figures? 64% of Belgian households are not financially resilient. This is the sum of financially unhealthy (28%) and financially vulnerable (36%) households. In particular, the underlying financial health domains 'expenses' and 'savings' set off alarm bells.

3

We need to focus more on certain target groups
Striking: especially women, singles and Belgians aged between 35 and 55 are more often financially unhealthy. We also see regional differences. In addition, drastic life events such as a job loss or financial problems during youth have a negative impact on the financial health of Belgians. Our research shows that the financial situation of these Belgians is under significant pressure. We therefore urgently need to pay specific attention to these target groups.

4

All Belgians have work to do on the financial front
Even among financially resilient households (12% are financially healthy, 24% are financially adequate) we see remarkable results. Our research shows that Belgians are generally poor planners. Moreover, we all need to further enhance our financial skills. Financial health is therefore a working point for all Belgians.

5

Let's all work together towards a more financially healthy Belgium!
Do we truly want to improve the financial health of Belgian households? Then we need to work together with the broad ecosystem. Therefore, we call to forge unexpected coalitions. Financial institutions, non-profit organizations, governmental authorities, research institutions, educational institutions, regulators and employers: let's join forces and create together the right financial tools for the entire Belgian population.

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1. Why financial health matters to everyone

When we talk about financial health, we often talk about people with financial problems. This would imply that there are only two possible situations. Do you have money problems? Then you are financially unhealthy. No problems? Then you are financially healthy. But the reality is not so black and white. Because what if you have no debts, but you don't save either and you have limited financial literacy?

This is why we think it is important to look at financial health within a **broader, positive context**. We focus on six dimensions: **income**, **expenses**, **debts**, **savings**, **planning and skills**. The challenge? Staying in a balance within this broad spectrum of financial health. This study distinguishes itself by looking at the entire spectrum. Not only debts or income.

1.1. About this study and our partners

This study is conducted on behalf of Deloitte. The report was drawn up with the support of Prof. Kris Boudt (Finance and Econometrics) and Mathias Celis (Behavioural Economics), both associated with **Ghent University**, and **Argenta**. With their specific expertise and experience in financial health, they have helped interpret and clarify the results of this study.

We based this study on a scientifically substantiated methodology already applied by Deloitte in the Netherlands. Along with Ghent University, we translated and adapted this to the **Belgian context**.

1.2. What exactly is financial health?

In this study, we define financial health[1] as the extent to which a person or household is able and has the sense of control to:

- comfortably meet all current and ongoing financial obligations and needs; and
- build the financial security to pursue their life goals and comfortably meet all their future obligations and needs.

In the first instance, this study measures the financial situation of Belgian households. If someone shares their finances with members of their household, their financial health is not only determined by the person's situation, but rather by that of the entire household. But there are aspects that only affect the individual, such as personal financial knowledge and skills. In that case, in this report, we use the term 'Belgians' and not 'households'.

1.2.1 Key aspects of financial health

Financial health, and improving it, is an **ongoing process**. It is not only down to the extent to which you manage your day-to-day expenses and whether you generate sufficient regular income. Building assets and growing them to increase your financial resilience while pursuing short- and long-term goals are also part of good financial health.

Therefore, we distinguish six domains that together influence our financial health: **income**, **expenses**, **savings**, **debts**, **planning** and **skills**. The last one has to do with people's attitude towards their finances and their financial knowledge.

Figure 1.1 shows the indicators associated with financial health for each domain. Being financially healthy means that all these domains are balanced at a high level.

In this sense, this survey differs from other questionnaires and statistics. Instead of focusing on one domain (e.g., x% of households save little to nothing or uses savings), we define a **holistic financial health score**. Such a score gives an indication of the overall financial health, but also allows for more targeted insight into individual situations and possible next steps. It can also become a communication instrument, honing awareness about financial health and encouraging people to change their behaviour.

1. *This definition of financial health is in line with the definition from the Think Forward Initiative, albeit with a few small adjustments to apply it to the Belgian context. Want to find out more? You can read all about it in the methodology annex.*

Figure 1.1 Financial health indicators per domain

Income

- **Sufficient income:** households have sufficient income to meet day-to-day and future obligations.
- **Predictable income:** households are able to predict the size and certainty of their income over (longer) periods of time.
- **Control over income:** members of the household have a sense of control over generating future income.

Expenses

- **Balance between income and expenses**: households are able to get by with their income and/ or assets.
- **Paying bills in full and on time:** households are able to pay all bills on time, and there are no payment arrears.
- **Control over expenses:** members of the household have a sense of control over all types of expenses they incur.

Debts

- **Sustainable debt burden and timely debt repayment:** households have a debt burden that is manageable and they repay their debts on time.
- **Knowledge of and control over debt obligations:** members of the household understand the nature and extent of their debts and have a sense of control over them.

Savings

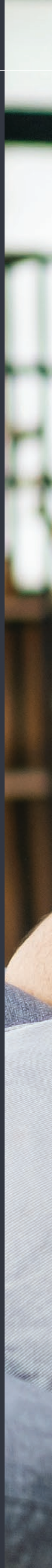
- **Saving regularly and having sufficient liquid assets for the short(er) term:** households save on a regular basis and have enough readily available cash.
- **Savings and investments for the long(er) term:** households save and/or invest to achieve long(er) term goals.
- **Control over assets:** members of the household have a sense of control over building and managing assets.

Planning

- **Short-term budget and long-term plans:** households set and monitor a short-term budget and make long-term plans to achieve life goals.
- **Adequate insurance:** households have insurances that is sufficient to cover major risks.
- **Control over planning:** household members have a sense of control over achieving their life goals through adequate planning.

Skills

- **Control over the financial situation:** members of the household have a sense of control over their financial situation and feel they can influence it.
- **Skills to handle financial problems:** members of the household have the necessary skills to handle financial difficulties. They can solve financial problems if they put in the necessary effort.
- **Knowledge and insight of financial matters:** members of the household have the ability to understand financial products and make informed financial decisions.



1.3. Our ambition

The first step towards a financially healthier Belgium? Insight! And that is what we aim to provide with this research: knowledge about the financial health of Belgians in 2022. How financially healthy are we? What differences, Now and later if any, are there between (demographic) groups? And what possible starting points do we see for further action?

Because just like our physical health, our financial health is constantly changing. And here too, small behavioural changes can contribute to a healthier financial life. That is why we want to encourage all Belgian households to take care of their financial health and work on their financial resilience. Our goal: to prevent people being unnecessarily vulnerable in adverse financial circumstances, such as in the case of loss of income or divorce.

But we also want to go one step further by making Belgians aware of their financial health. Our mission? To change behaviour. To inspire and activate Belgians to map out and balance their finances. Now and later.

An important side note in this report: the financial health of Belgian households depends not only on their behaviour, but also on economic, social and political factors. This study focuses on that part of financial health that has to do with the behaviour, financial knowledge and underlying (personal) characteristics of the Belgians themselves.

Finally, with this report we not only aim to offer new insights and thereby activate people, but also to build bridges to organizations. What impact do organizations have on the financial health of their customers? And how can we work together with a financial ecosystem to improve the financial health of all Belgians?

This ecosystem consists of a wide range of parties inside and outside the financial sector: banks, pension funds, insurers, financial interest groups, financial regulators, (online) retailers, employers, governments, field organisations, universities/researchers, and the education field. To you we address our recommendations on the steps we can take together to make Belgian households more financially healthy.

2. How financially healthy is Belgium?

How financially healthy are we, Belgians? What groups of the population are the most vulnerable? And what do we see when we zoom in on the **key drivers**, the six domains, that determine our financial health (income, expenses, savings, debts, planning, and skills)? You will find out in this chapter.

2.1. Our scoring methodology

To determine the financial health of Belgian households, we surveyed **4,000 respondents** through a questionnaire. We applied our scoring methodology[2] on the data we obtained to make financial health measurable. This method calculates a financial health score of 0 to 100 for each respondent. In this way, we establish how well each respondent scores on the six financial domains: income, expenses, savings, debts, planning, and skills.

However, financial health is not all black and white. It is about striking a balance between these six domains. That is why we work with a **financial health scale (0-100)** through which we define four 'health levels': financially unhealthy, financially vulnerable, financially adequate, and financially healthy. The bandwidth for each level was determined based on theoretical and expert insights. Are you curious about the specific characteristics per health level? You can find them in figure 2.1.

With this scoring model, we measure the **overall financial health score**. We also use the same model to go one step further and determine the **score per health domain**. These sub-scores (green, orange, or red)[3] give practical insights to boost financial health

2.2. Belgium divided into financial health levels

What happens if we divide Belgium into four financial health levels (healthy, adequate, vulnerable, and unhealthy)? Our research shows that Belgian households are distributed across the four health levels.

What stands out: 12% of Belgian households are financially healthy and 24% financially adequate. This means that **more than one third (36%)** of Belgian households are **financially resilient**. But that also means that 64% is not. 36% of Belgian households are financially vulnerable and 28% are financially unhealthy (see figure 2.2).

And on average? We measure a score of 54 out of 100. This means that an **average Belgian household is in a financially vulnerable situation**.

There is still room for improvement, even among financially healthy households. Just because a household has a good overall financial health score does not mean that it also scores well on all underlying domains (see further in this report in 2.3). Moreover, financial health is a dynamic concept: improving it is a **continuous process and households can change their level, both positively or negatively**.

Figure 2.1: The financial behaviour of households per financial health level

Financially unhealthy (0-43)	**Financially vulnerable** (43-59)	**Financially adequate** (59-74)	**Financially healthy** (74-100)
Do you score between 0 and 43? Then you are in a financially unhealthy situation. Households that score in this range cannot make ends meet with their income. It is always difficult for your household to pay off all bills, and you are in arrears. Your household either cannot save or saves very little. You are uncertain about paying your debts on time and live from day to day.	Does your household score between 43 and 59? Then you are in a financially vulnerable position. Specifically, this means that your household generally has approximately the same expenditure as income. You regularly find it difficult to pay all your bills and have a limited savings buffer. You are worried about paying off your debts and you sometimes feel powerless when it comes to your financial situation.	Does your household score between 59 and 74? Then we consider your situation to be financially adequate. That means that your household has less expenditure each month than income. You have room to build a savings buffer for unexpected expenses. Your household has the necessary financial knowledge and makes financial plans for the future.	Do you score between 74 and 100? Then you're financially healthy. Households that score in this range usually have more than enough money left over at the end of the month or they have a large savings buffer. You are not worried about paying off your debts. You even use the money left over every month to save and make informed investment choices. You also plan financially for the short and long(er) term, such as for your pension.

Figure 2.2: Belgium divided into levels of financial health, in %

28%	36%	24%	12%
Financially unhealthy (0-43)	**Financially vulnerable** (43-59)	**Financially adequate** (59-74)	**Financially healthy** (74-100)

average score : 54/100

2. *Want to find out more about our scoring methodology? You can read all about it in the methodology annex.*
3. *Some more information on the sub-scores:*
   - *A green score means that the household shows good financial health on most of the questions within that domain.*
   - *An orange score means that the household shows average financial health on most of the questions within that domain.*
   - *A red score means that the household shows poor financial health on most of the questions within that domain.*

2.3. The drivers of our financial health scores

In this section, we delve deeper into the **key drivers for the overall financial health scores**: income, expenses, savings, debts, planning, and skills.

Expenses

Our research shows that as much as two thirds of Belgian households (65%) gets a red or orange score and therefore encounters problems with household expenses (see figure 2.3). That also stands out when we look at the extent to which households can pay their bills. **More than 6 out of 10 Belgian households (63%) has difficulty with paying all bills** (see figure 2.4)[4]. The majority of this group (89%) succeeds in paying them without going into arrears.

An important side note is that: **2022 was not a 'standard year'**. Just think about the energy crisis, the war in Ukraine, climate change, and the aftermath of the Covid pandemic. This is why we cannot interpret the outcome of our research without taking into account those major events.

Because of the war in Ukraine, the prices of day-to-day basics such as energy, fuel, and groceries rose considerably in 2022. As a result, inflation went up 10.63% in November 2022 when respondents filled in our questionnaire. Consequence? A fall in purchasing power. Moreover, salaries had not yet been indexed for all Belgian households in November 2022. As a result, we assume that the price rises have negatively influenced the sub-scores for the 'expenses' domain.

Figure 2.3: Sub-scores of Belgian households for the 'expenses' domain; in %

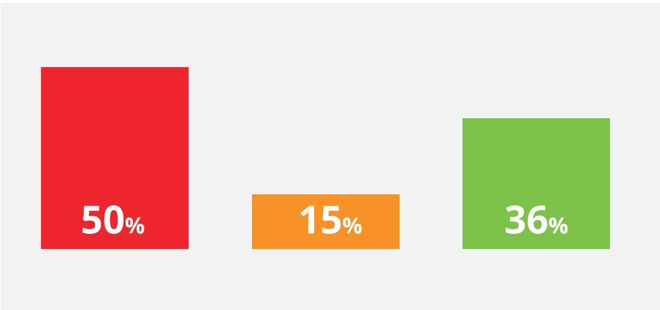
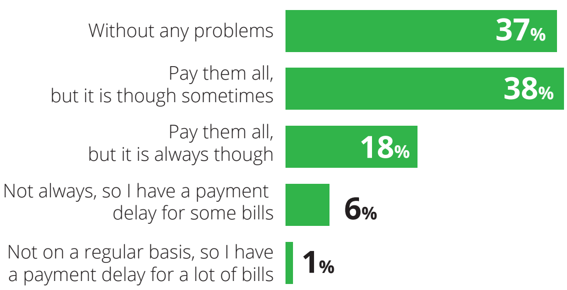


Figure 2.4: The ease with which Belgian households can pay their bills, in %



Savings

A logical consequence of the rising energy and food prices: a growing number of Belgian households saves less or not at all. On top of that, they have to dip into their savings more often to pay all household costs. This trend also translates to the sub-scores for the 'savings' domain (see figure 2.5). With a score as high as 48%, half of Belgian households have a red score.

We see that as well when we focus on the effective saving behaviour of Belgian households. **More than half of Belgian households (54%) do not structurally save every month** (see Figure 2.6). Of this group, half try to save monthly but do not succeed every time. A quarter can only save when circumstances play in their favour while the remainder does not save at all[5].

Specifically, this means that half of Belgians have limited savings behaviour and, therefore, are more financially vulnerable. In fact, savings provide a good buffer when faced with economic shocks and contribute to a comfortable future and worry-free retirement.

Figure 2.5: Sub-scores of Belgian households for the 'savings' domain; in %

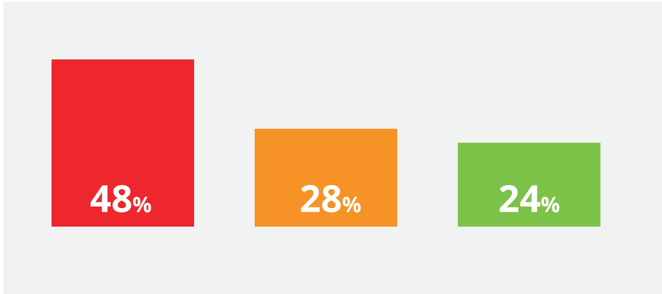
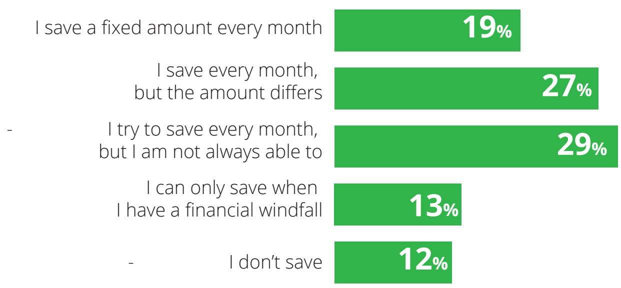


Figure 2.6: The savings behaviour of Belgian households; in %



4. *In the Mental Assessment Group Report from 2022, 43.3% of Belgians revealed that they find it difficult to make ends meet at the end of the month, or don't succeed at all.*
5. *The 2022 European Consumer Payment Report by Intrum shows that more than half of Belgians (53%) would like to save more every month. Instead of saving, they now have to use their savings to cover the rising energy and supermarket prices.*

For both 'expenses' and 'savings', the assumption is that the energy crisis has negatively influenced the scores in these domains and, therefore, also the overall financial health score. At the same time, most Belgian households (86%) have adjusted their behaviour to the rise in costs. For example by purchasing less or consuming less energy.

But our study also shows ***a more deep-seated structural problem*** *in two domains that have nothing to do with the crisis: '****planning****' and '****financial skills****'.*

Planning

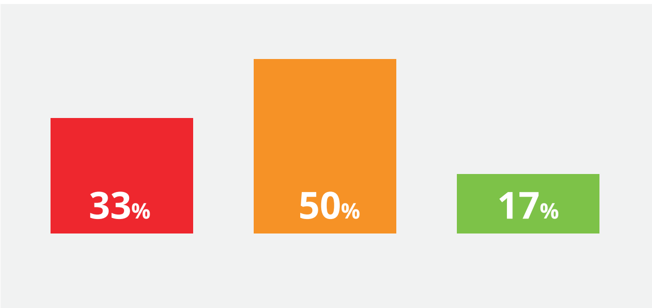
Do you have a financial plan? If so, you will have more control over your financial situation. By mapping out your **short- and long-term goals** and their viability, it will be easier to take action to achieve your goals. However, we can see that only one sixth of Belgian households (17%) do not encounter problems with the 'planning' domain (see figure 2.7). Therefore, most Belgian households have a lot of room for improvement.

Let's take a closer look at Belgian households' planning behaviour. **Almost 1 in 2 Belgian households (46%) make no plans further ahead than one month**. One third (38%) even makes no financial plans whatsoever for the future of their household (see figure 2.8). Moreover, one third of Belgians (34%) would rather spend money than save it for unexpected expenses.

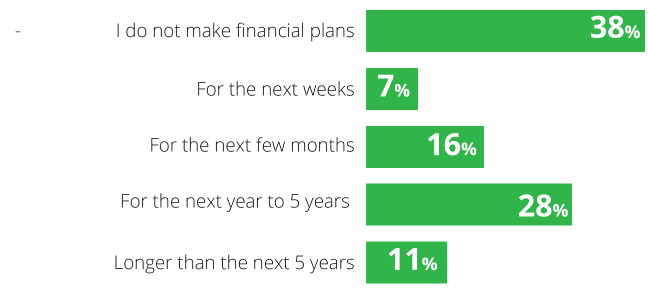
It therefore comes as no surprise that there is a lot of room for improvement in terms of **pension planning**. Almost one quarter of Belgians (24%) have made no plans for their retirement. And of the Belgians that do financially plan for their pension, one third (34%) have no confidence in doing so.

What is another aspect of good financial planning? Ensuring **that you are covered for major adverse events**, for example fire, break-ins, or floods. 40% of Belgians are (very) certain that their insurance sufficiently covers any potential major adverse events. The same amount (40%) are somewhat certain and 17% are (very) uncertain. The remainder (4%) know that they are insufficiently covered.

Figure 2.7: Sub-scores of Belgian households for the 'planning' domain, in %



Figuur 2.8: The periods for which Belgian households make financial plans, in %

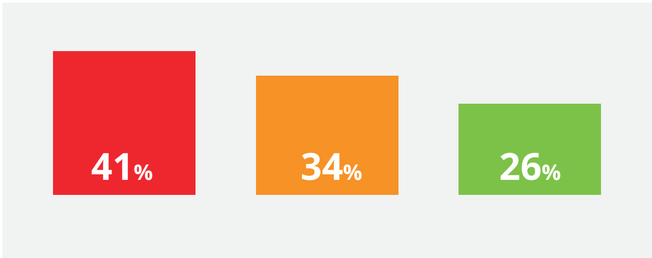


Skills

Thus, there is still a lot of room for improvement among Belgians in terms of financial planning. As there is in terms of financial skills. By this, we mean our **knowledge to make informed decisions** and the **feeling that we have control over our finances** (the emotional aspect).

The outcome is that only one quarter of all Belgians (26%) does not experience problems within this domain (see figure 2.9). This means that 3 out of 4 Belgian households have to hone their financial skills.

Figure 2.9: Sub-scores of Belgian households for the 'skills' domain, in %



Financial knowledge

Let's delve deeper into our financial literacy. Our ability to assess risks and make informed decision also influences our financial behaviour in the domains of 'income', 'expenses', 'debts', 'savings', and 'planning'. In other words: **knowledge is crucial** to be financially healthy.

What do the figures reveal? Belgians give themselves a score of 6.6/10[6] for their financial knowledge and understanding of financial matters. At first sight, this seems to be an acceptable score, but is this correct? Our results show that Belgians do not understand all financial matters equally and therefore overestimate themselves (see figure 2.10). Specifically: **fewer than 1 in 3 Belgians (30%) give a correct answer to the three financial knowledge questions and therefore lack the necessary elementary financial knowledge**. Worse still, half of Belgians do not know how to gain more insight into their future financial situation.

Figure 2.10: Answers from Belgians to financial knowledge questions, in %

Emotions surrounding financial health

When talking about finances, it is often cold figures and hard facts. But our emotions are not unimportant. It seems that because of limited financial knowledge in combination with little or no planning (short-term or long-term), most Belgians feel powerless. In figures? **Only 4 out of 10 Belgians (39%) do not feel powerless when thinking about their financial situation** (see figure 2.11). The other 61% does not feel in control of their financial situation.

Also striking: only half of Belgians (49%) keep a cool head when faced with financial difficulty. The other half cannot stay calm because they have no confidence in their own ability to get a grip on their finances (see figure 2.12).

Figure 2.11: A feeling of powerlessness about the financial situation, in %

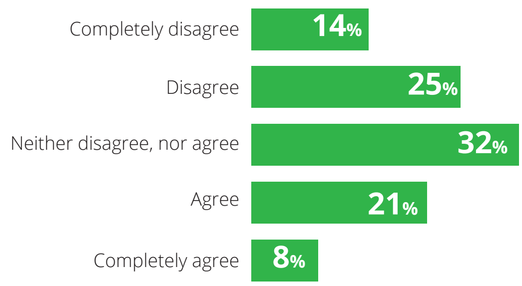
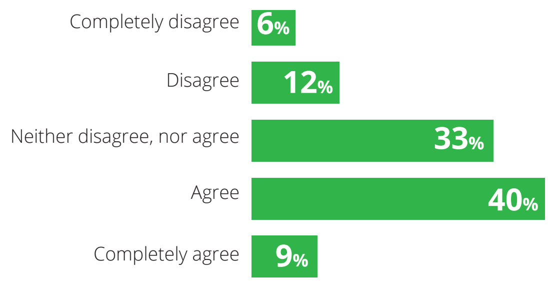


Figure 2.12: A feeling of confidence in own ability when facing financial difficulties, in %



6. In a Febelfin publication from September 2022, Belgians give themselves a similar score of 6.8/10. Febelfin finds that Belgians often overestimate their knowledge of investments, borrowing, and pension saving.

2.4. A closer look at financially vulnerable segments of the population

2.4.1. Women

The figures speak for themselves: still today, we see that women are more often financially unhealthy than men. Specifically: the average financial health score of women is 52, whilst men score an average of 57. This lower score among women can also be seen in the effective division of men and women over the four health levels. Only **33% of women are financially resilient** ('financially healthy' or 'financially adequate') **compared to 40% of men** (see figure 2.13).

What happens when we take a closer look at the underlying financial health domains? We can see that **women systematically score lower**. It is worth noting that the difference is the smallest for the 'debts' and 'income' domains (figure 2.14). The pay gap between men and women therefore has less of an impact than one might expect.

Figure 2.13: Financial health levels per gender, in %

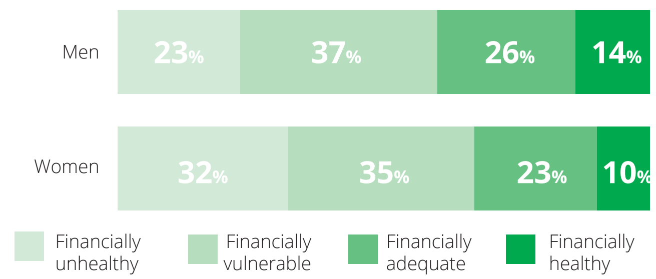
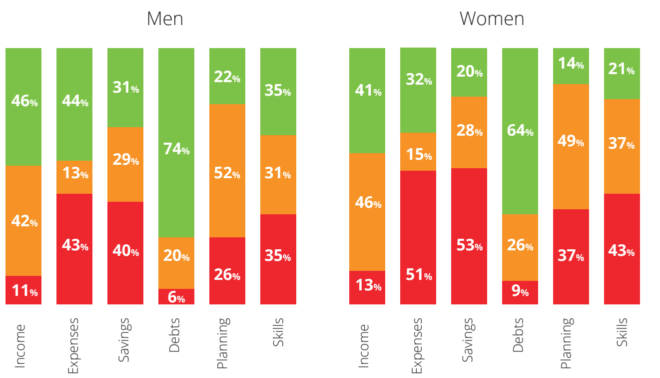


Figure 2.14: Sub-score per domain per gender, in %

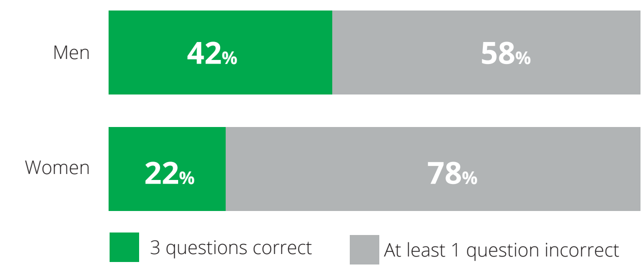


In the 'expenses' domain, we notice that women especially have more difficulty paying necessary living expenses such as housing costs, groceries, and clothing. Concretely: 1 in 3 women find it (verry) difficult, compared to 1 in 4 men. This also translates into their savings behaviour: **women build a smaller savings buffer than men**. Consequence? Only 28% of women can go on for more than a year if their income disappears, compared to 40% of men.

But also in terms of financial skills, women have some catching up to do. In particular, they need to **hone** their **financial knowledge**. Because only 22% of women give the correct answer to the three financial knowledge questions. With 42%, men score almost double (figure 2.15).

Finally, **women often plan less for the long(er) term**. 35% of women make financial plans for at least the coming year, compared to 42% of men. Women plan more often for the short-term. However, focusing only on the short time can compromise long-term life goals.

Figure 2.15: Financial knowledge questions per gender, in %



2.4.2. Belgians from a parental household with financial problems

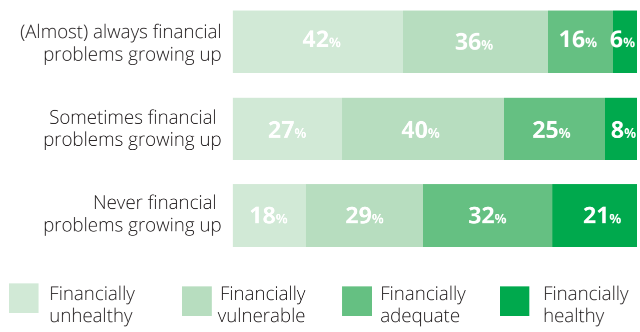
Looking at income inequality[7], Belgium compares relatively well with the rest of the European Union. However, this study shows us that **our social mobility in terms of financial health has some room for improvement**.

Belgians who grew up in a household where there were (almost) always (average score of 48), or sometimes (average score of 53) financial problems score significantly lower on the financial health index than Belgians who grew up in a household where there were never financial health problems (average score of 60).

A few figures in order (see figure 2.16):

- In the group where there were never financial problems at home, more than half are now financially resilient ('financially healthy' or 'financially adequate').
- In the group where there were sometimes financial problems at home, only 1 in 3 are now financially resilient.
- In the group where there were (almost) always financial problems at home, fewer than 1 in 4 are now financially resilient.

Figure 2.16: Financial health levels per financial situation of the parental household, in %



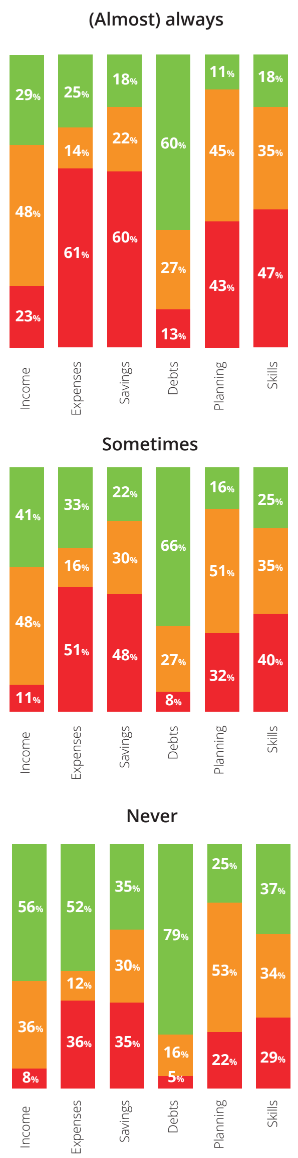
7. *The 2022 European Union Statistics on Income and Living Conditions survey shows that the Gini coefficient in Belgium is 24.1%, lower than the EU27 average of 30.1*

What is striking: among Belgians who had financial problems when growing up, the lower overall financial health scores also translate into **lower scores for the six underlying domains** (see figure 2.17).

A possible explanation? In their youth, these people received fewer financial incentives. Saving and financial planning probably came less into play in a context of financial difficulties. Thus, 1 in 3 Belgians who used to (almost) always have financial problems continue to live day to day because of their financial situation.

Furthermore, we suspect that this group has acquired fewer financial skills at home. As a result, they now feel less in control of their financial situation. More than 4 in 10 Belgians who used to (almost) always have financial problems at home now feel powerless over their financial situation. That is double the amount of those who have never encountered financial problems.

Figure 2.17: Sub-score per domain per financial situation of the parental household, in %



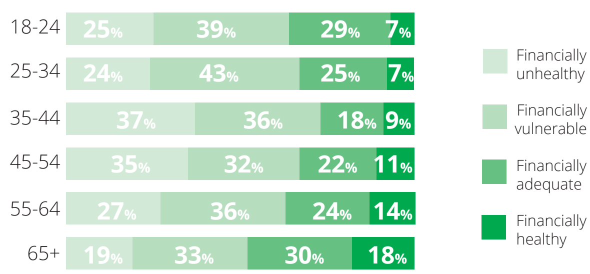
2.4.3. People between 35 and 54 years of age

If we look at age, there are two age categories that are more financially healthy than the others: the over 55s and those between 18 and 34 years of age.

It perhaps comes as no surprise that **the over 55s are the most likely to be financially healthy** with a financially health score as high as 57. The outlook is even more positive among the over 65s: 48% of them are financially resilient compared to 38% in the category of 55-64 years old.

More surprisingly: Belgians between 18 and 34 (with an average score of 54), score better than the age group of 35-54 (whit an average score of 51). At first sight, this is not a significant difference. But when we look closely at the effective distribution of the age groups over the four health levels, we see that the **percentage of financially unhealthy people is highest among the 35-54 age group** (see figure 2.18). 36% of them are financially unhealthy compared to 25% of 18-34 year olds and 22% of over 55s.

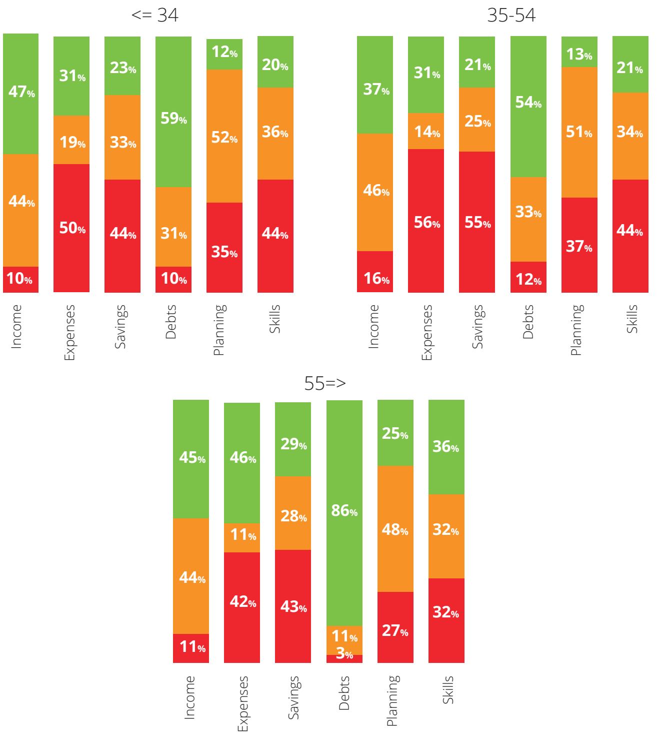
Figure 2.18: Financial health levels per age group, in %



In more detail: if we put the six financial domains for the 35-54 age group next to those of the younger age group, we can see that the first group has significantly more red scores for 'income', 'expenses', and 'savings' (see figure 2.19). Concretely, this means that the **35-54 age group has more difficulty paying all household bills**. As a result, they save less frequently and have smaller savings buffers. This corresponds to their stage in life where they spend more money on their children or on paying off their loans.

Comparing the over 55s with the 35-54 year olds, the 'debts' domain stands out. Almost 9 in 10 over 55s (86%) score green on 'debts', whilst only half (54%) of the 35-54 age group get a green score here. Not surprising, since many over 55s are at a stage of their lives in which they have paid off their debts.

Figure 2.19: Sub-score per domain per age group, in %

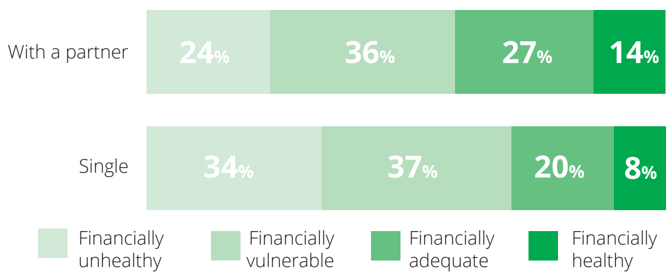


2.4.4. Singles

The financial (un)health of singles, divorcees, and widows is a well-known problem in society. The results of our study confirm this.

In figures: single people have an average financial health score of 51, which is on average 5 points less than people who are married, effectively or legally co-habiting. Furthermore, **married, effective or legal co-habitants are more likely to be financially healthy or financially adequate (41%) than singles (28%)** (see Figure 2.20).

Figure 2.20: Financial health levels per civil status, in %

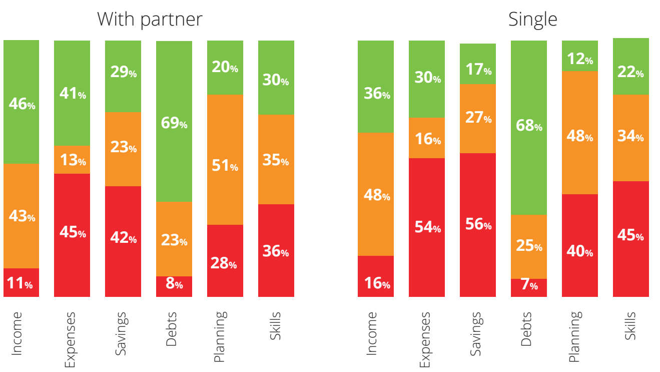


Zooming in on the underlying financial domains, we notice that singles **achieve lower scores across the board**. Only in the 'debts' domain do we measure no significant differences (see figure 2.21).

Many expenses for singles are proportionately higher. As a result, **68% of singles cannot pay all their bills without problems**. Of the people with a partner, 57% cannot do so without problems.

What stands out the most? Single people score lower in the 'planning' and 'skills' domains. We suspect that singles plan less and live from day to day because they don't have to consider a partner. Still, as a single person it is important to prepare for financial obligations or uncertainties, for example by taking out insurance and planning your retirement financially.
Finally, we underline the importance of financial skills for singles. They can sharpen these by delving into their financial situation, developing more knowledge and thus boosting their financial self-confidence.

Figure 2.21: Subs-score per domain per civil status, in %



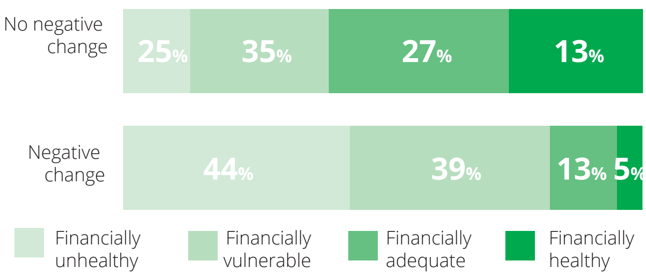
2.4.5. Belgians with a professional or personal setback

A death, a break-up, a dismissal… Impactful negative life events obviously increase your risk of financial problems. In this study, we differentiate between two types of setbacks that respondents could have gone through in the past year: **changes in personal situation** (such as the death of a family member or a break-up) and **changes in the work situation** (such as a pay cut or a dismissal).

What do we learn from this research? The majority of Belgians had no setback in their personal or work life in the past year. But the Belgians who did experience a negative change in the past twelve months are more likely to show unhealthy financial health levels (see figure 2.22). Accordingly, the average financial health score of this group (46) is significantly lower than that of the group of Belgians without a setback (55).

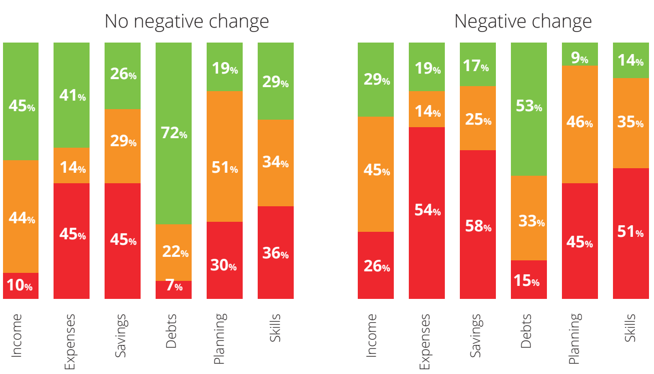
In the group of Belgians with setbacks, we see a couple of outliers with the lowest financial health scores: people who went bankrupt (56% is unhealthy), people with a salary reduction (50% is unhealthy), and people with a relationship break-up (44% is unhealthy).

Figure 2.22: Financial health levels of Belgians who did or did not experience a negative change in their personal or work situation, in %



Zooming in on the six underlying financial domains, we see that people who did not experience a setback in their personal or work situation are more likely to have a green score in all domains (see Figure 2.23).

Figure 2.23: Sub-score per domain of Belgians who did or did not experience a negative change in their personal or work situation, in %

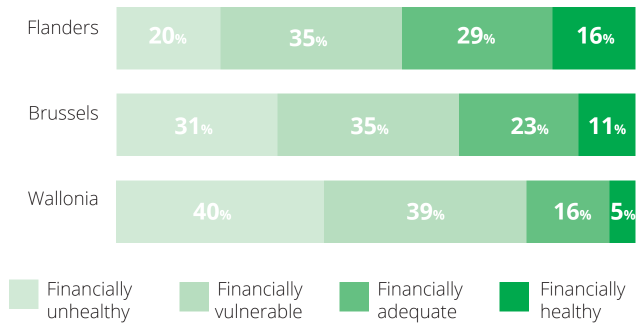


2.4.6. Regional differences

Finally, looking at the regions of Flanders, Wallonia, and Brussels, we observe that Walloon households are more often financially unhealthy.

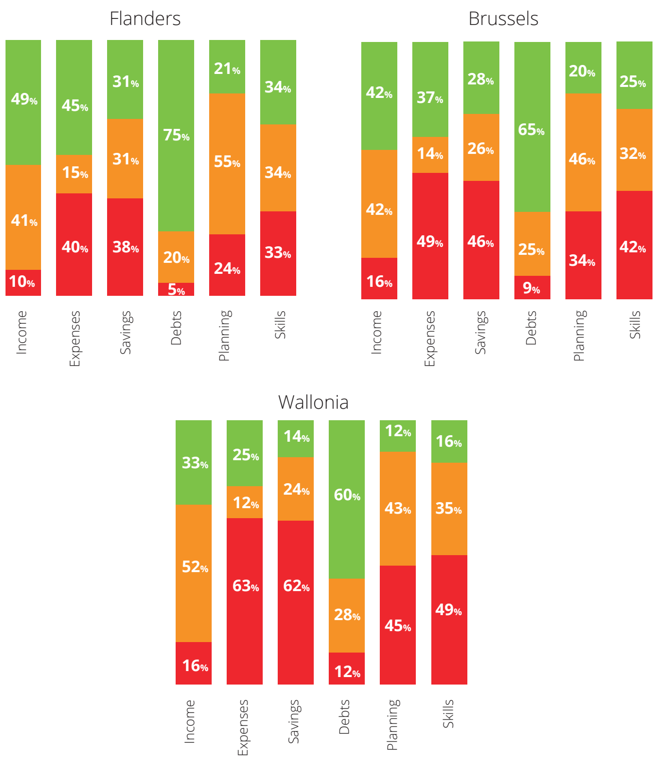
In figures: Walloon households, with an average financial health score of 52, score considerably lower than Flemish households, who score 60 on average. Moreover, **Flemish households are twice as likely to be financially resilient (45%) than Walloon households (21%)** (see Figure 2.24). Brussels households also score lower than Flemish households with an average score of 57.

Figure 2.24: Financial health levels per region, in %



And if we zoom in on the underlying financial health domains? Then we see that **Walloon households systematically score redder**. Strikingly, the difference is the greatest for the domains 'expenses', 'savings', 'planning', and 'skills' (see figure 2.25). If we compare Flemish households with those in Brussels, the same four domains stand out.

Figure 2.25: Sub-score per domain per age group, in %



3. Working together toward greater financial resilience

One thing is clear: Belgium still has a long way to go to achieve good financial health for everyone. Two thirds of Belgian households are financially vulnerable or unhealthy. But even among the financially healthy and adequate households, alarm bells are ringing.

Therefore, we formulate general recommendations for parties in- and outside the financial sector. We call for a joint effort to boost the financial health of Belgian households.

Are you part of this ecosystem but don't know exactly where to start? In this chapter, we give you concrete starting points. Our goal: to create a direct positive impact on Belgians' financial health together with you.

3.1. Our recommendations for the ecosystem

Recommendation #1: Stimulate the financial health of ALL Belgians

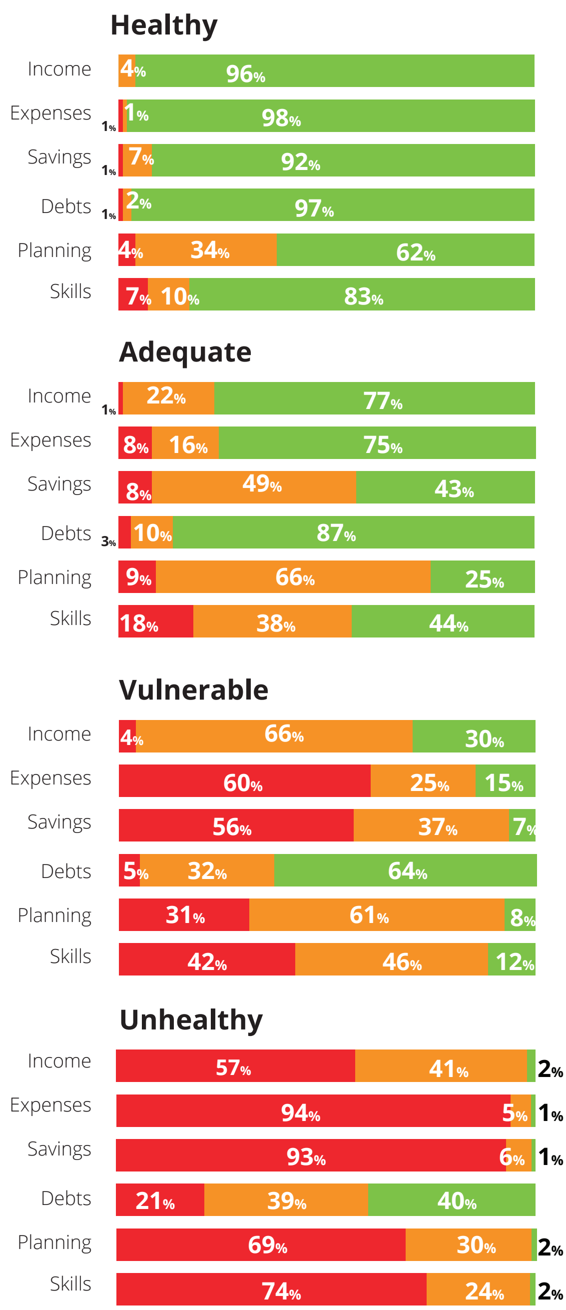
All Belgians, not only financially unhealthy households, can make progress in one or more financial health domains (see figure 3.1).

If we zoom in on the financially unhealthy and vulnerable households, then **especially the domains 'spending' and 'savings' turn red**. Of course, this is also due to the negative effect of the energy crisis. More concretely: 94% of financially unhealthy households (and 60% of vulnerable households) score red in the 'expenses' domain and 93% of financially unhealthy households (and 56% of vulnerable households) score red in the 'savings' domain.

Also notable? Regardless of the energy crisis, **we encourage all Belgians to pay attention to the 'planning' and 'skills' domains**. Even the healthy and adequate households have room for improvement here.

Our proposal: develop a **clear target-group-policy based on the concept of financial health with which we, together with all partners, address the entire Belgian population.** This is the only way we can make progress together with all Belgians. We know that many organisations are already making great efforts in the area of financial literacy. But the envisaged changes in behaviour seem to be happening too slowly, or not at all. Therefore, we call for critical reflection on the effectiveness of current measures and for exploring new paths based on new concepts.

Figure 3.1: Overview of the sub-scores per domain for the four financial health levels, in %



Recommendation #2: Approach financial health from a holistic perspective, broader than just income

It is a core message of our study: **financial health boils down to a good balance between the six underlying domains** ('debts', 'savings', 'income', 'expenses', 'planning', and 'skills'). The relationship between these six domains determines a person's financial health. Therefore, we advocate approaching financial health in conjunction, from a broad and holistic perspective.

As a player within the financial ecosystem, do you want to contribute to improving Belgium's financial health? Then it is important that your solutions address all aspects of financial health. Or that you develop parallel solutions that tackle multiple financial health domains.

Recommendation #3: Working together on financial health

Financial health is a broad social issue that is not the responsibility of only the government, one organization or one sector. It is a **shared responsibility of all stakeholders** who each in their own way influence the financial behaviour of Belgians.

Do we really want to improve financial health? Then we need to **work together with the broad ecosystem**. Not only traditional players such as social-profit organisations and the government, but also parties within the financial sector, such as banks, can play a greater role. Therefore, we call on the entire ecosystem to forge unexpected coalitions. Together, let's create the right financial tools for the entire Belgian population.

First of all, we want to **bring together organisations that can stimulate healthy financial behaviour**. We are thinking of government agencies, educational institutions and field organizations. But also financial institutions, financial interest groups and employers.

Alongside this, **we are looking for parties who are directly involved in consumer behaviour around spending, savings, debts and plans**, such as e-commerce companies, intermediaries and physical stores.

3.2 Starting points for the ecosystem

Do we want to make Belgium more financially healthy? Then the broader financial ecosystem must work more and better together. But how do we get started?

Based on the results of our research, we have highlighted three topics that form a good starting point for new collaborations.

Starting point #1: Take financial health as a starting point to encourage knowledge building and behaviour change

The financial literacy of Belgians is a well-known societal challenge[8]. Some very valuable and impactful initiatives have already been taken in the past by different types of organisations (FSMA, Febelfin, Assuralia, social-profit organisations, banks, etc.). But having financial knowledge is not sufficient in itself. **Starting from the basis of a motivational concept such as financial health can be even more action oriented**.

On the plus side: you can also add the concept of financial health to existing initiatives regarding financial knowledge building. We think of a couple of initiatives (without this being intended to be all-encompassing).

The regulator FSMA created **Wikifin**, a kind of Wikipedia for all financial questions. Wikifin.be contains an offering for the general public, while Wikifin School offers educational tools and training for teachers. And the Wikifin Lab is an interactive experience learning centre for the financial education of secondary school students. There is also the **Febelfin Academy**, which offers financial education and competence development training for professionals. **Mijngeldenik.be** (Febelfin) and **Club Beleg** (Febelfin and Assuralia) are also very relevant, two websites where young people can go with their money and investment questions respectively. Through **the FinFun Games**, this target group can learn about safe online banking and payments. Finally, Belgian education is also strongly committed to initiatives to boost students' financial knowledge.

One thing is clear: it is only by raising more awareness on the subject of financial health that we will achieve **effective behavioural changes**. The latter is not so easy because simply offering sufficient information does not necessarily culminate in a change of behaviour. Even though the overall message is that individuals should take most of the responsibility themselves for their financial health, they can be assisted. This is why we underline the ***importance of nudging***, a renowned and effective behavioural psychology technique that supports people without coercion to make better financial decisions. It entails subtly stimulating behavioural changes by giving people a nudge in the right direction.

One example: American research by[9] Nobel Prize winner Richard Thaler shows that when employees are automatically enrolled in a company pension plan, only a minority act to unsubscribe. However, when they have to actively subscribe without this being the default option, only 30% of people join the pension plan.

8. In 2021, Intrum researched the financial literacy of the population in 24 European countries. The result? Belgium fell from the 17th to the 20th spot.

9. Thaler & Benartzi (2004)

Result: The first group saved on average 4 times more. According to Mathias Celis (Ghent University), through a good understanding of human choice behaviour, governments, companies and other stakeholders can nudge people, without restricting freedom of choice. In terms of financial health, we think of nudging through digital financial apps, within the limits of data protection. The six sub-domains allow for more targeted work tailored to the shortcomings in each dimension. The right nudge at the right time.

And in practice? First, we look to scientists for insights into the complex field of behavioural changes and the role of nudging. And then, financial institutions, retailers, employers etc. can think about how they can use these insights to help change the financial behaviour of Belgians.

Starting point #2: Promote financial planning for all terms: short-, mid- and long-term

Our research confirms a clear characteristic of Belgians: **in general, we are poor financial planners**. And those Belgians who do plan do so mainly for the long term. For example, for their retirement.

However, our results do show that short- and mid-term planning is also crucial. Because faced with a setback you can quickly slip from a financially adequate to a financially vulnerable situation.

Therefore, we advocate **developing initiatives together that highlight the need for short- and mid-term planning**, in addition to the conventional long-term planning. Because if the economic situation of recent years teaches us one thing, it is that savings buffers are important.n.

Starting point #3: Strengthen the financial resilience of vulnerable sub-groups

Finally, we must **urgently pay more attention to the financial situation of several sub-groups**: women, Belgians between 35 and 55 years old, singles, people from a parental household with financial problems, and people who have recently experienced a negative life event. Because our research shows that their financial situation is under significant pressure.

This is why we call on the broader financial ecosystem to think together about solutions and initiatives to strengthen the financial resilience of these groups.

We have realised that effective help for these segments of the population has to be tailored. Therefore, we advocate a targeted approach from within the financial ecosystem. Let’s develop solutions together that take into account the specific situation of each group.

4 Why Argenta as a partner for this study

Need for financial resilience in complex times
In a world that is unpredictable and complex, resilience and financial health are crucial. Based on that, Argenta defined its purpose as "100% resilience for everyone". We are working every day to increase the resilience of our clients, our employees, and society.

How resilient are people today in an uncertain world? In partnership with Deloitte and Ghent University, Argenta launched a study that maps financial health in Belgium. We want to know where our society stands and how our clients are positioned therein. We want to know what actions are needed to achieve better financial health, not only for our customers and employees, but for society as a whole. The results of this study show that there is still a long way to go. Based on this study, we are even more convinced that Argenta, as a bank-insurer, plays a crucial role in supporting our clients in growing their financial health. Financial skills and planning for the short- and long-term, irrespective of income or age, are fundamental to this.

The results of this study show that our purpose, which is 100% resilience for everyone, is more relevant than ever. We are convinced that Argenta's brand values of simplicity and proximity can increase that resilience and financial health. Customers value our offering of simple products in understandable language. They opt for 'physical proximity' with personal advice in our network of branches, and 'digital proximity' through our app. Argenta strongly believes in this hybrid model. That way, clients can make more informed decisions while working on their financial planning, both for the short- and long-term. In that way, Argenta contributes to the financial health of our clients and society.

And we will continue to do so. Building resilience is an ongoing task. Financial health is essential in Argenta's future story and we will launch creative initiatives to work on this. With the insights gained from this research, we know the key components of financial health. This enables us to take even more targeted action on each of those components and set out our next steps towards 100% resilience for everyone.

ARGENTA

Colophon

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